



The Canadian Trade Commissioner Service

Export-Ready Checklist for Canadian Wine Producers (with a focus on the Hong Kong market)

1. Are you export-ready?

An export-ready business is one that has the capacity, resources and management to deliver a marketable product or service on a global scale at a competitive price.

Your first step is to think about the resources and knowledge your business already has. Consider the following as a starting point.

Your expectations – do you have:

- Clear and achievable export objectives
- A realistic idea of what exporting entails and the timelines for results
- An openness to new ways of doing business
- An understanding of what is required to succeed in the international marketplace

HR requirements – do you have:

- The capacity to handle the extra demand associated with exporting
- Senior management committed to exporting
- Efficient ways of responding quickly to customer inquiries
- Personnel with culturally-sensitive marketing skills

Financial and legal resources – can you:

- Obtain enough capital or lines of credit to produce the product or service
- Find ways to reduce the financial risks of international trade
- Find people to advise you on the legal and tax implications of exporting
- Deal effectively with different monetary systems and ensure protection of your intellectual property

Competitiveness – do you have:

- A product that is potentially viable in your target market
- Resources to do market research on the exportability of your product
- Proven, sophisticated market-entry methods



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2. Evaluating your export potential in the Hong Kong market

Will you be able to compete in the Hong Kong market?

Hong Kong's reputation as a wine hub has amplified since the Hong Kong government abolished tariffs on wine in 2008. As a result, Hong Kong is considered one of the least restrictive and strongest markets in the world. The wine market in Hong Kong is expected to continue to grow as a result of its strengthened economy, increased consumer spending power and improved local knowledge of the health benefits associated with wine.

Given its attractiveness to wine producers, Hong Kong is a highly popular and competitive market for international wines. Hong Kong consumers are value seekers-while New World wines are faring well as many Hong Kong consumers turn to New World wines for their value-for-money and quality, some Old World wines including those from Spain, Portugal and Italy are increasing in popularity as a result of their immense supply and more favourable exchange rate. In the New World category, Canadian products compete with wines from Australia, the U.S. and South America in particular.

The Hong Kong market is also an attractive jump-off point for many wine producers into Asia and especially Mainland China. In view of the Closer Economic Partnership Agreement (CEPA) that exists between Hong Kong and Mainland China, imports of wine from Hong Kong can enjoy enhanced customs facilitation measures and wines manufactured in Hong Kong are treated as duty free.

Canadian suppliers should do substantial research and prepare themselves prior to entering the Hong Kong market. Attention should be paid to ensuring that local labeling requirements are respected and the necessary permits, licenses and certificates are obtained. It is important to understand Hong Kong's import procedures and its customs facilitation agreement with Mainland China to leverage Hong Kong's privileged relationship and maximize success in the region. The distribution of alcohol is also less restricted in Hong Kong than in mainland China and other Asian markets. Producers seeking to break into this market are advised to work with an agent, as they can assist with marketing and often have very competitive arrangements with advertisers. Well-established agents often have extensive distribution networks and are known to be a crucial key to success.



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Below are some considerations to take into account when analyzing the export potential of your product in the Hong Kong market:

- How will your product compare against wines already in the market?
- Can you meet the HK price points?
- Would you be open to making modifications required to make your product competitive/appeal to customers in this market e.g. alternative bottle/size formats, etc.
- Can the packaging be easily modified to satisfy the demands of HK customers?
- Is your product able to meet the technical or regulatory requirements required to export to the HK market?
- Will transportation costs make competitive pricing a problem?
- Wine does not sell itself, after-sales service is needed. Who will be your local representative for marketing efforts? Do you have the resources to do this?
- Will you be able to serve both your existing domestic customers and your new foreign clients?
- If your domestic demand increases, will you still be able to look after your export customers and vice versa?

3. Export Quiz: Are you ready?

Is your business ready to start exporting? Take this quiz, check your score and be sure.

1. Do you have the surplus production capacity or available specialists to meet increased demand for your product?

Yes / No

2. Do you have the financing required to adapt your product to suit the Hong Kong market and to promote it?

- A. Financing is in place
- B. Financing is being arranged
- C. No financing available



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3. Is your management committed to sustaining your export effort?

Yes / No

4. Does your firm have a good track record of meeting deadlines?

Yes / No

5. Does your management have international business experience and/or understand the global wine market?

Yes / No

6. Does your product have a distinct competitive advantage (quality, price, uniqueness, innovation) over your competition in the Hong Kong market?

Yes / No

7. Have you and/or can you adapt your packaging (labeling and/or promotional materials) for the Hong Kong market?

Yes / No

8. Do you have the capacity and resources to provide after-sales support and service in the Hong Kong market?

Yes / No

9. Do you have a Free on Board (FOB) or Cost, Insurance and Freight (CIF) price list for your product?

Yes / No

10. Have you undertaken any foreign market research of the Hong Kong?

A. Completed primary and secondary market research, including a visit to the Hong Kong market



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B. Completed some primary and secondary market research

C. No research

11. Is your promotional material available in the appropriate language? (Business cards, brochures, websites)

Yes / No

12. Have you started marketing your product in the Hong Kong market?

Yes / No

13. Have you engaged the services of a sales representative/distributor/agent, or partnered with a local firm?

Yes / No

14. Have you hired a freight forwarder or customs broker?

Yes / No



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How did you score?

If you selected "A", or answered "Yes" to 11–14 questions, congratulations!

You understand the commitment, strategies and resources needed to be a successful exporter. At the very least, you have the foundation in place to take on the world and succeed.

6–9: Not bad

However, there are weaknesses in your export strategy. It may be wise to seek further advice and guidance from Foreign Affairs, Trade and Development Canada experts, export consultants or the international trade branch of your financial institution.

Less than 6

While you may be ready to visit faraway lands, you'll need to do more homework before you export.

For more information on exporting, the Hong Kong market and how the Federal Government can assist the Canadian wine and alcoholic beverages industry in taking advantage of emerging export opportunities, please visit the website of the Trade Commissioner Service (www.tradecommissioner.gc.ca) or contact Janet Dorozynski, Global Practice Lead, Canadian Wine, Beer and Spirits, Foreign Affairs, Trade and Development Canada (janet.dorozynski@international.gc.ca; 613 944 0181).