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The Ties that Bind: Building Strong Importer and Retailer Relationships to Drive Premium Wine Export Sales (UK and USA)

Including the supplementary studies investigating beliefs and perceptions of Australian wine exporters to the UK and USA



FINAL REPORT

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The Ties that Bind: Building Strong Importer and Retailer Relationships to Drive Premium Wine Export Sales (UK and USA)

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Abstract

A three-stage qualitative and quantitative study of United Kingdom (UK) and United States of America (USA) based importers, retailers and distributors followed by a survey of Australian wine exporters to these markets reveals numerous similarities and differences in drivers for buying premium wine and building business relationships with Australian exporters.

Both markets (USA79 per cent in the UK and 75 per cent surveyed in the USA) are dominated in the more premium segments by people who wish to share congruent business and wine-based philosophies and are more likely to stock wines they personally find desirable.

However, common and critical attributes and attitudes included price and profitability insistence on very high-quality wines, and the desire to build and maintain strong business relationships as a means to satisfy business goals.

Also important were attributes such as flexibility and collective interest, which ultimately made strong contributions to determining a preferred-supplier status.

Australian wines did not figure highly in their portfolios and comprised an average of around 6 per cent of wine imported by those surveyed, with French and Italian wines dominating. In line with the findings of the Advance Australia Fair (AAF) studies (Crouch et al., 2016), Australian wine was considered very good to excellent by some of those surveyed and interviewed, but in general, feedback was that their customers did not consider it, especially when seeking to buy a premium wine; hence, they didn't stock it or only had a limited range. Also, aside from matching an Australian red with meat, knowledge of other varieties and associated food-matching opportunities was very low.

In general, opinions of Australians as business partners were positive, with Australians considered to be good-humoured and trustworthy.

The survey revealed, prior to entering either the UK or USA premium wine markets, Australian producers need to engage in critical precursors such as foundation work on product aspects such as communicable, distinctive, attractive and authentic brand stories about themselves and their wines and ensure brand support tools such as websites and social media platforms were professionally developed and maintained.

Our research into the beliefs and perceptions of Australian wine exporters, again revealed two distinct segments. The largest group comprised exporters (of which 90 per cent were also producers) that were a strong match for the majority of importers surveyed – looking to establish business partnerships with 'like-minded' wine exporters who shared their philosophy with respect to wine and wine business. This group focused strongly on their brand development, label and 'story'. However, approximately one third put little value on these wine product attributes, concentrating somewhat on what they deemed would be attractive labels as a key selling point: however, their beliefs on what was 'attractive' to trading partners in the UK and USA were a mismatch.

Executive Summary

The Ties that Bind project was commissioned by Wine Australia in 2016 to, firstly, investigate the key drivers related to purchase decisions made by premium wine importers, retailers and distributors in the critical USAUK and USA wine markets. Then, secondly, to quantify the key drivers and barriers related to trade partner decisions to keep stocking a particular wine and building long-term business relationships. Building sustainable relationships with foreign importers and distributors offers a primary source of competitive advantage for exporters, leading to higher margins, establishment of trust and commitment, communication quality, reciprocity, long-term-orientation product support and, critically, positive word-of-mouth endorsements and blocking of competitors.

The project comprised four studies, three undertaken in the USAUK and USA markets using identical methodology. The knowledge gained from the first three studies was extended and complimented by a survey of Australian wine exporters to the USAUK and USA markets, employing the same questionnaire format and analysis. The objective of this research was to identify and quantify the nature of any 'gaps' respective to what trade customers in these markets were looking for in terms of wine products and the key drivers, for them, in strong enduring business relationships – and what Australian producers 'think' they want. By conducting this analysis, producers will be able to identify misconceptions and develop necessary adaption strategies to enhance export sales.

The first two studies consisted of in-depth interviews with premium wine importers, distributors and retailers. In London, 17 interviews were conducted, and in the USA 18 (across San Francisco, Dallas and New York City). Country-of-origin effects were also strongly evident in this data, where the general comments (with few exceptions) indicated that Australian wines were not sought by their premium-wine-buying customers and that while much of the wine made is Australia is 'good', it was not as reliable in terms of quality, for the price, as the French or Italian wines, or American premium wines in that market.

In order to overcome negative or sceptical perceptions at the outset, Australian exporters need to present (themselves and their products) as highly professional, authentic and serious about the quality of their wines, with the foundations of strong branding in place.

Using the qualitative findings and the literature, quantitative surveys were then completed. These consisted of a discrete choice experiment and an attitudinal survey (UK n = 201, USA n = 253), where attributes important to wine purchase decisions at realistic levels were presented via hypothetical wine 'offers' to respondents in choice sets in which respondents were asked to choose which of the two offers presented they would be most likely to purchase. Analysis of the results revealed two distinct segments, one termed the 'Sceptics' (25 per cent of the USA sample and 21

per cent of the UK sample) and the other termed the ‘Keepers’ (75 per cent of the USA sample and 79 per cent in the UK).

The Keepers were less reliant, for the initial sales, on payment terms and more interested in attractive labels and an interesting and unique brand story that appealed to their own preferences – and they expected, would also be attractive to their customers. They also favoured receiving free wine as incentives more than the Sceptics.

The Sceptics group was found, in the attitudinal study, to exhibit a strong level of distrust, that is an expectation of ‘bad’ behaviour from a partner, and they were more concerned with ‘driving a hard bargain’ and receiving incentives from a producer for sales staff to achieve targets. For both groups, excellent wine quality was the paramount concern, followed by attractive branding, with more classical, prestigious and elegant contemporary approaches preferred. These results were further extended by the findings of the attitudinal surveys, where both groups were found to be heavily reliant on product trust, with variations in the importance put on label styles and brand story. But bottle attractiveness, dominated by label style and brand story go hand-in-hand, and the strong message from importers is that before embarking on selling premium wines into these markets, brand assets, including websites and social media platforms, must be of high quality and professional.

Both clusters were interested in building long-term relationships, and indeed, mention was made of producers many had dealt with ‘for years’ and expected to continue to do so. Regular communication and the provision of up-to-date information about vintages and stock, prices and availability are critical, along with mutual devotion to achieving collective business goals. It was obvious that producers must be willing to accept small order sizes, especially for initial orders, and remain flexible in their dealings with importers in both markets. These are sophisticated buyers, often with national and international experience (particularly in the UK), and they are dealing with customers who regard themselves in that way also. In both markets, supplier ‘switching costs’ are extremely low for importers and retailers alike; hence, ongoing maintenance and good service from exporting partners are expected and achieved. However, in return, if the right rapport can be established from the outset, and wine quality and supply maintained, these buyers are unlikely to seek to be transactional partners.

Following the research in the UK and USA, 179 exporters to these markets completed questionnaires that comprised identical discrete choice experiment (DCE) choice sets, where they chose the wine offer they believed would be the most attractive to a USAUK or USA-based wine stockist. They also gave their opinions regarding what they believed would be the most attractive label styles. This was followed in the survey by the same attitudinal questionnaire used in the initial TTB study, where each exporter was asked to reflect on an existing relationship with a trade partner in one of these two markets, and from this to identify the elements they believed were the most important in continuing a sales relationship and establishing a preferred stockist position. This allowed for a close comparison of results.

Our Australian exporters were also split into two distinct attitudinal clusters. The first, which dominates, we termed ‘Brand Builders’, as their emphasis on attractiveness to customers is based on a combination of label style (22 per cent), brand story (23 per cent) and a shared vision with respect to wine with their customers (the most important, at 33 per cent). Other aspects of purchase choice they believed to be far less important (all at less than 10 per cent of the decision). This group shares a largely common philosophy with the Keeper segment found to dominant the USA sample of our trade survey, although the Keepers were more balanced across the choice attributes, with payment terms and contract almost as important as a shared vision.

The second exporter segment we called ‘Traders’, because they believed the highest emphasis would be on payment terms (22 per cent) and having formal contracts (26 per cent), followed by label style (21 per cent). However, they thought that having a distinctive and interesting brand story would not be particularly important (12 per cent) and a shared vision would be of no importance (3 per cent). This group comprised 34 per cent of the sample, and largely ‘missed the mark’ with respect to what importers said they were looking for.

The Sceptics segment that dominates the UK are more closely aligned when it comes to trading terms (34 per cent, likely a proxy for price in all cases), type of contract (15 per cent, although they prefer informal ones) and discounts (12 per cent, with a preference for sales incentives for their staff). In the qualitative research conducted in the USAUK and USA with a wide and varied range of importers, distributors and fine wine retailers, brand story and attractive bottle presentation were always mentioned as imperative, as these are important to their premium-wine-buying customers, but, of course, less important to value-oriented buyers. The Sceptics are likely to feel ‘at ease’ with the Trader exporters, but Sceptics also exhibit the highest levels of mistrust.

In terms of what is an ‘attractive’ and desirable label, there was some divergence between our trade customers and our exporters. For the Keepers and the Sceptics, modern contemporary and elegant contemporary and prestigious labels were preferred, with the Sceptics showing a particularly strong preference for modern classic styles. The Brand Builders and Traders were on aligned, believing that modern contemporary and elegant contemporary labels would be attractive, but the Traders were again out of sync with potential customers in believing that modern vibrant labels would be highly desirable. This style was considered comparatively undesirable to both segments in the USA and UK, a sentiment supported by feedback from the qualitative interviews.

In terms of relationship building, and aspects that promote a willingness to sell and a willingness to purchase, again the Keepers and the Brand Builders shared common ground, as did the Sceptics and the Traders but to a far lesser degree. Indeed, the Australian producers that fit into the Traders cluster were those most likely to encounter difficulty in selling their wines initially and establishing long-term relationships. Both import partner clusters exhibit a level of distrust – particularly high in the Sceptics. This was not matched by exporters, who were very ‘trusting’ by comparison. Hence, it’s very important for exporters to be aware of this characteristic and work towards mitigating that

influence by meeting mutually established commitments (being reliable and responsive for example) and working towards the achievement of common business goals. For all groups, relationship flexibility (which for Australian exporters is likely to mean small order sizes, at least initially) and the promotion of common business and relationship goals are highly desirable, showing good compatibility prospects with existing and potential importing partners.

These are highly contested markets where, in the premium segments, Australian wines are not ‘top of mind’ for fine wine buyers, so they are not of great importance, overall, for wine importers, distributors and retailers. Many interviewed and surveyed did not stock any Australian wines, or only one or two selected brands. Australian exporters will need to be fully prepared to compete successfully and ‘sell’ their wines, based firstly on the wine they produce being of consistently high quality and hence representing value for money for everyone in the value chain. Exporters will need to present themselves and their wines very professionally, and be able to communicate their brand stories, their vision (especially for the Keepers segment) and belief in their desirability to premium-wine-buying customers. Given our geographical distance from consumers and the trade, and the nature of local and international competition, wine brand assets – including attractive bottles, and engaging and up-to-date websites and social media strategies – must be impeccable.

Background

Previous research has emphasised the need to better understand what triggers initial sales of premium wines (particularly Australian wines), and what drives repeat sales, leading to the establishment of strong business-to-business (B2B) relationships instead of transactional sales (Keh and Xie, 2009, Liu et al., 2017). The critical benefits of successful business relationships across all product and service categories, particularly in today's environment of hyper-international competition, are well documented (Hoppner and Griffith, 2015, Leonidou et al., 2014). Sustained relationships, with an enhanced understanding of customers' product needs, create satisfaction and loyalty from international partners, but also allow exporters to take full advantage of partners' knowledge of foreign business practices, distribution networks and customer preferences (Rosenbloom and Larsen, 2003). By fostering win–win relationships, exporters can further strengthen export performance, reputation, market competitiveness and, ultimately, long-term success. In other words, building sustainable relationships with foreign importers and distributors offers a primary source of competitive advantage for exporters, leading to higher profit margins, lower sales costs, establishment of trust and commitment, communication quality, reciprocity, long-term-orientation product support and, critically, positive word-of-mouth endorsements and blocking of competitors (Watson et al., 2015). The literature also indicates that exporter–importer relationship quality is determined by firm characteristics, relationship length, government regulations, and environmental turbulence (Palmatier et al., 2006). Moreover, producers and exporters need to be aware of any 'gaps' or 'mismatches' in their understanding of what motivates importers and distributors (Pulles et al., 2016) in order to avoid conflict and dissatisfaction on both sides of the relationship (Tsarenko and Simpson, 2017).

This study explores this research area by surveying wine importers, distributors and retailers in the USA and UK. Consumer demand in the USA and UK is sophisticated, due to diverse tastes, preferences and increasingly intense competition, with aggressive product, branding, pricing and communication tactics from other international wine suppliers. Australian exporting success is significantly dependent on the support and endorsement of wine importers and retailers. However, results from the Advance Australia Fair (AAF) project show retailers in both of these critical markets are unlikely to recommend Australian wines to their premium wine buying customers as the first-choice recommendation (with a mean score of 3 on a scale of 1–7 in terms of likelihood to recommend).

Buyers cannot buy what's not offered, and premium wine buyers are unlikely to buy something not endorsed and promoted at point of sale. Often, our 'terroir' wines are dismissed as inferior or not known to even exist. As stated above, the AAF data reveals a critical 'blind spot' in regard to key triggers of import/stocking decisions specific to premium Australian wines. Not understanding what these critical gatekeepers of the USA and UK premium markets need and expect in a business relationship and product mix, means our producers will continue to be undersold.

Indeed, successful business people emphasise the critical benefits of successful business relationships across all product and service categories, particularly in today's environment of hyper-international competition. Being able to establish strong business networks and alliances can mean the difference between success and failure, particularly for higher-priced products. Previous research has not examined the mechanisms driving such relationships from the perspectives of both USA/UK wine importers/distributors and exporters, nor identified the gaps in the performance of our exporters that may 'make or break' these relationships.

Additionally, no previous research in the Australian wine producer to importer context has examined perceptions and beliefs respective to what our producers believe is key to selling in these markets or building and maintaining strong business relationships. The original scope of the TTB study was extended to include a survey of Australian exporters to the USA and UK markets to determine the nature of any 'gaps' between what our trade customers are looking for and what our producers are attempting to sell them based on their own perceptions and beliefs. This report includes the findings of both results with associated recommendations.

Project Aims and Performance Targets

Specifically, this project aims to address some of the critical existing gaps in the understanding of how wine producers and exporters – particularly those independent producers of premium wines – can achieve higher export sales at better prices. This involves:

1. understanding the product choice criteria and choice processes leading retailers use to build their portfolio, by exploring aspects such as:
    a. objective assessments of wine quality
    b. product ranges and innovations
    c. order size requirements/restrictions
    d. minimum margins/payment terms
    e. bundling requirements/payment options
    f. infrastructure constraints
    g. cash flow considerations/constraints, and
    h. varietal and style requirements; and
2. through the instigation and growth of mutually profitable long-term business relationships with importers and distributors in the USAUK and USA, generating a better understanding of:
    a. mutual and potentially conflicting business objectives
    b. approaches and responses to importers/exporters (including competitors – e.g. the Chileans are considered ‘responsive) and professional’ and the French are seen to be ‘trying very hard’)
    c. orientation towards relationship building
    d. support provided/desired towards:
        i. use of technology
        ii. visitation (both directions), and
        iii. product training and innovations
    e. profitability levels respective to wines from Australia
    f. barriers to success and repeat sales/purchases, and
    g. packaging concerns (including label styles and closure options).

By employing a mixed methodology comprising both qualitative and quantitative data via in-depth interviews in both the USA and UK, and the use of a discrete choice experiment followed by an extensive attitudinal survey, all these project aims and targets have been achieved.

Methodology

The project consists of three major studies, the first comprising 18 in-depth interviews conducted with premium wine importers and distributors in the USA (across the three cities of San Francisco, Dallas and New York) and 17 conducted in London, again with importers and distributors who devoted a considerable percentage of their portfolios to more premium wines as opposed to 'supermarket' or 'value wines'. Full reports from the analysis of this data have already been provided in September/October 2017. A short summary with reference to project aims and targets is provided in the results section, and the full reports for each country follow.

The extensive data provided by the qualitative study in both countries and the literature informed the two quantitative studies that followed in the USA UK and USA. The survey included the development of a full attitudinal array investigating the important antecedents and potential mediating variables contributing to a USAUK or USA importer/retailers' decision to buy then continue to stock an exporter's wine, then goes further to identify the key drivers of relationship effectiveness (satisfaction) and *preferred supplier* status. The other quantitative study was a discrete choice experiment (DCE) that was designed using qualitative data and the literature (attributes and levels) reflecting many of the relationship and supplier attractiveness criteria in addition to aspects related to more intrinsic, transactional business attributes (payment terms). The purpose of this study was to replicate some of the important aspects of the initial sale-based choice dilemmas faced by retailers and importers on a daily basis. Both quantitative studies were encompassed in the same online survey applied in both the USAUK and USA. Commercial research companies were employed to recruit and screen respondents in the USAUK and USA, ensuring that only 'decision makers', i.e. those who are actively involved and responsible for purchase decisions directly related to which wines were purchased from producers, completed the survey. Reaching the right people in each organisation was critical to gathering valid and reliable data. In total, 454 usable questionnaires were completed across both countries (n = 201 for the UK and n = 253 for the USA).

[**While it is not reported here, a follow-on study was completed with Australian wine exporters. Data collection (*n = 190), where those respondents representing Australian wine producers/brands currently exporting to either the UK or USA or both have been surveyed using a 'mirror' survey instrument. The purpose of this follow-on study is to explore the attitudes, ideas and practices of the some of the people who are currently engaging with USAUK and/or USA wine importers and distributors. By undertaking this study, we are extending the original project to see if our producers are 'in sync' with their export partners in terms of products, attitudes towards business relationships, and business practices and priorities. This study will allow the quantification of 'gaps' between what importers/distributors are seeking and what our producers are likely to be delivering. This extension study is appended to this report.]*

Results and Discussion

Study 1: Qualitative In-depth Interviews

In all, 35 in-depth interviews were conducted (USAUK: *n* = 17, USA: *n* = 18,) with decision makers (typically owners or senior staff members) with respect to the wines they imported and stocked either in their retail wine store or as an importer distributing wine to retailers. The business environments are very different across the two countries. In the UK, most of the 'buying' is carried out via entities in London or close to it, although there are some large distributors in northern centres such as Birmingham and Newcastle. While the legal environment is consistent across the UK, a vastly different legal environment with respect to import, distribution and retail laws exists in the USA. Indeed, in many respects, dealing with the USA market is like dealing with over 50 different countries – states that are side-by-side may have totally different distribution systems and laws with respect to the importation, distribution and sale of alcoholic beverages. Hence, the interviews in the UK were all undertaken in the greater London area, whereas in the USA interviews were conducted in San Francisco, Dallas and New York (locations suggested by Wine Australia). Whilst the same major topics for discussion were covered in each country for consistency, there are some differences in the subheadings of the individual reports that reflect the different priorities and market conditions in the two countries.

The two markets are obviously vastly different in many ways, from culture to geography. Aside from the variation in laws and distribution systems (not discussed in this study), the close proximity of the UK market to European wine suppliers provides an additional challenge to all producers from 'farther afield', in terms of distance and logistics costs. Wine buyers in the trade in the UK are used to having easy and affordable access to the 'best' the continent can offer, in addition to affordable imported wines from low-cost producers such as Chile. Those interviewed in the UK travel regularly to France, Italy and Spain (as examples), with many having worked there and even having holiday homes located in Europe. Hence, they have high levels of personal knowledge of European wines and have longstanding relationships with producers in their favourite regions. Travel (in both directions) is easy, quick and low-cost – it is possible for an importer in London to go to France or, Portugal, Italy or Spain for the weekend, and they do. This long history and close proximity also gives European wine producers easy access to their UK trading partners. These makes switching costs for UK trade operators extremely low in both price and operational terms.

In the USA, this type of easy and quick access for those in the trade to European wine producers isn't available; however, the USA produces its own wine, and Americans are known to be somewhat ethnocentric (prefer their own home-country products). So, while they may not have Europe on their doorstep, the market in San Francisco (for example) is particularly 'tough' for Australian (and other) exporters, due to the close proximity and high levels of familiarity and support for producers in the Napa Valley, Sonoma and Oregon. And, of course, these wines along

with wines from numerous other regions across the USA are readily available in all markets there. Additionally, in the USA market, wines from Chile and Argentina are available at very attractive prices under the North American Free Trade Agreement (NAFTA).

Common comments about Australian wines from both locations were focused on the 'distance' and the costs that are associated with that. Also, there were concerns about consistent wine quality for the price being asked (as compared to wines from South Africa or Chile, as examples) and a general lack of interest from their premium-wine-buying customers. In both the USA and UK, interviewees discussed that many had Australian wine in stock 'for years' and they couldn't sell it. There was also (in both locations) still some considerable memory of the Shiraz 'glut' of the late 1990s and being 'stuck' with stock from that era when the 'bottom' fell out of the market for Australian wine (red in particular) – the 'big jammy Australian red' was still top of mind as the dominant type of wine produced in Australia. As mentioned, importers and retailers in both locations also said quite plainly that they didn't stock much Australian wine (or none), simply because their customers never asked for it. Moreover, they tended to believe that when consumers wanted an Australian wine they would go to the supermarket and buy it there.

The hierarchy of perceived and expected quality for wines from various countries is in line with findings from the AAF project. In both the USA and UK, importers/retailers (and their customers) strongly hold the view that the 'best wines' in the world come from either France or Italy – usually France, with Italy a very close second. After that, in the USA, it's likely to be their own wines – in the UK it could be Spain, South Africa, New Zealand or Australia. Chile and Argentina also had respect, particularly for their perceived ability to produce quality wine at a low price (Malbec exclusively for Argentina). In Texas, there was strong support amongst some interviewed for wines they believed to be a 'typical' Barossa Shiraz because that was a logical match for beef. And, in all markets, our iconic wines like Grange were well respected and sought-after; indeed, one Texas retailer complained that he couldn't get enough! Also, there was recognition that Australia 'makes some good wines' and that 'there are people doing interesting things', particularly in places like Tasmania, the Mornington Peninsula and Kangaroo Island. In one wine store visited in New York, the only Australian wine stocked was from Kangaroo Island! In general, however, stockists carried little Australian wine (or none at all) in their premium sections. They were 'open' to being convinced, and many could recall tasting good Australian wines, but most stated that to take on a new wine, they would have to have an opening in their portfolio and their concerns overcome – and the price would need to be attractive. The issue of price was grounded in the hyper-competitive environment overall – so many people approaching them to take on their wines – and country-of-origin effects, i.e. the perceptions they and their customers hold regarding Australian wine quality and desirability, as compared to those of French, Italian or American wines, in the case of the USA.

It was also generally agreed (in both the UK and USA) that Australians were good to deal with, lots of fun and honest, although often a bit 'rough around the edges'. Visits were generally welcomed but it was acknowledged that Australia was a long way away (from both the USA and UK), and expectations were quite low that visits would happen often. In terms of the wine presentation, in both markets it would be prudent to be careful with 'quirky' and culturally-based humour on the labels or packaging in general. These verbatim quotes from importers provide some insight into their thinking:

- *And they, wines of Australia, are Australian, they fit with the Australian personality. They're big and brash and loud, I mean generally quite nice and friendly, and good to spend time with, not very subtle perhaps.*
- *For Australians it's difficult, to give you an idea, we had a visit, second visit from a producer in Mornington Peninsula the other day, [redacted], and, I'm old-fashioned and the name puts me off a little bit, but the wines are stunning.*
- *I do feel that the perceptions within the UK of what Australian wine is, are still quite confused and selling mid to premium Australian wine is a challenge.*
- *If you talked about Australian wine to your average consumer, most of them would think, 'Oh yeah, that's great for summer when I'm having a BBQ.' That's probably as far as you'd get with a food match.*

Hence, in terms of what was paramount in closing a sale, wine quality and trust that wine quality would be consistent were critical. Also, being able to negotiate small orders was considered vital, particularly for the more expensive premium wines. Again, there was an understanding that for Australians, small orders may be problematic, but if they couldn't be accommodated then they wouldn't stock the wine. This was particularly important for the first few orders until the importer/retailer could be sure it would sell, and they wouldn't be 'stuck with it' or have to 'dump it' with a high discount later.

Other consistent priorities were a unique and leverageable brand story (for all premium wines from any location) and an attractive bottle. Many talked about representing the brand to their customers, so they needed to be able to 'translate' the key message points, points of difference and what makes the wine 'special'. This could be many things!

- *That's what's going to sell more than anything else. Once you can personalise it and really make a connection with it besides just wine in a glass that may taste good and might have a fancy label or not; it's really the story of who they are and what they do that's special, what they do that's different, what they do that's unique.*
- *It's about the wine first and the story of the wine.*
- *So, I think definitely people want more grass-roots stuff, they want to know where it comes from and they want the story. They don't just want the story, they want something that actually has a legitimate story.*
- *We're looking for interesting people who we can tell a story about their wine.*

In San Francisco, there were many comments about needing to know vineyard practices and attitudes and company/producer values. It became obvious also that, along with a good, authentic brand story (i.e. more than 'the brand is a family brand and is committed to making great wine'), the story must be readily accessible and transmittable through engaging and effective wine brand websites. This means easy-to-find websites that are up to date, easy to navigate, attractive and professional – not necessarily complex. It was also suggested that it would be very 'helpful' if wine brand websites had a 'backstage' area for those in the trade to find more technical details about the wine and how it is made. When asked if their website and social media sites were investigated prior to a meeting with a prospective producer, the answer was always 'yes' – and it was deemed important as an engagement tool for their customers, who are using their smart phones and tablets to evaluate wines in store or skipping to wine sites when shopping online.

Other aspects mentioned consistently – aside from the need for 'loving the wine', included feeling confident that quality would be consistent, and getting the wine at a profitable price – was a need to feel some 'affinity' with the producer. This might be plain 'liking' or a feeling of trust, but often seemed to extend past this to a 'like-mindedness' when it came to the types of wines enjoyed, regionality, winemaking methods and varietal preference – a natural 'rapport' that leads people to believe they are in the company of those that think much as they do when it comes to wine and also to doing business. This aspect was variable in terms of importance, but it was often cited. At the very least, the need for a feeling of trust in the person as well as the product was clearly evident, along with the need for everyone to make a profit. As one interviewee said:

- *So, we tasted a producer the other day, the wines were all very competently made. They were good-quality wines, but we didn't find them interesting. They didn't sing. So, we won't take them on, certainly above £15.*
- *There's no point in loving a wine that's not going to work pricewise.*

Summary Remarks – Qualitative Findings

- With respect to the project targets and aims, this study provides robust indications that order sizes are likely to be small, at least at the outset of the business relationship.
- Price and payment terms are very important – a challenge for Australian producers who may be faced with small orders initially or importers who are 'driving a hard bargain'.
- Wine quality is critical – some interviewees stated that they 'could taste wine all day, every day' – such is the nature of the competition in these two markets. Importers are spoiled for choice in terms of the number of producers who approach them and the vast array of wines on offer. Many interviewees stated that they can only take on a new wine if they have an opening in their portfolio, or that to take a new wine means an existing supplier would be dropped and they would only do that if it were strongly warranted.
- Wine quality must be matched with a unique, authentic brand story, one they can communicate to their customers.
- Packaging is important, particularly for premium wine buyers, with varying attitudes towards closure types.
- Wine brand websites must be satisfying (i.e. engaging and provide technical information) for both consumers and trade.
- Wine quality can be tempered (be seen to be lower) if practices are not responsible (mentioned several times in San Francisco in particular, but also mentioned in New York and the UK).
- Culturally based humour (Aussie slang) and labels that carry hints (or blatant examples) of sexual innuendo are highly risky and potentially offensive, particularly in the USA, which tends to me more conservative. Moreover, the use of culturally based humour in branding and messaging is seldom associated with premium products in any category.
- In the USA, there is a strong interest and desire to adopt 'innovative' packaging across the board. Wine in cans and in other forms of single serves and recyclable forms are in vogue at the moment.
- Relationships and long-term business interactions are desirable. This is seen as a way to reduce stress and enhance their business.
- It is largely recognised that long-term relationships allow for better mutual outcomes.
- A general desire to work with 'like-minded' people with common objectives and philosophy towards wine (and profit).

Study 2: Discrete Choice Experiment (DCE) and Attitudinal Survey

As discussed, the literature and data from the qualitative data informed the quantitative aspects of the project, which comprised a discrete choice experiment (DCE) and an attitudinal survey. These two studies cannot be discussed in isolation, as the approaches to their interpretation are linked and, therefore, inseparable. The objectives of these stages of the research were to:

- identify via the DCE, in a purely descriptive way, which attributes and levels of alternative wine offers (such as those made to our respondents by Australian and other exporters) would be deemed most likely to be accepted and stimulate a sale and preferred over others
- identify any 'clusters' or 'segments' within the samples, and
- compare the preferences by country and by cluster.

Most DCE attributes and levels were specifically informed by constructs employed by the attitudinal survey measures, although abridged for parsimony and logic in context.

One objective of the attitudinal survey was to inform/explain/expand the results of the DCE and any identified clusters. While the DCE looked at an 'initial buy' context, the attitudes and influences revealed in the attitudinal survey were expected to inform the DCE results (why they buy in the first place, but also how to continue to 'be stocked' as a dependent variable). The attitudinal survey analysis would also compare results by country and cluster, and also include more detailed measures related to wine quality and the organisation. The second objective of the attitudinal survey was to understand what drivers are most and least important in maintaining status as a 'preferred' supplier, i.e. a desired long-term business partner.

In summary, we looked at some of the triggers to the initial sale, which are affected by attitudes towards repeat sales (willingness to stock as a dependent variable). The study then goes further to examine important criteria for, and barriers to, the development of long-term relationships.

Discrete Choice Experiment

DCE methodology

The purpose of a discrete choice experiment (DCE) is to allow respondents to replicate a 'real-life' (although vastly simplified) buying situation, where product attributes (at varying levels) are reduced to those identified or theorised to be key to a buying decision. Having been offered one or more product 'profiles', respondents then evaluate them holistically and choose the one that best meets their needs, 'trading off' some attributes in order to gain others they deem more important (Huber, 1997).

Hence by enabling the evaluation of alternative product 'offers', the method provides the opportunity to test a wide range of combinations of attributes at differing levels, allowing respondents to rank or score several sets of choices, or a single option, or reject them all. An acknowledged advantage of such a quasi-experimental design is that it allows consumers to evaluate and compare products with different levels of attributes, such as various price levels, as they would in a shop or online. Evaluation of a product where only one attribute is presented independently and explicitly may lead to carry-over effects and self-reporting bias by respondents (Tharp and Marks, 1990) because, in reality, consumers evaluate products in a holistic manner with all information (attributes) presented to them simultaneously, not each attribute separately (Curry, 1996). Moreover, consumers are usually in a situation where not all desirable product attributes are available in a single offer in the market (e.g. lowest price, best quality, nearest location), so consumers make 'trade-offs' among the given attributes to achieve optimum value when making buying decisions. Therefore, individuals assess different attributes by evaluating the similarities and differences between product profiles and examining the utilities of each product provided by each attribute level combination.

Unlike construct analysis, DCEs do not analyse 'the content' of a construct, but rather allow the content of a construct to be defined and processed in consumers' minds according to consumers' knowledge and experience. Hence, DCEs are based on a sound and well tested behavioural theory of decision making and choice behaviour, namely the Random Utility Theory (RUT) (McFadden, 1974, Louviere, 2000).

RUT assumes that the choice between the alternatives is driven by an underlying, latent construct called 'utility'. This can be broken down into two components: a systematic and a stochastic component (Alberini et al., 2006). This can be written more formally as:

$$U_{in} = V_{in} + \varepsilon_{in}, \quad \forall\, i \in C_n, \text{ (1)}$$

where U_{in} is the total utility of alternative i for decision maker n, V_{in} is the systematic component of utility, ε_{in} is the stochastic component (error) of utility (theoretically known to the decision maker, but not to the analyst), and C_n is the choice set of J objects (Swait, 2006).

The probability of each choice can be derived from (1) once the distributions for the ε_{in} are specified. When generalised to the case of three or more alternatives, one obtains the Multinomial Logit (MNL) model (Ben-Akiva and Lerman, 1985):

$$P_{in} = \frac{\exp\left(\mu V_{in}\right)}{\Sigma_{j \in C} \exp\left(\mu V_{jn}\right)} \quad (2)$$

where V_{in} and V_{jn} are as described above (2).

Latent class cluster analysis

In this study, we evaluate the sample 'as a whole' by combining the data from the USA and UK samples; however, the results of combined data should be viewed with caution, as it was found that significant and substantial differences existed between the two groups, as may be expected – this heterogeneity means that although all those who completed the survey share the commonality of what they do for a living and the industry they work in, there are enough differences in their views to indicate that overall results should not be viewed as the most reliable and robust presented.

Therefore, the results of the DCE, and the attitudinal survey results that follow, are presented by country but also by the 'clusters' that have been identified through a latent class cluster analysis of the data. This analysis 'clusters together' those surveyed who strongly share decisions with respect to the alternative wine products 'offered' in the experiment. These behaviours, attitudinal clusters or segments in the sample surveyed were found to be statistically robust, and provide particularly important insights into purchase priorities.

In order to reveal the clusters found in the data, the DCE assumption of homogeneity was relaxed, by using a latent class (LC) choice model (Kamakura and Russell, 1989). LC models are a specific form of finite mixture models (Andrews and Currim, 2003, Boxall and Adamowicz, 2002), which assume that the overall preference distribution is made up of a combination of unobservable, latent groups or classes that differ in their utility between the groups but are similar within a group (Provencher and Moore, 2006). With the help of statistical criteria, the researcher has to specify the optimal number of these underlying groups. Simulation procedures estimate class-specific part-worth utilities for each attribute level, and assign each person a probability of belonging to each of the pre-specified classes (Train, 2009).

The statistical criterion used to define the number of classes was the Bayesian information criterion (BIC). The lowest value of the BIC corresponds to the optimal number of classes (Popper et al., 2004, Scarpa et al., 2007); in this study, two latent classes were revealed and are discussed fully in the report.

Experimental design

Hypothetical choice scenarios were created, including several different attributes and levels shaping a business relationship and instigating the initial sale, as shown in Table 1. These attributes and levels were determined based on the literature and on the qualitative phase of this research project.

Attributes and levels were allocated to 'choice tasks' using a Bayesian efficient experimental design, starting from priors emerged from a pilot study involving 31 respondents. The employed experimental design consisted of 18 choice tasks, divided into two blocks of 9 each. Respondents were randomly assigned to either block. Figure 1 shows an example of a choice task used.

It is important to note that the research team decided not to allow an option of 'none of these' in the DCE. This is a limitation, but this decision was taken because it was deemed important to see what the 'best' option was considered to be in the context of the attitudinal survey. The attitudinal survey provides very 'rich' information and fully explores the constructs alluded to in the DCE. However, as an empirical method of finding an objective measure of the importance of attributes and the most desired levels, the DCE provides sound information. The two methodologies are thus highly complementary in providing the fullest picture possible.

Table 1: Attributes and levels composing the hypothetical choice scenarios

Attributes	**Levels**	
1. Vision (an aspect of cognitive capital)	The producer's philosophy with regard to wine, values, and management style is:	identical to mine
		similar to mine
		different from mine
1. This attribute expresses the varying levels of cognitive capital a retailer/distributor needs to establish a relationship with a producer (Villena et al., 2011).		
2. Number of visits (an aspect of structural capital)	The producer visits you (per year):	typically, does not visit you
		1 time
		2 or more times
2. This attribute comes primarily from the qualitative interviews but is also an aspect of structural communictation (Villena et al., 2011) .		
3. Formalisation of contracts (an aspect of relational capital)	The relationship you can expect to establish with the producer will be based on:	formal contractual agreements only
		a combination of contracts and personal relationship
		mutual respect and trust; contracts are only a 'safety net'

3. Based on the qualitative interviews and the literature (Chiminello, 2014, Woolthuis et al., 2005), this attribute expresses the nature of the relationship a distributor/retailer can establish with a producer.

Table 1: Attributes and levels composing the hypothetical choice scenarios (cont'd)

Attributes	**Levels**	
4. Payment terms	The producer requires payments to be made at:	in advance
		60 days
		90 days
		120 days
4. This attribute was determined by industry and feedback in interviews.		
5. Type of discounts	The producer provides:	free products (6-for-1 cases, OR 8 cases of magnums per pallet)
		cash discount per cases sold (7.5 per cent per case sold, OR 15 per cent per pallet)
		incentives to sales reps per target reached (fully paid trip to visit the producer)
5. This attribute is a reflection of some current practices (from industry)		
6. Brand story	The brand is:	based on family and winemaking history
		a widely available, volume-oriented brand
		an innovative and engaging brand
6. This attribute represents the main typologies of producers a distributor/retailer could deal with. Each of these types of wine businesses is associated with a different image and perception (Mora and Livat, 2013)		
7. Label style	The label style is:	the most preferred
		one to which I am indifferent
		the least preferred
7. These levels are chosen based on the respondent's answer to a question in the survey, where we asked respondents to choose their 'most preferred' label, as compared to a label style to which they were 'indifferent' and the one they 'least preferred' among 10 label styles taken from Wine Intelligence (2014) representing archetypes in the way in which labels are perceived by UK and USA consumers. *** The choices made in this question 'feed through' to the choice sets (Figure 1).**		

What follows, and can be seen in the questionnaire, is an illustration of the types of label styles incorporated into the survey. Respondents chose their 'most preferred', 'least preferred' and the

one to which they were ‘indifferent’. These choices then ‘fed through’ to the choice sets presented as seen in the example shown in figure 2. These classifications were taken from the literature, Wine Intelligence (2014).

Figure 1: Label styles and their descriptions

eclectic – Quirky image combined with bright colours

elegant contemporary – Contemporary stylised image with muted colour palette and elegant look

light-hearted - Stylised and witty brand names to evoke light-hearted appeal

modern classic – Simple, clean label on white cream background emphasising brand name

modern contemporary – Modern, creative design reflected in unusual label shape and images, often on a primary colour background

modern vibrant – Dominant bright colour, combined with classic logo and minimal text

prestigious – Premium looking label with distinctive design and details that project prestige and history

stately – Detail-oriented labels, with use of vineyard imaginary

text impact – Fonts dominate an otherwise minimalistic label

themed – Visuals and brand name built around typically a non-wine theme

Figure 2: Example of a choice set

What producer will you be most likely to add to your portfolio, A or B?

Terms & Conditions	PRODUCER A	PRODUCER B
The producer's **philosophy** to wine, **values**, and **management style** are:	• similar to mine	• different from mine
The producer **visits you** (per year):	• 1 time	• does not typically visit you
The **relationship** you can expect to establish with the producer will be based on:	• mutual respect and trust. Contracts are only a 'safety net'	• formal contractual agreements only
The producer requires **payments** to be made at:	• 90 days	• in advance
The producer **provides**:	• incentives to sales reps per target reached (full-paid trip to visit to the producer)	• incentives to sales reps per target reached (full-paid trip to visit to the producer)
The **brand** is:	• an innovative and engaging brand	• a widely available, volume-oriented brand
The **label style** is:	• **light-hearted** - Stylized and witty brand names to evoke light-hearted appeal	• **modern vibrant** – Dominant bright colour, combined with classic logo and minimal text

Sample characteristics

The dataset comprises *n* = 253 USA trade operators (56 per cent of the sample), and *n* = 201 UK trade operators (44 per cent).

The majority of the sample comprises wine retailers (bricks and mortar, 45 per cent), followed by wine importers (41 per cent), wine distributors (39 per cent) and online wine retailers (26 per cent). The sum of business types is higher than 100 per cent as respondents could tick that their business performed more than one function. The majority of the respondents classify themselves as wine buyers (36 per cent), followed by owners (30 per cent) and heads of sales (28 per cent). Another 20 per cent say they are salespersons, followed by 15 per cent presidents/CEOs and marketing people, and 12 per cent people involved with logistics.

The majority of the USA sample operate in the Pacific area (16 per cent), followed quite homogeneously by Mid-Atlantic, South-Atlantic, and Mid-West (approx. 11 per cent). The majority of the UK sample operate in the Greater London area (15 per cent), with the North East and South East to follow (10 per cent). The businesses we collected data from were a balanced split between small (less than 10 people working for the business) and large (more than 10 people working for the business) companies (51per cent and 49per cent , respectively).

All our respondents are directly involved in selecting which wines to list/stock for their company. The median number of years they have worked for the organisation they are currently working for is eight. Hence, the majority of our respondents are experienced in making wine purchase decisions.

Discrete Choice Experiment results

The results show the presence of two distinct groups or ‘clusters’ of trade operators, based on the criteria they judge to be most important in purchasing a wine for their company. These two groups have been labelled the ‘Keepers’ (*n* = 348), who dominate the USA sample, and the ‘Sceptics’ (*n* = 106), who are mainly found in the UK – although examples of each cluster can be found in each geographical location.

The Keepers represent the majority of the sample (76 per cent) and dominate the USA sample. They tend to be larger companies (10 or more employees) and are comprised of businesses that have been in business for longer. Conversely, the Sceptics tend to be smaller companies (up to 10 employees) and have been in business for less time. Given that there are few substantial differences between the two clusters in obvious business terms that dominate each location (Keepers in the USA and Sceptics in the UK), it is likely that differences in market conditions and culture play a strong part in their respective attitudinal and behavioural characteristics.

For the Keepers, in terms of attribute importance respective to their preferred wine offer, label style is the most important element for this group (21 per cent), followed by brand story (28 per cent) and vision (17 per cent). These three closely linked criteria are followed by other factors, such as

the payment terms (15 per cent), the level of formalisation of the contracts (13 per cent), and the type of discounts offered by producers (10 per cent). For this group, strong congruity with a producer's approach to business and an emphasis on the wine itself and the branding and 'story' associated with it, are more important than formal contracts, discounts or face-to-face contact. Although these attributes are still important and should not be overlooked. The results of the attitudinal survey support these results and reveal other characteristics that suggest they will be more trusting and easier to build long-term relationships with, hence the term 'Keepers'.

In contrast, the Sceptics, who represent the minority of those surveyed (24 per cent) and dominate the UK sample, are clearly driven by concerns regarding *payment terms (34 per cent), followed by the level of formalisation of the contracts (15 per cent), the label style (13 per cent), and the type of discounts offered by the producers (12 per cent). The brand story of a wine brand and the vision they share with the producers play smaller roles. They are likely to be somewhat more demanding, given their desire for higher levels of visitation and reliance on interactions (see Table 2). Again, this result is confirmed in the attitudinal study, which also reveals that respondents in this group are likely to have lower levels of trust, and substantial and significant levels of distrust in producers, hence the term 'Sceptics'. This element of distrust notwithstanding, this group also seek to work towards longer term relationships, and they are likely to also be good reliable business partners, but they may be more difficult to engage initially and may take longer to bring on board.

Table 2: Attribute importance

Attribute	**Keepers (*n* = 348) % importance**	**Sceptics (*n* = 106) % importance**
Label style	21	13
Brand story	18	9
Vision (Aspect of Cognitive capital)	17	8
Payment terms	15	*34
Formalisation of contracts (Aspect of Relational capital)	13	15
Type of discounts	10	12
Number of visits (Aspect of Structural capital)	6	8
Total Influence on Choice	**100%**	**100%**

**The importance of payment terms (perhaps also a proxy for price), should be balanced by the fact that approx. 90 per cent of all importers and retailers surveyed were content with their payment terms and would not change them – indicating that desirable payment terms are easily negotiated.*

Essentially, the Keepers want to take on wines with the labels and brand stories they personally like the most and are based on family and winemaking history (Table 3). They want to share a very

similar vision and philosophy with the producers in regard to wine, values and management style. They are happy with payments at 60 days, and, when it comes to contracts, and they prefer a combination of contracts and personal relationships.

The Sceptics prefer to pay as late as possible (120 days), and they want informal contracts, based on mutual respect and trust – somewhat surprising given their levels of mistrust. It may be they want to be able to switch quickly and without notice between stockists as a remedy to disputes, as opposed to relying on a contract between international partners. They don't care much about satisfying their own preferences when it comes to the style of the label (although they want it to be attractive to their customers), and in terms of discounts, they want incentives for sales representatives per target reached, further illustrating their sales-target focus. In terms of brands, this group of trade operators also want to deal with brands based on family and winemaking history.

While both markets are intensely competitive, from both an exporter's and a retailer's perspective, there is little doubt that in the UK importers and retailers can drive an even harder bargain and enjoy even lower switching costs – particularly for imported wines. Given that most premium wine buyers (and those in the trade) strongly believe the best, most prestigious wines to be French or Italian, those in the trade in the UK enjoy the pre-eminent economic and geographic position. It was also apparent in the qualitative interviews that their personal knowledge, networks and experience with producers in Europe are extensive and can easily be kept current. UK wine buyers are also very price-sensitive even in premium segments – much more so than seems apparent in the USA, where higher prices are sought and achieved for American wines (e.g. Oregon Pinot Noir) as well as imports from France and Italy. Therefore, it's not surprising that in the UK, they care much less about feeling an 'affinity' with their producers and put more emphasis on payment terms (likely a proxy for price in this context, as well as a statement of when they are required to pay for the wine) and formal contracts than their counterparts in the USA (where the Keepers dominate).

In terms of culture, in the more homogeneous UK the nationality is in play, but also what is likely to be a highly homogeneous wine business culture prevalent in the greater London area, where most business is conducted, and the big importers are located. There is a feeling there that 'everyone knows everyone' and many would highly visible in the same business circles, with cross-fertilisation and work history. This is in stark contrast to the vast geographical distances and cultural differences – and the differences in laws and business environments – across the USA, where attitudes seem to be generally more 'open' and variable across locations. It will be important for Australian wine producers to pick the USA location that will be most accepting of their types of products, brand stories and provide the best business opportunities.

Attribute utilities – Keepers vs Sceptics

In order to get a better understanding of what type of approach to put forward to a cluster, an analysis of the attractiveness (or lack of it) is attributed to each level of each attribute. Table 3 illustrates the comparison across the two groups.

Table 3: Comparison of utility values – Keepers vs Sceptics

Attributes and attribute levels	Keepers			Sceptics		
	Coeff.		SE	Coeff.		SE
Vision (Cognitive capital)						
The producer's philosophy in regard to wine, values, and management style is:						
identical to mine	**0.143**	***	0.034	0.239		0.226
similar to mine	**0.171**	***	0.035	0.388		0.312
different from mine	**–0.313**	***	0.040	-0.627		0.494
Number of visits (Structural capital)						
The producer visits you (per year):						
2 or more times	**0.091**	***	0.041	0.522		0.522
1 time	–0.009		0.035	0.033		0.149
does not typically visit you	–0.082	***	0.036	–0.555		0.458
Formalisation of contracts (Relational capital)						
The relationship you can expect to establish with the producer will be based on:						
mutual respect and trust. Contracts are only a 'safety net'	**–0.209**	***	0.037	**1.035**	***	0.515
a combination of contracts and personal relationship	**0.173**	***	0.036	**–0.947**	*	0.504
formal contractual agreements only	0.036		0.036	–0.088		0.397
Payment terms						
The producer requires payments to be made at:						
60 days	**0.152**	***	0.045	**0.686**	***	0.269
90 days	0.064		0.045	**1.147**	***	0.544
120 days	0.071		0.059	**1.280**	***	0.430
in advance	**–0.288**	***	0.075	**–3.113**	***	1.136
Type of discounts						
The producer provides:						
incentives to sales reps per target reached	**–0.180**	***	0.039	**0.938**	*	0.531
cash discount per cases sold	**0.062**	*	0.034	**–0.583**	*	0.329
free products	**0.118**	***	0.035	–0.355		0.348
Brand story						
The brand story is:						
based on family and winemaking history	**0.211**	***	0.035	**0.469**	*	0.271
an innovative and engaging brand	**0.096**	***	0.035	**–0.707**	*	0.426
a widely available, volume-oriented brand	**–0.307**	***	0.038	0.237		0.340
Label style						
The label style is:						
most preferred	**0.325**	***	0.057	–0.364		0.544
indifferent	–0.028		0.039	**1.013**	*	0.588
least preferred	**–0.297**	***	0.064	–0.649		0.620

**** p-value<0.01; ** p-value<0.05; * p-value<0.1; SE, standard error*

What can be seen from the utility values for the two groups is that, based on the attributes/levels presented, the Keepers prefer a producer (assuming the wine is excellent) who has a similar wine based philosophy to them, visits two or more times per year, employs a combination of contracts and personal relationships, is happy to accept payment in 60 days, provides some free wine as an incentive, has a brand story based on family/winemaking history and whose bottles follow their preferred label style (which is Elegant Contemporary – see Table 4).

Conversely, the Sceptics prefer to deal with people with a similar philosophy and see them two or more times per year, although the lack of significance in utility levels indicates a lack of overall attribute importance. Interestingly, they are less likely to rely on contracts than the Keepers (who prefer a combination of contracts and relationships) and prefer to use them only as a safety net. This can appear to be somewhat of a contradiction, given that this group is prone to 'distrust'. However, research investigating the use of formal versus informal contracts provides interesting findings. In fact, it has been shown that trust and use of contracts need not be 'opposing alternatives' with research into these approaches finding trust and contracts can complimentary because contracts are in practice often not used and interpreted in a strictly legal fashion so long as neither side is opportunistic in their dealings (Woolthuis et al., 2005b). In other words, the reliance on and presence of a contract should be considered within the framework of the strength and nature of the business relationship. Hence, it isn't surprising that for both groups contracts, and reliance on them, are not very important overall as compared to other business related aspects.

Therefore, the goals of the Sceptics are aligned with establishing long-term relationships and working hard to keep them aligned to their business goals [see the structural equation modelling (SEM) results below]. They want longer to pay and prefer their sales people to receive incentives to meet sales targets. They also prefer more traditional wine brand stories, but unlike the Keepers, they significantly and substantially dislike brands that are more 'innovative', a likely reflection of their preference for old-world as opposed to new-world wines. They are happy to stock wines they are indifferent to, in terms of personal liking of the label. Again, the utility scores need to be considered in light of the attributes' importance to their choice – one level may be preferred to other options but may be of comparatively little importance overall. Hence, it's critical to look first at the importance to a group of the attributes involved, then look to the most desired level.

Preferences for label styles

It is well established in the literature that packaging attractiveness, driven for wine by the prominence of the label, has a strong influence on consumer choice and willingness to pay a premium price (Orth and Malkewitz, 2008). For the Keepers, it is important that the bottle is attractive to them personally and so, they think, will also be attractive to their customers. Conversely, the Sceptics are indifferent to their personal choices in labels – what they like is irrelevant to them. However, they would be cognisant of what their customers find attractive. Next,

we illustrate the preferences given by each group (Table 4). In support of the past literature and the qualitative studies, elegant, prestigious and more modern and contemporary labels are more desirable to both groups. Although given they disregard their own personal opinions, it is not surprising they are more accepting of a wider range of styles – their buying decisions are driven more by other attributes as we have seen. However, what this also shows is that importers basically prefer elegant contemporary and prestigious labels themselves and/or they are confident their customers do also.

Table 4: Label style preferences

Label Style	**% that chose a style as their 1st Preference**	
	Keepers	**Sceptics**
Elegant contemporary	100	100
Prestigious	58	60
Modern contemporary	53	87
Modern classic	36	59
Modern vibrant	36	50
Stately	29	50
Light-hearted	24	50
Themed	15	37
Text impact	13	48

Comparison of UK and USA samples

Table 5: Drivers for choice of wine producer – UK versus USA

Attribute	**UK (n=201) % Importance**	**USA (n=253) % Importance**
Label style	23	17
Brand story	11	16
Vision (Cognitive capital)	16	23
Payment terms	31	27
Formalisation of contracts (Relational capital)	4	4
Type of discounts	8	8
Number of visits (Structural capital)	7	5
Total Influence on Choice	**100%**	**100%**

The two samples of trade operators from UK and USA were also analysed separately in terms of the criteria they use to select a wine producer to deal with. Table 5 shows that payment terms (also a likely proxy for price overall) are important for both samples, and especially for UK trade operators (31 per cent of utility). While label style is the second driver for the choice of UK trade operators (23 per cent of total utility), 23 per cent of utility is given by the cognitive capital for operators from the USA, namely the philosophy in regard to wine, values and the management style of the wine producer. This attribute ranks third for the UK sample (16 per cent of utility). Label style and brand story appear as the third most important criteria used by USA trade operators to select a brand when selected according to country location.

Attribute utilities – UK vs USA

Again, to analyse in detail what drives the choice of UK and USA trade operators when deciding what foreign wine producer to introduce into their brand portfolio, we focus our analysis on the weights of the specific attribute levels (Table 6 below).

Concerning payment terms, UK and USA trade operators are rational in preferring to delay payment rather than to pay in advance. Both samples do not want to have a relationship with a wine producer with whom they do not share identical or similar philosophy in regard to wine, values and management style, whether that be more wine- or business-oriented. When looking at the story that a winery has to tell to be part of the portfolio of UK and USA trade operators, UK operators are primarily willing to take on board brands that talk about the family and winemaking history, USA operators are also attracted by innovative and engaging brands. Looked at holistically, these results illustrate the presence of both clusters in each market, but it should be remembered which cluster dominates in each location.

Consideration of the results of the DCE, as mentioned, needs to be informed by the results of the attitudinal survey and vice versa. Whilst the DCE is very valuable in terms of looking at what attributes are going to drive a decision (given the ones presented) and which level of each attribute is desired and rejected, the purpose of the attitudinal survey questions is to explore and quantify additional detail with respect to the attributes, include additional considerations (e.g. wine quality, which was assumed in the DCE) and important relationship/business considerations such as ‘trust’ and ‘distrust’. The results of this aspect of the survey are presented next and represent antecedents respective to ‘willingness to stock’ and ‘preferred supplier’ and ‘relationship effectiveness’.

Table 6: Attribute utility values – UK vs USA

Attributes and attribute levels	UK			USA		
	Coeff.		SE	Coeff.		SE
Vision (Cognitive capital)						
The producer's philosophy to wine, values, and management style is:						
identical to mine	0.069		0.044	**0.240**	***	0.040
similar to mine	**0.110**	***	0.041	**0.215**	***	0.038
different from mine	**–0.179**	***	0.046	**–0.455**	***	0.044
Number of visits (Structural capital)						
The producer visits you (per year):						
2 or more times	0.066		0.049	0.052		0.044
1 time	0.002		0.043	0.052		0.040
does not typically visit you	–0.068		0.044	**–0.104**	***	0.041
Formalisation of contracts (Relational capital)						
The relationship you can expect to establish with the producer will be based on:						
mutual respect and trust. Contracts are only a 'safety net'	–0.042		0.041	**–0.068**	*	0.038
a combination of contracts and personal relationship	0.041		0.042	0.053		0.038
formal contractual agreements only	0.002		0.043	0.015		0.040
Payment terms						
The producer requires payments to be made at:						
60 days	**0.190**	***	**0.053**	**0.223**	***	0.049
90 days	**0.132**	***	**0.056**	**0.150**	***	0.053
120 days	0.063		0.064	**0.231**	***	0.058
in advance	**–0.385**	***	**0.088**	**–0.604**	***	0.083
Type of discounts						
The producer provides:						
incentives to sales reps per target reached	**–0.086**	*	0.046	**–0.119**	***	0.041
cash discount per cases sold	0.058		0.042	0.002		0.038
free products	0.028		0.043	**0.117**	***	0.040
Story						
The brand is:						
based on family and wine–making history	**0.116**	***	0.043	**0.203**	***	0.039
an innovative and engaging brand	–0.033		0.041	**0.068**	*	0.038
a widely available, volume–oriented brand	**–0.082**	*	0.046	**–0.270**	***	0.043
Label style						
The label style is:						
the most preferred	**0.220**	***	0.065	**0.239**	***	0.058
the indifferent	–0.006		0.048	0.047		0.043
the least preferred	**–0.214**	***	0.078	**–0.286**	***	0.069

**** p-value<0.01; ** p-value<0.05; * p-value<0.1; SE, standard error; Adj. R2 = 0.05; LL = –3033.74; BIC(LL) = 6257.14; n = 454; df = 423*

Study 3 – Attitudinal Studies

After respondents had completed the DCE choice sets, they were asked to reflect on a particular supplier relationship that they had had in place for at least 3 years (the average length of the relationship cited was approximately 6 years). The questions asked explored their reasons for continuing to stock their wine (or not), and key aspects of their business-to-business relationship, leading to their assessment of this supplier as a 'preferred supplier' (or not) and their assessment of their overall business relationship with them. Before moving through a description of the measures employed and their meanings, notes are provided that explain how to easily interpret the results of the structural equation modelling (SEM) used to analyse the survey results. This is a methodology that evaluates, concurrently, all variables in a statistical model in order to reveal relationships and influences on 'outcome' or dependent variables.

Notes to interpretation of the statistics seen in the structural equation models

When considering the statistics shown in the models and tables for quantitative analysis of the data from this research, it is critical to see first which relationships are 'significant' statistically and which are not. For each test, a '*p*-value' will be illustrated. This indicates the statistical probability that the results of the testing are purely 'by chance' due to the randomness of the sample of people surveyed. In social research, we accept no higher probability of this than 5 per cent; in other words, we need to be 95 per cent confident, or more, that the results shown are not merely by chance but are reliable. As the *p*-value decreases, the probability of a random statistical outcome decreases accordingly, and the robustness of the test results is increased. An 'insignificant' relationship, one with a *p*-value of more than 0.05 (at least a 5 per cent chance of a random outcome), is indicated by 'NS' (not significant) in the models and tables.

In analyses such as these, the direct relationship between the 'driving forces' of the model (i.e. the independent variables) may or may not exert a 'direct' and significant influence on the ultimate dependent variables once 'mediating' (or intervening) variables are introduced in to the model. Rather, the independent variables may work 'through' the mediating variables to the dependent variables. However, the power of a strongly influential variable to continue to exert a direct influence despite the presence of mediating variables is often seen in social research. The other statistics seen in the models, on the 'lines' that indicate the relationships between the variables, are an indication of the power of one variable to exert change on another. These are called *standardised beta (β) statistics*, and the higher the β (a statistic between 0 and 1), the more influence is being exerted by the independent (or mediating) variable, on the subsequent variable in the model. However, these β scores should be ignored if the relationship is 'NS' or not significant.

Lastly, the overall model R^2 is a statistical representation of the combined power of all significant relationships seen in a model to exert change on a dependent variable. Hence if the model R^2 is 0.49, this means that 49 per cent of a change in the dependent variable is due to (for example) the combined influence of all the other variables in the model. The other 51 per cent is due to

all the other things not captured in this research in the minds and experience of each respondent and their opinion about the questions put.

[*Notes to the models: CI = confidence interval; for mediation significance, range must not include '0'. * p<0.05 (95% confidence) ** p<0.001, *** p<0.001*]

Willingness to stock wines and productive working relationships

Proposed models

In this part of the survey, we asked the respondents to think about **their business dealings with one specific independent overseas wine producer** they currently list/stock. We define an **independent overseas wine producer (IOWP)** as a producer of any size, large or small, located outside the UK or USA respectively. An IOWP autonomously manages all the stages of production, from the winemaking to the commercialisation of the product. An IOWP is not part of any wine brand corporation (e.g. Accolade Wines, Pernod Ricard Wines, LVMH, etc.). Further, this particular IOWP can be from any foreign country (not just Australia), and the distributor/retailer has dealt with this IOWP actively for **at least 3 years**. The relationship could be a positive or negative one.

By considering a variety of organisational characteristics and relationship characteristics, we then explore:

- the factors driving the willingness of a wine distributor/retailer to stock wines from a specific IOWP (Figure 3), and
- the factors determining the operational performance and relationship effectiveness of the focal relationship between a wine distributor/retailer to stock wines from the same IOWP producer (Figure 4).

We will report the empirical findings for 5 groups of wine distributors/retailers as follows:

- Group 1: Full sample (n = 454)
- Group 2: UK respondents only (n = 201)
- Group 3: USA respondents only (n = 253)
- Group 4: Keepers cluster only (n = 302)
- Group 5: Sceptics cluster only (n = 152)

Figure 3: Proposed drivers of willingness to stock wine from an independent overseas wine producer (IOWP)

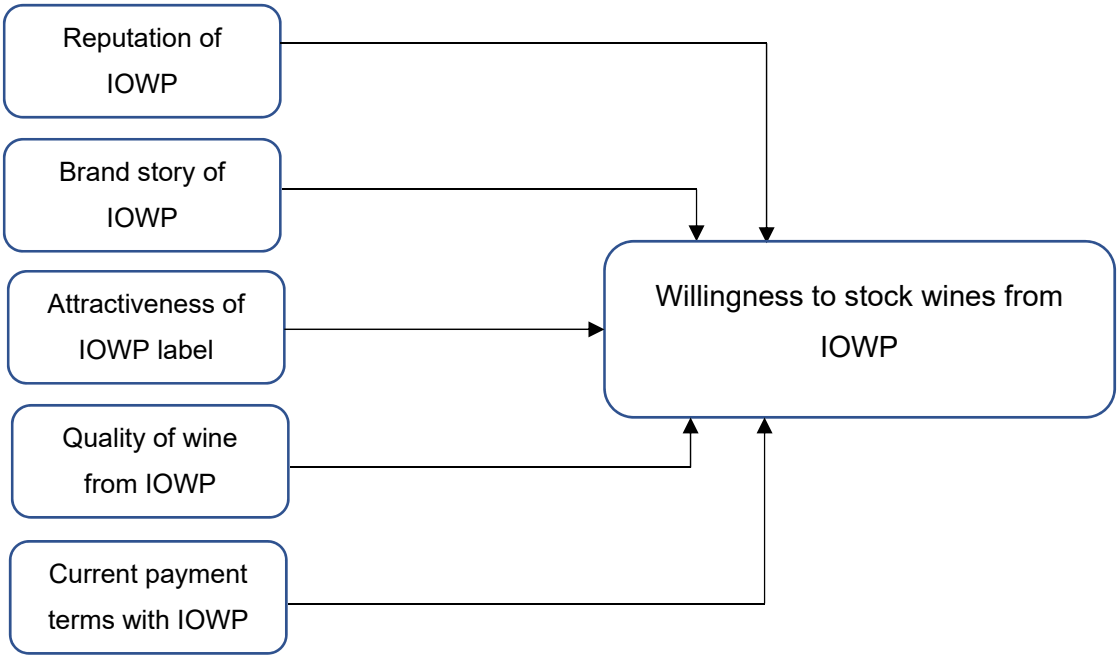
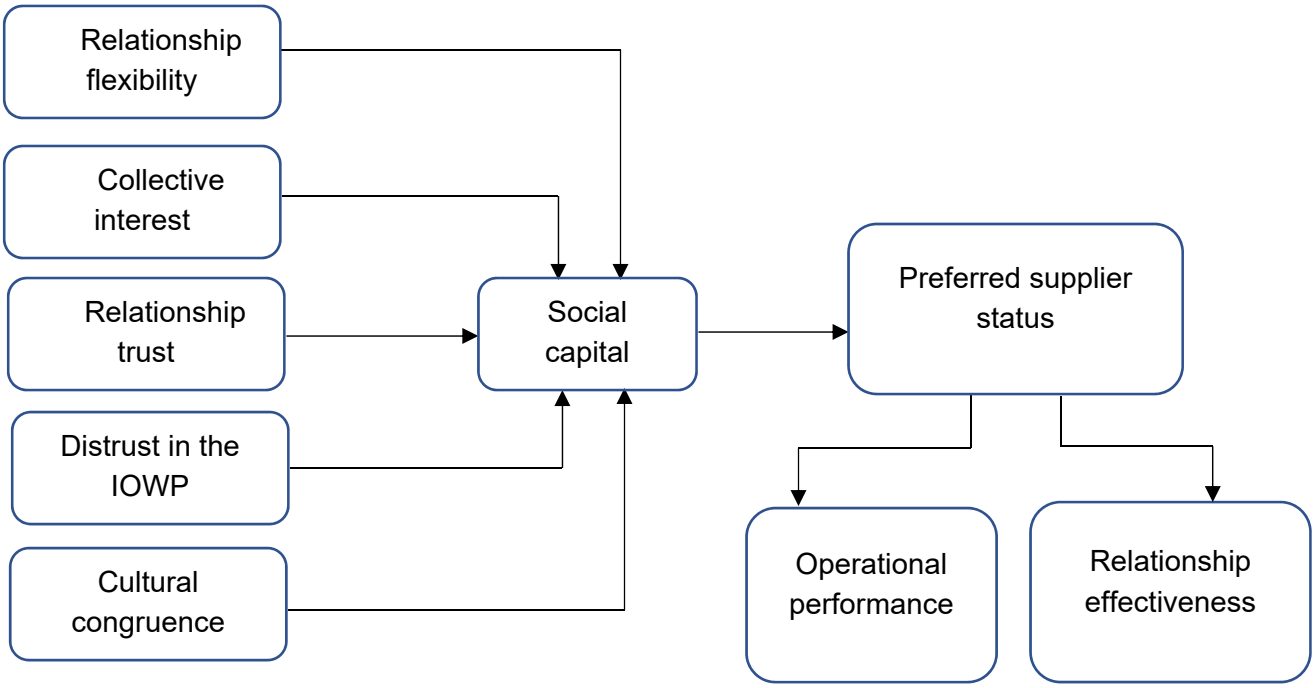


Figure 4: Proposed drivers of relationship effectiveness and operational performance



Additional sample characteristics

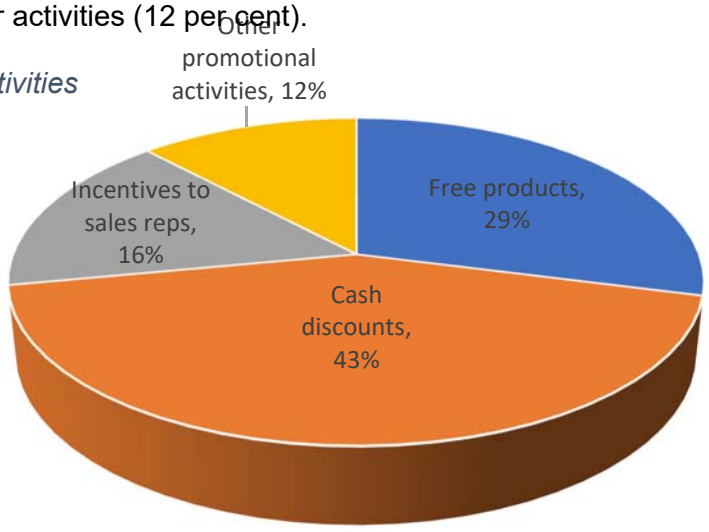
Before proceeding with the analysis of the structural models, it's useful to review some additional sample characteristics, e.g. where respondents tend to source their imported wines (more premium). Table 7 shows that IOWPs from France were most frequently chosen by the respondents in their response to our questions (28 per cent of the sample), followed by IOWPs from Italy (24.2 per cent), Spain (13.4 per cent), Australia (6.4 per cent) and Chile (4.8 per cent). These results reflect the qualitative findings and those of previous studies such as Advance Australia Fair (Crouch and Lu – Wine Australia).

Table 7: Country locations of the identified independent overseas wine producers

Country	Frequency	%
Argentina	16	3.5
Australia	29	**6.4**
Chile	22	**4.8**
France	127	**28.0**
Italy	110	**24.2**
NZ	11	2.4
Portugal	14	3.1
South Africa	16	3.5
Spain	61	**13.4**
Others	48	10.6
Total	454	100

On average, approximately 29 per cent of the wines currently stocked by each distributor/retailer are sourced from the IOWP that they have identified in this study. Further, the distributors/retailers have indicated, as shown in Figure 5, that 43 per cent of their promotional activities with the IOWP were through cash discount, followed by free products (29 per cent), incentives to sales representatives (16 per cent) and other activities (12 per cent).

Figure 5: Categories of promotional activities



The current payment terms for the whole sample (n = 454) are shown in Figure 6, with approximately 60 per cent of the respondents having either 30-day or 60-day payment terms. Notably, around 90 per cent of the respondents are satisfied with their current payment terms (and only 10 per cent would like to change these terms). Figures 7 and 8 show the breakdown by country and cluster, respectively, of the desire of distributors/retailers to change payment terms. These figures suggest that the majority of the respondents are satisfied with their current payment terms and thus prefer to keep them (91.7 per cent of USA respondents, 88.6 per cent of UK respondents; 88.8 per cent of the Keepers, 94.1 per cent of the Sceptics).

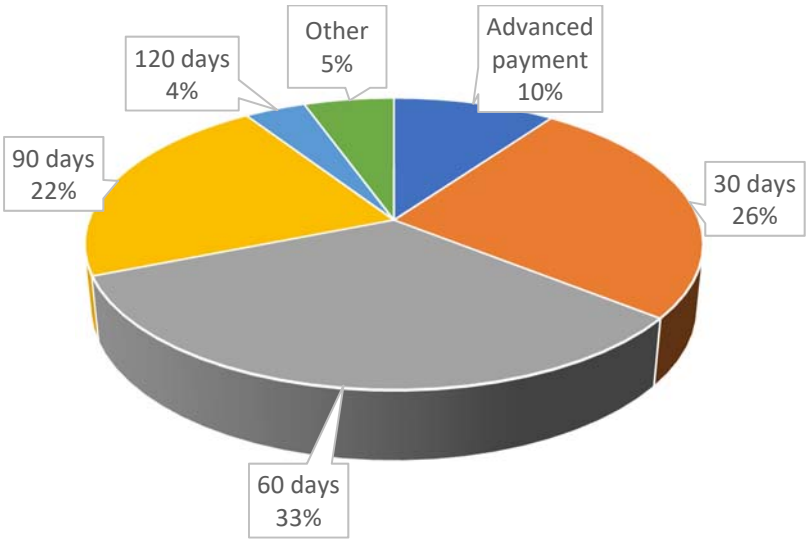
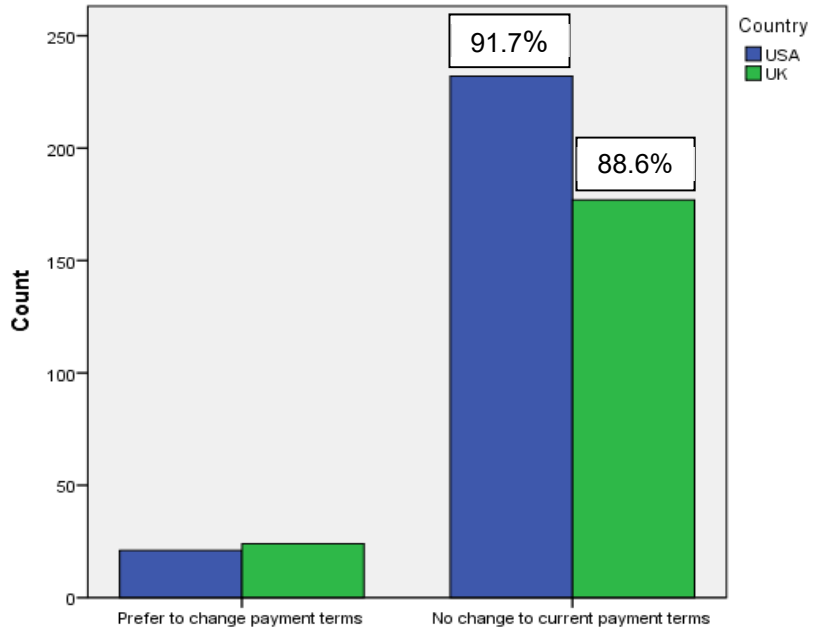


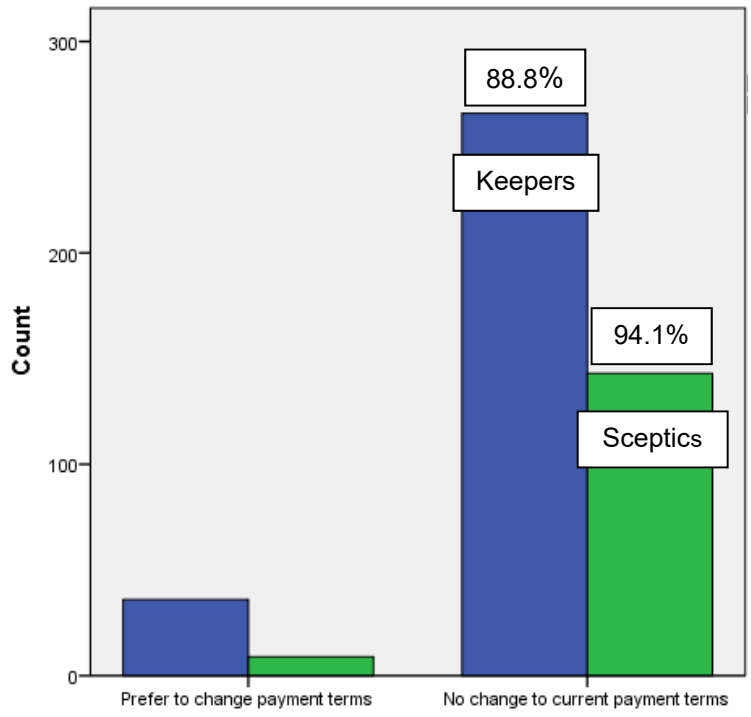
Figure 6 Summary of current payment terms for all respondents

Figure 7: Preference to keep or change current payment terms by country



The statistics shown in Figure 7 are interesting because while our DCE and qualitative findings indicate the importance of 'price and payment terms'; these results show that importers and retailers have no trouble getting the terms they desire and have little desire to change them. So, while important, they are obviously easily achieved by importers/retailers – a further reflection of the nature of the rigorous competition present between suppliers in these markets.

Figure 8 Preference to keep or change current payment terms by cluster



Findings – Key constructs

Reputation of the IOWP

Table 8 lists the 7 items used to measure the reputation of the IOWP. In the total sample (*n* = 454), the mean value for the reputation of the IOWP is high at 5.68, with a standard deviation (SD) of 0.89. This shows that the respondents have selected an IOWP with a high reputation.

Table 8: Measuring reputation of the IOWP – Cronbach alpha (α) = 0.90; composite reliability (CR) = 0.90; averaged variance extracted (AVE) = 0.57

Item	Loading
Highly regarded	0.758
Successful	0.782
Well established	0.806
Brand with status	0.753
Good reputation	0.751
Well known	0.697
High esteem	0.737

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
20.517	10	0.0247	2.052	0.987	0.994	0.048	0.015

At a country level, the data suggests that the reputation of the IOWP partners of USA respondents was slightly higher than that of the IOWP partners of UK respondents (Table 9).

Table 9: Reputation of the IOWP – USA vs UK samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
USA	253	5.76	0.89	0.17	1.99	0.047
UK	201	5.59	0.87			

However, within the two clusters, there was no significant difference among the reputations of the IOWP partners of Keepers and Sceptics (Table 10).

Table 10: Reputation of the IOWP – Keepers vs Sceptics samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
Keepers	302	5.72	0.90	0.11	1.28	0.20
Sceptics	152	5.61	0.86			

Brand story of the IOWP

Table 11 lists the 4 items used to measure the brand story of the IOWP. In the total sample (n = 454), the mean value for the brand story of the IOWP is 5.47 (out of 7.0), with a standard deviation (SD) of 1.11.

Table 11: Measuring brand story of the IOWP – Cronbach α = 0.88; CR = 0.87; AVE = 0.64

Item	Loading
Brand story is:	
good	0.870
innovative	0.670
engaging	0.848
unique	0.785

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
0.479	1	0.4891	0.479	1.003	1.000	0.000	0.003

At a country level, the data suggests that there is no significant difference in perceptions about the brand story of the IOWP partners of USA respondents, as compared to that of the IOWP partners of UK respondents (Table 12).

Table 12: Brand story of the IOWP – USA vs UK samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean difference	*t*-value	Sig.
USA	253	5.41	1.17	–0.02	–0.21	0.830
UK	201	5.44	1.03			

Examining at the cluster level, Sceptics ranked the brand stories of their IOWPs higher than did Keepers for their IOWPs (Table 13).

Table 13: Brand story of the IOWP – Keepers vs Sceptics samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean difference	*t*-value	Sig.
Keepers	302	5.35	1.17	–0.24	–2.139	0.033
Sceptics	152	5.58	0.97			

Attractiveness of the IOWP's labels

Table 14 lists the 3 items used to measure the attractiveness of the IOWP's wine labels. In the total sample (*n* = 454), the mean value for the attractiveness of the IOWP's wine labels is high at 5.78 (out of 7.0), with a standard deviation (SD) of 1.02.

Table 14: Measuring IOWP label attractiveness – Cronbach α = 0.85; CR = 0.75; AVE = 0.50

Item	Loading
Label very attractive to me	0.847
Label very attractive to my customers	0.859
Label attractive to my partners	0.757

** for scale measures of 3 or less items, where the data fits the model well, fit indices and df will be '0*

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
0.000	0	0.000	0.000	1.000	1.000	0.000	0.000

** for scale measures of 3 or less items, where the data fits the model well, fit indices and df will be '0"*

At a country level, the data suggests that USA and UK respondents offer similar ratings for their perceptions about the attractiveness of the wine labels from their IOWPs (Table 15).

Table 15: IOWP label attractiveness – USA vs UK samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean difference	*t*-value	Sig.
USA	253	5.81	1.07	0.06	0.64	0.523
UK	201	5.75	0.97			

We also found the same at the cluster level (Table 16). That is, there were no significant differences in the ratings of wine label attractiveness from the Keepers sample compared to those in the Sceptics sample.

Table 16: IOWP label attractiveness – Keepers vs Sceptics samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean difference	*t*-value	Sig.
Keepers	302	5.76	1.09	–0.06	–0.62	0.536
Sceptics	152	5.82	0.86			

Quality of wine sourced from the IOWP

Table 17 lists the 3 items used to measure perceptions about wine quality provided by the IOWP. In the total sample (n = 454), the mean value for the quality of wines sourced from the IOWP is very high at 6.12 (out of 7.0), with a standard deviation (SD) of 0.78.

Table 17: Measuring IOWP wine quality – Cronbach α = 0.84; CR = 0.84; AVE = 0.64

Item	Loading
Trustworthy	0.793
Reliable	0.772
High quality	0.833

** for scale measures of 3 or less items, where the data fits the model well, fit indices and df will be '0*

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
0.000	0	0.000	0.000	1.000	1.000	0.000	0.000

** for scale measures of 3 or less items, where the data fits the model well, fit indices and df will be '0"*

At a country level, the data suggests that the quality of wines provided by the IOWPs of USA respondents was significantly higher than that provided by the IOWPs of UK respondents (Table 18).

Table 18: IOWP wine quality – USA vs UK samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean difference	*t*-value	Sig.
USA	253	6.26	0.68	0.32	4.39	.000
UK	201	5.94	0.87			

As indicated in Table 19, Keepers rated the quality of wines provided by their IOWPs much higher than the Sceptics did.

Table 19: IOWP wine quality – Keepers vs Sceptics samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean difference	*t*-value	Sig.
Keepers	302	6.21	0.72	0.25	3.23	0.001
Sceptics	152	5.96	0.87			

Relationship flexibility

Table 20 lists the 4 items used to measure the relationship flexibility with the IOWP. In the total sample (n = 454), the mean value for the relationship flexibility with the IOWP is high at 5.58 (out of 7.0), with a standard deviation (SD) of 0.99.

Table 20: Measuring relationship flexibility with IOWP – Cronbach α = 0.81; CR = 0.82; AVE = 0.54

Item	Loading
Adjust order fulfilment as requested	0.817
Responds quickly to requests	0.694
Willingness to make adjustment to the relationship	0.668
Revalue the situation to find mutual solution	0.747

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
3.288	2	0.1932	1.644	0.994	0.998	0.038	0.011

At a country level, the data suggests that the IOWP offered the same level of relationship flexibility across USA and UK respondents (Table 21).

Table 21: Relationship flexibility with IOWP – USA vs UK samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean difference	*t*-value	Sig.
USA	253	5.57	1.07	–0.03	–0.33	0.744
UK	201	5.60	0.90			

As indicated in Table 22, Keepers rated the relationship flexibility with their IOWPs around the same as the Sceptics did.

Table 22: Relationship flexibility with IOWP – Keepers vs Sceptics samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean difference	*t*-value	Sig.
Keepers	302	5.54	1.05	–0.13	–1.34	0.182
Sceptics	152	5.67	0.86			

Collective interest

Table 23 lists the 3 items used to measure the collective interest that distributors/retailers have with the IOWP. In the total sample (*n* = 454), the mean value for the collective interest with the IOWP is high at 5.59 (out of 7.0), with a standard deviation (SD) of 0.98.

Table 23: Measuring collective interest with IOWP – Cronbach α = 0.79; CR = 0.79; AVE = 0.55

Item	Loading
Both dedicated to collaboration to solve problems	0.738
When disagreements arise, both sides work together and try to reach a mutually satisfactory solution	0.731
Both sides work together on solving problems caused by either side	0.762

** for scale measures of 3 or less items, where the data fits the model well, fit indices and df will be '0"*

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
0.000	0	0.000	0.000	1.000	1.000	0.000	0.000

At a country level, the data suggests that the IOWP offered the same level of collective interest across USA and UK respondents (Table 24).

Table 24: Collective interest with IOWP – USA vs UK samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean difference	*t*-value	Sig.
USA	253	5.55	1.02	–0.10	–1.04	0.299
UK	201	5.64	0.94			

As shown in Table 25, Sceptics indicated a significantly higher level of collective interest with their IOWPs, compared to Keepers.

Table 25: Collective interest with IOWP – Keepers vs Sceptics samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean difference	*t*-value	Sig.
Keepers	302	5.52	1.05	–0.22	–2.27	0.024
Sceptics	152	5.74	0.86			

Relationship trust

It should be noted that relationship trust and distrust (which follows) are two distinct constructs not opposite ends of the same continuum. A lack of trust is not distrust and vice versa. Trust represents an active expectation that the business partner will act in a positive and faithful way, while distrust is an active expectation of damaging and negative behaviour on the part of the other party. This is a very important distinction.

Table 26 lists the 6 items used to measure the relationship trust with the IOWP. In the total sample (*n* = 454), the mean value for the relationship trust with the IOWP is high at 5.94 (out of 7.0), with a standard deviation (SD) of 0.90.

Table 26: Measuring relationship trust with IOWP – Cronbach α = 0.91; CR = 0.91; AVE = 0.64

Item	Loading
Expect good behaviour in IOWP	0.766
Faith in IOWP	0.879
Confidence in IOWP	0.834
IOWP responsive to needs from distributor/retailer	0.689
Feel trust in IOWP	0.823
IOWP is reliable	0.787

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
17.259	9	0.0448	1.918	0.992	0.995	0.045	0.013

At a country level, the data suggested that USA respondents trust their IOWPs significantly more than UK respondents do (Table 27).

Table 27: Relationship trust with IOWP – USA vs UK samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean difference	*t*-value	Sig.
USA	253	6.03	0.88	0.20	2.34	0.020
UK	201	5.83	0.90			

As Indicated in Table 28, Keepers rated the relationship trust in their IOWPs around the same as the Sceptics did.

Table 28: Relationship trust with IOWP – Keepers vs Sceptics samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	**Mean**	**Std deviation**	**Mean difference**	***t*-value**	**Sig.**
Keepers	302	5.96	0.92	0.06	0.63	0.529
Sceptics	152	5.90	0.86			

Distrust in the IOWP

In addition to measuring the relationship trust that distributors/retailers have with their IOWPs, we also examined the level of distrust that they might have. Table 29 lists the 4 items used to measure the distrust in IOWPs. In the total sample (n = 454), the mean value for the distrust in the IOWP is very low at 2.12 (out of 7.0), with a standard deviation (SD) of 1.47.

Table 29: Measuring distrust in IOWP – Cronbach α = 0.91; CR = 0.90; AVE = 0.70

Item	Loading
Fear IOWP will act badly	0.784
Sceptical of IOWP	0.852
Need to be wary of IOWP	0.845
Feel distrust in IOWP	0.871

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
0.037	1	0.8467	0.037	1.005	1.000	0.000	0.001

At a country level, the data suggests that USA respondents had significantly lower levels of distrust in their IOWPs than UK respondents do in theirs (Table 30).

Table 30: Distrust in IOWP – USA vs UK samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	**Mean**	**Std deviation**	**Mean difference**	***t*-value**	**Sig.**
USA	253	1.58	0.88	–1.22	–9.60	0.000
UK	201	2.80	1.76			

As indicated in Table 31, Sceptics show significantly higher levels of distrust in their IOWPs, compared to that of Keepers in theirs.

Table 31: Distrust in IOWP – Keepers vs Sceptics samples

Respondents	Descriptive statistics			Compare means (2 samples) – 95% confidence		
	n	**Mean**	**Std deviation**	**Mean difference**	***t*-value**	**Sig.**
Keepers	302	1.58	0.85	–1.61	–12.87	0.000
Sceptics	152	3.19	1.92			

Cultural congruence

Table 32 lists the 5 items used to measure the cultural congruence at the national level between the home country of the distributor/retailer and that of the IOWP. In the total sample (n = 454), the mean value for the cultural congruence at the national level is neutral at 4.27 (out of 7.0), with a standard deviation (SD) of 1.38.

Table 32: Measuring national cultural congruence – Cronbach α = 0.92; CR = 0.92; AVE = 0.70

Item	Loading
General lifestyle	0.823
Values	0.811
Norms	0.779
People	0.890
As country overall	0.866

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
7.773	3	0.0509	2.591	0.990	0.997	0.059	0.008

At a country level, the data suggests that UK respondents believe there is a significantly higher level of cultural congruence (between the UK and home country of the IOWP) than USA respondents do (between the USA and home country of the IOWP) (Table 33).

Table 33: Cultural congruence with home country of IOWP – USA vs UK samples

Respondents	Descriptive statistics			Compare means (2 samples) – 95% confidence		
	n	**Mean**	**Std deviation**	**Mean difference**	***t*-value**	**Sig.**
USA	253	3.88	1.36	–0.87	–6.98	0.000
UK	201	4.75	1.27			

As indicated in Table 34, Sceptics rated the level of cultural congruence between their home country and the home country of their IOWP significantly higher than the Keepers did.

Table 34: Cultural congruence with home country of IOWP – Keepers vs Sceptics samples

Respondents	Descriptive statistics			Compare means (2 samples) – 95% confidence		
	n	Mean	Std deviation	Mean difference	*t*-value	Sig.
Keepers	302	3.92	1.33	–1.04	–8.11	0.000
Sceptics	152	4.96	1.22			

Social capital

Table 35 lists the 12 items used to measure the social capital that the distributor/retailer has built with the IOWP. Social capital is measured as a higher-order construct comprising three dimensions, namely cognitive capital, relational capital, and structural capital (represented by the frequency of communication between the two parties).

Table 35: Measuring social capital with IOWP – Cronbach α = 0.90; CR = 0.88; AVE = 0.72

Item	Loading
Cognitive capital	**0.985**
Similar corporate culture, values, management style	0.864
Similar philosophies	0.908
Compatible goals and objectives	0.669
Relational capital	**0.906**
Same vision of business	0.809
Close personal interaction	0.711
Mutual respect	0.752
Mutual trust	0.783
Personal friendships	0.635
Reciprocity between parties	0.845
Structural capital	**0.605**
Virtual meetings	0.808
Letters	0.742
Trade shows	0.750

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
167.851	45	0	3.730	0.949	0.965	0.078	0.044

In the total sample (*n* = 454), the mean value for social capital is high at 5.94 (out of 7.0), with a standard deviation (SD) of 0.90. This is a complex and critical mediating variable. The construct measuring its influence in the models provides a comprehensive measure of the aspects of business relationships under investigation. As stated, this variable is very important in the model, as it mediates the influences of the independent variables on preferred supplier status.

At a country level, the data suggests that UK respondents have built a significantly higher level of social capital with their IOWPs than have USA respondents (Table 36).

Table 36: Social capital with IOWP – USA vs UK samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	**Mean**	**Std deviation**	**Mean difference**	***t*-value**	**Sig.**
USA	253	4.99	1.12	–0.32	–3.23	0.001
UK	201	5.31	0.92			

As indicated in Table 37, Sceptics have built a significantly higher level of social capital with their IOWPs than the Keepers have. So, they work hard on their relationships, including maintaining communication channels – this may be due to their levels of distrust, which are 'at odds' with their lower levels of reliance on contracts. This is perhaps due to the fact that it is more difficult to enforce contracts and receive compensation across borders.

Table 37: Social capital with IOWP – Keepers vs Sceptics samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	**Mean**	**Std deviation**	**Mean difference**	***t*-value**	**Sig.**
Keepers	302	4.92	1.12	–0.62	–6.14	.000
Sceptics	152	5.34	0.74			

Preferred supplier status

Table 38 lists the 3 items used to measure the preferred supplier status of the IOWP. In the total sample (*n* = 454), the mean value for the preferred supplier status of the IOWP is high at 5.50 (out of 7.0), with a standard deviation (SD) of 1.09.

Table 38: Measuring preferred supplier status of IOWP – Cronbach α = 0.86; CR = 0.86; AVE = 0.67

Item	Loading
We like this IOWP more than others	0.874
We Consider IOWP our preferred supplier	0.732
We prefer to collaborate with this IOWP more than we do with others	0.847

** for scale measures of 3 or less items, where the data fits the model well, fit indices and df will be '0"*

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
0.000	0	0.000	0.000	1.000	1.000	0.000	0.000

** for scale measures of 3 or less items, where the data fits the model well, fit indices and df will be '0"*

At a country level, the data suggests that both USA and UK samples think highly of their IOWP and regard the IOWP as their preferred supplier (Table 39).

Table 39: IOWP as a preferred supplier – USA vs UK samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean difference	*t*-value	Sig.
USA	253	5.44	1.10	–0.15	–1.46	0.146
UK	201	5.59	1.06			

As indicated in Table 40, Sceptics rated their IOWPs as preferred suppliers at a significantly higher level than the Keepers did.

Table 40: IOWP as a preferred supplier – Keepers vs Sceptics samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean difference	*t*-value	Sig.
Keepers	302	5.35	1.15	–0.45	–4.20	0.000
Sceptics	152	5.80	0.89			

Satisfaction with operational performance of the relationship

Table 41 provides the list of 5 items used to measure the satisfaction of the distributor/retailer with the operational performance of the relationship with the IOWP. In the total sample (*n* = 454), the mean value for the preferred supplier status of the IOWP is high at 5.54 (out of 7.0), with a standard deviation (SD) of 1.00.

Table 41: Measuring preferred supplier status of IOWP – Cronbach α = 0.88; CR = 0.88; AVE = 0.60

Item	Loading
Improved cost efficiency	0.703
Improved wine quality	0.622
Improved flexibility	0.865
Better lead times	0.809
Improved business processes	0.842

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
5.364	4	0.252	1.341	0.997	0.999	0.027	0.010

At a country level, the data suggests that both USA and UK samples think highly of their IOWPs and regard the IOWPs as their preferred suppliers (Table 42).

Table 42: IOWP as a preferred supplier – USA vs UK samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean difference	*t*-value	Sig.
USA	253	5.44	1.10	–0.15	–1.46	0.146
UK	201	5.59	1.06			

As indicated in Table 43, Sceptics had a significantly higher level of satisfaction with the operational performance of their relationships with the IOWP than the Keepers did.

Table 43: IOWP as a preferred supplier – Keepers vs Sceptics samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean difference	*t*-value	Sig.
Keepers	302	5.42	1.02	–0.36	–3.69	0.000
Sceptics	152	5.78	0.90			

Relationship effectiveness

Table 44 lists the 4 items used to measure the satisfaction of the distributor/retailer with the effectiveness of the relationship with the IOWP. In the total sample (*n* = 454), the mean value for relationship effectiveness is very high at 6.04 (out of 7.0), with a standard deviation (SD) of 0.92.

Table 44: Relationship effectiveness with IOWP – Cronbach α = 0.90; CR = 0.91; AVE = 0.71

Item	Loading
Productive	0.795
Worthwhile	0.888
Strong	0.888
Harmonious	0.803

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
2.463	1	0.1165	2.463	0.993	0.999	0.057	0.006

At a country level, the data suggests that both USA and UK samples think highly of the relationships with their IOWPs. There was no significant difference in the level of relationship effectiveness across the two groups of respondents (Table 45).

Table 45: Relationship effectiveness – USA vs UK samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean difference	*t*-value	Sig.
USA	253	6.06	0.97	0.05	0.61	0.539
UK	201	6.00	0.85			

As indicated in Table 46, there were no significant differences in the level of relationship effectiveness across the two clusters. Both Sceptics and Keepers rated the relationship effectiveness level very highly, hence the longevity of the relationships reflected on. This is an important statistic because it supports the veracity of the measures employed.

Table 46: Relationship effectiveness – Keepers vs Sceptics samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean difference	*t*-value	Sig.
Keepers	302	6.00	0.98	–0.10	–1.12	0.263
Sceptics	152	6.11	0.79			

Willingness to stock wine from the IOWP

Table 47 lists the 4 items used to measure the willingness of the respondents to stock wines supplied by the IOWP. In the total sample (*n* = 454), the mean value for relationship effectiveness is very high at 6.01 (out of 7.0), with a standard deviation (SD) of 0.97.

Table 47: Willingness to stock wine from IOWP – Cronbach α = 0.91; CR = 0.90; AVE = 0.69

Item	Loading
Continue to stock wine from this IOWP	0.895
Consider them one of our preferred suppliers	0.758
Continue the business relationship with them	0.886
Do more business with them	0.764

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
0.008	1	0.9287	0.008	1.005	1.000	0.000	0.000

At a country level, the data suggests that both USA and UK samples have the same level of willingness to continue stocking wines from the IOWP. There was no significant difference in the level of willingness to stock wines and continue the relationship with the IOWP across both groups of respondents (Table 48).

Table 48: Willingness to stock wine from IOWP – USA vs UK samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean difference	*t*-value	Sig.
USA	253	6.06	1.00	0.10	1.12	0.262
UK	201	5.96	0.93			

As indicated in Table 49, there were no significant differences in the willingness to stock wines from the IOWP across the two clusters. Both Sceptics and Keepers rated their willingness to stock wines and continue the relationship with their IOWP very highly, based on the achievement of their relationship and product goals.

Table 49: Willingness to stock wine from IOWP – Keepers vs Sceptics samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean difference	*t*-value	Sig.
Keepers	302	5.97	1.03	–0.14	–1.45	0.146
Sceptics	152	6.11	0.83			

Drivers of Willingness to Stock Wine from IOWP

In determining the factors driving the distributor/retailer to continue their stocking of wines from the IOWP, we have taken into account the reputation of the IOWP, the brand story of the IOWP, the attractiveness of the IOWP's wine labels, the perceived quality of the wines from the IOWP, and the current payment terms. Table 50 provides a summary of the research findings and Table 51 lists the detailed statistical results for the total sample and the USA respondents, UK respondents, Keepers, and Sceptics groups.

Table 50: Willingness to stock wine from IOWP – Antecedents

Drivers	Total sample	USA only	UK only	Keepers only	Sceptics only
Controls					
Relationship length	Yes	–	Yes	Yes	Yes
Size of distributor/retailer	Yes	–	Yes	Yes	–
Direct effects					
Reputation of IOWP	–	–	–	–	–
Brand story of IOWP	Yes	Yes	Yes	Yes	Yes
Attractiveness of IOWP label	Yes	Yes	Yes	Yes	–
Quality of wines from IOWP	Yes	Yes	Yes	Yes	Yes
Current payment terms	–	–	–	–	–

Yes = significant impact

Table 51: Regression results for drivers of willingness to stock wines from IOWP

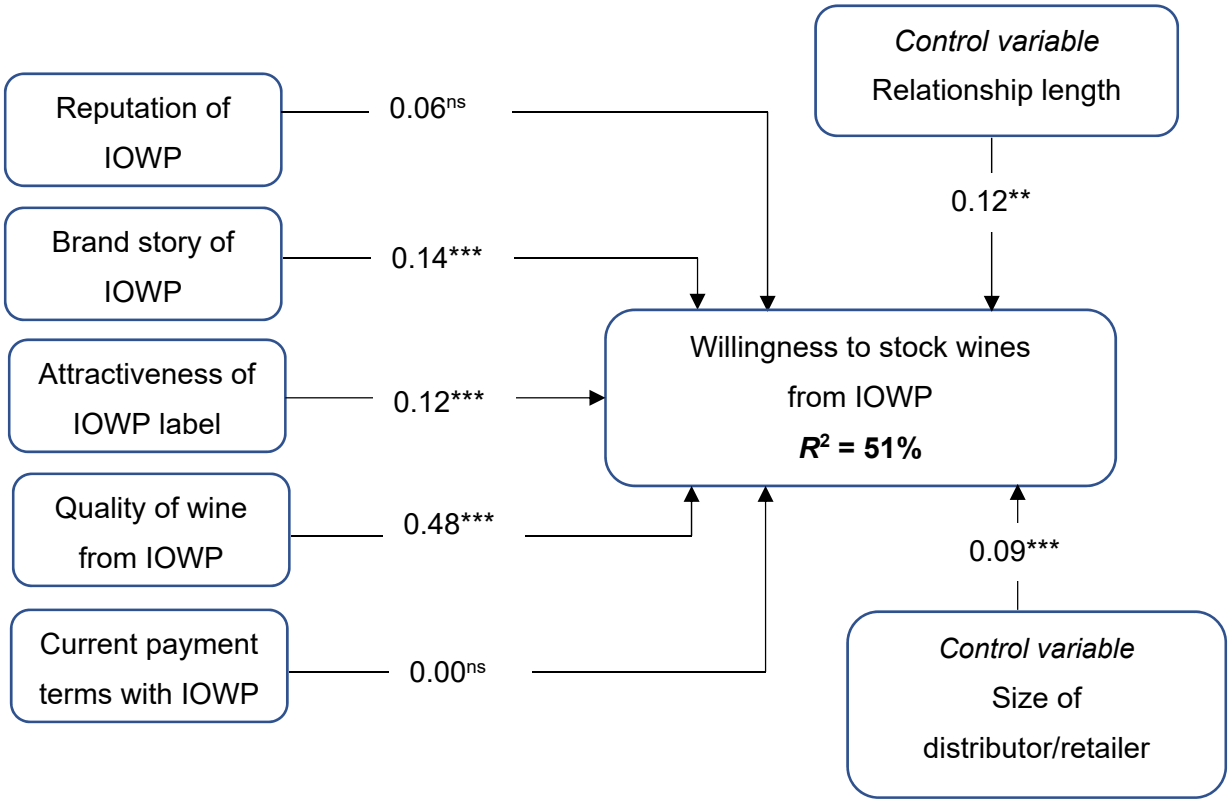
Variables	**Total sample**		**USA only**		**UK only**		**Keepers**		**Sceptics**	
Dependent variable	Willingness to stock wines from Independent Overseas Wine Producer									
	β	***p***	***β***	***p***	***β***	***p***	***β***	***p***	***β***	*p*
Controls										
Years dealing w/ IOWP	0.12	0.012	0.07	0.14	0.10	0.048	0.09	0.046	0.11	0.064
Size (How many people)	0.09	0.001	0.02	0.71	0.15	0.003	0.09	0.041	–0.03	0.551
Independent variable										
Reputation	0.06	0.184	0.09	0.142	0.04	0.626	0.08	0.145	0.02	0.828
Brand story	0.14	0.003	0.12	0.035	0.13	0.071	0.09	0.095	0.21	0.017
Label attractiveness	0.12	0.007	0.10	0.089	0.21	0.001	0.15	0.006	0.11	0.153
Wine trust	0.48	0.000	0.49	0.000	0.45	0.000	0.47	0.000	0.51	0.000
Current payment	0.00	0.957	0.05	0.291	–0.02	0.662	0.04	0.419	0.03	0.544
Model summary										
R^2	**0.51**		**0.48**		**0.54**		**0.48**		**0.59**	

Results indicate very substantial and significant effects across the models with significant and substantial overall R^2 statistics. In line with previous findings, trust in the quality of the product and brand/label-related attributes dominate. Payment details are not significant in this context, probably because for importers and distributors in these markets they are easily achievable and necessary for the initial buy, and then maintained.

Drivers of willingness to stock wines from IOWP: Total sample

Altogether the variables explain 51% of the variance in the distributor/retailer's willingness to continue stocking wines from the IOWP (Figure 9).

Figure 9 Factors driving willingness to stock wines – total sample



**p<0.05, **p<0.01, ***p<0.001; ns = non-significant*

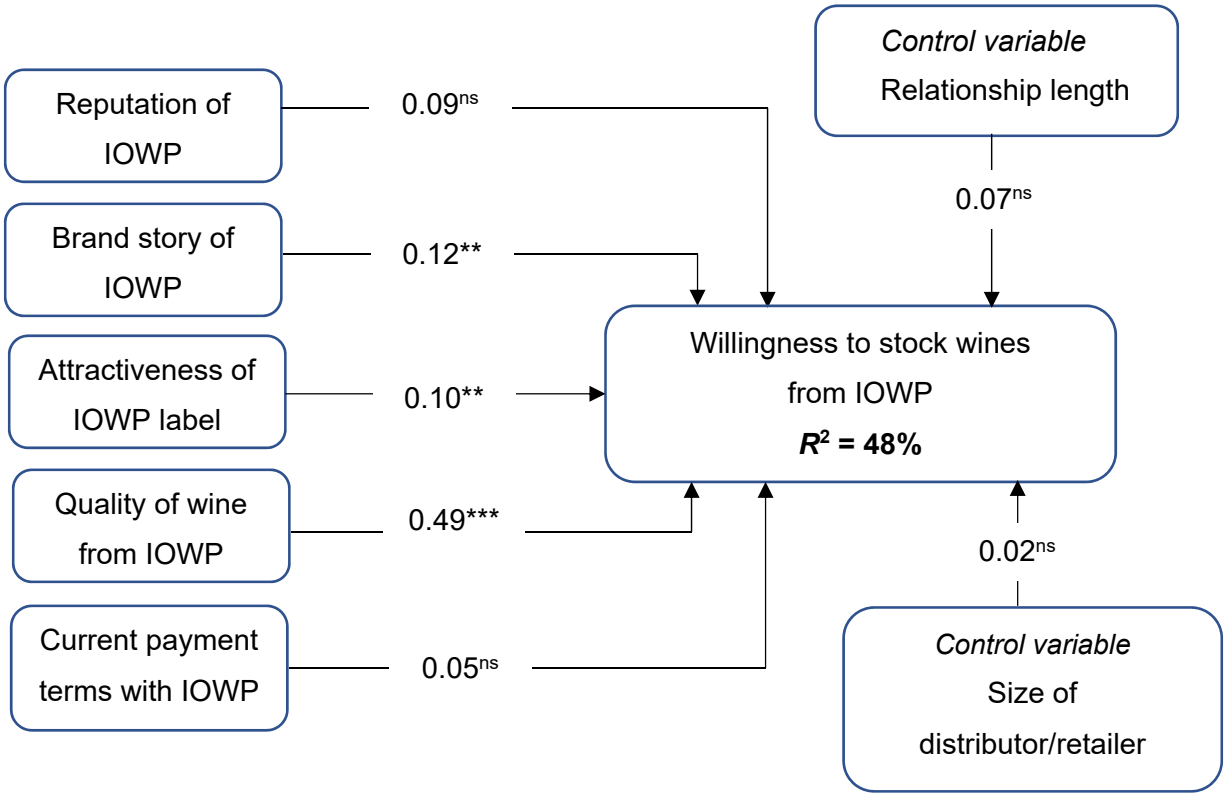
Summary of findings:

- Reputation of IOWP does not influence distributor/retailer's willingness to stock.
- Brand story of IOWP has a positive influence on distributor/retailer's willingness to stock.
- Attractiveness of IOWP label has a positive influence on distributor/retailer's willingness to stock.
- Quality of wines from IOWP has a positive (and the largest) influence on distributor/retailer's willingness to stock.
- Current payment terms with IOWP do not influence distributor/retailer's willingness to stock.

Drivers of willingness to stock wines from IOWP: USA distributors/retailers only

Altogether the variables explain 48 per cent of the variance in the distributor/retailer's willingness to continue stocking wines from the IOWP (Figure 10).

Figure 10 Factors driving willingness to stock wines – USA sample



**p<0.05, **p<0.01, ***p<0.001; ns = non-significant*

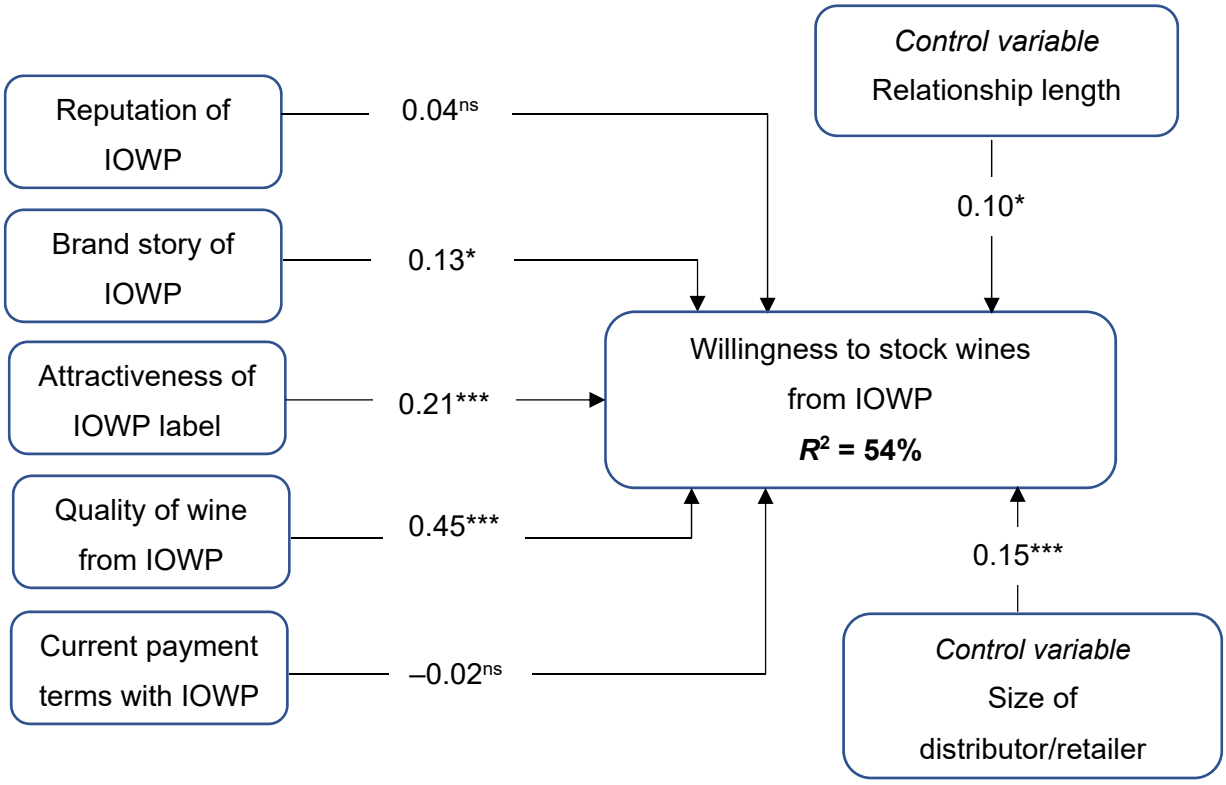
Summary of findings:

- Reputation of IOWP does not influence distributor/retailer's willingness to stock.
- Brand story of IOWP has a positive influence on distributor/retailer's willingness to stock.
- Attractiveness of IOWP label has a positive influence (only marginal) on distributor/retailer's willingness to stock.
- Quality of wines from IOWP has a positive (and the largest) influence on distributor/retailer's willingness to stock.
- Current payment terms with IOWP do not influence distributor/retailer's willingness to stock.

Drivers of willingness to stock wines from IOWP: UK distributors/retailers only

Altogether the variables explain 54 per cent of the variance in the distributor/retailer's willingness to continue stocking wines from the IOWP (Figure 11).

Figure 11 Factors driving willingness to stock wines – UK sample



**p<0.05, **p<0.01, ***p<0.001; ns = non-significant*

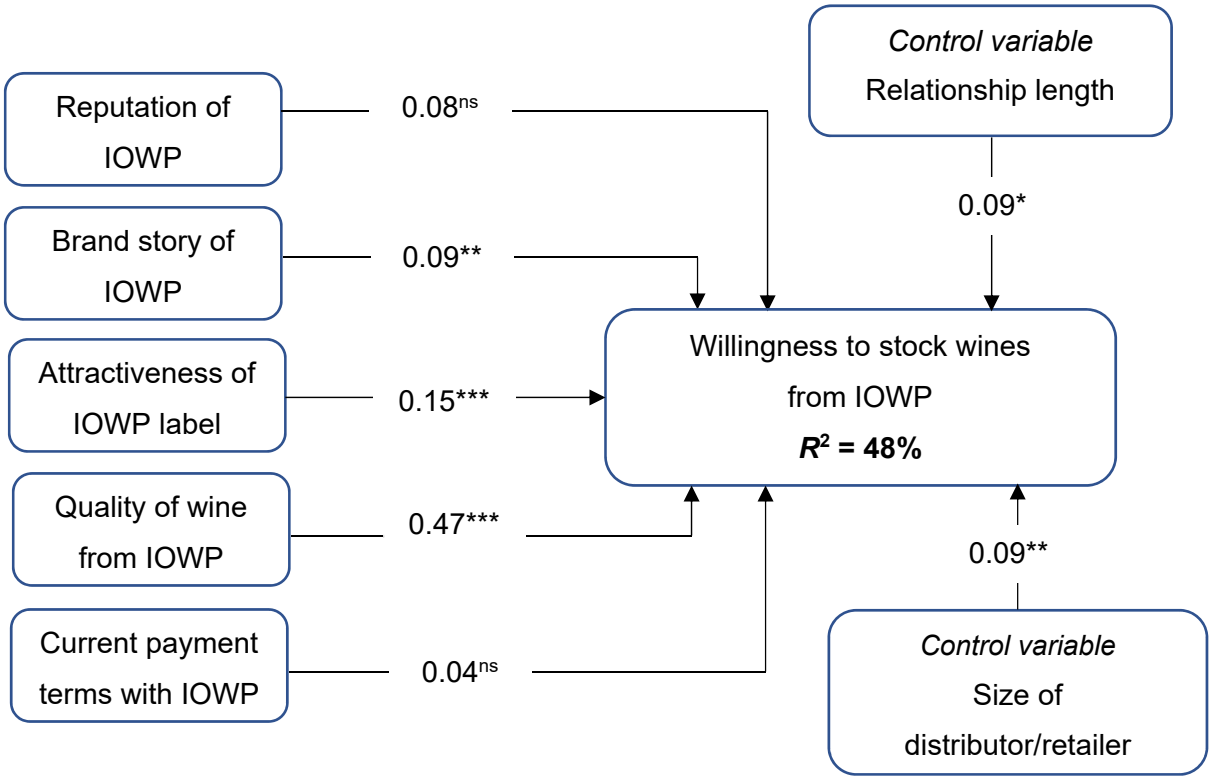
Summary of findings:

- Reputation of IOWP does not influence distributor/retailer's willingness to stock.
- Brand story of IOWP has a positive influence (only marginal) on distributor/retailer's willingness to stock.
- Attractiveness of IOWP label has a positive influence (and the second largest) on distributor/retailer's willingness to stock.
- Quality of wines from IOWP has a positive (and the largest) influence on distributor/retailer's willingness to stock.
- Current payment terms with IOWP does not influence distributor/retailer's willingness to stock.

Drivers of willingness to stock wines from IOWP: Keepers cluster only

Altogether the variables explain 48 per cent of the variance in the distributor/retailer's willingness to continue stocking wines from the IOWP (Figure 12).

Figure 12 Factors driving willingness to stock wines – Keepers



**p<0.05, **p<0.01, ***p<0.001; ns = non-significant*

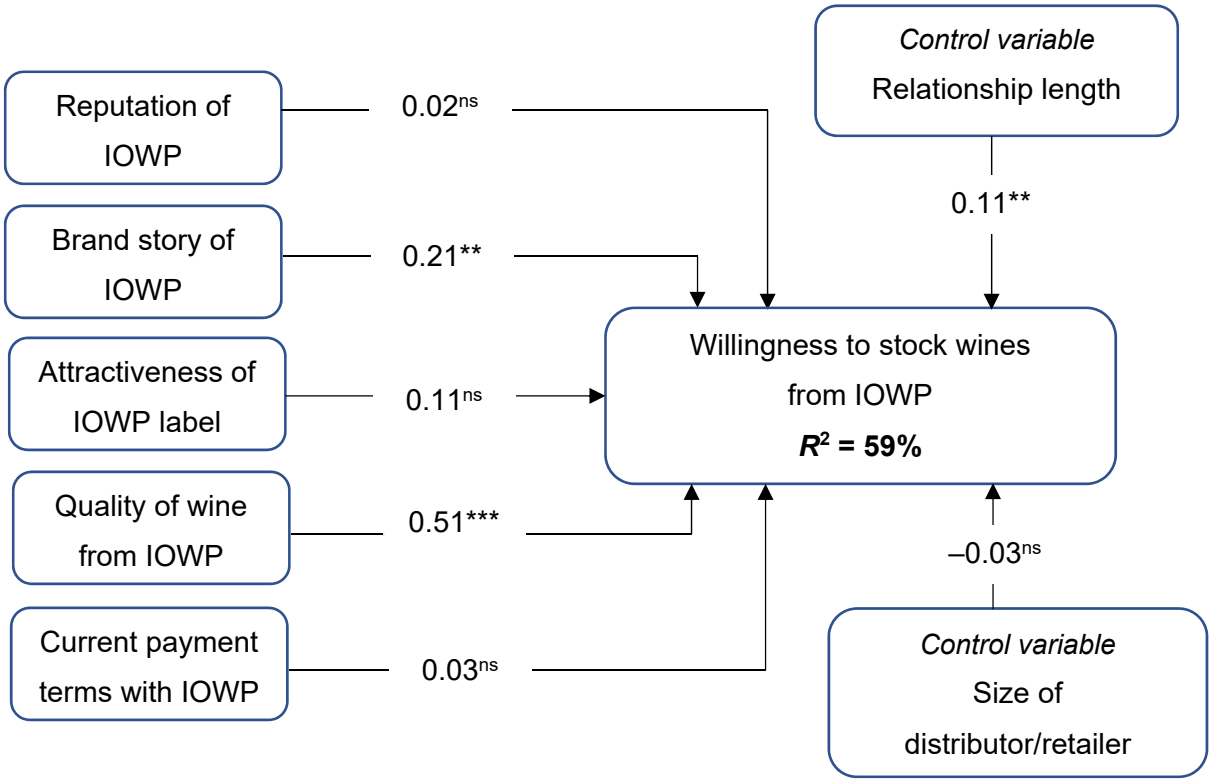
Summary of findings:

- Reputation of IOWP does not influence distributor/retailer's willingness to stock.
- Brand story of IOWP has a positive influence (only marginal) on distributor/retailer's willingness to stock.
- Attractiveness of IOWP label has a positive influence (and the second largest) on distributor/retailer's willingness to stock.
- Quality of wines from IOWP has a positive (and the largest) influence on distributor/retailer's willingness to stock.
- Current payment terms with IOWP does not influence distributor/retailer's willingness to stock.

Drivers of willingness to stock wines from IOWP: Sceptics cluster only

Altogether the variables explain 59 per cent of the variance in the distributor/retailer's willingness to continue stocking wines from the IOWP (Figure 13).

Figure 13 Factors driving willingness to stock wines – Sceptics



**p<0.05, **p<0.01, ***p<0.001; ns = non-significant*

Summary of findings:

- Reputation of IOWP does not influence distributor/retailer's willingness to stock.
- Brand story of IOWP has a positive influence (and the second largest) on distributor/retailer's willingness to stock.
- Attractiveness of IOWP label has a positive influence (only marginal) on distributor/retailer's willingness to stock.
- Quality of wines from IOWP has a positive (and the largest) influence on distributor/retailer's willingness to stock.
- Current payment terms with IOWP does not influence distributor/retailer's willingness to stock.

Drivers of Satisfaction with the Operational Performance of the Relationship and Relationship Effectiveness

In determining the factors driving the satisfaction of distributor/retailer with the operational performance and effectiveness of the relationship with the IOWP, we have taken into account relationship flexibility, collective interest, relationship trust, distrust in IOWP, cultural congruence, social capital, and preferred supplier status of the IOWP.

Factors driving satisfaction with relationship dimensions: Total sample

While the variables having a significant influence on the relationship dimensions are highlighted as 'Yes' in Table 52, the statistical results are presented in Table 53.

Table 52: Listing of significant drivers of relationship dimensions – Total sample

Variables	Social capital	Preferred supplier status	Satisfaction with rel. performance	Relationship effectiveness
Relationship length	–	–	–	–
Distributor/retailer size	Yes	–	–	Yes
Relation flexibility	Yes	–	–	–
Collective interest	Yes	–	–	Yes
Trust	Yes	Yes	–	Yes
Distrust	Yes	–	–	Yes
Cultural congruence	–	Yes	–	–
Social capital	–	Yes	Yes	Yes
Preferred supplier	–	–	Yes	Yes

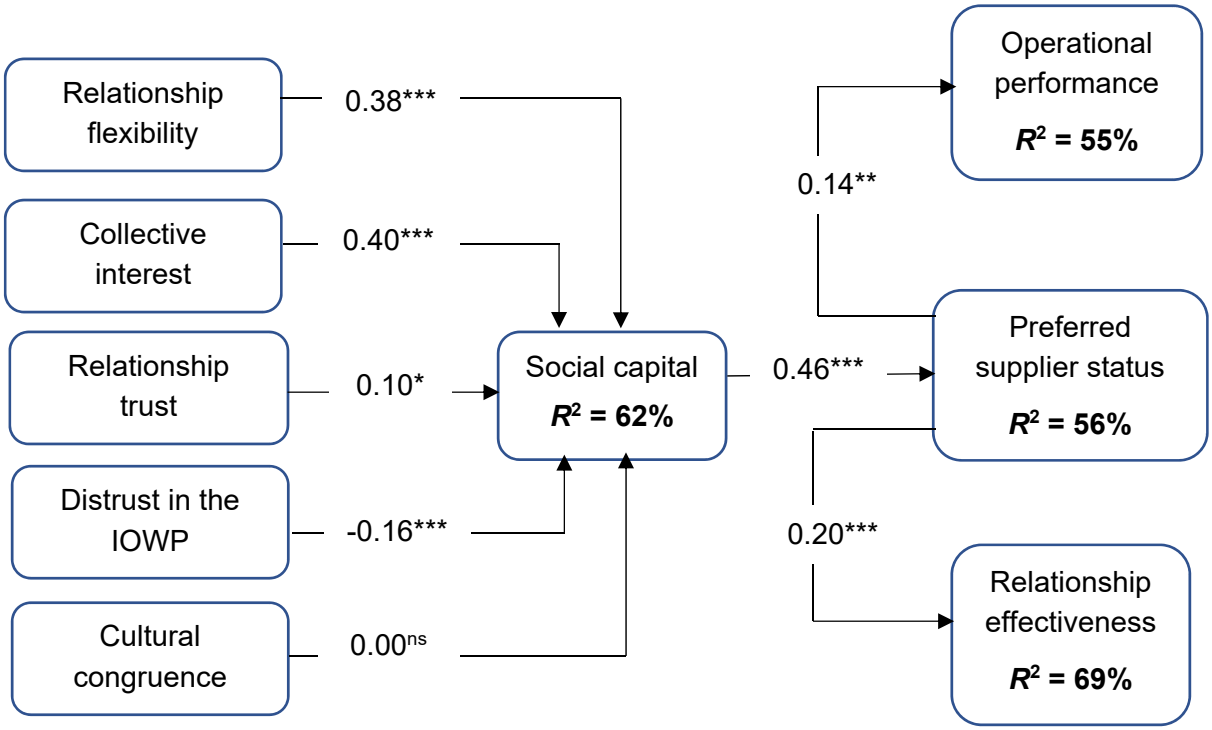
Table 53: Statistical results on the drivers of relationship dimensions – Total sample

Variables	USA and UK samples combined (*n* = 454)			
	Social capital	**Preferred supplier**	**Operational performance**	**Relationship effectiveness**
	β	***β***	***β***	***β***
Controls				
Relationship length	–0.01	–0.03	0.00	0.04
Distributor/retailer size	0.11***	–0.02	–0.02	–0.07*
Independent variable				
Relation flexibility	0.38***	0.06	0.09	–0.03
Collective interest	0.40***	0.02	0.07	0.11*
Trust	0.10*	0.26***	–0.08	0.35***
Distrust	–0.16***	–0.06	–0.07	–0.09**
Cultural congruence	0.00	0.17***	0.06	–0.04
Mediator variable				
Social capital	–	0.46***	0.55***	0.29***
Preferred supplier	–	–	0.14**	0.20***
Model summary				
R^2	0.62	0.56	0.55	0.69

**p<0.05, **p<0.01, ***p<0.001*

Figure 14 below depicts the direct relationships among the variables in the empirical model for the total sample comprising both USA and UK respondents.

Figure 14 Antecedents of satisfaction with operational performance and relationship effectiveness – Total sample



**p<0.05, **p<0.01, ***p<0.001; ns = non-significant; control variables not illustrated; only direct relationships shown*

Summary of findings:

- Social capital is significantly influenced by relationship flexibility, collective interest, relationship trust, and distrust.
- There is a positive relationship between social capital and preferred supplier status of the IOWP.
- Prefer supplier status of the IOWP has a positive influence on operational performance of the relationship as well as relationship effectiveness.
- Altogether the model explains 62 per cent of the variance in social capital, 56 per cent of the variance in preferred supplier status of the IOWP, and 55 per cent of the variance in the operational performance of the relationship between the distributor/retailer and their IOWP, and 69 per cent of the relationship effectiveness.

Factors driving satisfaction with relationship dimensions: USA sample

While the variables having a significant influence on the relationship dimensions are highlighted as 'Yes' in Table 54, the statistical results are presented in Table 55. Figure 15 depicts the direct relationships among the variables in the empirical model for USA respondents only.

Table 54: Listing of significant drivers of relationship dimensions – USA sample

Variables	Social capital	Preferred supplier status	Satisfaction with rel. performance	Relationship effectiveness
Relationship length	–	–	–	–
Distributor/retailer size	Yes	–	–	–
Relation flexibility	Yes	–	–	–
Collective interest	Yes	–	–	–
Trust	–	Yes	–	Yes
Distrust	–	–	–	Yes
Cultural congruence	–	Yes	–	–
Social capital	–	Yes	Yes	Yes
Preferred supplier	–	–	Yes	Yes

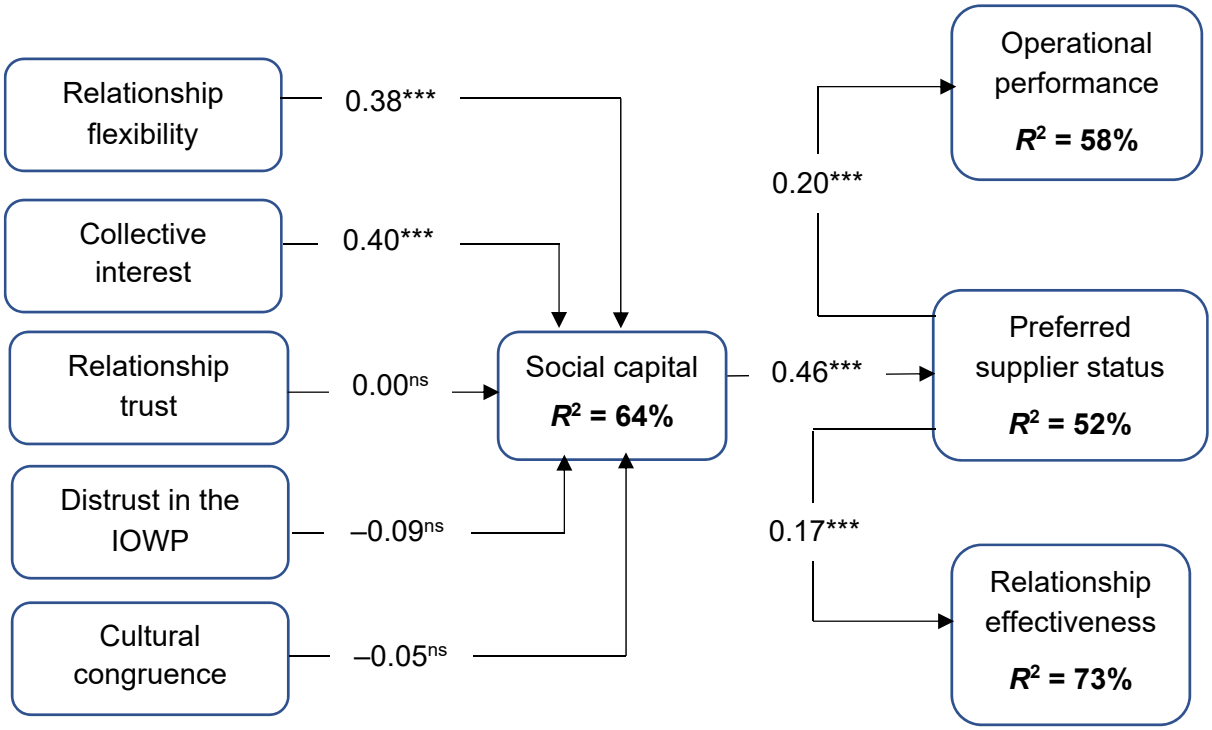
Table 55: Statistical results on the drivers of relationship dimensions – USA sample

Variables	**USA respondents (*n* = 253)**			
	Social capital ***β***	**Preferred supplier** ***β***	**Operational performance** ***β***	**Relationship effectiveness** ***β***
Controls				
Relationship length	–0.01	–0.07	0.01	0.04
Distributor/retailer size	0.09*	–0.07	0.02	–0.08*
Independent variable				
Relation flexibility	0.38***	0.08	0.01	0.01
Collective interest	0.40***	0.02	–0.02	0.09
Trust	0.00	0.22**	–0.09	0.37***
Distrust	–0.09	–0.09	0.01	–0.14***
Cultural congruence	–0.05	0.16***	0.07	–0.02
Mediator variable				
Social capital	–	0.46***	0.67***	0.26***
Preferred supplier	–	–	0.20***	0.17***
Model summary				
R^2	0.64	0.52	0.58	0.73

**p<0.05, **p<0.01, ***p<0.001*

Figure 15 below depicts the direct relationships among the variables in the empirical model for the sample comprising USA respondents.

Figure 15 Antecedents of satisfaction with operational performance and relationship effectiveness – USA respondents



**p<0.05, **p<0.01, ***p<0.001; ns = non-significant; control variables not illustrated; only direct relationships shown*

Summary of findings:

- Social capital is significantly influenced by relationship flexibility and collective interest.
- There is a positive relationship between social capital and preferred supplier status of the IOWP.
- Prefer supplier status of the IOWP has a positive influence on operational performance of the relationship as well as relationship effectiveness.
- Altogether the model explains 64 per cent of the variance in social capital, 52 per cent of the variance in preferred supplier status of the IOWP, and 58 per cent of the variance in the operational performance of the relationship between the distributor/retailer and their IOWP, and 73 per cent of the relationship effectiveness.

Factors driving satisfaction with relationship dimensions: UK sample

While the variables having a significant influence on the relationship dimensions are highlighted as 'Yes' in Table 56, the statistical results are presented in Table 57. Figure 16 depicts the direct relationships among the variables in the empirical model for UK respondents only.

Table 56: Listing of significant drivers of relationship dimensions – UK sample

Variables	Social capital	Preferred supplier status	Satisfaction with rel. performance	Relationship effectiveness
Relationship length	–	–	–	–
Distributor/retailer size	–	–	–	–
Relation flexibility	Yes	–	Yes	–
Collective interest	Yes	–	Yes	Yes
Trust	Yes	Yes	–	Yes
Distrust	Yes	–	–	–
Cultural congruence	–	Yes	–	Yes
Social capital	–	Yes	Yes	Yes
Preferred supplier	–	–	–	Yes

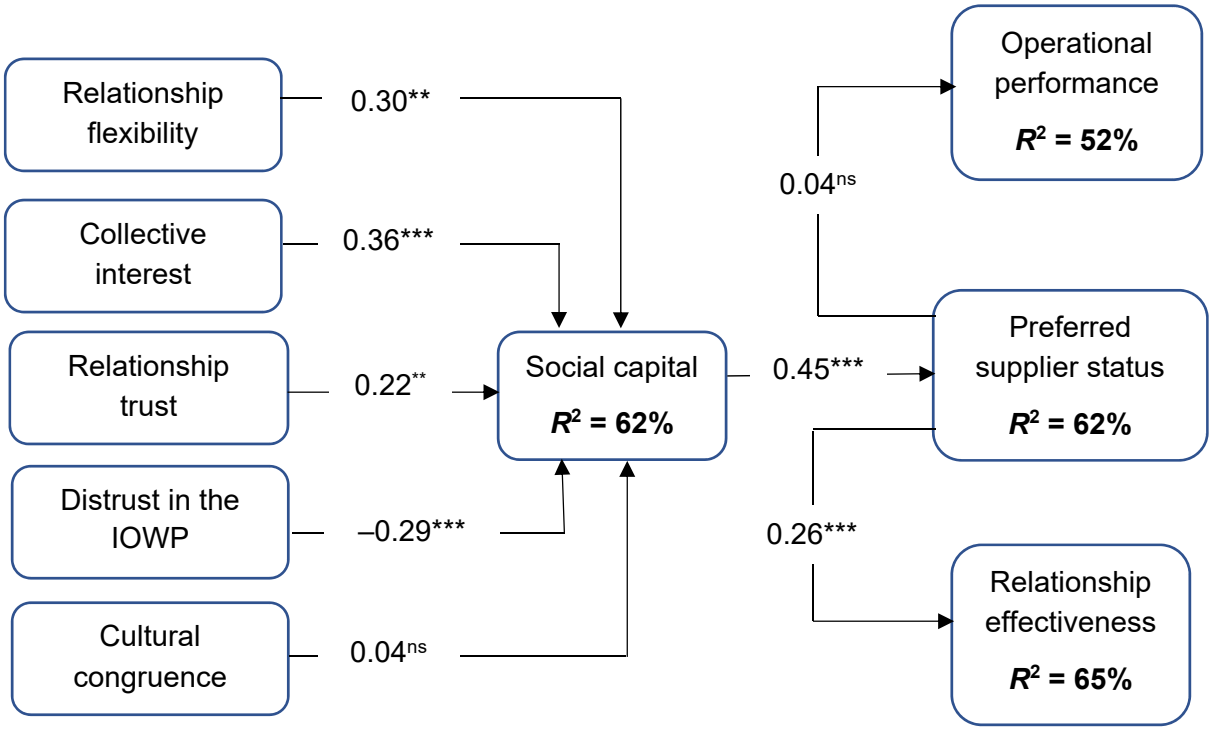
Table 57: Statistical results on the drivers of relationship dimensions – UK sample

Variables	**UK respondents (*n* = 201)**			
	Social capital ***β***	**Preferred supplier** ***β***	**Operational performance** ***β***	**Relationship effectiveness** ***β***
Controls				
Relationship length	0.01	0.04	–0.01	0.03
Distributor/retailer size	0.09	0.04	–0.05	–0.07
Independent variable				
Relation flexibility	0.30**	0.05	0.23**	–0.12
Collective interest	0.36***	0.06	0.18*	0.16*
Trust	0.22**	0.26***	0.01	0.33***
Distrust	–0.29***	–0.03	–0.04	–0.07
Cultural congruence	0.04	0.11*	0.01	–0.10*
Mediator variable				
Social capital	–	0.45***	0.37***	0.28***
Preferred supplier	–	–	0.04	0.26***
Model summary				
R^2	0.62	0.62	0.52	0.65

**p<0.05, **p<0.01, ***p<0.001*

Figure 16 below depicts the direct relationships among the variables in the empirical model for the sample comprising the UK respondents.

Figure 16 Antecedents of satisfaction with operational performance and relationship effectiveness – UK respondents



**p<0.05, **p<0.01, ***p<0.001; ns = non-significant; control variables not illustrated; only direct relationships shown*

Summary of findings:

- Social capital is significantly influenced by relationship flexibility, collective interest, relationship trust, and distrust. There is a positive relationship between social capital and preferred supplier status of the IOWP.
- Prefer supplier status of the IOWP has a positive influence on relationship effectiveness only (no effect on operational performance).
- Altogether the model explains 62 per cent of the variance in social capital, 62 per cent of the variance in preferred supplier status of the IOWP, and 52 per cent of the variance in the operational performance of the relationship between the distributor/retailer and their IOWP, and 65 per cent of the relationship effectiveness.

Factors driving satisfaction with relationship dimensions: Keepers cluster

While the variables having a significant influence on the relationship dimensions are highlighted as 'Yes' in Table 58, the statistical results are presented in Table 59. Figure 17 depicts the direct relationships among the variables in the empirical model for Keepers clusters only.

Table 58: Listing of significant drivers of relationship dimensions – Keepers

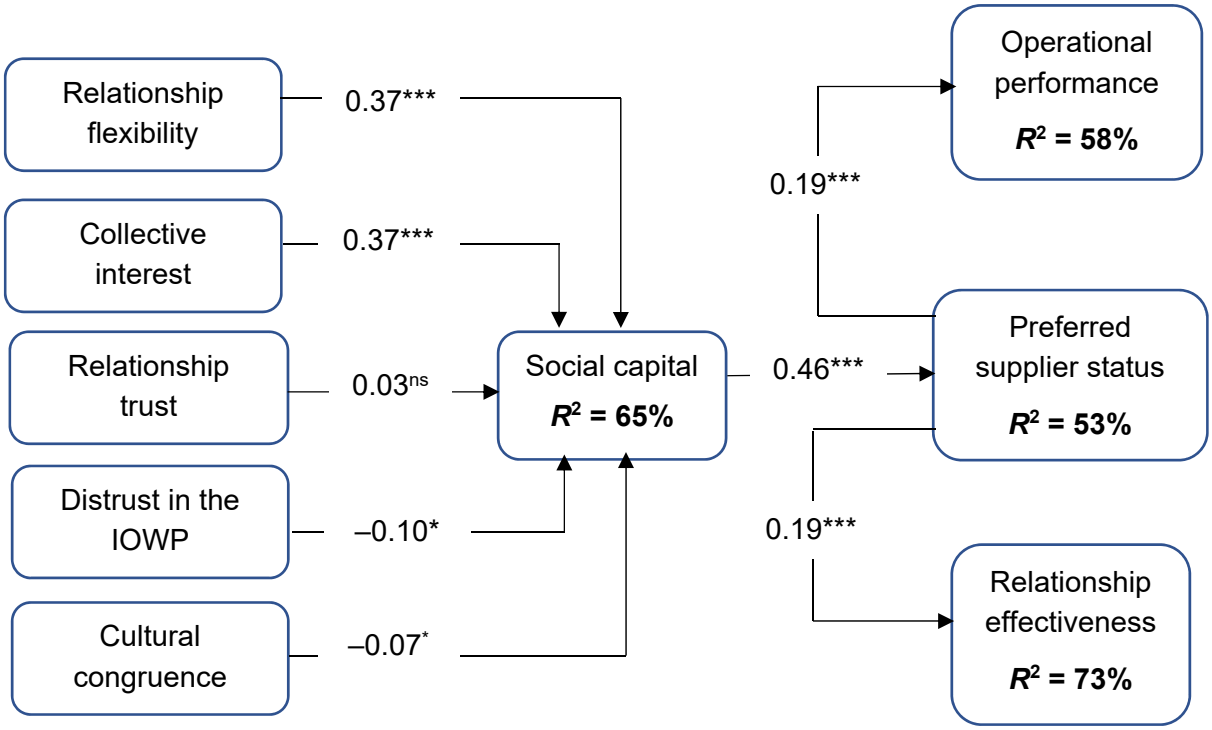
Variables	Social capital	Preferred supplier status	Satisfaction with rel. performance	Relationship effectiveness
Relationship length	–	–	–	–
Distributor/retailer size	Yes	–	–	Yes
Relation flexibility	Yes	–	–	–
Collective interest	Yes	–	–	Yes
Trust	–	Yes	–	Yes
Distrust	Yes	Yes	–	Yes
Cultural congruence	Yes	Yes	Yes	–
Social capital	–	Yes	Yes	Yes
Preferred supplier	–	–	Yes	Yes

Table 59: Statistical results on the drivers of relationship dimensions – Keepers

Variables	Keepers (*n* = 302)			
	Social capital *β*	Preferred supplier *β*	Operational performance *β*	Relationship effectiveness *β*
Controls				
Relationship length	–0.01	–0.04	0.01	0.05
Distributor/retailer size	0.09*	–0.05	0.00	–0.07*
Independent variable				
Relation flexibility	0.37***	0.04	0.07	–0.02
Collective interest	0.37***	0.01	0.02	0.11*
Trust	0.03	0.24***	–0.10	0.38***
Distrust	–0.10*	–0.12*	0.02	–0.16***
Cultural congruence	–0.07*	0.16***	0.09*	–0.02
Mediator variable				
Social capital	–	0.46***	0.63***	0.21***
Preferred supplier	–	–	0.19***	0.19***
Model summary				
R^2	0.65	0.53	0.58	0.73

**p<0.05, **p<0.01, ***p<0.001*

Figure 17 Antecedents of satisfaction with operational performance and relationship effectiveness – Keepers



**p<0.05, **p<0.01, ***p<0.001; ns = non-significant; control variables not illustrated; only direct relationships shown*

Summary of findings:

- Social capital is significantly influenced by relationship flexibility, collective interest, distrust and cultural congruence.
- There is a positive relationship between social capital and preferred supplier status of the IOWP.
- Prefer supplier status of the IOWP has a positive influence on relationship effectiveness and the operational performance of the relationship.
- Altogether the model explains 65 per cent of the variance in social capital, 53 per cent of the variance in preferred supplier status of the IOWP, and 58 per cent of the variance in the operational performance of the relationship between the distributor/retailer and their IOWP, and 73 per cent of the relationship effectiveness.

Factors driving satisfaction with relationship dimensions: Sceptics cluster

While the variables having a significant influence on the relationship dimensions are highlighted as 'Yes' in Table 60, the statistical results are presented in Table 61. Figure 18 depicts the direct relationships among the variables in the empirical model for Sceptics clusters only.

Table 60: Listing of significant drivers of relationship dimensions – Sceptics

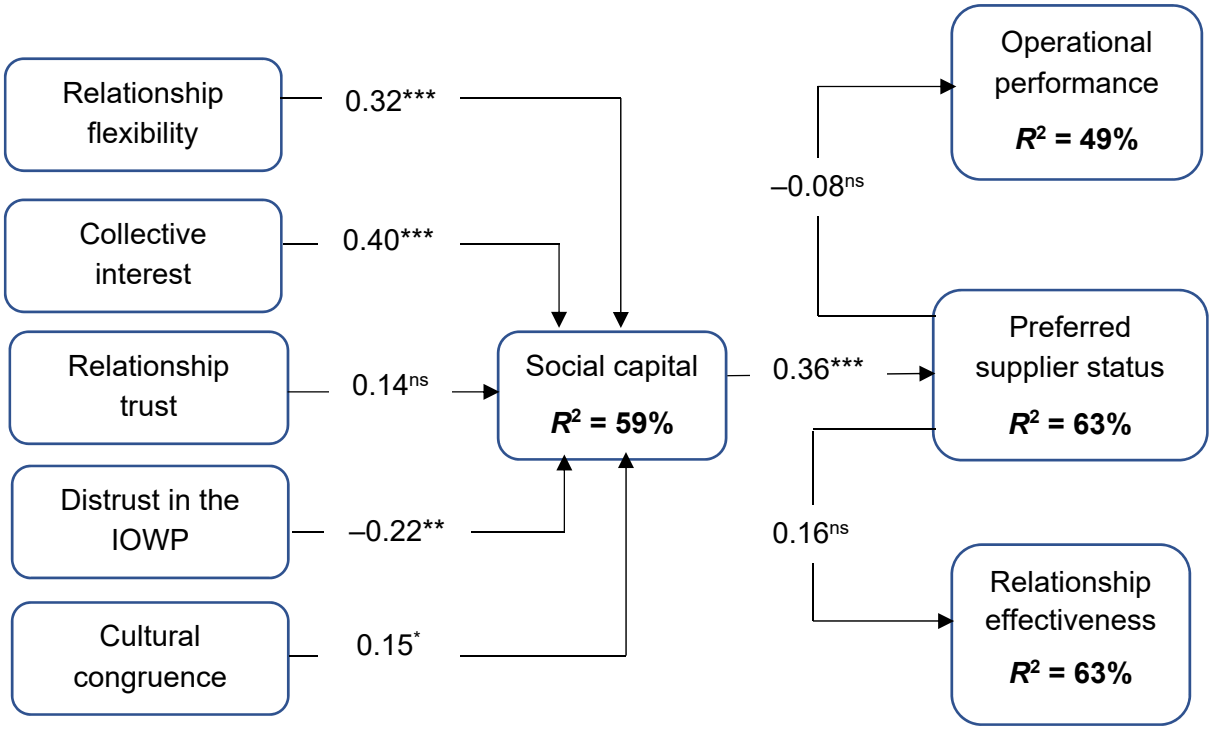
Variables	Social capital	Preferred supplier status	Satisfaction with rel. performance	Relationship effectiveness
Relationship length	–	–	–	–
Distributor/retailer size	–	–	–	–
Relation flexibility	Yes	–	Yes	–
Collective interest	Yes	–	–	Yes
Trust	–	Yes	–	Yes
Distrust	Yes	–	–	–
Cultural congruence	Yes	–	–	Yes
Social capital	–	Yes	Yes	Yes
Preferred supplier	–	–	–	–

Table 61: Statistical results on the drivers of relationship dimensions – Sceptics

Variables	**Sceptics (*n* = 152)**			
	Social capital ***β***	**Preferred supplier** ***β***	**Operational performance** ***β***	**Relationship effectiveness** ***β***
Controls				
Relationship length	0.03	0.04	–0.01	0.02
Distributor/retailer size	–0.02	0.02	–0.03	–0.08
Independent variable				
Relation flexibility	0.32***	0.14	0.20*	–0.06
Collective interest	0.40***	0.07	0.13	0.18*
Trust	0.14	0.32***	0.10	0.23*
Distrust	–0.22**	–0.01	–0.02	–0.10
Cultural congruence	0.15*	0.05	–0.10	–0.13*
Mediator variable				
Social capital	–	0.36***	0.46***	0.38***
Preferred supplier	–	–	–0.08	0.16
Model summary				
R^2	0.59	0.63	0.49	0.63

**p<0.05, **p<0.01, ***p<0.001*

Figure 18 Antecedents of satisfaction with operational performance and relationship effectiveness – Sceptics



**p<0.05, **p<0.01, ***p<0.001; ns = non-significant; control variables not illustrated; only direct relationships shown*

Summary of findings:

- Social capital is significantly influenced by relationship flexibility, collective interest, distrust and cultural congruence.
- There is a positive relationship between social capital and preferred supplier status of the IOWP.
- Prefer supplier status of the IOWP has no impact on relationship effectiveness and the operational performance of the relationship. Instead relationship effectiveness and operational performance of the relationship are driven directly by social capital.
- Altogether the model explains 59 per cent of the variance in social capital, 63 per cent of the variance in preferred supplier status of the IOWP, and 49 per cent of the variance in the operational performance of the relationship between the distributor/retailer and their IOWP, and 63 per cent of the relationship effectiveness.

Conclusions and Recommendations

Previous sections of this report provide detailed insights and illustrations of results from all studies. In this section, overarching conclusions and recommendations are suggested.

The first hurdle faced by Australian producers of premium wines is grounded solely in country-of-origin effects, as quantified in the AAF study and reconfirmed here in the qualitative interviews in both markets. Importers and retailers don't, in general, have Australian wines top-of-mind when they think of premium wine, with the notable exceptions of iconic brands such as Grange Hermitage and Hill of Grace. One of the other major reasons they don't stock more premium Australian wines is simply because their customers don't ask for it – and they are in the business of keeping their customers' wants and needs satisfied first and foremost. Exacerbating this is a lingering and stubborn 'memory' in the minds of many individuals of the 'bad old days' when there was an oversupply of Australian reds in particular, and there are retailers (particularly in the USA) who are still sitting on stock that is literally years and years old. This 'memory' and lack of customer interest translates into a lack of interest on their part in terms of the current Australian wine landscape. This, in turn, this leaves them still believing that Australian wine is basically dominated by 'big, hot, jammy reds' that are out of fashion with their customers and with them.

These are comparatively sophisticated markets both from a trade and customer point of view, and wines are being sought that are in keeping with their impressions of themselves and their palettes. It doesn't help that Australia is 'so far away', making visitation difficult and expensive for them, as compared to France, Italy or Spain, for example. This is a particular issue in the UK, where those in the trade typically have quite intimate knowledge of their favourite regions and surrounds, visit them regularly, and are visited regularly by exporters from those countries. However, having said all that, there are also those in the trade in both locations who are up to date with how varied and wide-reaching the Australian wine offer is today, and they do stock some selected premium Australian wines and are devoted to them. Australian regions that are a bit less famous and are home to smaller premium producers with interesting stories and approaches to wine are of particular interest. There are also those who are more aware of what we have on offer, but in order to take a risk on some of our wines, they would have to drop existing products and they are not willing to do that, given the lack of customer interest in Australian wines generally above a certain price point. It is easier to sell a wine from France, Italy or a dominant American region for higher prices.

In the qualitative and quantitative studies, the need to have 'excellent' wine is first and foremost, particularly since we don't have a positive and strong country-of-origin bias working for us in the premium wine segment, as the French and Italians do. Wines must be more than just 'good', and producers must trust they will be consistently high in quality order after order, and available. Again, the distance from these markets is a challenge to initial dealings. Australian producers need to set up tasting opportunities and provide assurances of professionalism and reliability. Working in our

favour, Australians are generally considered honest and authentic – these positive assumptions must be leveraged by obvious expertise in the presentation of themselves and their wines. In preparation for this, brand assets need to be of high quality and consistent, and professionally presented. While the Sceptics were identified in the research as having more tolerance of quirky, themed or 'out there' labels, their first and second preferences were still for more classic and elegant types of bottle labels, but this does not mean dull ones. In both the USA and the UK, it was confirmed that websites and social media platforms are visited before and after visits, and customers relied on them. Consequently, before attempting to sell into either of these markets, all the groundwork and investment in branding and product presentation needs to be done. There was also a voiced desire for 'technical' information on websites as a 'backstage' option for those in the trade. In San Francisco, for example, there was a strong desire to know about a producer's vineyard practices and carbon footprint.

As confirmed in the quantitative data, getting the wine at the right price is important, as are payment terms, but there were no 'complaints' in the empirical or qualitative data to suggest that importers in the UK or USA (Keepers or Sceptics) had any problem getting the deal they wanted in terms of price or payment terms. If they couldn't, then they didn't buy that wine or carry on with repeat purchases. These are truly 'buyers' markets' and while their preference is for long-term relationships and the building of mutual trust and achievement of mutual goals, the reality is that switching costs across the board for them are very low, particularly in the UK. This means that if they do need to drop a supplier for any reason, there are countless opportunities to replace them. And, to sell the wine in the first place, the price and terms need to be attractive, particularly for the Sceptics. However, there are also strong indications that if an Australian wine is accepted by an importer's or retailer's customers and they feel they can trust it, endorse it and communicate the brand story effectively, then premium prices can be, and are being, achieved. Moreover, those in the trade in both segments will work to maintain a long-term relationship with that producer.

In the UK, the market conditions are particularly challenging for the reasons mentioned above and because of the high number of Sceptics who dominate that market. Also, as mentioned, the concentration of the market in the greater London area and the close proximity of the European wine regions and suppliers mean that wine consumers – particularly those who buy more premium wines – are also likely to be frequent visitors. Importantly, this cluster also demonstrates a strong degree of 'distrust', even though they tend not to rely so strongly on formal contracts and work very hard on relationship building. To feel distrust is to expect bad behaviour, so they are more likely to be on their guard, and this is probably a key driver of their desire to stay close to their suppliers and keep them long-term. Hence, while this group will be challenging, they are not unattractive and will make good business partners once on board.

The overall R^2 values seen in the models confirm the need for our producers to pay attention to those aspects found to be most important, firstly to the decision by importers to continue to stock their wines; these attitudes will also influence the initial sale criteria explored in the DCE.

Therefore, to improve their export performance in these hyper-competitive and sophisticated markets, Australian producers need to move forward – once brand assets are established – with total professionalism, great wines (they do know the difference), interesting and unique product approaches, attractive bottle presentation, and a willingness to bargain and work to maintain the client through flexibility, an eye to the achievement of common goals, and profitability and longevity.

Limitations and Directions for Future Research

As with all research projects, this research carries a number of limitations. Firstly, there is sample size and the risk of sampling error. While for a B2B study our sample size is considered very robust, in terms of the general population of entities in the trade, the representation is quite small, although statistical confidence levels support the credence of the findings. Moreover, the approach of taking three distinct approaches to data collection and analysis provides additional confidence in the findings. By 'triangulating' the focus of the primary questions, several important aspects of consistency are found.

There are, of course, also limitations inherent in each type of methodology employed. Qualitative data, while extremely rich and detailed, is limited by the inability to generalise results through statistical testing and the naturally small sample size. Again, however, having conducted almost 20 interviews with highly targeted individuals, we hope that some aspects of these limitations have been minimised. DCEs also have their limitations due to the limited number of attributes and levels that can be tested at any one time, and in this case, we also denied the respondents the opportunity to reject in total any choice set. Nonetheless, the experiment was designed based on the findings of the qualitative studies and the literature and industry feedback. And, one of the strengths of this type of methodology is the replication of a more 'real life' purchase decision scenario. Moreover, this methodology is well established and considered robust for these types of applications. The attitudinal survey was conducted using established measurement constructs from the B2B literature; however, whenever Likert-type scales are employed, there is always a risk of some respondent-based error. However, when the results are considered, overall, and holistically, they can be considered worthy of credence.

In terms of future research, given that the models and measures have been established and tested, they could be easily applied to other established or emerging wine markets of interest. In the case of the USA and UK markets, for example, cultural intelligence and congruency were either insignificant or slightly negative and unsubstantial. However, the UK, USA and Australia share considerable cultural similarities. This may not be the case in Asian markets, for example, where cultural differences are considerable and many cultural norms and values are divergent from those in Australia. Moreover, non-Anglo markets are also impacted by language, education and economic development and wine knowledge differences from the 'first world' advanced UK and

USA markets. Hence, drivers of initial sales and antecedents of sound business relationships may differ significantly also. Additionally, the Advance Australia Fair project identified that many Asian markets hold Australian wines in generally higher esteem than the UK and USA do and the perceived quality and status gaps with French and Italian wines are not as wide; hence, other opportunities via strong relationships may present themselves if explored. Lastly, the UK and USA markets are generally devoid of high levels of corruption, but this is not the case in less developed economies and this influence, along with other politically and legal based challenges, are also recommended for investigation.

Australian Exporter Study
(follow on research extending the TTB research)

Introduction

Following the completion of the USA and UK wine importer, distributor and retailer project at the end of June 2018, in which extensive data was collected from those in the trade in the USA and UK, it was decided to extend the study by investigating the attitudes of Australian wine exporters to these critical wine markets.

The purpose of this follow-on study was to determine the size and nature of any 'gaps' between what USA and UK trade participants wanted from a wine exporter in terms of product attributes, trading terms and relationship components. The results of this investigation can then be used to provide vital information to those already exporting to those markets, enabling them to provide more targeted products and create stronger business relationships, and, importantly, to inform and prepare those intending to embark on exporting to these locations.

Methodology

Employing exactly the same questionnaire that was used in the original TTB study, but oriented towards producers as opposed to importers, independent Australian wine producers (IAWPs) that export to the USA or UK were surveyed across Australia.

However, in order to determine whether Australian exporters to these markets had an accurate understanding of what buyers in the trade in these markets are really looking for, the questions comprising the DCE were phrased in such a way that the exporters were not asked what they preferred for each choice set (as in the USA/UK survey), but rather what they *believed* existing and potential buyers in their nominated market would choose. It can also be assumed, to some degree, that what they indicated as preferred products would be representative of their own offerings. As with the trade survey, prior to making their 'choices' for each of the choice sets provided, their opinions regarding what buyers in the trade preferred in terms of label styles, using the same criteria sourced from Wine Intelligence (2014). These determinations respective to what the exporters believed were the 'most preferred', 'indifferent' and 'least preferred' were then fed through to the choice sets.

As in the TTB study, Australian exporters were then asked to reflect on a long-term relationship (i.e. one lasting 3 years or more) they had had with either a USA or UK wine buyer. They then completed a full attitudinal array to determine their attitudes toward their business relationships with importers and what they believed resulted in the importer's willingness to stock their wines and then establish a position as a preferred wine supplier. (Full details of all the measures used is found in the methodology section of the TTB report along with examples of choice sets).

Using a commercial recruiting company in order to ensure that only those responsible for making wine product decisions and directly involved with the sales and export processes and relationships were surveyed, a total of 179 usable questionnaires were obtained from producers and brands

from across Australia in June and July 2018. This is considered a very robust sample size for this type of research.

Results and Discussion

Study 1: Discrete Choice Experiment

The results of the latent class analysis revealed two distinct clusters in the sample of exporters to the USA and UK. The first segment of exporters believe that the most important aspects of the choices made by trade buyers in these markets relate to label style, brand story and a shared vision with the producer, with respect to wine and its production, and they believe that the actual trading terms, contracts and numbers of visits are relatively unimportant. Hence, they have been termed the 'Brand Builders'. This segment is a reasonably good fit with the Keepers segment identified in the TTB study, which dominates the entire sample from that study (75 per cent of USA sample and 79 per cent of UK sample). In contrast, the much smaller second segment believes the label is important, but not as important as the use of a formal contract and payment terms. This segment, which we have termed the 'Traders', believes that trade buyers in the USA and UK are more interested in the transactional aspects of wine buying and are more aligned with the 'Sceptic' segment identified in the TTB sample (25 per cent of USA sample and 21 per cent of UK sample). Table 62 illustrates the results of the DCE in terms of what our exporters *believe* to be the most critical attributes to USA and UK trade operators' buying decisions, and Table 63 illustrates the significant utilities and their values.

Table 62: Attribute importance

Attribute	**Keepers (*n* = 348) % importance**	**Sceptics (*n* = 106) % importance**	**Brand Builders (*n* = 119) % importance**	**Traders (*n* = 60) % importance**
Label style	21	13	22	21
Brand story	18	9	23	12
Vision (Aspect of cognitive capital)	17	8	33	3
Payment terms	15	34	5	22
Formalisation of contracts (Aspect of relational capital)	13	15	7	26
Type of discounts	10	12	5	10
Number of visits (Aspect of structural capital)	6	8	5	5
Total influence on choice	**100%**	**100%**	**100%**	**100%**

Attribute utilities – Brand Builders vs Traders

Table 63: Comparison of attribute utilities – Brand Builders vs Traders

Attributes and attribute levels	Brand Builders			Traders		
	Coeff.		SE	Coeff.		SE
Vision (Cognitive capital)						
The producer's philosophy in regard to wine, values, and management style is:						
identical to mine	**0.572**	***	0.091	–0.149		0.176
similar to mine	**0.771**	***	0.146	0.071		0.117
different from mine	**–1.343**	***	0.207	0.078		0.183
Number of visits (Structural capital)						
The producer visits you (per year):						
2 or more times	0.179		0.124	–0.132		0.145
1 time	–0.024		0.115	0.201		0.167
does not typically visit you	**–0.155**	***	0.073	–0.069		0.181
Formalisation of contracts (Relational capital)						
The relationship you can expect to establish with the producer will be based on:						
mutual respect and trust. Contracts are only a 'safety net'	**–0.236**	***	0.091	**–1.054**	***	0.184
a combination of contracts and personal relationship	0.193		0.127	**0.408**	***	0.110
formal contractual agreements only	0.043		0.110	**0.645**	***	0.160
Payment terms						
The producer requires payments to be made at:						
60 days	0.186		0.118	**0.405**	***	0.143
90 days	0.094		0.151	**0.428**	***	0.196
120 days	–0.163		0.126	0.183		0.235
in advance	–0.117		0.186	**–1.016**	***	0.391
Type of discounts						
The producer provides:						
incentives to sales reps per target reached	0.105		0.083	**–0.215**	*	0.130
cash discount per cases sold	0.086		0.114	**–0.222**	*	0.117
free products	–0.191		0.125	**0.437**	***	0.147
Story						
The brand is:						
based on family and winemaking history	**0.726**	***	0.131	**–0.478**	***	0.154
an innovative and engaging brand	0.035		0.098	0.192		0.158
a widely available, volume-oriented brand	**–0.761**	***	0.164	**0.286**	***	0.128
Label style						
The label style is:						
most preferred	**0.652**	***	0.268	**0.626**	***	0.268
indifferent	0.083		0.114	0.123		0.139
least preferred	**–0.736**	***	0.348	**–0.749**	***	0.330

**** p-value<0.01; ** p-value<0.05; * p-value<0.1; SE, standard error*

Expectations of trade preferences for label styles

Table 64 illustrates the types of labels our exporters believe are preferred by those in the trade in the USA and UK, particularly in the premium wine segments. A Best vs Worst (BW) score of 100 simply means that that label style is the most preferred label style among the label styles respondents have been exposed to. All the other numbers can be interpreted as a proportion of 100, so, for example, the fact that Brand Builders score 'elegant contemporary' labels at 86/100 means that this label style is 14 per cent less preferred than the 'modern contemporary' label style, etc.

The results illustrate some important differences between what the exporters think buyers in these markets prefer and what the buyers have said they prefer, either personally and/or for their customers. Modern and elegant contemporary are the most desired label styles for trade buyers, and are expected to be. However, modern vibrant labels are expected by the Traders segment to be highly desirable, and they are not for either segment of importers, although the Sceptics are more accepting of them. At the same time, modern classic styles are more desirable to both segments of importers than expected by our exporters.

Table 64: Label style preferences – exporters and importers

Label style	EXPORTERS		IMPORTERS	
	BW score		BW score	
	Brand Builders	Traders	Keepers	Sceptics
Modern contemporary	100	77	53	100
Elegant contemporary	86	100	100	61
Prestigious	44	67	58	64
Text impact	27	20	13	12
Stately	22	48	29	21
Themed	19	32	15	25
Modern classic	16	21	36	79
Modern vibrant	16	95	36	20
Light-hearted	8	18	24	40
Eclectic	7	13	20	32

Sociodemographic – segment profiles

What follows are descriptive statistics respective to the characteristics of each segment. As shown in Table 65, the Brand Builders are statistically more represented by wine producer/brand owners and larger companies, while the Traders are more represented by wine brand owners and smaller companies.

Table 65: Nature of business of exporters

Business nature (χ^2 = 0.008)	**Brand Builders (%) (*n* = 119)**	**Traders (%) (*n* = 60)**
Producer and brand owner	90	75
Brand owner (may not be a producer)	10	25

In terms of respondents' years of experience, around 6.7 per cent have worked for the organisation for up to 5 years, 46.6 per cent have between 6 and 10 years of work experience, 37.6 per cent have gained between 11 and 20 years of work experience, and 9 per cent had between 21 and 35 years of experience. The job profiles of the respondents are following:

- Owner: 10.6 per cent
- President / CEO / Managing Director: 19.6 per cent
- Winemaker: 31.8 per cent
- Marketing Director / Marketing VP / Marketing Manager: 10.1 per cent
- Wine export agent: 8.9 per cent
- Head of sales: 19.6 per cent
- Logistics: 11.7 per cent
- Sales: 2.2 per cent

Table 66 illustrates the size, in terms of employees, of the exporters surveyed. Interestingly, the Brand Builders are heavily weighted towards larger enterprises. It would be of particular importance for smaller organisations to prioritise brand assets, given that these are highly desirable to the Keeper segment in the USA and are likely to have smaller production.

Table 66: Size of exporters surveyed

Business size (χ^2 = 0.008)	**Brand Builders (%)**	**Traders (%)**
Small (up to 10 employees)	7	20
Large (more than 10 employees)	93	80

Both groups identify the USA market as their primary market, although this percentage is higher for the Traders than for the Brand Builders. Given that the USA is dominated by importers and others in the trade who deem brand story and vision to be important, those exporters in Australia who don't think this is the case, such as the Traders, may be missing opportunities, or may find themselves not meeting importer expectations.

Table 67: Primary market for export between the USA and UK

Market size (% of production sold; $\chi^2 = 0.033$)	**Brand Builders (%)**	**Traders (%)**
USA	66	82
UK	34	18

Most of the respondents surveyed come from South Australia, followed by Victoria, Western Australia and New South Wales (see Table 68; there is no statistical difference between the groups). Most of the respondents come from the Adelaide Hills (15 per cent and 10 per cent, respectively, for the Brand Builders and the Traders), McLaren Vale (13 per cent and 13 per cent), Barossa Valley (12 per cent and 12 per cent), Yarra Valley (8 per cent and 13 per cent) and Margaret River (8 per cent and 8 per cent).

Table 68: Home states of respondents

State ($\chi^2 = 0.557$)	**Brand Builders (%)**	**Traders (%)**
SA	53	41
Vic.	20	30
NSW	11	13
WA	13	13
Tas.	3	2
Qld	0	0

There is some difference between the clusters in terms of payment terms, but this difference is not statistically significant. The vast majority in both groups (86 per cent and 93 per cent, respectively) are happy with their negotiated payment terms, and are not interested in changing them. This mirrors the trade survey in both the USA and UK. While these terms are often important, they are clearly easily negotiated and accepted by all sides.

Table 69: Preferred payment terms

Payment terms ($\chi^2 = 0.236$)	**Brand Builders (%)**	**Traders (%)**
Advanced payment	0	2
30 days	4	12
60 days	63	52
90 days	29	31
120 days	3	3
Other	1	0

Study 2 – Attitudinal Studies (Exporters)

As with the importer, distributor and retailer surveys completed in the USA and UK, after the Australian exporters had completed the DCE choice sets, they were they were asked to reflect on a particular importer/distributor/retailer relationship that they had had in place for at least 3 years. By taking into account a variety of organisational characteristics and relationship characteristics, we explored:

- the factors driving the willingness of the IAWP to continue the business engagement/relationship with the overseas wine distributor or importer (Figure 1), and
- the factors determining the operational performance and relationship effectiveness of the focal relationship between the IAWP and their wine distributor/importer (Figure 2).

We will report the empirical findings for five groups of wine distributors/retailers, as follows:

- The full sample of IAWPs (*n* = 179)
- IAWPs in working relationships with USA-based wine importers or distributors (*n* = 126)
- IAWPs in working relationships with UK-based wine importers or distributors (*n* = 53)
- Brand Builders cluster only (*n* = 119)
- Traders cluster only (*n* = 60)

The questions asked explored the reasons the IAWP wished to sell their wine to this international partner, and key aspects of their business-to-business relationship, leading to their assessment of this importer, distributor or retailers as a ‘preferred distributor’ (only one descriptor used for parsimony), and their assessment of their overall business relationship with them. Before moving through a description of the measures employed and their meanings, notes are provided that explain how to easily interpret the results of the structural equation modelling (SEM) used to analyse the survey results. This is a methodology that evaluates, concurrently, all variables in a statistical model in order to reveal relationships and influences on ‘outcome’ or dependent variables. This analysis allows, again, for the identification of gaps in business practice expectations and attitudinal variables in play.

Notes to interpretation of the statistics seen in the structural equation models

When considering the statistics shown in the models and tables for quantitative analysis of the data from this research, it is critical to see first which relationships are 'significant' statistically and which are not. For each test, a '*p*-value' will be illustrated. This indicates the statistical probability that the results of the testing are purely 'by chance' due to the randomness of the sample of people surveyed. In social research, we accept no higher probability of this than 5 per cent; in other words, we need to be 95 per cent confident, or more, that the results shown are not merely by chance but are reliable. As the *p*-value decreases, the probability of a random statistical outcome decreases accordingly, and the robustness of the test results is increased. An 'insignificant' relationship, one with a *p*-value of more than 0.05 (at least a 5 per cent chance of a random outcome), is indicated by 'NS' (not significant) in the models and tables.

In analyses such as these, the direct relationship between the 'driving forces' of the model (i.e. the independent variables) may or may not exert a 'direct' and significant influence on the ultimate dependent variables once 'mediating' (or intervening) variables are introduced in to the model. Rather, the independent variables may work 'through' the mediating variables to the dependent variables. However, the power of a strongly influential variable to continue to exert a direct influence despite the presence of mediating variables is often seen in social research. The other statistics seen in the models, on the 'lines' that indicate the relationships between the variables, are an indication of the power of one variable to exert change on another. These are called standardised beta (β) statistics, and the higher the β (a statistic between 0 and 1), the more influence is being exerted by the independent (or mediating) variable, on the subsequent variable in the model. However, these β scores should be ignored if the relationship is 'NS' or not significant.

Lastly, the overall model R^2 is a statistical representation of the combined power of all significant relationships seen in a model to exert change on a dependent variable. Hence if the model R^2 is 0.49, this means that 49% of a change in the dependent variable is due to (for example) the combined influence of all the other variables in the model. The other 51 per cent is due to all the other things not captured in this research in the minds and experience of each respondent and their opinion about the questions put.

[*Notes to the models: CI = confidence interval; for mediation significance, range must not include '0'. * p<0.05 (95% confidence) ** p<0.001, *** p<0.001*]

Proposed models

Figure 19: Proposed drivers of willingness to stock from an independent overseas wine producer

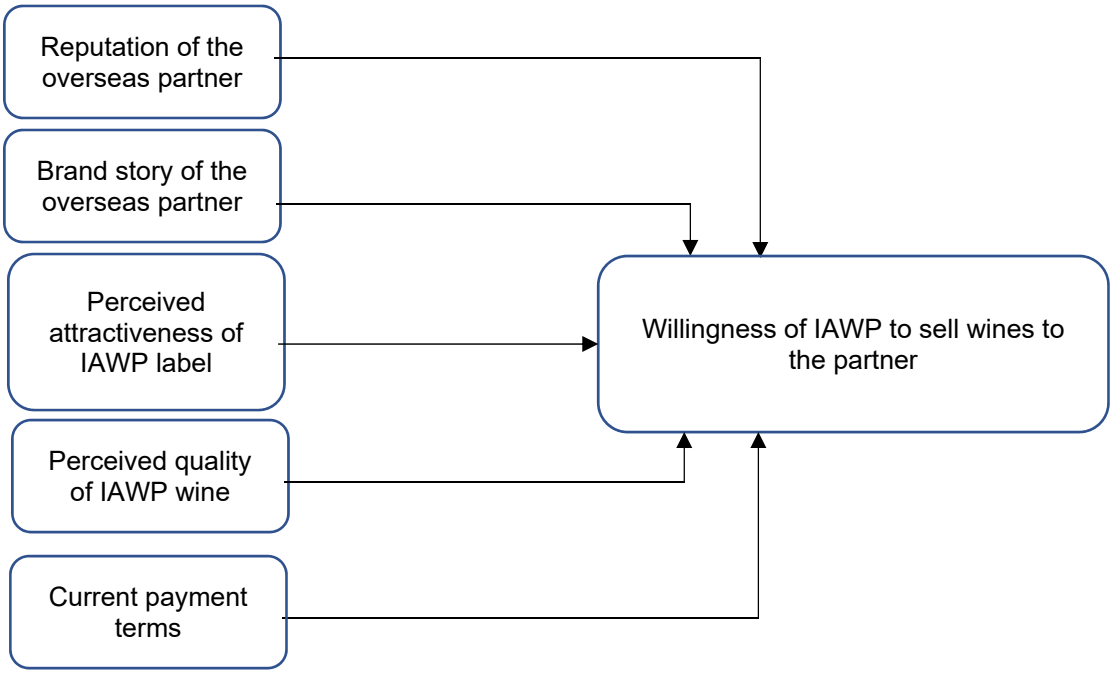


Figure 20: Proposed drivers of relationship effectiveness and operational performance

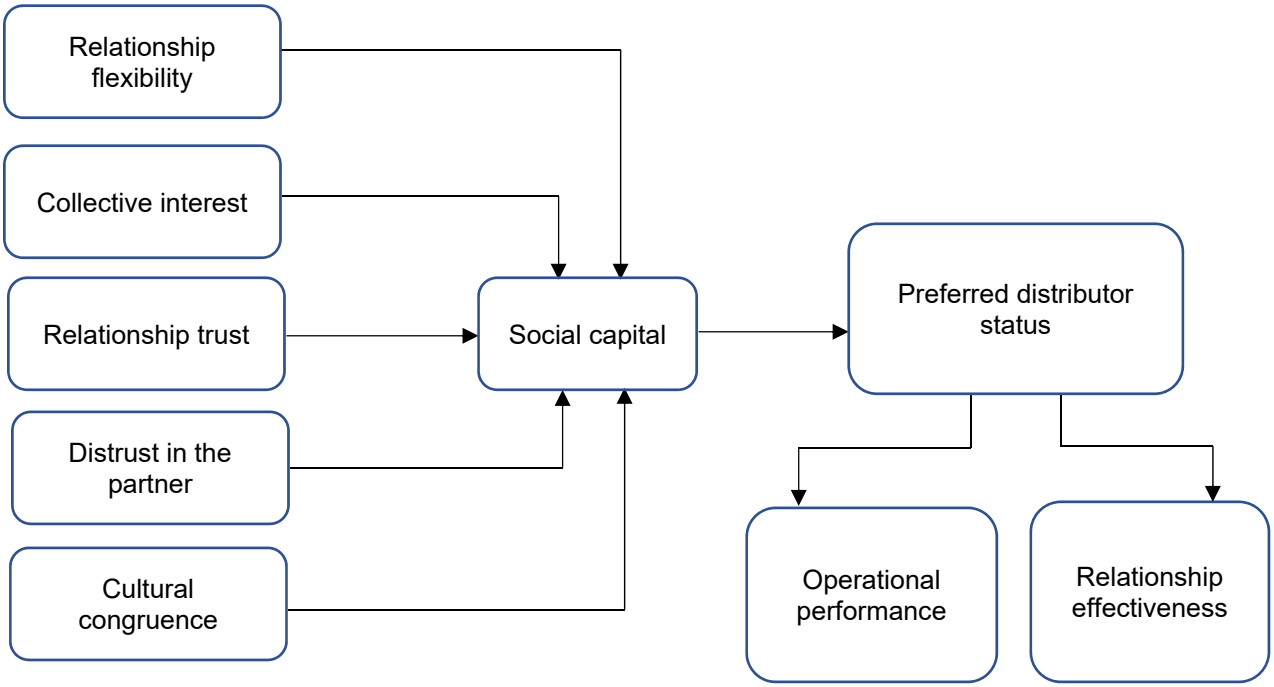


Table 70 specifies the length of the relationships between the IAWPs and their overseas counterparts in the USA or the UK:

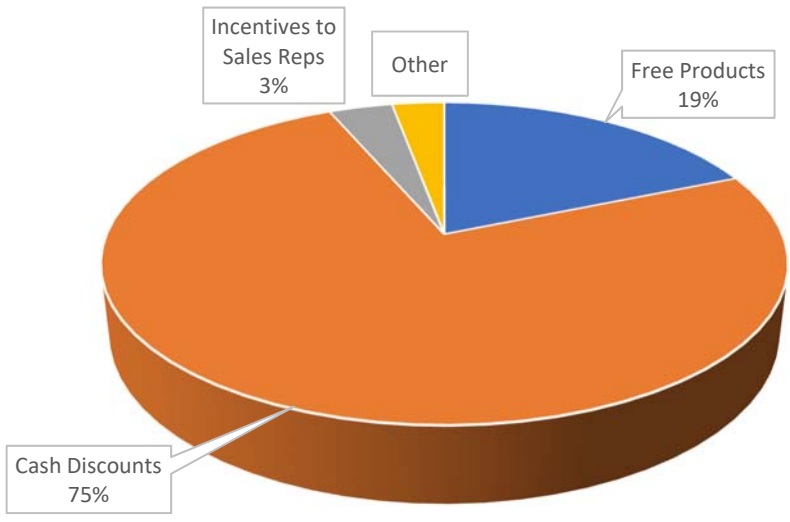
- Relationships with partners in the USA: 50.7 per cent from 3 to 5 years, 42.1 per cent from 6 to 10 years, and 7.2 per cent longer than 10 years.
- Relationships with partners in the UK: 45.3 per cent from 3 to 5 years, 45.3 per cent from 6 to10 years, and 9.4 per cent longer than 10 years.

Table 70: Length of relationship with overseas partner

Length of relationship (years)	Partner location	
	USA	UK
3	8	2
4	25	10
5	31	12
6	17	8
7	11	6
8	14	7
9	9	2
10	2	1
More than 10 years	9	5
Total	**126**	**53**

On average, approximately 25 per cent of the wines offered by the IAWP are stocked by the identified overseas partner (minimum 6 per cent, maximum 71 per cent) indicating the importance of these trading partners.

Figure 21: Categories of expected preferred promotional support type



Further, the IAWPs have indicated, as shown in Figure 21, that three-quarters of their promotional activities with the overseas partners were through cash discounts, followed by free products (19 per cent). A small percentage of the respondents utilised incentives to sales representatives (3 per cent) and other activities (3 per cent).

The current payment terms for the whole sample (*n* = 179) are shown in Figure 22, with approximately 59 per cent of the respondents having 60-day payment terms, and 30 per cent of the sample having 90-day payment terms. Notably, around 89 per cent of the respondents are happy with their current payment terms (and only 12 per cent indicated they would like to change these terms – in line with the opinions of the importers/distributors/retailers surveyed in the USA and UK).

Figures 23 and 24 show the breakdown in the desire of the IAWPs to change payment terms across different countries and clusters. These figures suggest that the majority of the respondents are satisfied with their current payment terms and prefer to keep them (91.7 per cent of USA respondents, 88.6 per cent of UK respondents; 88.8 per cent of the Brand Builders, 94.1 per cent of the Traders).

Figure 22: Summary of current payment terms for all respondents

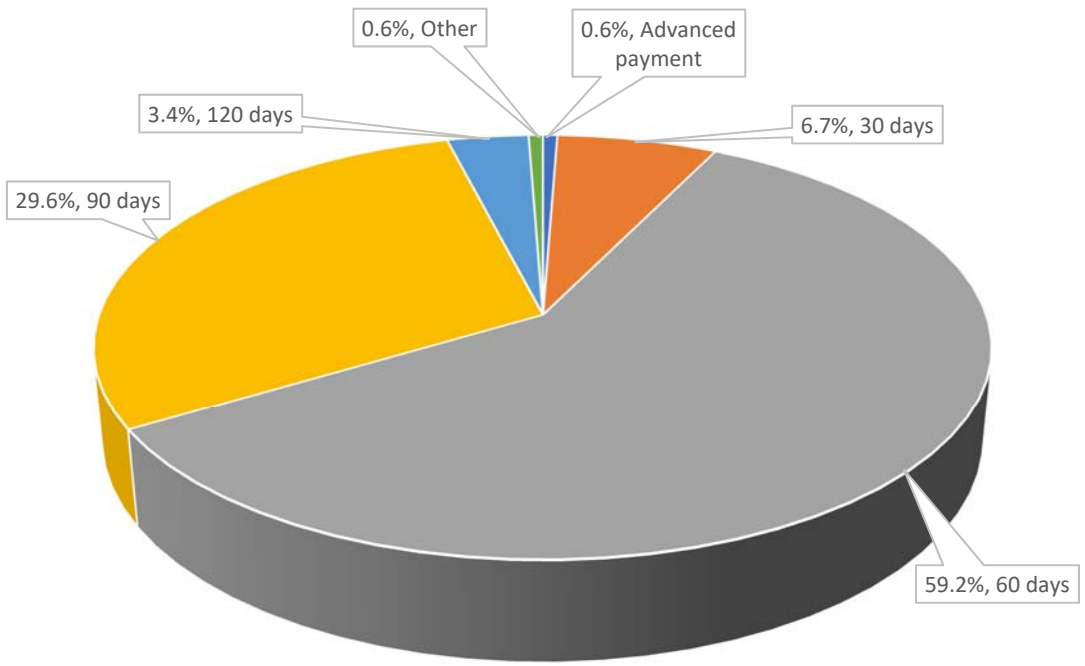


Figure 23: Preference to keep or change current payment terms, by country

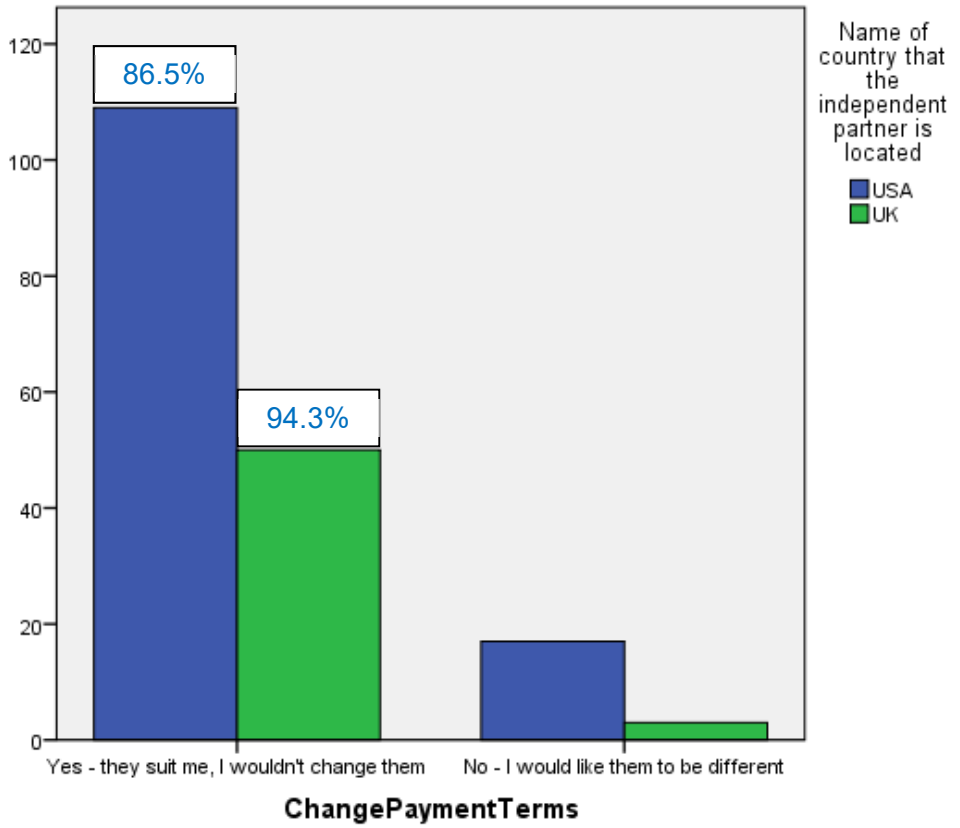
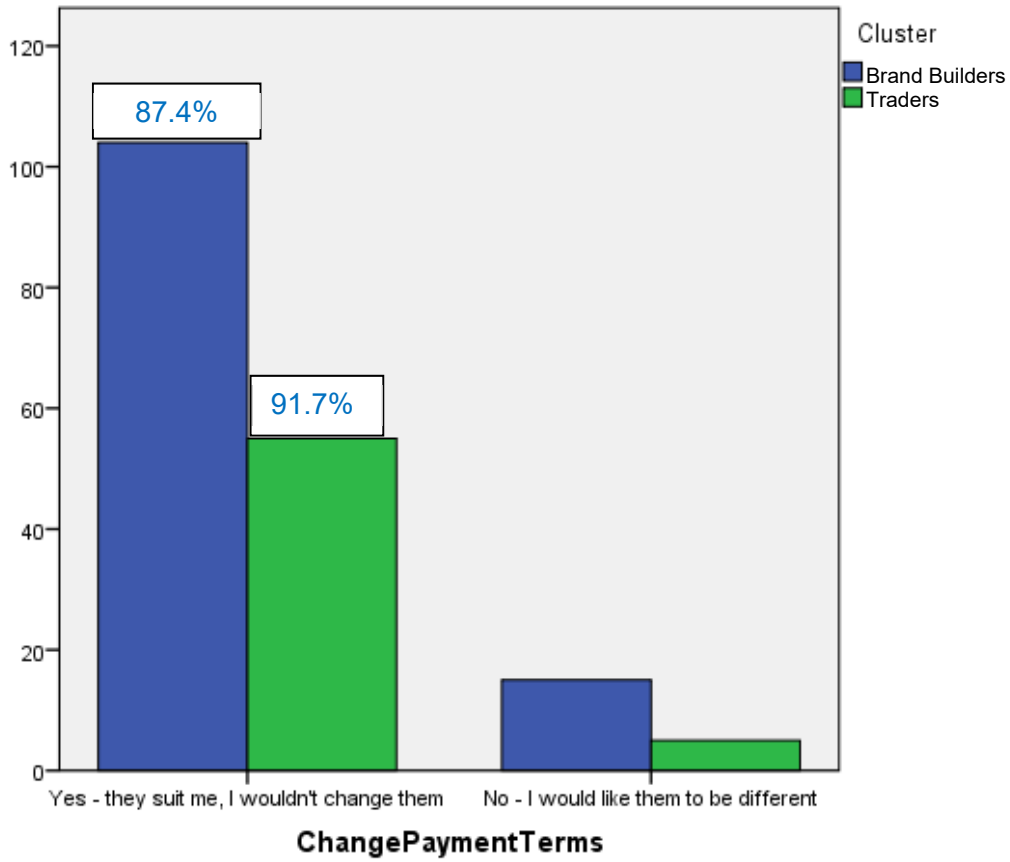


Figure 24: Preference to keep or change current payment terms, by cluster



Findings – Key constructs

Reputation of the overseas partner

Table 71 lists the 7 items used to measure the reputation of the overseas partner. In the total sample (*n* = 179), the mean value for reputation of the partner is high, at 6.18, with a standard deviation (SD) of 0.60. This shows that the respondents believe their overseas partner in the USA or the UK has a strong, well-regarded reputation.

Table 71: Measuring reputation of the overseas partner – Cronbach alpha (α) = 0.93; composite reliability (CR) = 0.92; averaged variance extracted (AVE) = 0.64

Item	Loading	Item	Loading
Highly regarded	0.803	Good reputation	0.795
Successful	0.826	Well known	0.843
Well established	0.865	High esteem	0.637
Brand with status	0.796		

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
29.453	11	0.002	2.678	0.961	0.980	0.097	0.024

At a country level, the data suggests that there was no significant difference between the reputations of the overseas partners of Australian IAWPs in the USA and UK (Table 72).

Table 72: Reputation of the overseas partner – USA vs UK samples

Partners	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
USA	126	6.17	0.61	–0.05	–0.49	0.63
UK	53	6.22	0.56			

Likewise, within the 2 clusters, there was no significant difference among the reputations of the partners of Brand Builders and Traders (Table 73).

Table 73: Reputation of the overseas partner – Brand Builders vs Traders samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
Brand Builders	119	6.19	0.64	0.02	0.17	0.87
Traders	60	6.17	0.52			

Brand story of the overseas partner

Table 74 lists the 4 items used to measure the reputation of the overseas partner. In the total sample (*n* = 179), the mean value for brand story of the overseas partner is 5.17 (out of 7.0), with a standard deviation (SD) of 1.19.

Table 74: Measuring brand story of the overseas partner – Cronbach α = 0.75; CR = 0.77; AVE = 0.48

Item	Loading
Brand story is:	
good	0.882
innovative	0.468
engaging	0.843
unique	0.444

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
2.911	2	0.223	1.456	0.987	0.996	0.051	0.025

At a country level, the data suggested a significant difference in the perception about brand story of the overseas partners of Australian IAWP: That is, UK partners (exporter or distributors) were perceived to have much better brand story compared to those located in the USA (Table 75).

Table 75: Brand story of the overseas partners – USA vs UK samples

Partners	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
USA	126	5.03	1.14	–0.47	–2.843	0.01
UK	53	5.50	1.23			

Examining at the cluster level, there was no major difference among the reputations of the partners (Table 76).

Table 76: Brand story of the overseas partners – Brand Builders vs Traders samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
Brand Builders	119	5.05	1.28	–0.35	–1.853	0.07
Traders	152	5.40	0.93			

Perceived attractiveness of the IAWP labels

Table 77 lists the 3 items used to measure the attractiveness of the IAWP's wine labels. In the total sample (*n* = 179), the mean value for the attractiveness of the IAWP's wine labels is very high at 6.50 (out of 7.0), with a standard deviation (SD) of 0.80.

Table 77: Measuring perceived label attractiveness of IAWP – Cronbach α = 0.89; CR = 0.85; AVE = 0.66

Item	Loading
Our label very attractive	0.739
Our label very attractive to their customers	0.901
Our label attractive to their business partners	0.793

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
0.000	0	0.000	0.000	1.000	1.000	0.000	0.000

** for scale measures of 3 or less items, where the data fits the model well, fit indices and df will be '0"*

At a country level, the data suggested that the Australian respondents offer similar ratings for their perceptions about the attractiveness of their own wine labels (Table 78).

Table 78: IAWP label attractiveness – USA vs UK partners samples

Partners	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
USA	126	6.46	0.83	–0.13	–1.03	0.30
UK	53	6.60	0.71			

We also found the same at the cluster level (Table 79). That is, there were no significant differences in the ratings of perceived wine label attractiveness from the Brand Builders pool vs those from the Traders pool.

Table 79: IAWP label attractiveness – Brand Builders vs Traders samples

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
Brand Builders	119	6.47	0.87	0.45	–0.76	0.44
Traders	60	6.57	0.62			

Perceived quality of wine sourced from the IAWP

Table 80 lists the 3 items used to measure perceptions about wine quality provided by the IAWP. In the total sample (*n* = 179), the mean value for the quality of wines sourced from the IAWP is very high at 6.44 (out of 7.0), with a standard deviation (SD) of 0.69.

Table 80: Measuring perceived IAWP wine quality– Cronbach α = 0.95; CR = 0.95; AVE = 0.86

Item	Loading
Trustworthy	0.943
Reliable	0.891
High quality	0.940

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
0.000	0	0.000	0.000	1.000	1.000	0.000	0.000

** for scale measures of 3 or less items, where the data fits the model well, fit indices and df will be '0"*

At a country level, the data suggested no significant difference in the quality of wines provided by the IAWP to USA or UK partners (Table 81).

Table 81: Perceived IAWP wine quality – USA vs UK samples

Partners	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
USA	126	6.42	0.71	–0.08	–0.75	0.46
UK	53	6.50	0.71			

As indicated in Table 82, IAWPs believed that their wine quality is the same across Brand Builders vs Traders clusters.

Table 82: Perceived IAWP wine quality – Brand Builders vs Traders

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
Brand Builders	119	6.45	0.69	0.02	0.14	0.89
Traders	60	6.43	0.70			

Relationship flexibility

Table 83 lists the 4 items used to measure the relationship flexibility with the overseas partners. In the total sample (*n* = 179), the mean value for the relationship flexibility with the partners is high at 5.97 (out of 7.0), with a standard deviation (SD) of 0.87.

Table 83: Measuring relationship flexibility with overseas partner – Cronbach α = 0.89; CR = 0.89; AVE = 0.67

Item	Loading
Adjust order fulfilment as requested	0.840
Responds quickly to requests	0.793
Willing to make adjustment to the relationship	0.755
Re-values the situation to find mutual solution	0.879

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
1.742	2	0.419	0.871	1.002	1.000	0.000	0.009

At a country level, the data suggested that the overseas partners offer the same levels of flexibility to the Australian IAWPs (Table 84).

Table 84: Relationship flexibility with overseas partners – USA vs UK samples

Partners	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
USA	126	5.92	0.89	–0.16	–1.15	0.25
UK	53	6.08	0.81			

As indicated in Table 85, Australian IAWPs enjoyed the same level of relationship flexibility across the Brand Builders and Traders samples.

Table 85: Relationship flexibility with overseas partners – Brand Builders vs Traders clusters

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
Brand Builders	119	5.90	0.92	–0.18	–1.34	0.18
Traders	60	6.09	0.75			

Collective interest

Table 86 lists the 3 items used to measure the collective interest that IAWP have with their overseas partners. In the total sample (*n* = 179), the mean value for the collective interest with the partners is high at 5.74 (out of 7.0), with a standard deviation (SD) of 0.97.

Table 86: Measuring collective interest with overseas partner – Cronbach α = 0.63; CR = 0.71; AVE = 0.48

Item	Loading
Both dedicated to collaboration to solve problems	0.341
When disagreements arise, both sides work together and try to reach a mutually satisfactory solution	0.662
Both sides work together on solving problems caused by either side	0.939

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
0.000	0	0.000	0.000	1.000	1.000	0.000	0.000

** for scale measures of 3 or less items, where the data fits the model well, fit indices and df will be '0"*

At a country level, the data suggested that IAWPs share a higher level of collective interest with UK partners than they do with USA partners (Table 87).

Table 87: Collective interest with overseas partners – USA vs UK samples

Partners	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
USA	126	5.60	0.89	–0.48	–3.07	0.002
UK	53	6.08	0.81			

As shown in Table 88, however, there was no significant difference in the level of collective interest between Brand Builders and Traders.

Table 88: Collective interest with overseas partners – Brand Builders vs Traders clusters

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
Brand Builders	119	5.70	1.01	–0.12	–0.76	0.45
Traders	60	5.81	0.90			

Relationship trust

Table 89 lists the 6 items used to measure the relationship trust with the overseas partners. In the total sample (*n* = 179), the mean value for the relationship trust with the partner is high at 6.12 (out of 7.0), with a standard deviation (SD) of 0.79.

Table 89: Measuring relationship trust with overseas partner – Cronbach α = 0.91; CR = 0.91; AVE = 0.61

Item	Loading
Expect good behaviour in them	0.697
Faith in them	0.815
Confidence in them	0.788
Partner responsive to needs of IAWP	0.774
Feel trust in them	0.835
Partner is reliable	0.786

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
8.29	9	0.505	2.781	0.943	0.977	0.10	0.026

At a country level, the data suggested that the level of trust in overseas partners was around the same for those located in the UK as for those in the USA (Table 90).

Table 90: Relationship trust with overseas partner – USA vs UK samples

Partners	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
USA	126	6.08	0.86	–0.15	–1.18	0.24
UK	53	6.23	0.59			

As indicated in Table 91, IAWPs rated the relationship trust in their partners around the same across Brand Builders and Traders clusters. Levels of trust are very high.

Table 91: Relationship trust with overseas partner – Brand Builders vs Traders clusters

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
Brand Builders	119	6.11	0.84	–0.04	–0.30	0.76
Traders	60	6.15	0.70			

Distrust in the overseas partner

In addition to measuring the relationship trust that IAWPs have with their distributors/retailers in the USA and the UK, we also examined the level of distrust that they might have. Table 92 provides the list of 4 items used to measure the distrust in the USA/UK partners. In the total sample (*n* = 179), the mean value for the distrust in the partner is very low at 1.23 (out of 7.0), with a standard deviation (SD) of 0.66.

Table 92: Measuring distrust in overseas partner – Cronbach α = 0.84; CR = 0.83; AVE = 0.55

Item	Loading
Fear partner will act badly	0.682
Sceptical of partner	0.943
Need to be wary about partner	0.659
Feel distrust in partner	0.648

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
2.827	1	0.243	1.414	0.991	0.997	0.048	0.018

At a country level, there was no major difference in the level of distrust in USA or UK partners (Table 93). Moreover, levels of distrust are very low for both segments.

Table 93: Distrust in USA vs UK partners

Partners	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
USA	126	1.28	0.76	0.17	1.59	0.11
UK	53	1.11	0.30			

As indicated in Table 94, there was also no major difference in distrust between the Brand Builders and Traders clusters.

Table 94: Table 25: Distrust in Brand Builders vs Traders clusters

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
Brand Builders	119	1.25	0.70	0.06	0.54	0.59
Traders	60	1.19	0.58			

Cultural congruence with overseas partner

Table 95 lists the 5 items used to measure the cultural congruence at the national level between Australia and the country of location of the overseas partners. In the total sample (*n* = 179), the mean value for the cultural congruence at the national level is neutral at 4.13 (out of 7.0), with a standard deviation (SD) of 0.73.

Table 95: Measuring national cultural congruence – Cronbach α = 0.83; CR = 0.83; AVE = 0.49

Item	Loading
General lifestyle	0.760
Values	0.648
Norms	0.527
People	0.758
As country overall	0.783

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
11.122	4	0.025	2.781	0.943	0.977	0.100	0.026

At a country level, the data suggested there was no difference in the perceived cultural congruence between Australia and the USA or the UK (Table 96).

Table 96: Cultural congruence with home country of overseas partners in the USA vs the UK

Partners	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
USA	126	4.10	0.65	–0.12	–0.99	0.32
UK	53	4.22	0.90			

As indicated in Table 97, the level of cultural congruence is the same for Brand Builders and Traders.

Table 97: Cultural congruence with home country of Brand Builders vs Traders

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
Brand Builders	119	4.16	0.73	0.05	0.45	0.65
Traders	60	4.10	0.75			

Social capital

Table 98 lists the 12 items used to measure the social capital that IAWPs have built with their partners. Social capital is measured as a higher-order construct comprising three dimensions, namely cognitive capital, relational capital, and structural capital. In the total sample (*n* = 179), the mean value for social capital is high at 5.73 (out of 7.0), with a standard deviation (SD) of 0.94.

Table 98: Measuring social capital with overseas partner – Cronbach α = 0.84, CR = 0.83; AVE = 0.62

Item	Loading
Cognitive capital	0.862
Similar corporate culture, values, management style	0.945
Similar philosophies	0.957
Compatible goals and objectives	0.516
Same vision of business	0.849
Relational capital	0.859
Close personal interaction	0.250
Mutual respect	0.929
Mutual trust	0.924
Personal friendships	0.307
Reciprocity between parties	0.922
Structural capital	0.962
Frequent and intensive interaction	0.832
Interaction across different personnel levels	0.711
Interaction across different personnel functions	0.943

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
247.997	42	0	5.905	0.859	0.911	0.166	0.000

At a country level, the data suggested that IAWPs have built a significantly higher level of social capital with UK partners than they have with USA partners (Table 99).

Table 99: Social capital with overseas partners – USA vs UK samples

Partners	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
USA	126	5.59	0.98	–0.47	–3.16	0.002
UK	53	6.06	0.75			

As indicated in Table 100, Australian IAWPs indicated that they shared the same levels of social capital with the Brand Builders and Traders clusters.

Table 100: Social capital with overseas partners – Brand Builders vs Traders clusters

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
Brand Builders	119	5.67	0.95	–0.19	–1.31	0.19
Traders	60	5.86	0.87			

Preferred distributor status

Table 101 lists the 3 items used to measure the preferred distributor status of the overseas partners. In the total sample (*n* = 179), the mean value for the preferred distributor status of the partner is high at 5.97 (out of 7.0), with a standard deviation (SD) of 1.01.

Table 101: Measuring preferred distributor status of overseas partner – Cronbach α = 0.95; CR = 0.95; AVE = 0.86

Item	Loading
We like this partner more than others	0.964
We consider them our preferred partner	0.898
We prefer to collaborate with this partner more than we do with others	0.916

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
0.000	0	0.000	0.000	1.000	1.000	0.000	0.000

** for scale measures of 3 or less items, where the data fits the model well, fit indices and df will be '0"*

At a country level, the data suggested that Australian IAWPs think highly of their overseas partners, regardless of their location (Table 102).

Table 102: Overseas partner as a preferred distributor – USA vs UK samples

Partners	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
USA	126	5.93	1.11	–0.14	–0.83	0.41
UK	53	6.06	0.73			

As indicated in Table 103, Brand Builders and Traders are both considered preferred distributors.

Table 103: Overseas partner as a preferred distributor – Brand Builders vs Traders clusters

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
Brand Builders	119	5.95	1.08	–0.05	–0.31	0.75
Traders	60	6.00	0.87			

Satisfaction with operational performance of the relationship

Table 104 lists the 5 items used to measure the satisfaction of the IAWP with the operational performance of the relationship with the overseas partner. In the total sample (*n* = 179), the mean value for the satisfaction level is high at 5.40 (out of 7.0), with a standard deviation (SD) of 1.15.

Table 104: Measuring operational performance of the relationship – Cronbach α = 0.94; CR = 0.95; AVE = 0.79

Item	Loading
Improved cost efficiency	0.847
Improved wine quality	0.851
Improved flexibility	0.918
Better lead times	0.898
Improved business processes	0.929

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
10.619	5	0.060	2.124	0.987	0.994	0.079	0.012

At a country level, Australian IAWPs showed the same level of satisfaction about the performance of the relationships with their UK and USA partners (Table 105).

Table 105: Satisfaction with relationship – USA vs UK samples

Partners	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
USA	126	5.34	1.15	–0.22	–1.16	0.25
UK	53	5.56	1.14			

As indicated in Table 106, Traders enjoy a higher level of satisfaction with the operational performance of the relationship with their overseas partners than do Brand Builders.

Table 106: Satisfaction with relationship – Brand Builders vs Traders clusters

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	N	Mean	Std deviation	Mean diff.	t values	Sig.
Brand Builders	119	5.27	1.21	–0.40	–2.21	0.03
Traders	60	5.67	0.98			

Relationship effectiveness

Table 107 lists the 4 items used to measure the satisfaction with the effectiveness of the relationship that Australian IAWPs have with their overseas counterparts. In the total sample (*n* = 179), the mean value for relationship effectiveness is very high at 6.22 (out of 7.0), with a standard deviation (SD) of 0.82.

Table 107: Measuring relationship effectiveness with overseas partners – Cronbach α = 0.96; CR = 0.96; AVE = 0.84

Item	Loading
Productive	0.941
Worthwhile	0.883
Strong	0.936
Harmonious	0915

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
1.731	2	0.409	0.870	1.001	1.000	0.000	0.008

At a country level, the data suggested that Australian IAWPs demonstrate the same level of satisfaction with the effectiveness of their relationships with both USA and UK partners (Table 108).

Table 108: Relationship effectiveness – USA vs UK samples

Partners	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
USA	126	6.21	1.08	–0.05	–0.31	0.76
UK	53	6.26	0.67			

As indicated in Table 109, there were no significant differences in the level of relationship effectiveness across the two clusters.

Table 109: Relationship effectiveness – Brand Builders vs Traders clusters

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	*n*	Mean	*n*	Sig.
Brand Builders	119	6.20	1.04	–0.07	–0.45	0.66
Traders	60	6.27	0.86			

Willingness to sell wine to overseas partners

Table 110 lists the 4 items used to measure the willingness of the respondents to sell their wines to their overseas partners. In the total sample (*n* = 179), the mean value for willingness to sell is very high at 6.24 (out of 7.0), with a standard deviation (SD) of 0.98.

Table 110: Measuring willingness to sell wine to overseas partner – Cronbach α = 0.97; CR = 0.97; AVE = 0.88

Item	Loading
Continue to sell wine to this partner	0.964
Consider them one of our preferred partner	0.888
Continue the business relationship with them	0.968
Do more business with them	0.922

Fit indices

χ^2	df	*p*-value	χ^2 / df	TLI	CFI	RMSEA	SRMR
0.458	2	0.795	0.229	1.005	1.000	0.000	0.002

At a country level, the data suggested that Australian IAWPs have the same level of willingness to sell their wines to USA and UK partners (Table 50).

Table 111: Willingness to sell wines to overseas partners – USA vs UK samples

Partners	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
USA	126	6.20	1.08	–0.13	–0.78	0.44
UK	53	6.32	0.68			

As indicated in Table 112, there were no significant differences in willingness to sell wines between Brand Builders and Traders.

Table 112: Willingness to sell wines to overseas partners – Brand Builders vs Traders clusters

Respondents	Descriptive statistics			Compare means (2 samples) 95% confidence		
	n	Mean	Std deviation	Mean diff.	*t*-value	Sig.
Brand Builders	119	6.23	1.02	–0.01	–0.08	0.94
Traders	60	6.25	0.93			

Drivers of willingness to sell wine to overseas partners

In determining the factors driving the desire of an IAWP to continue selling their wines to their overseas partner (importer or distributor), we have taken into account the reputation of the partner, the brand story of the partner, the perceived attractiveness of the IAWP's own wine labels, the perceived quality of the IAWP's own wines, and the current payment terms. Table 113 provides a summary of the research findings, and Table 114 lists the detailed statistical results for the total sample, those who have selected USA or UK partners, and the Brand Builders and Traders segments.

Table 113: Willingness to continue selling wines to the overseas partner – Antecedents

Drivers	Total sample	USA	UK	Brand Builders	Traders
Controls					
Relationship length	–	Yes	–	Yes	–
per cent wine stock sold to the partner	–	–	Yes	–	Yes
Direct effects					
Reputation of partner	Yes	–	–	–	–
Brand story of partner	–	–	–	–	Yes
Attractiveness of IAWP label	Yes	–	–	–	–
Quality of wines from IAWP	Yes	Yes	Yes	Yes	Yes
Current payment terms	–	–	Yes	–	–

Yes = significant impact

Table 114: Regression results for drivers of willingness to continue selling wines from IAWP to overseas partners

Variables	Total sample	USA	UK	Brand Builders	Traders
Dependent variable	**Willingness to sell wines from Australian IAWP**				
	β	**β**	**β**	**β**	**β**
Controls					
Years dealing with partner	0.10	**0.14****	0.11	**0.15****	–0.07
per cent of wine stock sold to partner	0.10	–0.01	**0.30****	0.07	**0.25*****
Independent variables					
Reputation of partner	**0.16*****	0.11	0.18	0.16	0.21
Brand story of partner	–0.08	–0.01	–0.06	–0.02	**–0.30*****
Own label attractiveness	**0.13****	0.10	0.23	0.14	0.15
Own wine quality	**0.58*****	**0.62*****	**0.43****	**0.54*****	**0.70*****
Current payment terms	–0.00	0.05	**–0.24****	0.04	–0.08
Model summary					
R^2	**0.57**	**0.62**	**0.52**	**0.59**	**0.61**

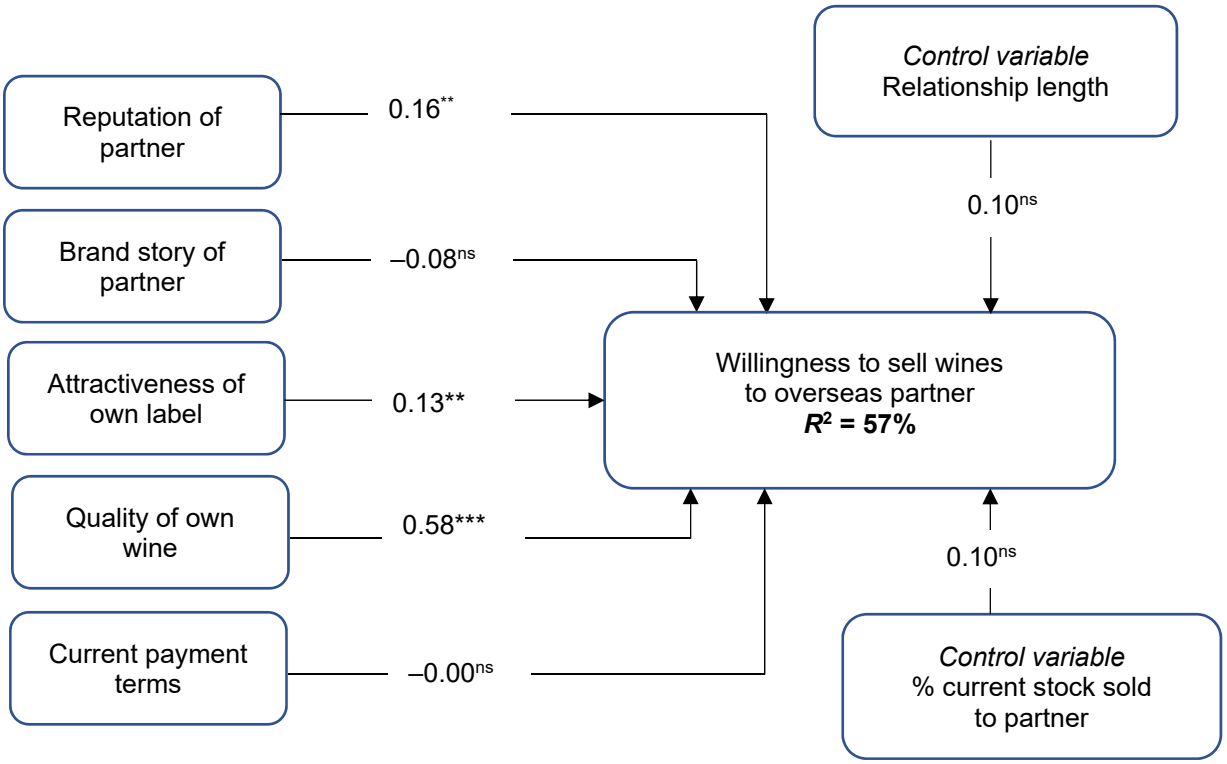
** p < 0.05, ** p < 0.01, *** p < 0.001*

Not surprisingly, for Traders the amount of wine sold to a distributor influences the likelihood of their being willing to sell them wine; this group is more transaction-oriented. The brand story can have a negative effect, but the confidence they have in their own wine quality is paramount. For the Brand Builders, it is more about how long the relationship has been going and their faith in their product.

Drivers of willingness to sell wines from IAWP: Total sample

Altogether the variables explain 57 per cent of the variance in the IAWP's willingness to continue selling wines to the overseas partner (Figure 25).

Figure 25: Factors driving willingness of IAWP to continue selling wines – Total sample



**** p < 0.01; ** p < 0.05; ns = non-significant*

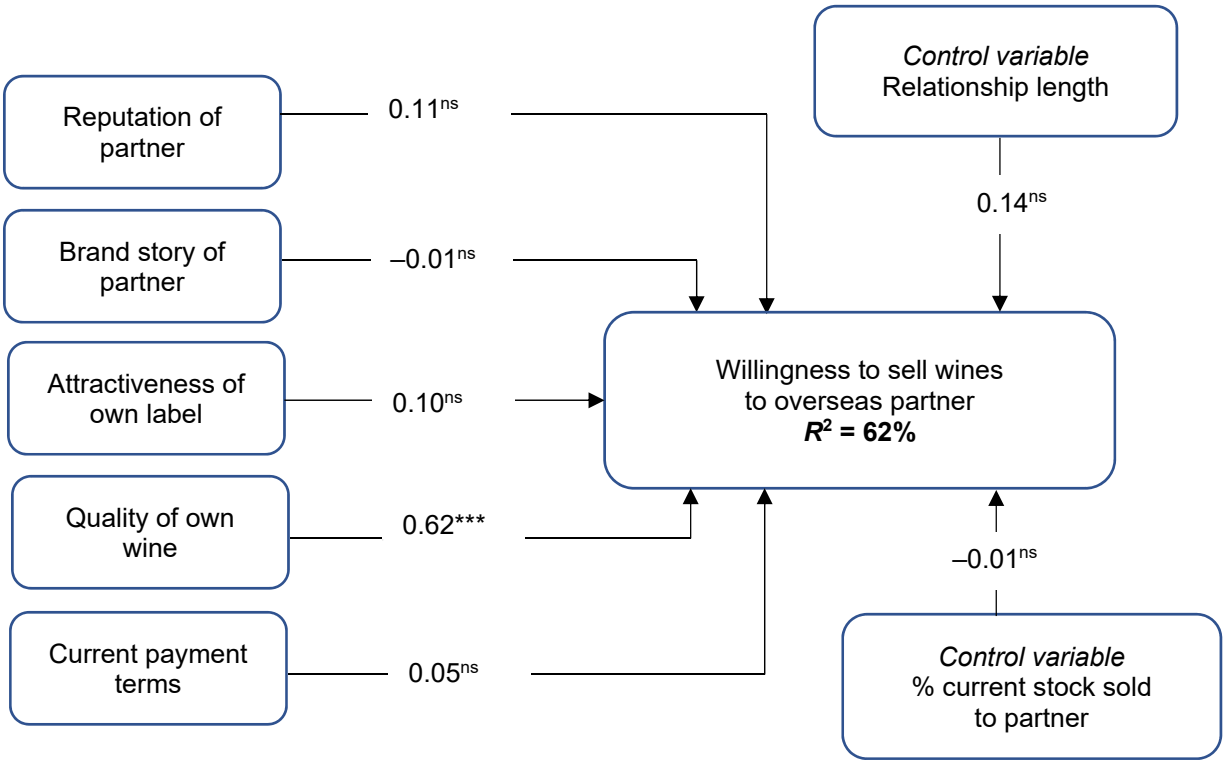
Summary of findings:

- Reputation of partner does not influence IAWP's willingness to sell.
- Brand story of partner does not influence IAWP's willingness to sell.
- Attractiveness of own wine label has a positive influence on IAWP's willingness to sell.
- Perceived quality of wines from IAWP has a positive (and largest) influence on their own willingness to sell.
- Current payment terms with partner does not IAWP's influence willingness to sell.

Drivers of willingness to sell wines from IAWP: USA partners only

Altogether the variables explain 62 per cent of the variance in the IAWP's willingness to continue selling wines to the overseas partner in the USA (Figure 8).

Figure 26 Factors driving willingness of IAWP to continue selling wines – USA partners only



*** p < 0.01; ** p < 0.05; ns = non-significant*

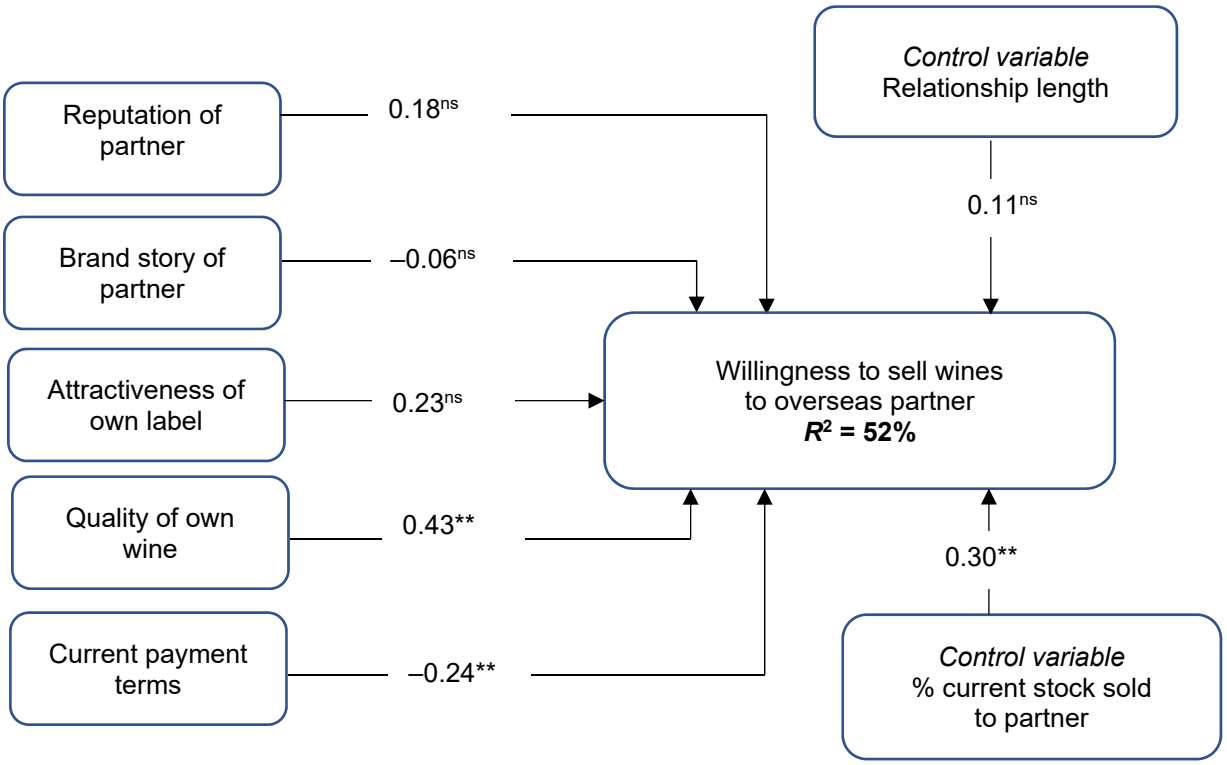
Summary of findings:

- Reputation of USA partner does not influence IAWP's willingness to sell.
- Brand story of USA partner does not influence IAWP's willingness to sell.
- Attractiveness of own wine label does not influence IAWP's willingness to sell to USA partners.
- Perceived quality of wines from IAWP has a positive (and the largest) influence on their own willingness to sell to USA partner.
- Current payment terms with partner does not influence IAWP's willingness to sell.

Drivers of willingness to sell wines from IAWP: UK partners only

Altogether the variables explain 52 per cent of the variance in the IAWP's willingness to continue selling wines to the overseas partner in the UK (Figure 9).

Figure 27 Factors driving willingness of IAWP to continue selling wines – UK partners only



**** p< .01; ** p< .05; ns = non-significant*

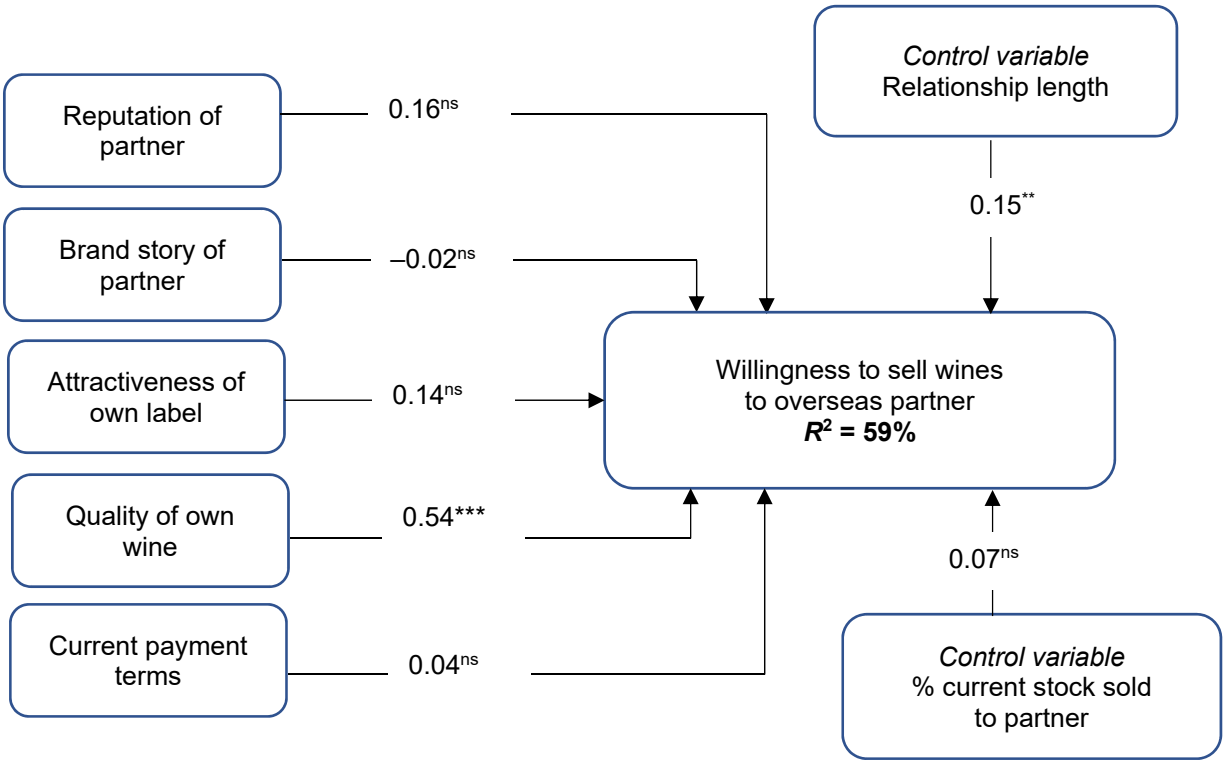
Summary of findings:

- Reputation of UK partner does not influence IAWP's willingness to sell.
- Brand story of UK partner does not influence IAWP's willingness to sell.
- Attractiveness of own wine label does not influence IAWP's willingness to sell to UK partners.
- Perceived quality of wines from IAWP has a positive (and the largest) influence on their own willingness to sell to UK partner.
- Current payment terms with partner has a negative impact on the IAWP's willingness to sell.

Drivers of willingness to sell wines from IAWP: Brand Builders cluster

Altogether the variables explain 59 per cent of the variance in the IAWP's willingness to continue selling wines to the overseas partner who is in the Brand Builders cluster (Figure 10).

Figure 28 Factors driving willingness of IAWP to continue selling wines – Brand Builders cluster



**** p < 0.01; ** p < 0.05; ns = non-significant*

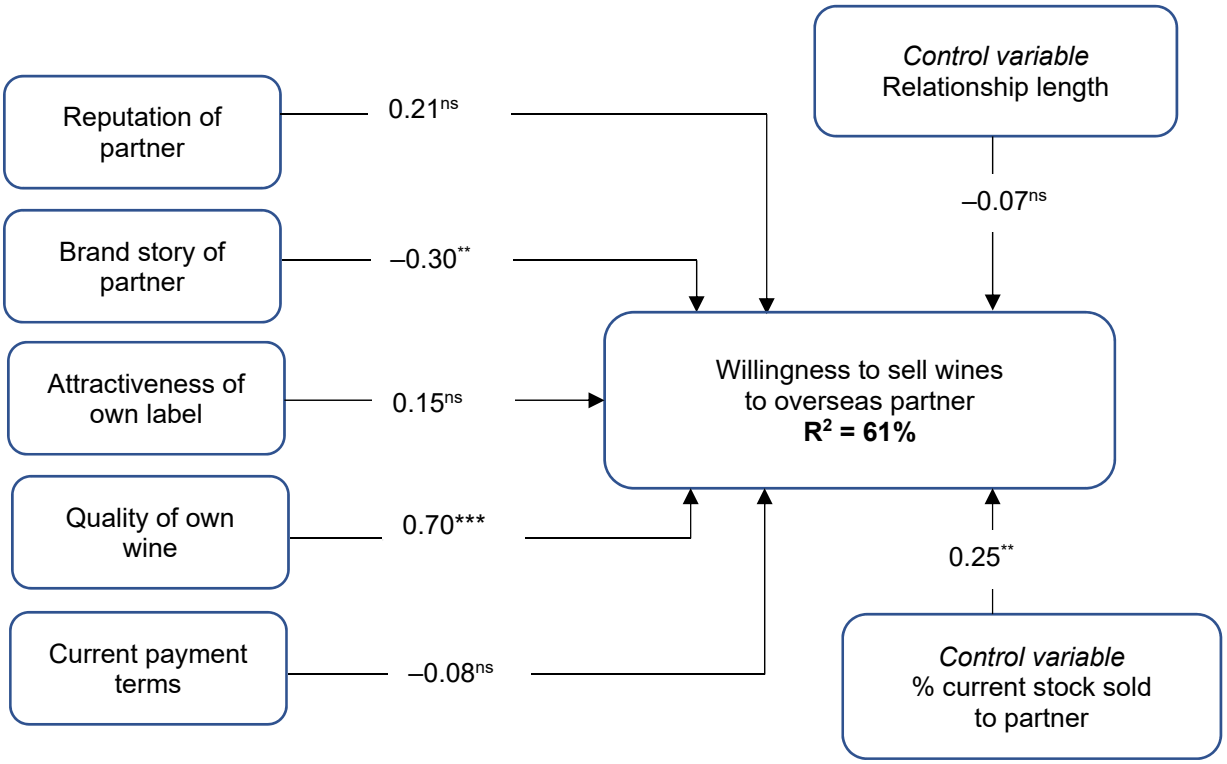
Summary of findings:

- Reputation of Brand Builders partner does not influence IAWP's willingness to sell.
- Brand story of Brand Builders partner does not influence IAWP's willingness to sell.
- Attractiveness of own wine label does not influence IAWP's willingness to sell to Brand Builders.
- Perceived quality of wines from IAWP has a positive (and the largest) influence on their own willingness to sell to Brand Builders.
- Current payment terms with partner does not IAWP's willingness to sell.

Drivers of willingness to sell wines from IAWP: Traders cluster

Altogether the variables explain 61 per cent of the variance in the IAWP's willingness to continue selling wines to the overseas partner who is in the Traders cluster (Figure 11).

Figure 29 Factors driving willingness of IAWP to continue selling wines – Traders cluster



**** p < 0.01; ** p < 0.05; ns = non-significant*

Summary of findings:

- Reputation of partner does not influence IAWP's willingness to sell.
- Brand story of partner has a significant and negative influence on IAWP's willingness to sell.
- Attractiveness of own wine label does not influence IAWP's willingness to sell.
- Perceived quality of wines from IAWP has a positive (and the largest) influence on their own willingness to sell.
- Current payment terms with partner does not IAWP's willingness to sell.

Drivers of satisfaction with the operational performance of the relationship and relationship effectiveness

In determining the factors driving the satisfaction of IAWPs with the operational performance and effectiveness of their relationships with their overseas partners (importers, distributors, retailers), we have taken into account relationship flexibility, collective interest, relationship trust, distrust in the partner, cultural congruence, social capital, and preferred distributor status of the partner.

Factors driving satisfaction with relationship dimensions: Total sample

While the variables having a significant influence on the relationship dimensions are highlighted as 'Yes' in Table 115, the statistical results are presented in Table 116.

Table 115: Listing of significant drivers of relationship dimensions – Total sample

Variables	Social capital	Preferred distrib. status	Satisfaction with rel. perf.	Relationship effectiveness
Relationship length		–	–	–
Per cent wine stock sold to partner	–	Yes	Yes	–
Relationship flexibility	Yes	Yes	Yes	–
Collective interest	Yes	–	–	–
Trust	Yes	Yes	Yes	Yes
Distrust	–	Yes	–	Yes
Cultural congruence	Yes	–	–	–
Social capital	–	–	Yes	–
Preferred distributor	–	–	–	Yes

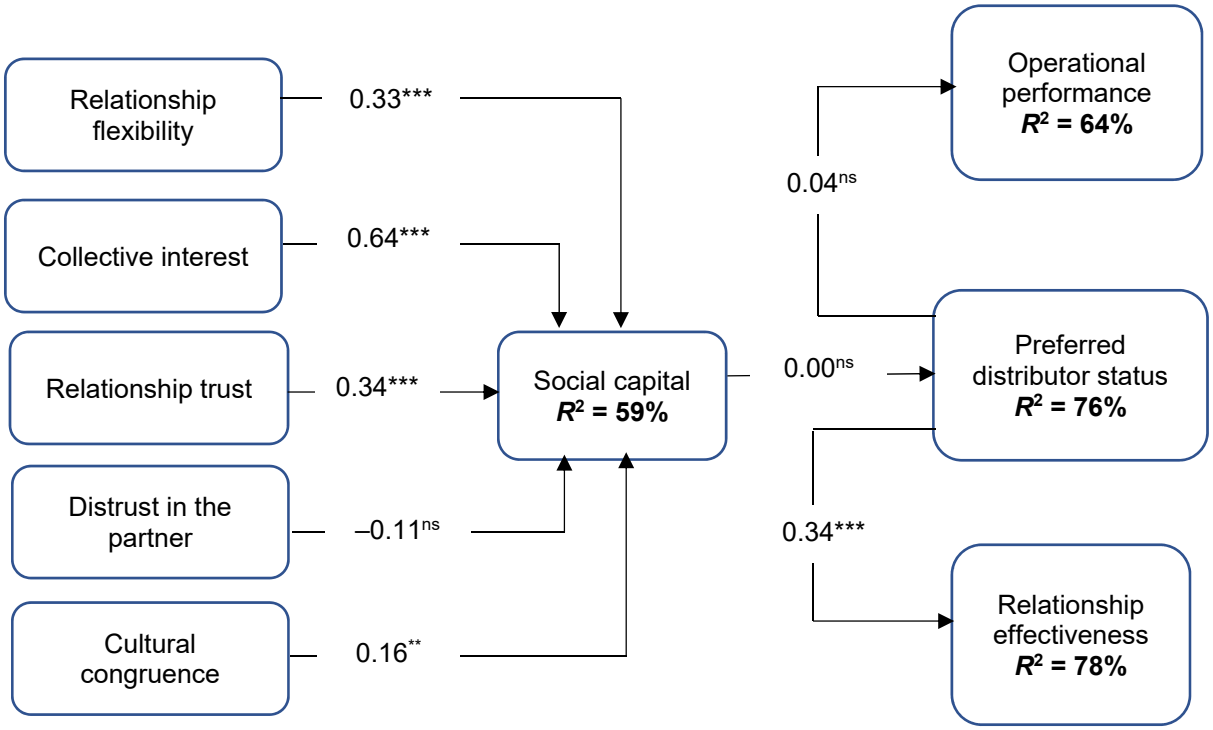
Table 116: Statistical results on the drivers of relationship dimensions – Total sample

Variables	Full sample (n = 179)			
	Social capital	Preferred distributor	Operational performance	Relationship effectiveness
	β	β	β	β
Controls				
Relationship length	0.04	0.02	–0.07	0.03
per cent wine stock sold	–0.02	0.11*	0.14*	–0.02
Independent variables				
Relation flexibility	0.33***	0.29***	0.27**	0.13
Collective interest	0.64***	0.02	–0.07	–0.04
Trust	0.34***	0.44***	0.25*	0.34***
Distrust	–0.11	–0.22***	–0.10	–0.16**
Cultural congruence	0.16**	0.02	0.03	–0.01
Mediator variables				
Social capital	–	0.00	0.70***	0.05
Preferred distributor	–	–	0.04	0.34***
Model summary				
R^2	**0.59**	**0.76**	**0.64**	**0.78**

** p < 0.05, ** p < 0.01, *** p < 0.001*

Figure 30 below depicts the direct relationships among the variables in the empirical model for the total sample of IAWPs.

Figure 30 Antecedents of satisfaction with operational performance and relationship effectiveness – Total sample



** p < 0.05, ** p < 0.01, *** p < 0.001; ns = non-significant; control variables not illustrated; only direct relationships shown*

Summary of findings:

- Social capital is significantly influenced by relationship flexibility, collective interest, relationship trust and cultural congruence.
- There is no relationship between social capital and preferred distributor status of the partner.
- Preferred distributor status of the partner does not influence operational performance of the relationship.
- Preferred distributor status of the partner positively influences relationship effectiveness.
- Altogether the model explains 59 per cent of the variance in social capital, 76 per cent of the variance in preferred distributor status of the partner, 64 per cent of the variance in the operational performance of the relationship between IAWP and their partner, and 78 per cent of the relationship effectiveness.

Factors driving satisfaction with relationship dimensions: USA partners

While the variables having a significant influence on the relationship dimensions are highlighted as 'Yes' in Table 117, the statistical results are presented in Table 118.

Table 117: Listing of significant drivers of relationship dimensions – USA partners

Variables	**Social capital**	**Preferred distrib. status**	**Satisfaction with rel. perf.**	**Relationship effectiveness**
Relationship length	–	–	–	–
per cent wine stock sold to partner	–	–	–	–
Relation flexibility	Yes	Yes	–	Yes
Collective interest	Yes	–	–	–
Trust	Yes	Yes	Yes	Yes
Distrust	–	Yes	–	–
Cultural congruence	Yes	–	Yes	–
Social capital	–	–	Yes	–
Preferred distributor	–	–	–	Yes

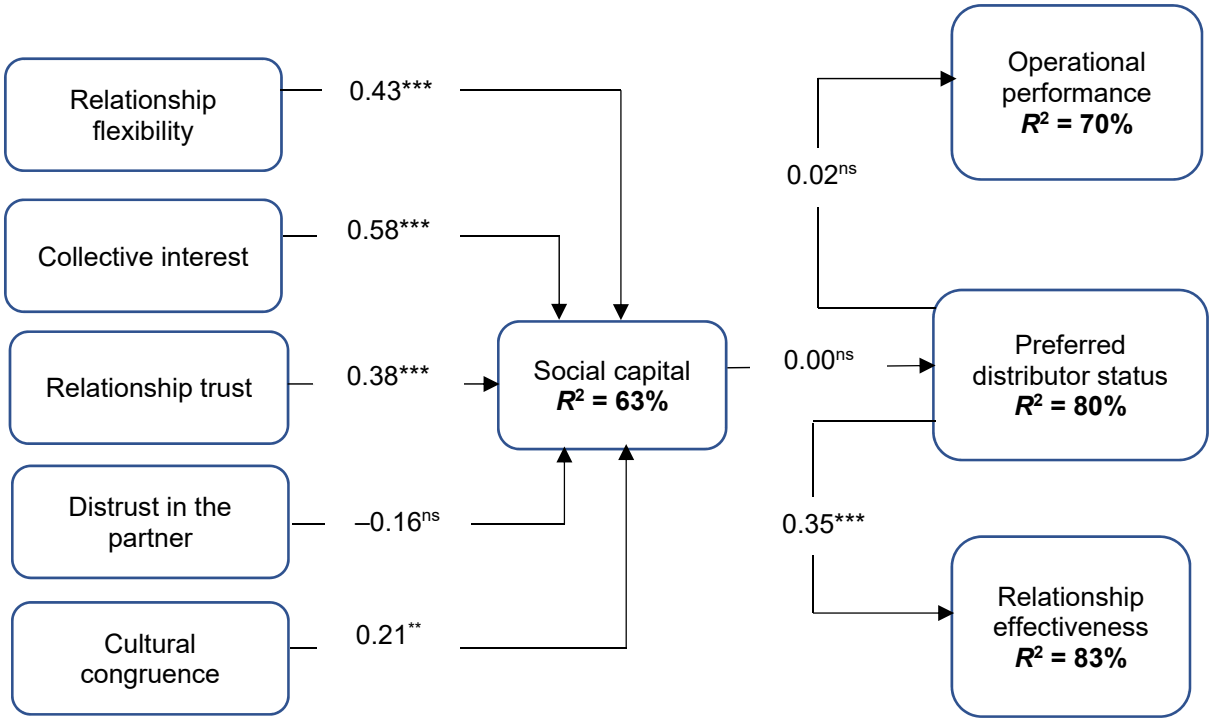
Table 118: Statistical results on the drivers of relationship dimensions – USA partners

Variables	**USA partnerships only (n = 126)**			
	Social capital	**Preferred distributor**	**Operational performance**	**Relationship effectiveness**
	β	**β**	**β**	**β**
Controls				
Relationship length	–0.03	0.03	–0.01	0.06
per cent wine stock sold	0.05	0.09	**0.03***	–0.07
Independent variables				
Relation flexibility	**0.43*****	**0.25****	0.15	**0.19***
Collective interest	**0.58*****	0.10	–0.14	–0.07
Trust	**0.38*****	**0.41*****	**–0.29***	**0.32*****
Distrust	–0.16	**–0.24*****	**–0.07**	–0.11
Cultural congruence	**0.21****	–0.02	**0.13***	0.02
Mediator variables				
Social capital		0.00	**0.76*****	0.01
Preferred distributor	**–**	**–**	0.02	**0.35*****
Model summary				
R^2	0.63	0.80	0.70	0.83

** p < 0.05, ** p < 0.01, *** p < 0.001*

Figure 31 depicts the direct relationships among the variables in the empirical model for relationships between IAWPs and their USA partners only.

Figure 31 Antecedents of satisfaction with operational performance and relationship effectiveness – USA partners only



**p<0.05, **p<0.01, ***p<0.001; ns = non-significant; control variables not illustrated; only direct relationships shown*

Summary of findings:

- Social capital is significantly influenced by relationship flexibility, collective interest, relationship trust, distrust and cultural congruence.
- There is no relationship between social capital and preferred distributor status of the USA partner.
- Preferred distributor status of the USA partner does not influence operational performance of the relationship.
- Preferred distributor status of the USA partner positively influences relationship effectiveness.
- Altogether the model explains 63 per cent of the variance in social capital, 80 per cent of the variance in preferred distributor status of the USA partner, 70 per cent of the variance in the operational performance of the relationship between IAWP and their USA partner, and 83 per cent of the relationship effectiveness.

Factors driving satisfaction with relationship dimensions: UK partners

While the variables having a significant influence on the relationship dimensions are highlighted as 'Yes' in Table 119, the statistical results are presented in Table 120.

Table 119: Listing of significant drivers of relationship dimensions – UK partners

Variables	Social capital	Preferred distrib. status	Satisfaction with rel. perf.	Relationship effectiveness
Relationship length	–	–	–	–
per cent wine stock sold to partner	–	–	Yes	–
Relation flexibility	–	Yes	Yes	–
Collective interest	Yes	–	–	–
Trust	–	Yes	Yes	Yes
Distrust	–	–	–	Yes
Cultural congruence	–	–	–	–
Social capital	–	–	Yes	–
Preferred distributor	–	–	–	Yes

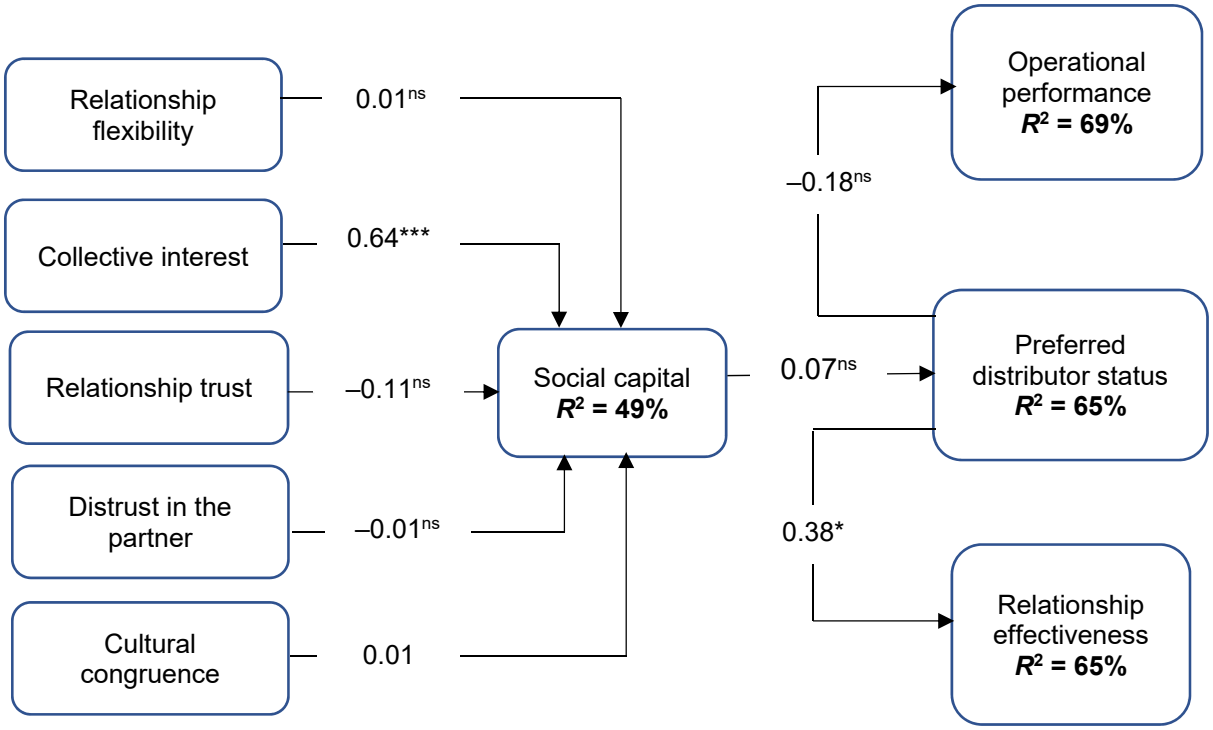
Table 120: Statistical results on the drivers of relationship dimensions – UK partners

Variables	UK partnerships only (n = 53)			
	Social capital	Preferred distributor	Operational performance	Relationship effectiveness
	β	β	β	β
Controls				
Relationship length	0.22	–0.02	–0.19	0.07
per cent wine stock sold	0.18	0.18	**0.38*** **	–0.02
Independent variables				
Relationship flexibility	0.01	**0.65*** **	**0.43***	0.28
Collective interest	**0.64****	–0.27	–0.02	–0.25
Trust	–0.11	**0.47****	**–0.08***	**0.38***
Distrust	–0.01	0.07	–0.19	–0.29*
Cultural congruence	0.01	0.07	–0.05*	–0.09
Mediator variables				
Social capital	–	0.07	**0.66*** **	–0.17
Preferred distributor	–	–	–0.18	**0.38***
Model summary				
R^2	0.49	0.65	0.69	0.65

** p < 0.05, ** p < 0.01, *** p < 0.001*

Figure 32 depicts the direct relationships among the variables in the empirical model for relationships between IAWPs and their UK partners only.

Figure 32 Antecedents of satisfaction with operational performance and relationship effectiveness – UK partners only



**p<0.05, **p<0.01, ***p<0.001; ns = non-significant; control variables not illustrated; only direct relationships shown*

Summary of findings:

- Social capital is significantly influenced by collective interest
- There is no relationship between social capital and preferred distributor status of the USA partner
- Preferred distributor status of the UK partner does not influence operational performance of the relationship
- Preferred distributor status of the UK partner positively influences relationship effectiveness
- Altogether the model explains 49 per cent of the variance in social capital, 65 per cent of the variance in preferred distributor status of the UK partner, 69 per cent of the variance in the operational performance of the relationship between IAWP and their UK partner, and 65 per cent of the relationship effectiveness.

Factors driving satisfaction with relationship dimensions: Brand Builders cluster

While the variables having a significant influence on the relationship dimensions are highlighted as 'Yes' in Table 121, the statistical results are presented in Table 122.

Table 121: Listing of significant drivers of relationship dimensions – Brand Builders cluster

Variables	Social capital	Preferred distrib. status	Satisfaction with rel. perf.	Relationship effectiveness
Relationship length	–	–	–	–
per cent wine stock sold to partner	–	Yes	Yes	–
Relation flexibility	Yes	Yes	–	–
Collective interest	Yes	–	–	–
Trust	Yes	Yes	–	Yes
Distrust	–	Yes	–	–
Cultural congruence	Yes	–	–	–
Social capital	–	–	Yes	–
Preferred distributor	–	–	–	Yes

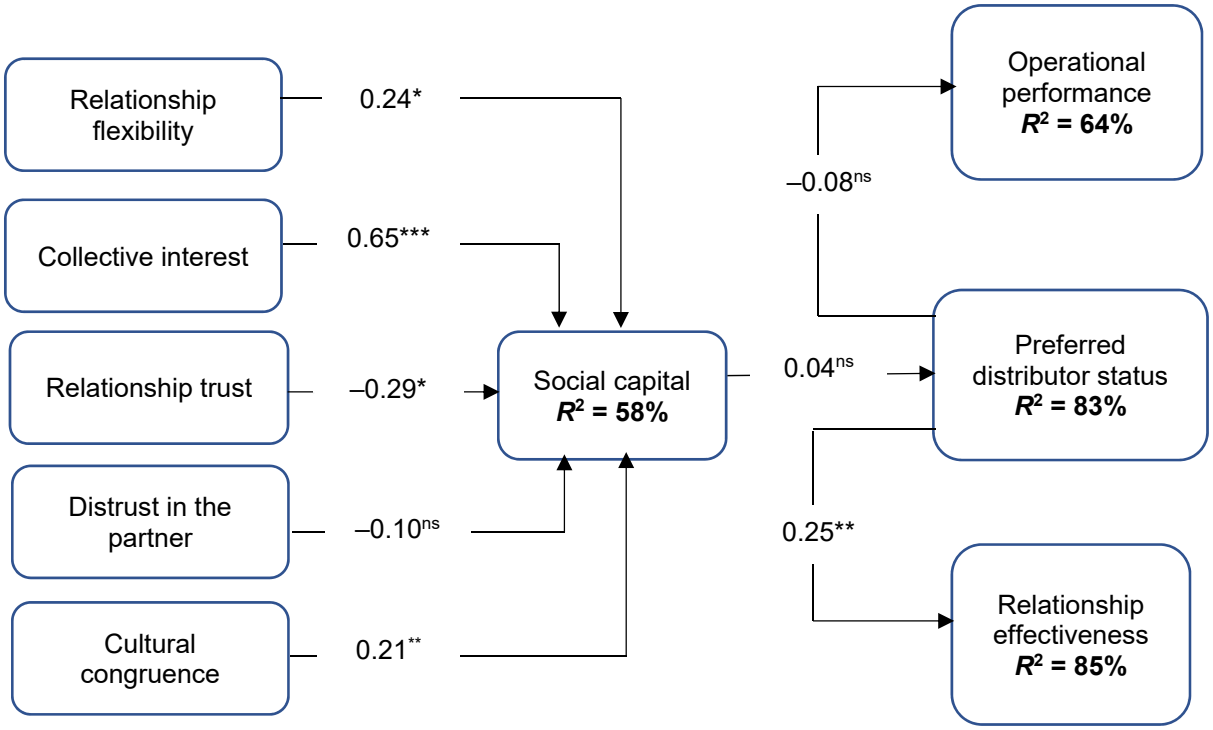
Table 122: Statistical results on the drivers of relationship dimensions – Brand Builders cluster

Variables	Brand Builders cluster (n = 119)			
	Social capital	Preferred distributor	Operational performance	Relationship effectiveness
	β	β	β	β
Controls				
Relationship length	0.04	0.00	–0.09	–0.01
per cent wine stock sold	–0.12	**0.11***	**0.17***	–0.05
Independent variables				
Relationship flexibility	**0.24***	**0.28*****	0.23	0.06
Collective interest	**0.65*****	0.00	0.00	0.03
Trust	–0.29	**0.58*****	–0.13	**0.52*****
Distrust	–0.10	–0.10	–0.**05**	–0.10
Cultural congruence	**0.21****	0.01	–0.06	0.03
Mediator variables				
Social capital	–	0.04	**0.75*****	0.06
Preferred distributor	**–**	**–**	–0.08	**0.25****
Model summary				
R^2	0.58	0.83	0.64	0.85

** p < 0.05, ** p < 0.01, *** p < 0.001*

Figure 33 depicts the direct relationships among the variables in the empirical model for the Brand Builders cluster only.

Figure 33 Antecedents of satisfaction with operational performance and relationship effectiveness – Brand Builders cluster



**p<0.05, **p<0.01, ***p<0.001; ns = non-significant; control variables not illustrated; only direct relationships shown*

Summary of findings:

- Social capital is significantly influenced by relationship flexibility, collective interest, relationship trust and cultural congruence.
- There is no relationship between social capital and preferred distributor status of the partner.
- Preferred distributor status of the Brand Builders partner does not influence operational performance of the relationship.
- Preferred distributor status of the Brand Builders partner positively influences relationship effectiveness.
- Altogether the model explains 58 per cent of the variance in social capital, 83 per cent of the variance in preferred distributor status of the Brand Builders partner, 64 per cent of the variance in the operational performance of the relationship between IAWP and their Brand Builders partner, and 85 per cent of the relationship effectiveness.

Factors driving satisfaction with relationship dimensions: Traders cluster

While the variables having a significant influence on the relationship dimensions are highlighted as 'Yes' in Table 123, the statistical results are presented in Table 124.

Table 123: Listing of significant drivers of relationship dimensions – Traders cluster

Variables	Social capital	Preferred distrib. status	Satisfaction with rel. perf.	Relationship effectiveness
Relationship length		–	–	–
per cent wine stock sold to partner	Yes	Yes	–	–
Relation flexibility	Yes	Yes	–	Yes
Collective interest	Yes	–	–	–
Trust	Yes	–	Yes	–
Distrust	–	Yes	Yes	Yes
Cultural congruence	–	–	Yes	–
Social capital	–	–	Yes	–
Preferred distributor	–	–	–	–

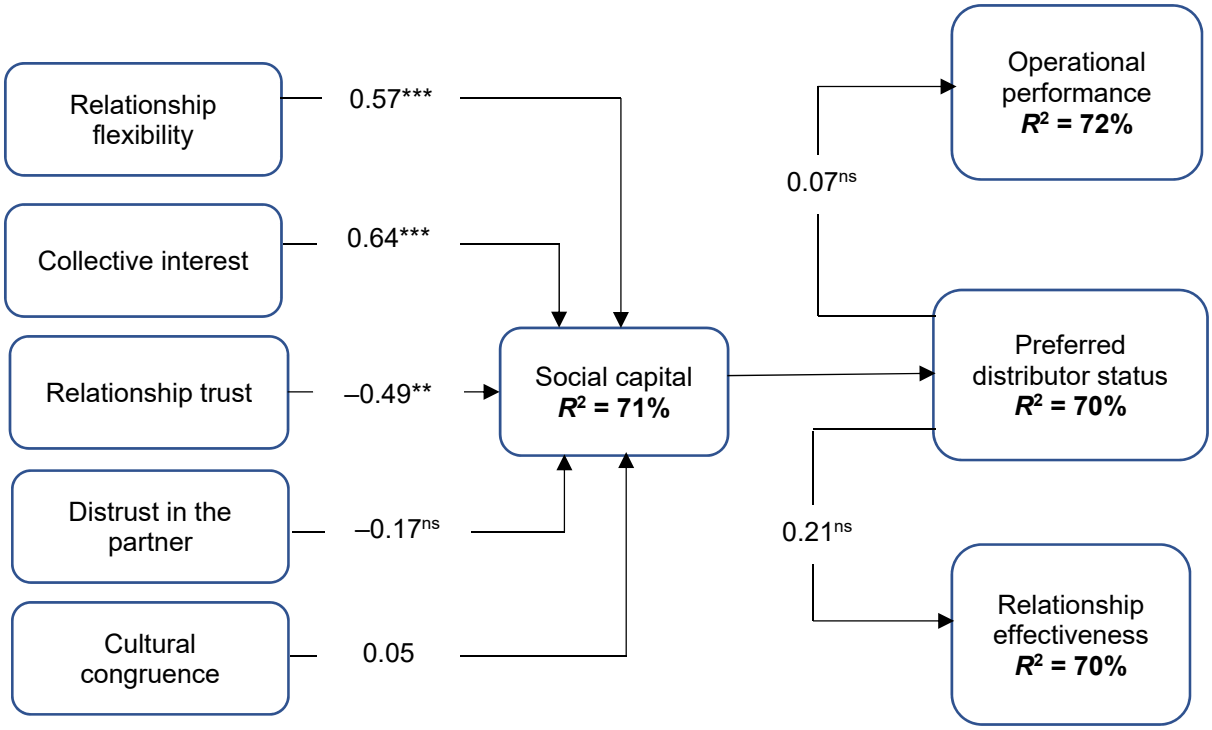
Table 124: Statistical results on the drivers of relationship dimensions – Traders cluster

Variables	Traders cluster (n = 60)			
	Social capital	Preferred distributor	Operational performance	Relationship effectiveness
	β	β	β	β
Controls				
Relationship length	–0.02	0.03	0.04	0.10
per cent wine stock sold	**0.19***	**0.21***	0.07	0.17
Independent variables				
Relationship flexibility	**0.57*****	**0.46*****	0.27	**0.51****
Collective interest	**0.64*****	0.10	–0.16	0.05
Trust	**–0.49****	–0.04	–0.41*	–0.17
Distrust	–0.17	**–0.59*****	**–0**.31*	**–0.44****
Cultural congruence	0.05	–0.05	**0.24****	–0.08
Mediator variables				
Social capital	–	–0.16	**0.69*****	–0.19
Preferred distributor	–	–	0.07	0.21
Model summary				
R^2	0.71	0.70	0.72	0.70

** p < 0.05, ** p < 0.01, *** p < 0.001*

Figure 34 depicts the direct relationships among the variables in the empirical model for the Traders cluster only.

Figure 34 Antecedents of satisfaction with operational performance and relationship effectiveness – Traders cluster



**p<0.05, **p<0.01, ***p<0.001; ns = non-significant; control variables not illustrated; only direct relationships shown*

Summary of findings:

- Social capital is significantly influenced by relationship flexibility, collective interest, and relationship trust
- There is no relationship between social capital and –0.16ns preferred distributor status of the partner
- Preferred distributor status of the partner does not influence operational performance of the relationship
- Preferred distributor status of the partner does not influence relationship effectiveness
- Altogether the model explains 71 per cent of the variance in social capital, 70 per cent of the variance in preferred distributor status of the partner, 72 per cent of the variance in the operational performance of the relationship between IAWP and their Traders partner, and 70 per cent of the relationship effectiveness.

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Appendix 1 - Study 1a: Full Report – USA In-depth Interviews (San Francisco, Dallas, New York)

Introduction

What follows is a summary, with many examples of verbatim comments, from 18 in-depth interviews held with a range of wine retailers and importers in the USA (San Francisco, Dallas and New York City areas). Respondents included sommeliers, specialist retailers, importers and wholesalers. As with the data collection in the UK, interviewees were carefully selected to make sure that they were the decision makers involved in choosing which wines to import and stock for their respective companies. This summary report covers wine sourcing, selection criteria and overall preferences for countries of origin, bottle presentation, closure types, wine styles, producers and distributors. Attributes considered important to generating repeat sales and establishing and maintaining good business relationships were also explored. The most important aim of this report was to inform the discrete choice quantitative experiment and attitude generation used in the structural equation modelling aspect of the quantitative studies.

Unlike in the UK, where the attributes identified in the data were quite consistent, in the USA there were distinct differences in attitudes between the three major city locations for this exploratory research. In general, in San Francisco, relationships and 'meeting the winemaker' were considered critical or at least very important. In Dallas too, personal visits from producers were also considered very important, particularly in terms of advice regarding food matching, cellaring, and gathering information regarding vineyard practices and brand history. Conversely, in New York, personal visits were seen as less critical, and although these were still welcome for the most part, it was also hinted that they were sometimes a 'time waster' when there were so many other things going on in a busy day. For these respondents, they seemed to prefer to visit overseas locations themselves and work to their own agendas and timetables.

In San Francisco, on the doorstep of their country's premier wine-producing regions, there was more emphasis on California producers (and to a lesser degree, those from Oregon/Washington). This involved high levels of familiarity and long-held personal relationships, and more site visits and regular contact. Indeed, most interviewees had started their careers in wine working in the vineyards and wineries there. In Dallas, the close affinity with California producers was far less pronounced and it seemed there was a stronger reliance on old-world wines (particularly from France and Italy) and there seemed to be more open-mindedness about Australian wine, although 'more in their thoughts than in their deeds'. Also, in Dallas there is a constrained environment in terms of distribution channel member options. It was described by one interviewee as a 'shake out' that had reduced options for importing and distribution to a handful of players. In fact, it was suggested by one retailer that Australians get their wine onto USA soil via California or another state and then get the distributor or retailer to ship across to Dallas. In New York, the plethora of

importers/distributors/brokers was described as a ‘traffic jam’ by one importer, where it would be hard to find your best business partner, or to even get their attention. Here too, there was ‘more distance’ in a psychic sense between the producer and the retailers, unless the retailer was a strong supporter of your country/region and made regular visits there. Hence, producers entering the USA need to consider each state or region as its own ‘country’ with its own set of legalities to negotiate and its own set of informal rules regarding who does what. Thus, there is a wide divergence in terms of the B2B environment; however, in spite of these differences, some commonalities were also found.

Data indicates the following as cited major factors influencing the strength of business relationships between producers/importers/retailers and buying ‘triggers’ with respect to initial decisions to take on a new wine brand or producer. In terms of making the first sale, one thing that is a ‘given’ is that the wine is excellent and, even more importantly, that there is an opening in their existing portfolio for something new – this is consistent with data from the UK. It really doesn’t matter if the wine is ‘great’ – if it means they have to drop an existing brand from their inventory, unless there is one performing very badly, they are unlikely to make the switch. However, if they are open to change or additions, then the following points apply:

- In most cases, retailers source new wines through wine tastings held by distributors/importers in partnership with producers. Importers source their wines by travelling to wine producing countries/regions of interest to them where they meet producers and do extensive wine tasting – often as ‘mystery’ shoppers. Importers also select new wines by meeting with producers through local events in their local market. Hence, there are opportunities for events to draw participation, but they will have to be something ‘special’ as there are ‘never-ending choices of wine tasting events’. It was mentioned several times by importers and retailers that they receive ‘lots of invitations each week – if I wanted to I could do nothing but taste wine. I don’t have time for that’.
- An engaging and authentic brand story is vital. Both importers/distributors and retailers emphasise the importance of having a unique brand story that communicates the history of a place and the experience, uniqueness of the winemaker, vineyard or their approach to wine making. Brand stories build connections and them help sell the wine to their customers. Information regarding vineyard practices was mentioned, in particular, several times. The ‘story’ has to be something more and different from a typical family history in wine, especially since in Australia our history only goes back a couple of hundred years, as opposed to that of producers in Europe and even some in South America.
- Rapport between importer and producer is crucial – along with profitability. It is a highly competitive market, where – as in Australia – locals support their own industry and wines. Those in the trade in the USA want to deal with people they like, and can build long-term

relationships with based on trust and equity. As in the UK, there also needs to be what was termed ‘realistic’ expectations in terms of order sizes and pricing.

- In relation to fine wine offers, most of those interviewed are attracted to high-quality wines that have limited production and/or distribution. This fits well with the point made earlier that they don’t want to stock wines that can be found ‘anywhere’. This presents an opportunity for our niche producers, but the question will be one of profitability on both sides.
- Packaging and label are very important. A bottle of wine should have a quality appearance and convey the story well. This is especially it is critical for millennials, who are driven by information.
- A top-quality website is a very significant factor for importers and retailers. Everyone interviewed said that they browse through websites before meeting producers or tasting wines. In terms of the website, several interviewees also said they wanted to be able to access ‘technical’ information about the wines and how they were produced, through a sort of ‘back room’ page or pages that wouldn’t be of interest to consumers but would be to them. Consumers also shop for wine with their smartphones in their hands, so for wines produced in Australia – a place of which awareness and understanding are low in the USA, except for stereotypical beliefs and those established by value brands such as Yellow Tail – being able to convey the essence of the brand and the differentiation of the brand in every virtual space is critical.
- Organic and biodynamic wines are on trend, especially in California and New York. Interviewees indicated that their customers are willing to pay extra money for these when the quality is there. Producers need to communicate clearly when they are producing wines using ‘sustainable’ (a dubious term), organic or biodynamic practices. Vineyard practices are of interest.
- In terms of relationship satisfaction levels between distributors and retailers, these seem to vary between the states. Data indicates that the market has been consolidating in recent years. This seems to negatively affect the level of service people are getting in various tiers of distribution channels.
- Importers and retailers think it is a good idea to meet producers in person. Having said that, there was variance, with Californian respondents indicating it was very important and those from New York being less convinced. However, all agree that regular communication and product updates are crucial.
- Wine tastings and staff training with producers are deemed beneficial to assist them to sell wine to their clients and also to establish a personal connection, not only with sales reps, but also with their consumers. Many said they used visits to hold ‘VIP’ tastings with their customers.

- French and South American producers were deemed to be ‘doing a good job in promoting their wine in the USA’, both in terms of establishing relationships and being good business partners.
- In general, due to the distance, Australian producers are not expected to travel more than once a year. But, they would certainly be welcome more than that especially in San Francisco and Dallas. It may be a way to differentiate from competitors, if the travel can be done.
- Wine tourism is a strong motivator for consumers in the minds of all retailers interviewed. Highly involved, premium wine buyers do seem to be traveling more and coming back and asking for wines from the regions they visit.
- Those in the USA trade appear to have ‘mixed’ feelings about Australian wines. On one hand, they have a history of being highly ‘value-oriented’ due to prominent and established international Australian brands such as Jacobs Creek and Yellow Tail. There was also still some mention of the ‘old days’ in the early 1990s when many were ‘stuck’ with big stocks of Shiraz they couldn’t get rid of. Indeed, when looking through some retail shelves in New York and San Francisco, bottles from over 10 years ago could still be seen and retailers complained about them. There was also some belief that Australian reds, in particular, were ‘heavy’, ‘fruit-forward’, ‘simple’, too high in alcohol, etc. On the other hand, there was also feedback that they are seeing independent, authentic, interesting fine wines are coming from Australia. But the closing comment often was ‘My customers don’t ask for Australian wine so I don’t carry it, or don’t stock much’. Or, ‘When my customers want Australian wines they go to the supermarket’.
- Australian people are seen generally as ‘good’ people to do business with.
- Wine preferences are strongly associated with cuisine in the minds of their customers. However, this is a big problem because there is little understanding of the type of food we eat, aside from BBQ meat.
- In terms of a ‘ceiling’ price for Australian wine, a wide variety of opinion exists. Prices generally from USA$15.00 to $30.00 were mentioned, but those who stocked Hill of Grace or Grange obviously quoted higher prices.
- Opinions also varied with regard to whether or not there was a limit to what could be charged for a bottle of wine (from anywhere) closed under a screw cap. Respondents indicated a ceiling price to be generally between USA$30 and $50 (retail).

Following are some verbatim comments from the interviews in each location. Comments are separated by city due to the variance in responses between locations investigated in this study. (Comments are verbatim – grammar has not been corrected.)

How do you source new wines?

San Francisco

- *I travel to France at least twice a year. Now Europe does a lot more of these. Not just France. It could be France, Portugal, Spain, and they're usually in an embassy suite. We do those.*
- *Producers might invite a couple of key buyers from the States to come taste and get a sense of what the wines are like*
- *This was the first year we went to ProWein. And so that would be a way to have yet another face-to-face. We're conservative, we're a small company, but we've been in business for 40 years, so we're here for the long haul. And having that right fit matters to us.*
- *We don't allow drop-ins. We don't do the cattle call that some places do. We're pretty tough. And if, after a couple of appointments, the supplier clearly can't figure out what we need and what we're after, or continues to show us wines that are obviously beneath our standards, then we don't waste any more time.*
- *So, what I do, I have little lab sample bottles, and so when they come in we have them pour off their samples into these little bottles. These are graded 'buy', 'question' or 'pass'.*
- *No time for emails, better ask for samples. I do go to some (tastings). But I really don't have time during the business day to leave and go tasting.*
- *(Going to shows and tastings) Not any more. I used to, I've been to about a thousand of them. I've had enough.*

Dallas

- *There was a hole in Australia [portfolio] and we went to work with an importer that we knew and had a relationship with from our distributor in Arizona.*
- *I get to know wine through an importer or something like that who will come to us. Or a broker and that sort of thing. But I think it really does mean a whole lot when you actually get to meet the people. I'm not particularly fond of someone going, hey, here's some scores that we got and do you want to carry our wine.*
- *I get every* WinePress *there is,* Decanter*, everything. I see something interesting, first thing I do, 'is it already in the state of Texas?' If it's not in the state of Texas, I'm on the phone the next day. 'Do you have distribution?' And if they say no, then I launch into my pitch. 'We're small. We're a small Texas chain in the Dallas market. If they make 250,000 cases, I don't call them. If they make 10,000 cases, or 15,000, or 60,000 cases, then I'm going to call those guys.*
- *We've dealt direct with either négociants or producers in other countries and then referred back to our importer to get it.*

New York

- *We taste with the sales people. We taste everything that comes into this store.*
- *Well, as I say, you taste everything that you bring into the store but you can't taste everything so you rely on a salesperson who knows your tastes to bring you things that you know that you'll like, that can achieve the margin that you need, put up the exposure in the marketplace that you require, that has … and who knows your soft spot.*
- *The first thing is, do I do business with them already, or not? Because that has a lot to do with everything. If it's starting from scratch, then I start at a minimal buy.*

What are the important drivers of your decision?

Wine quality and taste

San Francisco

- *So, we're looking for the wines that are not polarising; we're looking for wines that … Really good, not just pretty good or okay, we're looking for, Wow, we really like this.*
- *So, I think what is interesting to us is to find really delicious wines at the right price. But we taste everything, almost everything, that we bring in before we bring it in.*

Dallas

- *The bottom line is the label, the story but then when they take it home and they open it up, then it must be nice. Nobody likes to waste money, even if it's five bucks or ten bucks.*
- *When you ask how we decide to carry things is we taste it. We taste everything we buy. If it's not something that we like, and if it fits the market, so we'll carry this in this price point.*

New York

- *So, we're looking for producers that don't make a lot of wine, nobody knows them, and we groom them from scratch. Because of that they're usually coming with their really, really low cost and entry because they haven't built in all of these needs, wants or costs, whatever, and so we're able to bring them to marketplace and just really focus on what's in the glass and not all the other cost stuff.*

Brand story

San Francisco

- *We're very, very story-oriented. If you read our newsletters, there's not a lot of cherry, berry, oak, all of that. A lot of what we describe is about a moment, a conversation, some history, just some sort of other, to make that wine, make it alive and show how it relates to us personally.*
- *It's nice and it helps to sell the wine. I know a lot of people are into the stories and we do have some staff members that are into the stories. And sometimes customers walk in and they'll say, you know, I want that wine that so and so created from his uncle's apple tree or something.*
- *Well, for us to sell wine, it's better to know your story and to have some product knowledge. Now, if somebody comes in and we pour them a glass of wine, taste the wine and say, 'Yeah, I like that. I'll have a glass,' and they ask us, 'Can you tell us anything about it?' and you don't have anything to say, well…*
- *So, we love pioneering small brands, and knowing the story behind them in our wine club.*
- *… a story that really relates to the people or the place. I don't like these made-up crest names or something like that. But I like the label to be the connection between what was inside the bottle and where it came from.*
- *It's helpful to ask questions, it's helpful to get any little stories that are behind the history of the wine. Sometimes it's just knowing that small little detail that makes it an easier sell.*

Dallas

- *That's what's going to sell more than anything else. Once you can personalise it and really make a connection with it besides just wine in a glass that may taste good and might have a fancy label or not; it's really the story of who they are and what they do that's special, what they do that's different, what they do that's unique.*
- *It's easier to sell the wine if you have a better story to tell the customer. The more I get you interested in the story, you know, the more you want to taste it.*

Rapport / likeability of the person you're dealing with (whoever this might be) / history with that person

San Francisco

- *I just like to ask about practices. You know, like what did you do this year? When did you harvest? Little things like that, that a lot of times the average consumer doesn't really care about, but it helps me understand the vintage.*
- *Speed dating. You're kind of meeting quickly, but lo and behold, if everything goes right, it's a relationship that you're with for many, many years.*
- *That's what it eventually goes to. I understand initially, of course, with that speed dating, you do a little bit of a roundabout, right? Because I understand people get stiffed, I know that.*
- *We like to dip our toes in. So much easier to build that way than over-buy and, you know, how do you get product through the line, right?*

Dallas

- *the biggest thing is relationship. At the end of the day, as you build a relationship and build brands with people, you know, you get equity with them. Are they trustworthy?*

New York

- *Maybe if it's somebody who I haven't dealt with in the past, maybe I'll have a feeling about them, like, you know, maybe this person seems to know what's going on, seems to know their stuff, you know, so maybe they've selected some nice wines and maybe they showed me a few things and I went oh, you know, looks like a very well thought out selection portfolio and so maybe it will pique my interest and I'll just decide to give it a shot and see.*
- *Here in New York the competition is thick and heavy, you know, and fierce. The people that I do deal with are people that I like, generally, that I like to speak with, you know, like to talk the business with and do business with.*
- *I do a lot of business with people I'm friendly with, who I've had as friends for a long time. You probably know, the more you get to know them, the more you like them, the more you'll do for them.*

Exclusivity for the Agent

San Francisco

- *Our focus is small production, limited availability, high quality, not necessarily expensive but high quality, and that results in a constant search and also in juggling of*

many, many, many suppliers, importers in California who can sell direct to us, wholesalers, wineries who sell direct to us.

- *We're also of a particular size, right? So, somebody wants to be distributed nationwide, that's not going to be us*
- *If we just get an email out of the blue, we will usually ask, do you currently have representation in the country? What's the price range of the wines? What's the production level, because if we're talking tens of thousands of cases, we're probably already ruling it out.*
- *I was dealing with these wineries on a direct basis, and pioneering their brands, and those wineries have swelled their production, they are national brands, they are making 100,000 cases of sometimes a particular wine, and they can be found from here to New York and almost every corner store, and liquor shop and supermarket. There's not a whole lot of incentive for me as a small merchant …*

Packaging and label style

San Francisco

- *Actually, oftentimes we won't even taste it. If it's not an attractive label, Gary my husband will just, 'Well, I'm not going to put that on the shelf. That's ridiculous.'*
- *Packaging has a lot to do with it, because people a lot of times will forget the producer but they'll remember what the bottle looks like. If it's in the lower level, they do like the cute little labels. If it's, if they're paying closer to $30, they want something a little more like Burgundy or Bordeaux style.*
- *We have a pretty sophisticated clientele, you know, the Bay area. So once, they may initially say, Oh, why is that a funny […] I'm a traditionalist.*
- *We're also seeing a lot more receptivity to humour and to labels that attempt to kind of, take away the intimidation factor. Even at the higher end, that's a very positive thing. It's liberating for producers to feel like they're not, like there's this little tiny box and they have to stay in, in order to get acceptance on the retail shelf, so it's a much more diverse picture than it used to be.*
- *Well, anything that's, say, political or, say, anything that could be offensive. Anything that's childish. Yeah, I mean, it should reflect what's inside the bottle. Some people shop just based on the label.*

Dallas

- *For the most part it's the millennials, the younger generation that gets swept up by the label and then decide they're going to buy a wine based on that. Cool label, you know.*

New York

- *Appearance of the bottle, of the label, you know, if it's, has a nice appearance, a quality appearance and it looks nice and everything, that also factors in a little bit too.*
- *Labels are the trailers of wine, just using the analogy. So, labels are to me the same way; it's a delicate balance. If you're going to be simple and it's really simple where it's like, 'Okay, that's nice. Maybe the wine inside is super complex,' and in essence, the label needed to be more complex, or it needed to be more powerful.*
- *I think it means the labels are reflections of the people that make the wine. So, if the person's being authentic because they're naturally really funny, it means really a little crazy, then the label makes sense to be funny because he's really crazy. If the person*

who's making the wine is a really focused, high-level professional who takes himself really seriously but puts a really serious high-level focused wine in the bottle, the label should reflect that too.

- *I think labels, the most important thing I can say about labels is use real paper, do not use PLA, even though it's cheaper, do not use plastic-y paper or whatever else. And you know what I mean, it's not like you have to have super fancy paper, but the paper should be real, the thing should feel real.*

Comments about wine in alternative packaging (wine in a can and in a box)

- *Packaging? Or why do you have cans, wine in cans? And now it's like I can't stock enough of it. So, there might be a questioning, but they go in full-on pretty quickly.*
- *Alternative packaging, we're selling wine in cans quite successfully. They tend to be moderately priced and half-bottle size cans, so I think that a lot of those traditional perceptions are breaking down.*
- *Yeah. So, if you're going to the pool or the park or you're on a boat, you don't want to have glass. And so, and there's, some buildings have rules. You know, zero glass.*
- *You see more sparkling in the cans, which is great.*
- *Box wine's great though, because you can take the bag out of the box and go camping.*

Comments about websites

San Francisco

- *I'll check out where it's sold. I'll check out who's carrying it.*
- *I take a look, I get a better sense of what they are, and that makes me, as a wine buyer, a better, it's a better meeting.*
- *(On technical info) I think it would probably be very simple to set up with just a name and a login, just so that you've shown your credentials, and then you can get in that way, definitely.*

New York

- *It's very important, I mean you know, we go there to get information about the wines. We can go there to get reviews on the wines. You know, and we can go there to get labels for a wine, to put on our website.*
- *It's very important. I mean for us, for retailers, for us it's very important, it's a source of knowledge gathering about the winery and its wines. And well, I mean for customers they can go find the same thing too. And of course, people are more into that these days than ever before.*
- *It's critical. Something online that really gives a sense of technical aspects and also, the philosophical story, yeah, exactly, because that's what we're communicating so it's ammunition for us.*
- *If a supplier emails me wanting to get me to taste wines from a producer I've never heard of, I will usually go to that producer's website before I grant an appointment.*

Payment terms and price

San Francisco

- *Usually everything's 30 days, that's what most, that 30, which can be hard sometimes with a new item, because it sometimes takes a couple weeks possibly to get it rolling.*
- *I don't like having to buy more than three cases in order to get the best price. I will do on certain products if it's a mix-and-match between a line. But I don't like having to buy like five cases solid of one item, because I'm not going to sell five cases in one month, and then my turnover for that item is too high.*

Producer visits (important vs not important)

San Francisco

- *As a retailer, as a business owner, it's a real 'It's lovely to meet you', but, I mean, for me it's a bit of a chore. It is.*
- *I'll tell you, it's a lot of work when you have a producer come here. And we're a five-staff company. But, I always think (after they leave) it's fun, it's always worth it. It's always worth it. Because who better to sell wine than the person who actually made it? And it makes an impact, I think.*
- *[personal knowledge/contact with producers] it completely changes it. So, you'll even see it, for customers who come in and say, 'Oh, I've had Diane's wines and oh, she was so wonderful.' And all of a sudden, they feel like they're connected to that producer or wine immediately.*

Dallas

- *If it's a direct import situation, it's viable, because that's your only link.*
- *I think it really does mean a whole lot when you actually get to meet the people.*
- *You learn it's like, well, it's so much more personal if you can connect and really talk to people and really go, okay, cool, I really love what you're doing. I want to talk about what your expectations are and how we can grow together and both be successful.*
- *There comes a point where there's only 52 weeks in a year, so you kind of need reminders and you need a refresher.*
- *I want you to come work the market. I want you to come to the market. Those are important things. And especially with millennials.*
- *It gives you more history and background to talk about when you're trying to sell the wine. Also, it helps me – you know, we taste so many different wines.*
- *It certainly helps a lot. We like it. We love to have a specific tasting just for that producer and their wines and have them here and introduce them to customers.*

New York

- *There's a few, especially Italian ones, who I've seen on and off for like 12 years.*
- *So sometimes that's great. But it often feels like it's just taking away from the giant things, pile of things to do.*

Customer tastings with producers

San Francisco

- *It is common but it's not essential. I mean if we needed that to sell wine, we'd be in real trouble.*
- *Yes, we have a very active program of guest wineries here on Monday evenings. We do about 40 tastings per year, so it's a pretty active program.*
- *Yeah, we do tastings every Thursday. We usually have somebody from an importer or one of the reps to come and pour, but if there's somebody like a winemaker who's available or who's in town, we definitely try and do something with them, because then they can sort of pass their knowledge on to our consumers and they can actually, you know, ask questions that I might not be able to answer.*
- *That's fun. Yeah, that's very popular and the customers love to meet them.*

Dallas

- *We do tastings and then we send out like email blasts on special wines we're offering. Yeah, that helps a lot. I mean that helps in getting the product exposure, you know.*
- *We love to have a specific tasting just for that producer and their wines and have them here and introduce them to our client base.*

New York

- *We do. Yeah, we have tastings here in this room every Friday night and Saturday afternoon. Most Thursday nights as well. If there's a producer in town during another day of the week and it's something that we already work with, we definitely try to schedule a tasting.*

Comments about new world and old world wine

Dallas

- *The French guys are the best. Because they have lots of regional marketing guys. The guys who are dealing with French, generally they've been in place for a long time, and they're mature in terms of their market, and they know what they have to do to maintain those things. We're not seeing quite so much from other parts of the world.*
- *The Chilean wines, most of the ones I've had – or maybe we're just not getting as good ones here as what they're seeing overseas but they always tend to be overly green to me, because, you know it's mostly Cab Sav and Cabernet.*
- *I don't see as much movement on Australian wines like there used to be. It started dropping off around 2005 I think, but till then it was picking up and we were doing more; now it's down to maybe 10 per cent or less.*

New York

- *I think there was a real … to me and the New York market, it had its nadir sort of like maybe right around the economic crisis, like 2008–2009. Again, that phenomenon you're talking about with the cost of production, you really saw that in sharp relief when demand just went through the floor because we saw the South American wines and wines from countries that had low costs of production able to sort of cut and cut and cut, and drop and drop and drop.*

Is there a 'ceiling' price for a bottle of Australian wine?

San Francisco

- *Anything that's under $30 works really well. Anything over $30 is a little harder.*
- *The bulk of the wines we sell are probably between 15$ and 30$ retail but our price range goes all the way up to seven, eight hundred dollars a bottle, even higher. The upper end of the market is a very limited audience. In fact, I think that's one of the challenges that places like Napa face and that Australia needs to be cautious about is north of fifty, things slow down a lot.*
- *Well, we have a wine club here, so we select six bottles of wine per quarter for my members, and I price it at $200 per six-pack, so it's $33 a bottle. And that to me I think is a very easy to get to price for a lot of people.*
- *I would say up to $40 is no problem.*

Dallas

- *I think the hangover from Yellow Tail and all that kind of entry-level Australian wines is over a little bit. I think maybe the general consumer on a big scale looking at the USA is they still probably perceive Australian wine in that $9.99 and below price point. But it seems like buyers and sommeliers are much more open to exploring higher-price-point Australian wines.*
- *I think for the average everyday stuff, under $20 is prime territory for Australian stuff.*

New York

- *I like Australian wine, yes. It moves well for us. It's, I think it's sort of in a limited range, I mean you know, we have a lot of movement on good $12 to $15 wines. A little higher than that there is some movement, not a lot of movement.*
- *I think, for myself, no matter how good it was, I probably would not advocate bringing in an Australian wine that would retail for over, say, $150.*
- *I was going to say $25. I would add that it's particularly difficult to sell an Australian Pinot Noir that costs more than $20, $25. Because in the consumer's mind it's, well, if I can get Burgundy for $20, why Pinot Noir from Australia?*

Is there a 'ceiling' price for a bottle of wine closed with a screw cap (from anywhere)?

San Francisco

- *You know, it's a constant battle with people. I personally am a fan of screw caps. Is it hard with the higher-end ones? Not from New Zealand. You know, everyone seems to, they've accepted that New Zealand has screw cap. California, screw cap on high-end wines, people are starting to be a little, I don't know, not a problem for whites though. It's more of a red thing, which I find to be interesting.*
- *I think that the resistance to screw cap is in the trade. It is not wanting to have to explain it, more than it is the actual consumer.*

Dallas

- *I think up to say like a $19.95 retail, I think screw cap is fine. And more accepted on whites, of course, more accepted on easy drinking wines.*

– *I think the screw cap is the better closure. But when I think about that guy in the oil business who's going to sit down at* dinner *at the Petroleum Club and order something that's $500, it kind of maybe needs a cork.*

– *I think when you're above $50 a bottle. I imagine the price points with screw caps will start creeping up.*

– *We have Grand Cru Chablis at $150 a bottle. Now, in really big wines, buyers are not interested in the Stelvin closure because they're looking for the ageing potential you don't get out of a Stelvin closure.*

New York

– *I think over $25 or $30. If they're buying it as a gift too, not necessarily for their own consumption, but if they're buying it to present as a gift, people perceive a cork to be more desirable than a screw top.*

– *$25. There are people who want to buy a screw top. But the good buyer, he's going to have cork. Otherwise, he's not going to buy it. He just doesn't want to open a bottle of wine at his dinner table by turning the cap. It doesn't look good, it doesn't make the wine represent itself, and even if it's a 95.1 with a screw cap, he feels awkward in making the presentation at his dinner table.*

– *I think there's barely an issue anymore on screw-cap stigma if it's under $20.*

Appendix 2 - Study 1b: Full Report – UK In-depth Interviews

Introduction

What follows is a summary, with examples of verbatim comments, from 17 in-depth interviews with a range of wine retailers, distributors and importers in the UK (predominantly in the London area). Interviewees were carefully selected to make sure that they were decision makers involved in choosing which wines to stock for their respective companies. The report covers the process of wine sourcing, selection criteria and overall preferences for wine labels and bottle presentation, producers and distributors, and attributes important to repeat sales and fostering relationships. As with the USA interviews, the main objective of conducting these interviews was to confirm attributes and levels for the discrete choice experiment and the attitudinal attributes for the quantitative questionnaire.

Data from the UK indicates the following as the main factors influencing the strength of business relationships with producers, and buying 'triggers' with respect to initial decisions to take on a new brand. In terms of making the first sale, there is an overriding assumption that the wine is excellent, and that there is an opening in their portfolio for something new; this is consistent with the USA data. Other key elements cited by interviewees include:

- Personal rapport between producers and their main contacts is considered key, whether the latter be importers, retailers or distributors (with many in this environment holding more than one licence, unlike in the USA). A lack of responsiveness or regular contact, or perceived unfair leveraging of bargaining power, can be a 'deal breaker', despite other favourable factors relative to wine quality, price or brand. Additionally, there were many indications that retailers wished to have a direct relationship with producers, as well as the more traditional channel hierarchy where all interactions are initiated and managed by importers or wholesalers. Hence for this market, face-to-face and remote interactions are important to establishing a relationship and keeping it strong.
- An engaging brand story and clearly evident brand values are important to fine wine retailers and importers alike; one that communicates distinctiveness and differentiation respective to a producer's originality or 'special qualities. It is felt that these attributes allow clear communication of the producer's passion for their wines and can then be communicated to all value chain participants, allowing sellers to more strongly influence consumers' buying decisions.
- Selective distribution is important to set 'fine wine' apart, and to justify and support a price premium. There was little desire on the part of importers or retailers to stock wines that could be found 'anywhere' or in stores dominated by value wines.
- A willingness to accept small orders (at least until market demand can be determined) was also a critical factor. There was a perception of higher risk in taking on Australian wines, as

compared to European wines, both in quality and cost terms. The higher costs involved in shipping and returns and, at present, low customer demand for Australian wines (outside of supermarkets etc.) were cited as reasons for hesitancy by some interviewees. A common comment was along the lines of: 'My customers never ask for Australian wine. When they want to buy that kind of wine, they go to the supermarket.'

- The past reputation of 'big Australian reds' was also seen as a negative by some respondents – there seems to be some evidence of a 'long memory' in the UK market (both at the trade and consumer levels) with respect to the 'bottom falling out' of demand for Australian wines some years ago – and it was argued that 'tastes have changed' and that the 'big Australian jammy reds' are not in fashion anymore. However, these comments were countered by some strong endorsement of Australian fine wines, and of identified 'boutique' Australian wines not made in this style. These were typically from lesser-known regions and were considered excellent 'finds' by those that had them on board. These wines were often made by smaller producers and had been brought into portfolios as a result of an introduction by an importer (in the case of the retailers) in most instances. For importers, a direct approach by the producer had been made and the wine was sold on its quality and differentiation (including brand/bottle attractiveness) and rapport building between the producer and channel member. As mentioned, while there was some sympathy for the distance that exists between Australia and London, this didn't mean that visits and regular communication were not expected to take place. Indeed, those making the effort to travel and lead events were even more appreciated and valued by importers and retailers.
- As in the USA, wine brand websites must be 'perfect' in terms of content and functionality, reflecting grape growing and vineyard practices and brand values/stories. There is an expectation that they will be interesting and engaging (not to be confused with complex or 'flashy'). The site was expected to have many levels of information, both for customers and for trade partners.
- Visits to the UK are valued as opportunities both for a social connection and (from the business side) to train staff, learn about upcoming releases, introduce producers to VIP customers, and to discuss future orders, 'what's new in the vineyard or on the product horizon' and business arrangements.
- Not surprisingly, old-world producers (due to long relationships and close proximities) are working hard to stay on top in this lucrative market. The French, in particular, were cited as realising that they needed to leave their *domains* and go and 'sell' their wines in the UK (and elsewhere). And, of course, many importers and retailers in London are regular visitors to France, Italy, Spain and Germany (for example), with many having holiday homes abroad in these countries. Some interest was also shown towards 'interesting' wines coming from places

like Georgia and other eastern locations. This means our producers in Australia must work even harder to be 'visible' and responsive to customer needs.

- There is good acceptance of wines under screw cap closures from Australian, American and NZ producers at reasonable to higher price points.
- There is some movement by retailers towards smaller, more entrepreneurial importing companies and brokers who add value through their passion, activeness, varied product ranges and service. These are seen to be more flexible, often stocking more unusual, interesting wines.

Following are some comments from the interviews. (Comments are verbatim – grammar has not been corrected.)

How do you source new wines?

Most respondents indicated that their first experience with prospective new wines is usually through tastings, either in store or via invitations by importers, or visits by producers. Tastings are held by various market players for different client bases. In addition to trying new wines in London, almost all wine buyers (no matter their type of organisation) travel throughout the year, mainly in Europe (or their favourite countries/regions) but also to various new-world locations. This may be at the invitation of trade groups from those areas, or to visit suppliers, but also to destinations of their own choosing. There seemed to be a desire not to be 'bound' by obligations to others when travelling and 'scouting' for new wines, but rather to set their own agendas and 'mystery shop'. This attitude was also common in the USA.

Retailers and importers take direct responsibility for sourcing wines, particularly for small owner-managed fine wine stores. There seem to be two distinct types of organisational orientation, and these differ in terms of their wiliness to try new things and 'experiment'. The first orientation is to always be in 'search' mode: owners/buyers keep themselves open to new things and are more open to cold calling and producer-led contact. Hence, they attend various tastings around London and elsewhere, and spend considerable time searching information on the web. The other group consider themselves to be too small to take on too much, and too 'busy' with their existing stockists, feeling that they need to focus on what they are doing already unless the need arises to take on new things. What follows are some verbatim comments from interviewees.

- *It's mostly through the supplier tastings.*
- *People do send samples, and certainly they get tasted.*
- *Not just by simply turning up at the door, it is a waste of time, the buyers aren't here.*
- *Buyers go and visit in France, they visit in Australia, they go to South Africa or New Zealand or wherever it may be.*
- *I taste something at a tasting that I like and I try and track that down, I get a hold of one of my suppliers or I ask the person who – the sommelier or whatever at the place that I went to – where they got it from, and then I get it that way.*

- *(When overseas or in a new region) We'll talk to sommeliers and say, 'What do you recommend?' Which, you know, 'give me something I haven't had'.*
- *I have to taste it. The first thing generally is to tell me about it, so it doesn't mean walking past, 'I was just passing', because nobody is just passing.*
- *Generally, it would be approaching me and saying, 'Look, we've got this wine that we think that's going to fit into your shop'. […] people have looked at our website and they've looked at the sort of wines we have, even from pictures and our Twitter feed and then approached us.*

What are the important drivers of your decision?

Wine quality and taste

- *I think what I try and do is taste the wine first, rather than having to know what the guys are 'spraying' or 'not spraying'.*
- *Wine quality is first and foremost, and then it's relationships and realistic ambitions.*
- *So, we tasted a producer the other day, the wines were all very competently made. They were good quality wines, but we didn't find them interesting. They didn't sing. So, we won't take them on, certainly above £15.*

Brand story

- *It's difficult to really sell Australian wine on the value; it has to be something beyond that. People have got to really love the wine, love the concept, love the story, love the label, all that sort of thing.*
- *So, I think it's definitely people want more grass-roots stuff, they want to know where it comes from and they want the story. They don't just want the story, they want something that actually has a legitimate story.*
- *It's about the wine first and the story of the wine.*
- *Actually, as we know whether it's Chile or Australia or New Zealand, it's about a story and the story's critical.*
- *We're looking for interesting people who we can tell a story about their wine.*
- *We're looking for, on the whole, small, independent, preferably family-owned producers. We're looking for a story to tell. We're looking for regionality.*
- *The story, and the background, the way the producer deals with the wines, generally, is more important to us than whether or not they're certified organic biodynamic. Although it's a nice add-on.*
- *Premium's over £12, £15, so obviously particularly in that level, it's quality. It's got to go with a, a kind of, well, they kind of trend, quality tends to go hand in hand with a good story most of the time.*
- *But [the] story of the producer, understanding about the vineyard, and the winemaker, is probably the three key things.*
- *Because I think very different people make very different wines. And they have a different story to tell.*

Rapport / likeability of the person you're dealing with (whoever this might be) / history with that person

- *Personal rapport with the supplier is one of* the *critical factors for choosing or dropping a wine label.*
- *If I think that a supplier doesn't really care that much about what they're supplying me, or how they're going about it or anything like that, that will maybe demotivate me slightly to work with them.*
- *There are certain people that you wouldn't want to go near, and I think if you want the wine enough you will try and find a way to get it and go around them, be it by possibly trying to go direct to its European winery.*
- *Yes, I mean we've experienced it, I definitely agree with that statement [relationship is the most important factor compared with others like price, taste, quality] for sure, although I would add onto that is that we are always looking at new suppliers and new agents to come on board anyway.*
- *We're looking to make relationships that will work, and the reality is they probably will start from a relatively low base and we will grow them over three, five, seven, ten years.*
- *Hopefully, there is an element of friendship and connection on that side of things as well, which obviously helps and makes things a bit more, brings a bit more loyalty into things.*
- *You hope it's a business that will develop and grow and be reasonably long-term. We're not looking for a one hit where we just get an order and then people move on.*
- *We want people to understand the challenges of our business.*
- *Well honestly, a point that Paul McArdle made, said, 'it's far easier to, actually, businesses grows with people with whom you get on.' So that's really important.*
- *We're all hopefully signing up for a long-term relationship so if you're not talking the same language then you know it's going to unravel after a year and everyone's wasted a year of their life.*

Exclusivity for agent

- *Well if it was a new-world producer, broadly it would be exclusivity. So, it would be imperative.*

Packaging and label style

- *The label has to appeal. Finding the right balance between a good price, a good label and then a good-quality wine isn't always that easy because you can have a phenomenal wine with a really dull label and then it becomes more of a hand sell because people aren't drawn to it and it doesn't fall off the shelf as well as some inferior wines with very good labels.*
- *We'll sell much more wine if we can produce a package and a label that looks attractive, smart, rather than say cheap or vulgar. Because I feel that it's holding back sales if the package isn't good enough.*
- *There's a particular producer whose wines, they're wonderful, he's one of the great Burgundy producers, and he has various different categories of wines, but it's kind of top wines, but he's had a change of label, I think it looks awful.*

- *I'd like to call it as 'good design,' because I do have a critter label rule. There is a certain price point to which I won't go over.*
- *Label styles probably more important than closure.*
- *And the tipping point might be all sorts of things. But if the labels are really terrible then we've got, our guys have to go and pitch it to their accounts and it just doesn't look right.*
- *I like to think that we don't import wines based on labels, but certainly if the wine is good, okay, if we had two wines side by side which were exactly the same quality and one had a really interesting, cool, funky label and the other one had a bad label, then you know that you're going to sell more bottles of the one with the [good] label.*
- *I firmly, firmly believe that labelling is absolutely everything.*
- *Packaging is crucial. We get approached by so many people with so many good wines that we, we almost don't take the step to try them if we don't think the packaging is up to it.*

Comments about websites

- *You get a real mixed bag when you're talking about websites.*
- *You know there's nothing worse than going on a website looking to find out some information about your wine and you don't find anything. Or it doesn't look particularly professional. Especially if you're exporting.*
- *People expect it in the new world but they don't expect it in Europe, I think.*
- *From a purchasing point of view, it's very hard to get information off of a website that's poor and that information would directly help sell that product. So that can be frustrating if we haven't received text sheets or we can't get on to get information from online. That's going to hamper its ability to sell. It is also frustrating because I really like a winery that will list their tasting notes.*
- *I'm a wine geek, so I love reading the technical information, whether that's total acidity or pH levels or residual sugar and alcohol. I like being able to see that and having it accurate to go 'What was 2015 like for this wine?' and I like that from a buying point of view and the customer point of view.*
- *What people put on their websites can get you into trouble as well. We had an Australian Chardonnay and they had a quote on their website where, which was a bit of a jaw-dropping one, where they were trying to compare the Chardonnay to a wife.*

Payment terms and price

- *It's literally what's in the bottle and how that transfers to price to the consumer. If we feel as though there is a good bargain in there, that this wine costs 'x' amount but it's actually a good deal, then that's all that really matters.*
- *We would have a serious look at the wine, have a look at pricing, and the biggest issue is there is the perception of retail value in Australia versus retail value here. And the cost associated in between of getting that wine here, so we want to work with suppliers who are also willing to work with us about pricing their wine accordingly.*
- *Rapid increase in price [can cause delisting of the wine].*

- *[A wine label can be dropped if] they're also not particularly good quality for the price, or not really suiting our clientele, then I get rid of them and then don't get them again.*
- *If you said 'It's an amazing wine. It's absolutely incredible. We know we'd have to sell it at ten quid, so we know we're only going to make 14 per cent but he's a super bloke', – wouldn't touch it. We are a commercial operation and we're actually not doing anyone any favours if we go bust in a year.*
- *The most important, crucial thing, with my professional hat on, is absolutely wine quality and the value of it, getting to the right price point is hugely important.*
- *We insist on 90-day terms 'cause its deep-sea, our customers will probably expect the same because of deep-sea.*
- *There's no point in loving a wine that's not going to work pricewise.*
- *[On the least negotiable terms] payment terms are important, but I wouldn't say they were non-negotiable. And it's, and they tend to evolve over time, so I think there has to be a bit of faith on our part that we might pay upfront for the first order and then we'll get into payment terms. And as I alluded to before, when you've got three months of deep-sea shipment, there's a discussion to have there.*
- *Payment terms are negotiable, but we will always try and push for our payment terms. And we've got standard payment terms for deep-sea.*
- *Increasingly, reasonable credit terms are important for us, and that's particularly important for stuff that takes a long time to ship from Australia.*
- *[It's] about the availability. And it doesn't matter actually if it's a small volume, compared to a larger volume, so long as we know, and that those figures are definite.*

Producer visits (important vs not important)

- *In medium-priced fine wine, we tend to avoid distributors […] as a company we like to go direct. Again, also I think that it allows things like stories to come through, which we know that many customers are interested in.*
- *It's much better for us talking to our customers if we have a genuine trickle down of information, knowledge, and they know that either we've been to them or they've come here. I think quite important to customers in terms of marketing.*
- *I think it's important to have face-to-face, more interactive things for my customers, and I think a lot will find that quite interesting, having somebody, being able to see a wine and see the person who made it, to have a little bit of an idea of where it came from.*
- *It is very important and it's something that we have most certainly tried to grow over the last eighteen months and what we're trying to do this year.*
- *I would say it's great if they can come once a year. I mean it is expensive, so we will certainly not expect them to come once a year; every two years would probably be more achievable, I think.*
- *Not really (important). I am very much into the wine and I will often do my own research.*
- *I'm begging people to spend time with the producer next week. He's a mad Belgian, [name was provided], and everyone visits him and goes, 'This guy's a genius, he's brilliant', so when you bring him here everyone's come out, 'Oh, can't do that mate, sorry', it's really frustrating. So, when producers ask me now, 'Can I come to the UK?', I say, 'Come to the portfolio tastings or forget it', which is, it's an exaggeration to make a*

point and it's not the case, but if you've got 150 principals, that's three a week, it's just not possible.

- *So, it does work having a winemaker here. We do free tastings on a Friday, it was suggested it be on a Friday, but that engagement does work. People like to meet the winemaker.*
- *And this, in the world of wine where loyalty is quite rare, then that's a tool for building loyalty to us and obviously to the producer. So, I mean, our customers are incredibly promiscuous.*

Staff training

- *Dinners not so much, but training for the staff I think is 100 per cent valuable because it's all very well for purchases and things like and we obviously give feedback and do training ourselves with the staff, but I don't think that's any substitute for the person who makes the wine and picks the grapes, or whose very idea it was, to come and present that, communicate their passion to you.*
- *When representatives from our principals come over, we set aside time and we do internal training for staff here. And we also take them out to meet, whether it's other independent retailers that we sell to, or sommeliers in the on-trade.*
- *Staff training, particularly in restaurants, it's very important.*

What do you think of the wines from Australia? (against other old and new world producers)

- *The perception is Australian wines are a little bit hot and jammy, or have been in the past. The pendulum maybe swinging too far in the opposite direction sometimes nowadays, but I think there's an increasing awareness of the alcohol level on wines, and when people see 15 per cent nowadays they tend to shy away.*
- *I think Australia can turn some people off, and perhaps if you're dealing with relatively sophisticated consumers, who are maybe not first-generation consumers. They may have been weaned on good, classic Bordeaux or something, rather than commercial brands.*
- *If I'm going to buy anything from that far away, I'm only going to be interested in the premium level, probably over 15 pounds a bottle.*
- *But there are some where I might in the past have been a bit of a sceptic, having tasted more of them recently and having been and looked at the vineyard, I am converted. And, there's some hugely exciting wines there. And the ones that excite me will tend to be produced by very small, slightly maverick kind of people.*
- *That's the other reason why we haven't been buying in Australia, cost of shipping, cost of going down there, doing the legwork, and…*
- *With Australian wines, I do think there's a lot of exciting wines coming from Australia now.*
- *If they're going to fork out 30 quid, it's more likely to be on another country.*
- *How could you not have a great deal of variety and originality in a country that size? Everywhere seems to have its own streak of originality, the potential is obvious. It's a question of how you realise that potential.*

- *I think it's quite a vibrant wine-producing culture. I think in terms of the consumer perception, I think there's a reassurance and there's an awareness of what they're going to get when they buy Australian wine.*
- *I would say in terms of perception, I think it's on a similar level to South Africa, in terms of that sense of positivity and regionality and an interest in premium wines.*
- *I think energy, I think competitiveness, fun or pleasure.*
- *Well, why buy wine from across the other side of the world when there's so much good stuff a few hundred miles south of here in France?*
- *Australia's probably still the only new-world country where you can really convince people to part with a lot of money for. Particularly a premium red level. And we're talking classics (e.g. Penfolds and Henschke), we're not talking anything new.*
- *Australian wines are on the lower side because they're more supermarket-perceived. Whereas 'white tablecloth' is more French and Italian and other, like also we do a lot of natural wines.*
- *['For the price of a good Australian wine, I can get French or Italian at a reasonable quality level and I can get a fantastic Chilean wine'. Would you agree with that?'] I'd say I would agree.*
- *For some Australians, there definitely needs to be a reality check, but in Australia people don't drink probably as much as they do here. They drink a lot more beer maybe. I think your starting price for most people who are into wine, they'll pay more and here we still have that culture of cheap wine.*
- *New-world wine – I think they're probably still having difficulties. But they have their niche. If somebody's looking for a very, very nice big glass of red then they might go to an Australian Shiraz, or they might go to an American Cabernet or Zinfandel. If they're looking for an amazing complex Pinot Noir, but they don't want to go French, maybe they'll go for a Central Otago.*
- *Well, when it comes to wine I think cost can be a bit of a negative.*
- *And they, wines of Australia are Australian, they fit with 'Australian personality'. They're big and brash and loud, I mean generally quite nice and friendly, and good to spend time with, not very subtle perhaps.*
- *I think when push goes to shove, the default stance is always old-world.*
- *For Australians it's difficult … to give you an idea, we had a visit, second visit from a producer in Mornington peninsula the other day, [redacted] , and, I'm old-fashioned and the name puts me off a little bit, but the wines are stunning.*
- *I do feel that the perceptions within the UK of what Australian wine is are still quite confused, and selling mid to premium Australian wine is a challenge.*

Australians as people to do business with

- *I do think New Zealand, Australia, South Africa are very good when they do come over.*
- *It's to do with the outdoor culture and they're sort of laid back and I love their approach. Commercially, one thing I do find frustrating about Australia, is that you do a deal (and this is a real Aussie thing), then it's expected that the volume will just go up and they sort of struggle to get their heads round the fact that I would say to a producer who's new to the UK, 'Do you know it's going to take two years for you to really understand your market but it'll take two years for all of our customers to taste your wine'.*

- *I'd say, generally, the Australians, they're professional, efficient, laid back in a nice way, not too pushy. I've got no complaints working with Australians.*
- *Culturally it's so much easier (than Europeans).*
- *We believe in one another.*

Any mentions of food matching / Australian food / etc.

- *If you talked about Australian wine to your average consumer, most of them would think, 'Oh yeah, that's great for summer when I'm having a BBQ.' That's probably as far as you'd get with a food match.*

Is there a 'ceiling' price for a bottle of Australian wine?

- *No, I don't think so. I think if the quality is there and the profile and things like that. Penfolds Grange is an obvious example and that has a huge profile.*
- *Not really, if customer tried the wine they just buy it for 30£ … willing to pay the price, tried on our tastings.*
- *Possibly, because a wine that I really like (at about £80), to me would be a hard sell because of where we are, and I think when most people want to buy fine wines in our location they're looking for something they can recognise.*
- *No, around £50 to £80, not a problem.*
- *There's a ceiling, but it's definitely at a higher point than maybe what you have experienced or maybe what the industry average in the UK is. We've had good success with wines between say £9.95 up to £30.95.*
- *I think the opportunity for Australia at the premium end, if the costings allow them, try and sell wine between £15 and £30 pounds a bottle.*
- *[On cartoonish labelling] It's more about just quirky fun labels but not over complicating it as well. If I go to somewhere like France and I buy a Bordeaux from the shelves, I want something that's very, very classic. But it's new-world, where it doesn't have to look over-complicated then just work in one colour and, it's interesting.*
- *A lot of British drinkers who are spending a certain amount of money tend to be a little bit more conservative, a bit more classic in their choices, and I understand that they'll play around a wine at £12 in a shop, but as soon as they go over £20 they're going to probably go a little bit more conservative.*

Is there a 'ceiling' price for a bottle of wine closed with a screw cap (from anywhere)?

- *Italian and French customers are fussy, won't buy screw caps, others are not fussy about them.*
- *I think you could sell it retail at £40.*
- *Professionally I would say there probably is. Personally, I would say I don't think there should be.*
- *Screw cap limit is up to £80.*

- *Possibly, but I do tend to ignore that. So, for example I did have Ten Minutes by Tractor, which I really like, and that was at the time £28 for a screw cap and we sold it all.*
- *People who like really good Pinot Noirs will buy it for content, not for the closure.*
- *It's hard to sell an expensive bottle of Italian wine under a screw cap.*
- *Closure is significant. I would say that £15 to sub-£30 range, screw caps are fine and the demographic of customers who buy those wines are happy with screw caps. But over £30, specifically to Australia and in the wider portfolio, cork is still very important. I think premium red wine, whether it's from Australia or otherwise, cork is still by far the preferred closure.*
- *Closures, we're pretty open-minded about closures. For me it's perhaps more about the style of the wine (whites OK, reds not so much).*
- *Closure is irrelevant for us. Probably, I'd probably go so far as to say about 90 per cent of our most expensive wines are under screw cap.*
- *Stelvin is totally accepted in our market at every price level and that's including the sommeliers. We don't have those issues.*

What advice would you give a small to medium-sized producer in Australia in terms of 'breaking in' to the UK (London) market? How do they find a good importer/distributor?

- *I would say medium to small distributor, not big distributor. We don't do many big distributors.*
- *It has to be interesting. It can't be something that would be in anywhere else.*
- *They have to have some sort of, like, interesting proposition and something that would be helpful.*
- *I suppose I, perhaps I would say, try to avoid the extremes at either end and just try to be true to where you are.*
- *You would much rather have someone distribute your wines who also distributes the top of the range.*
- *Have a really good importer, but don't be afraid to come over here yourself and get your hands dirty, market and sell your wine. Really work hard, sell your wine for what you think it is worth. Don't over-reach, don't under-reach and there's nothing wrong with wanting to be at £30 as long as you're making a wine worth £30.*
- *Original wine is original because of the vineyard, the location where it comes from, not because of anything that happens in the cellar. Nothing original ever happens in the cellar. I don't want wines to have the hallmark, the signature of a winemaker, whatever that is. I want the character of the wine to be fundamentally derived from its location, as expressed through the means of a suitable grape variety.*
- *Supply relationships are very important for us, I'd just expect a good-looking bottle, good-quality wine. And pricing, possibly some support of retro as well, there'd be an initial price, the first month, slightly lower just to kind of kick-start it and launch the product and then maybe we could look at, you know, retro based on sales or, just a bit of co-operation.*

- *Attending tastings or dinners is a massive selling point and again, like I said slightly earlier, the relationship we've got with the restaurant very much intertwines with getting winemakers in to do dinners.*
- *They got to be realistic, the UK is very, very slow old-fashioned market and lots of new things will work here but don't come here with a Cabernet with a boring label that's 20 quid, it will not sell at all.*
- *So, if you want to be with us, and you want to access those more exciting, edgier, faster-moving side of industry, then, got to understand that it's a small side in the industry, and small is beautiful.*

Appendix 3 – Communication – Article in Wine Titles

A short industry-based paper has been submitted to Wine Australia in a past progress report and was published in the *Wine and Viticulture Journal* in Nov/Dec 2017. The article can also be viewed online at: http://winetitles.com.au/wvj/articles/wine-viticulture-journal-volume-32-no-6-2017/

A short abstract has also been submitted in June 2018 to the Academy of Wine Business Research Conference, to be held in Cape Town, South Africa, in January 2019. A copy of this 500-word abstract (as a work in progress paper) follows the recommendations seen here.

- It is recommended that the opportunities for webinars be exploited where possible. The research team is available to actively participate if requested.
- Training in terms of export preparedness (for markets outside the USA and UK also) should include selected findings from this research.
  - Greater appreciation of country of origin based assumptions overseas with respect to Australian wine, food and people.
  - Greater appreciation for the need for wine exporters, in particular, to ensure that branding assets are professionally developed and maintained, including:
    - brand story (competitive value proposition)
    - vineyard practices
    - websites
    - social media platforms, and
    - labels and other forms of packaging.

The research team plans further publications in both industry and academic journals, and to incorporate these findings into teaching respective to international marketing and export and B2B relationships. Many of the findings here are not wine-specific but can provide insights and learning of value to any individual or entity seeking to internationalise.

Appendix 4 - Submission to AWBR Conference – Jan 2019

The Ties that Bind: Keys to Building Strong Relationships with Importers and Retailers to Drive Premium Wine Export Sales

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Keywords: trade, structural equation modelling, discrete choice experiments, B2B relationships, premium wine, USA wine market, UK wine market

The Ties that Bind: Keys to Building Strong Relationships with Importers and Retailers to Drive Premium Wine Export Sales

Purpose: Previous research emphasises the need to better understand what triggers initial sales of premium wines (particularly Australian wines), what drives repeat sales, leading to the establishment of strong B2B relationships instead of transactional sales (Keh and Xie, 2009, Liu et al., 2017). The critical benefits of successful business relationships across all product and service categories, particularly in today's environment of hyper-international competition, is well documented (Hoppner and Griffith, 2015, Leonidou et al., 2014). Sustained relationships, with an enhanced understanding of product needs, create satisfaction and loyalty from international partners, but also allow exporters to take full advantage of partners' knowledge of foreign business practices, distribution networks and customer preferences (Rosenbloom and Larsen, 2003). By fostering win–win relationships, exporters can further strengthen export performance, reputation, market competitiveness and ultimately long-term success. In other words, building sustainable relationships with foreign importers and distributors offers a primary source of competitive advantage for exporters, leading to higher margins, establishment of trust and commitment, communication quality, reciprocity, long-term-orientation product support and, critically, positive word-of-mouth endorsements and blocking of competitors (Watson et al., 2015). The literature also indicates that exporter–importer relationship quality is determined by firm characteristics, relationship length, government regulations, and environmental turbulence (Palmatier et al., 2006). Moreover, producers and exporters need to be aware of any 'gaps' or 'mismatches' in their understanding of what motivates importers and distributors (Pulles et al., 2016) in order to avoid conflict and dissatisfaction on both sides of the relationship (Tsarenko and Simpson, 2017). The present study explores this research area by surveying Australian wine exporters and producers currently trading in the USA and UK, as well as wine importers, distributors and retailers in the same two countries.

Methodology: Both qualitative (17 in-depth interviews with UK/USA wine trade operators) and quantitative data (n = 454) was collected. This multi-staged approach allows reliable identification of sales barriers and relationship success factors. The literature and data from the interviews informed a quantitative questionnaire employing a discrete choice experiment to determine the product and business attributes likely to lead to an initial sale, followed by attitudinal questions quantifying critical product and business relationship drivers to long-term relationships. A mirror questionnaire was then applied to independent Australian wine producers (n = 190).

Findings: Preliminary results reinforce the need for premium, lower-volume producers to choose export partners carefully as two distinct clusters have emerged: a larger one placing more emphasis on relationship effectiveness via relationship capital; and a smaller, highly sceptical one exhibiting low levels of trust and relatively high levels of distrust in wine producers, and prioritising payment terms and costs. The overriding need for all those interviewed/surveyed was to trust that producers could reliably supply high-quality wine, supported by a unique, communicable and credible brand story. Data collection from Australian producers has been completed and results of the gap analysis and full results will be provided in our presentation.

Appendix 5 – Intellectual Property

There are no intellectual property issues associated with either the project or this report.

Appendix 6 – Example Survey – Importers/Exporters

A PDF of an example survey (from the UK) has been submitted as a separate document for parsimony and to reduce the file size of the overall report. The survey may also be viewed online upon request.