

# **THE TIES THAT BIND: KEYS TO BUILDING STRONG RELATIONSHIPS WITH IMPORTERS AND RETAILERS TO DRIVE PREMIUM WINE EXPORT SALES**

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## **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, creates 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 'mis-matches' 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 US and UK as well as wine importers, distributors and retailers in the same two countries.

## **Methodology**

Both qualitative (35 in-depth interviews with UK/US wine trade operators) and quantitative data (n=454) was collected. This multi-staged approach allows for 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, prioritising payment terms and costs. The overriding need for all interviewed/surveyed was to trust producers could reliably supply high quality wine, supported by a unique, communicable and credible brand story. Data collection from Australian producers have been completed and results of the gap analysis and full results will be provided in our presentation.

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