

# Consumption occasion affects how Chinese consumers buy wine

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About a year ago we discussed the effect that different retail channels and consumption occasions have in modifying the importance of consumer choice factors in China (Corsi *et al.* 2015). The research demonstrated that consumption occasion influences what factors are important in choosing a wine more than what channel the buyer uses, particularly in a retail environment. This article expands our knowledge using the results of an experiment we conducted during the sixth wave of the China Wine Barometer, generously funded by Wine Australia, which tracks the attitudes, perceptions and behaviours of a representative sample of upper-middle class urban Chinese imported wine drinkers.

We improved our approach by focussing on external validity, making the experiment more realistic. Consumers viewed realistic sets of wine on a simulated retail shelf online. What looks like normal bottles of wine for the participants, incorporates an elegant experimental design. Combinations of factors, such as countries of origin, grape varieties, and price points, including the most common forms in the market, were shown in different simulated shelves. Respondents chose the bottle they would buy for a specific occasion. We could then deconstruct the choices into the importance of each of the factors driving the choice of wines for each occasion.

This experiment manipulated eight product features – country of origin, price, type of closure, label design, grape varieties, presence/absence of a medal, store rating, and expert rating. Vintage, brand name, format, and alcohol content were kept constant. Respondents were asked to think about the store where they normally purchase their wines, and the occasion for which they had to buy the wine was varied between participants. Respondents were primed to select a wine for an informal meal at home, or for celebrating a special occasion at home, or for a dinner at home with guests. These occasions were chosen based on the growth trend of at-home consumption illustrated by the China Wine Barometer. Despite not yet being a common part of most Chinese culture, the affluent sample of regular imported wine drinkers we studied exhibits this behaviour. Each respondent completed 16 different choice sets. Figure 1 provides an example of a choice set. These same choice sets were used in a different project by Williamson *et al.* (2016).

One-thousand and four Chinese consumers aged 18–49, who drink imported wines at least twice a year, representative of the upper-middle urban class residing in Beijing, Shanghai, Guangzhou, Chengdu, Shenyang, Wuhan, Shenzhen, Hangzhou, and Chongqing, completed the study. Participants were distributed evenly between the three purchase occasions: 332 completions were obtained for the informal dinner situation; 331 completions were obtained for the special occasion situation; 341 completions were obtained for the dinner at home with guests.



Figure 1. Example of choice set.



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Results show that country of origin and price are the two key choice drivers overall. Chinese consumers are mostly driven by price when buying wine for an informal dinner at home (69%), with origin also having an influence (16%). Origin is the most important factor when buying wines for dinner at home with guests or for special occasions (45% and 42% importance, respectively). Price is second (12% and 17%, respectively). Unlike the informal dinner at home, the other choice factors have some effect on choice for the other two occasions. A special occasion or hosting guests cause a wine buyer to use a more complex set of factors to make his or her choice. Closure had no effect on choice in any purchase occasion. Table 1 summarises the results.

What conclusions can be drawn from these results? Closure type does not matter. This research further confirms the findings of Williamson *et al.* (2016). We feel it is like most other countries; the trade does not really understand consumers and once screwcaps were placed in the market, consumers responded positively – by not changing their purchasing. Next time a ‘marketing guru’ in China tells you to shift to cork, show them these numbers. For informal consumption occasions, pricing is dominant. A dollar – or a Chinese Yuan – is a dollar, regardless of where a wine is purchased. Your brand cannot operate in this space unless it is priced competitively.

Including medals on your wines is not a recipe for success. Chinese consumers don’t care much about them, but Williamson *et al.* (2016) showed that consumer reviews do

**Table 1. Product feature importance across different purchase occasions**

Product feature	Informal dinner at home (%)	Special occasion at home (%)	Dinner with guests at home (%)
Country	16	42	45
Price	69	12	17
Closure	0	0	1
Label	1	12	5
Grape	3	8	7
Medal	1	11	6
Store rating	5	5	13
Expert rating	5	10	6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

carry weight in China’s collectivist culture. Perhaps through education and acquisition of wine knowledge this might change, but currently there is no need. However, for a special occasion it becomes a small part of the decision. If your wine is a special occasion product, medals become a slightly more important choice factor and should be considered as part of a brand’s growth strategy.

It is interesting to see that occasion varies the influence of store and expert ratings. One can assume that most house guests will have no product knowledge. Therefore, if you want to impress upon them the quality of the wine, then showcasing the outlet it was purchased from will matter more as the guest will know a premium wine store as a brand. For celebrating a special occasion perhaps an expert rating, which might have more meaning to a regular imported wine drinker, will be more important.

The results show that occasion influences how decisions are made. By understanding the occasion for which a wine is purchased, retail staff in China should be able to make better recommendations and e-commerce platforms should develop algorithms that curate product offerings based on consumption occasion.

## REFERENCES

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