



Viticulture, enology and marketing for cold-hardy grapes



Impact of Different Types of Information on Consumer Value of Cold Hardy Wine

45 North Winery in Suttons Bay, MI

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Background and Rationale: Because consumers typically have less experience with cold-hardy varieties, wineries must inform potential buyers about them via tasting room staff, wine notes, and labels. Previous research has examined message impact using techniques such as surveys and choice experiments. Although important, these methods have been criticized as “hypothetical” because responses have no consequences for subjects. Experimental auction methodology, however, is considered non-hypothetical because subjects may actually have to purchase a product based on their stated value for it.

Treatments: Experimental auctions were conducted with randomly selected visitors to the 45 north winery in Suttons Bay, MI. Subjects were poured four different types of unlabeled Marquette wine. The wines were obtained from wineries in VT, WI, IA, and MN, but subjects were unaware of their origin. Subjects were asked to rate and name a price they would be willing to pay for a bottle of each wine at three different times: First, after visually observing and smelling the wines; second after tasting each wine; and finally after receiving information about the wines. Three different versions of information were shared with subjects: messages that emphasized the local production of the wines, descriptions of the grape and wine, and messages that mentioned awards the wines had won. Experiments also tested the impact of the wine name, whether it was named after the varietal (e.g., “Marquette”) or given a proprietary name (e.g., “Rustic Red”).

After rating and naming a price for each of the four wines, three different times (after observing, tasting and reading the information), each subject had produced 12 separate stated prices for a bottle of the wines. From these 12, one was randomly selected. This price becomes the subject’s “binding bid.” That binding bid was then entered into an “auction” against a randomly drawn bid from a bingo cage full of difference price bids. If the subject’s binding bid was higher than the randomly drawn price, the subject was obligated to buy the wine, though at the lower of the two bids, as a reward for participating. This process is meant to elicit the subject’s true value for the wine, as they should bid exactly as much as they are willing to pay for a wine. If a subject bid’s higher than their true value, they risk paying more than the wine is worth to them. If they bid less than their true value, they risk being outbid (by the randomly drawn price) and therefore unable to obtain a product they value.

Methods:

Four different Marquette wines were used to control for the quality and preference for any one version of Marquette. The experimental auctions produced consumers’ values for the Marquette wines. Analysis is currently examining the bids between the subjects who received different versions of information, and different wine names.

In addition to the experimental auctions, stated preference choice experiments were designed to be part of the surveys conducted with tasting room visitors as part of the study led by Don Holecek. These experiments included the same variables as the auctions, so findings can be produced between the two methods.

Results: A total of 145 subjects participated in the experimental auctions. The average age of subjects was 44, 46% were female, and 68% had at least a four-year college degree. Data analysis is ongoing.

What the results mean:

Analysis is still incomplete.