Latin America in the Wine Market:
The Country of Origin Effect on Consumers` Preferences

Abstract

This study provides a theoretical understanding of consumer wine preference and country of origin effect (COE) with a special focus on the comparison of wine producers from Latin America (Chile and Argentina) to the most popular countries that import wine into the UK. Our study includes consumer perceptions of country of origin, which according to the literature is a factor that influences consumers' decision. Our results show that the new world wine producers play a crucial role in the wine industry. They lead in areas such as value for money, reputation as wine producers and have even started to create the concept of *premium wines*. Chile leads the new world wine countries, while Argentina still struggles in the UK wine market but has been working its competitiveness and internationalization process.

Introduction

The performance of the wine industry has traditionally remained constant, maintaining the same trend among wine producing countries. Western Europe's high quality wine has resulted in it being the lead in consumer preference, production and export rates. However, in recent years New world wine producers have demonstrated a change in this trend, especially in the UK which is one of the most competitive and biggest wine importing markets in the world (Deshpande, *et al.,* 2010; Merino, 2010).

Nonetheless, two structural changes in the world wine market have emerged from 1989 to 1999 related to supply and demand. First of all, there has been an apparent increase in the presence of wines from new world countries, for example, table and premium wines from Argentina, Australia, Chile and United States. These are destined to the major import markets such as the United Kingdom and Germany. This was defined as an aggressive supply strategy from new world countries, where the European countries are gradually losing a quasi-monopoly position in wine producing and exporting, leaving its shares in favour of countries mentioned above.

The second change has been a new supply organization pattern of modern distribution networks, especially in the British market, which is orientated towards the private label (Green, R. *et al*., 2003).

The UK market is known as a *"price-sensitive"* market and was susceptible to promotional offers and recommendations from friends or relatives. In addition, *"Country of Origin"* and *"Grape Variety"* are important factors affecting choice of wines (Felzensztein, 2005; Channey, 2002). Previous research (Felzensztein, 2002_a) noted that the most preferred wine producers in the UK were Australia, New Zealand and Italy. Regarding "premium wines", Australia, France and New Zealand were considered to be the leaders in the British market. Nevertheless, the research indicated that Argentina and Chile's international competitiveness is based on *"value for money"*, which means there is a good relationship between *"quality and price"*. This creates significant advantages based on the *"price-sensitive"* conditions of the UK wine market.

The Chilean and Argentinean wine industry need to face this fierce competition in the UK market where factors such as shipping and flying products affect these countries as well as economic situations. It also needs to achieve a good position for its brands and create an image of the country as a reputable producer, keeping its "value for money".

Our research objective is to analyze country of origin effect and consumers´ preferences of new world vs old world wine producers. We start our study reviewing the current literature on Country of Origin (COO) and its influence of consumer preferences. Later we provide an overview of the wine industry and the UK market, which is of the most competitive in this industry. Results and analyses of our field research are provided together with the main conclusions. Our results are not only important for researchers on COO, but also for managers dealing with international marketing strategies in the Latin American agribusiness and wine industries.

Theoretical Background

Country of Origin and Consumer Preferences

Country of origin (COO) has become something of a hot topic for international marketing researchers in recent years, and it shows little sign of abating in popularity.

For example, the *International Marketing Review* received a high number of paper submissions that deal with the COO topic, and in recent years, has published many of these. It has devoted two special issues to the topic of COO (volume 25, issue 4, 2008 and volume 27, issue 4, 2010), and has bestowed a best paper award to a manuscript addressing an important COO-related issue (see Riefler and Diamantopoulos, 2007). However, recent contributions to the COO literature have thrown up some criticism of the prevailing research approaches used in the COO field, arguing that COO may not be that important after all (e.g. Samiee *et al.*, 2005), and to ask whether COO researchers are getting it wrong in their methods and in the kinds of questions that they are seeking to answer (Samiee, 2009).

Magnusson, Westjohn and Zdravkovic (2011) address the above concerns arguing that consumers' perceptions of the country that they perceive a brand to originate from affect their attitudes towards the brand, regardless of whether these perceptions of brand origin are accurate, and that this has implications for managers who may need to manage COO image within their broader marketing strategy. Magnusson *et al.*'s provide guidance to marketing managers, confirming COO as an important research domain. On the other hand, Samiee (2011) suggests that the notion of Brand Origin (BO) is a more valid issue in terms of managerial importance, overcoming many of the weaknesses that COO poses. Samiee goes on to argue that the big question that researchers need to focus on now is whether COO or BO actually influence consumers' behavior, and reflect on the kinds of research design that are needed to generate valid insights into COO/BO issues.

Usunier (2011) believes that researchers should refocus on the issue of brand origin, and its associated notions, such as country of brand, brand origin recognition accuracy (BORA), and confidence in brand origin assessment, and argues that this shift should occur at the expense of traditional COO notions such as country of manufacture and country of design.

Schlegelmilch, Diamantopoulos and Palihawadana (2011) determine the relative importance of country of origin image and brand image in terms of consumers' intentions to buy specific Chinese and US brands. The authors conclude that their findings show that COO is an important driver of brand image and, as such, COO image drives purchase intentions indirectly through brand image. For Schlegelmilch et al, COO research criticism is largely unfounded, and COO is a relevant construct worthy of continued research interest.

The literature related to "*Country of Origin" (COO)* in agribusiness and specially in the wine industry is somehow special for the type of product that we are deal with (Knight, *et al*., 2000; Malorgio, *et al*., 2007). Perrouty, *et al*., (2005) has noted that consumers can be influenced by a country's strengths and weaknesses as well as the perceptions of a country's traditions, culture, economic and political situations. In addition, quality distinction among countries can lead to price differentiation and wine premium condition. Moreover, (Kolyesnikova, et al., 2008) and others, presented consumers' attitudes towards *"local wines and region effect"*, noting that new and small producers effect do matter in the wine industry.

The *"effect of country image"* is explained in Egan, et al., (2002) stating that it does affect international marketing strategies for imported products and consumers' perception of them in foreign markets. The effect of *"pricing"* (Edwards, *et al*., 1990) stated that this is important as a consumer strategy in order to reduce the post purchase cognitive dissonance and price is an important attribute for wine consumers. Furthermore, Barber, *et al*., (2009), Keown, *et al*., (1995), Hollebeek, *et al*., (2007) identified *"purchasing behavior"*. The authors identified *value for money* and *price* as important choice criteria for consumers in the UK and additional considerations are *COO* and *grape variety*. Lastly, *"advertisement"* (Moon, *et al*., 2002) can be combined with COO, both of which can influence consumers in terms of national products, which can produce strong effect in long-terms plans.

The above literature helped to highlight important aspects which are measured in this research. It also inform the differences in perception for wine consumers, COO being the most influential for consumers and a fundamental marketing tool in the wine sector with special benefits for the growth of countries and regions.

Felzensztein (2004, 2005) explains the importance of Country of origin (COO) as a factor of consumer's preferences of wines. He noted that COO may be the fifth element of the traditional marketing mix and this affects international marketing strategies for imported products and consumers' perception of them in foreign markets. He proposed that COO cannot be seen as an isolated factor and it is necessary to include another attributes such as, price, grape variety, recommendation from retail assistants, word of mouth and promotional activities at the point of sale. Felzensztein (2002_a) attempted to investigate UK consumer perceptions and country of origin effect of Chilean wines. He conducted a survey in order to compare the competitiveness of wine producing countries.

The literature relating to consumers' behavior towards *"wine brands"* (Gluckman, 1990; Lim, *et al*., 2001; Thakor, *et al*., 2003; Felzensztein 2004) is also key in this study as *"brand awareness, is the first and simplest base of brand equity in wine"* (Lockshin and Spawton 2000, p. 75)

Focus on marketing is the base for most of the world wine's brands (Herrera, 2009; Nielsen, 2005) highlight the marketing importance of a personal meeting between potential distributors and large clients. This helps to provide good support and prompt responses to requirements from clients. However, this can be costly for the company and take a long time to establish. Currently, social networks (Facebook, Twitter and blogs) are increasingly important too and allow low-cost, high-frequency communication with bloggers and consumers around the world creating a significant impact in societies (Felzensztein, 2011).

The ideal country and brand image would be one which could be linked with the most relevant variables for mass consumers (price and promotions, recommendations, grape variety, country of origin, etc.) in the most important markets (Canada, The UK, the US, Germany and new markets[1]). Herrera (2009) noted that the key for a successful market entry is a strong proactive attitude, long-term commitment to the market, conscientious follow-through of exporting effort, marketing and promotion, adaptation to competitive local price points and margins and a good customer services and terms of payment.

Apart from the above, it is also for wine exporters to build a strong personal relationship based on personal trust, which is important in order to establish a strong and profitable long-term business relationship with potential markets, distributor or clients (Herrera, 2009).

[1] South Africa, South Korea and Hong Kong (Deshpande, *et al*., 2010).

The wine industry

The wine industry is one of the most popular and attractive sectors of the world's market. Wine exportation among the New world producers has seen a rapid increase world-wide as well as in Argentina and Chile, which are now out-competing with countries such as Australia South Africa and New Zealand. Indeed, according to the latest figures, Argentina[2] and Chile[3] ranks the 5th and 8th largest producer and the 9th and 5th largest exporter of wine in the world respectively (Felzensztein, 2011). In addition, the Chilean[4] target market has been growing each year, the main ones being the UK, the US and Germany, which also provide to some of the main international wine markets. Chile sends its wine to around 150 countries and the majority (around 79%) of Chile exporters are small and medium-sized companies (Felzensztein, 2011). On the other hand, the Argentinean internal market remains as the primary destination of its production and the main exporting markets in terms of volume are the US, Paraguay, Russia and Canada (Felzensztein, 2011).

The growth in the wine industry has also benefited the tourist industry in the new world producers. This is because the two are interconnected. The wine industry helps to promote tourism (Anderson, *et. al.,* 2003) and Tourism helps the wine. In addition, the wine industry is opening up a new area of business, offering more high-quality employment in diverse regions of Argentina and Chile (Egan, *et al.,* 2002).

According to Anderson (2003) the tendency for Non-European countries to produce and export wine is continuing to grow. A good example is Australia, which has been the leader in terms of export volumes among the New World producers. Furthermore, the New World's countries are positioning their products in the key wine markets.
Consumption has also changed. Wine consumption per capita of traditional markets has declined whereas an opposite effect has occurred in emerging markets (Anderson, 2001).

The UK wine market

[2] Argentina exported 283 million litres in 2009, which represents an increase of 32% over world's 2008 (Felzensztein, 2011).
[3] Chilean's wine production is an 8%of the global international wine market (Felzensztein, 2011).
[4] A 70% of wine produced by Chile is exported (Felzensztein, 2011).

The United Kingdom[5] comprises one of the greatest wine markets in the world with almost 900 million litres imported each year. It is also one of the largest importers of Chilean wine[6] (Merino, 2010).

The UK has no local wine production, which is one of the reasons for hard and strong competition for importers in the UK wine market (Key Note, 2006). The margins of distribution and high taxes on alcohol have a definite effect on this sector. This is a market which keeps on growing. Eighty-two per cent of wines sales in the UK occur in the off-trade and 18% are sold on-trade (Ross, et al., 2010). The total volume sold has risen by 3% during the last decade and the trend is favorable to the new world countries[7] (Merino, 2010).

Methodology

The chosen method to collect primary data for this study was a *Survey* to consumers. This method provided further information to previous research in the same area.

According to Felzensztein, (2002_a), Fink (2003) and Oppenheim (1992), some of the advantages of using a *Survey* include the possibility of reaching as many respondents as possible forming a representative sample size of the population. The chosen technique for this research was a *Mail Survey*. The survey was conducted in the UK during August 2012. The questionnaire was developed based on a Literature review related to factors and attributes for consumers at the time of purchase wine. The literature relating to Country of Origin Effect and Consumer Behaviour played a key role in creation of the survey and scales used.

Measurement's scale

This survey used ***"**Likert scales"* and *"rating questions"*. Consumers' preferences were asked to respondents using a five point Likert rating scale (Felzensztein, 2002_a, 2005; Fink, 2003). In this question respondents had to indicate their wine preferences of

[5] The UK wine market is one of the biggest market in the world (Chaney, 2000), (Deshpande, *et al*., 2010), (Felzensztein, 2003_a, 2003_b) (Merino, 2010),(Ross, *et al*., 2010),(Wittwer,2007).

[6] The UK market receives 23% of all Chilean wine exports and 17% of all sales (measured in volume).

[7] Chilean wines have 9.4% of the market volume and 9% of value. New Zealand and Chile are the fastest growing importers in terms of sales, with 38% and 26%, respectively.

producer countries[8] from *"very much preferred"* to *"not preferred at all"*. Regarding wine quality, value for money, well-known brands and reputable producers, respondents had to give their wine perceptions on a six-point numeric scale from *1: "completely agree"* to *5: "completely disagree"* and adding a new option *6: "I do not know"*[9], to give those respondents who were not aware of the wine country to another option. Influential factors and communication tools questions follow the same scale[10] from *1: "very important"* to *5: "not important at all"* and without the new choice number 6. *"Check list"* was also used for demographic questions.

Statistical analysis was conducted using SPSS Statistical package. Factor Analysis was used to identify underlying variables, or factors, that explain the pattern of correlations within a set of observed variables (Langdridge, 2004). Once the new factors were identified, the next step was to select the ones more suitable for the objectives and compute the Straight line equation. This allowed calculation of the mean values which were used in two-way ANOVA analyses to explore any differences in the socio-economic and demographic characteristics of respondents (using one dependent variable and two fixed factors).

Factor Analysis was conducted using the variables *consumers' preferences by country of origin*, *consumers' perception* (premium wines, value for money, well-known brands and reputable producer country). New factors were found for each variable, analyzed and named. The new factors to consider are only those components which are important to the Argentinean and Chilean wine industry.

In order to obtain the mean values which are going to be used to conduct two ways ANOVA, the straight line equation is run using the formula on SPSS, which brings a mean per respondent per each new factor. The following example has used the values of the first component (New world countries):

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[8] Based on (Felzensztein, 2002_a).

[9] The option 6 *"I do not know"* was excluded of the analysis in order to reduce data and obtain a more specific one, so that results would be more detailed.

[10] Based on (Felzensztein, 2002_a) but adding new wine attributes, factors and communication tools from Felzensztein, (2003_a), (2003_b), (2004), (2005), (2011), Cohen (2009), Cohen, *et al.*, (2009), literature about Country of Origin Effect and Consumer Behaviour and also respondents' feedback from the pre-test questionnaire.

Y (v) = (0.689*Argentina) + (0.622*Australia) + (0.800*Chile) - (0.045*France) - (0.092*Germany) - (0.213*Italy) + (0.361*New Zealand) + (0.202*Portugal) + (0.476*South Africa) + (0.389*Spain) + (0.031*USA)

Where Y = New world countries. This equation was used with each new factor to be analyzed in order to achieve the objectives of this work.

Two-way ANOVAs was explored with different combinations using demographic information (gender, age, level of education and household) selecting 2 of them with the new variable, which was considered appropriate for the objectives of this study. Interaction between factors and main effects for each factor are explained. The level of significance is 0.05 (95%). Differences will be explored only for those components which are important to the Argentinean and Chilean wine industry.

Results and Analysis

Previous research (Felzensztein, 2002_a) showed that the majority (60%) of wine consumers were *male*. In contrast, in this study, *females* represent the majority of the respondents (54.2%). This phenomenon could be ascribed to *Demand artefacts bias* (*signs sensitive* and *signs interpretation*), which considers the complexity of the questionnaire and other factors (boredom and tiredness) as a barrier for *male* respondents (Krosnick, 1991). However, it does not reject the idea that it may have found a new consumer's group where females prevail ahead of males.

In addition almost a third of the respondents were between *18 to 30 years old* (28.9%). However, respondents' age was well distributed and spread among the five category responses. Moreover, compared to Felzensztein (2002_a) the first two categories representing consumers less than 40 years, made up the majority of respondents. The *51 to 60 years* category formed the smallest proportion (12.1%) followed by *61 years or more* (16.3%). This confirms earlier findings, Felzensztein (2002_a) who noted a new trend of young consumers. The majority of respondents have a University education (71.1%). Key note (2000), Chaney (2000) and Felzensztein (2002_a) explained that wine consumption in the UK is more likely to be in higher socio-economic groups (especially higher-class).

In terms of household earning, the category that stands out is the *over £55.000* forming 27.4% of all respondents. The other categories do not show significance differences. Thus, this can be interpreted as a consumer group which is more likely to buy more expensive wines and or more frequently.

Table 1: Demographic characteristics

Gender	**Frequency**	**Valid Per cent**
Male	87	45.8
Female	103	54.2
Total	190	100.0
Age	**Frequency**	**Valid Per cent**
18 to 30	55	28.9
31 to 40	41	21.6
41 to 50	40	21.1
51 to 60	23	12.1
61 or more	31	16.3
Total	190	100.0
Education level	**Frequency**	**Valid Per cent**
Secondary school or less	21	11.1
Bachelor degree	55	28.9
Postgraduate degree	114	60.0
Total	190	100.0
Household income	**Frequency**	**Valid Per cent**
Less than £ 15,000	32	16.8
£ 15,000 – £ 25,000	22	11.6
£ 25,001 – £ 35,000	32	16.8
£ 35,001 – £ 45,000	28	14.7
£ 45,001 – £ 55,000	24	12.6
Over £ 55,000	52	27.4
Total	190	100.0

Skipped questions (21)

Factors that influence wine selection

Regarding the amount respondents are prepared to pay for a bottle of wine, the majority of respondents (52.6%) chose the £*6.00 and £9.99* category, This demonstrates that consumers are spending more money on wine than ten or more years ago, where the majority spent between £*4.50 to £5.99* (Felzensztein, 2002$_a$) and £*3.50 to £4.49* (Keown and Casey, 1995). A minority of respondents 12.5% is willing to pay £*10 or more* per bottle of wine, these may reflect the connoisseurs who prefer more expensive wines. Interestingly, this does not match the large proportion of respondents that earn over £ 55,000 a year.

The results show that, *supermarkets* by far, are the place where respondents frequently purchase wine (84.4%). The second most popular retail outlet is *off-license shops* (41.1%), which represent a wine knowledgeable class of consumers, the primary purchasers of fine wines.

Consumer's preferences and Country of Origin

In previous research (Felzensztein, 2002_a) the most preferred countries for consumers were Australia, France, Italy and Chile was ranked in the 4th place, which is a good performance for an Emerging wine producers in the competitive wine market in the UK.

Traditionally, the concept of *premium* wines has always referred to countries from the Old world producers such as France, Italy and Spain (Anderson, *et al*., 2003; Cusmano, *et al*., 2010; Green, *et al*., 2003; Key Note, 2006).

Moreover, Felzensztein (2002_a, 2005) positioned France, Australia and Spain as the highest quality wine for consumers. Latin American wines were not considered as premium wines. However, Chile was ranked medium behind the above mentioned countries and Italy. On the other hand, Argentina was perceived as producers of non-premium wines. Nevertheless, Argentina and Chile were considered as high value for money products. Latin American countries seemed not to be situated in a high perception in terms of reputation as wine producers, showing Chile in a medium place among the producers.

The information mentioned above did not present an easy future for Argentina and Chile. Thus, a promissory expectation could be achieved as a result of hard work and commitment from private companies and governments working collectively. The results of our research show that Latin American countries have started gaining consumers and prestige in several aspects taken into account a decade ago. Moreover, Argentina and Chile have started demonstrating a good example to follow for emerging wine producers.

In terms of consumer's preferences, Chilean wines has taken over the second place behind France and rapidly started to be considered in a privileged group as a high quality wine with a 4th place just behind the three strongest New world wine producers

(France, Spain and Italy). According to our results, Chilean wines are strongly perceived as being good value for money which is very important in a price sensitive market.

Moreover, Argentina remains among the first positions regarding value for money and the trend seems to keep growing this perception for consumers but needs to start creating an image of premium wines which is still its fragile aspect in the UK market. However, both Latin American countries are presented in a better position regarding reputation. Chile is ranked 2nd behind France and Argentina reached a medium position and consumers have begun considering it as a reputable producer.

The category of well-known brands seems to be the currently weakest factor for the Latin American wines. Argentina is among the countries which are perceived to have not so well-known brands and Chile has made an important step forward from being a minor player (medium to low position in 2002) to be part of the 4th first countries of this group.

Table 2: Consumers' preferences by country of origin

Preferences	**Argentina**	**Australia**	**Chile**	**France**	**Germany**	**Italy**
Mean	3.07	3.51	3.9	3.97	2.5	3.54
Very much	10.8	20.0	35.0	40.9	5.1	21.4
Much	21.1	34.4	33.5	32.8	14.7	36.7
Indifferent	43.3	27.2	20.3	11.6	33.5	20.4
A little	13.9	13.8	9.1	11.6	18.3	16.8
Not at all	10.8	4.6	2.0	3.0	28.4	4.6
Total	100.0	100.0	100.0	100.0	100.0	100.0
Preferences	**New Zealand**	**Portugal**	**South Africa**	**Spain**	**USA**	**Other**
Mean	3.49	2.96	3.28	3.65	2.53	3.03
Very much	19.4	6.3	16.0	25.8	3.6	19.7
Much	33.2	24.6	29.9	35.9	11.4	15.5
Indifferent	30.1	39.3	28.4	20.7	38.9	33.8
A little	11.7	18.3	18.0	13.1	26.9	9.9
Not at all	5.6	11.5	7.7	4.5	19.2	21.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

Skipped questions (21) Others (52)[11]

Table 3: High quality/Premium wine

[11] *The UK producers (10), Austria (7), Hungarian (6), Greek (5), Bulgarian (4), Lebanon (3), Mexico (Baja California, 2), Turkey (2), Alsace (France*, which was already included in the original question*), Georgia Canada, Israel, Switzerland, Nigeria, Slovenia, Ukraine, Cyprus, Eastern Europe, Indifferent (2), not important; Avoid wines that have to fly (ecological reasons).*

Premium	Argentina	Australia	Chile	France	Germany	Italy
Mean	3.2	3.86	4.01	4.58	3.28	4.02
Completely agree	6.1	24.7	30.8	65.6	16.0	26.0
Agree	33.3	46.6	45.9	27.9	28.4	53.8
Indifferent	38.8	19.0	16.9	5.5	29.6	16.2
Disagree	17.7	9.8	6.4	1.1	19.1	4.0
Completely disagree	4.1	.0	.0	.0	6.8	.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
Premium	New Zealand	Portugal	South Africa	Spain	USA	Other
Mean	3.98	3.37	3.75	4.04	3.24	4.06
Completely agree	31.1	11.0	19.8	33.7	11.0	40.0
Agree	42.7	33.5	46.7	42.7	30.8	28.6
Indifferent	19.5	39.4	24.0	18.0	33.1	28.6
Disagree	6.1	14.2	7.8	5.1	21.5	2.9
Completely disagree	.6	1.9	1.8	.6	3.5	.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

Table 4: Value for money

Value for money	Argentina	Australia	Chile	France	Germany	Italy
Mean	3.77	3.86	4.33	3.08	3.24	3.53
Completely agree	20.3	18.1	46.2	11.8	6.3	13.9
Agree	45.9	55.0	40.9	24.7	33.3	41.0
Indifferent	27.0	21.6	12.3	28.1	44.4	30.1
Disagree	4.1	5.3	.6	30.3	10.4	13.9
Completely disagree	2.7	.0	.0	5.1	5.6	1.2
Total	100.0	100.0	100.0	100.0	100.0	100.0
Value for money	New Zealand	Portugal	South Africa	Spain	USA	Other
Mean	3.74	3.45	3.78	3.73	2.94	3.56
Completely agree	14.3	11.3	12.6	17.0	5.0	16.7
Agree	52.8	37.1	57.5	49.7	25.2	36.1
Indifferent	26.1	39.1	25.7	24.0	38.4	36.1
Disagree	6.2	10.6	4.2	8.2	22.0	8.3
Completely disagree	.6	2.0	.0	1.2	9.4	2.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

Table 5: Well-known brands

Well-known brands	Argentina	Australia	Chile	France	Germany	Italy
Mean	2.82	4.28	3.83	4.38	3.16	3.74
Completely agree	4.7	41.0	29.8	52.0	10.9	25.4
Agree	20.9	41.0	37.5	37.4	31.4	39.6
Indifferent	33.1	9.8	18.5	7.8	28.8	18.9
Disagree	33.8	1.7	14.3	2.2	20.5	15.4
Completely disagree	7.4	.0	.0	.6	8.3	.6
Total	100.0	100.0	100.0	100.0	100.0	100.0
Value for money	New Zealand	Portugal	South Africa	Spain	USA	Other
Mean	3.69	2.92	3.6	3.83	3.6	2.7
Completely agree	22.2	5.2	18.2	26.0	17.0	9.1
Agree	41.4	22.7	43.4	41.6	41.5	12.1

Indifferent	21.6	37.0	21.4	22.5	28.1	33.3
Disagree	13.0	28.6	14.5	9.2	11.1	30.3
Completely disagree	1.9	6.5	2.5	.6	2.3	15.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

Table 6: Reputable producer country

Reputable producer country	**Argentina**	**Australia**	**Chile**	**France**	**Germany**	**Italy**
Mean	3.79	4.27	4.42	4.74	3.55	4.28
Completely agree	24.7	42.4	51.2	76.9	23.9	41.3
Agree	43.5	46.3	40.1	20.3	33.3	47.7
Indifferent	19.5	7.9	8.7	2.7	23.9	8.7
Disagree	10.4	2.8	.0	.0	11.9	2.3
Completely disagree	1.9	.6	.0	.0	6.9	.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
Value for money	**New Zealand**	**Portugal**	**South Africa**	**Spain**	**USA**	**Other**
Mean	4.15	3.62	4.08	4.23	3.73	3.42
Completely agree	39.1	16.6	31.9	40.7	20.5	21.2
Agree	40.2	40.1	48.8	44.8	47.6	27.3
Indifferent	17.8	33.1	15.1	11.6	19.3	30.3
Disagree	2.4	9.6	3.6	2.9	9.6	15.2
Completely disagree	.6	.6	.6	.0	3.0	6.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

Others (28)[12]

Consumer´s wine selection

Previous research (Felzensztein 2002$_{a}$, 2003$_{a}$) showed that *price*, *country of origin* and *grape variety*, were the most influential factors at the time of purchasing wine and *region of origin*, *labeling* and *brand* were not considered to be influential factors, these were perceived indifferent factors for consumers and brand name was considered "not important at all".

According to our results, the UK market still remains a *price-sensitive* market. However, the effect of *country of origin* is becoming stronger influence on consumers' decisions at the time of purchasing wine. This factor has become an important attribute for the wine industry to consider and more research in this area is recommended. *Brand name* was not perceived as an influential factor in a decade ago (Felzensztein 2002$_{a}$), but in our research it reached the category of *important*.

12 *UK (9), Austria (4), Hungary (2), Bulgaria (2), Mexico (Baja California, 2), Nigeria, Canada, Israeli, Lebanon, Switzerland, Ukraine, Greece, Georgia, (Indifferent, No knowledge).*

Felzensztein (2002_a, 2003_a), found that "*recommendation from the retail assistant*" was the most influential communication tool. This was followed by *worth of mouth* and *promotional activities* then wine *publications/wine critics* (13.6%) and finally, *advertisement* (mostly considered as "not important at all"). In our study, *Word of mouth* and *promotional activities* appeared as the most influential communication tools in the wine market, followed by *Recommendations from retail assistants*. In Felzensztein (2002_a) the latter tool was the most important for consumers, which is arguable considering that his research focused on consumers of off-license shops and specialist wine retailers, who are mostly *"Connoisseurs and Aspirational Drinkers"*. In contrast, our work has focused on a wide variety of consumers and as the results show, the majority of them prefer to purchase wine in supermarket, where there is not an interaction between the retail assistant-customers. *Advertising* showed an increase from *not important at all* to *indifferent/ little importance*, which means that the importance of adverts in the wine industry has been increasing over time. Having said so, it is necessary to apply advertising combined with COO, country image, labeling and others, in a long-term campaign (Mueller, *et al*., 2010; Moon, *et al*., 2002).

Table 7: Influential attributes

Attributes	Country of origin	Region of origin	Price	Brand name	Grape variety	Labeling (Clear information and/or design)
Mean	4.13	3.56	4.26	3.42	3.94	3.66
Very important	43.2	15.9	41.6	11.6	33.2	18.6
Important	37.9	43.9	47.9	42.1	42.1	42.6
Indifferent	10.5	25.4	6.8	29.5	14.2	27.7
Little importance	5.8	10.1	2.6	10.5	6.3	8.5
Not import at all	2.6	4.8	1.1	6.3	4.2	2.7
Total	100	100	100	100	100	100

Attributes	Alcohol level	Medal or award	Organic	Fair Trade	Colour	Ageing	Other factors
Mean	2.89	2.94	2.7	2.92	3.62	3.39	3.22
Very important	7.4	4.2	3.7	6.3	23.2	13.8	21.6
Important	19.5	24.9	18.4	28.4	39.5	37.8	21.6
Indifferent	41.1	41.3	37.4	30.5	20	28.7	29.7
Little importance	18.9	20.1	25.3	20	10.5	13.3	10.8
Not import at all	13.2	9.5	15.3	14.7	6.8	6.4	16.2
Total	100	100	100	100	100	100	100

Others (11)[13]

[13] *Recommendation from the wine marker (2), Description of the flavour and taste on the label (2), Taste and wine body, Cork seal, Design of the bottle, Temperature, whether sweet or dry, (Principles, e.g. Not Argentinean wines because of the Falklands), (ecological reasons, wines from countries close*

Table 8: Communication tools.

Communication tools	Promotional activities (Special offers, tasting, etc.)	Advertising (TV, radio, newspapers)	Wine publications, wine critics
Mean	3.69	2.65	3.09
Very important	22.9	5.3	11.2
Important	42	15.9	29.9
Indifferent	20.2	35.4	27.3
Little importance	10.6	24.9	19.3
Not important at all	4.3	18.5	12.3
Total	100	100	100
Communication tools	**Word of mouth (Friends, family)**	**Recommendations from retail assistants**	**Other factors**
Mean	4.16	3.19	3.52
Very important	39.4	6.9	33.3
Important	46.3	40.4	9.5
Indifferent	7.4	26.1	42.9
Little importance	4.8	18.1	4.8
Not important at all	2.1	8.5	9.5
Total	100	100	100

Others (5)[14]

Our results show that demographic attributes such as gender and education level were not relevant (not statistically significant). Consumers with higher household income present more preferences for Argentinean and Chilean wines. According to the results, age produces a significant effect in almost all the categories and also interactions with the other variable (household income or level of education). This is an important information to put emphasize on as a main group age of New world wines consumers. However, due to small sample size in the estimate of ANOVAs, results should be interpreted with caution and it is recommended to use this analysis with a greater sample. Moreover, a significant effect in consumers' perception of value for money in Argentinean and Chilean wines was not found.

Conclusions

The New world countries produce value for money wine, with Chile being ranked first. Argentina is showed and increased in terms of value for money and reputable producer.

to the UK).

[14] *Level knowledge of area/visits (2), tasting elsewhere (dinners, parties, bar/pub), Curiosity, Whim and random chance.*

The Old world countries are strongly perceived as producing high quality wines and consumers prefer them the most. However, the increase in popularity of the Emerging Wine producers presents a hard challenge in terms of competition and marketing strategies for countries such as France, Spain and Italy.

The UK market remains a *price sensitive* market, where price is the most important factor at the time of purchase wine. Another important factor is *country of origin*, and Felzenstein (2002_a, 2004, 2005) recommends considering this in combination with other factor such as *grape variety*, and *price*. However, as the survey results show there are new emerging factors to consider such as *labeling*, *wine colour* and *ageing*. These were perceived as important influence for consumers. *Brand name* has also become more of a factor that influences consumer choice that is compared with a decade ago (Felzensztein, 2002_a). In our work, *word of mouth* was the most influential communication tools followed by *promotions* and *recommendation from the retail assistant*. The difference in results may be due to the fact that this study surveyed a larger variety of consumers, as opposed to only those that sourced wines through specialist retailers.

Our findings provide a contribution to the current literature on COO focusing in agribusiness-related industries and confirming its importance on consumer’s perception. We also provide an update of the current position of the most important Latin American players in the wine industry. Our results can play an important role in an international marketing strategy by focusing on the main consumers’ age and socio-economic sector of Argentinean and Chilean wine preferences. In addition, this is a good example to follow for other Latin American markets which want to build an international reputation in agribusiness sectors, using COO as the fifth element of the international marketing mix.

Further research can investigate the diverse consumers' perceptions of wine producing countries, from a behavioral view. Furthermore, Multi-cultural and cross nationalities may be considered for future studies.

Limitations

The sample size was not small and it was appropriate for a *Survey* as a primary data collection method. However, it is always beneficial to gain as many responses as possible (Fink, 2003; Oppenheim, 1992), in order to acquire a bigger representative sample of the whole UK. In addition, further researchers should consider larger samples and different geographic regions of the UK or other countries. The research would have been more specific if a probability sample had been undertaken and qualitative research used. The advantages of using qualitative and quantitative research methods in this study would be an increase of diverse and assorted data.

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