

Do people buy wine and beer differently in rural vs. urban cities?

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Abstract

Purpose: Literature suggests that people living in rural areas behave differently from those living in urban areas. One key reason is “availability”: in rural areas, fewer stores are available for people to buy any product, and these stores are likely to offer a smaller range of products. In this perspective, the objective of this study is to investigate the behaviour of people living in both of these areas in relation to their purchases of wine and/or beer.

Methodology: Analyses are conducted on actual wine and beer purchases recorded in a database provided by a regional U.S. retail chain. The dataset includes over 30,000 customers, who totalled more than 434,000 wine transactions, and 350,000 beer transactions, across 7 rural stores and 2 urban stores. Typical brands performance metrics are used to assess the way brands and buyers behave: brand penetration, frequency of purchase, and loyalty.

Findings: People living in rural and urban areas tend to behave the same way: there are occasional buyers of particular brands but a majority of buyers don't regularly buy a particular brand. Overall, the double jeopardy rule applies to the U.S. wine and beer market, although we have found a few irregularities.

Implications: Although brand performances might vary between rural and urban areas, retailers can follow the same approach to market wines and beers in rural and urban areas. The brands, which can grow the most, are those able to get more buyers (i.e. increase penetration).

Key words: Rural, Urban, Wine, Beer, Purchase behaviour, Brands