

Consumer insights workshop

The Grape and Wine Research and Development Corporation (GWRDC) *Strategic Research, Development and Extension Plan 2012–17* (Strategic Plan) identifies consumer insights – understanding what wine consumers want to buy and why – as a key research area.

The Strategic Plan has two strategies to build this knowledge:

1. Investigate the impact of wine styles, wine attributes and/or packaging on consumer decision making
2. Investigate consumer and trade perceptions about Australia and competitor countries.

On 19 July 2012, GWRDC facilitated a workshop on consumer insights with representatives from the research community and wine sector to help identify gaps and potential researchable questions.

GWRDC commissioned Ms Kay McMath, EPS Ltd, New Zealand to provide a [discussion paper](#) on how consumer insights can be used. Professor Larry Lockshin and Dr Armando Corsi, University of South Australia, independently prepared a [manuscript](#) of what is already known on consumer behaviour. These papers and a [summary paper](#) were circulated to all participants before the workshop to promote constructive discussion in this area.

At the workshop, there were presentations about what we already know and how the sector uses consumer insights from:

- Larry Lockshin, Head of School: Marketing, Ehrenberg Bass Institute of Marketing Science, University of South Australia
- Wendy Parr, Senior Research Officer, Faculty of Agriculture and Life Sciences, Lincoln University
- Roger Harker, Science Group Leader, Food Innovation, NZ Plant & Food Research.

These presentations were followed by a panel discussion with:

- Larry Lockshin, Head of School: Marketing, Ehrenberg Bass Institute of Marketing Science, University of South Australia
- Wendy Parr, Senior Research Officer, Faculty of Agriculture and Life Sciences, Lincoln University
- Andrew Stark, Marketing Manager – Insights and Innovation, Accolade Wines
- Philip Reedman, Philip Reedman Master of Wine Pty Ltd.

Participants then worked in small groups to consider the following:

1. What more do we need to know about consumer preferences and their needs nationally?
2. What are the gaps in our knowledge of consumer preferences and needs in emerging markets such as China, Brazil, Russia and India?
3. What is the relationship between grape and wine quality and consumer behaviour?
4. How adequate are management tools for accurate and predictive analysis and how should they be further developed?
5. What more do we need to know about on-line behaviour and drivers of on-line consumer purchasing decisions?
6. In what way does wine support and enhance tourism nationally and regionally?
7. How will we use consumer preferences to shape what is produced?
8. Where are the gaps in our knowledge? Are there additional gaps to those already identified in the two discussion papers?

The suggestions and ideas of the working groups and from the discussion were captured and are summarised at the end of this document.

Drawing on the workshop discussion, GWRDC Management has summarised the potential researchable questions in the area of consumer insights to help guide researchers and the sector in developing expressions of interest submissions. A number of potential areas of research were raised during the discussion but as they sit within other themes in the Strategic Plan, they are not covered here.

Potential researchable questions

Consumer behaviour

- How fixed or static are consumption patterns of wine consumers and non-wine consumers of other alcoholic beverages? What triggers modifications to these behaviours?
- How well does information generated for other consumer products predict wine purchase behaviour and preference? How well does information generated for domestic markets predict behaviour and preference in emerging markets?

In China

- What is the usage of, perception of, attitude to, preferences for and triggers for purchase of Australian wine? How do these change over time? What factors influence them?

Linkages with grape and wine quality (GWRDC sub program 3.1)

- What are wine quality triggers and acceptable levels in specific categories and price points in our major markets? What is the profitability of each segment?
- What are the links between consumer's likes and wine composition?

Online

- What are the drivers for online sales, apart from convenience? Do online sales have other benefits, such as accelerating trends?

Methods and tools

- How transferable are methods and tools across different markets?

Consumer insights | Discussion summary from Workshop

1. What more do we need to know about consumer preferences and their needs nationally?

- Preferences
 - People don't always like what they say they like – there is the potential to create new varieties based on what consumers actually like
 - What are the links between consumer's likes and wine composition?
 - How fixed or static are people's consumption patterns?
 - Flavour preferences and production as it relates to predicting trends
 - How different is wine from other consumer products?
- On-Premise behaviour
 - Why doesn't wine do well on-premise?
 - why do operators choose this wine for their list and not others? How do we influence them?
 - What are the behaviours and occasions? – people tend to trade up in social occasions more than when buying for home.
- Predicting trends
- How important is health?
- A lot is already known but we need to better communicate what we already know – both public and private.
- Why is alcohol consumed?

2. What are the gaps in our knowledge of consumer preferences and needs in emerging markets such as China, Brazil, Russia and India?

- China should be the primary focus and Brazil, Russia, India a secondary one
- Understanding consumer taste preferences and behaviours in different markets
- Cultural factors and implications – packaging, channels and communication
- Influencing perception of Australian wine – how important are perceptions about Australia?
- China – why people are drinking wine there and how
- Who are the Chinese consumers?
- Is wine consumed or just gifted – usage, attitude and triggers to purchase
- How are Chinese tasting preferences changing over time?

3. What is the relationship between grape and wine quality and consumer behaviour?

- ‘Appeal’ is a better term for ‘quality’ in this context
- Consumer preference drives appeal and repurchase is important, which will be influenced by wine and grape quality
- What are the drivers of appeal and their relative importance?
- Intrinsic and extrinsic factors impacting across different price points
- Taste preferences
- What production at what quality can give us a differential competitiveness across all price points? What are the taste triggers across all price points?
- What are wine quality triggers and acceptable levels in specific categories in our major markets? What is the profitability of each segment?

4. How adequate are management tools for accurate and predictive analysis and how should they be further developed?

- Tools are adequate but not readily available
- Need to compare tools for cost effectiveness
- How to extrapolate longitudinal trends
- Sharing the type of questions that are being asked
- Some methods used in western countries can’t be transferred to others because of cultural differences. Need to validate methods and tools in different markets.
- Should be combining qualitative and quantitative methods.

5. What more do we need to know about on-line behaviour and drivers of on-line consumer purchasing decisions?

- Not much is known but not sure how much effort to make
- Do online sales accelerate trends?
- At what point do people switch to online?
- What are the drivers for online sales, apart from convenience?
- Direct sales are more profitable for producers
 - Problem of intermediaries driving prices down i.e. catch of the day, Vinomofa
- Look to UK model – benefit of online is that you can monitor exactly what people are doing and at what point they drop out.

6. In what way does wine support and enhance tourism nationally and regionally?

- Impact of cellar door
 - Big commitment by a small winery but margin is much better at cellar door
 - Consumer voluntarily walks into space – big opportunity to extract information direct from consumer on their preferences (will require training to extract insights).

7. How will we use consumer preferences to shape what is produced?

- Whole package matters – contents and presentation/context
- There may be constraints of processing e.g. low alcohol wine
- Needs to be attitude/mindset change in order to use consumer preferenceing models
 - From production mindset to consumer
 - Better understanding of preferences in our own domestic market
 - Expensive road to go down
 - Do we use consumer preferences to shape what is made?
 - GAP – difference between preference and purchase

8. Where are the gaps in our knowledge? Are there additional gaps to those already identified in the two discussion papers?

- Brand segmentation – why people buy wine. What are they looking to gain as a consumer?
 - Non-wine consumers – why they don't choose wine.
 - More understanding of total beverage market
- Convenience packaging – is the 750ml bottle still relevant/convenient? Should we look at other packaging solutions?
- Social media
 - Not much is known but how much do we need to know?
 - Is wine different to other products sold online?
 - Can it be used business to business as well as to consumer?
 - Teaching required for wine industry and business owners in how to use the tool effectively
- What is the role and influence of opinion leaders – sommeliers, wine writers, buyers etc. They often decide what is actually presented to the consumer but they also respond to consumer pull.
- Is the image of a country is translatable into sales?
- Can we apply the knowledge or verify the information we have gained in Australia etc in emerging markets?

Lodging an expression of interest (EOI) submission

All proposals must be submitted through the GWRDC's online project management system CIMS by **Friday 24 August 2012**.

If you are considering lodging an application, you must email amanda@gwrdc.com.au well before 24 August 2012 to obtain access to a CIMS template link. In the email, please provide the following details:

- Researcher name, email address and organisation
- Administration Contact and email address
- Project title
- Project start and end date
- GWRDC program and sub-program area (program area details are in the GWRDC [Annual Operational Plan 2012–13](#), under the 'About GWRDC' then 'compliance documents' on the GWRDC website)

Once this information has been provided, GWRDC will send a CIMS EOI template link. A CIMS login will be required. If you do not already have access to CIMS, please contact GWRDC to arrange access.

The EOI template is similar to a Final Project Application.

If you wish to discuss a researchable question with GWRDC, please contact Kate Harvey, General Manager, kate@gwrdc.com.au or 08 8273 0507.

