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Using Region to Market Wine to International Consumers

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This study adds to the food products marketing and product development literature by comparing the purchasing behaviors of wine consuming segments in Australia, New Zealand, and the United States when faced with a lack of information. Region of origin information was the most popular coping mechanism in the United States and Australia when unsure about making a wine selection. New Zealanders place the most emphasis on medals won. Daily wine consumers relied more on region of origin information than moderate consumers in the United States but this was not true in Australia and New Zealand.

KEYWORDS wine, information search, wine region, international wine marketing, wine promotion, country of origin

INTRODUCTION

The wine industry is evolving rapidly as consolidation and globalization alter the competitive landscape. United States wineries continue to lose market share as even overall demand for wines is expanding (Hussain, Cholette, & Castaldi, 2007). In an effort to hold on to market share at home and abroad, wineries are striving to identify attributes that will make their wines more appealing to global consumers (Frey, personal communication, March 15, 2008). In the face of an ever-increasing number of brands, it is becoming more and more difficult to develop wine products that can be differentiated from the competition (Bruwer, 2004).
The wine industry has entered a stage where just making good products is not enough to grow the market. A wide choice of products is available for consumers and wineries need to move from a production orientation to a marketing orientation based upon understanding the consumer (Thomas, 2000). The consumer’s choice is likely to be influenced to a greater extent by product attributes that are not part of the core product. Opportunities lie in designing extrinsic product attributes such as unique packaging (Orth, 2002). Clear labeling can also help to reduce consumer confusion and inform them about the quality of the wine, even if they are not experts.

The global market does not stand still. United States wine exports grew to a record $951 million in 2007, according to the Wine Institute (Silicon Valley Bank, 2009). The European Union (EU), in order to increase the competitiveness of EU wine producers, issued a communication on reform specific to the wine sector in 2006. This is a reaction to the inroads made in the European market by new world exporters. Exports from four main producers increased dramatically from 1991/1993 to 2001/2003 (Europa, 2006) as follows:

- South Africa +770%;
- Australia +500%;
- Chile +270%; and
- United States +160%.

Reforms have been enacted in order to create a regime that respects tradition while operating under clear simple rules so that old markets can be recovered and new ones won over. The hope is that these reforms will reduce the confusion that consumers experience due to the complex legal system of labeling European wines (Europa, 2006).

In order to achieve success with a new product innovation, there is a need for a strong market orientation. A policy of innovating without paying attention to the needs of consumers is most likely to result in fewer successful new products (Calentone & di Benedetto, 1994). An understanding of what quality means to consumers offers the promise of improving brand positions through more precise market segmentation, product planning, promotion, and pricing strategy (Zeithaml, 1988). It is important to know which product attributes are important and how they are used by different buying segments on a country-by-country basis.

With the continued expansion of new products and competition, wineries are under constant pressure to differentiate their products in order to stand out in the marketplace (Lockshin, 1997). The increasing popularity of wine in the United States and increasing pressure from imported wines has encouraged many U.S. wineries to explore strategies to maintain market position. One way to retain both customers and profit margin may be to
develop products and market them based on region of origin and other label information.

It has been suggested that smaller wineries should build an image as quality wine producers by utilizing a place-based marketing strategy. In such instances, a link would have to be established between the product’s place of origin and product quality (Thode & Maskulka, 1998). This may also help them compete in foreign markets.

Region of origin is an attribute that can help persuade a consumer to buy a particular wine. Consumers often employ information about the region of origin of a product to make inferences about the quality of the product (Verlegh & Steenkamp, 1999). Just as in other industries, wine products can now be produced in a variety of countries and possess increasingly standardized core features. Consumers often use origin image to “chunk” information and make a decision. This helps them to reduce perceived risk and assess the social acceptability of their choices (Papadopoulos & Heslop, 2002). These authors concluded that national and other place images are powerful stereotypes that influence behavior in both industrial and consumer markets. It is especially important in the global marketplace to know and understand the power of region in the consumer buying decision.

Wine has a very close connection to its region of origin. Many of the conditions required for high quality grapes exist in only limited geographical areas. The soil, elevation, steepness of hillsides, and weather are all natural features that contribute to the quality of the grape. In Europe, a strong connection exists between region of origin and quality. The French have recognized this for years and use the word “terroir” to encompass these elements. The new EU regulations establish guidelines concerning alcoholic strength, enrichment, fermentation, filtering, and blending of wines. These parameters will help to protect the reputations of wine regions that have been established over the years (Wine Standards Board, 2005).

The quality of wine is also influenced by fermentation processes, growing processes, and methods of harvesting. These activities can all vary based upon tradition and quality standards established in a region. The correct grape variety must also be matched to the natural features of the region in order to maximize quality. These factors all demonstrate the close relationship between the wine and the place where it originated. In England, for example, separate parameters have been set for wines considered to be “Table Wine,” “Regional Wine,” or “Quality Wine.” Tasting panels have been established to assess and classify these wines.

When a consumer is making a purchase decision, however, he does not usually have access to all of this information. Wineries in the United States and Australia have had success marketing wine based on the varietal of the grape (i.e., Chardonnay) or brand. Smaller wineries do not have the
ability to develop a brand so the option of region of origin promotion can be attractive. The perception of an origin and the presentation of origin information in a retail environment can have a great influence on wine sales (Chaney, 2002).

This study will add to the international marketing and product development literature by investigating the purchasing behaviors of wine consumers on a country-by-country basis when faced with a lack of information. We will focus especially on region of origin information as a quality cue in these situations. It is important to understand whether attitudes about region of origin in the wine decision process are different for consumers in different countries and how they vary in those countries based on consumer attributes.

LITERATURE REVIEW

Wine buying is a risky activity for most of the world’s wine consumers due to a high level of confusion stemming from the complexity of the wine market. Whereas most supermarkets carry 10 or so brands in any one category, the wine category typically has over 700 (Lockshin, 2003). Traditional wine-producing countries in Europe present information based on a combination of place names, vineyards, winemaking families, and negociant-based labels. New World wines, on the other hand, are identified by grape varietal and brand name. English wines, however, can both the region of origin on the label and the vine variety (varietal) (WSB, 2005, p. 22).

Wine is widely regarded as a complicated product from the viewpoint of the consumer, so consumers employ risk reduction strategies. Reviewing the label for pertinent information such as region of origin is part of the wine consumers risk-reduction strategy. Ram and Sheth (1989) outlined five areas of resistance to consumer adoption of new products: usage barriers, value barriers, risk barriers, tradition barriers, and image barriers. Risk barriers become relevant when customers are uncertain about physical, economic, functional, or social risks from using a product (Mitchell & Greatorex, 1988). This is certainly the case in the wine market. It is critical that wineries promote and present the most important information to the consumer on their labels and shelf talkers.

Intrinsic and Extrinsic Cues

Consumers use a variety of cues when making quality judgments. Wine purchasers consider price, the label, the brand, the region of origin, and shelf position (Jacoby & Olson, 1985; Lockshin, Jarvis, d’Hauteville, & Perrouty, 2006; Lockshin & Spawton, 2001). Beyond the wine itself, many other
attributes of the product can be adapted by the producer in order to respond to consumer preferences.

The wine product has a high proportion of attributes that can only be assessed during consumption so the ability of the consumer to gauge quality prior to purchase is very low. Intrinsic cues for wine buyers include varietal flavor, alcohol content, and wine style—things that relate to the core product itself. These characteristics can only be determined after the bottle has been opened. Because the quality related attributes (taste, color, aroma) can only be evaluated after purchase, the consumer is forced to rely upon extrinsic cues such as price, packaging, and brand (Jacoby & Olson, 1985). These are attributes that can be presented differently in different markets without actually changing the core product (Lockshin & Rhodus, 1993). Lockshin (2000) asserts that brand name acts as a substitute for attributes such as quality and that brand acts as a shortcut in dealing with risk.

It has been asserted that consumers do not have a clear understanding of branding in the wine market. Labels typically present information about variety, region, appellation, vineyard or brand, and winemaker’s notes (Spawton, 1991). Gluckman (1990) postulated that consumers attach the same status to generic grape varietals and regions as they do to brands. The presentation of extrinsic cues such as region of origin information on the label, medals, or artwork may make the benefits of the wine more tangible to the consumer.

Country of Origin

According to Lockshin and Rhodus (1993), the average wine consumer is likely to rely upon extrinsic cues such as price or origin when making quality assessments. Consumers use these cues as shortcuts or decision heuristics to inform their choice. Consumers with little knowledge tend to rate wine quality based on available extrinsic information, rather than on taste. Country-of-origin information has been shown to reduce dissonance in the decision process (Keown & Casey, 1995). Also, the origin of the wine is often used as an indicator of quality. Country-of-origin information has been shown to be more important than price or brand in assessing quality of some products (Wall, Hofstra, & Liefield, 1991).

Batt and Dean (2000) found that the origin of the wine was the third most important variable in a wine purchase decision among Australian consumers. The introduction of geographical indicators in Australia has promoted the use of regional branding as a branding tool (Lockshin, 2001). On the other hand, recent research by Aurifeille et al. (2002) revealed that origin has only a minor influence on consumer choice when purchasing wine across a variety of occasions. “In our experience, only a small but active group of consumers care much about regional identity (Rasmussen, 1999, p. 95).
Rasmussen and Lockshin (1999) undertook to clarify the effect that regional branding has on consumer choice behavior. Wine has an enormous number of brands and thus can make the task of choosing a wine complex and difficult. They placed consumers on a novice to expert continuum. The degree of expertise was based upon involvement, knowledge, and usage level. Their results suggested that, while regional branding was not the most important cue, consumers who do use regional branding as a cue generally have higher perceived knowledge of wine. This concept was verified in a discrete choice experiment (Perrouty et al., 2006). They found that region of origin equity was more important for expert consumers than novices.

The geographic origin of wine is often perceived as an indicator of quality and may be used as the basis of decision making when purchasing wine (Duhan, Kiecker, Areni, & Guerrero, 1999). Origin information typically serves as a halo from which inferences are made about unfamiliar wines. In the case of a U.S. wine purchaser, the reputation of the Napa Valley or California can be used as an indicator of quality. Wines from other parts of the United States have a difficult time competing with Napa’s reputation. An international research project recently indicated that the most important attribute for both Australia and New Zealand consumers was the geographic origin of wine (with local wines preferred over all other choices presented) and the most important attribute for the U.S. consumers was the type of wine (with red wine preferred over all other choices presented) (Atkin, Garcia, & Lockshin, 2007).

Findings concerning the importance of region of origin in relation to other cues have been mixed. In 2001, researchers found that among the extrinsic cues, price was considered the most important across a variety of purchase occasions, especially business-related events. The brand of the wine was the second most important cue, followed by the label/package. Region was not seen to be of great importance as it was ranked fourth (Hall, Lockshin, & Mahoney, 2001).

Those findings were contradicted by Jarvis and Rungie (2002), who used a choice-based experiment to reveal consumer utility values. A “well-known region” had the highest stated choice utility among all respondents. Those findings were in agreement with research performed by Tustin and Lockshin (2001). A recent study conducted in China demonstrated that COO (country of origin) affects consumer’s product evaluations. In the words of Ballestrini and Gamble (2006, p. 400), “Wine is quintessentially a product related to territory, even if that territory is as widely defined as a country.”

We seek to explore how extrinsic attributes such as region of origin and medals won information affects the wine purchase decision of particular consumer groups on a country-by-country basis. This segmentation by group and country will add to understanding of consumer buying habits.
Gender

When evaluating how wine buyers make their decisions, differences by demographic variables such as gender are a good place to start. According to Rappoport, Peteres, Downey, McCann, & Huff-Corzine (1993), men and women do in fact differ in terms of the relative importance they will place on pleasure, health, and convenience as it relates to food and beverage consumption. In a study involving print ads, Le Bel (2005), found that women were more sensitive to ads that conveyed the wine’s sensory qualities, while the men were more influenced by ads that emphasized sex appeal. Le Bel recommended that marketers consider gender differences in their branding and communication programs. That study suggested that men and women use different criteria when selecting a wine. The analysis presented here seeks to determine if such differences are similar in three countries, Australia, New Zealand, and the United States.

According to a study by the Wine Market Council, 60% of Americans who consume wine once or more a week are women, and women buy 80% of the wine sold in the United States (Anonymous/Beverage World, 2005). Atkin et al. (2007) have shown that consumer behavior in the wine purchase process can vary by the gender of the consumer—especially when it comes to searching for information.

A key factor in the successful marketing of wine to women in the retail setting will be the identification of what is important in the decision-making process. According to Perreault and McCarthy (2005), during the typical information search the consumer: (1) determines the alternatives (in this case the various types of wine, varietals, and price ranges), and then, (2) ascertains the characteristics of each wine alternative. A shortcut may be needed, however, because a busy woman will not have the time to ascertain the characteristics of thousands of wines.

Women demonstrated a stronger tendency than men to consult a variety of sources in order to gather additional information. Recent research showed that in the United States, women had a significantly stronger preference for acquiring on-the-spot information (Atkin, Nowalk, & Garcia, 2007). Women were more willing to ask questions of the sommelier and consult the menu in a restaurant in each country. In a retail environment, women were more willing to read the label and read shelf tags. It would be advantageous, therefore, to isolate groups of potential customers who place differing emphasis on cues and to identify marketing opportunities by exploring the potential for cue combinations not currently available (Hair, Anderson, Tatham, & Black, 1998).

In the absence of sufficient information, women showed a significantly stronger tendency to rely on coping mechanisms. They were more willing than men to make a decision based on secondary criteria such as artwork,
medals won, and price (see above). In an international study, this pattern was evident across three countries: Australia, New Zealand, and the United States (Atkin & Sutanonpaiboon, 2007). Interestingly, men in Australia and the United States showed a stronger willingness to just walk away without buying anything in such a situation.

RESEARCH QUESTIONS

This research seeks to determine what consumer variables alter the importance of regional branding as a cue in the choice process. Based on the preceding discussion of wine-buying behavior, we developed a set of research questions to ascertain gender differences and differences in frequency of wine consumption in the wine purchasing situation. Hence, we present the following research questions:

1. Does the importance of regional branding as a cue vary based upon the consumer’s gender? In other words, do women’s preferences differ from those of men? Are these differences in preference similar in Australia, New Zealand, and the United States?

2. Does the importance of regional branding as a cue vary based upon the consumer’s frequency of wine consumption? In other words, do the preferences of consumers who drink wine daily differ from those of consumers who drink wine a few times per month? Do these differences hold from country to country?

DATA COLLECTION

The survey had an international sample, with respondents from Australia, New Zealand, and the United States. The study sample represents only wine drinkers and should not be taken as a general population sample. However, it is a reasonable sample to understand why some consumers prefer one wine style to another and the choice criteria and helping mechanisms they use to make their wine purchase decisions. The sample included 807 males and 376 females from Australia, 222 males and 196 females from New Zealand, and 497 males and 876 females from the United States.

In cooperation with several wine clubs, wineries, and retailers interested in consumer preferences, we sought to determine the preferences of relatively frequent purchasers of wine internationally. It was felt that consumers who appeared on various retailer or wine club mailing lists would be more likely to have developed well-formed opinions, being regular wine drinkers, and would provide the best indication of why or why not they
purchased certain wines. One of the goals of the study was to examine consumer preferences on several wine attributes, including region of origin. Respondents were obtained in the United States by sending e-mails to the customer lists provided by wine-related groups such as the Wine Brats and the Winex Wine Club. Retailers’ customer lists were used to gather respondents in Australia and New Zealand. The survey was posted on the Internet from June 15, 2004, to November 14, 2004. There were 2,976 respondents worldwide.

RESULTS

The key question concerned what types of information consumers use to evaluate the quality of a wine when they can’t sample it. Respondents were asked on a 7-point Likert scale (from strongly disagree to strongly agree) - “When I’m unsure about making a wine selection I . . . ”:

1. randomly choose a bottle;
2. buy what I always buy;
3. don’t buy anything;
4. buy based on price;
5. buy based on region;
6. buy based on label artwork;
7. buy based on medals or awards; and
8. other.

Tables 1, 2, and 3 show the results from Australian, New Zealander, and American wine consumers based on their gender. The results reveal a great similarity between wine consumers in Australia and the United States. That is, both men and women in both countries rely on the region of wine’s origin more than all the other coping mechanisms when they are unable to get adequate information. Another similarity is the significant difference among the two genders in both countries, i.e., both American women and Australian women rely on coping mechanisms such as medals, price, and artwork more than men in their country. Women in both countries are significantly more likely to buy the wine that they always buy, or randomly buy a bottle of wine more than do men in their country. The results also show that men feel more comfortable walking away without buying any wine than do women in their countries.

New Zealand consumers, on the other hand, prefer to use information differently compared to those in Australia and the United States. New Zealanders rely most highly on medals and awards the wine won, followed by region of wine’s origin and price of wine. New Zealand women
TABLE 1 Australians’ Wine Preferences Based on Consumers’ Gender

<table>
<thead>
<tr>
<th>Coping mechanism</th>
<th>Mean – men</th>
<th>St. Dev.</th>
<th>Mean – women</th>
<th>St. Dev.</th>
<th>Significance level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region</td>
<td>5.26</td>
<td>1.281</td>
<td>5.33</td>
<td>1.277</td>
<td>0.384</td>
</tr>
<tr>
<td>Medals</td>
<td>4.16</td>
<td>1.593</td>
<td>4.53</td>
<td>1.599</td>
<td>0.000</td>
</tr>
<tr>
<td>Price</td>
<td>4.21</td>
<td>1.510</td>
<td>4.43</td>
<td>1.606</td>
<td>0.024</td>
</tr>
<tr>
<td>Always Buy</td>
<td>4.14</td>
<td>1.655</td>
<td>4.45</td>
<td>1.620</td>
<td>0.005</td>
</tr>
<tr>
<td>Artwork</td>
<td>2.30</td>
<td>1.409</td>
<td>2.98</td>
<td>1.716</td>
<td>0.000</td>
</tr>
<tr>
<td>Random</td>
<td>2.18</td>
<td>1.488</td>
<td>2.60</td>
<td>1.629</td>
<td>0.000</td>
</tr>
<tr>
<td>Don’t Buy</td>
<td>1.99</td>
<td>1.524</td>
<td>1.75</td>
<td>1.361</td>
<td>0.008</td>
</tr>
</tbody>
</table>

TABLE 2 New Zealanders’ Wine Preferences Based on Consumers’ Gender

<table>
<thead>
<tr>
<th>Coping mechanism</th>
<th>Mean – men</th>
<th>St. Dev.</th>
<th>Mean – women</th>
<th>St. Dev.</th>
<th>Significance Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region</td>
<td>4.75</td>
<td>1.357</td>
<td>4.65</td>
<td>1.368</td>
<td>0.441</td>
</tr>
<tr>
<td>Medals</td>
<td>5.19</td>
<td>1.143</td>
<td>5.63</td>
<td>0.966</td>
<td>0.000</td>
</tr>
<tr>
<td>Price</td>
<td>4.52</td>
<td>1.342</td>
<td>4.62</td>
<td>1.249</td>
<td>0.407</td>
</tr>
<tr>
<td>Always Buy</td>
<td>4.21</td>
<td>1.547</td>
<td>4.26</td>
<td>1.655</td>
<td>0.771</td>
</tr>
<tr>
<td>Artwork</td>
<td>2.43</td>
<td>1.437</td>
<td>3.01</td>
<td>1.529</td>
<td>0.000</td>
</tr>
<tr>
<td>Random</td>
<td>2.57</td>
<td>1.487</td>
<td>2.87</td>
<td>1.698</td>
<td>0.057</td>
</tr>
<tr>
<td>Don’t Buy</td>
<td>1.82</td>
<td>1.299</td>
<td>1.74</td>
<td>1.159</td>
<td>0.509</td>
</tr>
</tbody>
</table>

TABLE 3 Americans’ Wine Preferences Based on Consumers’ Gender

<table>
<thead>
<tr>
<th>Coping mechanism</th>
<th>Mean – men</th>
<th>St. Dev.</th>
<th>Mean – women</th>
<th>St. Dev.</th>
<th>Significance level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region</td>
<td>5.28</td>
<td>1.216</td>
<td>5.19</td>
<td>1.265</td>
<td>0.194</td>
</tr>
<tr>
<td>Medals</td>
<td>4.05</td>
<td>1.623</td>
<td>4.68</td>
<td>1.512</td>
<td>0.000</td>
</tr>
<tr>
<td>Price</td>
<td>4.21</td>
<td>1.482</td>
<td>4.58</td>
<td>1.461</td>
<td>0.000</td>
</tr>
<tr>
<td>Always Buy</td>
<td>4.02</td>
<td>1.612</td>
<td>4.50</td>
<td>1.532</td>
<td>0.000</td>
</tr>
<tr>
<td>Artwork</td>
<td>2.69</td>
<td>1.555</td>
<td>3.38</td>
<td>1.692</td>
<td>0.000</td>
</tr>
<tr>
<td>Random</td>
<td>2.40</td>
<td>1.529</td>
<td>3.13</td>
<td>1.736</td>
<td>0.000</td>
</tr>
<tr>
<td>Don’t Buy</td>
<td>1.98</td>
<td>1.446</td>
<td>1.65</td>
<td>1.229</td>
<td>0.000</td>
</tr>
</tbody>
</table>

significantly rely more on medals and artwork than men in their country. Table 2 shows the results from New Zealand consumers.

FREQUENCY OF CONSUMPTION

When we take a look at consumers’ information search based on their frequency of wine consumption, the results reveal that in Australia and America, both daily and monthly consumers rely on the region of wine’s origin more than other coping mechanisms (Tables 4, 5, and 6). New Zealand consumers, both daily and monthly, look for medals and awards the wine
won when they are unable to obtain enough information about wine. These findings are consistent with the aforementioned conclusion drawn from consumers' wine preference based on gender.

However, some different conclusions can be drawn from a comparison of daily versus monthly consumers. In Australia, the preferences of those who drink wine a few times per month are not very different from those who drink wine daily, except for the fact that less-frequent wine consumers significantly rely more on artwork than their counterpart, and are more likely to randomly pick a bottle of wine when enough information cannot be

| TABLE 4 | Australians’ Wine Preferences Based on Consumers’ Frequency of Wine Consumption |
|-----------------|---------------------------------|-----------------|-----------------|-----------------|-----------------|
| Coping mechanism | Mean – daily St. Dev. | Mean – few times/mo. St. Dev. | Significance level |
| Region | 5.29 1.334 | 5.29 1.144 | 0.995 |
| Medals | 4.32 1.633 | 4.36 1.611 | 0.845 |
| Price | 4.31 1.551 | 4.33 1.453 | 0.873 |
| Always Buy | 4.13 1.716 | 4.39 1.474 | 0.179 |
| Artwork | 2.27 1.444 | 2.96 1.566 | 0.000 |
| Random | 2.17 1.553 | 2.53 1.501 | 0.036 |
| Don’t Buy | 1.80 1.486 | 1.98 1.332 | 0.277 |

| TABLE 5 | New Zealanders’ Wine Preferences Based on Consumers’ Frequency of Wine Consumption |
|-----------------|---------------------------------|-----------------|-----------------|-----------------|-----------------|
| Coping mechanism | Mean – daily St. Dev. | Mean – few times/mo. St. Dev. | Significance level |
| Region | 4.84 1.309 | 4.69 1.398 | 0.536 |
| Medals | 5.28 1.114 | 5.41 1.272 | 0.541 |
| Price | 4.43 1.444 | 4.95 1.099 | 0.040 |
| Always Buy | 4.17 1.664 | 4.49 1.699 | 0.292 |
| Artwork | 2.61 1.578 | 2.82 1.587 | 0.470 |
| Random | 2.39 1.559 | 2.92 1.562 | 0.062 |
| Don’t Buy | 1.76 1.333 | 1.79 1.056 | 0.889 |

| TABLE 6 | Americans’ wine Preferences Based on Consumers’ Frequency of Wine Consumption |
|-----------------|---------------------------------|-----------------|-----------------|-----------------|-----------------|
| Coping mechanism | Mean – daily St. Dev. | Mean – few times/mo. St. Dev. | Significance level |
| Region | 5.32 1.210 | 5.08 1.191 | 0.026 |
| Medals | 4.28 1.606 | 4.54 1.423 | 0.054 |
| Price | 4.21 1.552 | 4.60 1.375 | 0.003 |
| Always Buy | 4.11 1.593 | 4.48 1.553 | 0.008 |
| Artwork | 2.87 1.624 | 3.54 1.713 | 0.000 |
| Random | 2.69 1.686 | 3.24 1.736 | 0.000 |
| Don’t Buy | 1.78 1.431 | 1.98 1.416 | 0.104 |
obtained. In New Zealand, the only significant difference among the two groups is related to price: less-frequent wine consumers significantly rely more on the price of wine than those who drink wine daily.

The frequency of wine consumption does play an important role when it comes to wine purchase decision making in the United States. There was a clear difference in the coping mechanisms of those Americans who drink wine daily and those who drink a few times a month when sufficient information could not be obtained. Region of origin was still the most popular coping mechanism for both groups; however, there was a significant difference between the two regarding region of origin. That is, consumers who drink wine on a daily basis rely more on region than those who drink a few times a month.

In addition, American consumers who are not frequent wine-drinkers might have less knowledge about wine tended to rely more on price, artwork, or medals when they could not find sufficient information on the wine. These infrequent consumers, however, typically ended up buying some wine—sometimes on a random basis rather than walking away (see Table 6). Not buying any wine was still the least preferred choice of both groups, yet the consumers who drink wine only a few times a month felt less negative about walking away without buying a bottle of wine. Table 6 shows the results of wine preferences based on American consumers’ frequency of wine consumption.

**BOTTLES STORED**

We then separated consumers into two groups based on the number of unopened wine bottles they have at home—one group with 1–5 bottles and the other with 6–12 bottles of wine. The results reveal no significant difference among the two in Australia and New Zealand. The same can be said about American consumers, except for region of wine origin. That is, those American consumers who have 6–12 unopened bottles of wine at home tend to rely more on the region on wine origin than their counterpart, but only at $p < .10$ significant level. Tables 7, 8, and 9 show the results from three countries based on the number of unopened wine bottles consumers have at home.

**IMPLICATIONS FOR WINE MARKETERS**

The results generally confirm the importance of region of origin information in the consumers’ evaluation of wine quality. To overcome the consumer risk of making a bad purchase decision, we suggest that wine marketers need
to focus on projecting value and image through information printed on the package. Consumers employ a variety of risk-reduction strategies (Spawton, 1991; Mitchell & Greatorex, 1988), including the use of extrinsic cues such as pricing and packaging when choosing a wine. Since objective information is often not available, consumers have to rely on subjective information such as region to formulate their perception of the quality of the wine.

Such coping mechanisms are used to make wine purchase decisions when there is not enough information about the wine. This was true in all three countries, especially the United States. Our study has pointed out that several groups—American women, Australian women, and American
consumers who drink wine a few times a month—significantly rely on extrinsic cues such as region of origin, medals won, price, and artwork. In order to remain competitive, wineries selling in the United States and Australia may benefit from promoting a stronger sense of region of origin while New Zealand wine marketers may focus more on promoting the medals and awards the wine has won. This information is important because wineries need to know how to make wine more accessible to the public.

The use of regional information does not differ statistically when we break out the data by gender within each country. Men and women tend to utilize the information about equally. It is in the use of other extrinsic information that the genders differ. Women use information concerning medals, price, and artwork to a significantly greater degree than men. This effect is consistent across all three countries. Thus, there is little need to change labeling information if the winery is attempting to appeal to women in the various countries.

Place matters if there is a perceptible, not necessarily quantifiable, link between the products place of origin and the presumed quality of that product (Thode & Maskulka, 1998). In addition, they asserted that one of the underexploited positioning opportunities in business today is place of origin. For example, Johnson and Bruwer (2007) found that the Sonoma County brand image enhances the image of appellations within Sonoma County and strengthens consumer confidence.

Wineries can gain a sustainable competitive advantage by promoting based on region of origin. This could be important because in the competitive environment of the wine industry, very little attribute superiority is sustainable (D’Aveni, 1994). Wine styles and grape varietals can be duplicated in other countries but the traits due to origin will remain unique. If geographic origin imparts a quality differentiation, the producer possesses an attribute that cannot be easily duplicated (Thode & Maskulka, 1998).

It is important to note, also, that medals won was the top-ranked criteria New Zealand. Within New Zealand, women paid significantly more attention than men to the medals won. Women paid more attention than men to medals in the United States and Australia, but it was a secondary attribute.

This suggests it is beneficial for wineries to obtain medals at wine competitions and to promote them on their packages. The New Zealand Wine Drinkers Survey found that medals share second place (behind friends) as an influence element in choosing a wine (Advanced Business Research, 1998). The influence of medals was equal to that of price/special and promotions. Thomas (2000, p. 57) asserted that “The process of acceptance lies not only with the product itself, but also encompasses the product packaging.”

In addition, medals won was more important to marginal (a few times a month) wine consumers than to daily wine consumers. That effect was significant in the United States. If a winery is attempting to grow sales by appealing to marginal consumers, then a focus on medals would be helpful.
CONCLUSION

As the global wine industry grows more competitive, marketers are asking themselves how best to differentiate their brands to consumers in ways that are critical to success. Consumer perceptions of a wine’s quality are important factors in the decision process, but with thousands of wines to choose from, how does a consumer select one wine over another? When evaluating how wine buyers make their decisions, it is probably wise to look for differences by demographic and psychographic variables.

On an international basis, this article investigates the impact of the consumers’ gender, frequency of their wine consumption, and number of unopened wine bottles they have at home on buying decisions and responses to the wine purchase situation. A variety of individual consumer preferences were researched, focusing especially on product attributes, information search, and coping mechanisms. These consumer preferences can serve as markers in developing and targeting persuasive messages to attract specific consumer groups. This will help marketers to develop strategies to increase sales.

Consumer perceptions of price, quality, and value are considered to be pivotal determinants of product choice. The challenge for marketers will be how to reach consumers with information about wines in a manner that is relevant to their busy lifestyles. Labels and shelf tags are important sources of information in the retail setting and should prominently display region of origin.

The results of this study can be useful for industry in general as a means for understanding how to best design labels and promote wine products. It illuminates how consumer traits may affect the acceptance of wine products from country to country.

Limitations

The study sample represents wine drinkers so results cannot be generalized to the population as a whole. It is a reasonable sample to understand the preferences of fairly frequent wine consumers, although it was not a random sample.

FUTURE RESEARCH

More general and public research is needed to better understand how region of origin impacts the purchase decision. A large issue looming on the horizon is the level of place definition (Orth, Wolf, & Dodd, 2005). The next step would be to compare the impact of state (i.e., California) vs. county
(i.e., Sonoma) vs. appellation (i.e., Alexander Valley) in the international marketplace. International comparisons of lower levels of regionality will help wineries decide whether information relating to region needs to be presented differently in different countries. Hence, the next step for this research will be to expand the definition of region to specific levels.

Region of origin is fundamental to both the delivery and acceptance of a wide range of wine. It is not only important for technical and functional reasons, but also for aesthetics and emotion. It represents an opportunity to communicate with and influence the consumer when sufficient wine information cannot be obtained. U.S. regulations reflect these issues; for example, to claim an area designation on a wine label, 85% of the grapes must come from that area. European Union regulations often include quality standards that are tied in to geographic claims (Thode & Maskulka, 1998).

The international market shows great potential for growth of wine sales. A deeper understanding of consumers in Europe, Australia, and Asia could help to tap that potential. A study with the additional academic rigor of a representative sample across the United States would help to achieve this.

REFERENCES


