## Title
Designing Labels to Make Consumers WTP More for Wines: The Effects of Typical, Fun and Local Front Labels on Consumers' WTP for Bordeaux Wines

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<tr>
<th>Name</th>
<th>E-Mail</th>
<th>Affiliation</th>
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<tbody>
<tr>
<td>Reanaud Lunardo</td>
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<td>Kedge Business School</td>
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</tbody>
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### Keywords
Label, WTP, Multigroup analysis, Bordeaux

### Research Question
This research aimed to investigate how label design can shape consumers' responses and more specifically willingness to pay.

### Methods
structural equation, modelling multigroup analysis, experimental design

### Results
We can consider that WTP for fun wine is more explain by the packaging than typical wine and above all local wine.

### Abstract
Designing Labels to Make Consumers WTP More for Wines: The Effects of Typical, Fun and Local Front Labels on Consumers' WTP for Bordeaux Wines

Price is often used as a cue to judge product quality (Kardes, Cronley, et al. 2004). However, when it comes to the price a consumer is willing to pay, the reversed process might exist, and quality cues may be used to infer willingness to pay. This process might be particularly relevant for experiential products, those such as wines (Nelson 1970) for which people are not necessarily fully informed as to their quality. In the specific context of wine where consumers might usually pay before having tasted the product, it thus might be particularly difficult for consumers to appraise the price they are willing to pay for a given wine, and consumers may thus rely on...
cues to appraise the quality of the wine.

Among the specific cues that shape consumers' quality perceptions, the design of the label has probably been the cue that has received the widest attention from academics (e.g., Combris et al. 2009). What results suggest is that consumers evaluate bottle designs in a holistic manner (Orth and Malkewitz, 2008). Rather than relying on specific attributes, most consumers process the label as a whole. Considering this holistic process, the investigation of the influence of products and labels design has often been conducted under the lens of typicality, leading to the consensual notion that consumers prefer more typical (vs. atypical) designs (Celhay and Trinquecoste 2014; Landwehr and al. 2013; Veryzer and Hutchinson 1998).

In addition to label design, another cue that is used to shape packaging evaluations refers to wine origin. The wine origin might also play a role in wine evaluation (Perrouty and al. 2006); for instance, and with regards not specifically to wine but rather to products, research shows that product origin enhances subjective fluency and subsequent product evaluations (Sangwon and al.2009). Different origins can be distinguished, from the more global product to the more local. Specifically, with respect to wine, origin can be global and thus related to country, or more local and related to a particular region (Suri and Thakor 2013).

Hence, in this paper, we aim to investigate how three distinct types of labels, which can either be seen as highly or lowly typical (that is, fun) or local affect consumers’ evaluations of and subsequently their willingness to pay (WTP) for wines. We also identify the mechanisms underlying these effects. Precisely, the mechanisms that are here hypothesized to mediate the effects of label type exposure on evaluations and WTP are subjective fluency and sensory evaluations.

1. METHOD

1.1. Procedure and design

A pretest (n = 31, age ranging from 19 to 55) was conducted to select the stimuli used for the experiment. Participants were asked to select a total of six labels – two for each of the typical, fun and local types – in a sample of 100 labels that were collected on the web. Respondents were also asked to explain the reasons why they considered the selected labels as either typical, fun or local. The labels that were the most frequently considered as representative of a category were retained for the experiment and used as a stimulus in a survey. This survey was developed and administered via Qualtrics (n = 200, U.S. sample, age ranging from 18 to 60).

After being exposed to a specific label, participants were asked to rate their WTP (Franke et al., 2009). The flourish, size and symmetry of the labels were measured through the scale used by Orth and Malkewitz (2008). Then, participants indicated their subjective experience of fluency by rating on a three-item scale adapted from Fang et al. (2007) the ease with which they could process the label (Torelli et al., 2012). Sensory evaluations were appraised though the 7-item scale already used by Nerlove (1995). Finally, feelings of engagement and reinsurance (Henderson, Giese and Cote, 2004) were measured.

2. RESULTS

2.1. The Structural Models of the Effects of Front Wine Labels

Two structural equation models were then developed. The first model aimed to depict the overall influence of front wine labels. The model that exhibited the best fit ($\chi^2 = 13.83$ (n.s); GFI = .97; AGFI = .91; CFI = .98; SRMR = .04; RMSEA = .03) was that presenting flourish perception and symmetry as the antecedents of fluency, these variables positively affecting sensory evaluation through engagement and reinsurance. Sensory evaluation then positively affects WTP. Of note, size is included as a variable that covaries with flourish perceptions and symmetry (Figure 1).

Figure 1. The Model Resulting from the Path Analysis

The main differences are the following. As opposed to typical labels that positively impact symmetry perceptions...
(β = .53), fun labels are those that make flourish perception positively affect fluency (β = .43). However, and still regarding fun labels, such fluency does not lead to more reinsurance (β = n.s.); when reinsurance occurs, this variable positively affects wine evaluation and WTP. The process whereby fun labels lead to higher WTP is thus one that involves flourish perception, fluency, engagement, reassurance and evaluation. The difference between fun labels and typical and local labels is that for those latter labels WTP is not affected by reassurance, which is needed only in the case of fun labels.

Table 2. The Distinct Effects of Labels Attributes for Typical, Fun and Local Labels

<table>
<thead>
<tr>
<th>Relationships</th>
<th>Labels</th>
<th>Overall</th>
<th>Typical</th>
<th>Fun</th>
<th>Local</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flourish → Fluency</td>
<td>.44 n.s. n.s.</td>
<td>.43 n.s. n.s.</td>
<td>.39 n.s. n.s.</td>
<td>.43 n.s. n.s.</td>
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<tr>
<td>Size → Fluency</td>
<td>n.s. n.s. n.s. n.s.</td>
<td>n.s. n.s. n.s. n.s.</td>
<td>n.s. n.s. n.s. n.s.</td>
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<tr>
<td>Symmetry → Fluency</td>
<td>.35 0.53 n.s. 0.58</td>
<td>.53 n.s. 0.58 n.s. 0.58</td>
<td>.53 n.s. 0.58 n.s. 0.58</td>
<td>.58 n.s. 0.58 n.s. 0.58</td>
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<tr>
<td>Flourish → Engagement</td>
<td>.44 0.67 0.39 0.39</td>
<td>.44 0.67 0.39 0.39</td>
<td>.44 0.67 0.39 0.39</td>
<td>.44 0.67 0.39 0.39</td>
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<tr>
<td>Flourish → Wine evaluation</td>
<td>.30 n.s. n.s. n.s.</td>
<td>.30 n.s. n.s. n.s.</td>
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<tr>
<td>Fluency → Engagement</td>
<td>.44 0.22 0.50 0.50</td>
<td>.44 0.22 0.50 0.50</td>
<td>.44 0.22 0.50 0.50</td>
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<tr>
<td>Fluency → Reinsurance</td>
<td>.31 0.39 n.s. 0.36</td>
<td>.31 0.39 n.s. 0.36</td>
<td>.31 0.39 n.s. 0.36</td>
<td>.31 0.39 n.s. 0.36</td>
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<tr>
<td>Engagement → Reinsurance</td>
<td>n.s. n.s. 0.50 0.35</td>
<td>n.s. n.s. 0.50 0.35</td>
<td>n.s. n.s. 0.50 0.35</td>
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<tr>
<td>Engagement → Wine evaluation</td>
<td>.39 0.51 0.43 0.30</td>
<td>.39 0.51 0.43 0.30</td>
<td>.39 0.51 0.43 0.30</td>
<td>.39 0.51 0.43 0.30</td>
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<tr>
<td>Reinsurance → Wine evaluation</td>
<td>.20 n.s. 0.41 n.s.</td>
<td>.20 n.s. 0.41 n.s.</td>
<td>.20 n.s. 0.41 n.s.</td>
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<tr>
<td>Wine evaluation → WTP</td>
<td>.26 0.46 0.46 n.s.</td>
<td>.26 0.46 0.46 n.s.</td>
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<tr>
<td>$R^2$ Fluency</td>
<td>.28 0.27 0.28</td>
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<tr>
<td>$R^2$ Engaging</td>
<td>.54 0.65 0.65 0.47</td>
<td>.54 0.65 0.65 0.47</td>
<td>.54 0.65 0.65 0.47</td>
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<tr>
<td>$R^2$ Reassuring</td>
<td>.42 0.46 0.46 0.39</td>
<td>.42 0.46 0.46 0.39</td>
<td>.42 0.46 0.46 0.39</td>
<td>.42 0.46 0.46 0.39</td>
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<tr>
<td>$R^2$ Wine evaluation</td>
<td>.39 0.45 0.56 0.23</td>
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<tr>
<td>$R^2$ WTP</td>
<td>.24 0.14 0.44 n.s.</td>
<td>.24 0.14 0.44 n.s.</td>
<td>.24 0.14 0.44 n.s.</td>
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3. GENERAL DISCUSSION

This research aimed to investigate how label design can shape consumers' responses and more specifically willingness to pay. Through an experiment manipulating three distinct and widespread types of labels, this research adds to a significant body of literature by making three important contributions and three recommendations.

Our first theoretical contribution lies in the main effects of mere exposure to the different label types. Considering that typical labels have received the most positive scores on all variables, our research supports the notion derived from the theory of the preference for prototype (Campbell and Goodstein, 2001) and arguing that typicality often concludes that the more a product design is perceived as typical of its category, the more it will be appreciated and will produce strong purchase intent (Celhay and Trinquecoste 2014).

The second contribution refers to the process whereby fun labels affect WTP. Specifically, our results show that, as opposed to typical labels, fluency does not affect reinsurance, but also that when such a feeling occurs, it strongly affects WTP.

The third contribution of this research relates to the surprising negative effects of local labels. Such labels that emphasize the local origin and the producer of the wine is rated as the significantly most negative on five out of seven variables. Of important and more specifically, local labels are those that lead to the lowest degree of fluency and sensory evaluation.

The first important practical recommendation that can be suggested relates to the mere labels exposure effects. Our results indicate that typical labels are those that lead to the highest WTP, while fun labels are those that induce the lowest. If one considers that WTP is a variable of primary importance, it thus may be suggested for wine producers and marketers of the wine industry to design labels in a way that makes them perceived as typical. As shown by the analyses, as well as by the test of the mediating effects, the symmetry that consumers
perceive from typical labels induce a sense of fluency, which leads to feelings of engagement that increase the evaluation of wine and WTP.

The second recommendation lies in the negative effects observed for local labels. Considering the wide negative effects, wine producers may gain in designing labels that do not induce the perception that the wine is purely local, but rather may design labels that are seen as either typical or fun.

The third recommendation lies in the differential paths observed for the distinct label types. Wine producers that aim to increase their prices and thus WTP may consider the process whereby each label type can increase WTP.

References


