

The implicit price of label characteristics in the Italian wines sold in new consumer markets

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Introduction

The communicative function of packaging in the wine market has long been recognized by marketers in the wine industry. While in the past the labels have had only an informative function, today label design and layout have taken on a key role in the wine marketing. The reasons that push consumers to choose a bottle of wine, than another, is, indeed, varius. This choice can be guided by the brand knowledge or the preference for a particular region of origin, by the wine price or the style of the packaging and label (Festa et al., 2016). Consequently, many wineries, besides having done a program aimed at improving the quality of its products, have also paid more attention to the aspects related to their packaging, which contributes, along with other intrinsic and extrinsic attributes, to a optimal market position. Among the factors that characterize the packaging of food and agricultural products, and wine in particular, label, can be considered the main communication tool between company and final consumer. Therefore there are different categories of labels (in terms of style, color and content) that identify the core values of companies and allow them to spot the differences.

Several studies have been conducted in order to analyze the influence that labels and packaging in general, exercise on wine consumers' purchasing decisions. Muller et al. (2010), studying the extrinsic characteristics of wine, found that the packaging is one of the product's attributes that most influence the consumer perceptions. Taking into account that each market differs in terms of wine consumer perceptions and preferences, it is essential for wineries to know the key attributes which, influencing purchase decisions, would facilitate the achievement of successful sales results (Tang et al., 2015). Boudreaux and Palmer (2007) found that images in the label are, compared to the color and the layout, the most influencing characteristic. Similar results are obtained by Jarvis et al. (2010) that confirm the important influence exerted by the label image, and the headlines, on the preference expressed by a group of young wine Australian consumers. Even among Hong Kong consumers the label design and its color, turn out to be, the most influencing extrinsic attributes (Tang et al. 2015). The survey carried out by Lick et al. (2016) in the Austrian market indicates that the color of label has a strong influence on the expectations. In particular, colors like red and

black are associated with spicy flavors, while red and orange with fruit notes and floral aromas. However, the importance of the label and its characteristics is greater for imported wines especially, for which do not know the features. As demonstrated by Mueller Loose and Szolnoki (2012) the most significant premium price, associated with extrinsic attributes, has been found for import or niche wines. Specifically, among the four variables considered in the hedonic price model (expression of the color and type of labels, of the bottle closure and the bottle form, respectively), are more influencing the color and the type of label. The influence of label image or color on the consumers' purchasing decision varies according to purchase purpose or the age of consumers. As emphasized by Sherman and Tuten (2011) and Elliot and Barth (2011), label design has an influence on the purchasing decision only if the wine is purchased to make a gift; in the same way, younger wine consumers tend to choose wines based on packaging characteristics, giving more importance to the name of the wine and the images, rather than to the other product characteristics, such as the producer's name or the country of origin.

In the light of these considerations, the aim of this study is to assess whether the differences in prices for Italian red wines sold in the Chinese market are related to packaging characteristics or to other extrinsic attributes included in the label information.

Methodological approach

The implicit price premium for extrinsic attributes and packaging attributes in particular has been studied through the hedonic price method.

Italian wine price in the Chinese market is obtained from the Wine Searcher dataset. This price is referred to the red wine bottles of 0.75 liter and do not take into account any special offers related to the amount of bottles purchased. For each wine sold in the reference market, were revealed the attributes of packaging of wine bottles, and other information such as the geographical name and appellations of origin, the variety, the alcohol content and the aging.

According to the regression-based approach, derived from Lancaster (1966) and later formalised as Rosen hedonic method (1974), we propose an hedonic model in which the wine price is a function of a multiple product attributes.

This model explains the expected price of a 0.750 liter bottles of red wine as a linear combination of the independent variables namely "region of origin", "appellation of origin" (five variables), "varieties" (three variables), "alcohol", "vintage" and "packaging". The last variable is defined by "label style" (seven variables), "label colour" (six variables), "bottle form" (two variables) and "closure" (two variables).

Expected results

The results confirm that, similarly to other wine consumers, Chinese consumers are assisted in their wine purchasing decision not only by the extrinsic attributes reported in the label (like the region of origin and the variety) but also by the packaging characteristics and in particular by the label cues.

The analysis of extent to which wine price differences can be related to product packaging characteristics, could provide a measure for the importance of packaging for a marketing strategy based on differentiation, but also an indication for firms interested to enter in a new consumer market such as China or the Asian region.

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