

WINE CONSUMER TRAITS

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Abstract

It is essential to attain solidity inside the triangle: experience – satisfaction – and loyalty of wine consumers. However, for this to be achieved, it is necessary to understand wine consumer traits, which is the central objective of this paper. This paper thus lays out the demographic, socio-economic, and psychological traits of wine consumers, followed by the possible categorisations of wine consumers, and finally, types of wine consumer loyalty.

Keywords: wine consumers, wine marketing, strategy of wine development, the Republic of Croatia

Introduction

Consumer behaviour plays an exceptionally important role in the marketing efforts of every business entity. Therefore, knowledge of consumer behaviour for specific products indisputably delivers information of crucial importance for making marketing decisions. It has to be observed foremost by wine makers and retail shops selling wine. However, satisfying the needs of individual consumers and their preferences is in no aspect free of conditions; it is largely made dependent on cultural surroundings, social values, fashion, prestige, available purchasing power and offer. The same goes for the need for wine as a product. A distinction has to be made, however, in the same way, between the need for benefit, the satisfaction of which brings functional advantage, and hedonistic needs related to pleasure and enjoyment or acting self-important before others. It is indisputable that the need for wine is highly propelled by latter needs. Regardless of facts mentioned before, wine consumption in Croatia stands in fierce competition with beer consumption. One should then observe wine consumer traits in view of that fact, so that wine makers and wine distributors in Croatia could intervene with

necessary strategic marketing measures in order to achieve possible competitive advantage.

Psychological traits of wine consumers

Two levels of needs can be differentiated when talking about wine consumption. These needs can be answered with two quality levels of wine, although both needs are of the hedonistic kind. So, consumers can consume wine of lower quality and satisfy the simplest hedonistic needs, but they can also consume wines of higher and the highest quality, whereby they not only satisfy hedonistic needs, but also the need for respect and prestige, the need for self-fulfillment. The aforesaid is based on the fact that it is relatively hard to distinguish between need and desire in practice. In the majority of cases, it is extremely difficult to establish exactly when needs turn into desires and vice versa. The easiest way to determine that, is to perceive needs as something that necessarily (in proportions) must be satisfied, while desires mainly indicate the way this satisfaction will be accomplished. Desire, thus, directs us towards the (special) way our needs are going to be satisfied. In other words, desire presents us the way how to attain smaller or greater pleasure along with satisfying our needs. For example,

we can answer our need for wine by drinking a glass of plain table wine, but we may also desire to drink a glass of, say, exquisite French wine of a well-known brand. If we just drink out a glass of plain table wine, the hedonistic need for wine will be satisfied in as much as any other physiological need, but the desire for tasting an exquisite French wine would possibly be left unfulfilled or postponed to the next occasion. Will by satisfying the need for wine at the same time a certain amount of desire also be satisfied, depends on a whole set of different factors, most important among them being: the availability of financial means to buy a certain desired wine, availability of different wines, time availability to buy the wine, surrounding influences, the intensity of the need for wine and so on. Of course, marketing efforts make a certain product seem desirable and attractive to a potential buyer-consumer, and this especially applies to wines of great quality as well as premium wines in the highest price range.

The next psychological consumer traits are motives representing inner forces that govern and instil our behaviour with certain energy to achieve a certain defined goal – the satisfaction of needs, first and foremost. This means that the need turns into a motive when it reaches a high intensity level. Needs are present in coexistence with physiological-psychological and sociological-psychological motives. The first set of motives are innate, the second are acquired. Motives arising from the need for wine undoubtedly stem from acquired motives, especially those coming from reference groups to which the individual is connected. In other words, if the individual has friends who are wine lovers, then he/she shall most probably be a wine lover too, and the other way round, if he/she mingles with beer lovers, he/she shall most probably turn into a beer lover. Motives can be divided into functional and self-expressive motives. Functional motives concern themselves with the attributes of the product, belonging to the lowest levels of need, whereas self-expressive motives look to symbolic attributes of the product, belonging to higher levels of need. When observing the need

for wine and the motives which arise from it, we can come to conclude that they agree with the earlier established difference between need and desire. Desires are, in that vein, obviously manifested by self-expressive motives. Functional and self-expressive motives are, of course, intertwined and it is not always easy to keep them strictly apart. For example, drinking a premium wine does not happen merely on grounds of its objective quality attributes, but because of the status symbol it also represents, especially when it is consumed in a restaurant. It isn't easy to decide which product to buy, since every consumer is at the same time a focal point of a large number of marketing offers, that is to say, a focal point of marketing mixes of different business entities. In the category of wine, this is determined by different brands, wine types, quality attributions of wine at the place of selling, regardless of it being a winery, retail shop or restaurant. The final decision about buying is, in most cases, also additionally influenced by attitudes of other people (amid existence of expected socio-psychological risks) and unforeseen intervening factors in the process of buying. The decision entails a whole range of subdecisions, which only taken together define the final purchasing decision. With regard to wine, these subdecisions are: the choice of the type and brand of wine, the place of buying, the quantity of wine to buy, the time of buying and paying method. The post-purchase consumer behaviour is lastly the result of the achieved level of (dis)satisfaction with the bought wine as opposed to the buyer's expectation prior to buying. It is at best manifested in a repeated purchase, the frequency of purchasing the consumed wine.

Wine customer loyalty

It is, in any case, important to achieve a solidity inside the triangle consisting of experience, satisfaction and wine consumer loyalty. This triangle ought to grow constantly. In other words, this means that each follow up transaction with the wine consumer depends on the level of satisfaction achieved in the transaction preceding it. A segmentation of

wine consumers into groups on the basis of their loyalty should also be carried out, since a marketing mix (product, price, place, promotion) will not address each group in the same way. The question is only, will wine makers address consumer groups they don't find interesting in matters of loyalty. Maintaining a strong connection with wine consumers inspires loyalty which leads to higher customer retention rates. It has long been held crucial to have a good product capable of satisfying consumer's needs. This, however, is merely a necessary assumption like the assumption, among others, to have good raw material for a good product. The greatest asset is to have a good buyer, consumer, and in the long run, to have a client. A good client buys the product of a business entity, stays true to it and will in turn also buy other products by the same business entity. To retain such clients, one should maintain close contact with them, address them personally, get to know them and based on that togetherness aim to satisfy them. Consumer loyalty is manifested by repeated purchase, forgetting of possible mistakes, attracting new customers via "mouth to mouth advertising" by expressing what they like and dislike. Loyalty, however, can be a result of consumer inertia as well as the result of meager competition on the market. It is, in any case, worth to note the practice that many business entities are following, namely, that raising customer retention rates by five percentage points could increase the value of an average customer by 25-100% (Reichheld, 1996). One should bear in mind the following classification of wine consumers based on existing traits of their loyalty:

1. No loyalty
2. Questionable loyalty
3. Potential loyalty
4. True loyalty.

In the first case, wine consumers opt for different wines on different occasions, mostly without any firm reasoning. They view individual wines as similar to others, without gaining any special benefit in buying them from

a certain wine maker. To answer this, wine makers came forward with special offers in order to attract wine consumers. In the second case, wine consumers notice small differences between certain wines, brands, but they see no reason to switch between producers. In the third case, a considerable amount of loyalty persists, but it is not that high to include only one wine maker in every purchasing situation. For example, although they claim one specific wine is the best, they fail to order it every time when they, for example, dine at a restaurant. In the end, true wine consumers buy always the same wine brand by the same wine maker.

Wine makers obviously look to retain wine consumers and they view this task as being one of their outmost priorities. By maintaining long-lasting relationships with them, they succeed in customer

retention. A high customer retention rate equals a low rate of customer loss. Normally, wine customer

retention can be defined as the number of consumers doing business with a certain wine maker at the

end of the business year in percentage in relation to customers doing business at the beginning of the

business year. Let's assume hypothetically that we have 100 wine consumers, each of whom spends

500 € p.a. on wine, that's a total of 50.000 € p.a. An increase in sales revenue of 10% is much easier

to attain if each existing consumer spends 50 € more, than to obtain 10 new wine consumers. Every

winemaker, thus, has to be capable to satisfy and retain his/her existing wine consumers. Further on,

in opposition to satisfaction, which is presented by an attitude, loyalty can be defined in terms of

consumer behaviour. A loyal consumer is one who:

- regularly repeats purchase,

- also buys other products of the same wine maker ,
- talks to others about the purchase,
- is immune to the lure of competition.

The simplest formula in this aspect is the following:(Robinette et al., 2001):

loyalty = profit

In other words, the more closer one is to its own consumers, the more successful one is in business. The tighter the bond with your own consumers, the more profitable the business gets. This can be exemplified as shown in figure 1. (Buttle, 2004):

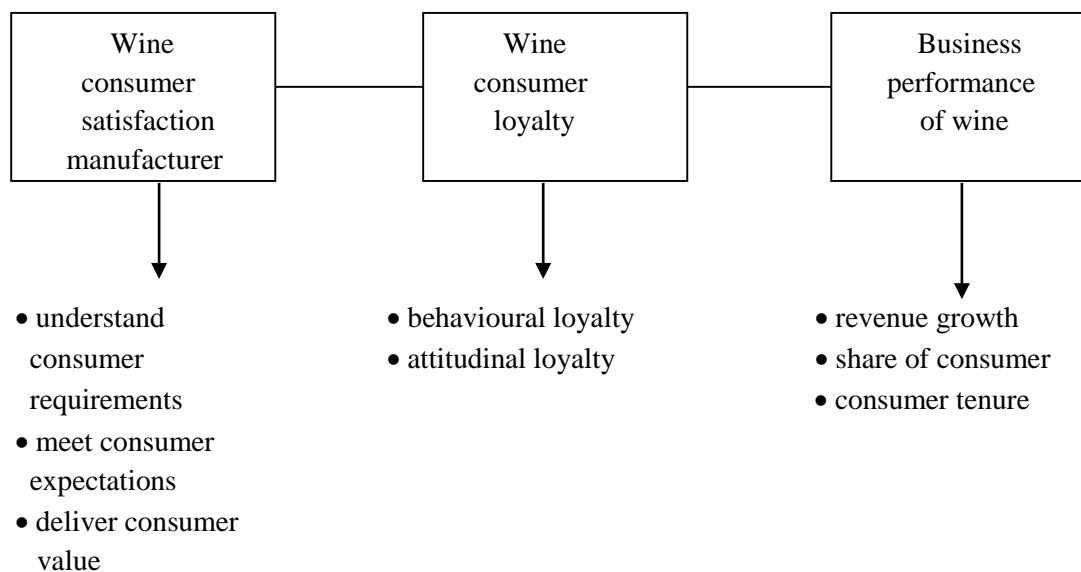


Figure1. Customer satisfaction, loyalty and business performance

In the past three decades wine makers have slowly evolved from focusing on quality to focusing on satisfying consumers and further on, to focusing on loyalty, thereby creating value. Getting the necessary capital, products, employees or even to come up with a product brand isn't the most difficult task for today's wine makers. The hardest part is to accomplish loyalty with wine consumers. The relationship with wine consumers is the fundamental source of value in the new consumer economy. This is why the wine maker shouldn't assume that consumers are going to be loyal (emotion) just because there exists some kind of relationship (behaviour) between them. What represents a challenge in business is how we can convert emotions into transaction, and later on, convert relationship emanating from the transaction into an emotional connection, that is, into unwavering loyalty. The process of establishing

loyalty among consumers can ideally be divided into three evolution stages (Rajola, 2003):

1. Knowledge phase: the company must get to know the customer and his expectations. Loyalty is virtually absent from this phase, for the relationship is merely based on the knowledge of products and prices. The customer might very well switch to a competitor boasting a better offer.
2. Emotional or understanding phase: the company watches and analyses the customer's behaviour in all phases leading up to and following the purchase. Loyalty is no longer based only on product and price, for the relationship between customer and provider is getting to be the key factor.

3. Will or loyalization phase: the relationship with the customer must become a personal one. In order to maintain and enhance loyalty, the satisfaction level must be high and reciprocal.

A loyal wine consumer will buy the wine brand he stays true to, in spite of the fact that the competition has, for example, a cheaper wine of the same kind, out of establishing a more favourable relationship based on the “value-for-money” principle. The consumer will even be prone to buy other wines from the same provider based on the so-called cross-selling principle. Building a relationship is, however, a process that takes a very long time to accomplish. Having this in mind, we should consider two things about the way of satisfying customers: a satisfied customer is by no means a loyal customer, and that satisfying a customer does not mean or guarantee his/her retention.

If we can not be sure enough in the level of customer satisfaction, then we should ask what underlies repeated purchase? What underlies it is the loyalty of a customer. Customer retention and customer loyalty are by no means synonyms. A customer can stay true to a wine maker/seller owing to habit or inertia without feeling loyal to it. This is exactly what we came to conclude earlier.

Wine customer classification

It is also possible to talk about life cycles within relationships with customers bearing importance to wine makers in order to establish an adequate interaction with the customer, thereby arriving at a classification of all customers. At the initial stage of the cycle, it is all about the potential new customer. The wine maker makes an effort to attract the attention of that customer. The interactive stage comes into effect when the potential customer realises his/her needs which can be satisfied with available wines on the market from individual providers. This stage ideally ends with a purchase. In the process of buying (so-called adaptive stage) the potential wine buyer

evaluates wines from different providers on the market from the vantage point of their level of satisfying current needs on the one hand, and on the other, considering the readiness to pay the asked price for it. This is how we reach the consumption stage in which the customer directly experiences the functional and quality traits of the wine as well as the capabilities of the provider to offer services before the purchase, at the time of the purchase and after the purchase. If the customer is pleased, it is to assume that this cooperative relationship shall continue in the future, whereby customer loyalty is established. Should this not be the case, the customer will break out of the cooperative relationship and turn to one of the competitors. In any case, the wine maker can recognize which stage his/her target customers are in on the basis of the customer life cycle and see which actions and initiatives are required in each of the stages in order to acquire the largest number of customers. Wine consumers can be divided into:

1. Frequent wine drinkers who drink wine only, several times a week
2. Marginal wine drinkers who enjoy wine, but drink it far less, possibly several times a month
3. People who don't drink wine, but drink other alcoholic drinks
4. People who abstain from wine out of different reasons (religious, health and other reasons)

At this stage we may find it interesting to know how wine consumers evolve from consuming cheap table wines to consuming premium wines. Seen through a dynamic perspective, this evolution is for most consumers truly personal, on the one hand, owing to the evolution of taste, and on the other, owing to the increase of purchase power. It is almost unbelievable to have a wine consumer who started off as a so-called *homo-vinifer*, that is, a wine enthusiast consuming costly premium wines. What wine consumers rate in the course of wine selection are the following: price, the price-quality ratio, qualities, origin, benefits, awards, recommendations of others and so on.

However, they also tend to direct their attention to organoleptic properties like aroma, scent and colour, basing their choice in the end largely on personal experience. Wine purchase is continuously motivated by information about wine origin and vintage year, these two being the components of wine quality.

One can certainly claim that wine is bought mostly because of its grape variety, brand name and price (Barber et al., 2006). Wine consumers are largely educated people, adults, with fairly high incomes. It is worth to note, however, that wine consumer habits change with time. The French, for example, according to past statistics, were drinking 80 liters a year; today they are drinking 55 liters a year. Americans were almost exclusively drinking beer, cocktails and whiskey; they are now drinking 8 liters of wine a year. The Japanese were drinking sake and tea; now they are drinking French classified growths and other European fine wines (Resnick, 2008). Wine drinkers can also be divided into the following groups (Moulton and Lapsley, 2001):

1. Connoisseurs account for perhaps 5 percent of wine consumers. They are knowledgeable about wine and demanding in their requirements. They are quality conscious, but some are egocentric, are prejudiced, and "look down at the others."
2. Aspirants account for perhaps 45 percent of wine consumers. They definitely want to know more about wine. They tend to be curious, open-minded, intellectually honest, and ready to experiment. They may suffer from an inferiority complex relative to those more familiar with wine.
3. Newcomers are not very interested in wine and do not drink much of it. They tend to take whatever advice or product is given to them. They represent probably 35 percent of wine consumers.
4. Simple drinkers consume wine by habit or custom, but have no particular interest in it. They may

represent 15 percent of wine consumers.

The first three wine consumer categories are equally spread around the world, whereas the fourth category can be found mostly in countries with wine tradition. What's far more important is the fact that only 5% make out true wine connoisseurs and that there is a fairly serious group accounting for 80% of total wine drinkers, represented by the second and third category that can gradually transform by marketing efforts into the first category. The increase of the living standard and purchase power inspires a stable trend manifested by the increase of the first category of drinkers.

The numbers of true wine aficionados is steadily growing. They know a lot about wines and are pretty demanding and critical at the same time. It should not be surprising then that there are more and more people who read about wine, asking questions about it, showing all the more curiosity, becoming enthusiastic about it, debating about it and lastly truly enjoying it. Apart from demographic socio-economical and psychological traits of wine consumers, it is important to find out on what occasions they consume wine, because this information helps to set up a targeted incentive to increase wine purchase. This is all the more important as wine purchase is an act to a greater extent driven by emotion rather than by reason. Wine consumers differ between each other and they have different expectations, experiencing different levels of satisfaction after consuming wine. Some enjoy wine in the quiet of their homes with their loved ones, others enjoy wine in a restaurant in the company of close friends, while some want to make an impression on their business partners during business lunch and so forth. In order to comprehend the psychology behind wine drinking, it is necessary to point out that wine is unique in relation to other consumer goods, in that, wine consumers can't rate its quality attributes, colour and taste unless they buy and taste it.

Conclusion

It is therefore of utmost importance, based on the previous facts, to know wine consumers and their structure well. This is vital for the development of new wine brands as well as the expansion of existing brands. Knowing wine consumer habits as well as their traits is essential to a complete satisfaction of their need for wine as a product. The same goes for the need to understand that almost every consumer's interest in wine emanates from a simple type of interest in wine as an everyday consumer good whose quality is mainly manifested in its taste. This initial interest will in the end grow into a special honest emotion inspired by the wine. In theory, we can differentiate between interest arising from taste, on one hand, and the interest in wine resulting from a caused emotion, on the other. For example, around 80% of wine consumers enjoy the taste of wine, position wine into price ranks, demand an acceptable and somewhat unpretentious wine list alongside responsive service, whereas 20% of wine consumers are top wine connoisseurs who demand a more extensive, but selected wine list, choosing an individual wine meticulously and enjoying it as only connoisseurs can. Wine consumers are, hence, more prone to select quality wines according the "value for money" principle. They have become more educated with respect to wine and they know how to pair wine with food, the knowledge being the result of numerous specialised TV shows, specialised magazines, contributions in daily newspapers, most importantly social media, blogs and other today's IT channels.

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