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ATTRIBUTES DRIVING THE WINE CHOICE PROCESS

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ABSTRACT

Research Background: Wine businesses operate in an increasingly harsh and globalized competitive environment, characterized by shifting consumer behavioural trends, the rise of new players (Third World Countries, Banks and Overton, 2010) and unpredictability. They are thus obliged to strive for 'strategic transcendence', through holistic re-evaluation, redefinition and redevelopment of all their functional and marketing processes.

Research Aims: This paper analyzes attributes of the wine purchasing process and assesses, from a consumer-oriented perspective, their value as determinants of marketing strategy.

Research Methodology: Extensive theoretical research was conducted into various aspects of wine consumer purchasing behaviour. Subsequently, an empirical survey was performed, and the gathered data was processed with both descriptive and multivariate statistical techniques. The empirical research evaluated the theoretically identified variables in the context of the new competitive conditions that characterize the wine sector today.

Research Findings: The research identified five 'macro-themes' associated with the perception of the generic product 'wine': 'Relationship between territory and wine', 'Wine Identity card', 'Experiential identity of the wine', 'Information in support of the purchase process', and 'Price'.

Research Value: The research identified trends which, properly interpreted, add to our understanding of consumer behaviour and offer valuable guidance for the development and implementation of corresponding strategies (primarily concerned with marketing and branding) in the wine sector.

Keywords: *Wine, Consumer, Country of Origin, Marketing, Branding*

INTRODUCTION

Wine producers and sellers across the globe are operating in a challenging business context which is becoming increasingly harsh for all business-end stakeholders. Much like their counterparts in so many other industries (Thrassou, 2007), wine businesses are being forced into a competitive arena characterized by: a) globalization; b) shifting consumer behavioural trends; c) fluctuating and unpredictable macro-environmental business conditions; d) evolutionary restructuring and

repositioning of all production, distribution, sales and marketing aspects of the product (Rossi et al., 2012).

A key feature of the international wine-making sector today is the coexistence of various contexts of production and consumption. The traditional dichotomy (Campbell and Guibert, 2006) of wine producers that are the expression of an area and of the vine-grower's experience (Old World: Italy, France, Spain, Germany and the UK), and production areas oriented to the achievement of a homogeneous product, no longer associated with a precise area of origin (New World: California, Australia, Argentina, New Zealand) is currently evolving rapidly. Key new players are emerging in the context of both production and consumption.

In the light of the above, this research analyzes attributes of the wine purchasing process in an effort to determine, from a consumer-oriented perspective, their impact on the development of marketing strategies. To this end, theoretical research into various aspects of wine purchasing was conducted. Subsequently, an empirical survey was performed to identify the 'macro-themes' underlying the process by which the consumer's choice of 'wine' product is made.

Aware of the increasing need to translate academic findings into industrial applications, the research concludes by presenting the managerial implications of the findings.

THEORETICAL CONTEXT AND DEVELOPMENT OF THE HYPOTHESIS

A consumer-oriented approach to the wine market

In the current competitive context, knowledge of cognitive and behavioural elements that facilitate the perception of the product's *value proposition* – and thus characterize the purchase process (Mowen, 1995; Thrassou et al. 2012) – is becoming increasingly important in terms of generating value for the customer (Wayland, Cole, 1997). In the above context therefore, this paper adopts a *consumer-oriented* approach, and considers the emotional, cognitive and behavioural dimensions of the purchasing process to be fundamental (Holbrook and Hirschman 1982; Schmitt, 2003; Vrontis et al., 2011a, b).

The starting point for this research was thus a review of the business literature with a view to *identifying the attributes and variables that determine the purchase of wine*. A case-by-case discussion of each of the works analysed is not possible here, but in terms of the theoretical part of this research, two broad categories of variable were identified: a) attributes/benefits strictly linked to the wine itself; b) attributes/benefits arising from the association between the wine and its place of origin (Table 1).

Dimensions	Unit of analysis	Authors
Attributes/benefits strictly linked to wine	organoleptic properties, grape variety, method of production	Golan and Shalit, 1994; Schamel, 2006.
	price, information on the label, in guides and on the internet	Koewn and Casey, 1995; Chaney, 2000; Scorrano 2011.
	destination brand of the producer and the producer's reputation/identifiability	Gil and Sánchez, 1997; Quester and Smart, 1998; Jarvis et al., 2003; Vrontis et al., 2011a.
	reputation/identifiability of designation (country, region) of origin	Skuras and Vakrou, 2002; Martínez-Carrasco et al., 2006; Vrontis et al., 2011a, b.
Attributes/benefits arising from the association between the wine and its place of origin	historical, symbolic and environmental elements of the area	Tragear et al., 1998; Maizza and Rosato, 2008; Fait, 2010; Vrontis and Thrassou, 2011.
	origin as the main tool for identifying the wine product and its related quality	Bilkey and Nes, 1982; Al-Sulaiti and Baker, 1998; Vrontis et al., 2006.
	consistency of the product with the image of the region of origin	Van Ittersum et al., 2003; Fait, 2012; Rossi et al. 2012.
	hedonistic, aesthetic and high-profile qualities of the wine product, linked to the "made in" effect	Bloch, 1986; Charters and Pettigrew, 2006; Vrontis and Thrassou, 2007.

Table 1: Review of literature in the wine market

In accordance with the literature (Olson and Jacoby, 1972; Steenkamp, 1989; Oude Ophius, Van Trijip, 1995; Bernués et al, 2003a, 2003b), which cites the distinction between *intrinsic attributes* (organoleptic properties and physical characteristics of the product) and *extrinsic attributes* (price, brand, reputation, image, advertising), this study considered *Organoleptic Properties, Production Methods, Bouquet and Taste* in reference to the former, and *References, Packaging, Price, Information found in guides and on the label, Wine tasting, Educational Tours, Cellar door sales, information available on the internet, Reputation of producer, and Reputation of designation of origin* in reference to the latter.

In addition, in accordance with those authors who stress the association between the wine and its place of origin (Bilkey and Nes 1982; Al-Sulaiti and Baker 1998, Tragear et al., 1998; Van Ittersum et al. 2003) and give prominence to the wine's hedonistic and **aesthetic** properties, linked to the "made in" effect (Bloch, 1986; Goldsmith and d'Hauteville, 1998; Charters and Pettigrew, 2006), this paper considered the following elements: *Artistic/Cultural Resources, Natural resources, Land and Wine events,*

Wine routes, Land information in brochures and Destination brands that identify the specific wine (e.g. Napa Valley, Tuscany, Bordeaux).

Research hypothesis

The paper adopts the subdivision into “old” wine regions (Italy, France, Spain, Germany and the UK), “new” regions (Australia, the California (USA), Argentina, New Zealand) and “third” regions (Brazil, India, China, Russia and Romania). Based on the findings of the above-cited literature (both general and, more importantly, specific to wine-making), it is argued here that *some of the theoretically identified attributes act as behavioural guidelines*, influencing the consumer’s choice of wine product.

Methodologically, the research was therefore designed and executed specifically to test the above hypothesis and guarantee the reliability and validity of the results.

EMPIRICAL RESEARCH METHODOLOGY

Sampling

Regarding the context of analysis and sampling, this study chose to focus on wine buyers due to their technical knowledge, creativity and ability to identify the market of reference and related trends (Kotler et al., 2012). The sample was selected from an international buyers database (*Bestwineimporters*¹) listing (a) importers from the top 10 wine-producing countries (Argentina, Australia, China, Chile, France, Germany, Italy, South Africa, Spain, the USA/California) and (b) importers to the top 10 wine consumer countries (Argentina, China, France, Italy, Germany, Romania, Russia, Spain, the UK, the USA)².

Initially the sample population was composed of subjects from the following countries: France (120), Italy (113), Germany (850), the UK (542), Spain (85), the USA/California (1130), Argentina (38), Australia (106), New Zealand (53), China (47), South Africa (33), India (36), Russia, (65), Romania (39), Brazil (110).

The sample was then revised on the basis of: a) buyer website assessment (deemed methodologically necessary as contact with buyers was by Facebook, e-mail or filling in “contact us” fields in the period May-November 2013); and b) the buyers’ level of specialization, so as to include only those who trade in wine.

Since this was exploratory research conducted on a selected sample, the *convenience sampling* technique was applied and a total of 315 properly completed, valid questionnaires were collected, considered and analyzed (28 from the UK, 14 from France, 31 from Germany, 8 from Spain, 21 from

¹ For further information, see <http://www.bestwineimporters.com/it/index.html>

² The lists of countries are from the OIV Report 2012

Italy, 35 from the USA, 25 from Argentina, 25 from Australia, 26 from New Zealand, 20 from South Africa, 22 from Brazil, 20 from India, 20 from China, 12 from Russia, 8 from Romania).

Questionnaire development and analysis

A semi-structured questionnaire was constructed with the aim of identifying and understanding perceptions of specific determinants of purchasing behaviour, and a pilot test was conducted.

For quantitative measurements, a five-point scale was used (5 = greatest importance, 1 = least importance). A validation test was also conducted by sending the first version of the questionnaire to 20 buyers working in 4 different geographical areas.

Data were analysed using SPSS software (Statistical Package for Social Science), with the gathered data being processed by descriptive and multivariate techniques. *Factor analysis* was used to test the research hypothesis.

RESULTS AND FINDINGS

Attributes guiding the consumer choice process

The first step of the research allowed the identification of 'macro-themes' influencing the consumer's choice of 'wine' product on an international scale. The research sought to verify whether this process is indiscriminately structured, or whether certain groups of variables play a greater role than others, so as to identify possible guidelines for consumer-oriented marketing strategies. To this end, and to highlight the existence of a structure underlying the set of observed variables, *Factor Analysis* (appropriate for the explorative nature of the research) was applied.

The results of the KMO test (0.867, i.e. > 0.7) and Bartlett's test were indicative of a correlation between the variables (p-value > 0.05), confirming the suitability of factor analysis. The analysis extracted five elements that explain 68.025% of variance (values of 60-70% being considered acceptable in terms of the informational function)¹.

The data were interpreted by means of the rotated component matrix (Table 2), in which the variables are associated with the components with which they show the highest correlation.

¹ The five identified components all have high values and summarize the information contained in the original data matrix. This is confirmed by the scree plot and the communalities (not shown here due to lack of space).

	Component				
	<i>Relationship between territory and wine</i>	<i>Wine Identity card.</i>	<i>Experiential identity of the wine</i>	<i>Information in support of the purchase process</i>	<i>Price</i>
Artistic and Cultural Resources	0.715				
Natural resources	0.689				
Land and Wine events	0.826				
Wine routes	0.788				
Land information in brochures	0.759				
Destination brand identifying the specific wine	0.668				
Organoleptic Properties		0.834			
Production Method		0.658			
Bouquet		0.865			
Taste		0.870			
Reputation of producer		0.525			
Reputation of Designation of Origin		0.598			
Educational Tour			0.773		
Cellar door sale			0.828		
Information on the internet			0.574		
References				0.786	
Information in guides and on the label				0.535	
Packaging				0.831	
Price					0.854

Notes:

Extraction method: principal components analysis.

Rotation method: Varimax with Kaiser normalization.

The rotation met the convergence criteria in 7 iterations.

Table 2: Rotated component matrix

The first component, which we call '*Relationship between territory and wine*', is characterized by the high correlation of variables indicative of the external visibility of this relationship (Artistic and Cultural Resources, Natural resources, Land and Wine events, Wine routes, Land information in brochures, Destination brand identifying the specific wine), and the perception of this relationship as a means to increase the value of the wine product. This confirms that the consistency between the product and the image of its region of origin, frequently cited in the literature, is a key element of a wine's value.

The second component, which we call '*Wine identity card*' relates to the wine itself, in the sense that it includes variables arising from its intrinsic features (Organoleptic Properties, Production Method,

Bouquet, Taste) and the 'reputation' variable (Reputation of producer, Reputation of the Designation of Origin).

The third component, '*Experiential identity of wine*', corresponds to the consumer's need to 'explore' the wine, by means of a flow of information that is not linked to strictly oenological factors, but rather to experiential elements. The variables included here indicate a consumers' need to know/understand the wine's context through direct/experiential contact (Educational Tours, Cellar door sales) or via social communication tools (information on the internet, particularly blogs and social networks).

The fourth component, termed '*Information in support of the purchase process*', is characterized by the correlation between three variables (References, Packaging, Information in the guides and on the label), indicative of a need for information in support of the purchase process, guaranteed by the numerous references, the packaging and the information included on the label (e.g. grape variety, alcohol by volume, place of production, etc.) and in the guides (tasting scores, competitions, matching, etc.).

The last component, '*Price*', is fundamentally linked to economic evaluation at the time of purchase.

CONCLUSIONS AND MANAGERIAL IMPLICATIONS

The managerial literature, particularly of an empirical nature, has analyzed the process of consumer wine purchasing with regard to one or a small number of attributes. In contrast this paper considered attributes and variables identified by the literature but suggested a multi-dimensional vision of the process. Specifically it sought to understand whether this process is indiscriminately structured or whether certain groups of variables play a greater role than others in the process.

Due to the reduced representativeness of the statistical sampling, this research cannot thoroughly outline consumer behavioural trends in the international context. However, it may be said to have a) identified trends which, properly interpreted, add to our understanding of consumer behaviour and offer valuable guidance for the development and implementation of marketing and other strategies in the wine business sector; b) analyzed the attributes of the wine purchase process with regard to new players who are taking on a significant role in the production context as well as in wine consumption. Specifically, *Factor analysis* revealed that:

- 1) The wine product can be analyzed multi-dimensionally in the context of international consumer behaviour. The wine product is diachronically permeated by its tangible attributes, which are relatively explicit and relate to taste, bouquet, colour and all the other characteristics that contribute to the knowledgeable consumers' conscious evaluation of the wine's 'tangible' qualities. Commercial success however is also very much a matter of marketing factors, relating to parameters such as price, brand recognition, accessibility, promotion, etc.

The research however, also indicated a less tangible aspect of wine identity that consciously or subconsciously affects consumers' perception of the product, and consequently their preferences and choices. Typically, and of special interest to this research, this aspect relates to the wine's country-of-origin.

2) The international wine market is characterised by five 'macro-themes' underpinning the perception of the general 'wine' product: '*Relationship between territory and wine*', '*Wine identity card*', '*Experiential identity of the wine*', '*Information in support of the purchase process*', and '*Price*'. From a consumer-oriented perspective then, the previous considerations can be interpreted as guidelines which modulate a *value proposition* in accordance with the consumers' attitudes. They are linked to the following marketing concepts:

- The *Wine Identity card* component is linked to the *product experience* dimension, i.e. the consumer's interaction with the product or the brand;
- The *Price* and *Information in support of the purchase process* components correspond to the *shopping and service experience* dimension, concerning consumer-store interaction (whether physical or virtual) (Maizza et al., 2013);
- The *Experiential identity of the wine* and *Relationship between territory and wine* components correspond to the hedonistic-experiential dimension of the *consumption experience*.

In conclusion, wine is perceived as a product giving physical enjoyment, but also increasingly as a means of association with the cultural and lifestyle connotations of the wine's place of origin. The combination of the two constitutes what we might call the 'wine experience'. Wine producers and sellers must develop both aspects of the product, in terms of both physical production and marketing practices. Today, as a consumer choice and a commercial activity, wine is no ordinary product, and its production and branding in those new countries which are now beginning to play a significant role in both production and consumption must take account of this.

This paper represents the first step in a wider research programme that will seek to determine whether there are:

- groupings of countries showing homogeneities or shared characteristics in the choice process;
- specific features that distinguish wine products in the perception process of new international players.

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