Can UK Wine-Buying Consumers be Persuaded to Trade up in Supermarkets?

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Abstract

As a trading nation the UK has a long history of interaction with wine for commercial as well as consumption purposes. Lack of production meant that wine was traditionally perceived as a drink for the socially elite (Barr, 1995). Wine purchase and consumption started to become democratised in the UK during the 1970s (Jenster and Jenster, 1993). In 2005 the UK light wine market was valued at £10.28bn (Key Note Ltd, 2006) and it is estimated to rise to approximately £13.5bn by 2011. Current adult per capita consumption is over twenty six litres, having doubled over the last twenty years (NTC Publications, 2000; AC Nielson, 2005), and rising. In a similar way to Hall and Lockshin (1999) Ritchie (2007) shows that wine is now incorporated into the UK lifestyle across most adult social groups; in many instances people are as likely to ‘open a bottle’ (of wine) as to ‘put the kettle on’ as part of the welcome offering across a range of informal social situations.

The UK is not a wine producing nation, therefore almost all wine consumed in the UK is imported. In 2006 the off-trade represented 80% of the volume and 65% of the value of all wines sales within the UK (Key Note Ltd, 2006). Key Note (2006: 28) shows that 75% of wine bought in the UK off-trade is bought in multiple groceries. Key Note also shows that the average bottle price is £3.84. This is considerably lower than wine sold in other off-trade situations, i.e. independent wine merchants or via the internet or mail order and much that is sold is sold on promotion. The percentage on return can be as low as 10% or the wine may be being used as a loss leader.

Many academics, statistical bodies and supermarket companies themselves have attempted to classify wine consumers into particular market segments e.g. Johnson and Bruwer (2004), Wine Intelligence (2002) and the Waverly Group (2005). However Ritchie (2006 and 2009) shows that this activity is of limited value since most consumer behaviour changes in relation to the occasion for which the wine is being purchased. Indeed Ritchie (2009) suggests that upon some occasions the purchase of wine is such an insignificant activity that it may be referred to as ‘not’ buying wine and that this activity is particularly prevalent in supermarkets. Therefore, given the significance of supermarket sales to the UK wine trade, the aim of this research is to investigate if and how wine customers in supermarkets might be weaned off damaging price promotions and encouraged to trade up.

The primary data collection will utilise a series of focus groups with wine buying consumers who habitually buy wine from supermarkets. The focus groups will take place within two regional capitals within the UK, Belfast and Cardiff for pragmatic and comparative purposes. Since this study is ongoing this paper presents the results of the pilot study only. These indicate that expectation of price reductions, perceptions of grocery shopping, the physical environment, time of day and the sheer ordinariness of the activity may all be playing a part in reducing
involvement in wine buying and therefore potential to trade up. The results of the final study intend to establish what marketing activities, both in and out of store, could change / challenge these perceptions.