

Growing your wine business: the value of market research

Presented by

Doren Chadee and Karen Miller

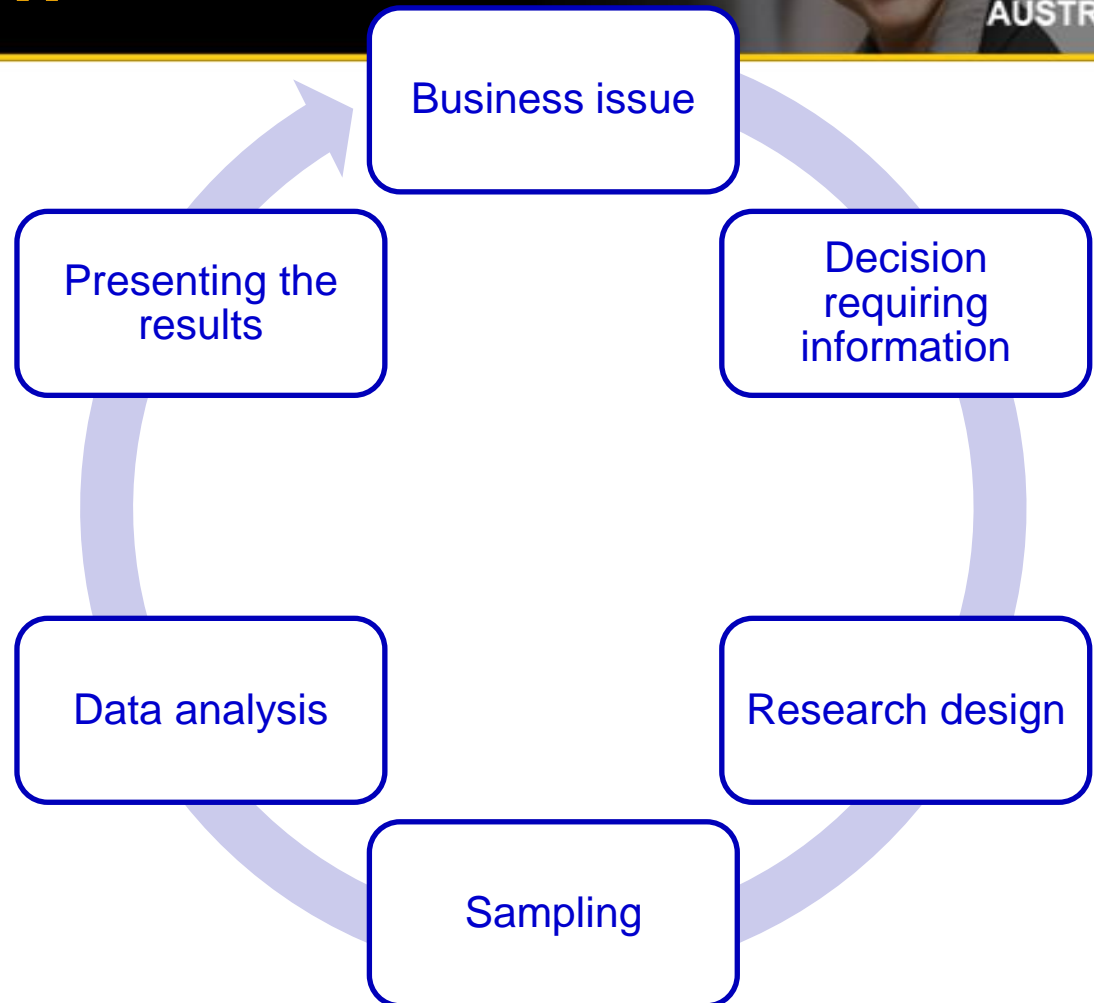
School of Management and Marketing, Faculty of Business

University of Southern Queensland

miller@usq.edu.au

Market Research

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?

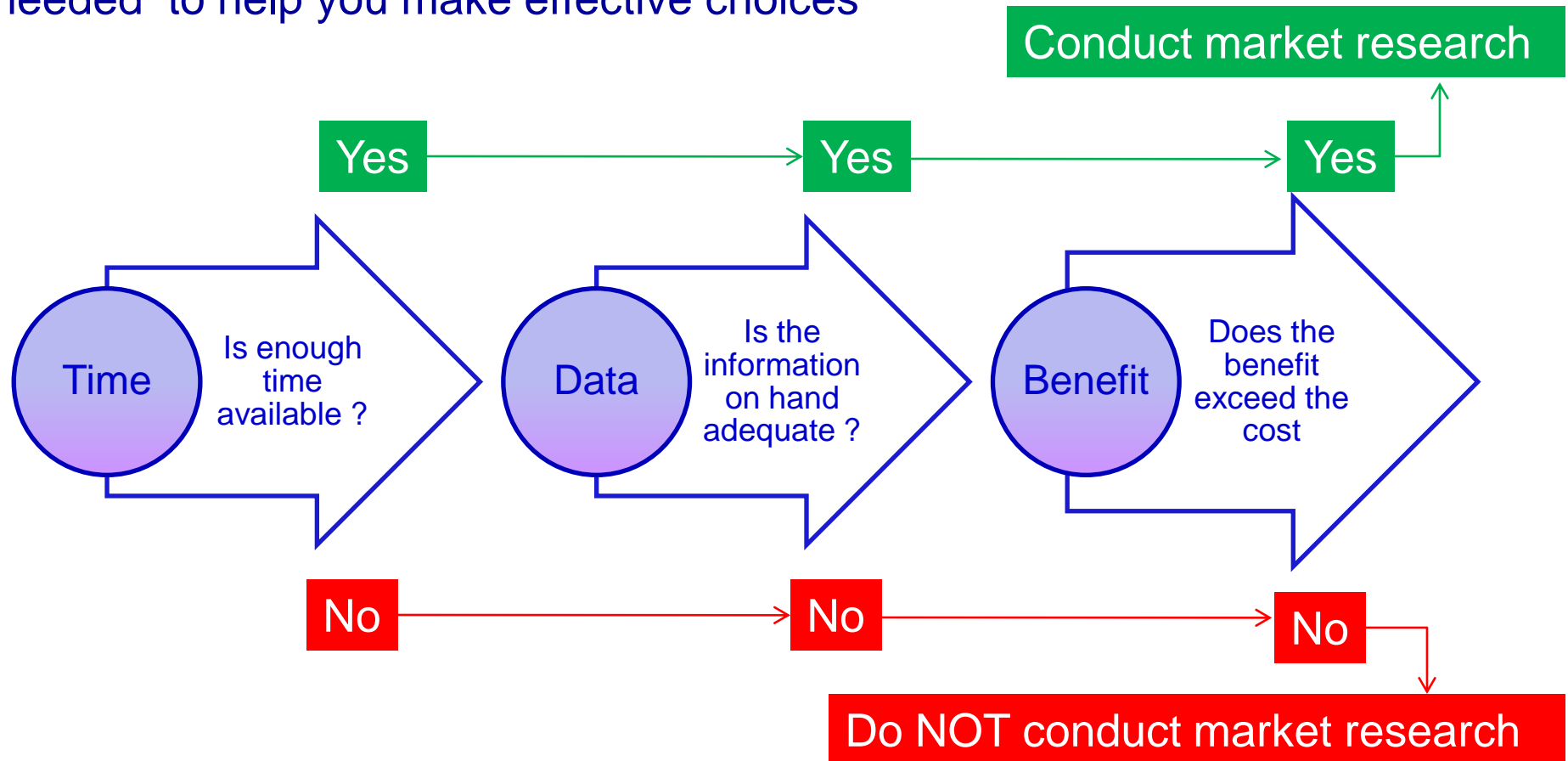


Assessing the effectiveness of your marketing and service activities

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



Research is of value because:



Clarifies

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

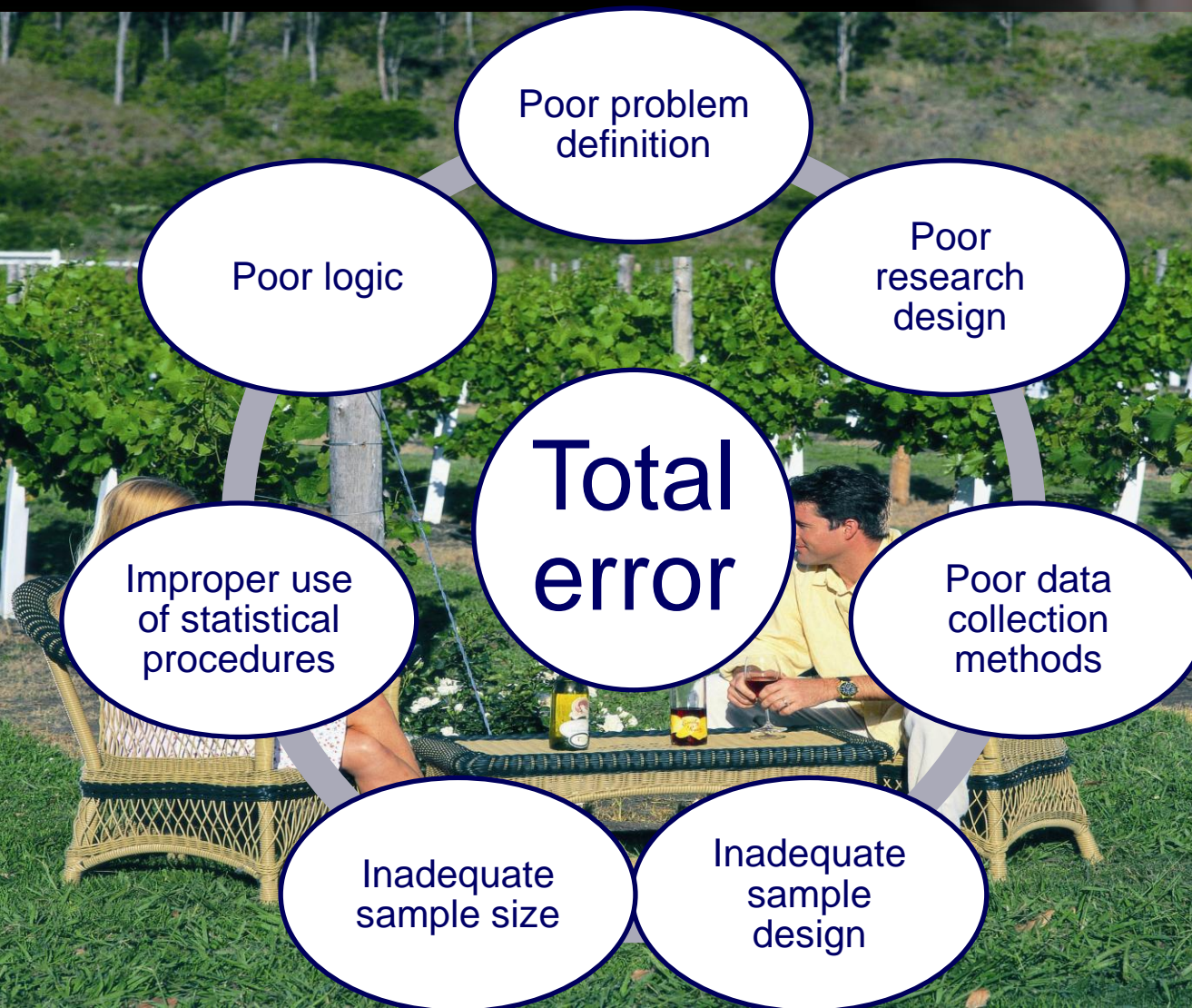
Resolves

- 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



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?



Exploratory

Historical research

- Journal articles
- Industry analysis

Secondary research

- Industry
- Government
- Internet
- Magazines

Qualitative

Descriptive

Qualitative

- Case studies
- Interviews
- Projective techniques

Quantitative

- Questionnaires
- Interviews
- observations

Explanatory

Questionnaires

Experiments

- Field
- Laboratory
- Observation



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



Queensland

- 223 wine companies
- 1500 hectares
- 93.6% of wineries crushing less than 500 tonnes
- Household expenditure on wine = \$4.65 p/week

rest of Australia

- 2645 wine companies
- 173,776 hectares
- 13 winemakers account for 73.7% of Australia's crush
- Average household spends \$6.33 per week on wine

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

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”.



Participants in the study

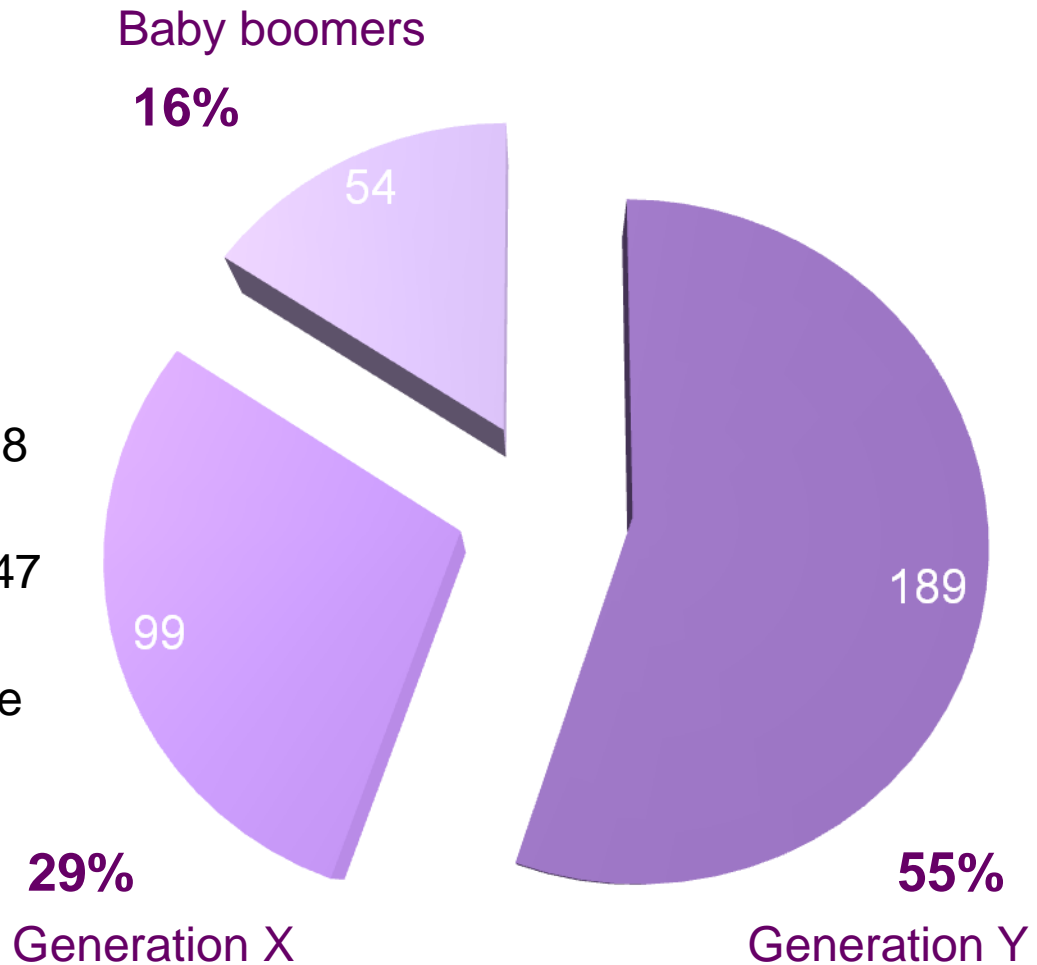
Returned were 347 usable surveys:

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



Alcohol consumption frequency

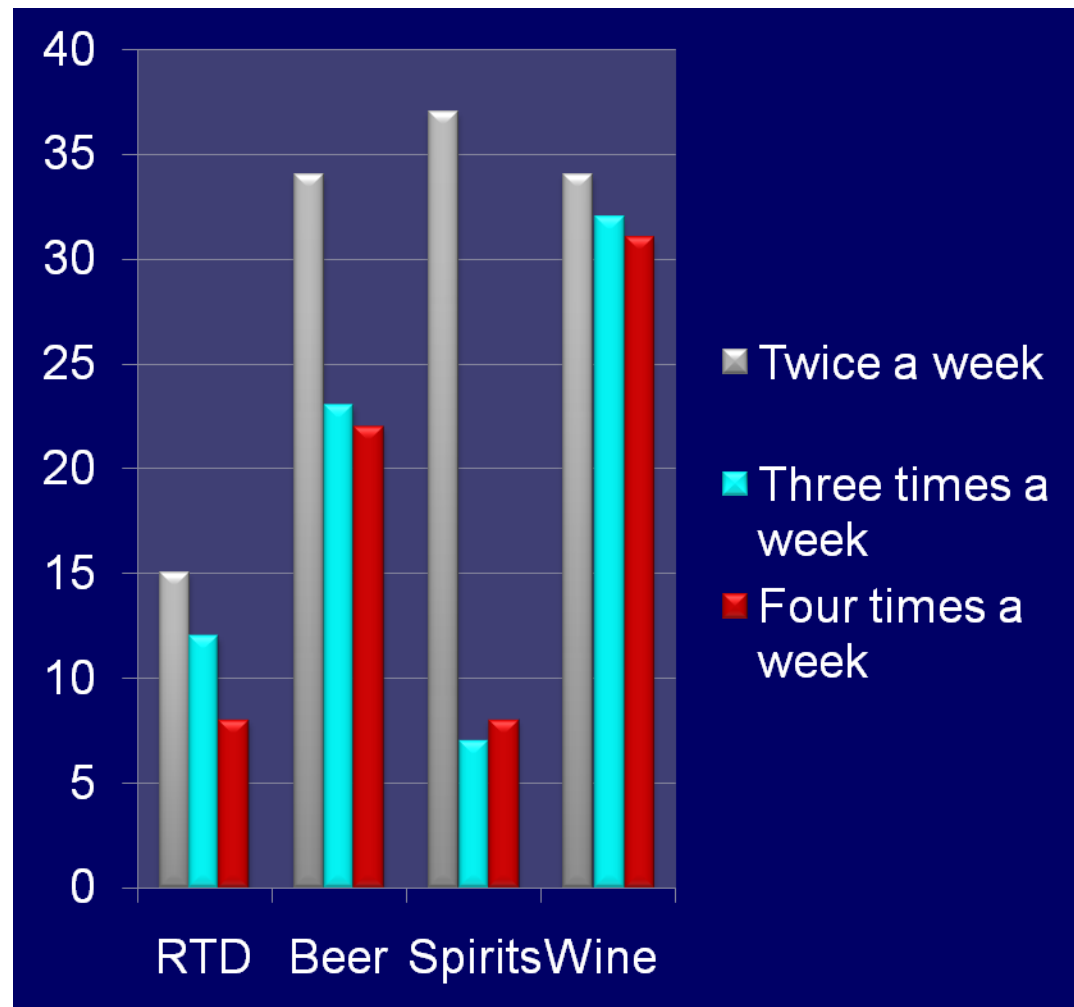


Q: How many occasions do consumers drink per week?

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



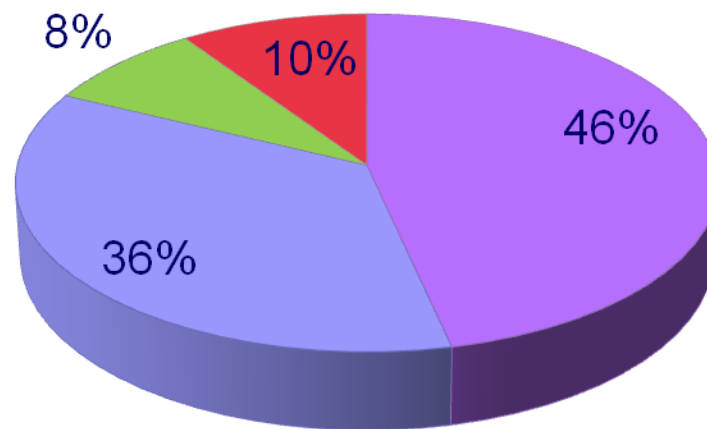
Where are Queenslanders buying their wine?

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



location

- Home
- Restaurant
- Club
- Pub

73% bought a bottle of wine when visiting a QLD winery

Favourite price

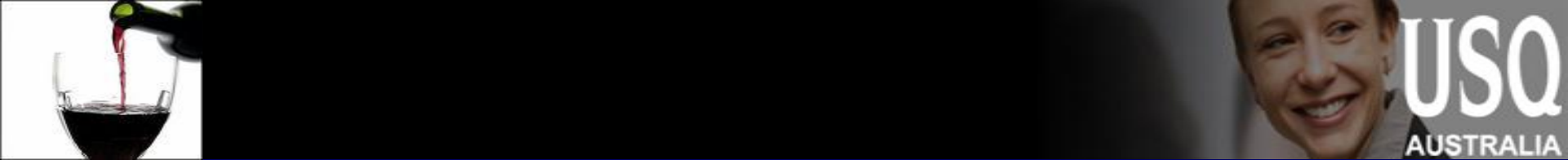


Q: How much is a consumer prepared to pay for wine?

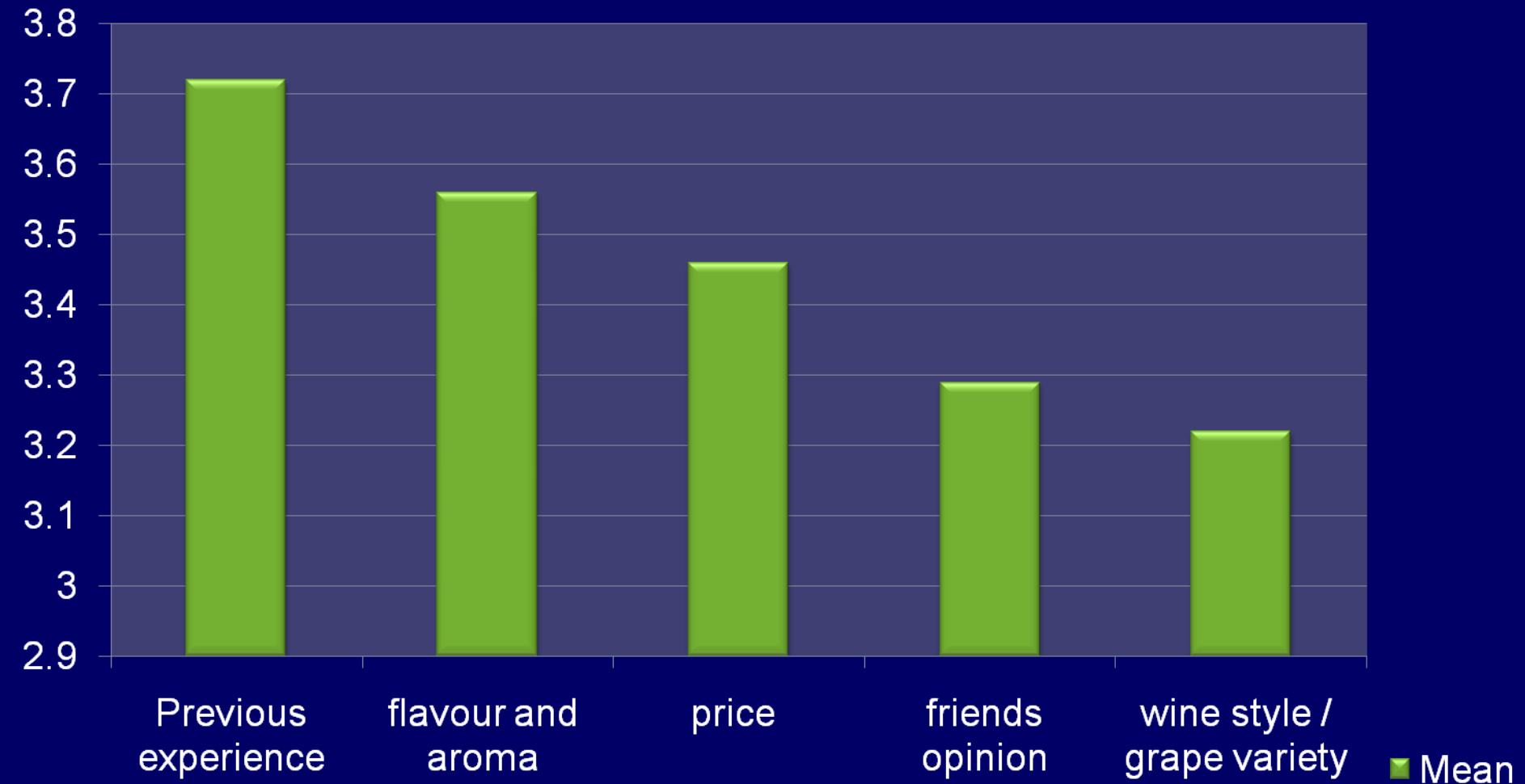
Main Findings:

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

Place	Highest price paid	Lowest price paid	Average price paid	Most popular price paid
Restaurant	\$60	\$15	\$26.50	\$25
Bottle shop	\$40	\$5	\$17.00	\$15
Winery	\$80	\$10	\$23.60	\$20
Wine Club	\$80	\$10	\$23.50	\$20



Top 5 reasons for choosing a wine



Take away



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

2. Organise yourself to set up a customer data base

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

All of the necessary skills can be easily learnt

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