Portuguese quality wine and the region-of-origin effect: consumers' and retailers' perceptions

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Abstract

This study investigates the relative importance of region of origin associated with extrinsic (price, brand, promotion) and intrinsic (grape, type of wine, colour, age, special references) cues in the decisions of final consumers and small retailers to buy Portuguese quality wine. In order to attain this goal we conducted a survey through face-to-face interviews in the Minho region. The results show that the dominant factor of influence in the acquisition of wine is the region of origin, both for final consumers and small retailers.

JEL classification: O18, Q13, D12, L81.
Keywords: region of origin, consumer behaviour, Portuguese quality wine, wine producers' strategy, retail and wholesale trade.

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1 Introduction

A main source of competitive advantage for local firms is product differentiation with focus. Product differentiation advantages derive from a variety of physical product properties and attributes which are regarded by customers as unique when compared to competitors' products. Focus strategy aims to build competitive advantage in narrow segments of a market using differentiation characteristics, with niche suppliers primarily catering for speciality product demands (Porter, 1985; Grant, 1993).

In the context of the competitiveness of regions, specificities such as soil, climate, history or local know-how can be mobilised to qualify a region's products and confer a competitive advantage on products originating from a certain region. The returns of a region's resources depend upon the ability of local firms to appropriate the rents earned and whether consumers value the characteristics of the region that are associated with the product, being thus disposed to pay a price premium (Freitas Santos and Cadima Ribeiro, 2003).

Research questions on region of origin effects are important, particularly in the context of lagged and rural regions, as long as they can profit from opportunities available in the markets. Those economic opportunities are often associated with the fact that, for a few products, information on region of origin seems to lead to higher consumer preferences and a more positive attitude towards goods produced in such territories. This is particularly the case when some kind of "consumers' ethnocentrism" (Orth and Firbasová, 2003) can be found. This applies also to products with a strong cultural-historical background.

Portugal is known worldwide for its Port wine, 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 in the domestic economy is undeniable both in consumption and exports. Porter (1994), invited by a group of Portuguese firms (public and private) to study the competitive advantages of Portugal, has identified this sector as a cluster and suggested some actions to improve its competitiveness. These actions emphasize "better quality of the grapes firms long term investment, professional management and quality certification, selection of target countries (UK and USA), study consumer behaviour, increase of super-premium wines and protect Portuguese brands" (Monitor Group, 2003).

Also, the European Union, in the context of Common Agricultural Policy reform, has led both the public and the private sectors to give more heed to regional products, feeling differentiation and quality improvement to be the best responses to cost advantage losses incurred in the drop in agricultural prices support. Therefore, regional products are supported by the European Regulations

2081/92 and 2082/92, which give producers the opportunity to freely found a collective brand and a production reference standard, enforced by the national governments through a system of public guarantees on private control activities. To qualify for the use of designation of origin label, agricultural regions must have historical tradition and geographic, cultural and social specificity (Sodano, 2001).

In a previous study, Freitas Santos and Cadima Ribeiro (2002), found empirical support for the intuition that region of origin effect can rival the importance of price, brand name or other product attributes in determining consumer preferences. In the present study, region of origin effect is conceptualised based on consumer and retailer perceptions, rather than adopting a hedonic price approach. This methodology does not allow to assess how some extrinsic cues (e.g., price, brand or promotion) would affect consumer behaviour.

For the purpose of this study data was collected from Portuguese consumers and small retailers living in the region of Minho in order to examine: first, the relative importance of extrinsic (price, brand, promotion) and intrinsic (grape, type of wine, colour, age, special reference) cues in the decisions of final and intermediate consumers to buy Portuguese quality wine; and, second, to identify the influence of specific Portuguese regions of origin on the customer's perception of the overall quality or superiority of a wine (perceived quality). Given the importance of region of origin as a valuable asset and source of competitive advantage for a firm, our results might be useful for producer's investment decisions, retailers purchasing and selling strategies and for the design of wine marketing campaigns.

In Section 1 we proceed to a brief review of empirical evidence which suggests that buyers might respond to territory and other cues by paying more for or, at least, give preference to products endowed with specific attributes. In Section 2, we refer to the research methodology. In section 3, based on two surveys, we investigate the perceptions of Portuguese retailers and consumers regarding the region of origin and several other intrinsic and extrinsic wine attributes. Section 4 examines the relative importance of specific Portuguese wine regions of origin. Finally, we discuss our findings and suggest some marketing and policy implications that can be drawn from the study.

2 Consumer behaviour and region of origin effects

Researchers in the area of international marketing have long made clear that country of origin has a considerable influence on the evaluation of a product (Bilkey and Nes, 1982; Liefeld and Wall, 1993; Samiee, 1994; Elliott and Cameron, 1994). However, a review of marketing literature shows that consumers' behaviour may vary significantly, either in terms of motivation to purchase (why they shop), or in shopping behaviour criteria (how they shop): "Some consumers view shopping as a purely utilitarian function, while others expect hedonistic experiences" (Nicholls, Li, Kranendonk and Mandakovic, 2003, p.99).

Culture, economic status and other country specific reasons can be strong cues in understanding consumers' shopping motivations (Balabanis, Diamantopoulos, Mueller and Melewar, 2001; Balabanis, Mueller and Melewar, 2002; Pecotiach and Rosenthal, 2001; Nicholls, Li, Kranendonk and Mandakovic, 2003). Moreover, consumer ethnocentrism's predictive ability of buying intentions seems to vary from country to country and with the economic status of the population (Balabanis, Diamantopoulos, Mueller and Melewar, 2001), namely, females, older, less educated and poor people tend to be more conservative and more patriotic than males, younger and wealthy people. Therefore, when consumers are not familiar with a country's product, country image may serve as the main cue for consumers to buy its products. In the opposite sense, as consumers become familiar with a country's product, country image begins to lose importance in favour of other product attributes, namely brand name and price (Pecotiach and Rosenthal, 2001; Hui and Zhou, 2002).

The concept of ethnocentrisms originates from the fact, well documented in the literature, that, in a large number of cases, consumers tend to give preference to domestic products in their purchase decisions. The reasons behind this behaviour were presented by Sharma *et al.* (1995, cited by Balabanis, Mueller and Melewar, 2002) as being: i) the fear of consumers of one country of economically harming their "beloved" country by acquiring foreign products; ii) "the morality of buying imported products"; and iii) personal prejudices against foreign products. Conversely, non-ethnocentric consumers are those who consider foreign products as objects to be evaluated by their own merit and, in this context, tend to not valorise the country source (Pecotiach and Rosenthal, 2001).

Consumers tend to use less other extrinsic cues, such as country of origin, quality or price, as the familiarity with the brand increases. This conclusion is similar to Bilkey and Nes (1982), who advocated the use of multi-cue studies in order to more objectively evaluate the effect of country image on the purchase decisions made by consumers. Furthermore, following Pecotiach and Rosenthal (2001, p. 40) and others, we can say that "price is rarely the most important or accurate cue used to evaluate product quality".

Similar to country of origin, the study of region of origin effects seeks to understand how consumers perceive products emanating from a particular region. From an information theoretic perspective, products may be conceived as consisting of an array of information cues. Each cue provides customers with a basis for evaluating the product. The study of informational cues has generated research on the impact of multiple attributes on product's preference, such as brand (Vranesevic and Stancec, 2003), region of origin and label (Angulo *et al.*, 2000; Coquart and Pouzenc, 2000; Skuras and Vakrou, 2002; Steiner, 2002), quality signals and regional reputation (Oczkowski, 1994; Combris *et al.*, 1997; Steiner, 2002; Schamel, 2003), design (Jennings and Wood, 1994; Kawamura, 1999) and packaging (Rocchi and Stefani, 2005).

Most of the previous empirical research on the intrinsic characteristics of wine indicates that wines from regions with higher reputation may be preferred to those from regions with lower reputation [Lockshin and Rhodus, 1993; Salolainen, 1993; Keown and Casey, 1995; Gil and Sanchez, 1997; Angulo *et al.*, 2000; Skuras and Vakrou, 2002, Steiner, 2002; Schamel, 2003; Freitas Santos and Cadima Ribeiro, 2003].

Portuguese consumers also evaluate the red wine more positively than the white, due to the better taste of the former and a higher perception of quality (Nascimento, 2001; Freitas Santos and Cadima Ribeiro, 2003; AESBUC, 2003). Health considerations could also explain the preference, as recent medical research, often cited by the press, states that one glass of red wine is effective in preventing heart diseases (Boucheron, 1995; Garber *et al.*, 2000).

Age (number of years) of the product was another intrinsic attribute studied as consumers tend to evaluate the older wines more positively than the younger ones, because it is generally known that the quality of wine improves with age (Keown and Casey, 1995; Gil and Sanchez, 1997; Angulo *et al.*, 2000; Schamel, 2003). Moreover, consumers tend to evaluate the wines that contain special mentions on the label, such as "grape variety" or "reserve" more positively than otherwise (Keown and Casey, 1995; Angulo *et al.*, 2000; Steiner, 2002; Schamel, 2003).

Regarding the extrinsic cues, we expected that consumers do not value wine based exclusively on its physical characteristics but also on the brand. Specifically, the producer's brand creates a reputation of wine in the consumer's mind which is often associated with quality of the region of origin. Both brand and region of origin are cues giving consumers information on expected product performance, also serving to differentiate it from other brands, as well as helping to motivate consumers to choose and purchase the product, thus making them satisfied and loyal (Johansson and Nebenzahl, 1986; Vranesevic and Stancec, 2003).

The label on wine bottles provides important cues for consumers in a market where product attribute information is imperfect and asymmetric. Even when the region of origin labelling is required, as in wines, it is quite possible to manage the label (letters size, photos and drawings) in order to draw attention to the region. Some labels clearly emphasise the region of origin in capital letters or symbols, while others emphasize the grape variety or the producer's name. When regions of origin do not possess a positive image in wine, firms may not highlight the region of origin as part of their marketing strategy (Keown and Casey, 1995; Kawamura, 1999; Steiner, 2002).

Some of the more common practices used by Portuguese retailers to promote wine are to feature advertising on best product, displays and special events (wine fairs). Feature advertisements on best product (monthly, weekly) usually contain several pages of items with special prices, including wines, and are distributed in or around the store. The types of displays differ by merchandising strategy and wines are usually displayed in the store at the end of a major aisle or on an "island" in front of the store. Wine fairs are promoted by retailers in cooperation with producers to create a special event where a selected set of wines are offered at a price discount. Displays, along with retail feature advertising, may interact with wine fairs on some occasions.

Finally, price has traditionally been conceptualised as the sacrifice made by a consumer in order to obtain a product. Consumer surveys which investigated price as an independent variable rarely found price information to be the most important cue in evaluating wine. However, some variation in response could be expected in the presence of other cues as judgments of the appropriate price will vary according to different factors. In a Portuguese consumer survey (AESBUC, 2003) respondents rated price as the second most important factor when choosing a wine (scoring 5.6 out of 7), which indicates that consumers actually consider price of some importance, albeit not as crucial as region of origin (6.1 rating).

3 Methodology

The production of wines in Portugal is organised by designations of origin, geographical indications, regional wines and table wines (table 1).

Table 1: Designations of origin and geographical indications of Portuguese wines

Designations of origin	**Geographical indications**
Vinho Verde, Chaves, Valpaços, Planalto Mirandês, Porto e Douro, Távora, Varosa, Lafões, Bairrada, Dão, Beira Interior, Encosta de Aire, Alcobaça, Lourinhã, Óbidos, Alenquer, Arruda, Torres Vedras, Bucelas, Carcavelos, Colares, Ribatejo, Setúbal, Palmela, Alentejo, Lagos, Portimão, Lagoa, Tavira, Madeira, Biscoitos, Pico, Graciosa	Minho, Trás-os-Montes, Beiras, Ribatejano, Estremadura, Alentejano, Terras do Sado, Algarve

Source: Instituto da Vinha e do Vinho (Wine and Vineyards Institute), 2001.

The wines produced in regions with designations of origin can use DOC (controlled designation of origin) and VQPRD (quality wine produced in designated region). The wines with geographical indications only can put VQPRD. The regional wines cannot use DOC or VQPRD, because the producers are not willing to fulfil the required regulations, but the place where the wines are produced can be indicated. Ordinary table wines do not possess any geographical indication.

The bottles all have labels where some information about the wine and the firm is given: brand; region of origin; DOC or VQPRD; category (white or red); year of production; other references (grape variety, reserve, etc.).

Based on the literature reviewed, the authors of this study developed two specific questionnaires with three parts each. The first questionnaire, orientated towards the retailers, included a first part with nine questions to define the profile of the sample. In the second part, Question 1 listed nine reasons to buy wine and Question 2 six regions of origin of Portuguese wine. In both questions, the task for the respondents was to choose the three main attributes or regions, ranking them by descending order. Part three of the questionnaire included ten questions about the wine bought (brand, region of origin, colour, year of harvest, wine type, price, quality signals, special references, quantities bought). The second questionnaire included a first part with twelve questions aimed at capturing the respondents' profile. The second and third parts of the questionnaire were similar to the one addressed to the wine retailers.

The surveys were based on face to face interviews and respondents provided the data during February, March and April 2007. Data were collected at a wholesaler (Makro) and a supermarket (Feira Nova), both located in Braga, Portugal. We got 96 and 160, respectively, useable completed questionnaires. Table 2 shows the samples profiles.

Table 2 shows that 80, 2% of the respondents were males, 60, 4% were restaurant owners, 75% visited the wholesaler every week, 60, 4% consumed wine regularly and only 33, 3% of the respondents were specialist wine buyers. From the same data, we can also conclude that: size of retailers was small (between 1 and 8 workers); the distance from the wholesaler was from 30 minutes to one hour (77, 1%) in terms of time spent in travelling; and the freedom to choose was very limited (59,4% of the respondents bringing a list of the wine they should buy).

Regarding the 160 consumers interviewed, 87, 5% were males. The dominant age group was the 41 to 60 years old group, representing 43, 1% of the respondents, followed by the 21 to 40 years old group, who accounted for 28, % of the total interviewed persons. Mainly, the respondents lived in the Braga municipality itself (72, 5% of the respondents), with retired people being the most important social wine consumer group (21, 3%) and teachers being the second group (accounting

Table 2: Profile of the respondents

Variables	Sample 1		Sample 2	
	Number	%	Number	%
Sex				
Male	77	80,2	140	87,5
Female	19	19,8	20	12,5
Retailer format				
Café	19	19,8		
Specialised store	2	2,1		
Restaurant	59	60,4		
Mini-market	9	9,4		
Supermarket	2	2,1		
Variety store	4	4,2		
Hotel	1	1,0		
Age				
21 - 40			45	28,1
41 – 60			69	43,1
More than 60			37	23,1
No answer			9	5,6
Size of the retailer				
Between 1 and 3 employees	41	42,7		
Between 4 and 8 employees	48	50,0		
More than 8 employees	7	7,3		
Size of the household				
Alone			3	1,9
2 – 4 persons			121	75,6
More than 4 persons			11	6,9
No answer			25	15,6
Frequency of visit to the wholesaler or retailer				
Every month	6	6,3	14	8,8
Every week	72	75,0	78	48,8
Every two weeks	7	7,3	18	11,3
Other	11	11,5	50	31,3
Distance from the wholesaler/consumer (in minutes)				
0 to 30	0	0,0	152	95,0
From 31 to 60	74	77,1	8	5,0
More than 60	22	22,9	0	0,0
Consumer of wine				
Yes	58	60,4	159	96,4
No	38	39,6	1	0,6
Wine specialist				
Yes	32	33,3	21	13,1
No	64	66,7	137	85,6
No answer			2	1,3
Freedom to choose wine				
Total freedom	23	24,0	107	66,9
Shopping list	57	59,4	4	2,5
Repetition of previous buy	10	10,4	34	21,3
Other	6	6,3	15	9,4
Total	**96**	**100,0**	**160**	**100,0**

for 10, 6% of the consumers). Regarding family size, 75, 6 % of the respondents belonged to a household of 2 to 4 persons and 48, 8% of the surveyed consumers visited the supermarket every week. Most of the respondents (95%) lived at walking distance (less than 30 minutes) from the retailer, and 79% of them reported that they did not regularly visit wine fairs promoted by the supermarket.

Regarding wine consuming habits, about 37 % of the respondents indicated that they drank wine at lunch and dinner; 30, 6 % had it just at one of the daily meals, and the remaining respondents said they drank wine occasionally. To the question "Do you consider yourself a wine specialist?", 85, 6% answered that they didn't, and 67% said they had total freedom to choose the wine. It is also interesting to note that 21,3% maintain the pattern of previous acquisitions.

4 Wine attributes and the perception of consumers and small retailers

In order to determine what consumers and small retailers consider the dominant factors when choosing a wine, we asked respondents to indicate the three most important attributes from a set of nine. According to Table 3, the respondents indicated that region of origin is the most dominant factor of influence in the acquisition of wine, both for final consumers and retailers. In the case of retailers the next most important factor was brand, followed by price, and type of wine, while among the consumers, the type of wine, the brand and the price also scored highly. Although the relative ranking of the attributes is somewhat similar across respondents, the consumers rated more attributes (nine) than the small retailers who indicated only five. These results are consistent with previous empirical evidence of Freitas Santos and Cadima Ribeiro (2003) who have demonstrated the importance of region of origin.

When asked for the second dominant factor, the differences of perception between retailers and final consumers seem much more significant, with retailers emphasizing the brand and the region of origin and consumers giving considerable importance to price and less to region of origin and brand.

The type of wine was pointed out by the retailers as the most important third dominant factor (36 out of 96), while the majority of consumers (92 out of 160) had no opinion. Some of the consumers (only 12) indicated sales promotion as being important in the process of buying the wine

Table 4 separates the data by freedom of choice for the first dominant factor in wine acquisition. The results show that more than half (58 %) of the respondents from small retailers use shopping lists when region of origin is the main factor of influence, while only 3 consumers out of 102 follow the same procedure. The brand loyalty variable is a strong cue for small retailers but weak to the majority

Table 3: Dominant factors of influence in buying wine

Attributes	**Dominant factor of influence**		
	1st Important	**2nd important**	**3rd important**
Region of origin	43 (102)	30 (30)	11 (3)
Brand	29 (16)	37 (26)	14 (10)
Grape	1 (2)	1 (3)	0 (1)
Type	11 (21)	12 (21)	36 (22)
Price	12 (11)	6 (41)	14 (13)
Colour	0 (5)	3 (8)	4 (6)
Age	0 (1)	0 (0)	1 (0)
Promotion	0 (1)	0 (3)	0 (12)
Special reference	0 (1)	0 (0)	0 (1)
No indication	0 (0)	7 (28)	16 (92)
Total	96 (160)	96 (160)	96 (160)

Note: Data from consumers' survey between parentheses.

of consumers (68, 6%) who buy wine with total freedom. Therefore, consumers seem more confident in the region of origin as an overall quality sign of a wine than in a private brand. The wine type is associated with consumer brand loyalty instead of retailers who associate price and type of wine with the shopping list.

It is also interesting to note that respondents (consumers and small retailers), rated low the intrinsic characteristics of wine, such as colour, age, special references and grape. There is mixed empirical evidence about the influence of intrinsic attributes in wine buyers' behaviour. The study of Orth and Krska (2002), found that colour is an important wine attribute for buyers in the Czech Republic, while Steiner (2002) clearly identified red wine as having price premiums in England and Scotland. On the contrary, other studies (Nerlove, 1995; Schamel and Anderson, 2003) concluded that red wines were sold at a discount against white in Sweden and Australia/New Zealand, respectively. Given the diversity of countries, the results reinforce the idea of wine as a cultural product, strongly embedded in the history and culture of a "terroir". Although with no statistical significance, our previous research (Freitas Santos and Cadima Ribeiro, 2003) had already shown that Portuguese consumers seemed to associate red wine with tradition, better quality and typical gastronomy. Of course, the advertised health benefits so widespread in the media lately could also help to explain the results.

Additionally, as we see in Table 4, the results seem to stress that age, which

Table 4: Dominant factor of influence and freedom of choice

Freedom of choice	**Total**	**1st dominant factor of influence**					
		Region origin	**Brand**	**Grape**	**Type**	**Price**	**Other**
Total freedom	23 (107)	13 (70)	5 (9)	0 (1)	1 (12)	4 (8)	0 (7)*
Shopping list	57 (4)	25 (3)	16 (1)	1 (0)	7 (0)	8 (0)	0 (0)
Brand loyalty	10 (34)	3 (19)	4 (5)	0 (1)	3 (6)	0 (2)	0 (1)**
Other	6 (15)	2 (10)	4 (1)	0 (0)	0 (3)	0 (1)	0 (0)
Total	96 (160)	43 (102)	29 (16)	1 (2)	11 (21)	12 (11)	0 (8)

Note: Data from consumers' survey between parentheses.

(*): 5 colour, 1 promotion and 1 special reference.

(**): 1 age.

improves some characteristics of the wine (e.g., appearance, taste, flavour), has no major influence on the buying decision, maybe because it represents to consumers and retailers a saving opportunity in storage costs, while, for producers, the longer they store the wine the greater is its contribution towards the cost of production. In the same way, the statement that wines with special references (marketing indications, such as reserve) have a positive impact on consumer decision was not supported by the data. This empirical evidence is contrary to Freitas Santos and Cadima Ribeiro (2003), who examined product intrinsic characteristics like age (more years) and special attributes (such as reserve), concluding that both have positive effects on price.

The same applies to the indication of the name of the grapes on the label that, once again, in these surveys, has been shown not to influence retailers and consumers decisions. Regarding this issue, a study by Steiner (2002) pointed out the possible interaction between grape varieties and region of origin, saying that "outstanding grape varieties are shown to have a strongly positive or negative regional impact on price just as outstanding regions have a similar grape varietal impact". On the contrary, Angulo *et al.* (2000) found that grape variety did not influence wine prices in the Spanish market. In his turn, Schamel (2003) reported mixed effects (positive and negative) of grape varieties on wine prices.

Those consumers that classified themselves as wine specialists (21 out of 32) gave major importance to the region of origin. As second and third factors, came the type, the brand, the grape and the price, with much lower valorisation levels.

Table 5: Dominant factor of influence and knowledge about wine

	Total	1st dominant factor of influence					
		Region origin	Brand	Grape	Type	Price	Other
Wine specialist?							
Yes	32 (21)	18 (11)	9 (2)	0 (2)	3 (3)	2 (2)	0 (1)
No	64 (137)	25 (90)	20 (14)	1 (0)	8 (17)	10 (9)	0 (7)
Consumer of wine?							
Yes	58 (159)	31 (102)	17 (16)	0 (2)	4 (20)	6 (11)	0 (8)
No	38 (1)	12 (0)	12 (0)	1 (0)	7 (1)	6 (0)	0 (0)

Note: Data from consumers' survey between parentheses.

The non-wine specialists (86, 7% of the consumer respondents), 65,7%, followed the same evaluation acquisition pattern, with the exception of the importance given to the grapes cue, which was not considered to be a decision factor at all. The wine type and the brand were ranked closely, assuming higher importance than the price (Table 5).

Taking the results from the retailers' questionnaire, also in Table 5, we can see that both wine specialists and consumers use the region of origin as a strong cue in their decision of purchasing a certain wine, while the non specialist consumer placed more interest in the brand. In this case, the brand seemed to increase the perceived quality of the wine and the probability of its acquisition. In this regard, the producer's brand seems to be able to create consumer loyalty and, to a certain degree, to defend the firm from the threat of competition.

Overall, we find that respondents' evaluation of the different attributes of the wine is very limited, as they are using only four factors (region of origin, brand, price, type of wine) to select a bottle of wine. Perhaps the most notable finding, pooling consumers and retailers, is that region of origin is the main cue.

5 Region of origin and the perception of consumers

The reputation of a region is important when product quality cannot be observed in advance, as consumers tend to use the quality of products offered by the same region in the past as an indicator of future levels of quality (Bramley and Kirsten, 2007).

From the survey analysis (Table 6) it seems to emerge clearly that the regions

Table 6: Most preferred regions of origin

Region of origin	**Most preferred regions**		
	1st preferred region	**2nd preferred region**	**3rd preferred region**
Douro	21 (34)	37 (47)	30 (6)
Dão	2 (3)	4 (14)	20 (8)
Alentejo	55 (105)	34 (28)	5 (3)
Ribatejo	1 (1)	0 (0)	0 (1)
Verde	17 (12)	18 (18)	22 (10)
Beiras	0 (0)	1 (1)	0 (1)
Bairrada	0 (2)	0 (4)	3 (0)
Setúbal	0 (2)	0 (8)	0 (4)
Estremadura	0 (1)	0 (0)	0 (1)
Not indicated	0 (0)	2 (40)	16 (126)
Total	96 (160)	96 (160)	96 (160)

Note: Data from consumers' survey between parentheses.

of *Alentejo, Douro* and *Verde* are the most preferred by the consumers and small retailers of Braga. The reputation of these regions appears to reduce the information and search costs for buyers as it reveals quality differences. It is through this function of signalling certain quality standards where consumers are induced to return and purchase new products that a region becomes an asset for the local firm.

The least preferred are *Beiras, Bairrada,* and *Ribatejo*. These results are in line with Freitas Santos and Cadima Ribeiro (2003), except the inclusion of *Verde*, which we had not considered in the first study, due to it not being an ordinary Portuguese table wine, and the case of *Dão* wine, which was not valued as hypothesized by the respondents. One possible explanation for this fact is that the majority of the respondents were living in the *Verde* wine region.

As we mentioned earlier, these results offer some support for the proposition that, where it is not possible to distinguish objectively between products on the basis of intrinsic qualities, consumers will resort to the use of a region of origin cue as a surrogate quality index. Thus, some region's physical resources (such as land and climate) and tradition (historic and cultural background) can affect buyers perceptions towards wines produced in a given region, or, at least, can affect the perception of some segments of potential consumers.

Another explanation concerns the image of the wine. If wines from regions of *Alentejo, Douro* and *Verde* have a positive image, then the use of that wine makes the consumer feel better about him or herself. It may also be the case that the product has the image that the consumer wants to project to other people. Besides, it can happen that specialized regional products are fashionable. In this case, that is, if a person is concerned with what other people think, then that person may care about the region of origin in order to impress others (Loureiro and Mccluskey, 2000).

Table 7 associates region of origin and freedom of choice. It is interesting to note that, when the buyer has total freedom to choose, the *Alentejo* wine is the most preferred region, but, if he brings shopping lists, *Douro* and *Verde* also assume importance in the hierarchy of retailers' purchase preferences. Additionally, consumers show a high brand loyalty to Alentejo wines which suggests a positive link between region and brand.

Table 7: Region of origin and freedom of choice

Freedom of choice	Total	1st preferred region			
		Douro	Alentejo	Verde	Others
Total freedom	23 (107)	7 (23)	12 (70)	4 (8)	0 (6)
Shopping list	57 (4)	11 (2)	33 (1)	10 (1)	3 (0)
Brand loyalty	10 (34)	2 (4)	6 (27)	2 (1)	0 (2)
Other	6 (15)	1 (5)	4 (7)	0 (2)	1 (1)
Total	96 (160)	21 (34)	55 (105)	16 (12)	4 (9)

Note: Data from consumers' survey between parentheses.

Overall, respondents that considered themselves wine specialists have a similar behaviour to that of the non specialists (Table 8). The exception to mention regards the consumer specialists, who valued the Douro origin much more than expected.

Further, we can conclude that consumers (whether drinking wine at meals or not) do not differentiate between region of origin. However, it is useful to remember that 37% of the 159 final consumers that answered this particular question usually drink wine at both main meals (lunch and dinner).

6 Conclusions

This study was conducted in Portugal using a supermarket/wholesaler-intercept survey. The data were collected from two random samples, retailers (n= 96)

Table 8: Region of origin and wine knowledge/consumption of wine

	Total	1st preferred region			
		Douro	Alent.	Verde	Others
Wine specialist					
Yes	32 (21)	10 (9)	17 (10)	4 (1)	1 (1)
No	64 (137)	11 (24)	38 (94)	12 (11)	3 (8)
Consumer of wine?					
Yes	58 (159)	15 (34)	33 (104)	8 (12)	2 (9)
No	38 (1)	6 (0)	22 (1)	8 (0)	2 (0)

Note: Data from consumers' survey between parentheses.

and consumers (n=160), from the Minho region. The results indicate that the dominant factor of influence in the acquisition of wine was the extrinsic attribute region of origin. Brand was the next most important factor, followed by price. It is interesting to note that both wine specialists and consumers use region of origin as a strong cue in their decision of purchasing a certain wine, while the non specialist consumer places more interest in the brand. The lowest importance was given to sales promotion, despite the fact that a wine fair was taking place in the supermarket when the consumer survey was being conducted.

The intrinsic attribute type of wine ("maduro", "verde") is rated with some importance among the respondents (3^{rd} place). The attributes that rank as the least important are colour, age, special references and grape, which seem to not have any relevant influence on the wine consumer or the retailer purchasing decision.

The regions of *Alentejo*, *Douro* and *Verde* were shown to be the most preferred. The results obtained through these surveys are in line with those of a previous study (Freitas Santos and Cadima Ribeiro, 2003). The differences to underline have to do with the inclusion of the Verde wine region in the questionnaire, which we didn't consider in the first study, due to it not being an ordinary Portuguese table wine, and the case of Dão wine, which was not valued as highly by the survey respondents. Perhaps consumer ethnocentrism could explain the importance of Verde wine among respondents, as they are living in the heart of that region. This could be a major limitation of this study, as it doesn't allow us to generalise the results to the country. Another limitation comes from the fact that we collected the answers in only two establishments (a wholesaler and a supermarket). That means that the suppliers merchandising strategy could, at least at a certain level, have influenced customers' choices.

Further, the results clearly show that Braga's consumers and retailers have positioned the Portuguese wine production regions of origin in a descending order, giving top priority to Alentejo, next Douro and then to Verde.

The findings suggest that the use of territorial references is a promising strategy for local firms in order to increase the market value of quality wines and sustain differentiation towards competitors (domestic and foreign). Considering the implications of the results for the marketing strategy of the firm, we suggest that if the region of origin has a positive image/reputation in the wine market, producers should give more visibility to it on the label and use the region image in their marketing programs. A complementary approach to the market is the identification of consumer groups (market niches) that are willing to spend a higher share of their budget to buy products more able to respond to their particular needs.

On the contrary, producers from regions with lesser reputation in wine production should compete on brand equity and marketing actions (market research, advertising, promotion, public relations), in order to properly establish the uniqueness and the historical background of the product they are offering.

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