The Importance of the Growing Region to Wine Consumers and Trade

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Abstract

Empirical research has shown that consumers perceive that the region where wine is produced impacts the quality of wines (Johnson and Bruwer, 2007). Additional research indicates that wines from different regions generate different market prices (Schamel and Anderson, 2003). The purpose of this research is to use survey research to examine the attitudes of both consumers and trade concerning the importance of the American Viticultural Area (AVA) on wine purchase interest.

A consumer survey was conducted in San Luis Obispo County in October 2014 among 147 wine consumers. The personal interview technique was used at grocery stores in San Luis Obispo County. The demographics of survey respondents are similar to national statistics of wine consumers based on MRI+. However, there is a higher proportion of younger consumers in the sample.

A trade survey was conducted in November 2014. A winery from San Luis Obispo County provided 1,785 email contacts from their trade database. Trade respondents were contacted twice to increase the response rate. The response rate was 8%—148. There are responses from 29 of the 50 states in the United States. The largest responses are from Florida, 24%, and California, 22%. Over half of the respondents are on-premise sales outlets and 47% are retail/off-premise outlets.

Consumers were asked to rate the desirability of six different features of wine when making a purchase decision. The most desirable features of wine to the consumers are good value for the money and a varietal they like. Grapes from a respected wine grape growing region is considered only somewhat desirable to consumers. These results are not surprising because 21% of the consumers indicated that they did not know the growing region of the wines they purchase. Further, 59% of consumers read the label always or very often to learn where the wine was produced. However, only 32% make the decision of one wine over another based on production region always or very often.

Trade respondents were asked to rate the desirability of eight different features of wine when making a purchase decision. Respondents state that the very desirable features to them are: A premium quality product and Grapes are from a respected wine grape growing region. However, from a well known AVA is only somewhat to very desirable. This reveals a lack of knowledge among trade of the meaning of an AVA. Trade respondents were also asked how often they make a decision to purchase one wine versus
another based on where it was produced. Forty-four percent always or very often purchase one wine versus another based on where it was produced. Further, 82% of respondents at least somewhat often make a decision to purchase based on production location.

This research shows that the growing region is not an important factor in the purchase decision for the typical wine consumer. However, the decision makers concerning the wines that appear on shelves or on restaurant and bar menus do use growing region to decide which wine to purchase. Therefore, it is important for wine regions to allocate resources toward trade education concerning their growing region quality.

