

PORTUGUESE AND INTERNATIONAL ONLINE CONSUMERS OF WINE: A NICHE MARKET?

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ABSTRACT

Online retailing is growing rapidly; according to all estimates, it will account for a significant percentage of retail sales in the future. Shopping online has become part of some consumers' daily lives. For producers of wine, an online store is an important channel through which to provide product information and offer direct sales to their customers. In a hyper-fragmented industry, such as the wine industry, finding new niche markets could be a powerful tool in gaining a competitive advantage.

This paper investigates the Portuguese online consumer of wine using a survey to describe and analyse the main characteristics, buying habits, motivations, influences, and overall satisfaction of the Portuguese online consumers of wine. A comparative analysis with international online wine consumers assesses differences based on nationality.

KEYWORDS

Online consumer behaviour, Portuguese and international online wine consumer, niche markets

Track 19: Wine Business and Globalization

1. INTRODUCTION

Portugal is known worldwide for its Port wine, which is produced in the northern part of the country and bottled in the city of Porto. However, other quality wines are produced all over the country and their importance to the domestic economy is undeniable in terms of both domestic consumption and exports. Invited by a group of Portuguese firms (public and private) to study the competitive advantages of Portugal, Porter (1994) identified this sector as a cluster and suggested emphasizing grape quality, firms' long-term investment, professional management, and quality certification; selecting target countries (the UK and the USA); studying consumer behaviour; increasing the number of super-premium wines; and protecting the Portuguese brand to improve its competitiveness (Monitor Group, 2003). A possible source of competitive advantage for Portuguese firms is product differentiation. Product differentiation advantages derive from the product's physical properties and attributes that customers regard as unique (Balabanis, Mueller and Melewar 2002; Nicholls *et al.*, 2003). Wine is a highly differentiated product but it faces intense competition in the main export markets (Stricker, Sumner and Mueller, 2003). The focus of the strategy is to build competitive advantage in narrow segments of a market using differentiation characteristics with niche suppliers, primarily catering to speciality product demands (Porter, 1985; Hassan and Katsanis, 1991; Grant, 1993).

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In the wine industry, a competitive advantage requires, on the demand side, international recognition of the wine's quality (or its image or reputation) and, on the supply side, a local collective dynamic of appropriation that qualifies the wine, either by the modification of an intrinsic characteristic (such as taste) or an extrinsic characteristic (such as packaging or labelling information). The success of this strategy depends upon the market's recognition of the wine (identity, specificity), the sustainability of the competitive advantage acquired (brand name, protection of the product's origin) and the ability of firms to appropriate the rents earned.

In the past two decades, an increasing number of Portuguese firms have produced and sold high-quality wine to foreign markets. The success of these firms is greatly facilitated by regional specificities, such as soil, climate, history, geography, culture, and local know-how, all of which confers a competitive advantage on Portuguese wines. One classic example is Porto wine, which has been marketed by Portuguese firms as *sui generis*; most Porto wine originates from the Douro region, where the soil, climate, and expertise are unique. However, some Portuguese firms are evolving from this classical approach to exploring niche markets, including the online wine market, to find new consumers. Shopping online has become part of some consumers' daily lives. An online store is an important channel through which to provide product information, conduct direct sales, and expand domestic market.

Based on the results of an online survey, this paper describes the characteristics of online shoppers and buyers and analyses the profile of this niche market in order to reveal developing opportunities to potential operators. Consumers' motivations for shopping online and their attitudes regarding e-commerce are also investigated in order to reveal online shopping behaviour. This study can help Portuguese firms interpret some of the key issues behind e-commerce and to apply the experiences from operating in this niche market to other products characterised by similar conditions.

Section 1 briefly discusses the concept of niche marketing in the context of the wine industry and provides examples of new niches in the Portuguese market. Section 2 provides some empirical evidence about online consumer behaviour, while section 3 assesses the profile of the international online wine consumer, online wine-purchasing behaviour, online purchasing patterns *versus* offline ones, and the main influences in the decision process. Section 4 presents the research methodology used in the study. Section 5 examines the results of a Portuguese survey in terms of the profile, buying habits, motivations, influences, and overall satisfaction of online wine consumers. Finally, we discuss our findings and advance the marketing and policy implications that can be drawn from the results of the study.

2. NICHE MARKETS IN THE WINE INDUSTRY

Today's consumers are more selective and seek a greater variety of choices than ever. This change opens new opportunities for high-quality regional products and for a large range of small producers who want to reach niche markets. A niche is a micro-market consisting of a small group of consumers with similar characteristics or needs. Carving out a niche whose unique needs are not fulfilled requires niche marketing, which involves positioning a product into small, profitable, homogeneous market segments that have been ignored or neglected by others. This positioning is based on the integrated marketing concept and the distinctive competencies the company possesses. However, many small firms struggle, not with whether to use the integrated marketing concept, but with how to tailor the concept to fit each segment and how to make it work (Hunerberg, 1993; Dalgic and Leeuw, 2006; Cuthbert, 2008).

In the wine industry, niche markets exist (or can be created) based on unique product attributes and consumers' desires and preferences. To stay competitive, firms must know their

consumers and their needs and be able to deliver products properly targeted to selected markets. To add value based on the consumer perceptions of the product, the firm can customise its products to meet consumer expectations, make new products to serve a market not well served, or improve marketing and sales by focusing on perceived quality or other service characteristics.

On the supplier side, segmentation analyses can be used to disaggregate a market into narrowly defined segments so their structural characteristics can be studied to appraise their attractiveness. The wine industry can be segmented based on many intrinsic and extrinsic wine attributes. Some of the most basic distinctions are region of origin (*Alentejo, Douro, Dão*) and the colour (white, red, *rosé*) or type of the wine (*maduro, verde*). A more refined distinction is based on the grapes used (domestic, foreign) or special references (harvest date) (Freitas Santos and Cadima Ribeiro, 2008). For example, in order to appeal to young consumers and women, the Portuguese firm *Sogrape* launched its first *rosé* wine variant in over sixty years in 2005 in the United Kingdom. *Mateus Rosé Tempranillo* is a single varietal wine that represents the culmination of over two years' investment as part of a focused effort to attract 20-35-year-old wine consumers by supplying a *rosé* with a colour, aroma, and taste geared specifically to them (www.talkinretail.com).

Another Portuguese firm, *José Maria da Fonseca*, recently launched *Twin Vines*, a new wine from the *Vinho Verde* region in the northern part of Portugal, which was designed specifically for the American market. *Twin Vines* is a lightly sparkling and refreshing dry white wine, a young and aromatic wine characterised by a low alcohol level, a good fruit-acid balance, and good value (Dentinho, 2008). *Adega Cooperativa Regional de Monção*, one of the largest Portuguese cooperative producers, launched its first *rosé*, *Muralhas de Monção*, which is made from a blend of indigenous local grapes. According to the president of the cooperative, "initial responses have been very encouraging" (www.avenuevine.com). Even one of the oldest Port wine Portuguese producers (Croft) has complemented its portfolio of Port wines with Croft Pink, an innovative *rosé* Port wine (www.theportwine.com).

On the customer side, consumer characteristics and behaviour can be a powerful source of market segmentation if customer desires and preferences can be identified. Variables such as income, education, gender, age, wine knowledge, wine involvement, consumption frequency, preferred price level, preferred alcohol level, and preferred sweetness level are only examples of basic demographic characteristics and preferences that can be explored in segmenting wine consumers (Mueller and Umberger, 2009). For example, in the United States, the Millennial, or Echo Boomer, segment could be targeted by the wine industry because it has reached the drinking age range of 21-28 and has considerable size and buying power (Thach and Olsen, 2006). Another example is the South African wine consumer, whose key segmentation variables are age, gender, income, race, and wine drinking history (Ndanga, Louw and Rooyen, 2009); in addition, the black middle class differs from the white middle class, and several segments exist within the 'Black Diamonds'.

Research in the area of consumer behaviour has established that consumers go through a sequence of stages in making buying decisions, including problem recognition, search for information, evaluation of alternatives, purchase decision, and post-purchase evaluation (Turban, 2002; Gebauer and Ginsburg, 2003). This process is influenced by the type of purchase and the extent of involvement in the purchase decision (Venkatesan, 1987; Turban, 2002; Fahy, 2006). Consumer buying behaviour is also influenced by consumer's internal variables, such as motivation, perception, learning capacity and memory, attitudes, personality, and self-concept), and by socio-cultural variables, such as culture, subcultures, social class, social groups, family, and personal influence). These variables influence the ways in which the consumer proceeds through a decision process related to product acquisition (Loudon and Bitta, 1988; Turban, 2002).

Based on some of these variables, *Wine Intelligence* (2006) identified the characteristics of five consumer groups: i) adventurous *connoisseurs* (high-income broadsheet readers, high frequency, high spend, high wine involvement); ii) mainstream at-homers (suburban middle-income professionals, high frequency, average spend, high wine involvement, consumption mainly at home); iii) weekly treaters (younger singletons, low frequency, above average spend, moderate wine involvement); iv) sociable bargain-hunters (prosperous empty-nesters, high frequency on-trade, low spend, and low to moderate wine involvement); and v) frugal conservatives (low-income TV viewers, low frequency, low spend, low wine involvement).

This literature review raises the following question: can online wine shops be treated as a market niche?

The attractiveness of a niche is dependent on the following criteria: i) sufficient size of the market (estimated number of potential consumers), ii) purchasing power of the targeted consumers, iii) market growth potential, and iv) negligible interest to competitors (Shani and Chalasani, 1992). The most appropriate variables in identifying niche markets are those that yield the most distinct criteria. The products offered tend to be higher-value specialty products directed to specific markets that value the unique attributes of a product with limited volume supply.

3. ONLINE CONSUMER BEHAVIOUR: AN EMPIRICAL REVIEW

The estimated number of internet users continues to grow rapidly. By the end of 2007, worldwide figures indicated that an average of one out of five people was online (ITU, 2009). In the 27 countries of the European Union, 83 percent of individuals who lived in a household with broadband access in 2009, with Portugal below the average, at 65 percent, and Sweden (95 percent), Denmark and Norway (94 percent) registering the highest percentages (Eurostat, 2010). Broadband is important as many of the most effective applications and services are available only through a high-speed internet connection.

The increasing number of online transactions has led many firms to take advantage of this new distribution channel. Automated buying profiles, networked buying clubs, and online auctions are only some of today's technologies. However, competing in this market space is very different from competing in the conventional marketplace: price comparisons are easy to do, relationships between buyer and seller are mediated by personal computer screens, and transactions are based on information about the product rather than on its physical appearance. Consumers and producers have flexible, fast, and inexpensive ways of participating in the market for products around the world; individual customers can approach the virtual marketplace in many different ways as the variety and depth of information speed up the decision-making process.

The literature has shown that technical expertise, online shopping familiarity, shopping intention (hedonic or utilitarian), time spent online, risk perception, income, age, gender, education, and product tangibility all influence the behaviour of internet shoppers (Sorice, Perotti and Widrick, 2004). These authors also tested the proposition that internet shopping behaviour is different for positive reinforcement products than for negative reinforcement products and concluded that people four times as likely to shop online for products that provide primarily positive reinforcement. For the purposes of this study, wine is considered a positive product because it generates enjoyable experiences for consumers.

A more recent review of literature (Zhou, Day and Zhang, 2007) found that online consumers tend to be more convenience-oriented, that shopping intention is adverse to perceived product risk, and that previous satisfaction has a positive effect on online shopping tendency. Other

research has reported that goal-directed buying is facilitated online specifically because of convenience and accessibility, a unique and broad selection of products, the availability of accurate and comprehensive information, and the lack of sociality from salespeople, retail workers, spouses, and kids (Wolfenbarger and Gilly, 2008).

In the online environment, instilling trust in the consumer is critical because the perception of risk regarding products and transactions is very high. According to Quinton and Harridge-March (2008), there is a difference between the elements of trust that consumers use to determine whether to purchase wine online and the elements of trust they use offline.

Morgado (2003) proposed a model with customer characteristics, motivations and attitudes as predictors of purchase by Brazilian consumers and tested it with data from a survey. Results of this study showed that the socio-economic profile of online consumers was higher than that of non-consumers (buys more digital goods, is well educated in English, travels to foreign countries). The Brazilian online consumers were more oriented toward convenience/utility and used the internet for e-banking and to search information about products and services (prices and promotions). Brazilian online consumers also had a positive attitude toward the internet and were less worried about security and privacy and more willing to accept direct marketing than other consumers were. Motivational factors also played a key role in determining time spent on product searching and online shopping (Zhou, Day and Zhang, 2007).

The online wine consumer experiences some problems when attempting to purchase wine, such as the heterogeneous state laws regulating wine shipments, taxation, and age verification and the great diversity of the wine industry (Sheridan *et al.*, 2009). Transport costs can also be an impediment for a growing diffusion of e-commerce in the international markets, as costs can attain around 40 percent of the total price per bottle of the wine (Stricker, Sumner and Mueller, 2003). Additional complexities arise because there is little similarity between selling books, CDs, suits, fruits or furniture online and selling wine (Gebauer and Ginsburg, 2003; Fahy, 2006). “Quasi-commodity products” and “look-and-feel goods” or “tactile goods” are purchased in a two-step process, and they require some hands-on experience by the user to access their quality (Gebauer and Ginsburg, 2003, p.63). During the first step, consumers select the product by its functionality or general features, based on information provided. A more refined selection based on brands or predefined intrinsic or extrinsic product cues and the shopping, itself come later.

Price competition and the importance of trust are also distinctive for online wine sales. For example, Brynjolfsson and Smith (2000) found that price dispersion (differences) among internet sellers was wider than expected. The same authors also found that one of the ironies of online selling was that, far from being a great equalizer of retailers and eliminating the need for branding, the internet heightens the importance of differences among retailers in terms of dimensions such as trust and branding. Similarly, Degeratu *et al.* (2000) found that, in some product categories, the importance of brands was greater online than offline, possibly because consumers use the brand name as a surrogate for the attributes for which information is missing or is costly to obtain (Degeratu *et al.*, 2000). Thus, brands become more relevant in the choice of sensory product attributes (e.g., tactile goods) than in the choice of non-sensory ones (e.g., commodities).

In addition, contrary to what was expected, the move to online markets did not necessarily result in market disintermediation (Stricker, Sumner and Mueller, 2003). This has been particularly true in the case of wine, where most wineries, large and small, did not choose to do direct marketing on the internet, as evidenced by the Australian, Italian and German cases (Stricker, Sumner and Mueller, 2003; Vecchio, 2009). That is, it is one thing to provide product information on the web and link consumers to traditional retailers and quite another to sell wine directly to final consumers using the online channel. As Vecchio (2009) explained,

most Italian producers use their websites primarily as a sort of online catalogue and, in the worst cases, do not update the catalogue frequently.

Therefore, although the internet is often thought of as a new “world of opportunity”, following Vecchio (2009, p. 2), “the promises of the internet as a platform to reach new outlets, markets of global dimension, virtually infinite product selections, intimate customers relationships, low cost and streamlined distributions chains [...] have largely been dissatisfied”, in the wine industry, at least. However, this distribution channel does have a large business potential, part of which comes from its singular attributes and nature.

4. THE INTERNATIONAL ONLINE WINE CONSUMER: RESULTS FROM A SURVEY

While the use of the internet has been increasing in the last years in the households of the European Union, there are differences among the European countries in terms of i) internet access and online shopping, ii) attitudes by age group and country, iii) preferences regarding online acquisition of products and services, and iv) logistic and legal constraints to cross-border internet shopping (Eurostat, 2008a; 2008b).

A survey conducted online between April 24 and May 12, 2007, by Vizu (2007) was used to develop a profile of the online wine consumer and assess wine purchasing behaviour, purchasing patterns (online versus offline), and purchase influences. Based on these results the online wine consumer can be characterised as follows: 20.3 percent are heavy consumers who drink wine daily, 33.2 percent are regular but less frequent wine drinkers (weekly, monthly), and 46.5 percent, the largest segment, drink wine rarely. Moreover, nearly half (45.7 percent) of the consumers buy their own wine, while 28.2 percent receive it as a gift of friends or business acquaintances. The members of the responders’ families (e.g., spouses) are less involved in wine purchasing than the responders are.

According to the survey, the online wine market remains small (Vizu, 2007), accounting for only 17.2 percent of wine consumers, with a subset of 7.1 percent that buy wine online daily or weekly. A majority of consumers kept an interest in buying more at traditional points of sale, rather than online; only 9 percent claimed to shop for wine more often online than offline.

The three main reasons for buying wine online were convenience (easy accessibility to a shop through a click), a broad selection of wines, and lower prices. The shipping was the largest obstacle to online trade, with a combined 46 percent of respondents citing shipping cost, time, or state restrictions as reasons for not purchasing wine online. Other impediments were lack of trust in the seller, the quality of the wine, and security of the transactions made online (Vizu, 2007). These results were in line with those of previous empirical research. Security reasons were also pointed out by 30 percent of the E.U. respondents, who had the opinion that carrying on transactions over the internet was “not really safe” or was “not safe at all” (European Union Commission Representation in Portugal, 2009b). In Portugal, the figures were similar, where 23 percent felt that online shopping was “not really safe” and 12 percent considered it “not safe at all”. The level of risk avoidance, that is, the percentage of those who said they did not carry out online transactions in order to avoid financial risk was 42 percent, both in the Portuguese and in the E.U.27 countries (European Union Commission Representation in Portugal, 2009b).

An E.U. Commission report (European Union Commission Representation in Portugal, 2009a) specifically addressed the issue of logistic costs and border trade barriers and found that, even though online trade has increased markedly in recent years, several barriers still exist. This could explain why border trade in 2008 did not exceed 7 percent of all online

exchanged goods in the European Union, a figure quite close to the 6 percent registered in 2006 (European Union Commission Representation in Portugal, 2009a). However, more than just the logistic infrastructure explains this poor performance. Other factors include language differences, national market regulations and taxes applied to products, and consumer confidence in the market's operators. As a result, the European Union Commission has pursued new laws and procedures regarding this trade channel. As Viviane Reding, the European Commissary for Information Society and Media, declared, "If one wishes consumers to shop through and take full profit from digital communication technologies, we have to be able to convince them that their rights are guaranteed" (European Union Commission Representation in Portugal, 2009b).

When purchasing wine online, consumers can be influenced by many factors. Personal recommendations by friends were the most influential factor (26.4 percent), followed by restaurant experiences (13.9 percent). Experts' wine ratings and online and print reviews/recommendations, in aggregate, had the second-largest influence on purchase behaviour. Advertisements and the opinions of retailers (online and offline) were considered of less importance (Vizu, 2007).

Most respondents spent about the same amount of money per purchase, whether they shopped for wine online or offline. When there was a difference in spending, twice as many spent less money per purchase online than offline. This gap shrinks on a per bottle basis. There was no dominant online channel for wine purchases. Winery web sites were slightly preferred over other sites (17.9 percent), such as online wine clubs (10.8 percent) or online wine shops (11.8 percent). The majority of online purchases were for personal consumption (13.7 percent) or gifts to offer to friends, family and acquaintances (Vizu, 2007).

Online wine shoppers searched for information via a wide variety of sources. The most important source of information was wine retailers (29.6 percent), whilst web blogs, community sites, and chat rooms were less researched. The type of online wine information most trusted by wine shoppers—by a wide margin—was user reviews and experts' ratings (73 percent). In some cases, the marketing of wine by online wine shops was made through interactive and rich media in order to boost sales by adding the excitement of virtual and video tasting (35.2 percent). Chatting with winemakers was also used to promote wine online. Celebrity endorsements hold little sway over wine shoppers, with four out of five respondents giving celebrity picks no weight in their purchase decisions (Vizu, 2007).

These results indicate two of the most important characteristics that define a niche market: a small size (no more than 24.3 percent of the survey sample indicated that they were regular online buyers) and similar needs (convenience, broad selection of wines, and low prices). To examine these results in terms of the Portuguese online wine consumer, we fielded our own survey.

5. METHODOLOGY

The information previously provided regarding the profile, attitudes, and motivations of the international online consumer is surely useful in understanding the situation and prospects of the online Portuguese market. Two types of online shops exist in Portugal: the general online shop, which is an extension of the main retailing groups (*Continente*, *Jumbo* or *El Corte Ingles*); and the specialized online shop, which sell wines as their main business. This exploratory study examines the characteristics of the Portuguese online wine consumers and assesses their shopping behaviours and preferences. The survey was conducted in an online wine Portuguese shop during the last three months of 2009. The questionnaire contained three groups of questions: questions about demographics, such as gender, age, income, and

education; questions about the use of online wine shops (buying habits, satisfaction); and questions about motivations and the factors that influence online buying behaviour. The questionnaire was delivered to regular and new customers when a transaction was processed online. Of the 82 questionnaires received, 74 were sufficiently complete to be used in the study.

A descriptive statistical analysis of the completed questionnaires helped us to put into perspective the online buying habits of the Portuguese consumer, their motivations for buying online, the main influence factors behind their decision to buy online, and their satisfaction with online wine shopping. The viability of producing a comparative analysis between the international and the Portuguese wine online consumer restricted our use of some questions, as the two surveys were used for different goals.

6. THE PORTUGUESE ONLINE WINE CONSUMER: A SURVEY

Internet access in Portugal is used primarily to search for health information; to read online news, newspapers, or magazines; to interact with public authorities; or to access home banking. According to 2008 data, the most common goods acquired by online shoppers were travel and holiday accommodations, clothing and sporting goods, and books, magazines and e-learning. These internet uses were ranked similarly in other European countries (Eurostat, 2008a; 2008b).

A market study conducted by Netsonda (2009) in Portugal, addressed to a panel of online shops, found that the main products and services sold through the internet were electronics and mobile phones (41.2 percent), CDs and DVDs (35.2 percent), games/play stations, informatics (26.5 percent each), and books/magazines (20.6 percent), amongst many other products and services. The Nielsen consultancy company (2010) estimated that more than 160 thousand Portuguese homes use the Internet to buy consumer goods, although such online purchases are more common in Lisbon and Porto, where 7.8 percent of the households shop on the Internet, than in rural areas. Over four percent of households in continental Portugal made online purchases of consumer goods between June 2008 and May 2009.

Data from the European Union (Eurostat, 2008a) show that e-shoppers in Portugal were no more than 10 percent of all individuals and that most belonged to the 16-74 age cohort. This figure makes a strong contrast with the E.U. average of 32 percent of population's doing online shopping, not to mention the cases of countries like Denmark, the U.K. or Sweden, where more than half of adults shop online. However, the data for Portugal represented significant progress, with the percentage of online shoppers doubling since 2004.

Similar to the general European data, the most represented age group among e-shoppers was those 25-34 years old, followed closely by those 16-24 years old and those 35-44 years old. As expected, the oldest generations showed just a residual wish (or capacity) to use this shopping channel. According to Netsonda (2008), the average general Portuguese online consumer was male (52 percent), young (70.3 percent were between 25 and 64 years old), well educated (37.5 percent had a secondary education and 49 percent had higher than secondary education), urban (small, medium and big cities represented 83.5 percent of online shoppers), living in small families (two or three members per household), with a moderate level of income (more than 60 percent earned between €10,000-€50,000 annually). In 2009, the Portuguese online consumer preferred to access the Internet from home (39 percent), while the workplace and school accounted for lower figures (20 percent and 8 percent, respectively).

Table 1 – Characteristics of the Portuguese online wine consumer

Variables	N.º (n = 74)	%
Gender		
Male	65	87.8
Female	9	12.2
Age		
16 – 29 years	8	10.8
30 – 39 years	27	36.5
40 – 49 years	32	43.2
>= 50 years	7	9.5
Education		
< 9 years of school	1	1.4
9 – 12 years of school	8	10.8
Higher Education	58	78.4
Post-graduation (Master's, PhD)	7	9.5
Family Income (monthly)		
<=1,000 Euros	1	6.8
1,001 – 3,000 Euros	27	36.5
3,001 – 5,000 Euros	34	45.9
5,001 – 7,000 Euros	6	8.1
>= 7,000 Euros	2	2.7
Internet Access from:		
Home	48	64.9
Work	22	29.7
School	4	5.4

The results of the Portuguese study (Table 1) show the differences between the general online consumer and the online wine consumer. The prevalence of males (87.8 percent), younger age cohorts (79.7 percent between 30 and 49 years), more educated people (78.4 percent have a higher education degree) and wealthier people (82.4 percent have an average monthly income between 1,000 and 5,000 Euros) differentiate the Portuguese online wine consumers from the online consumer of general goods. Moreover, this specific consumer tends to access the online wine shop mostly from home (64.9 percent).

The Portuguese online consumer of wine is not a heavy customer (Table 2), as the number of total transactions is relatively small (Less than ten percent have made more than fifty transactions). This explains why most visits are made on a monthly or semester basis. When a product is very specialized, as wine is, shoppers' tendency is to concentrate in one transaction, which is time-consuming to perform. This adds to the fact that shops frequently promote delivery costs according to the quantity of goods purchased, which tend to increase the total amount of the transaction (by an average of 41.9 percent, or between €101 and €150).

If we compare these results with those of Vizu's (2007) survey, considering only the consumers who buy wine online (daily, weekly, monthly, a few times a year), we see that the majority (59.5 percent) of the Portuguese consumers shop online just a few times a year, while a large percentage of international wine online buyers make such purchases daily (almost 25 percent) or weekly (20.3 percent). Looking to these differences, we can infer that there is space for promotional campaigns conducted by the Portuguese online wine suppliers to induce the frequency of acquisition, the average amount of the orders placed, and the total number of transactions delivered. A reduction in transaction costs could also be used as a strategy to attract new consumers and create additional motivation to shop wine online.

Table 2 – Online Portuguese wine consumers’ buying habits

Variables	N.º (n = 74)	%
Frequency of buying wine online		
Week	4	5.4
Month	26	35.1
Quarter	23	31.1
Semester	16	21.6
Annual	5	6.8
Number of transactions		
Fewer than 10 transactions	6	8.1
11-20 transactions	25	33.8
21-50 transactions	36	48.6
More than 50 transactions	7	9.5
Average amount for transaction		
Less than €50	5	6.8
Between €51 and €100	26	35.1
Between €101 and €150	31	41.9
More than €150	12	16.2
For whom do you usually purchase wine		
Myself	53	71.6
Closer friends and family	18	24.3
Business and casual acquaintances	3	4.1
Occasion of consumption		
At meals	47	63.5
On special occasions	18	24.3
Occasionally	9	12.2

Portuguese consumers buy wine online primary for their own consumption (71.6 percent) and less for friends or business acquaintances. If we consider only those who buy wine online, this result is similar to the one attained through the international consumer survey. This result indicates that nationality does not significantly explain the attitudinal differences found in terms of purchasing wine. Portuguese online wine buyers consume the wine predominantly at home, during the meals (63.5 percent), and on special occasions of social interaction (24.3 percent).

Table 3 shows that convenience is the main motivation for buying wine online. In fact, convenience is the only factor that no respondent included in the “less important” category, and it scores the highest statistical average of all available responses (2.78). A wide selection of wines offered by the online shops seems also to be very important for the consumer, while lower prices and promotions (with average scores of 2.35 and 2.32, respectively) follow behind. In the international survey, convenience and lower prices were among the more important motivational factors. Selection of wines by experts ranked worst in the Portuguese survey.

Table 3 – Motivations for buying wine online

Variables	Less Important	Important	More Important	Mean (a)
Convenience	0 (0.0)	16 (21.6)	58 (78.4)	2.78
Selected wines	17 (23.0)	24 (32.4)	33 (44.6)	2.22
More choices of wines	13 (17.6)	20 (27.0)	41 (55.4)	2.38
More information about wines	38 (51.4)	31 (41.9)	5 (6.8)	1.55
Lower prices	11 (14.9)	26 (35.1)	37 (50.0)	2.35
Security in payments	10 (13.5)	61 (82.4)	3 (4.1)	1.91
Promotions	15 (20.3)	20 (27.0)	39 (52.7)	2.32
Anonymity	13 (17.6)	46 (62.2)	15 (20.3)	2.03
Delivery at home	22 (29.7)	21 (28.4)	31 (41.9)	2.12

Note: (a) Less Important (1), Important (2), More Important (3).

Information about wines is ranked lowest in importance, at 1.55, so online consumers may have more knowledge about wine than the average offline consumer does. Security of payments is also of little importance in e-commerce since technology improvements in online transactions are providing consumers more security. Anonymity does not play an important role in the possibility of ordering wine online.

The e-consumer denotes that price is important (2.38), as are promotions (2.22), albeit to a lesser extent (Table 4). Loyalty to brand and/or region of origin is reported as having the most influence (2.61) on the e-shopper. The same conclusion, but for traditional retailing, was obtained by Freitas Santos and Cadima Ribeiro (2008), who found that region of origin and brand were the dominant factors in the acquisition of high-quality Portuguese wine. This factor is important regardless of the point of purchase.

Expert recommendations and online advertising have a minor influence on Portuguese purchasers of wine online, confirming the result obtained for the international online wine consumer (Vizu, 2007). These factors tend to be undervalued by the consumers, perhaps because they have sufficient knowledge of the product before purchasing online.

Table 4 – Main influences of wine e-shoppers (n = 74)

Variables	Less Important	Important	More Important	Mean (a)
Expert recommendation	45 (60.8)	20 (27.0)	9 (12.2)	1.51
Price	13 (17.6)	20 (27.0)	41 (55.4)	2.38
Past experience	9 (12.2)	36 (48.6)	29 (39.2)	2.27
Promotion	21 (28.4)	16 (21.6)	37 (50.0)	2.22
Online shop recommendation	12 (16.2)	26 (35.1)	36 (48.6)	2.32
Advertising online	58 (78.4)	12 (16.2)	4 (5.4)	1.27
Friend's recommendation	17 (23.0)	31 (41.9)	26 (35.1)	2.12
Loyalty to brand/region of origin	6 (8.1)	17 (23.0)	51 (68.9)	2.61
Experience of new wines	31 (41.9)	26 (35.1)	17 (23.0)	1.81

Note: (a) Less Important (1), Important (2), More Important (3).

The satisfaction in this specific type of online shopping (Table 5) is high, as almost 80 percent of the Portuguese online consumers of wine report being satisfied or totally satisfied with the process. Overall satisfaction, measured as the sum of the positive points (satisfy + totally satisfied), is also very good, attaining a total of 87 positive points.

Table 5 – Satisfaction with online wine shopping

Variables	N.º (n = 74)	%
Satisfaction with shopping		
Totally unsatisfied (-2)	1	1.4
Unsatisfied (-1)	5	6.8
Neither satisfied nor unsatisfied (0)	9	12.2
Satisfied (1)	31	41.9
Totally satisfied (2)	28	37.8
Total of positive points	87	
Mean	1.08	
SD	0.947	

7. CONCLUSION

Online retailing is growing rapidly and, according to all forecasts, will account for an important percentage of retail sales in the future. The online wine market can be considered a niche because of its small size: in an international survey, only 17.2 percent of wine consumers made use of this channel, and just a subset of 10.9 percent could be considered regular online wine buyers. Our empirical research did not include information about the size of the Portuguese online wine purchasing market, but the size of the online market in Portugal was estimated at between 4.3 percent, according to Nielsen (2010) data and 10 percent, according to Eurostat (2008a) data, of the overall consumer market. In any case, this niche remains domestic, even in the European Union, because of legal issues like age verification and because of tax differences and transportation costs.

From the available literature and the empirical evidence provided, we can conclude that wine producers and specialized retailers are beginning to succeed in using internet technologies and associated marketing techniques, even if mostly for direct marketing rather than for selling online. In any case, to be effective in the online wine market firms need to know better the characteristics of the wine e-consumer.

As our empirical study shows, this segment is composed mainly of young, male, well-educated, high-income consumers who buy wine online from home. They tend to concentrate their wine orders, so their purchases are often more than a month apart. The main reason for their purchase is personal consumption. In addition, they are motivated by convenience, a wide selection of wines, availability, and price. As decision factors, they value the origin/brand of the wine, the price, the recommendation of the online shop, and their own experience. Overall, they are very satisfied with shopping for and buying wine online.

We recommend that before defining a strategy an examination of market partners (wine firms, delivery agents), wine offerings (selection of wines), and the communication mix (promotions, advertising) should be made in order to target this niche. Qualitative market research may also be needed in order to position the online seller optimally. The identification of specific online wine consumer segments in the niche market is another step, as is identification of the critical (minimal) size of the segments that should be taken into consideration. Finally, the process of approaching the opportunity of operating in such markets should include adapting the online shop's marketing mix to the special needs of wine consumers.

For example, a strategy that targets the *premium* segment of online wine buyers would include retaining hard-to-find and very high-quality wines, which will differentiate the shop from the mass market of traditional retailers (hypermarkets and supermarkets). On the other hand, if an online wine shop wants to target the segment of price-oriented consumers, the

shop should offer better prices than offline shops do. Some online sellers are already promoting zero delivery costs when the order exceeds a certain amount, but they need to be more selective in the marketing-mix to attract new consumers.

To the best of our knowledge, this is the first Portuguese study made of the online wine market. As a first approach, as with all first attempts, it suffers from several limitations. One limitation results from the difficulties encountered when approaching the market operators, as few online shops are available to collaborate with research. The size of the sample reflects this limitation, and a small sample size can contain bias in terms of consumer demographics. Another problem found has to do with the comparability between the two surveys from which results are taken, as they were conducted at two different times (2007 *versus* 2009) using different ways of collecting the data (online *versus* offline), and they included questions that were not exactly the same.

Further studies are needed to assess the impact of e-commerce on traditional retailing in Portugal, particular as regards the best-selling online products, such as software, games, music, movies. Comparing online habits, motivations and influence factors behind the market success of different types of products could help online wine stores to adjust their marketing mix to the needs of consumers.

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