Lifestyle Based Segments in the South Australian Wine Market and Their Impact on Wine Retailing.

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Executive Summary

During August and September 2001, 363 wine consumers shopping for wine at eight wine retail stores in metropolitan Adelaide, South Australia, were extensively surveyed about their activities, interests and opinions about wine and their wine purchasing behaviour. The study consisted of two major parts. The first was to identify the segments that form the South Australian wine market and the second was to identify the preferred risk reduction strategies of each of those segments and link those to the wine retail environment. The underlying assumption was that retailers could manipulate their retail mix to encompass the preferred strategies of their target market, thus providing the basis for a potential competitive advantage. This data was analysed and the major results are summarised below.

The study identified five distinct segments, each with their own characteristics and behaviours. These were:

- **Segment 1 – Conservative, Wine Knowledgeable Wine Drinkers (20.9% of the total market)**
  These consumers are generally well educated, knowledgeable and predominantly male, whose buying habits are reasonably predictable from year to year. They are the consumers who may previously have been stereotyped as “connoisseurs”.

- **Segment 2 – Image Oriented, Knowledge Seeking Wine Consumers (22.3%)**
  These are likely to be tertiary educated, professional consumers whose purchases are dictated by opinion leaders. They have some wine knowledge and are actively seeking to increase that knowledge. They are concerned with the image associated with drinking wine.

- **Segment 3 – Basic Wine Drinker (16.8%)**
  This consumer is not concerned with any of the “airs and graces” associated with drinking wine. They drink wine because they enjoy it and they are likely to make their wine purchases from a number of safe brands that have previously met their needs.
• **Segment 4 – Experimenter, Highly Knowledgeable Wine Drinker (19.0%)**
  These consumers have become somewhat “bored” with what they perceive as the run of the mill wines on offer and are seeking new and different wines to excite their palates. They are very wine knowledgeable and seek out other people with knowledge to assist in their quest for different wines and as a result, they tend to experiment when purchasing wine.

• **Segment 5 – Enjoyment Oriented, Social Wine Drinkers (20.9%)**
  These consumers are predominantly female and enjoy a glass of wine with their friends on a weekend. Their purchasing behaviour can be spontaneous and the packaging and labelling of the wine plays a part in their decisions, indicating that they might be attracted to the so-called “concept” brand category on the market.

From a wine industry perspective, this construct of the market is important, as segments 1, 2 and 4 all have an average spend per bottle of wine in excess of $20. This indicates that they purchase wine in the super premium category and above, the categories in which many of the boutique and smaller producers have positioned their products. The knowledge that about 60% of the market are potential customers may prove comforting to these producers.

The second part of the study revealed that the two most preferred strategies were that consumers seek information about their purchases prior to buying and that they sought reassurance through tasting prior to buying. The incidence of the use of these strategies increased as the price of the wine increased.

When the practical implications for wine retailers were examined, the data revealed that each segment relied on the assortment of wines on offer as their risk reduction strategy of choice. This had different implications for individual wine retailers, depending on their positioning and target markets. The implications for each of the segments are summarised as:

• **Segment 1 – Conservative, Wine Knowledgeable Wine Drinkers**
  A range of super premium wines from the larger producers.
• **Segment 2 – Image Oriented, Knowledge Seeking Wine Consumers**
  An assortment of medal and trophy winning wines and wines that have received favourable press coverage.

• **Segment 3 – Basic Wine Drinkers**
  An assortment of commercial wines.

• **Segment 4 – Experimenter, Highly Knowledgeable Wine Drinkers**
  A range of wines perceived as new, innovative, different or exciting.

• **Segment 5 – Enjoyment Oriented, Social Wine Drinkers**
  A range of more commercial wines that should include some concept brands that appeal to mainly female consumers.

The research study also examined the relationship between a consumer’s level of wine knowledge and the quality of the wine they consumed. It concluded that a consumer with a greater level of wine knowledge is likely to spend (on average) more per bottle of wine than a consumer with less wine knowledge.

This research study was made possible through the auspices of the Liquorland/Vintage Cellars Retail Management Scholarship, 2001.

As this research study was one of the largest of its kind ever undertaken on the Australian wine market, the full details are contained within the body of this dissertation.
Statement

“The thesis contains no material which has been accepted for the award of any other
degree or diploma in any university and that, to the best of the student’s knowledge and
belief, the thesis contains no material previously published or written by another person,
except where due reference is made in the text of the thesis.”

“The author consents to the thesis being made available for photocopying and loan if
accepted for the award of the degree.”

Trent Edward Johnson

20 February 2002
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When I started studying in March 1999, the last thing on my mind was the thought of getting a Master’s Degree — in fact, I didn’t even know that one was on offer. However, with the support, enthusiasm and cajoling of a number of people, that has now become a reality. I would like to thank a number of people who have helped me along the way.

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