# Bordeaux 2016 Abstract Submission

**Title**

ANALYSIS OF CONSUMER LOYALTY IN THE U.S. SPARKLING WINE MARKET

**I want to submit an abstract for:**

Conference Presentation

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**Keywords**

Consumer loyalty; US market; Sparkling wines; Prosecco; Choice model; Juster scale

**Research Question**

Analyze U.S. wine consumers’ loyalty behavior towards Prosecco sparkling wine brands, as driven by selected value-adding product differentiation features and selected consumer profile characteristics.

**Methods**

A structured, web-aided questionnaire will be performed on 500 wine consumers of the US. Consumers self-report probability to purchase specific brands in the sparkling category will be measured via Juster-scale.

**Results**

Current research will generate powerful insights for loyalty vs. penetration strategies for the developed consumer typology within a key-market (for all wine-producing countries) as the US.

**Abstract**

Introduction

The US is estimated as the largest wine market in the world in terms of both volume and value (Wine Institute, 2014); 31% of wines sold in the US are imported (Frederickson, 2015). Per capita wine consumption in the US has been continuously increasing, while domestic production barely covers two-thirds of demand. In addition, average import price for bottled wine is 33% higher than international price. Thus, the growing competition in the interior of this profitable market among a plethora of wine brands is not surprising. As other main wine...
American Association of Wine Economists

Markets, US has experienced in recent years a shift of consumers' preferences towards sparkling wines. Per capita consumption of sparkling wines has doubled in the last 10 years, and a lot of relatively new wines crowd this market, once represented almost exclusively by Champagne and, to a much lesser extent, Cava (recent data reveal that 60% of entire sales is represented by domestic products). In particular, “Prosecco”, an Italian sparkling wine, has seen a great success in the US market, with a spectacular rise in sales since the early 00’s. Nowadays, Prosecco is the most imported sparkling wine in US, with more than two-fold sales in volume compared to both Champagne and Cava. Various reasons have contributed to this success, one of which certainly is production method. According to this method, the sparkling process is much faster and cheaper, allowing companies to be more competitive in the market and, even more importantly, produce wines with a higher presence of primary and secondary aromas, which is what mass consumption is looking for. From an organoleptic point of view, Prosecco wine has a usually low alcohol content, a delicate floral and fruity bouquet and good acidity that confers great freshness. These characteristics are seen favorably in the US market, contributing to a broad and deep penetration that constitutes a clear market advantage. The purpose of this paper is to analyze U.S. wine consumers’ loyalty behavior towards Prosecco sparkling wine brands, as driven by selected value-adding product differentiation features and selected consumer profile characteristics. Differentiated marketing mix input, such as changes in price, product formulation, communication and distribution can change Prosecco brands’ positioning once primary market share is achieved, impacting further and positively on penetration to additional segments or increasing loyalty in existing customers, leading to further widening of secondary demand and resulting market share.

Methodology
Current research will collect data through an on-line survey. In particular, a structured, web-aided questionnaire administered by a professional research agency will be performed on 500 wine consumers of the US (a specific area of analysis will be selected, in which the market is sufficiently well established in terms of sales and consumer awareness, as New York, Washington D.C. or Los Angeles). The questionnaire will include five sections: a) wine purchasing frequency; b) loyalty towards sparkling wines; c) importance of various wine purchasing criteria; d) self reported probabilities of purchasing specific (Prosecco) sparkling-wine brands within a pre-defined time period (i.e. a month) in which repeat purchase is assumed; and e) socio-demographic and psychographic characteristics of the participants. In particular, consumers self-report probability to purchase specific brands in the sparkling category within a specified future time period will be framed using a Juster probability scale (i.e. “What are the chances that you, personally, will buy brand in the following time period? ” Answers will be measured on the 11-point probability scale, with end-points 0 = “absolutely improbable” (indicating 0% purchase probability) and 10 = “absolutely probable” (indicating 100% purchase probability). Data will be processed via descriptive statistics and multivariate statistics. Specifically, econometric models will be applied to efficiently interpret outcomes of the choice model task and to quantify consumers' preferences and willingness to pay for specific sparkling products/brands.

Expected results
Current research will generate powerful insights for loyalty vs. penetration strategies for the developed consumer typology within a key market (for all wine producing countries) as the US. Specifically, findings will give practical insights on the sparkling wine structure of the US market, providing brand performance measures (market shares, penetration and purchase frequency) and detailed brand positioning (% penetration/purchase frequency) for Prosecco and its most important competitors. In addition, some information should provide useful forecast on how the performance and loyalty behaviour will change if targeting consumer segments with specific characteristics. Clearly authors are aware of several limitations of the current research. First of all, the sample will be limited in terms of total number (N=500) and geographical location. Thus generalizations to the entire US population will not be possible, or highly speculative. Secondly, a high degree of hypothetical bias (due to the specific data gathering technique) is intrinsic to this type of consumer data. However, appropriate methodologies will be used to try to limit this problem and increase the overall validity of final results (as consequentially scripts and cheap talk).