

The importance of where and who in wine

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Abstract

This exploratory research reviews the influence of congruence between region and producer on wine evaluations and reviews the attributes of wine (evaluated independently and holistically) that consumers use to determine quality perceptions. The results show that region and maker are evaluated concurrently yet that this evaluation will result in higher quality (price) perceptions when there is congruence (incongruence) between region and maker. A wine dogmatism measure is created and used to show that this individual trait does not impact wine evaluations and result in biases evaluations. Managerial implications for new and old world producers are discussed.

Keywords: Country-of-origin effects, production heritage, congruency effects

Topic areas: The value of country of origin and region, Consumer buying and choice behaviour

INTRODUCTION

In many old-world wine regions, the heritage of the winemaking tradition is placed in the forefront and winemakers benefit from an extra layer of credibility that is associated to them and their products due to the historical importance of the wine industry within their own country. However, in the modern wine industry, it is becoming more common for wineries to expand their offer across regions and borders. As old world wineries are looking to 'new world' terrains to produce their wines, and as new world wines seek to create markets in old world regions, how the mix of old and new winemaking and winemakers influences consumer perceptions and interpretations of the products has received little attention.

The country of origin (COO) effect has been studied extensively in marketing. Notable is the fact that consumers rely on the evaluation of a country as an overall image – the country as a brand (Gabriel and Urien, 2006). Heritage that is associated to production tradition and thus brand heritage for COO dependent products remains relatively understudied within the academic literature, albeit being minimally discussed within the wine literature (Beverland, 2006). Furthermore, much of the COO research findings for territory-dependent products review the levels of ethnocentrism of consumers and how this influences product evaluations (Shimp and Sharma, 1987). Yet can consumers be dogmatic about products that are not common to their own country of origin? In light of the common expansion strategies in the wine industry, marketers may ponder for example if it is possible that individuals prefer French wine because it is wine made in France, because it is made by the French regardless of where, or because they think that the French make better wine?

This research project proposes a very exploratory look at how consumers evaluate wine and this in light of varying origins that are (in)congruent with brand heritage, and additionally product origins that are not identical to their own. Furthermore it looks to examine if previously uncovered consumer research on products with country associations are replicated when examining wines with varying origins and heritages. Are these products evaluated attribute by attribute, as particular combinations of these, or holistically? And how do these evaluations influence perceptions of quality and price?

LITERATURE REVIEW

The influence of culture and ethnic origin in consumption, or consumer ethnocentrism, has been measure via the CET scale (Shimp and Sharma, 1987) with ethnocentrism being defined as the tendency for individuals of one culture to view their own culture as central and all others to be of less importance and relevance. This effect extends to products and services and all symbols associated to the culture of the respondents (Levine and Campbell, 1972; Shimp and Sharma, 1987). The concept of ethnocentrism is differentiated from the country of origin effect: "Country of origin is one extrinsic cue used by some consumers in the decision process, a process that is influenced by that consumer's level of ethnocentrism" (Huddleston, Good, Stoel, 2001, p 238). In contrast, dogmatism has been found to be positively related to ethnocentrism (Caruana, 1996) and may be perceived as a high strength cognitive association of a product with a place.

In a meta-analysis, Verlegh and Steenkamp (1999) demonstrate that COO effects are actually the function of interplay between cognitive, affective, and normative aspects. Consumers deduce quality cues using COO, by using informational resources (Verlegh and Steenkamp, 1999) as well as predefined mental representations (Ger, 1991). These associations, or product-country images, "contain general impressions of countries and idiosyncratic beliefs about a country's products, which consumers have formed in direct or indirect product experiences (Verlegh and Steenkamp, 1999, p. 525). Inducing or changing COO perceptions requires the consideration of all three aspects of the effect. Preferences can be culturally shaped and thus changing the perceptions of products that are associated to a specific cultural origin means changing the affective as well as cognitive schemas, which are more complicated to modify (Zajonc and Markus, 1982). Schemas are often formed by attribution, often with bases in stereotypes that allow consumers to create causal inferences (Kelley, 1973).

The relationship between a product and the place of manufacture and/or production has been shown to be moderated by variables inherent to the consumers or to the context in which the evaluation is likely. Congruence is important in moderating COO effects. Research has demonstrated that individuals may resort to COO as an evaluative cue (Moon, 2004) and that this effect is heightened when the product being evaluated originates and is produced in the same country: a French wine made by a French winemaker, for example (Josiassen, Lukas and Whitwell, 2008). The congruence effect is also present with foreign and domestic brands, as foreign brands project different images to consumers (Leclerc, Schmitt, Dubé, 2004), images that when not of the same nationality as the consumers, can lead to lower product quality evaluations (Chao, Wührer, Werani, 2005).

The concept of 'made-in' can have different functions for consumers. It can be based on one single attribute, the country-of-origin, and then tends to be stereotypical. Decomposition occurs when hybrid products or multiple products or attributes are available. In this scenario, the origin of a product becomes harder to assess and research has demonstrated that the use of territorial attributes has less impact when it is coupled with other defining attributes (Peterson and Jolibert, 1995). However, other research has revealed that that with wine, "during their learning process, consumers accord a decreasing degree or value to regions, brands, or prices alone and an increasing degree to combinations between these signals" (Perrouy, d'Hauteville and Lockshin, 2006, p.338). In fact, when more than one product attribute is present, including COO, it is essential for them to be coherent (country, brand, price must relate), as it is then that consumer can evaluate them in an interactive fashion and the overall product evaluation tends to be more positive (Miyazaki, Grewal, Goodstein, 2005).

CONCEPTUAL FRAMEWORK AND HYPOTHESES

Is it possible for wine that territorial attributes be separated from other attributes of the wine, particularly when winemaking traditions and brand heritage are so often linked to the country where that expertise was developed? With globalization comes more ambiguity in terms of cues used to evaluate products as consumer become less capable of distinguishing and identifying attributes that are unique to specific countries. In an attempt to makes sense of these multiple COO cues, decompose them and establish the one that has the most weight, consumers will likely associate a value to them but what weigh on which attributes? Congruence of cues may result in higher product evaluations (Josiassen, Lukas and Whitwell, 2008) but incongruence of these with the consumers' own nationality may yield lower product evaluations (Chao, Wührer, Werani, 2005). And the influence of dogmatism, as related to ethnocentrism (Caruana, 1996) can be relevant as consumers can evaluate wines as being 'better' even when they are not from the consumers own country. Finally, COO is not always evaluated independently and often with other features (Perrouy, d'Hauteville and Lockshin, 2006) but which ones are evaluated together and thus need to be congruent in order to allow consumers to evaluate them positively? More formally:

H1: For wines, the COO attribute (region of production) is evaluated in tandem to the brand heritage (who makes it).

H2: For wines especially, congruence between COO and brand heritage (production origin) will result in higher product evaluations (quality, price) than when these two factors are incongruent.

H3: Consumers dogmatism regarding wine products, even if the wine is not produced in their own country, will result in higher product evaluations (authenticity, quality, price).

EXPLORATORY STUDY METHODOLOGY & RESULTS

Stimuli: Four texts were created that discussed a region and the history of a producer of a wine in that region: a wine made in France by a French winemaker, a wine made in Australia by a French winemaker, a wine made in France by an Australian winemaker, and a wine made in Australia by an Australian wine maker. These descriptions were included in an online questionnaire. In each condition, the winemaker and name of the wines were fictional in order to avoid bias. Furthermore,

the descriptions of the wines (grape varieties, tasting note, and production processes) were identical in order to isolate the effects of brand heritage and country of production.

Questionnaire: A US sample (n= 206: 69% were men, 77% were between the ages of 18 and 49 years old, 88% had consumed wine in the past 6 months) was recruited online from a consumer panel and respondents were asked to randomly answer a questionnaire that incorporated only one of the four wine descriptions. Each respondent then rated the wine described using measures created from the dimensions of authenticity as outlined by Beverland (2006). Respondents then answered quality perception and pricing perception measures. A question asked respondents to rate individual features of wine (region, grape, soil, ratings) on their importance in influencing the quality of the wine. Respondents were also asked to select the country of wines they wished to evaluate – either French or Australia. In an attempt to measure wine ethnocentrism/dogmatism, three statements were included.

Quality Perceptions & Individual Attributes: A review of the correlations between the features of a wine demonstrates how certain features, but not all of a wine are interdependent. While most of the correlations are marginally strong, these exploratory results hint to the relationships between features common to a wine. These are outlined in Table 1.

Table 1: Correlations between attributes of wine influencing quality perceptions

	Grape	Region	Climate	Soil	Skill of winemaker	Tradition	Generations	Price	Wine ratings
Grape	1.00								
Region	.620	1.00							
Climate	.524	.648	1.00						
Soil	.513	.627	.826	1.00					
Skill of winemaker	.370	.452	.582	.575	1.00				
Tradition	.145	.251	.189	.208	.277	1.00			
Generations	.044	.097	.038	.039	.044	.407	1.00		
Price	-.021	.080	.077	.037	.054	.094	.307	1.00	
Wine ratings	.006	.047	-.010	-.019	.054	.252	.311	.428	1.00

It appears that quality of the grape is related to the region, climate and soil. And region is associated to the climate, soil, and the skill of the winemaker. Separating skill and where it is acquired is unlikely – the quality of a wine rests on the place and the elements common to it, as well as the heritage associated to it, thus supporting H1.

Climate is a function of the soil and the skill of the winemaker – thus knowing how to make the best of the climate and how it affects the soil is linked to how a winemaker knows how to make the best of these two variables. The skill of the winemaker is not related however to the traditions and generations as much as to the region, climate and soil – the three features that allow him to harness his skills and best demonstrate them in making a wine unique. It is not because a winemaker comes from generations of wine that he knows what to do. Tradition is related to generations but these two features do not influence the other features of a wine strongly. Price is only related to wine ratings.

Quality Perceptions: A more profound review of the link between COO and production was done by reviewing the ratings of the four wine descriptions. For the results, please note the following: FF = French wine made in France, FA = French wine made in Australia, AF = Australian wine made in France, AA = Australian wine made in Australia. A French wine is made by a French winemaker and an Australian wine is made by an Australian. There was a main effect between the wines and their ratings of authenticity. French wines made in France were rated as more authentic

than French wines made in Australia ($X_{FF} = 3.49$; $X_{FA} = 2.95$; $F = 9.98$; $p = .002$), but wines made in Australia were rated approximately the same in terms of authenticity and did not vary significantly in terms of perceived authenticity as a function of who made them ($X_{FA} = 2.95$; $X_{AA} = 3.08$; $F = .611$; $p = .435$). Whereas French wines were significantly perceived as less authentic when produced outside of France, who made the French wine also had a significant impact on their perceived authenticity ($X_{FF} = 3.49$; $X_{AF} = 2.73$; $F = 18.79$; $p = .000$). Between the four wine groups and their perceived levels of quality of the wines, there were no significant differences ($F = 1.599$, $p = .191$). When the wines were regrouped by region and by winemaker, no significant main effect was uncovered for the maker ($F = 3.409$, $p = .066$) nor for the region ($F = 1.582$, $p = .210$). Overall these results support H2 – congruence between origin and production results in higher quality evaluations by consumers.

Wine ethnocentrism/dogmatism and quality perceptions: The three statements were used for the wine ethnocentrism/dogmatism measure: (1) Overall, I think wines from France/Australia are the best; (2) It's important to support the wine industry in France/Australia; (3) I make it a point to recommend wine from this country to others. The French version resulted in a three-item Cronbach alpha = .706 and the Australian version resulted in a Cronbach alpha = .773. It appears that for those who evaluated wines made in France, those who are highly French dogmatic did not have significantly higher levels of authenticity, quality, or price perceptions than those who are not French wine ethnocentric. In contrast, those who are highly Australian wine centric would pay more for Australian made wines than those who are low Australian wine centric ($X_{HWC} = 2.40$; $X_{LWC} = 1.75$; $t = 2.258$; $p = .029$) but there were no other significant differences between the two groups who evaluated Australian wines. Thus H3 is not supported.

Price Perceptions: After evaluating the wine that was described to them, respondents were asked how much they would expect to pay for a bottle of the wine they read a description of. Overall, respondents would expect to pay \$28.99 for a bottle of the wine they evaluated. In terms of the different groups, the most expensive wine was the Australian made in France (\$34.58), followed by the French made in France (\$31.25), the French made in Australia (\$28.25), and the Australian made in Australia (\$22.32). Post-hoc comparisons with Bonferroni correction showed that the only significantly different means ($p = .015$) was between the AF and AA. A more detailed breakdown showed that there was no difference in terms of winemaker origin but there was in terms of where the product was made. French wines were significantly ($p = .006$) higher priced at \$32.95 than Australian wines at \$25.35. The pricing results do not support H2 as incongruence between origin and producer actually yielded the highest price expectations and in the case of Australian wines, congruence between these two features yielded the lowest price expectations.

DISCUSSION AND CONCLUSION

The results obtained in this preliminary study point to the importance of congruence between place and manufacturing tradition, as an incongruence between these two can result in lower product perceptions. It seems that where and who makes wine has a significant impact on the perceived authenticity of wine and this especially when they are congruent, regardless of where the wines are made. Yet the results also show that it is not where a wine is made, but rather who makes it that influences most quality perceptions. As such, it could be argued that consumers do not separate origin and brand heritage, they evaluate them in tandem. These findings are particularly relevant for new world winemakers attempting to pursue old-world markets. Promoting the congruence between the heritage of the winemaking tradition that respects the area of production would be better interpreted by consumers than implying old-world approaches in a new-world location.

The results may help explain why it is difficult for consumers to separate origin and brand heritage. Wine is evaluated by consumers as having relationships between the specific attributes leading to quality perceptions, but wines are not always evaluated as holistic products. Independently, whereas producer yielded higher quality perceptions, it was COO that would lead consumers to pay more. It was also shown that not all features common to wines have the same weight when used for consumer judgements. Consumers make links between specific wine attributes that lead them to consider certain wines more appealing than others, and this regardless of their own dogmatic notions regarding wine origins.

As per previous research, origin is not necessarily the most important attribute consumers use to evaluate wine, especially when other attributes are present (Peterson and Jolibert, 1995; Perrouty, d'Hauteville and Lockshin). Yet in contrast to other research finding, the results do not show that coherence between origin and producer makes overall product evaluations more positive (Miyazaki, Grewal, Goodstein, 2005). Depending on the congruence between the origin and the producer, differing outcomes consumer perceptions can be expected: higher quality evaluations when these two features are congruent and higher and price evaluations when these two features are incongruent.

It appears that there is a difference between the attributes that increase quality value and those that increase financial value. And again, this effect will depend on whether consumers evaluate the product per attribute or holistically. In fact, when consumers evaluate wine for quality by attribute, price is least relevant. Yet when consumers evaluate wines holistically, they have varying price expectations.

From this research, managers may find some interesting recommendations to consider when promoting wines. They may wish to communicate specific individual attributes together when wines are not well known to consumers (i.e., rarity of grape varietal grown in a specific climate) in order to increase quality perceptions. Alternatively, if looking to justify price points, marketers may wish to communicate an elaborate brand story incorporating brand heritage and region when these two features are either incongruent or both old world. New world wines produced in the new world would likely benefit more from marketing strategies that promote the value of a specific independent attribute in order to augment price perceptions.

The results of this exploratory study suggest directions for relationships between origin and heritage for wines. Due to the limited size of the sample, it would be interesting to not only attempt to reproduce these results but also to focus more on one of the three relationships discussed in order to better understand the depth and breadth of their potential implications. The use of wine dogmatism would have to be further defined, since for wine, it may be operating on a regional, rather than national level. Methodologically, the use of online questionnaires may have incurred bias, as the quality of the data for this study seems slightly low when considering the design.

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