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Store image perception of retail outlets for wine in China

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Purpose: This project aims to measure and compare the images of major bricks and mortar and on-line wine retailers in China.

Design/methodology/approach: The sample consisted of middle to high income Chinese wine consumers, who purchased imported wine at least twice in the last year. Over 1,000 consumers from five major cities rated a selected number of major retailers and wine websites on a range of store image characteristics. These are presented as multidimensional maps using correspondence analysis.

Findings: Major grocery/wine retailers were fairly similar with some perceived differences in customer service and wines carried. Local retailers had higher levels of perceived service. The websites differed more, especially on private labels and security, and overall were hard to navigate and hard to find the prices.

Practical implications: Retailers can use these perceptions to improve or change image in comparison to key competitors. Wine producers and distributors can understand how consumers perceive different brands of retail stores and use this is deciding on merchandising and promotion strategy.

Key words: China, retailer image, bricks and mortar, on-line, correspondence analysis

1. Introduction

It has been widely noted that the wine market in China is expanding rapidly. In order to be part of this expansion wine producers must place their wine on shelves or online to make sales. Understanding the perception consumers have for different traditional retail and online outlets is important, because wineries can strategically think about the chains where their products could be distributed. Store perception is typically measured using several dimensions (product range, pricing, staff, image and location) (Lockshin and Kahrimanis, 1998; Burt and Carralero-Encinas, 2000, etc.).

Despite the number of papers published on the concept of store image, there isn't much published on Chinese grocery retail outlets, and even less on traditional retail and online outlets for wine in China.

2. Literature review

Burt and Carralero-Encinas (2000) tackled the issue of retailer perceptions and the differences and similarities between markets. This is important to this research, as many of the retailers in China are brands imported from Europe and the United States. Hartman and Spiro (2005) furthered research on store image by incorporating the construct of store equity based on brand equity measures. This adds support to this research's endeavours to use brand equity measurement techniques to assess store image. Studies by Verhagen and van Dolen (2008) and van der Heijden and Verhagen (2004) explored the impact of the online component in a multi-channel retailing strategy and website presentation on store image perceptions. Both studies were conducted in a developed market with heavy Internet adoption and openness. These studies help scope out the need and value for understanding online store image in a relatively unexplored and heavily regulated online market such as China.

Lockshin and Kahrimanis (1998) investigated the attributes consumers use to evaluate wine retailers and developed some of the items utilised in this research. Goodman et al. (2010) explored the use of store choice attributes in order to improve segmentation in wine retail and some of those items are included here. Finally, Lockshin and Corsi's (2012) review of consumer behaviour research since 2003 suggests the need for further research in wine retail image.

3. Sample and method

The data were collected in October 2013 through an on-line survey, generating 1094 completed questionnaires. The sample was socio-demographically representative in terms of age, gender and income of the upper-middle class urban population aged 18-49 living in Beijing, Shanghai, Guangzhou, Chengdu, Shenyang, and Wuhan who drink imported wine at least twice a year. After checking for flat-liners, speeders and inconsistent responses, the sample was reduced to 966 analysable questionnaires. The majority of respondents were 30-39 years old (42%), male (67%), earning more than RMB 10,000 (AUD 1,500) per month (50%), living in Shanghai (43%), Guangzhou (19%), and Beijing (20%).

The questionnaire included questions relative to different aspects of attitudes and behaviour towards wine in general and specific items related to the retail sector, but for the purpose of this paper, we will focus on the perception respondents have about different traditional and on-line retailers in relation to wine across different store image dimensions.

The list of traditional and on-line retailers included in this research came from the ranking of wine retailers consumers were most aware of in China (Wine Intelligence, 2013) in conjunction with a qualitative review of the most popular retailers done by the authors during multiple visits to China in 2013. The traditional retailers included in alphabetical order, Auchan, Carrefour, Liahua, Lotus, Metro, RT-Mart, Tesco, and Walmart. In addition to these multiple grocery chains, it was decided to include another option in the form of "my local wine store". This option reflects the fact that the grocery retail structure is very fragmented, with the leading grocery retailer, China Resources, holding a value share of only 3% of the market by value in 2012 (Euromonitor International, 2013). Traditional retailing still plays a fundamental role in China especially in areas where modern retailers have not yet established a significant presence. The following wine websites were included: Juixian.com, Mintcellars.com, Pinwine.com, Tmall.com, Yesmywine.com, and Winenice.com.

The list of items chosen to evaluate the perception towards traditional retail stores was adapted from the items developed by Lockshin and Kahrimanis (1998) and Burt and Carralero-Encinas (2000) to measure retail store image. From there, the list of items relative to on-line retailers was developed, making sure the items used for the on-line stores matched as closely as possible with that developed for traditional retailers. Two exceptions need to be mentioned. First, instead of items measuring the perception of staff in on-line stores, we included items on the overall perception of the website. Secondly, instead of retail location items, we included items on the security of financial transactions and delivery options, as suggested by Van der Heijden and Verhagen (2004). The full list of items for the two retail typologies is included in the Appendix.

A *pick-any* approach (Driesener and Romaniuk, 2006) measures the association of each store image item with each of the traditional and on-line retailers. This methodology was first developed in the branding literature (Bogomolova and Romaniuk, 2010; Nenycz-Thiel and Romaniuk, 2009), but it has been applied to other research fields, such as tourism (Bowe et al., 2013), pricing (Sjostrom et al., 2013), sensory analysis (Jaeger et al., 2013), and wine (Corsi et al., 2011). The method consists of showing respondents a list of items for each of the dimensions researchers want to investigate. For each dimension respondents are asked to indicate which, if any, brand (in our case a retailer) they would associate with each item. Respondents could select as many items as they wanted and could also link the same attribute to more than one retailer. Like other forced-choice methods, the *pick-any* approach allows obtaining similar information as other forced-choice approaches, but it is quicker to understand and complete (Bogomolova and Romaniuk, 2010).

Correspondence analysis (CA) was used to analyse the data. This multivariate statistical technique is conceptually similar to principal component analysis (PCA), but instead of using continuous variables, it is applicable to categorical data. As in PCA, the output of CA is a set of coordinates onto the *i* dimensions of a CA plot for each of the items included in the analysis (in our case wine retailers and descriptors). For ease of interpretation, the plot is often reduced to two dimensions. However, different to PCA, where each axis can be defined by the factor scores each original variable is loaded into, the axes in CA have no other meaning than a bi-dimensional representation of the associations between the items displayed in the plot (Beh, 2004; Greenacre, 2007).

4. Results

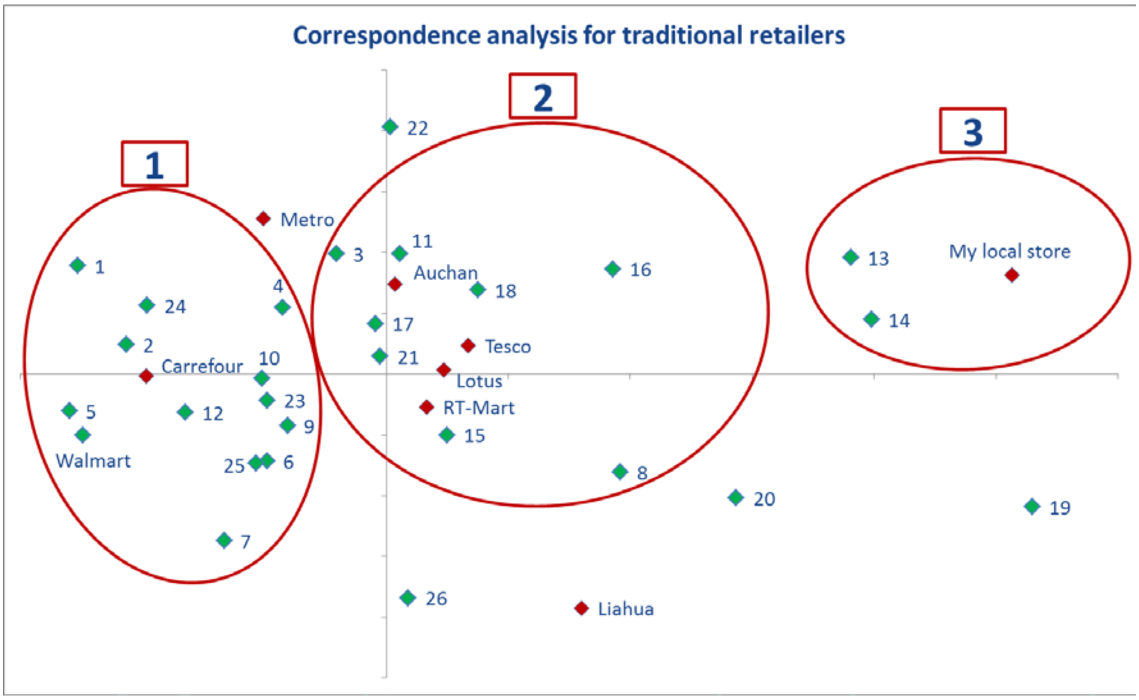
The results for the traditional retailers reveal two groups of retailers, while 'my local wine store' is positioned far from the retail chains and defined by different store image elements. Walmart and Carrefour are clustered together and are mainly characterised by elements relative to the products carried. The two chains are perceived to carry a wide selection of wines, which are of good quality and generally available in stock. These products are easy to find on shelf, and, offer an easy to return policy. Some characteristics also emerge in relation to pricing. Respondents perceived that the wines stocked by these two retailers are good-value-for-money, perhaps due to the fact that discounts are available, and that prices are easily visible on shelf. Finally, these two retailers are considered to be totally trustworthy and located in convenient locations.

The second group of retailers comprises Auchan, Tesco, Lotus and RT-Mart. These players seem to be characterised by a more balanced mix of the four store image dimensions. In terms of products, these chains are perceived to carry fashionable wines and to be chosen for on-line purchases too. The prices are considered low compared to similar retailers, and in terms of overall store image, respondents feel that the stores are clean and tidy, have an excellent atmosphere, and are more suitable to serve the middle class. Different from Walmart and Carrefour, these retailers are characterised by a good perceptions of staff: friendly personnel who provide good customer service.

‘My local wine store’ prevails over corporate retailers only in terms of personnel. When purchasing at a local store customers state they can rely on staff, with whom they can develop a good relationship and who is able to give recommendations about the wines.

Interestingly, two retailers – Metro and Liahua – do not seem to be associated with any dimension in particular, though Metro is relatively close to Auchan. Also, private labels (#4) don't seem to be connected to any chain, as this item sits between the two main groups of retailers. Similarly, other general store image dimensions such as being a world-class retailer (#22), having a Chinese appeal (#20), or projecting a conservative image (#19) do not belong to any retailer in particular. Finally, a previous purchase from a retailer is another characteristic not associated with any chain, as respondents are likely to have purchased from one or more of the retailers presented in this research.

Figure 1: Correspondence analysis map for traditional retailers



The analysis of on-line wine retailers shows four groups of stores, two of which are characterised by a homogenous mix of the five store image dimensions, while the other two retailers emerge in relation to general store image aspects and security of transactions and delivery options.

Yesmywine.com and Juixian.com are thought to carry a wide selection of wines, which are also fashionable. They offer price discounts, they have an attractive website, respondents frequently see advertising by these on-line retailers on the Internet, and they have total trust in on-line transactions with these stores. Also, respondents seem to associate previous purchases more with these two retailers than with others.

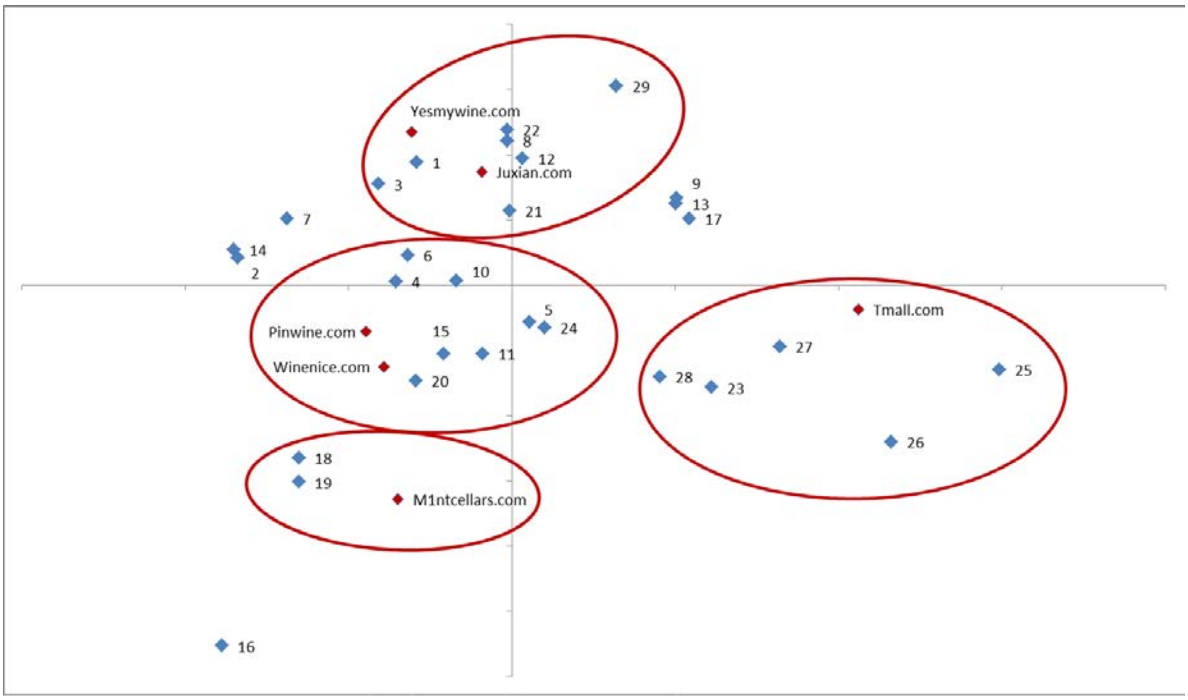
Pinwine.com and Winenice.com are also appreciated for their products and value, which are perceived to be always in stock, can be easily returned, are of good value for money, and offer a good range of private labels. The website is fun and customers find the navigation a pleasurable experience. In terms of security, the most important aspect associated with Pinwine.com and Winenice.com is that personal data are safely kept confidential, thus contributing to an overall reliable image of these retailers.

Tmall.com, the largest of the operators considered in this study, is exclusively characterised by the security of transactions and delivery options. This on-line retailer offers safe and fast financial transactions, has a number of safe and fast range delivery options.

Finally, Mintcellars.com is mostly associated with the ability to serve the middle class and is perceived be a world-class retailer.

As above, several store image dimensions do not seem to be connected with any specific on-line retailer. In terms of products, none of the retailers is thought to stock good quality wines (#2). The prices offered by these retailers seem to be comparable, as no store is perceived to offer low prices compared to the others (#7). Also, prices seem to be hard to identify in any of the websites, as no store is perceived to make prices clearly visible (#9). This is reflected in the fact that none of retailers have an easy to navigate website (#13), and that no on-line retailers provide good recommendations about the wines. Finally, no website in particular has a clear Chinese appeal (#17).

Figure 2: Correspondence analysis map for on-line wine retailers



5. Discussion and conclusions

This is the first paper to consider the store image and attributes of major wine retailers in China. The traditional bricks and mortar retailers seem to fall into two groups plus the local wine store. Consumers see local shops as providing good customer service, while the Walmart-Carrefour cluster are not recognised for this. The third cluster is located between the other two. This means that wineries needing some personal selling would do better in cluster 3 or 2, while wineries with substantial advertising would likely do better in Walmart of Carrefour. This is a surprising result. Upon visitation to a wine department in a major hypermarket in China, anecdotal evidence provided by the authors report being swarmed by sales staff trying to push/recommend particular wines. Language impediments prevented comprehending their pitch, but clearly Chinese do not perceive this sales support as helpful. The image of stores in cluster 2 is better, but our evidence from another component of the survey is that consumers shop a number of these major store brands. It is also interesting to note there seems to be no image differences between the international chains and the major Chinese one.

There are more differences among the on-line retailers than among the major bricks and mortar ones. Yesmywine and Juxian are perceived to advertise more and have the perception of repeat purchase, which seem to go together. Pinwine and Winenice are known for private labels and for secure personal data, while Tmall has secure transactions and better delivery. None of these image attributes would seem of major importance to wine producers, but might be useful to the stores themselves for improving their position in the market. It also seems clear there is potential to gain customers by developing an easy to navigate website, clearly marked prices and wine recommendations. Some of the larger wineries or even wine regions might choose to ally with a particular retailer and help develop the recommendation part of the website.

6. References

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7. Appendix

Table 1: List of items for traditional retailers store image

Dimension	#	Items
Product range	1	The retailer carries a wide selection of wines
	2	The wines stocked by the retailer are of good quality
	3	The wines sold by the retailer are fashionable
	4	The retailer's private label brands are reliable
	5	The retailer operates an easy return policy for wines
	6	The retailer always carries the wines that I want in stock
	7	The wines that I want are easy to find on shelf
	8	I buy on-line from this retailer
Price	9	The retailer makes the prices of the wines easily visible on the shelf
	10	Discounts are available from the retailer
	11	Prices for wines are low compared to similar retailers
	12	You get good value for money on the wines sold by the retailer
Staff	13	The staff is able to give recommendations about the wines
	14	The staff develop a good relationship with the customers in the store
	15	The retailer personel are helpful
	16	The retailer personel are friendly
General image and location	17	The retailer's stores are clean and tidy
	18	The retailer's stores atmosphere is excellent
	19	The retailer projects a conservative image
	20	The retailer has a clear Chinese appeal
	21	The retailer serves the middleclass
	22	The retailer is a world class wine retailer
	23	The retailer transmits a reliable image
	24	I find the retailer totally trustworthy
	25	The retailer's stores are located in convenient locations
	26	I have shopped at this retailer previously

Table 2: List of items for on-line retailers store image

Dimension	#	Items
Product range	1	The online retailer carries a wide selection of wines
	2	The wines sold by the online retailer are of good quality
	3	The wines sold by the online retailer are fashionable
	4	The online retailer's private label brands are reliable
	5	The online retailer operates an easy return policy for wines
	6	The online retailer always has the wines that I want in stock
Price	7	The online retailer makes the prices of the wines easily visible on the website
	8	Discounts are available from the online retailer
	9	Prices for wines are low compared to similar online retailers
	10	You get good value for money on the wines sold by the online retailer
Website image	11	The website is fun
	12	The website is attractive
	13	The website is easy to navigate
	14	The website provides good recommendations about the wine
	15	I have great pleasure browsing through the website
General image	16	The online retailer projects a conservative image
	17	The online retailer has a clear Chinese appeal
	18	The online retailer serves the middleclass
	19	The online retailer is a world class wine retailer
	20	The online retailer transmits a reliable image
	21	I find the online retailer totally trustworthy
Financial transactions and delivery options	22	I frequently see advertisement about the online retailer on the internet
	23	The online retailer offers a wide range of delivery options
	24	The online retailer keeps my personal data confidential
	25	The online retailer has safe financial transactions
	26	The online retailer has fast financial transactions
	27	The online retailer delivers wine fast
	28	The online retailer delivers wine safely
	29	I have shopped at this retailer previously