

Australian Consumers' Perceptions of Champagne and Other Sparkling Wine: An Exploratory Study*

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Abstract:

Purpose: To provide further insight into Australian consumers' preferences for different sparkling wine styles, including champagne.

Design/methodology/approach: Focus groups – including tastings – were conducted to identify consumers' knowledge of, and preferences for, champagne and other sparkling wine.

Findings: Personal taste was found to influence the choice of a sparkling wine rather than another type of alcoholic beverage, and selection of a particular style of sparkling wine (such as champagne, some other sparkling white, or sparkling red). Country or region of origin, particularly with respect to the product being French, was found to be important across all four focus groups, although often linked to the product being champagne. Brand image and reputation were found to influence purchase decisions across all four focus groups, sometimes linked to consumption occasion. Advice or recommendations, and expert reviews also were found to influence purchase decisions. Consumption occasion also was found to influence purchase decisions across all four groups. Price was found to influence the brand and style of sparkling wine purchased across all four groups. A relatively high price was found to be a barrier for some participants, while other participants were found to avoid sparkling wines below some particular price. Analysis of these findings enabled the development of a preliminary model of buyer behaviour relating to sparkling wine.

Practical implications: Findings suggest that a producer could benefit from marketing a range of sparkling wines to cater to different tastes and different occasions; and confirm the importance of marketers pursuing opportunities to obtain and promote favourable expert reviews for their sparkling wines, and of identifying and promoting regional distinctiveness.

Keywords: Champagne, sparkling wine, consumer perceptions

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BACKGROUND

Sparkling wine constitutes a small but significant proportion of total Australian wine production, with annual production reaching 37 million litres in 2012 (Wine Australia 2012). The Australian sparkling wine product range is diverse, comprising white and pink Moscato, and white, rosé and red sparkling wines, as mono-varietals and blends, and covering a wide price range. However, the relative importance of each style to Australian consumers remains unclear, since there has been little published research focusing on sparkling wine consumers (Charters 2005, Fountain and Fish 2010). There also have been few studies regarding the wine knowledge, generally, of Australian consumers (Johnson and Bastian 2007).

Consumer- and other marketing-related research typically has focused on table wine rather than sparkling wine (e.g., Verdú Jover *et al.* 2004, Charters and Pettigrew 2008), although some studies have focused specifically on champagne (e.g., Charters 2009, Morton *et al.* 2013).

This study aims to provide additional knowledge about consumer behaviour and, specifically, further insight into Australian consumers' preferences for different sparkling wine styles. The study addresses a gap in knowledge regarding champagne and other sparkling wine consumption given that 'little [prior research] examines in detail how the consumer perceives the product, or how the wine is evaluated at consumption' (Charters 2005, p. 54). Additional insight should enable the development of strategies to influence purchasing decisions and, consequently, to increase sales to existing and emerging sparkling wine consumers.

LITERATURE REVIEW

Judica and Perkins (1992) conducted a means-end analysis of consumers' reasons for purchasing sparkling wine, based on in-depth individual interviews of 27 consumers recruited through liquor stores in an affluent college town in the United States. For light users, five attributes ('taste', 'brand name', 'dry taste' or 'sweet taste', 'high price') were found to be linked to a common consequence, 'enjoyable'. Several consequences (of the five attributes plus a sixth, 'low price') were found to be linked to a common higher-level consequence, 'reward'. In turn, reward was found to be linked to several psychological consequences ('sophisticated image', 'socialize better', 'impress others') and end-values ('self-esteem', 'family life', 'accomplishment'). For heavy users, the same six attributes plus 'carbonation' were found to be linked to a more scattered set of consequences, with more connections between factors; end-values comprising those found for light users plus 'belonging'. These researchers also found that, among participants in their study, heavy users typically indicated a willingness to pay a higher price for a dry, high quality sparkling wine because of a belief that dry wines are of a higher quality than sweet wines and, therefore, are more 'sophisticated'; while light users were more likely to consume sweet sparkling wine because of its greater 'likeability' at a lower price. Participants indicated that a special event was the most frequent occasion for consumption of sparkling wine, and most also indicated that price therefore was not a primary concern. Most seemed to have limited brand awareness, and an unwillingness to take a risk with an unknown brand due to the social nature of consumption.

For heavy users, sparkling wine was viewed as a symbol, the ‘sophisticated image’ of a brand being a psychological consequence as important as the ‘reward’ of satisfaction.

In a study of sparkling wine consumers, Mueller (2006, p. 4) identified six consumer segments from cluster analysis of data obtained from 1029 respondents. For ‘Undemanding’ consumers, flavour type and price are the most important attributes when selecting a sparkling wine. For ‘Brand-conscious’ consumers, flavour type and brand are the major attributes. The ‘Ambitious’ segment ‘comprises mostly young, wine-interested consumers with a low subjective product knowledge’, who have difficulty understanding special wine attributes and therefore use country-of-origin as ‘surrogate variables’. For the ‘Region-of-origin conscious’ segment, flavour type, price, brand and regional origin are the most important product attributes. For ‘Vine variety-conscious’ consumers, flavour type, price, brand and vine variety are the most important attributes. The ‘Experts’ segment is unique in identifying ‘all seven product characteristics as almost equally important for their purchase decision for a normal occasion’, also displaying ‘a more than average interest for and subjective knowledge of wine’. Members of this group have ‘the highest average age, education and income’ and purchase from ‘a wide variety of distribution channels’, including directly from winemakers.

Using econometric modelling, Lee and Sumner (2013) estimated the relationships between different factors and the price of French- and United States-produced champagne and other sparkling wine sold within the United States. They found higher *Wine Spectator* tasting scores to be associated with significantly higher prices for all types of sparkling wine. They also found a significant relationship between region and price for US-produced sparkling wine; while the place name ‘Champagne’ was linked to a substantial price premium. However, inappropriate use of the word, ‘Champagne’, on the label of *United States* sparkling wine was found to be associated with a significantly *lower* price relative to other sparkling wine.

Tomić and Cerjak (2014) conducted an online survey of 273 Croatian consumers of sparkling wine, confirming the low frequency of sparkling wine consumption, especially outside the home, and finding intrinsic characteristics (taste, smell) and the price–quality relationship to be more important to consumers than visual appearance, expert reviews and wine awards. They also found that sparkling wine consumption was mainly related to celebrations and special events, with a smaller proportion of consumers drinking sparkling wine as an aperitif.

Within an Australian context, there have been very few studies of consumer preferences regarding sparkling wine, although it has been suggested that many young consumers drink sparkling wine because of its sweetness, with some selecting sparkling wine for special occasions such as romantic dinners (Edwards and Spawton 1990). As part of a larger study, Charters (2005) assessed the engagement of Australian consumers with sparkling wine. This involved focus groups (including tastings of four sparkling wines) and interviews with 60 consumers from across Australia. According to participants, their key motivations were sparkling wine being a ‘symbol of celebration’ and being ‘strongly related to the evocation of

memories' (*ibid.*, p. 57). Some participants – mainly low-involvement consumers – stated that they disliked sparkling wine, primarily due to its taste (e.g., 'too dry') or effervescence.

Fountain and Fish (2010) conducted exploratory research into the experiences and perceptions of young adults relating to sparkling wine. The study involved four focus groups in Christchurch, New Zealand, comprising 31 participants, and three in Melbourne, Australia, comprising 19 participants. The 34 female and 16 male participants were aged from 18 to 28 years. The researchers found that 'wine was not the primary alcoholic beverage' for any male participants, although several claimed to drink more wine than previously and to drink wine rather than other alcoholic beverages in some situations. Conversely, most female participants 'named wine their first, or equal first, alcoholic beverage of choice' (*ibid.*, pp. 3-4)

Ritchie *et al.* (2011) investigated how young adults engage with champagne and other sparkling wine in hospitality establishments in Australia, New Zealand, South Africa, the United Kingdom and the United States. They found that only UK participants were clearly aware of differences between champagne and other sparkling wine. However, while the terms 'champagne' and 'sparkling wine' often were used synonymously in other countries, the term 'champagne' was mainly used to refer to sparkling wine of high quality. Participants perceived two broad types of sparkling wine: high quality product, possibly exclusive and expensive, and 'fun, fizzy, inexpensive wine' (*ibid.*, p. 3).

In summary, there has been limited research regarding consumer engagement, perceptions and preferences relating to sparkling wine. Based on this research, it seems that (1) there are different consumer groups (potentially comprising different market segments) with very different perceptions, preferences and consumption levels, and (2) purchase and consumption of sparkling wine is influenced by occasion and venue. Importantly, there has been no prior attempt to develop a conceptual model of buyer behaviour relating to sparkling wine.

METHODS AND MATERIALS

Focus groups were conducted to investigate consumers' knowledge and preferences relating to champagne and other sparkling wine, consistent with prior studies, such as that of Ritchie *et al.* (2011) regarding the consumption of champagne and sparkling wine by young adults within different hospitality settings, and other studies relating to perceptions of consumers of wine, generally (e.g., Menezes *et al.* 2011). Tastings were included in the group activities to enable discussion of individual preferences regarding champagne and other sparkling wine varieties. This is consistent with the use by Charters (2005) of 'focus tastings' as an extended form of focus groups, aimed at stimulating and enhancing participants' discussion of their ideas. Participants were recruited using a variety of methods, including social networking sites and local distribution of a flyer. They were screened against inclusion criteria comprising regular sparkling wine consumption (i.e., consumption on at least twelve occasions per year) and being of legal drinking age (i.e., at least 18 years of age). Exclusion criteria precluded participation by wine industry professionals. Participants were assigned to one of four focus groups, based on age and gender: males under 35 years of age (n = 10),

males aged 35 or more years of age (n = 10), females under 35 years of age (n = 19), and females aged 35 or more years of age (n = 17). These criteria were employed due to evidence of differences in wine-related attitudes and consumption based on age and gender (Bruwer, Li, Bastian and Alant, 2005), with prior research suggesting 35 years to be an appropriate age-related boundary (Hall, Binney and O'Mahony, 2004). All but two participants had undertaken some post-secondary education, 29 having completed at least an undergraduate degree. Reported family income ranged from below \$25 000 p.a. (since several university students participated in the study) to above \$150 000 p.a., the mean falling within the \$75 000–\$100 000 range.

Two researchers attended each focus group, i.e., a moderator and an assistant. The moderator led the focus group discussion, which included a series of prepared questions pertaining to champagne and sparkling wine production, consumption, preferences, sensory attributes and purchasing behaviour. Group discussions were transcribed by the assistant. The moderator remained neutral and did not attempt to influence participants or bias responses in any way. Consistent with in-depth qualitative research practice, transcriptions of participants' responses were analysed using *NVivo 10* software and thematic analysis (Braun and Clarke 2006).

FINDINGS

Participants identified several factors influencing their decisions to purchase champagne or sparkling wine, the most common being discussed below. While initially discussed separately, most factors tend to have interactions with one or more other factors. The most important inter-relationships are discussed below and illustrated in Figure 1.

Personal taste was found to influence choice of sparkling wine rather than another type of alcoholic beverage, and selection of a particular style of sparkling wine (such as champagne, some other sparkling white, or sparkling red). Selected participant comments identifying this issue, or illustrating some contrasts in personal taste, are provided below.

- 'Everyone's taste is different' (Over-35 female [O35F] participant)
- 'Wines are to personal taste' (Under-35 male [U35M] participant)
- 'I prefer French', 'I don't care [whether French or Australian]' and 'I prefer Australian sparkling red' (Three O35F participants with contrasting views regarding country of origin)
- 'I like Moscato because it's sweet' and '[It's] too sweet [for me]' (Two under-35 female [U35F] participants with contrasting views about Moscato)

Country or region of origin, particularly with respect to the product being French, was found to be an important factor across all four focus groups, although occasionally linked to the product being champagne. It also was found that sparkling wine of French origin was perceived in a very positive manner by many participants. Country of origin also influenced another factor, 'Brand image and reputation'. Selected participant comments relating to this factor are provided below.

- 'I think of French as more yeasty and nutty and earthy' (O35F participant)
- 'French is better quality' (U35F participant)

‘More secondary fermentation in French wine so more yeasty characteristics’ (U35M participant)
 ‘Traditional French Champagne is more special’ (U35M participant)
 ‘Region of origin does sometimes [influence choice] – comes under what you’re expecting – you expect a certain quality... reputation is linked’ (U35M participant)
 ‘Region is more important [as an influence on purchase]’ (U35M participant)

Brand image and reputation were found to comprise an important factor influencing purchase decisions across all four focus groups, sometimes linked to consumption occasion. It also was found that this factor is influenced by another, ‘Country or region of origin’. Selected participant comments relating to this factor are provided below.

‘Relationship with quality – the brand or label – perception of quality’ (O35F participant)
 ‘I’ll give a bottle of Moët or Bollinger to someone who I think will be impressed with the brand’ (Over-35 male [O35M] participant)
 ‘Brand is important – something you know or something recommended or you’ve had before or seen advertised elsewhere’ (U35F participant)
 ‘Reputation makes a difference – expectations – when you make decisions, your expectation gives you something to base decisions on, as to taste and quality – number one factor’ (U35M participant)

Advice or recommendations, or expert reviews (from a family member, friend, restaurant waiter/waitress or store salesperson; or from a wine expert or journalist) also were found to comprise an important factor influencing purchase decisions. Selected participant comments relating to this factor are provided below.

‘I’ve looked up reviews on the Internet, but not asked in the shop’ (U35F participant)
 ‘Sometimes ask for advice – what recommendations are made’ (U35F participant)
 ‘Sometime in the restaurant asking the waiter/waitress is good’ (U35F participant)
 ‘Occasionally read wine reviews – they influence my decisions’ (U35M participant)
 ‘Reviews – Hallidays – use that as a general guide’ (U35M participant)
 ‘Recommendations are important to me’ (U35M participant)

Consumption occasion and company were found to comprise another important factor influencing purchase decisions across all focus groups. Selected participant comments relating to this factor are provided below.

‘It’s still a celebratory wine – would prefer a still [wine] as a general rule’ (O35F participant)
 ‘French Champagne is for special occasions – Christening, wedding, birthday, rather than a sparkling wine – it means Formula 1’ (O35M participant)
 ‘Depends on occasion – French Champagne for engagement party or present, or wedding, whereas Australian sparkling for more casual drinking’ (U35F participant)
 ‘Brand [is determined by] occasion as well – if I’m going to boyfriend’s Mum’s place, I’ll take Chandon or Jansz’ (U35F participant)
 ‘Occasion is important’ (U35M participant)

Price was found to influence brand and style of sparkling wine purchased in all four groups. A relatively high price was found to constitute a barrier for some participants, while other

participants were found to avoid sparkling wines below some particular price. In addition, the factors, 'Brand image and reputation' and 'Consumption occasion and company', were found to moderate the effect of price on the purchase decision. Selected participant comments relating to this factor, and the moderation of its effects, are provided below.

'If it's on special – but not Yellowglen, it has to be at least \$15' and 'I will not spend over \$10 – I'll drink Yellowglen' (Two U35F participants with contrasting views)

'Expect to pay more for French' (O35F participant)

'For special occasion, maybe [pay] a bit more... depends on what you're doing and how many people are there.' (O35F participant)

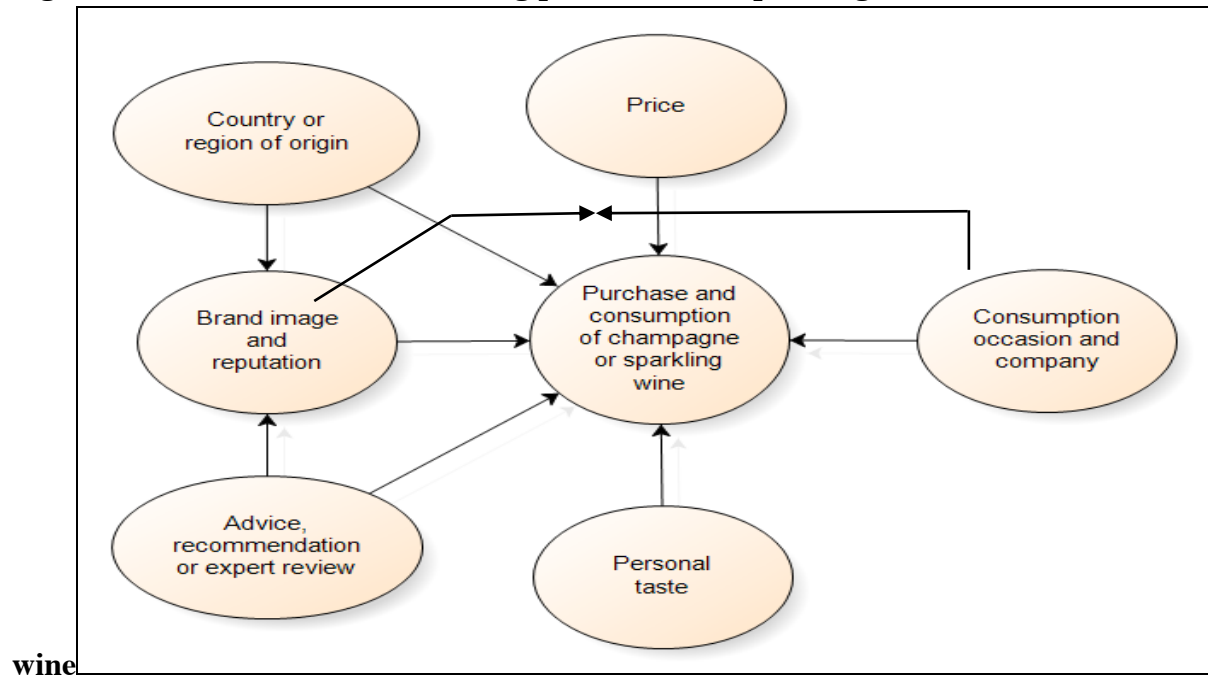
'Price goes with occasion ... if it's just for a Friday night for drinks, then that's a different price than for a birthday or a wedding, birthday or new year's eve or my mother's 80th' (O35M participant)

'Depends on occasion – what are you buying for, is it a big occasion, or is it low key... normally \$30-50 for an occasion. For a casual situation maybe \$20-35... less than special occasion. For gifts \$40-50 – unless it's really special person – my Dad.' (U35M participant)

DISCUSSION

The finding that the purchase of sparkling wine is influenced by personal taste is consistent with sensory evidence that 'taste sensitivity varies greatly among individuals' (Lim *et al.* 2008, p. 493), and views that wine is 'a sensory product' with a 'quasi-aesthetic character', that 'can be judged by objective standards but is also a matter of personal taste' (Charters 2009, p. 286). The finding suggests that a producer could benefit from marketing a range of sparkling wines to cater to different tastes within the market. Findings that advice, recommendations and expert reviews influence purchase behaviour, directly and via the mediator, brand image and reputation, are consistent with the extant literature regarding the influence of word-of-mouth communication on brand image, trust and purchasing behaviour in various product-market settings (e.g., Herr *et al.* 1991, Lin and Lu 2010). The findings also are consistent with those of Friberg and Grönqvist (2012), who measured the effect of expert reviews on wine sales in Sweden based on an analysis of five years of weekly data. Findings that country or region of origin influence purchase behaviour, directly and via the mediator, brand image and reputation, are consistent with those of Pettigrew and Charters (2010), regarding consumption of alcoholic beverages in Hong Kong; and of Shukla (2011) and Yu *et al.* (2013), regarding consumers' purchases of luxury brands in India and the United Kingdom. From a practitioner viewpoint, the findings confirm the importance of wine marketers pursuing opportunities to obtain and promote favourable expert reviews for their sparkling wines and to identify and promote regional distinctiveness. The finding confirming that consumption occasion influences purchase behaviour suggests that marketers require understanding of those preferences and the potential need to offer a variety of sparkling wines for different occasions.

Figure 1: Model of factors influencing preference for sparkling



LIMITATIONS AND FUTURE RESEARCH

Being exploratory, this study involved participants from just one city, each of just four focus groups comprising a small, convenience-based sample. Therefore, generalisability of findings is limited, and no attempt could be made to test the validity of identified relationships or to quantify the strength of relationships. Further research is required to undertake those tasks.

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