

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

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**Submitted as partial requirement for the
Master of Wine Business degree**

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February 2002

Table of Contents

List of Figures	iv
List of Tables	v
Executive Summary	vii
Statement	x
Acknowledgements.....	xi
Chapter 1 Introduction	1
1.1 Introduction and Background	1
1.2 Main Research Problem.....	3
1.3 Research Sub Problems	3
1.4 Research Hypotheses	3
1.4.1 Hypothesis 1	3
1.4.2 Hypothesis 2	4
1.4.3 Hypothesis 3	4
1.4.4 Hypothesis 4	4
1.5 Objectives of the Study.....	4
1.6 Research Assumption	4
1.7 Delimitations of the Study	5
1.8 Clarification of Basic Terms and Concepts	5
1.8.1 Risk.....	5
1.8.2 The Australian Domestic Wine Market.....	5
1.8.3 Concept Brand	6
1.8.4 Safe Brand	6
1.9 Significance of the Study.....	6
1.10 Outcomes and Contributions of the Research	7
1.11 Contextualisation of Disciplines or Fields.....	7
1.12 Research Methodology	7
1.12.1 Sampling Population	7
1.12.2 Sampling Frame.....	7
1.12.3 Sampling Method	8
1.12.4 Data Collection Instrument.....	8
1.12.5 Data Collection Technique	8
1.12.6 Questionnaire Construction	10
1.12.7 Data Processing, Analysis and Interpretation.....	12
1.12.8 Sample Frame and Other Controls	12
1.13 Organisation of the Dissertation	14
Chapter 2 Literature Review	15
2.1 Introduction	15
2.1 Development of a Marketing Orientation.....	17
2.3 Market Segmentation as a Construct	18
2.4 Bases for Market Segmentation.....	19
2.4.1 Classical Segmentation Approaches and Their Shortcomings.....	19
2.4.2 An Attempt to Overcome the Shortcomings of Classical Segmentation Approaches	21

2.5	Wine Market Segmentation Approaches/Studies	24
2.6	Basis for Segmentation in this Research Study	37
2.7	Risk Reduction Strategies and the Purchase of Wine.....	37
2.7.1	Retail Factors and Risk Reduction Strategies	38
2.8	Identified Research Literature Knowledge Gap	45
2.9	Summary.....	45
Chapter 3 Identifying Lifestyle Based Segments in the Australian Domestic Wine		
	Market	47
3.1	Introduction	47
3.2	Identifying the Elements Constituting the Clusters (Segments).....	48
3.3	Identifying the Clusters (Segments)	52
3.4	Data Interpretation	54
3.5	Segment Descriptions	62
3.5.1	Segment 1 – Conservative, Wine Knowledgeable Wine Drinkers (20.9%)	63
3.5.2	Segment 2 – Image Oriented, Knowledge Seeking, Wine Drinker (22.3%)	63
3.5.3	Segment 3 – Basic Wine Drinker (16.8%)	64
3.5.4	Segment 4 – Experimentation Oriented, Highly Knowledgeable Wine Drinkers (19%)	65
3.5.5	Segment 5 – Enjoyment Oriented, Social Wine Drinkers (20.9%).....	65
3.6	Lifestyle Based Wine Market Segments – Discussion.....	66
3.6.1	Hypothesis 4 – Confirmation of the Australian Domestic Wine Market Wine-related Lifestyle Based Segmentation Structure Identified by Bruwer et al. (2001).	66
3.7	Implications for the Australian Wine Industry	71
3.8	Conclusions	73
Chapter 4 Identification and Examination of Each Segment’s Preferred Risk		
	Reduction Strategies When Purchasing Wine	75
4.1	Introduction	75
4.2	Identification of the Preferred Risk Reduction Strategies by Segment	77
4.3	Discussion of These Results	79
4.3.1	Overall Result.....	79
4.3.2	Segment 1 – Conservative, Knowledgeable Wine Drinkers.	80
4.3.3	Segment 2 – Image Oriented, Knowledge Seeking Wine Drinkers.	81
4.3.4	Segment 3 – Basic Wine Drinkers.....	82
4.3.5	Segment 4 – Experimenter, Highly Knowledgeable Wine Drinkers.	85
4.3.6	Segment 5 – Enjoyment Oriented, Social Wine Drinkers.	86
4.4	Conclusions	86
Chapter 5 Translating the Preferred Risk Reduction Strategies Into Practical		
	Implications for the Wine Retail Trade	88
5.1	Introduction	88
5.2	Practical Strategies Identified.....	90
5.3	Discussion of These Results	91
5.3.1	Segment 1 – Conservative, Wine Knowledgeable Wine Drinkers.....	92
5.3.2	Segment 2 – Image Oriented, Knowledge Seeking Wine Drinkers.	93
5.3.3	Segment 3 – Basic Wine Drinkers.....	96
5.3.4	Segment 4 – Experimenter, Highly Knowledgeable Wine Drinkers	98
5.3.5	Segment 5 – Enjoyment Oriented, Social Wine Drinkers.....	100
5.3.7	Retail Implications Summarised.....	101
5.4	Assortment of Wines – A Final Word	102

5.5	Potential Communication Strategies	103
5.6	The Role of Wine Retail Assistants.....	106
5.7	Conclusion	108
Chapter 6	Other Australian Domestic Wine Market Characteristics.....	109
6.1	Introduction	109
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.....	110
6.3	Hypothesis 3 – A Consumer’s Knowledge and Experience of Wine Are Antecedents to Their Wine Market Segment.	112
6.4	Quality of Wine Consumed – A Further Discussion	115
6.5	Demographic and Consumption Data.....	118
6.5.1	Age of Respondents.....	118
6.5.2	Gender of Respondents.....	119
6.5.2	Highest Education Level of Respondents.....	120
6.5.4	Total Household Income of Respondents.....	121
6.5.5	Alcohol Consumption Preference of Respondents.....	122
6.5.6	How Often is Wine Consumed?.....	123
6.5.7	Cellaring of Wine	124
6.6	Wine Consumption Occasions.....	125
6.7	Conclusion	126
Chapter 7	Conclusions and Recommendations	128
7.1	Introduction	128
7.2	The Research Study Summarised	129
7.2.1	First Research Sub Problem	130
7.2.2	Second Research Sub Problem.....	132
7.2.3	Third Research Sub Problem.....	133
7.2.4	The Two Remaining Hypotheses	134
7.3	Research Limitations	134
7.4	Recommendations for Further Research	135
7.5	Did the Study Achieve its Aim?.....	137
7.5.1	Identify the Segments in the Australian Domestic Wine Market.....	137
7.5.2	Examine Their Preferred Risk Reduction Strategies When Purchasing Wine.....	138
7.5.3	Relate Those Preferred Strategies to the Wine Retail Environment	138
7.5.4	Develop an Understanding of Each of the Identified Segments’ Antecedents	139
7.6	Conclusions	139
Appendix 1	Survey Questionnaire	141
Appendix 2	Interviewer Instructions	155
Appendix 3	Principal Component Analysis – Total Variance Explained.....	159
Appendix 4	One-way Between Groups ANOVA – Selected Demographic and Consumption Data.....	161
Bibliography	165

List of Figures

Figure 2.1	Conceptual Risk Reduction Model for the Purchase of Wine	16
Figure 2.2	A Cognitive Structure Model for Food – Related Lifestyle.....	23
Figure 2.3	Means-end Chain Analysis	33
Figure 2.4	Bruwer et al.’s Conceptual Wine Related Lifestyle Model	35
Figure 5.1	Advice Sought from Retail Staff.....	106
Figure 5.2	Store Advice Sought by Segment	107
Figure 6.1	Age of Respondents	118
Figure 6.2	Gender of Respondents	119
Figure 6.3	Highest Education Level of Respondents	120
Figure 6.4	Highest Education Level – A Comparison.....	121
Figure 6.5	Total Annual Household Income	121
Figure 6.6	Frequency of Wine Consumption	123
Figure 7.1	Validated Conceptual Risk Reduction Model for the Purchase of Wine...	140

List of Tables

Table 1.1	Participating Retail Stores Response Rates.....	12
Table 2.1	Comparison of Wine Market Segments Identified.....	31
Table 2.2	Comparison of Australian Wine Market Segmentation Studies	35
Table 2.3	Wine Consumer Risk Types – A Comparison of Previous Research Study Findings	40
Table 2.4	Wine Purchase Risk Reduction Strategies– A Comparison of Two Previous Research Study Findings.....	40
Table 2.5	Risk Reduction Strategies and Retailer Variables	41
Table 3.1	Bruwer et al.’s Wine-related Lifestyle Components and Elements	48
Table 3.2	KMO Measure of Sampling Adequacy and Bartlett's Test of Sphericity	50
Table 3.3	Components and Elements – Current Study	51
Table 3.4a	Classification Results – 5 Cluster Solution.....	53
Table 3.4b	Classification Results – 4 Cluster Solution.....	53
Table 3.5	Final Cluster Centres – 5 Cluster Solution.....	54
Table 3.6	Mean Knowledge Score by Cluster.....	56
Table 3.7	Clusters 1, 2 and 4 – Statistical Significance on Selected Variables and Elements	57
Table 3.8	Identified Cluster Characteristics.....	59
Table 3.9	Key Demographic, Consumption and Usage Data	61
Table 3.10	One-way Between Groups ANOVA – Summary of Selected Demographic and Other Data.....	62
Table 3.15	Market Segment Comparison.....	67
Table 3.16	Amended Australian Domestic Wine Market Segments	72
Table 4.1	Weighted Mean Score Calculation.....	77
Table 4.2	Preferred Generic Strategies by Segment and Price Range (Weighted Mean Scores in Brackets).....	78
Table 4.3	Top 10 Brands, Red and White Wines Purchased by Segment 3	83
Table 5.1	Generic Risk Reduction Strategies and Wine Retailer Variables	89
Table 5.2	Comparison of Preferred Risk Reduction Strategies (Specific & Generic) – Overall Result.....	90
Table 5.3	Most Preferred Generic and Specific Risk Reduction Strategies – Segment 1	92
Table 5.4	Most Preferred Generic and Specific Risk Reduction Strategies – Segment 2.....	94

Table 5.5	Most Preferred Generic and Specific Risk Reduction Strategies – Segment 3.....	96
Table 5.6	Most Preferred Generic and Specific Risk Reduction Strategies – Segment 4.....	98
Table 5.7	Most Preferred Generic and Specific Risk Reduction Strategies – Segment 5.....	100
Table 5.8	Summary of Retail Implications by Segment	101
Table 5.9	Breakdown of Retailers by Segment.....	103
Table 6.1	Overall and Individual Segment Mean Scores Against Hypothesis 2 and T–Test Results.....	110
Table 6.2	Mean Knowledge Scores of Lifestyle Wine Consumer Segments	112
Table 6.3	Pearson Product–moment Correlation Co-efficients	113
Table 6.4	Quality Improvement Over the Past 2 Years	115
Table 6.5	Reasons Given for Consuming Higher Quality Wine.....	117
Table 6.6	Wine Consumption by Gender.....	119
Table 6.7	Percentage Consumption of Various Alcoholic Beverages per Retail Store	122
Table 6.8	Type of Wine Consumed per Retail Store	123
Table 6.9	Period Within Which Wine will be Consumed.....	124
Table 6.10	Wine Consumption Occasions – Rankings.....	125

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.

Secondly, I would like to thank Karel and Barb for generously giving up their time to help with the data collection and for being the springboard for many an idea. I must make special mention of Karel for keeping me fit through regular running.

Dr Elton Li was generous with his time, especially when I was coming to grips with the more advanced statistical processes and I thank him for that.

The Liquorland/Vintage Cellars Scholarship provided the wherewithal to continue at University and the staff of their respective stores gave their time in helping with the data collection and I am grateful for all their assistance.

My Mum and Dad were always there with their support — you know what you have done and how much it was appreciated.

Lastly, there are a couple of people without whom none of this would have been possible. Dr Johan Bruwer was the first to suggest that I consider the Masters. He pushed, prodded and generally did not let up until I relented! Since then, he has become a friend as well as a supervisor, a person who has been unbelievably generous with his time and ideas. I have lost count of the number of hours we spent discussing all aspects of the research and I hope that he shared some of the excitement as it all came together.

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.

Trent Johnson
February 2002