

This region is your region, this region is my region ... but does anyone else care?

Larry Lockshin

The issue of regionality and the origin of wines has become one of the most important issues facing Australia and the rest of the winemaking and consuming world.

This sounds like a big statement, and I meant it that way. The drought seems to be forcing a long-term reduction in the amount of grapes available for Australia's popular premium brands at the same time as the new *Directions* strategy is raising the focus on higher priced regional wines. We seem to have taken the stance that promoting the region of origin of Australian wines will create sales of higher priced wines. This outcome hinges on whether region matters to wine buyers.

Previous research done by the Wine Marketing Group showed that *region* does play a part in the decision making of Australian consumers when they look at wines over \$15 per bottle. In these experiments we tested well known versus little known Australian regions. The major problem faced by wineries seeking to promote their region as part of the allure to wine buyers is the lack of awareness of most wine regions.

In 2003 we conducted a regional awareness study for the Australian Wine & Brandy Corporation of people who drank wine at least once a month. Just a few weeks ago we conducted a new study of the same target audience in Australia. Both were random national samples. Participants were asked to name as many wine regions as they could. Only two Australian wine regions had unaided awareness above 60%—Barossa at about 75%, and Hunter at about 65%. Margaret River was just below 50%, with the next highest region, Yarra Valley, with 25% awareness. No other region had above 20% unaided awareness.

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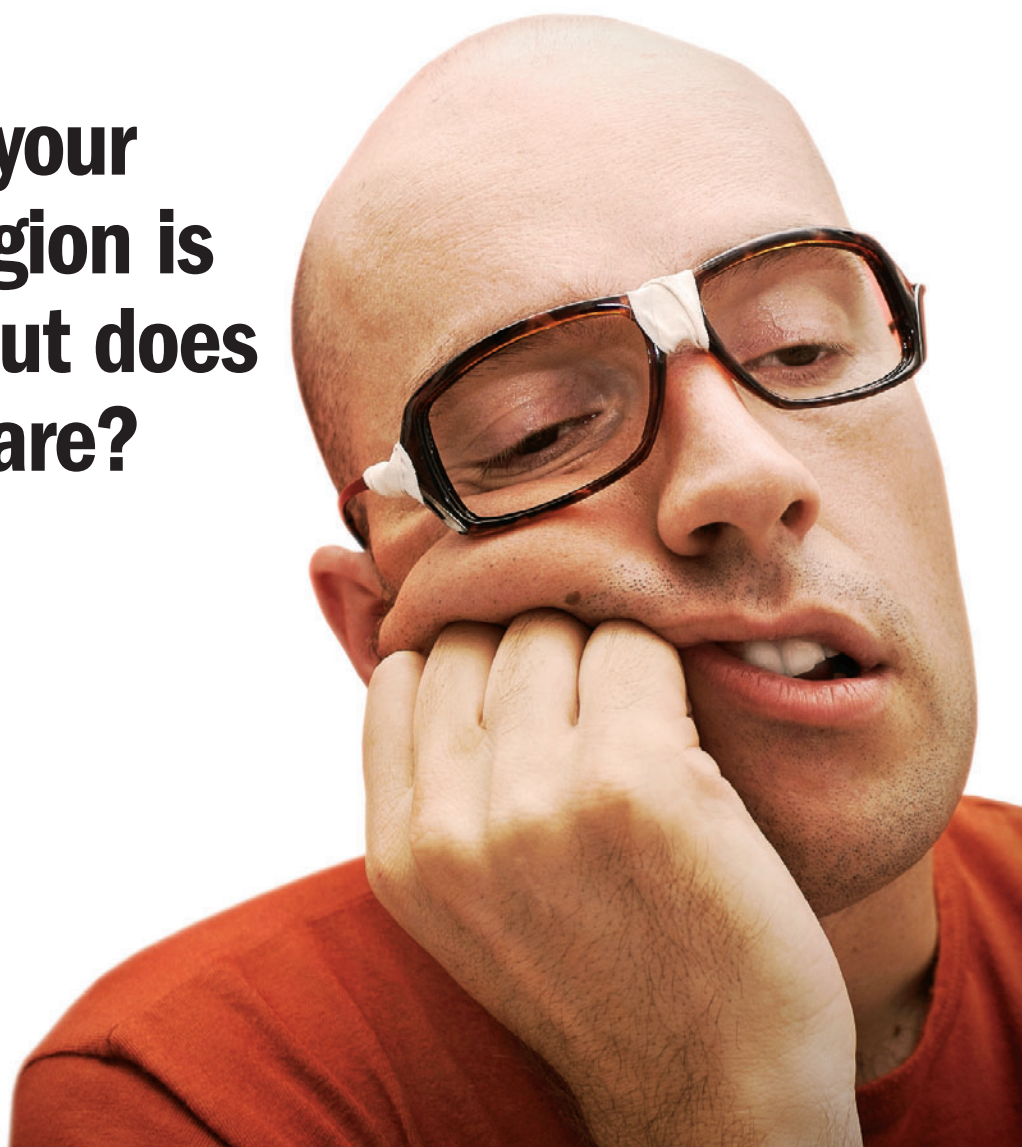
A recent article in *WBM* highlighted the public relations work being done for the McLaren Vale wine region. The authors pointed to large increases in the number of articles and mentions of the region in a wide range of media. This has been accompanied by a series of major wins for McLaren Vale wineries and winemakers in both national and international areas. So, what did our data show? McLaren Vale had an unaided awareness of only 14%, down slightly from 17% in 2003 (which could be just a sampling error). McLaren Vale was slightly lower in both surveys than Coonawarra and Clare Valley.

These results point out two main issues. The first point is the time it takes to create high brand/regional awareness. The Barossa and Hunter Valley are two of Australia's oldest wine regions. Coonawarra and Clare also have long histories. Margaret River has gotten good publicity for 25 years or more. Regions like McLaren Vale have been working hard to gain awareness and even winning a large share of awards for top wines, yet its awareness was not even 20% in

our latest sample of more than 700 Australian wine drinkers. It takes a long, consistent effort to create awareness of a wine region or a brand.

The second issue is just how few regions most wine drinkers know. The average Australian wine drinker can name three wine regions. This means some can name more, but just as many can't even name three. *Region* may be important in wine choice at higher price points, but first the name has to be salient, that is in the buyer's mind in the purchase situation. The outcome of this situation is the same for brands or regions. It is a well-known phenomenon called 'Double Jeopardy'. This empirical 'law' has been found in everything from television program viewing to toothpaste purchasing to vacation destinations. Double Jeopardy means small brands (regions, destinations, etc.) suffer twice. They have fewer buyers, which of course is why they are small, but those buyers are also less loyal—they buy less frequently from these smaller brands.

I know many readers will protest and



say, “But I have loyal customers, who buy every year from me, even though I am small.” This may be true, but these buyers are the exception in the big picture. Small wineries can get by with encouraging direct sales through mailing lists or the internet, and the relatively few that have strong reputations, can sell most of their wine this way. But our research shows these effects are amplified if the small winery is from one of the best-known regions. Low awareness regions have many fewer of these ‘icon’ wineries.

Now, back to Double Jeopardy. Our research using 5,000 consumers’ year-long purchase records shows that the more well-known regions have higher than predicted repeat purchase and most of the lesser-known regions have lower repurchasing than we would predict for their size. This is called ‘change of pace’ where the less known brand/region is purchased for a change of pace from the bigger, better known ones, but the buyer then returns to the better known brand or region. As I said this ‘law’ has been shown across hundreds of product categories and purchase decisions.

So, what can smaller regions do about it? Research shows that the only way to get out of the Double Jeopardy phenomenon is to grow. McLaren Vale is doing the right thing by using professional public relations to gain awareness. It just takes a lot of time and repetition to change people’s perceptions, especially when something like a wine region is just not that important in their everyday life.

I testified to the hearings about the boundaries of the Coonawarra region several years ago and said that from a marketing point of view, a larger region is better because you produce more wine and get more exposure on the shelves and wine lists. This assumes that the larger area produces wines of equal quality to those in production at the time. This is one issue facing small regions—they don’t produce much wine and therefore have a hard time gaining awareness.

This brings me to a related issue: the plethora of new wine regions being registered around the world. Some of these are new areas, but many are subdivisions of existing regions. This drive to create smaller but more defined regions, seems to

make sense to the producers, but it is a waste of time from a marketing sense. It just creates a smaller group of producers striving to make their voice heard among more and more regions.

For example many people can name Napa Valley or Bordeaux as a major region, and hedonic pricing research shows these names create value by selling wine at higher prices than similar quality wines from nearby areas. But how many people can name the sub-regions within these well-known icons? Yes, many people in the trade and a few wine aficionados can, and these people are often willing to pay the higher prices. But the vast majority of the consumers can’t tell the difference either from the label or from the wine, so what do they do? They read the point scores on the shelf and make their purchase accordingly, with little to no knowledge of the region.

Don’t get me wrong, wine regions are important, but the task of gaining and growing awareness among wine buyers is paramount. The smaller the region the fewer wines will be available and the smaller the resources to pool for growing awareness. Regional bodies should promote working together to gain awareness, knowing that this is a long road, often decades in the making. Most people are not actively seeking information on wine regions, so it takes a lot of repetition to create awareness.

Wineries should look to their own labels and make sure the regional identification is in large enough type to be easily read. Wineries need to band together and market the region and the brand together. The program currently planned by the AWBC for Ireland and London is a good example of focusing the regional awareness where it is likely to have the biggest effect: on the trade rather than the consumer.

It also helps to link the region to a grape variety, even though this often is difficult, because there are several varieties that do well. It is better to make the message simple and repeat it over and over. Let the wine writers and the trade in on the details, but keep the message to the consumer simple and direct.

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Restaurant interior. Dish: Modern French menu such as Rabbit Trois Façon (pictured).

themanse

The Manse has long been one of Adelaide’s most well known restaurants nestled in the beautiful suburb of North Adelaide, just minutes from the city. The restaurant has been the recent winners of ‘Best Fine Dining Restaurant 2006’ and ‘Top 10 Hottest places in Australia 2006’. This updated Victorian mansion featuring a beautiful courtyard and fire places in every room, presents a modern French menu featuring delicacies such as Rabbit ‘Trois Façon’ ; Poached Leg ‘Rossini’ with Gnocchi ‘Fricasse’, Loin and Licorice; and Green Pea Ravioli with Chanterelle, Truffle Butter and Corn Foam, the restaurant is one of the highlights on the Adelaide dining scene. A popular dining establishment to the ‘A list’ of Adelaide and touring celebrities, the restaurant is open 7 nights for dinner and Friday for lunch. Private dining and function rooms are available.

themanse
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