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Importance of Wine Awards for Producers and Consumers

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Abstract

The aim of this thesis is to understand better the importance given to wine awards both by producers and consumers. From the producers' side, the lists of the Top 100 wines from the Wine Spectator and the Wine Enthusiast were gathered and a scale was designed to evaluate the importance each producer on the list gave to the award on the respective website. Furthermore, the study presents some descriptive statistics regarding the average importance depending on the country of origin, grape variety, price, classification on the list and repeated presence on it or not. The study concludes that producers in some countries give more importance to these awards than in other. Similar differences were detected among producers of different grape varieties. In addition to this, the cheaper the wine, and the better the classification, the more likely it is that its producer will give importance to the award. As for the repeated presence, further studies are required. Moreover, from the consumers' side, an online survey was conducted amongst potential consumers in Portugal, to understand their willingness to try new wines. The study aims at identifying what are the most important aspects when choosing wine and what role awards play in the decision, based on knowledge and image. From the results observed, people choose the medal or award that has a bigger visual impact. Lastly, the survey also let us understand that Portuguese consumers do not perceive local awards to be less relevant than the international ones.

Sumário

O objectivo desta tese é perceber melhor a importância que os prémios na indústria dos vinhos têm, tanto para o produtor como para o consumidor. Do lado do produtor, obtiveram-se as listas dos 100 melhores vinhos do Wine Spectator e do Wine Enthusiast e definiu-se uma escala com a qual se avaliou a importância que cada produtor na lista deu ao prémio no respectivo site. Para complementar isto, apresentam-se algumas estatísticas descritivas relacionadas com a forma como essa importância varia com o país de origem, a casta, o preço, a posição na lista ou o facto de ser a segunda presença consecutiva. O estudo conclui que os produtores de alguns países, bem como os produtores de determinadas castas, dão mais importância a estes prémios do que outros. Para além disso, quanto mais barato o vinho, ou melhor a classificação, maior a probabilidade que o produtor dê importância ao prémio. Em relação às presenças consecutivas não foi possível obter conclusões. Em relação aos consumidores, foi feito um inquérito para perceber a sua disponibilidade para experimentar novos vinhos. O estudo tem como objectivo

identificar quais os aspectos mais importantes na compra de um vinho e qual o papel que os prémios representam nessa escolha, baseando-se no conhecimento prévio e na imagem. Os resultados indicam que os consumidores escolhem a medalha que chama mais a atenção. Por último, o inquérito indica que os consumidores Portugueses não consideram os prémios nacionais menos relevantes que os internacionais.

(Por opção do autor, o Sumário em Português não segue as regras do mais recente Acordo Ortográfico.)

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Table of Contents

1. Introduction	4
2. Literature Review	6
3. Methodology and Results	10
3.1. Methodology	10
3.2. List Analysis.....	11
3.3. Survey Analysis.....	19
4. Case Study.....	25
5. Limitations and Future Research.....	29
6. Conclusions	31
References	34

Index of Figures

1. Figure 1: Average Importance of Awards in top 100 Wine Spectator and Wine Enthusiast ranking	12
2. Figure 2: Importance by Country of Origin for Both Lists Together.....	15
3. Figure 3: The Wine Spectator, Los Angeles International Wine Competition, and A.I.B.A	21
4. Figure 4: Uva d'Ouro and Revista de Vinhos Excelência	22
5. Figure 5: Soléna Estate's main page	26
6. Figure 6: Jean Marc-Brocard's main page.....	26
7. Figure 7: Quinta do Douro Crasto's main page	27
8. Figure 8: Real Companhia Velha's main page	28
9. Figure 9: Article on Porca de Murça's Wine Spectator Award.....	28

Index of Tables

1. Table 1: Scale of importance for producers based on the relevance given to the award on their respective websites	10
2. Table 2: Classification for Wine Spectator by Quarters	11
3. Table 3: Classification for Wine Enthusiast by Quarters	11
4. Table 4: Classification of Wine Spectator and Wine Enthusiast by Groups of Ten	12
5. Table 5: Importance according to Price for the Wine Spectator	13
6. Table 6: Importance according to Price for the Wine Enthusiast	13
7. Table 7: Importance by Country of Origin for the Wine Spectator	14
8. Table 8: Importance by Country of Origin for the Wine Enthusiast.....	14
9. Table 9: Importance by Country of Origin for Both Lists Together	15
10. Table 10: Importance by Grape Variety for the Wine Spectator	17
11. Table 11: Importance by Grape Variety for the Wine Enthusiast.....	17
12. Table 12: Importance by Repeated Presence on the List for The Wine Spectator.....	18
13. Table 13: Importance by Repeated Presence on the List for The Wine Enthusiast	18
14. Table 14: Question “Do you like trying new wines?” by Age.....	19
15. Table 15: Question “What is the most relevant aspect for you when buying a wine?” by Age	20
16. Table 16: Question “What is the most relevant aspect for you when buying a NEW wine?” by Age.....	20
17. Table 17: Question “How long do you spend on average deciding what wine to buy?” by Age	21
18. Table 18: Question “Among these three options, which one would you buy?” by Age	22
19. Table 19: Question “Among these five options, which one would you buy?” by Age	23
20. Table 20: Relation between the questions: “Do you like trying new wines?” and “What is the most relevant aspect for you when buying a wine?”.....	23
21. Table 21: Relation between the questions: “Do you like trying new wines?” and “What is the most relevant aspect for you when buying a wine?”.....	24

1. Introduction

Wine is almost as old as civilization itself. From the dawn of Mankind, wine has been one of the most favourite drinks for people of all social statuses. Dating as far back as Ancient Greece, and even before, it has been produced and sold carrying a religious symbolism. Nowadays wine is all that and more. It has surpassed its religious meaning and has been introduced into people's lives as a drink to savour, to enrich a moment, or simply to help in a party context. Thus, the quantities produced and the amount of different types of wine is today bigger than ever. From red to white, green, rosé, etc., all types have increased their demand. As the market increased, the available products became more and more complex and globalization also helped in this process as it made wine a global commodity.

The average consumers are now confronted with a magnitude of varieties of wine that is impossible to grasp, especially since wine is always reaching newer, sometimes younger, but mostly less knowledgeable consumers. Selecting a wine is now a very complex and strenuous task and without trying it before purchase, consumers have to follow other cues that they think will best suit their needs and wants. It is not that a wine cannot be tried pre-purchase, but for that the buyers would have to go to a tasting or sampling event or contest, and that is not something that the majority of wine buyers can afford to do on a regular basis.

What do they base their choice upon then? There are many cues customers can use when choosing a wine, for example, the price, the label design, the type of wine, if it has awards or not, etc. This last cue is the main focus of this thesis. Throughout this work, the main objective is to find out what is the importance given to awards both by consumers and by producers, how they see the awards and whether or not they find them worthy of being publicized. If a producer publicizes an award, it must then mean that they think consumers will value it and will thus increase the sales for that wine, and even for the rest of their products. The truth is that publicizing an award can have an effect even bigger than that, maybe on the whole wine category where the awarded wine is included. Moreover, since the market has increased dramatically, many wine customers are not knowledgeable wine drinkers, they do not know a lot about wine or the winemaking world, and thus do not know well the awards that exist or their relative status. This creates a bias in the marketing of wines. While it has been found that publicizing awards can most often increase the perceived image of the awarded wine (Sáenz-Navajas, Campo, Sutan, Ballester, & Valentin, 2012), it is also thought that it does not really

matter whether the award is actually real, at least for most of the wine buyers (Herbst & Von Arnim, 2009). Herbst & Von Arnim (2009) suggest, and this dissertation validates that opinion, that people choose a bottle with the medal that is more appealing to the eye. The exception exists of course in the form of those who understand wine and winemaking and who have knowledge about the most relevant awards for the category.

Moreover, this thesis also looks at the influence of several factors on how much importance is given to a specific award. Does the price of the awarded wine influence how its producer sees it, or how it is publicized for consumers? Does the country of origin of the wine make a certain award more or less valuable for its clients? Do certain grape variety wines give more importance to awards than others? In order to try to answer these questions, the Top 100 wines from the Wine Spectator and the Wine Enthusiast were looked upon. For these specific rankings, in which being mentioned works as an award for itself, a few more questions arise: do all of the producers present on the list give similar importance to it, or do the best ranked ones highlight it more? How much does the rank influence the attention and importance the producers' give to these awards? Moreover, is it the same to be a new arrival to the list or to boast a repeated presence?

In the end, wine is such a rich product that choosing which to buy and to drink becomes more a question of passion and preference than rationality, with consumers being overwhelmed with conflicting information, (Giraud, Tebby, & Amblard, 2011) and producers may well use this to their advantage.

This dissertation is organized as follow: in the next section literature relevant for the topic of the award importance is reviewed. In Section 3. the methodology is presented and the results are discussed both from the producers' and the consumers' sides. Section 4. very briefly presents a short case study based on a few wines to illustrate the main conclusions. Section 5. presents some limitations and suggests future research paths and Section 6. concludes.

2. Literature Review

Wine is a drink that is valued for its quality. However, and unlike many other food and beverage items, it is not one that consumers switch from one product to the other easily as the tastes can vary a lot. Hence, wine producers tend to focus on the taste of their product for obvious reasons. On the other hand, most consumers are not able to taste the wine prior to buying it, and due to the vintage variations, brand alone is not something that clearly defines how the product will taste (Lockshin, Jarvis, d'Hauteville, & Perrouty, 2006).

This leads us towards the thought that maybe other cues, extrinsic ones, may be very relevant for the consumer's choice. Extrinsic cues are those which despite being related to the product, are not part of the product itself, i.e., awards. Moreover, wine awards are what is called third party certifications and help consumers know which wines the experts considered to be the best among a defined set of options (Orth & Krška, 2002).

Awards are attributed as medals, diplomas or other recognitions, which then may or may not be used in the promotion of the awarded product. Is it then important for producers to use these awards to promote their product? According to Orth & Krška (2002), awards are an important attribute in a consumer's choice for wine, even if not the most important. Moreover, this decision must be taken based on the importance of the award and on the type of customer for example.

Lockshin et al (2006) state that consumers can be low or high involvement customers, and that this low or high involvement can be seen differently according to the country one is from, for example, Australian low involvement customers can be more involved in general in the wine purchase than the Canadian high involvement segment. This means that an award can be an excellent source of promotion for one kind of customer and irrelevant for another.

Furthermore, the same authors say that the importance of the awards varies with factors such as price, establishing the relation that if consumers are looking for a low priced product, then the awards get a bigger importance, and then as involvement increases and the consumer is willing to buy a higher quality, more expensive product, the importance of the awards has the tendency to decrease. Still, awards increase the buying level in almost all cases, except for expensive wines bought by highly involved customers.

It is then possible that awards are important for a product not to fall behind when compared to its counterparts. Especially for the medium range products, having an award may be close to irrelevant, but not having one may be the reason for sales to be lower than the competition's. This leads the awards to become instruments in firm strategic problem that is tantamount to a game theory problem. We have to deal with a Nash equilibrium, where each company's best option is to promote its own wine with an award. The Nash equilibrium is the group of strategies in which each company has its optimal strategy given what the competitors are doing (Heap & Varoufakis, 2004).

Still according to Lockshin et al (2006), low involvement consumers use risk reduction strategies in order to simplify their wine choice. Moreover, consumers usually perceive a wine as having higher quality when it was endorsed by a group of experts (Orth U. , 2002).

Most wine customers belong to the cognitive-based buyers. This segment uses medals and awards as one of the most important cues for choosing a wine. Thus producers should not only enter wine shows, but also publicize the results, both for home or export countries (Lockshin, Cohen, & Goodman, 2008).

Especially for new wine origins, reading about the wine somewhere seems to have a big impact on the decision to buy, indicating that a way for a wine brand from these countries to grow is by having good press coverage and/or by publicizing their medals and awards (Goodman, et al., 2008). The same can be said for relatively unknown origins as they work for consumers as though they were new.

Moreover, wines with an award on their label were perceived as having a higher quality in general than wines without award (Sáenz-Navajas, Campo, Sutan, Ballester, & Valentin, 2012).

Also, it is interesting to mention that wine experts tend to agree on what they do not like, but it is very hard to find them in agreement towards what they like. From a study, of 185 gold medal winning wines, 165 of them were classified with bronze or no medal in at least one other contest, being found as just above average (Hodgson, 2009).

In addition, it has been shown that experts' ratings have a bigger correlation among themselves than with customer ratings, and that average customer ratings are lower than expert's, being suggested that this can either be because experts have a bigger ability to spot slight differences in the wine, or because customer's rate wines post purchase, already having information about

the price and expert's reviews and then being influenced by both these factors (Gokcekus & Nottebaum, 2011).

It was shown that the more educated about wine consumers are, the more selective they become towards awards. These consumers tend to pick as a cue only awards with high credibility and in which they trust. Moreover, trust in an award leads to higher willingness to pay for a wine bearing a good result in that award. Thus, winemakers must be careful when choosing what contests to participate in and what awards to show on their label: if the target is low involvement customers, it has been shown that awards are, in general, beneficial; however, if the target is high involvement customers, producers should avoid displaying awards with unconfirmed trustworthiness, meaning they should focus only on highly regarded awards. Thus, recommendation is that premium wines should not display multiple awards (Neuning, Mather, & Duncan, 2015).

Meanwhile, it seems that cheating by sticking some gold shaped medal on the label of a wine can be worthwhile, as consumers seem to respond to the cue of a golden round symbol, and to neglect the information present on the medal (Herbst & Von Arnim, 2009).

All evidence points in a direction that suggests wine awards are influencing consumers' choice. However, it has been found that the increasing number of competitions is diluting the awards' value as a marketing tool. Also, as consumers get more knowledgeable about wine, not only do they lose interest in wine awards as a cue for wine choosing, but also do they have a negative attitude towards the concept of wine award (Herbst & Von Arnim, 2009).

Apparently, having a smart combination of awards marketed on the wine's label has a higher effect on increased purchase than a price discount. Where the discount would increase sales by about 6%, having a gold medal plus a trophy on the label would increase them by about 7% (Lockshin L. , Mueller, Louviere, Francis, & Osidacz, 2010).

Although research indicates that awards and medals affect both genders, women have been found to rely on awards more than men when deciding what wine to buy (Atkin, Nowak, & Garcia, 2007).

The effects of medals and awards can fade over time. These effects can be reduced if they are overused and in a wrong way. For the signals to keep their value and credibility it is important that they are used in a consistent way in order to signal high quality (Lockshin, Mueller, & Louviere, 2010).

Finally, this dissertation supports the statement from Lockshin et al (2006) that says the cheaper a wine is, the more prone to giving importance to an award. The authors mention that the more a customer is looking for a low priced wine, the more awards will influence his decision. It was then possible to see that producers tend to agree with this, as we can see a trend where the producers with cheaper wines, in general, highlight more their awards than those with more expensive wines. Moreover, Herbst & Von Armin (2009)'s say that it appears to be worth sticking a gold shaped medal on a bottle as consumers will pay no mind to what it represents. It was possible to strongly support this statement with a big share of survey respondents (30%) choosing a beer gold medal over the wine medals when asked what they would prefer on a bottle.

3. Methodology and Results

3.1. Methodology

Firstly, the lists for the best 100 wines of the Wine Spectator and Wine Enthusiast for 2015 were obtained. A scale was then designed to evaluate the importance that each producer gave to these prizes in their respective website. The scale, presented in Table 1, was based on the kind of mention that was made to the prize in which the producer has been referred. Moreover, apart from where the ad is displayed, importance was given to whether there is a link to an article or not. After all the wines from the lists were then evaluated, various studies were conducted with the available data. The studies were conducted in order to reveal the average importance given to the prizes: in terms of classification in the top 100, in terms of price range, country of origin, grape variety, and in terms of repeated presence in the list.

Scale of Importance for Producers	
0	No mention of the Wine Spectator/Wine Enthusiast in any form
1	Mentions Wine Spectator/Wine Enthusiast
2	Mentions Wine Spectator/Wine Enthusiast Prizes
3	Mention only in Secondary page
4	Mention in Secondary page + Article
5	Mention in Main Page - Small Ad
6	Mention in Main Page - Small Ad + Article
7	Mention in Main Page - Secondary Ad
8	Mention in Main Page - Secondary Ad + Article
9	Mention in Main Page - Big Ad
10	Mention in Main Page - Big Ad + Article

Table 1: Scale of importance for producers based on the relevance given to the award on their respective websites

After studying how producers see awards in the wine industry, it was time to see how consumers see awards and whether they are important influencers in their choice for wine buying. With this purpose in mind, a survey was conducted among Portuguese consumers. In order to analyse the results, the components age and occupation were highlighted and the answers to the other questions were split according to age groups and occupation groups. The age groups were 18 to 25, 26 to 35, 36 to 50 and over 50. The occupation groups were: student, employed, unemployed and retired. As for the number of answers obtained, 104 people answered the whole

survey, while for the questions in the first and second groups there are a few more answers up to 113, accounting for people who did not answer the survey all the way to the end. These answers were still taken into account since the first questions are independent from then final ones.

3.2. List Analysis

In terms of classification, tables 2 and 3, a tendency can be observed that goes along with what was expected. We can then see that wines which are present in the first and second quarters of the list are usually those which give the award a bigger importance as they are those who can boast the best places in the ranking. Furthermore, in the third quarter we notice a decrease in the average importance given, but in the fourth and last quarter, importance rises again probably related with matters of competition and we see a different way of publicizing the results, instead of saying the place their wine was ranked with, they just mention they were included in the Top 100. When we study the same relation but instead of seeing it by quarters we do so by groups of ten, figure 1 and table 4, the tendency is very similar: values are usually higher from the beginning of the list until the number fifty and decrease afterwards with the presence of a few outliers here and there.

The Wine Spectator

Group	Average Importance	Standard Deviation
1st Quarter	3,04	3,30
2nd Quarter	3,28	3,04
3rd Quarter	1,88	2,58
4th Quarter	2,16	2,46

Table 2: Classification for Wine Spectator by Quarters

The Wine Enthusiast

Group	Average Importance	Standard Deviation
1st Quarter	1,48	1,96
2nd Quarter	1,96	2,63
3rd Quarter	1,16	1,29
4th Quarter	1,52	2,71

Table 3: Classification for Wine Enthusiast by Quarters

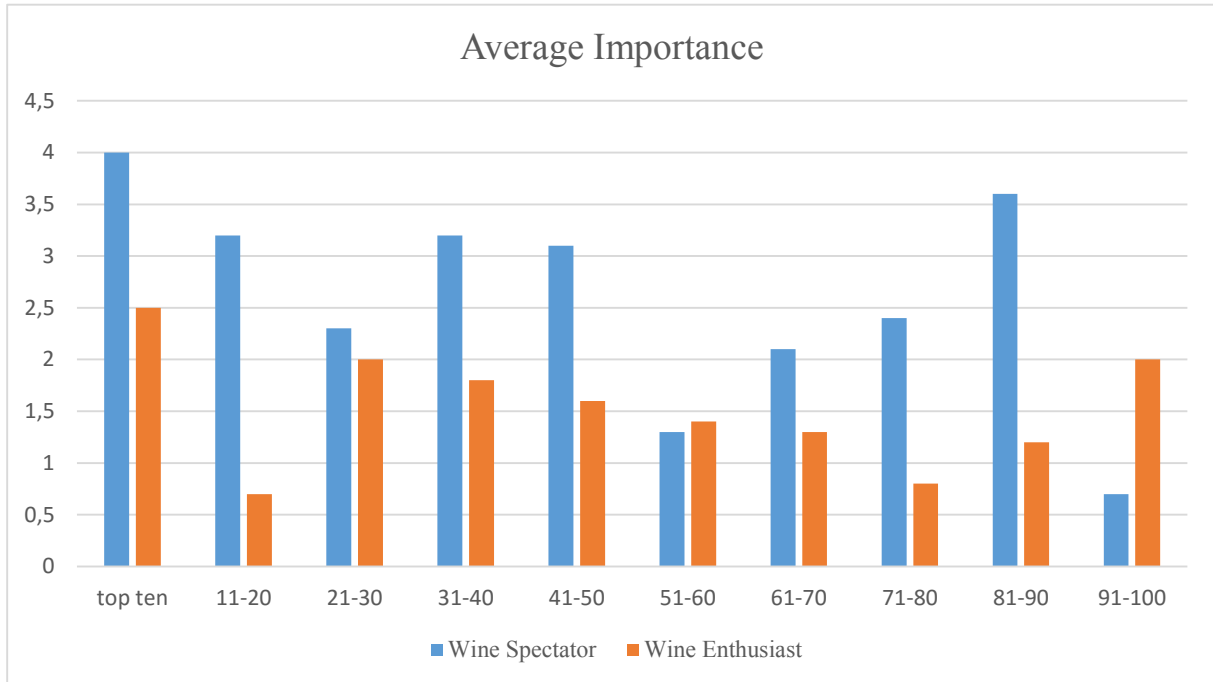


Figure 1: Average Importance of Awards in top 100 Wine Spectator and Wine Enthusiast ranking

Group	Wine Spectator Average Importance	Wine Spectator Standard Deviation	Wine Enthusiast Average Importance	Wine Enthusiast Standard Deviation
Top ten	4	3,87	2,5	2,58
11-20	3,2	2,75	0,7	0,90
21-30	2,3	2,72	2	2,53
31-40	3,2	3,06	1,8	2,48
41-50	3,1	3,11	1,6	2,33
51-60	1,3	1,42	1,4	1,28
61-70	2,1	2,91	1,3	1,42
71-80	2,4	3,01	0,8	1,17
81-90	3,6	2,33	1,2	2,75
91-100	0,7	1,42	2	3,07

Table 4: Classification of Wine Spectator and Wine Enthusiast by Groups of Ten

According to the scale and assessment made in this dissertation, clearly more attention is given to Wine Spectator than to Wine Enthusiast, which is consistent with the higher reputation of the former magazine.

It seems being part of either rankings top 10 position is extremely relevant for the participating producers. This relevance drops as we fall down the table, but in the case of Wine Spectator there seems to be some importance given to the participation in top 50. Finally, towards the end

of the table the relevance increases again, as if being part of the top 100 becomes relevant again. For Wine Spectator, however, we do not notice this effect in the last decile.

Moreover, a study was made regarding the average importance given among price ranges. As there are only 100 wines in each list, it was necessary to group the wines in a way that would make the results more statistically relevant. Thus, the decision was to group them as follows: 0-25\$; 26-50\$; 51-75\$; more than 75\$ (tables 5 and 6). Here, as was suggested previously in the theory, we can see that lower priced wines find these high value prizes as more valuable for their marketing aspirations than do those belonging to a higher price range. This allows us to assume that they expect more gains from publicizing these results than do the more expensive wines. This is a tendency and obviously does not mean that all expensive wines neglected more the list than those with lower prices, nor does it mean that the expensive wines have no gains in publicizing the results. In fact, it is then possible that due to specific conditions from the market in which the producer is included, the competition is higher and the producer, despite having a high priced wine, gains from referring to the Wine Spectator/Wine Enthusiast, either in the website or on the label or both.

The Wine Spectator

Price Range	Number of Wines	Average importance	Standard Deviation
0-25\$	30	3,00	2,93
26-50\$	35	2,89	2,99
51-75\$	20	1,55	2,16
more than 75\$	15	2,47	3,28
Total	100	2,59	2,5

Table 5: Importance according to Price for the Wine Spectator

The Wine Enthusiast

Price Range	Number of Wines	Average importance	Standard Deviation
0-25\$	31	1,94	2,88
26-50\$	51	1,35	1,98
51-75\$	12	1,75	1,53
more than 75\$	6	0,50	0,76
Total	100	1,53	2,24

Table 6: Importance according to Price for the Wine Enthusiast

Next, a grouping regarding the country of origin was made. Although there were a lot of countries present, some were not relevant as they have only one or two samples. Therefore, the

decision was to take into account only the countries which have four or more wines represented in the lists. Thus, the relevant countries are: Australia, Chile, France, Italy, New Zealand, Portugal, Spain and USA for the Wine Spectator (table 7); and France, Italy, Portugal, Spain and USA for the Wine Enthusiast (table 8).

The Wine Spectator

Country	Number of Wines	Average Importance	Standard Deviation
Argentina	2	8	0
Australia	5	1,6	1,62
Austria	1	4	0
Chile	4	2,5	1,50
France	14	0,79	1,61
Germany	1	0	0
Greece	1	0	0
Italy	20	3	2,63
New Zealand	4	0	0
Portugal	5	2,8	3,19
South Africa	3	3,33	4,03
Spain	10	2,3	2,79
USA	30	3,53	3,16
Total	100	2,59	2,5

Table 7: Importance by Country of Origin for the Wine Spectator

The Wine Enthusiast

Country	Number of Wines	Average Importance	Standard Deviation
Argentina	3	6,33	3,09
Australia	3	0	0
Austria	3	0	0
Chile	3	2,33	1,70
England	1	0	0
France	18	0,61	1,06
Germany	3	0	0
Greece	1	4	0
Israel	1	10	0
Italy	17	0,94	1,26
Morocco	1	0	0
New Zealand	2	1,5	1,5
Portugal	5	2,6	2,50
South Africa	2	0	0
Spain	7	1,14	1,88
USA	30	2,07	2,17
Total	100	1,53	2,24

Table 8: Importance by Country of Origin for the Wine Enthusiast

Complementing this, and in order to increase the amplitude of the study, wines from the same country were added to each other across the two rankings to get a broader idea on whether or not producers from that country really consider these prizes as important or not (table 9). Here the countries that are taken into account are: Argentina, Australia, Austria, Chile, France, Germany, Italy, New Zealand, Portugal, South Africa, Spain and USA.

Both Lists Together	Number of Wines	Average Importance
Argentina	5	7
Australia	8	1
Austria	4	1
Chile	7	2,43
France	32	0,69
Germany	4	0
Italy	37	1,97
New Zealand	6	0,5
Portugal	10	2,7
South Africa	5	2
Spain	17	1,82
USA	60	2,92

Table 9: Importance by Country of Origin for Both Lists Together

All of these countries have slightly higher values for the Wine Spectator when compared to the Wine Enthusiast, confirming the Wine Spectator is more highly considered by the majority of producers. The exception is New Zealand which has a higher value for the Wine Enthusiast.

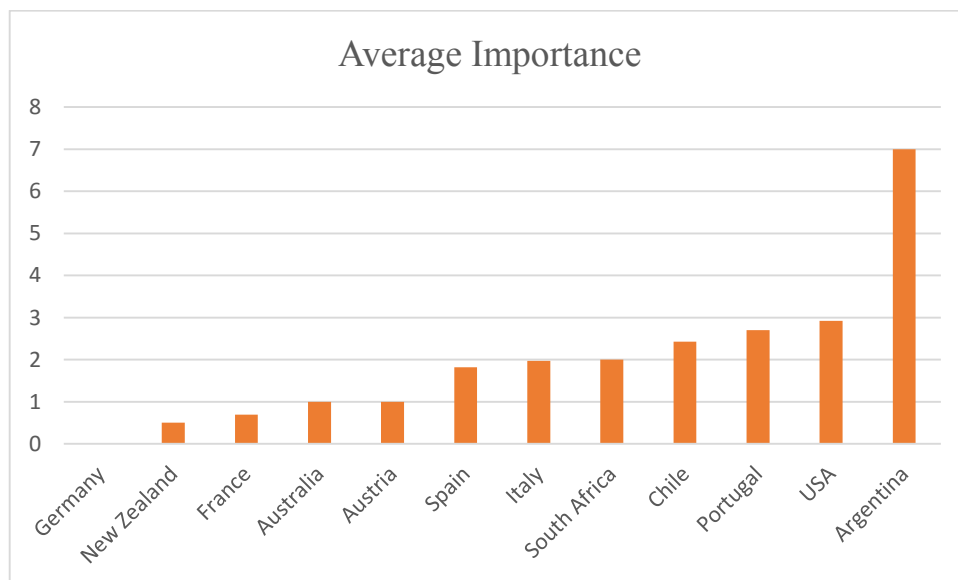


Figure 2: Importance by Country of Origin for Both Lists Together

We can identify 4 groups of countries in the importance given to the awards (figure 2): First, we can see that Argentina is the country, in both lists, that shows the higher average importance

given to the prizes. It is clearly an outlier in the relevance given to these awards and it is likely related to the need Argentinian vineyards feel in gaining notoriety in international markets. Argentina is a relatively newcomer in the wine industry.

A second group would include more established countries, but also countries with companies which need to have a lot of activity in gaining recognition, since they are either small players or competitive ones. This group includes: USA, Portugal, Chile, South Africa, Italy and Spain

The USA represent a particular case in this analysis, since it is the country with the most presences in the lists (60 altogether). The fact that both magazines originate and have their strongest readership base in that country obviously plays a role in the relative importance given to these awards by producers from the USA. It is hence not surprising that we find this country in the second place in average importance, even if we disregard other potential influencers of the relevance given to wines (price range, grape variety).

Portugal, Chile, South Africa, Italy and Spain all share similar characteristics: active exporting to the international markets, large players in wine productions and competitive settings. This means producers in these countries view these awards as significant enhancers of visibility.

Austria and Australia are the third group of wine producers in our list of countries. They give relatively low importance to these awards. In Austria's case this may be explained by the minute readership base of the magazines in the markets they sell to. The Australian case is less obvious, since it is a competitive market, with a lot of producers exporting to the USA. One would expect a higher relevance to the awards from producers in that country.

The final group of countries is composed of the three countries where the awards deserve very little attention. It seems Germany, New Zealand and France hardly care about these prizes, having values which are very close to zero (in Germany's case it is really zero in all instances). This could be due to the fact that in these countries international prizes do not have a lot of visibility as consumers on the markets they are selling to rely more on their national contests and prizes, or (as is likely the case for the French wines) their reputation is already so high that they do not consider the prizes to significantly add to this.

A further analysis was made of the lists by looking at the grape varieties present. Knowing that there are a lot of wines made from the blending of more than one grape varieties, a criteria was decided that a wine with more than 50% of a certain one would belong to that variety. Moreover, it was also decided, in order to have relevance, that only varieties with four or more wines

present would be taken into consideration. In the case of the Wine Spectator, table 10, the grape varieties studied were: Cabernet Sauvignon, Pinot Noir, Sangiovese, Chardonnay, Tempranillo and Syrah. In the case of the Wine Enthusiast, table 11, the same varieties were studied except for Tempranillo, which was replaced by Riesling.

Once again a tendency can be easily detected that the Wine Spectator has higher values of importance, suggesting that the producers value it more than they do on average the Wine Enthusiast. Furthermore, in the Wine Spectator, the producers that found the prize more important were those whose wines were formed with the varieties Pinot Noir, Cabernet Sauvignon and Tempranillo. Afterwards come the Sangiovese and Syrah, with the producers that have the least apparent interest in this prize being the producers of Chardonnay. As for the Wine Enthusiast, the highest value is for the Cabernet Sauvignon producers, while in this case the Pinot Noir has a very low value. The Syrah is the second highest value, followed by the Chardonnay, the Riesling, the Pinot Noir and at the last place, the Sangiovese.

We do not find much consistency in the ranking behaviour of the different grape varieties between the two magazines. If anything one may identify that Cabernet Sauvignon (a more global grape variety and therefore more competitive) is the variety consistently giving more importance to these awards, whereas Sangiovese (which is less global) receives less attention.

The Wine Spectator

Grape Variety	Number of Wines	Average Importance
Pinot Noir	11	3,27
Cabernet Sauvignon	11	3
Tempranillo/Tinta Roriz/Tinta fino	6	3
Syrah	5	1,6
Sangiovese (Brunello di Montalcino)	5	1,6
Chardonnay	8	1

Table 10: Importance by Grape Variety for the Wine Spectator

The Wine Enthusiast

Grape Variety	Number of Wines	Average Importance
Cabernet Sauvignon	7	2,6
Syrah	5	1,8
Chardonnay	10	1,1
Riesling	6	1
Pinot Noir	7	0,86
Sangiovese (Brunello di Montalcino)	5	0,6

Table 7: Importance by Grape Variety for the Wine Enthusiast

Lastly, related to these two lists, an analysis was made regarding the repeated presence in one of the lists and the importance given to it versus the importance given by producers who appeared on it for the first time, or at least not in consecutive years. Here we can see that only 15 out of 100 wines have a repeated presence in the Wine Spectator’s top 100, table 12, while the Wine Enthusiast has 11 out of 100 repeated presences in its top 100, table 13. As was expected, the new arrivals show an importance given to the prize which is a lot higher in the case of the Wine Spectator. Those which appear two times in a row appear to lose interest in publicizing this. In the case of the Wine Enthusiast, it is apparently the other way around, with those who boast a second presence giving, on average, a higher importance to the prize than those who appear for the first time. However, after performing a t-test, it was concluded that this is not significant meaning that it is not possible to take conclusions from these averages. This happens, probably due to the presence of a lot of producers in this second category (first presence) which do not care about the prize anyway.

The Wine Spectator

Producer previously present in the list	Number of Wines	Average Importance
Yes	15	1,93
No	85	2,71

Table 8: Importance by Repeated Presence on the List for The Wine Spectator

The Wine Enthusiast

Producer previously present in the list	Wines	Average Importance
Yes	11	1,64
No	89	1,43

Table 9: Importance by Repeated Presence on the List for The Wine Enthusiast

In summary, according to the analyses done here, we conclude that producers give more importance to being on the top 10/20 wines, with the importance given to the list decreasing after that and only increasing again in the end with producers tailing the list suddenly focusing on their presence in the top 100. Furthermore, and related to the prices, it was possible to see that on average producers with low priced wines pay more attention to the lists and publicize it more than those with higher prices. In addition, when sorted by their countries of origin, it is possible to understand that some countries clearly publicize these lists a lot more than others, with Argentina and the USA leading the list of those who highlight it more, whereas Germany and New Zealand appear last giving almost no importance to their presence there. Moreover, analysing grape varieties gives us inconsistent results, with a possible conclusion being that Cabernet Sauvignon producers give more importance to the lists due to their more global

presence while Sangiovese, less global, give less importance to it. Lastly, relating the lists with the producers who are present there for two consecutive years versus those who appear for the first time, it seems to be true, at least for the Wine Spectator that the producers lose interest in publicizing it when it is their second presence while the first comers give more importance to the fact. However, this did not happen for the Wine Enthusiast and thus conclusions cannot be taken from this.

3.3. Survey Analysis

After looking at the impact generated by the awards from the producers’ side, a survey was administered to provide some thoughts on whether or not the consumers pay attention to these awards. Several questions were posed to anticipate on what consumers in Portugal base their wine choices and if awards play a significant or any role.

Analysing the questions based on the age groups, for the question “Do you like trying new wines?”, table 14, we can see that as people get older, the percentage that says yes or sometimes increases dramatically, while we can see that the age category 18 to 25 is where there is a higher percentage of “no” with 18%, decreasing to 15%, 7% and then 0% as the age group gets older. For consumers to give relevance to wine awards it is most often necessary that they are willing to try a new wine. If they only buy wine based on what they have tried before or on the advice of friends or acquaintances, then it is not likely that they will pay attention to awards.

Do you like trying new wines?			
Age	Yes	Sometimes	No
18 - 25	30	19	11
25 - 35	11	6	3
35 - 50	10	2	1
50 or older	15	5	0

Table 10: Question “Do you like trying new wines?” by Age

The next questions were “What is the most important aspect when buying a wine?” and “What is the most important aspect when buying a new wine?”.

About the most important aspect when buying a wine, table 15, opinions were in agreement, with 27% choosing previous knowledge of the wine as their main influencer, 25% choosing advice by friend and 19% choosing price. As for the awards, only 4,4% of the respondents pointed it as the main criterion for their choice of a wine. Moreover, we can see that as people grow older, they have a bigger tendency to choose a wine based on their previous knowledge

of it. This can be explained by the importance of experience. As people grow older, they have probably experienced a bigger quantity of wines, which then makes them lean more towards those they have liked in the past. On the opposite direction go the attributes, advice by friend and price. As people grow older, they tend to listen to their friends' advice on wine less and less and give the price less importance than in the past. As for the price, a simple answer can be suggested that as people grow older and get higher paygrades, then they will find higher prices as more acceptable than before.

What is the most relevant aspect for you when buying a wine?

Age	Price	Label	Grape type	Country of origin	Shape of the bottle	Awards	Previous knowledge	Advice by friend
18 - 25	15	6	1	5	1	3	13	16
25 - 35	4	0	2	2	0	1	6	5
35 - 50	2	0	1	3	0	0	4	3
50 or older	0	0	7	1	0	1	7	4

Table 115: Question "What is the most relevant aspect for you when buying a wine?" by Age

As for the most important aspect when buying a new wine, table 16, and as previous knowledge is no longer an option, with it being a new wine, the options that were chosen as the most relevant aspects were advice by friend and price, with 35% and 21% of the answers respectively. In this question, we can see that the fact of this being the purchase for a new wine made people pay more attention to the awards, with a percentage of 7,4%. As for the advice by friend and price, we can see that younger people, up to 35 give more importance to the advice by friend than people older than that age, while the tendency for price remains the same as before with people tending to neglect it more and more as they grow older.

What is the most relevant aspect for you when buying a NEW wine?

Age	Price	Label	Grape type	Country of origin	Shape of the bottle	Awards	Previous knowledge
18 - 25	16	4	2	3	1	6	4
25 - 35	5	1	1	1	0	0	3
35 - 50	1	0	2	3	0	0	3
50 or older	0	0	4	1	0	2	7

Table 12: Question "What is the most relevant aspect for you when buying a NEW wine?" by Age

Furthermore, there is a question about how long people spend on average buying a wine, table 17. The answers here reveal that the great majority, 81%, spend less than ten minutes choosing a wine, with 46% taking less than five minutes. This suggests that most people do not like to spend a lot of time choosing a wine, taking other cues under consideration. According to the theory, this happens because most people are not wine connoisseurs and thus buy their wine based on the price or on others' opinions which has pretty much been what could be observed in the previous questions.

How long do you spend on average deciding what wine to buy?

Age	0-5 minutes	5-10 minutes	10-15 minutes	more than 15 minutes
18 - 25	31	20	4	2
25 - 35	11	5	2	1
35 - 50	3	6	1	2
50 or older	4	7	6	2

Table 13: Question "How long do you spend on average deciding what wine to buy?" by Age

In the last two questions people were presented with images of awards and asked to choose which wine they would buy. The first one had three awards (figure 3): Wine Spectator's top 100, Los Angeles International Wine Competition, and a random "international gold medal" (in the case, A.I.B.A, which is an Australian International Beer Award).



Figure 3: The Wine Spectator, Los Angeles International Wine Competition, and A.I.B.A

The second one had the same three awards plus two Portuguese awards (figure 4): prémio Uva d'Ouro and prémio Revista de Vinhos Excelência.



Figure 4: Uva d'Ouro and Revista de Vinhos Excelência

The aim of these two questions was first to see whether people really understand wine awards and whether there is a majority that knows what they are buying when the wine has a medal or if they just buy a wine because there is a medal on the label.

The second question had a second purpose as well which was to find out if the Portuguese consumers have an inferiority complex towards foreign wine specialists.

After analysing the answers, table 18, we can see that a majority of people who took the survey, 59%, identify the Wine Spectator award as the most relevant. However, there are also 30% who chose the beer medal, supporting the hypothesis that people buy a wine because it has a golden symbol without even caring about what it stands for.

Moreover, when the Portuguese awards are introduced as an alternative, table 19, we can see that most people shift their answers towards them, 75%, showing that the Portuguese consumers seem to prefer their own wine specialists instead of their foreign counterparts. Here only 15% chose the Wine Spectator and only 8% chose the beer award.

Among these three options, which one would you buy?

Age	The Wine Spectator	Los Angeles International Wine Award	A.I.B.A.
18 - 25	32	8	17
25 - 35	13	2	4
35 - 50	8	0	4
50 or older	10	1	7

Table 14: Question "Among these three options, which one would you buy?" by Age

Among these five options, which one would you buy?

Age	The Wine Spectator	Los Angeles International Wine Award	A.I.B.A.	Uva d'Ouro	Revista de Vinhos Excelência
18 - 25	8	1	5	19	23
25 - 35	1	1	0	11	6
35 - 50	2	0	0	6	4
50 or older	5	0	3	7	2

Table 15: Question “Among these five options, which one would you buy?” by Age

After analysing the answers individually and relating them to age, it is important to relate some of the questions to each other. With this in mind, table 20 relates whether or not people are willing to try new wines with the aspects they say are those they use the most to choose a wine. Hence, it is possible to see that those who do not like to try new wines are those who rely more on friends’ advice (53%) with those who say yes and maybe relying more on other cues than advice by friend (21% for yes and 19% for maybe). For both cases, yes and maybe, meaning those who like trying new wines and those who sometimes do so, the most important cue seems to be the previous knowledge of the wine with 26% of those who say they like trying new wines and 34% of those who answer maybe stating that as their main cue when buying a wine. This brings us to a very weird situation: what was expected was that those who do not like to try new wines based their choice on those wines they already know, while those who do like to try and those who say maybe would base their choice on other cues. However, and as was mentioned before, those who do not like to try new wines state the previous knowledge to be their main cue only 13% of the times. On the other end, those who like to try new wines have as their main cue the previous knowledge. If for those who say yes, the previous knowledge can make sense as an answer, as they may like to try new wines, but may also like to drink wines they already know, for those who do not like to try new wines, the answer not being previous knowledge sheds a lot of confusion in the matter. If they do not like to try new wines, then they should definitely base their choice on the wines they already know.

Do you like trying new wines?

What is the most relevant aspect for you when buying a wine?

	Price	Label	Grape type	Country of origin	Shape of the bottle	Awards	Previous knowledge	Advice by friend
Yes	14	3	7	7	0	4	17	14
Sometimes	4	3	4	3	0	1	11	6
No	3	0	0	1	1	0	2	8

Table 20: Relation between the questions: “Do you like trying new wines?” and “What is the most relevant aspect for you when buying a wine?”

When the question is related to the buying of a new wine (table 21), all of the respondents choose as their main cue to rely on a friend’s advice: 29% of those who say they like trying new wines, 37% of those who say maybe and 58% of those who do not like to try new wines.

Do you like trying new wines?	What is the most relevant aspect for you when buying a NEW wine?						
	Price	Label	Grape type	Country of origin	Shape of the bottle	Awards	Advice by friend
Yes	12	4	6	5	0	6	19
Sometimes	7	1	3	2	0	2	11
No	3	0	0	1	1	0	7

Table 21: Relation between the questions: “Do you like trying new wines?” and “What is the most relevant aspect for you when buying a NEW wine?”

Finally, and summarizing, it is not possible to identify a trend between the age or occupation of the respondents and their success in identifying the Wine Spectator, or their failure in choosing the beer medal. Moreover, it is clear that those who like trying new wines can identify the Wine Spectator better (66%) than those who say maybe (53%) or those who do not like it (42%). On the other hand, for those who chose the beer medal, meaning those who do not understand about wine awards at all, the percentages are very close among the categories, with the “yes” having 30%, the “maybe” 30% and the “no” 33%. This indicates that if one person likes trying new wines, then the probability of identifying the Wine Spectator is bigger than if they do not, but on the other hand the probability of not knowing wine awards at all is the same whether they like trying new wines or not. Furthermore, for those who chose awards as their main cue, the sample is too small to obtain relevant conclusions, but by observing these specific cases, it is possible to see that 1 out of 5 chose the beer medal and only 2 out of 5 chose the Wine Spectator. Also, we can see here, after introducing the Portuguese awards that 2 out of 5 still chose the Wine Spectator, while the other 3 who had chosen the other medals before now shifted their choice towards the Portuguese awards, revealing a preference for this last category.

4. Case Study

By looking at the specific cases of Soléna Pinot Noir Willamette Valley Grande Cuvée and Jean-Marc Brocard Chablis Ste.-Claire we can try to understand why some producers give great importance to the awards and others do not. The first wine comes from the USA, it is of the grape variety Pinot Noir and costs 25\$, an average price for this list of the Wine Spectator. The second wine comes from France, it is made with more than 50% Chardonnay and costs around 22\$, in the same price category as the first. The first wine was ranked 38th while the second was 47th, meaning they were both ranked in the best 50 wines in the world. In a scale that evaluated how much importance the producers gave to the award, the wine from Soléna had a grade of 9 out of 10 while the wine from Jean-Marc Brocard had a grade of 0 out of 10. The 9 means there was a big ad on the main page of the website (figure 5), while the 0 means there was no reference to the Wine Spectator at all (figure 6). What makes them give such a different relevance to this prize? According to the previous studies that were done during this thesis, the rank should not be the reason, as they are both in the top 50. Moreover, the price should not be the reason either as they are both in the same price category which is one of the cheapest from the list and where the producers seems to give more relevance to the award, justified by the fact that their category has more competition than other more expensive ones. Both these wines are new presences in the list. The two apparently possible explanations are the country of origin and the grape variety. As for the country of origin, it seems that French producers do not give much importance to the Wine Spectator or to any foreign award by that matter, focusing their attention and publicizing mainly their own national awards. On the other hand, the USA are firstly the home country of this specific award and moreover their producers seem to care more about having a wide range of awards and references, both from their home country and foreign. As for the grape variety, it seems that Pinot Noir producers are fonder of the Wine Spectator than Chardonnay producers, giving more relevance to it in general.

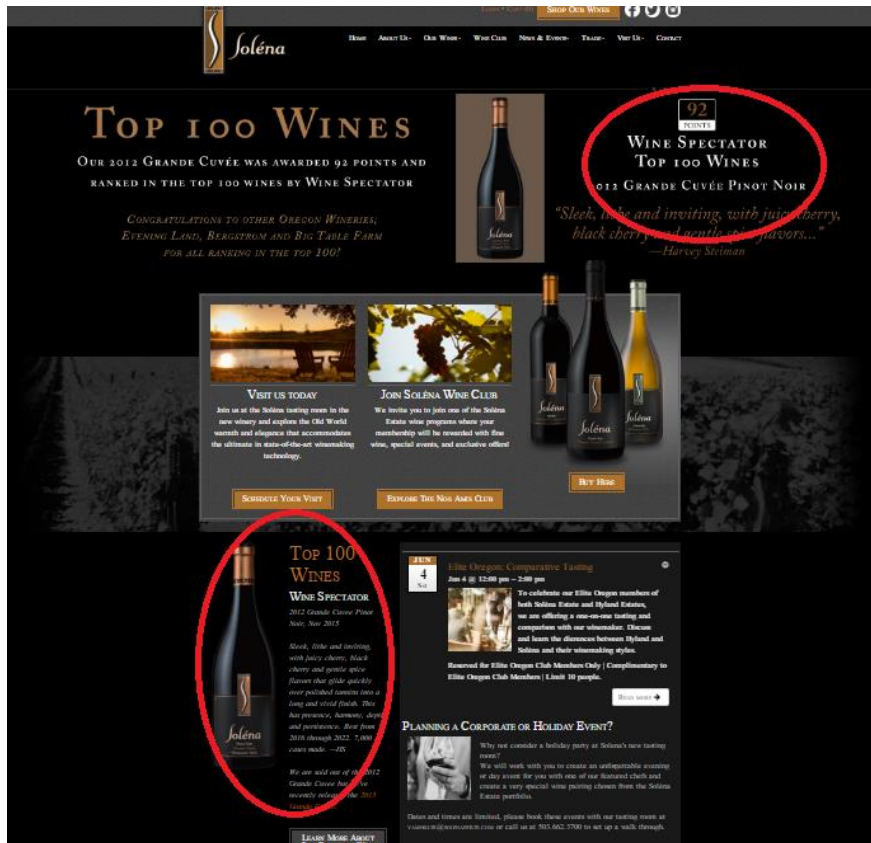


Figure 5: Soléna Estate's main page

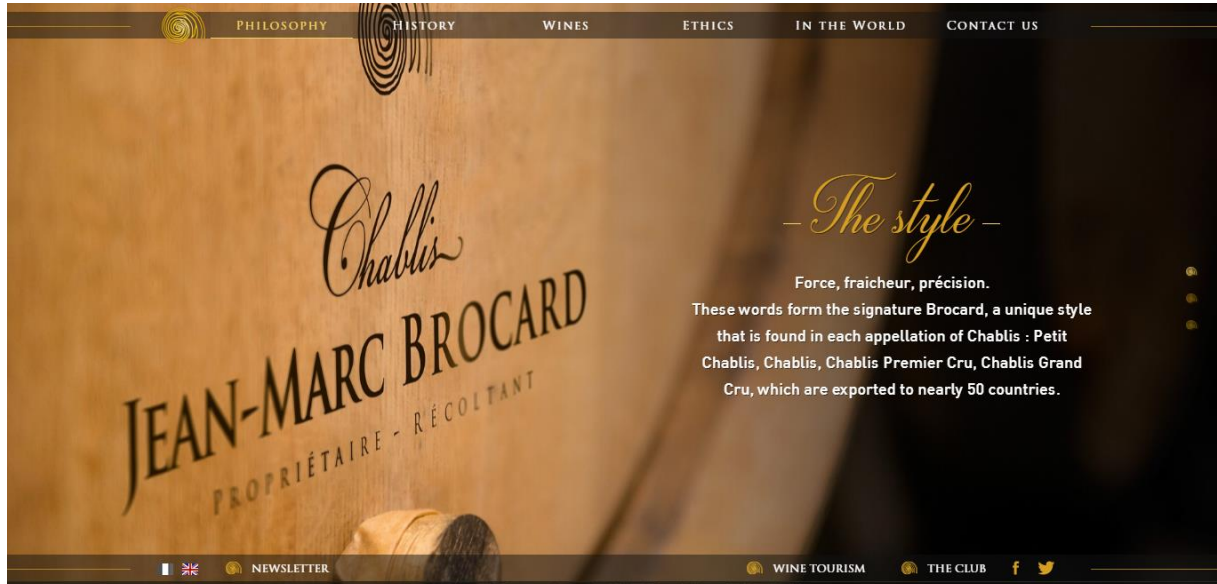


Figure 6: Jean Marc-Brocard's main page

Furthermore, let us look at two cases of Portuguese wines in a similar situation, one which has given a high importance to the award and another which seems to neglect it. The two cases are again from the Wine Spectator list. The first one is Quinta do Crasto Douro Superior and the second one is Real Companhia Velha Douro Porca de Murça Red. Quinta do Crasto Douro

Superior was ranked 25th and got a grade of 0 out of 10, with no mention to the Wine Spectator (figure 7), while Real Companhia Velha Douro Porca de Murça Red was ranked 39th and got a grade of 8 out of 10, with a secondary ad on the main page complemented with a small article accessed through the main page ad (figures 8 and 9). The ranks from both wines mean again they are both in the best 50 wines of the list, so this should not be a differentiating factor. Moreover, they are both Portuguese and are both new presences in the ranking. The possible factors to explain this difference are then price and grape variety. As for the grape variety, both are made from the blending of Portuguese specific varieties for reds, so this should not make for the difference in grading. This leaves us with the final possible criterion, price. In this case, as the Quinta do Crasto's wine costs as much as 3 times the same as the Real Companhia Velha's this is possibly the explanation for this difference on the importance given by the producers. As a cheaper wine, Real Companhia Velha Douro Porca de Murça Red faces a segment where the competition is much fiercer and also where the consumers pay even more attention to awards than they do for the 30\$ wines. This leads to a situation where this wine has much more to gain from promoting their position on the Wine Spectator list than would Quinta do Crasto Douro Superior.

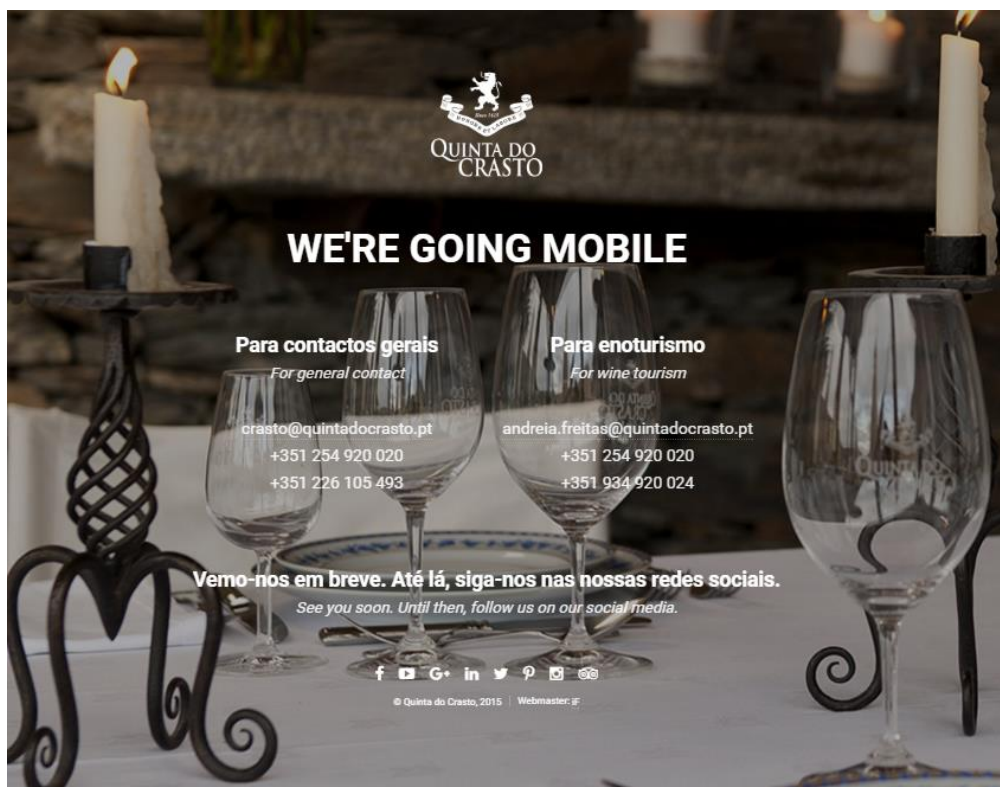


Figure 7: Quinta do Douro Crasto's main page

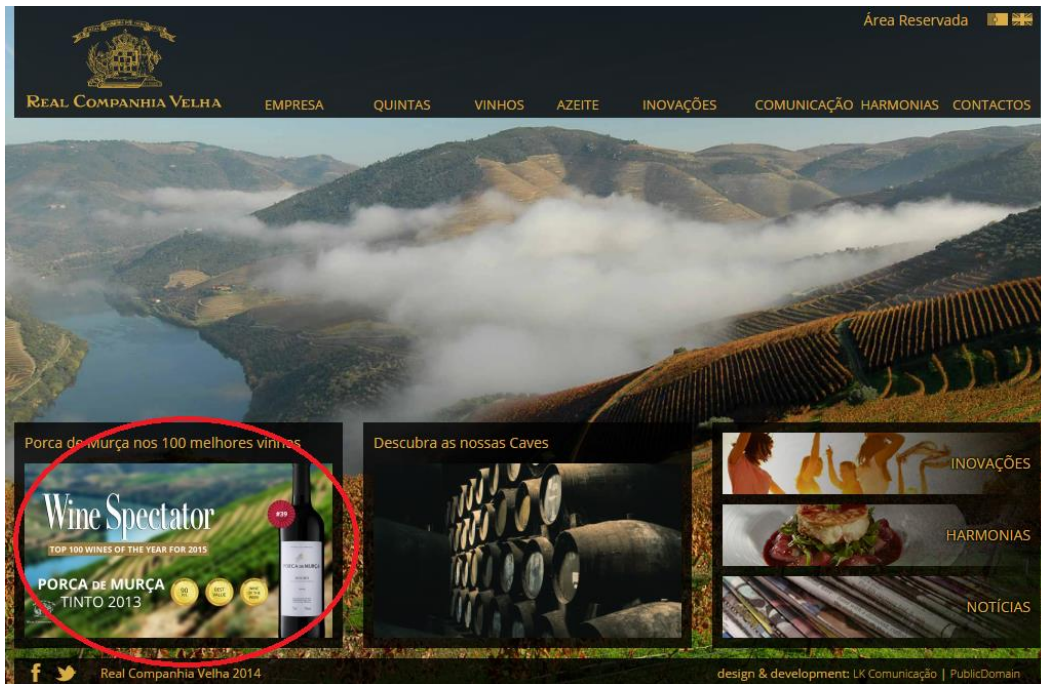


Figure 8: Real Companhia Velha's main page



Figure 9: Article on Porca de Murça's Wine Spectator Award

5. Limitations and Future Research

The purpose of this paper is to shed some light on the importance both consumers and producers give to awards in the wine industry. To do this, some studies were performed on the Top 100 lists from the Wine Spectator and the Wine Enthusiast and a survey was ran. This was also meant to confirm or dismiss some of the theory previously presented, or, if not enough for any of those, at least to support one option or the other.

However, it is necessary to acknowledge some limitations in the methodology of this thesis. Firstly, the importance given by producers was studied only with regard to their website, having no information about whether the award was posted on the bottle or of any other possible publicity channel that could have been used. Also, the evaluation was a one-time process, and the website might have been updated later. Moreover, being a study with only 200 samples, where the country of origin, the grape variety and the rest of the specifics depend on the wine and its producer, in some cases it was difficult to assure statistical significance and a more quantitative study would be a recommended follow up to this thesis. In addition, and still with regard to the above mentioned recommendation, since the importance given to the award can be very affected by the preference of the producer, it is advised that outliers are payed attention to in order to keep them from affecting the conclusions too much.

Furthermore, and on what the survey is concerned, 104 answers were obtained for the totality of the survey while some other answers were obtained for the first two groups with the number of answers for these questions being as big as 113. This was not a problem since most answers had no direct correlation with the rest and thus could still be analysed individually. The main limitation on this survey is the fact that it has very limited representation power of the consumer base. Though the number of answers is substantial, these refer primarily to personal contacts from the authors, rather than an attempt to build a representative consumer panel.

A limitation here was the fact that the age groups had very different representations in the final amount of answers obtained. Firstly, the category “under 18” had no answers, and although it is by law expected to happen, as it is forbidden to purchase alcoholic beverages before the age of 18 in many if not the majority of countries, it is also known that there are still those who do, so this category was ignored. Then 56 to 60 answers were obtained for the group “18 to 25”, 19 to 20 answers for the group “26 to 35”, 12 to 13 for the group “35 to 50” and 17 to 20 for the

group “50 or over”. This allows for the conclusions to be taken more accurately from the “18 to 25” group while the “35 to 50” has a much lower representability.

Moreover, the same happens with the occupation groups with even bigger disparities: while the student and employed groups have relatively good representations (53 to 56 and 42 to 45 respectively), the unemployed and retired categories have a very low rate of responses (3 and 6 to 9 respectively). This is easily explained due to the connections I was able to share the survey with. Once again, in order to get a better understanding of the subject of this thesis, a more quantitative study is advised with a larger sample and better representation of the different categories.

A final limitation that could be identified is that although there are a few international responses, the survey has a big majority of respondents who are Portuguese, limiting the reach of these conclusions. In a further study it is convenient that the sample can be more representative of the international environment.

As a suggestion for future research it would be interesting to understand why wines that get in the 4th quarter of the list give it more importance than those in the 3rd quarter.

6. Conclusions

After the analysis of both the studies on the Top 100 wines from the Wine Spectator and the Wine Enthusiast and the survey ran on consumers, it was possible to support many of the statements presented by the previous theory on this subject. Although there are many producers who simply ignore the awards given by these two entities, there are those who pay them a lot of attention, making it apparent that these awards attract more customers and increase sales. On the other hand, and although not many of the interviewees acknowledge awards as their main criteria for wine choosing, the simple fact that some say it is reveals this as a criterion that most people look at even if it is not their first cue. Moreover, it was possible to see that most people are keen on trying a new wine, with a tendency seeming to arise that the older people get, the more willing they are to try new wines.

Thereafter it is possible to state that the country of origin influences the importance producers give to these awards as for different countries the average importance given was definitely very different. While countries such as the USA, Argentina, Portugal, Chile, etc., give relatively high importance to the awards, others such as Germany, France, New Zealand, Australia, etc., seem to care much less about them. A suggested explanation for this is the fact that these awards are from the USA, and although they seem to have a big international exposure, the countries who neglect the awards seem to care more about their national contests and awards, or more regional ones, than they do about these worldwide awards.

A similar thing happens with the grape varieties, where producers that use mainly certain varieties seem more interested in publicizing the results than those from other varieties, with both lists showing more or less the same relevant varieties, and reflecting a preference, even if slight that the judges seem to have for these varieties.

As for the price, a tendency was identified, the wines with relatively lower market values publicize the result more, indicating that in their very competitive environment it will pay off more to have this kind of award. The more expensive wines, as they probably gain less from the award, as their clients look more for status and brands with history, publicize the results of these contests much less.

Where the classification is concerned, there is a trend showing that those producers who end up in the higher places, top 50 give much more importance to the awards. Furthermore, those who

end up in the last 20 or so give more importance to it again but in a different fashion. While the top 50 reveal their place on the list, those in the last 20 usually just mention that they are present on the list, giving it a lot of publicity nonetheless.

The repeated presence on the list shows mixed results with further analysis being required to achieve strong conclusions. While the Wine Spectator bears what was expected, those who repeat their presence lowering the level of importance given, on the Wine Enthusiast, the opposite happens, and those who are there for the second consecutive time seem to give a higher average importance. A possible explanation is that there are a lot of producers with a first appearance that neglect the award, having a lowering effect on the average of those who do not have repeated presence.

Then regarding the survey, and the consumer side, it is perhaps the most interesting result that the majority of consumers is in fact not very knowledgeable about wine, and that the “cheating” seems to pay off as a lot of the surveyed chose the golden medal in spite of it being respective to a beer contest. Apparently most people, not knowing what the relevant awards are will choose the wine based on the best looking awards, not caring about the information present on the medal.

Furthermore, and most interesting as well is the fact that when the two Portuguese awards were introduced, and given that most of the participants were Portuguese, there was a clear shift towards those awards. Previously it was thought that Portuguese consumers might have an inferiority complex that would make them prefer international awards instead of Portuguese ones. It is then a good surprise to see that this is not the case with 75% of the respondents choosing the Portuguese medals. This may also be explained by the fact that the two chosen awards are in golden colours which seem to appeal more to the eye of those who are choosing without looking into the award.

Also, it is interesting to mention that older people are more willing to try new wines. However, people seem to prefer wines they have already tried or those they were advised by friends to try. When trying a new wine, people seem to trust the advice of friends first and then use price as their second most important cue.

Lastly, there was a trend showing that if someone likes trying new wines, the probability that he is able to identify wine awards is bigger than if he does not like experimenting, but there is always a similar percentage of people in all categories who does not know anything about wine awards and who, given the possibility, would choose a medal just because it is “golden”.

In summary, both consumers' and producers' impression on awards are influenced by various cues. Some of them are easy to be aware of, such as price for consumers, or country of origin for producers, but other are not. It is very important to establish the connection between a good looking award and the choice made by the consumer. The award being good looking seems to be even more important than its trustworthiness. Moreover, further conclusions can be taken from this: producers should publicize awards as they increase the average consumer's perception of the wine, and they should take into great consideration the design of their bottle as consumers seem to care about the aspect of the product a lot when they are choosing.

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