

Vienna 2019 Abstract Submission

Title

Paying more for having less? Consumer preferences for Sangiovese wines

I want to submit an abstract for:

Conference Presentation

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Keywords

Experimental auctions; hedonic evaluations; denomination of origin; price-points; Italy

Research Question

The purpose of this study was to investigate consumer preferences for Sangiovese-based wines at varying levels of price-points (low, medium and high) and with four different denominations of origin.

Methods

The current study combined hedonic evaluations and experimental economics techniques (following the approach proposed by Combris et al., 2009) to provide insights on the role of taste and of origin.

Results

Results reveal that price-points are not statistically related to consumer hedonic valuations and willingness-to-pay. While, origin information strongly affected preferences (both sensory and monetary).

Abstract

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Research question

Many scholars have shown that the evaluation of wine is clearly influenced by both intrinsic (as taste) and extrinsic cues, i.e.: price and brand, and the relations among these cues strongly affects the overall perception of the quality evaluation of the wine (e.g. Bruwer et al., 2011; Charters & Pettigrew, 2007, Lockshin & Corsi, 2012; Schäufole & Hamm, 2017). The purpose of this study was to investigate consumer preferences for Sangiovese-based wines at varying levels of price-points (low, medium and high) and with four different denominations of origin. Specifically, twelve wines were applied in the experiment: four denominations - i.e.: IGT Toscana, Chianti Classico DOCG, Chianti Riserva DOCG, Morellino di Scansano DOCG) - x three price points (low: €5, medium: €10, high: €20). In particular,

the current study combined hedonic evaluations and experimental economics techniques (following the approach proposed by Combris et al., 2009) to provide insights on the role of taste and of origin on wine consumers' preferences. In addition, price-points influence on hedonic liking scores (and willingness to pay) have been analysed to uncover practical implications for wineries and marketers. Sangiovese-based wines were selected as case study considering that this red grape variety is by far the most spread in Italy and that the four relative denominations are extremely popular among wine drinkers. Moreover, the price-points were selected based on current average market prices (in Italy) of the four denominations investigated.

Methods

To measure consumer monetary preferences non-hypothetical, incentive-compatible, random nth price experimental auctions were applied (Shogren et al., 2001) in a laboratory setting. Following similar studies, the sample size was set at 150 participants. Respondents were recruited informing they would participate in a marketing research survey at the University campus that would last approximately an hour. Subjects had to meet several screening criteria, including: (i) be over 21 years old; (ii) buy a bottle of wine at least once a month; and (iii) consume wine at least once a week. A mixed between/within-subject experimental design was performed, organising 10 sessions with 15 ± 3 participants each, with two consecutive rounds: blind tasting and informed tasting of three wines (balanced design); during both rounds respondents expressed their hedonic liking and willingness-to-pay for the three products. Specifically, in the second round (informed tasting) respondents received only information on the denomination of origin (and had the opportunity to fully observe the bottle labelling); while, no information was provided on the relative price-points of the three wines. The sessions were spread over five weekdays and involved six consecutive stages; from signing an informed consent and receiving a monetary endowment (the euro), to blind and informed tasting, to purchasing the auctioned wines. Beyond hedonic scores and willingness to pay, data on wine sensory characteristics, on wine consumption and purchasing habits, wine involvement information, psychographic data and socio-demographics were collected during the experiment. Data were first submitted to descriptive univariate analysis to provide an overview of consumers' characteristics. The drivers of preferences (measured through hedonic scores and willingness to pay) were estimated applying a seemingly unrelated regression (SUR). The SUR is a multivariate linear regression model that allows the estimation of a system of equations; specifically, twelve equations were estimated, one for each wine (4 denominations x 3 price-points). All data analyses were carried out using STATA 15 statistical software package.

Preliminary Results

Preliminary results reveal that price-points are not statistically related to consumer hedonic valuations and willingness-to-pay (measured in the blind round). As lower priced wines received similar hedonic valuations and willingness-to-pay values of medium and high price-point wines. Whereas, considering findings of informed tasting round, origin information strongly affected preferences (both sensory and monetary); showing the key role of denomination reputation on respondents' assessments. Further data processing will investigate the possible drivers of other mediating variables on hedonic and monetary measurements (as wine involvement and product objective knowledge).

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