Lifestyle Based Segments in the South Australian Wine Market and Their Impact on Wine Retailing.

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Table of Contents

List of Figures

List of Tables

Executive Summary

During August and September 2001, 363 wine consumers shopping for wine at eight wine retail stores in metropolitan Adelaide, South Australia, were extensively surveyed about their activities, interests and opinions about wine and their wine purchasing behaviour. The study consisted of two major parts. The first was to identify the segments that form the South Australian wine market and the second was to identify the preferred risk reduction strategies of each of those segments and link those to the wine retail environment. The underlying assumption was that retailers could manipulate their retail mix to encompass the preferred strategies of their target market, thus providing the basis for a potential competitive advantage. This data was analysed and the major results are summarised below.

The study identified five distinct segments, each with their own characteristics and behaviours. These were:

- **Segment 1 – Conservative, Wine Knowledgeable Wine Drinkers (20.9% of the total market)**

  These consumers are generally well educated, knowledgeable and predominantly male, whose buying habits are reasonably predictable from year to year. They are the consumers who may previously have been stereotyped as “connoisseurs”.

- **Segment 2 – Image Oriented, Knowledge Seeking Wine Consumers (22.3%)**

  These are likely to be tertiary educated, professional consumers whose purchases are dictated by opinion leaders. They have some wine knowledge and are actively seeking to increase that knowledge. They are concerned with the image associated with drinking wine.

- **Segment 3 – Basic Wine Drinker (16.8%)**

  This consumer is not concerned with any of the “airs and graces” associated with drinking wine. They drink wine because they enjoy it and they are likely to make their wine purchases from a number of safe brands that have previously met their needs.

- **Segment 4 – Experimenter, Highly Knowledgeable Wine Drinker (19.0%)**
  These consumers have become somewhat "bored" with what they perceive as the run of the mill wines on offer and are seeking new and different wines to excite their palates. They are very wine knowledgeable and seek out other people with knowledge to assist in their quest for different wines and as a result, they tend to experiment when purchasing wine.

- **Segment 5 – Enjoyment Oriented, Social Wine Drinkers (20.9%)**
  These consumers are predominantly female and enjoy a glass of wine with their friends on a weekend. Their purchasing behaviour can be spontaneous and the packaging and labelling of the wine plays a part in their decisions, indicating that they might be attracted to the so-called "concept" brand category on the market.

From a wine industry perspective, this construct of the market is important, as segments 1, 2 and 4 all have an average spend per bottle of wine in excess of $20. This indicates that they purchase wine in the super premium category and above, the categories in which many of the boutique and smaller producers have positioned their products. The knowledge that about 60% of the market are potential customers may prove comforting to these producers.

The second part of the study revealed that the two most preferred strategies were that consumers seek information about their purchases prior to buying and that they sought reassurance through tasting prior to buying. The incidence of the use of these strategies increased as the price of the wine increased.

When the practical implications for wine retailers were examined, the data revealed that each segment relied on the assortment of wines on offer as their risk reduction strategy of choice. This had different implications for individual wine retailers, depending on their positioning and target markets. The implications for each of the segments are summarised as:

- **Segment 1 – Conservative, Wine Knowledgeable Wine Drinkers**
  A range of super premium wines from the larger producers.

- **Segment 2 – Image Oriented, Knowledge Seeking Wine Consumers**
  An assortment of medal and trophy winning wines and wines that have received favourable press coverage.

- **Segment 3 – Basic Wine Drinkers**
  An assortment of commercial wines.

- **Segment 4 – Experimenter, Highly Knowledgeable Wine Drinkers**
  A range of wines perceived as new, innovative, different or exciting.

- **Segment 5 – Enjoyment Oriented, Social Wine Drinkers**
  A range of more commercial wines that should include some concept brands that appeal to mainly female consumers.

The research study also examined the relationship between a consumer's level of wine knowledge and the quality of the wine they consumed. It concluded that a consumer with a greater level of wine knowledge is likely to spend (on average) more per bottle of wine than a consumer with less wine knowledge.

This research study was made possible through the auspices of the Liquorland/Vintage Cellars Retail Management Scholarship, 2001.

As this research study was one of the largest of its kind ever undertaken on the Australian wine market, the full details are contained within the body of this dissertation.

Statement

“The thesis contains no material which has been accepted for the award of any other degree or diploma in any university and that, to the best of the student’s knowledge and belief, the thesis contains no material previously published or written by another person, except where due reference is made in the text of the thesis.”

“The author consents to the thesis being made available for photocopying and loan if accepted for the award of the degree.”

Trent Edward Johnson

20 February 2002

Acknowledgements

When I started studying in March 1999, the last thing on my mind was the thought of getting a Master's Degree — in fact, I didn't even know that one was on offer. However, with the support, enthusiasm and cajoling of a number of people, that has now become a reality. I would like to thank a number of people who have helped me along the way.

Firstly, I have made a lot of new friends over the last three years who have provided a lot of inspiration, ideas and hangovers! Although too many to mention individually, your friendship is treasured and thanks for everything.

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I have left the best 'til last, as without the support of Brenda, I would not be where I am today. She never wavered in the belief that I would succeed, even when I had moments of doubt. She sacrificed her time, not only in spending many an hour in bottle shops collecting data, but also in being the family bread winner at a time when she might have harboured thoughts of semi retirement. I owe her in more ways than I can express and this is for her.

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Chapter 1
Introduction

1.1 Introduction and Background

The Australian wine industry has entered a period of great challenge. Although the success of "Brand Australia" in overseas markets over the past 15 years has been well documented, this feat does not guarantee future success. The increasing globalisation of the world wine industry, consolidation of the retail distribution chains, the increasing marketing orientation and expertise of Australia's main competitors and the reality of a wine surplus at present and in the near future are only some of the challenges facing the Australian industry. These, and other challenges are recognised in "The Marketing Decade – Setting the Australian Wine Marketing Agenda 2000 – 2010", a joint publication of the Winemakers' Federation of Australia and the Australian Wine and Brandy Corporation (2000). Although the main focus is on export, this document and other comments by wine industry analysts have specifically highlighted the importance of the Australian domestic market over the next decade. Most, if not all of Australia's world-famous export brands like Jacob's Creek, Lindemans, Nottage Hill, Banrock Station, Penfolds and Rosemount spent their "developmental stage" in the Australian domestic wine market. This is a basic premise, or rather "philosophy" adopted in as far as the contribution that this study will make to the existing knowledge base. Furthermore, if this market, which is currently experiencing little growth, does not grow at least at the "low" rates expected over the next ten years, the industry's capacity to sell all of its production will be severely curtailed.

A precursor to any growth strategy is a thorough understanding of that particular market and one means of achieving this is through market segmentation. The first record of any attempt to segment the Australian domestic wine market was that of Dr. David McKinna, in 1986. Since that time there have been a number of further efforts to define this market, using a variety of methods. Each new result provided additional insight and understanding of that market, as it should and added to the knowledge base in an incremental manner. However, as there have been such a variety of methods used to segment this market during this formative stage of 'scientific exploration (and experimentation)', none can be described as ***the*** definitive work. However, what each new segmentation exercise provides is a different perspective from which marketers can devise communication strategies to sell their respective products.

Market segmentation provides different strategies for different target markets and provides information to marketers on what the market wants and needs. This market intelligence ensures that the wine industry continues to adopt a market orientation in its dealings with stakeholders, as distinct from a product orientation (where the producers impose their will on the market), an orientation that was dominant in the industry until the 1980s. This is the ‘big picture’ for the Australian wine industry. However, if the Australian domestic wine market is to achieve the requisite growth, the actions of all the participants who operate in the market must come under scrutiny. In particular, wine retailers, as the source of much of the wine purchased in the market, must contribute to that growth.

The wine retail environment in Australia mirrors that in other parts of the world. The main trend is one of large-scale consolidation. Large, national wine retail chain stores dominate the market in much the same way as the supermarkets dominate the UK market, although these chains do not have the same market share as the UK supermarkets. The number of smaller independent retailers in Australia is falling, as the chains expand their spheres of influence. (A recent media report (Allen, 2002) suggested that Coles Myer and Woolworths controlled approximately 35% of the Australian off-premise (retail) alcohol market.)

Regardless of the ownership of any particular wine retailer, each has to establish a position in its respective market and decide on its target market. Once these are established, the retailer must develop marketing communication strategies that are consistent with both their position and target market. Successful strategies can only be developed with a thorough understanding of both their market and customers. This can be achieved through market segmentation and an understanding of consumer behaviour.

This research study offers a new perspective on both of these issues. The South Australian wine market was segmented using a wine-related lifestyle approach. This market was chosen as it is generally regarded as a good test market for research into aspects of the wine market and financial and other constraints prevented the study being carried out in other states of Australia. Although the wine-related lifestyle approach of segmentation has been previously used, this study has refined that earlier technique and confirmed (or otherwise disconfirmed or amended) those market segments. For the first time, a specific consumer behaviour issue, that of preferred risk reduction strategies, examined each of those identified wine market segments. These preferred strategies were then related back to the “amphitheatre” of strategy execution – the wine retail environment.

This knowledge may provide a level of understanding of the South Australian wine market not previously explored and could be a powerful tool for retailers when developing their specific strategies. One desired outcome of this increased understanding would be increased sales and profits for wine retailers and growth in the domestic market.

1.2 Main Research Problem

In the context of this study, the main research problem was:
“To examine the preferred risk reduction strategies adopted in identified South Australian wine market lifestyle segments when purchasing wine, relate these to the wine retail environment and develop an understanding of those market segments’ antecedents”.

1.3 Research Sub Problems

Three research sub problems evolved from the main research problem. These were:
- Identify lifestyle-based segments in the South Australian wine market;
- Identify and examine each segment’s preferred risk reduction strategies when purchasing wine; and
- Translate those preferred risk reduction strategies into practical implications for the wine retail trade.

1.4 Research Hypotheses

Four research hypotheses were formulated. These were:

1.4.1 Hypothesis 1

Reducing risk in wine purchasing leads to the purchase of higher quality wine.

1.4.2 Hypothesis 2

Consuming higher quality wine increases consumers' knowledge and experience of wine and that, in turn, leads to the continued consumption of quality wine.

1.4.3 Hypothesis 3

A consumer's knowledge and experience of wine are antecedents to their wine market segment.

1.4.4 Hypothesis 4

Confirmation of the South Australian wine market wine related lifestyle-based segmentation structure identified by Bruwer et al. (2001).

1.5 Objectives of the Study

The study had two broad objectives. The primary objective was:

- To elicit a detailed understanding of the preferred risk reduction strategies employed by each of the identified South Australian wine market segments.

The secondary objective was:

- To segment the South Australian wine market using a wine related lifestyle method.

1.6 Research Assumption

Due to the nature of the research design employed in this study, the following assumption had to be made:

That customers of the data collection points, namely Vintage Cellars stores at Walkerville, Belair and Camden Park, Liquorland Stores at St Agnes and Ingle Farm, Edinburgh Cellars at Mitcham, Melbourne Street Fine Wine Store, North Adelaide and Baily and Baily at St Georges, all located in Adelaide, South Australia, were generally representative of South Australian wine consumers. (A full explanation for the rationale behind the selection of these eight wine retail stores can be found at paragraph 1.12.2 – Sampling Frame.)

1.7 Delimitations of the Study

- This study did not examine the impact that the customer's personality actually had on the risk reduction behaviour practised in the purchase of wine. For example, some customers, by their nature, may be either risk takers or risk averse and these personality traits may have an effect on their purchasing behaviour. The probing required to examine these factors in detail was considered outside the scope of this study.
- The study is limited to customers of the eight retail wine stores mentioned immediately above (paragraph 1.6) and the time of the month and year during which it was conducted (August and September 2001).
- Ideally, the data collection method should have been a probabilistic cluster sampling technique conducted in sampled suburbs/clusters at the respondents' household address. However, due to financial constraints and the dictates of the study's sponsor, this was not a viable option. This resulted in the study having a narrower, but sharper, geographic focus, namely in the Adelaide Metropolitan area only.

1.8 Clarification of Basic Terms and Concepts

1.8.1 Risk

Risk was defined as the perception of a hazard or the chance of bad consequences, loss etc. In the context of purchasing wine, risk is present where there is uncertainty about whether the purchase will meet the expectations of the purchaser. Risk reduction theory suggests that consumers attempt to reduce the risk attached to the purchase of a bottle of wine by a number of different means. In theory, at least, the wine brand for which these strategies are the most effective is likely to be the wine brand that is purchased.

1.8.2 The South Australian Wine Market

For the purposes of the research study, the South Australian wine market was defined as any adult over the age of 18 years who had consumed wine in the twelve months immediately preceding the gathering of the data for this research study. Unless otherwise specified, any reference to "the market" is a reference to the South Australian wine market.

1.8.3 Concept Brand

A wine brand based on a particular concept that will have appeal to a certain consumer within the market. These brands are usually associated with clever, easy to remember brand names and unusual packaging that is likely to catch the eye of a potential purchaser. Examples include the BRL Hardy Wicked Wines range that is positioned for the younger female market.

1.8.4 Safe Brand

One of a (usually quite small) number of brands in a consumer's evoked set from which the consumer makes the majority of his/her wine purchase choices.

1.9 Significance of the Study

The study aimed to examine the preferred risk reduction strategies employed by each of the identified lifestyle segments of the South Australian wine market. The answers that the study provided have the potential to assist both the wine retail sector and the Australian wine industry in general, in a number of meaningful ways:

In the first instance, the study adds to the growing literature on the segmentation of the Australian domestic wine market. This segmentation may provide a deeper understanding of the market to the industry in general and may provide individual retailers with increased knowledge of their own customer base. In the case of the retailer, this knowledge could assist in creating a sustainable competitive advantage. For the Australian industry as a whole, the knowledge may assist in developing strategies to grow the domestic market, an area identified by industry analysts as crucial if Australia wishes to maintain its position in the global market.

The examination of the preferred risk reduction strategies may be of significance to all major stakeholders in the industry. For the first time, a study has provided an insight into some of the key drivers of consumer behaviour in the South Australian wine market. From a retailer's perspective, this knowledge and application may assist the development of their respective retail mixes in relation to their target markets, leading to increased sales and profits. For the industry in general, a better understanding of the behaviour of its consumers may provide a tighter focus when developing growth and branding strategies, both key components in an increasingly global industry.

1.10 Outcomes and Contributions of the Research

The study further refined the wine-related lifestyle approach and provided a segmentation model of the South Australian wine market. This approach, combined with the results of the examination of the preferred risk reduction strategies, provided a framework for wine retailers to develop a retail mix commensurate with their target markets.

1.11 Contextualisation of Disciplines or Fields

The study has its roots in the broader Marketing Discipline and in particular the fields of Consumer Behaviour and Market Segmentation. In addition, the study also has relevance to the Retail Management discipline.

1.12 Research Methodology

The following sections detail the research methodology employed in the study.

1.12.1 Sampling Population

The sample population was wine consumers living in the Adelaide metropolitan area. That is, male and female wine consumers over the age of eighteen living in that designated area.

1.12.2 Sampling Frame

The author was awarded the Liquorland/Vintage Cellars Retail Management Scholarship for 2001. As part of this award, both Liquorland and Vintage Cellars provided access to their customer base for the purposes of this research. Therefore, the population sample was limited to those wine consumers who actually purchased wine at Vintage Cellars stores at Walkerville, Belair, and Camden Park, Liquorland Stores at St Agnes and Gilles Plains, The Edinburgh Cellars at Mitcham, Melbourne Street Fine Wine Store at North Adelaide and the Baily & Baily store at St. Georges.

Vintage Cellars and Liquorland Stores are part of a national wine retail chain. The five stores included for the research study were specifically chosen by their management because of their geographical location and the fact that they best represent all of the socio-economic strata from which their target markets are drawn. It was decided that the remaining stores should be drawn from independent wine retailers in Adelaide, to provide the desired 'balance' to the research study. This independence was reflected in those stores' respective positioning and target markets, where all three stores were considered "fine wine retailers" with corresponding target markets.

1.12.3 Sampling Method

Within the financial and other constraints mentioned at paragraph 1.7, the sampling method used was a probability technique that can be described as a systematic random cluster sampling method. The cluster method was appropriate because every store included in the study was regarded as an individual cluster. Using a technique with a random start, the interviewers approached potential respondents as they entered the stores, indicating a systematic approach to the sampling. As every customer in every store had an equal chance of being included in the sample, the method used qualified as a simple random one.

1.12.4 Data Collection Instrument

Communication and observation were the two ways considered in order to obtain the primary data. Communication was the method of choice. Effective communication required the use of a highly structured questionnaire, which was therefore the data collection instrument of choice for the research study.

1.12.5 Data Collection Technique

The use of a questionnaire as the method of communication with the respondent had three key issues that needed addressing:

1. Degree of Structure in the Questionnaire

The questionnaire was highly structured with only two open-ended questions. The data sought was therefore mainly quantitative in nature, with some qualitative elements.

2. Degree of Disguise

   The questionnaire was completely undisguised, as its purpose was clear from the start. This certainly contributed to the high response rate achieved.

3. Method of Administration

   There were three available choices for administration of the questionnaire:

   - Personal interview;
   - Telephone interview; or
   - Use of mail (either traditional or email).

   Each of these options had its pros and cons, however, a face-to-face interview was initially chosen because of its superior versatility. This technique afforded the interviewer:

   - Sample control, through a physical check of the prospective respondent;
   - Sufficient quantity of data through a higher rate of completed questionnaires;
   - Superior quality of data through the ability to verify and explain any issues or problems by way of the interaction with the respondent; and
   - A higher response rate by presenting as highly professional to the prospective respondents.

   However, after the survey was administered at two venues over two days, it became apparent that a face-to-face approach would be extremely inefficient, due to the length of the questionnaire. Many potential respondents indicated that they did not have twenty minutes (on average) to spare to complete the survey in store. It was therefore decided that all potential respondents would be given the choice of either completing the survey in store or taking one away and completing it in their own time and at their own pace. If this option was chosen, the respondents had a further choice of either returning the completed survey in person to the store from which it originated, or using a reply paid envelope to return the completed survey to the researcher. It is acknowledged that this alternative of self-administration reduced the overall control that the researcher had over the process, but the increased response rate and reduced data collection time period far outweighed the negative considerations.

In conclusion, the primary data was collected by way of a highly structured and focused questionnaire that was administered either in face-to-face mode by an interviewer, on premise at the retail locations listed above, or completed in respondent's own time and returned either to the originating retail store or to the researcher.

1.12.6 Questionnaire Construction

The questionnaire was divided into 9 sections and each of these sections is briefly described below:

Section 1 – Consumption of Wine

- Ten questions about the respondent's consumption of wine. These questions required either a self-reported figure, or a tick in a box.

Section 2 – Wine Consumption Occasions

- This section consisted of a table of possible wine consumption occasions where respondents were asked to rank the occasions during which they drank wine in the order of frequency, where 1 = the occasion at which the respondent most often drank wine.

Section 3 – Wine Brands

- This section consisted of a table containing the names of a number of well-known wine brands. The respondents were asked to tick a box if they had purchased that brand in the month preceding the survey and also indicate the number of bottles of each purchased in that time frame.

Section 4 – Wine Related Lifestyle

- This section consisted of sixty-one Likert scale questions (an extension of the 44 items previously used by Bruwer at al., (2001)) where respondents were asked to indicate on a scale of one to seven their level of agreement with various wine related lifestyle statements.

Section 5A – Strategies – General

- Respondents were asked to indicate which of six generic risk reduction strategies they used when buying wine and then to rank those choices in order of importance, where 1 = the most important strategy.

Section 5B – Strategies – Specific

- Respondents were asked to indicate which of eleven specific risk reduction strategies they used when buying wine and then rank those choices in order of importance, where 1 = the most important strategy.

Section 6 – Quality

- Respondents were asked whether the quality of the wine they now consumed had changed over the past two years, by ticking the appropriate box from three choices. If they indicated that the quality had improved in that time, they were then asked to choose the reasons why, from a number of choices provided and then rank their choices in order of importance, where 1 = the most important.
- All respondents, regardless of their answer to the quality question were then asked eight 7-point Likert scale questions about their opinions on drinking higher quality wine.

Section 7 – Role of the Wine Retail Assistant

- Respondents were asked to indicate from a list of options provided, whether they had used the advice of retail assistants when purchasing wine. This took the form of a tick in the appropriate box.

Section 8 – Wine Knowledge

- This section consisted of ten multiple-choice questions that tested respondent’s knowledge of wine. They circled their answers.

Section 9 – Demographic Information

- This section consisted of a series of questions that provided demographic information about the respondent.

A copy of the questionnaire is contained as Appendix 1.

1.12.7 Data Processing, Analysis and Interpretation

As noted above, the great majority of the data collected was of a quantitative nature, allowing the data to undergo some form of statistical manipulation. The data from the completed questionnaires was pre-coded and entered into the SPSS Version 10.0 statistical package, for manipulation. The SPSS package was the package of choice, because sophisticated data analysis was required as well as the use of statistical techniques in the analysis (eg factor and cluster analysis). The results are displayed using tables, graphs and other diagrammatic techniques in chapters 3 to 6.

1.12.8 Sample Frame and Other Controls

The sample frame consisted of the eight retail stores involved in the study. It was proposed to gather a minimum of 50 valid responses from each of these locations, giving a total of about 400 valid responses. The minimum number of 50 was deemed essential to conduct valid and reliable data analysis on individual stores (clusters). This minimum number of responses would ensure a 95% level of certainty in the analysis of the data, an acceptable level in human science research. In practice, 363 valid responses were received, at a response rate of 72.3%. The actual response rates for each of the participating retail stores are described in table 1.1.

Table 1.1 Participating Retail Stores Response Rates

Store	Surveys Handed Out	Surveys Returned	% Response Rate
Belair	67	48	71.64%
Walkerville	30	30	100.00%
Camden Park	75	53	70.67%
St Agnes	72	40	55.56%
Ingle Farm	71	45	63.38%
Edinburgh Cellars	65	50	76.92%
Melbourne St	54	51	94.44%
Baily & Baily, St George	68	46	67.65%

Store	Surveys Handed Out	Surveys Returned	% Response Rate
Total	**502**	**363**	**72.31%**

Although no comparative information is available, a response rate of 72.3% for a study of this nature and extent can safely be regarded as exceptionally high.

The questionnaire was administered by trained and well-briefed interviewers, to ensure uniformity of application, conformity of results and limit interviewer bias. Each interviewer was provided with written instructions to supplement the verbal information provided to them. A copy of those written instructions is contained as Appendix 2. The study author conducted random checks of completed questionnaires to confirm the validity of responses. At some participating retail stores, incentives (in the form of a bottle or magnum of wine) were made available by the store management to ensure an adequate response rate. The potential respondents were intercepted upon entering the store to ensure that there were no preconceptions about the market research being conducted in store. In addition, this method of interception minimised any potential bias pertaining to that day's purchases.

An assumption made about intercept interviews was that one person in two refusing to co-operate in this type of setting was not uncommon. This was the experience in the first two days of data collection, when the only option was to complete the survey in store. However, once the option of completing the survey in the respondent's own time was made available, the rate of refusal to co-operate diminished significantly. In the event of any refusal, the interviewer 'replaced' that person with the next most similar person entering the store, thereby limiting respondent selection bias. In any event, non-response bias was expected to be lower in this study, as the topic was likely to be one of interest to the wine consumer and this was confirmed. However, non-response error and item non-response error were limited by the use of professionally set questions. Response error was limited by the use of a highly structured questionnaire and the option of either a face-to-face interviewing technique or the ability to contact the study author about any issues, further assisted in limiting this error type.

To ensure that the prospective respondents qualified to complete the questionnaire, screening questions were posed.

1.13 Organisation of the Dissertation

This chapter has provided the framework within which the research study was conducted. The main research problems and associated sub problems and hypotheses were introduced and the actual methodology used during the study was explained in detail. The next chapter (chapter 2) is mainly concerned with a thorough examination of the academic works that underpinned this research. Chapter 3 identifies the various segments in the South Australian wine market and forms the basis for the remainder of the analysis carried out in the dissertation. Chapter 4 examines the use of risk reduction strategies in the purchase of wine and chapter 5 takes this further by identifying the preferred risk reduction strategies for all of the identified segments in the market. Chapter 6 explores the relationship between a consumer's wine knowledge and the quality of wine that they consume and provides some additional demographic and consumption data about the market. Chapter 7 concludes this dissertation by discussing whether the research process had resolved the main research problem.

Chapter 2
Literature Review

2.1 Introduction

One of the keys to a successful marketing strategy is a thorough understanding of consumer behaviour, which can be described as an understanding of the how, when and why consumers purchase goods and services. Most marketing strategies are based on market segmentation and knowledge of how consumer behaviour differs from one segment to another (Neal, Quester & Hawkins, 1999). Bauer, in the early 1960s, identified risk as a contributing factor in the consumer buying decision process (Mitchell & Greatorex, 1989:31). In relation to the purchase of wine, Batt & Dean (2000: 34) put it succinctly … "for the majority of consumers, purchasing wine from a retail liquor store evokes considerable risk". Mitchell & Greatorex, quoted in Spawton (1991a: 37), felt that … "the majority of wine purchasers are highly risk sensitive and their wine purchase behaviour is governed by factors that influence behaviour and the risk reduction strategies adopted during the purchase process". They suggested (1989: 34) … "It is important to marketers to discover how consumers reduce risk in order to manipulate these strategies to the advantage of their brands".

This research study confronted the issues of wine market segmentation and risk reduction and examined, for the first time in the history of this relatively young science, the preferred risk reduction strategies employed by a number of identified segments in the South Australian wine market. Previous research had centred purely on the identification of these segments, but none had explored the risk reduction strategies employed by these segments, that are methodologically, from primarily a deductive perspective.

This research study had the wine retail environment as its focus in terms of application (refer chapter 1.1). Previous authors (eg. Mitchell & Greatorex, 1989: 31) contended that reducing the risk (or perceived risk) associated with the purchase of wine … "could aid the development of the … market". Consequently, the focus of this research study was to examine the ways in which reducing risk in the wine retail environment impacted on the subsequent consumer buying behaviour.

The reduction in risk associated with the purchase of wine, will, according to Mitchell & Greatorex (1989), lead to the purchase of higher quality wine. The consumption of a higher quality wine also increases the knowledge and experience of the consumer. This is (logically deductively) likely to have a two-fold effect. Firstly, it is likely to reinforce the consumption of the higher quality wine and further reduce the risk and secondly, it is likely to determine the segment into which the consumer fits.

An important assertion of this research study was that the wine retailer has control over most 'tangible' aspects of their business. Many of these aspects were regarded as manifesting themselves into strategies that assisted consumers in reducing the risk associated with the purchase of their wine. If the wine retailer was aware of the different types of strategies that produce the largest reduction in risk for the consumer segment/s that frequent the store, then this was the foundation for a competitive advantage. Consequently the reduction in risk was likely to improve the quality of the wine purchased and hence increase the available profits.

Based on the above discussion, figure 1 below outlines a conceptual Risk Reduction Model that was developed for and used as the theoretical framework in this research study.

Figure 2.1 Conceptual Risk Reduction Model for the Purchase of Wine

NOTE:
This figure is included on page 16 of the print copy of the thesis held in the University of Adelaide Library.

(* Note that 5 segments were assumed, as one of the study's aims was to reconfirm and/or adjust the 5 previously identified lifestyle segments identified by Bruwer at al., (2001)) For contextualisation purposes, this literature review will firstly explore market segmentation as a construct and the various methods (bases) used to achieve segmentation. The shortcomings in the 'classical' approaches are discussed and an alternative method of segmentation introduced. The segmentation of the wine market in general and the Australian wine market specifically, are covered in some detail, as it was central to the research. It will become evident from the review that none of the literature has previously covered the preferred risk reduction strategies employed by individual wine market segments. A model of segmenting the South Australian market for the purposes of this research is finally proposed.

Secondly, the review covers the risk reduction strategies identified in the literature and links them to the wine retail environment. Two of the early writings about the wine industry examined the influence of risk on the purchase of wine, but the review will show that these examinations were of a general nature. No previous research has explored the issue of risk reduction strategies employed by specific wine market segments and this becomes the focus of the proposed research.

2.1 Development of a Marketing Orientation

Marketing text books describe the development of marketing as a science that evolved from mass or consumer marketing in the 1950s, through industrial marketing in the 1960s, to customer satisfaction, global and synchronous marketing in today's environment (Kotler, Armstrong, Brown, Adam & Chandler, 2001). This development is further refined into three distinct stages – mass marketing, where one product fits all buyers; product – variety marketing, where two or more products meet buyers' needs; and target marketing, where products and services are tailored to meet the needs of identified target market segments (Kotler et al. 2001).

Today, companies have realised that to sustain a competitive advantage through target marketing, they must adopt a marketing orientation. Various definitions of marketing orientation have been suggested in the literature. Kotler et al. (2001: 19) state "…achieving organizational goals depends on determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors do". They labelled this the marketing concept that "…starts with a well defined market, focuses on customer needs, co-ordinates all the marketing activities affecting customers, and makes profits by creating long-term customer relationships based on customer value and satisfaction. Under the marketing concept, companies produce what consumers want, thereby satisfying consumers and making profits". Narver & Slater (1990: 22) alternatively define marketing orientation as "… an organizational culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and, thus, continuous superior performance for the business". In further research they stated that … "a market orientation is valuable because it focuses the organization on (i) continuously collecting information about target customers' needs and competitors' capabilities, and (ii) using this information to create continuously superior customer value." (Slater & Narver, 1995: 63). Yet another view is that of Jaworski & Kohli (1993:53) who propose that a marketing orientation consists of three components: "(i) organization wide generation of market intelligence pertaining to current and future customer needs, (ii) dissemination of the intelligence across departments, and (iii) organization wide responsiveness to it".

The common themes that emerge from these various theories are that any organisation that has adopted a marketing orientation has a customer and competitor focus, undertakes intelligence gathering about its markets, consumers and competitors and then creatively uses that intelligence to remain one step ahead of its competition. This means that the organisation is quick to react to consumer needs and wants, provides its goods and services in a timely and efficient manner and ultimately provides shareholders with greater returns on their investments.

Therefore, the key to understanding any market lies with the intangibles inherent in consumer demand and consumer behaviour. The social changes of the 1960s fragmented the consumer market so that mass marketing techniques were often redundant. Market segmentation examines this fragmented mass market in an effort to decipher or make more sense of those intangibles.

2.3 Market Segmentation as a Construct

Market segmentation is defined in the literature (Kotler et al., 2001: 292) as … "dividing a market into distinct groups of buyers with different needs, characteristics or behaviour who might require separate products or marketing mixes". Alternatively … "it is the division of a heterogeneous market consisting of buyers with different needs and wants, into homogeneous segments of buyers with similar needs and wants” (Monash University Faculty of Business and Economics, 2001), or “to identify different types of customers who will be treated differently from a marketing perspective” (Wyner 1995: 40).

It follows that a company that understands its target market through segmentation will more efficiently and effectively apply its marketing resources through the marketing mix to meet the needs of its customers and it may identify additional marketing opportunities that were not obviously apparent by examining the homogeneous (unsegmented) mass market.

2.4 Bases for Market Segmentation

In this section, several bases for market segmentation, their pros and cons, and applications to a ‘real world’ product category such as wine, will be discussed. First, an overview is given of the traditional or classical segmentation approaches, as they are more commonly known:

2.4.1 Classical Segmentation Approaches and Their Shortcomings

The marketing literature is generally agreed that the “classical” bases for segmenting markets come from one or a combination of the following variables: geographic, demographic, behavioural and psychographic. Some proponents (eg. Wyner, 1992) separate attitudes, needs and benefits from behavioural characteristics, whilst others (eg. Kotler et al. 2001) include them under the general banner of behavioural, along with usage occasion, usage rate, benefits sought and loyalty status.

Wyner’s (1992: 39) observations have direct relevance to this study in two key areas. Firstly, he sets out the strengths and weaknesses of these classical bases for segmentation. He notes that demographics are descriptive variables that … “lack any direct link with a product category and any indication of unfulfilled product needs”. Demographics will provide a great deal of detail about the consumer but will give no pointers to the underlying motivations that drive that consumer behaviour.

Wyner (1992) then discusses behavioural and psychographic measures. Heath (1995: 75) described psychographic measures as joining … “consumers’ measurable demographic characteristics with the more abstract aspects of attitudes, opinions and interests". Wedel & Kamakura (2000: 259) take this one step further and state that psychographics and lifestyles are often used interchangeably in the literature, whereas they make the observation that there is a … "distinction between the construct (lifestyles) and its operationalization (psychographics)". They further state that the main purpose of psychographics is to … "obtain a better understanding of the consumer as a person by measuring him/her on multiple psychological dimensions as well as on the way s/he lives, things in which s/he is interested and his/her opinion on a diverse range of current topics".

Wyner (1992: 40) states that behavioural measures indicate which consumers have responded to a marketing message, but they do not provide information on why they responded in the manner in which they did. He contends that attitude measures can assist the marketer in pinpointing those consumers in the target market who … "are most receptive" to their appeals. Alternatively, attitude measures, by their very nature, are more difficult to measure. Psychographic measures attempt to … "isolate personality types that cut across product category boundaries" (Wyner 1992: 40). However, he highlights that the issue of cutting across those boundaries is also considered the weakness in psychographic measures, as a personality type reveals nothing specific to the particular product in question.

Although it may have been outside the scope of the article, Wyner (1992) does not offer any alternative strategies in relation to the shortcomings that he identified in each of the segmentation measures. Rather, he leaves it up to individual marketers to decide what type, or combinations of measures best suit their company or industry.

The second of Wyner's (1992: 41) observations of relevance is the assertion that … " in a very dynamic product category there is likely to be some important shifting between segments". Given the very many brands that proliferate retailers' shelves and the continuing influx of new producers and labels onto the market, there can be little argument that wine, which forms the basis of this research study, is a dynamic product category. Wyner (1992) goes on to state that migration may result from changes in the natural life cycle of consumers or occur as a result of external factors. In the case of Australian wine consumers, the natural life cycle could equate to increased economic means. The external factors mentioned by Wyner (1992) may relate to an increased wine knowledge and experience. These factors may determine the consumer's wine market segment, or they could reduce the risk inherent in the purchase of wine.

2.4.2 An Attempt to Overcome the Shortcomings of Classical Segmentation Approaches

Grunert, Brunso & Bisp, (1993) proposed a cross–culturally valid, food–related lifestyle survey instrument as a means of segmenting the food market in several European countries. The arguments that are put forward in relation to this instrument address many of the criticisms of the 'classical approach' to segmentation. As wine is closely and spontaneously related to food, these arguments bear further scrutiny.

Lifestyle variables in consumer research are not a new concept, having first been introduced by Lazer in 1963 (cited by Grunert et al. 1993; Kamakura & Wedel, 1995; Wedel & Kamakura, 2000). Lifestyle variables are usually associated with psychographic segmentation methods (Heath, 1995; Grunert et al. 1993), meaning that the variable … "was subjective in nature (in contrast to objective criteria like demographics or rate of usage) and that it was not product specific (unlike product attitudes or preferences), but rather a general characteristic of the consumer (Grunert et al. 1993: 4)". Grunert et al. (1993) provided four main motives that drove lifestyle research in marketing:

- Demographic and other traditional segmentation variables did not provide the level of sophistication needed to understand the fragmented market.
- Advertising agencies were looking for improved research methods to assist in advertising strategy design and copy writing.
- Researchers were looking for ways to identify the consumers to whom post material values applied. This need fuelled interest in values and lifestyle measures.
- The need to detect global segments (Grunert et al. 1993: 3 – 4).

Support for Grunert et al.'s (1993) approach is provided by Kamakura & Wedel (1995), who provide an objective for lifestyle variables … "Because lifestyle characteristics provide a rich view of the market and a more life-like portrait of the consumer, they meet the demands of management practice for increasingly sophisticated and actionable marketing information. Lifestyle schemes aim at classifying consumers into segments with specific and identifiable lifestyle patterns, on the basis of numerous scales assessing activities, interests and opinions" (Plummer, 1974, cited in Kamakura & Wedel, 1995: 308).

Wedel & Kamakura (2000: 259) provide further reasons for the popularity of psychographics and lifestyle as a segmentation approach … "the quality of the motivational insights obtained is useful in understanding the underlying reasons for observed consumer behaviour … the generality of the consumer profiles obtained through psychographic segmentation makes it applicable to a wide range of products and services … the conceptual framework is flexible enough that measurement instruments can be tailored to specific domains of applications … the consumer profiles obtained are implementable, in that they provide guidance for new product development and the execution of advertising messages".

The lifestyle method of segmentation grew rapidly, in both popularity and as a research method in the 1970s, during which two major areas of research focus predominated:

- AA – Activities and Attitudes; and
- AIO – Activities, Interests and Opinions.

The latter approach became the most widely adopted. Grunert et al. (1993: 9) refer to this dominant approach as a … "cognitive, inductive approach". However, they further also soberly state (1993: 6–7) that despite their popularity, lifestyle variables attracted criticism on five major grounds:

- "There is no agreement on what lifestyle means;
- The methods used are purely inductive and not guided by theory;
- The derivation of the underlying dimensions is unclear and/or unsatisfactory;
- The explanatory value of lifestyle types or dimensions with regard to consumer choice behaviour is low and not well documented; and

- The cross-cultural validity of the international lifestyle instruments remains to be demonstrated”.

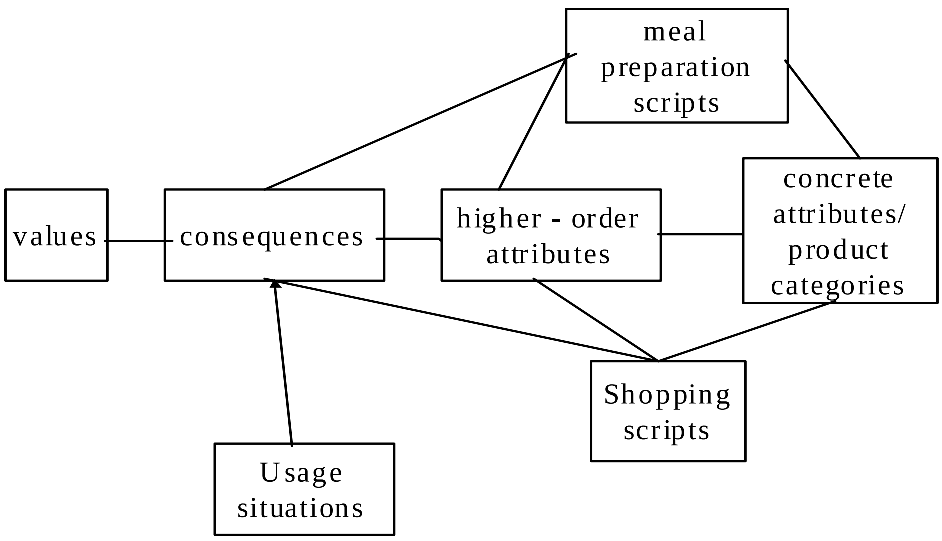
These criticisms led to two proposals by them for improvement of the so-called lifestyle model … “the first relates to sharpening the distinction between values and lifestyles. The second is concerned with the lifestyle in a hierarchy of cognitive categories” (Grunert et al. 1993: 11). Using the theory that a hierarchy of cognitive categories determine consumer behaviour as a base, Grunert et al. 1993: 13) proposed a definition of consumption-related lifestyle … “the system of cognitive categories, scripts, and their associations, which relate a set of products to a set of values”.

Grunert et al.’s (1993: 14) particular interest was food-related lifestyles and they proposed the following five elements that linked food products and values:

1. “Shopping scripts;
2. Meal preparation scripts;
3. Desired higher - order product attributes;
4. Desired consequences; and
5. Usage situations”.

These elements and their inter-relational nature are depicted in figure 2.

Figure 2.2 A Cognitive Structure Model for Food – Related Lifestyle



Source: Grunert et al. (1993: 15)

Grunert et al. (1993) felt that the different food-related lifestyles were a combination of the relevant importance of these five elements (cognitive categories) and the way that these elements relate to both one another on the one hand and with the values and products at their respective ends of the hierarchy on the other.

This theory formed the basis for the development of a survey instrument to determine food-related lifestyles. Furthermore, Grunert et al. (1993: 33) stated that this instrument was cognitively based and cross-culturally valid. They also acknowledged … "a revised version of the instrument should be applied … in order to study its properties for clustering and segmentation". Due to the close relationship between the food and wine markets, it is therefore probable that a similar approach would succeed in segmenting the wine market. Before exploring this option, it is therefore appropriate to review the past attempts to segment the wine market.

2.5 Wine Market Segmentation Approaches/Studies

Gluckman (1990), Spawton (1991a,b) and Lockshin (1999) have all been critical of the wine industry's mass marketing approach. Spawton (1991a) noted that the main objective of mass marketing was to create a homogenous market. He further indicated that an alternative to this approach in Australia was to market to particular, identified target markets. Thus Spawton (1991a) recognised that the wine market was not homogenous, and acknowledged the importance of wine market segmentation in developing a deeper understanding of the wine consumer.

Essentially, nine different segmentation variables have been used to study wine markets, both in Australia and elsewhere. These variables are examined in some detail and include:

- Consumption;
- Risk reduction;
- Occasion based;
- Means-end chain analysis;

- Behavioural;
- Involvement;
- Geographical;
- Quality; and
- Wine-related lifestyle

Gluckman (1990: 30), in his meta-analysis of the United Kingdom (UK), American and Canadian wine markets between the years 1978 and 1984, was one of the first authors to suggest that the wine industry was slowly adopting a marketing orientation … "it is increasingly evident that the wine marketing mix emphasis has changed from one of ability to dominate lines of distribution to one of finding brands that best satisfy consumers' needs".

Additionally, Gluckman (1990: 31) noted that some form of market/consumer segmentation should occur to identify … "the homogeneity of needs of the wine consumer" and felt that consumer segmentation offered greater scope than product segmentation due to the legislative constraints on wine. Gluckman (1990) further acknowledged that a number of approaches to segmenting the wine market (presumably predominantly in the UK where he acknowledged that most of his data originated) had been tried, but none had proven to be more valuable than another. The methods of segmentation that he described are closely aligned to the traditional methods discussed earlier, namely:

- Drinking occasions;
- Types (price/quality) of wines;
- Consumer attitude types;
- Consumers' consumption; and
- Consumers' demographic types.

Gluckman (1990: 35–36) then provided a generic overview of each of these segmentation methods. The examples described in relation to the "types (price/quality) of wines" segment should be considered, due to their similarity to later work, describing this segment as:

- Connoisseurs' wines;
- Good wines;

- Nice wines; and
- Plonk.

Spawton (1991a,b) and Jennings & Wood (1994) were critical of the wine industry's historical sales and production orientation approach to marketing, to the detriment of a marketing oriented approach. This meant that the industry concentrated on its production capabilities and sales and distribution channels rather than collecting and analysing consumer information in an effort to tailor their products to meet consumer needs … "by being production based, the wine industry is poorly placed to respond and adjust to an increasingly competitive marketplace" (Jennings & Wood, 1994: 50). This accords with Gluckman's (1990) view.

The first formally recognised reported approach to segmenting the Australian wine market was that of McKinna in 1986. McKinna (1986: (i)) undertook a detailed study of the South Australian wine industry, as perceived by consumers in Melbourne and Sydney, Australia's two largest wine markets. The general objective of the research was … "to study wine drinkers' perceptions, levels of knowledge and purchasing and consumption habits with respect to the South Australian wine industry and South Australian wines".

The study consisted of both a qualitative and a quantitative stage. McKinna (1986: 14) noted … "In a strategic sense, the single most important task in this exercise is to clearly understand and segment the market". From the qualitative stage of the study, five market segments for wine were identified. By combining both the qualitative and quantitative data, McKinna (1986) proposed the following segments and their descriptors. Given that much of the later work on the Australian market was based on McKinna's (1986) *lexicon classicus* work, it is relevant to provide some detailed excerpts from his findings.

(i) The Wine Knowledgeable or Connoisseur

The distinctive feature of the wine connoisseur is that he/she really knows wine, is a student of wine and approaches the subject in an enquiring, authoritative and open–minded way … The connoisseur has a well developed palate … is experimental and tries wines to make up his mind, rather than follow a trend or fashion … A distinguishing feature of the wine connoisseur is his true preparedness to experiment, to seek out new varieties, try new wine areas and approach new vignerons, often without prior experience or knowledge … They are not price sensitive and but wines at all levels in the price spectrum … Branding is less important to the connoisseur. They tend to make their own mind up based on such things as:

- The character of the particular grape or blend
- The ability and reputation of the winemaker
- The reports on the quality of the particular vintage in the particular area
- The lasting qualities of the wine.

(ii) The Wine Pretentious or Aspirational

The main distinguishing characteristic of the wine pretentious person is that he/she is more into the image and aura surrounding the wine than the actuality of the taste, the bouquet and/or general drinking experience … Whereas the connoisseur gains personal, real enjoyment from the wine, the pretentious, whilst enjoying wine, gains much more from the social aspects that surround wine rather than the inherent properties of the wine per se. He/she uses wine to make a statement about him/herself. Wine provides a perfect vehicle to express his/her individuality, sophistication, knowledge and experience of life. … This person is an information seeker about wine and is easily influenced by information … The important thing to note, though, is that this desire for information is not so much based on a deep-down personal interest in wine per se but, rather, the need for information to impress his/her peers and be able to order wine in a restaurant authoritatively or talk about it over a dinner party … The wine pretentious is trendy and capricious … The apparent sophistication and confidence with which he/she talks about wine is often disguising a deep-down lack of knowledge about the subject.

(iii) The Young Bottle Wine Drinkers

The people in this group are almost always in their twenties or mid-thirties and in white collar occupations on a career path … This group detest cask wine and almost exclusively drink the low to lower-middle priced bottled wines, usually preferring dry whites or dry reds … They do not really know enough about wine or are not interested enough to be classified as either a connoisseur or a wine pretentious. Because of their young age, they have not had the time to accumulate much knowledge about wine and, because of their busy lifestyle, they do not have the time to learn more. There is nor doubt that many will become the wine connoisseurs of the future … Because of their independence and contempt for peer influence, this group does not qualify as wine pretentious. They buy and drink what they like themselves and do not care much about what others think; they are too far down the career path to be worried about what their work colleagues think and, because their social life is spent with close friends with similar tastes, they do not find any need to be pretentious about wine.

(iv) The Average Cask Wine Drinker

In terms of volume, this group account for the majority of wine sales, but a disproportionately small share of the profits. They almost exclusively drink cask wine, although occasionally have a bottle on a special occasion, either for a dinner party or to take to a BYO restaurant; this is usually a low to medium priced wine … In choosing the cask wine, this group tend not to be very experimental; rather, they choose from the three or four regular brands that they have tried and come to trust. There is an element of safety in this process because there is an underlying feeling that "you do not want to get stuck with 4 litres of wine that you do not like" and which evolves what is perceived to be a relatively high level of expenditure … The choice is generally from the nationally advised *(sic)* brands. More often than not, the so-called 'housewife' purchases the wine as part of her regular shopping trip. She either loyally buys her favourite brand and, in some cases, shops around for price specials between those in her repertoire. Typically, they are price conscious and follow advertised specials, taking a lot of notice of newspapers and letterbox leaflets … By their own admission, this group are very unsophisticated about wine and, having no real interest or pretence about the subject, they simply want a wine they like to drink, which satisfies their palate and which does not cost much … This group tend not to be influenced by peer group pressure, making up their own mind to suit their individual taste … These people see wine as a form of relaxation and reward.

(v) The New Wine Drinker

The final group is the "new wine drinker" which, almost exclusively, comprises younger, under 30 year olds … One interesting point about this group which should be made at the outset, however, is that the younger wine drinker appears to be much more interested and willing to try more variety than their older counterparts, despite their lower level of knowledge. It is clear that many people in this category will become heavy wine drinkers in the near future, with many reaching the status of connoisseur … Interestingly though, some of this group exhibit fairly sophisticated palates, preferring a wide range of wines including the wood matured whites and reds … This group is reasonably price sensitive in the sense that they are unlikely to purchase the higher priced wines … On the other hand, they are not price sensitive in the sense that they do not shop around for specials. More times than not, they would purchase from the local pub bottle shop on the way out to a party" (McKinna, 1986: 15–23).

McKinna (1986) used a number of variables to arrive at his final five segments. Clearly he used demographics to describe each of the segments. McKinna (1986) has also touched on risk reduction as a method, especially in the description of the Aspirational drinker as one who is an avid information seeker. That information, however, is used to boost their egos in the presence of their peer group, rather than as a thirst for knowledge about wine. He also introduced the concept of regular brands that are trusted – the *safe brands* concept later described by Spawton (1991a,b). McKinna (1986: 14) pinpointed that demographics and socioeconomics alone are not enough to segment the wine market when … "usage patterns, attitudes, opinions, perceptions and preferences do not neatly fall into such groups, but flow over all such boundaries". Much of McKinna's (1986) work formed the basis of the later work of Spawton.

Spawton (1991b) believed that wine consumers were becoming more knowledgeable about wine and were generally drinking less wine, but wine of a higher quality. Subsequent data has confirmed that as a worldwide trend (Berger, Anderson & Stringer, 1998; Rabobank, 1999; Spahni, 1999 and 2000). Spawton (1991a: 40) stated that the wine market was one that should be segmented, in order to identify the opportunities afforded by the consumers' increasing sophistication … "The adoption of market segmentation rather than the practice of mass marketing will enhance the focus and differentiation so necessary to enhance a growing fine wine market". Spawton (1991a: 40) further wrote that McKinna's (1986) study identified **four** (this author's emphasis) major segments, stating that the segmentation variables were consumer expectations and risk reduction. He noted the segments as:

1. ***Connoisseurs***

   This is the wine knowledgeable segment, the primary purchasers of fine wines. These people consume wine on a regular (daily) basis. They have a broad spectrum of tastes and like to experiment, although adoption of new tastes may be slow. They are brand loyal, have strong preferences and make their decisions in advance of purchase. They prefer to purchase from specialist wine merchants, auctions, or directly from wineries. These consumers see wine education as a hobby, read wine journals avidly, and are not price sensitive.

2. ***Aspirational Drinkers***

   Members of this segment are concerned with the social aspects of wine drinking. They purchase fashionable wine styles and are attracted to the more fashionable brands and labels. Brands act as symbols of status and for reassurance. These buyers are highly risk-averse and will spend considerable time in the search process. They will often need the confidence of the retail assistant and will choose outlets dependent on convenience and their confidence in the retail staff. Aspirational drinkers are strongly influenced by wine writers, journalists and opinion leaders. They are likely to attend wine appreciation courses.

3. ***Beverage Wine Consumers***

   These are avid wine consumers with little desire to appreciate wine. They are loyal to a wine style and are not prepared to experiment. They buy wines in an impersonal supermarket environment. They are brand-loyal to a range of 'safe brands', where choice is dependent on a consistent taste, price and price-related promotions.

4. ***New Wine Drinkers***

   These are the young who are attracted to wine based on the behaviour of their parents or peer group. Preferences are not yet established but sparkling wine and coolers may feature strongly in the choice of product consumed. Wine is purchased at social occasions and often "on premises" at pubs, discos, parties and restaurants. They are strongly influenced by the occasion where wine may be consumed. They are unsophisticated and have limited parameters for choice, but often use price as a determinant for purchase.

Spawton (1991a,b) has condensed the five segments of McKinna to four and has made some (unsubstantiated by any empirical research evidence) alterations to the descriptors of some of the segments. For example, Spawton (1991a,b) states that connoisseurs are avid readers of wine journals, whereas McKinna (1986: 15) describes them less enthusiastically … "may or may not read wine articles". However, it is fair to say that the general descriptors employed by Spawton reflect the sentiments expressed by McKinna, where the two segments are 'identical'.

It is a little more difficult to understand why Spawton (1991a,b) completely ignored one market segment, "the young bottle wine drinker", especially one that McKinna (1986: 20) five years earlier, believed had the potential to develop … "There is no doubt that many will become the wine connoisseurs of the future". McKinna (1986) stated that this segment consumed a lot of low to medium priced wine that was quite often purchased in dozen lots. This segment seems to be one that the Australian wine industry should actively target (as per Spawton's (1991a: 40–41) conclusion that the consumer should be part of the industry's strategic agenda), thus making its 'absence' rather mystifying to say the least.

Hall & Winchester (1999: 24) set about an empirical confirmation of Spawton's segments. They state that the original model of McKinna was devised from a qualitative study and that no empirical data was available to support its findings, or the subsequent segments proposed by Spawton (1991a,b). Hall & Winchester's (1999) research concluded that there was empirical evidence to confirm the existence of three of Spawton's four segments and that the fourth segment, 'New Wine Drinkers', should be amended. The following table sets out their (Hall & Winchester's, 1999) findings:

Table 2.1 Comparison of Wine Market Segments Identified

Spawton's (1991) Segments	Segments Identified, Hall & Winchester (1999)
Connoisseurs	Connoisseurs
Aspirational Wine Drinkers	Image Concerned
Beverage Wine Consumers	Risk Averse
New Wine Drinkers	Enjoyment

Source: Hall & Winchester (1999: 30)

It is interesting to note how authors used the segment descriptors ‘selectively’. For example, Hall & Winchester’s (1999: 32) “Enjoyment” segment … “is concerned about having a beverage that is easy to drink, relaxing, special to share and one that helps to unwind”. In a follow-up publication, Hall & Winchester (2000: 71) later further state that the “Enjoyment Oriented” drinkers are … “less worried about what significant others’ perception of their wine choice is”. McKinna’s (1986: 20) “the Young bottle wine drinkers” lead a very active social life with many meals eaten at restaurants and friends’ houses. They are described as independent and having no time for peer influences … “They buy and drink what they like themselves and do not care much about what others think”. They spend their time with their close friends, who share similar tastes.
At this, the secondary research stage, it appears to this author that Hall & Winchester (1999) may actually have confirmed McKinna’s (1986) third segment, the one omitted by Spawton (1991a,b) from his original documents.

Other authors also attempted to segment the wine market using a number of different approaches. Johnson, Ringham and Jurd (1991) provided an insight into behavioural segmentation of the Australian wine market. They felt that their approach was superior to the traditional demographic and psychographic segmentation schemes employed by researchers and marketers. Although they have provided some empirical evidence to support their findings, their study is severely limited by its proprietal nature that precludes a detailed analysis of their results.

Dubow (1992) mentioned an American study undertaken some years earlier, that had segmented the American wine market using an occasion based approach, a form of benefit segmentation. Although this type of research had previously been undertaken in the soft drinks market, it was once again unreported due to its proprietal nature. This was the first of its kind reported about the American wine market. Dubow (1992) concluded that occasion based segmentation was workable and provided additional information to any benefits based segmentation attempt.

Judica and Perkins (1992) adopted a means-end chain approach to segmenting the American sparkling wine market. This approach studied the behaviour and values of consumers and can be shown diagrammatically as:

Figure 2.3 Means-end Chain Analysis

NOTE:
This figure is included on page 33 of the print copy of the thesis held in the University of Adelaide Library.

Source: Adapted from Judica & Perkins (1992: 11)

This study segmented the market on the basis of usage rate or consumption (light and heavy users). The extremely low number of respondents (n = 27) may have undermined the validity of the findings and one could question their validity relevant to the overall population.

Hall & Lockshin (1999) also used the means-end chain approach to analyse consumption situations in the Australian wine market. They identified eight occasions where wine could be consumed and demonstrated that a means-end chain analysis provided considerable scope for both product positioning and market segmentation. They demonstrated that the market could be segmented on the basis of the usage occasion and the attributes → consequences → values chain then provides the texture to associate specific brands with specific occasions, or segments.

Lockshin, Spawton & Macintosh (1997) reported the first attempt to segment the wine market using product, brand and purchasing involvement as the basis. They concluded that using involvement as the segmentation variable was successful, identifying five cluster groupings or segments that could be used for marketing purposes These segments were identified as Choosy buyers; Brand conscious but hate to shop; Uninvolved shopper; Interested shopper; and Lazy involved shopper.

Two European studies deserve brief mention in this discussion on wine market segmentation. Sanchez & Gill (1998) segmented a portion of the Spanish wine market on a geographical basis and concluded that it is the type of retail outlet that differentiates the various wine segments. Rabobank (1999) segmented the world wine market on the basis of quality, perhaps perpetuating the criticism that the wine industry had historically adopted a mass marketing approach. However, the five segments that Rabobank (1999) identified are accepted, at least by the wine industry, as a legitimate means of segmenting the market (eg Winemakers' Federation of Australia, 2000: 7).

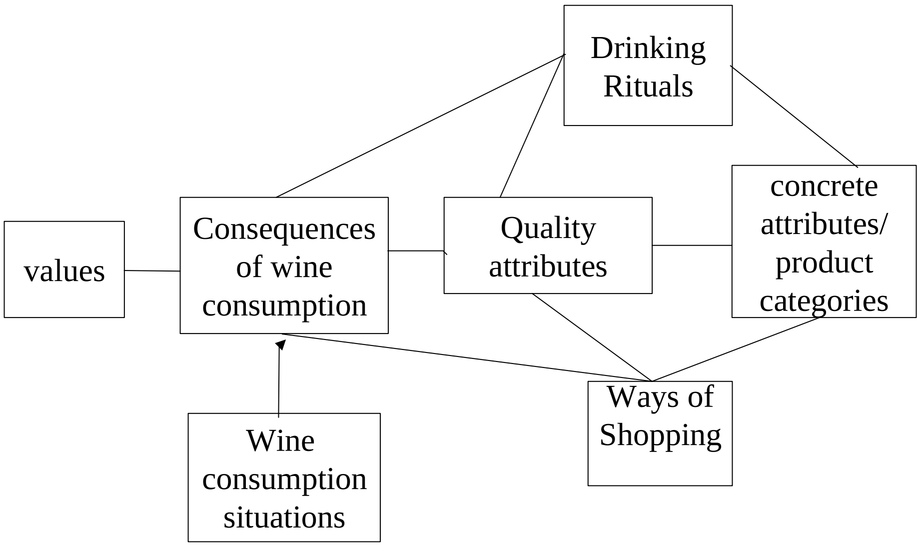
The most recent research on the Australian wine market is that of Bruwer, Li, & Reid (2001). They state that it is imperative for the Australian industry to increase domestic consumption and to do that, producers must understand the market through segmentation and target marketing.

They adopted a Wine-Related Lifestyle approach, based on Grunert et al.'s (1993) earlier work, recognising that other segmentation techniques may not adequately explain or predict consumer behaviour. Bruwer et al.'s (2001: 105) main assertion is … "that lifestyle is how consumers mentally link products to the attainment of life values". Following Grunert et al.'s (1993) model, Bruwer et al. (2001: 105) adapted it to consist of five components or elements of a wine-related lifestyle. These components are:

1. Wine consumption situations;
2. Ways of shopping;
3. Quality/attributes;
4. Drinking rituals; and
5. Consequences of wine consumption.

Their conceptual model is represented in the following figure:

Figure 2.4 Bruwer et al.'s Conceptual Wine Related Lifestyle Model



Source: Bruwer, J., Pers. Comm., 2001.

The resultant analysis identified five wine market segments, given generic descriptions initially that will be further refined as the research project is expanded (Bruwer et al. 2001: 105):

1. Ritual-oriented conspicuous wine enthusiasts;
2. Purposeful inconspicuous premium wine drinkers;
3. Fashion/image oriented wine drinkers;
4. Basic wine drinkers; and
5. Enjoyment-oriented social wine drinkers.

These segments both confirmed and extended the earlier work of Hall & Winchester (1999), Spawton (1991a) and McKinna (1986). It is therefore appropriate to summarise the history and premise of these approaches to segmenting the Australian wine market to indicate both commonalities and contrasting aspects. This is reflected in Table 2.2, below.

Table 2.2 Comparison of Australian Wine Market Segmentation Studies

McKinna 1986	**Spawton 1991**	**Hall & Winchester 1999**	**Bruwer et al. 2001**

McKinna 1986	Spawton 1991	Hall & Winchester 1999	Bruwer et al. 2001
Segments			
Connoisseurs	Connoisseurs	Connoisseurs	Ritual – oriented conspicuous wine enthusiasts
			Purposeful inconspicuous premium wine drinkers
Aspirational	Aspirational	Image Concerned	Fashion/image oriented
Young bottle wine drinkers			
Beverage	Beverage	Risk Averse	Basic
New Wine Drinkers	New Wine Drinkers	Enjoyment - oriented	Enjoyment – oriented social drinkers
Main Premises			
Combination of demographics, socio-economics, usage patterns, attitudes, opinions, perceptions and preferences	Risk-reduction strategies and expectations can form a segmentation basis	Selection attributes and personal values – basis to understand the consumption patterns of segments	Lifestyle is how consumers link wine products to attainment of life values mentally
Possibly implied risk reduction	Range of product attributes meet psychological and social needs of consumers	Different product attributes desired by different segments	5 dimensions or elements identified that contribute to the link between products and values

Source: Adapted from Bruwer et al., (2001: 106)

This table shows that a number of segments have previously been identified in the Australian domestic wine industry, but there is no general agreement on their construction. It could be said that the connoisseur and enjoyment-oriented segments have demonstrated empirical support, but the remaining segments are open to further debate. In the case of this most recent study, the authors concluded that the "Purposeful inconspicuous premium wine drinkers" and "Basic wine drinkers" are two segments that require both further study and an enhanced marketing focus. Bruwer et al. (2001) also acknowledge that their research was exploratory in nature and has limitations. They feel that in particular the wine-related lifestyle measurement instrument should be improved and data collection be conducted on a broader scale.

2.6 Basis for Segmentation in this Research Study

This review of the literature on market segmentation in the Australian wine industry was included because market segments are central to this research study. Although it was not the major objective of this research to introduce another approach to segmenting the South Australian wine market, a segmentation of that market had nevertheless to be undertaken. From the earlier discussions, it was obvious that any number of approaches might have been adopted when attempting to segment the South Australian wine market. However, the approach taken by Bruwer et al. (2001) formed the basis of the segmentation exercise for the purposes of the research study. There were three main reasons for this decision. The first was that previous research findings were based on either 'classical approaches' to segmentation, and/or combining these with a lack of sound empirical research evidence and in the process falling short of explaining the phenomena satisfactorily. Secondly, that Bruwer et al.'s (2001) findings were the most recent published on the topic and that immediacy was relevant. Finally, the literature revealed (eg Grunert et al. 1993) that a lifestyle approach provided the basis for a better understanding of consumer behaviour. Bruwer et al.'s (2001) research was based on a wine-related lifestyle approach, the first of this kind, and a similar approach was therefore relevant to this research study. This approach also provided the additional benefit of proving (or amending) Bruwer et al.'s (2001) findings.

It is now appropriate to turn to the second and third research sub problems and examine the literature on risk reduction strategies employed when consumers purchase wine.

2.7 Risk Reduction Strategies and the Purchase of Wine

The research study examined the preferred risk reduction strategies employed by the identified wine market segments and linked these strategies to the wine retail environment. If the wine retailer has a good understanding of the types of consumers who frequent the store (as would be expected in a well run business) and is aware of the appropriate risk reduction strategies preferred by those consumers, then the retailer can adapt the retail mix to target those consumers with the most appropriate strategies. This forms the foundation for a competitive advantage.

2.7.1 Retail Factors and Risk Reduction Strategies

There are many variables under the control of a wine retailer that might impact on the buying behaviour of consumers. Conceptually, these include, but are not limited to:

- Store ambience and atmosphere, including:
  - Visual communications;
  - Lighting;
  - Colours;
  - Music/sounds; and
  - Scents/smells.
- Price of the wine on offer;
- Assortment of wine on offer;
- Sales personnel, including:
  - Their level of product knowledge;
  - Their attitudes to customers; and
  - Their ability to build a relationship with the customers
  - Their general behaviour
- The store layout;
- Point of sale promotions;
- Other advertising and promotion offers;
- Non-tutored wine tastings;
- Tutored wine tastings;
- Wine club membership;
- Special events (such as tasting theme days, for example, a shiraz tasting day);
- Customer service and after sales service; and
- Complementary goods and services (e.g. glass hire and wine related paraphernalia).

The research examined the strategies that a wine retailer can adopt in order to reduce the risk associated with the purchase of a bottle of wine. These strategies are likely to encompass most of the variables mentioned above. The mix of strategies will depend on the store positioning and the type of customers who frequent the store. If consumers perceive less risk associated with the purchase of a bottle of wine, then they are likely to purchase higher quality wines that attract a higher price (Mitchell & Greatorex, 1989). This is an obvious benefit to the retailer, who is likely to make a greater profit on the sale of a higher quality bottle of wine, than the sale of a lesser quality wine with a lower profit margin.

Mitchell & Greatorex (1989) undertook a detailed examination of the risk reduction strategies employed in buying wine in the UK market. They noted that the literature had identified four different types of risk and had provided them with the generic names: functional, social, financial and physical. Mitchell & Greatorex (1989: 31) state … "The four elements of risk combine in each purchase decision to dictate the total amount of risk perceived in each purchase". They argue that the product (in this case, a bottle of wine) for which the risk reduction is the most effective will be the product that is finally purchased by the consumer. Furthermore, Mitchell & Greatorex (1989: 34) state that these risks had a hierarchy associated with wine buying behaviour:

(i) Functional (taste);
(ii) Social (family and friends);
(iii) Financial (price); and
(iv) Physical (hangover, or reaction to the wine)

Mitchell & Greatorex (1989: 35–36) acknowledged that the generic ways in which consumers can reduce risk in (most) consumer product buying situations (Schiffman & Kanuk, 2001) also apply to the product wine. As such they related these six specifically to ways in which consumers can reduce risk in their wine purchase decisions. These risk reduction strategies, related to wine purchases, were restated as:

- **Consumers seek information –** the more information a consumer has about the wine, the more predictable the consequences of their purchase. Consumers seek information from a variety of sources, including opinion leaders, family and friends, wine writers, TV programs and in the retail setting, sales people and wine waiters;
- **Brand loyalty –** consumers avoid risk by remaining loyal to a brand that has previously met their needs;
- **Store image –** in the absence of any other information about a wine, consumers trust the judgement of a reputable store;

- **Well-known brands** – if a consumer has no experience with a wine, they may purchase an advertised or well known brand;
- **Price** – the price/quality relationship can play an important role in reducing risk. A low priced wine will reduce the financial risk at the expense of a functional risk (taste) and a higher priced wine is more likely to meet the functional requirements;
- **Reassurance** – consumers seek reassurance through tastings to reduce their financial risk and increase their knowledge and experience.

The types of risk and strategies adopted by wine consumers that Mitchell & Greatorex (1989) noted make an interesting comparison to the views expressed by Spawton (1991a,b), who identified three types of risk and also six strategies. Although the two approaches are not widely disparate, it is worth noting their divergences. Tables 2.3 and 2.4 outline the two approaches:

Table 2.3 Wine Consumer Risk Types –
A Comparison of Previous Research Study Findings

Mitchell & Greatorex (1989)	Spawton (1991a,b)
Functional (taste)	Functional (taste, wrong wine for occasion or to accompany a meal)
Social (family and friends)	Psychological (damage to the buyer's self esteem)
Financial (price)	Economic (perceived value to the product relative to the price being paid)
Physical (hangover, reaction to the wine)	

Source: Adopted from Mitchell & Greatorex (1989) and Spawton (1991a,b)

Table 2.4 Wine Purchase Risk Reduction Strategies–
A Comparison of Two Previous Research Study Findings

Mitchell & Greatorex (1989)	Spawton (1991a,b)
Consumers seek information	Wine Appreciation Education
Brand Loyalty	Learn from others
Store Image	Retail Assistants
Well Known Brands	Known brand
Price	Pricing
Reassurance	Packaging and Labelling

Source: Adopted from Mitchell & Greatorex (1989) and Spawton (1991a,b)

After careful conceptual comparison and consideration, this author is of the view that the risk reduction strategies suggested by Mitchell & Greatorex (1989) are broader based than those of Spawton (1991a,b). For example, Spawton's strategies of: "learn from others", "retail assistants", "wine appreciation education" and "packaging and labelling" could all conceivably be sub-sets of Mitchell & Greatorex's (1989) "Consumers seek information". As a somewhat broad scope was applicable to this research study, the six generic risk reduction strategies suggested by Mitchell & Greatorex (1989) were therefore adopted.

It follows from the discussion above, that the variables under the control of the retailer should match one or more of the risk reduction strategies employed by consumers (as noted by Mitchell & Greatorex, 1989). These are summarised in table 2.5 below:

Table 2.5 Risk Reduction Strategies and Retailer Variables

Risk Reduction Strategy	Retailer Variable
Information Seeking	Sales personnel Advertising and Promotion Non-tutored tastings Tutored tastings Wine club membership Special events Customer and after sales service
Brand Loyalty	Assortment on offer Point of sale promotions Advertising and Promotion
Store Image	Store ambience and atmosphere Store layout Wine club membership Special events Customer and after sales service Complimentary goods and services
Well Known Brands	Assortment on offer Point of sale promotions Advertising and Promotion
Price	Price Advertising and Promotion
Reassurance	Non tutored tastings Tutored tastings Wine club membership Special events Customer and after sales service

Mitchell & Greatorex (1989: 38) undertook research to examine these six risk reduction strategies and concluded that the most important risk reduction strategy was … "that of seeking information from descriptions, taste codes, wine lists etc., and especially more informed sources such as family or friends. The opportunity to taste was also welcomed". Mitchell & Greatorex (1989: 35) also mentioned that "opinion leaders" are a source of information. Shimp & De Lozier (1986, cited in Edwards and Mort (1991: 9) reinforce this point … "Opinion leaders have the ability to provide a valuable flow of communication to "opinion followers", thereby reducing the perceived risks attached to the adoption of new products or behaviours". Therefore, the role of significant other and opinion leaders will be further explored and elucidated in this study.

Mitchell & Greatorex (1989) explored the various methods employed by consumers to gather information. Apart from the factors mentioned above, they felt that the very act of tasting wine should be regarded as information gathering. That is a factor that is well within the control of the wine retailer. If not approached from that premise, they felt that wine retailers were "missing" an opportunity to influence the buying decisions of their customers, as customers generally undervalued the opinions of sales assistants. They suggested that retailers should strategically use their sales staff in conjunction with wine tastings, thereby negating the most important risk (taste) and combining it with the most important risk reduction strategy, viz. information gathering.

Gluckman (1990) made direct reference to the level of insecurity associated with purchasing wine and recommended that marketing efforts should be directed at relieving this insecurity and reinforcing the correctness of the purchase decision. Although not mentioned by Gluckman per se, the retail assistant is the most obvious choice to provide this reassurance. In this way, the sales assistant provides information to the consumer by way of the reassurance and also limits any possible financial risks attached to the purchase.

Other researchers have explored the role of the sales assistant in the buying process. Sweeney, Soutar & Johnson (1999) provide a more recent confirmation of the point raised above. They stated that consumers often hold sales people in low esteem. However, they felt that with the trend towards a more informed and sophisticated buyer, improved training and the adoption of the marketing concept by retail, the role of sales people as an information source needed closer consideration.

Specifically related to wine retailing, Macintosh & Lockshin (1997: 494) found that consumers who established an interpersonal relationship with sales people were … "generally more positive about the store and more loyal". Lockshin & Kahrimanis (1998: 182) found that the customers' perception of wine retailers' staff was a very important attribute when selecting a wine retailer, stating … "stores that want to differentiate themselves from the competition must focus on hiring and training their staff to be friendly and knowledgeable".

Spawton (1991a: 38) felt that many retail outlets in Australia and elsewhere realised the importance of their retail assistants and … "are reinstating the personalised, wine knowledgeable retail service as a competitive thrust … ".

Although the literature revealed that the role of the retail assistant has been examined in many contexts, none of the literature points to an actual examination of the role of the retail assistant in reducing risk. Sweeney et al. (1999: 78) alluded to this issue by raising two pertinent questions … "While seeking the provision of advice by a salesperson is often regarded as a risk reduction strategy … does the provision of this information actually reduce risk? Does the manner by which the staff offer service affect consumer risk perceptions?" Unfortunately, these questions were rhetorical and only served to illustrate a point. Although not formally part of any of the sub-problems, the role of the retail assistant was nevertheless explored in the research study.

To date, the literature reviewed in this section has concentrated on information seeking, in its various guises, as a risk reduction strategy. It is appropriate to examine whether any of the other strategies identified above have been the focus of previous research or comment.

Batt & Dean (2000), in more recent Australian research into the factors influencing the consumer's decision to purchase wine from a retail wine store, referred to the earlier work of both Mitchell & Greatorex (1989) and Spawton

(1991a,b). In this context, it could be argued that the factors influencing the purchase decision are analogous to the risk reduction strategies employed by the consumer. Batt & Dean (2000) found that prior experience was the most important variable that influenced a consumer's decision to purchase wine. This accords with Mitchell & Greatorex's (1989) view that wine tasting was part of the information seeking process. Batt & Dean (2000) also found that price was an important variable, however, they qualified this by adding that as consumers were prepared to pay more for their wine, the price became less of a factor in their decision. This was again consistent with Mitchell & Greatorex's (1989) statements, that argued that as consumers became more knowledgeable, their level of risk reduced and they drank wine of a higher quality.

Apart from prior experience and price, Batt & Dean (2000: 37) also found … "that a number of both external and in-store variables also influenced the consumer's decision to purchase. Prior consumption in restaurants, price discounts, in-store advice, tastings and advice from friends were perceived to be important influences". These findings were also entirely consistent with the earlier findings of Mitchell & Greatorex (1989).

Hall & Winchester (2000) extended their earlier work (Hall & Winchester, 1999) where they had offered empirical confirmation of the wine market segments suggested by McKinna (1986) and Spawton (1991a,b), by exploring the consumers' value profiles of each of their identified segments. Whilst this research provided different insights into the understanding of the wine market, Hall & Winchester (2000: 71) may have inadvertently touched on the subject of risk reduction in two of the segments. In describing the "Beverage Wine Consumer", they stated … "this segment is solely concerned with being free from inner conflict … the product attributes most important to this segment were those relating to improving their confidence with the purchase, including recommendation of experts, friends and salesperson". Furthermore, they state … "we have noted that both of these segments require communication that emphasises a "safe" purchase decision: safe from the point of view of insecurity on part of the Beverage Wine Consumer and safe from a point of view that it will be well enjoyed by friends for the Enjoyment Oriented consumer".

It is also worth commenting further upon the work of Lockshin et al. (1997: 180) that was previously mentioned in this literature review. Their research examined three types of involvement as a means of segmenting the market. They have also touched on an area that is germane to the proposed research. In referring to a wine retailer, they stated that it would be useful for the retailer to understand the wine market segments and then tailor their retailing strategies to attract the segment/s that they desired. Although they are referring to strategies relating to the various involvement levels of the consumers, the outcome is the same as if the strategies were aimed at reducing risk. The desired result is to get the customer to spend more money … "some customers may be more amenable to learning more and eventually become more brand decision involved. This would likely raise their consumption and their preferred price level, making them more valuable customers".

2.8 Identified Research Literature Knowledge Gap

All of the works referred to previously have touched in one way or another, on one or more risk reduction strategies, both in their generic form and as a specific part of a wine retail mix found in-store. Information seeking, in whatever form, appeared to be the most common strategy employed by all types of consumers. However, apart from Mitchell & Greatorex (1989), none of the research studies was specifically focussed on risk reduction strategies, per se. However significantly, the preferred types of risk reduction strategies, be they information seeking, price, the choice of known brands or any of the other strategies suggested by Mitchell & Greatorex (1989), as they relate to the wine retail environment, have not been explored in any systematic manner, segment by segment. This research study attempts to close this gap as far as possible within its constraints in the current knowledge base about wine market segments in the South Australian wine market.

2.9 Summary

This literature review has examined the various ("traditional") methods of segmenting various types of markets. The pros and cons of these various methods were included in this examination. A lifestyle-related model of market segmentation was introduced as an alternative that may overcome some of the criticisms of the traditional methods. A conceptual risk reduction model for the purchase of wine was furthermore suggested as a basis for the discussion and was eventually used in an inductive-deductive manner in the execution of the research study (see chapters 3 to 6).

The segmentation of the wine market in general and the Australian wine market, in particular, was examined in some depth. The various models used and their conclusions were exposited in tabular format. The most recent model used to segment this market was a wine-related lifestyle model and this formed the basis for this research study.

An examination of risk reduction strategies used in the context of wine purchases followed. Although some of the segmentation models were based on risk reduction (e.g. Spawton 1991a,b), the literature review demonstrated that no previous research has concentrated on the risk reduction strategies preferred by each of the segments identified in the South Australian wine market. No previous studies have transferred the generic risk reduction strategies into specific strategies relevant to wine retail. This therefore became the focus and purpose of this research study.

Having established the fundamental, theoretical, academic and practical bases for the research study, the following chapters three to five outline the detailed results of the study, related to each of the identified research sub-problems.

Chapter 3
Identifying Lifestyle Based Segments in the South Australian Wine Market

3.1 Introduction

A major objective of this study was to segment the South Australian wine market using a wine-related lifestyle method. Although this was not the study's primary objective, the market segmentation exercise was the necessary and logical first step as it formed the basis for all succeeding analyses. This chapter examines the process of identifying the wine-related lifestyle segments and introduces consumer wine knowledge as a viable discriminator between market segments.

Therefore, this chapter has two objectives:

- Identify lifestyle based segments; and
- Confirm (or otherwise) the segments identified by Bruwer et al. (2001); and

To meet those objectives, a number of quite specific tasks were completed. In chronological order, these were:

- Using a series of factor analyses, the appropriate number of factors, or elements that formed the basis of the succeeding cluster analysis was determined and variables were allocated to each of those elements.
- Using the identified elements as the basis, a cluster analysis was undertaken.
- The data from the cluster analysis was analysed.
- A meaningful and robust segmentation of the South Australian wine market was obtained and compared to the results of Bruwer et al. (2001).

One of the research hypotheses was formulated to assist this process. This was:

- Hypothesis 4 – Confirmation of the South Australian wine market wine-related lifestyle based segmentation structure identified by Bruwer et al. (2001).

Each of the tasks outlined above are covered in the following sections.

3.2 Identifying the Elements Constituting the Clusters (Segments)

As mentioned, the work of Bruwer et al. (2001) formed the basis of the identification of lifestyle-based segments in the South Australian wine market for this study. They concluded: … "Further research using an improved version of the research instrument … should now be conducted". Their study was exploratory in nature and was undertaken during July and August 2000 in several suburbs of Adelaide, South Australia. Unlike this study, Bruwer et al. collected their data using face-to-face interviews at the respondent's household address.

Bruwer et al. (2001) concluded that there were five identifiable lifestyle based segments in the Australian domestic wine market. The segments identified were:

- Enjoyment oriented social wine drinkers;
- Fashion/image oriented wine drinkers;
- Ritual oriented conspicuous wine enthusiasts;
- Purposeful inconspicuous premium wine drinkers; and
- Basic wine drinkers

Bruwer et al.'s (2001) survey consisted of fourty four 7-point Likert scale questions that sought respondent's Attitudes, Interests and Opinions (AIO) about a range of wine-related topics. They had divided these questions into the five wine-related lifestyles components they identified in their research model and each of these components consisted of a number of elements, totalling 16 in all. These components and elements are listed in the following table.

Table 3.1 Bruwer et al.'s Wine-related Lifestyle Components and Elements

Component	**Elements**
Quality/Attributes	Connoisseur related
	Fashion or value related
Reasons for wine consumption	Mood enhancing
	Enjoyment
	Health
	Image

Component	Elements
Consumption rituals	Extent of involvement
Ways of shopping	Variety seeking/browsing for inspiration
	Convenience/efficiency considerations
	Pre-planning
	Safe brand buying
Consumption situation	Social, usually outside of home
	Relaxing privately, usually at home
	Just to have a drink, usually at a pub
	Wine tasting, wine club meetings
	Celebrations

Bruwer and Li (pers comm., 2001) indicated that some of their identified elements required strengthening and that some other of the elements may not have contributed their 'expected weighting' to their overall study. The current study therefore devised a further 17 questions (or variables) in an effort to overcome those identified shortcomings. These questions were first formulated by the study's author and later confirmed by Bruwer (pers. comm., 2001). As part of this process, two new elements for the "ways of shopping" component were created. These elements reflected the shopping habits of wine consumers and added further strength to the instrument. These new elements were:

- Ways of shopping – experimenting; and
- Ways of shopping – occasion driven.

The total number of AIO questions used in this study was therefore 61 Likert-scale items.

Prior to any analysis of the responses to these questions, the data were checked for accuracy. Any responses outside of the permitted 1 to 7 range (as per the Likert scale) were corrected by reference back to the original completed survey and any missing data were replaced with the mean for that variable. Replacing the missing data in this way did not alter any of the final results, as replacement with the actual mean simply maintained the status quo. More importantly, ensuring no missing data in the data framework allowed all cases to be analysed, as SPSS excludes cases with missing data from further analysis. As a result of this exercise, a total of 363 valid responses were analysed.

The 61 AIO questions served two purposes. The first was to identify the number of factors or elements in the data (using factor analysis) and the second was to use those elements as the basis for a cluster analysis. Prior to performing principal component analysis (PCA) using SPSS statistical software, the 61 AIO variables were checked for suitability for factor analysis.

The generally accepted tests for suitability for factor analysis are the presence of many correlation co-efficients in excess of 0.3, a Kaiser-Meyer-Olkin (KMO) value in excess of 0.6 (Kaiser, 1970 & 1974, cited in Pallant, 2001) and Bartlett's Test of Sphericity reaching statistical significance at $p < .05$ (Bartlett, 1954, cited in Pallant, 2001). The subsequent correlation matrix did in fact reveal the presence of many co-efficients above 0.3. The KMO value was .811, therefore exceeding the recommended value of .6 and Bartlett's Test of Sphericity reached statistical significance, with $p < .01$. These figures are reproduced in Table 3.2, below and indicate that the variables were in fact suitable for factor analysis.

Table 3.2 KMO Measure of Sampling Adequacy and Bartlett's Test of Sphericity

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.811
Bartlett's Test of Sphericity	Approx. Chi-Square	1504.293
	df	136
	Sig.	.000

The next step was to determine the number of factors or elements to be extracted. Kaiser's criterion was used in the first instance. This is a technique where only factors with an eigenvalue of 1.0 or more are retained for further investigation. However, this technique may overestimate the number of factors to be retained (Pallant, 2001: 154). The Kaiser criterion showed 19 factors with eigenvalues > 1.0, accounting for 64.957% of the variance. Appendix 3 provides the full details.

Catell's scree test is another technique used to determine the number of factors. Unfortunately, in this instance, the number of variables (61) on the plot meant that no clear picture emerged of the point at which the shape of the curve changed direction and became horizontal (Pallant, 2001: 154). On the basis of the Kaiser criterion, it was therefore concluded that the maximum number of factors was in fact 19.

However, in order to finally resolve this issue, further steps were taken. The remainder of the 17 “new” variables that had not been allocated to the two new elements were manually added to Bruwer et al.’s (2001) elements that seemed the most conceptually ‘logical’. Two of Bruwer et al.’s original elements were also moved (consumption situations – just to have a drink, usually at a pub and Wine tastings, Wine club meetings, were added to consumption situations – social, outside of home) to strengthen other elements, leaving a total of 16 elements that were manually adjusted.

Each of these 16 elements was then subjected to PCA with varimax rotation. Where a single factor with strong loadings (> 0.4) emerged, that factor was retained. Although the allocation of a number to indicate the “strength” of a factor loading is arbitrary, the figure of 0.4 was considered appropriate (Garson, 2001). Any variable that did not load strongly or was loaded onto more than one factor was put aside for further investigation. This process identified 12 elements and 40 variables with strong loading to one of these elements.

The remaining 21 variables were then subjected to another series of PCAs. This resulted in the identification of a further 5 elements with 15 variables loading strongly, giving a total of 17 elements identified and 55 variables loading strongly. This number of elements was consistent with the findings of the Kaiser criterion and was therefore adopted for further analysis. The 6 variables that did not load strongly onto a single factor were consequently precluded from the succeeding cluster analysis. The 17 elements strengthen the conceptual model of Bruwer et al. by adding to the quality/attributes and ways of shopping components and amending the consumption situation components. The components and their 17 elements are described in the following table.

Table 3.3 Components and Elements – Current Study

Component	**Element**
Quality/Attributes	Connoisseur related
	Price/quality
	Provenance of wine
Reasons for wine consumption	Mood enhancing
	Enjoyment/satisfaction
	Health
	Image

Component	Element
Consumption rituals	Extent of involvement (storage and preparation)
Ways of shopping	Variety seeking/experimenter
	Convenience
	Safe brand buying
	Information seeking
	Occasion driven
	Spontaneity
	Packaging/labelling
Consumption situation	Out of home
	In home

3.3 Identifying the Clusters (Segments)

Summated scores for the 17 elements identified in Table 3.3 above became the basis for the cluster analysis used to determine the clusters or segments. Before the cluster analysis proceeded, the reliability of the scale represented by the 17 elements was checked. The resulting Cronbach alpha co-efficient was .6728. This figure was marginally below the generally accepted figure of 0.70, however, the majority of the scales in use contained less than ten items, therefore the alpha value was considered satisfactory (Pallant, 2001: 85 and Li, pers comm., 2001).

Two types of cluster analyses were conducted using SPSS in order to finally identify the clusters. The first was an exploratory approach using a Hierarchical Cluster analysis providing a dendogram as its output. An examination of this dendogram indicated that the solution contained somewhere between 4 and 7 clusters. This result was consistent with the findings of other researchers of the Australian domestic wine market (for example, Hall & Winchester 1999, Spawton 1991, Johnson et al., 1991, McKinna 1986 (cited in Hall & Winchester 1999).

The second approach was the use of a K-Means Cluster Analysis where each of the potential solutions (that is, 4 to 7 cluster solutions) was used as inputs. The solutions containing 6 and 7 clusters respectively were rejected on the grounds that each contained clusters with very few cases and were therefore (logically) an unreasonable representation of the South Australian wine market. This left the 4 and 5 cluster solutions that were further examined using Multiple Discriminant Analysis (MDA). This analysis revealed that the 5-cluster solution had a marginally higher predicted classification result than the 4-cluster solution (96.4% compared to 95.6%, as per Tables 2.4a and b, below). This result still did not provide the “definitive” answer as to the required number of clusters.

Table 3.4a Classification Results – 5 Cluster Solution

		Predicted Group Membership					**Total**
	5 cluster solution	**1**	**2**	**3**	**4**	**5**	
Count	1	76	0	0	0	0	76
	2	1	79	0	0	1	81
	3	2	0	59	0	0	61
	4	2	1	0	65	1	69
	5	1	0	1	3	71	76
Percentage	1	100.0	.0	.0	.0	.0	100.0
	2	1.2	97.5	.0	.0	1.2	100.0
	3	3.3	.0	96.7	.0	.0	100.0
	4	2.9	1.4	.0	94.2	1.4	100.0
	5	1.3	.0	1.3	3.9	93.4	100.0

Table 3.4b Classification Results – 4 Cluster Solution

		Predicted Group Membership				**Total**
	4 cluster solution	**1**	**2**	**3**	**4**	
Count	1	92	2	1	0	95
	2	4	70	0	3	77
	3	0	0	68	0	68
	4	3	3	0	117	123
Percentage	1	96.8	2.1	1.1	.0	100.0
	2	5.2	90.9	.0	3.9	100.0
	3	.0	.0	100.0	.0	100.0
	4	2.4	2.4	.0	95.1	100.0

In an effort to finally resolve this issue, a pragmatic and practical approach was adopted. Market segmentation is the process of identifying discrete buyers in a market who have similar needs and wants and who can be targeted with tailored marketing mixes. Marketing texts (for example, Kotler et al. 2001) state that market segments must have the following characteristics:

- measurability
- accessibility
- substantiality
- actionability

The Australian wine industry consists of about 1318 wineries (as at March 2001) of which approximately 866 or 65.7% crush less than 100 tonnes per year and can therefore be considered small or boutique producers (Winetitles, 2001). The majority of these producers operate in niché markets and require market segments that will sustain super premium and above prices (Rabobank, 1999). Therefore, for the majority of the industry (by number), a larger number of segments that meet the characteristics described above are preferable. For this reason, the five-cluster solution was preferred to the four-cluster solution

This decision meant that the study had identified once again that there are five wine-related lifestyle segments in the South Australian wine market. The next task was to analyse these results and identify and derive descriptors for each of the segments.

3.4 Data Interpretation

The final cluster centres of the segments identified above, which became the basis for the ongoing analysis and interpretation, are outlined in the following table:

Table 3.5 Final Cluster Centres – 5 Cluster Solution

Element	Cluster				
	1	**2**	**3**	**4**	**5**
consumption situation out of the home	4.90	5.43	4.43	5.64	4.73
consumption situation in home	4.66	5.43	4.31	5.38	4.16
shopping – variety seeking or experimenter	3.54	3.79	3.46	5.24	4.35
shopping – convenience	2.52	2.76	1.87	2.44	1.89
shopping – safe brand buying	2.26	3.35	3.33	1.91	2.73

Element	Cluster				
	1	2	3	4	5
shopping – occasion driven	5.07	5.58	3.26	5.53	4.64
shopping – information seeking	3.17	3.91	2.72	4.23	4.39
connoisseur related attributes	4.61	4.66	2.57	4.83	2.71
consequences – mood enhancing	1.74	3.43	2.01	2.42	2.98
consequences – enjoyment or satisfaction	5.79	5.88	4.03	5.91	4.55
consequences – image	2.01	3.62	1.85	2.31	2.34
consequences – health	4.34	5.12	4.51	4.96	4.07
shopping – spontaneity	3.03	3.02	3.94	5.03	5.62
shopping – packaging	2.11	3.66	2.16	3.11	4.20
shopping – price, quality or value	4.04	5.19	3.69	4.08	4.05
provenance of wine	5.16	5.70	3.45	5.45	4.19
storage and preparation for drinking	4.99	4.85	2.78	5.00	2.77
n =	76	81	61	69	76
Percentage =	20.9%	22.3%	16.8%	19%	20.9%

An initial examination of the final cluster centres provided the following insights:

- All clusters demonstrated a propensity for consumption of wine both at home and away from home;
- Cluster 4 scored the highest mean on the variety seeking, experimenter element;
- Cluster 4 had the lowest mean on the safe brand buying element;
- Clusters 1,2 and 4 all had high means on the occasion driven element;
- Clusters 1,2 and 4 all had high means on the connoisseur related element;
- All clusters had high means on the enjoyment/satisfaction element;
- All clusters had high means on the health element;
- Clusters 4 and 5 had high means on the spontaneous element;
- Cluster 5 had the highest mean on the packaging element;

- Cluster 2 had the highest mean on the price/quality element; and
- Clusters 1,2 and 4 had high means on both the provenance and preparation and storage elements.

This cursory examination revealed that clusters 1, 2 and 4 appeared quite ‘similar’ in nature and that further analysis was required to differentiate them. However, clusters 3 and 5 were very different from the other three clusters and there were clearly identifiable differences between those two clusters.

Cluster 3 had the second highest mean on the safe brand-buying element, but did not display any other high mean scores. The cluster had the lowest mean score on the connoisseur, price/quality, provenance and image elements. It also scored very low on the preparation and storage element. This series of mean scores had that cluster tentatively identified as the “basic wine drinker” segment.

Cluster 5 had relatively high mean scores on the spontaneous, information seeking and enjoyment elements. It also had the highest mean on the packaging element. It had comparatively low means scores on the provenance and storage and preparation elements and the second lowest score on the connoisseur element. This cluster was tentatively identified as the “enjoyment oriented wine drinker”.

The first step taken to differentiate between clusters 1, 2 and 4 was a study of their respective mean scores against the ten wine knowledge multiple-choice questions (the discussion under hypotheses 2 and 3 later in this chapter provide a detailed examination of the role of knowledge in this research). The results for each of the clusters are displayed in the following table:

Table 3.6 Mean Knowledge Score by Cluster

Cluster	**Mean Knowledge Score**
1	69.3%
2	64.0%
4	77.1%
3	51.2%
5	49.5%

Clusters 3 and 5 are displayed for comparative purposes.

This table clearly indicates that cluster 4 has the most wine knowledge followed by cluster 1 and then 2. These knowledge means were then subjected to a series of independent sample t–tests to check for significance between the clusters. These tests revealed that there were no significant differences between cluster 1 (M = 6.9342, SD = 1.9619) and cluster 2 (M = 6.3951, SD = 2.0657, t(155) = 1.675 and p = .096). However, cluster 4 (M = 7.7101, SD = 1.4461) was significantly larger than both clusters 1 and 2 (t(137.367) = -2.727; p = .007 and t(142.889) = -4.565; p = .000) respectively. This indicated that cluster 4 was the most wine knowledgeable segment and that the knowledge was an appropriate discriminator between cluster 4 and the others.

To further differentiate between clusters 1, 2 and 4, their mean scores on a number of individual variables and selected elements were compared using independent sample t-tests. The variables and elements that showed statistical significance between the three clusters are exhibited in Table 3.7.

Table 3.7 Clusters 1, 2 and 4 –
Statistical Significance on Selected Variables and Elements

Variables/ elements	5 cluster solution	N	Mean	Std. Deviation	P (cluster 2 cf cluster 1)	P (cluster 2 cf cluster 4)	P (cluster 4 cf cluster 1)
It is risky to buy lesser-known wine brands.	2	81	3.7778	1.7321	**		
	1	76	2.7105	1.6233			-
	4	69	2.5520	1.6141		**	
I take more notice of wine-related articles in the press and TV than I did two years ago.	2	81	5.1728	1.4815	*		
	1	76	3.8339	2.1696			**
	4	69	4.9275	2.1984		-	
I would like to learn more about wine styles and their countries of origin.	2	81	5.5556	1.5248	**		
	1	76	4.8553	2.0245			**
	4	69	6.0290	1.1372		**	

Variables/ elements	5 cluster solution	N	Mean	Std. Deviation	P (cluster 2 cf cluster 1)	P (cluster 2 cf cluster 4)	P (cluster 4 cf cluster 1)
shopping – safe brand buying	2	81	3.3457	1.1663	**		
	1	76	2.2554	.9583			**
	4	69	1.9061	.7289		**	
shopping – information seeking	2	81	3.9136	1.2036	**		
	1	76	3.1711	1.3676			**
	4	69	4.2319	1.1100		-	
consequences – image	2	81	3.6173	1.1409	**		
	1	76	2.0142	1.0517			-
	4	69	2.3106	1.1121		**	
consequences – mood enhancing	2	81	3.4336	1.2743	**		
	1	76	1.7434	.9469			*
	4	69	2.4203	1.2880		**	
shopping – price,/quality or value	2	81	5.1914	1.0295	**		
	1	76	4.0373	1.4549			-
	4	69	4.0784	1.3667		**	
I often use recommendations from wine writers to help select my wine	2	81	4.8148	1.5977	-		
	1	76	4.4196	1.8280			-
	4	69	4.6957	1.4783		-	
When shopping for wine, I often look for something I have not tried before.	2	81	4.2222	1.7103	-		
	1	76	4.0464	1.4748			**
	4	69	5.8406	1.0379		**	

** is significant at $p < .01$
* is significant at $p < .05$
- is not significant

An analysis of this table revealed other significant differences between the clusters that assisted further identification. These differences are outlined below:

- Cluster 2 is more risk averse than clusters 1 and 4:

- Cluster 2 takes more notice of wine-related media today than two years ago, compared to cluster 1;
- All three clusters would like to learn more about wine. Cluster 4 has a significantly higher result than both clusters 1 and 2 and cluster 2's result is significantly higher than cluster 1;
- Cluster 2 is significantly higher on safe brand buying than the other two clusters. Cluster 4 is significantly lower than the other two clusters on this element;
- Clusters 4 and 2 are significantly higher on the information seeking element than cluster 1;
- Cluster 2 is significantly higher on the image, mood enhancing and price/quality elements than the other two clusters;
- All clusters use the recommendations of wine writers, but no score is significantly higher than any other and cluster 2 has the highest score; and
- Cluster 4 has a significantly higher score than the other two clusters on the variable relating to shopping for wine that they have not tried before.

The information revealed in the preceding analysis finally allowed clear distinctions to be drawn between all clusters. These distinctions were translated into characteristics of each cluster and these are listed in the following table:

Table 3.8 Identified Cluster Characteristics

Cluster Number	Identified Cluster Characteristics	Tentative Cluster Name
1	• Connoisseur related tendencies • Interested in the provenance of wine • Involved in wine storage and preparation for drinking rituals • Reluctant to seek information when buying wine – relies on own knowledge • Some reluctance to try new wines • Derives enjoyment and satisfaction from drinking wine • Drinking occasion plays a part in wine purchasing • Reasonable wine knowledge	Conservative, wine knowledgeable wine drinker
2	• Connoisseur related tendencies • Interested in the provenance of wine • Involved in wine storage and preparation for drinking rituals • Takes more notice of wine-related press than two years ago • Actively seeking knowledge about wine	Image oriented, knowledge seeking wine drinker

Cluster Number	Identified Cluster Characteristics	Tentative Cluster Name
	• Purchases safe brands • Seeks information when shopping for wine • Derives enjoyment and satisfaction from drinking wine • Highly price/quality sensitive when purchasing wine • Involved in the image and mood enhancing components of wine	
3	• Purchases safe brands • Little interest in the provenance of wine or the rituals surrounding storage and preparation for drinking • Little regard for the image associated with wine drinking • Occasion plays little part in wine purchasing • Seeks little information when purchasing wine • Low connoisseur related attributes	Basic wine drinker
4	• Connoisseur related tendencies • Interested in the provenance of wine • Involved in wine storage and preparation for drinking rituals • Takes more notice of wine-related press than two years ago • Actively seeking knowledge about wine • Derives enjoyment and satisfaction from drinking wine • Strongly variety seeking or experimenter traits in wine purchases • Occasion is a driver in wine purchasing • Highly knowledgeable about wine • Can be spontaneous in wine purchasing • Seeks information when purchasing wine • Does not purchase from a safe set of wine brands • Seeks out wines that have not been tried before – they are not risk averse	Experimenter oriented, highly knowledgeable wine drinker
5	• Exhibits some variety seeking or experimenter traits in wine purchases • Can be spontaneous in wine purchasing • Derives enjoyment and satisfaction from drinking wine • Little interest in the provenance of wine or the rituals surrounding storage and preparation for drinking • Low connoisseur related attributes • Occasion plays some part in wine purchasing • Seeks information when purchasing wine • Packaging/labeling plays a part in wine purchasing	Enjoyment oriented, social wine drinker

A clearer description of each of the clusters or segments had now emerged. In order to clarify these descriptions further, demographic and other data were analysed. The complete set of data is contained in Appendix 4 however, key data are summarised in the table below:

Table 3.9 Key Demographic, Consumption and Usage Data

		Segments				
		1	**2**	**3**	**4**	**5**
How often is wine consumed?	Daily	40%	42%	20%	41%	18%
	Few times/wk	54%	48%	62%	55%	47%
	Once/week		8.6%	10%		21%
Consumed when?	Weekend only	32%	25%	31%	20%	38%
	All week	68%	74%	66%	80%	60%
Wine consumption (glasses/wk)	Mean	13	14.7	10	14.7	8.4
	Median	10	13	10	12	6.5
Wine consumption (bottles/week)	Mean	2.07	2.35	1.62	2.34	1.35
	Median	1.6	2.08	1.6	1.92	1.04
Spend/wk (self reported)	Mean	$44	$42	$21	$43	$18.40
	Median	$25	$30	$15	$30	$11.25
Spend/wk (actual)	Mean	$111	$134	$45	$88	$43
	Median	$63	$58	$34	$58.50	$20
Spend/bottle (self reported)	Mean	$23	$20	$18	$21	$16.50
	Median	$15.60	$15.60	$15.60	$17.40	$12.75
Spend/bottle (actual)	Mean	$14.80	$15	$13.65	$16.80	$13
	Median	$13.80	$13.50	$12.75	$15	$12.20
Age	> 35 years	84.2%	91.1%	91.8%	72.5%	64.5%
	35 to 54 years	53.9%	74.1%	72.1%	53.6%	51.3%
	Rank (1 = Oldest)	3	2	1	4	5
M/F Ratio		70/30	80/20	60/40	70/30	40/60
Tertiary Education		63.2%	65.3%	39.5%	60.8%	50%
Income	> $75K	51.3%	54.3%	31.1%	56.5%	39.5%
	< $50K	24%	23.1%	36%	18.8%	35.6%

The data in this table confirmed a number of characteristics identified by the earlier analysis. Clusters 3 and 5 returned lower mean scores on the following criteria:

- Daily consumption of wine;
- Wine consumption (glasses per week);
- Spend per week on wine (both actual and self reported); and
- Spend per bottle (both actual and self reported)

They returned the highest mean scores on weekend consumption only and incomes less than $50,000 per annum. In addition, cluster 5 was the only female predominant cluster.
A One-way between groups ANOVA with post-hoc results was performed to explore the differences between the clusters and selected demographic and other consumption data. The results of this procedure are contained in Appendix 4. A brief summary of the results is contained in the following table:

Table 3.10 One-way Between Groups ANOVA – Summary of Selected Demographic and Other Data

Demographic Variable	Comments (significance at p < .05)
Income	Cluster 3 < clusters 1,2 and 4 No significance between cluster 1, 2 and 4, or between clusters 3 and 5
Age	Cluster 5 is younger than clusters 1, 2 and 3
Consumption	Cluster 5 consumes < clusters 1, 2 and 4 Cluster 3 consumes < clusters 2 and 4
Actual spend/bottle	Cluster 4 spends more/bottle than clusters 3 and 5
Actual weekly spend on wine	Cluster 5 spends less per week than clusters 1 and 2 (but not cluster 4)

3.5 Segment Descriptions

The detailed interpretation and analysis undertaken above provided the foundations for clear and unambiguous descriptors for each of the segments. These are detailed below.

3.5.1 *Segment 1 – Conservative, Wine Knowledgeable Wine Drinkers (20.9%)*

The drinkers in this segment of the South Australian wine market are likely to be tertiary educated males (63.2% tertiary educated; male/female ratio = 70/30), working in a professional capacity with over half having a household income in excess of $75,000 per year. These drinkers demonstrate connoisseur related tendencies, are interested in the provenance of the wine they drink and are involved in wine storage and preparation for drinking rituals – they are likely to have a cellar at home or some other space used solely for the storage of wine and they use the correct glassware, decant their wine and check it for spoilage prior to consuming the wine. They derive enjoyment and satisfaction from drinking wine and approximately 40% of them drink wine every day. These consumers display a good knowledge of wine and wine-related matters.

When purchasing wine, the occasion during which the wine will be consumed plays a role in the purchase decision. They are somewhat reluctant to purchase wines that they have not tried before and they do not seek information or advice when purchasing wine. Rather, they tend to rely on their own knowledge and beliefs and hence their purchases could become “stereotyped” – they are likely to purchase similar styles of wines over the years and do not exhibit variety seeking or experimenter behaviour. Their purchases are rarely spontaneous, although they have a wide selection of brands from which to choose. Their preferred retailers are fine wine specialist stores.

3.5.2 *Segment 2 – Image Oriented, Knowledge Seeking, Wine Drinker (22.3%)*

The drinkers in this segment share many of the characteristics of the previous segment. They are likely to be tertiary educated males (65.3% tertiary educated; male/female ratio = 80/20), with over half having a household income in excess of $75,000 per year. They also display connoisseur tendencies and are interested in the provenance of the wine they drink and they have a dedicated cellar (or space) for storing wine. They indulge in pre-drinking rituals and about 40% drink wine every day.

These consumers have some knowledge about wine and they are actively seeking to further their existing knowledge. One way in which this is manifested is that they take more notice of wine-related media today than they did two years ago, a reflection of their growing interest in wine.

When purchasing wine, they seek information about their prospective purchases and they are guided by the views of wine writers and other opinion leaders. They are risk averse, as they tend to purchase the recommendations of others. They are particularly mindful of the price of the wines they buy, but this does not mean that they buy cheap wines. Rather, they tend to have the view that the more expensive the wine, the better it is. They have been drinking wine for some time, probably since their University days, but they now have the income to buy the wines recommended by others. Their preferred retailers are fine wine stores.

They derive a lot of enjoyment and satisfaction from drinking wine and they like the image that drinking wine portrays.

3.5.3 Segment 3 – Basic Wine Drinker (16.8%)

These wine consumers have little time for the rituals and image that surround the drinking of wine. They drink wine because they enjoy it. These wine drinkers are comparatively well educated compared to the general population, with 39.5% having a tertiary education, however, their average household income is lower than all but one other segment, with 36% earning less than $50,000 per year. The male/female ratio is 60/40, so the male dominance seen in the previous two segments is diminishing.

When purchasing their wine, this segment does not take into account the occasion at which the wine will be drunk and they seek little information about their purchases. They have a number of safe brands from which they choose their wine – these brands have served their purpose in the past and will do so in the future. Their self-reported weekly spend on wine is $21 and their average spend on a bottle of wine is $18. They are less frequent drinkers of wine than some other segments. Their preferred retailers are national wine chains.

3.5.4 *Segment 4 – Experimenter, Highly Knowledgeable Wine Drinkers (19%)*

The consumers in this segment share the same connoisseur tendencies and the interest in the provenance of the wine and the associated rituals as segments 1 and 2. What separates them (in part) from those other two segments is their very detailed knowledge of wine and wine-related subjects. This segment had a significantly higher mean knowledge score than the next highest scoring segment. Although they have this detailed knowledge, they want to learn more and are therefore updating their knowledge on a regular basis. They are also likely to be well-educated males (60.8% tertiary educated; male/female ratio = 70/30), with household earnings in excess of $75,000 per year (56.5% earn in excess of this amount).

The other distinguishing factor is their approach to buying wine. They like to take a chance when buying wine and they are keen to drink wine that they have not tried before. They are experimenters in their wine buying. They are also keen to ask for advice and seek information about the wines they are considering. This is consistent with their quest for knowledge and their interest in the provenance of the wine. This can also lead to spontaneous buying of wine – perhaps a sales person has recommended a wine and provided information about that wine and the consumer is happy to buy something different based on that recommendation. As a result of this experimenter approach, they do not have a safe set of brands from which they purchase, although it is likely that they become brand loyal to those wines that meet their "experimenter" needs and wants. Their preferred retailers are fine wine stores.

3.5.5 *Segment 5 – Enjoyment Oriented, Social Wine Drinkers (20.9%)*

This segment has a predominance of female consumers, with the male/female ratio 40/60. Half of the drinkers in this segment have tertiary qualifications, but their average household income is lower, with 35.6% earning less than $50,000 per year. The average age of this segment is lower than segments 1, 2 and 3.

This segment has little time for the rituals and image that surround the drinking of wine, but they do derive enjoyment and satisfaction from drinking wine. Almost

40% of these consumers only drink wine at the weekend, which is consistent with socialising and enjoying a glass of wine. They are less likely to drink wine on a daily basis than all other consumers and they have the highest rate of once a week consumers, therefore, they could be classed as more occasional drinkers. Their average weekly consumption is correspondingly the lowest of all segments at 8.4 glasses.

In their purchasing behaviour, the occasion during which the wine will be consumed plays some part. They seek some information before purchasing wine and they exhibit some variety seeking or experimenter traits, perhaps because of the information they receive. These consumers also exhibit quite strong spontaneous buying behaviour and the packaging and labelling of a bottle is an influence in their purchases. This may indicate that this segment is attracted to "concept" brands. Their preferred retailers are national wine chains.

3.6 Lifestyle Based Wine Market Segments – Discussion

The preceding sections outlined the processes that identified, labelled and characterised each of the five wine-related lifestyle segments of the South Australian wine market. The discussion that follows specifically examines the hypothesis that was formulated in relation to this chapter.

3.6.1 Hypothesis 4 – Confirmation of the South Australian Wine Market Wine-related Lifestyle Based Segmentation Structure Identified by Bruwer et al. (2001).

Bruwer et al. (2001) identified five lifestyle based market segments and this result has been replicated by this study. This discussion is concerned with comparing the two sets of identified segments and arriving at a conclusion about their similarities and differences, so that the hypothesis may be confirmed (or otherwise). The following table is a convenient method of setting out the descriptions of Bruwer et al.'s (2001) segments and those identified in this study.

Table 3.15 Market Segment Comparison

Bruwer et al. (2001) segments	Current study's segments	Comments
Enjoyment Oriented Social Wine Drinkers (14%)	Enjoyment Oriented, Social Wine Drinkers (20.9%)	
• 25 – 54 years old	• youngest in study	• compatible
• female majority	• female majority	• compatible
• higher education status = "average"	• 50% have tertiary education	• compatible
• 50% earn < $40K pa	• 35.6% < $50K pa	• reasonable fit
• weekend drinkers, but regular	• weekend, regular drinkers	• compatible
• red wine mainly	• red and white wine preferred	• reasonable fit
• 1.6 bottles per week average consumption	• 1.4/ 1 bottle per week* (mean/median)	• reasonable fit
• $11.07 average spend per bottle	• $13/$16.50 spend** (actual/self reported)	• reasonable fit
Fashion/Image Oriented Wine Drinkers (19%)		
• 18 – 44 years old		
• Female/male = 50/50		
• Higher education status = very high		
• Income +, - $50K pa		
• Regular drinkers anytime		
• Highest on sparkling, but mainly red wine		
• 0.9 bottles per week consumption		
• $13.50 average spend per bottle		
Ritual Oriented Conspicuous Wine Enthusiasts (18%)	Image Oriented, Knowledge Seeking Wine Drinkers (22.3%)	
• under 34 years old	• 2nd oldest in this study	• not compatible
• higher education status = high	• 65.3% tertiary educated	• compatible
• income > $75K pa	• 54.3% > $75K	• compatible
• drink almost everyday	• 42% drink wine daily	• compatible
• red wine mainly	• red wine preference	• compatible
• 1.8 bottles per week average	• 2.4/2 bottles per week	• reasonable fit
• $18.29 average spend per bottle	• $15/$20 average spend per bottle	• reasonable fit
Purposeful Inconspicuous Premium Wine Drinkers (25%)	Conservative, Knowledgeable Wine Drinkers (20.9%)	
• 35 – 54 years old	• 54% 35 – 54 years old	• compatible

Bruwer et al. (2001) segments	Current study's segments	Comments
• male majority • higher education status = high • income (highest) > $100K pa • regular wine drinkers • red wine mainly • 1.4 bottles per week average consumption • $17.11 average spend per bottle	• male majority • 63.2% tertiary educated • 32.9% > $100K pa (2nd highest) • 40% drink wine daily • red wine preferred • 2.1/1.6 bottles per week • $14.80/$23 average spend per bottle	• compatible • compatible • reasonable fit • compatible • compatible • reasonable (on mean) • reasonable fit
Basic Wine Drinkers (24%) • 45+ years old • female mainly • higher education status = "average" • income (lowest) <$40K pa (42%) • weekend wine drinkers • red and white wine drinkers • 0.6 bottles per week average consumption • $10.67 average spend per bottle	Basic Wine Drinkers (16.8%) • oldest • male/female = 60/40 • 39.5% tertiary educated • 36.1% < $50K pa • weekend wine drinkers • red and white wine drinkers • 1.6/1.6 bottles per week • $13.65/$18 per bottle	• compatible • reasonable fit • compatible • compatible • compatible • compatible • this study is higher • this study is higher
	Experimenter, Highly Knowledgeable Wine Drinkers (19%) • 53.6% 35 – 54 years old (2nd youngest) • male majority • 60.8% tertiary educated • 56.5% > $75K pa • 41% drink wine daily • red wine preferred • 2.3/1.9 bottles per week • $16.80/$21 average spend per bottle	

Where: * the first figure presented is the mean consumption figure and the second is the median consumption figure.
** the first figure is the actual average spend per week on wine and the second figure is the self reported figure.

The information in this table illustrated compatibility or reasonable fit for much of the demographic data. The obvious discrepancy was the lack of fit for the Bruwer et al. (2001) segment identified as Image/Fashion oriented wine drinkers. The data indicated that the other four segments identified by Bruwer et al. (2001) were replicated in this study. These four segments are now discussed individually.

The “enjoyment oriented, social wine drinkers” identified by Bruwer et al. (2001) closely resembled the “enjoyment oriented, social wine drinkers” of this study. There were compatible fits in age, sex, frequency and timing of drinking wine and education status. Reasonable fits against income, wine preference, consumption and spending habits were experienced. The increase in spend per bottle identified in the current study may, in part, be accounted by natural price rises that occurred in the twelve month gap between the two studies. Unfortunately, Bruwer et al. did not provide detailed descriptors of their identified segments, so a comparison between the characteristics of the two segments was not possible. However, the characteristics of the segment identified in this study were consistent with the intent identified by Bruwer et al. (2001). On balance, therefore, Bruwer et al.’s (2001) segment of “enjoyment oriented, social wine drinkers” was confirmed.

Bruwer et al. (2001) argued that the “connoisseur” segment previously identified by both McKinna (1986) and Spawton (1991a,b) and subsequently confirmed by Hall & Winchester (1999) actually consisted of two sub-segments – their “ritual oriented conspicuous wine enthusiasts” and “purposeful inconspicuous wine drinkers”. They concluded that the latter segment was previously concealed in the South Australian wine market. They further alluded that the former segment was akin to the “connoisseur” segment – the type of wine drinker who might be described as a “connoisseur” by others (the type of consumer who might have been stereotyped as a “wine snob”). The characteristics of this segment included an ostentatious display of their wine knowledge and a ritualistic approach to drinking wine.

The “image oriented knowledge seeking wine drinker” identified by this study shared many of these characteristics. They have a somewhat ritualistic approach to wine drinking and they enjoy the image associated with drinking wine. They have some wine knowledge and are actively seeking to improve that knowledge and they may not be averse to displaying that knowledge as part of the image they portray. In addition, many of the demographic data including education, income, wine preference and frequency of drinking are compatible and the weekly and average spend per bottle were a reasonable fit. The obvious non-fit was in the age groups of the two segments, but on balance, the data provided a close resemblance. Bruwer et al.'s (2001) "ritual oriented conspicuous wine enthusiasts" segment was therefore also confirmed.

As discussed above, Bruwer et al. (2001) concluded that their "purposeful inconspicuous wine drinkers" segment had been previously concealed in the market. It can be implied that this segment was knowledgeable, but did not display this knowledge in any untoward public display. They enjoy wine and drink it as part of their daily routine and they have a collection from which to choose their wine. Many of these characteristics are similar to the "conservative, wine knowledgeable wine drinkers" identified in this study. In addition, the demographic data displayed compatibility on the age, sex, education, frequency and preference of wine criteria. Reasonable fits were displayed on the consumption and spend criteria. Bruwer et al.'s (2001) "purposeful inconspicuous wine drinkers" segment was therefore also confirmed.

Both studies identified a "basic wine drinker" segment. Many of the demographic data provided compatible fits, especially in the age, education, income, frequency and preference of wine criteria. Like all of the previous segments, there were some discrepancies in the consumption and average spend data, with the current study returning higher figures. There was also an anomaly in the sex demographic. Bruwer et al. (2001) described this segment as mainly female. The current study found a 40/60 female/male ratio. This discrepancy may be accounted for by the differences in data collection used in the two studies – household versus in store interception. Notwithstanding the comments above, it is clear that the South Australian wine market has a segment of basic wine drinkers and therefore Bruwer et al.'s (2001) "basic wine drinkers" segment is confirmed as well.

The "experimenter, highly knowledgeable wine drinker" identified in this study did not have a close resemblance to the remaining segment of Bruwer et al.'s (2001) study – the "fashion/image oriented wine drinkers" segment. Although some similarities were observed, most notably in the education and wine preference criteria, wide discrepancies were noted on the sex, consumption and spend criteria. More importantly, the indicative brands noted by Bruwer et al. (2001) (Koonunga Hill, Kingston Estate Chardonnay, Wolf Blass Riesling) are most unlikely to be indicative of a segment that has an “experimenter” characteristic. Indicative brands of a segment with this characteristic are likely to include brands from more unusual or up and coming wine producing districts, or brands that are perceived as exciting and innovative. Bruwer et al.’s (2001) “fashion/image oriented wine drinkers” segment was therefore not confirmed.

A closer examination of that segment’s characteristics revealed that the majority of them were shared between the “image oriented knowledge seeking wine drinker” and the “enjoyment oriented, social wine drinkers” segments identified by this study. In other words, that segment was “subsumed” in two other segments.

To conclude this discussion on the segments identified by this study, four of Bruwer et al.’s (2001) segments were confirmed and one new segment was identified by this study. Bruwer et al. (2001) concluded that the connoisseur segment identified in a number of previous studies actually concealed a segment, that they labeled the “purposeful inconspicuous premium wine drinkers”. This study revealed that, in fact, there might have been a further segment concealed under the catchall and hence inappropriate banner of “connoisseur”.

3.7 Implications for the Australian Wine Industry

Of particular interest to the wine industry is the final make up of the South Australian wine market. This study has revealed a market consisting of:

- two segments (43.2% of the market) that will purchase and consume super premium (and above) wines;
- one segment (19% of the market) that certainly leans towards that end of the market, but is also willing to experiment across all price points;
- one segment (16.8% of the market) that is brand loyal and is likely to purchase at a particular price point; and
- one segment (20.9% of the market) that displays some spontaneous and experimenter characteristics and may be drawn to concept wine brands.

Whilst three of the segments identified here have so-called connoisseur attributes (read from the final cluster centre, Table 3.5), it is more appropriate to state that all three segments have the propensity to purchase super premium wines (as evidenced by their respective average spend per bottle amounts), although the use of the word “premium” was not used in any of the descriptors. This information is valuable to the wine industry, as the majority of producers (by number) rely on niché markets for their survival and these markets, by their nature, must be populated by consumers who are prepared to purchase wines at these price points and higher. This study identified that 62.2% of the market might fall into this category.

The two remaining segments are also of interest to the industry and require better understanding. For example, the basic wine drinker segment identified here showed a clear preference for consumption of bottled wine (67.2% indicating a preference for mainly bottled wine, 26.2% indicating a mix of both cask and bottled wine and 6.6% indicating a preference for cask wine). These figures may indicate a shift away from cask wine to bottled wine in this segment and if that were the case, would indicate some considerable potential to grow that segment. The enjoyment oriented wine drinker segment also requires a deeper understanding. In particular, if the segment were attracted to concept brands, this would be of significant interest to the industry.

To complete the picture, the five segments identified here and their relationship to Bruwer et al. (2001) and the segments identified in other published research studies are described in Table 3.16.

Table 3.16 Amended Australian Domestic Wine Market Segments

McKinna 1986	**Spawton 1991**	**Hall & Winchester 1999**	**Bruwer et al. 2001**	**Current Study**
Segments				
Connoisseurs	Connoisseurs	Connoisseurs	Ritual – oriented conspicuous wine enthusiasts	Image oriented, knowledge seeking wine drinkers
			Purposeful inconspicuous premium wine drinkers	Conservative, knowledgeable wine drinkers

McKinna 1986	Spawton 1991	Hall & Winchester 1999	Bruwer et al. 2001	Current Study
Segments				
				Experimenter, highly knowledgeable wine drinkers
Aspirational	Aspirational	Image Concerned	Fashion/image oriented	
Young bottle wine drinkers				
Beverage	Beverage	Risk Averse	Basic	Basic wine drinkers
New Wine Drinkers	New Wine Drinkers	Enjoyment – oriented	Enjoyment – oriented social drinkers	Enjoyment oriented, social wine drinkers

Source: Adapted from Bruwer et al., (2001 : 106)

3.8 Conclusions

This chapter identified five wine-related lifestyle segments in the South Australian wine market and these segments form the basis of the further analysis undertaken in this study. These segments were labelled:

- Conservative, knowledgeable wine drinkers;
- Image oriented, knowledge seeking wine drinkers;
- Basic wine drinkers;
- Experimenter, highly knowledgeable wine drinkers; and
- Enjoyment oriented, social wine drinkers.

Whilst four of the segments identified here are consistent with those identified by Bruwer et al.'s (2001) study (the basis form which this research was developed), this study identified a segment that has previously not been identified in the South Australian wine market and could be considered a "concealed" segment, similar to the concept first raised in Bruwer et al.'s study. This segment is likely to be significant to the Australian wine industry, as it is relatively large (19% of consumers) and may indicate a purchasing preference for wine brands that operate in niché markets and are considered by this segment to be new, exciting and innovative. These brands or producers can be described as boutique producers, but by number, they constitute a majority of the industry. It will be of interest to them that this segment may be attracted to their products given the appropriate communication messages.

The enjoyment oriented spontaneous wine drinkers and basic wine drinkers segment are also of interest to the industry. In the case of the former, because of their potential to purchase concept brands and the latter because of a possible trading up from cask to bottled wines.

This chapter has established that the South Australian wine market consists of five segments and these have been described in detail above. The next chapter is concerned with an examination of the use of any risk reduction strategies employed by these segments when they purchase wine.

Chapter 4
Identification and Examination of Each Segment's Preferred Risk Reduction Strategies When Purchasing Wine

4.1 Introduction

The previous chapter identified five lifestyle segments in the South Australian wine market and described their characteristics in some detail. This chapter attempts to solve the second research sub problem that was:

- Identify and examine each segment's preferred risk reduction strategies when purchasing wine.

Risk was first identified as being part of the purchase decision process in 1960 (Bauer, 1960, cited in Mitchell & Greatorex, 1989). It is now understood that consumers undertake some form of risk reduction in the majority of their purchases. The greater the level of risk associated with the purchase, or the more complex the product being purchased, increases the use of risk reducing behaviour. As many consumers perceive wine as a complex product, some form of risk reduction behaviour is likely to be exhibited during its purchase.

Mitchell & Greatorex (1989) stated that there were six generic risk reduction strategies used by consumers. These were:

- Consumers seek information;
- Brand loyalty;
- Store image;
- Well-known brands;
- Price; and
- Reassurance

These generic strategies formed the basis of the examination of this sub-problem. The objective of this chapter is therefore to explore whether any of these risk reduction strategies are employed when wine is purchased and if so, identify the favoured strategies of each of the segments in the market.

One hypothesis was formulated in relation to this sub-problem:

- Hypothesis 1 – Reducing risk in wine purchasing leads to the purchase of higher quality wine.

The underlying assumption for this hypothesis was based on the work of Mitchell & Greatorex (1989: 33), who stated … "As consumers gain experience and knowledge they feel more able to make a purchase with less risk and this results in their purchasing quality wines of a higher price" . If this statement is correct, it should be of interest to both wine retailers and the wine industry generally. Quality wines attract higher prices than wines of lesser quality and in most instances, provide higher profit margins to both producers and retailers. Increasing the incidence of sales of these wines is therefore likely to increase retailers' profits. As far as the industry is concerned, many small and medium sized producers position their products as quality wines, with commensurate price points and increasing sales at these points would benefit those producers.

In order to test this hypothesis, respondents were asked to indicate which of the six generic risk reduction strategies they used when purchasing wine and to rank those strategies that they used in order of importance, where 1 was the most important strategy, 2 the next most important and so on, until all strategies were ranked. The respondents were also asked to complete their rankings over three different price points, that were chosen to represent the demarcation between low, mid and high priced wines. The use of these different price points served a number of purposes. Firstly, not all respondents would buy wine across all price points. Some would only purchase wine at the lower end of the price scale, whilst others would not buy wine below $15 per bottle. This demarcation allowed a separate analysis of the preferred risk reduction strategies at the different price points. Secondly, the price/quality relationship was employed. In the absence of any other criteria, the price of the wine was an indicator of the quality of the wine. The higher the price of the bottle of wine, the higher the assumed quality of that wine. The six strategies were presented to respondents in a random order and can be seen at Section 5A of the Questionnaire in Appendix 1.

4.2 Identification of the Preferred Risk Reduction Strategies by Segment

In their research, Mitchell & Greatorex (1989) found that the most important strategy employed when purchasing wine was seeking information. They also found that the opportunity to taste the wine prior to purchase "was welcomed" (Mitchell & Greatorex, 1989: 38). Their respondents indicated a lack of importance attached to using store image and price as risk reduction strategies.

These findings formed the basis for testing this hypothesis. Mitchell & Greatorex's (1989) conclusions about the most important strategies were assumed as correct for the purposes of this study. To confirm the hypothesis, a trend towards the two general strategies, "I seek information about a wine before buying" and "Whether I have had the opportunity to try it before buying" (that represent the seeking of information and reassurance through tasting identified by Mitchell & Greatorex (1989)) was expected, as the price per bottle of wine increased (as per the price/quality relationship). That is, as the quality of the wine increased, as measured by the price of the wine, other less important risk reduction strategies should make way for the two most important strategies, as identified by Mitchell & Greatorex (1989).

The mean scores of each of the generic strategies across each of the price points were calculated. Each of these scores were then weighted according to the formula:
Weighted mean score = mean score * total respondents/number who responded.
Table 4.1 provides an example of this calculation.

Table 4.1 Weighted Mean Score Calculation

		Favourite Brands Importance (wine < $15)
N	Valid	256
	Missing	107
	Mean	2.22265625
Weighted mean =		3.15

In this example the weighted mean = 2.22*363/256 = 3.15. In this way, any potential bias resulting from low response numbers was eliminated. The strategy with the lowest weighted mean score becomes the most preferred strategy and the lower the weighted mean score, the more respondents indicated that they preferred that strategy. The results of the three preferred general risk reduction strategies across the three price points are displayed in Table 4.2, with their respective weighted mean scores in brackets.

Table 4.2 Preferred Generic Strategies by Segment and Price Range (Weighted Mean Scores in Brackets)

	< $15 per bottle	**$15 to $25 per bottle**	**> $25 per bottle**
Segment	**Strategy**	**Strategy**	**Strategy**
Overall	1. Rely on favourite brands (3.15) 2. Price (3.61) 3. Opportunity to try before buying (4.79)	1. Rely on favourite brands (3.94) 2. Opportunity to try before buying (4.03) 3. Price (4.79)	1. Opportunity to try before buying (4.38) 2. Seek information before buying (4.88) 3. Rely on favourite brands (6.44)
1	1. Opportunity to try before buying (3.83) 2. Rely on favourite brands (3.88) 3. Seek information before buying (4.63)	1. Rely on favourite brands (3.24) 2. Opportunity to try before buying (3.56) 3. Seek information before buying (4.01)	1. Opportunity to try before buying (3.64) 2. Seek information before buying (3.70) 3. Rely on favourite brands (4.26)
2	1. Rely on favourite brands (2.97) 2. Price (3.15) 3. Opportunity to try before buying (4.24)	1. Opportunity to try before buying (3.20) 2. Price (3.59) 3. Rely on favourite brands (3.72)	1. Opportunity to try before buying (3.53) 2. Price (4.39) 3. Seek information before buying (4.52)
3	1. Rely on favourite brands (2.59) 2. Price (3.91) 3. Rely on well known brands (4.52)	1. Rely on favourite brands (2.99) 2. Rely on well known brands (4.65) 3. Price (5.95)	1. Rely on favourite brands (6.59) 2. Opportunity to try before buying (8.66) 3. Rely on well known brands (9.53)
4	1. Rely on favourite brands (3.99) 2. Price (4.19) 3. Opportunity to try before buying (4.68)	1. Opportunity to try before buying (3.20) 2. Seek information before buying (3.44) 3. Price (4.37)	1. Seek information before buying (2.85) 2. Opportunity to try before buying (3.02) 3. Price (5.22)
5	1. Price (2.68) 2. Rely on favourite brands (2.71) 3. Rely on well known brands (4.38)	1. Rely on favourite brands (4.90) 2. Price (5.46) 3. Rely on well known brands (5.79)	1. Seek information before buying (6.03) 2. Opportunity to try before buying (7.63) 3. Rely on favourite brands (14.84)

Where 1 = Conservative, knowledgeable wine drinkers;
2 = Image oriented, knowledge seeking wine drinkers;
3 = Basic wine drinkers;
4 = Experimenter, highly knowledgeable wine drinkers;
5 = Enjoyment oriented, social wine drinkers.

4.3 Discussion of These Results

Section 4.2 identified the three most preferred strategies, both overall and for each of the segments. These results are now examined in more detail.

4.3.1 Overall Result

As the price per bottle increases, the influence of the two strategies identified by Mitchell & Greatorex (1989) as the most important, becomes more pronounced. In the under $15 per bottle range, relying on favourite brands is ranked number one and the opportunity to try before purchasing is ranked the third most important strategy. At the $15 to $25 range, relying on favourite brands is still ranked number one, but the opportunity to try before purchasing and seeking information before buying are now ranked numbers 2 and 3 respectively. At the over $25 price points, the opportunity to try before purchasing and seeking information before buying are ranked numbers 1 and 2.

This trend indicated that as the price of a bottle of wine increased (and hence as the quality of the wine increased), the nature of the preferred risk reduction strategies changed, so that at the most expensive price points, the two preferred strategies matched the two most important strategies identified by Mitchell & Greatorex (1989). This indicated two things:

- The findings of Mitchell & Greatorex (1989) about the importance of information seeking and tasting wine as a method of reassurance prior to purchase were conditionally supported by this study. The support is only conditional, as this study found that the opportunity to try before purchase was ranked more important (overall), than information seeking, which in turn. reversed Mitchell & Greatorex's (1989) findings.
- This study was based on the assumption that as the price of the wine increased, any trend towards the two strategies identified by Mitchell & Greatorex indicated that the employment of risk reduction behaviour led to the purchase of higher quality wine. This formed the basis of the hypothesis related to this sub-problem and as the results discussed above demonstrated such a trend, the hypothesis was confirmed.

In the under $15 range, the most preferred strategy was relying on favourite brands and that result is not controversial. Although there are a plethora of wines on the market in that price range, this indicated that consumers purchase wines that have previously satisfied their needs and as a result overcome any financial and functional risks that may have been associated with the purchase of that bottle of wine. This result also indicated that at that price range, there is less likely to be any experimentation on behalf of wine consumers. Spawton's (1991a, b) "safe brands" might exist within this price range.

In the \$15 to \$25 range, the reliance on favourite brands was the most preferred strategy, but the opportunity to try before purchasing was now ranked number 2 and the gap between the two weighted mean scores was minimal (3.94 and 4.03 respectively). As very little separated these preferred strategies, one interpretation of the data might be that at the price points closer to \$15, the preferred strategy remained a reliance on favourite brands, but as the price of a bottle increased towards the \$25 mark, the preferred strategy may have shifted towards the opportunity to try before purchasing.

In the over \$25 range, consumers actively sought reassurance and information to increase their knowledge prior to the purchase of the wine. This is entirely consistent with Mitchell & Greatorex's (1989) earlier findings and indicated that the reduction of both the financial and functional risks through reassurance and information seeking strategies was an important consideration.

One other relevant point indicated by the data was the lack of importance placed on price as a preferred risk reduction strategy (only one mention in the 9 preferred strategies reported overall) and the total lack of store image as a preferred strategy. This accords entirely with the earlier finding of Mitchell & Greatorex (1989).

Each of the five identified segments is now analysed.

4.3.2 Segment 1 – Conservative, Knowledgeable Wine Drinkers.

The results for this segment showed a similar trend to the overall results, whereby the opportunity to try before purchasing and seeking information before buying were ranked numbers 1 and 2 respectively at the > \$25 range. The scores for all the preferred strategies at the \$15 to \$25 and > \$25 ranges were lower than the scores at the < \$15 range. This indicated that more wine was purchased at those higher price points, which is consistent with the earlier analysis on this segment.

In fact, the lowest score of 3.24 was returned for the preferred strategy in the \$15 to \$25 range, that of relying on favourite brands. This result was also consistent with the previous analysis that suggested that consumers in this segment were likely to purchase wines and wine brands of a similar type and style from one year to the next. These results reinforced that interpretation and provided a more detailed understanding of the segment. They also suggested that many of the wines and brands purchased by this segment might be in the \$15 to \$25 range. As the price of wines increased, this segment turned to reassurance and information seeking as a means of reducing their risk, which was consistent with the overall result.

4.3.3 Segment 2 – Image Oriented, Knowledge Seeking Wine Drinkers.

This segment showed a general trend that was consistent with the overall result, however the preferred strategy of seeking information before buying was only ranked third in importance in the > \$25 range. The importance of the opportunity to try before purchasing as a preferred strategy increased as the price of the wine increased. Perhaps the most striking result here was the importance of price as a preferred risk reduction strategy. This was ranked as the second most important across all three price ranges. Whilst this result conflicts with the overall results, where price was a relatively unimportant strategy, it is consistent with the earlier analysis undertaken on this segment.

That analysis found that this segment had the highest score on the "price/quality or value" element and concluded that price was an important consideration in their purchasing behaviour. These results confirmed that analysis and showed that this segment used price as an important risk reduction strategy. In this instance, the use of price was more likely to negate the functional and social risks associated with the purchase. The higher the price of the wine purchased, the better the perceived quality of the wine and the increased likelihood that the wine would meet their taste requirements. Similarly, the social risk is decreased. This segment is one that likes the image associated with drinking wine and seeks out the "praise" of their peers about their knowledge of wine and their choice of wines for different occasions. In their opinion, a more expensive wine is more likely to be accepted by their peers, thereby increasing their perceived "standing" within that peer group.

4.3.4 Segment 3 – Basic Wine Drinkers.

The results from this segment were the most divergent from the overall results. The most preferred strategy across all three price ranges was relying on favourite brands. Whereas this result matched that of the overall result for the two price ranges under $25, this was the only segment that had a consistent preferred strategy over all price ranges. The scores also uniformly increased as the price increased, which indicated that the number of people who bought wine in the more expensive price ranges also decreased. This result is consistent with the characteristics of the segment, as the previous analysis suggested that their preferred price points were towards the lower end of the scale. This was confirmed by their average price per bottle figures.

Of more interest was the result itself. Previous analysis suggested that the segment purchased safe brands. This was reflected in their relatively high score on that particular element. This result confirmed that earlier analysis and added further to the knowledge about that segment. As their preferred risk reduction strategy across all price points was relying on favourite brands, it can be concluded that this segment used a number of safe brands from which they made their wine purchases and these safe brands were more likely than not to be in the < $15 price range, as this is where the majority of their purchases were made. For consumers in this segment, the result confirmed the existence of Spawton's (1991a,b) "safe brands".

In an effort to try and identify some of these safe brands, an analysis was undertaken of the wines that respondents from this segment reported that they had purchased in the month prior to completing the survey (this was data collected from Section 3 of the survey form). The mean number of bottles purchased for each brand was computed and that figure was then multiplied by the actual number of respondents who had purchased that brand and then divided by the number of respondents in that segment (61), to form an adjusted mean (adjusted mean = mean * n /61, where n = number of respondents who actually purchased the brand). Therefore, the highest adjusted mean represented the most purchased brand. It is likely that any "safe brands" would come from the top ten brands purchased by that segment. The results of this exercise revealed that the most purchased wines in both the red and white wine categories were generally from brands that are well represented in the "commercial" category of wines found in most wine retailers. With the possible exception of the Penfolds Bin range appearing in the red wine section at number 8, there were no surprises in these results. The results are displayed in Table 4.3 below.

Table 4.3 Top 10 Brands, Red and White Wines Purchased by Segment 3

RED WINE		**WHITE WINE**	
Other Red wine $10 to $20		**Sparkling White Wine**	
Number who purchased	12	Number who purchased	13
Mean purchase (bottles)	5.25	Mean purchase (bottles)	3.85
Adjusted Mean	1.03	Adjusted Mean	0.82
Peter Lehmann Red Wine Range		**Other White wine $10 to $20**	
Number who purchased	11	Number who purchased	7
Mean purchase (bottles)	4.36	Mean purchase (bottles)	4.29
Adjusted Mean	0.79	Adjusted Mean	0.49
Rosemount Split Label Red Range		**Banrock Station White Range**	
Number who purchased	13	Number who purchased	5
Mean purchase (bottles)	2.31	Mean purchase (bottles)	5.20
Adjusted Mean	0.49	Adjusted Mean	0.43
Rawsons Retreat Red		**Queen Adelaide Whites**	
Number who purchased	12	Number who purchased	4

RED WINE		WHITE WINE	
Mean purchase (bottles)	2.33	Mean purchase (bottles)	5.00
Adjusted Mean	0.46	Adjusted Mean	0.33
Lindemans Red Bin Range		**Rosemount Diamond Label White Range**	
Number who purchased	2	Number who purchased	5
Mean purchase (bottles)	10.00	Mean purchase (bottles)	3.80
Adjusted Mean	0.33	Adjusted Mean	0.31
Mc Williams Hanwood Red Range		**Jacobs Creek White Range**	
Number who purchased	3	Number who purchased	6
Mean purchase (bottles)	6.67	Mean purchase (bottles)	3.00
Adjusted Mean	0.33	Adjusted Mean	0.30
Red 2 Litre Cask		**White 2 Litre Cask**	
Number who purchased	5	Number who purchased	6
Mean purchase (bottles)	4.00	Mean purchase (bottles)	2.67
Adjusted Mean	0.33	Adjusted Mean	0.26
Penfolds Bin Red Range		**White 4 Litre Cask**	
Number who purchased	7	Number who purchased	7
Mean purchase (bottles)	2.57	Mean purchase (bottles)	2.00
Adjusted Mean	0.30	Adjusted Mean	0.23
Yalumba Galway Shiraz		**Rosemount Split Label White Range**	
Number who purchased	9	Number who purchased	4
Mean purchase (bottles)	2.00	Mean purchase (bottles)	3.00
Adjusted Mean	0.30	Adjusted Mean	0.20
Annies Lane Red Range		**Peter Lehmann White Range**	

RED WINE		WHITE WINE	
Number who purchased	5	Number who purchased	4
Mean purchase (bottles)	3.40	Mean purchase (bottles)	2.25
Adjusted Mean	0.28	Adjusted Mean	0.15

4.3.5 Segment 4 – Experimenter, Highly Knowledgeable Wine Drinkers.

This segment's results for the < $15 range mirror the overall results, but from that point, their results diverge. At the $15 to $25 price range, the preferred risk reduction strategies were the opportunity to try before purchasing and seeking information before buying. This was the only segment to rank these two strategies as the most important strategies at a lower price point than > $25 per bottle. At the > $25 price range these were the two preferred strategies, but their positions were reversed.

Whilst this result reflects the findings of Mitchell & Greatorex (1989), it is also consistent with the characteristics and behaviours demonstrated by this segment. The previous analysis (refer section 3.5.4) suggested that this segment was strongly experimental in their approach to buying wine and to support that approach, they sought information when purchasing wine. These results confirmed those earlier analyses and strengthen the knowledge about this segment.

The actual weighted mean scores were lower for the more expensive ranges than the less expensive ranges, which indicated that more consumers in this segment purchased those more expensive wines. This was also consistent with the previous analysis. In fact, the scores of 2.85 and 3.02 respectively, for seeking information before buying and the opportunity to try before purchasing as the most preferred risk reduction strategies in the > $25 price range were the lowest weighted mean scores achieved and indicated very strong support for both of those strategies.

4.3.6 Segment 5 – Enjoyment Oriented, Social Wine Drinkers.

This segment shared many of the results with other segments, however, there were some that required comment. The preferred risk reduction strategy in the < $15 range was price and this was the only occasion where price was preferred as a strategy. It was unlikely that price was used as a substitute for quality in this instance. It was more likely that price was used to reduce the financial risk associated with the purchase, as this segment did not score as high as other segments on the price/quality or value element. The more likely explanation would be buying wine to a budget and this was consistent with the earlier analysis.
The $15 to $25 range revealed that the preferred strategy was relying on favourite brands. Once again, this is not inconsistent with the earlier analysis, that revealed that this segment used packaging and labelling in their purchasing behaviour and they might be attracted to “concept” brands. It might be that these concept brands had met their requirements and were now part of the segment’s evoked set.

The results for the > $25 range indicated that fewer consumers in this segment purchased wine priced in that range and this was also consistent with the previous analysis. The actual results mirrored those obtained for the previous segment and that is not altogether unsurprising. Both of these segments shared some experimenter traits and sought out information about the wine prior to purchase, to support this behaviour. A preferred risk reduction strategy of seeking information was therefore expected, although the strength of the support shown by this segment was less than that afforded by the previous segment.

4.4 Conclusions

This chapter was concerned with identifying the preferred generic risk reduction strategies employed by each of the five segments in the South Australian wine market, when they purchased a bottle of wine. Earlier research by Mitchell & Greatorex (1989) found that the two most important risk reduction strategies (out of the six generic strategies available) were that consumers sought information about their intended wine purchase and that they sought reassurance through tasting the wine prior to buying it. Using these findings, in the first instance, this research investigated any trends that were prevalent in the preferred risk reduction strategies employed across three price points. The premise used was that as the wines became more expensive, the two strategies identified by Mitchell & Greatorex would come to the fore. The findings showed that this did in fact occur and that in the > $25 price range, the opportunity to try before buying and seeking information before buying were the two preferred strategies. The hypothesis formulated in relation to this chapter was therefore confirmed and conditional support was offered to the findings of Mitchell & Greatorex (1989), as this research's findings were the reverse of their earlier research.

The preferred strategies of each of the five segments were then examined. In general, the trends prevalent in the overall results were repeated in the individual segments. The major discrepancy was found in the basic wine drinkers segment (segment 3), where the strategy relying on favourite brands, was preferred across all three-price points. This analysis was consistent with the earlier analysis and interpretation performed on that segment and suggested that this segment used a number of "safe brands" from which the majority of their wine purchasing took place, thus confirming Spawton's (1991a,b) assertions. An attempt was made to identify some of the brands that might comprise these "safe brands".

Apart from that segment, the trend towards the opportunity to try before buying and seeking information before buying strategies was consistent in all segments and across the price points. Segment 4, the experimenter, highly knowledgeable wine drinkers, showed the strongest support for these strategies and this is consistent with their desire to have variety in their wine purchasing, backed by information and research. In fact, the information derived from this particular part of the overall research, confirmed what earlier analysis had suggested about each of the segments and therefore strengthened the knowledge about each.

The research sub-problem associated with this chapter was therefore resolved.

The next chapter is concerned with extending these generic risk reduction strategies into the wine retail environment and identifying those specific preferred strategies over which retail management have control.

Chapter 5
Translating the Preferred Risk Reduction Strategies Into Practical Implications for the Wine Retail Trade

5.1 Introduction

The primary objective of this research study was to … "elicit a detailed understanding of the preferred risk reduction strategies employed by each of the identified South Australian wine market segments". The two previous chapters were concerned with gathering the background material required to meet this objective - that is, identifying the various segments in the South Australian wine market and identifying and examining the preferred generic risk reduction strategies employed by each of those segments when purchasing wine.

Chapter four, whilst identifying and examining the preferred risk reduction strategies of each of the segments, did this from a generic or theoretical perspective. It established that risk reduction strategies were used when purchasing wine and also established that the use of these strategies also increased the quality of the wine purchased. This research study had a wine retail focus and this chapter therefore addresses the issue of identifying those factors under the control of the wine retailer that might be considered the "actual" or "real world" risk reduction strategies used by consumers when purchasing wine. In other words, this chapter examines the actual risk reduction strategies employed by consumers in store, when purchasing a bottle of wine. The examination of risk reduction strategies has thus moved from a theoretical discussion of the preferred generic strategies to the practical strategies used in store.

Many of the elements of the retail mix can be considered as risk reduction strategies and this aspect was discussed in chapter 2. Many of the retail mix variables under the control of the wine retailer can be considered under one or more of the generic risk reduction strategies previously discussed. These variables and their generic respective risk reduction strategies are reproduced in table 5.1 below. The perceived advantage for wine retailers is that an understanding of the strategies preferred by their customers might assist them in their retail mix planning and this insight may lead to the purchase of higher quality wines thereby increasing the profit made by the retailer.

Table 5.1 Generic Risk Reduction Strategies and Wine Retailer Variables

Generic Risk Reduction Strategy	**Retailer Variable – Practical Strategies**
Information Seeking	Sales personnel Advertising and Promotion Non tutored tastings Tutored tastings Wine club membership Special events Customer and after sales service
Brand Loyalty	Assortment on offer Point of sale promotions Advertising and Promotion
Store Image	Store ambience and atmosphere Store layout Wine club membership Special events Customer and after sales service Complimentary goods and services
Well Known Brands	Assortment on offer Point of sale promotions Advertising and Promotion
Price	Price Advertising and Promotion
Reassurance	Non-tutored tastings Tutored tastings Wine club membership Special events Customer and after sales service

In addition, the characteristics and behaviours of the five identified segments have been analysed, examined and discussed from a number of different perspectives in this dissertation. This analysis has provided insights into the wine purchasing behaviours of each of the segments and these insights may also be of assistance to wine retailers when planning their retail mixes. In particular, this chapter examines some communication strategies that might be effective in dealing with each of the segments. The chapter concludes with some information about the role of the retail assistant, as identified by these respondents.

5.2 Practical Strategies Identified

The technique used to establish the actual risk reduction strategies preferred by each of the segments was similar to that used in the previous chapter. All respondents were asked to indicate those strategies that they actually used when purchasing wine and to then rank those strategies in order of importance, where 1 was the most important strategy, etc (details of the questions asked of the respondents can be found at Section 5B of Appendix 1). Consistent with the analysis undertaken in the previous chapter, the strategies and their rankings were assessed over the same three price ranges. The data used in this analysis were captured immediately after the data used for the previous chapter. As such, some correlation between the two sets of results was expected. However, as the data were captured using two quite separate and distinct questions in the survey, they were considered as mutually exclusive events, for the purposes of this analysis.

A weighted mean score was calculated (in the same manner as outlined in chapter 4) for both the overall result and for each of the five segments across all three of the price ranges. A lower weighted mean score indicated that more respondents preferred that strategy, whereas a higher score meant that fewer respondents indicated a preference for that strategy. The overall result is not as important in this particular analysis, as the objective was not to establish whether risk reduction strategies were used, by detecting any trend towards one or two particular strategies. Rather, the results for each of the five segments were of importance. However, a comparison of the overall results for the three most preferred strategies (specific versus generic risk reduction strategies) is outlined in table 5.2 below (with the weighted mean scores in brackets).

Table 5.2 Comparison of Preferred Risk Reduction Strategies (Specific & Generic) – Overall Result

Overall Result	**< $15 per bottle**	**$15 to $25 per bottle**	**> $25 per bottle**
	Strategy	**Strategy**	**Strategy**
Most preferred specific risk reduction strategy	Assortment of wines on offer (3.1) Advertised specials (5.28) The opportunity to	Assortment of wines on offer (3.33) The opportunity to taste before buying (4.71) The advice of sales	Assortment of wines on offer (5.02) The opportunity to taste before buying (5.35) The advice of sales

Overall Result	< $15 per bottle	$15 to $25 per bottle	> $25 per bottle
	Strategy	**Strategy**	**Strategy**
	taste before buying (5.51)	personnel (6.32)	personnel (7.53)
Most preferred <u>generic</u> risk reduction strategy	Rely on favourite brands (3.15) Price (3.61) Opportunity to try before buying (4.79)	Rely on favourite brands (3.94) Opportunity to try before buying (4.03) Price (4.79)	Opportunity to try before buying (4.38) Seek information before buying (4.88) Rely on favourite brands (6.44)

This comparison demonstrated that the results for the preferred generic risk reduction strategies were not duplicated by the results for the preferred specific risk reduction strategies. The assortment of wines on offer at the wine retailer (which as a generic strategy could be considered either as relying on favourite brands or relying on well known brands) was the most preferred specific strategy across all three price ranges. By comparison, the overall results for the generic strategies showed that relying on favourite brands was the most preferred strategy at price points < $25 per bottle and that the opportunity to try before buying was the most preferred at > $25 per bottle. The opportunity to try before buying was ranked the second or third most preferred specific strategy across all price points and indicated that the majority of consumers sought information or reassurance through tasting wine before purchase. This result is broadly consistent with the generic result. Of particular interest is the emergence of the advice of sales personnel as the third ranked strategy for wines in the > $15 price range. It is well documented (for example, Mitchell & Greatorex, 1989: 43) that generally, consumers are reluctant to ask the advice of wine sales staff or alternatively, hold their opinions in low regard. It seems that, at least with the consumers in this sample, that their advice is both welcome and heeded. The role of the wine retail assistant is examined in more detail later in this chapter.

5.3 Discussion of These Results

Although there were some similarities in both sets of results, it is not the overall results, but those of each individual segment that are of interest here. In the discussion that follows on each segment, a comparison between the specific and generic risk reduction strategies will be tabulated, followed by some implications for wine retailers that flow from the results.

5.3.1 Segment 1 – Conservative, Wine Knowledgeable Wine Drinkers.

The comparison between the most preferred generic and specific risk reduction strategies for this segment is outlined in table 5.3.

Table 5.3 Most Preferred Generic and Specific Risk Reduction Strategies – Segment 1

Segment 1 **Conservative, Wine Knowledgeable Wine Drinkers**	**<$15 per bottle**	**$15 to $25 per bottle**	**> $25 per bottle**
Most preferred specific risk reduction strategy	Assortment of wines on offer (3.65) The opportunity to taste before buying (4.16) Advertised specials (5.50)	Assortment of wines on offer (3.08) The opportunity to taste before buying (3.19) Level of service offered by retailer (6.00)	The opportunity to taste before buying (3.50) Assortment of wines on offer (3.56) Level of service offered by retailer (7.05)
Most preferred generic risk reduction strategy	Opportunity to try before buying (3.83) Rely on favourite brands (3.88) Seek information before buying (4.63)	Rely on favourite brands (3.24) Opportunity to try before buying (3.56) Seek information before buying (4.01)	Opportunity to try before buying (3.64) Seek information before buying (3.70) Rely on favourite brands (4.26)

These results showed some consistency between the preferred generic and specific strategies. In the > $25 per bottle price range, the opportunity to try before buying was the preferred strategy. This is perhaps a reflection of the conservative nature of this consumer, as they seek reassurance before spending a lot of money on the wines that they purchase. In the lower price ranges, the assortment of wines was the preferred option. Once again, this is consistent with the previous analysis about this consumer. They are likely to have a number of brands and styles of wines that they purchase every year, indicative of their brand loyalty and as a result, they would require the assortment of wine on offer at their wine retailer of preference to include those brands. This segment was the only one that ranked the level of service offered by the retailer in their top three strategies. This is not to suggest that wine retailers should neglect that part of their retail mix, but is once again a reflection of the generally more conservative nature of this consumer. Their expectations of the level of service provided may be higher than other consumers and consequently they use that as a measuring stick when it comes to choosing wine from a retailer.

5.3.1.1 Retail Implications – Segment 1

The implications for a wine retailer who has customers from this segment might include:

- The assortment of wines that might appeal to this segment are likely to include super and ultra premium (Rabobank, 1999) wines from the four largest producers in the Australian industry (Southcorp, BRL Hardy, Beringer Blass and Orlando Wyndham). These large producers are the ones most likely to provide such an assortment of wines. These wines are found in most fine wine stores and the "up market" national chain stores and therefore the needs of this segment in relation to wine assortment, are likely to be met.
- Regular tastings of wines that meet the criteria discussed above would satisfy the segment's preference for tasting wine before buying.
- The issue of the level of service provided to this segment should not be discounted, however, it would be a folly if a wine retailer only provided a high level of service (both before and after purchase) to consumers who they identified as being in this segment. A continued high level of service to all consumers should be the absolute minimum level of service provided to any customer in a retail environment.

5.3.2 Segment 2 – Image Oriented, Knowledge Seeking Wine Drinkers.

The comparison between the most preferred generic and specific risk reduction strategies for this segment is outlined in table 5.4.

Table 5.4 Most Preferred Generic and Specific Risk Reduction Strategies – Segment 2

Segment 2 **Image Oriented, Knowledge Seeking Wine Drinkers**	**<$15 per bottle**	**$15 to $25 per bottle**	**> $25 per bottle**
Most preferred specific risk reduction strategy	Assortment of wines on offer (2.95) The opportunity to taste before buying (4.80) Advertised specials (4.85)	Assortment of wines on offer (3.18) The opportunity to taste before buying (3.74) The advice of sales personnel (5.05)	Assortment of wines on offer (4.24) The opportunity to taste before buying (4.29) The advice of sales personnel (5.63)
Most preferred generic risk reduction strategy	Rely on favourite brands (2.97) Price (3.15) Opportunity to try before buying (4.24)	Opportunity to try before buying (3.20) Price (3.59) Rely on favourite brands (3.72)	Opportunity to try before buying (3.53) Price (4.39) Seek information before buying (4.52)

The results for this segment showed that the assortment of wines on offer is the most preferred specific risk reduction strategy across all three price points. The opportunity to try before buying was the second ranked strategy across all three price points and the advice of sales personnel was ranked third for those wines > $15 per bottle. Although these results differ from the generic results, they are not too dissimilar. This segment is one that is particularly mindful of the image associated with drinking wine and it also purchases wines that are recommended by significant others – respected wine journalists or friends and acquaintances whose opinions they respect. Purchasing these recommendations negates any social risk that might be associated with the purchase. With this background, it is likely that the assortment of wines that would meet their particular requirements should include those wines that have received favourable comments in the popular wine press and relevant local newspapers. The assortment should also include wines that have featured prominently at local or international wine shows.

This segment's propensity to purchase wines recommended by others is somewhat offset by their preference to try wines before buying them. In this way, they are able to seek reassurance about their prospective purchases and hence alleviate both the financial and functional risks associated with the purchase. The advice of sales personnel ranks third for wines that cost > $15 per bottle. Although the recommendations of sales personnel are likely to be rated below those of other opinion leaders, their opinions are nevertheless likely to be well received by this segment, especially if a relationship between the customer and the staff had developed over time. Other researchers (for example, Macintosh & Lockshin, 1997) have commented on the importance of the customer-salesperson relationship and the link to store loyalty.

5.3.2.1 Retail Implications – Segment 2

The implications for wine retailers who have customers in this segment include:

- The assortment of wines on offer that might meet this segment's requirements should include as many of the recent medal and trophy winners that have received favourable publicity, that the wine retailer can justify stocking. In many instances, these wines may be expensive and might not fit the positioning of the particular store. It is more likely that the independent wine stores will actively pursue this type of assortment, whereas the national chain stores are more likely to have a limited range of wines available that meet this criterion.
- The opportunity to taste wines before buying should be made available to this segment. This opportunity should perhaps extend beyond the regular tastings that are sponsored by wine companies and include impromptu tastings that can be used to showcase a particular award winning wine or assist in educating the customers about a particular wine or wine style. Although the wine retailer may have to meet the expense of this exercise, it is likely that the costs will be recouped, as this segment is in a position to spend large amounts of money on wines that meet their needs.
- The advice of the sales staff should not be underestimated. Staff should be well trained, not only about the wines that they sell (and all that entails), but also in the art of building relationships with the customers. If members of this

segment come to trust the recommendations and judgement of particular staff members, it is likely that a long term, profitable relationship may ensue.

- The customer-salesperson relationship is also important in meeting one of the other needs of this segment and that is increasing their wine knowledge. If the customer respects the salesperson's opinions and that person is wine knowledgeable, then it is likely that the knowledge would flow from one to the other, during general discussions about wine related matters.

5.3.3 Segment 3 – Basic Wine Drinkers.

The comparison between the most preferred generic and specific risk reduction strategies for this segment is outlined in table 5.5.

Table 5.5 Most Preferred Generic and Specific Risk Reduction Strategies – Segment 3

Segment 3 Basic Wine Drinkers	**<$15 per bottle**	**$15 to $25 per bottle**	**> $25 per bottle**
Most preferred specific risk reduction strategy	Assortment of wines on offer (2.90) Advertised specials (5.38) Store layout (7.94)	Assortment of wines on offer (3.81) Advertised specials (8.24) The opportunity to taste before buying (9.98)	Assortment of wines on offer (13.11) The opportunity to taste before buying (20.33) Point of sale promotions (24.9)
Most preferred generic risk reduction strategy	Rely on favourite brands (2.59) Price (3.91) Rely on well known brands (4.52)	Rely on favourite brands (2.99) Rely on well known brands (4.65) Price (5.95)	Rely on favourite brands (6.59) Opportunity to try before buying (8.66) Rely on well known brands (9.53)

The results of the specific risk reduction strategies closely mirrored the generic results for this segment. The most preferred strategy across all three price points is the assortment of wines on offer and this is entirely consistent with the earlier analysis about this segment. The previous chapter confirmed that this segment is likely to choose its wines from a reasonably small range of "safe brands". The identification of the assortment of wines on offer as the preferred risk reduction strategy confirms that previous analysis and suggests that the assortment that meets their needs should contain their “safe brands”. The previous chapter attempted to identify some of the brands that might be in this segment’s evoked set and the majority of those brands identified could be considered commercial wines made by many of the larger wine companies. These are the types of brands that are stocked in the majority of wine retailers, regardless of their positioning or location. It is therefore likely that all wine retailers would meet the needs of this segment in reference to their assortment of wines.

The other results for this segment are also of interest. Whilst previous segments have shown a reasonably narrow range of strategies in the three preferred across each of the price ranges, the number of strategies that feature here have increased. Advertised specials are the second ranked strategies for wines < \$25 per bottle, which is the price range where the segment does the majority of its purchasing. This would indicate that the segment is likely to be attracted to wines from their evoked set that are on special from time to time. Once again, this is likely to occur on a regular basis, as the wines that they purchase are those that attract that type of promotion. The store layout was the third ranked strategy for wines < \$15 per bottle. This suggests that the consumers in this segment enjoy the familiarity of their local wine retailer and are able to go straight to the area in the store that houses their preferred wines. This would negate their having to ask questions of the sales staff and thereby revealing their (perceived) ignorance of wine. The high weighted mean scores for the > \$25 per bottle confirms that this segment does not purchase as many wines in that range as other segments.

5.3.3.1 Implications for Retailers – Segment 3

The implications for wine retailers who have customers in this segment include:

- The range of wines should include a wide selection of the commercial wines produced by the larger wine companies. This range should include as many of the “safe brands” identified in the previous chapter that is consistent with the retailer’s positioning.
- These commercial wines should be the subject of regular advertising and promotional strategies.

- Wine retailers with a large proportion of their target market in this segment might consider "sign posting" their stores, so that their customers become familiar with its layout.

5.3.4 Segment 4 – Experimenter, Highly Knowledgeable Wine Drinkers

The comparison between the most preferred generic and specific risk reduction strategies for this segment is outlined in table 5.6.

Table 5.6 Most Preferred Generic and Specific Risk Reduction Strategies – Segment 4

Segment 4 Experimenter, Highly Knowledgeable Wine Drinkers	**<$15 per bottle**	**$15 to $25 per bottle**	**> $25 per bottle**
Most preferred specific risk reduction strategy	Assortment of wines on offer (3.40) The opportunity to taste before buying (4.58) The advice of sales personnel (5.53)	Assortment of wines on offer (2.74) The opportunity to taste before buying (3.33) The advice of sales personnel (4.74)	The opportunity to taste before buying (3.65) Assortment of wines on offer (4.09) The advice of sales personnel (4.31)
Most preferred generic risk reduction strategy	Rely on favourite brands (3.99) Price (4.19) Opportunity to try before buying (4.68)	Opportunity to try before buying (3.20) Seek information before buying (3.44) Price (4.37)	Seek information before buying (2.85) Opportunity to try before buying (3.02) Price (5.22)

The results for this segment show some consistencies between the specific and generic risk reduction strategies preferred. The assortment of wines on offer is the preferred strategy at prices < $25 per bottle and the opportunity to taste the wine is preferred at prices > $25 per bottle. This latter strategy could be considered an information gathering strategy rather than one of reassurance, as this segment displays some spontaneous wine purchase behaviour and that spontaneity is not consistent with reassurance seeking behaviour.

This segment also displays considerable "experimenter" behaviour when purchasing wine and that might explain the preference for the assortment of wines as a strategy. It is conceivable that this segment looks for the more unusual or different wines and wine styles and this is therefore reflected in their choice of strategy – they require these unusual or different wines across all price points (the assortment of wines is ranked second for wines > $25 per bottle). The assortment of wines that meet their needs is likely to contain wines from boutique and small producers that are hard to find or are not well known, or are sourced from regions that are less well known, but have a reputation for quality products.

The advice of sales personnel was ranked third across all price points. This segment seeks information from these staff and acts on their recommendations. They are highly wine knowledgeable and it follows that if any relationship were to be built between the customer and staff, the staff must be highly trained in the more "esoteric" wine styles, regions and varieties and have knowledge of wines from other countries.

5.3.4.1 Implications for Retailers – Segment 4

The implications for wine retailers include:

- The stocking of the types and styles of wines that are likely to appeal to this segment may be beyond the scope of many wine retailers. It is likely that wine retailers that position themselves as champions of boutique and smaller producers would be in a better position to stock the types of wines that would meet their needs. It is less likely that the national chain stores would have the capacity to stock these types of wines on the off chance that the wines might sell.
- The recruitment and training of staff who are able to build a long-term relationship with this segment are crucial. The staff must be very wine knowledgeable and be in a position to upgrade their knowledge in the same way that this segment does. They should have the skills to intelligently

discuss new or different wines in a way that captures the attention of this segment.

5.3.5 Segment 5 – Enjoyment Oriented, Social Wine Drinkers.

The comparison between the most preferred generic and specific risk reduction strategies for this segment is outlined in table 5.7.

Table 5.7 Most Preferred Generic and Specific Risk Reduction Strategies – Segment 5

Segment 5 Enjoyment Oriented, Social Wine Drinkers	**<$15 per bottle**	**$15 to $25 per bottle**	**> $25 per bottle**
Most preferred specific risk reduction strategy	Assortment of wines on offer (2.74) Advertised specials (4.23) The advice of sales personnel (5.17)	Assortment of wines on offer (3.93) The advice of sales personnel (7.51) Advertised specials (8.03)	Assortment of wines on offer (7.07) The advice of sales personnel (8.68) The opportunity to taste before buying (12.50)
Most preferred generic risk reduction strategy	Price (2.68) Rely on favourite brands (2.71) Rely on well known brands (4.38)	Rely on favourite brands (4.90) Price (5.46) Rely on well known brands (5.79)	Seek information before buying (6.03) Opportunity to try before buying (7.63) Rely on favourite brands (14.84)

These results indicated that the assortment of wines on offer was the most preferred strategy of this segment across all three price points. The higher scores for wines > $25 per bottle confirms that the majority of their purchases are made at prices below this point. The previous analysis demonstrated that this segment exhibits some variety and experimenter behaviours when purchasing wine. This might explain the choice of the assortment of wines on offer as the preferred strategy in much the same way as the previous segment. This segment wants some different wines to the “mainstream” from which to choose. In addition, the previous analysis revealed that this segment might be drawn to "concept" brands, so it is likely that the assortment should contain a good choice of these brands.

The advice of sales personnel also featured in the three most preferred strategies across the price points. This is also consistent with the variety and experimenter characteristics, as they would rely heavily on that advice, as their own knowledge is limited. Advertised specials appeared as a strategy and this is also consistent with their behaviour. Their average purchases are at the lower end of the scale and it is therefore likely that they would seek out discounted specials.

The implication for wine retailers include:

- The assortment on offer should contain many of the "concept" brands that are becoming commonplace in the market. Not all wine retailers would feel comfortable with this, as those brands and styles might not be compatible with their own positioning. However, these wines are likely to find a place on the shelves of the national chain retailers that are the preferred retailer for this segment.

5.3.7 Retail Implications Summarised

A tabular summary of the retail implications for each of the segments is provided in table 5.8. It should be noted that although the levels of customer service and the specific skills of sales personnel were of particular importance to some segments, these aspects of the retail mix should not be overlooked for any of the segments.

Table 5.8 Summary of Retail Implications by Segment

Segment	Retail Implications
Segment 1 – Conservative, Knowledgeable Wine Drinkers.	• The assortment might include super and ultra premium wines from the four largest producers in the Australian industry (Southcorp, BRL Hardy, Beringer Blass and Orlando Wyndham). • Regular tastings of these wines. • High level of customer service (common to all segments).
Segment 2 – Image Oriented, Knowledge Seeking Wine Drinkers.	• The assortment of wines might include as many of the recent medal and trophy winners that have received favourable publicity. • The opportunity to taste these wines

Segment	Retail Implications
	before buying should be made available to this segment. • Staff should be well trained, not only about the wines that they sell (and all that entails), but also in the art of building relationships with the customers (also common to all segments).
Segment 3 – Basic wine drinkers.	• The assortment of wines might include a wide selection of the commercial wines produced by the larger wine companies and include identified "safe brands". • These commercial wines should be the subject of regular advertising and promotional strategies. • Wine retailers with a large proportion of their target market in this segment might consider "sign posting" their stores, so that their customers become familiar with its layout.
Segment 4 – Experimenter, Highly Knowledgeable Wine Drinkers.	• The assortment might include a number of new, innovative or hard to find wines that are perceived as exciting by this segment. • The recruitment and training of staff who are able to build a long-term relationship with this segment are crucial. The staff must be very wine knowledgeable and be in a position to upgrade their knowledge in the same way that this segment does. They should have the skills to intelligently discuss new or different wines in a way that captures the attention of this segment.
Segment 5 – Enjoyment Oriented, Social Wine Drinkers.	• The assortment on offer might contain many of the "concept" brands that are becoming commonplace in the market.

5.4 Assortment of Wines – A Final Word

Although the preference for the assortment of wines on offer was explained by reference to the characteristics and behaviours of each of the segments, the lack of consistency between the preferred specific and generic risk reduction strategies was of concern. At the outset, it was expected that there would be some correlation between the two sets of strategies, but this did not eventuate. One explanation for this may have been that the meaning of " the assortment of wines on offer" was not defined and different respondents may have applied their own interpretations, thereby introducing a form of bias. This may be an area that warrants further research.

5.5 Potential Communication Strategies

This next section is concerned with translating the characteristics and behaviours of each of the segments into possible communication strategies that might be applied by wine retailers in an effort to reach each of those segments. However, before a retailer can apply any communication strategies, the type of consumer who uses that store must be established. Table 5.9 shows the breakdown of each of the participating wine retailer's customers by segment.

Table 5.9 Breakdown of Retailers by Segment

		Segment					Total
		1	2	3	4	5	
VC – Belair	Count	7	7	8	9	17	48
	%	14.6%	14.6%	16.7%	18.8%	35.4%	100.0%
VC – Walkerville	Count	10	9	5	3	3	30
	%	33.3%	30.0%	16.7%	10.0%	10.0%	100.0%
VC – Camden Park	Count	10	14	8	10	11	53
	%	18.9%	26.4%	15.1%	18.9%	20.8%	100.0%
LL –- St Agnes	Count	4	6	15	1	14	40
	%	10.0%	15.0%	37.5%	2.5%	35.0%	100.0%
LL – Ingle Farm	Count	4	5	17	1	18	45
	%	8.9%	11.1%	37.8%	2.2%	40.0%	100.0%
Edinburgh Cellars	Count	16	13	2	16	3	50
		32.0%	26.0%	4.0%	32.0%	6.0%	100.0%
Melbourne St Cellars	Count	14	14	3	17	3	51
	%	27.5%	27.5%	5.9%	33.3%	5.9%	100.0%
Baily & Baily, St Georges	Count	11	13	3	12	7	46
	%	23.9%	28.3%	6.5%	26.1%	15.2%	100.0%

		Segment					Total
		1	2	3	4	5	
Total	Count	76	81	61	69	76	363
	%	20.9%	22.3%	16.8%	19.0%	20.9%	100.0%

Where: VC = Vintage Cellars; LL = Liquorland
Segment 1 = Conservative, wine knowledgeable wine drinkers
Segment 2 = Image oriented, knowledge seeking wine drinkers
Segment 3 = Basic wine drinkers
Segment 4 = Experimenter, highly knowledgeable wine drinkers
Segment 5 = Enjoyment oriented, social wine drinkers

This table reveals that the three stores that can be considered as independent specialist wine retailers – Edinburgh Cellars, Melbourne Street Cellars and Baily & Baily, St Georges all have high percentages (90%, 88.3% and 78.3% respectively) of their customer base drawn from Segments 1, 2 and 4, the segments that are generally wine knowledgeable and have a higher average spend per bottle than the other segments. Of the national chain stores, the three Vintage Cellars stores have more customers drawn from these three knowledgeable segments compared to the Liquorland stores, although Vintage Cellars at Belair has over one third of its customers from segment 5. The two Liquorland stores each have over 70% of their customer base drawn from segments 3 and 5. This different mix of customer would impact on the communication strategies used by each of the stores.

The previous analysis undertaken revealed many characteristics and behaviours attributable to each segment. These characteristics and behaviours lend themselves to keywords or images that might attract the attention of each of these segments. If these keywords or images were used in the context of advertising and promotion communications, they might provide the catalyst that breaks through the clutter associated with all messages of this type. Some suggested words, phrases and images that might attract the attention of the various segments, if contained within communication messages, include:

Segment 1 – Conservative, Wine Knowledgeable Wine Drinkers

- Favoured by wine lovers and connoisseurs
- Traditional style of wine
- Provides satisfaction
- Images of a conservative, “gentleman’s drinking club”

Segment 2 – Image Oriented, Knowledge Seeking Wine Drinkers

- As recommended by – wine writers, wine critics etc.

- This wine was awarded x points in the prestigious _______ wine magazine
- This wine won a trophy/gold medal at the prestigious _________ Wine Show
- This wine is favoured by __________
- As drunk by ______________
- Tutored wine tastings and expert advice available here through the auspices of well respected wine writer and educator __________________
- Images of a group of friends at a wine tasting

Segment 3– Basic Wine Drinkers

- Advertised specials and discounts should target the commercially available wines made by Australia's leading wine companies
- Images of sitting around a table at home, enjoying a glass of wine with food

Segment 4 – Experimenter, Highly Knowledgeable Wine Drinkers

Any of the following words used when describing wines, wine styles, wine regions, grape varieties, and viticultural or winemaking techniques:

- New
- Exciting
- Innovative
- Different
- Eclectic

In addition, they are likely to be interested in tutored and untutored wine tastings and specialised wine tastings that introduce new regions, countries or styles of wine.

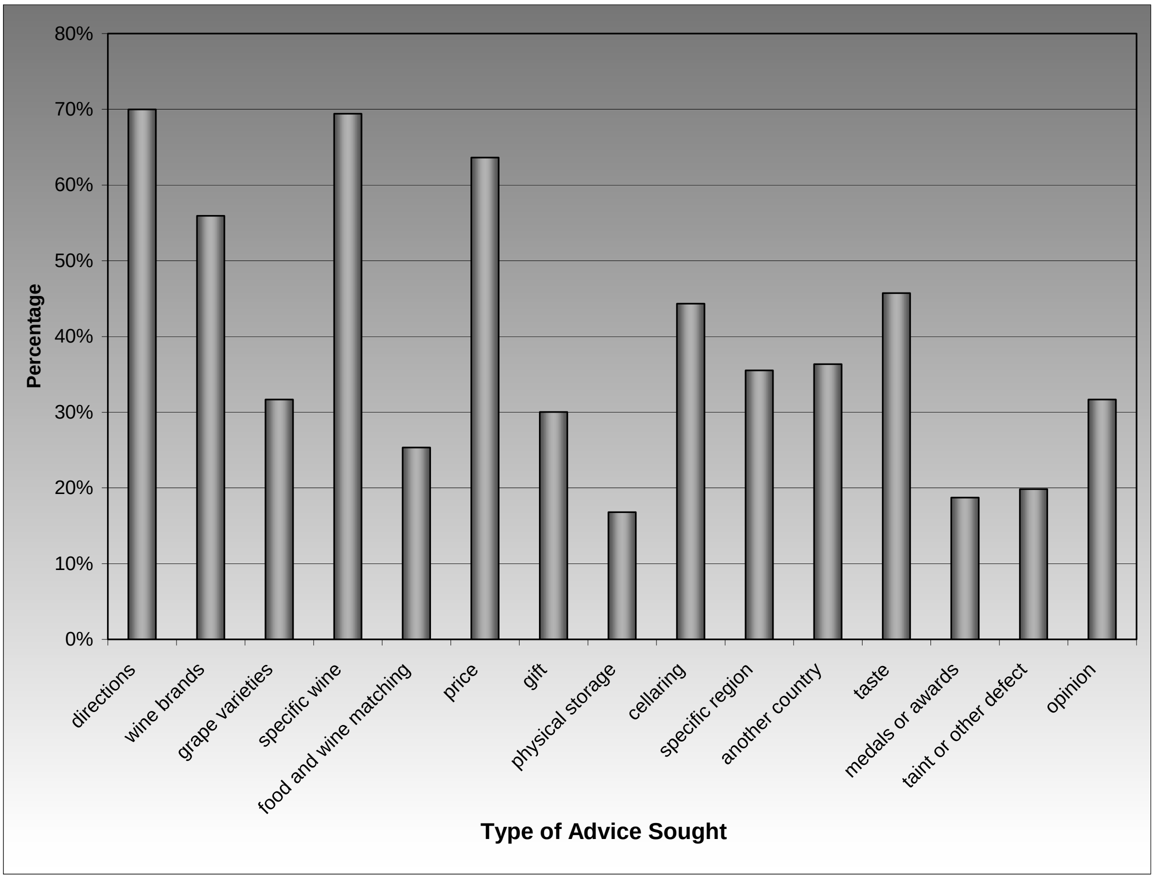
Segment 5 – Enjoyment Oriented, Social Wine Drinkers

- Fun
- Enjoyment
- Exciting
- Perfect for a social drink/occasion
- Images of good times/parties or other celebrations
- Al fresco dining scenes
- Smiling, laughing images

5.6 The Role of Wine Retail Assistants

The role of the wine retail assistant was briefly referred to earlier in this chapter. Wine consumers have generally demonstrated a reluctance to engage wine retail staff when purchasing wine, for reasons that possibly include a fear that their ignorance about wine might be exposed if they asked questions of someone who they perceive has more knowledge about the subject. Mitchell & Greatorex (1989: 43) saw the irony in this situation … "The shame is that these people are those over whom the marketer has most control when communicating with the consumer". Whilst examining this phenomenon in detail was outside the scope of this research, respondents were asked to indicate the types of things about which they had asked wine retail staff. The results are displayed in the following graph (figure 5.1).

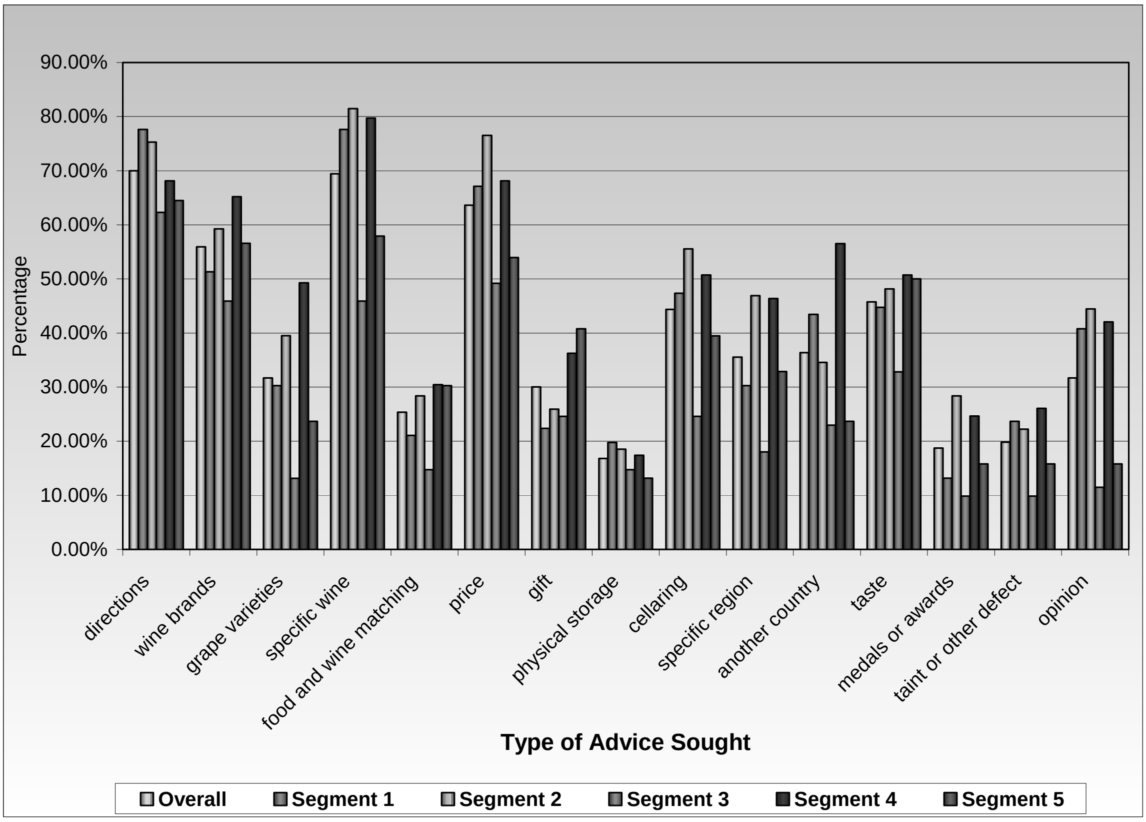
Figure 5.1 Advice Sought from Retail Staff



These results indicate a priority order for the specific knowledge that wine retail staff should have. The highest priorities indicate that wine retail staff should know their way around their store, have a detailed wine knowledge of brands and individual wines and be aware of the price of many bottles of wine. The next order or priority would seem to be knowledge of the cellaring potential of wines, information about how a wine will taste, knowledge of wine regions in Australia and knowledge of wines from other countries. These priorities might be used by wine retailers when devising their training programmes or during their recruitment processes.

In addition to these overall results, a segment-by-segment approach was also adopted and the results are contained in the following graph (figure 5.2). A detailed discussion of these results is not appropriate, but a number of comments are pertinent as they add to the overall knowledge of these segments. Segment 4 has the highest percentage of any segment asking questions about wines from another country and about wine brands and this is consistent with their experimenter approach to wine. Similarly, that segment and segment 2 have the highest percentages of consumers wanting knowledge about specific wine regions in Australia and about specific wines that interest them. These results are also consistent with their knowledge seeking characteristics.

Figure 5.2 Store Advice Sought by Segment



Where: Segment 1 = Conservative, wine knowledgeable wine drinkers
Segment 2 = Image oriented, knowledge seeking wine drinkers
Segment 3 = Basic wine drinkers
Segment 4 = Experimenter, highly knowledgeable wine drinkers
Segment 5 = Enjoyment oriented, social wine drinkers

5.7 Conclusion

This chapter examined the preferred specific risk reduction strategies employed by each of the five segments in the South Australian wine market. Although some correlation between the preferred generic and specific strategies was expected, this did not materialise. The assortment of wines on offer at the wine retailer was the most preferred strategy for the majority of segments across most price points. However, the comparison between the generic and specific strategies did reveal some overall consistencies.

The preference for the assortment of wines on offer was analysed against the established behaviours and characteristics of each segment and in each instance, was found to be consistent with those established traits. The implications for the wine retailer were also discussed and it became clear that each store’s positioning was a crucial factor in deciding the assortment of wines on offer. Whilst this might seem an obvious statement, it is important if a store positioned itself as appealing to all potential consumers in the market. A store attempting this feat might find it extremely difficult to stock an assortment of wines that might appeal to all five segments. It is likely that the breadth and depth of wines required to do this would be beyond the means and scope of most retailers. It is therefore crucial that a retailer understands its market and tailors its assortment accordingly.

The chapter concluded with a brief discussion about some key words and images that might be used in the context of advertising and promotion communications that might attract the attention of the various segments. The priorities for the specific knowledge expected of wine sales assistants were also identified and they might prove useful in the recruitment and the training and development of such staff.

Chapter 6 now examines the relationship between a consumer’s wine knowledge and the quality of wine that they consume and also provides some additional demographic and consumption data about the market.

Chapter 6
Other South Australian Wine Market Perspectives

6.1 Introduction

The three preceding chapters were concerned with the three sub problems associated with this research study and an examination of the two hypotheses that were directly related to those sub problems. During the research process, two additional hypotheses were developed that were directly related to the model proposed for the research and hence the main research problem.

These hypotheses were:

- Hypothesis 2 – Consuming higher quality wine increases consumers' knowledge and experience of wine and that, in turn, leads to the consumption of higher quality wine; and
- Hypothesis 3 – A consumer's knowledge and experience of wine are antecedents to their wine market segment.

The objective of these hypotheses was to:

- Explore the relationship between consumers' knowledge, the identified wine-related lifestyle segments and the consumption of higher quality wine.

These two hypotheses explore the relationship between a consumer's wine knowledge and the quality of the wine they consume and suggest that a consumer's level of wine knowledge is a strong indicator of the market segment in which they might be placed.

This chapter is therefore mainly concerned with an examination of those two hypotheses. Although not unplanned, the research process also provided an additional rich vein of information about the South Australian wine market and it is appropriate that this information provides further enrichment of the knowledge field here. This information takes the form of demographic and wine consumption situation data.

Each of the hypotheses is now discussed in detail.

6.2 Hypothesis 2 – Consuming Higher Quality Wine Increases Consumers' Knowledge and Experience of Wine and That, in Turn, Leads to the Consumption of Higher Quality Wine.

The issue of a consumer's wine knowledge and the quality of wine consumed was explored through this hypothesis. The underlying assumption was that as the quality of wine consumed increased, there would be a commensurate increase in the consumers' knowledge of wine and that increased knowledge about wine would fuel the desire to continue drinking quality wine. Effectively, one was the catalyst for the other and vice versa.

To test this two-way hypothesis, respondents were asked eight 7-point Likert scale questions about their beliefs associated with drinking better quality wine and any relationship that might have with increased wine knowledge. The overall mean scores and the mean scores for each of the segments were computed for both "legs" of the hypothesis. Any mean score in excess of 4 (the mid-point of the 7 point Likert scale) indicated that the respondents supported the assertions made in the hypothesis. In addition to this simple analysis, a series of one-sample t-tests were carried out on the individual segment scores to examine whether there were any significant variations from the overall mean scores for both of the assertions. The results of these tests are displayed in table 6.1 below.

Table 6.1 Overall and Individual Segment Mean Scores Against Hypothesis 2 and T–Test Results

		Consumption of higher quality wine leads to increased knowledge	**Increased knowledge leads to better consumption**	**Consumption of higher quality wine leads to increased knowledge – significance**	**Increased knowledge leads to better consumption –significance**
Overall					
N	Valid	363	363		
Mean	**Overall**	**4.24**	**5.45**		
Segment 1					
N	Valid	76	76		
Mean	**Segment 1**	**4.36**	**5.68**	**-**	**-**
Segment 2					
N	Valid	81	81		
Mean	**Segment 2**	**4.84**	**5.79**	**** higher**	**** higher**

		Consumption of higher quality wine leads to increased knowledge	Increased knowledge leads to better consumption	Consumption of higher quality wine leads to increased knowledge – significance	Increased knowledge leads to better consumption –significance
Segment 3					
N	Valid	61	61		
Mean	**Segment 3**	**3.28**	**4.54**	**** lower**	**** lower**
Segment 4					
N	Valid	69	69		
Mean	**Segment 4**	**4.76**	**5.95**	**** higher**	**** higher**
Segment 5					
N	Valid	76	76		
Mean	**Segment 5**	**3.76**	**5.12**	**** lower**	*** lower**

** is significant at $p < .01$
* is significant at $p < .05$
- not significant

The results show that the overall mean scores for both of the assertions were greater than 4.0. These scores were 4.24 and 5.45 respectively, indicating that in the overall opinion of the respondents:

- Consumption of higher quality wine leads to an increase in consumers' knowledge (and experience) about wine; and
- The increased knowledge about wine brought about by drinking higher quality wine is a driver for consumers maintaining consumption of quality wines.

As a result of these findings, the hypothesis is supported. However, an analysis of the segment-by-segment results reveals that this support was not unanimous. From previous analysis it is known that segments 1, 2 and 4 consume more expensive wine and it is generally well accepted that in the absence of any other indicators, price is a substitute for quality (for example, Gluckman, 1990; Mitchell & Greatorex, 1989). Table 6.1 indicated that these three segments returned higher mean scores than the overall mean on both assertions. On the surface, it therefore appeared that the three segments that consumed the more expensive wine were unanimous in their support for the hypothesis. The simple t-tests applied to the means revealed that segments 2 and 4 had significantly higher scores (at $p < .01$) than both overall means and that segment 1's scores on both criteria were not significantly higher than the overall mean scores. This would indicate guarded support from the conservative wine-drinking segment, something that might be expected given their characteristics described earlier. The results of the experimenter and knowledge seeking segments are entirely consistent with the analysis conducted above.

This closer analysis also revealed that segments 3 and 5, those segments identified as drinking less expensive wine, also were unanimous in not supporting both of the assertions. The t–tests revealed significantly lower scores (at $p < .01$) than the overall scores on both criteria. These results are consistent with earlier findings, as both of these segments drink wine because they enjoy doing so and do not spend time analysing and discussing the various wines that they consume.

6.3 Hypothesis 3 – A Consumer's Knowledge and Experience of Wine Are Antecedents to Their Wine Market Segment.

The issue of whether a consumer's wine knowledge was an indicator of their likely wine market segment was explored through this hypothesis.

One variable that was used to discriminate between the various segments was the wine knowledge of respondents. In this context, knowledge and experience were considered as synonymous. Each respondent was asked ten multiple-choice questions that tested their general knowledge about wine-related matters. The degree of difficulty (as assessed by the study's author) increased from the first to the last question. The mean scores of each of the segments and the overall mean score were computed. The results (previously reported) are repeated in Table 6.2.

Table 6.2 Mean Knowledge Scores of Lifestyle Wine Consumer Segments

Segment	Mean Knowledge Score
Overall	62.4%
1	69.34%
2	64.0%
3	51.2%
4	77.1%
5	49.5%

In order to test the hypothesis, the relationship between the mean scores on the knowledge test and a number of demographic indicators of the segments (these demographic indicators were a reliable way of differentiating between the identified segments) was investigated using the Pearson product-moment correlation co-efficient. The results (reported in Table 6.3 below) indicate a consistent, small, positive relationship between the knowledge scores and those indicators.

Table 6.3 Pearson Product–moment Correlation Co-efficients

		Percentage of correct knowledge answers
Percentage of correct knowledge answers	Pearson Correlation	1.000
	Sig. (2-tailed)	.
	N	363
Self reported average spend per week on wine	Pearson Correlation	.287**
	Sig. (2-tailed)	.000
	N	363
Actual average price per bottle	Pearson Correlation	.187**
	Sig. (2-tailed)	.000
	N	356
Actual weekly spend on wine	Pearson Correlation	.244**
	Sig. (2-tailed)	.000
	N	356
Highest education level of respondent	Pearson Correlation	.137**
	Sig. (2-tailed)	.009
	N	362
Total annual household income	Pearson Correlation	.290**
	Sig. (2-tailed)	.000
	N	352

** Correlation is significant at the 0.01 level (2-tailed).

These results indicate that as the percentage of correct answers increased, so did the average spend per week on wine, the average price paid per bottle of wine, household income and the highest education level of the respondent. From Table 6.2 it can be seen that the segments with the highest knowledge scores were segments 4, 1 and 2 respectively. Previous analysis revealed that those segments also spent the most amount of money per week on wine, had the highest average spend per bottle of wine, had high household incomes and were better educated than the other segments. Conversely, the segments with the lowest knowledge scores also returned relatively lower figures on these indicators. It can therefore be concluded that a consumer's wine knowledge is an indicator of the segment in which the consumer is likely to be found and that the hypothesis is supported – that is, a consumer's level of wine knowledge would in fact point to the wine market segment in which they belong. However, this support is general in nature, as it is extremely unlikely in a practical situation that the actual level of any individual consumer's knowledge will be known. Without this specific information, the actual segment in which the consumer belongs will be difficult to identify. It can be stated that:

- The more knowledge a consumer has about wine, the more likely that the consumer will spend (on average) a higher amount on wine per week and per bottle, than a consumer with less knowledge.

This is the first study to identify any relationship between consumers' wine knowledge, their respective segments and the quality of the wine that they subsequently consume. There are two issues that arise from the use of knowledge in this way. The first is related to the instrument that was used to test the respondent's wine knowledge. As previously discussed, this was by way of ten multiple-choice questions that were devised in a deliberate structured manner by the study's author. These questions were field-tested for relevance prior to the implementation of the study and the author concluded that the questions would serve the desired purpose. No persons involved in the field-testing were included in the final study, as this would have introduced a bias to the results. However, these questions did not undergo any formal statistical testing to determine their reliability and validity or whether the test could be repeated with confidence.

The second issue relates to the fact that the study conducted a "snapshot" of consumers' knowledge as at August and September 2001. The results indicated that some segments have more wine knowledge than others. It has been postulated that wine consumers are becoming more knowledgeable (for example, Spawton 1991b) and that implies an incremental growth in knowledge over time. This study was not in a position to determine whether the Australian consumer is indeed more knowledgeable today (and hence more discerning in their wine purchasing) than at some other time in the past. However, a longitudinal study of this issue would provide some of these answers and may indicate the source of this increased knowledge (for example, self-taught, influence of retailers, formal education etc.). A study of this type would also provide empirical evidence on whether the quality of wine consumed increases over time and whether the wine itself plays a part in the increasing knowledge.

Therefore, the contribution of the "knowledge-test" lies not only with the perspectives it brought, but in that it set a benchmark from which further research in this regard could be conducted.

6.4 Quality of Wine Consumed – A Further Discussion

A final research analysis was carried out in relation to the quality issue. Respondents were asked whether the quality of wine that they now consumed had changed over the past two years and their responses were limited to:

- Improved
- Stayed more or less the same; or
- Decreased

The results of this question were analysed using a straightforward percentage of respondents that answered each question. The results are displayed in Table 6.4.

Table 6.4 Quality Improvement Over the Past 2 Years

	Quality	Frequency	Percent (%)
Overall	Improved	209	57.58
	Stayed more or less the same	152	41.87
	Decreased	2	0.55
Segment 1	Improved	41	53.95
	Stayed more or less the same	34	44.74
	Decreased	1	1.32
Segment 2	Improved	49	60.49
	Stayed more or less the same	32	39.51
Segment 3	Improved	32	52.46
	Stayed more or less the same	29	47.54
Segment 4	Improved	46	66.67
	Stayed more or less the same	23	33.33
Segment 5	Improved	41	53.95
	Stayed more or less the same	34	44.74
	Decreased	1	1.32

Where: Segment 1 = Conservative, wine knowledgeable wine drinkers
Segment 2 = Image oriented, knowledge seeking wine drinkers
Segment 3 = Basic wine drinkers
Segment 4 = Experimenter, highly knowledgeable wine drinkers
Segment 5 = Enjoyment oriented, social wine drinkers.

The results indicated that about 58% of respondents felt that the quality of the wine that they consumed had improved over the past two years. Interestingly, three segments' "improved" percentages were below this overall figure. Segments 3 and 5, as the two segments at the lower-end of the average price per bottle spend, were 'expected' to have this result. It confirmed that many of the consumers in those segments had not improved the quality of the wine they had consumed. The result for segment 1, the conservative consumers, was a little more surprising. As 54% indicated that their quality of wine had improved, this meant that 46% felt that the quality had stayed the same or decreased. However, this is consistent with the earlier analysis that revealed that many of these consumers tended to purchase wines of a similar style. It would tend to indicate that they purchase the same brands, year after year (although they may purchase a great many brands) and that their cellars are made up of "vertical" tastings of these brands. They would therefore possibly consider that the quality of their wines has not necessarily improved over time. This same argument might also be relevant for segment 3 consumers, as they were previously shown to purchase their wines from a relatively small series of safe brands.

The results for segments 2 and 4 are also entirely consistent with the earlier analysis. These two segments are actively seeking to upgrade their knowledge (albeit, from segment 4's already high base) and they both exhibited purchasing behaviour that indicated a preference for trying wines that they have not tried before. In the case of segment 2, these wines were recommended by wine writers or other opinion leaders and for segment 4, recommended by sales staff or via their own research. Although there was nothing to indicate that the experimenters would try less expensive wine, it is likely that both segments, through their purchasing behaviour, have increased the general quality of the wine that they consume.

Those respondents who indicated that the quality of the wine they now consumed had improved were then asked to indicate the reasons why that had occurred and to rank their answers in order of importance. The format of the question posed in the survey can be found at Section 6 of Appendix 1. The opportunity to provide other reasons was afforded to respondents and 25, or 6.9% of respondents did so. 44% of these respondents indicated that a higher disposable income was the reason behind the increase in quality. Other reasons provided included:

- Wine making techniques had improved;
- Overseas travel had broadened their horizons; and
- Cellaring of wine enabled the consumption of better wine.

The overall rankings and those of each segment are presented in Table 6.5 below.

Table 6.5 Reasons Given for Consuming Higher Quality Wine

Ranking	Overall	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5
1	Experience	Knowledge, Experience	Experience	Experience	Knowledge	Experience
2	Confidence		Knowledge	Confidence	Confidence	Confidence
3	Knowledge	Confidence	Confidence	Range	Complexities	Range

Where: Experience = "I enjoy the experience of drinking better wine"
Confidence = "I have more confidence in my ability to choose wine"
Knowledge = "I am more knowledgeable about wine"
Range = "I am now familiar with a wider range of wines"
Complexities = "I appreciate the complexities of a better wine"

These results indicate that enjoying the experience of drinking better wine and being more knowledgeable about wine, were consistently ranked as the most important reasons for drinking better wine. Consumers' increased confidence in their ability to choose wine also ranked highly. This might indicate that Australian wine consumers are becoming increasingly more knowledgeable about wine and use that knowledge increasingly to make their own decisions about wine. It might also indicate that their palates are developing and hence they are better able to recognise higher quality wines, with all of the complexities and intricacies that entails.

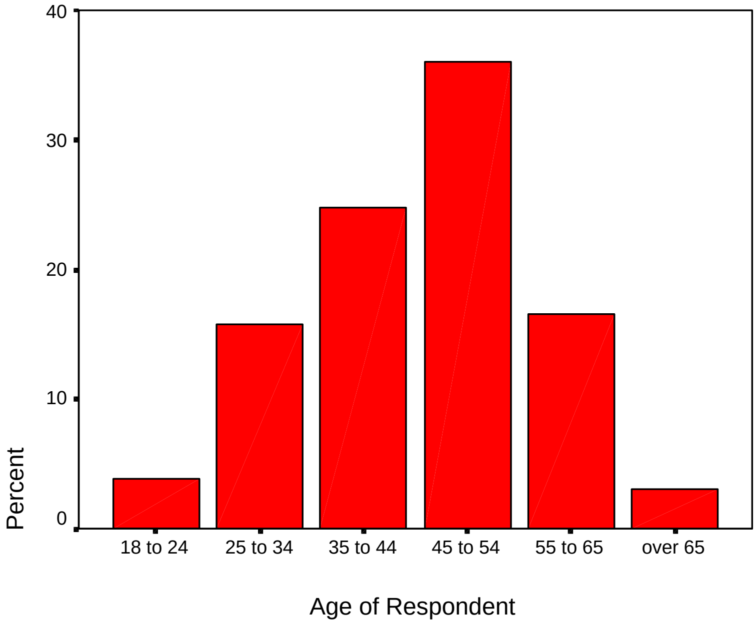
Whilst these results displayed a degree of consistency across the board, it is interesting to note that segment 4 was the only segment to rank 'appreciating the complexities of a better wine' in their top three choices. This result is consistent with the previous analysis about this segment that revealed that these consumers, although highly knowledgeable about wine, are actively seeking to improve that knowledge. One strategy they employ to improve their knowledge is to experiment in their wine purchases and that includes buying wines from other countries and different regions within Australia. This experimenter approach is likely to expose them to a wider range of styles than other segments experience and this wider range would then further expose them to the subtleties and nuances associated with drinking quality wines. That ranking is therefore consistent with the understanding that has developed about that segment.

6.5 Demographic and Consumption Data

The following section outlines, in a series of figures in the form of charts and graphs, some key demographic and consumption information about the study's respondents.

6.5.1 Age of Respondents

Figure 6.1 Age of Respondents



The median age of respondents was in the 45 to 54 year age group.

6.5.2 Gender of Respondents

Figure 6.2 Gender of Respondents

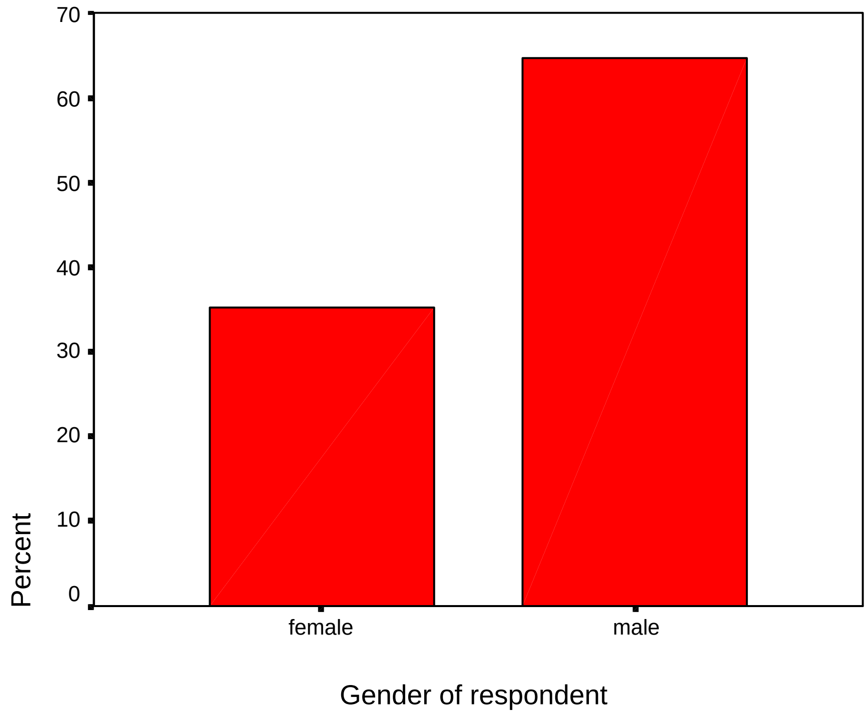


Figure 6.2 indicates that 35.3% of the respondents were female and 64.7% were males. This does not mean that the South Australian wine market can be described as having this female/male ratio. What can be said with confidence is that of the population who actually buy wine, 35.3% are female and 64.7% are male. The data that was collected allowed some analysis of the proportion of wine consumed by males and females. This data is outlined in the following table:

Table 6.6 Wine Consumption by Gender

	N	Total glasses/wk	Ave Glasses/wk	% of wine consumed
Female	128	1207	9.4258	27.2%
Male	235	3237	13.7745	72.8%

Table 6.6 indicates that although females account for 35.3% of purchasers of wine, the amount that they actually consume is 27.2%. Consequently it can be deduced that in some cases (about 8%) females' role in the wine purchase process is simply that – procurement of the product, not consumption thereof.

6.5.2 Highest Education Level of Respondents

Figure 6.3 Highest Education Level of Respondents

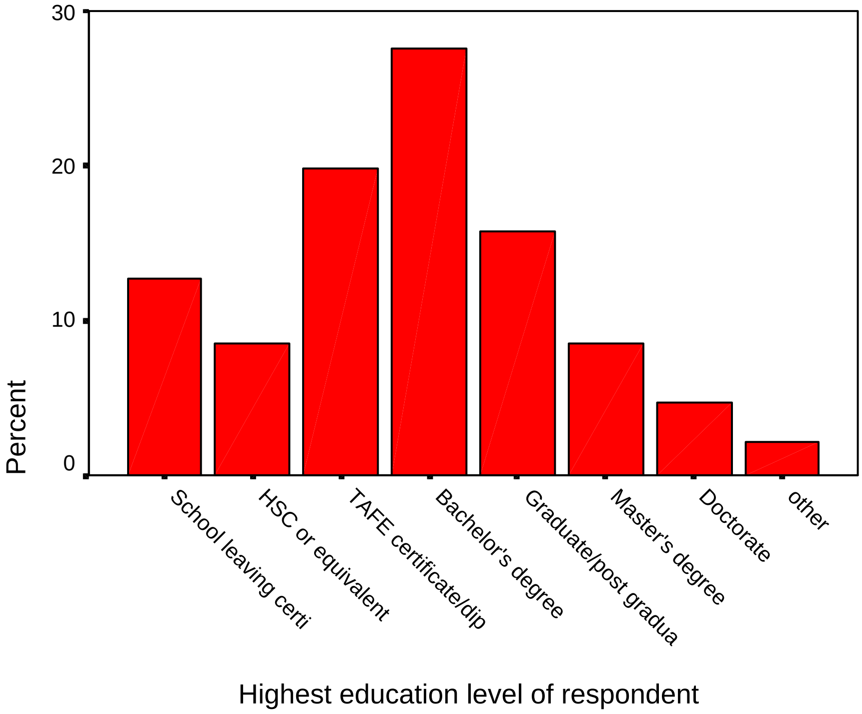
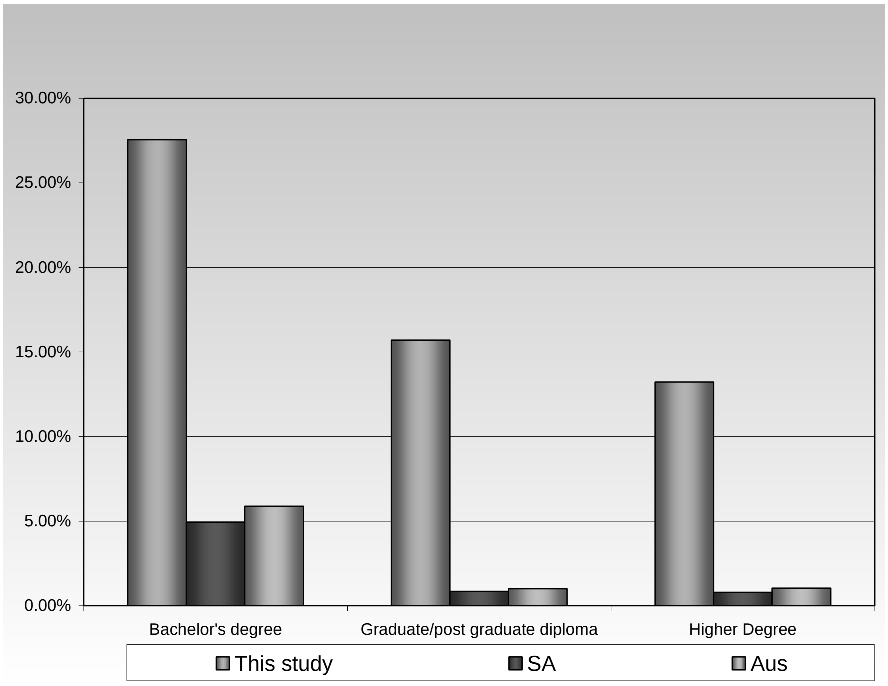


Figure 6.3 shows that 58.8% of respondents indicated that they had a Bachelor's Degree or higher. The comparison of the highest education qualifications achieved for this study's sample and the South Australian and Australian populations is reflected in figure 6.4. The incidence of respondents in this study with some form of completed tertiary education is much higher than both the general populations of South Australia and Australia, indicating that wine drinkers may be better educated than the general population.

Figure 6.4 Highest Education Level – A Comparison

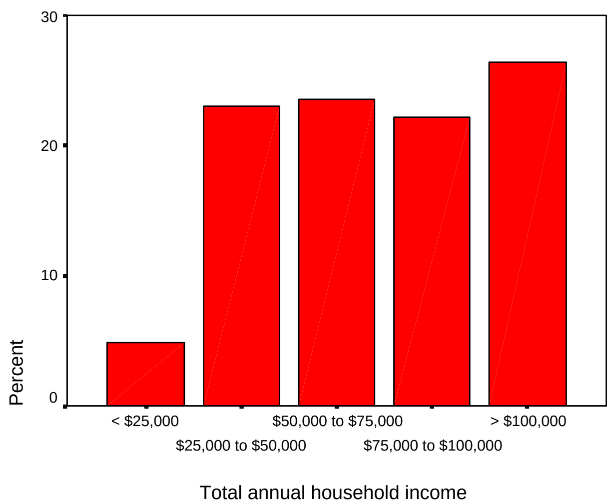


Source: Australian Bureau of Statistics 1996 Census Data

Where: SA = South Australia, Aus = Australia

6.5.4 Total Household Income of Respondents

Figure 6.5 Total Annual Household Income



This chart indicates that the total annual household income of respondents was very evenly spread between the four class intervals representing incomes > $25,000 per annum. 25% of respondents reported a household income > $100,000 per annum.

6.5.5 *Alcohol Consumption Preference of Respondents*

The tables that follow (6.7 and 6.8) describe the alcohol consumption preferences of the respondents. Table 6.7 shows the overall results and a retailer-by-retailer breakdown. It also indicates that of the alcohol consumed by the respondents, 69.71% was wine, 20.06% beer, 7.92% spirits, 1.44% pre mixed drinks and 0.77% other alcoholic beverages (for example, cider). The independent retailers showed that a higher percentage of their customers drink wine than the overall result and the two Liquorland stores returned lower wine figures than overall. The Vintage Cellars store at Camden Park returned the lowest wine figures and the highest beer figures.

Table 6.7 Percentage Consumption of Various Alcoholic Beverages per Retail Store

	Wine %	Beer %	Spirits %	Premixed %	Other %
Overall	69.71	20.06	7.92	1.44	.77
VC Belair	71.50	19.52	7.17	1.19	0.83
VC Walkerville	73.27	19.77	5.63	0.17	1.17
VC Camden Park	57.09	27.70	12.49	2.62	0.38
LL St Agnes	63.75	24.88	8.90	2.40	0.58
LL Ingle Farm	66.18	19.31	8.62	3.67	2.22
Edinburgh Cellars	74.62	16.96	6.18	0.34	0.28
Melbourne St	78.39	14.00	6.92	0.30	0.37
Baily & Baily	73.72	18.61	6.39	0.65	0.63

Where: VC = Vintage Cellars, LL = Liquorland

Table 6.8 (in the same format as the table above) indicates that of the wine the respondents consumed, 58.93% was red wine, 28.04% white wine, 9.67% sparkling wine and 3.75% fortified wine. The customers of the Edinburgh Cellars reported the highest consumption of red wine and those of Liquorland at St Agnes reported the highest white wine consumption. Vintage Cellars at Walkerville reported the highest sparkling wine consumption and Vintage Cellars at Camden Park the highest fortified wine consumption.

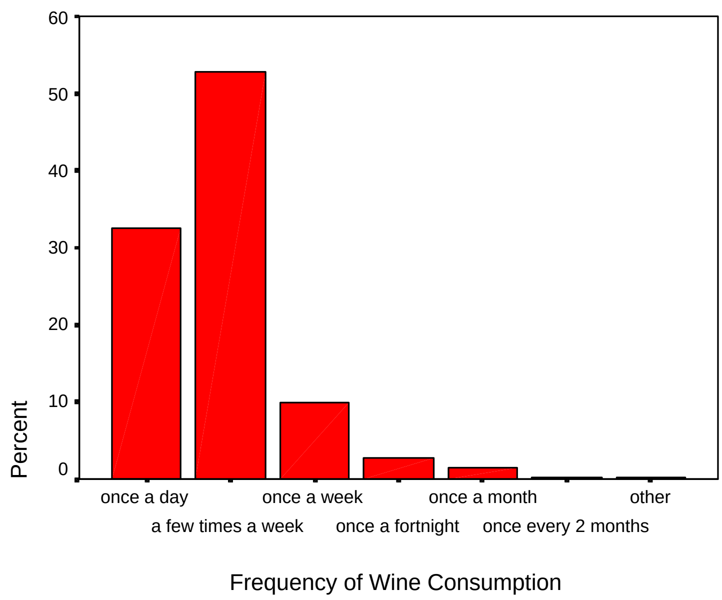
Table 6.8 Type of Wine Consumed per Retail Store

	Red wine %	White wine %	Sparkling wine %	Fortified wine %
Overall	58.93	28.04	9.67	3.75
VC Belair	53.71	33.33	9.77	3.19
VC Walkerville	63.10	22.50	15.07	2.10
VC Camden Park	59.79	25.47	9.62	5.15
LL St Agnes	50.23	35.08	10.03	4.98
LL Ingle Farm	56.73	29.44	9.53	4.29
Edinburgh Cellars	65.88	24.06	7.22	2.94
Melbourne St	62.51	25.96	8.43	4.12
Baily & Baily	58.85	28.26	9.96	2.72

Where: VC = Vintage Cellars, LL = Liquorland

6.5.6 How Often is Wine Consumed?

Figure 6.6 Frequency of Wine Consumption



A total of 85.4% of respondents reported that they consumed wine more than once a week, with 52.9% indicating that they consumed wine a few times a week and 32.5% indicated that they consumed wine once a day.

6.5.7 Cellaring of Wine

As part of the data collection exercise, respondents were asked to indicate, on average, how long it would be before the wine that was purchased on the day that the survey was conducted, would be drunk. The results are reproduced in the following table (6.9) and indicate that the average length of time between purchase and consumption was 512 days or 1.4 years and that the median length of time was 90 days (in this instance, the median is the better indicator, as the effects of any outlying data are negated). This result was contrary to "conventional wine retail industry wisdom", where the belief is that a very high percentage of wine is consumed within twenty-four hours of purchase. These results would indicate that there is an element of "cellaring" wine in the market and that this element is of considerable extent. This data might also indicate that a large percentage of wine purchases are occasion-driven, indicating that is there is a clear purpose when purchasing wine takes place.

Table 6.9 Period Within Which Wine will be Consumed

	Mean (days)	**Mean (years)**	**Median (days)**
Overall	512.01	1.40	90
Segment 1	964.38	2.64	730
Segment 2	707.6	1.94	365
Segment 3	115.07	0.32	14
Segment 4	584.9	1.60	180
Segment 5	103.59	0.28	8.5

Where: Segment 1 = Conservative, wine knowledgeable wine drinkers
Segment 2 = Image oriented, knowledge seeking wine drinkers
Segment 3 = Basic wine drinkers
Segment 4 = Experimenter, highly knowledgeable wine drinkers
Segment 5 = Enjoyment oriented, social wine drinkers

The results by segment are also consistent with the previous analysis performed on each segment. Segment 1, the conservative, traditional consumer has both the longest mean and median time periods over which their wine is kept. Segment 2, the consumer who aims to become a "connoisseur" of fine wine, has the second longest time period. Segments 3 and 5 are the segments that have little time for the rituals associated with wine drinking, including the cellaring of wine and this is reflected in their respective mean and median scores. In this instance, their median scores are closer to the "conventional wisdom" alluded to above. Segment

4 does cellar the wine that it purchases, but not for the same length of time as the other comparable segments. This might indicate some impatience on behalf of this consumer, who may be very keen to try a wine that they have purchased, or are keen to share it with a friend.

However, these figures do not provide the industry with some information that it might find of interest. They do not reveal the types of wines that are cellared by each of the segments, nor the percentage of wines that are purchased specifically for cellaring. This information may be of interest when devising advertising and promotion strategies and may be used to influence individual consumer's purchasing behaviour.

6.6 Wine Consumption Occasions

The study collected data on the occasions during which wine was consumed. Respondents were asked to nominate from a list provided, the occasions during which they drank wine and then rank those occasions to indicate the occasions during which they most often drank wine (as opposed to drank the most wine). A ranking of one therefore indicated that wine was consumed most often during that occasion. A weighted mean score was then computed for each of the listed occasions and the occasion with the lowest weighted mean score was the one during which wine was consumed most often. The results of the three highest ranking occasions overall and for each of the segments are described in Table 6.10 below (weighted mean scores are in brackets).

Table 6.10 Wine Consumption Occasions – Rankings

Rank	Overall	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5
1	Meal with friends (2.47)	Meal with family (2.47)	Meal with friends (2.61)	Meal with friends (2.63)	Meal with friends (2.23)	Meal with friends (2.29)
2	Meal with family (2.71)	Meal with friends (2.58)	Meal with family (2.71)	Meal with family (2.78)	Meal with family (2.69)	Meal with family (2.92)
3	Party or celebration (5.21)	Party or celebration (5.97)	Party or celebration (4.91)	Party or celebration (4.78)	With friends no meal (5.13)	Party or celebration (4.58)

These results show a remarkable consistency between the overall results and across all segments. "Drinking wine whilst eating a meal with friends" was the occasion where wine was most often consumed. The only segment that did not rank that as number one was segment 1, which ranked “drinking wine whilst eating a meal with family” as number one. Although this result may appear to be contradictory, this segment is more conservative in nature than other segments and they may consider that “drinking wine with the evening meal” is a tradition that should be followed. All other segments ranked “drinking wine with a meal with friends” as number one. This reinforces the consideration that wine is very much a part of many consumers’ social behaviour and is something that is shared with their friends. The fact that “drinking wine with a meal with the family” is number two also reinforces that and indicates that wine drinking is very much a part of the meal ritual. The only segment that did not rate “drinking wine at a party or other celebration” at number three was segment 4, who had “drinking wine with friends” in that position. This result is somewhat consistent with the earlier analysis, as that segment enjoys experimenting and trying different types and styles of wine. It may be that as part of their desire to increase their knowledge, they share wine with friends who have similar likes and interests and that they use this occasion as another way of increasing their wine knowledge. The remainder of the segments ranked “drinking wine at parties and other celebrations” as number three. The accepted wisdom is that champagne or other sparkling wine is the drink of choice when celebrating something special. This result may indicate that other wine styles are gaining acceptance as the beverage of choice at parties etc. perhaps at the expense of more traditional beverages like beer or spirits.

Another important issue that arises from the identification of having a meal with friends as the occasion when wine is most often consumed, is the use of such an image in advertising and promotion communications. As all segments have a strong identification with that occasion, any corresponding message is likely to be well received by most consumers in the market.

6.7 Conclusion

This chapter has introduced the relationship between consumers’ wine knowledge, their wine market segment and the quality of the wine they consumed. This was the first time that this relationship has been explored in a study of this type. Although the techniques used in this research were rudimentary, the results indicated that the level of a consumer’s wine knowledge was a good indicator of the segment in which they should be found and also an indicator of the amount of money they would spend on wine in a given period of time.

The research further indicated that there is a relationship between the quality of wine consumed and the level of the consumer’s wine knowledge. As consumers drink better quality wine, their level of knowledge is likely to increase and with that increased knowledge comes a desire to maintain consumption of a better quality wine.

This chapter provided additional demographic and consumption data about the South Australian wine market that has also added to the understanding of that market. The last chapter in this dissertation summarises the research study.

Chapter 7
Conclusions and Recommendations

7.1 Introduction

This research study was made possible by the author being granted the Liquorland/Vintage Cellars Retail Management Scholarship for 2001 and that accounts for both the wine retail focus and the choice of five of the wine retail stores that participated in the study.

This retail focus aimed to provide wine retailers and other interested parties in the wine industry with information, that if implemented and acted upon, might attract increased wine sales in the Australian domestic wine market. The current growth in that market can be described as “sluggish”, at only about 2% per annum. Although the Australian wine industry has achieved spectacular success in export markets, it cannot ignore its domestic market. This is especially so in the wake of the terrorist attacks in the United States of September 11, 2001 (and at the time of writing, the impact of those events on the United States market in particular was difficult to gauge), increased global supply of wine grapes, increasing global competition, better marketing efforts by Australia’s competitors and the possibility of a global recession.

The basis for this research was the exploratory research undertaken by Bruwer et al. in 2000 and published in 2001. This exploratory study was the first to use lifestyle as the basis for segmenting a wine market, although it had previously been used to examine food markets in Europe. Bruwer et al. (2001) concluded that lifestyle was a viable basis for segmenting a wine market, but felt that their methodology could be improved.

This study attempted to overcome some of the shortcomings identified by Bruwer et al. (2001) by increasing the number of AIO questions asked of respondents and strengthening the elements that formed the basis of the ensuing statistical analysis.

In addition to these improvements, for the first time, this study used consumers’ wine knowledge as a discriminator between segments and examined any relationship between that knowledge and experience of wine and the quality of the wine that they consumed.

The generic and specific risk reduction strategies favoured by the identified segments were also explored. The collection of consumption data, wine brand purchase data, data relating to wine sales assistants and demographic data combined to make this study one of the largest ever undertaken of the South Australian wine market.

This final chapter therefore re-examines the main research problem and looks briefly at the limitations imposed on this research study and notes the opportunities for further research identified during the research process. It concludes with a discussion on whether the research process provided a solution to that problem.

7.2 The Research Study Summarised

The main research problem defined for this research study was:
"To examine the preferred risk reduction strategies adopted in identified South Australian wine market segments when purchasing wine, relate these to the wine retail environment and develop an understanding of those market segments' antecedents".

In order to solve that main problem, a number of research sub problems were developed, each of which became the focus of a chapter in this document. These sub problems were:

- Identify lifestyle-based segments in the South Australian wine market;
- Identify and examine each segment's preferred risk reduction strategies when purchasing wine; and
- Translate those preferred risk reduction strategies into practical implications for the wine retail trade.

Four hypotheses were also developed to assist the research process. The following hypothesis related to the first sub problem:

- Hypothesis 4 – Confirmation of the South Australian wine market wine related lifestyle based segmentation structure identified by Bruwer et al. (2001).

The following hypothesis related to the second sub problem:

- Hypothesis 1 – Reducing risk in wine purchasing leads to the purchase of higher quality wine.

The third sub problem could be examined without reference to any hypotheses. The remaining hypotheses were directly related to that part of the main research problem that dealt with the wine market's antecedents. These hypotheses were:

- Hypothesis 2 – Consuming higher quality wine increases consumers' knowledge and experience of wine and that, in turn, leads to the continued consumption of quality wine.
- Hypothesis 3 – Consumers' knowledge and experience of wine are antecedents to their wine market segment.

Each of the three sub problems is now summarised and a conclusion drawn about whether each was resolved through the research process. The two remaining hypotheses are also summarised.

7.2.1 First Research Sub Problem

Although the major objective of the study was not to segment the South Australian wine market, this was a necessary first step in the process and was the substance of the first sub problem. The results of this research indicated that there are five segments in the South Australian wine market. These segments are:
Segment 1 – Conservative, knowledgeable wine drinkers;
Segment 2 – Image oriented, knowledge seeking wine drinkers;
Segment 3 – Basic wine drinkers;
Segment 4 – Experimenter, highly knowledgeable wine drinkers; and
Segment 5 – Enjoyment oriented, social wine drinkers.

The five segments identified in this study parallel four of the five segments that Bruwer et al. (2001) identified. This study could not confirm the existence of Bruwer et al.'s. (2001) "Fashion/image oriented wine drinkers". Rather, it concluded that this segment was subsumed into segments 2 and 5 and the "experimenter, highly knowledgeable wine drinker" segment emerged as a new segment in the South Australian wine market. These results indicate that the market has elements of the previously identified (for example, Spawton, 1991a,b and Hall & Winchester, 1999) "connoisseur" type wine drinkers who are quite conservative and traditional in their approach to purchasing behaviour and the drinking of wine. This study also agreed with previous studies (for example, Hall

& Winchester, 1999 and Bruwer et al., 2001) that the “Basic wine drinkers” and “Enjoyment oriented, social wine drinkers” are an integral part of the South Australian wine market. Bruwer et al.’s. (2001) “Ritual oriented, conspicuous wine enthusiasts” segment was also confirmed, however, this study identified that this consumer was concerned with the image surrounding the drinking of wine and was keen to increase their knowledge about wine.

For the first time, the consumers’ level of knowledge about wine was used as a discriminator between segments. This study identified a highly knowledgeable group of consumers who were keen to experiment with their wine purchases. This segment is of particular interest to the wine industry, as it demonstrates that a significant portion of the market (19%) support the products of boutique and other small to medium size producers that constitute such a large part of the industry.

In addition to this particular segment, the study highlighted that two other segments (1 and 2), totalling 43.2% of the market, averaged in excess of $20 per bottle on their wine purchases. Although the wines that would be of interest to these two segments may not necessarily be the same as those of the previous segment, it is nevertheless of interest to the industry that such a large market share is willing to part with that sort of money when purchasing wine.

In relation to the hypothesis concerned with the first sub problem, these findings indicate that:
Hypothesis 4 – Confirmation of the South Australian wine market wine related lifestyle based segmentation structure identified by Bruwer et al. (2001) – **was mainly supported**, in that four of their five segments were replicated.

The first sub problem – Identify lifestyle-based segments in the South Australian wine market **– was therefore solved**. In addition to solving this sub problem, the use of lifestyle as a legitimate and valid method of segmenting a wine market was confirmed.

7.2.2 *Second Research Sub Problem*

The second research sub problem was concerned with identifying the preferred risk reduction strategies of each of the South Australian wine market segments, when purchasing wine. The risk reduction strategies used in this part of the research were the six generic strategies identified in the literature and repeated in Mitchell & Greatorex's (1989) work.

In the first instance, it had to be established that risk reduction behaviour was employed when purchasing wine and the relevant hypothesis explored the relationship between risk reduction and the purchase of higher quality wine. The methodology adopted here was to establish that risk reduction was a part of wine purchase behaviour, through questioning respondents about how they bought wine. Having established that risk reduction did play a part, any trends in the preferred risk reduction strategies as the price of wines increased (using price as an indicator of quality), were examined. To confirm the hypothesis, a trend towards the two most important risk reduction strategies (information seeking and seeking reassurance through tasting prior to purchase) identified by Mitchell & Greatorex (1989), was sought. The overall results demonstrated a definite trend towards these two strategies and the hypothesis – Reducing risk in wine purchasing leads to the purchase of higher quality wine – **was therefore confirmed**.

The preferred risk reduction strategies of each of the identified segments were then analysed in some detail. The general trend towards these two strategies was noticeable across the five segments, however there were some noticeable exceptions. Segment 3 – the basic wine drinkers – had a preference for relying on favourite brands across all three price points. This was not unsurprising, as they had scored relatively highly on the safe brands element of the lifestyle questions. This result confirmed that, at least for this segment, that Spawton's (1991a,b) assertions that some consumers rely on safe brands for their wine purchases were supported.

The establishment of the use of risk reduction strategies by those consumers purchasing wine and the subsequent identification of the preferred strategies for each of the five segments in the South Australian wine market meant that this research sub problem – identify and examine each segment's preferred risk reduction strategies when purchasing wine – **was resolved**.

7.2.3 Third Research Sub Problem

The third research sub problem took the issue of risk reduction strategies from the theoretical to the practical, as it examined how wine retailers could implement elements of the retail mix in such a way as to respond to the preferences of their customers. The methodology used here was to question respondents on their use of specific risk reduction strategies when purchasing wine, where those strategies were directly under the control of the wine retailer.

There was an expectation that there would be some correlation between the specific strategies and the generic or general strategies discussed in the previous sub problem. Although there was a general trend towards the specific strategies that represented Mitchell & Greatorex's (1989) two most important strategies, overall, the most preferred strategy was the assortment of wines on offer. This specific strategy equated to the generic strategies of brand loyalty and well-known brands, neither of which ranked highly in the overall generic results. Although of interest, the overall results were secondary in importance to the individual segment's results as wine retailers would be more interested in targeting the specific customers who frequent their stores.

In nearly all instances, the preference for the assortment of wines on offer was the preferred strategy across the segments. This preference was analysed having regard to the behaviours and characteristics of each of the segments (that had been previously identified) and was explained in these terms. The identification of assortment as the preferred option raised a number of potential areas for further research.

Of further interest was the emergence of the advice of wine sales staff as a preferred strategy and this issue might have implications for the recruitment and training and development of those staff.

As the preferences for each of the segments were identified and those preferences were discussed in terms of how they could be assimilated in wine retailers' retail mixes, this sub problem – translate those preferred risk reduction strategies into practical implications for the wine retail trade – **was resolved**.

7.2.4 The Two Remaining Hypotheses

As well as using knowledge as a discriminator between segments, the relationship between the consumers' knowledge and experience of wine and the quality of wine that they consumed was also explored. This relationship was directly relevant to any discussion on the identified segments' antecedents. In general terms, it was found that as consumers' knowledge and experience of wine increased, the quality of the wine that they consumed also increased. This consumption of better wine then reinforced the consumers' desire to maintain that level of quality in their wine consumption. It was also found that a consumer's knowledge about wine was a good indicator of the segment in which they could be found, although in practical terms, it was acknowledged that without some way of gauging the level and extent of that knowledge, the actual segment was purely guesswork. However, it was shown that a consumer's knowledge was an antecedent to their wine market segment. On the basis of these findings:

- Hypothesis 2 – Consuming higher quality wine increases consumers' knowledge and experience of wine and that, in turn, leads to the continued consumption of quality wine **– was confirmed.**
- Hypothesis 3 – A consumer's knowledge and experience of wine are antecedents to their wine market segment **– was confirmed.**

In addition, the part of the main research problem relating to the segments' antecedents was also **resolved**.

7.3 Research Limitations

- The research study could not take into account the personality of the respondents when examining the area of risk reduction. Some respondents might have been risk takers and others might have been risk averse and these personality traits would have impacted on whether risk reduction strategies were employed when purchasing wine and if so, the types and frequency of strategies employed. This psychological aspect of wine purchasing behaviour was considered outside the scope of the research study.

- The research study was limited to customers of the eight participating wine retail stores in the Adelaide metropolitan area during the months of August and September 2001.

7.4 Recommendations for Further Research

This study identified a number of areas that might benefit from further research. These areas, in no order of importance, are briefly outlined below:

- This research study was based on the exploratory study conducted by Bruwer et al. (2001), but it was only the second attempt ever to segment a wine market using lifestyle as the basis. Although this research confirmed Bruwer et al.'s conclusion that lifestyle is a valid and viable method of segmenting a wine market, further fine-tuning of the research instrument is recommended.
- This research study was undertaken in eight wine retail stores in the Adelaide metropolitan area. These eight stores were chosen on the assumption that their customers were a fair representation of the South Australian wine market. This assumption may have been somewhat inaccurate and therefore the research should be replicated both in other wine retailers within Adelaide and in other metropolitan areas around Australia. (For example, if this research was replicated in the eastern states of Australia, where wine is available for purchase in supermarkets, the median and mean figures for the price of wine purchased may well be lower. In addition, the percentage of respondents in the "wine knowledgeable" segments may well be lower.)
- Similar to the point raised immediately above, the research could be replicated at cellar-door outlets and a comparison of results undertaken to see whether there were any significant differences in consumers who purchase wine from these different venues.
- As noted in the chapter relating to retail strategies, the choice of assortment as the preferred risk reduction strategy of all segments was unexpected. Further research on consumers' understanding of assortment and whether it is the preferred strategy would confirm or disconfirm the findings of this research.
- The issue of the male/female wine consumption ratio was not resolved by this research. This research found that approximately one-third of wine purchasers in the

South Australian market was female (as distinct from the estimated 70% in the UK market). What was not resolved and would be of interest to the industry generally is the amount and types of wine consumed by females compared to males.

- The study collected some rudimentary data on the length of time wines were cellared prior to consumption. This was not undertaken as the primary focus and therefore did not collect data on issues like the types of wine that were cellared, the actual length of time cellared and the significant differences in the cellaring habits of the various segments. This information might be of interest to various players in the wine industry.
- Two sets of data relating to the amount that respondents spent on wine were collected. A self-reported monthly spend on wine figure was provided. In addition, respondents were asked to nominate (from a list provided) the wine brands and their respective numbers that they had purchased in the month preceding the completion of the survey. Although this data contained an element of self-reporting, it was felt that it would provide a more accurate figure on the amount of money spent per month than the self-reported figure. The results indicated that the average monthly spend figures calculated from the actual purchases was significantly higher ($p < .01$) than the self-reported mean monthly spend on wine ($344.94 and $136.86 respectively). There might be a number of reasons for this discrepancy, including that many consumers have no real idea of the actual amount of money that they spend per month on wine. As the average monthly spend on wine is a figure of interest to many parts of the industry, it is an area that should be further researched, perhaps through the use of a diary system over a period of time.
- Similarly, respondents were asked to estimate the number of glasses of wine consumed per week. Although the interviewers described what constituted a glass of wine, the resultant figures may not have been a true reflection of the amount of wine consumed. As the actual amount of alcohol consumed per week should be of interest to all drinkers, a more rigid form of data collection for this important area should be devised.
- This study was the first to use consumers' wine knowledge as a discriminator between segments and was the first to explore the relationship between knowledge and the quality of wine consumed. The basis for determining the consumers' knowledge was a set of multiple choice questions asked as part of the data collection process. These questions were not subjected to any statistical tests to determine reliability prior to their implementation. Notwithstanding this, the results obtained provided consistent

and reliable scores across the segments. This whole area of the knowledge of consumers could become the subject of further research, including a longitudinal study that could measure any incremental advances in wine knowledge.

- The segmentation exercise realised one “new” segment – the experimenter, highly knowledgeable wine drinker. The characteristics attributed to this segment indicate that these consumers could play a very important role in the future of the domestic wine industry. As result, further knowledge is required of this segment and it should become the focus of a more detailed study.
- The South Australian wine market is subject to change over time. Whilst the findings of this research may be relevant to the market as it was at the time of the research, the market will not remain static. If the wine industry is to continue to develop and learn, a segmentation exercise such as this should be undertaken on a regular basis. In that way, a benchmark for the market would be established and changes over time would be monitored and tracked. Any developing trends in the market would become apparent and the industry might find itself in a better position to predict those trends. This would further enhance the growth of the domestic market.

7.5 Did the Study Achieve its Aim?

This question is absolutely fundamental when evaluating the overall success of the research study. If the research was successful, then the main research problem must have been solved, so it is pertinent to examine each of the elements of the problem and decide whether the research has resolved the inherent issues. The research problem can be broken up into four parts:

- Identify the segments in the South Australian wine market;
- Examine their preferred risk reduction strategies when purchasing wine;
- Relate those preferred strategies to the wine retail environment; and
- Develop an understanding of each of the identified segments antecedents.

Each of these factors is briefly discussed.

7.5.1 Identify the Segments in the South Australian Wine Market

This study undertook a detailed segmentation study of the South Australian wine market using wine-related lifestyle as the basis for that exercise. The data identified five wine-related lifestyle segments and they have been the focus of much of this study. The conclusion was drawn that lifestyle can be considered a legitimate and insightful basis for segmenting a wine market. It is also the opinion of the author, that the resulting segments are representative of the state of the South Australian wine market in 2001. It is clear that this portion of the research problem was answered.

7.5.2 Examine Their Preferred Risk Reduction Strategies When Purchasing Wine

The preferred risk reduction strategies when purchasing wine for each of the identified segments were examined using both a generic and a specific approach. The generic approach provided results that suggested that risk reduction strategies were employed and those results provided conditional support for the findings of earlier researchers on this issue. These preferred generic risk reduction strategies also provided further insights into the characteristics and behaviours of each of the segments and added strength to the analysis on each that had been discussed earlier in the document. This section of the research problem was therefore also resolved.

7.5.3 Relate Those Preferred Strategies to the Wine Retail Environment

The specific risk reduction strategies referred to above, provided the data to consider this part of the problem. Although there was an expectation that the results from the analysis of both the generic and specific strategies might provide some correlations, this did not occur at the level that was expected. The results demonstrated that for the majority of wine purchasers over the range of prices, that the assortment of wines on offer was the most preferred risk reduction strategy. In other words, the majority of purchasers found comfort in having a wide array of wine from which to make their purchase. This result was not inconsistent with the behaviours and characteristics of individual segments and that were discussed in detail earlier. These behaviours and characteristics and the results of the preferred risk reduction strategies, provided some key words, phrases and images that might be useful to wine retailers when devising their communication strategies. It can therefore be said that this section of the problem was answered, however, it also raised some issues that might benefit from further research.

7.5.4 *Develop an Understanding of Each of the Identified Segments' Antecedents*

This particular topic has been an implicit part of all discussions and analysis about each of the identified segments. The behaviours and characteristics of each of the segments provided insights into the psyche of the consumers who make up each of the segments. These behaviours and characteristics provide pointers as to how each of the segments might react when confronted with a particular purchasing situation. In addition, the knowledge levels of each of the segments were analysed and related to the quality of the wine that might be purchased and consumed by each of the segments. This use of knowledge was a first in research of this type and provided certain pointers about each of the segments. All of this data combined to provide detailed information about each of the segments and allowed a resolution to this part of the problem.

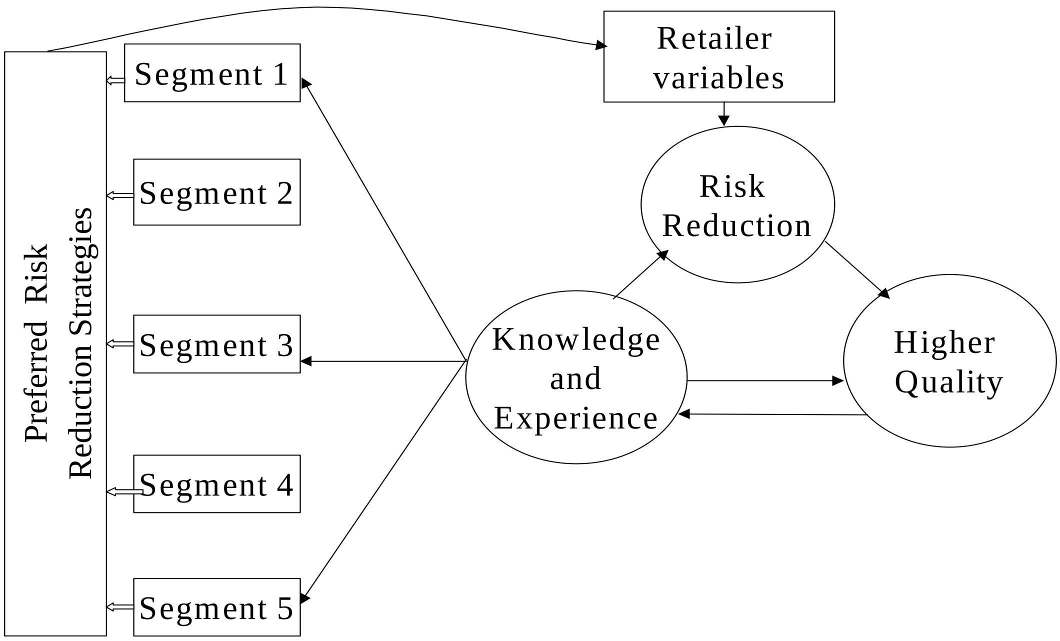
7.6 Conclusions

The inescapable conclusion drawn from the discussion above must be that the main research problem was resolved through the efforts of this study. Furthermore, the results of this study confirmed that the South Australian wine market is a dynamic and fluid market. The five identified segments are considered (by this author) to be a reasonable representation of the South Australian wine market in late 2001 and demonstrate that the market has indeed evolved from the days of McKinna and Spawton. This is entirely appropriate and results from this study that confirmed those earlier works would be unexpected, in much the same way that if this study were replicated in 2010 and a similar market structure was found then. What these results do indicate is that those earlier researchers provided a remarkable insight into the market, as it was then, to such an extent that many of their ideas and suppositions remain true today.

As the consumption of wine has become more widespread and as wine has become the lifestyle beverage of choice for so many Australians, a segmentation study using lifestyle as the basis has many merits and these have been identified herein.

Lastly, as the main research problem was based on a model specifically developed as a precursor for this research and as the main research problem was answered by this research, the irreversible evidence suggests that the model was also viable and valid. That model is reproduced below and represents the appropriate way to conclude this dissertation:

Figure 7.1 Validated Conceptual Risk Reduction Model for the Purchase of Wine



This model should provide a useful tool for the wine industry to explain and understand the relationships between variables and lifestyle segments in the South Australian wine market.

Appendix 1
Survey Questionnaire

Wine Consumer Lifestyle Segmentation Study

A Survey Undertaken by
Adelaide University

Australia

ADELAIDE
UNIVERSITY

August 2001

Introduction

Dear Sir/Madam,

This research study aims to extend the knowledge base of the Australian domestic wine market and explore the relationships between the consumer and the wine retail environment. Trent Johnson, a student at Adelaide University, is undertaking this research as part of his Masters Degree in Wine Business. His supervisor at Adelaide University is Dr Johan Bruwer. You have been chosen to help us to increase the understanding about these topics, so that the findings can be used to improve business and consumer relationships in the Australian wine industry.

The **questionnaire should only take about 20 minutes** of your time to complete.

All your **details will be kept totally confidential**. We will **not** give any of your personal details out to another company. All reporting will be in summary form only. You are guaranteed not to receive any sales pitches or mailings as a result of your participation in this study.

Instructions

1. Please use a dark pen.
2. Please answer every question.
3. Please answer all questions as honestly as possible.

Once again, thank you for your help in this valuable research. If you have any queries please do not hesitate to contact either:

Mr Trent Johnson
8271 2682 or
0414 800 548
E-mail: trentj@ihug.com.au

Or

Dr Johan Bruwer
Senior Lecturer: Wine Marketing
Tel: 8303 6764
E-mail: johan.bruwer@adelaide.edu.au

To be completed by Interviewer:

Store: ☐

Respondent: ☐☐

Section 1: Consumption of Wine

1. Please divide your consumption of **alcoholic beverages** between the following categories (to add up to 100%)

Wine	______%
Beer	______%
Spirits	______%
Pre-mixed drinks	______%
Other	______%

2. Please divide your consumption of **wine** between the following categories (to add up to 100%)

Red wine	______%
White wine	______%
Sparkling wine	______%
Fortified wine	______%

3. **How often** do you drink wine? (please tick most appropriate option)

Once a day	______
A few times a week	______
Once a week	______
Once a fortnight	______
Once a month	______
Once every 2 months	______
Other	______

4. In which part of the week do you normally drink wine? (please tick most appropriate option)

Mostly during the week (Monday – Thursday)	______
Mostly during the weekend (Friday – Sunday)	______
A combination of both weekdays and weekends	______

5. Do you normally drink cask or bottled wine? (please tick most appropriate option)

Mainly cask	______
Mainly bottled	______
A mix of both (50:50)	______
Uncertain	______

6. Approximately **how many glasses** of wine do you consume in a **typical week?** ______

7. Approximately how much would you **spend** on wine in a **typical month**? $______

8. Are you the main wine buyer in your household? Yes _____ No ______

9. On average, each bottle of wine you buy (today) will be consumed within………………..?

___ days ____ weeks ____ months ___ years

10. How long have you been regularly drinking wine?

____ months ___ years

Section 2: Wine Consumption Occasions

We are interested in finding out where and when you drink wine. The following table indicates a number of occasions when you might drink wine. Please indicate those occasions when you drink wine and rank those occasions in order of frequency where 1 = the occasion on which you <u>most often</u> drink wine.

Consumption Occasion	Tick those applicable	Frequency Rank
BBQ/picnic		
Meal with friends		
Wine tasting/wine club meetings		
By your self without a meal		
Intimate Dinner		
Party/celebration		
By your self with a meal		
Business related		
With friends without a meal		
Meal with family		

Section 3: Wine Brands

We are interested in finding out about the types and amount of wine that you buy. Please identify those wines that you have *<u>bought in the last month</u>* (by ticking) and the number of bottles of each wine brand that you have bought during that time. Please note that the left column is for red wines and the right column for white wines.

Red Wine			**White Wine**		
Brand/Label	**Purchased (please tick)**	**Number of Bottles**	**Brand/Label**	**Purchased (please tick)**	**Number of Bottles**
Taylors Cabernet or Shiraz			Rosemount Split label range		
Jamiesons Run			Angoves CR range		
Wolf Blass range			McWilliams Hanwood range		
Penfolds Rawsons Retreat			Chapel Hill unwooded chardonnay		
Rosemount split label			Jamiesons Run range		
Annies Lane range			Rosemount Diamond label range		
Queen Adelaide Red			St Hallett Poachers Blend		
Ingoldby range			Jacobs Creek range		
Nottage Hill range			Banrock Station range		
Lindemans Bin range			Peter Lehmann range		
Wynns Shiraz			Lindemans Bin 65		
Wynns Cabernet			Yalumba Barossa range		
Jacobs Creek range			Primo Estate Colombard		
Grant Burge range			Wolf Blass Range		
Peter Lehmann range			Annies Lane range		
Hardys RR range			Wynns Riesling or Chardonnay		
Rosemount Diamond label			Queen Adelaide range		
Penfolds Bin range			Tatachilla Growers Blend		
McWilliams Inheritance range			Yalumba Oxford Landing range		
McWilliams Hanwood			Four Sisters Blend		

Red Wine			White Wine		
Brand/Label	**Purchased (please tick)**	**Number of Bottles**	**Brand/Label**	**Purchased (please tick)**	**Number of Bottles**
range					
Wyndham Bin 444 or 555			Penfolds whites		
Hardys Insignia range			Brown Brothers Spatlese Lexia		
Yalumba Galway Shiraz			Taylors Riesling		
Yalumba Barossa range			Hardys Nottage Hill range		
Yalumba Oxford Landing range			Houghtons White Burgundy/othe r white wines		
Angoves CR range			Yalumba Christobels		
Penfolds Koonunga Hill			Pewsey Vale Riesling		
Banrock Station			McWilliams Inheritance range		
Cask wine 4+Litres			Cask wine 4+Litres		
Cask wine 2 litres			Cask wine 2 litres		
Sparkling Red wine			Sparkling White wine		
Fortified wine (eg Port)			-		
Other Red Wines in the range $20- $50			Other White Wines in the range $20 - $50		
Other Red Wine $50 plus			Other White wine $50 plus		
Other Red Wines in the range $10- $20			Other White Wines in the range $10- $20		

Section 4: Wine Related Lifestyle

This section has been deliberately removed for trademark reasons.

Section 5A: Strategies - General

We would like to find out how you go about buying your wine. Please indicate which of the following you use when you buy wine and then rank those that you do use in their order of importance (where 1 is the most important and 6 the least important). Please only complete the applicable price ranges.

	Wine *under $15/bottle*		**Wine *over $15 and under $25/bottle***		**Wine *over $25/bottle***	
	Use (tick where applicable)	**Importance**	**Use (tick where applicable)**	**Importance**	**Use (tick where applicable)**	**Importance**
I have a few favourite brands from which I usually buy my wine.						
The reputation of the wine store						
Whether I have had the opportunity to try it before buying						
I seek information about a wine before buying it						
The price of the wine						
Whether the wine is a well known brand to me						

Section 5B: Strategies - Specific

We would also like to find out if you take into account any factors within the wine store itself when you buy wine. Please indicate which of the following factors you use when you buy wine and then rank those that you have selected in their order of importance (where 1 is the most important). Please only complete for those prices that apply to your wine purchases.

	Wine *under $15/bottle*		**Wine *over $15 and under $25/bottle***		**Wine *over $25/bottle***	
	Use (tick where applicable)	**Importance**	**Use (tick where applicable)**	**Importance**	**Use (tick where applicable)**	**Importance**
Store ambience and atmosphere						
The assortment of wine on offer						
The store layout						
The advice of the sales personnel						
Whether there is a point of sale promotion in store						
Whether there are any other advertised specials in store						
The level of customer and after-sales service offered by the store						
Whether the store has a wine club						
Whether there is the opportunity to taste the wine prior to purchase						
Whether the store has any special events that relate to wine						
Whether the store offers complementary goods for sale						
Other – please list ______________ _ ______________ _ ______________ _						

Section 6: Quality

Has the quality of wine that you now consume changed over the past two years?

- ❑ Improved
- ❑ Stayed more or less the same
- ❑ Decreased

If you have ticked one of the last two boxes, please skip the next question.

If you now drink better (higher quality) wine than you did two years ago, please indicate the reasons why this is the case and then rate those reasons in order of importance (where 1 = most important, etc.)

Reason	Tick where applicable	Importance
I have more confidence in my ability to choose wine		
I am more knowledgeable about wine		
I enjoy the experience of drinking better wine		
I try more wines before buying than I used to		
I ask for more advice before buying wine		
I act upon more of the recommendations made by the sales staff		
I act on the advice of or I am influenced by my family and friends		
I appreciate the complexities of a better wine		
I take more notice of reviews about wine than I used to		
I am now familiar with a wider range of wine brands		
Other – please indicate in your own words ______________________ ______________________ ______________________		

We would like to find out your opinion on drinking better (higher quality) wine. Please indicate your opinion about the following statements where 1 indicates that you completely disagree and 7 indicates that you completely agree with the set statement. Please note that there are no right or wrong answers.

I believe that drinking better wine increases a person's knowledge of wine.

completely disagree 1 2 3 4 5 6 7 completely agree

I believe that if you have more knowledge of wine, you will drink better wine.

completely disagree 1 2 3 4 5 6 7 completely agree

If you drink more complex wine, your knowledge of wine will increase.

completely disagree 1 2 3 4 5 6 7 completely agree

By drinking better wines you are able to pick whether a wine is corked or has some other defect.

completely disagree 1 2 3 4 5 6 7 completely agree

By drinking better wines you are able to pick the predominant grape variety in the wine.

completely disagree 1 2 3 4 5 6 7 completely agree

By drinking better wine you are able to pick the region or country where the wine originated.

completely disagree 1 2 3 4 5 6 7 completely agree

Drinking better wine gives you an understanding of the intricacies of wine.

completely disagree 1 2 3 4 5 6 7 completely agree

As your understanding of wine increases, you want to drink better wine.

completely disagree 1 2 3 4 5 6 7 completely agree

Section 7: Role of the Wine Retail Assistant

We would like to learn more about the role the wine store sales assistant plays in your wine purchases. From the following list, please indicate those aspects that you have asked about and also those aspects that you would like to ask about, but have not (yet), for some reason or another.

Aspect	**Yes (tick where applicable)**	**Would like to ask, but have not for some reason (tick where applicable).**
I have asked for directions to wines inside the wine store.		
I have asked for information about wine brands.		
I have asked for information about grape varieties.		
I have asked for information about a specific wine of interest.		
I have asked for information about wine and food matching.		
I have asked for details about the price of wine.		
I have asked advice about an appropriate wine for a gift.		
I have asked for info about the physical storage of wine.		
I have asked for advice whether a wine would benefit from cellaring.		
I have asked for information about wine from a specific region in Australia.		
I have asked for info about wines from another country.		
I have asked for information about how a wine will taste.		
I have asked for details about wines that have won medals or awards.		
I have asked whether a wine has a taint or other defect.		
I have asked for comments about an opinion that I hold about a wine.		

Section 8: WINE KNOWLEDGE

We would like to find out about your general knowledge of wine. This "quiz" is not intended to trick you or embarrass you in any way and the individual results will not be released in any form. Please indicate your chosen answer by circling it.

1. Chardonnay is:
    - A white grape variety?
    - A red grape variety?
    - A style of wine?
    - None of the above?

2. Peter Lehmann wines is associated with which wine region:
    - Clare Valley?
    - McLaren Vale?
    - Barossa Valley?
    - Coonawarra?

3. What is Australia's favourite drop:
    - Banrock Station?
    - Nottage Hill?
    - Jacobs Creek?
    - Koonunga Hill?

4. The Pemberton wine region is in which Australian State:
    - NSW?
    - SA?
    - Vic?
    - WA?

5. The famous red grape variety of Burgundy is:
    - Malbec?
    - Shiraz?
    - Pinot Noir?
    - Gamay?

6. Australia's largest export market for wine is:
    - USA?
    - Japan?
    - UK?
    - Continental Europe?

7. Appellation Controllee is:
- A system of regulating the French wine industry?
- The biggest selling French wine brand in the UK?
- A popular grape variety in Bordeaux?
- None of the above?

8. The Australian wine region that produces the most wine is:
- Riverland?
- Barossa Valley?
- Hunter Valley?
- Margaret River?

9. Southcorp has recently merged with which other wine company:
- BRL Hardy?
- Rosemount?
- Kendall Jackson?
- Penfolds?

10. The State with the most number of wineries is:
- NSW?
- SA?
- Vic?
- WA?

Section 9: Demographic Information

These are a few questions about you so that we know if we do in fact have a broad cross-section of Australians. Please tick the appropriate item.

1. Please indicate your approximate age group:

18 – 24	______	45 – 54	______
25 – 34	______	55-65	______
35 – 44	______	65+	________

2. Please indicate your gender:

Female	______	Male	______

3. Education (highest level achieved to date):

School Leaving certificate (15+)	______	Graduate/Postgrad dip	___
HSC	______	Masters degree	______
TAFE certificate/diploma	______	Doctorate degree	______
Bachelor's degree	______	Other	______

4. Ethnic orientation (country of birth):____

5. Occupation (write down in your own words):_________________________________

6. Please indicate the postcode where you live:_________________________________

7. How many other people <u>over the age of 18 years</u> live with you?___________________

8. How many of those other people consume wine? _______________________________

9. How many people <u>under the age of 18 years</u> live with you?______________________

10. Please indicate your approximate <u>annual total household income category</u> (tick where applicable)

Nil	_____		
< $25,000	_____	$75,000 to $100,000	_____
$25,000 to $50,0000	_____	> $100,000	_____
$50,000 to $75,000	_____		

11. Please indicate a contact phone number that will only be used if we have to recheck any details with you:

____

THANK YOU VERY MUCH FOR PARTICIPATING IN THIS IMPORTANT RESEARCH STUDY

ALL YOUR INFORMATION WILL REMAIN STRICTLY CONFIDENTIAL

Appendix 2
Interviewer Instructions

Instructions for Interviewers

1. Intercept a customer as they enter the store and before they have made any purchases. Introduce yourself and explain that you are administering a survey on behalf of an Adelaide University student who is doing a masters Degree in Wine Business. Baily and Baily have requested a name tag, to identify yourself (provided) and also a letter of introduction from Johan (also provided for all interviewers, in case any respondent wishes some form of authentication).
2. Ask them whether they would answer two questions (the qualifying questions):
    - Have you consumed wine in the last 12 months?
    - Do you purchase wine for your own consumption?

If the answer to either question is "no", then the customer is excused from the questionnaire. If the answer to both is "yes", then ask them if they would complete the questionnaire, which will take about **20** minutes of their time. They have the option of completing the survey in store, or taking it away and completing it at their leisure. If the latter option is chosen, they may return the completed survey to the participating store, or return it to me in the stamped envelope provided[1]. If their answer is yes, you should ask them whether they have already completed a survey, as there are some customers who travel from outlet to outlet, especially on a Saturday afternoon and as a result, may have done so already. If you are in either Vintage Cellars or Liquorland stores, you should mention that by completing the questionnaire, the customer will receive a bottle of wine. **If a customer declines to take part in the survey, you should try and replace that customer with someone who is similar** – in other words, if a middle aged female declines, then you should try and replace her with another middle aged female, not a mid twenties male.

3. Before handing the questionnaire over to the respondent for completion, please fill in the boxes at the bottom of page 1. The following store codes apply:
    - Vintage Cellars Belair = **1**

[1] This was amended after the first day's data collection to include the option of taking the survey away for completion.

- Vintage Cellars Walkerville = **2**
- Vintage Cellars Camden Park = **3**
- Liquorland Smithfield = **4**
- Liquorland Ingle Farm = **5**
- Edinburgh Cellars = **6**
- Melbourne Street = **7**
- Baily and Baily = **8**

The respondent number is precisely that – starting at 1 through to 50 for each store. (If you are administering questionnaires at different stores over a period of time, I will tell you the respondent number at which to start each day.) For the research study to be statistically valid, **I require 50 valid responses from each store.**

Please take note of the following issues, in each section of the questionnaire.

4. **Section 1, question 6**. Please take a standard XL5 tasting glass with you (if you don't have access to one, I will provide one). One glass of wine is the equivalent of 3 cms of wine in the bottom of the glass. Point that out to the respondents. To reinforce that point, you might like to fill the glass with water to that level.
5. **Section 1, question 9**. This refers to the wine that they intend to buy on that day – on average, how long will it be before that wine is consumed. You may have to help them if they intend to buy more than one bottle. If they are not buying wine on the day (and some customers may be in this situation, as they may be there purely for a tasting), then the question becomes hypothetical.
6. **Section 2 should be OK**. If you get questions about the frequency, explain that the number 1 rank is the occasion at which they drink most often, not the occasion at which they consume the most wine!
7. **Section 3** is asking for the information about both red and white wine purchases – please point that out to respondents. The last two rows are to be completed if the respondents buy wine that has not been mentioned in the rows above and should be completed.
8. **Section 4** is self-explanatory – there are no right or wrong answers, merely the opinions of the respondents about the statements. The questionnaire pre testing has shown that about 15 minutes will elapse to this point. Some respondents might feel that 20 minutes is an underestimate. If that is the case, you can reassure them that the remainder of the survey only takes about 5 more minutes.
9. **Section 5** – this section is asking for information about the respondent's wine purchases, with those purchases split into three price categories. Please point this

out to them and explain that they do not complete a section if they do not purchase wine in that price bracket. That is, some respondents may never buy wine under $15 a bottle and others may never buy wine over that amount, so the respective columns should be left blank, if that is the case.

10. **Section 6 –** if a respondent ticks either of the boxes marked "Stayed more or less the same" or ":Decreased", then they should not complete the next question, which asks for reasons why they are consuming better wine (obviously, if they are not drinking better wine, they can not answer that question). However, they should all answer the following questions where I am once again looking for their opinions about better wine consumption. **The respondents should circle the number that corresponds to their opinion.**
11. **Section 7** should be self-explanatory.
12. **Section 8** likewise. If anyone has any queries after the event or wants to know their score, the correct answers are:
    - White grape variety
    - Barossa Valley
    - Jacobs Creek
    - WA
    - Pinot Noir
    - UK
    - A system of regulating the French wine industry
    - Riverland
    - Rosemount
    - Vic
13. **Section 9** is also self-explanatory. You may get some respondents who are reluctant to complete the household income information, especially if they are known to you (as might occur). All you can do is reiterate that the information is entirely confidential and will be used in aggregate form – no individual information will be released to anyone. Similarly, the phone number will only be used if I need to contact a respondent as part of the edit check process.
14. **Thank them for their co-operation.** If anyone wants to know when the results will be available, or wants a copy of the results, let them know that the thesis will be written by the end of the year and that there will be some papers published about the findings. We hope to have something in the Wine Industry Journal next year.

Appendix 3
Principal Component Analysis – Total Variance Explained

Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	**Total**	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**
1	9.997	16.389	16.389	9.997	16.389	16.389
2	3.400	5.574	21.963	3.400	5.574	21.963
3	3.309	5.424	27.387	3.309	5.424	27.387
4	2.582	4.232	31.619	2.582	4.232	31.619
5	2.088	3.424	35.043	2.088	3.424	35.043
6	1.699	2.786	37.829	1.699	2.786	37.829
7	1.631	2.673	40.502	1.631	2.673	40.502
8	1.508	2.473	42.975	1.508	2.473	42.975
9	1.486	2.437	45.411	1.486	2.437	45.411
10	1.356	2.224	47.635	1.356	2.224	47.635
11	1.288	2.112	49.747	1.288	2.112	49.747
12	1.282	2.101	51.848	1.282	2.101	51.848
13	1.208	1.980	53.828	1.208	1.980	53.828
14	1.195	1.959	55.787	1.195	1.959	55.787
15	1.146	1.879	57.666	1.146	1.879	57.666
16	1.129	1.851	59.517	1.129	1.851	59.517
17	1.069	1.752	61.269	1.069	1.752	61.269
18	1.025	1.681	62.950	1.025	1.681	62.950
19	1.004	1.646	64.597	1.004	1.646	64.597
20	.950	1.558	66.155			
21	.909	1.490	67.644			
22	.883	1.448	69.092			
23	.858	1.407	70.499			
24	.857	1.404	71.904			
25	.815	1.335	73.239			
26	.793	1.301	74.539			
27	.760	1.246	75.786			
28	.740	1.213	76.998			
29	.711	1.165	78.163			
30	.672	1.101	79.265			
31	.663	1.086	80.351			
32	.647	1.060	81.411			
33	.624	1.023	82.435			
34	.599	.982	83.417			
35	.586	.961	84.378			
36	.577	.946	85.325			
37	.553	.906	86.231			
38	.538	.882	87.113			
39	.531	.871	87.983			
40	.492	.807	88.790			
41	.475	.778	89.568			

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	**Total**	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**
42	.461	.755	90.324			
43	.424	.696	91.020			
44	.418	.685	91.704			
45	.406	.666	92.370			
46	.394	.646	93.016			
47	.371	.609	93.624			
48	.358	.586	94.210			
49	.349	.572	94.782			
50	.329	.539	95.321			
51	.319	.523	95.844			
52	.312	.512	96.356			
53	.301	.494	96.850			
54	.293	.481	97.331			
55	.284	.465	97.797			
56	.273	.447	98.244			
57	.233	.382	98.627			
58	.222	.364	98.990			
59	.218	.357	99.347			
60	.201	.329	99.676			
61	.198	.324	100.000			

Extraction Method: Principal Component Analysis.

Appendix 4
One-way Between Groups ANOVA –
Selected Demographic and Consumption Data

Multiple Comparisons
Tukey HSD

			Mean Difference (I-J)	Std. Error	Sig.
Dependent Variable	**(I) Segment Number of Case**	**(J) Segment Number of Case**			
Total annual household income	1	2	-.16	.20	.928
		3	.61	.21	.032
		4	-8.18E-02	.20	.994
		5	.41	.20	.222
	2	1	.16	.20	.928
		3	.77	.21	.002
		4	7.62E-02	.20	.996
		5	.57	.20	.028
	3	1	-.61	.21	.032
		2	-.77	.21	.002
		4	-.69	.22	.012
		5	-.20	.21	.882
	4	1	8.18E-02	.20	.994
		2	-7.62E-02	.20	.996
		3	.69	.22	.012
		5	.50	.20	.105
	5	1	-.41	.20	.222
		2	-.57	.20	.028
		3	.20	.21	.882
		4	-.50	.20	.105
Age of respondent	1	2	-2.78E-02	.18	1.000
		3	-3.69E-02	.19	1.000
		4	.37	.19	.258
		5	.68	.18	.001
	2	1	2.78E-02	.18	1.000
		3	-9.11E-03	.19	1.000
		4	.40	.18	.180
		5	.71	.18	.001
	3	1	3.69E-02	.19	1.000
		2	9.11E-03	.19	1.000
		4	.41	.20	.221
		5	.72	.19	.002
	4	1	-.37	.19	.258
		2	-.40	.18	.180
		3	-.41	.20	.221
		5	.31	.19	.446
	5	1	-.68	.18	.001

			Mean Difference (I-J)	Std. Error	Sig.
Dependent Variable	**(I) Segment Number of Case**	**(J) Segment Number of Case**			
		2	-.71	.18	.001
		3	-.72	.19	.002
		4	-.31	.19	.446
Gender of respondent	1	2	-.10	7.32E-02	.611
		3	.10	7.88E-02	.679
		4	1.49E-02	7.62E-02	1.000
		5	.32	7.43E-02	.000
	2	1	.10	7.32E-02	.611
		3	.21	7.77E-02	.057
		4	.12	7.51E-02	.506
		5	.42	7.32E-02	.000
	3	1	-.10	7.88E-02	.679
		2	-.21	7.77E-02	.057
		4	-8.91E-02	8.05E-02	.803
		5	.21	7.88E-02	.056
	4	1	-1.49E-02	7.62E-02	1.000
		2	-.12	7.51E-02	.506
		3	8.91E-02	8.05E-02	.803
		5	.30	7.62E-02	.001
	5	1	-.32	7.43E-02	.000
		2	-.42	7.32E-02	.000
		3	-.21	7.88E-02	.056
		4	-.30	7.62E-02	.001
Highest education level of respondent	1	2	-9.33E-02	.27	.997
		3	.32	.29	.820
		4	-9.33E-02	.29	.998
		5	.41	.28	.587
	2	1	9.33E-02	.27	.997
		3	.41	.29	.618
		4	.00	.28	1.000
		5	.50	.27	.355
	3	1	-.32	.29	.820
		2	-.41	.29	.618
		4	-.41	.30	.650
		5	9.02E-02	.29	.998
	4	1	9.33E-02	.29	.998
		2	.00	.28	1.000
		3	.41	.30	.650
		5	.50	.28	.397
	5	1	-.41	.28	.587
		2	-.50	.27	.355
		3	-9.02E-02	.29	.998
		4	-.50	.28	.397
self reported average bottle consumption per week	1	2	-.2854	.2239	.707
		3	.4390	.2410	.361
		4	-.2791	.2331	.753
		5	.7147	.2274	.014
	2	1	.2854	.2239	.707
		3	.7244	.2376	.020

			Mean Difference (I-J)	Std. Error	Sig.
Dependent Variable	**(I) Segment Number of Case**	**(J) Segment Number of Case**			
		4	6.269E-03	.2297	1.000
		5	1.0001	.2239	.000
	3	1	-.4390	.2410	.361
		2	-.7244	.2376	.020
		4	-.7181	.2464	.029
		5	.2757	.2410	.783
	4	1	.2791	.2331	.753
		2	-6.2695E-03	.2297	1.000
		3	.7181	.2464	.029
		5	.9938	.2331	.000
	5	1	-.7147	.2274	.014
		2	-1.0001	.2239	.000
		3	-.2757	.2410	.783
		4	-.9938	.2331	.000
self reported average spend per bottle	1	2	2.6488	2.4511	.817
		3	4.8110	2.6385	.360
		4	2.1218	2.5522	.921
		5	6.4444	2.4899	.072
	2	1	-2.6488	2.4511	.817
		3	2.1622	2.6020	.921
		4	-.5270	2.5145	1.000
		5	3.7956	2.4511	.531
	3	1	-4.8110	2.6385	.360
		2	-2.1622	2.6020	.921
		4	-2.6892	2.6974	.857
		5	1.6334	2.6385	.972
	4	1	-2.1218	2.5522	.921
		2	.5270	2.5145	1.000
		3	2.6892	2.6974	.857
		5	4.3226	2.5522	.438
	5	1	-6.4444	2.4899	.072
		2	-3.7956	2.4511	.531
		3	-1.6334	2.6385	.972
		4	-4.3226	2.5522	.438
actual average price per bottle	1	2	-$.1771	$.9527	1.000
		3	$1.1666	$1.0210	.784
		4	-$1.9981	$.9958	.263
		5	$1.8181	$.9677	.329
	2	1	$.1771	$.9527	1.000
		3	$1.3437	$1.0005	.664
		4	-$1.8210	$.9747	.335
		5	$1.9953	$.9460	.216
	3	1	-$1.1666	$1.0210	.784
		2	-$1.3437	$1.0005	.664
		4	-$3.1647	$1.0416	.020
		5	$.6515	$1.0148	.968
	4	1	$1.9981	$.9958	.263
		2	$1.8210	$.9747	.335
		3	$3.1647	$1.0416	.020
		5	$3.8163	$.9894	.001
	5	1	-$1.8181	$.9677	.329
		2	-$1.9953	$.9460	.216

			Mean Difference (I-J)	Std. Error	Sig.
Dependent Variable	**(I) Segment Number of Case**	**(J) Segment Number of Case**			
		3	-$.6515	$1.0148	.968
		4	-$3.8163	$.9894	.001
actual weekly spend on wine	1	2	-$23.3836	$22.2609	.832
		3	$65.0937	$23.8578	.050
		4	$22.4960	$23.2685	.870
		5	$67.2979	$22.6122	.024
	2	1	$23.3836	$22.2609	.832
		3	$88.4773	$23.3778	.001
		4	$45.8796	$22.7761	.259
		5	$90.6815	$22.1052	.000
	3	1	-$65.0937	$23.8578	.050
		2	-$88.4773	$23.3778	.001
		4	-$42.5977	$24.3392	.403
		5	$2.2042	$23.7125	1.000
	4	1	-$22.4960	$23.2685	.870
		2	-$45.8796	$22.7761	.259
		3	$42.5977	$24.3392	.403
		5	$44.8018	$23.1196	.297
	5	1	-$67.2979	$22.6122	.024
		2	-$90.6815	$22.1052	.000
		3	-$2.2042	$23.7125	1.000
		4	-$44.8018	$23.1196	.297
wine will be consumed within how long (in years)?	1	2	.7035	.3219	.185
		3	2.3269	.3465	.000
		4	1.0397	.3351	.016
		5	2.3583	.3269	.000
	2	1	-.7035	.3219	.185
		3	1.6234	.3417	.000
		4	.3362	.3302	.847
		5	1.6548	.3219	.000
	3	1	-2.3269	.3465	.000
		2	-1.6234	.3417	.000
		4	-1.2872	.3542	.003
		5	3.143E-02	.3465	1.000
	4	1	-1.0397	.3351	.016
		2	-.3362	.3302	.847
		3	1.2872	.3542	.003
		5	1.3186	.3351	.001
	5	1	-2.3583	.3269	.000
		2	-1.6548	.3219	.000
		3	-3.1434E-02	.3465	1.000
		4	-1.3186	.3351	.001

* The mean difference is significant at the .05 level.

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