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Export implicit financial Performance: are French Wine Companies exporting too much?

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Noting the difficulties in measuring export performance (especially financial performance) of companies, we develop a new measurement approach grounded on modern portfolio theory. This approach allows deducing the margin ratio, the risk and the correlation with domestic activities of export activities knowing export intensities, domestic and global financial performance of exporting companies. Using a sample of French companies in the wine industry on the period 2001-2006, these implicit financial export performance characteristics are estimated. Main results are the following: export activities permit to obtain a better global margin-risk relationship essentially due to diversification gains because export financial performance seems to be inferior to the domestic one for a great majority of companies. A risk-taking propensity (lower risk aversion coefficients) has a positive impact on actual performance of companies whether domestic or exporting.

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