

Objectives

This research is part of a larger study¹ concerned with the analysis of the Oxford Landing wine Value Chain, from South Australia (the largest wine producing state in Australia) to Tesco shoppers in the UK (the largest single customer of the Oxford Landing brand and Australian wine as a whole). The objectives of this research is to establish UK supermarket shoppers' attitudes towards Australian wine and the Oxford Landing brand, what they perceive to be important in terms of wine attributes and how they shop the wine category within UK supermarkets.

Methodology

The research was conducted in two phases. The first involved six focus groups conducted during the summer of 2008 with Tesco shoppers from three different lifestages (2 groups of young adults – male and female, 2 groups of young mothers and 2 groups of female empty nesters – older adults with children no longer living at home) all of whom were regular purchasers of Oxford Landing from Tesco. The second phase involved a survey² of 1100 people who purchase wine from a supermarket, administered during November 2008.

Key findings

Focus groups³

- There was a strong degree of consensus with regard to the positive images associated with Australian wine – reliable, good quality, good value, fresh, crisp, fruity - with the over-riding view that Australian wine will 'never let you down'. On the negative side, the investment made by the Australian wine industry in delivering good quality wine at competitive prices appears to have resulted in a degree of commoditisation, as the majority of the discussants confessed that Australian wine rarely featured when they were looking for something special.
- Oxford Landing was described as a 'typical' Australian wine - a safe bet – but viewed by some as more expensive than others of a similar quality. The bottle and labelling were widely regarded as uninspiring but for many the purchase of Oxford Landing, like most 'everyday' wines, was triggered by a promotion, which in the case of a known brand was difficult to resist and required little effort (and thus attention to the bottle or the label). Effectively, the positioning of Australian wine has reduced the perceived value of some, if not most, of the attributes peripheral to the wine itself.

- Promotions were regarded as the main purchase filter for most of the discussants, when considering which wines to purchase as part of a supermarket shopping mission, followed by colour and wine type and/or grape variety, but more often than not known brands would be purchased with minimal consideration when on promotion. More time would be taken when shopping for something special, when the promotional offers would be less influential, but as already highlighted, on these occasions, shoppers would often bypass the Australian wines on route to more expensive wines associated with other countries (notably France and Italy).
- Few of the discussants saw any link between the concept of sustainability (which for most was primarily associated with re-cycling and corporate social responsibility, as opposed to the responsibility of individual consumers) and wine – its production or consumption! None of them were remotely aware of the sustainability credentials of the Oxford Landing brand and when the information on the back label was drawn to their attention there was a mixture of mild interest and considerable scepticism – as one discussant put it "... if they were that bothered they wouldn't be selling it over here really would they"! Similarly, few people were impressed by the eco-friendly packaging formats they were shown (pouches and cartons), concluding they were unappealing, and only suitable for outdoor drinking. A few said they would be more likely to trust a brand they knew if it was offered in a different format.

Survey⁴

- The primary focus of the survey was the quantification of the value shoppers attach to different product attributes when considering which wine(s) to purchase as part of their supermarket shopping mission.
- The results (see tables 1-3 overleaf) highlight the degree of consensus around the most and the least important attributes for regular wine purchases:
 - Price, type of wine (e.g. sweet/dry), colour, grape variety and promotional activity accounted for almost three quarters of the choices made for 'the most important wine attribute' for a regular wine purchase.
 - Bottle, closure, sustainability of production/packaging, 'wine miles', front label, weight of the bottle and suitability for vegans/vegetarians scored particularly low in terms of importance and together accounted for just 8% of choices made for 'the most important wine attribute' for a regular wine purchase.

Key findings *continued*

Survey *continued*

- They also highlight the degree of heterogeneity of preferences when shoppers are segmented and consideration is given to different shopping missions:
 - Price and promotional activity were chosen as the most important attribute associated with wine purchased for a special occasion by just 11% and 5% of respondents respectively, compared with 25% and 12% respectively for a regular wine purchase. Brand name was chosen as the most important wine attribute for special occasions by 12% of respondents, compared with just 3% for a regular purchase.
 - Females attach greater importance to colour, type of wine and promotions, with less importance to price per bottle and country of origin than males.
 - Younger shoppers are more likely to be influenced by recommendations from friends, the appearance of the bottle and front label design than older shoppers.
 - Single parents attach the greatest importance to environmentally sustainable production/packaging, alcohol content and recommendations in newspapers/magazines.
 - Level of education has no bearing on the importance attached to environmental sustainability, however graduates are significantly more interested in country of origin and year of vintage than shoppers with no education beyond secondary school.
 - Frequent wine buyers attach significantly more importance to brand names and promotional offers for special occasion purchases than occasional wine buyers, who are more interested in price per bottle and type of wine.
 - Wine shoppers in M&S or Waitrose are significantly more interested in grape variety and provenance (country or region) than shoppers in Asda, Morrisons and Aldi, whilst Co-op shoppers attach the greatest importance to promotional offers.
 - Oxford Landing buyers attached significantly less importance to price but more importance to year of vintage, grape variety and promotional offers than shoppers who have never purchased Oxford Landing.

Conclusions

The results of this shopper research indicate very strongly that sustainability is a concept that remains poorly understood amongst shoppers and sustainable wine production/packaging is something that supermarket buyers may be requesting of their suppliers, in support of socially responsible strategic initiatives, but very few UK shoppers currently value as an attribute of the wine they purchase from supermarkets.

This may change if UK government and supermarket initiatives to encourage more sustainable consumption behaviour begin to impact decision-making at the point of purchase. However, with wine a discretionary item in the majority of supermarket trolleys and the high level of importance attached to promotional offers for branded wines, it is difficult to see this happening soon.

In the meantime, Australian winemakers should consider strategies for more effective targeting of distinct shopper segments with differential preferences for specific attributes, in an effort to break the paradox of brand loyalty inextricably linked to promotions and drag themselves out of the commodity trap they have inadvertently engineered over a decade of promotion-driven sales growth and a distinct lack of investment in building genuine brand loyalty.

For more information

For full report of the Sustainable Value Chain Analysis case study please go to www.pir.sa.gov.au/wine/value_chains or contact PIRSA on the details below.

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Table 1: Importance of wine attributes (Mean scores*)⁵

	Full sample	Oxford Landing buyers	Oxford Landing buyers - Tesco
Price per bottle	5.6	5.6	5.6
Type of wine (e.g. dry/sweet)	5.5	5.6	5.6
Colour	5.5	5.5	5.5
Grape variety	4.8	5.3	5.4
Which wines are on promotion	4.7	5.1	5.1
Information on the back label	4.4	4.6	4.5
Recommendations from friends/relatives	4.3	4.4	4.3
Country of origin	4.3	4.7	4.8
Brand name	4.1	4.7	4.8
Specific region within a country	4.0	4.4	4.4
Year of vintage	3.6	4.1	4.2
Recommendation in newspapers/magazines	3.5	3.8	3.8
Alcohol content	3.5	3.7	3.8
Appearance of the bottle	3.4	3.7	3.6
Type of closure	3.4	3.4	3.3
Environmentally sustainable production process	3.3	3.5	3.4
Environmentally sustainable packaging	3.3	3.4	3.4
Design of the front label	3.2	3.6	3.6
Distance the wine has travelled	2.8	3.1	3.0
Weight of the bottle	2.8	3.0	3.0
Suitability for vegetarians/vegans	2.4	2.6	2.5
Number of respondents	1100	377	181

* 1 = Not at all important 3 = Not very important 5 = Quite important 7 = Extremely important

Footnotes

- 1 Sustainable Value Chain Analysis – A Case Study of South Australian Wine (see www.pir.sa.gov.au/wine/value_chains)
- 2 1000 questionnaires were completed on-line, through an internet panel of UK consumers administered by CINT Ltd, and 100 were conducted face-to-face, to test for methodological bias.
- 3 See Appendix 2 for a summary of the focus groups and sample verbatims from the different groups.
- 4 See Appendix 2 for the tabulated survey data and analysis of variance with respect to the importance attached to different wine attributes by different respondent groups.
- 5 Highlighted attributes are those for which the difference in mean scores (table 1) and % of respondents (tables 2 and 3) for the different respondent groups are statistically significant, at the 5% level.

Table 2: Most important attribute (Regular purchase)

	Full sample % respondents	Oxford Landing Bbuyers % respondents	Oxford Landing buyers - Tesco % respondents
Price per bottle	25	22	27
Type of wine (e.g. dry/sweet)	12	9	8
Colour	15	11	12
Grape variety	11	15	14
Which wines are on promotion	12	15	13
Information on the back label	1	1	1
Recommendations from friends/relatives	3	4	4
Country of origin	4	5	6
Brand name	3	6	3
Specific region within a country	2	2	2
Year of vintage	1	2	1
Recommendation in newspapers/magazines	1	1	1
Alcohol content	2	2	2
Appearance of the bottle	1	1	1
Type of closure	2	1	2
Environmentally sustainable production process	1	2	1
Environmentally sustainable packaging	1	1	1
Design of the front label	1	1	2
Distance the wine has travelled	1	1	0
Weight of the bottle	0	0	1
Suitability for vegetarians/vegans	1	1	2
Number of respondents	1029	377	176

Table 3: Most important attribute (Special occasion)

	Full sample % respondents	Oxford Landing Bbuyers % respondents	Oxford Landing buyers - Tesco % respondents
Price per bottle	11	8	8
Type of wine (e.g. dry/sweet)	13	9	8
Colour	7	7	9
Grape variety	13	15	18
Which wines are on promotion	5	4	4
Information on the back label	2	3	2
Recommendations from friends/relatives	7	5	4
Country of origin	5	6	6
Brand name	12	16	17
Specific region within a country	3	3	4
Year of vintage	7	9	7
Recommendation in newspapers/magazines	3	5	4
Alcohol content	2	2	3
Appearance of the bottle	3	3	1
Type of closure	2	2	1
Environmentally sustainable production process	1	1	1
Environmentally sustainable packaging	1	1	1
Design of the front label	1	1	1
Distance the wine has travelled	1	1	1
Weight of the bottle	1	1	0
Suitability for vegetarians/vegans	1	2	1
Number of respondents	989	377	170