

REGIONS/SUB-REGIONS AS INFLUENCES
IN WINE SELECTION

Tekle Shanka¹

School of Marketing, Curtin Business School
Curtin University of Technology

Aymee Mastaglia

School of Marketing, Curtin Business School
Curtin University of Technology

2009028

Editor:

Associate Professor Ian Phau
School of Marketing

MARKETING
INSIGHTS
Working Paper Series
School of Marketing

ISSN 1448 – 9716

¹Corresponding author:

Tekle Shanka
School of Marketing, Curtin Business School
Curtin University of Technology
GPO BOX U1987
Perth, WA 6845
Australia
Tel (+61 8) 9266 2839
Fax (+61 8) 9266 3937
Email: tekle.shanka@cbs.curtin.edu.au

REGIONS/SUB-REGIONS AS INFLUENCES IN WINE SELECTION

ABSTRACT

The paper discusses the extent of the influence wine regions in Western Australia (WA) have on consumers' wine purchase decisions. Participants in a structured survey were beginner to intermediate classes in the Wine Education Centre (WEC). Of the 220 completed questionnaires, 216 useable responses were analysed using SPSS v. 17. Results showed that familiar/famous wine regions and areas were most influential in wine purchase decisions for age group and self-reported wine knowledge. Results are discussed with suggestions for future research direction on individual wine producing regions.

Key words: Tourism, entertainment, wine, location, region

INTRODUCTION

The wine consumer market in Australia is one whereby a staggering amount of product from various parts of Australia, as well as around the world, competes for the attention of the wine consumer. It is becoming increasingly necessary for the individual wine brand and wine label to attract and retain the consumer as a loyal customer and advocate of the brand, in order to generate sales and retain customers. The purpose of this research was to understand the regional influence on the wine consumer in WA in their choice of WA wine. The research looked at region or location as a product quality cue and whether the use of this information would sway the customer in their purchase decision, and whether various demographic characteristics play a role in the decision process. In WA, there are nine gazetted wine regions, and within these regions, six sub-regions (Appendix 1). As great many wine producers in these regions are boutique-style small producers, many of these regions are not widely recognised by the typical wine consumer. The Margaret River region would be the most recognizable region out of the nine. Perth Hills could also be recognisable to WA wine consumers, due to its proximity to the city. A number of quality wines, especially Riesling and Shiraz, are more likely associated with the region of the Great Southern. Once regarded as a luxury good consumed by an elitist few, wine has become an everyday consumer good enjoyed by a much wider socio-economic range of increasingly sophisticated consumers (Bruwer and Wood, 2005). Tasting and appreciating the wine product is a highly individual process, as wine taste and indeed quality can vary from vintage to vintage within the same varietal or blend. At the same time, many different varieties and blends of wine can be found under the same brand, and successive vintages of wine of the same variety and brand may be found at the same time. Even the differences between red and white wine; rosé; sweet, semi-sweet and dry wine; bubbles or still; are highly individual preferences.

The general consumer may view the selection process of a wine brand as a daunting task. Wine has a unique constraint that sets it apart from other traditional products, primarily because the quality of the product cannot be assessed until after it has been consumed (Barber *et al.*, 2007). For the consumer who may not be confident in choosing the wine product, the differences that can be perceived can almost seem limitless, and oftentimes confusing. One of the most important and instantly visible and recognizable tangible cues that the wine producer and marketer has to deal with is the wine brand on the front wine label. A brand represents a set of promises, and is an

intangible but critical component of what a company stands for (Davis, 2000). Schultz (2001) states that the key component of a brand is a single concise, relevant statement that is its essence; that is, what the brand means, what it stands for, what it does and how it is perceived. A seemingly ever-increasing number and variety of wine brands (Bruwer, 2004; Johnson and Bruwer, 2007) characterize the wine market. The sheer choice of brands creates a problem of brand recognition, which, in turn, complicates selection and corresponding sales process (Vrontis and Papsolomou, 2007).

The wine brand is only one cue that the wine consumer must process when making a wine choice. Duhan *et al.* (1999) suggest that because of the plethora of different brands of wine to choose from, the consumer will make wine choices focusing on one or two characteristics of the product at a time. This makes the wine choice process a lot less daunting for the consumer; by eliminating the 'non-important' decision-making cues in the process (Lockshin and Rhodus, 1993; Gill, Byslma, Ouschan, 2007). One way in which producers are able to cut through the brand name clutter is to include regional or area demarcation on the product. Johnson and Bruwer (2007) found that regional brand image in the Californian wine had a positive effect on the consumer quality perception of the wine, leading to wine choice. Mowle and Merrilees (2005) report that 85% of people surveyed indicated that region was a consideration when evaluating a wine label, and that it was the most often reported source of information when evaluating the wine product; hence, indicating that adding regional information on the wine product can increase consumer confidence in the quality of wine purchase.

Countries and regions can act as quasi-brands for the wine marketer, if the wine consumer is aware of the region from which the wine is produced (Atkinson, 1999). Skuras and Dimara (2004) report that from a marketing point of view, consumer-constructed regional images provide a clear market segmentation, which could be appropriately utilised by, wine regions. Because there are so many different brands on the wine market, the placement of country, area or region of origin may help in simplifying the selection process through awareness of the region, if not the brand. Further, using a region's brand together with the wine brand has some advantages, compared to introducing a new brand that does not leverage the regional brand association. The process by which value is associated with a new brand name is often long and costly; with a region this association does not have to be created, as many

consumers will have associations with the region already (Bruwer and House, 2003). Origin information, in this way, can act as a decision heuristic for the consumer regarding the wine choice, as origin information on the wine bottle can often be perceived as an indicator of the quality of wine that comes from that region (Duhan *et al.*, 1999). Further, Dimara and Skuras (2005) reiterate that consumption of regionally denominated food and/or drink can be a consumer statement of taste, fashion or sophistication as a lifestyle choice. According to Johnson and Bruwer (2007) and Schamel (2006) the wine consumer will pay much higher prices (or be prepared to make a higher financial risk) for wine from a well-known region when they are uncertain about wine quality.

RESEARCH METHOD

A written questionnaire survey using a seven-point Likert scale examined each of the regions and sub-regions within WA by asking the wine consumer to what extent the individual region/sub region in their wine choice influences them. Questions about Australia and WA were also included, however, the authors only present analyses based on the regions/sub regions of WA due to page limitations the present analyses does not include. Participants also completed a self-report level of their wine knowledge. Information on gender, age, annual household income, was also sought. Questionnaires were administered personally through WEC beginner to intermediate classes as well as electronically through the WEC database. Of the 220 completed questionnaires, 216 useable responses were analyzed using SPSS v.17.

Profiles of Respondents

There were more female respondents compared with male respondents (63% vs. 37%). This gender distribution was in line with Bruwer, Li and Reed (2002) study that reported female majority in three of the five clusters; however, Bruwer and Wood (2005) study of Australian online wine-buying consumer profile reported as 32% female and 68% males. Our sample consisted of 216 responses compared with 1377 from the Bruwer and Wood study. The median and mean ages of respondents were 33 and 38 respectively, with ranges from 20 to 77 years of age. Self-rated wine knowledge ranged from 'no knowledge' to 'wine expert' with 64% respondents belonging to 'beginner to intermediate' category. The average annual household

income ranged from under A\$20,000 to over A\$200,000, with median/mean income being A\$95,000 – A\$110,000.

RESULTS AND DISCUSSION

Respondents indicated the extent to which region/sub region has on their wine choice using a 7-point Likert scale (1 'not at all influenced'; 7 'very influenced'). Table 1 shows the mean scores and correlations of the regions / sub regions. Margaret River as region was main influencer followed by Mount Barker and Pemberton. The Peel region or Perth Hills would have the least influence. Overall there was significant and positive correlation among the various regions although correlations were highest between Denmark, Porongurup, and Mount Barker with Great Southern, an indication that an overlap of perceptions over these regions could be possible – hence, warranting some sort of differentiation mechanisms on the part of the producers and marketers from these wine regions. Overall, a very high reliability value (α 0.95), indicates a very strong internal consistency of all items measured, and high acceptable level of item-total correlation (Table 1). Although all WA regions and areas tended to positively influence wine choice, lesser known regions scored the lower consistent with Johnson and Bruwer's (2007) study that established well known regional brands ranking more highly than those regions that were not recognised well.

Table 1
Means (std.dev.) and correlations of wine regions and sub regions

Regions/sub regions	Means (std.dev.)*	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Perth Hills	3.46 (1.43)	1.0 0													
2. Swan District	3.52 (1.50)	0.7 7	1.0 0												
3. Swan Valley	4.27 (1.56)	0.5 8	0.6 2	1.0 0											
4. Geographe	4.02 (1.61)	0.4 9	0.4 9	0.5 2	1.0 0										
5. Peel	3.41 (1.47)	0.6 2	0.5 4	0.4 5	0.6 3	1.0 0									
6. Margaret River	5.54 (1.40)	0.3 8	0.3 6	0.5 4	0.5 0	0.3 4	1.0 0								
7. Blackwood Valley	3.80 (1.60)	0.4 8	0.4 1	0.3 3	0.6 4	0.5 6	0.4 0	1.0 0							
8. Pemberton	4.35 (1.68)	0.4 4	0.3 6	0.3 2	0.5 5	0.4 6	0.4 6	0.6 8	1.0 0						
9. Manjimup	3.72 (1.54)	0.4 2	0.3 7	0.2 9	0.5 6	0.5 3	0.3 7	0.6 7	0.7 3	1.0 0					
10. Great Southern	4.10 (1.72)	0.3 9	0.3 0	0.2 7	0.5 5	0.5 6	0.3 4	0.6 1	0.6 9	0.7 3	1.0 0				
11. Mount Barker	4.48 (1.72)	0.4 1	0.3 2	0.4 1	0.6 0	0.5 1	0.4 7	0.5 8	0.6 9	0.6 0	0.7 7	1.0 0			
12. Porongurup	3.84 (1.67)	0.3 6	0.3 2	0.3 2	0.5 0	0.5 0	0.3 6	0.6 1	0.7 0	0.6 9	0.7 9	0.7 5	1.0 0		
13. Albany	3.69 (1.58)	0.5 4	0.4 8	0.3 8	0.5 6	0.6 1	0.3 3	0.5 6	0.5 8	0.6 2	0.7 2	0.6 9	0.7 2	1.0 0	
14. Denmark	4.16 (1.75)	0.4 5	0.4 1	0.3 3	0.6 2	0.5 5	0.4 2	0.6 7	0.7 0	0.7 0	0.7 9	0.7 5	0.7 2	0.7 4	1.0 0
15. Frankland River	4.11 (1.78)	0.4 1	0.3 8	0.3 7	0.6 4	0.5 5	0.4 2	0.5 9	0.7 0	0.6 9	0.7 1	0.7 2	0.6 5	0.6 3	0.7 5

*1 = 'not at all influenced' and 7 = 'very influenced'; $p < .01$; Cronbach's alpha (α) .95.

Principal components analysis (with Varimax rotation) summarised the information into smaller regional groupings. Factorability was verified by assessing KMO MSA Bartlett's Test of Sphericity. Eigen values ≥ 1.0 and factor loadings ≥ 0.40 applied as criteria (Hair et al., 2010). This resulted in two factors accounting for 69.03% of explained variance (KMO .936): Although two regions, Geographe and Peel, showed significant cross-loadings across two factors, they were retained in the solution. Based on their contribution to the factors on the bases of their communalities (.631

and .601 respectively), and the purpose of the factor analysis being for data reduction, these two regions (Geographe and Peel) were retained for further data analyses (Hair et al., 2010). The first factor, *South*, consisting of 10 wine producing areas accounted for 57.59% of the variance, and the second factor labeled *Hills*, with five items accounted for 11.44% of the variance (Table 2).

Table 2
Rotated Component Matrix

Factor 1 - <i>South</i>	Factor loading	Factor 2 - <i>Hills</i>	Factor loading
Great Southern	.889	Swan District	.857
Porongurup	.852	Perth Hills	.825
Denmark	.849	Swan Valley	.824
Mount Barker	.817	Peel	.597
Pemberton	.803	Margaret River	.535
Manjimup	.802		
Frankland River	.794		
Albany	.728		
Blackwood Valley	.700		
Geographe	.568		

Independent samples t-test showed no significant difference between males and females (indicative of the fact that higher number of females in the sample does not bias the findings). However, statistically significant difference was noted for age on the *south* region ($t -2.823, p < .01$). Those aged 33 years or older (mean 4.35) would more likely be influenced by the south region compared with the under 33-year age group (mean 3.81). One-way between groups ANOVA test showed statistically significant difference for self-rated knowledge concerning the *south* ($F_{df=2,211} 10.39; p < .01$). Those reporting no knowledge/novice scored significantly lower mean for the south region (mean 3.57) compared advanced/expert knowledge group (mean 4.77), suggesting that regional knowledge would have a greater influence on the latter group when choosing a wine brand.

CONCLUSION

Wine regions and areas that are previously familiar to the wine consumer will aid in the wine purchase decision supporting studies in the past. The southern wine regions/sub regions would more likely influence self-rated 'advanced/expert'

respondents in their wine purchase decision. This study highlights the complexity of the decision-making process in the minds of wine consumers, and the need for further research that focuses on understanding of these processes. The use of regional information on the label is a useful tool for wine choice, if the consumer is familiar with the wine region or area since regional information that the consumer is unfamiliar with could possibly add to wine purchase confusion, and discourage rather than encourage the purchase. Wine respondents in general will be more willing to purchase a wine brand or label with the inclusion of regional information that they are previously familiar with in order to ease uncertainty and instill confidence in the wine product. This study has its limitations in assuming that respondents would be familiar with all wine regions and sub-regions within WA. Future research should include indication of whether the respondent is familiar with each individual region being examined. Further, the reliance of this study on self-rated consumer wine knowledge may lead to differences in results between this and future studies. Future research should implement a less subjective means of rating the respondent's wine knowledge. Future studies should also include wine purchase frequency to further differentiate between regular and infrequent consumers of wine.

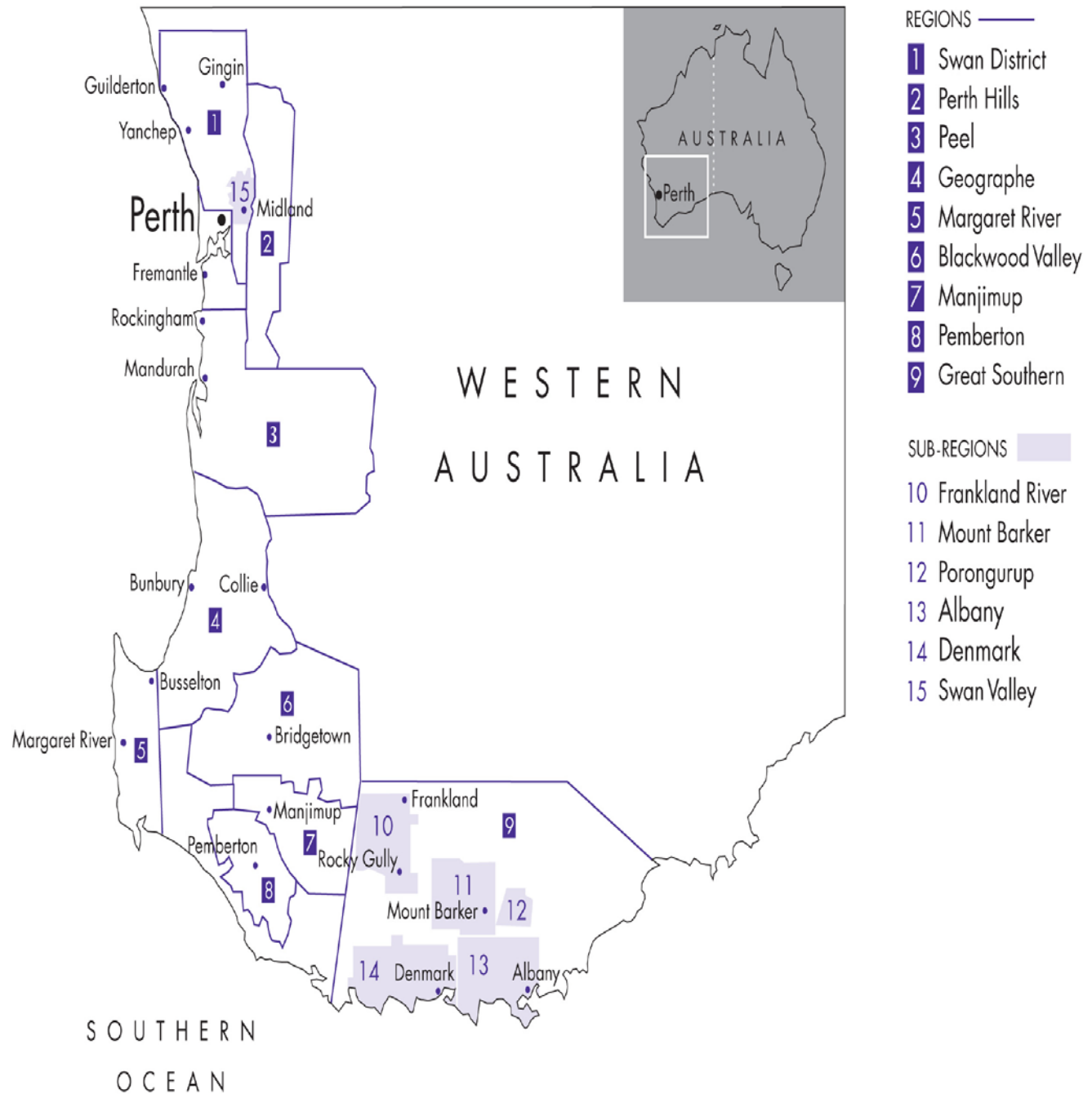
REFERENCES

- Atkinson, J. 1999. Meaningless brand from meaningful differentiation. *Journal of Wine Research* 10 (3), 229-233.
- Barber, N, Ismail, J, Taylor, D. C. 2007. Label fluency and consumer self-confidence. *Journal of Wine Research* 18 (2), 73-85.
- Bruwer, J. 2004. The love affair of generation X consumers with the winery cellar door. *The Australian and New Zealand Grape grower and Winemaker* 19-24 (December).
- Bruwer, J., House, M. 2003. Has the era of regional branding arrived for the Australian wine industry? Some perspectives. *The Australian and New Zealand Grape grower & Winemaker* 56-61 (December).
- Bruwer, J., Li, E., Reid, M. 2002. Segmentation of the Australian wine market using a wine-related lifestyle approach. *Journal of Wine Research* 13 (3), 217-242.
- Bruwer, J., Wood, G. 2005. The Australian online wine-buying consumer: motivational and behavioral perspectives. *Journal of Wine Research* 16 (3), 193-211.
- Davis, S. M. 2000. The power of the brand. *Strategy & Leadership* 28 (4), 4-10.
- Dimara, E., Skuras, D. 2005. Consumer demand for informative labeling of quality food and drink products: a European Union case study. *The Journal of Consumer Marketing* 22 (2/3), 90-100.
- Duhan, D. F., Kiecker, P. L., Areni, C. S., Guerrero, C. 1999. Origin information and retail sales of wine. *International Journal of Wine Marketing* 11(3), 44-57.
- Gill, D. Byslma, B., Ouschan, R. 2007. Customer perceived value in a cellar door visit: the impact on behavioural intentions. *International Journal of Wine Research* 19 (4), 257-275.
- Hair, J. F., Black, W. C., Babin, B. J., Anderson, R. E., Tatham, R. L. 2010. *Multivariate Data Analysis*, 7th edition. Pearson Prentice Hall, Upper Saddle River, New Jersey.
- Johnson, R., Bruwer, J. 2007. Regional brand image and perceived wine quality: the consumer perspective. *International Journal of Wine Business Research* 19(4), 276-297.
- Lockshin, L. Rhodus, W.T. 1993. The effect of price and oak flavor on perceived wine quality. *International Journal of Wine Marketing* 5 (2/3), 13-25.

- Mowle, J. Merrilees, B. 2005. A functional and symbolic perspective to branding Australian SME wineries. *The Journal of Product and Brand Management* 14 (4), 220-227.
- Schamel, G. 2006. Geography versus brands in a global wine market. *Agribusiness* 22 (3), 363-374.
- Schultz, D. E. 2001. Getting to the heart of the brand. *Marketing Management* 10 (3), 8-9.
- Skuras, D., Dimara, E. 2004. Regional image and the consumption of regionally denominated products. *Urban Studies* 41 (4), 801-815.
- Vrontis, D., Pappasolomou, I. 2007. Brand and product building: the case of the Cyprus wine industry. *Journal of Product and Brand Management* 16 (3), 159-167.

Appendix 1

Wine regions and sub regions of Western Australia



Source: http://www.wineweb.com/map_w_australia.html. Accessed 11/05/2009.