

Padua 2017 Abstract Submission

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Keywords

Wine, Market segmentation, Consumer Behavior, Multivariate Data Analysis

Research Question

To identify homogeneous groups of consumers/buyers of a worldwide recognised fortified wine and to design strategic policies to stimulate the domestic demand and to enhance the firms' competitiveness.

Methods

A total of 678 usable online questionnaires of Port wine consumers were collected. Market segmentation was carried out applying multivariate techniques, namely multiple correspondence analysis and cluster analysis.

Results

Based on oenological knowledge and wine price, two segments of consumers were found, denominated as 'regular' and 'price driven'. Strategic policies measures are highlighted according to each segment.

Abstract

The wine market is characterised by radical changes both on supply and demand side. Countries such as Italy, France, Spain and Portugal with a long history in the production and consumption of wine are currently under a strong pressure to decrease the consumption of this good, given the current legislation for the reduction of alcohol consumption. On the other hand, "new world" countries including the United States of America, Australia, South Africa, Chile and Argentina showed a significant increase in wine production and consumption. According to Coface (2015), the consumption of wine in Europe declined between 2000 and 2014, particularly in countries such as Spain (-34%), Italy (-26%) and France (-17%).

The current changes in the wine market have influenced the consumer behaviour, which evolves from traditional to complex forms of perceiving the psychological and social needs of consumption. The evaluation of product quality has become one of the central factors in the purchase decision. In wine-consuming countries, consumers show a preference towards local or vineyard designations since they possess higher involvement as well as oenological knowledge. The main challenge for wine producers is to understand the preferences and purchase habits of wine consumers in order to produce according to the consumer's needs. Applying distinct methodologies,

several studies have emerged in the literature to understand the behaviour of wine consumers, through the identification of different segments based on stakeholders' attitudes and wine attributes.

In the wine market, Port wine is a symbol of Portugal both inside and outside Europe. It is a fortified wine, produced in the Demarcated Douro region, North of Portugal. It is distinct from other types of wines, due to its peculiar characteristics in terms of flavour, aroma, alcohol content, ageing and colour, but it maintains the characteristic of an experience good in which many intrinsic attributes are attested only at the moment of consumption. Based on its characteristics, Port wine can be divided into two major categories, 'traditional mention' (Tawny and Ruby types) and 'special categories' (Reserve, Vintage and Late Bottled Vintage) and it is sold in the market with several labels or brands which difficult the choice process. In the current scenario, the main challenge for wine producers is to understand the purchase and consumption behaviour of Port wine consumers. Knowing the motivations of distinct consumers segments is vital to guide the production towards the desiderata of the demand. Promoting an efficient, risk-free and rapid choice for each consumption situation is the goal of marketing strategies.

The present study intends to contribute to a better understanding of the Port wine consumption in Portugal, through the analysis of purchase and consumption behaviour. In order to reach the proposed goal, an online questionnaire was conducted and structured into three main groups: (1) sociodemographic; (2) purchasing and consumption habits of Port wine (determinants of the purchase; occasion of consumption and place of buying); (3) degree of involvement with the product (oenological knowledge and types of Port wine usually consumed). The sample obtained consisted of 678 buyers and consumers of Port wine, in which 61% are men, the majority lives in the North region, where Port wine is produced and traded. The average age of respondents is 47 years old. To identify the most relevant market segments, we apply multivariate data analysis techniques such as "multiple correspondence analysis" followed by a "cluster analysis" using the IBM Statistical Package for Social Sciences (SPSS) software, version 24. These techniques take into account the existence of multiple factors that are relevant for the analysis of consumption behaviour of Port wine, and the qualitative nature of majority of the independent variables gathered in the survey.

For the implementation of the multiple correspondence analysis, nineteen dimensions were initially specified. Two components were able to explain more than 31% of total variance (the first component retained 18 % of the total variability, while the second component retained 13 % of the total variability). The value of Alpha Cronbach for the 1st and 2nd components is 0,708 and 0,585 respectively. The first dimension refers to the consumption habits of Port wine, while the second is related to wine purchase habits, namely the extrinsic and intrinsic attributes determining the Port wine' choice. The main variables that discriminate the consumer groups are the level of oenological knowledge and the price of wine. Individuals with high oenological knowledge are men, over 45 years old, consume the Port wine special categories and are willing to pay between 50€ and 100 €/bottle. On the other hand, individuals with less oenological knowledge consume occasionally, among friends and family and are mostly young women. For the remaining individuals the choice of Port wine is driven by the price factor. Considering the preliminary results, it can be concluded that there are potentially two groups of Port wine consumers in Portugal: "regular" and "price driven". Promoting campaigns to test and to learn about the intrinsic attributes of each type of Port wine might be one of the strategies to increase the domestic competitiveness of the market.

Regarding the changes of the structure of production and consumption of wine and in the absence of extensive studies on the behaviour of buying and consuming Port wine, the present study contributes to a better understanding of the motivations and needs of the Portuguese consumer. For future research it is necessary to evaluate other attributes such as the flavour, aroma, alcohol content and image to better segment Portuguese wine consumers.

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Contribution to understand the profile of the wine consumer: a multivariate data analysis

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