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# **Exporting New Zealand Wine to China**

A thesis presented in partial fulfilment of requirement for the degree of  
Master of AgriCommerce

At Massey University, Palmerston North  
New Zealand

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2012

## **Abstract**

China is one of the fastest-growing wine markets in the world. Wine businesses from major wine-producing countries have been focusing on this market. New Zealand, as the fastest growing wine producer in the New World countries, has targeted East Asia, especially China, as an export destination. However, the market share and reputation of New Zealand wines has not been very high and many New Zealand wine exporters have neither understood the Chinese market very well, nor successfully set up their export business there. The findings of this study will inform current and potential wine exporters from New Zealand of effective market entry procedures.

A qualitative methodology was employed to identify the key elements of exporting New Zealand wine to China. Fourteen businesses, including eleven New Zealand wine exporters and three China-based wine import distributors were interviewed. The data was analysed using qualitative data methods. The study found that New Zealand wine exporters have used four market entry modes, chosen according to the different characteristics of their businesses: indirect exporting, direct exporting, joint venture, and acquisition. This study also identified key elements in successfully exporting New Zealand wine to China, including the selection of market entry modes, distribution channels, and suitable importer/distributors, the initial organisation of the wine export process, and the development of business relationships. Challenges to this success have also been identified, such as the current Chinese preference for red wines, the small scale of the New Zealand wine industry, the orientation towards short-term profit by Chinese traders, and identifying suitable business partners.

Recommendations are also made for the development of successful export business by New Zealand wine producers in the future.

**Key words:** market entry, wine export, China wine market.

## **Acknowledgements**

My sincere thanks go to Dr. Elena Garnevska, who has been my chief supervisor in this research for her invaluable guidance, support and encouragement throughout the work. She has worked hard to keep me on the right track and enabled me to complete my study. I am also thankful to my second supervisor, Senior Lecturer Daniel Conforte for introducing this research topic to me. Although Daniel unfortunately left all his beloved in this world half way through this study, the finishing of this thesis is in memory of him forever.

I am also grateful to the staff of the Agribusiness Department of the Institute of Food Nutrition and Human Health at Massey University for their support. I would also like to thank my friends and course mates for their inspiration during my study and stay in New Zealand. Special thanks go to Mrs Michelle Benton, Mr Liu Zhiang and Ms Huang Xiuqing, Mr Du Xiaobao and Ms Jin Hong, and Mr Liu Guodong.

My deepest thanks go to my family, particularly my father, Mr. Xia Jinping, and my mother, Ms. Wang Qinguo, for supporting my study in New Zealand and motivating me to achieve.

Lastly, my deepest gratitude goes to my wife, Bi Jing, for being the great pillar of my life everyday. Your love, care, and encouragement have brought me the brightest sunshine whenever I feel lonely and helpless. Without you, I could not finish this study.

## **Dedication**

This thesis is dedicated to my parents and my wife for their great support and encouragement during my study.

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## **List of Abbreviations**

AANZFTA: Australia and New Zealand Free Trade Agreement

CIF: Cost, Insurance and Freight

CMO: Common Market Organization

CNFCA: China Non-staple Food Circulation Association

EXW: Ex Works

FAO: Food and Agriculture Organization of The United Nations

FDI: Foreign Direct Investment

FOB: Free On Board

GATT: General Agreement on Tariffs and Trade

JV: Joint Venture

MO: Market orientation

NZTE: New Zealand Trade and Enterprise

OIV: International Organization of Vine and Wine

SMEs: Small and Medium Enterprises

USDA: United States Department of Agriculture

WOS: Wholly-owned Subsidiaries

WTO: World Trade Organization