

The on-premise environment – what's influencing consumer choices?

A look at initial South Australian data gathered as part of an international research project.

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This paper presents initial research findings from the research project "Mapping the Influences of Consumer Choice for Wine Selection (On and Off-Premise) in Key Export Markets".

This paper is based on the initial data gathered in South Australia. The research, funded by the Grape and Wine Research and Development Corporation, will gather data in key export markets, existing and potential in order to identify to what extent different segments exist and what influences their choice in order to develop 'influence maps' for the Australian wine industry to utilise in production, marketing and targeting decisions.

Over the next two years there will be a series of papers and reports published from this research. Updates for these can be obtained by contacting Steve.Goodman@adelaide.edu.au

There are many ways to measure consumer preferences. Most common are surveys with rankings or ratings and consumer panel data, which details individual purchases. Both of these methods have problems. Respondents to surveys do not use ratings or rankings the same way across respondents and the results are subject to a range of biases resulting in scores or ratings, which are too similar or too difficult to interpret (Cohen 2003; Cohen and Neira 2003; Finn and Louviere 1992). Consumer panel data

provides powerful evidence of what consumers actually purchase, but is not suitable for testing new concepts or combinations of attributes. Consumer panel data shows what a consumer actually purchased, but may mask insight into their actual preferences; attributes or products that have bigger market share are more available for purchase and so are purchased more frequently. If four times more Chardonnay is available for sale than Sauvignon Blanc and so outsells it 4:1, does that mean consumers prefer Chardonnay, or are they just purchasing based on availability? From a strategic view, this is problematic as it gives a solid description of how things are, but is limited in providing cues for how things 'might be'.

Finn and Louviere (1992) presented a very straightforward means of producing a set of consumer preferences, which does not have the abovementioned problems. They called it Best-Worst Scaling and since then, there have been a handful of papers published using this method (Cohen 2003, Cohen and Markowitz 2002; Cohen and Neira 2003; Finn and Louviere 1992; Louviere and Islam 2004), but none in the area of wine marketing. Lockshin and Hall's (2003) review of the literature (over 75 articles) of wine marketing research showed most was conducted using rating scales and while common importances were shown (region, varietal etc.) there were discrepancies amongst the rank orders.

These factors led to the establishment of an international research project, funded by the Grape and Wine Research and Development Corporation (GWRDC) to use the Best-Worse (BW) technique in Australia and key export markets

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(current and existing) to allow investigation of the influencers on choice of wine in retail and on-premise situations. The objective is to examine what segments emerged from the empirical data, how their influencers differed and see what insights it could provide for practitioners. This paper presents the on-premise findings from the initial data collection undertaken in South Australia – the initial findings from the retail data were presented in Goodman, Lockshin and Cohen (2006a).

THE METHOD

The method utilises the Best-Worse scale (also known as Max-Diffs). In addition to demographic data, involvement levels and consumption frequency, a section of the survey involves a series of 13 tables (see example Table 1) consisting of four ‘influence attributes’, whereby each attribute appears equal number of times and appearing against each attribute in the total set. Respondents are then asked the question ‘the last time you had wine with a meal with friends in a restaurant’ and instructed to, in each table, indicate the one that MOST (best) and the one that LEAST (worst) influenced their decision.

The data is transformed then analysed, whereby the total number of times each attribute is mentioned as ‘worse’ is taken from the number of times it is mentioned as ‘best’, leaving a score which is then standardised to enable different samples to be compared. There is much statistical rigour to the process, for a detailed discussion of the method and its

TABLE 1. EXAMPLE OF ONE TABLE OF BEST-WORST CHOICE EXPERIMENT.

Worst/least	Issue/attribute	Best/most
	1. Grape variety	X
	2. Brand name	
X	3. Medal/award	
	4. Origin	

application in the wine sector, see Goodman, Lockshin and Cohen (2005; 2006b) which actually generates various results that academics and practitioners alike can use to discriminate amongst various segments and use to assist in the marketing effort. The results are referred to as ‘level of importance’. Each attribute has a number, which is a true representation of its value to the consumer.

The limitations of the data presented in this paper are that it is the initial data collected in South Australia. The secondary phase of data is to be collected in the eastern States in early 2007, which will enable insight into the differences or similarities of Australian States. The data collected consists of 208 responses collected as intercepts in Wine Stores, as such the average involvement level is fairly high – although some discrimination is possible of high and low wine-involvement consumers.

RESULTS IN ON-PREMISE

Figure 1 shows the choice influence attributes in rank order for the sample. Those which feature below the line are in fact viewed as ‘least’ to the extent they are not favourable influence attributes. Interesting in the rankings across the sample is that waiter’s recommendation is the least influence – and is so across all segments examined: age, income, involvement, expenditure and consumption frequency. What might be promising for wine marketing is that ‘tried the wine before and liked it’ ranks second least important, again the same across all segments. This contrasts with the retail findings (Goodman, Lockshin & Cohen 2006a) in which ‘tried the wine previously’ was the most important. Bringing new customers to the brand is likely, as anecdotal evidence has long told us, to be achieved through the on-premise channel. While ‘I matched it to my food’ was a strong ‘most’ influence, a menu suggestion was actually a ‘least’ influence. It appears that consumers might want to take an active role in the food match themselves, rather than have a menu or waiter do it for them.

High involved consumers are those who take an active interest in wine, it is important to them, they enjoy discussing wine, reading about it. It is not necessarily correlated to consumption frequency or the expenditure on wine.

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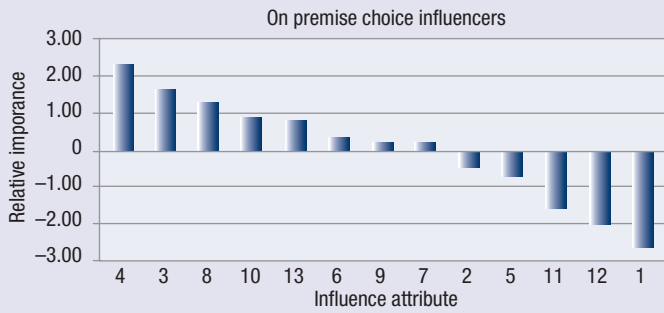


Figure 1. Ranking of choice influencers.

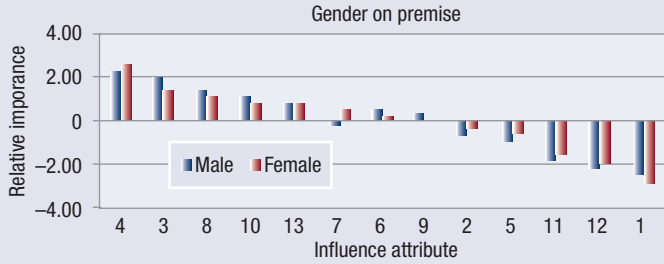


Figure 2. Gender comparison of choice influencers.

- | | | | |
|-----------------------------|---------------------------------------|---------------------------------------|---|
| 1. Waiter recommended. | 5. Varietal. | 8. Available by the glass. | 12. I have had the wine before and liked it. |
| 2. Suggestion on the menu. | 6. Suggested by another at the table. | 9. Promotion card on the table. | 13. I had read about it, but never tasted it. |
| 3. I matched it to my food. | 7. Try something different. | 10. Available in half bottle (375mL). | |
| 4. Region. | | 11. Alcohol level below 13%. | |

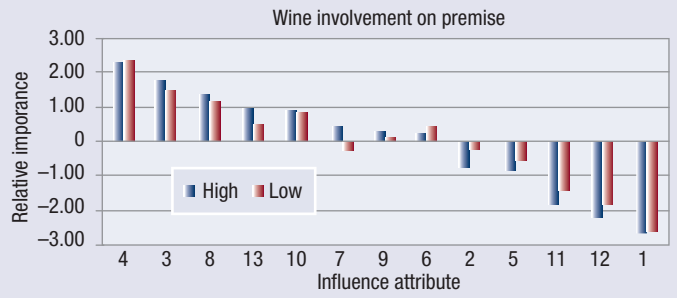


Figure 3. Involvement comparison of choice influencers.

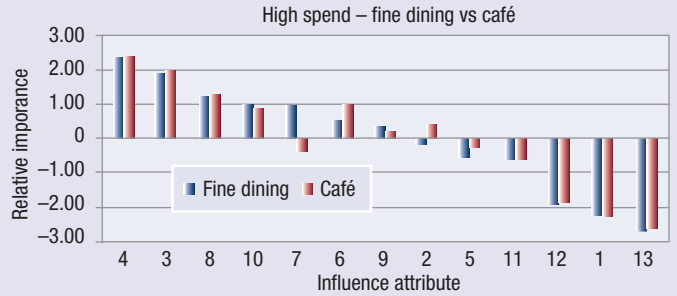


Figure 4. Fine dining vs casual comparison of choice influencers.

High involved consumers are likely to be influenced by 'trying something different' whereas to low involved this is a least influence, again, demonstrating the opportunity to encourage trial, which coupled with 'by the glass' and half bottles seems to show empirical support for a strategy to gain trial of the wine.

To generate managerially useful insights, the next step is to begin to look at, and compare various segments to see if there are differences in influencers that might suggest areas for targeting strategy. Figure 2 shows the comparison of Male ($n=97$) and Female ($n=100$) respondents, while the rank order of the five most influential attributes are the same, women are more influenced by region and men moreso by matching it with food.

Of particular interest is that females are likely to 'try something different', whereas men have this as a negative influence.

High involved consumers are those who take an active interest in wine, it is important to them, they enjoy discussing wine, reading about it. It is not necessarily correlated to consumption frequency or the expenditure on wine. Examining the data by segmenting according to levels of wine involvement shows that again, like the sample, region are most important influencers. High involved consumers are much more likely to be influenced by having read about the wine – not surprising as they are also more likely to have read more about wine. While wineries have been producing 375mL bottles for the on-premise market, much of this has been aimed at the high-involved consumer – it is of roughly equal importance to both high and low consumers. It is possible this is related to situational factors (lunches, having to drive) but shows a possible opportunity for wineries to encourage trial through provision of half bottles. High involved consumers

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are likely to be influenced by 'trying something different' whereas to low involved this is a least influence, again, demonstrating the opportunity to encourage trial, which coupled with 'by the glass' and half bottles seems to show empirical support for a strategy to gain trial of the wine.

Examining the data using age-based segmentation (18-24 years $n=30$, 25-40 years $n=73$, 41-55 years $n=74$ and >55 years $n=31$) shows that the wine industry's next generation of customers (18-24 years) were far less likely than others to be influenced by food matching and half bottle availability. They were though, along with >55s more likely than 25-55 years to be influenced by table cards. Trying something different though was a least influence for the 18-24 group who had 'by the glass availability' as their second most influential attribute. When looking at consumption frequency, those consuming wine more than once per week were much more likely to be influenced by half bottle availability and promotion cards on the tables.

Promotion cards on the table were a higher influence on the >\$80k income group, although often amongst practitioners these so-called 'table talkers' have been viewed as 'cheap commercial wine' promotional devices. As 'read about it but not tasted' was seen to be a positive influence on both high and low consumers and across all income groups it presents the opportunity to design copy of the table talkers to include reviews rather than just stories of the winery, thus delivering the 'read about it' with the 'table talker'. The higher spend per bottle consumers (*Café* $n=83$, *fine dine* $n=92$)

were more likely to be influenced by a menu suggestion in a casual dining setting than fine dining, but more likely to try something new in fine dining than casual (Figure 4).

CONCLUSION

What we have seen in the data from the preliminary data collection in South Australia is that there are different importance weightings amongst various segments of consumers in the on-premise situation – importantly there appears to be insight developing that will enable strategies and tactics to be designed by practitioners that can better reach the segments that have been identified as vital for the Australian wine industry's sustained growth. The remainder of Australian data will be collected in early 2007 with international data collection that has commenced in some markets, expected to be completed by mid 2007. As data is gathered it will enable comparisons to be published of individual countries, comparisons across borders, old world and new world, USA vs Europe vs Asia vs Australia etc. Over the next two years there will be various papers and reports published, if you wish to be kept informed, please contact the authors via the email given at the start of this paper.

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