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Tiger Roared

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Background

In 2006 the Irish wine market was growing rapidly along with its Celtic Tiger economy (Euromonitor, 2008). Total wine sales in Ireland more than quadrupled in the seventeen-year span from 1990 to 2007 (Geraghty and Torres, 2009). While wine consumption in Ireland was growing at a rapid rate, US consumption was growing, but at a slower rate. (Euromonitor, 2010). According to Moran, Ireland's increased consumption of wine was due primarily to improved accessibility, affordability, and branding of wine. Geraghty and Torres conducted research in Galway Ireland in 2006 among 307 wine consumers and identified three clusters of wine consumers in Ireland: the casual wine buyer, the value seeking wine buyer, and the wine traditionalist (Geraghty , 2009). These clusters provided insight into the consumers behind the increase in wine consumption. The recent recession however, has caused the wine sector in Ireland to plummet (Euromonitor, 2010).

The purpose of this research was to compare the California market consumers to the consumers in the Irish market that was growing at a rapid rate to identify similarities and differences in the factors that impact wine demand in the two countries.

Methodology

This research used the data examined by Geraghty and Torres and reported in The International Journal of Wine Business research (Geraghty , 2009). The Geraghty data was combined with a sample of 361 wine consumers in San Luis Obispo, California. The data was collected by survey research using a personal interview. The survey conducted in Ireland was also conducted in California. The personal interviews were conducted in 2009 and 2010. The data analyzed by Geraghty and Torres was combined with the California data for comparison. This research examines a total sample of 668 wine consumers in Ireland and California.

Survey research was used to examine wine consumers' attitudes and purchasing behaviors concerning wine consumption. In addition, this study used positioning research methodology to examine the characteristics that are important to consumers when they purchase wine.

Positioning research examines the factors, attributes and benefits, that motivate consumers to purchase one product versus other products. Consumers' tastes, and perceptions of how specific products will meet their tastes, are in their mind. Therefore, positioning is the battle for the consumer's mind (Ries 2000). The characteristics of a product that consumers want when they purchase it are examined by importance ratings (Clancy 1994). The most important characteristics are used in the development of a product and in developing a positioning statement that is used to explain the product to the consumers.

This research examined characteristics concerning grape varietal, price, region, vineyard, style of wine, brand, vintage, name of producer, awards/medals, level of

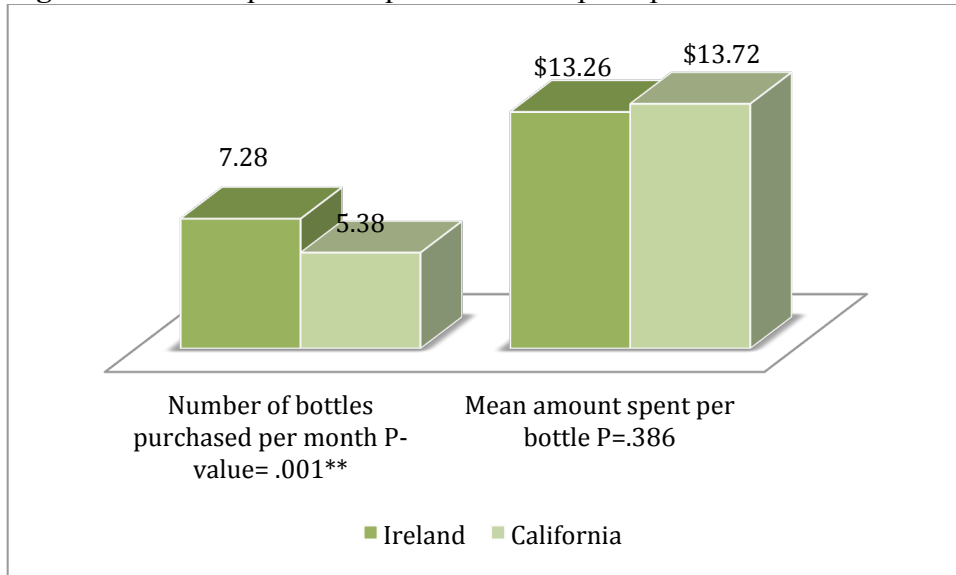
alcohol, type of corks label design, and shape of bottle were rated. Consumers are asked the following question: "Please rate the following characteristics you look for when shopping for wine where: 1 = highly unimportant, 2 = unimportant, 3 = neutral, 4 = important, and 5 = highly important. The most important characteristics to consumers were identified. Then the importance of each characteristic was compared between the consumers in California and Ireland to determine if the consumers have different opinions concerning the importance of specific wine characteristics.

Results

Purchasing Behaviors

Wine consumers in Ireland purchased more bottles of wine than California consumers in a typical month. They spent the same for a typical bottle of wine (Figure 1).

Figure 1: Bottles purchased per month and price per bottle



¹ Independent samples t-test ** Significant at the .05 Level

Wine consumers in Ireland and California allocated the highest proportion of wine purchases to “mostly red” wines or both red and white wines (Table 1). The California consumers allocated a slightly smaller proportion of wines to “both red and white.” The Irish consumers allocated a slightly larger proportion of wines to “mostly red” and other.

Table 1: Allocation of wine by type

	California	Ireland	Total
Mostly red	<u>44.4%</u>	43.0%	43.7%
Both red and white	27.7%	<u>31.9%</u>	29.8%
Mostly white	21.5%	21.5%	21.5%
Mostly sparkling	<u>1.0%</u>	0.0%	0.5%
Mostly rose'	3.2%	<u>3.6%</u>	3.4%
Other	<u>1.3%</u>	0.0%	0.6%

P¹-Value= .090*

Chi square test of independence * Significant at .10 level

Respondents in both countries purchased standard bottles of wine most often. Respondents in Ireland purchased wine by the case more often than the respondents in California. Californians purchased wine by the box more often than those in Ireland (Table 2).

Table 2: Form of wine purchased most often

	California	Ireland	Total
Standard bottle	94.4%	94.1%	94.3%
Half/quarter bottle	1.3%	1.0%	1.1%
Case	2.6%	<u>4.9%</u>	3.8%
box	1.6%	0.0%	0.8%

P¹-value= .064*

Chi square test of independence * Significant at .10 level

Most respondents in Ireland, 70%, drank wine dining at home and dining out. A lower proportion, 60%, of the consumers in California indicated that drank wine while dining most often. Respondents in California drank wine while drinking at home, in social settings and on special occasions more often than respondents in Ireland. A similar percentage of respondents in both countries drank wine when drinking out (Table 3).

Table 3: Situation where people drink wine most often

	California	Ireland	Total
Dining at home	42.5%	<u>50.3%</u>	46.4%
Dining out	16.7%	<u>19.9%</u>	18.3%
Drinking at home	<u>17.0%</u>	14.1%	15.5%
Social Settings	<u>16.0%</u>	9.8%	12.9%
Special Occasions	<u>5.2%</u>	3.3%	4.2%
Drinking out	2.6%	2.6%	2.6%

P¹-value= .083*

Chi square test of independence * Significant at .10 level

The majority of wine consumers in California and Ireland bought wine most often from supermarkets, although Californians purchased wine more often in supermarkets than people in Ireland (Table 4). Respondents in Ireland purchased wine from liquor stores/off-license and wine shops more often than respondents in the California. Respondents in California purchased wine more often at bars, restaurants, direct from wineries and the internet more often than respondents in Ireland.

Table 4: Where wine is purchased most often

	California	Ireland	Total
Supermarket	<u>67.8%</u>	60.3%	64.0%
Liquor Store/ Off-license	<u>7.5%</u>	<u>21.2%</u>	14.3%
Wine Shop	9.1%	<u>16.6%</u>	12.9%
Bars/restaurants	<u>3.6%</u>	0.7%	2.1%
Direct from winery	<u>6.5%</u>	1.3%	3.9%
Wine club	<u>3.9%</u>	0.0%	2.0%
Internet	0.7%	0.0%	0.3%
Other	1.0%	0.0%	0.5%

P¹-value= .000**

Chi square test of independence * Significant at .05 level

The respondents in California were more likely to buy wine most often from the U.S. The majority of wine purchases were from the US, 80%. Only 4.9% of Irish respondents purchased wine from the US most often (Table 5). The respondents from Ireland were more likely to buy wine most often from a variety of countries. They were more likely to have bought most often from the new world wine producing countries: Australia, Chile, South Africa, Argentina, New Zealand, and Mexico than the Californians. Forty-five percent of Irish wine consumers bought wine from Australia and Chile most often. Irish wine consumers were also more likely to purchase from their old world European neighbors: Italy, Spain, Portugal, France, and Germany. Almost a fifth of the Irish wine consumers purchased wine most often from France.

Table 5: Country of Origin where wine is purchased most often

	California	Ireland	Total
US	<u>80.3%</u>	4.9%	42.2%
Australia	3.3%	<u>24.4%</u>	14.0%
Chile	1.7%	<u>20.5%</u>	11.2%
France	2.3%	<u>19.2%</u>	10.9%
South Africa	0.7%	<u>8.5%</u>	4.6%
Italy	3.3%	<u>5.5%</u>	4.4%
Spain	0.3%	<u>6.2%</u>	3.3%
Germany	0.3%	<u>2.9%</u>	1.6%
New Zealand	0.0%	<u>2.0%</u>	1.0%
Argentina	0.7%	0.3%	0.5%
Mexico	0.0%	1.3%	0.7%
Portugal	0.0%	0.3%	0.2%
Don't Know	<u>7.0%</u>	3.9%	5.4%

P¹-value= .000**

Chi square test of independence * *Significant at .05 level

Wine Characteristics

Fourteen characteristics of wine were rated for their importance to consumers when they shop for wine. Examining the total sample reveals that style of wine and price are the most important characteristics of the fourteen examined here to consumers when shopping for wine (Table 6).

The neutral to important characteristics when making a purchase decision were grape variety, region of origin, brand of wine and varietal. Since the varietal is another way to report the grape variety, it was expected that they would be rated similarly. There wasn't a difference in the rating of grape variety and varietal for the California wine consumers. The characteristics that were rated as neutral were vintage year, name of producer, awards/medals, name of vineyard, level of alcohol, and type of cork. The consumers indicated that label design and shape of bottle were unimportant to them.

Table 6: Wine characteristic mean rating for SLO and Galway wine consumers, Total Sample.

<u>Wine Characteristics</u>	<u>Mean</u>	<u>P-Value</u> ¹
<i>Important</i>		
Style of wine	3.8	
Price	3.78	0.644
<i>Neutral to Important</i>		
Grape Variety	3.41	.000**
Region of Origin	3.34	0.154
Brand of wine	3.25	0.106
Varietal	3.23	0.639
<i>Neutral</i>		
Vintage Year	3.02	.000**
Name of Producer	2.96	0.223
Awards/Medals	2.9	0.239
Name of Vineyard	2.87	0.54
Level of Alcohol	2.8	0.244
Type of Cork	2.77	0.482
<i>Unimportant</i>		
Design of Label	2.49	.000**
Shape of Bottle	2.25	.000**

¹ Paired sample t-test ** Significant at the .05 Level

A comparison of the mean ratings of the consumers from California and Ireland shows a number of differences in importance for specific characteristics. The consumers from California rated style of wine higher than the Irish consumers. Further, the Irish consumers rated price as more important than the Californians (Table 7). Wine style was the number one characteristic and significantly higher than price for the California consumers. Price was the number one characteristic for the Irish consumers and significantly higher than wine style for them.

Grape variety was more important to the Irish consumers while varietal was more important to the Californians. Interestingly, the Irish consumers didn't seem to understand varietal since it was rated lower in importance than grape variety. The California consumers rated them as equally important. Perhaps this result was from the European influence of emphasis on growing region over grape varietal on labeling.

The Irish consumers rated awards/medals higher than the California consumers. A wine receiving awards or medals is ranked as the sixth most important characteristic for the Irish consumers. It is ranked only eleventh for the California wine consumers. The California wine consumers rated the neutral characteristics name of vineyard and type of cork higher than the Irish consumers. The Irish consumers rated level of alcohol higher than the California consumers. The consumers from California rated the label design higher than the consumers from Ireland.

Table 7: Wine characteristics mean ratings and ranking for California and Ireland

<u>Wine Characteristics</u>	<u>California</u>	<u>Rank</u> <u>CA</u>	<u>Ireland</u>	<u>Rank</u> <u>Ireland</u>	<u>P-</u> <u>Value</u> ¹
<i><u>Important</u></i>	Mean		Mean		
Style of wine (e.g. fruity)	<u>3.87</u>	1	3.73	2	.056*
Price	3.72	2	<u>3.86</u>	1	.055*
<i><u>Neutral to Important</u></i>					
Grape Variety	3.32	4	<u>3.51</u>	4	.021**
Region of Origin	3.14	6	<u>3.57</u>	3	.000**
Brand of wine	3.22	5	3.29	5	0.434
Varietal	<u>3.4</u>	3	3.03	7	.000**
<i><u>Neutral</u></i>					
Vintage Year	3.06	7	2.97	8	0.283
Name of Producer	3.03	8	2.89	9	0.102
Awards/Medals	2.75	11	<u>3.07</u>	6	.000**
Name of Vineyard	<u>2.98</u>	9	2.74	11	.003**
Level of Alcohol	2.73	12	<u>2.89</u>	10	.079*
Type of Cork	<u>2.84</u>	10	2.68	12	.079*
<i><u>Unimportant</u></i>					
Design of Label	<u>2.66</u>	13	2.29	13	.000**
Shape of Bottle	2.3	14	2.2	14	0.219

¹ Independent samples t-test ** Significant at the .05 Level * Significant at .10 level

Conclusions

This research showed that there were many differences in the behaviors and attitudes concerning wine consumption between the wine drinkers in Ireland and California. It shows that wine drinkers in one country have different attitudes than those in other countries. Therefore, it is important for wine producers to examine the wine drinking behaviors and attitudes before entering a new market to be certain that they are exporting the appropriate product for the market.

While both groups drank wine most often while dining, the Irish consumers were more likely to indicate they drank wine most often while dining. The California wine consumers were more likely to indicate they drank wine while drinking at home and in social settings. The majority of wine consumers in California and Ireland bought wine most often from supermarkets. However, respondents in Ireland purchased wine from liquor stores/off-license and wine shops more often than respondents in the California. The Californians purchased wine most often from California. Very few wine consumers in Ireland purchased wine from the US. They purchased wine most often from a wide variety of countries. They supported their European neighbors and new world wines from the Southern Hemisphere. The top imports were from Australia, Chile, and France.

Consumers from both Ireland and California indicated that the most important characteristics of wine when making a purchase decision were style of wine and price.

However, the Irish consumers rated price higher than the Californians. The Irish consumers placed more importance on awards or medals won by the wine and alcohol level than the consumer from California. California wine consumers gave more importance to the name of the vineyard, type of cork and design of label.

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