

# Award-winning wines: who cares?

Wine awards are losing their credibility and influence on the purchasing choices of South African wine drinkers.

by Christiane von Arnim and Frikkie Herbst

Wine lovers are supposed to be swayed by the bouquet of awards won by a particular wine – yet one wonders how much value they really attach to these accolades? Research carried out by the University of Stellenbosch Business School (USB) revealed that wine drinkers in South Africa believe the proliferation of competitions is watering down the power of wine awards. While awards are still recognised by consumers as a cue to choosing wines, they rank low compared to other factors.

Furthermore, wine lovers have become sceptical about the honesty of some winemakers in using awards for marketing their wines. The question as to whether an independent monitoring authority is needed to raise the profile of wine awards in South Africa received a clear thumbs up from the participants in the study.

## Too much of a good thing

The South African wine market has become intensely competitive. While more and more wine brands enter the market every year, demand has remained rather stagnant. As a result, winemakers have to use imaginative ways to distinguish their products from those of competitors to win market share. Participating and succeeding in local as well as international wine competitions has long been recognised as a method to gain differentiation in the market and to support claims of producing superior wines. The conventional belief is that consumers perceive the quality of a wine to be higher when it has been officially endorsed by experts.

Over the past decade, there has been a notable



## THE ROLE OF AWARDS IN THE MARKETING OF SA WINES

Wine marketers use several elements to enhance the look and feel of the packaging in which wine is presented, such as the size and shape of the bottle, the cork, the capsule, and, most importantly, the label. It has become fashionable for producers to use the awards that a particular wine has won to create greater product appeal. Typically, gold, silver or bronze medal stickers are added to the face of the bottle. Other forms of communication, for example magazine articles, newsletters and advertisements, are employed to raise consumer awareness about such achievements.

The longest running wine competition in South Africa is the Veritas Awards. According to the organisers, this award “gives recognition to wines of exceptional quality and the distinctive Veritas symbol of excellence serves as an authoritative quality guideline for wine connoisseurs”. The gold and double gold awards are claimed to be prestigious symbols that boost the image of wines and winemakers and, hence, sales. Numerous other South African wine awards have sprung up over the years, all claiming similar benefits. Among these are the Michelangelo International Wine Awards, the Old Mutual Trophy Wine Show, the Fairbairn Capital Trophy and the Absa Top 10 Pinotage Competition. Additionally, several international wine competitions, such as the London International Wine and Spirit Competition, the Decanter Trophy and the Concours Mondial de Bruxelles, vie for the attention of winemakers.

increase in the number of competitions. Organisers draw winemakers to these events with strong assertions about the prestige their awards enjoy. They in turn profit from the entry fees winemakers have to pay, which can be substantial, especially for international competitions.

### The uncertainty about the value of wine awards places this component of the marketing mix in question

However, the abundance of competitions has gradually given rise to doubt, with critics increasingly questioning whether these awards still carry the same weight. The assertion is that too many awards detract from the distinguishing value that a specific award may offer. Recently, South African wine writer Neil Pendock wondered whether competition organisers are not, in fact, gaining more from these events than winemakers. Other writers have called into question the consistency of competition results by pointing to examples where some wines excelled at one show, only to be judged as average at others. A further confusing factor is that the addition of any round

symbol that resembles a medal on the label seems to deceive certain consumers – a ploy exploited by several producers.

Because of the growing criticism levelled at wine awards and competitions, many South African winemakers, including well-known producers, choose not to enter competitions.

Moreover, as the South African wine industry is under pressure from diminishing profit margins, producers are forced to watch their expenses and make every drop count. It is more crucial than ever before that they achieve the optimal blend in their

marketing mix. The uncertainty about the value of wine awards – the question whether the cost of entering wine competitions can be outweighed by the benefits – places this component of the marketing mix in question.

It was these headaches in the wine industry that motivated the USB research.

### A sampling of wine drinkers’ views

The purpose of the study was to examine whether, in the minds of South Africa’s wine consumers, awards play a strong enough role in influencing their choice when buying wine.

Besides the main question, other more detailed, related issues were addressed:

- Does the importance of wine awards differ between consumer segments, purchasing occasions, and price categories?
- Does the increasing multitude of awards lead to confusion among consumers?
- Do consumers feel that some wine producers deceive consumers with misleading claims or award-like stickers?
- Do consumers see a need for an independent authority to regulate wine awards in South Africa?

A survey was conducted among a sample of South African wine consumers by means of an on-line questionnaire. The design of the questionnaire was guided by similar questionnaires used in recent studies in other parts of the world. The survey not only measured consumer attitudes and opinions in

## SEGMENTATION OF WINE DRINKERS

Connoisseurs	Expert wine drinkers with strong preferences for particular brands. Buying wines is based on specific, predetermined criteria such as variety, origin and the vinification process. Wine is an important part of their lifestyles.
Aspirational wine drinkers	Mostly concerned with the social aspects of wine drinking. Wine tends to be a fashion and status symbol. Typically, they read or listen to the advice of third parties to guide them in deciding which wines to buy.
Beverage wine drinkers	Have little desire for wine appreciation. They prefer to purchase brands they know as offering a desirable taste at a good price. Brand loyalty plays the main role in their buying decisions.
New wine drinkers	Young adults who are attracted to wine because of peer group influences. The typical occasion for wine drinking is at parties and pubs. Most of their drinking is likely to take place by the glass. The bottle and, hence, sophisticated information about wines play a minimal role in choosing a wine.

respect of wine awards, but also requested other data so that respondents and wine purchasing could be segmented into different groups. In this way differences between consumer segments could be detected.

To reach an adequately large and representative sample of South African wine consumers, a number of popular wine portals were selected for distributing the survey: www.wine.co.za (a provider of news about the wine industry); Wine of the Month Club (a wine marketing and distribution company), www.grape.co.za (an online wine enthusiast community); the South African Wine Lovers Group on www.facebook.com; and www.winemag.co.za (a monthly wine publication).

A total of 285 people responded to the survey. In terms of wine-drinker segments (see box on p27), the respondents consisted of 25% connoisseurs, 66% aspirational wine drinkers and 9% beverage wine drinkers. No new wine drinkers responded.

**Wine drinkers' message to brand managers**

On the main question, the importance of wine awards in the minds of consumers when they buy wine, can best be judged if compared against some of the other cues tested, as given in the table below. The scores shown are the average ratings on a scale from 1 (Not important) to 5 (Very important).

COMPARITIVE IMPORTANCE OF MARKETING CUES	
Cue	Score
Variety	4.14
Vintage	3.75
Producer	3.58
Production method	3.33
Attractive packaging	3.19
Region	3.03
Awards	2.97
Low price	2.48

The evidence shows that awards are rated as relatively unimportant compared to top marketing

cues such as the wine variety, the vintage year, and the producer.

**Differences between market segments**

As could be expected, the disregard for wine awards is more apparent when connoisseurs are compared with the other wine-drinker segments. The average importance of awards for connoisseurs was a mere 2.31 compared to 3.16 for aspirational wine drinkers and 3.43 for beverage wine drinkers, as shown in the table below:

COMPARING WINE-DRINKER SEGMENTS	
Segment	Average Score
Connoisseurs	2.314
Aspirational wine drinkers	3.163
Beverage wine drinkers	3.426

As these differences tested as statistically significant, one should note that there are differences in how wine-drinker segments value awards. This is an aspect that brand managers should take into account when designing a marketing mix for a specific wine in order to appeal to a specific segment.

**Differences between purchasing occasions**

The role of wine awards was tested for differences between buying wine for own drinking, for a gift, or for a party. The results are shown in the table below.

COMPARING PURCHASING OCCASIONS	
Purchasing Occasion	Average Score
Wine for own drinking	2.796
Wine for a gift	3.228
Wine for a party	2.891

The difference in the value attached to awards

when buying wine for a gift compared to the other two occasions (3.3 versus 2.8 and 2.9) was found to be statistically significant. Brand managers should take note of this finding when they design packaging specifically for wine as a gift.

**Differences between prices of wine**

The importance of wine awards was also compared based on the typical price paid for wine by consumers. The averages are shown in the table below.

COMPARING ON PRICE	
Price of wine	Average Score
< R35	3.000
R36 - R49	2.898
R50 - R99	2.984
R100 - R350	3.029
> R350	2.000

These differences do not appear material except for the >R350 category. Furthermore, none of these differences tested as statistically significant, even for the last category. The evidence in this case is therefore not conclusive.

**Award confusion**

The next aspect tested was the potential confusion

OPINIONS ABOUT AWARDS		
Opinion	Agree*	Disagree**
The increasing number of wine awards is confusing.	68%	15%
International competitions are considered more prestigious compared to South African wine awards.	50%	24%
Gold medals are considered significantly more important than silver medals.	40%	35%

\* or strongly agree \*\* or strongly disagree



created among consumers by the increasing number of awards. The message from wine drinkers was quite strong, since 68% of the respondents either agreed that this is indeed the case. Only 15% disagreed, while 17% remained neutral.

In this context, some other questions were also raised, as shown in the table. Firstly, the results show that South African awards are seen as com-

**A worrying 78% of consumers believed that some producers claim awards they have not won**

paratively less important than overseas awards. Secondly, perhaps amid the lack of differentiation

value in awards, there is not a marked difference between the values attached to gold and to silver medals.

**Deception in the industry?**

Do wine drinkers mistrust some wine producers as misleading consumers about awards they allegedly have won? Two questions tested perceptions in this regard, and the responses to both rather strongly confirmed a degree of scepticism. The average scores shown are out of 5.

OPINIONS ABOUT DECEPTION	
Issue	Average Score
Some producers deliberately try to mislead consumers with labels that look like awards.	3.640
Wine producers often make false claims with regard to awards they have won.	3.610

The message conveyed by the table above is further emphasised by analysing the direction of responses (agreement versus non-agreement). It was found that 59% of consumers agreed with the statement that producers deliberately attempt to mislead consumers with labels that deceptively look like award-medal signs. In addition, a worrying 78% of consumers believed that some producers claim awards they have not won.

**Regulating the industry**

Wine drinkers were also asked whether they believe there should be an independent authority to regulate the issue of competitions and awards and protect the interests of wine consumers against exploitation by wine producers or marketers. By far the majority of respondents (65%) agreed with the proposed notion, while only 14% disagreed.

**Restoring the palatability of awards**

Overall, the USB study shows that all is not well in the wine industry as far as awards are concerned. Perhaps the industry should take steps to avoid a nasty hangover from overindulgence in competitions and awards – and worse, some marketers’ fake awards that cheapen the concept.

Although certain wine-drinker segments do put more faith in award-winning wines, the more sophisticated a consumer is, the less regard exists for awards. Brand managers in the industry should take note of findings like these, but the industry itself should also start to act. More control should be exercised over wine competitions and fair reporting is needed before the consumer starts finding the taste too bitter.



**Christiane von Arnim**

This research was conducted by Christiane von Arnim as her MBA study project at the University of Stellenbosch Business School (USB), supervised by Prof Frikkie Herbst. The research report, *The relevance of wine awards as a marketing tool: a study of South African consumer attitudes*, was presented in December 2008.



**Write to us:** If wine awards are no longer so effective as a marketing tool for local wine-makers and marketers, what is? [lab@usb.ac.za](mailto:lab@usb.ac.za)