Analysing Wine Buying Behaviour in Hungarian Hypermarkets

Zoltan Szabo[1] – Zsuzsanna Szeles[2]

[1]Szent Isvan University Godollo, Faculty of Economics and Social Sciences, Institute of Marketing
Phone: 0036-20-388-0091
Fax: 0036-28-430-200/1985
E-mail: Szabo.Zoltan@gtk.szie.hu

[2]Szent Isvan University Godollo, Faculty of Economics and Social Sciences, Institute of Accounting and Finance
Phone: 0036-20-388-0427
Fax: 0036-28-430-200/1985
E-mail: Szeles.Zsuzsanna@gtk.szie.hu

Poster paper prepared for presentation at the International Association of Agricultural Economists Conference, Gold Coast, Australia,
August 12-18, 2006

Abstract

In Hungary the amount of money spent on wine marketing is much below the level as it should be and the amounts spent are largely to support direct selling. Choosing the right distribution channel is of key importance.

My objective was to identify wine buying behaviour of consumers in the hypermarket. I have chosen this type of distribution channel because it is the fastest growing one in Hungary and the largest in wine trade and compared to the international situation it plays a leading role. In the article I show the results of analyzing 578 questionnaires.

According to the research four wine buyer segments were to identify the **'Drinking with friends',** the **'Trendy guests',** the **'Cognoscente',** and the **'Average friends of wine'**. These segments are clearly to distinguish from each other and can help the wine producers and the hypermarket itself to set up such marketing plans and strategies that creates higher satisfaction of the wine buyers.

Keywords: buying behaviour, wine consumption, hypermarket

1. Introduction

In Hungary the amount of money spent on wine marketing is much below the level as it should be and the amounts spent are largely to support direct selling. (Papp-Komáromi, 2001), (Domán-Dinya, 2001). To understand the buying behaviour of wine consumers we must identify market segments.

Overview on the international wine marketing researches

Some researchers analyse the preferences of the wine consumers. According to Gil-Sanches (1997) the most important preference factors are the price, production site and vintage.

Glluckman (1990) defines the consumer groups with the help of five factors (occasion, type of wine, consumer attitudes, frequency of consumption and demography). Hoffman (1998) created six groups that were described by social profile, attitudes, wine consumption and packaging. About the information gathered from wine several authors state that the personal connections are highly important. (Keown-Casey, 2000) The research of Lockshin, Spawton and Macintosh complements the concept with brand and buying interest and from these together defines consumer segments. (Lockshin-Spawton, 1997) Analysing the role of magazines among the communication tools it can be stated that they have a significant impact on trade, show direction for experienced wine consumers and the they use it for brand differentiation. (Chaney, 2000)

The drivers of the world's wine markets can be placed in four big factor groups. (Figure 1.) From these factors the one with outstanding importance is the increasing retail power which requires fewer and bigger suppliers. The retail chains, super- and hypermarkets became the determining players of the wine market. (Rabobank, 1999) In most of the EU member-states retail has 40-70% of the wine trade and it will increase. (Heijbroek, 2001)

Choosing the right distribution channel is of key importance. (Szabó-Szolnoki, 2002) The place, type and service of the shop are important part of the decision making on the distribution.(MBSZ, 2003) The wine specialty shops became more important in Hungary in the 90's. (Farkas-Szabó, 2001) The first hypermarkets were opened in 1995-1996 for the consumers. (www.esemenymenedzser.hu) The concentration of food retail chains in Hungary is higher than in the other states in the region. (www.cegnet.hu) The market share and the growth rate of the retail chains are quite high and still growing intensively. In 2002 we had 42 shopping canters and 49 hypermarkets. Their share of the turnover was 8% in 1998 and 15% in 2001 and their share from the wine trade was around 30% in 2002. (www.mbsz.hu)

2. Material and method

Analyzing wine buying behaviour at CORA hypermarket chain

Objectives and Hypothesis

My basic objective was to identify wine buying behaviour of consumers in the hypermarket. I have chosen this type of distribution channel because it is the fastest growing one in Hungary and the largest in wine trade and compared to the international situation it plays a leading role. According to my hypothesis the differentiation of the retail chains will lead and need a new segmentation of the wine buyers, especially in the hypermarkets.

Methodology of the research

The base of the research comes from the collected secondary information about the distribution types, consuming and buying behaviour. The quantitative research was carried out in 2003-2004 in Hungary at CORA hypermarket chain at the wine departments, personally by me. The analysis was done with the help of SPSS 10.0 with multivariable (factor and cluster analysis) methods and shown in Excel. In the article I show the results of analyzing 578 questionnaires.

3. Results

The demography of the research

In the sample of the research 66% were men and 34% were women. According to the age the wine buyers of the hypermarket were 26-55 years old (Figure 2.). Most of them were married (74%), but in spite of this 44.8% had no children.

In the sample 34% had secondary education, but more important is the ratio of the ones with higher education that was 56%, which shows that wine consumption is correlated to the level of education. According to the salary 52% belonged to the group above the average and 29% belonged to the group below average. (Figure 3.)

The majority of the sample (52%) belongs to the category above the average according to the salary. Considerable is the category under the average (29%). Based on this it is to state that the quality wine consumption is not only connected to the higher education but to the higher salary and social class as well.

Wine buying in the hypermarket

20% of the hypermarket wine consumers visit the store 2-3 times a week and 34% weekly. 10% goes every day to the hypermarket. (Figure 4.) The hypermarket wine buyers spend mostly 0.5 – 2 hours in the store (70%) and from this 5 – 10 minutes in the wine department (28%).

The buyers acquire the information connected to the wine mostly from friends and acquaintance. Beside these it can be considered that the role of magazines, newspapers and wine producers are also important. The radio, TV, and internet play a less important role. (Figure 5.)

Giving an answer to the question about the occasions of wine consumption the majority of the sample marked the being with company, having meals and having guests around. They almost never drink wine alone. Based on the answers it is obvious that the wine is the drink of the events spent among friends, family or in company, that are intimate and inward. (Figure 6.) The answers given to the question about the reason of wine buying support this concept. They purchase wine mostly for feasts, inviting guests, being invited to treating and for meals.

During my research it was crucially important to for me to identify the factors that are mostly influencing the wine buying process. According to the answers the taste, the quality and the origin were the most important factors in the wine buying decision making process.

The price and the discounts played less important roles than it was expected. Based on the answers the means of packaging belong to the less important factors. (Figure 7.)

According to my hypothesis the different wine distribution channel have different image-influencing roles/power. I asked the consumers to rank the different channels according to their image-influencing capabilities. Based on the answers it can be stated that the most positive image-influencers are the wine specialty shops and the buying directly from the producer.

The hypermarket came before the gastronomy which is very surprising. The shops of petrol stations arrived at the last place and the role of the internet is also low. (Figure 8.)

Building segments

Based on factor and cluster analysis 4 segments were to identify in the sample of 578 people. To create the segments the following criteria were chosen:

I. **Size**
II. **Demography**
III. **Frequency of visiting the hypermarket**
IV. **Wine consuming behaviour**
V. **Preferred wine**
VI. **Occasion and reason of buying wine**
VII. **Marketing characteristics**

Typology of the segments

The four segments can be seen on Figure 9.

Segment 1. ’Drinking with friends’

The 1st segment is the smallest according to the size with 69 people. Most of them live in towns, with secondary education and their salary is above average. They go to the hypermarket every week, but they only buy wine once or twice a month. They spend 1-2 hours in the hypermarket which is enough for the weekly consumption. In the wine department they spend maximum 5 minutes.

Wine is mostly consumed among friends or at special occasions. The preferred wine is either red or white but semi-sweet. They also like dry red wine and champagne. They usually buy 1-3 bottles, and make up their own decisions. According to the research this is the segment where the smallest amount of money is spent as sum or per bottle for wine.

Segment 2. ’Trendy guests’

The 2nd segment is the largest among the four identified ones with 209 people, which is 36% of the total sample. Most of them are from Budapest and their salary is above average. They go to the hypermarket more than once a week. Partly based on this the time spent in the hypermarket got shorter, maximum half an hour. This is the segment that mostly buys wine – within 5 minutes - in the hypermarket.

Characteristic is that they consume wine among friends, when having guest around or being a guest. According to taste they prefer semi-sweet, and they like dry red wines as well. This is the segment where champagne is the most popular.

When buying wine they make decisions together with the accompanying person. Very important are almost all the marketing communication tools that can be used for wines such as label, shape of bottle, price and year. The preferred price category is 1.6-3.2 euro and they spend 8-12 euros at one occasion.

Segment 3. 'Cognoscente'

The 3rd. segment is the second largest with 163 people. This segment has the strongest differentiating characteristics. Most of them are with higher education (73.6%). The majority is from Budapest and has family and according to the salary they have the largest amount with high or prominent income.

They go to the hypermarket with their husband/wife but not weekly and buy wine once or twice a month. As an average they spent 0.5-2 hours in the hypermarket but 10-20 minutes are spent in the wine department. According to the sharing of work they are the ones who choose the wine for the family and other meals that is why they need so much time for the decisions making. They also consume wine among friends but mostly for meals. According to tastes the dominance of dry is obviously to be seen either for white or red wines. They choose for a broad price scale, but they are the ones who are willing to spent even 16 euros for one bottle of wine.

Segment 4. 'Average friends of wine'

Segment 4 consists of 137 people which is 24% of the sample. About the segment of 'average friends of wine' it can be stated that the ratio of women is the largest (40.3%). Here is the largest the ratio of people without children despite that 74% lives in families and they are between the age of 26-55. Most of them have secondary or higher education and a salary above average. They buy wine once or twice a month or even seldom and consume it with friends. In the hypermarket they usually spend 0.5-2 hours and 5-10 minutes in the wine department. The prices and special offers have the largest impact on this segment beside taste. They usually buy 1-3 bottles for 1.6-4.8 euros and spend 2-12 euros at one occasion.

4. Conclusion

Summing up the results of the researches several characteristics can be defined which are typical related to the hypermarket wine buyer behaviour. Based on the results I can state that wine consumption is usually related to higher education level, higher salaries and social category. Most of the wine buyers visit the hypermarket weekly.

People buy wine once or twice in a month and consume it among friends or for meals according to the sample and prefer dry tastes. Buying wine is an activity that is done with somebody together (mostly family member). The information about the wine often comes from informal source (friends) and the most important factors in the buying process are the taste, quality and the origin that shows competence. About the added value it can be declared that distribution channel providing the most of it according to the sample is the wine specialty shop followed by the direct method (selling from the cellar) and on the third place we can find the hypermarket which is surprising.

According to the research four wine buyer segments were to identify the **'Drinking with friends',** the **'Trendy guests',** the **'Cognoscente',** and the **'Average friends of wine'**. These segments are clearly to distinguish from each other and can help the wine producers and the hypermarket itself to set up such marketing plans and strategies that creates higher satisfaction of the wine buyers.

References

1. Gil- Sánches: Consumer preferences for wine attributes: a conjoint approach, British Food Journal, Volume 99 No. 1, 1997

2. R. L. Gluckman: A Consumer Approach to Branded Wines, European Journal of Marketing, Volume 24. No. 4. 1990

3.Hoffmann: Profilierung Deutche Weine, Detsches Weinistitut Gmbh. Geisenheim. 1998.

4. Keown-Casey.: Purchasing behaviour in the Northern Ireland wine market, British Food Journal, Volume 97 No. 1. 1995

5. Chaney, I.S.: A comparative analysis of wine rewiews. British Food Journal. Vol. 102. No. 7. 2000.

6. Papp J. - Komáromi N.: Módszertani problémák és tapasztalatok a bormarketing kutatásban. MOK Konferencia. 2001. 08. 30-31. SZIE. Gödöllő. p. 145-152.

7. Domán, Sz- Dinya L.: Determining the types and behaviour of costumers based on multivariable methods. MOK Konferencia. 2001. 08. 30-31. SZIE. Gödöllő. p. 163-168.

8. Rabobank International Utrecht 1999: The world wine business

9. Lockshin L.S. – Spawton A.L. – Macintosh G.: Using product, barand and purchasing involvment for retail segmentation, Journal of Retailing and Consumer Services, Vol.4, No. 3, p. 171-183, 1997

10. Szabó Z., Szolnoki G.: Different ways to consumers for Hungarian wine producers, Mendelnet 2002/3, „Marketing and Management", Brno 2003, ISBN 80-7302-047-5, p. 295-300.

11. Farkas Z., Szabó A.: A bor elosztási csatornái: Borszaküzletek I., Bor és Piac 2001. május-június, 3.szám p. 22-27.

12. Farkas Z., Szabó A.: A bor elosztási csatornái: Borszaküzletek II., Bor és Piac 2001. július – augusztus, 4.szám p. 16-20.

13. http://www.mbsz.hu/pdf/BevHiper2003.pdf

14. Heijbroek, A. M. A.: The wine industry uncorked, Food & Agribusiness Department, Rabobank International Utrecht, The Netherlands, 2001

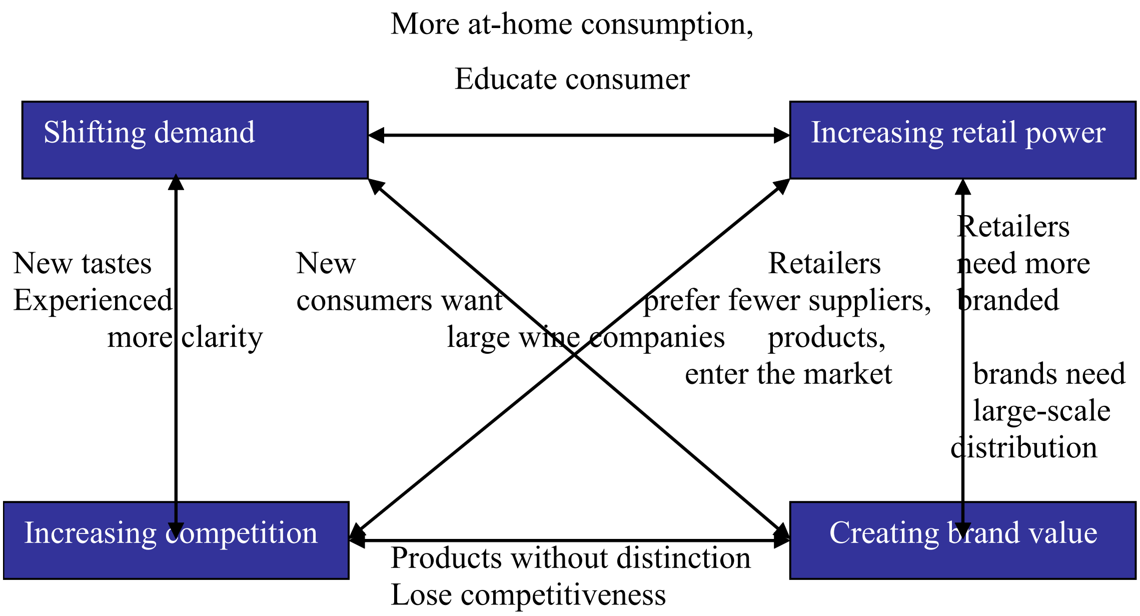
15. http://www.cegnet.hu/cv/0005/cv177_183.htm

16. http://www.esemenymenedzser.hu/esemeny/nyilvanossag.html

17. http://cyberatlas.Internet.com/big_picture/demographics/print/0..5901_959421.00.html

Figure captions

Figure 1. Shifting demand and other drivers



Source: Rabobank International

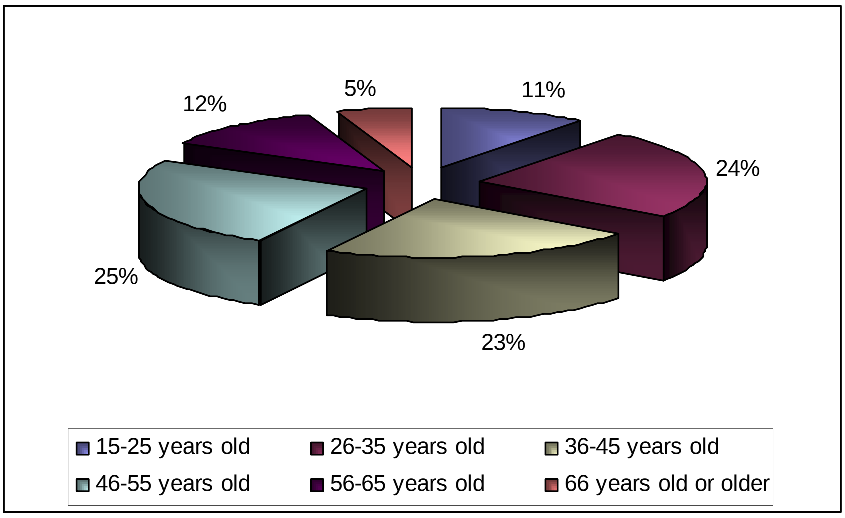


Figure 2. The age-groups of the sample (n=578)

Source: own research 2004

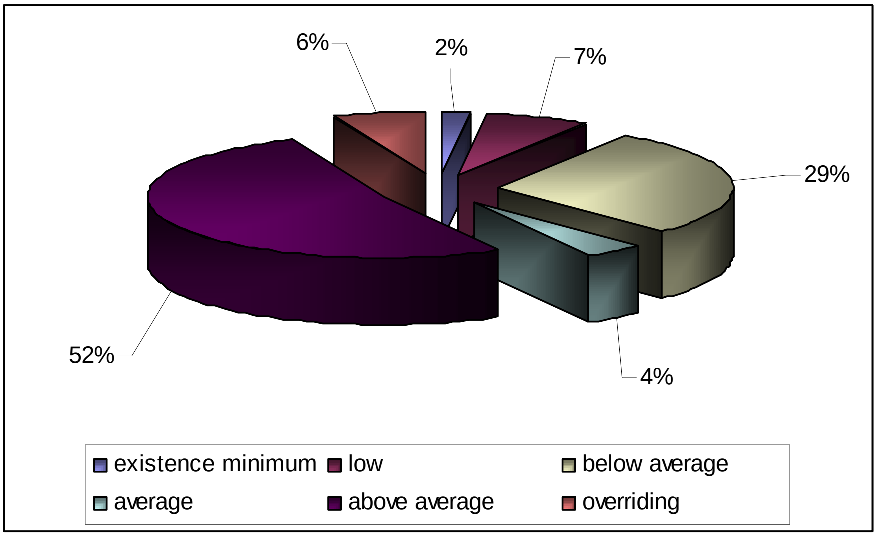


Figure 3. Distribution of the sample according to the salary per capita (n=578)

Source: own research 2004

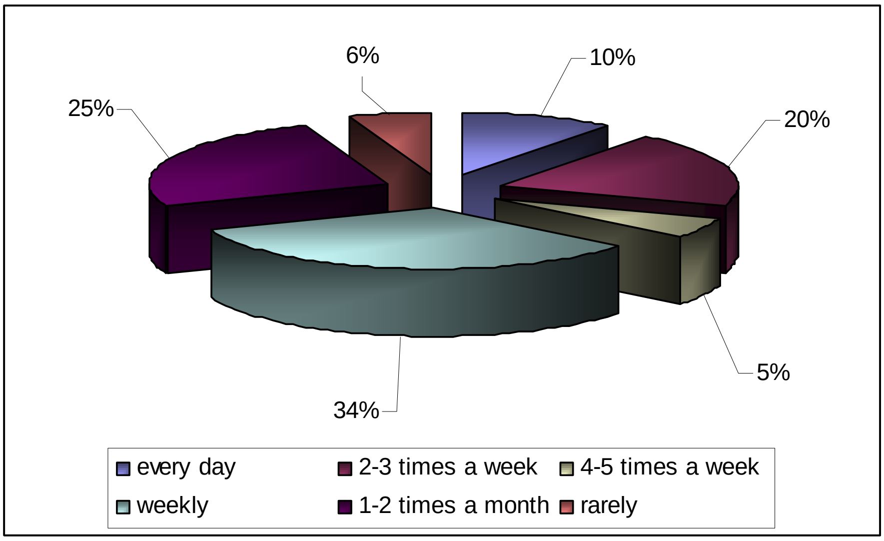


Figure 4. Frequency of visiting the hypermarket (n=578)

Source: own research 2004

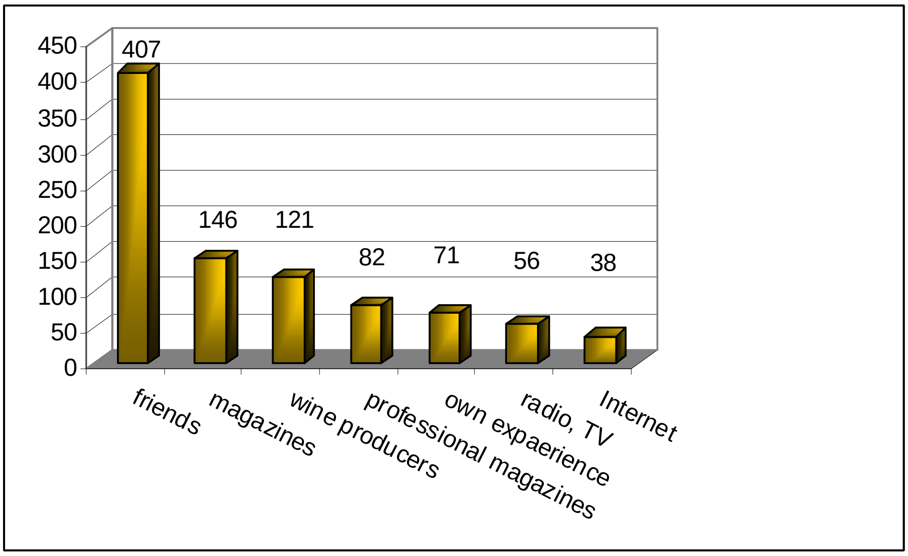


Figure 5. Where do you get the information related to wine from? (n=578)

Source: own research 2004

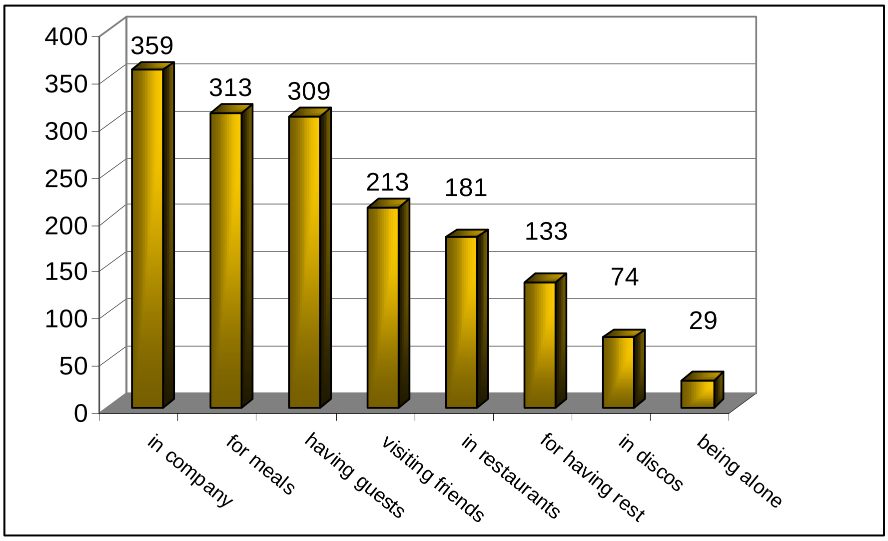


Figure 6. When do you consume wine? (n=578)

Source: own research 2004

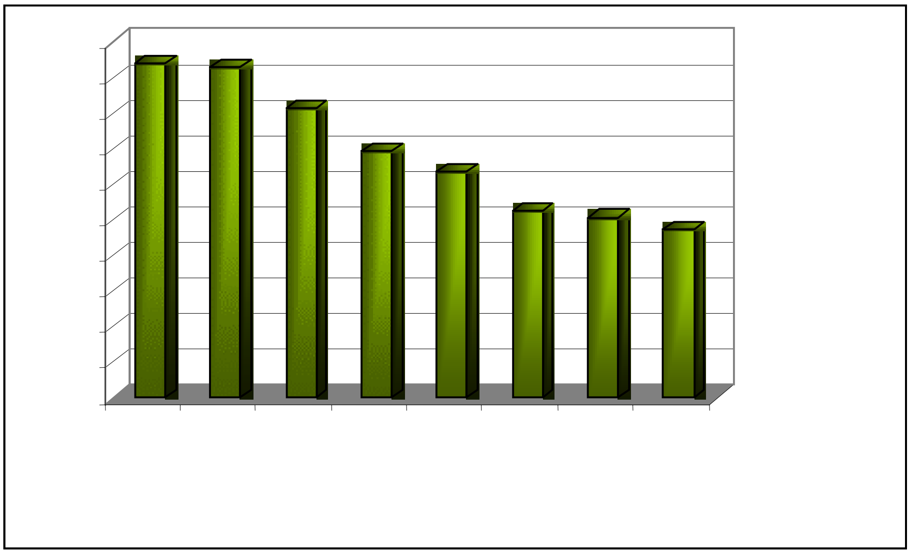


Figure 7. How important are the given factors in the wine buying decision making process? (n=578)

(1= least important, 5= most important)

Source: own research 2004

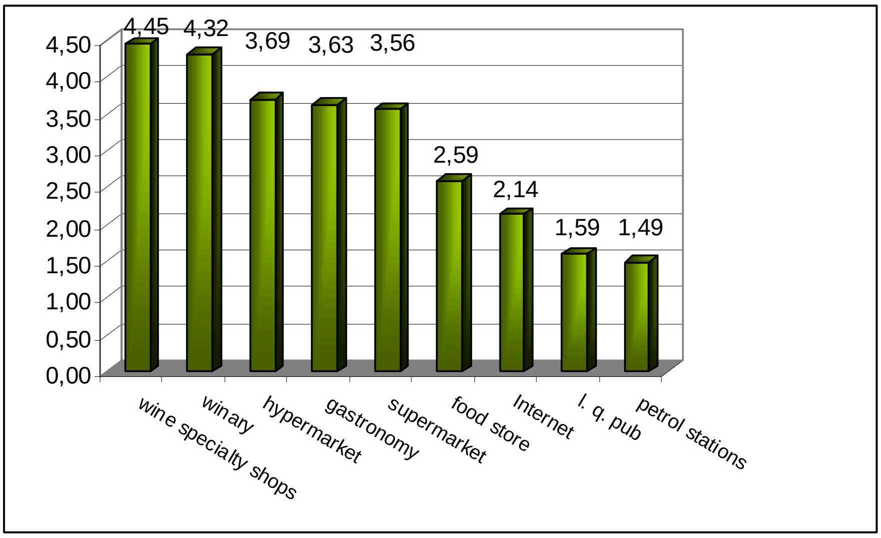


Figure 8. Rank the distribution channels according to their positive image-building capabilities.

(1= least positive, 5= most positive) (n=578)

Source: own research 2004

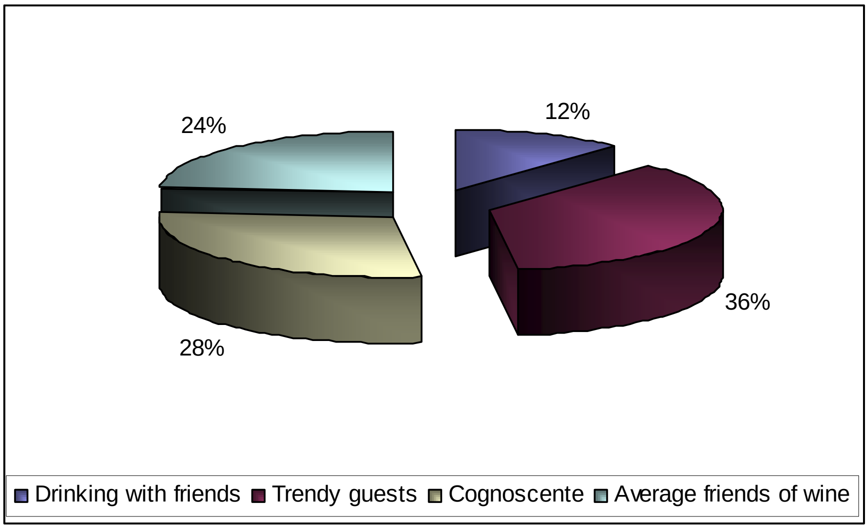


Figure 9. The segments according to their names and size (n=578)

Source: own research 2004