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Restaurants and the single-serve wine by-the-glass conundrum: Risk perception and reduction effects



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ABSTRACT

This study examines risk perception and how wine by-the-glass (WBG) consumption acts as a risk reduction strategy (RRS) in the restaurant environment. An 18-item scale measures the hierarchy and perception of each risk type specific to WBG consumption. Females and those aged between 18 and 45 years are the main groups attracted to drink WBG. WBG consumption decreases mainly social, psychological and physical risks. Due to its risk reducing effect, consumers use WBG as opportunity to try new and more expensive wines, or to try new wines before deciding to buy a 750 mL bottle. The fact that they do not have to share with anyone and that less money can be spent per transaction also helps encourage 'adventurous' behaviour. This means that WBG consumers do not drink the same wines they usually buy in 750 mL bottles in restaurants, and no cannibalization of these wines takes place.

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1. Introduction

Many restaurateurs 'tolerate', but do not actively promote wine by-the-glass (WBG) sales, or regard it as a necessary evil just to please some demanding customers, in the process overlooking an opportunity to grow both their wine sales and business overall (Frost, 2015). More specifically, Yoon and Stacy (2015) refer to this as "the billion-dollar opportunity in single-serve food." The basic premise thereof is that consumers want what they want, when they want it, where they want it, and how they want it and, are willing to pay for it, which results in them paying more for smaller quantities of a product. Why restaurants are hesitant to fully pursue this opportunity is understandable, given that they associate high business risk with strategies and activities about which little information exist. From an academic perspective, there is also a paucity of research in this specific field and a foundational/baseline study such as the current one, will help towards identifying some parameters and stimulating more focused future research.

Yoon and Stacy (2015) highlight the single-serve experience as a powerful intersection of business (higher margins, incremental sales) and increased consumer benefits (more customisation, more

choices). They single wine out as great example comparing it with brewing a pot of coffee when wanting only a single cup in that opening a bottle of wine creates an 'obligation' to finish it and for everyone at the table in a restaurant to drink the same type of wine, regardless of their individual preferences. The prospect of spoilage limits the kinds of wines that restaurants will sell as WBG because they generally focus on low-cost fast-selling brands (Zimmerman, 2016). More single-serve options could result in restaurants selling expensive wines faster and more of (Frost, 2015). Yoon and Stacy (2015) estimate that a single-serve 'revolution' could grow the wine category in the USA, already the worlds' largest wine consumer market, by several billion dollars per year.

Wine is an \$8.7 billion industry in Australia, with the off-trade accounting for 80% of volume and 52% of value sales, while 20% of volume and 48% of value sales occur in the on-premise trade (Euromonitor International, 2016). Eating out is now part of the Australian lifestyle with health and wellness high on the agenda. Total foodservice sales in Australia were \$49.4 billion in 2014 of which full-service restaurants and cafés/bars contributed 60% (\$29.4 billion) (Euromonitor International, 2015a). To put the importance of alcoholic drinks into perspective, ratios in% value analysis for food to drinks are for full-service restaurants (77% to 23%) and for cafés/bars (17% to 83%) (Euromonitor International, 2015a, 2015b).

The supply of wine to accompany food is one of the differentiation factors for restaurants, and the existence of a fine wine list has

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traditionally been a good parameter for judging restaurant quality (Barth, 2011; Berenguer et al., 2009; Dodd, 1997). While there is general agreement that wine plays a big role in the enjoyment of the dining experience at a restaurant (Aune, 2002; Berenguer et al., 2009), ordering wine in a restaurant is often considered stressful compared to buying it in off-premise liquor stores (Jaeger et al., 2010; Lacey et al., 2009). Several studies have highlighted that, when ordering wine in the restaurant situation, consumers perceive a high degree of risk or uncertainty (Bruwer et al., 2012; Bruwer et al., 2013; Terrier and Jaquinet, 2016). When consumers perceive risk, they tend to 'manage' it by employing risk-reduction strategies (RRS) and this fact has been documented in the wine-specific literature (Bruwer et al., 2013; Terrier and Jaquinet, 2016).

An opportunity thus exists to use more single-serve wine options, more specifically WBG, as another RRS specific to restaurants, bars, pubs, etc. Given the limited amount of research about the WBG offering makes this type of consumption behaviour a challenging topic to explore in more detail and hence there is a need to conduct more academic, but also more applied research on this topic in general. In terms of its contribution, the current exploratory study conceptualizes the WBG consumption situation in a restaurant from a risk perception viewpoint. It is the first to achieve this by designing a WBG-specific scale to measure all risk dimensions in relation to WBG to identify their hierarchy and suggest ways to use these as a RRS tool in the restaurant environment.

2. Literature background

2.1. Role of wine in restaurants

The availability of wine to accompany good food is a differentiating factor that can greatly enhance the gastronomical experience (Aune, 2002). Moreover, the sale of wine can add significant profitability to a restaurant's turnover (Barth, 2011; Berenguer et al., 2009). Wine lists/menus have thus been identified as a factor that differentiates restaurants (Barth, 2011), and even as an extension of a restaurant's personality (Berenguer et al., 2009).

The importance of wine as part of a restaurant's total sales turnover has been widely documented. For example, in Spain it is 32% of the average restaurant bill (Gil et al., 2009), in Australia it varies between 26% and 29% (Bruwer and Johnson, 2005; Bruwer et al., 2012), and in the USA it has been reported that wine sales can be increased by 12% by suggesting it be paired with a meal (Wansink et al., 2006). However, regarding wine's role in restaurants, these positives are only reflective of one side of the spectrum. A few studies have identified that the selection of wine in a restaurant is associated with a stressful experience and hence with risk (i.e. Bruwer and Johnson, 2005; Lacey et al., 2009; Olsen et al., 2003; Terrier and Jaquinet, 2016). There has nevertheless been surprisingly little research to date on the risk perception construct in all its dimensions and what can be done by restaurateurs to reduce the conundrum they face to increase the size of the average bill and profitability, while preventing cannibalization of full (750 mL) bottle sales. Our study therefore focuses on the risk construct and what restaurants should know about and can do to increase wine sales by utilising the single-serve opportunity that WBG presents.

2.2. Generic risk perception

The literature shows surprisingly little exploration of consumer-focused risk perception, particularly within a domain-specific context such as wine purchasing. Several authors have addressed risk perception from different angles and in various industries, including wine. Laroche and Vinhal (2010) studied the relationship between involvement and product knowledge with perceived

risk, finding that evaluation difficulty increases the perceived risk from the product category perspective. Dholakia (2001) examined the role of perceived risk as a dimension of product involvement, while Bruwer et al. (2013) adopted the same research focus from a wine product-specific viewpoint.

The risk construct can be divided into six different types based on internal and external factors to give structure to it: functional, physical, financial, social, psychological and time risk (Schiffman et al., 2011). Because risk involves consumers' perception of the negative consequences of an action such as buying or consuming the product (Schiffman et al., 2011), consumers cope with this situation, depending on the type and perceived importance of a particular risk, by using various RRS (Gultek et al., 2005; Johnson and Bruwer, 2004).

2.3. Risk perception and wine

Various studies have been conducted on wine using the general theory (Dholakia, 2001) about risk perception as a base. When focusing on the wine product specifically, BYOB (bring-your-own-bottle) could be included as a seventh RRS (Bruwer and Nam, 2010; Bruwer and Rawbone-Viljoen, 2013). In the current study we propose that single-serve WBG is yet another potential RRS specific to wine choice and consumption in the restaurant environment.

Johnson and Bruwer (2004) analyzed consumers' preferred RRS and found that trying the 7wine becomes more important as the price increases, leaving price and favorite brand behind in importance. These findings could be an indication that the WBG strategy can be used to reduce functional risk without having to rely on price as a surrogate indicator, making it possible to push more expensive wine sales. In an experiment Jaeger et al. (2010) corroborated the strong influence that price has. Bruwer et al. (2013) identified price as the most probable RRS for females, who drink less wine than males, but try to compensate for that by buying more expensive products.

In the restaurant setting when adopting the WBG strategy, the product is usually served in a plain wine glass. Simply changing to single-serve size is not going to have the same impact as taking the full bottle to the table; for example, if having food pairing tips on the label is an important RRS, restaurateurs could include those comments in the wine list to outweigh the consumer's lack of knowledge and self-confidence (Dodd, 1997; Pohl et al., 2003; Ruiz-Molina et al., 2010; Terrier and Jaquinet, 2016). The lack of self-confidence, which increases the psychological and social risks, comes in part from the level of wine educational background (Olsen et al., 2003).

2.4. Risk perception in the restaurant environment

One of the determining factors when picking a wine in the on-premise trade is the consumer's self-confidence. Olsen et al. (2003) found two different responses in the on-premise trade. High self-confidence was not related to the willingness of trying a new brand, but at the same time, low-confidence people were more likely to stay with the same brand. It was also determined that self-confidence was closely related to age and gender, with females and respondents between 31 and 40 years of age being the groups more concerned about making a wine-buying decision. Low self-confidence is also reflected in the BYOB phenomenon. It can be a way to reduce the financial risk and avoid paying the high markups that restaurants have, but it can also be seen as a RRS to reduce social and functional risks (Bruwer and Nam, 2010). But one cannot generalize in this case, because people go to restaurants for different reasons and each occasion may trigger a different RRS depending on the perceived risk (Hirche and Bruwer, 2014). Not only does the occasion influence the perceived risk, but the type of

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