

EXPORT TO TAIWAN
(Moravian Wine)
CASE STUDY

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Content

1.	Introduction.....	3
2.	Promotional Materials	3
3.	Taiwan Wine Market Research	3
3.1.	Export of the World Wine to Taiwan.....	3
3.2.	Export of the Taiwanese Wine to the World	6
4.	Taiwan Wine Retail Price Market Research	6
5.	Setting the CIF Prices.....	6
6.	Contacting of Potential Buyers.....	7
7.	Conclusion	8

1. Introduction

Internationally well respected winery from Czech Republic, producer of the high quality wines, expressed his interest in analyzing an export opportunity to the East Asian market, particularly to Taiwan. He has contacted our company to perform the local market analysis, identify the potential business partners and possibly process with the sell orders of the most suitable wines with the aim to increase the export volume to Asia region by 10 percent.

2. Promotional Materials

Based on the first appointment with the winery CEO, we have prepared the list of the most potential wines suitable for Taiwanese middle and top level wine market. The export product portfolio was prepared. It included the detailed wines specification, history of each wine, interesting facts and recent awards from prestigious international wine competitions. Promotional materials for potential buyers were adjusted according to the local language and local business etiquette.

3. Taiwan Wine Market Research

3.1. Export of the World Wine to Taiwan

The world trade statistics data from previous year 2010 sorted by countries and annual exported volume is shown in Table 1. The total market value of exported wines to Taiwan reached 71.01 million USD. It was further analyzed that the dominant market share belongs to France with 54.6%, followed by USA with 11.2% and Australia with 9.1%. Other European countries took the following parts on the market share; Italy 4.9%, Spain 3.5%, Germany 1.9% and Austria with 0.4%. It was observed that demand for the European wines on the Taiwan market growth by 306% in the last decade, as shown in Figure 1c.

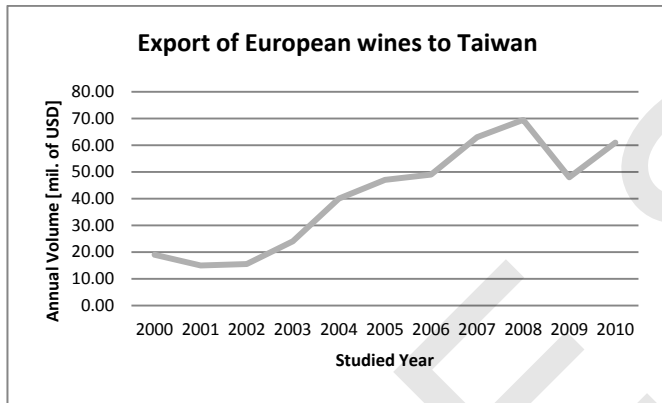
The EU trade statistics data for the period of previous ten years are presented in Table 2. These data were used to analyze the wine trade history between Czech Republic and Taiwan. It was observed, that Taiwanese distributors expressed little interest, the total annual export didn't reach even 2,000USD for each of the studied year. It is therefore considered that Czech Republic is not exporting wines for commercial sell to Taiwan at the present.

Table 1. Export of the world wines to Taiwan market in year 2010.

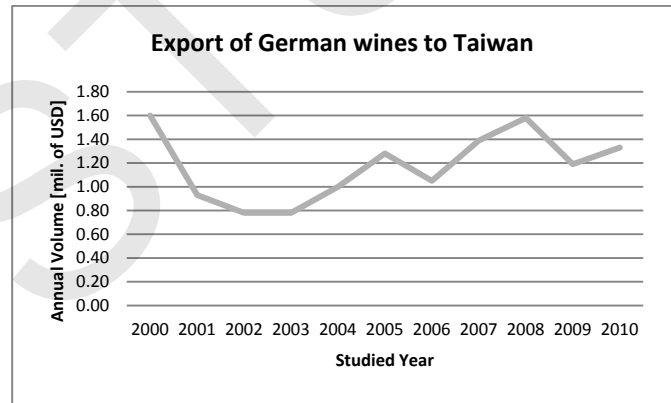
Rank	Country	Annual Volume [mil. of USD]	Market Share [%]	Rank	Country	Annual Volume [mil. of USD]	Market Share [%]
1.	France	38.757	54.6%	9.	Japan	1.268	1.8%
2.	USA	7.941	11.2%	10.	Canada	0.947	1.3%
3.	Australia	6.450	9.1%	11.	South Africa	0.813	1.1%
4.	Chile	4.520	6.4%	12.	Austria	0.306	0.4%
5.	Italy	3.513	4.9%	13.	New Zealand	0.272	0.4%
6.	Spain	2.510	3.5%	14.	Portuguese	0.218	0.3%
7.	Argentina	1.370	1.9%	15.	Hungary	0.215	0.3%
8.	Germany	1.345	1.9%	16.	Others	0.566	0.8%

Total annual volume per 2010 was 71.010 million of USD.

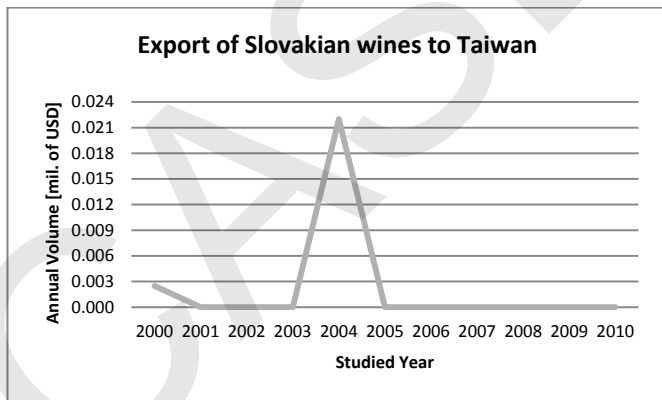
a)



b)



c)



d)

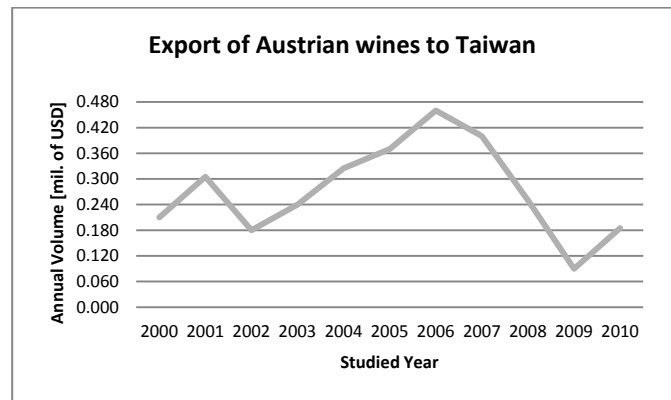


Figure 1. Export of the European wines to Taiwan from; a) whole EU, b) Germany, c) Slovakia, and d) Austria.

Table 2. Export of the Czech and Moravian wines to Taiwan.

Year	HS code	Product	Target country	Annual Exported Volume [USD]
2000	2204XXXX	Wines from fresh grapes	Taiwan	750.00 USD
2001	2204XXXX	Wines from fresh grapes	Taiwan	100.00 USD
2002	2204XXXX	Wines from fresh grapes	Taiwan	400.00 USD
2003	2204XXXX	Wines from fresh grapes	Taiwan	250.00 USD
2004	2204XXXX	Wines from fresh grapes	Taiwan	250.00 USD
2005	2204XXXX	Wines from fresh grapes	Taiwan	0.00 USD
2006	2204XXXX	Wines from fresh grapes	Taiwan	0.00 USD
2007	2204XXXX	Wines from fresh grapes	Taiwan	350.00 USD
2008	2204XXXX	Wines from fresh grapes	Taiwan	700.00 USD
2009	2204XXXX	Wines from fresh grapes	Taiwan	1,000.00 USD
2010	2204XXXX	Wines from fresh grapes	Taiwan	1,200.00 USD

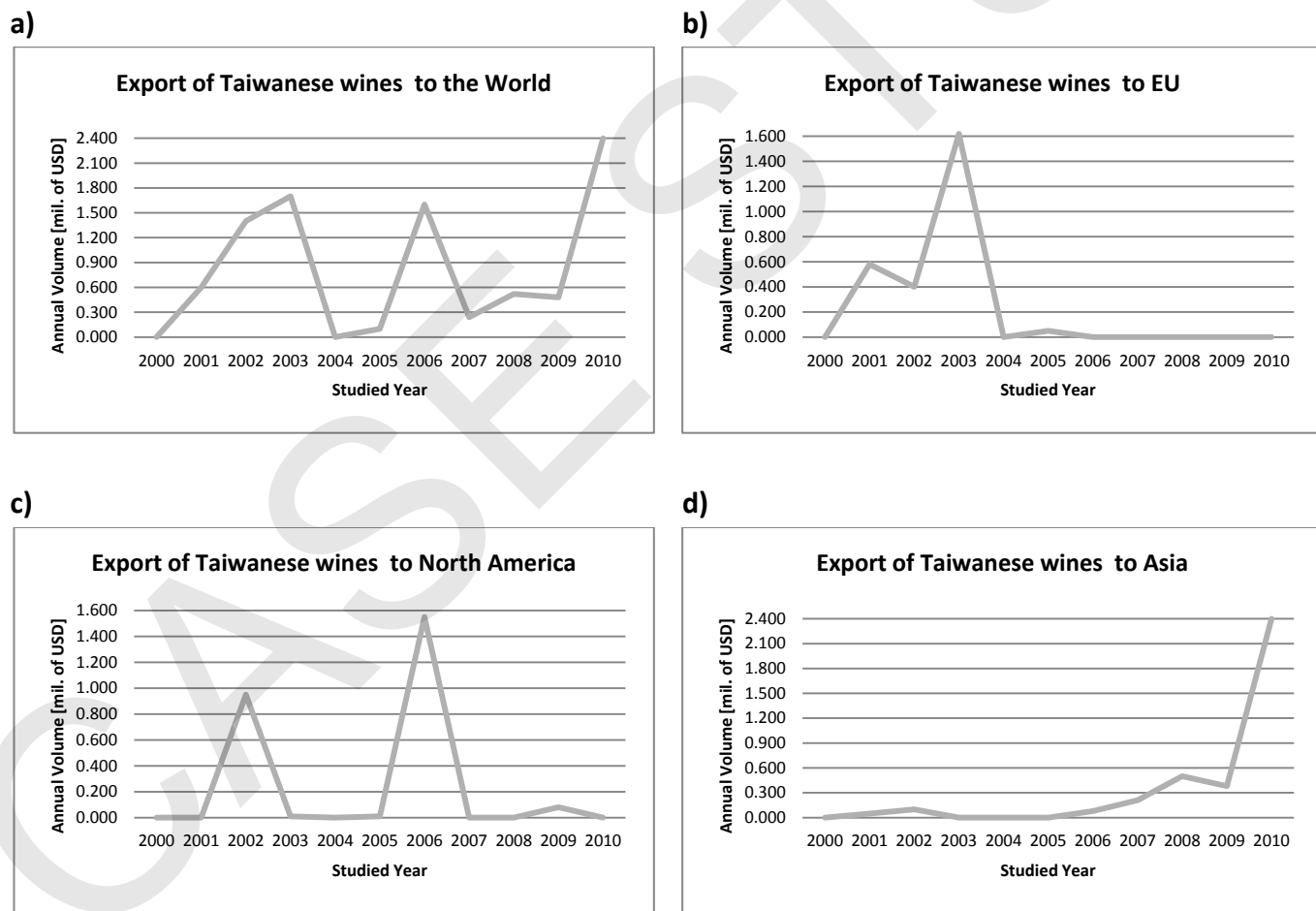


Figure 2. Export of Taiwanese wines to; a) World, b) EU, c) North America, and d) Asia.

3.2. Export of the Taiwanese Wine to the World

Export of the Taiwanese wines was analyzed to investigate the world demand of the wine from this region. The result is shown in Figure 2. Total exported volume reached 2.48 million of USD. The growth of the Taiwanese wines export is observed only on Asian market in the recent years. Export to EU maintained to be on zero values for the previous five studied years.

4. Taiwan Wine Retail Price Market Research

Taiwan retail market was studied online and also by on-field projects. The research revealed that imported wines are commonly available for Taiwanese end-users at following places:

- Grocery chain stores such as AiMai, Carrefour, DaMaiJia, XiaoBeiBaiHuo, etc.
- Convenient stores such as 7-11, Family Mart, Hi-Life, etc.
- Small chain stores specialized in selling alcoholic products, owned by direct importers and distributors of alcoholic products.
- Higher class restaurants.
- Online e-shops.

Average retail prices of the selected European wines were identified by on-field analysis at grocery chain stores and at specialized stores with alcoholic products. The average retail prices are mentioned in Table 3.

It was observed, that Taiwan market is currently lack of some special wines, such as desert, ice and straw wines. Furthermore, white wines are also presented on Taiwan wine market in an inadequate low amount, which is in contrary with the popularity of the sea food in the region, and with the fact that white wines are suitable to be consumed particularly with fish and sea food.

Wider selection of white wines, special desert, ice and straw wines were therefore added to our client portfolio.

5. Setting the CIF Prices

Further analyzes were carried on the retail wine prices on the Taiwan market to set the optimal proposed prices in our client portfolio to meet the expectation of the potential buyers and to maximize our

client's profit. Both sea-freight and air-freight shipping costs were considered in the analyses to set optimal CIF prices based on the different order quantities.

Table 3. Average retail prices of the selected European wines on the Taiwan market.

Wine Name	Harvest	Origin	Bottle Volume	Retail Price	
				/ Bottle	/ 100ml
Chateau Roumieu Lacoste Sauternes	2006	France	750ml	729.0	97.2
Chateau Lafon Sauternes	2007	France	750ml	699.0	93.2
Mas neuf Muscat de mireval	2008	France	750ml	489.0	65.2
Chateau cotes des caris blanc Bordeaux superieur	2005	France	750ml	459.0	61.2
Le grand Saumur Chapin and Landais	2009	France	750ml	399.0	53.2
Sieur d'Argues Aimery Brut Blanquette de Limoux	2009	France	750ml	369.0	49.2
Blue nun Qualitatswein	2009	France	750ml	348.0	46.4
Sauvignon Bordeaux Premiux	2009	France	750ml	279.0	37.2
Remy Pannier D'Anjou	2009	France	750ml	275.0	36.7
Demazel Premieres cotes de burdeaux moelleux	2009	France	750ml	269.0	35.9
Demazel Vin de Bordeaux	2009	France	750ml	249.0	33.2
Rigal Bergerac Chateau Les Justices	2009	France	750ml	239.0	31.9
Terre des anges Chardonnay	2009	France	750ml	229.0	30.5
Rigal Colombard Blanc	2009	France	750ml	219.0	29.2
Vin De Pays D'oc Chardonnay	2009	France	750ml	199.0	26.5
Sauvignon Vin de France	2009	France	750ml	189.0	25.2
Batasiolo Bosc de Rei Moscato D'Asti	2009	Italy	750ml	399.0	53.2
Franz Wilh Langguth Erben Auslese	2007	Germany	750ml	499.0	66.5
Ramon Roqueta Macabeo Chardonnay	2009	Spain	750ml	189.0	25.2
Lafleur Mallet	2007	France	375ml	539.0	143.7
Cadillac Art collection, danse a la ville	2005	France	375ml	299.0	79.7
l'ss Wine Natural Sweet Wine	2006	Spain	375ml	299.0	79.7
Blue Nun Riesling Eiswein	2007	Germany	500ml	1199	239.8

6. Contacting of Potential Buyers

Business appointments were scheduled with selected wines distributors and complete portfolio together with marketing materials were presented to them. Five distributors listed in Table 4 expressed their deep interest in further talks to initiate the cooperation with our client. To follow the business etiquette we don't disclose their full name in the case study.

Our client expressed his interest to personally visit all potential buyers at their offices in Taiwan to further discuss the terms and conditions of the intended trade business. Based on his availability, four days time-saving business trip was organized.

We provided to our client professional business consultancy and personal translator assist him during whole business trip. The business trip resulted in business deal. Exclusive agreement with one of the distributor was signed to solely import our client's wines to Taiwan market for the incoming two years. It was also decided that the Taiwan market will be regularly researched to find any further opportunities on the Taiwan wine market to maximize both parties profits.

Table 4. List of potential business partners (companies names are hidden to respect trade secret).

Company Name	Type of Business	Countries of Current Wine Distribution	Reg. Office
Private Company 1	Importer, distributor	France, Germany, USA, Italy, Canada, Argentina and New Zealand	Taipei, Taiwan
Private Company 2	Importer, distributor	UK, Germany, Austria, Italy, France, Spain and Portugal	Taipei, Taiwan
Private Company 3	Importer, distributor	France, Spain, Germany, USA, Italy, Chile, Australia and New Zealand	Taipei, Taiwan
Private Company 4	Importer, retailer	France, Germany, USA, Spain, Portugal, Italy, Canada, Australia and New Zealand	Taipei, Taiwan
Private Company 5	Importer, retailer	France, Italy, Germany, Spain, Portugal, Hungary, Austria, Argentina and Chile	Taipei, Taiwan

7. Conclusion

Internationally well respected winery from Czech Republic contacted our company with the request of analyzing business opportunity to import their wines to Taiwan market.

Research of the Taiwan market with imported wines revealed that the total market value was 71.01 millions USD in the previous year 2010. The largest market share belongs to France with 54.6%, followed by USA with 11.2% and Australia with 9.1%. Other European countries took the following parts on the market share; Italy 4.9%, Spain 3.5%, Germany 1.9% and Austria with 0.4%. Czech Republic is not exporting wines for commercial sell to Taiwan at the present.

Import of the European wines to Taiwan market increased by 306% in the last decade. This fact suggested popularity of the European wines among Taiwanese consumers.

It was also found out that Taiwan wine market is currently lack of some special wines, such as desert, ice and straw wines. Furthermore, white wines are also not presented on Taiwan wine market in adequately high amount, which is in contrary with the popularity of the sea food in the region, and with the fact that white wines are suitable to be consumed particularly with fish and sea food. Our client portfolio was therefore accordingly updated with the most suitable wines for the local market.

Analyzes of the imported wine retail prices on the Taiwan market were carried to set the optimal prices of the proposed wines. Both sea-freight and air-freight shipping costs were considered to set optimal CIF prices based on the different order quantities.

Five potential buyers were identified by series of meeting to attract their interest in the proposed wines. Our client expressed interest to personally meet with these potential buyers to study their selling abilities. We have provided professional business consultancy and personal translator assist him during well organized business trip.

Exclusive agreement with one of the distributor was signed to solely import our client's wines to Taiwan market for the incoming two years. It was also decided that the Taiwan market will be regularly researched to find any further opportunities on the Taiwan wine market to maximize both parties profits.

This cooperation resulted in increasing our client's export volume to Asia region by 12 percent.