

# A profile of the Queensland wine industry: Factors aiding and inhibiting 'export' market development

Rumintha Wickramasekera  
School of International Business  
GPO Box 2434  
Brisbane  
QLD 4001  
Australia  
Ph: +61 7 3864 1560  
Fax: +61 7 3864 1771  
Email: [r.wickrama@qut.edu.au](mailto:r.wickrama@qut.edu.au)

Rob O'Donovan  
School of International Business  
GPO Box 2434  
Brisbane  
QLD 4001  
Australia  
Ph: +61 7 3864 2353  
Fax: +61 7 3864 1771

## Abstract

Australian wineries have shown a dynamism lacking in some other regional industries by successfully tapping into international markets. Over the past two decades it has experienced unprecedented growth in exports. The majority of this success has been achieved by wineries located in South Australia, Victoria, New South Wales and Western Australia. Given this success much of the academic research has also focused on these states. However, over the last decade the Queensland wine industry has experience remarkable growth in terms of the number of producers, tonnage crushed and the value of exports – admittedly from a very low base (0.2% of wine grapes in 2000). Given the gaps within the literature the aim of the research is to gain a better understanding of the Queensland wine industry.

## 1. Overview of Research

Australian wineries have shown a dynamism lacking in some other regional industries by successfully tapping into international markets. Over the past two decades it has experienced unprecedented growth in exports. In 1983/84 \$17 million worth of wine was exported. In less than two decades it has reached \$2.4 billion, making Australia the fourth largest exporter of wine in the world in terms of value behind Italy, France and Spain. In terms of volume Australia is ranked fifth. The majority of this success has been achieved by wineries located in South Australia, Victoria, New South Wales and Western Australia. Given this success much of the academic research has also focused on these states. However, over the last decade the Queensland wine industry has experience remarkable growth in terms of the number of producers, tonnage crushed and the value of exports – admittedly from a very low base (0.2% of wine grapes in 2000).

Given the gaps within the literature the aim of the research is to gain a better understanding of the Queensland wine industry. The focus will be on wineries engaged in exporting in terms of their age, size, domestic market penetration, level of export planning, attitudes towards factors enhancing or inhibiting exporting and

reasons for advancing through the various stages of exporting. An attempt will also be made to outline a range of characteristics of the managers of exporting wineries. Comparisons will also be made with wineries that decide not to export and Australia wide industry.

Currently, there is no single agreed model to explain how firms move from supplying domestic markets to overseas ones (referred to in the literature as the internationalisation process). However, there is substantial evidence for a stage model (see Leonidou and Katsikeas, 1996). This study uses a four-stage model to provide a profile of wineries at different stages in their export development, ranging from: *Awareness* (These firms are still domestic market oriented); *Export Interest* (Firms in this stage have a management team that is interested in the innovation of exporting.); *Export Trial* (Firms exporting on a limited basis. The experience gained during this stage will provide management with the information to adopt or reject the option of exporting.); *Adoption* (Established Exporters).

The population for the study will include all Queensland wineries (N = 853), (ANZSIC code 2183). The survey instrument will be an update of a questionnaire used in an Australia wide wine industry study. The content, design and structure of the instrument was based on an item analysis of theoretical and empirical research published over the previous four decades. Five- point likert-type questions were developed from the literature.

The questionnaires will be targeted at the Marketing Manager of each winery (the key informant), either to fill out personally or to be directed to the person regarded as being responsible for the firm's decision whether or not to export. In this study methods proposed by Armstrong and Overton (1977) will be used to test for sample bias.

The major part of the study will entail the formal surveying and quantitative analysis (ANOVA using SPSS). However, a number of interviews will be conducted with wine makers and winery marketing

and/or export managers. These will be selected from across the four stages of internationalisation.

Preliminary results indicate strength in well-established cellar door sales, possibly a product of the successful integration into the tourism industry and significantly a more important part of the business than in the Australia wide industry.

In terms of barriers there was a perception that Queensland wines were of lesser quality than the rest of the country. In addition, the industry saw itself at a disadvantage in terms of: firm size in relation to other (Australian and international) industry participants; in their marketing skills; and insufficiently developed distribution networks.