A Study on the Pune wine consumers' perceptions of wine

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Key Words:

1.Wine consumption
2.Pune City
3.Perceptions
4.Wine consumer demography

Abstract
India is an emerging wine market in the New World countries of Asia. The Indian wine industry is in the nascent stage in terms of the area, production and marketing of wines. Eighty percent of the consumption is confined to cities. Yet, there is an increasing awareness about wine as a product in the domestic market.India is the second largest populated country with a population of 1.2 billion people. The annual consumption of wine averages about 7 million liters of Indian and about 1.5 million liters of Imported wines. This translates to less than 1 million cases of wine. This is in stark contrast to about 120 million Cases of hard liquor like Whiskey, rum and vodka being consumed every year and over 105 million cases of Beer.The Indian wine market has grown in leaps and bounds over the last decade. The first wineries in India were established in the 1980s and for the next twenty years, till 2000 there were just six operating wineries. The decade following 2000 saw an increase in wineries jump to over 90.This paper is a study to understand the perceptions wine consumers in Pune city have about wine.

INTRODUCTION

India is the second largest populated country in the world, with a population of 1.2 billion people and a large middle class of over 250 million people. We could be consuming about 250 million liters of wine annually if each person drank just 1 liter per year.

However, the annual consumption of wine averages about 7 million liters of Indian and about 1.5 million liters of Imported wines. This translates to less than 1 million cases of wine. Assuming that a wine drinker has at the most 1 bottle per month, this still mean there are just 750,000 wine drinkers in India.

This is in stark contrast to about 120 million Cases of hard liquor like Whiskey, rum and vodka being consumed every year and over 105 million cases of Beer.

Indian society and culture treats alcohol consumption as taboo. Religious and social customs prohibit drinking. A large percentage of the population falls into this category. Yet 120 million cases of hard liquor and 105 million cases of Beer are being sold. If we add the 200 million cases of Official country Liquor being sold and the sizable number of unaccounted liquor in the market, India consumes at least 500 million cases of alcohol per year.

One group, United Spirits limited, alone sells 105 million cases of hard liquor and beer, making it the largest single spirit company in the World.

With this kind of market and a growing economy wine consumption is on the rise in India. 2006-07 itself saw a growth of about 40% in the sale of Imported wines, from 120,000 cases to 170,000 cases in just that year.

Importing wines attracts a large import duty and greater handling charges than Indian wines. This benefit in the pricing and overall improvement in taste and quality of Indian wines has seen a dramatic growth in the sales of Indian brands.

Wine reports and studies estimated a sale in India of about 60 million liters by 2016-17, but judging from current trends of consumption, this target could be achieved much earlier.

Indian alcohol consumption had traditionally focused on spirits and beer. This trend is now changing to incorporate wine in the bar list as this drink is gaining acceptability and is also more widely available and affordable.

The two dominating markets in India are city regions of Mumbai and Delhi. Sales estimates show that 65% of the total country's wine consumption is accounted for in these

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two locations. Including five other cities of Pune, Bangalore, Nasik, Kolkata and Chennai raises this to about 85%.

The other five cities listed are growing at a rapid rate economically. The exposure to a more Western culture is evident in these cities as well. These cities are the market for increasing the wine consumption potential in India.

With this kind of growth and emerging wine consumption pattern, there is also a growing need to understand the challenges faced by the industry to capture this market. Government Policies on taxation, price conscious market, Marketing challenges, Consumer Education and awareness on wines and increase in the knowledge of wine to overcome myths and mental blocks against it have all to be considered.

Domestic and International wine manufacturers should therefore be looking at the Indian market with due consideration to the above mentioned issues. The rewards available far outweigh the risks inherent in this emerging market.

SCOPE AND OBJECTIVES

Given the low levels of wine consumption, in comparison to Beer and Hard Liquor, this paper identifies the wine consumers' perceptions.

1.To determine the demography of the wine consumers

2.To identify preference (types of wine) of the wine consumer

3.To evaluate the wine consumers' perception towards wine

Conceptual Framework

The aim of this study is outlined above in the Objectives. The conceptual Framework of this study is illustrated in Figure 1

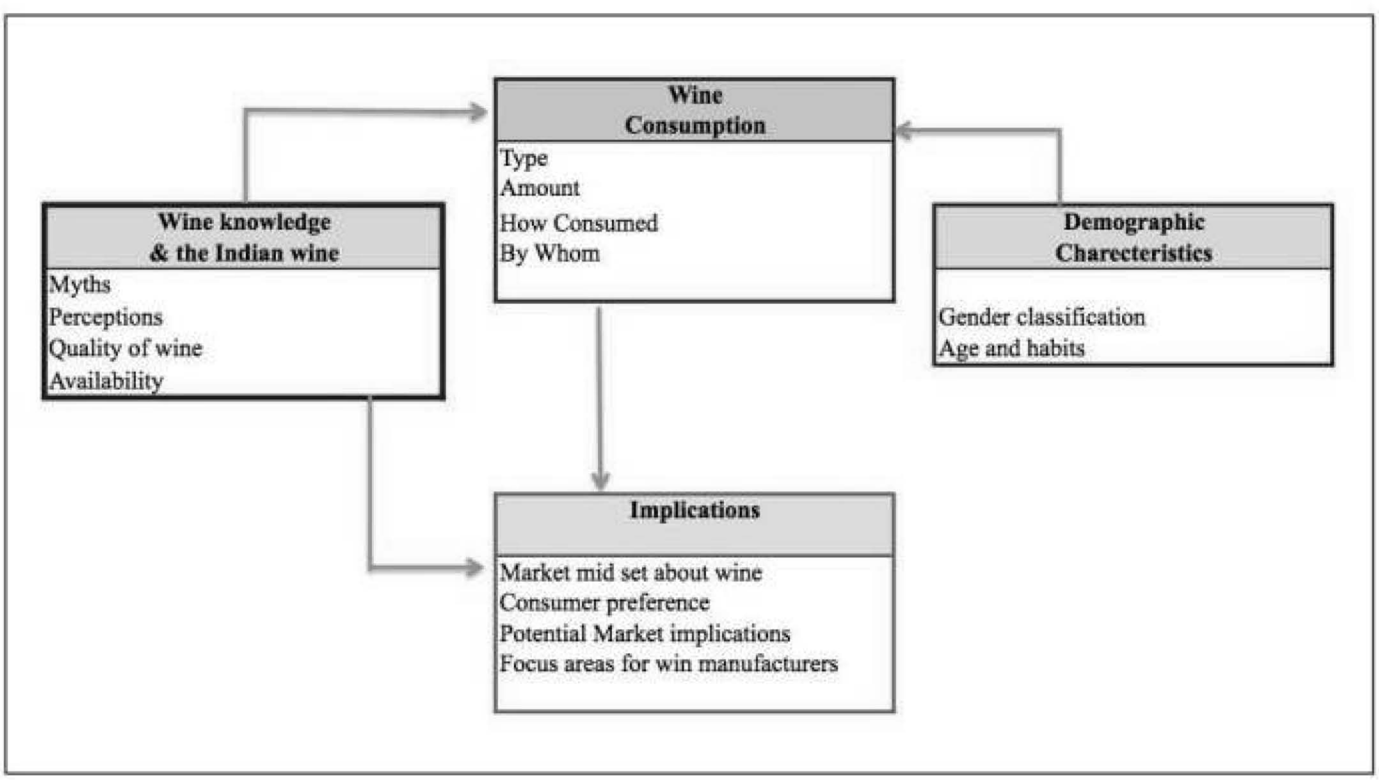
The Objectives of the study is to understand the image that wine has, in the Pune region. The Study will evaluate the perceptions wine consumers have about wine. A study of the basic demographic of the wine consumer with focus on the gender and the age range will be carried out. Literature to review the current scenario of Indian wines will be studied. This will give an indication of the pattern of Wine consumption in Pune.

The consumption pattern will highlight the type of wine preferred, identify the characteristics of the consumer, identify where wine is mostly consumed and compare preferences between Indian and Imported wines. (Refer Figure 1)

LITERATURE REVIEW

The Indian wine market has grown in leaps and bounds

Figure 1 : Conceptual Framework



over the last decade. The first wineries in India were established in the 1980s and for the next twenty years, till 2000 there were just six operating wineries. (Rathore, 2006)

The decade following 2000 saw an increase in wineries jump to over 90. Production subsequently expanded rapidly, peaking at an estimated 13.0 million liters (1.4 million cases) in 2010. Maharashtra accounts for about two-thirds of domestic wine production.

The Indian Wine industry Report 2004-2005 by DSM Marketing Pvt.Ltd. has offered a SWOT analysis of the Indian wine market.

The Strengths and Opportunities available to the wine market are primarily focused on the large and increasing urban population of India. The increase in disposable income, changing lifestyle and acceptability of new trends are cited as an opportunity.

India also has a good climate for growing wine grapes and the study forecasts a 30% annual growth rate for this market.

The study states the poor quality of wine and poor awareness of wine as a major weakness for the Indian wine market.

There have been incentives offered by the Government to promote the wine industry. Customs duties reduced by 8 – 12% with the elimination of the 4% “special additional duty” from February 2004, and while still a very high 140% - 250%, have been partly offset by hotels starting to import duty free wines – the scheme has now been extended to all hotels, restaurants and clubs earning a certain level of foreign exchange.

The forward-looking 'Grape & Wine policy' of the Maharashtra government has been further liberalised with the elimination of both excise duties as well as sales tax on wines produced within the state

The International Wine and Spirit Research (IWSR) along with Vinexpo released The India Wine Market Report, April 2012.

The report estimates that 1.05 million cases of red wine were consumed in 2009 in India out of a total of 1.45 million cases. 395,000 cases of white wine were consumed and around 13,000 cases (0.89%) for the Rosé. According to Robert Beynat, CEO of Vinexpo, The forecast for 2013, which takes into account last year's recession as well, is 2.8 million cases, a growth of 97.15%.

This is still a very small figure compared to the 120 million cases of hard liquor and 105 million cases of Beer being sold.

Subhash Arora wrote an article in the magazine Go Now July 2008 edition, where he claims that many people in India still believe in myths and half-truths about wine.

The more expensive the wine the better it is, Bordeaux wines are the best, wines are not meant to be had with vegetarian meals, are some examples of myths that he claims people still have.

The Indian market is a very young market. Indian wine manufacturers are still coming to terms with a small but growing consumer base. Numerous foreign studies have shown that the India has a good potential for wine marketing.

RESEARCH METHODOLOGY

A cross sectional study as a part of Descriptive research was adopted for the study. The data was collected at a single instance, as a snapshot and processed for analysis. Additionally Quantitative research methods were applied to analyse the data statistically.

Descriptive research was used to describe characteristics of the population being studied. It does not answer questions about how/when/why the characteristics occurred. Rather it addresses the "what" question (What are the characteristics of the population or situation being studied?)

Additionally Quantitative research methods were used too. This involved a systematic empirical investigation of quantitative properties and their relationships. It entailed asking questions and collecting numerical data to analyze utilizing statistical methods. The quantitative research designs used are correlational in nature. Statistics derived from this quantitative research was used to establish the existence of associative or causal relationships between variables.

Research Model and Data collections

According to the Census department and the tentative census figures for 2011, the Pune city Population is 31,15,431 comprising of 16,02,137 Males and 15,13,294 Females.

Using the calculations provided by Krejcie & Morgan in their “Determining Sample Size for Research Activities” the sample size for the population mentioned above shall be 384 at a Confidence Level of 95% with Margin of Error 5%.

Data was collected from a total of 411 wine consumers and analysed.

The sampling method used was Purposive sampling. The purpose of the research was to analyse and evaluate the wine consumers' perceptions therefore individuals known to consume wine were used as part of the sample population.

The population for this study was the wine consumers in Pune city (Pune Municipal Corporation Limits).

Questionnaires were used as the primary data collection method and the collected data was analysed using IBM SPSS statistical analysis tools. Secondary data sources included books, periodicals, wine magazines and information and data from wineries.

On collecting the data, Microsoft Excel and IBM SPSS were used to collate and analyse the data.

Non-parametric tests were used to evaluate the attitudes and perceptions of the sample population.

The statistical tests used for analysis were, Cross tabulation, Chi-Square test for Association, Kruskal-Wallis H Test and Mann Whitney U test.

Findings

Analysis of the data collected from wine consumers in Pune revealed the preferences of the consumers. The analysis also showed the perceptions the wine consumers have about wine.

The demographic characteristics of a regular (monthly or weekly consumer of wine) wine consumer is 35-55 years old, earning 8.00 Lacs or more per annum with an educational level of Graduate or more.

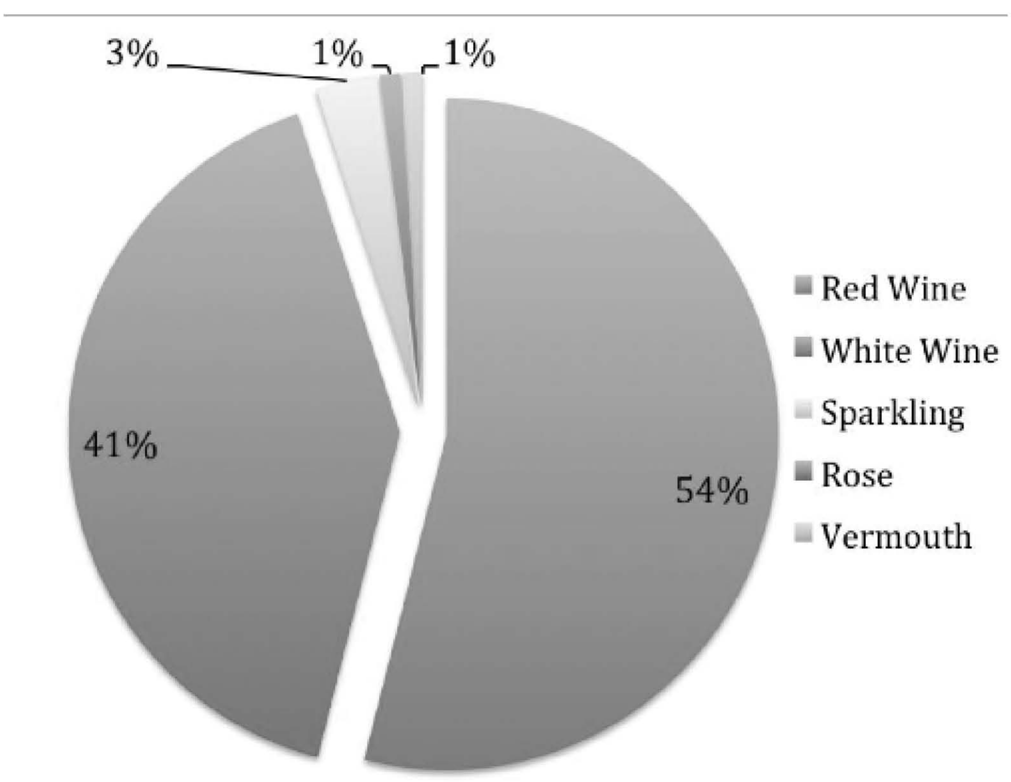
The marital status of the consumer has no relation with the consumption of wine.

Pune consumers have a palette for Red Wine over all others. The data collected also showed that among the different types of wines available, the most common red and white were preferred. Wines like the Rose or Sparkling wine constituted a very small percentage of the total wine consumption. (Fig 2)

Pune wine consumers are still not comfortable consuming wine at home or in a family environment. As illustrated in Figure 3, Social events and restaurants are the most frequented places for wine consumption.

The perceptions that wine consumers have about wine are illustrated in Figure 4 With the growing awareness of wine, consumers in the Pune region do not harbour mis-conceptions about wine.

Figure 2 : Wine preference (source:Primary data)



Wine is no longer considered a drink for special occasions. Wine consumers know that older or more expensive the wine does not necessarily mean it is better. However, they do still perceive imported wine to be better than Indian wine.

Statistical analysis using Mann-Whitney U test and a Binomial test was carried out to see if wine consumers perceive wine to be a luxury drink

The Mann-Whitney U test indicates there is equal and similar opinion amongst the respondents towards wine being/not being luxury drink (Table 1)

The binomial test is useful for determining if the proportion of people in one of two categories is different from a specified amount. In the Category selection, 3 is a neutral response. Less than or equal to 3 shows participants disagreeing with the statement and values of greater than 3 shows participants agreeing with the statement.

The binomial test obtained with cut off of 3.0 (since a neutral response is 3.0) shows clearly that 303 (Table 2) responses are smaller than or equal to 3 (neutral). The

Figure 3 Where wine is consumed (Source :Primary data)

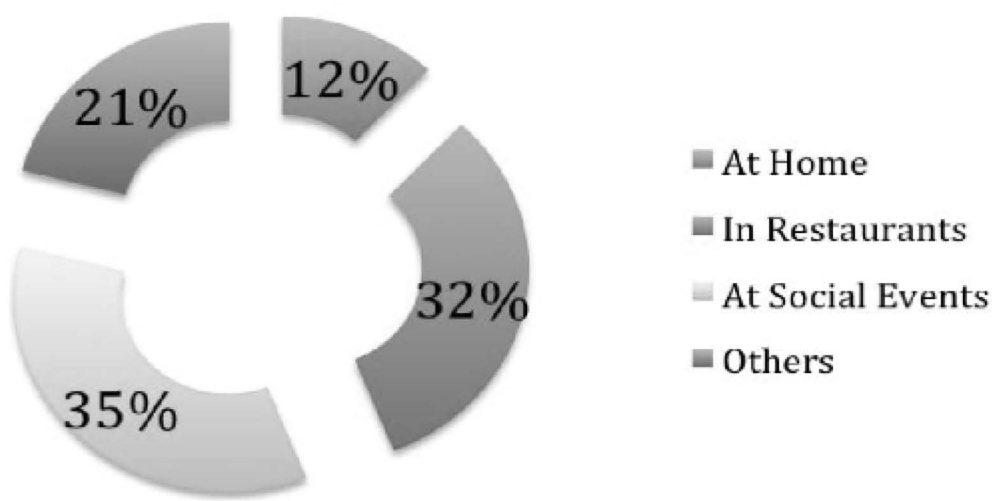
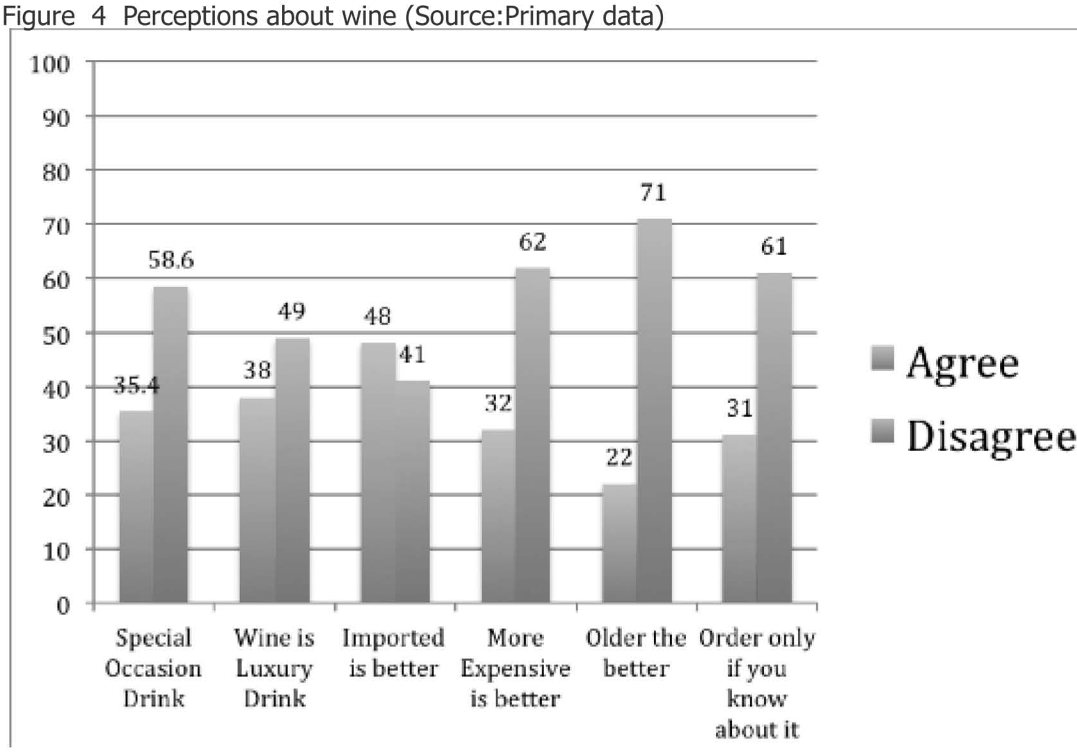


Figure 4 Perceptions about wine (Source:Primary data)



research hypothesis is rejected. Wine consumers do not consider wine to be a luxury drink.

Using Chi- Square tests and Kruskal-Wallis tests data collected was analysed and relationships between wine consumption and consumer characteristics were drawn.

The data collected, shows a strong relationship between the knowledge the consumer has about wine and wine consumption. As the knowledge about the Grape types, Grading and Brands of the wine consumer increases so does the consumption of wine also significantly increase.

As the age range increases the consumption of wine at home or in a family environment increases. A majority of the 25-35 year olds never or rarely drink wine at home. They prefer having wine at social occasions when it is offered. As the age range increases to 55 years and older a majority of them are comfortable having wine at home.

DISCUSSION

The future for Indian wine is a positive one. In a report by the All India Wine Producer Association the forecasts for the Indian wine industry by 2020 is illustrated in Table 3 below.

Statistic Present Year 2020 Estimate Increase (%) Wine Consumption 1.1 Crore Litres 7.2 Crore Litres 654% Industry Revenue Rs.1,050 Crore > Rs.10,000 Crore 952% Land under Cultivation 10,000 acres 21,000 acres Farmers dependant on Grape Cultivation 10,000 21,000 Employment by Wineries (families) 6750 13,500 Indirect Employment 10,500 24,000 Table 3 - Key Statistics of Indian Wine Industry. Source: AIWPA. (2011).

However, the Indian wine market does face certain concerns. It is a very young market. The manufacturers still face promotional barriers, as the direct marketing of alcohol is banned in India. This leads to a lack of product awareness in the market.

Though there are a large number of incentives offered at a state level, especially Maharashtra, overall the different and uneven state policies affect pricing and sale of wine.

The Indian Grape Processing Board has plans to introduce a National Wine Standard, but to date there is no grading of Indian wine. Unlike the imported counterparts, the consumer cannot yet see a bottle of Indian wine and judge its grade.

LIMITATIONS

Limitations of the paper fall under three categories of Area, Attitude and Span.

Area

The first limitation of the paper is its geographical range. The study has been restricted to the Pune City. Further studies and research can be conducted over a wider population to get a greater understanding of Indian wine consumers' perceptions.

Attitudes

As the data collected is primarily self-reported, the data cannot be independently verified. Potential sources of bias can arise from a certain level of exaggeration and attribution of a more positive image than may be true. Patrons of wine fests or speciality restaurants, ordering wine may have a bias in their responses, to portray a more positive attribute.

Span

Most of the data available as secondary sources are on a very young Indian market. Historical data is only available for the past 10 years and most of the published data about wine in India is estimates provided by foreign studies

MANAGERIAL IMPLICATIONS

It is evident from the data analysis that a majority of the younger generation of wine consumers prefer consuming wine outside a family environment. It is also seen that the more knowledge the consumer has about grape varieties, grading and brands, the more they consume wine. The general perception of the wine consumer is that wine is definitely not a luxury drink.

The wine manufacturer, in collaboration with wine outlets like restaurants or wine bars can organise wine appreciation courses and tasting sessions to further educate the population on wine. They can offer training to staff at the outlets to recommend wine with Indian cuisine.

Wine manufacturers can also promote wine tourism and organise wine festivals focusing on the demographic group identified in this research.

This will lead to greater knowledge in the population about wine, and as seen in the research will lead to greater consumption.

SCOPE FOR FURTHER STUDY

As the research has investigated and analysed the wine consumption patterns of the Pune city wine consumer, a similar study could be carried out in other metros and large cities.

Using this research as a basis, further research could be carried out in the Nasik region. The Nasik region is home to the majority of wineries in India. A similar consumption pattern study could be carried out for Nasik. The two sets of data could be compared to determine if there is a variation in consumption as a result of manufacturers of wine being local to the Nasik region.

Table 1 :Mann-Whitney U test Gender distribution

Hypothesis	Test	Sig	Decision
The distribution of Luxury Drink is the same across categories of Gender	Independent Samples Mann-Whitney U test	0.495	Retain Hypothesis

Table2 : Binomial test for perception of luxury

		Category	N	Observed Prop.	Test Prop.	Exact Sig. (2-tailed)
Luxury Drink	Group 1	<= 3	303	.74	.50	.000
	Group 2	> 3	108	.26		
	Total		411	1.00		

Table 3 - Key Statistics of Indian Wine Industry. Source: AIWPA. (2011).

Statistic	Present	Year 2020 Estimate	Increase (%)
Wine Consumption	1.1 Crore Litres	7.2 Crore Litres	654%
Industry Revenue	Rs.1,050 Crore	> Rs.10,000 Crore	952%
Land under Cultivation	10,000 acres	21,000 acres	
Farmers dependant on Grape Cultivation	10,000	21,000	
Employment by Wineries (families)	6750	13,500	
Indirect Employment	10,500	24,000	

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