

# CONSUMERS' PERCEPTIONS, EMOTIONAL VALUES AND THE WILLINGNESS TO PAY TOWARDS LUXURY WINE IN CATALONIA

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## Summary:

To face the increasingly saturated wine market in Spain, the small and medium-sized enterprises are taking advantage of the continuous increasing of the consumption of the high quality wines as a market diversification strategy. An interesting segment that can generate more value added is the positioning on a premium wine and/or luxury wine segment, which is highlighted as a differentiation marketing strategy. In this context, the aim of this study is to analyze consumers' personal values, perceptions, motivations and the willingness to pay for luxury wines in Catalonia. For the data collection, 157 wine consumers were surveyed in Barcelona province. Results show greater preference for organic and/or sustainable wines.

**Key words:** wine, luxury, consumers' perception, willingness-to-pay, consumers' emotions, purchase

## 1. Introduction and Objectives

The wine sector is a growing and strategic market in Catalonia and in Spain. Nowadays, in Catalonia most wine producers are small-and-medium-sized enterprises (SME) while the market is led by big-dimension companies (Escobar and Gil, 2014). SME are applying differentiation strategies towards the premium wine segment, giving more importance to wine image and highlighting the origin through their PDOs. These marketing strategies have been reinforced thanks to a rise on PDO wine household consumption occurring since 2014 (DARP, 2018). Several studies have analysed the wine consumer in Catalonia (Kallas *et al.* 2012; Kallas *et al.* 2013; Escobar *et al.*, 2018). However, there is no research regarding the premium wine segment and/or the luxury wines in Catalonia. Determining the attributes that consumers seek and their drivers to buy within this market category will help providing information to those wine cellars and SME which bet on this differentiation strategy.

## 2. Luxury wine literature

There is no a unique definition of luxury wine as many factors can influence. Luxury wine can be defined by an excellent quality, a premium price, uniqueness, scarcity, product aesthetics, authenticity, reputation and image that provide with high levels of emotional values through consumption experience (Keller, 2009; Tynan *et al.* 2010; Ko *et al.* 2017). According to Berthon *et al.* (2009) these aspects can be organized in three dimensions: (1) the objective or material, (2) the subjective or personal and, (3) the collective or social. The objective dimension consists on the material, the functionality and the presence or impression generated by a product. The subjective dimension relates consumers' personal hedonism with the product value, and finally, the collective dimension is the transmission value of it to others and to the consumer him/herself. Accordingly, luxury wines are those considered different from the regular ones. They are usually associated with a high aesthetic compound and historical, cultural and/or symbolic background that produces pleasure and are sold at a high price.

## 3. Methodology

For the data collection, 157 luxury-wine consumers were surveyed in Barcelona province between May and June 2018. For the questionnaire design, the main aspects regarding consumers' opinions and attitudes towards luxury wines were identified. The Principal Component Analysis (PCA) was carried out to estimate wine luxury indicator and analyze consumers 'heterogeneity.

## 4. Results

Table 1 shows the most valued attributes when consumers acquire a luxury wine. The main attributes identified were: wine origin, aging time and/or vintage, grape variety and wines previously tasted (in this order). This shows the importance of the region of origin and consumers' personal wine experience. Aiming to obtain homogeneous groups of variables -from the set of variables that define different luxury wine

purchase attributes-, a factorial analysis was applied. The remaining factors can be defined as (1) Organic and Proximity; (2) Prestige; (3) External image and, (4) Sentimental or personal involvement.

Table 2 shows that the most important luxury wine purchase drivers were achieving both emotionally and sensory satisfaction and feeling rewarded (self-indulge). These drivers are self-hedonist oriented rather than focused in providing a good image, power or exclusivity. A factorial analysis has been applied to group together and order these variables from more to less importance. The remain factors can be defined as (1) Social and prestige factor; (2) Personal and sensorial gratification and; (3) Personal identification and differentiation.

**Table 1. *Luxury wine attributes***

<b>When I purchase a Luxury wine I bear in mind: (Scale from 0 not important at all– 10 totally important)</b>	<b>N</b>	<b>Mean</b>	<b>S.D.</b>
Region/Country of origin	157	8,10	1,355
Aging and/or vintage year	157	7,07	2,007
Grape variety/ies	157	7,03	2,252
Previously tasted wine	157	7,01	1,946
Emotional connection with the production region/country	156	6,95	2,131
Friends or family recommendations	157	6,90	1,952
Brand	157	6,46	2,099
Alternative or crafted production methods	157	6,43	2,262
Produced by a small winery	156	6,34	2,071
Organic or sustainable wine, environmentally-friendly	157	6,34	2,249
Additional label information	157	6,04	2,36
Manual and/or selected harvesting	157	5,90	2,364
Historical and/or cultural background	157	5,85	2,415
Prestigious wine	157	5,45	2,260
Limited production/edition or hard to find	156	5,42	2,303
Medals/awards won	157	5,25	2,308
Experts recommendations (Parker guide, Peñín guide, etc.)	157	5,22	2,327
Bottle and label design, providing a luxury image	157	5,12	2,263
Sophisticated, that highlights among others	157	4,98	2,144
High/premium price	154	4,51	2,090
Previously advertised on TV, newspapers, radio, social media, etc.	154	3,52	1,910
Famous endorsers/ambassadors	152	3,15	1,729

**Table 2. *Luxury wine purchase drivers***

<b>Drivers to purchase a Luxury wine: (Scale from 0 not important at all– 10 totally important)</b>	<b>N</b>	<b>Mean</b>	<b>S.D.</b>
Emotional and sensory satisfaction	157	7,34	1,863
Sensory experience (tasting such a wine)	157	7,09	2,036
Feeling rewarded (self-indulge)	157	7,02	2,021
Consumption of a superior/premium quality wine	157	7,01	1,854
Identification with the product characteristics	157	6,28	1,983
Collecting the consumption experience (knowledge)	156	6,13	2,292
Consumption of a completely different wine from my social environment	156	5,28	2,459
Consumption of a unique, exclusive product	156	4,32	2,292
Being identified with a high social class	150	3,5	2,136
Feeling powerful	150	3,48	2,104
Provide a good impression to the social group where I belong to	154	3,3	2,139

However, luxury wine purchase attributes and drivers for consumption show high heterogeneity amongst consumers: youngsters, lower-income consumers and independent familiar situations show significantly higher values. Furthermore, consumers' personal values were also assessed. For this purpose, we used an adaptation of the Richins & Dawson, 1992 scale. Results show that the most valued aspect was to maintain affectionate social relationships, followed by self-esteem and self-realization. A factorial analysis of this scale resulted on a single factor. Having only one group, the different items' values were added up to build a new variable. By means of a two steps Cluster Analysis, luxury wine consumers were segmented into two groups, which showed high or low assessment of the personal values' 1-factor scale. Cluster 1 corresponded to those luxury wine consumers with higher emotional intensity, while Cluster 2 is the main one and represents the opposite.

Consumers' valuation of luxury wine attributes shows significant differences depending on the cluster. Significant differences amongst clusters were also found for all the luxury wine drivers. Finally, a correlation was made to determine if consumers' personal values were related to the willingness-to-pay. As table 3 shows, the maximum willingness-to-pay for a luxury wine was not related to the cluster.

**Table 3.** *Luxury wine purchase drivers*

	Average price for a bottle of regular wine	Average price for a bottle of luxury wine	Maximum price for a bottle of luxury wine
Correlation of Pearson	-0,018	0,084	0,069
Significance	0,822	0,294	0,392

#### 4. Conclusions

Considering the need of differentiation of small wine enterprises and focusing in the national market, a research was launched to determine consumers' preferences for luxury wines. Our goal is to shed some light to a non-explored segment of the wine sector, which can be useful to those minor sized enterprises that do not have the resources to make a market research, who are looking for product differentiation, and trying to position their wines in the premium and/or luxury market segment.

This study is a first attempt to study the consumers' preferences for luxury wines in Catalonia. Nevertheless, its results are preliminary and need to be further explored.

A survey was launched in the province of Barcelona in order to obtain wine luxury attributes, drivers for purchase, and willingness-to-pay. The analysis indicated that the main attributes when choosing a luxury wine were: region of origin, vintage, grape varieties and a previously-tasted wine. Furthermore, the main drivers when purchasing a luxury wine were: emotional and sensory satisfaction and self-indulging. These drives are related to personal experience and hedonism, and not to image or exclusivity. Sociodemographic variables analysis, however, have shown high heterogeneity within consumers.

Factorial analysis showed that the most important factor loading for luxury wine attributes was related to organic and local wines. Thus, and according to the literature, organic and/or sustainable attributes are to be highlighted as a respond for consumers' demand. This trend may increase in the future and should be taken into account on the winery's marketing strategy. Furthermore, factorial analysis showed that the most important factor for consumer drivers was considering its social aspect and the prestige derived from the purchase of a luxury wine. Finally, the only factor portraying the consumer's personal values, which allowed consumers' clustering, showed significant differences for luxury wine attributes and drivers, while no relation with maximum willingness-to-pay.

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