Developing a Method for Consumers to Conceptualise Terroir

By Damien Wilson
Enseignant-Chercheur en Marketing du Vin
L’École Supérieure d’Agriculture d’Angers (ESA)
55 Rue Rabelais
49007 Angers Cedex 01
France

Tel : +33 (0)2 41 23 56 56
Fax : +33 (0)2 41 23 50 50
E-mail : d.wilson@groupe-esa.com

Frédérique Jourjon
Responsable Pedagogie
L’École Supérieure d’Agriculture d’Angers (ESA)
55 Rue Rabelais
49007 Angers Cedex 01
France

Tel : +33 (0)2 41 23 55 17
Fax : +33 (0)2 41 23 55 65
Developing a Method for Consumers to Conceptualise Terroir

Abstract

Wine Marketers often promote the concept of their wine having a unique selling point as a way that a producer can obtain a sustainable advantage over competitors in the wine market. The hope of the marketer is that by establishing this unique selling point, consumers will both recognise and desire the producer’s wine and commit to it, accordingly. However, there are two challenges for the wine marketer in that the consumer needs to not only establish and maintain a unique selling point, but that the consumer must also find and recognise it.

The European wine sector advocates the notion that wine can express itself through its terroir, and that each terroir is unique. Given that the concept of terroir is a substantial component of European wine marketing strategy, it is a concept ideally suited to researching the value of the unique selling point. However, this study shows that although the capacity to utilise uniqueness as a marketing strategy is theoretically sound, the literature on consumer cognition and purchasing behaviour suggests that in order to appeal to consumers with a terroir as a unique selling point, each terroir must first be put into clusters of consumer-defined, common categories for purchase evaluation.

The results of a cluster analysis on the French consumer’s understanding of terroir suggest that the less wine-involved consumer is more likely to respond to terroir based on the location of production. For more wine-involved consumers, the results suggest that the process of categorisation requires further research.

The paper concludes by showing how each terroir can then be used as a unique selling point among more commonly recognised purchasing consideration categories. Showing that an understanding of a wine consumer’s process of categorisation during a wine purchase provides the information for the marketer to focus on utilising a unique selling point, while also more effectively providing the consumer with the capacity to find the wine they wish to purchase.
**Introduction**

Wine marketers are constantly looking for better ways to cater to the dual, direct needs of both their consumers and their employers. In trying to cater to those doing two masters, s/he is also compelled to consider the interests of the wine sector. A frequent assertion in the wine sector is that there are an almost infinite number of purchasing alternatives available in today’s market. Such an observation is not only true, but has far-reaching implications for those who engage in transactions within this sector.

From a purely hypothetical perspective, if the consumer was made aware of all of these purchasing alternatives, the chance of him/her ever selecting any one wine for purchase would be virtually zero. Ignoring any influences on purchasing behaviour, even in a small supermarket, the number of alternative wines available for purchase is seldom less than 100. As such, the best random chance of any wine being purchased is 1%. Consequently, wine marketers are constantly working to identify what they can do to increase those odds of purchase.

This paper begins by highlighting the challenges associated with the concept of the unique selling point by applying the theory to the applied concept of terroir, in the wine sector. The following section outlines the challenges to consumers finding and committing to any one example of terroir. Further, a theoretical resolution to the challenges of promoting any terroir in isolation are outlined by explaining how a consumer considers wine purchasing alternatives, and then hypothesising how terroir can be adapted in this way. Finally, results are presented on the clusters of definitions that consumers use for evaluating the concept of terroir before recommending how wine producers in Europe could use these findings in marketing strategies relying on the terroir concept for obtaining a sustainable competitive advantage in the market.

**Unique Selling Points**

Due to the extensive degree of competition within the wine category, and the desire to encourage repeat purchases as a way to minimise the costs of appealing and retaining consumers, wine marketers are constantly looking for ways to retain consumers who defy the statistics and complete their first purchase from any winery (Lockshin and Hall 2003). The concept of acquiring and retaining consumers to any one wine brand is defined as brand loyalty (Ewing 2000; Cuthbertson 2001). Brand loyalty is an integral part of a niche strategy, which relies on the idea that a financially viable number of consumers exist in a market with a desire for a uniquely different product to all others available for these consumers to purchase (Grassel 1999; Wilson 2006). The idea is that by highlighting this unique difference between a producer’s wine and all others, the consumer will seek out and commit to purchasing and repurchasing that unique wine.

However, the discipline of marketing is beginning to develop dissenting views between those who endorse, and those who counter the strategy associated with carving out a niche in the market (Wright, Sharp and Sharp 2002; Jarvis and Goodman 2003; Blank and Thompson 2004; Oleinik 2007). Essentially, the proponents of a niche strategy illustrate examples of
firms that continue to be profitable in spite of the level of competition, or economic influences on their particular sector. Those against the idea of a niche strategy point out that the market follows generalisable patterns of purchasing behaviour, and imply that looking for unique sustainable segments within any market is an unnecessary, and a much more risky exercise.

Despite the clearly pressing need to characterise market conditions that are more amenable to niche, or commercial, marketing strategies, European wine producers are banking on the prospect of persuading consumers to change their perceptions, and subsequent behaviour through the exploitation of niches in the market, wanting wines exhibiting terroir. Zinkham suggests that the marketer can persuade respondents to change their minds, with the use of key selling points, and enough time to identify the aspects of most appeal to consumers (Zinkhan, Gelb and Martin 1983). However, such an argument lends itself to the promotional strategies of personal selling, an option not available to this triumvirate of wine producing sages. With little prospect of meeting every prospective consumer, such a strategy is unlikely to succeed.

**Consumer Purchasing Behaviour**

An alternative approach is to identify the common themes of appeal to potential wine consumer segments (Stewart and Furse 1985; Schwerin 1986; Aaker and Maheswaran 1997). By using these themes as part of a communication strategy, the producer is armed with enough publicity to use a blanket approach to cover new consumers (Aaker 1999). To identify these potential communication issues, we start with a review of what consumers consider important when choosing a wine (Lockshin 1998; Watanabe, Suzuki and Kaiser 1998). From this perspective, we highlight that the wine consumer uses a number of different cues in wine purchasing, primarily determined by two exclusive drivers as indicated in modern wine marketing literature- the wine purchasing motivation and the consumer’s level of involvement (Johnson, Ringham and Jurd 1991; Quester and Smart 1996; Lockshin, Jarvis, d'Hauteville and Perroux 2006).

The purchasing motivation has become a popular measurement variable in questionnaire design (Olsen, Thompson and Clarke 2003; Morwitz and Fitzsimons 2004). For European wine producers, identifying how terroir is used as a purchasing motivator would appear to be a simple supplement in a questionnaire. However, it is important to first identify how the consumer interprets the concept of terroir based on varying levels of involvement, and in conjunction with different wine purchasing motivations.

When consumers select a bottle of wine for purchase, a number of different considerations can come to mind. We can base their decisions upon intrinsic and extrinsic cues in their evaluations and although each and every one of these considerations can be valuable in the final selection process, recent marketing research suggests that the most frequent cues for used for wine purchasing are region, brand and price (Hall, Shaw and Doole 1997; Spawton and Bourqui 1997; Lockshin, Rasmussen and Cleary 2000). Additional findings suggest that not only are these cues the most commonly used cues for wine purchasing, but the weight attributed to each cue varies in conjunction with the geographic market, and the consumer’s level of interest in the category (Quester and Smart 1996; Olsen et al. 2003; O'Mahoney, Hall, Lockshin, Jago and Brown 2005).
Essentially, research has found that consumers vary their purchasing behaviour in respect to their particular purchase occasion, where they tend to vary the weights attributed to each purchasing cue (Young 1988; Lockshin et al. 2006). Such a finding is important. It shows that consumers behave similarly in closely grouped geographic markets, and that such a pattern can be modelled, with the potential to apply the model to other markets. If the marketer can identify the consumer’s level of involvement, in any particular market s/he can estimate the weight of various purchasing cues used in wine selection.

Although the concept of terroir is nebulous, we have reason to believe it is sought after by consumers. Firstly, we know that highly involved consumers utilise more information and are interested in learning more (Lockshin, 2003) and are likely to consider price and region as being the most important selection cues (Tustin and Lockshin, 2001). Highly involved wine consumers are “promiscuous”, which means they are highly unlikely to purchase the same wine after having purchased it. In contrast low involved consumer use risk-reduction strategies including, selecting a known brand, recommendations, advice from retail assistants, undertaking wine appreciation education, pricing, packaging and labelling, getting reassurance through trials such as tasting and samples. (Mitchell and Greatorex, 1989). Cross-national research showed that involvement is a better predictor of consumer choice behaviour for wine that demographics or nationality (Aurifeille et al 2003; Lockshin et al 2001).

Clearly, the concept of involvement must be considered in any study on the value of terroir in wine purchasing. To become more involved in the wine as a product, the consumer needs to learn about wine.

**Consumer Learning and Categorisation**

Clearly the appeal of cornering a new market to oneself, and all the first-mover advantages associated with that are substantial. Taking an example of the concept of categorisation, consider the assertion of Wagner et al (2007), which stipulates that ‘the producer should look to establishing a new position in the market, rather than compete where the market is saturated’. However, the challenge is that a new market must be similar enough to the existing market to allow the consumer to find and evaluate any new addition. If the proposition of a new product is not similar enough to be compared with existing alternatives in the market, one could not recommend such an action with confidence.

Remember that a market is saturated because it is, or has been, lucrative. If a wine producer can replicate a product in an existing market, and do SOMETHING better than competitors, the challenge is then to communicate to consumers what this ‘better’ thing is, compared to the competitors. In saturated markets, consumers know and filter out all of the purchasing cues that they are familiar with, and if your product can be categorized in that vein, your only available advantage over competing products for purchase is to find that purchasing cue of importance to your customer and focus on making that cue better than your contemporaries.

The consumer has to learn and know about these categories, and then use their learning experience to make a selection. To learn about wine, the consumer must understand how to evaluate a wine’s quality. To do so, this consumer needs to put new wine experiences into comparable categories of quality assessment, based on their history of wine consumption.
The process of learning is difficult to start, but becomes easier in time, as a framework for learning about the quality of a product becomes more clear in the mind of the consumer. A schematic on these differences illustrates the challenge for the new consumer, trying to evaluate the worth, or quality of anything in a new category. Without the requisite knowledge on quality, s/he resorts to using either his/her own cues, or makes some sort of value judgement based on visual appearance.

<table>
<thead>
<tr>
<th>Little experience, few cues for evaluation:</th>
<th>Lots of experience:</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Any wine is suitable from top or bottom category</em></td>
<td><em>Wine choice depends on a multivariate framework for selection. Best purchase alternative is targeted.</em></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cues for purchase</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>price</td>
<td>100 red wines @ low$</td>
</tr>
<tr>
<td>colour</td>
<td>100 white wines @ low$</td>
</tr>
</tbody>
</table>

**Figure 1 Schema for wine selection based on learning and involvement**

Figure one illustrates a general schema for illustrating that the lesser consumer considers any available alternative as suitable for selection, based on few criteria, while the highly involved consumer progresses from general cues of interest, to category selection and targets the best available wine based on those within the category of selection.

Adding to the marketing challenge is that consumers in different cultures learn about wine differently, and wine itself plays different roles in different cultures. Different consumers use a variety of cues and attribute a level of importance to each cue in their purchasing decision, mainly dependent of their level of involvement of wine as a category. The same consumer may change his purchase behaviour depending on the situation or target for that specific wine purchase (e.g. gift, daily consumption, important dinner, wine bar, etc.). Wine has a high proportion of attributes known as intrinsic cues, which are specific in that they can only be assessed during consumption (Chaney 2001). Therefore, the ability of consumers to assess intrinsic cues prior to purchase is severely impaired. Thus, consumers will fall back on cues in packaging and promotion to help assess desirability, when they know little about the intrinsic cues for any particular product.

**Terroir and Unique Selling Points**

As the primary selling tool, and point of difference for many of the wines of Europe, one would expect that communicating the concept of *terroir* would be a simple and logical process. However, a major challenge is that the concept of *terroir* is surprisingly difficult to define (Lichfield 1999). Many exponents of the concept refer to descriptions that include the degree of human influence, and others claim that the concept is only the natural influence of...
the climate and the soil (Lichfield 1999). For this research project, the exact definition is not so important. As a marketing exercise, it is more important to investigate what consumers believe the concept entails, and what *terroir* means for the category of wine and the influence that *terroir* can have on purchasing behaviour.

The importance of how consumers categorise *terroir* should not be understated. The challenge of using the concept of *terroir* as the cornerstone of marketing is that if the concept is invariable, then the options available for changing the *terroir* to match the needs of the consumer is obsolete. As such, the entire rationale for marketing is hamstring by such a prospect. Consequently, the alternative to varying the nature of the product is that consumers must be convinced that *terroir* is not only important, but desirable. The logic being that if *terroir* is desirable, then those wines with the best expression of *terroir* at the consumer’s preferred price will be those wines with the best chance of selection. The aim of marketing then ends up being about the promotion of *terroir*.

There are many definitions of *terroir* and here forth one is offered however it is by no means definitive or the only definition but is useful for a base. “*Terroir* is concerned with the relationship between the characteristics of an agricultural product (quality, taste, style) and its geographic origin which might influence these characteristics” (Van Leeuwam and Seguin 2006). The concept of *terroir* has strong links to the land and in Europe where grapes have been used for nourishment to produce wine for many centuries. The idea of *terroir* is so ingrained in the culture, that it is believed that the idea must be protected by legislation.

The consumer struggles with the idea of *terroir* as a unique selling point when s/he is presented with superfluous purchasing options among an entire wine category. This paper shows that before a wine maker can benefit from the establishment of a unique selling point, the consumer must be able to find such a wine from within their recognised purchasing categories. The consumer conducts their wine selection process by first filtering out products that have no or little appeal for purchase, until s/he attains such a point that a manageable and comparable range of alternative wines are presented. From these, a wine with a desirable, and unique competitive advantage can then be favoured for selection.

| Knowing that the consumer selects wine by grape variety, region, then price makes the | However, with each product being unique in this example, the consumer is less able to |
| Variety | Terroir | 15 | 14 | 13 | 12 | 11 | 10 | 9 | 8 | 7 | 6 | 5 | 4 | 3 | 2 | 1 |
consumer’s decision much easier | compare the value of each alternative

Figure 2  Comparison of wine consumer selection between common criteria and terroir

Consequently, the problem under investigation in this research project was to investigate how the consumer evaluates the concept of terroir on a wine bottle. By identifying how s/he thinks about terroir, the marketer has the capacity to link terroir to recognised considerations in wine selection.

Method

The method used for this study was required to build up an understanding of the consumer’s interpretation of the concept of terroir. Consequently, this study required a research method that could help explain what the concept is, and how it’s interpreted by consumers. A number of methodologies were possible, but with the need of a cultural interpretation, and to reduce the restrictions on information development, a grounded theory approach was selected for this project (Roberts 1989; Strickland 1999).

The grounded theory approach refers to the building of information on how respondents interpret a particular concept (Strickland 1999). One of the challenges to using the grounded theory research approach is in being able to reduce the influence that the researcher has on the respondents (Chiovitti and Piran 2003). Accordingly, grounded theory research methods rely on respondents leading the discussion on the topic of interest, with the researcher probing for clarity, rather than additional comments, using replies in the respondent’s own words (Backman 1999; Chiovitti and Piran 2003).

The sample for this study was determined by the literature on wine purchasing behaviour. The two cues given on purchasing are wine purchase motivations and the consumer’s level of involvement. As such, respondents were sought at wineries and wine retail specialists to capture highly involved consumers, and by random intercept and through supermarket stores to compare the results of these two groups. These locations are believed to provide a differing demographic basis, to help identify the consumers that are able to supply valuable and detailed responses (Lockshin, Spawton and Macintosh 1997).

Respondents were recruited at random in each location. Researchers first approached the retail store owners for permission and recommendations on the best time to interview respondents for this exercise. The researchers then waited for customers to enter the store and select a wine for purchasing. Once selected, the researcher intercepted the customer, inviting him or her to assist in this research. Respondents were not offered any incentive to help with this study.

The interview began with a simple inquiry as to the respondent’s understanding of terroir. Two other questions were mandatory, but most probing and additions to responses were in reference to clarifying the respondents’ understanding of the concept. This process of watching and intercepting continued in each outlet until the researchers stopped collecting new information from respondents. Each interview was recorded and transcribed to file. Once responses had been collected, the results were analysed by identifying common responses, which were categorised into common themes.
Results

It soon became clear that responses were either focused on communicating terroir as simply representative of ‘a place’, or could be any number of additional descriptions. For respondents in supermarkets and intercepted at random, the concept of terroir was rarely more specific than a sense of place. Common responses included words like ‘earth’, ‘land’ and ‘where it’s from’. Seldom was much more information provided by these consumers.

In response to the second question, of ‘how do you evaluate the degree of terroir in a wine’, the response was typically banal. The name of the place was most commonly provided, with additional comments referring to descriptions of the place that the wine originated. Beyond those definitions, little can be gleaned of these respondents’ understanding of terroir.

For respondents of specialty wine retailers and wineries, the interviews were of a much longer duration. Where interviews in supermarkets typically took less than 5 minutes, consumers in specialty stores were more likely to take up to half an hour to complete the interview. In addition to always providing a variation on the other consumer’s response of referring to the taste of the wine being reminiscent of the place in which the grapes were grown, these consumers were happy to provide more detailed and technical information about terroir. Such consumers are regarded as having higher involvement. The challenge in this sort of response is that the respondent must already know specific characteristics of the region to be able to make such an assumption.

Discussion and Conclusion

The findings suggested one of two outcomes. There is enough evidence to suggest that there is a continuum of understanding of the concept of terroir based on the number of descriptive criteria provided by respondents. However, for most respondents in supermarkets, the responses to the question of how well the concept of terroir is known all relate to the one theme about the characteristics of a place. More detailed responses were provided in other locations where more highly involved consumers would be expected. As such, it is logical to conclude that the amount and variation in knowledge of terroir is closely aligned to the respondent’s level of involvement in wine.

For the purposes of this study, it is clear that consumers with less involvement evaluated terroir in terms of the location from where a wine was produced. For consumers with higher levels of involvement, the results were less clear.

Recommendations and Further Research

The main query stems on whether these results are representative of the larger population. Additionally, the concept of involvement may be an effective explanation for these findings. Further research should include measures of respondent involvement in wine, to ascertain whether the understanding of terroir is a related issue. As such, the key recommendation is that a second stage of research, involving quantitative research methods should be conducted.
to evaluate the generalisability of these findings and to measure the relationship with wine involvement.

For potential communications messages, the finding that consumers understand the concept of terroir in conjunction with their level of involvement means that messages using terroir as the central theme of the communication should be targeted specifically for the section of the market for which the message is focused. For uninvolved consumers, a simple and clear message on the merits of where the wine originates is arguably the most appropriate message for communicating the value of terroir. For more highly involved consumers, a more detailed and technical message should be conveyed.

In the advertising domain, involvement is manipulated by making the advertisement “relevant”; the receiver is personally affected, and hence motivated to respond to the advertisement (Ehrenberg 1997; Vakratsas and Ambler 1999; Anschuetz 2002). The outcome that terroir would contribute to involvement means that retailers could benefit from targeting those respondents with higher involvement. Retailers could adapt messages of communication to include terroir as an easier way for consumers to understand the weight that the consumer gives to this cue in purchasing decisions.

It has already been seen in Australia that the terroir component of origin is the third most important variable when purchasing (Lockshin and Hall 2003). It has been reported by several authors that country of origin is a purchasing cue of high importance for consumers (Olsen 2002; Skuras and Vakrou 2002). Clearly, a product’s origin is important, but to what degree, and by what consumers, and in which markets is unknown.

Labels contain a lot of information, and consumers will use some or all of them depending on their level of involvement. Main cues on the label are: color of the wine; country, region, sub-region, and vineyard; price including discounts; varietal names or combinations; winemaker(s); and style (sweet, light, heavy, tannic, etc – often on the back label) (Lockshin et al. 1997; Lockshin and Hall 2003). These cues can be modelled allowing researchers to find patterns of purchasing behaviour. The use of panel data for modelling allow researchers to have a clear idea about attitude variation over time, and can provide very clear indications of the hierarchy of cues or attributes used in wine choice by means (by country, region and involvement level) of which ones have the highest repurchase probability (Lockshin et al. 1997; Lockshin and Hall 2003)

It is necessary to break down terroir into its components and examine them for highly involved consumers. If consumers understand terroir, what weighting do they give to the climate, geography, geology, culture etc. In addition how do people from different regions think about these components and is it possible to increase the value of these cues? In conclusion we propose that it would be valuable to investigate with regards to wine, the notion of applicability of these findings on the understanding of terroir and its potential as a purchasing cue, and how it affects the consumer’s purchasing habits.
References


