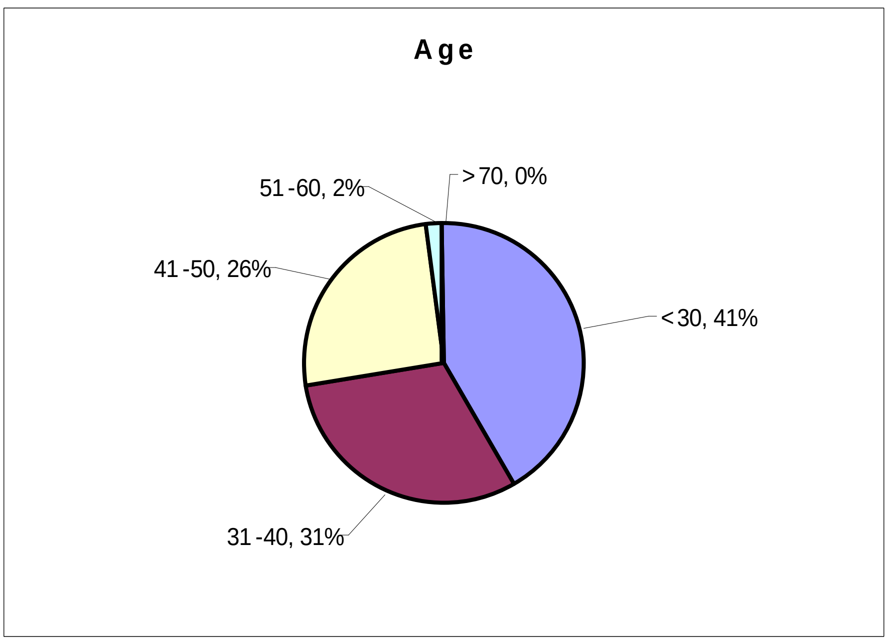
Soweto Wine Festival 2006

Research Report

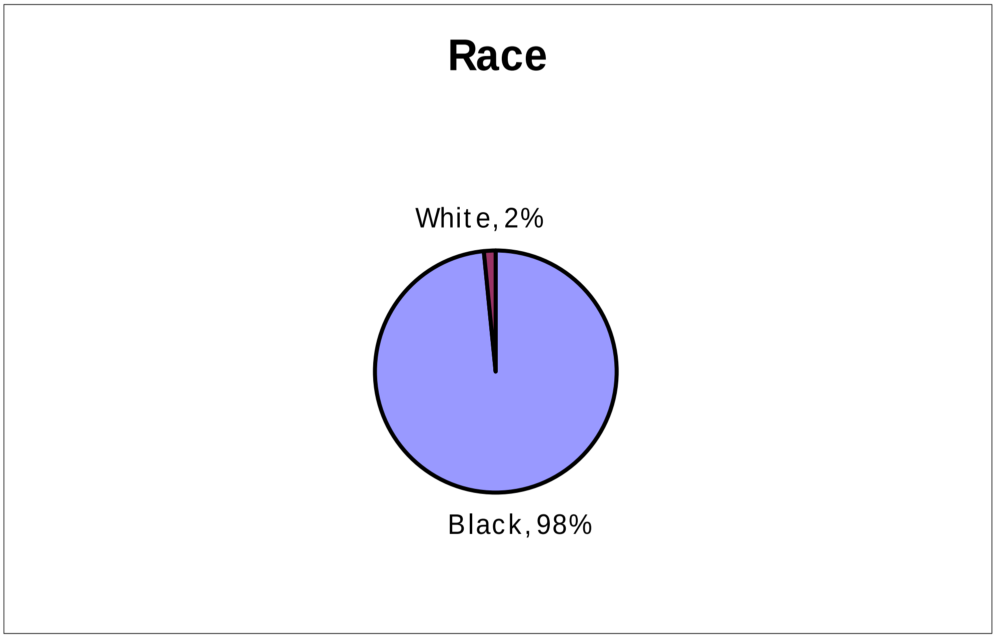
Terms of reference

Winestats conducted a paper based survey with personal interviews at the 2006 Soweto wine festival. The survey was aimed at uncovering consumer trends amongst black wine drinkers at the event. 65 respondents were surveyed and the results follow.

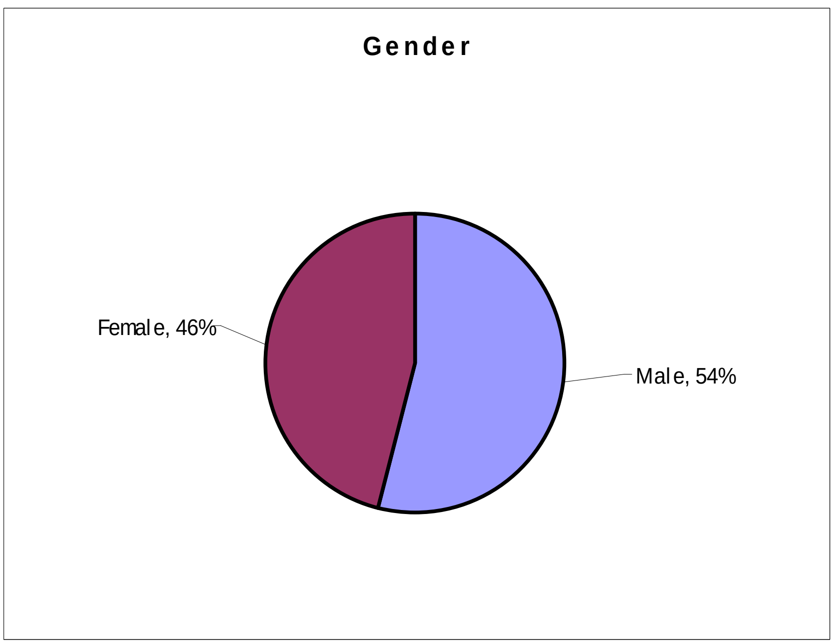
Demographics



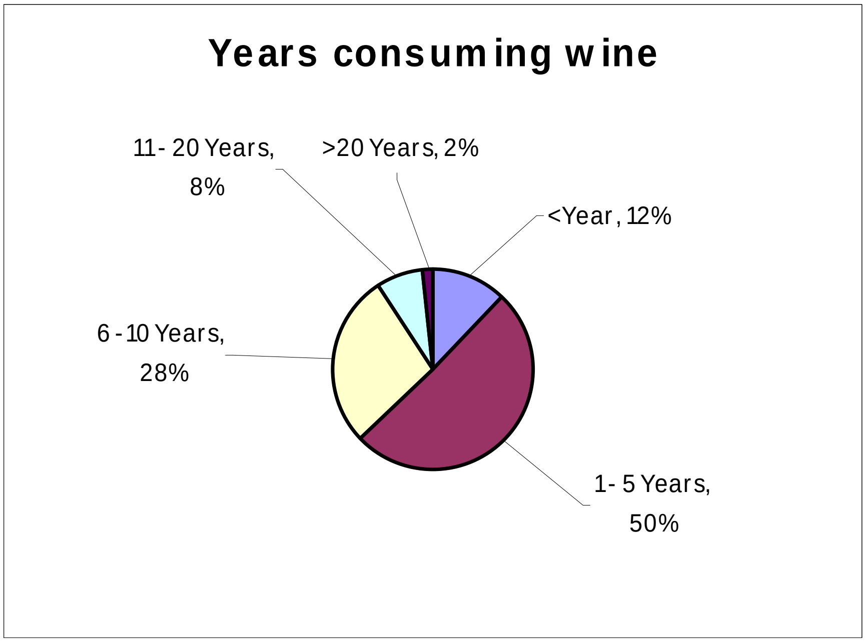
The majority of respondents were less than 30 years of age. The next largest segment was between 31 and 40 years of age.



98% of respondents were black consumers.



54% of respondents were male with 46% of respondents being female.

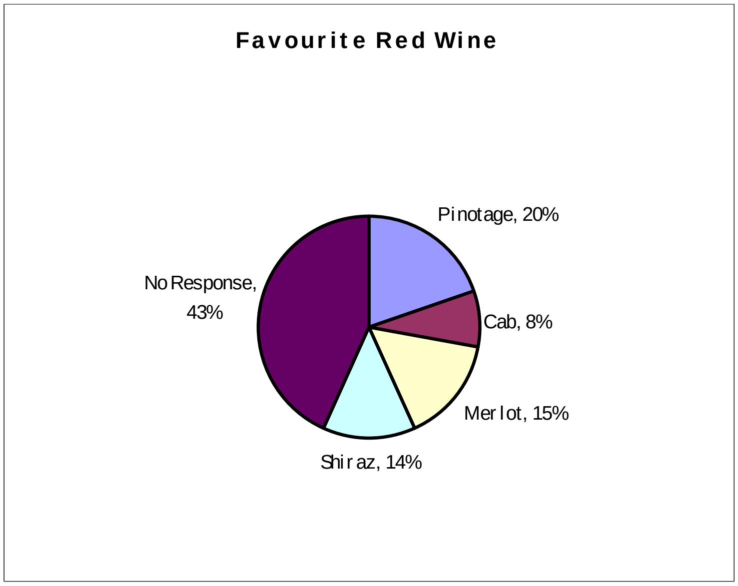


A significant majority of respondents have only been consuming wine for 1-5 years. This indicates that they are at the early stage of the wine drinker segmentation[1]. As outlined further in Appendix A, research has uncovered four broad classifications of wine drinkers:

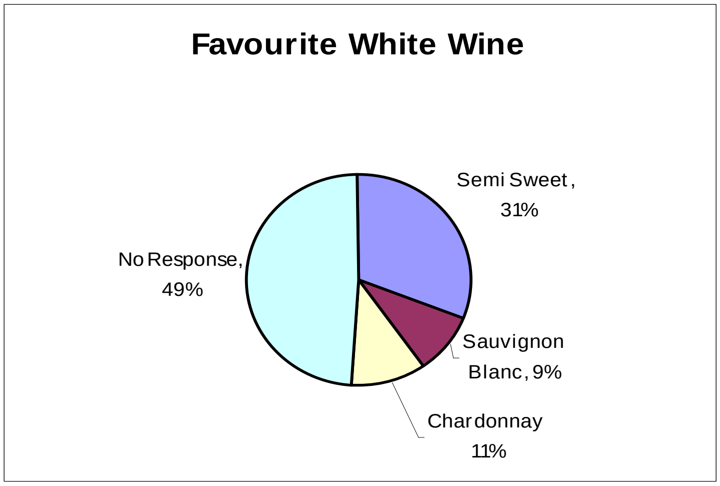
- new wine drinkers
- beverage wine consumers
- aspirational drinkers
- connoisseurs

[1] See Appendix A: Wine drinker segmentation

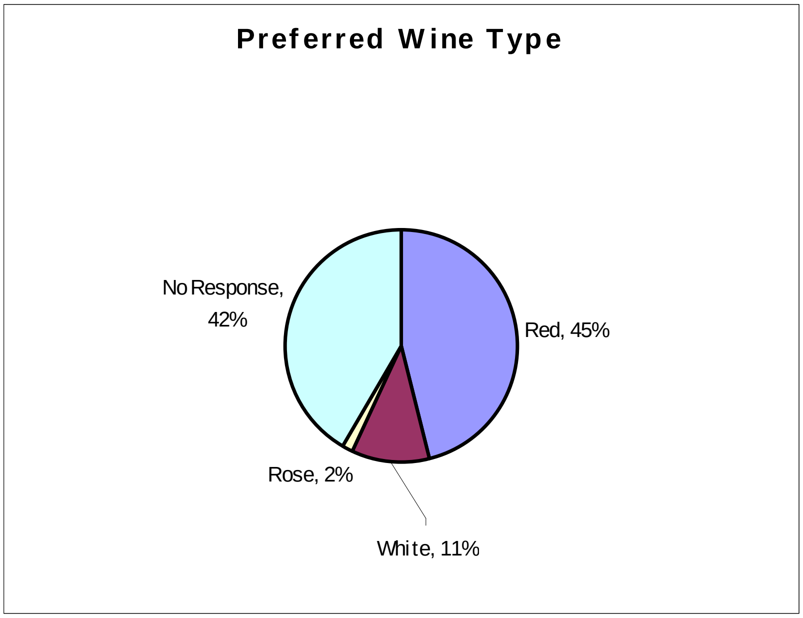
Consumer preferences



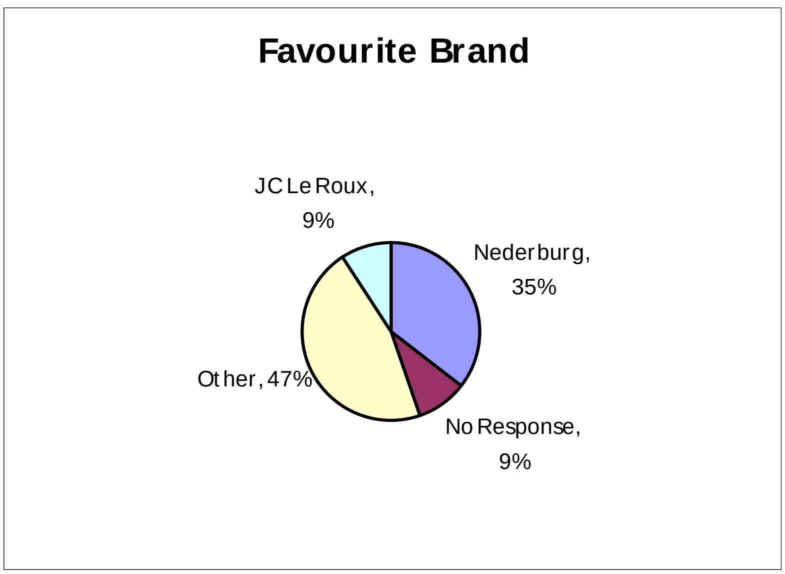
This is a very interesting result, showing that Pinotage is the most popular red varietal amongst respondents. Shiraz and Merlot show similar popularity with Cabernet being the least popular of the four varietals.



In line with the assumption that new wine drinkers prefer semi sweet wines, 31% of
respondents chose semi sweet wines as their favourite white wine type. Chardonnay and Sauvignon Blanc follow in popularity respectively.



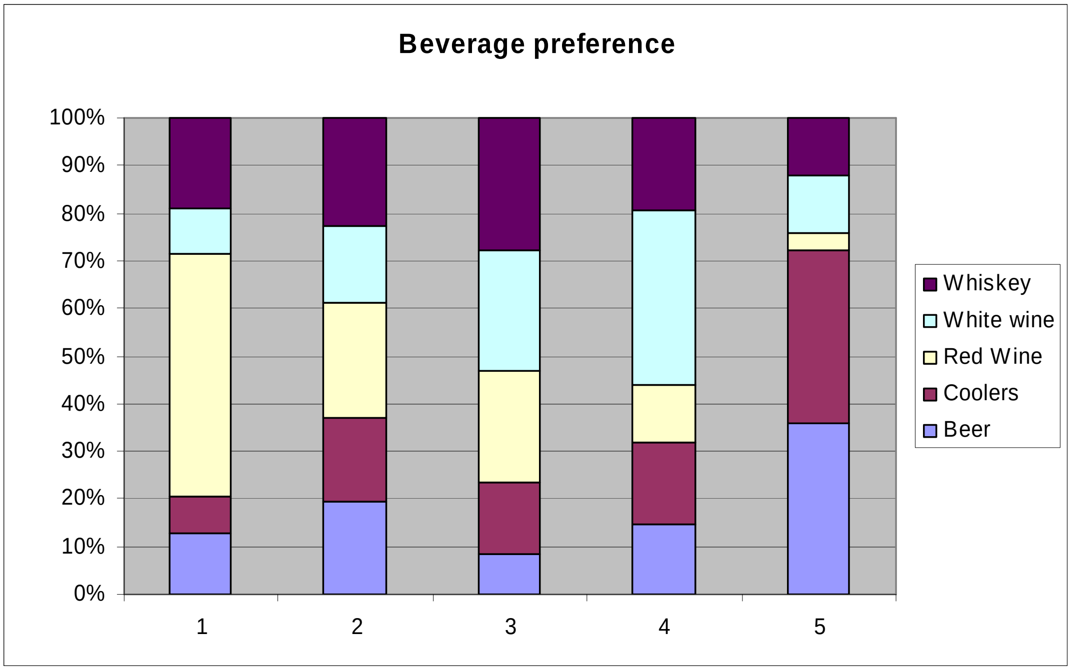
The majority of respondents at the Soweto wine show prefer red wines to white.



Popular brands mentioned were Nederburg and JC LeRoux.

More specific analysis shows the following brand recognition:

Brand	Count	% of TOTAL
Alto	3	5%
Boschendal	1	2%
Drostdy	1	2%
Durbanville Hills	1	2%
Fleur de Cap	1	2%
Groot Constantia	1	2%
Grunberger	2	4%
Indaba	1	2%
JC Le Roux	6	11%
KWV	2	4%
Laborie	1	2%
Le Bonheur	1	2%
Meerlust	1	2%
Moet	1	2%
Nederburg	23	40%
Van Loveren	2	4%
Robertson	2	4%
Simonsig	1	2%
St Anne	1	2%
Stellenbosch hills	1	2%
Stellenzicht	1	2%
Vanaui	1	2%
Warwick	1	2%
Zonnebloem	1	2%
TOTAL	57	100%

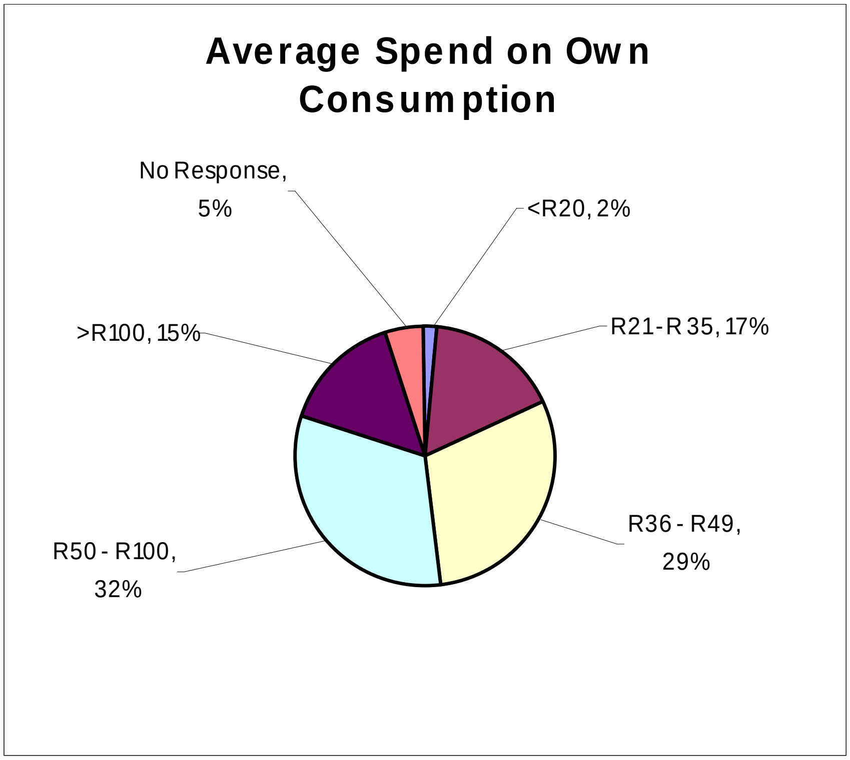


	Ranking				
	1	**2**	**3**	**4**	**5**
Beer	13%	19%	9%	15%	36%
Coolers	8%	18%	15%	17%	36%
Red Wine	51%	24%	23%	12%	4%
White wine	10%	16%	26%	37%	12%
Whiskey	19%	23%	28%	20%	12%
TOTAL	1	1	1	1	1

Respondents were asked to rank their beverage preferences from 1 to 5. 51% of respondents rated red wine as their favourite beverage. Red wine was also ranked the highest in 2nd position. The third choice for the majority of respondents was whiskey. Fourth was white wine and in tie fifth was beer and coolers.

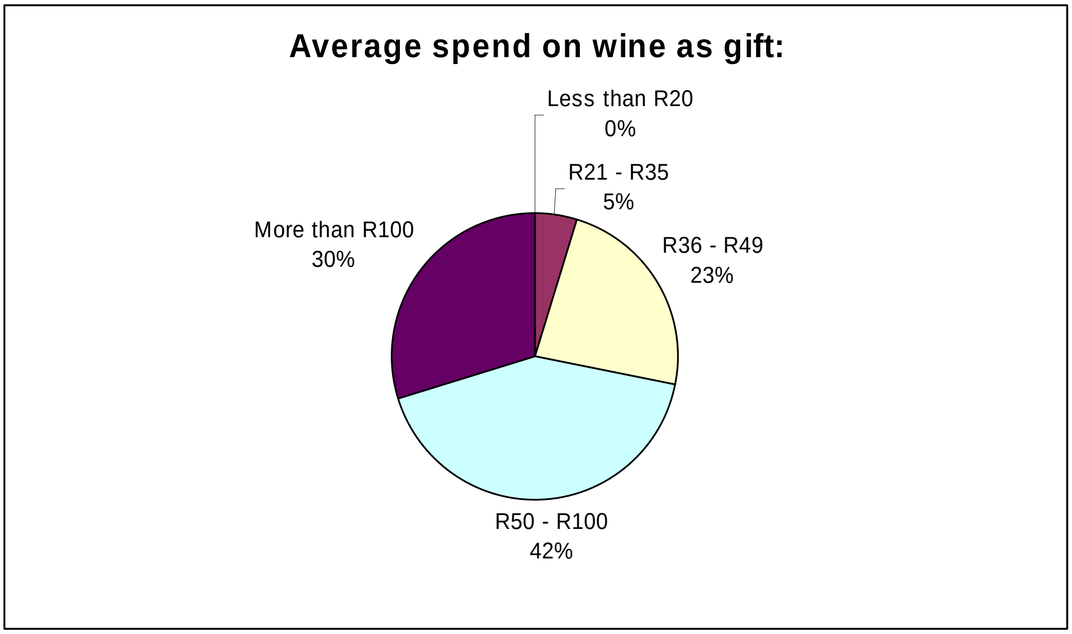
It is interesting to note how premium beverages such as red wine and whiskey were preferred by the respondents above the other choices.

Consumer spending and purchasing behaviour



Respondents are shopping in the mid to premium range for their own consumption. 32% of them spend R50-R100 on a bottle of wine for their own consumption. 29% spend R36-R49. Only 2% spend less than R20 per bottle and 17% spend between R21 and R35 per bottle.

It is interesting to note from this result and the brand recognition feedback how respondents are aware of quality wine brands and are not price sensitive in their purchasing decisions.



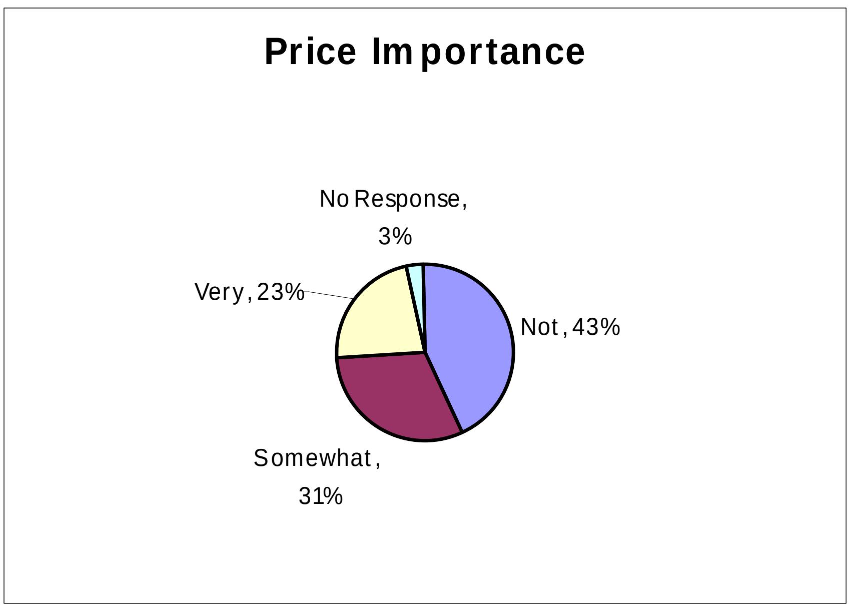
Average spend profiles on gifts are also skewed towards premium and super premium wines. 42% of respondents spend between R50 and R100 on a bottle of wine for a gift. 30% spend more than R100 whilst the minority of respondents spends less than R49.

Purchasing behaviour

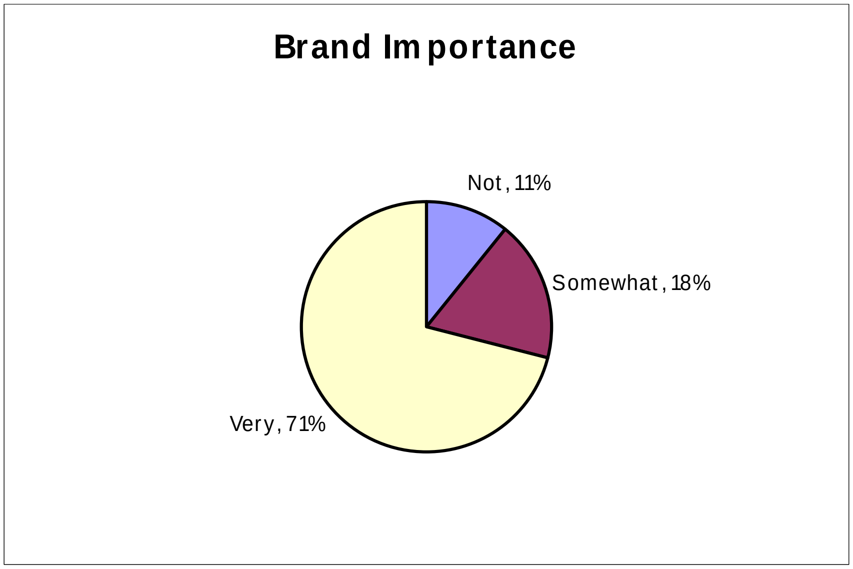
Respondents were asked to rank the importance of certain factors when making a decision to purchase wine. These were:

- price
- brand name
- star rating of wine
- whether the wine was recommended or not
- the packaging / label of the wine

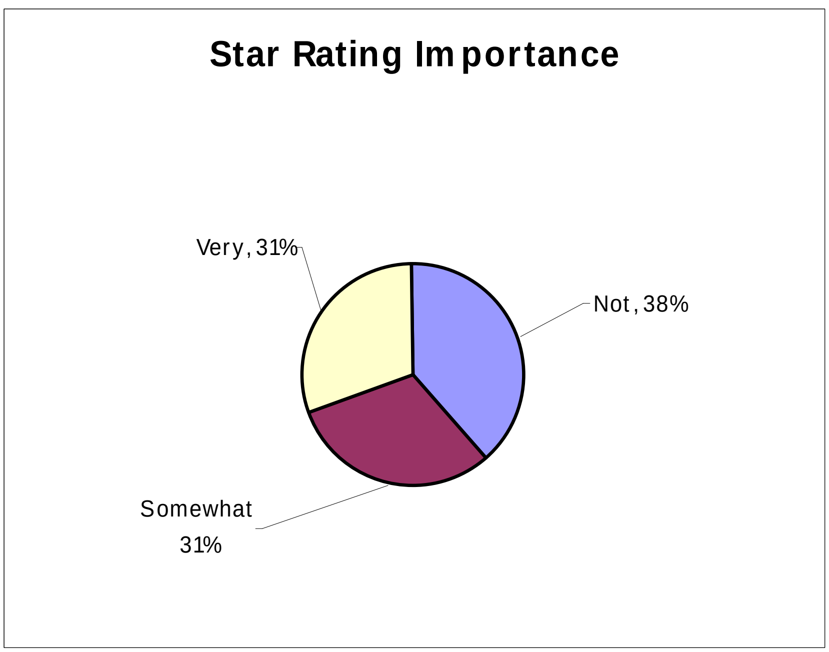
These are extrinsic purchasing decision cues for customers. I.e. they do not take into account the quality of the wine from a personal experience perspective. These cues are important for wine marketers to understand how they influence purchasing decision. The results of this research are merely a guideline but will serve as an indication of the most important purchasing decision cues amongst the respondents at the Soweto Wine Festival.



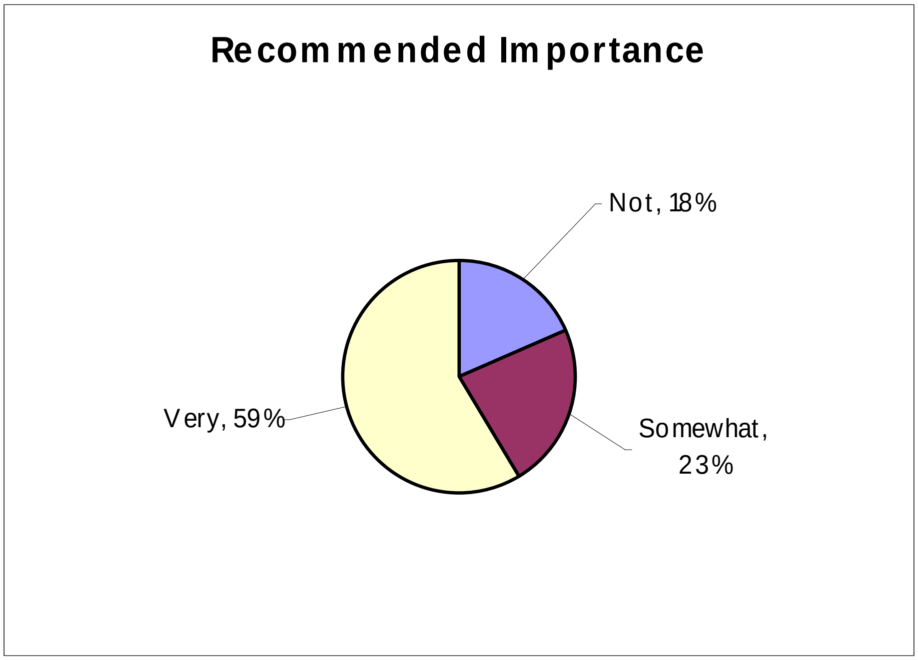
43% of respondents did not rate price as a major factor when making a purchasing decision for wine. 31% find it somewhat important and 23% find it very important.



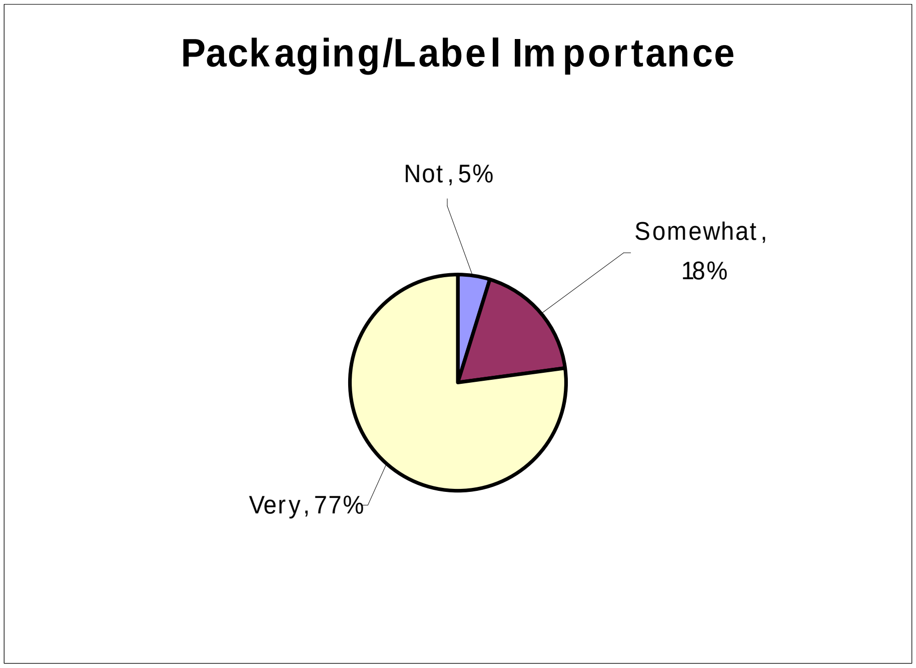
The respondents to this survey are evidently very fashion conscious, even in their choice of wines. 71% of them rate brand importance as very important when choosing a wine. 18% find it somewhat important and only 11% do not rate this factor as important.



This variable has an even spread of responses. 31% find the star rating of the wine very important when making a purchasing decision. 31% say it is somewhat important and 38% find it not important at all. Research has shown that in the absence of cues such as star rating and / or awards consumers will revert to brand name. In this case it is evident that respondents are taking cognisance of star ratings in their purchasing decision and it will be interesting to track this response over time at the Soweto wine festival.

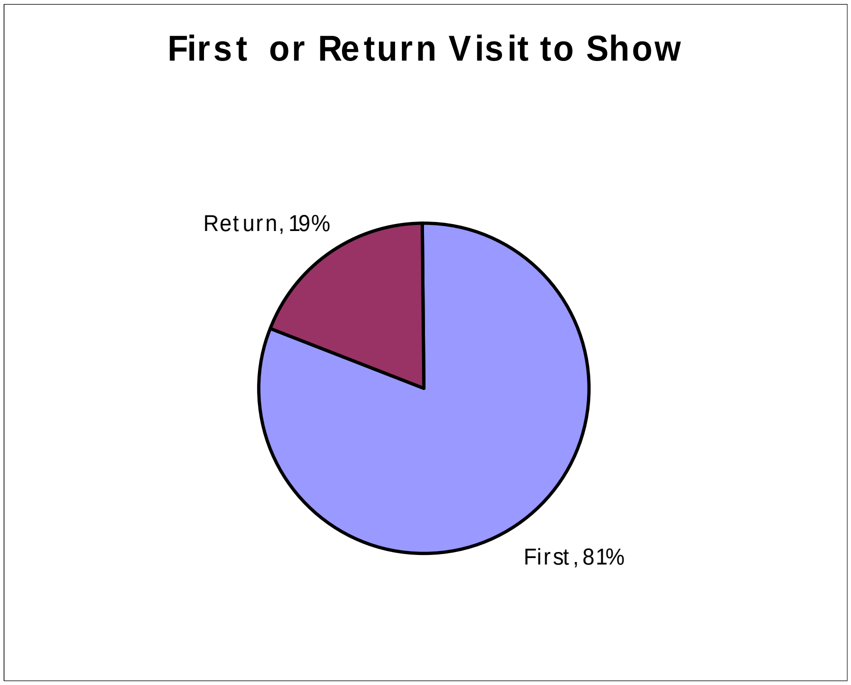


The "referral" factor rates highly amongst respondents when choosing a wine to purchase. 59% of them find it very important when deciding to purchase a wine whether it was recommended or not. 23% find it somewhat important and 18% do not find it important at all.

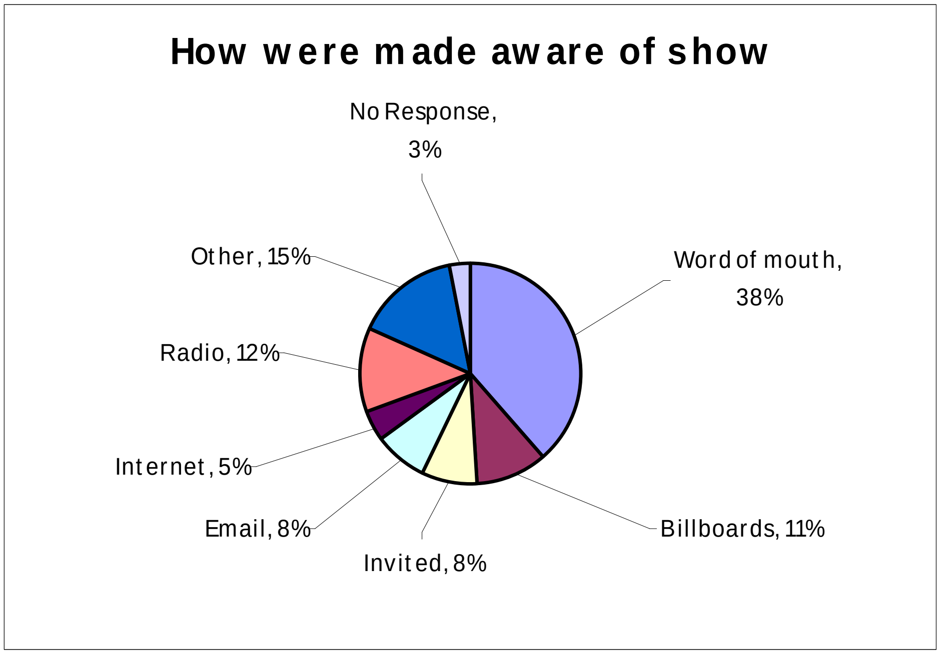


Linking closely with brand name, the packaging of a wine is a very important factor for respondents when making a purchasing decision. 77% of them find it very important, 18% somewhat important and only 5% not important. This is another indication of the fashion conscious nature of the respondents at the Soweto wine show.

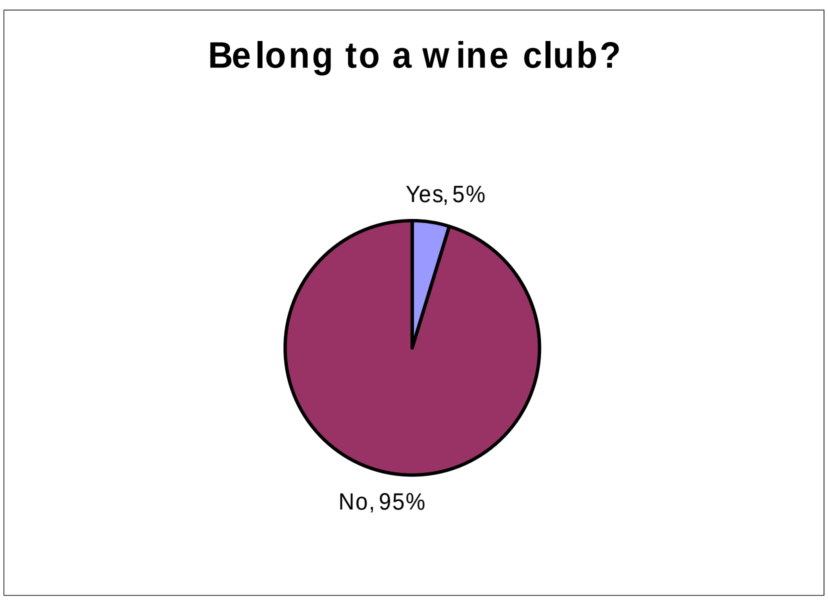
General feedback



The Soweto wine festival attracted a large profile of new visitors with 81% of respondents indicating that they are first time visitors.



The show generated excellent hype through word of mouth with 38% of respondents indicating that they were made aware of the show through this medium.



95% of respondents are not a member of a wine club.

Conclusion

The results of this survey need to be put into perspective relating to the surveyed respondents. The majority of respondents were black with an even spread of male and female. The majority was also less than 30 years old and has only been drinking wine from 1-5 years. Taking into account the spending profile it can also be assumed that the majority of respondents are in the upper LSMs of spending power. These demographics need to be taken into account in relation to the findings.

The respondents preferred red wine over white wine and chose Pinotage as their favourite red wine and semi-sweet wine as their favourite white wine type. Looking at brand preference Nederburg came out strongest alongside some other recognizable brands like JC Le Roux. It was interesting to note that not many African wine brands were mentioned as preferred by respondents, there was rather a focus on traditional premium brands.

Looking at the overall market for liquor, red wine came out preferred by respondents followed by whiskey, white wine, beer and coolers. The respondents show a clear preference for premium liquor types.

In terms of average spend on wine, this demographic is not price sensitive. The majority of respondents spend R50 to R100 on a bottle of wine for their own consumption. The next largest segment spends R36 to R50 per bottle.
When buying wine as a gift the spending profile increases. 42% of respondents spend between R50 and R100 on wine as a gift.

The following cues were analysed in terms of their influence on purchasing decision:

- price
- brand name
- star rating of wine
- whether the wine was recommended or not
- the packaging / label of the wine

Price has the least influence on purchasing decision for this segment. Brand name and packaging are the main factors for respondents when deciding to purchase a wine. Recommendations from peers is also an important criteria followed by the star rating of the wine. From this analysis, and from results on favourite brands, it is clear that this segment prefers established premium brands and is quite fashion conscious when making purchasing decisions.

The majority of respondents were first time visitors to the show and the main source of awareness for the show was word of mouth. 95% of respondents are not a member of a wine club but the majority of them indicated an interest in joining one. Wine brands included in wine appreciation courses could be an excellent way to gain recognition in this segment.

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Appendix A: Wine drinker segmentation

Wine brands and branding techniques differ between the types of consumers that producers are aiming their products at. A high proportion of wine drinkers were introduced to wine through brands. (Robinson, 1999) Wine brands seem to be scaled according to the experience and interest that consumers have in drinking wine. Segmentation of the wine market offers an insight into the branding strategies that producers might employ to gain the attention and loyalty of the target market. McKinna (1987), quoted in Keown et al (1995), offers a segmentation model with four broad segments identified. These include

- new wine drinkers
- beverage wine consumers
- aspirational drinkers
- connoisseurs

McKinna's criteria for segmentation are based on consumer behaviour which in turn can be used to highlight the "benefits" which are sought by those purchasing wine. (Quoted in Keown et al, 1995)

According to McKinna new wine drinkers are predominantly composed of young and first-time drinkers who are first attracted to the drinking of wine by their peer group or parents. These consumers are not sophisticated in terms of product knowledge and choice. The social setting and timing will strongly influence their choice e.g.: at parties, restaurants or special occasions. McKinna suggests that sparkling wines, sweet wines or wine coolers are likely to feature strongly in their product choice. Price is usually a major factor in the purchasing decision for new wine drinkers.

McKinna suggests that the beverage wine segment consume wine avidly but they have little desire to appreciate what they are drinking. They are brand loyal to a number of "safe brands within a preferred wine style, i.e. Chardonnay. They are unlikely to experiment beyond these parameters. According to McKinna they usually purchase their wine in convenient retail outlets and choice is dependent on consistent taste, price and price related promotions.

Aspirational wine drinkers are another wine segment defined by McKinna. Consumers that fall within this segment are concerned with the social aspects of wine and commonly purchase fashionable brands and labels. These consumers look for well-known brands, are strongly influenced by wine writers, journalists and other opinions, and will often attend wine appreciation courses.

The aspirational segment, for the purposes of this thesis, would probably be influenced to a large extent by wine ratings in Platter and Wine Magazines.

Connoisseurs are the last segment identified by McKinna. These consumers are knowledgeable about wine and see wine education as a hobby. They are the main purchasers of fine wines and typically purchase direct from the cellar or from a specialist wine retailer. Connoisseurs' consume wine on a daily basis and make their purchase decisions in advance of actually visiting an outlet. They have a broad spectrum of taste and are not afraid to experiment, but they have strong preferences and can be seen as brand loyal according to McKinna. This segment is less sensitive to price than the previous four segments.

Segmentation of a market is important in identifying the differing wants and needs of consumers in the wine industry. McKinna's segmentation model is a very broad representation as to the different segments of wine consumers. It does, however, offer valid information as to what consumers expect from different brands. It is accurate to assume that wine producers market and brand their wines according to the target market that they aiming to meet. Pricing and methods of marketing are all dependent on the type of wine brand being cultivated.