Analysis of SWOT Model of the Wine Industry at the Eastern Foot of Helan Mountain of Ningxia

Ning CAO
Agriculture College of Ningxia University, Ningxia, Yinchuan, China
1148290869@qq.com

Keywords: Donglu, Ningxia, Wine, SWOT.

Abstract. The eastern foothills of the Helan Mountains are one of the most famous appellations in China. Through the SWOT strategic analysis of the Ningxia Helan Mountain wine industry, combining with the development of its wine industry characteristics, find out the Ningxia Helan Mountain foothill wine industry strengths, weaknesses, opportunities, threats, and proposes the corresponding solution.

Introduction
The SWOT analysis was proposed by Harvard University in 1971 in the concept of corporate strategy. SWOT analysis is a commonly used tool of strategic planning, by investigation and studying object is closely related to the various strengths, weakness, opportunity and threats. Its aim is to, through the comprehensive analysis of various factors of SWOT, make the enterprise to know and make full use of their own advantages, foster strengths and circumvent weaknesses, seize and create opportunities, and to avoid threats from the external environment. This paper will use SWOT analysis to analyze the advantages and disadvantages of Ningxia wine industry, and put forward corresponding strategies.

SWOT Analysis of the Development of Ningxia Wine Industry

Internal Advantage Analysis (S)

Natural Advantage. 1) Location. Ningxia Helan Mountain foothill is located in east longitude 105 ° 45 ' 39"- 106 ° 27' 35", north latitude 37 ° 43 '00" - 39 ° 05' 3 '', is the world's wine "gold belt". It is in a temperate arid climate zone with typical continental climate. The area is in the west of Yinchuan plain, which blocks the Gobi desert in the west and the upper reaches of the Yellow River in the east and Yinchuan, the capital of Ningxia.

2) Soil conditions. Helan Mountain foothill flat, fertile soil, small gap and shallow, light degree of soil erosion, soil mantle soil, soil for silty loam, some contain gravel soil, air permeable performance is good, is rich in minerals such as calcium, magnesium, soil deep 40-100 cm, pH < 8.5, very suitable for the growth of grapes.

3) Climatic conditions. Ningxia Helan Mountain light energy resource is rich, sunshine time is long, day and night difference is big, sunshine hours throughout the year in 2851 ~ 3106 h, the annual average 10 °C or higher, effective product 1534.9 °C, 7 ~ 9 months effective product 961.6 °C. Less than 170 mm, frost-free period 170 days, annual rainfall but relies mainly on the Yellow River irrigation area in Ningxia and abundant groundwater resources, "drought and drought", can guarantee grapes water, irrigation facilities. The previous month's rainfall was negatively correlated with the quality of the wine, and less rainfall during the mature period of 8 to 9 months. Unique light, heat, water and other weather conditions, makes the grapes fully developed, forming good pigment, high sugar content, acid content is moderate, phenolics content is higher, fewer pests, no pollution, high quality natural advantages.

Industrial Policy Advantages. Ningxia autonomous region government attaches great importance on the Helan Mountain wine industry, has introduced "Ningxia Hui Autonomous Region to Encourage Foreign Investment Regulation", "Opinion on Accelerating the Implementation of the
wine Industry", the Helan Mountain in Ningxia wine region protection ordinance, the Helan Mountain foothill column level evaluation measures for the administration of wine", etc., from the base construction, region protection, capital investment, talent training, the support of science and technology, etc, to promote the rapid development of wine industry in Ningxia Helan Mountain. In terms of specific details, compiled the water, electricity, roads, and Ningxia Hui autonomous region tourism and so on more than 20 special planning, established in investment management, land management, preferential fiscal and taxation, environmental protection, water conservancy, technology innovation, the investment promotion and capital introduction and market development and so on more than 30 support policies.

**Product Quality Advantages.** The exquisite production process guarantees the style of the Donglu wine. In Spain in May 2017, the 24th Brussels international wine competition, China won 78 awards, won big gold 4, 33 gold medal, silver medal, 41, of Ningxia Helan Mountain region scored four big gold medal awards, won a silver medal of gold medal 18, 19, do well in the contest. This is Chinese wine, and is the best result that has ever achieved in this international competition in the Donglu area of the Helan Mountains in Ningxia.

**Industrial and Cultural Advantages.** Ningxia also attaches great importance to the construction of the infrastructure of the wine culture industry. According to Ningxia autonomous region government, through the Helan Mountain foothill "master plan of one million mu grapes cultural promenade, Ningxia plans to invest more than 60 billion Yuan, taking grape and wine as the main line, and the combination of tourism resources, build Helan Mountain grape cultural promenade, a style on the Banks of the Yellow River construction winery and vineyard tour gold belt. From the construction plan, Ningxia will eventually form a grape culture development center, three ecological cultural wine, 10 wine towns, and 100 chateau wines, makes the region to become the world's wine culture expo center, industrial processing zone and the grape industry gathering area in Ningxia. [1]

**Internal Disadvantage Analysis (W)**

**Leading Enterprises are Weak and Production Costs are Relatively High.** Lack of leading enterprises and well-known brands, the whole trend of Ningxia wine industry is in low mechanization level and high cost of planting. There is a shortage of value benchmarking to improve the image of the region, and the low level of repetition is more serious. In addition, the autonomous region government created a lot of conveniences for wine enterprises, preferential policy and financial support, but too dependent on the government, enterprises lack the subjective initiative. Leading companies want to do a lot of work, but they don't have the energy to explore, research, study, integrate, manage, and marketing. From that point of view, the main enterprise of the grape industry in the east foot of the hill is not yet formed, in other words, it has not played a leading role.

**Characteristics of Individual Development are not Obvious.** In Helan Mountain wine grape planting varieties, breed is relatively single, mostly in the red grape variety cabernet sauvignon, white grape varieties more for chardonnay, the homogeneity phenomenon of Helan Mountain wine industry is serious, caused by the lack of personalized; in terms of types of wine, because most of the winery was established not long, small size, high production cost single reason lead to the types of brewing wine, dry red, dry white and pink. Zhangyu, for example, its products such as wine, brandy, sparkling wine and health wine, wine cellar, and classified as one hundred chateau wine, cabernet, ordinary wine four grades, and Helan Mountain foothill region is relatively single variety of wine.

**Advertising, Attracting Investment and Marketing Methods are Lagging Behind.** Most companies don't be aware of the establishment of company’s images, and brand awareness has a huge impact on market share. Although in recent years the rapid development of wine industry in Ningxia, but Ningxia wine brand effect has not been fully excavated, Helan Mountain, "Xixia king" and other well-known brands in Ningxia due to the propaganda work does not reach the designated position, is limited to areas of ace level, domestic and international market share is low, the lack of
provinces. [2] The market share is too small, advertising does not reach the designated position, sales channel is narrow, make Ningxia wine are not out of the door, brand effect does not give full play to the role.

The External Opportunity Analysis (O)

China’s Huge Wine Potential Market. With the increase of people’s income and living standard, consumers are pursuing higher standards of life and health. People’s consumption concept for the wine has become increasingly mature and furthermore, both the wine’s penetration rate and people’s consumption level have improved. According to the current per capita consumption, Chinese wine consumption per capita is less than two liters (namely, less than two bottles one year per person) in 2014. That is to say, at present, China's per capita consumption of wine accounts for only one third of the world's average consumption. As a result, China has a vast wine potential market.

Holiday Tourism Economy’s Arrival with the Transformation and Upgrading of Consumption. An international experience shows that if a country's per capita GDP has exceeded $5,000, that country's tourism industry can reach an advanced form which focuses on overall leisure and recreation, namely, a “vacation time”. In 2016, the per capita GDP of China has reached $8,866. The grape and wine industry in Ningxia should seize the opportunity while stimulating progress. In the meanwhile, some big chateaus should vigorously promote the integration of wine culture and tourism while making wine, open vineyard tours so as to attract tourists to take a holiday in the chateaus. Furthermore, it provides a good opportunity for consumers to visit the chateaus as tourists, to witness the production process and to grasp the connotation of wine. Through the intuitive feeling of vision and taste, the tour can not only enhance their understanding of and interest in wine, but also instill chateau ideas in them and cultivate their brand loyalty. People can be much better impressed by the wine in a vineyard compared with being introduced to the wine and wine culture at a certain wine tasting party.

New Opportunities Brought by “One Belt and One Road”. In 2015, “Opinions on the Integration into One Belt and One Road and Speed Up the Construction of Ningxia” published by the Ningxia government pointed out that opening channel construction is the top priority, and thus the vision of constructing three “silk roads” emerged at the right moment, namely, the construction of the continental, aerial, and online silk road. At the same time, Ningxia should promote the policy of "bringing in and going out", namely, intensifying the effort to attract the investment and promote enterprises to “go-out”. The construction of “One Belt and One Road” strategy built a higher platform for Ningxia’s wine industry. By the end of 2016, the grape planting area which is at the eastern foot of Ningxia Helan Mountain has reached 41,333 hectares, of which 36,000 hectares are used for producing grapes; thus it has become the largest continuous wine producing areas in China. Taking advantage of the “One Belt and One Road”, the wine aroma, which was introduced into Ningxia along the ancient Silk Road 2,000 years ago, is drifting to the world along the new Silk Road.

The AOC Products at the Eastern Foot of Helan Mountain will be the Priority for Future Development. In April 2003, approved by the State Quality Supervision Bureau, the wine of Helan Mountain's eastern foot was under state protection as a local original product. It is the third region to receive this honor following Changli wine and Yantai wine since the implementation of this protection policy. Taking advantage of the good ecological natural conditions and the policy to encourage the development of AOC wine, the wine from the eastern foot of Helan Mountain will considerably increase its competitiveness and influence in the domestic market.

The External Threat Analysis (T)

The Threat of Wine Production from the Surrounding Areas. In China, all the major wine producing regions are developing the wine industry. With long standing reputation, Yantai Zhangyu wine are welcomed for its wide varieties and novel names such as "Jiebaina". The wine's range covers high, medium and low grade and they are popular in the market. While in recent years, Xinjiang, Gansu, Yunnan and other places also made great efforts to the development and production of wine and launched new brands. For example, the wine of Xintianniya brand made
great efforts to its high-grade advertisement. Together with its wide varieties and originality, the wine of Xintianniya brand has become the new favorite in these new brands and it has tremendous potential.

The Menacing Imported Wine. The permeation of imported wine has besieged Chinese wine. According to the statistic data of the International Grape and Wine Organization, due to the global warming impact, 2016 is one of the least world wine productive years over the past 20 years. While, the total imports of Chinese wine still maintained more than 10% increase, with a total of 630 million liters of wine imports throughout the year.

All along the time, France, America, Chile, Australia and other countries spare no effort to hold a number of product tasting and culture promotion activities in various regions of China. Many imported wine outlets can be seen everywhere in large shopping malls and supermarkets, which is not conducive to the promotion and sale of Chinese wine. Furthermore, since the overseas direct purchase of wine has increased, it saves the operators’ cost and enjoys a price advantage over the Chinese domestic wine. At present, many operators such as Amazon and Jingdong have carried out overseas direct purchase business of imported wine.

The Entrance of Foreign Vineyards to the Western Market. Ningxia Delong Wine Limited Company and French Moet Hennessy Company have entered Ningxia’s market. These International brands, which own excellent quality, good reputation, strong production capacity, and extensive marketing channels, will change the competitive situation of the entire market to a large extent.

The Development Strategies of the Wine Industry in Ningxia Province

To Cultivate Leading Enterprises in the Wine Industry

It failed to make full use of various resources when these wine enterprises fought alone. To cultivate strong leading enterprises, it is needed to adjust the structure of wine enterprises and to comprehensively promote the diversification of wine companies with optimizing the capital and technology structures as the core. The capital structure and technical structure are directly related to the operation efficiency and competitiveness of the enterprise. In traditional industries, most enterprises are trapped in the long-term dilemma of unreasonable enterprise structure, which restricts the development of enterprises. The wine industry should, through market competition and industrial policy, adjust and optimize the enterprise structure and weed out a number of lagging firms of serious loss to eliminate excess production capacity and transfer the preponderant enterprises to the main force of the industry. In the several relatively larger enterprises of wine production which are located at the eastern foot of Helan Mountain, after the development of a short period like five or six years or as long as ten years, no one really plays a leading role. According to the reality of the wine industry in the eastern foot of the Helan Mountain, to revitalize the wine industry, the strategies of the industrial development must be devised at a certain height where the introduction of the advanced technology and funding projects from large companies need be identified as the key part of the adjustment of the wine industry to cultivate a strong competitive industry leader.

To Implement the Brand Strategy and Actively Promote and Enhance the Awareness of the Local Brands

First of all, quality forges brand. The quality of wine in the eastern foot of Helan Mountain Ningxia Province is a trump card. Secondly, the brand positioning is needed to segment the market. Through the segmentation, the wine industry should discover the market opportunities, design and shape their own unique product and brand personality, and comprehensively utilize the strategies including catering customers psychologically, reviewing the brand environment, seeking differences, creating personalized brand, determining positioning concept, constructing and enhancing the brand image. [3] Finally, a brand of the culture of Helan Mountain Ningxia Province is nurtured. As the saying goes, of the nation, of the world. It is both an achievement of commercial goal and a social responsibility to create a classic cultural brand, to cultivate a world-class wine brand and to expand
the reputation of the wine producing area through the cultural heritage of the region.

To Strengthen the Integration of the Wine Industry and Tourism

At present, China's consumers are still unfamiliar with the tourism in wine producing region. From the experience in foreign countries, the development of wine industry usually tends to drive the rise of the local tourism in the wine producing region. It will provide consumers with a leisure and cultural journey when they walk in the beautiful vineyards, visit the wine making process and taste the wine. This region combines the planting of grape, the brewing of wine, modern agriculture, science culture, the experience of picking grapes, and relaxing holiday into a single unit.

To Intensity the Technology and Talent Support to the Development of the Wine Industry and Strengthen the Staff of the Grassroots

Only when planning, breeding of good seeds, pest controlling, planting management, picking and brewing are all conducted in accordance with the norms, the quality of the fruits and wine can be ensured and the green brand be created. Growers rely solely on limited training to achieve technical services, which did not form a systemic and effective technical service to support the whole system, let alone standardized production. In addition, the wine industry in Helan Mountain lacks first-class sommelier, winemaker, agronomist and other professionals, which is not commensurate with the requirements of industrial development.

To Adjust the Structure of the Wine Industry and Gradually Transfer the Development Gravity from the Primary Industry to the Secondary and Tertiary Industries

Grape cultivation belongs to the primary industry, wine processing the secondary industry, and professional wine tasting and holiday travel the tertiary industry. To promote the integration and development of the first, second and tertiary industries, the industrial chain must be extended and improved. To this end, the qualified enterprises are encouraged to carry out the development of rape, glucose syrup, canned, grape juice drinks, grape seed oil, grape vinegar and other products; some related industries are needed to develop in packaging, printing, bottling, cork production and other assorted aspects to promote the transportation, the insurance, the storage, the brokerage agency and other industries; the enterprise are encouraged to adopt the development model of setting "winery + base + travel + business negotiations + real estate" as one.

Conclusion

The wine industry is a sunrise industry with special charm in the development of society, economy and culture. President Xi pointed out during his visit in Ningxia in 2016 that the wine industry in China has great potential. The wine in Helan Mountain is of excellent quality, and it is a right path for Ningxia province to develop the wine industry, which should be kept and pursued. The wine industry in this region enjoys the natural conditions, the strong support from policy, product quality, industrial culture and other advantages, but it also faces some difficulties including the single product structure, the weak competitiveness of enterprises and brands and so on. It is the direction of the future development of the wine industry in the eastern foot of Helan Mountain in Ningxia Province to seize the external opportunities, to play their own advantages and to utilize a unique and rational regional industrial development strategy and the strategy of differentiation. [4]

References

