

MARKET SEGMENTATION OF TOKAJ WINES

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ABSTRACT

A deliberate market segmentation on the Hungarian wine market appeared not more than a decade ago. Due to an enormous competition, a conscious segmentation of the market for Tokaj wines is essential. In spite of these difficulties on the market it is very rarely seen that producers are using global marketing tools consciously. My aim is to do the consumer market segmentation of Tokaj wines, and to set up consumer clusters. The spread of questionnaires was preceded by arbitrary sampling. I began with a filtering initial question (do you drink wine?) and the first question of the questionnaire came after the answer YES. Following this, the number of samples was 472 persons. Similarly to the general model of food consumers, 4 classic types of consumer behaviour can be discovered on the market of consumers of Tokaj wines. From the results of the research we can conclude that the general behaviour of food consumers and the characters of the segments of wine consumers' behaviour correspond to the types of Tokaj wine consumers selected by us. Based on this we can state that the characteristics of the basic types of general food consumers' behaviour consequently appear in narrower groups as well. This, in the meantime, confirms the correctness of our methodology and can confirm our results.

Keywords: market segmentation, consumer behaviour, market of Tokaj wines

INTRODUCTION

A deliberate market segmentation on the Hungarian wine market appeared no more than a decade ago. Facing an enormous competition, a conscious on segmentation on the market of Tokaj wines is essential. The relative loss in the importance of sweet wines means further difficulties for sales and production. In spite of these difficulties on the market it is very rarely seen that producers are using global marketing tools consciously. The reasons for this can be found in the lack of the necessary knowledge and practical experience. The recognition of deficiencies is made even more difficult by the lack of innovative approach from the winemakers' side, and the fact that the professional environment is not able to assist appropriately either.

Marketing experts usually approach an analysis built on scientific basis with a great deal of scepticism or opportunism, questioning the usefulness of research work. They are asking for results that can be measured at once, while for several years there have been almost no steps forward in delivering a unified system of tools.

Wines like Tokaj wine specialities have to be handled with accentuated care. It is also very important to take into consideration that the domestic market still has a determining role, and this is why reliable market research and analyses discovering market requirements are needed (Szakál, 2002).

My aim is to do the consumer market segmentation of Tokaj wines, and to set up consumer clusters.

MATERIALS AND METHODS

The most important requirement when using targeted marketing tools is that we should know exactly who we want to deliver the message to, ie. who the target person/persons are. The consumer market has to be divided into smaller parts, based on different attributes. The groups of the market showing distinctive demand characters are called segments, the method aiming to know the market, and dividing it into homogenous parts is called segmentation (*Bauer and Berács, 1999*).

The wine market needs differentiated marketing work in the interest of short and long term profitability. For the complete understanding of the needs, preferences, attitudes and purchasing behaviour of wine consumers, market segments have to be defined precisely (*Tzimitra-Kalogianni et al., 1999*).

If the motivation of the consumers in their decisions of purchase is understood, we will be able to create a much more realistic model, with the help of which our strategic decisions regarding price definition, package, distribution and promotion can be much more efficient (*Lockshin et al., 2003*).

The consumers are trying to decrease all risks of purchase. Due to the differences in wines, and the variations in consumer preferences, all the four purchasing decision positions can be discovered in case of wine purchase:

- Simple purchase decisions are made in the category of drinkable wines by the group of customers of such wines.
- For those who like diversity, the category of pleasant wines, including wines of lower alcohol contents, even flavoured, coloured wines can be an option.
- Wines that require consideration can be called good wines. Consumers in this category endeavour to decrease purchase risks.
- Consumer behaviour targeting the decrease of discordance can be found in case of wines meant for 'professionals' or connoisseurs. In this case the recognised risk is bigger for a wider scale than the marked value of the product (*Papp and Komáromi, 2002*).

The spread of questionnaires was preceded by arbitrary sampling. I began with a filtering initial question (do you drink wine?) and the first question of the questionnaire came after the answer of YES. Following this, the number of samples was 472 persons. I did the questioning on my own. During the research I did the statistical analyses by MS Excel and SPSS 13 softwares.

Our purpose was to create the clusters of tokaj wine drinkers. Creating clusters means to make homogen clusters from our data base. We used a two-step cluster because we had nominal and metrical data. The two-step cluster offers the ideal number of clusters. They were 2 different clusters.

According to our previous research, it is not objectionable because it can not clarify the market perfectly. We specified 4 different clusters.

RESULTS AND DISCUSSION

48% of the samples were female, 52% were male. 22% were between the ages of 18-30 years, 48% between the ages of 31-45 years, 17% between the ages of 46-60 years and 13% at the age above 60 years.

The majority of the samples had higher education (65%), 34% had intermediate education and only 1% had basic education. The majority of the respondents are employed (70%), 14% are retired, 3% are students and unemployed, 10% are private entrepreneurs.

Figure 1 shows the results of the question: 'When did you last drink wine?' three quarters of the respondents said 'last week', from which we can take the conclusion that people regularly have wines on their table. Taking into consideration that due to social expectations, people when asked about alcohol consumption usually admit lower figures, this regularity is especially interesting.

The proportion of answers to the question: 'What type of package do you prefer when drinking wine?' is as follows: 89% chose bottled wines, only 2% said PET bottles, 9% chose wine by the glass and none of them mentioned bulk wine.

Figure 2 shows the latest spendings of consumers, according to which more than half of the consumers spend 1000-3000 HUF on a bottle of wine. 30% choose wines under 1000 HUF, so 84% regard the price of HUF 3000 as a limit during purchases.

Figure 3 shows that 56% of the samples drank Tokaj wine more than a month ago, or even farther than that. Compared with the first question it can be stated that though $\frac{3}{4}$ of those asked drink wine every week, or even more often, but in the majority of occasions they choose other than Tokaj wines. Only 15% said that they drank Tokaj wine less than a week ago.

Figure 4 shows when did the respondents last buy Tokaj wines. Almost 70% bought Tokaj wines more than a month ago, or even farther. This answer probably shows that Tokaj wine is regarded as the wine for special occasions, celebrations, and the higher price category also has a role in this.

Figure 1

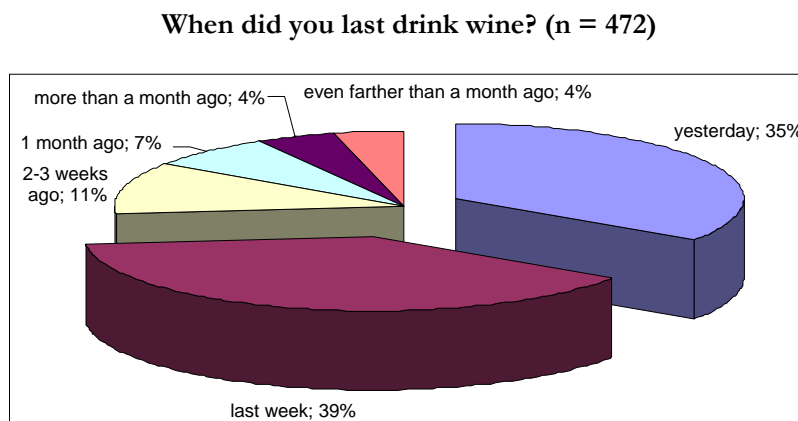


Figure 2

How much did you spend on wine during your last purchase? (n = 472)

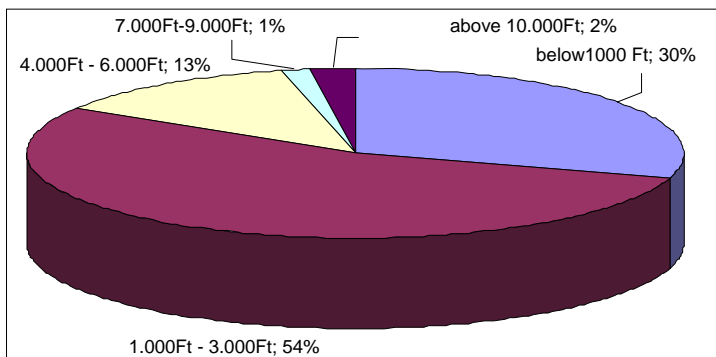


Figure 3

When did you last drink Tokaj wine? (n = 472)

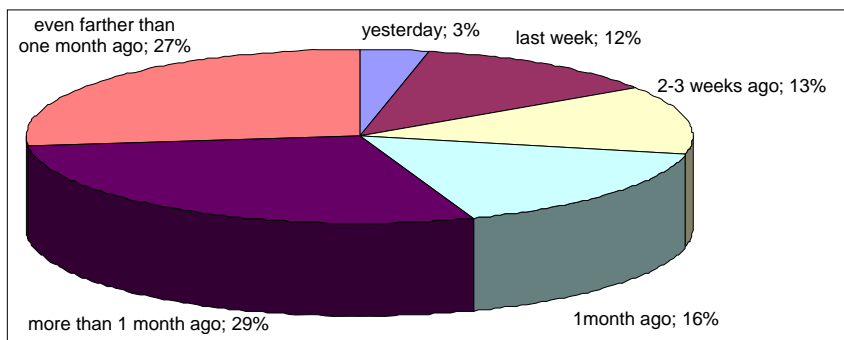
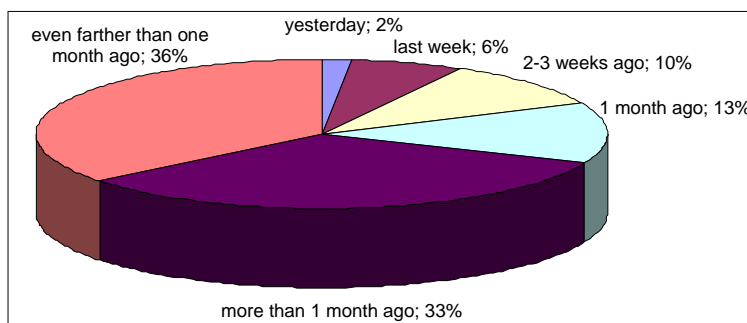


Figure 4

When did you last buy Tokaj wine? (n = 472)



According to *Figure 5* Tokaj wine is drunk by respondents most often on special occasions and at celebrations. 39% of them answered this to the question: ‘*When and on what occasion do you drink Tokaj wine?*’ The answers: at home, with guests and at home for joy are mentioned in the first place by the majority, with the proportion of 15%-15%. The same of these three answers are mentioned in the second place, all of them are around 20%. Based on the processed data we can state that people do not drink Tokaj wines in pubs and bars almost at all.

The proportion of sexes regarding wine tastings and wine tours is almost the same, but men prefer to buy wines directly from the cellars, compared to women. In restaurants and cafés mostly women drink Tokaj wines. Men drink Tokaj wines mostly at home for joy, and they form the majority of those who buy these wines for collections.

Figure 5

When / on what occasions do you drink Tokaj wines?

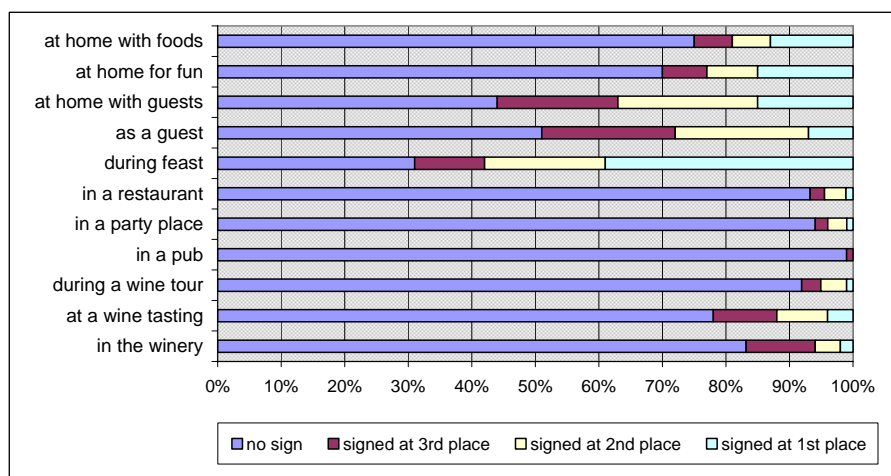


Figure 6 shows the answers for the question: ‘*On what purpose do you usually buy Tokaj wines?*’ It can be seen that 44% of those asked mentioned own consumption in the first place, which shows similarity with the answers on previous questions, i.e. people drink Tokaj wines mainly on special occasions, celebrations. The second most frequent answer was the purchase when visiting friends and when welcoming guests, 31%-22%. In my opinion here we can see the aspect of Tokaj wine that shows value and quality, a tool for self-expression accepted as a wine of higher value. It can be stated that the collection of Tokaj wines is not widespread in Hungary, yet.

Examining the proportion of sex it can be stated that it is mainly men that buy these wines for own consumption.

The majority of the respondents mostly and usually *buy Tokaj wines* on the same *place* where they do their *everyday shopping*. On *Figure 7* 43% mention this. The proportion of purchasing in supermarkets is high, mentioned by 39% and takes the

second place. In case they cannot buy Tokaj wines on the premises of everyday shopping, the next possible place is the place where big volume shopping is made, ie. at supermarkets. A bit more people buy them in wine shops than directly from the producer. A tendency can be seen that buying Tokaj wines mostly takes place on the premises of everyday shopping and in supermarkets, which may be explained with the challenges of accelerated life.

Figure 6

On what purpose do you usually buy Tokaj wines?

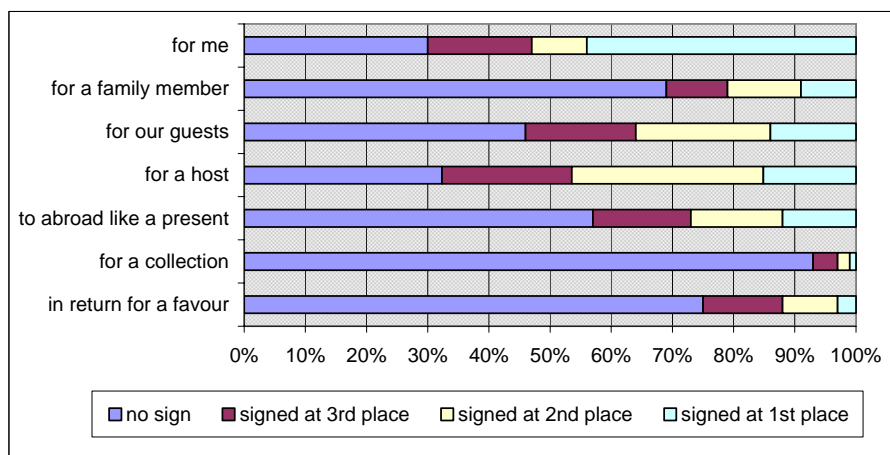
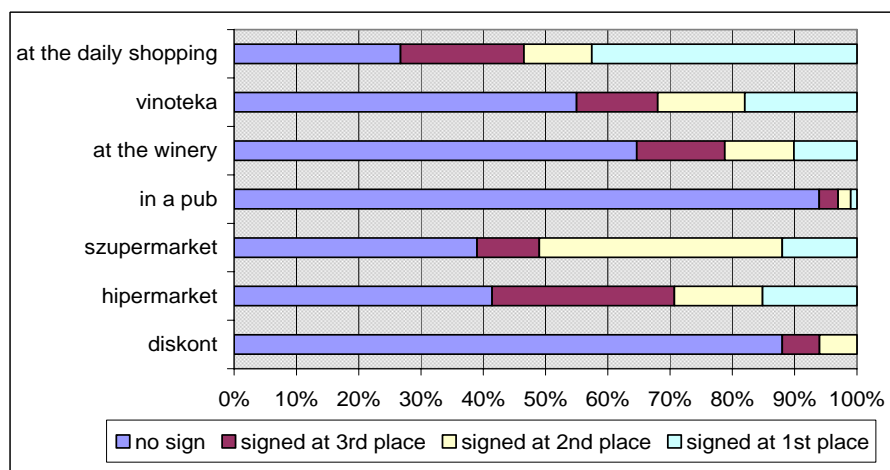


Figure 7

Where do you buy Tokaj wines?



According to *Figure 8* consumers largely differentiate regarding the *winemaker* when selecting the *factors influencing purchases*. 28% of them think the winemaker is a less important factor, while for 32% the producing person is the most important factor influencing their purchase. 28% do not think this way.

Figure 8

How important role does the winemaker have in your decision when buying Tokaj wines?

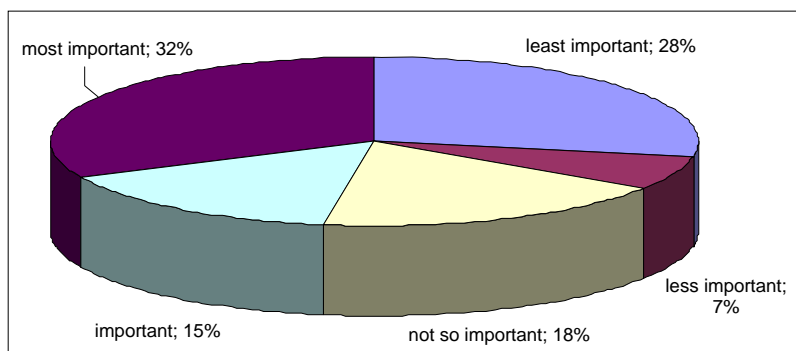
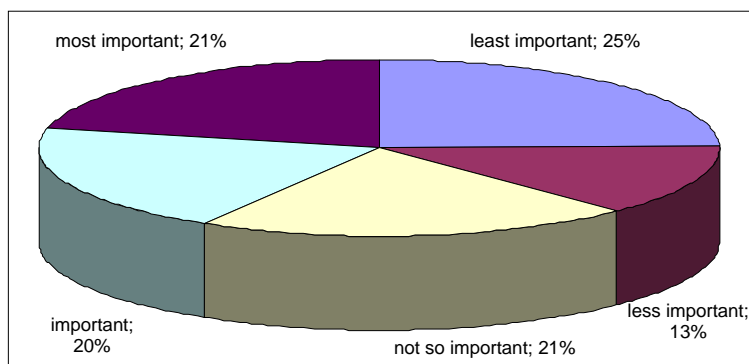


Figure 9 shows that the opinions of consumers regarding *vintage year*, as a *factor influencing purchases* are quite different, since almost all answers were marked in the same proportion, but they incline to evaluate it as important. We should mention here that this result most probably reflects the opinion of wine experts saying that vintage year characters should be taken into consideration.

Figure 9

How important factor is the vintage year when buying Tokaj wines?

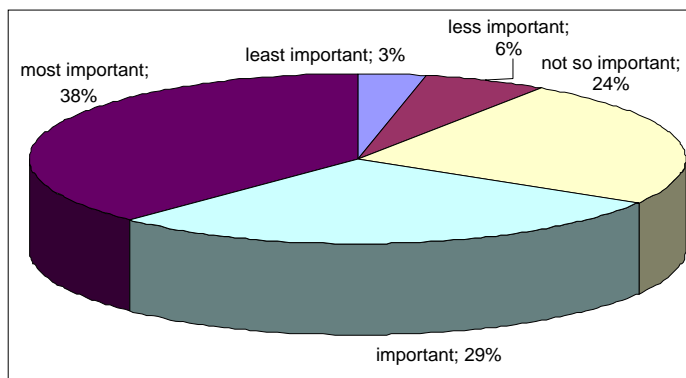


The decision of consumers is highly influenced by the *price*, as shown on *Figure 10*. 91% of those asked think that price is a quite or even more important factor when

deciding about buying Tokaj wines. This means that the majority of the customers are 'price-sensitive' in respect of wines.

Figure 10

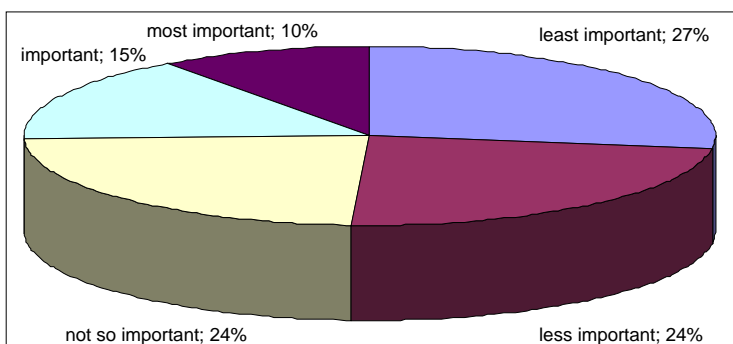
How important is price for you when buying Tokaj wines?



According to Figure 11 51% of the respondents think that the *product design* is not, or a less important factor when choosing Tokaj wines from the shelves, though 10% take this as one of the most important factors. The proportion of women is higher in this respect than that of men.

Figure 11

How important is the product design for you when buying Tokaj wines?



On Figure 12 it can be seen that more than half of the respondents consider *friends' suggestion* as the most important factor when buying Tokaj wines. It is especially true in case of women, where this proportion is even higher. According to earlier researches Hungarian wine consumers have less knowledge of the wine market. This explains the fact that the comments of an opinion leader may count a lot when deciding. 23% does not take their friends' suggestions into account when deciding about purchase.

Figure 12

How important is your friends' suggestions when buying Tokaj wines?

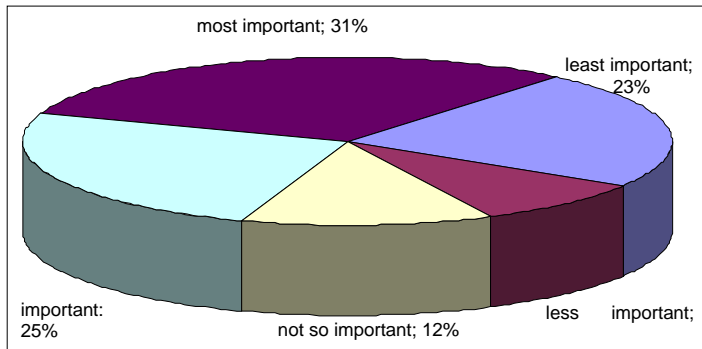


Figure 13 shows that for the consumers of Tokaj wines the suggestions of wine magazines are less important. 53% of the respondents think it is the least important factor when choosing a wine.

Figure 13

How important are the suggestions of wine magazines for you when buying Tokaj wines?

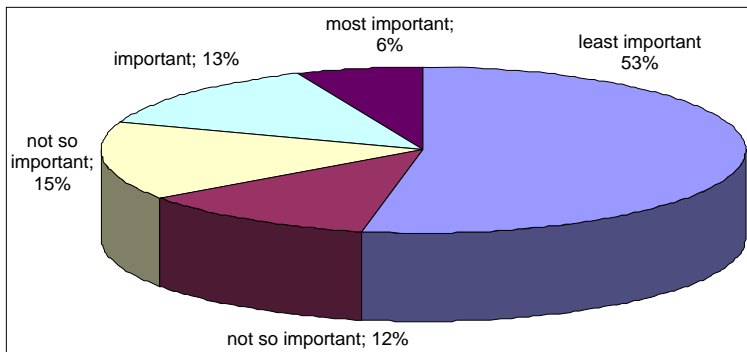


Figure 14 shows that *indication of awards at wine competitions* influences the choice of wine to be bought to a higher extend than opinions published in wine magazines. Here only 40% of the respondents have indicated this as the least important category.

Figure 15 shows that for 39% of the customers the *labels of products* are important, or they are one of the most important factors. 24% of them think it is not important at all. The difference is quite big. Women pay more attention to information indicated on labels than men.

According to Figure 16 41% indicated *price promotions* as an important or very important factors when deciding about *purchasing*, 67% indicated price. The proportion of those considering price promotions as not so important is extremely high: 30%.

Figure 14

How important is the indication of awards from wine competitions for you when buying Tokaj wines?

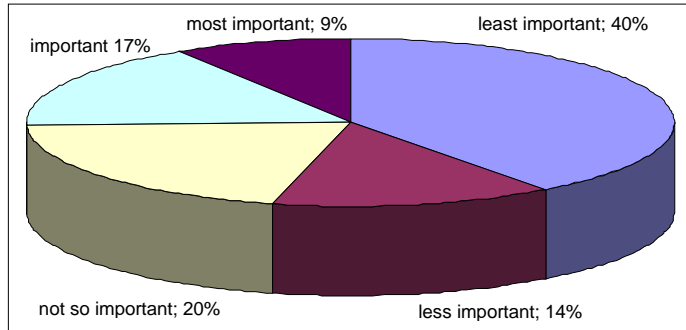


Figure 15

How important is the information indicated on labels for you when buying Tokaj wines?

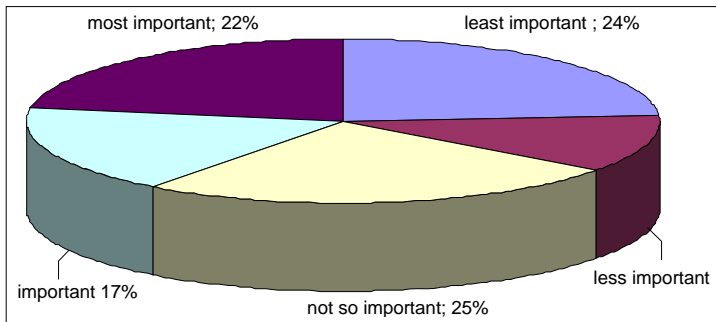
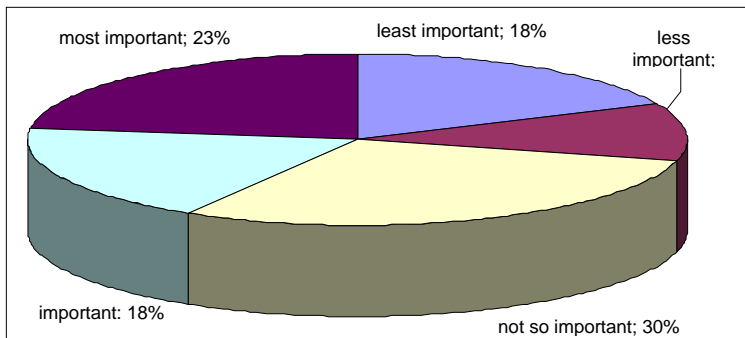


Figure 16

How important is price promotion for you when buying Tokaj wines?



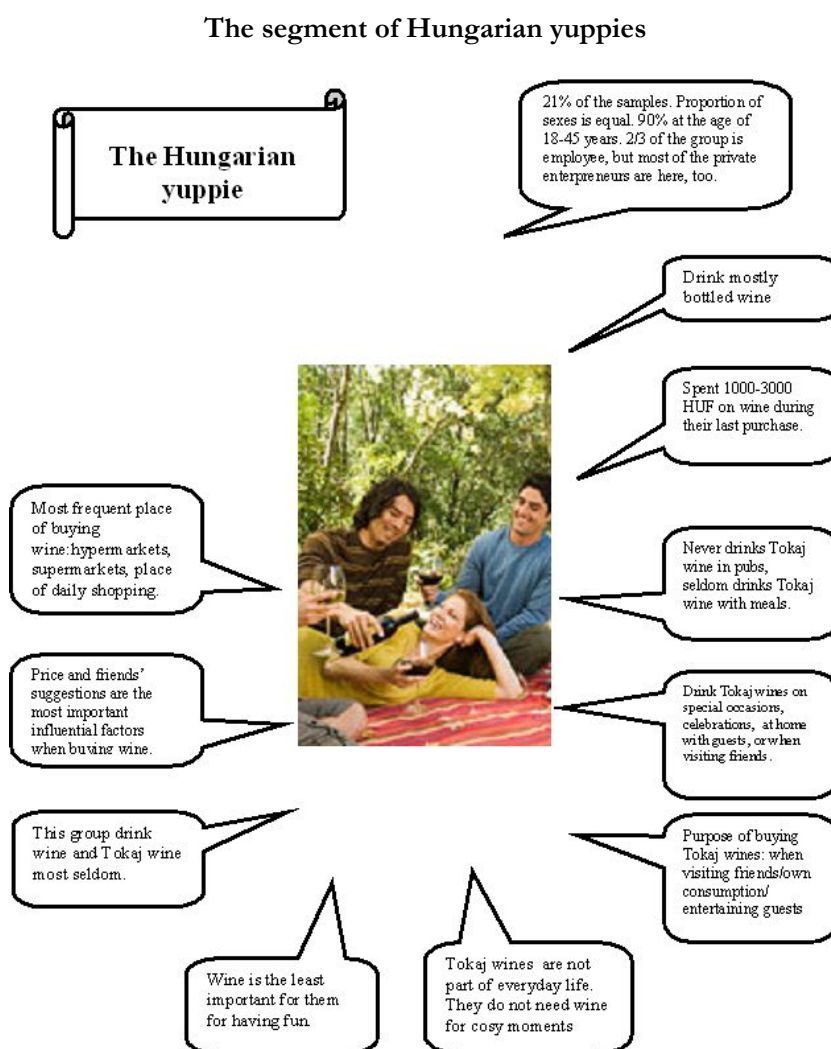
Consumer clusters of Tokaj wines

The clusters were created on the basis of behaviour and social-demographic factors of the research. Classic consumer behaviour groups can be discovered in them.

The Hungarian yuppie

21% of all samples is given by the category that I call the Hungarian yuppie (Figure 17). 90% of this cluster comes from the age group of 18-45 years, which age group is very much preferred by advertising experts. The proportion of sexes is equal. They mostly have higher education, 2/3 of them is an employee. In the meantime the proportion of private entrepreneurs is the biggest in the cluster.

Figure 17



They mainly drink bottled wines, but this is the group that drink wine and Tokaj wine the least frequently. They hardly drink Tokaj wine with meal. The main occasions for drinking Tokaj wines are: celebrations, special occasions (at home with guests), when visiting friends.

If they buy Tokaj wines, they mainly do it on the following purposes: when visiting friends/for own consumption/entertaining guests. They mostly buy Tokaj wines in hyper,- and supermarkets, and on the premises of their daily shopping, and they are mostly influenced by the price and their friends' suggestions.

They spent 1000-3000 HUF on wine last time. They never drink Tokaj wine in pubs. Tokaj wine is not the part of their everyday life, they do not need wine for cosy moments. This group needs wine for having fun the least.

Striving to get in line

20% of all samples is given by the category that I call those striving to get in line (*Figure 18*). This group is mainly formed by men of different age groups. There are pensioners and employees in the group, 2/3 of them have higher education.

They mainly drink bottled wine and spent 1000-3000 HUF last time when bought wine.

They drank wine 'last week', but drank Tokaj wine 1 month ago. This corresponds with the fact that they buy Tokaj wine once a month on average. The winemaker, the vintage year and the price are important factors for them when buying wines. They mostly buy Tokaj wines on the premises of their everyday shopping, in super,- and hypermarkets, mainly for own consumption, but also when visiting friends or entertaining guests.

Representatives of this group drink Tokaj wines in pubs, with meals and for fun most frequently.

The most important occasions for consumption are celebrations/at home for fun/at home with meals.

Drinking wine is a ceremony for them. Tokaj wine is the queen of alcoholic drinks. Wine and cosy moments belong together.

The sophisticated artists of life

30% of the respondents form the category of sophisticated artists of life (*Figure 19*). They mostly have higher education, all of them are in the age group of 18-45 years, mostly employees. There are 30% more women in the sample group than men.

They only drink bottled wines. The latest occasion on drinking wine was 'last week'. They buy (every month) and drink (less than 1 month ago) Tokaj wines most frequently. Important factors when buying wines are their friends' suggestion, winemaker and the price. It is this group where friends' suggestions, suggestions of wine magazines, awards at wine competitions and labels are the most important factors.

According to their own judgement they can navigate themselves among wines, they are interested in information regarding winemaking. They know what wine regions and wine varieties are there in Hungary. They know what wine matches to

different occasions. They attend wine tastings, visit cellars, go on wine tours most frequently.

Figure 18

The segment of those striving to get in line

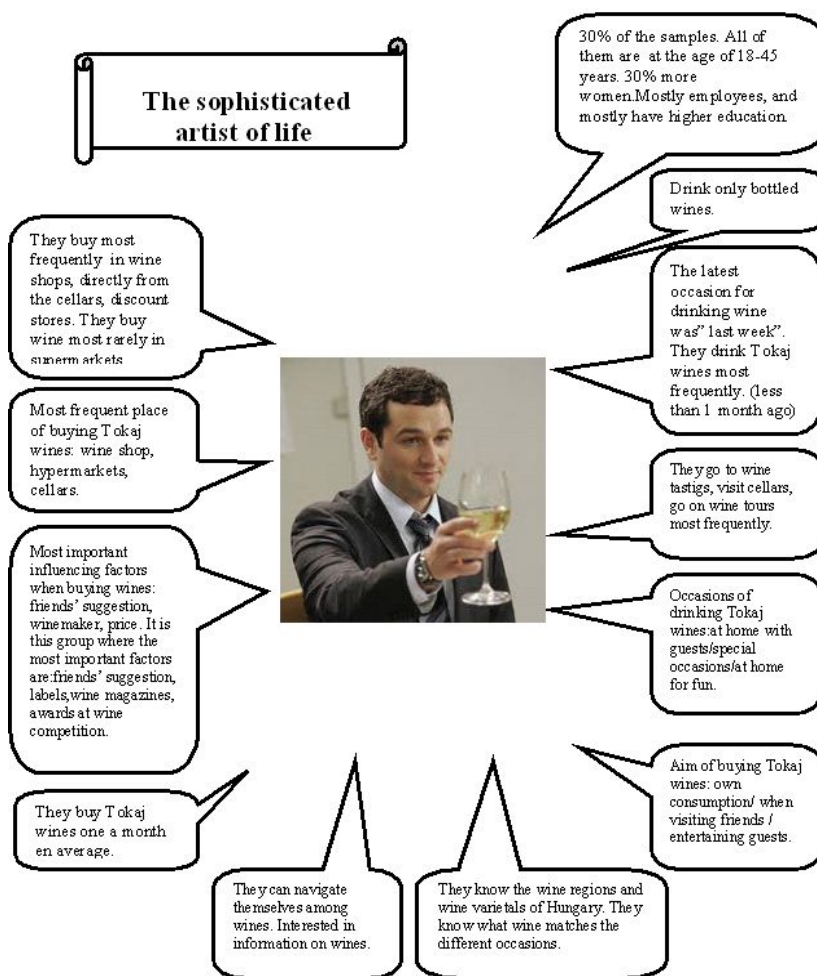


Most typical place of buying Tokaj wines are wine shops/hypermarkets/directly from cellars. They buy in wine shops, directly from cellars and discount stores the most frequently. They buy in supermarkets the least frequently. The purpose of buying Tokaj wines are for own consumption/when visiting friends/for entertaining guests, but they buy with the purpose of collection and in exchange for services most frequently as well.

They drink Tokaj wines mostly at home with guests/on special occasions/at home for fun.

Figure 19

The segment of the sophisticated artist of life



The price sensitive simple average consumer

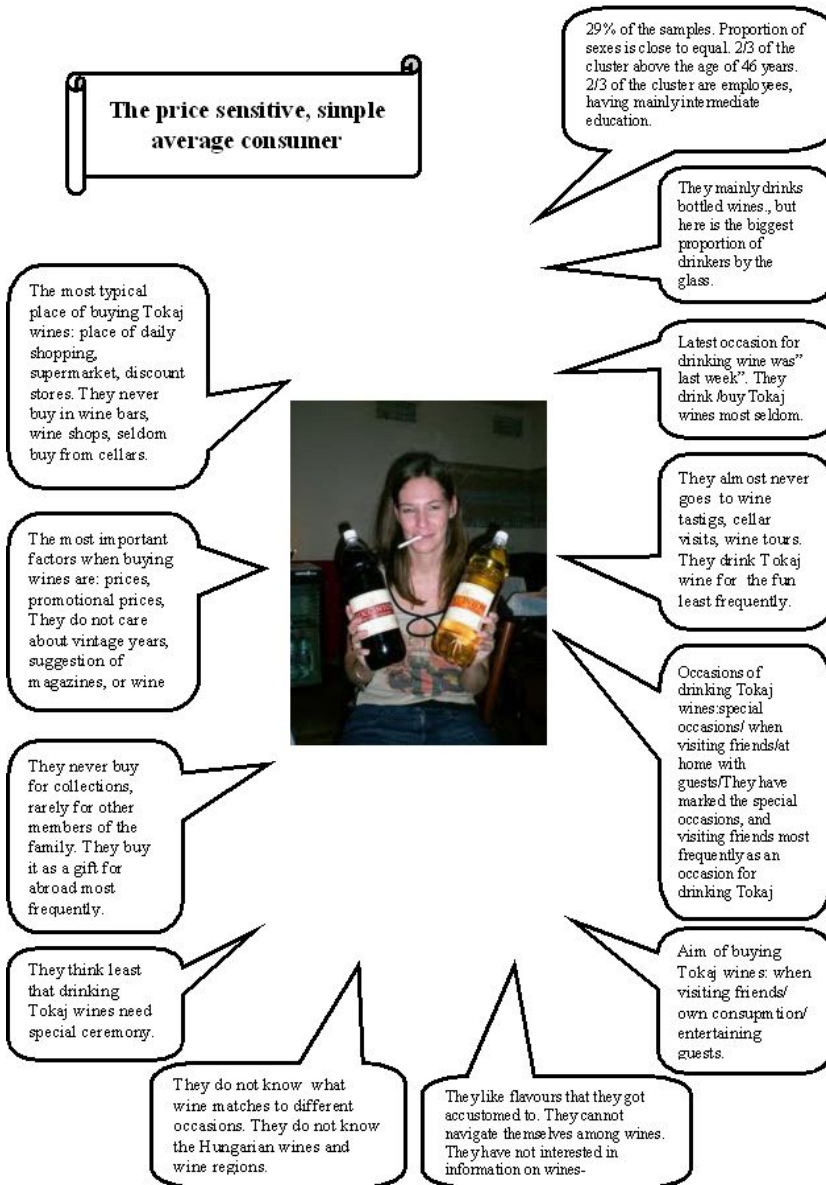
The price sensitive simple average consumer constitutes 29% of the samples (Figure 20). The rate of sexes is close to equal. 2/3 of them are above the age of 46, 2/3 of them are employees, they mostly have intermediate education.

They mostly drink bottled wines, but here we can find most of those drinking wine by the glass. They drank wine 'last week', but they drink and buy Tokaj wines the least frequently (the average is between 1 month and more than 1 month). This cluster spent the least amount on wine during their last purchase.

The purpose of buying Tokaj wines are when visiting friends/own consumption/entertaining guests. They never buy for collection, and hardly for other members of the family. They take it most frequently abroad as a gift.

Figure 20

The segment of price sensitive simple average consumer



Price and price promotions are important for them when purchasing, these are the most important factors for them. They do not care about vintage years, suggestion of magazines, or awards from wine competitions. The most typical places of purchase

for them are: premises of daily shopping/supermarkets. They never buy wine in discount stores and wine bars, hardly ever in wine shops or directly from the cellar. The most frequent occasions for them to drink Tokaj wines are: special occasions, celebrations/when visiting friends/at home with guests.

They almost never attend winetastings, hardly go to wine cellars, or on wine tours. They drink for fun the least. Within the total of samples they marked special occasions and gift when visiting friends the most frequently.

They like tastes that they got accustomed to. They cannot navigate themselves among wines. They are not interested in information regarding winemaking. They do not know what wine matches to what occasion. They do not know Hungarian wine regions and wine varietals. They think the least that drinking Tokaj wines needs a ceremony.

CONCLUSIONS

Similarly to the general model of food consumers 4 classic types of consumer behaviour can be discovered on the market of consumers of Tokaj wines. From the results of the research we can conclude that the general behaviour of food consumers and the characters of segments of wine consumers' behaviour correspond to the types of Tokaj wine consumers selected by us. Based on this we can state that the characteristics of the basic types of general food consumers' behaviour consequently appear in narrower groups as well. This, in the meantime confirms the correctness of our methodology and can confirm our results.

The gaps between the opinion of producers and consumers in judging the Tokaj wine market can be recognised and proven. Strategic development steps can be drawn up unambiguously on this basis.

We intend to evaluate the questions of the above mentioned gap analyses in our following publication.

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