Title
Wine assortments in international retail promotion - comparisons across stores, time and countries

I want to submit an abstract for:
Conference Presentation

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Keywords
wine, assortments, strategies, consumer promotion, German food retail

Research Question
Why does consumer promotion differ among stores, time and countries, especially with regard to wine?

Methods
There will be an empirical analysis whether product variations across stores, time and countries are statistically significant. A regression analysis will be done depending on store type.

Results
Wine assortments & consumer promotion differ due to divergent strategies across stores and countries. This includes e.g. prices, amount of informations, type of promotion, quality level, origin and branding.

Abstract
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Introduction
Recently, it can be observed that retailers, regardless of their store type, start to ex-tend their wine compartment in-store and online, both in quantity and quality (BIEHL, 2014). Reasons behind this strategy might be the growing social importance of wine as a life-style product, which no longer is consumed only by an elitist group of wine enthusiasts, but by people of all social classes. Retailers seem to be aware of the potential a solid wine assortment might have with enhancing store attractiveness and enticing consumers. However, little is known how product assortment composition varies across supermarket chains, especially with regard to wine (HWANG et al., 2010). Offering an assortment of products, sufficiently adapted to reflect consumers’ needs, is one of the most important tasks for retailers (LEY and WEITZ, 2008). Promotion flyers represent one of the most efficient ways of sales promotion, as they trigger the purchase decision of three quarters of consumers (EHL, 2017; LANGHAUSER, 2006). Moreover, HOFER and KURZ (2007) demonstrate that every second consumer buys a product, which currently is in promotion.

Several research questions arise as a result. The first question is whether (and if yes) of what nature the differences in wine assortments across store types are, as they may occur in quantity, type and repetition of promotions, concerning key information like name, style, origin and quality level of the promoted wine product, as well as the advertised price (LOCKSHIN et al., 2006). Secondly, wine products and their prices may differ across time due to seasonal effects and special events. This study aims to identify these especially important wine
products and the influence of the course of the year on retail promotions.

Third, wine assortments may be different with regard to the country of origin of the advertising stores. Germany is the World’s largest wine importer for quantity (third for value) (FAOSTAT, 2017). Germany’s centrality in the heart of Europe is one explanation for the high share of imported wine. Part of the imported bulk wine is bottled in Germany and re-exported to other European countries, using good logistic networks and Germany’s geographical position. On the other hand, Germany is characterized by a shortage of red wines, which need to be imported to fulfill the changing demand of German consumers, asking for a high variety in wine products from all over the World. This is due to German consumers’ taste preferring foreign over German wine (HOFFMANN, 2016). In contrast, Australia is the World’s fifth largest wine exporter for quantity and even fourth for value. Two thirds of Australia’s wine production are exported to foreign countries (FAOSTAT, 2017). But only 6.5 % compared to production are imported to Australia (60 % for Germany). This raises the question whether these differences in import and export strategies lead to diversity in availability and therefore retail promotion for wine products across countries.

Data and Methodology

For elaboration, promotion flyers of nine German food retail store types were used as a proxy to overall store assortment. The selected stores either belong to the store type of discount retailer or super- and hypermarkets, offering a full range of products. In addition, promotion flyers of two Australian hypermarkets are included, giving the opportunity of comparing wine assortments across store types, time and countries. The promotion flyers were released every week during the years 2016 and 2017 cont. In 2016, more than 2,000 wine products were promoted. Extrapolated, more than 5,000 wine products might be available for further analyses. Data collection was not reduced to a single product alone, but involved all products presented in the promotion flyers. Categories include food as well as near- and non-food classes, labels of quality, origin, and fair trade, as well as types of promotion (e.g., price or quantity) and product information like recipes for associated food or quick response (QR) codes.

The methodological approach will be of descriptive nature, followed by an empirical analysis whether product variations across stores, time and countries are statistically significant. Differences in advertised wine assortments will be revealed. After this, a regression analysis will be done depending on store type and with regard to strength and causality of the regressors’ influence.

First Results

Assortment differences across food retail store types occur due to divergent strategies and consumer designations. For example, hard discount stores, offering only house brands and a reduced store interior, like Aldi, following an every-day-low-price-strategy, were expected to be leading in price. But this does not hold true for wine products. On the contrary, Aldi Nord and Aldi Süd promote on the highest price level (6,05 (5,99) €/liter) both for sparkling and non-sparkling wines. These prices differ on a high statistically significant level from the overall mean price of the others stores (4,29 €/liter). The ambition to improve their overall store image and to strengthen Aldi’s position as reliable source of good wine might be the reason. Similar the share of wine across store types differs considerably. In 2016, Aldi Süd offered the highest share of wine products compared to total promoted assortment as well as advertised food (see Figure 1). Hypermarkets, according to their focus on non-food-products, show the smallest share of wine products, presented in promotion flyers.

Mean prices between soft discount stores and supermarkets do not differ on a statistically significant level. Soft discount stores recently enhance the quality level of their wine assortments not only by the way of presentation, but also focusing on branded products. For example, Netto Marken-Discount has a share of 73% manufacturer’s brands, with is on a similar level to the super- and hypermarkets in the data sample. In addition, supermarkets introduced house brands with prices similar to discount store level into the market to address consumers with a high price-sensitivity.

Additionally, pricing strategies diverge also with regard to the type of wine promotion in flyers. Hard discount stores like Aldi Nord and Aldi Süd only advertise wine without any kind of price reduction, even in products which occur repeatedly. This is different for soft discount stores and super- and hypermarkets. Last mentioned focus on promotions with price reductions, special package sizes as well as BOGOFs (buy-one-get-one-free) and other multi-buys.

Preliminary results on analyses across time indicate that especially sparkling wines are in promotion repeatedly. There seem to be differences between sparkling wines of a mid-price range (up to 5 €/liter) and very special
products like champagne. The first mentioned are promoted on a fortnight basis with low differences in price, whereas the second ones are advertised preferentially on public holidays like Christmas and Easter, showing price variations of more than 25%.

One further example to differences across wine assortments in promotional flyers are the countries of origin of the promoted wine products. As expected traditional wine-producing countries like France and Italy are the most important foreign countries to the German wine market, as well as Germany itself. Nevertheless, the shares of the different countries differ considerably across stores. Super- and hypermarkets advertise the highest amount of German wine (Real: 42%), compared to 20% of Aldi Süd. On the other hand, Aldi Nord and Aldi Süd offer the highest number of wines from the New World (20%). Reasons may be the focus on different consumer groups. Results from Australia indicate that, although the share of wine products in advertising is similar to German hypermarkets, the number of different countries of origin is considerably smaller. Wine products in Australian promotional flyers are mainly from Australia itself and New Zealand, which, with regard to transport distances and import volume, seems quite plausible.

Referring to the intended regression analysis, several aforesaid categories might be important as regressor variables. For instance, labels, indicating a foreign origin of advertised wine, are expected to positively influence wine prices. This is due to German consumers’ taste preferring foreign over German wine (HOFFMANN, 2016). Similar results are assumed for red over white and dry over fruity wines respectively. On the contrary, a negative impact is expected for a variable giving the alcoholic content of the promoted wine product. A growing consumers’ sensitivity to health concerns and alcohol consumption results in a preference for alcohol reduced wines (FOGARTY, 2010).

Summary
The above mentioned analyses will help to understand how wine assortment composition varies across supermarket chains, time and countries. Differences in wine product attributes in promotion flyers across German and Australian food retail store types will be highlighted. Furthermore, the influence of these attributes on prices of wine products in promotion flyers will enable to draw conclusions on strategic behavior. Moreover, the growing importance of wine in retail will be demonstrated.

Literature

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Introduction
Recently, it can be observed that retailers, regardless of their store type, start to extend their wine compartment in-store and online, both in quantity and quality (BIEHL, 2014). Reasons behind this strategy might be the growing social importance of wine as a lifestyle product, which no longer is consumed only by an elitist group of wine enthusiasts, but by people of all social classes. Retailers seem to be aware of the potential a solid wine assortment might have with enhancing store attractiveness and enticing consumers. However, little is known how product assortment composition varies across supermarket chains, especially with regard to wine (HWANG et al., 2010).

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Several research questions arise as a result. The first question is whether (and if yes) of what nature the differences in wine assortments across store types are, as they may occur in quantity, type and repetition of promotions, concerning key information like name, style, origin and quality level of the promoted wine product, as well as the advertised price (LOCKSHIN et al., 2006). Secondly, wine products and their prices may differ across time due to seasonal effects and special events. This study aims to identify these especially important wine products and the influence of the course of the year on retail promotions.

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![Figure 1: Wine Shares across Stores, 2016](source: own illustration)

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