

## **Indian wine consumers- Price Vs other attribute influencing purchase decision behaviour**

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**Abstract:** *India is an emerging wine market. What do we really know about Indian wine consumer? This question is too broad to answer within the boundary of one paper. Thus the area of attributes influencing wine purchase decision behaviour is chosen as the scope of study for the paper. If we understand how consumers think while selecting a particular wine, then wine marketer can decide a better framework to decide his product offering. As Indian Market is traditionally considered as price sensitive market, this paper has made an attempt to apply this characteristic of Indian market to the Indian wine market. Today Indian wine marketer are talking about the best quality of wines produced by them at par with international wines. Wine experts are recommending taste, brands, origin of wine. But findings of this paper throws light on the price sensitivity by the Indian wine consumer.*

**Keywords:** *Indian wine consumer, attributes, purchase decision, price sensitivity*

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### **INTRODUCTION**

Changing habits of Indians in drinking have, among other things, changed fortunes of the wine industry in India. Both the Indian wine market and the indigenous wine industry are witnessing tremendous growth. Favorable and promotional government policies, higher disposable incomes and growth in foreign tourists are some of the reasons for such growth. Present consumption of wine in India is very low with the average per capita consumption at 4.6 ml. However, considering that about a decade earlier markets for wines did not exist at all, developments are positive. Wine market in India has been growing at around 30% annually over the last ten years.

Currently, the Indian wine industry is dominated by three large players who together enjoy over 90% of the total market share, although there is enough room for more players. To cater to this growing demand, some Indian wine makers have started importing foreign made wines and bottling and selling it here. Challenges for the industry include competing against global connoisseurs of wine in the Europe, improving the quality of wines in India, sustaining high growth rates and increasing consumption of wine in India.

Despite challenges, Indian wineries are promoting their produce across the globe by participating in global events. Positive outlook of the government towards this sector has tremendously helped to power growth in this sector. For instance, several Indian states, including Maharashtra, the largest producer of Wine in India, have started to provide duty exemptions that will boost wine consumption. In recent times, Maharashtra has also commissioned sanctioning of wine bars in order to promote domestic consumption of wine. Going forward, the industry is likely to witness entry of many local and foreign players which will help widen markets further.

### **LITERATURE REVIEW**

Mukund Padmanabhan in his article talks about What do Indians like to drink But do we really know? The problem is not merely that we don't have anything remotely close to a proper survey on Indian wine drinking habits. Also, the wine produced in India is not diverse enough to throw much light on consumer preferences. Yes, domestic production accounts for a little over 6 lakh cases, something like 75 per cent of the total wine consumed in the country. But despite the increase in the number of varieties, the consumer is pretty starved of choice when drinking wine produced in India. Red wine is mainly Cabernet Sauvignon, Shiraz or a blend of the two. Most whites in the market are either Chenin or Sauvignon Blanc. There is a preference for reds over whites. Sixty five per cent of the wine he imports are reds. Younger people consume a lot of wine. Over 50 per cent are within the 25 to 35 age bracket and possibly another 25 per cent between 35 and 45. In retail sales, there is a marked preference for new world wines — from countries such as Australia, Chile and South Africa. It's possible that consumers see better value in them.

Anshul Dhamija in his article Indian wine blending with desi food, says that Wine is no more synonymous with European cuisines. As Indian dishes begin to take centre stage, so are our wines complementing them. Indian wine manufacturers and restaurants are pairing wines with various Indian cuisines

and gradually this combination is even beginning to cut across borders to appeal to a worldwide audience. For the Indian palate the age old adage of "white wine with white meat and red wine with red meat" has to be altered. Wine consultant, Alok Chandra says spicy rich curries need to be had with a heavy red wine like Cabernet Sauvignon whereas food that is less spicy will need a white wine like Chenin Blanc. One reason is that white wine which is acidic in nature will not augur well with spicy food.

Manu Vipin in his article Raising a toast to Indian wine says that Upwardly mobile Indians are taking to wine drinking. Thanks to the availability of quality Indian and international brands and a high disposable income. The wine connoisseurs say Indian wine has come of age. It is a new industry and there is mass production because of the subsidy allotted by the government. There are a lot of wine floating in Maharashtra, Bangalore, Delhi and Kolkata. But it is yet to trickle down to smaller cities. So wine has a great scope in Indian market to grow.

Bhisham Mansukhani in his article Cheers to new Indian wine Over the past few years, Indians have been steadily increasing their consumption of wine. So much so that until the recent global economic meltdown, the rate of growth of the country's wine market made wine exporters from countries such as France, Italy and Australia giddy thinking about the number of cases they could drop at Indian ports. But despite the hype surrounding the wine market, the choice of local wines has been limited to a quartet of French varieties grown largely in Nashik.

Brunner and Siegrist prove that five determinants significantly influenced both consumption and spending: knowledge, bargain, recreation, age, and intellectual challenge. Except for knowledge, they were trade-offs. Consumers who pay more attention to bargains drink more wine but pay less for it. Consumers who tend to drink to make they feel comfortable consume more at a lower price per bottle. Older respondents also consume more and spend less on wine. Finally, consumers who drink wine for an intellectual challenge consume less and spend more. This trade-offs pose the real challenge for wine marketers: to get consumers who drink a lot to buy more expensive wine and to get consumers who drink expensive wines to drink more of them.

## **METHODOLOGY**

### **Objectives**

- a) To understand the wine purchase behaviour preference by consumer.
- b) To find out various attributes influencing wine purchase behaviour by consumer.
- c) To draw inferences about wine purchase behaviour of consumer.

### **Scope**

This research aims to analyze the purchase behaviour pattern of Mumbai wine drinkers, to provide marketers with an insight into the purchase choices of consumers. A profile of consumption patterns will provide marketers with valuable pointers on the type of wine preferred and the wine attributes that appeal to Mumbai wine drinkers.

**Data Collection tool-** Questionnaire

**Method of Sampling-** Snowball Sampling

**Sample Size-** 100 wine consumers

**Area-** City of Mumbai

### **Hypothesis:**

**Null hypothesis (H<sub>0</sub>)** – Price is not most important influential factor for consumer for their wine purchase over brand.

**Alternate hypothesis (H<sub>a</sub>)** - Price is most important influential factor for consumer for their wine purchase over brand.

### **Data Analysis:**

#### **Attributes for selection of Wine for Purchase**

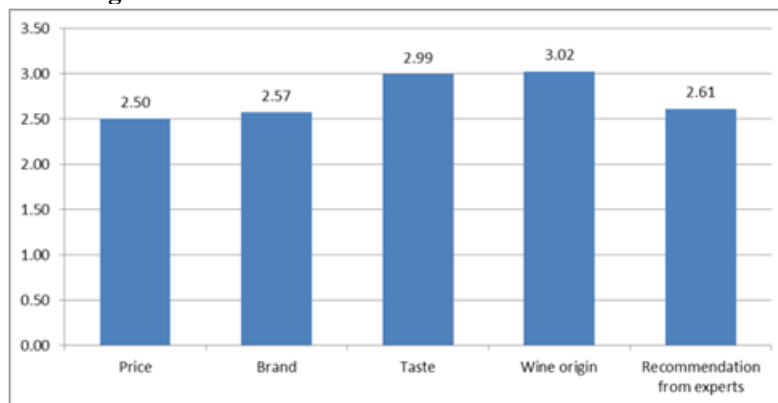
To study and understand what are the attributes that are important to wine consumers wine purchase a likert scaling question with answer having 1 to 5 scale was used i.e. 1 is Most important, 2 is Very important, 3 is Somewhat important, 4 is Not very important and 5 is Not at all important. It was given to respondent to choose one of the likert scale option for given preference options for each of the influential factor i.e. Price, Brand, Taste, Colour and Recommendation from experts.

**Table 1.1 Attributes for selection of Wine for Purchase**

	Price	Brand	Taste	Wine origin	Recommendation from experts
Mean score for preference of wine purchase by attribute	2.50	2.57	2.99	3.02	2.61

The above data is represented in the following diagram.

**Figure 1.1 Attributes for selection of Wine for Purchase**



The table 1.1 was further used to analyze respondent's mindset on wine purchasing. The table is plotted based on likert scale mean score of each influential factor where highest influential factor driving a wine purchase would have score close to lower ceiling of score i.e. *one* and the lowest influential factor driving a wine purchase would have score close to higher ceiling of score i.e. *five*. Accordingly all respondent answers had been plotted in following table which shows that wine Price with mean ranking score of 2.5 is most important or influential factor driving a wine purchase, with mean ranking score of 2.57 wine Brand is second most influential factor driving a wine purchase, with mean ranking score of 2.61 recommendation from experts is third most influential factor driving a wine purchase, with mean ranking score of 2.99 taste for wine is fourth most influential factor driving a wine purchase and with mean ranking score of 3.02 origin of wine is last or least influential factor driving a wine purchase.

### FINDINGS

Our data reveals that Price plays a major role in attribution preference of Indian wine over Foreign Wine. Respondents show attribution preference of Indian wine over Foreign Wine. Respondents prefer Indian wine over Foreign Wine For Price is 26%, For Availability is 22%, For Grape Variety is 18%, For Taste is 17% and For Quality is 17%.

#### Testing of Hypothesis:

To test this hypothesis a question having all key identified factors were ranked by consumer based on their order of preference using 1 to 5 ranks where 1 is given for most important factor and 5 least important factor considered for wine purchase.

Since the data deals with ordinal ranked data and answer grouping is against more than two groups a Kruskal-Wallis Test is used for hypothesis testing.

**Table 1.2 Mean rank score of consumers against each factor that influence decision of wine purchase.**

Ranking for Attribute preference for wine purchase	Taste	Brand	Expert recommendation	Price	Origin of wine	Total / Average total
Count of respondents	439	439	439	439	439	439
Mean rank	2.99	2.57	2.61	2.50	3.02	2.73

Square deviation from overall mean rank,

Overall mean rank ( $\mu$ ) - 2.73

Count (N) or number of respondents – 439

Kruskal-Wallis test is the measure of the aggregate degree to which the k group means differ  $SS_{bg(R)}$

$$SS_{bg(R)} = \sum N (\mu_i - \mu)^2$$

Ranking for Attribute preference for wine purchase	Taste	Brand	Expert recommendation	Price	Origin of wine
Mean rank ( $\mu_i$ )	2.99	2.57	2.61	2.50	3.02
$N (\mu_i - \mu)^2$	27.87	12.38	7.24	24.57	34.68

$$SS_{bg(R)} = 27.87 + 12.38 + 7.24 + 24.57 + 34.68$$

$$SS_{bg(R)} = 106.76$$

Number variable group questioned (K) - 5

$$Chi\ Square\ x^2 = \frac{SS_{bg(R)}}{K(K+1)12}$$

$$Chi\ Square\ x^2 = \frac{106.76}{5(5+1)12}$$

$$Chi\ Square\ x^2 = 42.70$$

Degree of freedom (df) = K-1 = 5-1 = 4

Now using following normal probability (p-value) distribution table *Chi – Square ( $x^2$ )* value 42.07 at df value of 4.

**Table 1.3**  
**Probability (p-value) distribution table**

	Probability (p-value)										
DF	0.995	0.975	0.20	0.10	0.05	0.025	0.02	0.01	0.005	0.002	0.001
3	0.0717	0.216	4.642	6.251	7.815	9.348	9.837	11.345	12.838	14.796	16.266
4	0.207	0.484	5.989	7.779	9.488	11.143	11.668	13.277	14.860	16.924	18.467
5	0.412	0.831	7.289	9.236	11.070	12.833	13.388	15.086	16.750	18.907	20.515

Referring to distribution table the last p-value closest to our *Chi – Square ( $x^2$ )* = 42.07 at df = 4 should be less than 0.001 (Refer to table values highlighted in RED above) which is less than critical p-value of 0.05 (5%). Since our p-value 0.000 (i.e. < 0.001) is less than 0.05 (p-value < 0.05) we reject null hypothesis (H0) and accept alternate hypothesis (Ha) that wine price is most important factor for consumer to decide on wine purchase.

### CONCLUSION AND SUGGESTION

Today Indian consumer is well informed about wine than before. Earlier, for consumers, types of wine means red and white. But today consumers know about definition of red wine can be considered as Sula satori merlot from Nasik is smooth on the palate..They know about type of grape, area of origin, brand, taste and expert recommendation. They love to experiment the various types of wines. But..Still price holds the major contributing factor while selecting a wine for purchase.

This price sensitivity can be reduced only when Indian wine consumer will be more educated about wine. It means more involvement in the wine as a product. Then consumers focus would shift from price sensitivity. Wine marketers should come up with frequent wine tasting sessions about their flagship brands. This would alter the price challenge in market to some extent. They should also emphasis on food and wine pairing with a particular combination of wine.

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