DETERMINING CONSUMER INTEREST IN GEORGIAN WINES

Presented to the

Faculty of the Wine and Viticulture and Agribusiness Department

California Polytechnic State University

In Partial Fulfillment

of the Requirements for the Degree

Bachelor of Science

by

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May 2010

Abstract

This study was done in order to determine if there is a demand in California for wines originating in the Eastern European Country of Georgia. A survey was used in order to collect primary data from 100 respondents in two locations. The surveys were conducted in Pleasanton, CA and in San Luis Obispo, CA and were later analyzed using surveymonkey.com Microsoft Excel 2008. The data was analyzed using chi square tests, independent t-tests as well as observed frequencies and charts. The tests were used to determine demographic data about California wine consumers and to measure their interest in wines from Georgia.

From the data collected, two groups were found in wine consumers. The first group was respondents under the age of 35, while the second group was those over the age of 35. The older age group was determined to be more interested in certain characteristics when purchasing wine, and was more likely to buy a wine from the country of Georgia.

This study could be used by others to help understand the wine industry and consumer wants. For foreign import countries like Georgia this study may be very helpful in understanding how consumers in California choose wines and why they would be either likely or unlikely to purchase new and unique wines.

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"DETERMINING CONSUMER INTEREST IN GEORGIAN WINES"

Chapter 1

INTRODUCTION

Food and drink have always been a vital part of sustaining human life. Whether it be in the form of fruits, vegetables, grains, or meat, food satisfies physical needs of human beings. Over time, certain foods have also evolved into a means of pleasure and functionality when fermented, thus creating alcohol. Many crops have been tested and enjoyed as beverages, but by

far the most widely consumed are grapes in the form of wine. Not only is wine grown in almost every region of the world, but it is consumed in almost every country as well. With thousands of varietals and wine-making styles, all palettes can find something they enjoy. Out of the regions, the "most desirable" wines have historically been produced in France and Italy. Because France was the first to truly establish itself as a wine-making region, they have always been identified as the epitome of wine-making and drinking. These assumptions were further emphasized when Robert Parker (2009), a wine advocate and enthusiast who rates wines on a scaling system, became extremely popular. Robert Parker is considered one of the most famous and influential critics of French and other international wines in the world. Parker is famous for awarding scores to wines that fit within many detailed, desirable and preferable parameters to the palate. This is an important point to consider because any wine that is rated by Robert Parker is automatically put on the map in the wine industry.

In traditional wine culture French wine and Robert Parker will always be looked up to, but many other regions have made it clear that good wine does not only come from France. Consumers have made this clear by purchasing wines from all over the world. Part of this is because of the availability that consumers have now versus twenty years ago. The other part being preferences on the side of the consumer. California on its own has become a wine enthusiasts' haven, as well as a respected wine making region of the world. Other "new world" countries include Australia, Chile, Spain, South Africa, and New Zealand.

Georgia, a small country nestled in the Caucasus Mountains of Eastern Europe, has been making wine for thousands of years. Maybe it is because of its odd history and remote location that people have overlooked this region of the world, but it is a mistake to do so. Their Mediterranean climate matches that of California and Southern Italy giving it perfect grape

growing weather. Historians say that vines were growing and wine was flowing in the eighth century B.C. in King Kolkhis Palace in Kolkheti, Georgia (Wente 2010). Interestingly enough, the words “wine”, “vino”, and “wein” are based in the origins of the Georgian word “Gvino”(Wente). The United States importers are leaving an entire market of wine untouched, and this should be re-evaluated. Many factors should be considered before trying to import wine from yet another new country, but the United States consumers have shown that they respond well to having variety and choices.

Problem Statement

Will wines from Georgia be well received and marketable in the United States?

Hypothesis

The interest in Georgian wines will be positive from the wine consumers in California, showing that these wines can be marketable in the United States. This likelihood of purchases will be at least twenty-five percent of consumers surveyed and will provide feedback for distributors interested in selling Georgian wine.

Objectives

1. To assess the receptiveness of the California wine consumers to a new and unique region of wine.
2. To evaluate the wine market for Georgian wines.

3. To measure the self-reported likelihood of consumer purchases by showing a concept to survey respondents.

Justification

The United States has been open to buying wines from new regions for the past decade. Because of this, each region that produces wine should have an equal opportunity to be known and export wines if they so choose, and consumers should be able to have access to these wines as well. A consumer survey will measure the interest of current wine drinkers in purchasing wines from Georgia. This is a unique opportunity because not much is known about the rich history of winemaking and grape growing in Georgia. Within the last decade, Vladimir Putin, the former president of Russia, enabled a ban on importing wines from Georgia to Russia (Wente 2010). For Georgians this was a huge economical let down because Russia was their largest importer. The change in trade has forced the Georgians to search for other markets. Having more Georgian wine available for exportation opens a great opportunity for the United States market to experience a new product that might not have been available under other circumstances. This study will help to narrow the target market, if there is one, and will also give retailers a resource to look at when deciding if selling Georgian wines would be worth the profit. This research will specifically aid distributors and importers who are already looking into this new opportunity.

Chapter 2

LITERATURE REVIEW

Theory of Supply and Demand

In order to begin understanding consumer trends and buying likelihood, it is important to look at the most simple form of supply and demand. Supply is the varying amounts of a product that producers will sell at different prices and demand is the amount of that product that consumers want to purchase at a given price. The law of demand says that as demand decreases, price is usually increasing, and where their paths meet is the equilibrium point. It is also important to note that elasticity is when a product can handle an increase in price without losing customers, whereas some products that are inelastic can not keep customers, as they will instead move to substitute goods. Many studies have examined this theory in many markets, but it will help this study to understand consumer likelihood to purchase a wine from Georgia. Without the

law of demand it would be impossible to measure consumers interest in a product based on any characteristic. Demand for Georgian wine will need to be measured and then the supply can be appropriately applied.

Anas (2006), aimed to further analyze the demand theory in an untraditional way. He believed that the original research was forgetting an important part of consumer decisions in the form of travel. His study examined the element of the travel demand theory and focused on complements and substitutions between travel and consumption. He concluded that there are similarities and that the traditional model can be improved to help further applications. The demand theory and location are both vital parts of consumer trends because a consumer is not likely to buy a product if it is not in their direct path. This is an important factor to remember when questioning if a unique item will be successful in the market place. It will be essential for the study because solely having consumer interest might not be enough if that a product is not in frequented location. Product placement is going to be a factor in whether the consumer will actually purchase a bottle of wine from Georgia. If the wine is only sold in specialty stores, the target market is much smaller. However, if Georgian wines are sold by a larger distributor and the bottles are found in common grocery stores, like Vons, the frequency of sales could dramatically increase.

International Wine Industry

Just as demand is an important part of consumerism, another important aspect of the wine industry is advertising, which can help increase demand. However, with international laws and different cultures, it is hard to remember that each country has its own regulations on alcohol marketing. Maxwell and Caswell (2005) argued that there should be a new approach to

international wine marketing and regulation. They hypothesized that new techniques within marketing make it difficult to know if underage minors are being saturated with advertisements. They studied this by gathering a substantial amount of secondary data from several countries including Switzerland, The United Kingdom, and Germany. They found that there is no way to accurately measure if these new marketing promotions are targeting young people, but they did a thorough job of collecting data that could be useful when looking at international marketing options. In any market it is important to know the background, laws, and culture so one can effectively sell the product, but this becomes even more crucial in an international market. When bringing in a new product into the United States, it would be beneficial to have a background on other countries' techniques and findings.

If a wine is coming from a foreign market, it is essential to learn about international wine markets in order to bring valid knowledge of their industry and retailing to the research. Murray and Demick (2006) did an examination of retailers in Ireland with primary research to observe how new products were assimilated into the wine industry. The study measured to determine if consumers' path in a store would cross the new displays and features placed in the stores. These observations were followed by interviews of the store managers in all of the locations that the study was being performed. This was to find out if these promotions had an impact on the industry and if consumers would buy a new product. Murray and Demick (2006) found that the retail sales did increase, most notably with low price points, which in turn increased quantity demanded. Although each country's wine industries are not identical, most humans respond to advertisements in a similar way. When point-of-purchase ads were placed in retail stores, sales for the new products increased. This is a useful tactic to increase sales and customer knowledge

of products. This could be essential to bringing Georgian wines into the United States wine market.

Consumer Studies in The United States

Although the wine industry is thousands of years old, it has not been until the last three decades that it has exponentially grown in terms of consumers and producers. Arguably the most notable is the California wine industry because of its diverse regions, climates, and ability to grow most varieties of agriculture. In an attempt to determine consumer trends, Volpe et. al (2010) conducted research to compare the differences in grape planting trends between the coastal and inland areas of California. The study also examined the varietals and noted the shift for consumers. An important study for both the wine industry and consumer trends, the research concluded that in regards to table wines, customers wanted a higher priced and higher quality wine. Georgian wine may not be able to lower its price point right away, so this study gives hope for the slightly higher price point of Georgian wine. It also confirms the notion that California consumers want high quality wine, even just for a casual evening around the dinner table.

Wine often brings many people together, but it seems to be the same group of consumers. Olsen and Thach (2004) conducted a study to find out if new wine consumers could be developed either by lifestyle choice or if they are created by a maturing life cycle. They researched American consumers that already drank wine and asked a series of questions regarding what made them start drinking wine. It was concluded that consumers tend to be made because of a maturity in the life cycle but that the research was solely qualitative. In definite terms, a maturing life cycle is when consumers naturally start to drink wine later in life. Whether it be influenced by friends, social events, or a development of taste was proven unknown. Olsen

and Thach (2004) suggested that quantitative research be done in order to make their research more meaningful. Life cycle maturity is key in creating new consumers, especially for an extremely unknown product like Georgian wine. Adults may be a more reasonable target market because that is where new consumers can be created, and possibly have more background knowledge on the wine industry and origins. Olsen and Thach's primary research is another example of a successful survey.

Marketing to Consumers and Consumption

By combining research including consumerism and alcohol consumption, a study done by Selvanathan and Selvanathan (2005) concluded that internationally alcohol is a necessity within culture. This was defined as drinking socially and at holidays and events and that they would not be the same without alcohol. They looked at ten countries across the world and assessed their demand for beer, wine, and spirits. They reported that many regularities were found but that the most notable was that wine is a necessity in half of the countries. They also were able to conclude that alcohol is inelastic. This finding confirms that people in general will demand wine and alcohol, and they are possibly willing to pay a higher price for it.

Staying within the international realm, another study was done to examine the idea that more exports are needed in order to help developing countries grow. Benito and Gripsrud (1995) looked at import promotion offices for developing countries. The study was done in Norway assessing their Norwegian Import Promotion Office for Products from Developing Countries (NORIMPOD). This is their import services office based in Norway. They wanted to see if marketing schemes were applicable to an increase in growth for developing countries. Georgia is considered a country that is still developing, and because they rely heavily on exports, this was

an important case to include. It is assumed that Georgia would benefit from higher exports, and it is possible that import promotion offices for wine in the United States could assist the Georgian government in further developing into a more industrialized country.

Eastern Europe in the Wine Industry

Holden and Weber (1994) examined Central and Eastern Europe to see if there would be a market for those wines in the United States. The small business, Harvest Wine International, was able to market Slovakian dessert wine to United States consumers. Primary market research was done in both countries, and it was concluded that small businesses should take advantage of the special niche that exists for wines from Central and Eastern Europe. This is very similar to the study for Georgia. It will be a great model to use, but because the specifics and time period are different it will only be a guide, and has not fully answered the question of whether wines from Georgia be marketable in the United States.

Chapter 3

METHODOLOGY

Procedures for Data Collection:

Georgia is a complex country, and due to time constraints, location and cost, it would be impossible to gather first hand observations in Georgia. Luckily Eric Wente, CEO of Wente Vineyards in Livermore, CA, took the time to answer questions in a personal interview. He has been involved with the Georgian wine industry since 1992, and is more recently involved with Pacific Wine Marketing Group (PMG). PMG is a distributor out of San Francisco that exclusively imports sparkling wines from Georgia. His first hand knowledge provided a dense background on the country, history, and wine industry. Wente (2010) relayed that there have been and will continue to be many obstacles for the Georgian wine industry. The Georgian have had to look for other outlets for their wine and they are putting a lot of time and effort into researching the United States wine market. Wente noted that it will take time to develop a market here but that eventually he believes it will be worth the effort.

To determine if wine consumers in California will be receptive to wines from Georgia, primary data was collected in the form of surveys. The research was done by a Cal Poly San Luis Obispo student. A sample of consumers were interviewed at grocery stores in two locations in California. Permission to survey at local grocery stores and beverage outlets was granted in order for the surveys to be given. There was one location in San Luis Obispo, CA at Vons. The data of fifty consumers was collected on Friday, Arpil 23rd, 2010. The second grocery store location was in Pleasanton, CA at Safeway (Vons). Surveys were collected on Friday April 16th, 2010 and Saturday April 17th, 2010 for a total of fifty surveys. Both of these locations were chosen because of their relative location to large wine industries (Napa Valley and Paso Robles). The researcher was able to gather data from the third largest wine growing region in California, which is San Luis Obispo (Taranto).

In order to determine if wines from Georgia will be marketable, the survey must be given to consumers whoare of age and already drink wine. The first question will be age and if which types of alcoholic beverages they

consume (Figure 1). If they are under 21 or do not consume wine then the survey will be terminated. This is critical because if the participant does not drink wine ever, or rarely, then their responses can not help identify the current market for a new wine product. If they do consume wine, the rest of the survey will determine how many bottles per month and how much they spend, and where they buy the most wine from. This will allow insight as to what kind of consumer would or would not purchase wines from Georgia. Other questions will include desirable wine characteristics, age, and most importantly the likelihood that they would purchase a wine from Georgia. In order to gather relevant data, a concept was shown at the end of the survey to compare to the likelihood that the consumer would purchase a wine from California and Georgia. The other questions will help to develop a consumer profile for each individual, and to asses the patterns that will arise. This profile will help marketers identify a target market if the data receives positive feedback.

As with any study, there will be variables. The most obvious ones include location, both regionally and specifically. In order to avoid survey bias or a sample that is too small or specific, different locations are being used. Both Northern California and the Central Coast surveys were done at the same grocery store in their locations. Another variable is the previous knowledge of the wine industry for each consumer surveyed. For those with extensive knowledge, the answers could be different, but that is the reason for a larger sampling. Because everyone is unique, different answers will give an accurate view of wine consumers.

Procedure for Data Analysis:

In order to analyze the results, the data will be entered into surveymonkey.com. The summary report will provide charts and frequencies and observations for analysis. Microsoft Excel 2008 will provide organization and a pivot table for further data analysis. This will help to build consumer profiles and hopefully identify some patterns of consumption and interest amongst California consumers. Further statistics to find sub-groups of consumers will be done using Independent Sample T-tests and Chi Square tests. Frequencies will help to acknowledge the level of interest in wines from Georgia as a whole from the survey. By simply comparing different questions in cross-tabs and frequencies, a general idea of the target market can be made. This will allow others to use the data and make decisions based on the interest and results of the findings.

By doing chi-tests, statistically significant results can be confirmed or proven wrong. For example, a P-value between age groups under and over thirty-five will indicate whether there is a statistically significant result for interest in Georgian wines. If the P-value between characteristics is close to 0.1 or lower it would indicate a greater than ninety percent Confidence Interval (CI) of explanation between the two characteristics. So, the closer the p-value is to zero, the more significant the p-value will be for the analysis between these two groups.

The data will also be analyzed to see consumer likelihood of purchasing a Georgian wine compared to a California wine. A concept was shown to respondents to get an answer based on directly asking them. If a majority of the results seem positive then a percentage will be calculated by using two-tailed t-tests in order to measure if more than twenty-five percent of consumers will possibly purchase a new wine product from Eastern Europe. If there is no interest, then this will be noted as well.

Assumptions and Limitations

When performing a survey, many assumptions have to be made. The first and potentially most important is the assumption that all participants will give honest answers and that the research found and analyzed in this paper will be accurate and up to date. It will also be assumed that consumers at both locations will have similar consumption habits and will be consistent in their answers.

Chapter 4

DEVELOPMENT OF THE STUDY

Data Collection Problems

During the survey there was only one consumer who did not drink wine. The survey was terminated leaving ninety-nine surveys for analysis. The surveys were conducted on two weekends, and in Pleasanton on Saturday April 17th, 2010 there was a junior prom dance for the local high school. This provided a busy location and many respondents rushing through the answers. Distractions may have caused some answers to be less accurate and thoughtful.

Respondent Demographics

The only requirements for the survey were that respondents were of legal age to drink alcohol. This meant that ages would range from twenty-one and up. The oldest respondent was over 60+ years old with the majority of respondents being between the ages of 21-24 with 25 percent being in this age group. The second highest was 17 percent for ages of 50-54.

Table 1. Age of Respondents

Age Range	%	Count
b.21-24	25%	24
i. 50-54	17%	17
c.25-27	10%	10
f.35-39	10%	10
h.45-49	10%	10
j.55-59	9%	9
g.40-44	6%	6
k. 60+	5%	5
d.28-29	4%	4
e.30-24	3%	3
a.18-20	0%	0
Total	100%	98

The gender of the respondents was very close with 59 percent being female and the remaining 41 percent being male.

Table 2. Gender of Respondents

Gender	%	Count
Female	59%	58
Male	41%	41

Most respondents were college graduates with over half having earned a college degree. The second closest category was some college or technical school with 29 percent falling into this category. Graduate school and professionals made up 16 percent of the survey and only 3 percent had earned just a high school diploma or GED.

Table 3. Education of Respondents

Education	%	Count
College	52%	51
Some College or Technical	29%	29
Graduate or Professional	16%	16
H.S. or GED	3%	3
11th grade or less	0%	0

Interestingly enough half of the survey takers were reported as single. Only one person chose to skip this question, leaving 50 percent single and 46 percent being married or living with partner. Four of the people surveyed had been widowed.

Table 4. Respondents Marital Status

Status	%	Count
b. Single	50%	49
a. Married	46%	45
c. Widowed	4%	4
Total	100%	98

The final demographic question asked was household income before taxes. This question had a surprising answer with the top two being" $100,000+" and "$70,000-$99,000", but then in third was "under $20,000". This makes sense because of the college location of San Luis Obispo, and it also reflects the wealth of Pleasanton.

Table 5. Household Income of Respondents

Income	%	Count
j. $100,000+	31%	31
i.$70,000-99,999	27%	27
a. Under $20,000	20%	20
h.$60,000-69,999	9%	9
g. $50,000-59,999	5%	5
d. $30,000-34,000	3%	3
f. $40,000-49,000	2%	2
b. $21,000-24,000	1%	1
c. $25,000-29,000	1%	1
e. $35,000-39,000	0%	0

Alcohol Purchasing Habits of Respondents

In this survey the majority of respondents said that they have purchased at least

one type of alcohol in the past 12 months. Only one respondent did not choose wine, terminating their response. This meant that 98 percent of respondents had purchased wine followed with 87 percent purchasing beer.

Table 6. Respondents Purchasing Patterns in past 12 months

Type of Beverage	%	Count(n=99)
Wine	98%	97
Beer	87%	86
Mixed Drinks	75%	74
Sparkling Wine	69%	68
Other	21%	21

The average bottles of wine purchased per month was approximately five, and the maximum was 15 bottles per month. The median was five.

Table 7. Bottles of Wine Purchased per month

Survey #	Minimum	Maximum	Mean
(N= 99)	0	15	5.27

The average dollar amount spent per month on wine was $75.98. The median might be a more accurate result, which was $60 and the maximum was $250.

Table 8. Dollars per month spent on Wine

Survey #	Minimum	Maximum	Mean
(N=99)	$0	$250	$75.98

The next table shows results of respondents being asked to identify which price range the last five bottles of wine they purchased fell into.

Table 9. Price of Past Five Wine Purchases

Price Range	%	Count
$0-$4.99	6%	29
$5.00-$9.99	11%	53
$10.00-$14.99	30%	147
$15.00-$19.99	26%	127
$20.00 +	27%	131

Respondents were asked to check which counties they are familiar with. The results showed that 79 percent of respondents had at least heard of the country Georiga. The next lowest was New Zealand, followed by almost 100 percent responses for the remaining countries.

Table 10. Respondents Familiar with Countries

County	% Response	Count (N=99)
Spain	100%	99
France	100%	99
Switzerland	99%	98
Italy	100%	99
Germany	100%	99
Georgia	79%	78
Russia	96%	95
Australia	100%	99
New Zealand	98%	97
China	95%	98

The follow-up showed that zero respondents had purchased wine from Georgia within the last year. The most wine was purchased from the United States with 99 percent, followed closely by Australia with 88 percent.

Table 11. Country of Origin of Purchased wine in past 12 months

County of Purchase	% Response	Count (N=99)
US	99%	98
Australia	88%	87
Italy	87%	86
France	80%	79
New Zealand	66%	65
Spain	59%	58
Chile	56%	55
Argentina	48%	47
Germany	27%	27
South Africa	16%	16
Mexico	11%	11
Finland	1%	1
Don't Know	1%	1
Georgia	0%	0

Types of technologies were also evaluated for both regular everyday use and gathering information on wine. Respondents most often use Google for both regular use and gathering wine information. Radio was close with 94 percent for regular use but only 9 percent for gathering wine data. Winery Websites were the second most used technology for gathering wine data with 54 percent of respondents checking that box.

Table 12. Technology Use for Regular and Wine Information

Answers	Regular Use (n=99)	% of Total	Wine Use (n=99)	% of Total
Radio	93	94%	9	9%

Google	98	99%	68	69%
Bing	21	21%	3	3%
Twitter	17	17%	0	0%
MySpace	13	13%	1	1%
Facebook	44	44%	0	0%
YouTube	31	31%	1	1%
Winery Website	3	3%	53	54%
Wine Region site	2	2%	49	49%
Wine Magazine	1	1%	47	47%
Wine Industry web	1	1%	47	47%
Flikr	5	5%	1	1%
Apps on phone	51	52%	28	28%

Significant Differences in Variables among two groups

The variables analyzed for results had a statistically significant p-value of at least .10. There are two groups that were used to further analyze the data: over the age of 35 and under the age of 35. These two groups are described in further detail below.

Description of Age Groups

There are two groups being focused on for the remainder of analysis. The first is those respondents under the age of 35. There are no other requirements except that they fulfill the age requirement. The same is true for the second group which is respondents over the age of 35.

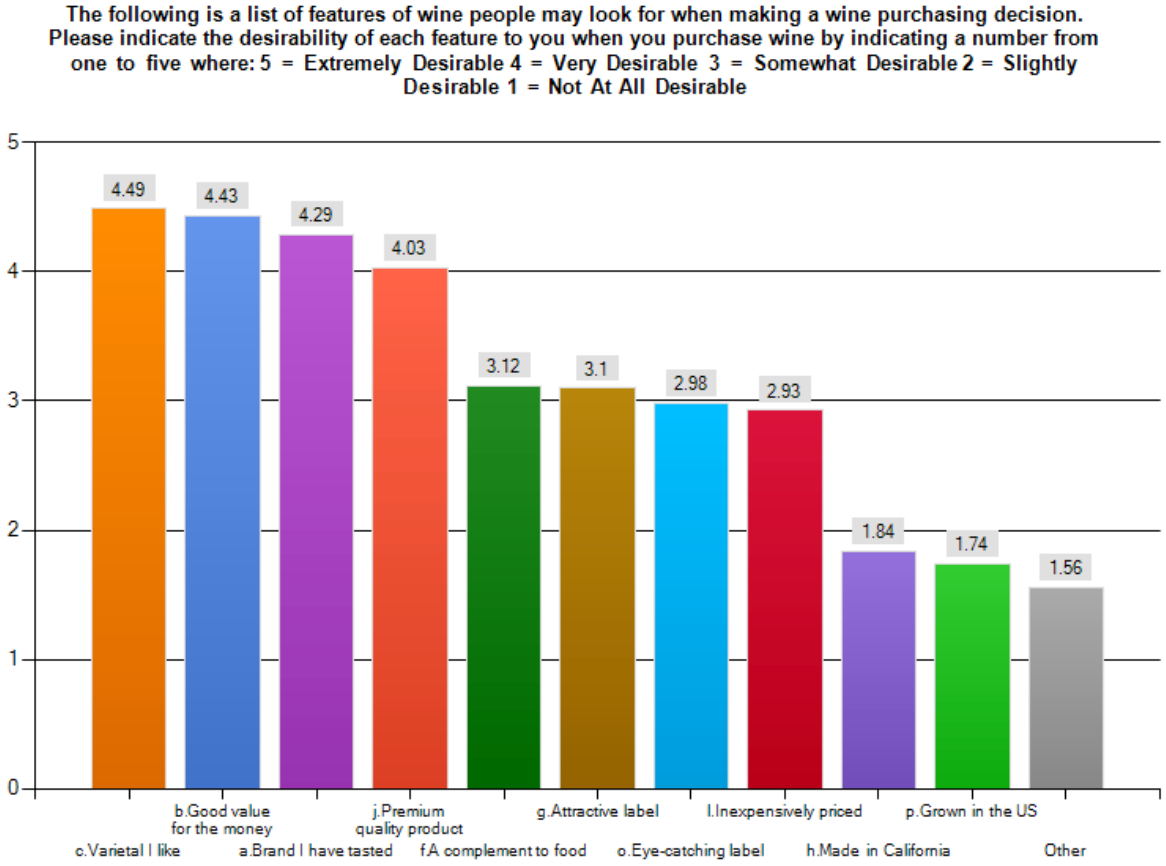
Description of Respondents

Respondents were asked to rate a number of characteristics they might look for when purchasing a bottle of wine. They were asked to rate them on a scale of 1-5 with 1 being “Not at all Desirable” and 5 being “Extremely desirable”. These results were further analyzed between the age groups below and above 35 by using t-tests. Statistically significant characteristics are highlighted in yellow showing that the age group has a higher correlation

to that characteristic. A Confidence Interval of 90 percent was used (p-value is less than .1). There was no significance between the groups when asked if a bottle of wine from Georgia was desirable. The highest average rating characteristic was for "Varietal I like" with 4.70, but the over age 35 group has a more significant relationship with the characteristic. The second highest characteristic was "Good Value for the money" at 4.42 which did not have a more significant relationship with either group.

Figure 1. Desirability

Characteristics



The following table shows the results of statistical analysis with the groups shown and their rated averages.

Table 12. Desirability Characteristics with Groups

Characteristic	Avg	Under 35	Over 35	P-Value
c. Varietal I like	4.49	4.20	4.70	0.0002
b. Good value for the money	4.43	4.44	4.42	0.62
a. Brand I have tasted	4.29	3.88	4.58	0
j. Premium quality product	4.03	3.68	4.28	0.003
f. A complement to food	3.12	2.80	3.35	0.0052
g. Attractive label	3.10	3.44	2.84	0.0017
o. Eye-catching label	2.98	3.32	2.74	0.0004
l. Inexpensively priced	2.93	3.93	2.21	0
h. Made in California	1.84	2.12	1.65	0.0478
p. Grown in the US	1.74	2.17	1.44	0.0011
e. A screw cap enclosure	1.68	2.02	1.44	0.003
m. Organically grown	1.66	1.90	1.49	0.0141
o. Grown using organic methods	1.66	2.15	1.32	0
i. Produced sustainably	1.60	1.98	1.33	0
k. Traditional type of cork	1.47	1.63	1.37	0.1448
n. Made in the country, Georgia, in Eastern Europe	1.26	1.29	1.21	0.5016

*Yellow highlighting shows statistically significant differences (p=.1 or less).

The next significant shows the breakdown by group of which alcoholic beverages were purchased in the past 12 months. A chi-test was performed, and it was found that there is a relationship between being over the age of 35 and purchasing alcohol. From the image (Table 13) it becomes obvious that the older age group does in fact purchase more alcohol in general, and more wine.

Table 13. Types of Drink Purchased by Group

Type of Drink	Under 35	Over 35	Total (N=99)
Wine	41%	59%	100%
Beer	44%	56%	100%
Mixed	49%	51%	100%
Sparkling	45%	55%	100%
Other	71%	29%	100%
Total	157	185	342

The following table displays the likelihood of respondents purchasing a Georgian wine and a California wine. The respondents were shown a concept with the price, picture, and a small description of the wine. They were then asked to rate their likelihood of purchase based a a scale of 0-100 with 100 being positive that they would purchase the wine. The respondents were then asked to rate their chances for purchased for the California wine and the Georgian wine so a comparison could be made between the numbers. Californians always rated their chances of purchasing the California red higher than the Georgian wine. The Georgia responses were then analyzed using a chi-test between the two groups. The p-value was 3.92E-44, showing that there was a relationship to being over the age of 35 and likelihood of purchase. The follow-up question to this was to explain why the numbers were chosen for each likelihood of purchase. The most popular response was that the respondents were unfamiliar with the Georgian label and/or they wanted to support California wine.

Table 14. Likelihood of Purchasing Georgian Wine Between Groups

Chances of Purchase 0-99	Under 35	Over 35
99 in 100	33%	67%

Chances of Purchase 0-99	Under 35	Over 35
90 in 100	32%	68%
80 in 100	33%	67%
70 in 100	47%	53%
60 in 100	45%	55%
50 in 100	42%	58%
40 in 100	27%	73%
30 in 100	67%	33%
20 in 100	40%	60%
10 in 100	73%	27%
0 in 100	100%	0%

*p-value= 3.42E-44

Chapter 5

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

Summary

The majority of respondents were in the age group 21-24, with 25 percent. This was followed by the age group of 50-54 with 17 percent. Respondents were are segregated into three dominate household income ranges- under $20,000, $70,000 to $79,999 and $100,000 and over. Almost 60 percent of respondents were female, and 52 percent of the respondents were single. College graduates made up 52 percent of the survey followed by 29 percent saying they had some college or technical school. In the past year, 98 percent of respondents reported buying wine and 87 percent had bought beer. This was followed with 75 percent purchasing mixed drinks and 69 percent buying Sparkling Wine. In addition the respondents reported buying $75.98 worth of wine per month and an average of 5.27 bottles per month. The maximum bottles of wine bought per month was 15, and the maximum dollar amount spent was $250. The most purchased price for wine purchases was the $10.00-$14.99 range with 30 percent of the count.

The majority (70 percent or higher) of respondents were familiar with every country listed, but the least known country was Georgia with 78 percent of respondents saying they had heard of the country. The country with the most wine purchased in the past 12 months was the United States with 99 percent. This was followed by Australia with 88 percent and Italy with 87 percent and France with 80 percent.

The survey showed that between the two age groups of 'under 35' and 'over 35', there some significant differences. The most significant difference was the t-tests done for purchasing characteristics. Over 35 said that "Varietal I Like" was the most important, while under 35 said "Good Value for the Money". A chi-test further analyzed the two groups regarding alcoholic purchases in the past 12 months. It was found that the group 'Over 35' does buy more wine, and more alcohol in general than the 'Under 35' age group.

The respondents said that 99 percent of their technology of choice for searching all information was google, for wine specifically 69 percent of users said that they used google. For wine information, the second highest place for information was the winery website, followed closely with wine magazines and wine region websites. Only 44 percent of respondents reported using Facebook, and 0 percent reported using it for wine purposes. The radio was the second most used form of technology with 94 percent for regular use, and only 9 percent for wine information. Apps on the iphone were also quite high with 52 percent of respondents using them for all information and 28 percent for wine information. The primary resource showed that while the majority of people are familiar with the country of Georgia (78 percent of respondents), they are less likely to buy a Georgian wine when compared to a California wine in a similar price range and style. The hypothesis was that at least 25 percent of the respondents would be likely of purchasing a Georgian wine. This was tested at a 90 percent confidence interval, and was

unfortunately proven to be incorrect. Although many respondents were curious and open to the idea of buying a Georgian wine, it was never their first preference.

Conclusions

The results show that while people are curious about Georgian wine, it is not their first purchasing choice. When reading through survey answers in response to being shown the concept of the California and Georgian wine, most people said they thought that the wine looked interesting but they are more familiar with the California label and style, therefore, more likely to purchase it. The biggest obstacle that Georgian producers have with their wine sales is making it more known and familiar to people. Because it is not often marketed or talked about, they will need to increase their image in the wine industry. As the chi-test showed, respondents "Over the Age of 35' were more likely to purchase the Georgian wine. This is very important for marketing to know and utilize.

Respondents reported that they used google for both regular and wine needs. Google could be a very valuable tool for marketing. The radio, and iPhone apps are also highly used technologies and they should not be dismissed. Other written answers to explain the likelihood question included "confusing label" or "better label on CA wine". This was very interesting, because when asked to rate different characteristics for purchasing a wine, "eye-catching label" and "attractive label" were not at the top of the list. This means that people, knowingly or not, do in fact find a label to be very important, especially if the product is unfamiliar. The best thing that Georgian distributors could do for their wines would be to make a clear label in English. A great way to get customers could be telling their unique and foreign story on the back label, but to keep the front classic and appealing.

The survey also found that 98 percent of respondents had purchased wine in the past year, followed by beer. There could be many reasons for this, but the locations of the two survey sites my have some correlation. Due to their proximity to California's respective wine industries, they could be more interested and/or educated in wine than other parts of the state. It also could be because people truly do purchase wine the most frequently.

A second conclusion was able to be made by using chi-tests to analyze to separate groups. There was a distinct grouping of survey respondents under the age of 35, and over the age of 35. The chi-tests resolved that while there are some significant differences between the two groups, there are not substantially more. As previously mentioned, the purchasing characteristics did differ between the two age groups. The younger age group was most

concerned with “good value for the money” while the older group said the most important characteristic was choosing “a varietal I like”. Younger generations are not as concerned with the varietal, but more with the value of their money, most likely because they have less. Older groups can make sure to always buy their favorite two or three wines and not stress over the price. The younger group clearly is not as concerned with the type of grape, but that they can consume a good tasting wine and not spend their entire days paycheck on one purchase. On the other hand, the most popular price range for wine was $10.00-$14.99. It seems that even with the older group preferring a higher priced product, they too are buying more within this price range. Wineries should take notice because this is where the demand is for consumers. The age group differences prove that younger groups are more open, but that the wine industry has the millennial generation to rely on for sales. People of all ages purchase, consume, and enjoy wine.

This study furthered proved that people are willing to be open about wine, but that familiarity and local products will thrive in the market place. Georgian wines may not make a substantial dent in the market for a long time, but the more that people know, the more they are willing to buy. This study also showed that winery websites and google are the two top research places for people to have their questions answered. These two areas of social media are only going to increase in popularity, and thus should be taken advantage of for marketing purposes.

Recommendations

The Georgian wine industry and distributors should aim to focus on getting their products known. Even if certain brands are competing, they would all benefit from being more recognizable to the consumer base. It also seems that the under 35 age group would be more open to buying a Georgian wine, based on response, and the want for a good quality wine more than a varietal they are interested in. It seems like the younger groups are more concerned with not paying too much and drinking a good wine. The older age group might be open to it, but many of them seem to be focused on things that are both traditional and familiar.

Due to the popularity of social networking and its benefits, it would be beneficial for Georgian marketing groups to flood the market with information. They have a fascinating and rich wine history, and if people had more access to that knowledge, they would be more inclined to go purchase a Georgian wine. This was made clear when respondents compared wine purchases. California wine was just more familiar, and had a label in English. If that is all it takes for new wines to be a competitor in the new market, then they should be doing whatever they can to push their history into the market.

Certain distributors have already begun taking steps to success such as the Pacific Wine Marketing Group based out of San Francisco, CA. This group has teamed up with Eric Wente, of Wente Vineyards, to try and bring more Georgian wine into the United States. Using a well known international company is a smart move because it broadens consumer knowledge while keeping it familiar with a name like Wente.

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Appendix

Figure 2. Survey distributed in Pleasanton and San Luis Obipos, CA

1. Default Section

1. Interviewer ID

ID

2. Which of the following ranges describes your age?

- a. 18 to 20 1
- b. 21 to 24 2
- c. 25 to 27 3
- d. 28 to 29 4
- e. 30 to 34 5
- f. 35 to 39 6
- g. 40 to 44 7
- h. 45 to 49 8
- i. 50 to 54 9
- j. 55 to 59 10
- k. 60+ years 11

Terminate if under 21.

3. Which of the following alcoholic beverages have you purchased in the past year? (Choose all that apply)

- a. Beer
- b. Wine
- c. Sparkling Wine
- d. Mixed Drinks
- e. Other

Terminate if wine or sparkling wine not chosen.

4. Approximately how many bottles of wine do you typically buy per month?

Bottles/mo.

5. Approximately how much do you spend on wine in a typical month?

Spend/Mo.

16. Which of the following ranges describes your household income before taxes?

- a. Under $20,000
- b. $21,000 to $24,999
- c. $25,000 to $29,999
- d. $30,000 to $34,999
- e. $35,000 to $39,999
- f. $40,000 to $49,999
- g. $50,000 to $59,999
- h. $60,000 to $69,999
- i. $70,000 to $99,999
- j. $100,000 or more

17. What is the highest level of education completed?

- 11th grade or less
- Completed H.S or GED
- Some college or technical school
- College Graduate
- Graduate or Professional School

Figure 3. Likelihood of Purchase Concept

Kindzmaraluli, Tamada, GWS, "Semi-Sweet Red" $16.00
Tamada Kindzmarauli is a dark red, naturally semi-sweet wine combining the best of traditional Georgian and modern Western European wine-making techniques. It is made from the indigenous grape varietal Saperavi in the Kvareli district of the Kakheti region of Georgia and exported by GWS. During production, the wine's sugar content is maintained naturally, without additives or chemicals, resulting in a finished wine with a sugar content of 3% to 5%.

Red Flute Meritage 2007 $15.99

The Red Flute shows what these blends are all about; rich and full, with dark fruit notes plus touches of mint and spice, it finishes long and smooth.