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To: CEO Levi Rushansky

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CC: Investing Partners, Distributor, and Marketers

Subject: Suggestions for Golan Heights Wine

Golan Heights Wine should adjust the prices of their wines to reflect the average cost of wine in China. For instance, the average cost of premium wine in China ranges from RMB200 to 500 per bottle whereas, the average price for a bottle of Golan's wine is RMB534. The company should focus on trying to make their bottles cheaper so that more people are able to afford it, which in turn expands their market. Another suggestion for Golan is that they ensure that their wine comes in a variety of different flavors. This is because Chinese consumers are not "brand loyal" and often switch brands in order to try a variety of different flavors. Moreover, the population seems to enjoy both New and Old World wines, thus, incorporating both aspects has the potential to widen the consumer base.

Golan Heights Wine should continue exporting to China

The beverage and alcohol market in China has recently seen a rapid increase, which is expected to continue in the coming years. Between 2010 and 2011 the wine market in China grew by 24.1% and was valued at 17 million USD. This increase is forecasted to grow another 114.9% by 2016, making the market worth over 37 million USD. Although the increasing demand is preventing the market in China from being saturated with products, the market is still full of various players from brands around the world. This is why Golan Heights has not seen desirable sales and profit since they began exporting to China in 2009. However, this should not prevent the company from future sales in China. The growth of Australian wine in China over the past years demonstrates the shift to New World brands from the Old World brands from France and other European countries, and indicates the potential for Israeli companies to increase market shares and gain popularity from the consumers.

Golan Heights Wine should get to know their market and cater to it

The early research on China's market was correct in its analysis of using the country to create profit. It is advantageous in most aspects of persuasion to consumers and selling in bulk within the extent of using a distributor. In 2013, China passed France as the world's largest consuming country for red wine and the country as a whole views wine as a delicacy for culture¹. Gaining the trust of the consumers in China will boost any imagination of going global but these particular citizens are wary of what kind of wines to drink². To get this done, Golan Heights needs to cater to the people that influence the rest of the world; the rich. With prices already high, the product must be known for its exorbitant taste and look which is only possible with advertising. The company is advised to place marketing strategies in crowded areas and use luxury to express the product so everyone correlates the two. The distributor you use must also correlate with these new tactics because they'll be the ones who can directly implement it when Golan Heights can't be. That is why we suggest using the Wine Republic as the distributor, instead of the previous one, given their experience in different countries, the location of their marketing (populated cities), and the advantageous spread of talk for the product as they sell to events.

¹ https://www.edp-open.org/articles/cagri/full_html/2017/06/cagri170077/cagri170077.html#S9

² <https://ins-globalconsulting.com/enter-wine-market-china-2/>