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## ANALYSIS OF BUYING HABITS - WINE SEGMENT

### Abstract:

On a market with high supply offer segmentation cares extremely high importance. Wine is characterized as highly complex product and possibility of segmentation is extremely large. To insure detailed analysis it is essential to take in count all starting points of segmentation. Demographic factor can help with the analysis but wine as a product demands as specific approach as possible to ensure relevant conclusion.

Wine promotion and market communication without detailed analysis based on a market segmentation cannot give any reliability for a success. Market acknowledges high segment of bought buyers profiles and product offers. To meet bought wishes communicating with buyers is essential.

### Keywords:

Wine; marketing; promotion; sale; segmentation

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## Wine marketing

The law recognizes wine as an agricultural food product obtained by complete or partial alcoholic brewing of mulch from fresh and for processing ready grapes [1]. It is a complex product that can independently satisfy needs of a consumer but equally complement the other products. Purchase can send equally strong message of opposing social status (from deviant behaviour to luxury). For centuries present this product diversifies itself from the same products on a highly competitive market. Although the technological process of production is largely standardized, small changes in production (breeding, storage) can make big differences in final production.

Wine supply market recognizes a high level of competitiveness. High choice in offer reduces the time a customer is willing to dedicate to the individual brand, so manufacturers are forced to further diversify their product (compared to other brands) with intent to attract consumer attention. To achieve better market communication standardized elements of a promotional mix can be used by producers to gain as best market position as possible.

Marketing is a process that begins with the idea of need and ends with the feeling that a user achieves by satisfying his desires. It is traditionally divided into four components (product, price, distribution, promotion) and the ultimate goal is to strive to meet customer and manufacturer needs at the same time. Success can be measured by compering costumer experience ageist their opportunity cost. The notion of marketing is often identified with its basic component of promotion, which is by no means true. Promotion makes just one quarter of total marketing mix and its purpose is to enhance communication between the manufacturer and the buyer, boosting the interest in the product with the aim of increasing consumer

engagement when choosing. The most important component of involvement is precisely the interest in the product itself and with the higher interest from the consumers, its involvement in making the purchase decisions, related to particular product, is higher [2].

In order to meet the customer's needs with the goals of producers marketing strategy relies on its basics elements (known as a marketing mix) that include marketing strategy elements over which the enterprise has control[3]. As noted earlier, wine is a highly complex product that competes in a highly completive supply market. To unfamiliar customer differences between products can be almost imperceptible and wine can be a perfect substitute to its self. In order to make probability of market analyse more relevant, regarding advantages and disadvantages of individual product and its comparative advantage of communion with a customers, it is essential to divide entire market to more compact homogeneous segments.

## Segmentation

The term segmentation of the market implies the task of dividing the overall market (which is usually too large for serving) on segments that have common features [4]. The purpose of the segmentation is to centre the focus of the analysis, reducing the total amount of possibilities on to a logical units with the aim of achieving a more lucrative perspective. This approach to market research results with a higher level of precision and by combining deduction and induction method of analysis it gives more practical conclusions. It is necessary to differentiate the concepts of market research and market monitoring. Market research, in the narrow sense, means a process with a specific goal while market monitoring implies a continuous collection of data in order to analyse the current state[5].

Approach to segmentation can be accessed from several different starting points, depending on the end goal of the research. For example segmentation can be made on a market or the product, production goods or the services, supply or demand etc. Regardless of which criteria is being used, regardless of starting point in observation and analysis, the conditions of measurability, differentiation, comparison and grouping must be met. This makes basic criteria of any segmentation process.

Acknowledging more homogeneous units of the observed group with the aim of analysing and making relevant conclusions is further complicated by the fact that the final decisions are driven from the complexity of human personality. The purpose of market research is to define target groups of consumers towards which, ultimately, communication is directed. Most often, consumers are divided by demographic parameters (gender, age, education, place of residence, work status, etc.) through which the benefits and disadvantages of the product or market are further analysed.

Elaboration of the segmentation and the choice of the target market clearly suggests that the high quality segmentation, carried out in a professional sense, according to the appropriate rules and procedures, and the proper selection of a market segment where the company can be more successful than others, is the main starting point in the process of creating more favourable market positions in competitive environment [6].

As previously emphasized, wine is essentially complex product in its essence, and if we add

challenges posed by the market competition it clearly imply that segmentation, with the goal of achieving the better market position is indispensable. Analysis of wine offer market can be accessed from the position of producers, customers, trades, crafts, and the like. The starting point of weaving overall market has too many variable for listing and it depends on the ultimate goal of one that is making segmentation analyses.

One of the basic divisions, though perhaps not the most common in practice, is the dividing wine using Wine Law:

- 1) wines in the narrow sense of the word: (still wine, sparkling wine, pearl wine)
- 2) specialty wines: (desert wine, aromatized wine, liqueur wine)

Insight into the literature has shown that this commodity is most often recognized by the origin of the country (foreign, domestic), the origin of the producer (region, sub region, vineyard), color (white, red, rose), quality (table quality, top quality), sugar content (dry, semi-dry, semi-sweet, sweet), grape varieties (Graševina, Malvazija) etc. These differences are only a part of the possibilities in market segmentation of wine and observed only from the product point of view.

This product can also be analyzed from a consumer perspective. The market can be divided according to demographic metrics, preferences and motivations of purchase and consumption. According to earlier research, we found a breakdown according to the description of wine consumers [7].

Prestigious consumers	high purchasing power and high brand susceptibility
	urban men and women - 30 to 40 years
	make up 2.4% of the total market and are often consumers of wine
Experts	high purchasing power and average brand sensitivity
	urban men aged 45 to 55, married with children

	account for 6.2% of the total market
Traditional consumers	average purchasing power and the average sensitivity to the brand
	equally urban and rural men and women, 30-55 years old, married with children
	largest segment in continental Croatia is 41% of the total market
Hedonists	average purchasing power and great brand sensitivity
	younger urban women aged between 25 and 35 without children
	make up 8% of the total market
Saver	average purchasing power and low sensitivity to the brand
	urban and rural men and women, 40-50 years old, married with children
	make up 37% of the total market
Modest	low purchasing power and low sensitivity to brands
	inhomogeneous group - two subsystems:
	younger population - students
	old retired men
	make up 5.4% of the total market

Table 1. Segmentation of the wine market in continental Croatia

In such a thick system of choices, we differentiate between buyers who have earlier preferences for certain brands, and those who decide in a financial opportunities, those who are motivated by additional conditions (if they buy for the purpose of gift giving, complementing dishes, and celebrations).

### Research methodology

The survey was conducted on the principle of online questionnaire using LimeSurvey platform. The geographic factor was neither a precondition nor a factor of conditionality. Participants were those who consumed wine and are of age (more than 18 years old). Both sexes had the same opportunity to be represented.

The questionnaire is composed of two parts. The first part is related to the demographic issues. The second part of the questionnaire referred to preference when selecting wines for a purchase. Questions are formed to gain insight into the part of the purchasing habits of people who enjoy this product.

The questionnaire consisted of selecting answers on the principle of one option, multiple possibilities and Likert scale. Elements of descriptive statistics were used as analysis method. Data analysis was observed through central tendency measures using Microsoft Excel.

A total of 79 respondents participated in the survey questionnaire, of which 8 did not fully complete the questionnaire. In order to minimize the possibility of error in the analysis, we used only fully completed questionnaires.

### Research

The survey questionnaire was fully completed by 71 people. Of the total number of surveyed participants, 35 were female and 36 male subjects. The distribution of respondents by age showed that the largest cluster belongs to grades between 26 and 35 years and 36 to 45 years.

18- 25 years	7,46%
26- 35 years	41,79%
36- 45 years	31,34%
46- 55 years	8,96%
56- 65 years	7,46%
66+ years	2,99%

Table 2. Distribution by age

Daily	5	7,04%
Per week	24	33,80%
Per month	17	23,94%
Only on special occasions	25	35,21%
No answer	0	0,00%

Table3. How often do you consume wine

Analysis of how often respondents consumed wine 25 (out of a total of 71) showed that they only enjoy it on special occasions while only one respondent less shows weekly consumption of this product.

Purchasing channels for buying wine showed that just over 81% of the respondents uses the super market offer, 35.21% directly buy it from the manufacturer, while the two of them use on-line procurement system. Rubric "Others" showed that wine is most often receive as a gift from business partners.

Cluster of questions: "When buying wine (for personal needs) what are you paying attention to?" answers was offered in Likert's scale (1-it does not matter to me, 2-proportionally It has a little importance, 3- It has nither some of none importance, 4-proportionally it has importance to me, 5-It's important to me).

A total of 52.11% respondents stated that price during the selection was relatively important. The

Total of 58 respondents are currently employment whereas 13 of them, at the time of the survey, were not employed.

When asked "How often do you buy wine?" A total of 46.48% of respondents stated that they only purchase it in special occasions while in second place (35.21%) stated answer was that their monthly frequency of wine buying was the most frequent.

Daily	1	1,41%
Per week	7	9,86%
Per month	25	35,21%
Only on special occasions	33	46,48%
Other	5	7,04%
No answer	0	0,00%

Table 4. How often do you buy wine

price class that is most often chosen by respondents with 52.11% of total answers is the one up to 50 kuna while the second place with 46.48% is up to 100 kn.

The division of wine by the quality (table, high quality, top quality) for 52.11% of respondents makes a relative importance, while on the question "The division of wine by color (black, white, rose)" as a very important characteristic when wine selection is being done had as high as 73.24 % of respondents.

A high level of sensitivity to domestic production was reported by 95.77% of respondents (indicating that they prefer domestic production), which is consistent with the answers to the question of preferences related to the origin of wine (domestic or foreign) - as extremely important for many as 77.46% of respondents in favour of domestic products.

Appearance and design of labels proved to be not so relevant factor when selecting wines. "It does not matter to me either, nor does it matter to me"

answered 30.99, while the answer "proportionately important" to 38.04%.

The question "Which wine packaging you prefer" shows the response that 77.46% of respondents prefer bottled packaging in 0,75 litter volume.

## Discussion

The economic branch of grape and wine production in the Republic of Croatia has a century-old tradition. The high level of knowledge and competence by wine producers, the positive climatic conditions for vine production and the freedom of imports (with membership in the European Union) enable a high level of wine offer in a Croatian market. All market participants, under the aforementioned conditions, strive to maximize their product and through marketing mix to improve their communication with customers. At the level of such a high offer, it would be unwise to expect that customers will remain long-term loyal to one brand so producers need to put continuous efforts to keep focus of the consumer on their product.

By making analysis of buying habits in the supply and demand segment of wine it can be possible to understand customer preferences. Market segmentation facilitates the selection of communication resources with customers while market research allows predicting and / or tracking trends in the market.

The aim of this research was to obtain indicative parameters describing habits when buying wine. Through the analysis of the survey questionnaire we gained insight into the general motives that make the customers aware of this product.

Indicative is the partial disproportion of buying and consuming frequency of wine. It has been shown that respondents usually consume and buy wine on special occasions. The answers are matched in this segment until the secondary cluster shows significant disagreement and there is a significant weekly consumption but a monthly purchase.



Picture 1. Compare Purchase and Consumption

The importance of buying and consuming wine on special occasions has promising features for a more detailed future research.

Retail chains have proven to be the most convenient distribution system for customers. The surveyed wine consumers have shown that they are most likely to decide on this wine procurement system, even though there is a relevant segment (between analyzed respondents) of buying directly from the supplier. While we live in the era of digitization and developed e commerce surprisingly low purchase level using the on-line purchase system. Analyzing this response group opens the possibility of additional research with the aim of inspecting motives for avoiding on-line purchasing and / or resorting to purchasing in the retail system.

According to previous research, it was confirmed that wine consumers prefer domestic production in comparison with import wines. It has been proven that there is a preference and motivation to select wines from domestic production, but only if they match the quality with foreign competitors [8]. More than three-quarters of the respondents expressed great importance when considering the origin of the producer and among all the respondents (in this survey questionnaire) indisputable preference of domestic producers was acknowledged.

By analysing issues that responses placed on the Likert scale, one can get an insight into the motives that determine preference when purchasing wine.

	Price	Quality	Color	Origin	Design	Packing
It does not matter to me	0	3	2	4	6	6
Proportionally it has a little importance	10	2	5	3	13	8
It has neither some of none importance	17	12	12	9	22	13
Proportionally it has importance to me	37	37	24	26	27	28
It's importance to me	7	17	28	29	3	16

Table 5. Preferences when selecting wines

The importance when purchasing wine according to the color and origin of wines shows to be extremely important, while the importance of the qualitative division of the product take second place. The results are not surprising, and it is possible to conclude that the primary reference to customers is affinity according to the color of the wine. This motive could be further explored, but it is indicative that precisely this motif determines the initial starting point of the selection.

## Conclusion

The questionnaire was not large enough to make general conclusions that can be applied to the overall market but the indications of its analysis are not questionable. This research can be used as a guideline for further detailed research and analysis. The significance of the food processing industry in relation to the total processing industry is reflected in the fact that even about one quarter of the value of the indicator refers to the food processing industry: the number of persons employed (24%), turnover (32%), added value (%), gross operating

surplus (30%). The number of enterprises in the food processing industry is 16 percent compared to the total manufacturing industry[9]. The expressed affinities towards wines derive from domestic production, while the emphasis on price, color and product qualitative sensitivity can be used as a guideline for market decision making.

Market segmentation and diversification of products in the high offer system are necessary for manufacturers that want to sell their products more easily. The lack of online shopping preference indicate that the buyer are still relenting on sensations (by sight) when choosing a wine. Keeping in mind these parameters, manufacturers can further work on the position of their products on the retail shelving system.

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