What drives customer loyalty towards Greek wine varieties? Using polarization to model consumer loyalty

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Abstract

Wine is often characterised as a difficult and confusing product for consumers. In addition, the wine market is much diverse and competitive, with an enormous number of niche brands making consumer choice even more complex. When consumers are overloaded with information that exceeds their processing limits, they tend to simplify their decision-making based on heuristics (Bettman, Luce and Payne 1998). In the case of wine, such heuristics can be said to be extrinsic (e.g. brand, price, region variety, vintage, label) and intrinsic cues (taste, colour, etc). Many studies have explored the importance of such cues on consumers’ wine choice (e.g. Fotopoulos, Krystallis and Ness, 2003; Jarvis, Lockshin, Rungie, 2007a).

However, less is known on whether consumers remain loyal within a specific product sub-category and moreover what influences loyalty behaviour mostly. Taken from this perspective, marketers have been always eager towards building strong bonds with their customers. Therefore, identifying which cues makes consumers remain loyal and increase their chances of repeat purchase is always of high importance. In the case of wine, delineating the issue of loyalty in a wine brand and in the cues that are found on the label (e.g. variety, vine maker, region, etc.) would further help practitioners to better market their products and increase their market share.

Research on loyalty from a repeat purchase approach has extensively aimed at describing the structure of the market and defining loyalty patterns. Stationary models, such as the Dirichlet-NBD model, have been found to explain reasonably well patterns and regularities of repeat
purchase behaviour, as well as the overall market structure of brands (Ehrenberg, Uncles and Goodhardt, 2004). Moreover, a method to model loyalty is by means of polarisation, which was first introduced by Sabavala and Morrison (1977) and has been utilized by other researchers (Fader and Schmittlein, 1993; Jarvis, Rungie and Lockshin, 2007a; 2007b).

On the basis of such determinants, polarization is used as a method in this study to explain the loyalty structure of Greek wine varieties based on various product attributes. The data come from a survey conducted in Greece. The Juster probability scale is used to estimate brand performance measures (Wright, Sharp and Sharp, 1997) and explore the loyalty levels of each cue on a set of wine brands from the most important Greek (red and white) wine varieties.

References


