INFLUENCE OF MARKETING TOOLS ON STUDENTS' DECISION TO PURCHASE WINE

A Senior Project

presented to

the Faculty of the Recreation, Parks, & Tourism Administration Department

California Polytechnic State University, San Luis Obispo

In Partial Fulfillment
of the Requirements for the Degree
Bachelor of Science

by

Kelsey Pavao

June, 2011

© 2011 Kelsey Pavao

ABSTRACT

INFLUENCE OF MARKETING TOOLS ON STUDENTS' DECISION TO

PURCHASE WINE

KELSEY PAVAO

JUNE, 2011

As the United States' leading wine producer, California encompasses many notable wine

regions throughout the state including San Luis Obispo County. Students at California

Polytechnic State University (Cal Poly) are a key demographic for the region's wineries

to focus marketing efforts toward. The purpose of this study was to determine which

marketing tools have the greatest influence on Cal Poly students' decision to purchase

wine. During the spring of 2011, an online questionnaire was distributed and collected

from 120 students attending the university. The price of a bottle of wine was found to be

the most influential factor on a decision to purchase. Students preferred traditionally

shaped and colored bottles and unique labels. Recommendations for a winery include

examining and adjusting their price points and bottle labels to attract the college student

demographic.

<u>Keywords</u>: wine marketing, purchasing behavior, college students

ii

TABLE OF CONTENTS

	PAGE
ABSTRACT	ii
TABLE OF CONTENTS	iii
LIST OF TABLES	v
Chapter 1 INTRODUCTION AND REVIEW OF LITERATURE	1
Background of Study	1
Review of Literature	2
Trends in wine marketing.	2
College students' wine purchasing behavior	7
Purpose of the Study	10
Research Questions	10
Delimitations	11
Limitations	11
Assumptions	11
Definition of Terms	12
Chapter 2 METHODS AND PROCEDURES	13
Description of Subjects	13
Description of Instrument	13
Description of Procedures	15
Method of Data Analysis	16
Chapter 3 PRESENTATION OF THE RESULTS	17
Influence of Marketing Tools	17

Price of the Bottle	18
Physical Characteristics of the Bottle	20
Store of Purchase	22
Chapter 4 DISCUSSION AND CONCLUSIONS	25
Summary	25
Discussion	26
Conclusions	30
Recommendations	31
REFERENCES	32
APPENDIXES	35
APPENDIX A. Questionnaire	36
APPENDIX B. Informed Consent Letter	43
APPENDIX C. Wine Bottles	45
APPENDIX D. Wine Labels	47

LIST OF TABLES

PAGE
TABLE 1: Level of Influence According to Mean Score and Standard Deviation 18
TABLE 2: Level of Price Influence According to Frequency and Percentage
TABLE 3: Amount Willing to Spend on a Bottle of Wine According to Frequency and
Percentage
TABLE 4: Level of Price Influence and Amount Willing to Spend According to
Frequency and Percentage
TABLE 5: Preferred Bottle Shape and Color According to Frequency and Percentage 21
TABLE 6: Preferred Bottle Label Design According to Frequency and Percentage 22
TABLE 7: Type of Outlet Most Likely Visited to Purchase Wine According to Frequency
and Percentage
TABLE 8: Deciding Factors to Visit a Particular Outlet According to Frequency and
Percentage

Chapter 1

INTRODUCTION AND REVIEW OF LITERATURE

Background of Study

In the past two decades, wine consumption in the United States has been on the rise. Total wine consumption between 1993 and 2009 increased continuously from 449 million gallons to 767 million gallons nationwide, a 71% increase (Wine Institute, 2010a). Further, California is the country's leading wine producer accounting for 90% of all U.S. wine and brings in more than three-fifths of wine sales in the country (Wine Institute, 2010b). As one of the state's notable "wine countries", San Luis Obispo County features approximately 200 wineries for both locals and tourists to visit or purchase their wine in stores (San Luis Obispo County, 2010). With the large number of local wineries, current students at California Polytechnic State University (Cal Poly) are no strangers to wine consumption and the many decisions that choosing a certain brand brings.

Both undergraduate and graduate students at Cal Poly represent roughly 7% of the county's population and 43% of San Luis Obispo's population as of 2009 (California Polytechnic State University, 2010; San Luis Obispo Chamber of Commerce, 2011), making them a key demographic in wine marketing efforts to increase overall sales. By knowing more about these consumers' wine purchasing habits and preferences, local wineries can be helped significantly as they seek to create a more marketable product. Several questions that the marketing team for a winery may be faced with include: Do students look at the price first? Are they drawn to the bottle's label or color? Does the outlet from where it was purchases play a role? These aspects of marketing may have a

significant influence on whether the student will purchase one bottle over another. It is important for wineries to be aware of what their customers prefer, especially in a county where hundreds of students turn the legal drinking age each year.

Ideally, wineries should seek out the wine preferences and purchasing habits of all their customers to get a strong idea of what marketing techniques work the best.

However, since the San Luis Obispo area is the current home to such a prominent college-student demographic, this study focuses solely on the preferences of Cal Poly students. The purpose of this study was to determine which marketing tools have the greatest influence on Cal Poly students' decision to purchase wine.

Review of Literature

Research for this review of literature was conducted at Robert E. Kennedy

Library on the campus of California Polytechnic State University, San Luis Obispo. In

addition to books and other resources, the following online databases were utilized:

Academic Search Elite, SPORTDiscus, Hospitality and Tourism Complete, psycINFO,

and Proquest. This review of literature is organized into the following topic areas: trends
in wine marketing and college students' wine purchasing behavior.

Trends in wine marketing. Producing a quality product is only the beginning to determining the success of a retail product. The techniques and components that go into the marketing of a product, also known as the "marketing mix," plays a crucial role in whether or not the product will be well-received by the target market. This "mix" includes: (1) the tangible product or service, (2) price, (3) place of distribution, and (4) promotion of the product. Other components such as packaging, display, and branding

also play a role in the marketing of a product (Internet Center for Management and Business Administration, 2010). The marketing mix can be applied to almost every product type or service in retail today, including the wine industry. This section covers literature and completed research on current marketing tools being used by wineries to successfully market their wine in stores.

Marketing a product can be thought of as a strategic process aimed to identify a target market, determine their needs, and use the marketing mix to match these needs with the current opportunities in the market. A product should be able to "sell itself" if the application of produce, price, place, and promotion are done successfully (Barber, Donovan, & Dodd, 2008a, p. 47). As in most companies, the first thing a winery's marketing team should consider is their target market and the relevant characteristics of this population. This will allow marketers to better position their product to the consumer's ideal points or to alter these ideal points to better match those of the winery (Lockshin & Kahrimanis, 1998).

One combination of the marketing mix may not work best for every winery, nor will one combination apply to each type of wine that a winery distributes. The managers and marketers must determine how to best communicate the value of their product to the chosen target market. However, as Barber and Almanza (2006) discuss, marketing a bottle of wine has a unique limitation placed on it which is that the quality of the product cannot be assessed until after it has been consumed. Barber and Almanza also noted, "the decision on which wine to purchase is a complex experience compared to other consumer products, resulting from the consumers' use of a variety of information sources and their prior knowledge and usage experience with wine" (p. 84). Choosing a new bottle can be

intimidating to a consumer, especially to those without much experience with wine, which leads them to seek other sources to make their decision.

The quickest and most available source of information a consumer uses at the point of purchase is the bottle's physical features, including the label, shape, color, and type of closure. Regarding the first of these features, Barber, Ismail, and Dodd (2008b) state, "because the front label is the first line of communication, it is therefore extremely important that the characteristics appearing on the label are visually attractive and enticing" (p. 71). While the basic standards of what is written on the label must be met, the bottle should also call directly on the consumers' visual attention due to the dozens of other competing bottles on the same shelf (Barber & Almanza, 2006).

On the same note of labeling, having a taste description and any additional information about the wine visible on the label shows to be very influential. According to a study done by Mueller, Lockshin, Louviere, Francis, and Osidacz (2009) on the influence of shelf information, purchases of wine increased by 7.4% when a taste description was present on the back label. As discussed previously, not being able to taste a type of wine before purchasing creates a limitation on consumers' desire to purchase. However, Barber and Almanza (2006) recommend focusing marketing on simple back labels that provide the necessary information about the style of wine. This includes its sweet, semi-sweet, or dry-taste; type of grape; location of winery; description of the winery; and food pairings. Providing these basic facts about the wine can not only help the consumer get a better idea of what to expect from tasting it, but may potentially influence a purchase.

Another attention-grabbing characteristic of a wine bottle is its shape and color. In order to set themselves apart from competing bottles, wineries should create a unique and distinguishable bottle the consumers' can recognize. While these features of the physical bottle may entice a consumer and add value to the product, it can also do the opposite. Since many consumers relate the packaging of a product with its quality, wine that is packaged into plastic bottles or boxed may be perceived as poorer quality (Reidick, 2003, as cited in Barber & Almanza, 2006). Barber and Almanza (2006) also found another indication of quality to consumers: the type of bottle closure. In their study, it was found that respondents perceived cork seals as higher quality than screw tops. The study also found that the type of bottle closure overall was a more important factor in making a selection than bottle shape and color.

Another component of the marketing mix that affects a consumer's decision to select a particular bottle of wine is the place where it can be purchased. It is important for marketers to connect the intangible image of the product to the consumers' benefits of it, or else the consumer's perception of the wine will be skewed (Barber & Almanza, 2006). For example, walking into a gas station store, consumers would not expect to find a \$60 bottle of wine for sale. If for some reason there was one available, they'd most likely be hesitant to purchase it because the location does not reflect the perceived quality of wine.

An important form of promotion for wine that's not typically thought of as marketing is actually one that people use in their daily lives for making other decisions: word-of-mouth. Although reviews and awards from various wine critics can be useful as a reference or guide, consumers often look to those whom they trust (i.e. family, friends, colleagues) for opinions. Having 37 years experience in the wine industry, and current

president of Hahn Family Wines, Leigon (2010) notes that "word-of-mouth is far more powerful than any other method of selling wine" (p. 6). Leigon goes on to say that it won't be long until consumers are standing in front of the wine selection in a store, noticeably on cell phones calling or texting friends for opinions on which wine bottle to purchase. The question from wineries is then how to increase their popularity and encourage a positive word-of-mouth reputation.

With social media networks and blogging becoming increasingly popular, wineries can take this opportunity to improve their current marketing strategies. Hall and Mitchell (2008) discuss that by experimenting with virtual communities, companies in the wine industry have the opportunity to build and maintain consumer relationships, strengthen brand loyalty, and allow consumers to offer feedback on wine and marketing strategies. Opening up a forum for the company and consumers to interact online allows marketers to determine how well their product is being perceived and to get first-hand feedback from their consumers. Hall and Mitchell also note that creating a long-term relationship with a customer "will in turn lead to long-term loyalty in customer purchasing as well as positive word-of-mouth" (p. 14). Maintaining a customer-focused attitude by utilizing various communication tools, wineries have the potential to add value to their brand name.

As noted previously, there is not one ideal marketing mix for every winery or even for a specific one. The important thing is that the winery continuously scans the environment for new trends in labeling, manufacturing, and technology to better market their product. At the same time, marketers should be identifying their target market and keeping up with their preferences and habits relating to wine consumption.

College students' wine purchasing behavior. To market a product effectively, it is important for the company to understand the preferences and behaviors of their target market. While maintaining brand loyalty with older consumers is vital to maintaining a place in the current market, gaining new and younger consumers can be just as important. Scholars have not agreed upon the exact birthdate range of the Millennial generation; however, typically people who were born between 1981 and 2000 fall into this category (Quinn, 2010). For the purpose of this literature review and study, the Millennials who are in the typical college-age range of 21 to 29-years-old will be the main focus. Since these consumers are now of the legal drinking age, they are starting to scratch the surface of wine consumption and developing their own purchasing tendencies. If wineries understand these tendencies and what grabs this generation's attention on a wine shelf, marketing efforts can be tailored to them and potentially increase the winery's customerbase. This section covers literature and research on college students' purchasing behavior and preferences as it relates to wine.

Although some people may be introduced to wine at a later age, many people are introduced when they turn 21-years-old or are in their 20s. Barber et al. (2008b) refers to people who don't relate their lifestyle to wine and who seem less involved in wine purchasing decisions as "wine novices." Since most students in their 20s do not have years experience with wine, they can be thought to be in this category. These individuals often use price, label design, grape variety, and brand to simplify their choice (Yuan et al., 2005, as cited in Barber et al., 2008b, p. 73). With that said, it is important for wine marketers to understand which particular prices and designs encourage young consumers to purchase one bottle of wine over another.

In a study conducted by Barber et al. (2008b) comparing novices' wine choices with people considered to be "wine enthusiasts," it was found that novices take the bottle design into more consideration when making a purchase. The study noted that this information is very useful to wine marketers because it shows that consumers actually take notice of things such as the bottle's color, shape, and label design. The study also found that novices placed greater consideration on the bottle's closure type and that they "viewed the wax and foil coverings as an important indicator of the wine's quality" (Barber et al., 2008b, p. 83). While these physical attributes of the wine bottle were found to be important to wine novices, the determining factor of whether to purchase was the price. Barber et al. determined that novices would spend an average of \$10 to \$14 on a bottle of wine. Using this detailed information such as the price range consumers are willing to spend can give wineries an advantage against their competitors. If the winery can afford to do so, they will lower their prices to an acceptable range that allows for consumers in their 20s to purchase and enjoy their wine.

According to the vice president of consumer research for Constellation Wines U.S., Leslie Joseph, there is a major trend happening in the 21 to 29-year-old age range in which consumers are drinking wine in more casual settings and preferring wine brands to be of the same stature (Teichgraeber, 2006). Joseph goes on further to claim that contrary to popular belief research shows that this age group seems to prefer red wines just as much as older generations do (Teichgraeber). Complimenting Joseph's claim is a retired director of global consumer research at Gallo, Rich Boone, who says that this age range of the Millennial generation is drawn to unpretentious brands and that "they're using wine differently. They have different purchasing criteria" (Teichgraeber, p. 2). Claims

such as those just mentioned from Joseph and Boone, along with other consumer researchers, can help wineries who are looking to understand their younger target market's preferences and habits.

Current president of Hahn Family Wines, Bill Leigon, used a trial-and-error approach to determining the trends in wine marketing for different generations. Instead of conducting a study, he simply created new brands and observed how they played out in the market. Leigon (2010) stated:

By 2005 I, like many of my colleagues, was convinced that the Millennials were now driving the train. The reports seemed to indicate that their buying habits mirrored those of the Boomers. They had spendable income (from somewhere), they regularly bought \$10 bottles of wine; spent \$25+ on special occasions, were interested in new and innovative ideas, [and] liked innovative labeling and packaging. (p. 1)

Marketing his brands with interesting front-label graphics and appealing names, Leigon found his various wines to be an instant hit with the Millennial generation. This observation, along with the studies previously mentioned, show that many aspects can affect a college-aged student's decision to purchase wine.

Summary. By continuously scanning current trends in the wine industry, wineries can implement effective marketing techniques to improve their sales. The physical characteristics, price, and word-of-mouth reputation of a bottle of wine have been found to play a vital role when consumers decide to purchase. With the current shift toward technology-based marketing techniques, wineries have the opportunity to increase their customer-base while also maintaining brand loyalty with current customers. In order to

better tailor these marketing techniques toward the target market, it is useful for wineries to identify consumer preferences and purchasing behaviors regarding wine.

As a growing wine-consuming generation, Millennials in their 20s represent a key group to target with marketing techniques that are geared toward their preferences. Research has shown that this group may not have the expert knowledge of wine like older generations might have, so they place a greater importance on certain aspects of wine more than others. Some of these include the overall design of the bottle such as interesting graphics, colors, and the brand name. The most important characteristic of wine to this group, however, is the price. Knowing that 21 to 29-year-olds are more interested in informal brands and casual occasions for drinking wine, marketers can better understand how to market their wine toward this more inexperienced group.

Purpose of the Study

The purpose of this study was to determine which marketing tools have the greatest influence on Cal Poly students' decision to purchase wine.

Research Questions

This study attempted to answer the following research questions:

- 1. Does the price influence the student's choice of wine?
- 2. Do opinions from others or word-of-mouth influence the student's decision to purchase a particular brand?
- 3. Do physical characteristics of the wine bottle influence the student's decision to purchase?

4. Does the type of store where the wine can be purchased from influence the student's decision?

Delimitations

This study was delimited to the following parameters:

- 1. Information on wine marketing was gathered from Cal Poly students over the age of 21.
- 2. Influence of marketing tools on college students was analyzed.
- 3. The data were collected during the spring of 2011.
- 4. Information for this study was gathered using an online questionnaire.

Limitations

This study was limited to the following factors:

- 1. The instrument used in this study was not tested for validity or reliability.
- 2. Convenience sampling limited the generalizability of the findings.
- 3. All types of bottle shapes, colors, and label designs present in the wine industry were not included in the instrument.

Assumptions

This study was based on the following assumptions:

- 1. It was assumed that subjects responded to the best of their ability.
- 2. It was assumed that subjects answered honestly to being over the legal drinking age before proceeding with the questionnaire.

- 3. It was assumed that e-mail addresses and Facebook pages utilized were the actual subjects for this study.
- 4. It was assumed that subjects have purchased or will purchase wine sometime in their life.

<u>Definition of Terms</u>

The following terms are defined as used in this study:

<u>Consumer</u>. Anyone who uses a good or service is considered a consumer.

<u>Influence</u>. the cause of one thing—or multiple things—onto another

Marketing tools. the pricing, packaging, labeling, promotion, and placement of a product

Millennials. people who were born between 1981 and 2000 (Quinn, 2010)

<u>Social media network</u>. a web-based outlet for consumers, businesses, and members of the public to communicate and interact (i.e. Facebook, Twitter)

Chapter 2

METHODS AND PROCEDURES

The purpose of this study was to determine which marketing tools have the greatest influence on Cal Poly students' decision to purchase wine. This chapter is organized by the following sections: description of subjects, description of instrument, description of procedures, and method of data analysis.

Description of Subjects

The student body of California Polytechnic State University, San Luis Obispo is roughly 19,000 students as of 2009 (California Polytechnic State University, 2010). Of these students, only those who were 21-years-old or older were considered a part of the population group for this study. Due to the nature of this study's topic—wine—students under the legal drinking age were not considered.

The subjects for this study were selected using a convenience and snowball sampling method. Only students who are of legal drinking age were asked to complete the questionnaire, but were not required to do so. Students who were readily accessible to the primary researcher and acquaintances of the researcher via the Internet served as the subjects for this study.

Description of Instrument

The instrument used in this study was a ten-question online questionnaire developed by the researcher (see Appendix A). The first question asked the subject

whether or not they_were 21-years-old or older, due to the nature of the topic. In the next question slot, the Informed Consent Letter for this study was provided for the subject to read and agree to (see Appendix B). Only by answering "yes" to these first two questions were the subject's following responses utilized.

The questionnaire was then formatted by first assessing the subject's perceived level of influence to purchase a bottle of wine based on different marketing tools (i.e. price, bottle's label) with a Likert scale—1 representing "No Influence At All" and 5 representing "Highly Influential".

The remaining questions aimed to get a deeper understanding regarding the aspects in the Likert scale by assessing what it is about them that influences the subject's decision to purchase. The fourth question asked which price range of a bottle of wine that the subject is willing to spend. This question will help to better understand a college student's willingness to purchase purely based on price. The following questions gave the subject several options of wine bottles to choose their preferred one based on its shape and color. The next question offered several reasons why they might have chosen that particular bottle and asked the subject to check all reasons that apply. The following two questions are formatted in a similar way assessing wine labels. The final two questions asked which particular outlet the subject is more likely to go to in order to purchase a bottle of wine and to check all the reasons that apply to their answer.

The questionnaire was field tested utilizing eight Cal Poly students in a classroom. The directions for the questionnaire stated that participation was voluntary and that answers were kept anonymous. The questionnaire was reviewed and approved by the Human Subjects Committee at Cal Poly, San Luis Obispo. The committee also

approved the Informed Consent Letter that was formatted as a "yes" or "no" question in the online questionnaire for subjects to agree to before proceeding. The letter assured the subject's anonymity and stated any risks that were involved in participation. The researcher's contact information was given in the letter if the subject had any questions regarding the results of the study.

Description of Procedures

The study began by developing an online_questionnaire on the Zoomerang website. The website generated a link that can be accessed via the Internet.

For the first method of distribution, the researcher contacted a faculty member from the Recreation, Parks, and Tourism Administration (RPTA) Department at Cal Poly asking permission to send out the questionnaire link using the RPTA student e-mail list.

Once approved, the faculty member sent out the link on April 4th. Since many students on the list were below the legal drinking age, only those who were 21-years-old or older were asked to follow the link and complete the questionnaire.

For the second method of distribution, the researcher utilized the social networking site, Facebook, to send out the questionnaire link. A public event page was developed in order for the researcher to invite Cal Poly students—and also allowed them to invite others—to open the link. To ensure that more students other than those readily accessible to the researcher were being utilized, several acquaintances of the researcher from different colleges at Cal Poly (i.e. College of Engineering, College of Business) were asked to invite students on Facebook to the event page as well.

On the event page description, the directions asked that only students 21-years-old or older who currently attend Cal Poly should complete the questionnaire. Also included was a brief sentence stating what the study seeks to find out and that all responses will be anonymous. The event page was open from April 4th to April 14th to allow adequate time to collect responses.

Method of Data Analysis

The data for this study were tabulated and analyzed using the Zoomerang website. For the Likert scale data on the level of influence of marketing tools on purchasing wine, measures of central tendency were calculated. The data collected from the Likert scale helped to answer all four research questions regarding whether a marketing tool influences the decision to purchase wine by analyzing the average and standard deviation of the results.

Questions that asked the subject to select only one item—picture of bottle shape/color, picture of label, and type of outlet—were calculated by frequency and percentage. This was then compared with the answers in the question directly following which asked why they chose that particular answer. This question asked to "check all that apply", which was also calculated by frequency and percentage. To determine if there was a relationship between a selected item and the reason for selecting it, cross-tabulation was utilized.

The cross-tabulation method was also used to determine if there is a relationship between the level of influence price has on the subject's decision and the price range they're willing to spend. These results were calculated by frequency and percentage.

Chapter 3

PRESENTATION OF THE RESULTS

The purpose of this study was to determine which marketing tools have the greatest influence on Cal Poly students' decision to purchase wine. An online questionnaire link was distributed to approximately 400 students age 21 or older utilizing both a Facebook event page and the RPTA e-mail list. The questionnaire page was visited 154 times and 120 responses were recorded (30% response rate). However, questions number four and five regarding price ranges and picture examples of bottle shapes/colors, respectively, only received 119 total responses. This had little to no effect on the percentages. The following sections present findings from the questionnaire.

<u>Influence of Marketing Tools</u>

Utilizing a Likert scale of one to five, one being "No Influence At All" and five being "Highly Influential", the level of influence that specific wine marketing tools had on the respondents' decision to purchase wine was measured. Table 1 presents the mean and standard deviation for each tool, showing that the price of a bottle has the greatest influence than any other tool (mean = 4.57, SD = 0.71), followed by previous experience with a brand (mean = 4.52, SD = 0.74) and word-of-mouth reference (mean = 4.18, SD = 0.84).

Table 1
Level of Influence According to Mean Score and Standard Deviation

Marketing Tool	Mean	SD
Price	4.57	0.71
Previous Experience	4.52	0.74
Word-of-Mouth Reference	4.18	0.84
Label Appearance	3.77	0.87
Bottle Shape/Color	3.25	1.11
Store of Purchase	2.86	1.13

Price of the Bottle

As the previous findings in Table 1 show, the price of a bottle of wine has the most influence on students' decision to purchase a particular bottle with a mean score of 4.57. Table 2 presents the frequency and percentages of these responses.

Table 2
Level of Price Influence According to Frequency and Percentage

Level	f	%
No Influence At All	1	0.83
Very Little Influence	2	1.67
Neutral	3	2.50
Some Influence	36	30.00
Highly Influential	78	65.00
Total	120	100.00

To determine what price range they would be willing to spend, respondents were given price ranges and asked to select one answer. As shown in Table 3, respondents were willing to spend between \$11 and \$15 on a bottle of wine, followed by the \$10 and below category.

Table 3
Amount Willing to Spend on a Bottle of Wine According to Frequency and Percentage

Price	f	%	
<\$10	36	30.25	
\$11-\$15	54	45.38	
\$16-\$20	20	16.81	
\$21+	9	7.56	
Total	119	100.00	

Since most responses were in the "Some Influence" (30.00%, n = 36) and the "Highly Influential" (65.00%, n = 78) categories on the Likert scale for influence of price, those responses were cross-tabulated with the price ranges to determine the relationship. It was found that the majority of respondents who selected either of these categories also believed the price range of \$11 to \$15 to be suitable for them (see Table 4).

Table 4
<u>Level of Price Influence and Amount Willing to Spend According to Frequency and Percentage</u>

	Level of I	nfluence		
Some I	Some Influence		Highly Influential	
f	%	f	%	
5	4.17	31	25.83	
16	13.33	36	30.00	
10	8.33	8	6.67	
5	4.17	2	1.67	
36	30.00	77	64.17	
	f 5 16 10 5	Some Influence f % 5 4.17 16 13.33 10 8.33 5 4.17	f % 5 4.17 16 13.33 10 8.33 5 4.17 2	

Physical Characteristics of the Bottle

The previous findings in Table 1 found that respondents believed the label appearance and the bottle's shape/color to be the fourth and fifth most influential to their decision to purchase a bottle of wine, respectively. More specifically, 64.17% (n = 77) of respondents believed the label appearance to have "Some Influence", while 45.83% (n = 55) believed the bottle shape/color to have "Some Influence" on their decision.

The questionnaire presented five pictures of empty wine bottles of all different shapes and colors. As shown in Table 5, more respondents preferred Bottle #1, a dark green, clear, and slender-shaped bottle (35.29%, n = 42). The least preferred bottle was clear glass with a thick opening and a more prominent curve (6.72%, n = 8). To view the pictures presented in the questionnaire, see Appendix C.

Table 5
Preferred Bottle Shape and Color According to Frequency and Percentage

Bottle		f	%
Bottle #1	(dark green, slender)	42	35.29
Bottle #2	(dark green, wider)	33	27.73
Bottle #3	(bright blue, slender)	24	20.17
Bottle #4	(bright green, round)	12	10.08
Bottle #5	(clear white, prominent curve)	8	6.72
Total		119	99.99

Note. Due to rounding of numbers, percentages are less than 100%.

By cross-tabulating the data for the most preferred bottle shape/color, Bottle #1, with the reasons why it was chosen, it was found that the respondents who preferred this bottle thought it was traditional (83.33%, n = 35) and preferred its shape (52.38%, n = 22). On the contrary, none of these respondents found this bottle to be unique.

The questionnaire presented six different types of labels, all with different colors, graphics, and fonts. Respondents were asked to choose which label they found more appealing. As shown in Table 6, respondents preferred Label #1 named "Hippie" with a psychedelic and wavy theme, followed by the label with a cartoon mouse named "Ratatouille". To view the pictures presented in the questionnaire, see Appendix D.

Table 6
Preferred Bottle Label Design According to Frequency and Percentage

Label Design		f	%	
Label #1	("Hippie")	42	35.00	
Label #2	("Ratatouille")	24	20.00	
Label #3	("Venteux")	19	15.83	
Label #4	("Andrew & Jeanne")	18	15.00	
Label #5	("Buckaroo")	11	9.17	
Label #6	("Rose Hill Estate")	6	5.00	
Total		120	100.00	

By cross-tabulating the data for the most preferred bottle label, Label #1, with the reasons why it was chosen, it was found that the respondents who preferred this label thought it was unique (83.33%, n = 35) and preferred its graphics (64.29%, n = 27). On the contrary, none of these respondents found this label to be simple.

Store of Purchase

According to the findings previously presented in Table 1, respondents believed that the type of store they visit to purchase a bottle a wine had the least influence on their decision of a particular bottle. When asked to select the type of outlet they would be more likely to visit to purchase from given six different options, more respondents chose a general grocery store, such as Vons or Albertsons. For a complete presentation of the findings, see Table 7.

Table 7

<u>Type of Outlet Most Likely Visited to Purchase Wine According to Frequency and Percentage</u>

Outlet	f	%
General Grocery Store (i.e. Vons, Albertsons)	53	44.17
Specialty Grocery Store (i.e. Trader Joes, New Frontiers)	34	28.33
Corporate Beverage Store (i.e. BevMo)	24	20.00
General Liquor Store (i.e. Campus Bottle, Cork & Bottle)	4	3.33
Winery	4	3.33
Wine-Specific Store (i.e. Central Coast Wines)	1	0.83
Total	120	99.99

Note. Due to rounding of numbers, percentages are less than 100%.

After cross-tabulating the data for the most preferred outlet, General Grocery Store, with the reasons why it was chosen, it was found that the respondents who would most likely purchase from this outlet do so for its convenience (92.45%, n = 49) and prices (35.85%, n = 19).

Despite which outlet they would likely visit, respondents were asked to check all answers that apply to why they chose that particular outlet from the previous question. The findings show that most respondents visit the outlet of their choice based on convenience (37.38%, n = 83), followed by the price (27.48%, n = 61) (see Table 8). The quality of wine that the outlet offers has less of an impact on the respondents' choice.

Table 8
Deciding Factors to Visit a Particular Outlet According to Frequency and Percentage

Factors	f	%
Convenience	83	37.38
Price	61	27.48
Wide Selection	41	18.47
Quality of Wine	37	16.67

Summary

After collecting data from 120 Cal Poly students, the study found that the most influential marketing tool on a student's decision to purchase a bottle of wine is its price, followed by previous experience with the brand. The least influential tool is the type of store where the bottle can be purchased from. Students are more likely to purchase a bottle of wine in the \$11-\$15 price range.

The most preferred bottle shape/color from the options given on the questionnaire was a slender, dark green bottle and was favored because it's traditional and because of its shape. The most preferred label design from the options given had wavy font with a psychedelic theme and was favored because it's unique and because of its graphics. The type of outlet that would most likely be visited to purchase a bottle of wine was a general grocery store, such as Vons or Albertsons. This type of outlet—along with all of the other options—was chosen because of convenience and price. For a more detailed summary and discussion, please see Chapter 4.

Chapter 4

DISCUSSION AND CONCLUSIONS

In order to market a bottle of wine successfully, it is important for the winery to understand the preferences and purchasing habits of their consumers. By studying a younger_demographic, both current and future marketing techniques can be adjusted to capture this portion of the winery's customer-base. This concluding chapter will include the following: summary of the study, a discussion of the findings including limitations, conclusions based on research questions, and recommendations for the industry and future research.

Summary

California is currently the country's leading wine producer encompassing multiple wine regions throughout the state, a notable one being San Luis Obispo County. Students at Cal Poly represent a large percentage of the population in the City of San Luis Obispo, making them a key demographic for this wine region to market toward. It is vital to examine trends in wine marketing that already exist and also the techniques that are up-and-coming such as social media. It is also important to study the consumers that the winery aims to market toward; in the case of San Luis Obispo, this demographic includes college students. By knowing students' wine preferences and purchasing behavior, such as their appeal to more interesting bottle labels, wineries can better market to this younger demographic.

During the spring of 2011, data were collected from 120 Cal Poly students who were of legal drinking age utilizing an online questionnaire. The link was distributed via a Facebook event page and the RPTA e-mail list. The questionnaire included a Likert scale to determine the level of influence of marketing tools, single-answer questions to select a preferred option, and "check all that apply" questions to explain why the option was selected. Likert scale data was analyzed using measures of central tendency while the remaining data were analyzed with frequencies and percentages.

Results from the study showed that a students' decision to purchase a bottle of wine is primarily influenced by its price. Additionally, the typical price range they're more likely to spend on a bottle is between \$11 and \$15. There is a strong preference for more traditional bottle shapes and colors, while preferring a more unique label with interesting graphics. Although the place of purchase has the least influence on their decision, students are more likely to visit a general grocery store to purchase a bottle due to convenience and price.

Discussion

From the findings of the study, it appears that college students use the price of a bottle of wine as their deciding factor when choosing between multiple bottles. This may be because students tend to live on a stricter budget than older adults as they do not have full-time careers yet or some flow of income. The cheap to medium price range that they are willing to spend, \$11 to \$15, reveals that a college student's budget also has an effect on their entertaining purchases, such as a bottle of wine, in addition to their necessary food and beverage purchases.

The next important factors when faced with a decision at the wine shelf are whether they've had an experience—positive or negative—and if they've heard comments or recommendations from others regarding a particular brand. If the student has tasted a certain wine and disliked it, they are sure to remember that experience and avoid drinking it again. Additionally, if the student loved a certain wine, they would be more likely to purchase it again depending on their taste or preference at that moment. Another option is to try a completely new wine that they have no experience to base their decision off of; this is where word-of-mouth reference is useful. Whether it's a family member, a friend, a tasting room attendant, or even a stranger, a positive or negative recommendation is very important to students as they decide what to purchase.

Possibly due to the increasing use of graphic art and design programs available today, students are more attracted to the use of interesting wine labels and place this next in line as a deciding factor. Nothing about the physical label denotes the quality of wine which makes it the perfect opportunity to appeal to a younger demographic who looks for unique colors and designs. While they're more likely to purchase a bottle with an interesting label, students play it safe when it comes to the bottle shape and color. The findings from the study reveal that a traditional type of bottle is more likely to lead students to a purchase. A dark green, tall, and slender bottle was preferred to a rounded bottle and a clear white bottle in the study, which reveals the traditional preference of students. The blend of a unique label and a traditional bottle type seems to be just the right combination of physical characteristics for college students as they scan the shelves in the store.

Though least influential on their decision to purchase a particular bottle, the study reveals that the type of outlet where students purchase wine from has to do with it being convenient and the prices it offers. These reasons are why a general grocery store was chosen as the most preferred outlet. A grocery store provides convenience, as most cities and towns have them, while it also offers various price ranges to suit every customer. This relates back to the first deciding factor, price, as college students tend to search for the best deals.

The findings of the study are in agreement with Barber et al. (2008b) that the front label of a bottle must be visually attractive and enticing as it represents the first line of communication to the customer. Further, Leigon's (2010) findings about the Millennial generation and their interest in innovative labeling and packaging is also consistent with the study. Label design was rated the fourth most influential from respondents making this characteristic a relevant factor to the respondents of the study.

Also consistent with the findings of the study were Leigon's (2010) thoughts on how powerful word-of-mouth reference is in wine marketing today. He believes that it's not unlikely that people will be on their cell phones calling friends and family asking for their opinion on which wine to purchase. This coincided with the respondents' belief that word-of-mouth reference is the second most influential factor.

The findings from Barber et al. (2008b) match the findings of this study that while physical attributes do play a role in decision-making, price is the strongest determining factor for wine novices such as college students. Also, the price range that Barber et al. noted of \$10 to \$14 to be preferred by novices was very close to the acceptable range of the respondents of this study with \$11 to \$15.

The limitation of convenience and snowball sampling placed on the study may have an effect on the ability to generalize the findings to the larger Cal Poly population. Utilizing only subjects who were readily available to the researcher and acquaintances of the researcher hindered the collection of random subject data. The sample size of the study was small in relation to the overall 21-years-old and over population of Cal Poly students which posed as a limitation as well.

Limiting the depth of data was not having all wine bottle types, colors, and label designs available for respondents to choose between. Those items presented in the questionnaire may not have been the respondents' first choice in a real situation but were required to choose the one they most preferred. This limited the ability to generalize the type of style and design of the most favored bottle or label by all Cal Poly students.

This study provides information about a young customer-base who is experimenting with and exploring the wine industry as they search for a suitable bottle of wine. The findings can help wineries make marketing decisions and test new techniques as they attempt to reach this demographic. Many wineries have been around for decades using the same label designs and price points for their wines; however, with more information on what consumers or their target market actually prefer, wineries may be able to increase sales by tailoring to these preference.

For the wineries aiming to attract college students, they should first look at their existing price points and decide if any changes can or should be made. Since price is the primary influence on students, this is where most attention should be focused. In order to increase brand recognition, new marketing outlets such as social media sites should be sought out by wineries. Though it is difficult, if not impossible, to encourage a positive

reputation, getting the word out that the winery's product exists on the shelves of local stores is very important. In an attempt to stand out on the shelf if not by solely the brand name, would be to adjust the label design in a way that entices the student's curiosity and leads them to pick up the bottle. Additionally, when trying to capture the attention of a student, the more unique the better. Distribution to only one type of outlet probably will not change the way students view the quality or value of the wine, so wineries may be better off distributing to all possible outlets.

As the wine industry grows and more wineries compete for shelf-recognition, it becomes important for each winery to take notice of their customers' preferences and adjust to fit them. Marketing is a very strategic tool that is used by all types of industries competing for a customer, especially a potential customer who is new to the market, such as a college student. This study provides information that the marketing staff at a winery can use to better promote their product toward this new demographic. By using these findings and recommendations, a winery could possibly increase brand recognition among college students while also increasing sales.

Conclusions

Based on the findings of this study, the following conclusions are drawn:

- 1. The price of a bottle of wine has the greatest influence on students' choice of wine.
- 2. Opinions from others and word-of-mouth reference has an influence on students' decision to purchase a particular brand.

- 3. Physical characteristics—bottle shape/color and label design—of the wine bottle has some influence on students' decision to purchase.
- 4. The type of store where the wine can be purchased does not have an influence on students' decision.

Recommendations

Based on the conclusions of this study, the following recommendations are made:

- Wineries looking to reach the college student population should examine their existing retail prices and decide if any adjustments can be made toward the \$11-\$15 price range.
- 2. Explore new marketing outlets such as social media and the Internet to increase brand recognition among college students.
- 3. Produce attractive and unique labels with interesting graphics to stand out on the shelf.
- 4. Use a traditional bottle style and color to maintain customer satisfaction.
- 5. Distribute to multiple types of outlets as it will unlikely affect the purchasing behavior of the student consumer.

REFERENCES

REFERENCES

- Barber, N., & Almanza, B. A. (2006). Influence of wine packaging on consumers' decision to purchase. *Journal of Foodservice Business Research*, 9(4), 83-98. doi:10.1300/J369v09n04_06
- Barber, N. A., Donovan, J. R., & Dodd, T. H. (2008a). Differences in tourism marketing strategies between wineries based on size or location. *Journal of Travel & Tourism Marketing*, 25(1), 43-57. Retrieved from http://www.tandf.co.uk/journals/WTTM.
- Barber, N., Ismail, J., & Dodd, T. (2008b). Purchase attributes of wine consumers with low involvement. *Journal of Food Products Marketing*, *14*(1), 69-86. doi:10.1300/J038v14n0105
- California Polytechnic State University, San Luis Obispo. (2010). *Cal Poly quick facts*. Retrieved from http://www.calpoly.edu
- Hall, C. M., & Mitchell, R. (2008). *Wine marketing: A practical guide*. Oxford, UK: Elsevier Ltd.
- Internet Center for Management and Business Administration. (2010). *The marketing mix*. Retrieved from http://www.netmba.com/
- Leigon, B. (2010, September). Grape/wine marketing with new media, and return of the "boomer." *Practical Winery and Vineyard*. Retrieved from http://www.practicalwinery.com
- Lockshin, L., & Kahrimanis, P. (1998). Consumer evaluation of retail wine stores. *Journal of Wine Research*, 9(3), 173-184. Retrieved from http://www.informaworld.com/smpp/title~content=t713436778~db=all
- Mueller, S., Lockshin, L., Louviere, J., Francis, L., & Osidacz, P. (2009). How does shelf information influence consumers' wine choices? *Australian & New Zealand Wine Industry Journal*, 24(3), 50-56. Retrieved from http://www.winetitles.com.au/
- Quinn, P. (2010, March). A multigenerational perspective on employee communications. *Risk Management*, *57*(1). Retrieved from http://www.rmmag.com
- San Luis Obispo Chamber of Commerce. (2011). *Demographics*. Retrieved from http://slochamber.org/cm/Home.html
- San Luis Obispo County. (2010). *Wine country*. Retrieved from http://www.sanluisobispocounty.com

- Teichgraeber, T. (2006, December). Real life tips for selling more wine. *Wines & Vines*. Retrieved from http://www.winesandvines.com/index.cfm
- Wine Institute. (2010a). *Wine consumption in the U.S.* Retrieved from http://www.wineinstitute.org
- Wine Institute. (2010b). *A signature California industry: California wine* [Brochure]. Retrieved from http://www.wineinstitute.org

APPENDIXES

Appendix A

Questionnaire

Marketing Influences on Students' Decision to Purchase Wine Questions marked with an asterisk (*) are mandatory.

* Are you 21 or older? If not, please do not proceed.

YES NO

* INFORMED CONSENT TO PARTICIPATE IN: INFLUENCE OF MARKETING TOOLS ON STUDENTS' DECISION TO PURCHASE WINE

A research project on wine marketing is being conducted by Kelsey Pavao as a senior project in the Recreation, Parks and Tourism Administration Department at Cal Poly under the direct supervision of Dr. Marni Goldenberg. The purpose of this research is to determine which marketing tools have the greatest influence on Cal Poly students' decision to purchase wine.

Company of the state of the sta

You are being asked to take part in this study by completing an online questionnaire. Your participation will take approximately 3-5 minutes. Please be aware that you are not required to participate in this research, and you may discontinue your participation at any time without penalty. You may omit any items you prefer not to answer.

There are no risks anticipated with participation in this study.

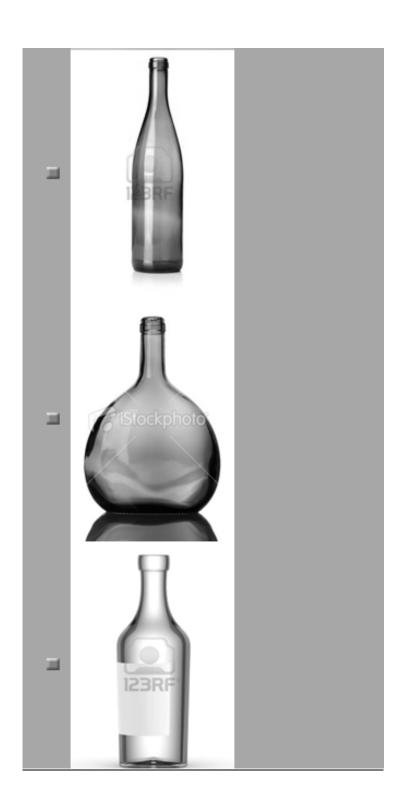
Your anonymity will be protected through an anonymous questionnaire. Please ensure anonymity by not entering your name on the questionnaire. Potential benefits associated with the study include increased awareness of the wine marketing tools that influence a college students' decision to purchase wine.

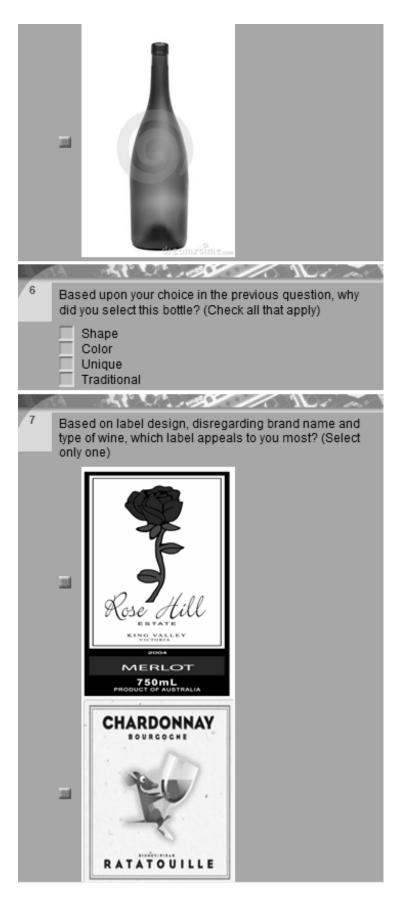
If you have questions regarding this study or would like to be informed of the results when the study is completed, please feel free to contact Kelsey Pavao at (925) 451-4512 or kpavao@calpoly.edu. If you have concerns regarding the manner in which the study is conducted, you may contact Dr. Steve Davis, Chair of the Cal Poly Human Subjects Committee, at 756-2754, sdavis@calpoly.edu, or Dr. Susan Opava, Dean of Research and Graduate Programs, at 756-1508, sopava@calpoly.edu.

If you agree to voluntarily participate in this research project as described, please indicate your agreement by proceeding to the next page by completing the online questionnaire. Please note that a pdf copy of this form was attached to the email you received. Please print this form and retain it for future reference. Thank you for your participation in this research.

YES NO

9	المجار الدا	يومر پڙياري "			1 40
3		scale provide ır decision to			
	1 No Influence At All	2 Very Little Influence	3 Neutral	4 Some Influence	5 Highly Influential
	Price	2	3	4	5
	Bottle Shape	e/Color 2	3	4	_5_
	Label Appea	arance 2	3	4	_5_
	Store of Puro	chase 2	3	4	_5
	Word-of-Mou	uth Reference	3	4	_5_
	Previous Exp	perience 2	3	4	_5_
	ا الم	O'Die	90	// iV	1 10
4	What amoun	t are you will	ing to spend	d on a bottle	of wine?
ı	<pre>\$10 \$11-\$15 \$16-20 \$21+</pre>				
	الم المحاد			√ .IC	1 10
5	Given the following options of wine bottles, disre brand and type of wine, which one would you ch (Select only one)				







1			
8	Based upon your choice in the previous question, why did you select this label? (Check all that apply)		
	Simple Traditional Unique Colors Graphics		
	A STONE OF THE STO		
9	Which type of outlet would you more likely go to in order to purchase a bottle of wine?		
	General Grocery Store (i.e. Vons, Albertsons) Specialty Grocery Store (i.e. Trader Joes, New Frontiers) General Liquor Store (i.e. Campus Bottle, Cork & Bottle) Corporate Beverage Store (i.e. BevMo) Wine-Specific Store (i.e. Central Coast Wines) Winery		
	A STOCKED TO THE ASSET		
10	Based upon the previous question, why did you choose this type of outlet? (Check all that apply)		
	Price Convenience Quality of Wine Wide Selection		

Submit

Appendix B

Informed Consent Letter

INFORMED CONSENT TO PARTICIPATE IN:

INFLUENCE OF MARKETING TOOLS ON STUDENTS' DECISION TO PURCHASE WINE

A research project on wine marketing is being conducted by Kelsey Pavao as a senior project in the Recreation, Parks, and Tourism Administration Department at Cal Poly under the direct supervision of Dr. Marni Goldenberg. The purpose of this research is to determine which marketing tools have the greatest influence on Cal Poly students' decision to purchase wine.

You are being asked to take part in this study by completing an online questionnaire. Your participation will take approximately 3-5 minutes. Please be aware that you are not required to participate in this research, and you may discontinue your participation at any time without penalty. You may omit any items you prefer not to answer.

There are no risks anticipated with participation in this study.

Your anonymity will be protected through an anonymous questionnaire. Please ensure anonymity by not entering your name on the questionnaire. Potential benefits associated with the study include increased awareness of the wine marketing tools that influence a college students' decision to purchase wine.

If you have questions regarding this study or would like to be informed of the results when the study is completed, please feel free to contact Kelsey Pavao at (925) 451-4512 or kpavao@calpoly.edu. If you have concerns regarding the manner in which the study is conducted, you may contact Dr. Steve Davis, Chair of the Cal Poly Human Subjects Committee, at (805) 756-2754, sdavis@calpoly.edu, or Dr. Susan Opava, Dean of Research and Graduate Programs, at (805) 756-1508, sopava@calpoly.edu.

If you agree to voluntarily participate in this research project as described, please indicate your agreement by proceeding to the next page by completing the online questionnaire. Please note that a pdf copy of this form was attached to the email you received. Please print this form and retain it for future reference. Thank you for your participation in this research.

Appendix C

Wine Bottles

Wine Bottles:



Bottle #1



Bottle #2



Bottle #3



Bottle #4



Bottle #5

Appendix D

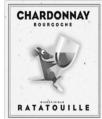
Wine Labels

Wine Labels:





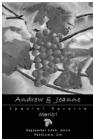
Label #1



Label #2



Label #3



Label #4



Label #5



Label #6