Growing your wine business: the value of market research

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Market Research is a systematic, objective collection and analysis of data about a particular target market, competition, and/or environment.
Why conduct research?

Conducting marketing research adds value to your business as it can help you improve your bottom line.

- **Personalise marketing communications**
  - Letters, emails or newsletters
  - Webpage, POP displays, label designs

- **Improve customer service**
  - Based on past history
  - Developing a relationship
  - Understanding customer value

- **Improved understanding of consumer behaviour**
  - Who are they? What do they buy and how much?
  - And how often?

- **Assessing the effectiveness of your marketing and service activities**
When to conduct market research

When a business is growing often you are faced with a problem or an opportunity and further information may be needed to help you make effective choices.

- **Time**
  - Is enough time available? [Yes/No]

- **Data**
  - Is the information on hand adequate? [Yes/No]

- **Benefit**
  - Does the benefit exceed the cost? [Yes/No]

If all answers are "Yes":
- Conduct market research

If any answer is "No":
- Do NOT conduct market research
Research is of value because:

**Clarifies**
- Investigates changes in the marketplace that can impact on you directly

**Resolves**
- Provides a selection of alternatives courses of marketing action to achieve key marketing objectives

**Helps**
- You gain a meaningful competitive advantage
- You to stay abreast of your markets
Be aware that research can contain error

- Poor problem definition
- Poor logic
- Improper use of statistical procedures
- Inadequate sample size
- Inadequate sample design
- Poor research design
- Poor data collection methods

Total error
You can use Secondary Data in Research

External secondary data

Is information previously gathered for some purpose other than the current research project.

The data is available free or at a cost and can be delivered electronically or in printed hard-copy format.

From industry analysis, government sources, the Internet, industry journals and magazines or academic journals.

Internal secondary data

- Your sales dockets become valuable data that can be used to give you
  - Geographical spread of your customers
  - Frequency of visits and purchases
  - Customer trends
  - Price sensitivity of customers
  - Profitability of customers

Mining your internal data
Which technique is best?

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<th>Exploratory</th>
<th>Descriptive</th>
<th>Explanatory</th>
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### How do we choose?

**The research design**
- How much information is already known?
- What type of study best suits the research question?

**Data collection methods**
- Can existing data be used to advantage?
- What is to be measured? How?
- Can objective answers be obtained by asking people?

**Designing data collection forms**
- Should structure or unstructured items questions be asked?
- Should the purpose of the study be told to the participants?
- Should a rating scale be used? What type?

**The sample**
- Who is the target population?
- Is a full list of the target population available?
- How large should the sample be?
- How will it be administered to the sample?
A case analysis of

QUEENSLAND WINE
CONSUMERS
### Comparing Queensland to the rest of Australia wine producing areas

<table>
<thead>
<tr>
<th>Queensland</th>
<th>rest of Australia</th>
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<tbody>
<tr>
<td>223 wine companies</td>
<td>2645 wine companies</td>
</tr>
<tr>
<td>1500 hectares</td>
<td>173,776 hectares</td>
</tr>
<tr>
<td>93.6% of wineries crushing less than 500 tonnes</td>
<td>13 winemakers account for 73.7% of Australia’s crush</td>
</tr>
<tr>
<td>Household expenditure on wine = $4.65 p/week</td>
<td>Average household spends $6.33 per week on wine</td>
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Why research the QLD consumer?

- Underpinning what grapes to grow
- the development of the wine
- improving efficiencies in processing
- developing marketing communications

is the consumer

Research Questions

- How does wine stack up to other alcohol beverages?
- Where are people buying their wine? How much are they paying?
- What are the top 5 reasons for choosing wine?

To be competitive new market opportunities must be identified, and existing customers must be better served and the start of the research process should be “getting to know your customer”.
Returned were 347 usable surveys: 204 (59%) female and 143 (41%) male consumers

- Generation Y are aged 18-28 years
- Generation X are aged 29-47 years
- Baby boomer consumers are aged 48-78 years
**Q:** How many occasions do consumers drink per week?

**Main Findings:**
People that drink three or four times per week are more likely to drink wine.

People that drink two occasions a week are more likely to drink spirits.
Q: Where is QLD wine consumed?

Main Findings:
Wine is consumed mainly at home or at a restaurant

Further, 55% of people said that they normally share wine with friends

73% bought a bottle of wine when visiting a QLD winery
## Favourite price

**Q:** How much is a consumer prepared to pay for wine?

**Main Findings:**
People expect cheaper wine at a bottle shop and are prepared to pay more for wine at a restaurant

<table>
<thead>
<tr>
<th>Place</th>
<th>Highest price paid</th>
<th>Lowest price paid</th>
<th>Average price paid</th>
<th>Most popular price paid</th>
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<tbody>
<tr>
<td>Restaurant</td>
<td>$60</td>
<td>$15</td>
<td>$26.50</td>
<td>$25</td>
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<tr>
<td>Bottle shop</td>
<td>$40</td>
<td>$5</td>
<td>$17.00</td>
<td>$15</td>
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<tr>
<td>Winery</td>
<td>$80</td>
<td>$10</td>
<td>$23.60</td>
<td>$20</td>
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<tr>
<td>Wine Club</td>
<td>$80</td>
<td>$10</td>
<td>$23.50</td>
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Top 5 reasons for choosing a wine

- Previous experience: 3.7
- Flavour and aroma: 3.6
- Price: 3.5
- Friends opinion: 3.3
- Wine style / grape variety: 3.1
1. **Know your consumer**
   1. Who are they?
   2. What do they buy?
   3. How often do they drink wine?
   4. How much are they prepared to pay?
   5. Who are they sharing their wine with?

   *All of this data can be easily collected at the point of sale*
Take away

2. Organise yourself to set up a customer database

- Tools for data collection and analysis are available in Office (Excel, Access, Word)

All of the necessary skills can be easily learnt
Take away

3. Market research when done properly has the potential to improve your bottom line

- Customer retention and loyalty has been shown to be more valuable than generating new customers.

*Strong argument for knowing your customers and building a relationship with them*