Consumer Countries/Markets

Research Findings Report: China

The effects of different forms of communication, personal relationships and alliances on the performance of small- to medium-sized South African wineries exporting wine to China by Richard Cookson, DBL, March 2017

This report summarises research (field and online) performed within the South African wine industry in late-2013 and early-2014, assessing the effects of different forms of communication, personal relationships and alliances on the performance of small- to medium-sized South African wineries exporting wine to China. Select research findings include a diverse range of forms of communication, personal relationships and alliances that can contribute positively to export performance. The research also found that using positive aspects of communication and personal relationships on an integrated basis contributes positively to the export of wine to China.

The results addressing the first research question, forms of communication, indicated that e-mail and face-to-face are the two most frequently used and effective forms of communication, both with interview participants as well as the online survey respondents. The use of other electronic media forms was far less prolific and there was a low use of Skype and landline telephones. Wineries are therefore advised to continue making use of e-mail and face-to-face meetings and, in addition, to incorporate relation-building techniques into their e-mail communication, the latter being an approach confirmed by the academic literature.

With respect to the second research question, the findings indicated that the wineries would be more successful with their export performance if they endeavoured to establish close relationships with their Chinese business partners. There was a very strong correlation within the online survey data between the successful development of close relationships with Chinese business partners and export performance. A strong majority of the online survey respondents considered their endeavours to establish relationships to be successful, thereby also showing success on the part of the wineries in their communication approaches. Consequently, wineries are encouraged to establish, monitor and maintain close relationships with their Chinese business partners.

The only significant result from the online survey tests relating to alliances (the third research question) is that there was some consensus that a winery should consider operating within an alliance to maximise its Chinese business opportunities. Just under 37% of interview participants indicated that a winery cannot maximise its opportunities in China on its own. In addition, there was a belief among almost 80% of interview participants that the formation of alliances is feasible. There were similar positive responses when asked about forming an alliance with an unrelated (non-wine) business and with regard to sharing product information with competitors. However,
the primary concern perceived by the interview participants was that there would be a lack of trust between alliance partners.

While South African wineries use subjective as well as objective export performance measures, the most successful wineries utilise a combination of both measures. The results also indicated that enhanced export performance is obtained by means of an integrated strategic use of the individual elements that successfully contribute to export performance. As against this, adopting one or more elements that do not lead to enhanced export performance can negate the use of ‘positive’ elements: adopting one or two ‘negative’ approaches can damage the good work one does when exporting wine to China.

Global Trends - Wine Industry Key Elements

The USA Three-tier system: Are changes on the way?

Have states become more willing to change the way the dreaded three-tier system restricts consumer access to wine?

Don't get too excited, but it looks like we’re seeing more states trying to do more to reform the three-tier system, the straitjacket of laws that regulate alcohol sales in the U.S. No, we won’t be able to easily buy wine over the Internet anytime soon, but any progress is welcome.

So why is this happening? Three reasons

• Generational change among state regulators, who don’t see the three-tier system the same way regulators in the 20th century did. These younger regulators grew up in a culture where liquor wasn’t as evil, and they also understand the Internet better than their predecessors did. So they're more willing to consider changes.

• Court decisions that seem to favor three-tier reform. Judges, since the landmark Granholm case in 2005, have been slowly, if inconsistently, making it more difficult for states to enforce parts of the three-tier system. Legally, a state needs to show that a law advances the public good; the courts have been asking much tougher questions about how minimum pricing or forbidding grocery store wine sales advances the public good.

• Deep pocket retailers like Walmart, Kroger, and Total Wine, who are more likely to use the courts to change three-tier than ever before. They will sue a state for a couple of reasons – first, because they might win, given the apparent momentum toward three-tier reform; second, to force the state legislature to change the law because the state might lose in court. One reason that Colorado, a staunch opponent of grocery store wine sales, changed the law was because the state’s big retailers were threatening a lawsuit.

Wine and Other Natural Medicinals

The health benefits of wine are now well documented.

And... In Days Gone by, These Were the Medicinals of Choice. This flash from the past is like walking through a snake oil museum. Enjoy!