HANDLE "COUNTRY OF ORIGIN EFFECT" WITH CARE: LESSONS FOR RESEARCHERS AND MANAGERS

Kenneth R Deans
University of Otago, New Zealand
ken.deans@otago.ac.nz

Carlos Rodriguez
Universidad Adolfo Ibáñez, Chile

Christian Felzensztein
Universidad Adolfo Ibáñez, Chile
c.felzensztein@uai.cl

Abstract

Purpose

This study explores the country of origin effect (COO) of New World versus Old World wine producing countries on consumer preferences. Previous research argued that COO matters in this industry and influences consumer preferences and perceptions. Our study extended this research hypothesising that COO matters in general and varies according to the economic development of the wine producers' location.

Design/methodology/approach

We conducted a survey questionnaire containing demographic questions and a series of Likert Scale questions. SPSS was used to carry out statistical analyses.

Findings

Our results however did not support this hypothesis and showed COO to be the second most important factor after price that influenced consumer preferences for both New World and Old World producers, with no significant statistical difference between them.

Practical Implications

Our study offers new insights for researchers and managers into the debate of the importance of COO on consumer preferences, suggesting that the COO should be handled with care in an industry that is facing intense global competition and new competitors from emerging markets.

Keywords
Country of Origin, Wine Export Markets, Consumer Preferences, International Strategy

1. INTRODUCTION

Since early this century, New world wine producers (i.e. Non-European) have experienced changes in their market share; this is true especially in the UK, which is one of the most competitive and largest wine importing markets in the world (Deshpande et al., 2010). According to Anderson et al. (2003) the tendency for Non-European countries to produce and export wine is continuing to grow, Australia standing out as the leader in terms of export volumes among the New World producers (Felzensztein and Rodriguez, 2013). However, other New World countries, particularly from the southern hemisphere, Chile, Argentina, and New Zealand are also positioning their products in key wine markets using innovative marketing strategies (Felzensztein et al., 2013).

Other conditions have changed in the wine industry in addition to the increasing importance of New World countries' market share. First, there has been a decline in wine consumption per capita in traditional markets whereas the opposite has occurred in emerging markets (Anderson, 2002). According to Kolyesnikova et al. (2008) this can be explained by the fact that emerging economies have performed better than developed economies in the last decade. Secondly, the supply chain, especially in the British market, has become more orientated towards the private label brands (Green et al., 2003; Ritchie, 2008). Finally, the *"Country of Origin"* and *"Grape Variety"* have become important factors affecting consumers' choice of wine (Felzensztein and Dinnie, 2005).

In line with these developments, this research analyzed the COO effect to determine if it can be considered the fifth element in the marketing mix for imported wine (Felzensztein et al., 2004) and to contrast different impact of COO among producers located in 'New World' versus 'Old World' economies.

The study is focused on the UK market as it is one of the largest wine markets in the world (Deshpande, et al., 2010; Merino, 2010; Ross et al., 2010). Although the UK has very little local wine production, it is one of the most important wine markets in the world, importing almost 900 million litres per annum. Additionally, the volume sold has risen by 3% during the last decade and the trend is favorable to New World countries[1] (Merino, 2010). Chile is an important element of this trend as the UK is one of the largest importers of Chilean wine[2] (Merino, 2010). Off-trade dominates the market accounting for 81% of total retail sales, mainly through supermarket chains like Tesco 32%, Sainsbury's 22%, Asda 13% and Safeway 12%. The remaining 19% is on-trade, through more than 133,000 outlets (Ross et al., 2010). The distribution channel could be an important factor in consumer preferences for imported wine and so the UK market is auseful focus for this study.

A survey of wine consumers in the UK market was used to collect primary data The major concern was to reach people who had specific wine preferences, opinions and perceptions related to COO effects. The survey was conducted between September and October 2013. Results show that *price* was the only variable which showed statistical significance in the regressions conducted. The same result was found in the one-way ANOVA conducted on wine consumers' knowledge and influential variables. This suggests the UK wine market is *price sensitive* for Old World wines. A full discussion is presented in our results section, concluding with practical implications for managers and policy makers. We consider that our results and conclusions are not only important

[1] Chilean wines have 9.4% of the market volume and 9% of value. New Zealand and Chile are the fastest growing importers in terms of sales, with 38% and 26%, respectively.

[2] The UK market receives 23% of all Chilean wine exports and 17% of all sales (measured in volume).

for researchers on COO, but also for managers dealing with international marketing strategies in agribusiness industries, especially those located in emerging economies.
Next we present our review of the current theoretical literature on the effect of COO and its influence on consumer preferences and our proposed theoretical model. Finally, results and analyses of our field research as well as conclusions and implications are provided.

2. THEORETICAL BACKGROUND

2.1New emerging players in the wine industry

In recent years there has been a rapid increase in wine exports from New World producers. Particularly in the case of Argentina and Chile who are now out-competing countries such as Australia, South Africa and New Zealand (Felzensztein et al., 2013). According to the latest figures, Argentina[3] and Chile[4] rank the 5th and 8th largest producers of wine and rank the 9th and 5th largest exporters of wine (Felzensztein, 2011). However, differences exist between these countries, especially in export behavior. Argentina's internal market remains the primary destination of its production and its main export markets, in terms of volume, are the USA, Paraguay, Russia and Canada. Chile on the other hand exports most of its production to around 150 countries, including the UK, USA and Canada.

2.2 Marketing in the wine industry

Wine product quality has a considerable impact on consumer behavior. Most of the quality cues are conveyed through the packaging and label. Brand origin is perceived by consumers as a key indicator of quality. Previous studies have shown that consumers rank vineyard location among the most important details on the label (Bruwer and Johnson, 2010). Hence, if the geographical area in question enjoys a positive reputation, then this information alone will convey quality to many consumers. For example, in the USA the esteem attached to California has been exploited by wine producers for many years (Felzensztein and Deans, 2013).
The fact that wine consumers respond to marketing based on place is widely acknowledged. The growing demand for region-of-origin information has led to a significant increase in the number of American Viticultural Areas (AVAs) being created. AVAs serve to define grape-growing regions by geographical features, and are felt by the wine industry to be more appropriate than the use of state or county boundaries used previously. In order to be granted AVA status, the region's name must be known locally or nationally. While an AVA signifies grape source, analysts point out that no other indication of quality is suggested (Bruwer and Johnson, 2010).
The ideal country and brand image would therefore be one which could be linked with the most relevant variables for consumers (price, promotions, recommendations, grape variety, country of origin, etc.) in the most important markets. Herrera (2009) noted that the key for a successful market entry is a strong proactive attitude, long-term commitment to the market, conscientious follow-through of exporting effort, marketing and promotion, adaptation to competitive local price points and margins and good customer services and terms of payment.

2.3 **Country of origin and consumer preferences**

Definition of Country of Origin

Based on the literature review, COO can be defined as the role of the country context as a dominant antecedent to the origin effect of the product, usually through its role on the formation of country associations and "image". A country context has several

[3] Argentina exported 283 million litres in 2009, which represents an increase of 32% over world's 2008.
[4] Chilean's wine production is an 8% of the global international wine market.

dimensions and so the COO effect can be studied in its institutional, cultural, economic, and technological environments. Authors have either focused on the economic context (i.e. developed economies vs. emerging and developing economies) or various aspects of the cultural context of countries. Consequently, a gap exists in COO research as few authors have considered the impact of several context dimensions. Thus the COO effect often functions as a powerful aspect of a brand's image and is often particularly significant in the marketing of wine.

Consumers around the world are now faced with a broad choice of wine brands and the COO effect is readily acknowledged as a key differentiator able to positively influence the equity of a brand (Felzensztein et al., 2014; Felzensztein and Dinnie, 2005). Moreover, in some nations the effect has developed further and the region-of-origin has become increasingly more important. France provides a perfect example of this shifting tendency, with Burgundy and Bordeaux recognized as indicating a more precise identification of brand source (Locksin et al., 2006).

Felzensztein et al. (2004) and Felzensztein and Dinnie (2005) explain the importance of COO as a factor of consumers' wine preferences. Felzensztein et al. (2004) noted that COO may be the fifth element of the traditional marketing mix and therefore affects international marketing strategies for imported products and consumers' perception of them in foreign markets. Also, Felzensztein and Dinnie (2005) proposed that the COO cannot be seen as an isolated factor and it is therefore necessary to include other attributes such as price, grape variety, recommendations from retail assistants, word of mouth and promotional activities at the point of sale.

The importance of the COO

The COO effect has become an important topic for international marketing researchers in recent years. For example, the *International Marketing Review* received a high number of paper submissions that deal with the COO topic, and in recent years, has published many of these articles. Similarly, the *International Marketing Review* has devoted two special issues to the topic of COO (volume 25, issue 4, 2008 and volume 27, issue 4, 2010), and a paper addressing an important COO-related issue (Riefler and Diamantopoulos, 2007) received a best paper award.

Recent COO contributions have been critical of the research approaches used in the COO field, arguing that COO may not be that important after all (Samiee et al., 2005). This has led to questioning the work of COO researchers suggesting they are wrong in their methods and the questions they are seeking answers to (Samiee, 2009). However, two legitimate research streams still exist; whether COO has negligible or significant effect on the behavior of consumers and organizations and the effect of COO on the overall success of companies and countries. Research to date has produced two different views of the importance of the COO effect in consumer behavior in the wine industry.

On one hand, there is a group of researchers that defend the importance of the COO in consumers' consumption behavior. Magnusson et al. (2011_a) argue strongly that consumers' perceptions of the country that they believe a brand to originate from affect their attitudes towards the brand, regardless of whether these perceptions of brand origin are accurate, and that this has implications for managers who may need to manage the country of origin image within their broader marketing strategy. Further, Magnusson et al. (2011_b) offer guidance to marketing managers, confirming that COO is an important research domain. A similar view is defended by Diamantopoulos et al. (2011) who determine the relative importance of country of origin image and brand image in terms of consumers' intentions to buy specific Chinese and US brands. The authors conclude that their findings show that the COO is an important driver of brand image and, as such, the country of origin image drives purchase intentions indirectly through brand

image. Indeed, Diamantopoulos et al. (2011) believe the COO research criticism is largely unfounded, and the COO is a relevant construct worthy of continued research activity.

On the other hand, some researchers state there are other notions more important than the COO to determine consumer behavior. For example, Samiee (2011) suggests that the notion of Brand Origin (BO) is a more valid issue in terms of managerial importance, overcoming many of the weaknesses that the COO poses. Samiee et al. (2005) defined BO as the consumer's ability to correctly identify where a representative group of widely distributed and generally well-known brands have originated. They go on to argue that the big question that researchers need to focus on now is whether COO or BO actually influence consumers' behavior, and to construct research designs that are can generate valid insights into COO/BO issues. Similarly, Usunier (2011) believes that researchers should refocus on the issue of BO, and its associated notions, such as country of brand, brand origin recognition accuracy (BORA), and confidence in brand origin assessment. Particularly, he argues that this shift should occur at the expense of traditional COO notions such as country of manufacture and country of design.

Studies on different dimensions of the COO effect

Despite the discussion described above, our view is that research on different dimensions of the COO is important in understanding consumer behavior, particularly in agribusiness and especially the wine industry. Perrouty et al. (2005) noted that consumers can be influenced by a country's strengths and weaknesses as well as the perceptions of a country's traditions, culture, economic and political situation. Therefore, quality distinction between countries can lead to price differentiation and premium wine status. Kolyesnikova, et al. (2008) reported consumers' attitudes towards *"local wines and region effect"*, noting that new and small producers' effect do matter in the wine industry.

Dimara and Skuras (2005) noted that "*…consumers are increasingly anxious to know where products come from…*" (p. 91). For example, the origin (vineyard location) of a wine was rated second highest (65 percent response) by consumers among items most frequently sought by them on wine labels. Later work by Goodman et al. (2007) shows that the origin of wine ranked fourth in importance by USA retail store consumers. Thus, there is a shift towards the increasing importance of the (branded) origin of wine.

In a related study, Bruwer and Johnson (2010) explored different levels of place-based marketing in the form of region of origin strategies used by wineries in their branding efforts. The overall aim was to obtain insights into wine consumer dynamics such as product involvement level, consumption frequency and differences between segments on the basis of gender and age from a regional branding perspective. The data was collected using a highly-structured online survey of wine consumers across the USA. Their findings suggest that consumers use regional branding cues, information and images in their assessment and valuation of 'competing' wine labels. Almost without exception, the addition of regional information on a wine label increased consumer confidence in the quality of the product.

A number of other dimensions have been studied that relate to COO effect.. Egan and Bell (2002) studied the "*effect of country image"* stating that it affects international marketing strategies for imported products and consumers' perception of them in foreign markets. Also, Edwards and Spawton, (1990) studied the effect of "*pricing"*. This effect is important as it is important to reduce the post purchase cognitive dissonance and price is an attribute valued by wine consumers. Keown and Casey (1995), Barber et al. (2009), and Hollebeek et al. (2007) identified the factors "*purchasing behavior"*, *"value for money"*, "*price"* and "*grape variety"* as important

choice criteria for consumers in the UK. Lastly, the work of Moon and Jain (2002) concluded that the *"advertisement"* combined with the COO can influence consumers in terms of national products, which can produce a strong effect in strategic marketing strategies.

The literature relating to consumers' behavior towards "wine brands" (Gluckman, 1990; Lim et al., 2001; Thakor et al., 2003) is key in the current study as "brand awareness is the first and simplest base of brand equity in wine" (Lockshin and Spawton 2000, p. 75). More recently, Bruwer and Johnson (2010) examined place-based marketing and investigated how including region and/or sub-region of product origin on wine labels impacts on consumer perception of product quality and brand equity. The study was carried out on behalf of the Sonoma County Grape Growers Association with the key aim being to determine the impact of including the Sonoma brand name on product labels. The findings confirmed predictions about how certain demographic aspects relate to knowledge and involvement. Previous work had identified that consumers believed the inclusion of the Sonoma County origin on wine labels greatly increased their expectation of quality. The authors point out that combining place names on a label does not guarantee that consumers will anticipate superior quality in all cases. Hence some regions enjoy a more positive image than others, so producers should be wary of making assumptions about what consumers will infer from the information on the label. Indeed, highly involved individuals are more likely to employ brand-based cues in their decision making. Bruwer and Johnson (2010) therefore urge marketers to target this group rather than those identified as low involvement consumers. Another key recommendation is that wineries should exploit the brand power of the regional name when the image is positive. They also suggest applying the study in other industries, such as food. Including a broader sample of consumers in future work could allow a generalization of these results.

3. **HYPOTHESES**

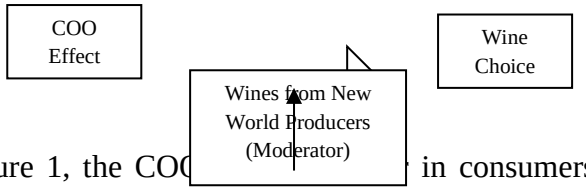
The extant literature and context of our study has highlighted important variables and influential factors for consumers when choosing their wine. It also highlights the differences in perception for wine consumers, with the COO being one the most influential factors and therefore a fundamental marketing tool in the wine sector with special benefits for the growth of national and regional ecomomies. Based on the review of previous studies, we propose the following hypotheses:

H_1: COO is one of the most significant factors for consumers when choosing wines.

H_2: COO is more important when choosing wines from New World producers than from Old World producers.

Our two hypotheses are reflected in the following theoretical model:

Figure1. Wine Choice Theoretical Model



As shown in figure 1, the COO [illegible] in consumers' wine choice behavior. Moreover, in cases where wines are imported from New World producers, the COO grows in importance in consumers' wine choice behavior.

4. **RESEARCH METHODOLOGY**

The method used to collect the primary data was a *mail survey* administered to wine consumers in the UK market. A major concern was to reach consumers who had their

own wine preferences and opinion/perceptions related to COO. According to Fink (2003) and Bruwer and Johnson (2010) some of the advantages of using a survey for this type of study include the possibility of reaching a representative sample of the population. The survey was conducted in the UK between September and October 2013 and the questionnaire format was "Structure-non-disguised". This is the preferred format for descriptive research as it provides a standard method for respondents ensuring they all answer the same questions (Oppenheim, 1992). The questionnaire was developed based on COO studies (Felzenstein, 2004; Felzensztein, 2005) and our proposed hypotheses.

Measurement's scale and Analysis

For constructing our measurement scales we based our work on Felzensztein et al. (2004) but added new wine attributes, factors and communication tools from Felzensztein (2005), Cohen (2009), Cohen et al. (2009), and respondents' feedback from the pre-test questionnaire. Consumers' preference data was obtained using a five point Likert scale. Respondents had to indicate their wine preferences of producer countries[5] on a scale from*"1: very much preferred"* to *"5: not preferred at all"*. Regarding wine quality, value for money, well-known brands and reputable producers, respondents had to give their perceptions on a five-point Likert scale from *1: "completely agree"* to *5: "completely disagree"*. Influential factors and communication tools questions followed the same scale[6] from *1: "very important"* to *5: "not important at all"*. A *"Check List"* was used to gather demographic data.

Statistical analysis was conducted using SPSS. Linear Regression was used to estimate coefficients of the equation, involving all the independent variables considered in this case that best predict the value of the dependent variable (Langdridge, 2004). To follow our proposed model and hypotheses it was necessary to compute new factors, which were separated in:

- Mean of New World Wines preferences (NWW)
- Mean of Old World Wines preferences (OWW)
- Mean of NWW and OWW perception as premium products, value for money, brand awareness, producer country reputation.

With these factors it was possible to run several regressions where the *dependent variables* were NWW preferences and OWW preferences and the *independent variables* were the most important influential factors according to literature. These factors are price, country of origin, region of origin, grape variety and brand. The followings are the regression models constructed for these factors:

NWW preferences(mean)=COO*nww*+Price*nww*+Region*nww*+Grape*nww*+Brand*nww*
OWW preferences(mean)=COO*oww*+Price*oww*+Region*oww*+Grape*oww*+Brand*oww*

Other *independent variables* were the new factors created in terms of new and old world wine consumers' perceptions mentioned above (premium, value for money, brand awareness and producer country reputation). The following are the regression models constructed for these factors:

NWW preferences(mean)=Premium*nww*+Value for money*nww*+Brand*nww*+
Reputation*nww*

[5]Based on Felzensztein (2004).

OWW preferences(mean) = Premium*oww*+Value for money*oww* +Brand*oww*+ Reputation*oww*

A Univariate Analysis was run in order to provide a regression analysis and an analysis of variance to one dependent variable through one or more factors or variables (Field, 2009). First of all, we explored the knowledge of the respondents and used it as a *fixed factor*. SPSS was needed to separate the *level of knowledge* into three factors which were represented by numbers (Low: 1; Medium: 2; High: 3). The analysis was run twice, considering the previous two new factors as *dependent variables* (preferences of New/Old World wines). Finally, an analysis was conducted using the previous five most important influential factors according to the respondents and the literature (Price, COO, region of origin, grape variety and brand) as *Covariates*.

As a last stage, a one-way ANOVA was run twice in order to produce an analysis of variance of one factor to one quantitative dependent variable in terms of only one factor variable (Field, 2009). We used two new factors as a *dependant list* (Consumers' preferences for New/Old World wines) and wine consumers' knowledge and influential variables as *factors*.

5. **RESULTS**

Respondents' demographic and wine selection

The majority of the respondents were females (54.2%). This could be ascribed to *Demand artefacts bias* (*signs sensitive* and *signs interpretation*), which considers the complexity of the questionnaire and other factors (boredom and tiredness) as a barrier for *male* respondents (Krosnick, 1991). Second, age was well distributed and spread among the five categories responses. A third of the respondents were between *18 to 30 years old* (28.9%). The first two categories representing consumers less than 40 years, made up the majority of respondents in this study and the *51 to 60 years* category formed the smallest proportion (12.1%) followed by *61 years or more* (16.3%). This confirms earlier findings, as the ones encountered by Felzensztein (2011) who noted a growing trend of young consumers, called *"Millennials"*. These are consumers between 21 to 29 years old with a university education, good income and use the Internet to learn and communicate. The majority of our respondents have a University education (71.1%), as wine consumption in the UK is more likely to be in higher socio-economic groups. Indeed, in terms of household earning, the category that stands out is the *over £55.000*, which accounts for 27.4% of all respondents. Our respondents can be interpreted as a consumer group which is more likely to buy more expensive wines and/or more frequently.

<Insert Table 1>

Regarding the amount that respondents are prepared to pay for a bottle of wine, the majority of respondents (52.6%) chose the £*6.00 and £9.99* category. This demonstrates that consumers are spending more money on wine than ten or more years ago, where the majority spent between £*4.50 to £5.99* and £*3.50 to £4.49* ((Felzensztein, 2004). A minority of respondents (12.5%) was willing to pay £*10 or more* per bottle of wine. These respondents may reflect the "connoisseurs" who prefer more expensive wines. Interestingly, this does not match the large proportion of respondents that earn over £55,000 a year.

Finally, the results show that *supermarkets* are the most popular place where respondents frequently purchase wine (84.4%). The second most popular retail outlet is *off-license shops* (41.1%), which represent a wine knowledgeable class of consumers, who are more involved in the wine world and are therefore considered the primary purchasers of fine wines.

New World Vs Old World

Our results show that there are not significant differences between consumers who prefer the NWW or the ones who prefer OWW. Both groups present very similar means, NWW (m: 3.6; sd: 0.61) and OWW (m: 3.7; sd: 0.59). This may be due to the fact that all the respondents had to answer according to their preferences by country rather than by groups.

Two regressions were conducted and two of the new factors created were used as dependent variables (consumers wine preferences for NWW and OWW). Additionally, country of origin, region of origin, grape variety and brand were considered as independent variables. We did not achieve significant statistical results, although *price* was the only factor which is significant in the second model where consumers' preference for OWW was the dependent variable (*See the regression models in Methodology part*).

<Insert Table 5>

<Insert Table 6>

The second regression considered wine consumers' perceptions as *dependent variables* (premium, value for money, brand awareness and country producer reputation). We identified that the variable *premium* wine is the only significant perception for consumers' preferences of NWW and OWW.

<Insert Table 7>

<Insert Table 8>

Furthermore, results from the Univariate analysis show that the COO is important for all wine consumer categories involved in this study, considering different levels of knowledge, two groups of preferences (NWW and OWW) and also including five influential factors at the time of choosing a wine. However, the COO is not significant in relation to other factors. However, *region of origin* and *grape variety* were significant and the results demonstrate that these two variables are increasing in terms of importance for consumers at the time that their knowledge is increasing from Low to Medium to High.

<Insert Table 9>

<Insert Table 10>

Lastly, we did not find any significant results other than *price* in the one-way ANOVA conducted with OWW in the *dependent list*. Thus, it is confirmed that consumers' knowledge does not make any difference in this study as the preferences of consumers for wines either from the New World or Old World are similar. The univariate analysis showed that the COO is important for consumers, but it is not a significant factor. However, the importance of *price* in terms of consumers' preferences for Old world wines was confirmed. This was presented in a previous analysis (regression), where these results are validated.

<Insert Table 11>

<Insert Table 12>

Consumer's wine selection

Our results show "*Word of Mouth"* and "*Promotional Activities"* appeared as the most influential communication tools in the wine market, followed by "*Recommendations from Retail Assistant"*. These results are only partly in line with Felzensztein (2004), as these studies found that "*recommendation from the retail assistant"* was the most influential communication tool for buying wine. This was followed by "*Word of Mouth"* and "*Promotional Activities",* and then wine "*Publications/Wine Critics"* (13.6%) and "*Advertisement"* (mostly considered as "not important at all"). It is arguable that the results were different due to the fact that Felzensztein (2004) focused

on consumers of specialist wine retailers, who are mostly *"Connoisseurs and Aspirational Wine Drinkers"*. In contrast, our work has focused on a wide variety of consumers and as the results show, the majority of them prefer to purchase wine in supermarkets, where there is not an interaction between the retail assistant-customers.
On other hand, *"Advertising"* showed an increase from *"not important at all"* to "*indifferent/ little importance"*, which means the importance of it in the wine industry has been increasing over time.

<Insert Table 3>
<Insert Table 4>

6. CONCLUSIONS

Our findings show that *"Price" i*s the most important factor at the time of purchase wine. The second most important factor is *"Country of Origin"* which is becoming more relevant along the time. *Brand name* and *label* are also factors that influence consumer choice compared with a decade ago (Felzensztein, 2005).
According to our results *"Price"* was the only variable which presented significance in the regressions conducted, where consumers' preferences for OWW was the dependent variable. In addition, the same results were found in the one-way ANOVA conducted using OWW as *"Dependant List"* and wine consumers' knowledge and influential variables as *factors*. This demonstrated the UK wine market as *price sensitive* for consumers who prefer wines from Old World countries. Therefore our hypotheses 1 and 2 were not supported.
When we engaged in our study we expected that country of origin would influence NWW producers wine consumption. Surprisingly, we found that COO is only the second most important factor for both NWW and OWW wine producers (after price) without any significant statistical difference between them.
Although we cannot confirm our hypotheses, we can say that regarding consumers' perception, the concept of *premium wines* was significant for consumers who prefer wines either from the New World or Old World. This confirmed that there is a strong concept of high quality products when it is related to the *"Country of Origin"* preferences. In terms of influential factors at the time of selecting wine, *"Region of Origin"* and *"Grape Variety"* are significant for both groups of consumers (NWW and OWW preferences) and especially important when the *"Level of Wine Consumers' Knowledge"* increase from low to medium to high.
Our results can play an important role in an international marketing strategy in terms of consumers' preferences and perception (high quality, value for money, well-known brands and reputable wine producers) of wines.

7. IMPLICATIONS AND LIMITATIONS

COO has become an important factor and an important attribute for the wine industry and more research in this area is recommended. *"Brand Name"* was not perceived as an influential factor a decade ago (Felzensztein 2004), but in our research it reached the category of *"Important"*. Hence, our results are partly in line with results of previous research that showed that *"Price, Country of Origin* and *Grape Variety"* were the most influential factors at the time of purchasing wine and *"Region of Origin"*, *"Labeling"* and *"Brand"* were not considered to be influential factors as the latter were perceived indifferent factors for consumers. Therefore, these results suggests that the COO should be handled with care by researchers and managers as it seems its importance has been overrated in the marketing mix.
The research would have been more specific if a probability sample had been undertaken and qualitative research used. Further researchers on the COO should

consider larger samples and different geographic regions of the UK or other countries. Also new research should consider other factors such as place-based (location) issues, region of origin, brand origin, and brand loyalty (Bruwer and Johnson, 2010). Finally, researches could study and analyze specific wine consumer segments and consumers' perceptions of wine producers' countries from a behavioral view where multicultural and cross nationality studies would be an advantage for future research.

References

Anderson, K., (2002). "Wine's New World".*Washington post News week Interactive, LLC*, (136), pp.46–54.

Anderson, K., Norman, D. &Wittwer, G., (2003)."Globalisation of the world's wine markets".*The World Economy*, 26(5), pp.659–687.

Barber, N., Taylor, C. and Strick, S. (2009). "Wine consumers' environmental knowledge and attitudes: Influence on willingness to purchase". *International Journal of Wine Research*, pp. 59–72.

Bruwer, J. and Johnson, R. (2010), "Place-based marketing and regional branding strategy perspectives in the California wine industry", *Journal of Consumer Marketing*, Vol. 27 (1), pp. 5-16.

Cohen, E., (2009). "Applying best-worst scaling to wine marketing". *International Journal of Wine Business Research*, 21(1), pp.8–23.

Cohen, E., d'Hauteville, F. and Sirieix, L. (2009)."A cross-cultural comparison of choice criteria for wine in restaurants".*International Journal of Wine Business Research*, 21(1), pp.50–63.

Deshpande, R., Herrero, G. and Reficco, E. (2010).Concha y Toro.HarvardBussiness School, pp.1–24.

Dimara, E. and Skuras, D. (2005), "Consumer demand forinformative labeling of quality food and drink products:a European case study", *Journal of Consumer Marketing,*Vol. 22 No. 2, pp. 90-100.

Diamantopoulos, A., Schlegelmilch, A. and Palihawadana, D. (2011) "The relationship between country-of-origin image and brand image as drivers of purchase intentions: A test of alternative perspectives", International Marketing Review, Vol. 28 Iss: 5, pp.508 – 524.

Edwards, F. and Spawton, T. (1990), "Pricing in the Australian Wine Industry", *European Journal of Marketing*, Vol. 24 Iss: 4 pp. 11– 17.

Egan, D. and Bell, A. (2002), "Chilean wines: A successful image". *International Journal of Wine Marketing*, 14(2), pp.1–10.

Felzensztein, C. (2002a). "Consumers` perceptions and new generic marketing strategies for Chilean wines in the UK market", Working paper and Thesis, Department of Marketing, University of Strathclyde, UK.

Felzensztein, C. (2002_b). “Approaches to global branding: The Chilean wine industry and the UK market”. *International Journal of Wine Marketing*, 14 (2), pp.1–8.

Felzensztein, C. and Deans, K. R. (2013) "Marketing practices in wine clusters: insights from Chile", *Journal of Business & Industrial Marketing*, Vol. 28 Iss: 4, pp.357 - 367.

Felzensztein, C., Hibbert, S., Vong, G. (2004). “Is the Country of Origin the Fifth Element in the Marketing Mix of Imported Wine?”, *Journal of Food Products Marketing*, 10(4), pp. 73-84.

Felzensztein, C. and Dinnie, K. (2005). “The Effects of Country of Origin on UK Consumers' Perceptions of Imported Wines”. *Journal of Food Products Marketing*, 11(4), pp. 109-117.

Felzensztein, C. (2011). “The Chilean wine industry: new international strategies for 2020”. *Emerging Markets Case Studies Collection* (Marketing), pp.1–12.

Field, A. (2009) *Discovering Statistics using SPSS*, 3rd edition, London: SAGE.

Fink, A. (2003), How to Ask Survey Questions (2nd Ed.), California: Sage Publications

Gluckman, R.L. (1990), “A Consumer Approach to Branded Wines", European Journal of Marketing, Vol. 24, Iss: 4 pp. 27 – 46.

Goodman, S., Lockshin, L., Cohen, E. (2007).“Influencers of consumer choice in a retail setting – more international comparisons” *The Australian & New Zealand Wine Industry Journal*, Vol. 22 No. 2, pp.42–48.

Green, R., Zúñiga, M.R., Pierbattisti, L.(2003).“Global market changes and business behaviour in the wine sector”, *Laboratoired'OrganisationIndustrielle Agro-alimentaire*. 2nd ed.

Herrera, M. (2009), Food Processing Sector, USDA Foreign Agricultural Service, Global Agricultural Information Network.

Hollebeek, L., Jaegaer, S., Brodie, R., Balemi, A. (2007). “The influence of involvement on purchase intention for new world wine”. *Food Quality and Preference*, 18(8), pp.1033–1049.

Keown, C. and Casey, M. (1995).“Purchasing behaviour in the Northern Ireland wine market”, *British Food Journal*, Vol. 97, No. 1, pp. 17-20.

Kolyesnikova, N., Dodd, T., Duhan, D. (2008),"Consumer attitudes towards local wines in an emerging region: a segmentation approach", *International Journal of Wine Business Research*, Vol. 20 Iss: 4 pp. 321 – 334.

Langdridge, D. (2004), Introduction to Research Methods and Data Analysis in Psychology, (1st Ed.), Essex: Pearson Education Limited.

Lim,K. and O'Cass, A. (2001),"Consumer brand classifications: an assessment of culture-of-origin versus country-of-origin", *Journal of Product & Brand Management*, Vol. 10 Iss: 2 pp. 120 – 136.

Lockshin, L., Jarvis, W., d'Hauteville, F., Perrouty, J-P. (2006).“Using simulations from discrete choice experiments to measure consumer sensitivity to brand, region, price, and awards in wine choice”. *Food Quality and Preference*, 17(3-4), pp.166–178.

Magnusson, P., Westjohn, S., Zdravkovic, S. (2011_a) “Further clarification on how perceived brand origin affects brand attitude: A reply to Samiee and Usunier”, International Marketing Review, Vol. 28 Iss: 5, pp. 497 – 507.

Magnusson, P., Westjohn, S., Zdravkovic, S. (2011_b) *“What? I thought Samsung was Japanese”: accurate or not, perceived country of origin matters” International Marketing Review, Vol. 28 Iss: 5,* pp. 454 – 472.

Merino, R. (2010).“Wines of Chile, Strategic Plan 2020, International Market”, *Vinos de Chile Noviembre 2010, Santiago de Chile.*

Moon, B. J. and Jain, S. C. (2002) “Consumer processing of foreign advertisements: roles of country-of-origin perceptions, consumer ethnocentrism, and country attitude”, *International Business Review,* Vol, 11, Iss 2, pp. 117-138.

Mueller, S., Lockshin, L., Saltman, Y., Blanford, J. (2010). “Message on a bottle: The relative influence of wine back label information on wine choice”. *Food Quality and Preference*, 21(1), pp.22–32.

Oppenheim, A. N. (1992). Questionnaire Design, Interviewing and Attitude Measurement (1^{st} ed.), London: Pinter Publisher ltd.

Perrouty, J.P., d'Hauteville, F., Lockshin, L. (2005).“The influence of wine attributes on region of origin equity: An analysis of the moderating effect of consumer's perceived expertise”. MOISA, (4), pp.1–33.

Riefler, P. and Diamantopoulos, A. (2007) “Consumer animosity: a literature review and a reconsideration of its measurement”, *International Marketing Review*, Vol. 24 No. 1, pp. 87-119.

Ritchie, C. (2008). “The Culture of Wine Buying in the UK Off-Trade.In International Conference of the Academy of Wine Business Research”.*International Conference of the Academy of Wine Business Research*. pp. 1-16.

Ross, J., Hucsko, T., Palmer, M. (2010), Government of South Australia, Primary Industries and Resources SA., Wine Markets a Consumers Opportunities and Challenges for the Langhorne Creek wine region, PIRSA Market Development: Adelaide.

Samiee, S., Shimp, T.A., Sharma, S. (2005), “Brand origin recognition accuracy: its antecedents and consumers' cognitive limitations”, *Journal of International Business Studies*, Vol. 36 No. 4, pp. 379-97.

Samiee, S. (2009), “Advancing the country image construct – a commentary essay”, *Journal of Business Research*, Vol. 63 No. 4, pp. 442-5.

Samiee, S. (2011) “Resolving the impasse regarding research on the origins of products and brands” International Marketing Review, Vol. 28 Iss: 5, pp. 473 – 485.

Thakor, M. and Lavack, M., (2003),"Effect of perceived brand origin associations on consumer perceptions of quality", *Journal of Product & Brand Management*, Vol. 12 Iss: 6 pp. 394 – 407.

Usunier, J-C., (2011). “The shift from manufacturing to brand origin: suggestions for improving COO relevance”. *International Marketing Review*, Vol. 28 Iss: 5, pp. 486-496.

Wittwer, G. (2007), “The global wine market in the decade to 2015 with a focus on Australia and Chile”, Centre of Policy Studies & Australia, I.P., Monash University.

Tables

Table 1: Demographic Characteristics

Gender	**Frequency**	**Valid Percentage**
Male	87	45.8
Female	103	54.2
Total	190	100.0
Age	**Frequency**	**Valid Per cent**
18 to 30	55	28.9
31 to 40	41	21.6
41 to 50	40	21.1
51 to 60	23	12.1
61 or more	31	16.3
Total	190	100.0
Education level	**Frequency**	**Valid Per cent**
Secondary school or less	21	11.1
Bachelor degree	55	28.9
Postgraduate degree	114	60.0
Total	190	100.0
Household income	**Frequency**	**Valid Per cent**
Less than £ 15,000	32	16.8
£ 15,000 – £ 25,000	22	11.6
£ 25,001 – £ 35,000	32	16.8
£ 35,001 – £ 45,000	28	14.7
£ 45,001 – £ 55,000	24	12.6
Over £ 55,000	52	27.4
Total	190	100.0

Skipped questions (21)

Table 2: Consumers' preferences and influential attributes at the time of purchase wine.

Skipped questions (21).Consumers' preferences: Others (52)[7].Premium wines, value for money, well-known brands and reputable producer: Other(28)[8].

[7] *The UK producers (10), Austria (7), Hungarian (6), Greek (5), Bulgarian (4), Lebanon (3), Mexico (Baja California, 2), Turkey (2), Alsace (France*, which was already included in the original question*), Georgia Canada, Israel, Switzerland, Nigeria, Slovenia, Ukraine, Cyprus, Eastern Europe, Indifferent (2), not important; Avoid wines that have to fly (ecological reasons).*

[8] *UK (9), Austria (4), Hungary (2), Bulgaria (2), Mexico (Baja California, 2), Nigeria, Canada, Israeli, Lebanon, Switzerland, Ukraine, Greece, Georgia, (Indifferent, No knowledge)*.

Table 3: Influential Attributes

Attributes	Mean
Price	4.26
Country of Origin	4.13
Grape variety	3.94
Labelling (Clear information and/or design)	3.66
Colour	3.62
Region of Origin	3.56
Brand name	3.42
Ageing	3.39
Other factors	3.22
Medal or Award	2.94
Fair Trade	2.92
Alcohol level	2.89
Organic	2.7

Others (11)[9]

Table 4: Communication Tools.

Communication tools	Mean
Promotional activities (Special offers, tasting, etc)	3.69
Advertising (TV, radio, news papers)	2.65
Wine publications, wine critics	3.09
Word of mouth (Friends, family)	4.16
Recommendations from retail assistants	3.19
Other factors	3.52

Others (5)[10]

Table 5. Regression. Consumers' Perception.

Factors	M.	Sd.	Sig.
New world wine	3.65	.618	.000
New Premium	3.93	.721	.027
New Value for money	4.02	.687	.673
New Brand awareness	3.93	.745	.870
New Country producer reputation	4.26	.650	.649

[9] *Recommendation from the wine marker (2), Description of the flavour and taste on the label (2), Taste and wine body, Cork seal, Design of the bottle, Temperature, whether sweet or dry, (Principles, e.g. Not Argentinean wines because of the Falklands), (ecological reasons, wines from countries close to the UK).*

[10] *Level knowledge of area/visits (2), tasting elsewhere (dinners, parties, bar/pub), Curiosity, Whim and random chance*.

Table 6.Regression. Consumers' Perception.

Factors	M.	Sd.	Sig.
Old world wine	3.73	.586	.000
Old Premium	4.07	.674	.047
Old Value for money	3.72	.846	.640
Old Brand awareness	3.81	.790	.658
Old Country producer reputation	4.27	.608	.991

Table 7.Regression.Infleuntial factors at the time of choose wines from the New World.

Factors	M.	Sd.	Sig.
New world wine	3.62	.611	.000
Price	4.27	.789	.709
Country of origin	4.15	.989	.490
Region of origin	3.58	1.016	.129
Grape variety	3.96	1.060	.072
Brand	3.43	1.033	.574

Table 8.Regression. Infleuntial factors at the time of choose wines from the Old World.

Factors	M.	Sd.	Sig.
New world wine	3.74	.593	.000
Price	4.26	.790	.043
Country of origin	4.13	.999	.874
Region of origin	3.56	1.032	.315
Grape variety	3.95	1.56	.913
Brand	3.42	1.041	.902

Table 9.Unvariet Analysis. New World Wines.

Factors	Knowledge	M.	Sd.	Sig.
New Price	Low	4.29	.926	.980
	Medium	4.26	.670	
	High	4.25	.840	
	Total	4.26	.786	
Country of origin	Low	3.97	1.098	.182
	Medium	4.05	.953	
	High	4.29	.983	
	Total	4.13	.997	
Region of origin	Low	3.29	1.060	.000
	Medium	3.33	1.003	
	High	3.93	.935	
	Total	3.56	1.028	
Grape variety	Low	3.63	1.140	.001
	Medium	3.74	1.076	
	High	4.29	.882	
	Total	3.94	1.052	
Brand	Low	3.54	1.146	.692
	Medium	3.36	.903	
	High	3.43	1.117	
	Total	3.42	1.035	

Table 10.Univariate Analysis. Old World Wines.

Factors	Knowledge	M.	Sd.	Sig.
Price	Low	4.29	.926	.980
	Medium	4.26	.670	
	High	4.25	.840	
	Total	4.26	.786	
Country of origin	Low	3.97	1.098	.182
	Medium	4.05	.953	
	High	4.29	.983	
	Total	4.13	.997	
Region of origin	Low	3.29	1.060	.000
	Medium	3.33	1.003	
	High	3.93	.935	
	Total	3.56	1.028	
Grape variety	Low	3.63	1.140	.001
	Medium	3.74	1.076	
	High	4.26	.882	
	Total	3.94	1.052	
Brand	Low	3.54	1.146	.692
	Medium	3.36	.903	
	High	3.43	10117	
	Total	3.42	1.035	

Table 11.One-way ANOVA.New World Wines.

Independent variables	Sig.
Price	.737
Country of origin	.461
Region of origin	.090
Grape variety	.104
Brand	.555
Knowledge	.309

Dependent variable : New World Wine.

Table 12.One-way ANOVA. Old World Wines.

Independent variables	Sig.
Price	.045
Country of origin	.955
Region of origin	.478
Grape variety	.651
Brand	.737
Knowledge	.138

Dependent variable: Old World Wine