

# Twisting Tradition: Alternative Wine Closures

(a U.S. Study)

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# Introduction

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- ❑ Consumers are continually making choices among products without adequate information to base their purchase decision.
  - ❑ Corks have been the closure of choice for the majority of the world's wines since their introduction at the turn of the seventeenth century.
  - ❑ Until recently, natural corks were easy to remove, chemically inert with long term stability; and to many consumers a bottle sealed with a natural cork was the mark of a quality wine (Barber & Almanza, 2006).
  - ❑ Due to consumers' concern for quality and increasing competitiveness, manufacturers have turned to alternative bottle closures, such as the screw cap and synthetic corks.
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# Buying Behavior

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- ❑ Consumer evaluations of products are not entirely based on the absolute attributes or value of the product, but rather on the discrepancy between the products attributes and the expectations they have for that product.
  - ❑ In general terms, marketing theory defines a product as a collection of benefits that when put together satisfy a consumers' requirement (Spawton, 1991).
  - ❑ For the wine product these benefits include a combination of extrinsic and intrinsic values such as the style of closure, the label design, information provided, and grape varietal.
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# Marketing and Packaging

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- ❑ Packaging can be of considerable value as a competitive marketing strategy and that competitive advantage can be reached by using suitable packaging solutions.
- ❑ Some US wineries depend solely on their packages label or style of closure to attract or persuade consumers to purchase, while others rely on advertising in the form of printed material.
- ❑ With an ever more crowded and confusing retail shelf, the "work" that a wine package must do to generate sales and create a favorable brand perception has increased dramatically over the past 10 years.

Think Coca-cola, Pepsi, etc.

The wine industry is beginning to recognize this.

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# Marketing and Packaging

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- ❑ Style of closure adds directly to the look of the product and is considered by most consumers as a direct reflection of the quality of the wine.
  - ❑ Examples such as screw-tops and Zork closures, non-glass containers, large formatted bottles or boxed wines have indicated a lesser quality product to consumers.
  - ❑ US research has found the type of closure significant to the choice of wine, with cork closures considered an indication of quality, while screw tops as an indication of a lesser quality wine.
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# Problem with Cork

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- ❑ A major consumer survey in 2004 on American consumer attitudes towards cork stoppers and screw caps, found two-thirds of the respondents preferred to buy wine with a cork stopper, while 52 percent rejected screw caps (Kitsap, 2006).
  - ❑ Increasing awareness by consumers of problems associated with natural cork closures, such as “cork taint”, has focused wine manufacturers to seek alternative packaging.
  - ❑ While synthetic corks and screw caps may be functional alternatives to cork they create other serious problems, such as poor brand image and the potential inability for long term aging, thereby creating reluctance by wineries to use these alternatives.
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# Alternative Closures

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- Alternative wine closures were developed as substitutes for sealing wine bottles in place of traditional cork closures. The emergence of these alternatives has grown in response to quality control efforts by winemakers to protect against cork failure with nearly 5% - 8% of wine produced world wide undrinkable because the natural cork fails in some fashion (Barrie, 2005).
  - Today there are many alternative wine closures available for use in place of natural corks. Examples of these alternatives are molded synthetic plastic cork and the screw cap.
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# Alternative Closures

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- ❑ Synthetic corks are made from a polymer derivative and are free from the problems associated with wood cork breakage and crumbling. Yet the real benefit of the synthetic cork is that they are free of cork taint while being the least expensive closure to make.
  - ❑ The main concern with plastic corks is they start to leak after a year, resulting in premature aging and can be difficult to open, especially for wait staff at a diner's table, due to the tightness in the bottle (Robertson, 2003).
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# Alternative Closures

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- ❑ Screw cap closures have been used by wine makers in Australian and New Zealand, across most price ranges, for decades (Fosters, 2006; Tinney, 2006)
  - ❑ The screw cap is effective and will not cause cork taint when utilized and the bottle can be easily resealed by screwing the cap back on to the bottle.
  - ❑ However, consumers have associated screw cap closures with extremely inexpensive jug wines or non-fine wines, most often with a reputation of poor quality (Fosters, 2006; Tinney, 2006).
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# Consumers' Behavioral Filters

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- ❑ Research in consumer behavior has focused on how buyers handle anxiety in purchase situations.
  - ❑ The concept most often used by consumer researchers to define perceived risk involves the *uncertainty* and adverse *consequences* of buying a product or service (Dowling & Staelin, 1994; Gemunden 1985).
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# Consumers' Behavioral Filters

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- ❑ Perceived Risk and Self Confidence. Perceived risk creates a state of caution or risk aversion and often leads to a variety of risk handling strategies such that beyond the attributes of the wine or the situation involved in the purchase, different consumers will choose wine differently because each has a level of risk that is acceptable to them.
  - ❑ Risks include functional (taste), social (acceptance), economic (price/value), and the psychological aspects of a product purchase
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# Consumers' Behavioral Filters

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- Situational Use. Situational use is an important consideration in consumer purchase decisions and has encouraged an alternative approach called “person-by-situation interactionism”.
  - This concept is based on the premise that the person/situation interaction accounts for considerably more variation in consumer behavior than do either individual or situational factors alone (Belk, 1974; Hornik, 1982).
  - For example, according to Hall, Shaw, Lascheit, & Robertson (2000) and Lockshin (2003) a person purchasing wine for a romantic dinner or to celebrate a special occasion may seek different product attributes, such as high price, than one purchased for individual consumption at home.
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# Consumers' Behavioral Filters

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- Consumers' Knowledge. Consumers' knowledge about a product plays an important part in the purchase decision and has been examined in several marketing and consumer research studies (Bettman & Park, 1980; Brucks, 1985; Dodd, Laverie, Wilcox, & Duhan, 2005; Rao & Monroe, 1988; Sujan, 1985).
  - These studies defined consumer knowledge as the experiences and familiarity that a consumer has with a product before an external search occurs. Objective knowledge and subjective knowledge are two of the distinct components of consumer knowledge behavior.
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# Consumers' Behavioral Filters

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- *U.S. Consumer Demographics*. Wine has become the beverage of post-war Baby Boomers, especially with women who opted for wine over beer and spirits.
  - Nearly half of females prefer wine over other alcohol beverages while a quarter of males prefer wine, up from 16% nearly a decade ago.
  - Wine consumption by age group has also changed during this period of time, with wine consumption increasing in the 50 and over age group, with consumption by the under 30 age group remaining flat.
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# The Purpose of this Study

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- To examine how gender, situational use, knowledge and the levels of consumer self confidence interact with attributes of wine closures and which of these attributes consumers rely on when making a wine purchase.
  - Also, to investigated the demographics (such as income, age, education and employment) of respondents and their levels of self confidence and knowledge.
  - Understanding the wine consumer and their preferences will further benefit wine producers, marketers, food service establishments and retailers.
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# Methodology

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- Self-administered web based questionnaire assessing:
    - demographic characteristics
    - Consumer behavior activities
    - Psychographic information
    - consumer knowledge (both subjective and objective)
    - wine preference (red or white and varietal preferred)
    - closed-ended five-point Likert type scale questions with 5 equal to “strongly agree” and 1 equal to “strongly disagree”
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- 4 new variables were created:
    - Overall knowledge
    - Subjective knowledge
    - Objective knowledge
    - Overall self-confidence
  - Postcards were created and included
    - The website address
    - Instructions
    - Unique pin number
  - Data was collected for this study in Texas
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- A pilot study was conducted
  - A convenience sample:
    - retail establishments
    - wine events was utilized
    - total of 675 postcard distributed
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# Results

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- The data were analyzed using (SPSS, release 14.0 and SAS 9.0 TS level 02M0).
    - Factor analysis
    - MANOVA
    - Post hoc if significant
  - 45% response rate ( $n = 303$ )
    - 54% male, 46% female
    - 71% preferred natural cork
    - Males did have a higher preference for screw caps and synthetic than females
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- ❑ Significant gender difference in subjective knowledge and self confidence
  - ❑ Bottle cost ranked as the most important purchasing attribute, followed by grape varietal, country of origin and then brand name
  - ❑ Males found varietal, origin and vintage more important than females
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□ Significant differences between genders:

- Females were more likely to select wines with cork for dinner parties away from and at home than males
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# Factor Analysis

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- 4 factors ultimately retained, explaining 62% of the total variance
  - Only country of origin (.542) and cost per bottle (.456) loaded below 67%
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Table 4. Factor Loading for Wine Attributes				
Variable	Factor 1 Situational Use	Factor 2 Quality of Closure	Factor 3 Subjective Knowledge	Factor 4 Packaging Attributes
<b>Closure Preference Based on Situational Use</b>				
Restaurant with Friends/Business	<b>0.86237</b>			
Restaurant with Family	<b>0.85969</b>			
Dinner Party at Home	<b>0.85101</b>			
Dinner Party Away From Home	<b>0.84936</b>			
Special Occasion	<b>0.83602</b>			
Gift Giving	<b>0.82657</b>			
Dinner With Family at Home	<b>0.81458</b>			
Every day Wine at Home	<b>0.70712</b>			
<b>Quality Importance of Closure Attributes</b>				
Because Foil covering indicates quality		<b>0.85899</b>		
Because Wax seals on a cork indicate quality		<b>0.82981</b>		
Because Cork seals are an indication of quality		<b>0.80507</b>		
Because Screw top seals indicate cheap wines		<b>0.78006</b>		
<b>Level of Subjective Knowledge</b>				
I do not feel very knowledgeable about wine			<b>0.86092</b>	
I know less about wine compared to most other people			<b>0.79318</b>	
I know a lot about wine			<b>-0.73254</b>	
I am one of the 'experts' among my friends			<b>-0.73784</b>	
<b>Importance of Packaging Attributes:</b>				
Vintage of the Wine				<b>0.77401</b>
Brand Name				<b>0.67221</b>
Country/Region of Origin				<b>0.54235</b>
Cost per Bottle				<b>0.45600</b>
Percent of Variance	0.2805	0.1501	0.1258	0.0659
Cumulative Percentage of Variance	0.2805	0.4306	0.5564	0.6223

# Multivariate Analysis of Variance (MANOVA)

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- Gender and style of closure significant to importance of situational use
    - Especially for:
      - dinner parties away from home
      - gift giving
      - special occasions
  - Females are more likely than males to choose cork as are those with low self confidence
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- Gender, income, age and closure were significant to the level of subjective knowledge
    - Females feel less knowledgeable about wine
    - Those with less than \$45K in income felt significantly less knowledgeable than those with higher incomes
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- Significant interaction effect between closure, gender, subjective knowledge and self confidence
    - Females more concerned than males with making the wrong wine purchase
  - Overall, gender, self confidence, style of closure, subjective knowledge and some aspects of situational use can significantly influence purchase decisions
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# Conclusions and further results

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- Consumers are not ok with screw caps
  - Women, more than men, are concerned with making the right choice and will choose a wine with a cork over others
    - This runs contrary to the results of Hall et al (2000) that found males as having more motivation to impress others than females
  - Consumers still consider screw caps to be an indication of cheap wines ( $M = 3.3$ ) and cork an indication of quality ( $M = 3.2$ )
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- Females more likely to consider synthetic corks as an indication of quality
  - It is likely that the American market will become more use to alternative closures, as the Australian and New Zealand markets have
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