# Bordeaux 2016 Abstract Submission

**Title**

Exporting Chilean wine to China from small and medium-sized enterprises: Strategies, challenges and prospection

**I want to submit an abstract for:**

Conference Presentation

**Corresponding Author**

Jon Hanf

**E-Mail**

jon.hanf@hs-gm.de

**Affiliation**

Geisenheim University

**Co-Author/s**

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<thead>
<tr>
<th>Name</th>
<th>E-Mail</th>
<th>Affiliation</th>
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<tr>
<td>Yuchen Luo</td>
<td></td>
<td>Geisenheim University</td>
</tr>
<tr>
<td>Yerko Moreno Simunovic</td>
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<td>University of Talca</td>
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**Keywords**

Chile, China, SMEs, wine export, strategy

**Research Question**

This paper aims to analyze how Chilean SME exporters can export wine to China successfully, especially under the current market environment in China.

**Methods**

Besides a descriptive analysis of export data from Wines of Chile, this study has employed both quantitative and qualitative methodologies to collect primary data from Chilean SME exporters and China-based firms that involved in Chilean wine business in China. In detail, two questionnaire surveys were respectively conducted with 136 Chilean SME wine exporters and 54 China-based wine businesses and 11 of these SME exporters were interviewed face to face.

**Results**

still in progress

**Abstract**

The past thirty years’ booming development has made China one of the largest wine markets in the world. This emerging market has been much concerned by most wine producing countries. Chile, as the leading wine exporter of the New World, has obtained a significant market share in China. Even when the Chinese wine market was restrained by anti-extravagance policy and economic downturn in the recent years, Chile was the only major exporter that managed to keep a remarkable growth in China. This was largely thanks to the free
trade agreement signed between the two countries, according to which China has gradually cut the tariffs on Chilean wine from fourteen percent in 2005 to zero in 2015. However, the overall positive export performance of Chilean wine to China was mainly contributed by big enterprises. More than half of Chilean SME wine exporters, actually suffered losing market in China over the past few years. SMEs are the major form of business organization and the principal creators of jobs in the wine industry of Chile. The industry plan released by Wines of Chile in 2010 set the objective of establishing Chile as the number one producer of premium, sustainable, and diverse wines of the New World by 2020. SMEs are playing important roles in process of diversification and premiumisation of Chilean wine. This paper aims to analyze how Chilean SME exporters can export wine to China successfully, especially under the current market environment in China. More specifically, it is seeking to evaluate and portray the export situation of Chilean SME wine exporters to China between 2010 and 2014 and to identify the key characteristics of these SMEs that had good performances of export during the period. Besides a descriptive analysis of export data from Wines of Chile, this study has employed both quantitative and qualitative methodologies to collect primary data from Chilean SME exporters and China-based firms that involved in Chilean wine business in China. In detail, two questionnaire surveys were respectively conducted with 136 Chilean SME wine exporters and 54 China-based wine businesses and 11 of these SME exporters were interviewed face to face. Eventually, 49 valid survey feedbacks from Chilean side and 29 from Chinese side were collected. Regarding export strategies to China, this study found that the majority of Chilean SME wine exporters adopted premium positioning and their overall export performances to China were better than those using high-end positioning. Inside the premium group, those adopting mid-premium positioning and ultra-premium positioning were found to enjoy faster export growth than those adopting popular-premium positioning, which was likely due to the intensified competition with Chinese domestic wine producers in popular-premium segment. First and second-tier cities in China were selected by most Chilean SME wine exporters as target marketplaces and those choosing second-tier cities had better export performances than others. Increasing market competition in first-tier cities and growing demand of imported wine in second-tier cities could be the reasons behind. More Chilean SME wine exporters adopted direct export modes than indirect export modes to penetrate into Chinese market. For direct export, those setting sales branches in China were shown to have faster export growth than the ones only having Chile-based export departments. For indirect export, using cross-broader e-commerce platforms more tended to contributing to export growth, comparing with traditionally relying on agents and merchants. As for the challenges faced by these businesses, communication was found to be the common difficulties for both Chilean SME wine exporters and China-based wine firms, especially in second-tier cities. Communication difficulties were mainly reflected in language problems, time difference and different working pace between Chile and China. Chilean SME wine exporters considered that understanding Chinese wine market was their most prominent challenge. In turn, their incomprehension leaded to the disagreement in pricing, packaging and marketing with their Chinese partners, which was considered by China-base wine firms as their biggest challenge. Unstable cooperation was mainly considered by Chilean SME wine exporters as another main challenge, in particular those targeting first-tier cities. While Chinese side little concerned this issue. Besides the main challenges, limited producing capacity, lack of support from local wine organization, costly transportation, improper storage, problem in payment as well as the complex administrative system in China were found as other factors constrained the development of Chilean SME wine exporters in China. Considering the fact that half projected time of the Chilean wine industry plan has passed and there is a certain distance from achieving this industrial objective; specific to Chinese wine market, the privileged period for Chile will be not long because Australia, the major competitor of Chile in China, will start to enjoy the same duty-free concessions from 2019. Base on above, this study investigated the prospection of Chilean SME exporters and China-based firms regarding their Chilean wine business in China for the future five years, it shows that both Chilean SME wine exporters and China-based wine businesses held positive attitude but Chinese side was more optimistic.