

What is normal wine buying price? An exploration of how image impact upon research data

Caroline Ritchie

Contact: [critchie@uwic.ac.uk](mailto:critchier@uwic.ac.uk)

Abstract

When researching into the wine (as in any other) market an almost inevitable question is ‘how much do you normally spend upon a bottle?’ and or ‘how much would you spend for a special occasion?’ It is usually assumed and established that the prices given will vary in recognised patterns according to whether the wine is to be bought in the on-trade or off-trade and in which country. Many qualitative researchers have also shown how the reason for the purchase and place of purchase is likely to impact upon the purchase price. This information may then be used by the wine industry to assist in developing wine pricing and wine marketing strategies.

In much quantitative research this information is gained through that simple question ‘how much etc.’, in qualitative research it may be explored in more depth via semi structured interviews or focus groups. To date the answer given has had to be taken at face value, since it assumed that those who volunteer to take part in research usually have a positive, helpful attitude towards the research / researcher. It is also taken at face value since usually there is no method of checking the absolute truth of the response.

In qualitative research conducted by the author amongst wine consumers within the UK over a period of several years this question was explored in various focus groups. A ‘normal’ buying price of £4 - £6 in the off-trade was identified despite the fact that average bottle price in the UK has only recently risen to just over £4. However in one focus group, because of its particular construction, it was possible to establish that it was not possible for the participants to have paid the amount per bottle that they had said that they paid. The amount that they had said that they paid fell into the same ‘normal’ banding as all of the other focus groups investigated but the shops that they said that they bought from did not sell wine at that price.

The purpose of this paper is to question the implications of that response for both academic research and the wine industry

What is Normal Wine Buying Price? An Exploration of how Image may Impact upon Research Data

Introduction

When researching into the wine (as in any other) market an almost inevitable question is ‘how much do you normally spend upon a bottle?’ and or ‘how much would you spend for a special occasion?’ It is usually assumed and established that the prices given will vary in recognised patterns according to whether the wine is to be bought in the on-trade or off-trade and in which country. Many qualitative researchers (Barber *et al*, 2007: Olsen *et al* 2007: Ritchie, 2009a) have also shown how the reason for the purchase and place of purchase is likely to impact upon the purchase price. The results of such research may then be used by the wine industry to assist in developing wine pricing and wine marketing strategies and academia to further understanding of consumer behaviour.

It is very easy to establish the actual average bottle price particularly in the off-trade via customs and excise data, the UK tax system, because almost all wine sold in the UK is imported. A very little wine is produced in the UK, and since the UK is one of the most highly taxed / regulated countries in alcohol terms in Europe accurate figures can be generated without difficulty. Many studies into wine consumption in the UK show an anomaly, however because their results show that the average off-trade bottle price suggested by their participants is usually above the national average off-trade bottle price (Wine Intelligence, 2004: Ritchie 2009). Key Note (2007) data based upon government figures shows an average bottle price in the UK of just over £4.00 yet in Wine Intelligence (2004), Ritchie (2009a) and Ritchie *et al*'s (2009a) studies the majority of their sample population give an average spending price above this level, around £5. Interestingly Wildman (2007) suggests that from the trade point of view the £5 to £7 price bracket is considered to be mid range, neither cheap nor luxury,

Much research into wine consumption is based upon sample populations which either have a high demographic profile; are members of wine clubs; or are students whose responses probably reflect the cultural mores of their parents who are likely to belong to the higher income and education social groups (Vinexpo, 2003: Barber *et al*, 2007: Johnson and Bastian, 2007: Ritchie, 2009). Therefore it may have been assumed in previous studies that those who volunteer to participate in specific wine related research may indeed spend above the national average, because they have above average (potential) income and (potential) interest in wine.

Ritchie's (2009b) study, however, suggested that this is not necessarily the case and that low income, low involvement wine consumers can also demonstrate the same duality with regard to price. Therefore the purpose of this paper is to question why so many participants in wine research only discuss spending which is above average bottle price. The paper reflects upon the implications that this may have both for the accuracy and therefore value of much academic research and well as for the marketing strategies that these studies often recommend. The study primarily reviews off-trade prices because most wine in the UK is sold in the off-trade (Key Note Ltd, 2007) which is highly competitive and, particularly in the context of supermarkets, has a fairly co-ordinated pricing structure (Ellickson and Misra, 2008).

Background to the UK Wine Market

In 2007 the UK light wine market was valued at £11.25bn (Key Note Ltd, 2007). It is estimated to rise to approximately £17bn by 2012 making it one of the most significant wine markets in the world. Off-trade

sales represent approximately 80% of the volume and 50% of the value of all wines sales within the UK (Key Note Ltd, 2007). Key Note Ltd (2007) also shows that supermarkets sell over two thirds of the value of all of wine bought in the UK off-trade. The average off-trade bottle price has recently risen above £4.00, (£4.25 according to Lodge (2009a)) having risen only 4% since 2003 unlike the on-trade where the average bottle price rose by 12% in the same time period (Key Noted Ltd, 2007). Lodge (2009b) suggests that the average price for wine sold in off-trade situations other than supermarkets, i.e. independent wine merchants, the internet or mail order may be £1.00 higher. Conversely, much of the wine sold in supermarkets is sold on promotion, approximately 60% (Catchpole, 2009).

As Hamister and Suresh (2008) discuss it is not uncommon for many grocery products, including wine, to have both a 'regular' price and a discounted one. Tsai and Lee (2009), using shampoo and tissues (disposable handkerchiefs), show that price recall, i.e. the relationship between price promotions in supermarkets and actual price paid is high for low involvement everyday goods bought on a regular basis. Hamister and Suresh (2008) point out that some products, such as beer appear to 'cycle' between two prices rather than being promoted / discounted *per se*. This type of cyclical promotion is also common for wine in the UK particularly in supermarkets. Hawkes (2008), Anchor and Kourilova (2009) and Nordfalt (2009) argue that quality of product and price are key factors for regular supermarket shoppers. They also argue that quality of product equals consistency in a supermarket environment. Consistency of product means that consumers can take just a few seconds to choose items such as their preferred soap powder (Nordfalt, 2009) having little need to look at other products in the category.

Discrepancies in Wine Buying Research

It is accepted good practise in primary data collection to ask for the same information in more than one way. This is an established way of cross checking, triangulating, the accuracy and validity of the information given or of establishing any margin of discrepancy (Tsai and Lee, 2009). Valentine *et al* (2008) and Ritchie *et al* (2009b) show that it is not at all uncommon for those participating in research related to alcohol consumption to be fully aware of what safe government recommended limits are, the units that make up those limits, and to believe that they consume safely. Yet when actual consumption is recorded many then describe drinking behaviours which are well beyond safe consumption limits. The respondents prove to be unaware of the duality that is displayed and of differences between their conscious and subconscious behaviours. Some in fact are quite worried to find out that their drinking behaviour is not in fact as safe as they had thought / planned it to be (Ritchie *et al*, 2009b).

Buying and Not Buying Wine

Much research shows that shopping including wine buying is influenced by age, gender and income, because they all influence product knowledge, product involvement and the amount available to spend (de Mooij, 2004; Thomas and Pickering, 2005; Min, 2006; Olsen *et al*, 2007; Ritchie, 2009a). Shopping in supermarkets, which is where most wine in the UK is bought, is a mundane activity for most shoppers, especially women (Cockburn-Wootten, 2002). Nordfalt (2009) suggests that little thought goes into buying low value, regular items, Ritchie (2009a) identifies women for whom wine buying whilst grocery shopping is such a low involvement activity that they deny buying wine. In contrast Tsai and Lee (2009) suggest that consumers buying low involvement goods on a regular basis usually have good price recall including actual price paid when an item is bought on promotion. Accuracy of recall drops, however, as income rises. This contradiction may have occurred because Nordfalt (2009) and Tsai and Lee (2009) used commodities which are extremely common, soap powder, shampoo and tissues, have low cultural value and are primarily for private usage. Ritchie (2009a) and Ritchie *et al*'s (2009b) studies, however, involved a commodity (wine) which can have great cultural significance.

The Symbolic Capitalism of Wine

As both Barr (1995) and Charters (2006) discuss wine has a very long history of usage in both formal rituals (i.e. religious usage) and friendship bonding (often a meal occasion). Bourdieu (1977) and Kant (2005) discuss how taste and the public display of the aesthetics of taste in both gustatory and artistic sense are used by many people to demonstrate social and cultural capital. Charters and Pettigrew (2002), Charters (2004), Beverland (2004) and Ritchie (2007: 2009a) all show that there are two forms of wine; everyday and special wines. Many authors including Hall *et al* (2001), Charters (2006) and Ritchie (2009a) have shown how wine takes on much greater significance when it is for public consumption or usage, i.e. gifting or dinner parties. All agree that when wine is used or is bought for public usage then it must represent the image of the consumer in the way that they want to present themselves in that particular situation. This social pressure is likely to influence how consumers perceive and discuss wine price. Demossier (2004) points out that this can include deliberately spending very little, less than the meat (Ritchie *et al*, 2009b). Usually, however, it involves using wine to present higher social and cultural capital than is considered necessary in private consumption situations therefore, current academic theory suggests, most consumers habitually trade up when buying wine as a gift.

Identifying Price Duality

It is very important to understand that at no time is it being suggested that the consumers participating in this research are consciously lying. Those who agree to take part in research are assumed to have a positive helpful attitude since they can withdraw at any time they feel that they don't want to continue; no reward is given for a particular answer. As previously discussed, however, Valentine *et al* (2008) and Ritchie *et al's* (2009a) participants seemed to be completely unaware of the contradictions in their responses unless it was pointed out to them.

During the summer and autumn of 2008 the author was participating in an international study investigating how young adults interact with wine (see Ritchie, 2009b). As part of the research seven focus groups were conducted. The focus groups were set up using normal snowballing techniques. The only criterion was that the participants should be between the ages of 18 and 30, drink wine and that an equal gender balance be maintained wherever possible. For pragmatic reasons and because most wine in the UK is consumed in London and the south-east of England (ACNielsen 2005) three of the focus groups were run in this region. A further three were run across the south of England and Wales (also high consumption areas) and the final focus group was deliberately set up in an economically deprived area of northeast England. This was done because, as previously discussed, much research, both statistical and academic (ONS¹: Mintel: Key Note Ltd: Barber *et al*, 2007: Johnson and Bastian, 2007), suggests that despite its democratisation, most wine is consumed by the more financially secure and professionally qualified sections of society. These demographic groups are typically referred to in UK statistical literature as A or AB consumers rather than social groups who have a lower education and are likely to be unskilled and unemployed; referred to as D and E social groupings, e.g. ACNielsen, ONS and Mintel reports. In addition ACNielsen (2005) also shows that most wine bought on promotion in the UK is bought in the northeast of England.

There were fifty participants in total in the study, twenty four (48%) male and twenty six (52%) female. This reflects the general population where a slightly higher percentage of habitual wine drinkers are female (Key Note Ltd, 2007: Lader, 2009). 64% of the participants had studied / were studying at undergraduate level or above. This is the same percentage as found in Barber *et al's* (2007) study. 20% had left full time education at the age of 18. Of the remaining 16% (eight) who had left full time

¹ ONS: The Office for National Statistics

education at 16, 14% (seven) were in the northern group. Whilst it is difficult at this stage in the young adults' lives to say what their employment profile will be in future years it is generally accepted that those with graduate qualifications usually have parents with graduate qualifications, better employment prospects and ultimately higher incomes. The demographic profiles of the participants in the first six focus groups in this study reflects both the wine consuming population in the UK and participants in other studies. It also reflects Ritchie's (2009a) observation that participants in self selecting wine related focus groups often have a strong AB bias even in young adult groups.

The results of the first six focus groups suggested that saturation point had been reached. Thus the data collection for the international study could have been stopped at that point if simply investigating populations in which highly involved consumers are likely to be found, as many studies do (Hoffmann, 2004; Dodd *et al*, 2005; Barber *et al*, 2007). The author however wanted to test whether the behaviour of those likely to be predisposed to consume wine through inter-generational socialisation can be generalised across the UK adult population with varied habitus therefore the final northern focus group was deliberately undertaken.

Interestingly the participants in the seventh focus group did display many of the same interactions with wine as the other focus group participants, see Ritchie (2009b). One of the similarities was to describe a similar average purchase price as others in the study and also the focus group participants in Ritchie (2009a) and Ritchie *et al's* (2009b) studies. These focus groups had covered the full age range and demographic profile of the UK adult population. The only difference in the young adult study was that participants quoted a normal buying price of between £4- £6 per bottle instead of £5- £6 in the other research. At the time of the original study (Ritchie, 2009a) the average bottle price in the UK would have been approximately £3.50 -£3.75. Intuitively it had been expected that the young, low education and low income northern group would discuss a lower buying price.

Since the young adult participants in this focus group had specifically mentioned the shops they bought wine from, the local corner shop and a local Netto supermarket, follow up research was done to establish actual sales prices. The corner shop habitually ran promotions for two bottles of wine e.g. two bottles of Pinot Grigio for £5.00. The Netto sold similar wines to the Pinot Grigio at between £3.00 and £3.50 per bottle. The maximum price it was possible to pay in the corner shop for any bottle of wine was approximately £6.00. Many academics, including Tsai and Lee (2009), point out that it is highly unlikely that people with limited disposable income choose to pay the maximum possible for their alcohol.

It is not possible to say precisely why this result was obtained: participants saying that their normal price range was above the average UK bottle price. Even when the young adults participants discussed buying on promotion they talked about buying £7.00 wines reduced to £4.00 - £4.50, again reflecting very similar figures as in Ritchie (2009a) and Ritchie *et al's* (2009b) studies. Results obtained in one focus group cannot be taken to be representative of any population as a whole, however, these results were obtained in three separate research projects incorporating fifteen focus groups and representation from the full adult population in the UK therefore they are considered to be significant.

Implications for Research

Since the average off-trade bottle price is approximately £4.00 many people must be buying wine at prices below that even if they are not able to discuss such behaviour. This paper suggests that there must be common factor/s affecting the UK adult population which have enabled the development of

this phenomenon. This final section of the paper reflects upon what it / they might be and the implications for past and current research.

Demossier (2004) and Ritchie (2006) point out that for some consumers the fact that they can afford to trade up, is not a necessarily a good enough reason to do so. Tsai and Lee (2009) suggest that women enjoy shopping more than men. Ritchie (2009a) suggests that this is not true for wine if the wine is perceived as part of a grocery shop. However if women habitually discuss shopping prices, were the women participants suggesting similar buying prices within the focus groups because they had previously established a consensus re appropriate prices within their social group albeit subconsciously?

Ritchie (2009a), Ritchie *et al* (2009a) and Tsai and Lee (2009) suggest that consumers do not believe that cyclical promotions are real, only that the lower price is. Min (2006), Hawkes (2008) and Foggarty (2009) suggest that much alcohol advertising takes the form of promotions, including buying prime shelf space, and that items promoted on the busiest routes sell the most. Ritchie (2009a) and Nordfalt (2009) suggest that this is because they can be bought quickly and without thought. However once wine purchase becomes part of a public conversation it has to represent the self. Not wanting to present themselves as cheap, (i.e. buying frequently discounted branded wines when they are on offer) or elitist perhaps many wine consumers subconsciously recall a price range that looks modest and socially acceptable, Wildman's (2007) £5-£7 band. This questions whether consumers really do trade up when buying gifts or merely believe that they do. Undoubtedly some wine is bought at above average price in outlets other than supermarkets. However it may be that specialist and high price shopping is undertaken far less frequently than is realised. Perhaps consumers buy wine on a particularly good offer (Ritchie *et al* 2009a) and subconsciously persuade themselves that they have traded up.

This would not necessarily explain the behaviour of the northern group. They may have been displaying Nordfalt's (2009) pantry shopping behaviour and so did not have good price recall. However Demossier's (2004) work suggests that they should have reverted to habitus, taking pride in discussing low, bargain prices during the focus group. Instead, like most other participants, they discussed prices that incorporated the socially acceptable £5 norm. Perhaps this group is reflecting what was actually happening in all of the groups. Price recall was being influenced by an ideal of wine consumption rather than its reality.

The overall implication of this paper is that image to reflect socially acceptable norms may override actual behaviour in relation to goods with high social and cultural capital. Therefore asking what normal buying price is is likely to generate an answer which reflects perceptions of self rather than actual behaviour. Academic theory or marketing strategies relating to actual behaviour but built upon perception of behaviours are unlikely to be effective.

References

- ACNielsen, 2005. *The Drink Pocket Book 2006*. World Advertising Research Centre, Henley-on-Thames
- Anchor, J. R. and Kourilova, T. 2009 Consumer Perceptions of Own Brands: International Differences. *Journal of Consumer Marketing*. Vol. 26, No. 6, pp 439-451
- Barber, N., Ismail, J. and Taylor. 2007. Label Fluency and Consumer Self-Confidence. *Journal of Wine Research*. Vol. 18 No. 2 pp 73-85
- Barr, A. 1995. *Drink: an Informal Social History*. Bantam, London
- Beverland, M., 2004. Uncovering "Theories-in-use": Building Luxury Wine Brands. *European Journal of Marketing*, Vol. 38 No. 3/4 pp 446-466

- Bourdieu, P., 1977. *Outlines of a Theory of Practice*. Translated by R. Nice. Cambridge University Press. Cambridge
- Catchpole A. 2009. Paying for Past Mistakes. *The Drinks Business* Issue 81, April, pp16-24
- Charters, S. 2006. *Wine and Society: The Social and Cultural Context of a Drink*. Butterworth-Heinemann, London.
- Charters, S. and Pettigrew, S., 2002. 'Gladdening the Heart': A Perspective on Wine Quality. In: Cullen, C., Pickering, G., Phillips, R, ed., *Bacchus to the Future: The Inaugural Brock University Wine Conference*. 23-25 May 2002. Brock University, Australia. Pp 279-304
- Charters, S., 2004. *Perceptions of Wine Quality*. Ph.D. thesis, Edith Cowan University, Australia
- Cockburn-Wootten, C., 2002. *Gender, Grocery Shopping and the Discourse of Leisure*. PhD Thesis University of Wales Institute, Cardiff, United Kingdom
- De Mooij, M. 2004. *Consumer Behaviour and Culture: Consequences for Global Marketing and Advertising*. Sage Publications, London.
- Demossier, M., 2004, Contemporary Lifestyles: The Case of Wine. In Sloan, D., ed., *Culinary Taste; Consumer Behaviour in the International Restaurant Sector*. Elsevier Butterworth Heinemann, London. Pp 93 – 108
- Dodd, T., Laverie, D., Wilcox, J. and Duhan, D. 2005. Differential Effects of Experience, Subjective Knowledge and Objective Knowledge on Sources of Information used in Consumer Wine Purchasing. *Journal of Hospitality and Tourism Research*. Vol. 29, No 1 pp 3-19
- Ellickson, P. B. and Misra, S. 2008. Supermarket Pricing Strategies. *Marketing Science* Vol. 27, No. 5, pp 811-828
- Foggarty, J., J. 2009. A Review of Alcohol Consumption and Alcohol Control Policies. *Worldwide Hospitality and Tourism Themes*. Vol. 1 No. 2 pp 110 - 132
- Hall, J., Lockshin, L., O'Mahony, G. B., 2001. Exploring the Links Between Wine Choice and Dining Occasions: Factors of Influence. *International Journal of Wine Marketing*. Vol. 13 No. 1 pp 36-53
- Hamister, J.,W. and Suresh, N., C. 2008. The Impact of Pricing Policy on Sales Variability in a Supermarket Retail Context. *International Journal of Production Economics*. Vol. 111 No. 2, pp 441-455
- Hawkes, C. 2008 Dietary Implications of Supermarket Development: *A Global Perspective*. *Development Policy Review*. Vol. 26, No. 6 pp 657-692.
- Hoffman, C., A., 2004. When Consumers Buy Wine, What Factors Decide the Final Purchase? *Wine Industry Journal*. Vol. 19 No. 2 pp 82-91
- Johnson, T., E. and Bastian, S., E. 2007. A Preliminary Study of the Relationship Between Australian Wine Consumers' Wine Expertise and their Wine Purchasing and Consumption Behaviour. *Australian Journal of Grapes and Wine Research*. Vol. 13 No. 3 pp 186-197
- Kant, I. 2005 Objective and Subjective Senses: The Sense of Taste. In Korsmeyer, C., ed. *The Taste Culture Reader: Experiencing Food and Drink*. Berg, Oxford
- Key Note Ltd, 2007. *Wine Market Report Plus 2006*. Key Note Ltd. Middlesex.
- Lodge, A. 2009a. Just a Drop: UK Retail Overview. *The Drinks Business*. Issue 85 August pp 16-22
- Lodge, A. 2009b. Wine's Net Worth: Online Wine. *The Drinks Business*. Issue 86, September pp18-20
- Min, H. 2006 Developing the Profiles of Supermarket Customers through Data Mining. *Service Industries Journal*. Vol. 26. No. 7 pp 747-763
- Nordfalt, J. 2009. Unplanned Grocery Purchases: The Influences of the Shopping Trip Type Revisited. *Journal of Consumer Behaviour* Vol, 8, No. 1, pp1-13
- Olsen, J., Thach, L. and Nowak, L. 2007 Wine for My Generation: Exploring How US Wine Consumers are Socialized to Wine. *Journal of Wine Research*. Vol 18, No. 1 pp 1-18
- Ritchie, C. 2006. *Identifying the UK Wine Consumer*. PhD Thesis University of Wales Institute, Cardiff, United Kingdom

- Ritchie, C. 2007. Beyond Drinking: The Role of Wine in the Life of the UK Consumer. *International Journal of Consumer Studies*. Vol. 31 No.5 pp 534-540
- Ritchie, C. 2009a. The Culture of Wine Buying in the UK Off-Trade. *International Journal of Wine Business Research*. Vol. 21 No. 3, 194-211
- Ritchie, C. 2009b. Young Adult Interaction with Wine in the UK. (Unpublished) UWIC, Cardiff.
- Ritchie, C. Elliot, G. Flynn M. 2009a. Buying Wine on Promotion is Trading-up in UK Supermarkets; a Case Study in Wales and Northern Ireland. Submitted to *International Journal of Wine Business Research*
- Ritchie, C. Ritchie, F., Ward, R. 2009b. How can I drink Safely? Perception versus the reality of Alcohol Consumption. *The Service Industries Journal* Vol. 29. No. 9 – 10, pp 1397 - 1412
- Thomas, A. and Pickering, G., 2003. Behavioral Segmentation: A New Zealand Wine Market Application. *Journal of Wine Research*. Vol. 14 No. 2-3 pp 27-138
- Vinexpo Studies (The), 2003. *Living Wine: The Influence of Life Stages and Lifestyle on Wine Drinking in the UK*. Wine Intelligence. <http://www.wineintelligence.com>
- Wildman. T. 2007. *A Survey of the UK Wine Trade to Determine Current Attitudes Towards Australian Wine*. Institute of Masters of Wine, London.
- Wine Intelligence. 2004. *Portraits: an Introduction*. Wine Intelligence Strategic Consultation May 2005 seminar proceedings London Wine Trade Fair.