

Benefits convincing wine consumers - Developing a unique selling proposition for Georgian wines based on focus group analysis

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Abstract:

Purpose: Although the 500 endemic grape varieties and a 8000 year old traditional wine making culture makes Georgia a cradle of wine, for German wine consumers Georgian wines remain either unknown or are considered to be of poor quality. As the trends of behaviour of German wine consumers have changed to being more environmentally-friendly and seeking authenticity, and because Georgian wines could correspond to these trends, this paper aims to examine the attitudes of German wine consumers towards Georgian wines through explicit communication of these benefits.

Design/methodology: A qualitative research method was adopted, and focus group discussions including wine tasting session were carried out.

Findings: We found that Georgian wines have the potential to meet the demands of sustainable lifestyle wine consumers. The ancient traditional Georgian winemaking method of wine fermentation and ageing in so-called qvevri provides strong evidence to German consumers to reinforce perceptions of Georgian wine as an authentic and natural product. The research has confirmed that Georgian wines convey positive social and emotional value and that quality standards have been accepted by consumers. When choosing appropriate channels for the promotion of Georgian wines and emphasizing the relevant benefits that German consumers are seeking, it can be seen that Georgian wines have a great potential to be perceived as premium products.

Practical implications: The findings of this study can be adopted and used for the development of an effective marketing concept for Georgian wine in export markets

Keywords: Wine Consumption, Georgian wine, Consumer Behaviour, qvevri-wine

INTRODUCTION

As the biggest wine importer in the world, Germany presents a challenging environment for Georgian wines (BMEL, 2015). Because of their novelty they are mainly known only among wine connoisseurs in Germany and in addition there is no effective country branding strategy promoting Georgian wines in export markets. One would be wrong in thinking of Georgian wines as newcomers on the German and international wine markets, since around 500 endemic varieties of grapes and an ancient traditional wine making culture over the past 8000 years shows Georgia to be a cradle of wine production (Anderson, 2013). Wine fermentation and ageing in so-called *qvevri* (an egg-shaped clay vessel) buried in the earth is evidence of the world's oldest wine making method (Kharbedia, 2015). The *qvevri* phenomenon was made part of UNESCO's Intangible Cultural Heritage List in 2013 (UNESCO, 2013). During the Soviet era, Georgia was the major wine supplier for the Russian and former CIS-country markets. After the Russian embargo in 2006, Georgian wine companies began to penetrate western European markets without having any experience in the development of international marketing strategies (Ghvanidze, 2012). Despite this, exports were extended to western and eastern European countries as well as to China, Japan and the USA (NSO, 2015).

German wine consumers have become tolerant of wines from other countries, and secondly, wine consumers have started to think in a more environment-friendly way and to look for authentic products which promise added value (Klohr et al., 2012). As for Georgian wines, they offer both a unique traditional wine-making background and organic production. For example, in accordance with certain rules and traditions, the wine made in *qvevri* does not contain any chemicals or additives (Kharaishvili, 2014; Kharbedia, 2015).

In this context the following study aims to find out: a) the overall perception of Georgian wines; b) if German wine consumers consider Georgian wines as sustainable and authentic; and c) the most suitable promotional channels to communicate the above mentioned benefits to German consumers. In order to obtain insightful results, this study has adopted a qualitative research method. The first part of the paper reviews relevant literature about changes in wine consumer behaviour affected by the environmental awareness of wine consumers and their desire for authentic products. The next chapter describes the methods of the empirical research, and in the final part of the paper we present and summarise the findings and discuss the practical implications.

1. LITERATURE REVIEW

1.1. German Wine Consumer behaviour

Researchers argue that there is a tendency among customers in Germany to purchase high quality products with premium prices; this has played a significant role in food purchasing processes in the past and is clearly increasing (Hoffmann, 2014). As wine is becoming a luxury product and is often bought for specific occasions, German consumers attempt to avoid risk by accepting high prices but also anticipate getting special value by paying more (Klohr et al, 2012). The fact that more and more German consumers buy eco-friendly wines means that their increased concerns about environmental issues have an impact on their wine

consumption behaviour as well (Klohr et al., 2014). Klohr et al. (2014) found that *connoisseurs* in Germany with high involvement in wine appreciation and lifestyles related to sustainability drink wine with higher frequency and buy more expensive wines that they perceive to be of high quality. Also *concerned non-experts* consider characteristics of sustainability in their purchasing behaviour (Klohr et al., 2014). Even if it seems that German consumers have differing understandings of sustainability which generally involve not only environmental aspects and anticipated responsiveness of the producer to the needs of society, but also the economical feasibility of implementing these activities (Poitras and Donald, 2006), *sustainable connoisseurs* and *concerned non-experts* together represent about half of the total wine consumers in Germany; they therefore need to be considered significantly in the marketing process of sustainable wine (Klohr et al., 2014).

Another key factor influencing German consumer behaviour is the demand for individual product characteristics (Klohr et al., 2012). This has become crucial because of globalisation, where traditional cultural boundaries become blurred and things appear more and more similar to each other (Smith and Skalnik, 1995). The concept of regionalisation as a complement of internationalisation is gaining importance (Schade and Reuter, 2001). Customers understand *regional foods* as being high-value, speciality or handcrafted products closely linked to tradition and authenticity (Kuznesof et al., 1997). In the wine context that means not only the identity of the region in terms of grape varieties or typical taste, but also the adoption of specific craftsman's knowledge and traditional winemaking techniques (Diaz-Bone, 2005). Consumers recognizing this benefit are willing to pay more to obtain value added premium wines (Klohr et al., 2012).

1.2. Position of Georgian Wines on the German Market

In her research about the country-of-origin effect of Georgian wine on German consumers, Ghvanidze (2012) identified four consumer segments. Among these consumer segments, image oriented wine connoisseurs perceived Georgian wine most positively relative to the other consumer segments such as experimental, conservative and disinterested wine drinkers. Participants in Ghvanidze's (2012) online survey were mostly male, highly-educated and highly involved wine consumers. The study indicates that German consumers do not consider Georgian wine to be a high quality product, and this was linked to negative perceptions of Georgia as an economically weak country with political instability. Despite the perceived image of Georgia as being a hospitable country with an interesting and unique landscape, Georgian wine did not convey social and emotional values to respondents, and consequently consumers are not willing to pay a premium price for Georgian wines (Ghvanidze, 2012).

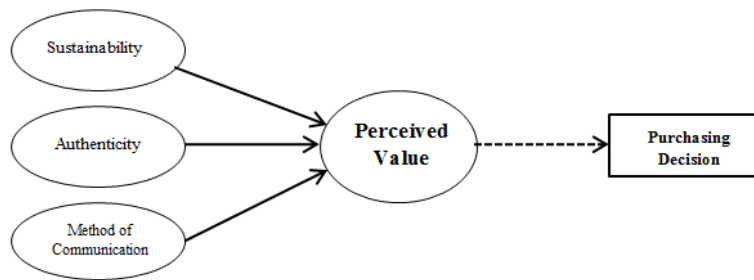
Segmentation of the German wine market and the marketing activities suggested by the Georgian Wine Association (GWA, 2011) do not seem to significantly strengthen the quality perception of highly-involved German wine consumers. On the one hand target groups such as experienced wine consumer, looking for new, different and exclusive products and the well aware ethnic market consisting of emigrants from former Soviet countries do not really include consumers who have no or limited experience but have an interest in drinking premium wines. On the other hand, the suggested strategy of GWA to export low priced bulk

wine and its sale in supermarkets for low prices could evoke the feeling of disposing of low-quality wine (Anderson, 2013), which could result in brand damage to other products under the country umbrella brand *Georgian Wine* (Khitarishvili et al., 2015; Eyler, 2005). In summary, previous activities in the wine promotion sector are insufficient and require further efforts (Kharaishvili et al., 2014) in order to build the image of Georgian wine as a high quality product on the German wine market.

2. METHODOLOGY

A theoretical model of wine consumer behaviour was developed (Figure 1). The model indicates that *sustainability* and *authenticity* have an impact on perceived quality that supports the positive purchasing decision. Additionally, we added the third dimension *method of communication* to the model as we intended to find out which promotional activities would better help German consumers to perceive Georgian wine as a premium product. In order to validate the theoretical model, a qualitative research approach was applied, allowing us to understand, describe and explain social relationships through the consideration of individual perspectives (Flick, 2007). A qualitative research method enables psychological exploration in order to gain a deeper insight into consumer behavior and consumer perceptions (Kitzinger, 1995). Because wine is associated with positive feelings and emotions, we utilised focus group discussions in order to allow respondents to express their feelings, beliefs and emotions open-mindedly, on the basis of both previous knowledge and experience gained during wine-tasting (Strauss und Corbin, 2008). Such subjective “live” interactions and information exchanges between researchers and participants requires flexibility and spontaneous action of researchers that is only permissible in qualitative studies, where data elaboration and analysis are based on non-standard qualitative survey methods (Flick, 2007). We decided to gather rich, experiential data through focus group discussions that supported the qualitative research benefits described above (Threlfall, 1999). In order to assist group members in expressing their thoughts and feelings about Georgian wine, the use of wine tasting sessions as a projective technique was integrated. This method can generate insightful data and reveal both the uncertainty that can influence consumers’ product evaluation and the multiple evaluation pathways that occur while tasting food and beverage (Pettigrew and Charters, 2008). In this way we gained an exceptional opportunity to experience first reactions and capture honest opinions about Georgian wines from focus group interview participants.

Figure 1: Wine Consumer Behaviour Model



For group discussions, we focused not only on wine connoisseurs but also included *aspirational/experimental and enjoyment wine drinkers* (Hall and Winchester, 2001; Ghvanidze, 2012). The common characteristic of all of them was an interest in wine drinking, openness to wines from other countries, lifestyle and willingness to pay for premium products (Bruwer et al., 2002), all of which are relevant to Georgian wines. According to the study by Ghvanidze (2012), experimental wine drinkers are the most appropriate consumer segment for Georgian wine. On the basis of the above conditions, thirteen highly educated wine drinkers ranging in age from 25-62 with a regular income were chosen. The grouping was made at random in three parts. Because of the small groups and through specifically designed questions, all respondents could actively participate. In order to gain accurate results, the discussions were structured around three main topics: three types of wine were tasted (white dry, red semidry and white *qvevri* wine), the selection of which was based on consumer-preferred references in a German online shop for Georgian wines.

Each focus group took one and a half hours on average. All three sessions were audiotaped, transcribed and analysed according to the deductive category application method of content analysis of Mayring (Groebe and Rustemeyer, 2002). The qualitative step of analysis consisted of the interpretation of recorded communication by assigning particular text passages to research questions put into categories (Mayring, 2000). This should not be confused with the methodology of the grounded theory of Strauss and Corbin (2008), where the categories are developed out of the collected data during theoretical sampling. Even though the content analysis involves a high level of subjectivity, we tried to work closer to original wordings. Only single-person analysis was conducted. This is the first time such a survey has been conducted in regard to Georgian wine on the German market.

3. FINDINGS

Through the focus group discussions, we captured dynamic and interesting assessments of individuals' attitudes, perceptions and opinions when examining: a) the overall perception of Georgian wines; b) if German wine consumers consider Georgian wines as sustainable and authentic; and c) the most suitable promotional channels to communicate the above mentioned benefits to German consumers.

Social and environmental responsibility in the production process

When talking about working conditions at Georgian wineries, all participants assumed that in general, because of low living standards and high unemployment in Georgia employees are perhaps not paid well, but because staff may have been recruited among neighbours, friends or relatives, a good relationship between employers and employees was expected.

“[It is] difficult to say, but I would say it [working conditions] is just like in Europe, although it is also different within Europe.” (Kati, 25)

“I assume children work there.” (Kitty, 34)

However, other participants thought that if children support their family voluntarily without neglecting their schooling, this should not be considered child labour. When it came to environmentally friendly activities and production, nearly everybody answered that because this is associated with considerable additional expenses, Georgian winemakers would not be able to have enough financial resources and capacities to apply additional eco-friendly production methods. An interesting approach was provided by one female participant:

“I would say that grapes in Georgia are healthier than in European countries because of the climate and terroir; in Germany for example, vintners have to use pesticides and chemical fertilizers.” (Coni, 62)

Most female group members indicated that they had recently bought more and more organic wines because they experience no headache the next day, and in addition have a clear conscience by supporting environmentally friendly production.

“If wine tastes good I would drink it, but for me how the [wine] production background plays an important role, and how the relationship with employees is...and how sustainable the whole [process] is. If I knew that everything went well and the family [business] worked hard, it [wine] would automatically taste much better to me.” (Miriam, 31)

Even though some of the participants disagreed with this approach, stating that sometimes signals as “organic” etc. mislead consumers to experience “good taste” and to automatically generate “good conscience”, all of them agree that the background information on wine production would somehow influence their purchasing decision.

Exceptional wine making method

After having tasted *qvevri* wine, all participants were enthusiastic about its specific taste and orange, honey-like colour. They were delighted when the researcher provided them with detailed information about the Georgian traditional winemaking method.

“The most fascinating thing is that it [qvevri wine] has been produced in a very specific way, and everyone wants to have something special.” (Martin, 38)

“When you know the history [of wine] it automatically changes the taste.” (Thomas, 47)

Because of the exclusivity of *qvevri* wine, everyone suggested that it was good idea to buy it for a present. In addition to the high price (above 13 EUR per bottle), the very specific taste was the reason why not all participants would like to buy it very often.

“I think that for my own consumption I would not pay so much, but for family events or dinners with friends I would like to buy it [qvevri wine].” (Isabella, 38)

“Well...I would buy it [qvevri wine] to impress others...as a present in any case...but it tastes good to me as well.” (Kati, 25)

All participants were fascinated that despite the fact that these unique wines, made by the oldest natural winemaking method in the world and with craftsmen’s traditions, comes from Georgia, a country that they had not heard a lot about;

“All of these things [qvevri, traditional wine-making process, wineries, people] there [in Georgia] impress me very much. I think I would have a stronger appetite for drinking this wine when being there.” (Kitty, 34)

“We would travel to Georgia with great pleasure, but not only because of the wines. This is of course very interesting (...) but in general, we are not familiar with this country [and therefore would like to learn more about it].” (Nina, 38)

Perceptions of Georgian wine

Most of the focus group participants thought that mainly small sized, family-run companies produce wines in Georgia, and therefore the wines are of a high quality. Participants confirmed that Georgian wines provide strong competition to other well-known wines through their history and variety of taste.

“I have realized how good the Georgian wines are. We have tasted three wines and all of them impressed me. And yes, I find the bottle packaging and the labels [of the presented wines] very attractive.” (Isabella, 38)

“When drinking traditionally produced wine, I have the feeling that it is authentic and natural. Then I think about health, and that makes me feel better.” (Nina, 38)

“I am not really a wine connoisseur and don’t drink much wine, but I am so interested in the history [of Georgian wines], that I would buy them with pleasure.” (Martin, 38)

Everyone affirmed that they would certainly recommend Georgian wines to others.

Desired communication channels for Georgian wines

Generally, all participants preferred to obtain information about Georgian wines in wine stores and at merchants who provide wine tasting as an option. Other additional promotions such advertising, events or newspaper articles about Georgia and its wines with taglines stating - “wine history begins in Georgia” were strongly desired.

“They have to say: we invented wine [the oldest production method] and that is why we are the best...[because of the high prices they have to say] we have the best wines and therefore they are expensive.” (Nina, 38)

Participants with more interest in details preferred comments of sommeliers and connoisseurs in the blogs. Others said that they would like to share their opinions on Facebook and follow group discussions about Georgian wines there. Suggestions on food and wine pairings are one of the important things that all participants said that they would like to get.

4. DISCUSSION AND MANAGERIAL IMPLICATIONS

In this research we adopted two relevant aspects of German wine consumer behaviour in order to examine quality perceptions of Georgian wines based on qualitative research. Firstly, we addressed the social and environmental responsibility of Georgian wineries as main indicators of the perceived quality of Georgian wine. Secondly, we focussed on characteristics of Georgian wine such as authenticity and the traditional handcrafted winemaking methods in order to identify how these characteristics affect perceptions of Georgian wine. Based on focus group discussions, we found that because of the authentic and natural features of Georgian wines, consumers perceive them as a healthy product, made through organic wine making methods by companies with social responsibility. Georgian wines generate interest in their history and production methods among consumers, so therefore producers and exporters should clearly outline and communicate explicit attributes in this respect. In addition, this would help to eliminate some consumers' assumptions about Georgian wines still being sweet, low quality alcohol beverage as it usually was promoted in the Soviet Era.

It is strongly recommended to concentrate on the unique Georgian winemaking methods as the unique selling proposition (USP) when positioning Georgian wines on the German market. As focus group participants emphasised that they would enjoy drinking Georgian wines with friends and family as well as giving them as presents to impress others, we conclude that Georgian wines indeed convey social and emotional value, which is not in accordance with findings of Ghvanidze (2012). In contrast, the perceived quality of Georgian wines identified in our current research also appears different to the findings of Ghvanidze. A positive overall assessment of tasted wines and a willingness to buy them is closely linked with the assumption that Georgian wine quality is acceptable for German wine consumers. However, rigorous quality control measures must be carried out on an ongoing basis. Finally, we identified the most suitable promotional channels and strategies for marketing, which partially correspond to the research results of Szolnoki et al. (2014). Because of high demand on direct experience before purchasing Georgian wines, merchants and specialized stores should focus especially on wine tasting events. To attract the attention of wine consumers, an advertising slogan such as “wine history begins in Georgia” should be implemented. By choosing appropriate channels for the promotion of Georgian wines and emphasising the relevant benefits that German consumers are seeking, Georgian wines have a great potential to be perceived as premium products.

In future studies the qualitative research method can be undertaken by measuring knowledge of German wine consumers about Georgian wines as well as by survey based recruiting wine connoisseurs prior to conducting focus group discussions. In further qualitative research the intrinsic and extrinsic attributes of Georgian wine can be investigated which need to be explored. Even though this research includes some limitations concerning the research design, the findings can be adopted and used for the development of an effective marketing concept for Georgian wine in export markets.

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