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The Importance of Brand Elements:

Effects of Critical Brand Elements on Wine Purchase Behaviour

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ABSTRACT

This research attempts to explore wine purchasing behaviour in the Mexican market in reference to the effects of brand elements used in wine marketing. The objectives of this research are to analyse the impact of external and internal wine product cues in reference to the credibility in wine, to explore the process that consumers follow in order to determine what constitutes a "wine of choice", to measure the variations in choice decisions in reference to familiar versus unfamiliar places of origin, and to describe in the process the status of middle class wine buyers.

The study explores the dynamics of wine consumption in Mexico. The work adds results about wine marketing specifically by proposing a conceptualisation of a wine brand and exploring the levels of knowledge that the average middle class Mexican consumer has on the topic. It describes the role played by cognitive dissonance between grape varieties and places of origin in the dynamics of wine appreciation among local consumers and, finally, recognises the importance of destination branding in the marketing of a good whose production characteristics have positive connotations, both functional and symbolic.

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DECLARATION

I certify that part of the material of the first chapters has been published as a research proposal under the name of the author of this thesis in the *Journal of Business Competition and Growth.* The rest of the work is that of the author alone and has not been submitted previously, in whole or in part, to qualify for any other academic credentials; the content of the thesis is the result of research that has been carried out since the official commencement date of the approved research work.

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CHAPTER I

1. Introduction

Over the years, the use of wine for its capacity to satisfy concrete needs has been enriched with new aspects. The set of functional properties attributed to wine is currently larger than it was at a more primitive stage in the world's wine culture. Originally, it was mainly employed to reach a modified or altered state of consciousness through which people could simply reach a state of alienation or through which deeper perceptive dimensions might have been attained for elucidating answers to *life's daily* concerns. It was also used for health and antiseptic purposes.

However, the hedonistic function attributed to wine, that is the use of this satisfier to reach an exclusively pleasant social experience as part of a life style of well-being, was reinforced at a later date. The immediate association between good taste and wine that many consumers might share nowadays was a challenge that modern wine technology had to sort out. Originally, the wine pots used to preserve wine were internally covered with fish fat to guarantee the liquid's proper conservation. This cover was in direct contact with the wine and presumably altered the wines' aromas, making them less appealing to the palate. Accordingly, many of the good traits of this product were diminished in the past.

Briefly, wine underwent a transformation from being a satisfier of religious, health and septic needs to become a more powerful satisfier of needs. Wine's current aromatic richness, pleasant taste and susceptibility to match other edible products certainly contributed to enriching the functionalities of this product. Simultaneously, there were competing substitute goods in the market of beverages. This was and continues to be the case of alcoholic beverages with higher alcohol content than wine that are still being offered in higher volumes due to the attractive margins they offer to suppliers.

Nowadays, wine is part of the alcoholic beverage category which unfortunately positions it alongside its positive bucolic and distinguished origin, especially in countries where tradition does not dictate its consumption on a regular basis, as happens to be the case with Mexico, which contributes to the process of giving wine a negative image. However, the alcohol content in wine is less than in other alcoholic beverages and, in a conservative amount, does not pose a threat to consumers' health. Furthermore, it contains different chemical components that are necessary for the proper functioning of the body's system. One of the most cited in the ad-hoc literature is Resveratrol, which has been identified as a powerful antioxidant and a component of wine with health-promoting properties (Kamholz, 2006; Ortuño, 2009).

Just as a functional dimension has been linked to wine, its symbolic nature is also characteristic of wine. From this perspective, wine consumers derive value from direct or indirect personal experiences

involving wine issues such as being exposed to the different places of origin of this product. In this way, wine links places to buyers or consumers and appears as a symbol of connection with different entities. In the academic literature relative to brand development, the marketing of a place by means of goods whose internal attributes are naturally linked to the characteristics of their place of origin is known as destination branding. Wine clearly constitutes an example of a product whose role in marketing has been to act as an ambassador of its place of origin. Furthermore, the transference of images that wine consumers make from a place to the wine or vice-versa get enriched through the consumer exposure to complementary goods coming from the same places, such as cheese or bread, and gets reinforced by means of increasing publicity in the radio, on TV, in newspapers, internet blogs, or real-time electronic applications of wine information search, around wine issues and the appeal of a good lifestyle.

This link between places of origin and products has been successfully implemented in the case of wine from Chile. The country is an emblematic wine marketing case within Latin American countries (Visser, 2004) showing that wine clusters enhance regional development (Felzensztein and Deans, 2013). One of the reasons for this success has been the transformation of the focus of the economic policy of its primary sector which was redirected from the mines to the vines. Chile is moving from a single commodity-based economy towards branching out its copper export product dependence. Copper still provides about half of the country's export earnings, as opposed to 60% in 1973, but globalization is helping to share the land richness with the wine world (Nelson, 2013). Thanks to the participation of private sector enterprises, the government and academic institutions, Chile has consolidated a salient position in the New World wine market (Knowles and Sharples, 2002), as a clear example of successful destination branding. Incidentally, its successful strategy implemented to penetrate the Mexican wine market was centred on cost reductions in both branded and non-branded wine.

Wine's appeal has grown in time as well as its accessibility. When wine started to be globally commercialised, it was considered a privilege of the nobles, top members of religious hierarchies, prominent bureaucrats or rich merchants. This picture of consumption restriction due to budget inaccessibility and a limited set of uses contrasts with today's increasing reasons behind its consumption and the current wine market tendency of universal access to it. Wine appears as a product that transfers different types of information to the regular consumer and, therefore, interacts with the customer through different spheres of action. The physical ambience, the social ambience, and even the marketing trends affecting products in a unanimously wat, such as environmental concerns, organic alternatives, current efforts to reverse increasing patterns of obesity and cardiovascular diseases, current interests in supporting small businesses seeking to go global, social concerns to support locally-made products, as well as the possibility of increasing the global penetration of wine expertise, all exert their influence on today's wine buyer.

The wine expert of today's Mexican wine culture knows about the links of wines to a *terroir*. Wine experts also enjoy wine's hedonistic and health properties to better assess the preferences and needs of potential consumers. The sommelier works hard as the marketer of the positive traits of wine, revealing the natural health effects of wine cited in scientific literature (German and Walzem, 2000; Forester and Waterhouse, 2009) and taking moral, or in some countries legal, co-responsibility with customers who seek advice. Trained sommeliers are instructed to guide consumers through the compatibility between medicines and wine, the limits of recommended consumption, or even the suggested compatibility between food and wine. Wine experts and consumers are co-creating a culture of healthy well-being. The world of wine appears more appealing than ever.

1.1 Effects of Brand Elements on Choice

A brand is a way of being perceived in the market. It is a way of being distinctive among products or services of the same category. A brand is offered by suppliers who sell a product with a pre-built personality (Plummer, 1985). Brands start with a vision and a mission from the firm's stakeholders who embrace the task of nurturing the elements of a dream and the goal of sharing the profits of the company with society through a concrete offering, by means of either a product or a service (Biggar and Selame, 1992). The vision and mission are transmitted directly to the firm's targeted consumer segments and channelled indirectly to wider members of society. As such, the firm has a direct effect on the customers and secondary effects on potential customers and the members of the community in which the brand is embedded (Ahearne et al., 2005).

A firm pushes the brand through the consumers and consumers disseminate it horizontally, that is, with other customers (Hirshleifer, 1973). Then there is a pull effect moving from the people's perceptions about the firm's brand back to the company. This feedback continues as long as the firm is active, allowing for the exchange of impressions about a brand between all participants. The quality of this multidirectional communication could be improved by means of positive referrals about the brand but it could also be diminished by the pull of negative impressions directed from the people to the brand. Therefore, companies sometimes strive in keeping the reputation of their brands afloat amid all kinds of comments regarding the supplier and its daily operations.

Clear transmission of the firm's essence to consumers has been performed by aligning the corporate marketing strategy with the position of the product or service being promoted in a certain place and at a competitive price. Tactical manoeuvres have been then performed to align the supply and the demand of the product or service based on previous exploration and determination of the demographics and psychodynamics of targeted consumers. The firm tries to elucidate the needs that

their offer promises to fulfil and match these needs with its proposed satisfiers. Ideally, the promise of a brand could be synthesized successfully in a single name, an appealing image, and a unique offer.

A brand is an intangible asset of a firm created with the purpose of making stakeholders' investments more profitable (Dowling, 2006). It is a conceptualization elaborated through evolving objective and subjective dimensions assigned by internal and external stakeholders, as well as by consumers who refer to the firm by a name and recognize it by a limited number of traits. Some elements of the brand are objective, such as the colour of a logo, whereas others are subjective, such as being environmentally friendly. As an intangible asset of a firm, a brand represents both value created in excess of the closest above comparable reference in relative terms and value created upon a commodity level in absolute terms.

A key aspect of a brand is its image. A brand image consists of a bundle of associations created with the aim at making the brand sustainable. Accordingly, the nature of a brand is malleable. As a dynamic entity (Stern, 2006), a firm's image changes and adapts to new social contexts through even more innovative ways and in the process, the brand image gathers more connotations and relevance among people. As the brand gains more meanings with gradual changes, it links more external objects or concepts to the firm's image. For example, the brand could be linked to the concern of being socially responsible, extending the brand image to include more properties.

Everybody can have an experience of a brand, irrespective of being consumers or not. The reason is that the understanding of a brand is mainly the result of a corporate communication strategy directed either to current and potential consumers, or to external stakeholders. However, the way the brand message affects those people differs substantially. Product and brand attributes affect people in different degrees. People may transfer any attribute to any object either voluntarily or unconsciously.

The influence of the way people personally rank product and brand attributes based on their transferences to other objects affects purchase choice. Among common purchase facilitators stand notions of relative perceived quality, product desirability, product need, anticipated product or service satisfaction, anticipated product functionality, and probability of purchase, to mention just a few.

Indeed buyers more easily recall certain information. One particular attribute may not help the consumer to make any transference to his or her personal stock of knowledge, but other attributes might help the consumer to bring to life familiar images, such as a popular person or a visited place. This said, a broad set of personal, social, or cultural transferences could be attached to the characteristics of the firm's offering with different durations and emotional content. The more associations created with the brand, the more ways to establish the brand in the minds of the people, and the higher the emotional content of these associations, the easier they could be recalled.

People buy brands when they are searching for status, image, and social recognition (Del Rio et al., 2001). They also place value on uniqueness and are willing to pay more for a product not associated with mass production, thereby feeling unique themselves when they perceive the uniqueness of the product. Sometimes people buy brands that have been elaborated by an expert, an artist, or a prestigious person looking for aesthetic, symbolic, functional, and pleasurable properties. According to the theory of aesthetic expression, managing brands involves the consideration of the way beauty empowers them to attract consumers. A practical implication derived from the application of this theory to the branding field is that the most beautiful brands become visible through acts of co-creation that show regard for the artistry, plans and ideas of the brand's stakeholders (Hatch, 2012).

Brands gain an origin when they have been supported financially to expand abroad and carry the name of the place of origin that gave them birth (Ramachandran and Pant, 2010). However, establishing a brand image abroad involves facing the extra challenge of penetrating local barriers of entrance. Perceptions about the quality of the place of origin and judgments about the quality in relation to the price of the offerings coming from foreign locations might not be favourable. However, experience with the place of origin may mediate between the origin and the disposition to buy products from unfamiliar places.

In practice, there is no clear concept as a brand for wines. Even asking someone to recall a wine brand elicits answers from diverse categories, including grape variety, official production region, producer name, or brand name. This lack of standardization in wine recalling is due to preferred styles for branding wines in different regions of the world. In Europe for example, branding has been accomplished traditionally by focusing on the place of wine origin whereas in America, branding has been centred on the name of the grape variety. Accordingly, consumers refer to a wine with different cues: its place of origin, grape variety, wine producer, or brand name. These key branding elements have been used nationally and internationally in wine markets. The rest of the wine attributes on a bottle of wine, such as vintage, alcohol content, awards, critiques, wine stories, or food-pairing suggestions, have been used as complementary descriptors of the wine. In all the cases, the commonality of the branding technique employed, such as the place of origin or the name of the producer, is the reference to a trusted source of origin.

In light of these facts, the place of origin, the grape variety, and the producer would be at the top of the relevant attributes perceived by local consumers, followed by the vintage and the rest of the attributes. Incidentally, the current relative position of emergent marketing attributes in the local market, such as being organic, green, alcohol reduced, or suggested for diabetic people, still needs deeper analysis. A relevant gap in consumer behaviour studies in reference to local wine markets is the alignment between brand elements purposely embedded in products by suppliers and the

corresponding consumers' perceptions, a concerned that has been addressed academically as brand congruence.

Consumers derive value from brand congruence, namely the alignment of product traits with imputable expectations amid competing products of the same category or close substitutes. A type of alignment between a product attribute and consumer expectations is the place of origin paired with quality expectations of a wine. Another related example of alignment between product attributes and consumer expectations is the origin of the grape variety in association with the name of the grape variety and the corresponding consumer's expectations about the quality of the wine. The blocks of value consumers add to the commodity level of a product category based on this type of congruent cognitive associations are limitless. Products can offer as many intangible satisfiers as consumers are able to process, value, and demand. Congruence effects on buying behaviour might even escalate in complexity during real-time purchasing scenarios, where contextual, time, social, and personal factors also act upon consumer choice.

The understanding of the interaction between product differences and consumer preferences remains a challenge for researchers and practitioners. The challenge for branding is making key product attributes identifiable amid a myriad of potential constraints for consumers and then showing them attractive enough to surpass competition. This constitutes an opportunity for wine marketers because once preferred attributes have been identified, it is easier for sellers to select wine imports for local markets, as well as to keep a proper inventory management policy to provide customers with appealing alternatives when facing saturation. Identifying the critical brand elements in wine markets therefore has relevant managerial implications. It helps marketers to position their brands in a timely fashion, in the right place, and with convenient ambience. It helps price setters to determine the value consumers confer to the characteristics of the products they sell. It also may anticipate the responses of product introductions and advertisement effects.

This work explores the critical brand elements that influence consumer wine recognition, likeness, and predisposition to buy wine in Mexico. Local consumers have turned more receptive to a new wine culture characterized by a higher interest for matching wine with food. There is stronger interest of women and young people in combining wine with food and a renovated interest in incorporating wines in menus for expanding tourist attractions and commercial potential at international recreational resorts. There is greater familiarity with media programmes concerning health and wellbeing, a population that is turning grey and is attracted by the hobby of wine learning, and a stronger interest in acquiring goods that were luxurious in a recent past but have now extended into a broader consumer segmentation through lower prices. This is precisely the current state of the incipient wine culture appropriation process evolving in Mexico that calls for further refining and updating of wine

customer descriptions and the identification of key wine attributes from the perspective of Mexican consumers.

1.2 Macro Perspective of Wine Marketing

The main Mexican wine producing provinces are Baja California, Coahuila, Querétaro, and *Zacatecas*. More than 40 wines from Baja California have been endowed with the recognition of being among the best wines in the world by their inclusion in the Guía Peñín, the most famous and comprehensive wine guide from Spain. The guide details the best wines from Spain, Chile, Argentina, and Mexico (ProMéxico, 2012). Recently in 2013, Mexico participated for the first time at Vinexpo, the main global wine expo that takes place in Bordeaux, France (ProMexico, 2013), showing an increasing competitive quality in the international context, branding Mexican wines on an international basis, and increasing the awareness of local consumers of wines produced in Mexico.

Another sign of increased quality thrust of Mexican wine production has been its capacity to expand its brand portfolio beyond its national boundaries. Mexican wine is commercialised in 33 countries (Veracruzanos.Info, 2012). According to the Mexican Wine Council, a national institution with 14 associated wine related firms, approximately 20% of national wine production is exported (Veracruzanos.Info, 2012). The federal government has shown clear signs of interest in supporting the evolvement of the industry. Recently, in 2012, the Ministry of the Economy devoted 50 million pesos to the enhancement of the productivity of the wine sector (Mexico Ministry of Economy, 2012). The monetary resources have been mainly aimed at developing financial mechanisms to grow more grapevines. Incidentally, the national wine industry has an annual wine production of 18.4 million litres, while annual consumption is about 56.5 million litres, showing opportunities for success of the subsidy (Mexico Ministry of Economy, 2012).

The key strategies employed to promote wine among local consumers that complement the cobranding activities that involved consumers naturally use to communicate information, lie in the service industry and have been mainly implemented through store personnel training and waiter-training seminars held at restaurants (El Economista, 2012). Besides, recent trends in the Mexican wine market are in line with potential branding opportunities (see Table 1.1).

Table 1.1 Recent Trends in the Mexican Wine Market (Source: Euromonitor, 2013)

Qualitative Findings	Quantitative Findings	Managerial Implications
• Preference shift towards artisanal products • Increasing taste for wine among young drinkers • Expansion of points of sale with more moderate prices • Preference for still red wine due to its alcohol content and full-bodied texture • On-trade sales taking place almost exclusively at restaurants • Off-trade sales occurring mainly at supermarkets • Cabernet Sauvignon, Tempranillo, Sauvignon Blanc, and Chardonnay typically used in Mexican wine production • Consumption largely stimulated by lower-middle and middle-income buyers between the ages of 25 and 35 as cheaper wines were offered at trendy restaurants and wine bars • More prominence of Mexican wines locally and abroad • Promotion of wine by private tastings, publications and daily group deals	From 2011 to 2012: • The volume of wine posts grew by 7% • Red wine grew by 11% in volume and 16% in value and accounted for 56% share of total volume sales • Still red wine grew by 12% in value • Supermarkets and specialist shops accounted for volume shares of 36% and 30%, respectively • *Cabernet Sauvignon* accounted for a 54% volume share of red wine sales, followed by *Tempranillo* with a 29% share. *Chardonnay* reached a 36% of total white wine volume sales, followed by *Riesling* and *Sauvignon Blanc* with a 29% share each • Basic premium wines constituted 45% of still red wine sales, 54% of still white wine sales and 49% of still rosé wine sales • Mexican consumers seldom bought still wine for more than Mx $200 a bottle. • Still reds of Mx $90–120 reached the highest off-trade volume share of 30%	• Higher propensity to buy wine • Higher involvement of younger generations with wine • Increasing number of contact points between suppliers and consumers • Opportunities for exposing customers to new grape varieties along the basic premium range of prices • Opportunities for reaching customers by expanding and innovating marketing communication channels and promotion tools • Opportunities for new product propositions for younger consumers • Openness allows younger consumers to be receptive to new experiences and knowledge acquisition • Emerging population of young customers susceptible to become part of a new wine culture at accessible prices

The research about wine in the Mexican market has not been approached based on structural model analysis as it is going to be approached in this research, however general market statistics are obtained periodically as mentioned above, historical retrospective studies have been developed (e.g. Morfin,1999 and Meraz, 2013), the country's participation in the international wine market as a net importer has been documented (e.g. Sims, 199), and the topic has been deeply studied from a regional development perspective (e.g. Trejo-Pech et al. 2011).

1.3 Significance of Wine Branding

A product's competitive advantage might be more significant when delivered via the tacit elements of strategy and management (Wilson and Liu, 2010). Branding is one of these key elements. Building a brand as a part of corporate strategy involves making the consumer aware of the values offered by a firm and has been proved to influence business performance (Wong and Merrilees, 2008).

Specifically, the wine industry involves different stages during which it adds value to wine. Branded winemaking is more a process of stewardship than manufacturing. and this value added to the commodity during the wine preparation is transmitted to consumers to increase their willingness to buy it. Wine is also the result of different production technologies and innovations.

The benefits of branding wine are considerable. Consumer brand awareness and loyalty allow for lower marketing costs. Furthermore, a brand enhances the perceived quality of a product, allowing a firm to charge higher prices than its competitors. Brands carry credibility that makes the sustainability of future brand extensions more viable. Brands also provide firms with a shield against price wars (Westling, 2001).

A brand offers accessibility to exclusivity. Whereas an inexpensive wine is purchased in most cases for its purpose rather than for its intrinsic qualities, branded wines are typically made from grapes from several sources, which may include many vineyards owned by prestigious companies (Westling, 2001) and therefore become attractive from the consumer's perspective. Brands have been meant to keep a substance but have been updated whenever necessary.

Marketing control, role identity salience, and value congruence are antecedent factors of consumers' appropriations of a brand (Kaufmann et al., 2012). Rather than wine invariably being the same, it is necessary for it to offer a regular standard of quality within varying external constraints, given that consumers may actually search out such inconsistency (Charters, 2009). Consumers like to think about the product's sustainability.

The brand is an introduction card for a product to be traded abroad and to compete in foreign markets consistently with success (Onkvisit and Shaw, 1989). Wine consumers in emerging markets have shown a general preference for global brands over local brands (Tam and Elliott, 2011). In this respect, it has been found that a positive perception about the place of origin can have a positive impact on a brand image, going beyond any negative associations that a brand name may suggest (Ranchhod et al., 2011). In some countries, external openness to foreign consumers is even more significant than local involvement in explaining the success of a wine firm (Giuliani, 2013).

Mexico does not have appellations of origin for its wines. This omission has advantages and disadvantages for national wines (Montén, 2005). On the one hand, the final consumer does not count a quality standard for wines produced within the country. On the other hand, production and marketing strategies have been enriched with a broader set of innovative capacities to expand wine offerings. Accordingly, Mexico may be having the opportunity to utilise innovative production methods and to exploit production regions, such as some regions located in the centre of the country like Querétaro, Aguascalientes and Zacatecas, out of the conventional international wine strip.

Besides this creative example of brand penetration, there have already been important marketing efforts on behalf on national producers to channel wine to younger consumer segments. The type of wines targeted to young people is more fruity and economical but less alcoholic to match their taste preference. Some examples of wines that have incorporated these modifications are Monte Viña (Casa Madero), Sierra Blanca (L. A. Cetto), ST (Santo Tomás), and Calixa (Monte Xanic) (Cárdenas et al., 2009).

More recently, during 2012, Mexican wines have been promoted by stronger media diffusion campaigns, the development of an internet portal for Mexican wine, the setup of an itinerant exposition called "Wine Pavilion" (SAGARPA, 2012), and the training of service personnel by means of didactic material known as "Practical Wine" (SAGARPA, 2013). The latter is a tool that aims to connect the productive sector with the commercial sector by capacitating the personnel in the wine industry. Incidentally, the Ministry of Education has already recognised this didactic innovation officially as a tool for developing the labour competency of wine service personnel.

1.4 Impact of Place of Origin of Wine Brands

Wine consumers like to feel relief from routine and conventionalism and therefore show interest in geographic trips, the search for novel tastes in wine, and the transference from wine flavours to familiar objects. Some objects of reference in wine branding, such as the place of origin or the grape variety, attract the attention of consumers. Some wine varieties have been linked immediately to a country, such as the *Tannat*, which is typically associated with Uruguay. The capacity of Uruguayans to link a worldwide known variety with its country is an example of a successful branding strategy.

In Mexico, no emblematic grape variety or a grape variety is associated with this country, though the efforts to produce quality wines with particular grape varieties are worth mentioning. This is the case of the producer L.A. Cetto, popular for the grape varieties *Nebbiolo*, *Sangiovese*, and *Syrah*; Casa Madero linked with the grape variety *Shiraz*; or Santo Tomás, producer of popular wines from *Tempranillo* and *Barbera* (Cárdenas et al., 2009). However, not all producers could possibly be linked to successful productions of certain wine varieties. The supply is extremely abundant. Therefore, producers link their identities with different objects that appear on wine bottles to brand themselves in the market.

A considerable quantity of wine labels is on the market. Consumers have been exposed to more than 2000 labels and they have to decide to make a wine choice amidst an overwhelming amount of simultaneous information. Labels come from plenty or regions of the world. For each 10 litres consumed worldwide, 4 litres do not come from the country where they are consumed (SAGARPA, 2012). However, this label variety seems attractive from the point of view of wine enthusiasts. For the wine enthusiast, wine tasting is an adventure, a hobby, or even a ludicrous intellectual challenge. Some objects of reference in wine branding, such as the place of origin or the grape variety, particularly might be always capturing the attention of regular consumers.

1.5 Wine Market Behaviour in Mexico

In Mexico, there is the potential to exploit daily wine consumption under accessible prices due to the ease with which wine can be combined with food, the natural cultural attachment to food of Mexican people, and their likeness to hosting celebrations. Around 31% of wine drinkers consume wine on special occasions and approximately 39% drink it as a suitable food pairing (Profeco, 2008). The natural compatibility of wine with food is superior to the match of food with other alcoholic beverages, such as Tequila, Whisky, and beer, already part of the national culture. In reference to wine taste, Mexican consumers prefer fruity flavours to those derived from barrelled or bottled reserves (Profeco, 2008).

The majority of wines consumed in Mexico are of foreign origin and account for 70% of local wine consumption. The most popular foreign wines are from Chile and Spain due to similarities in culture and linguistics (Cárdenas et al., 2009). Argentina is succeeding at keeping a considerable market share by offering boutique wines at low prices. Around 88.6% of wine consumed is still red, 4.1% is still white, and only 5.4% is sparkling. Preferred red varieties are *Cabernet Sauvignon*, *Tempranillo*, and *Malbec*. Other red varieties, such as *Merlot*, *Shiraz* and *Carménère*, have found market resonance, along with white varieties, such as *Viognier* and *Sauvignon Blanc*. The *Cabernet Sauvignon* keeps ahead of the national ranking, with more than 40% of consumer preference (Cárdenas et al., 2009).

In reference to gender biased buying preferences, days and reasons for buying show discrepancies. From Mondays to Thursdays, housewives buy economically priced wines at supermarkets. Men buy wines at the weekend, mainly buy for meetings, and spend more money on it than women do (Notimex, 2012).

In general, local wine consumers buy wines that they have already tasted or wines that were highly recommended by friends or acquaintances. Besides oral referrals, other cues that drive local wine consumption, but with lesser strength, are the name of the producer and the place of origin. Finally, fewer consumers follow expert advice (Notimex, 2012). This apparent closeness to expert advice has a lot to do with cue receptivity. In general, there are consumers who are open to learning about wine matters and consumers who are not interested in accumulating wine knowledge but who merely react to occasional buying stimuli (Notimex, 2012).

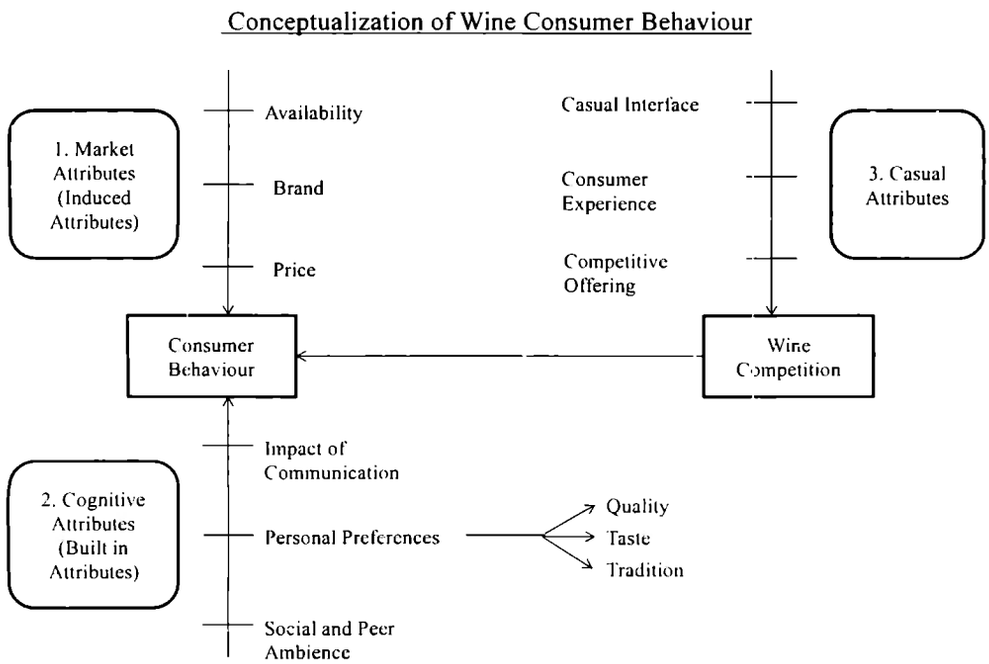
Wine enthusiasts drink wine frequently during informal meetings at home; gatherings can last around four hours where wine, and food matching has been performed freely without time restrictions. Lately, the liking for wine has been growing in two important segments: young adults from 20 years old or more and women, principally in executive positions (Notimex, 2012). According to a report (Alimentaria Mexico, 2008), 46% of wine consumers in Mexico are women. In reference to wine education, 24% of Mexican drinkers who drink table wine on a regular basis have attended a wine course or a wine tasting (Cárdenas et al., 2009).

A conceptualization of wine consumer behaviour is presented in Figure 1.1. For the consumer to be disposed to acquire wine there must be exposure to the detonating attributes of the buying behaviour. Based on observation, it is possible to address a classification of attributes according to their source, obtained by induction (coming from the supply side), by casualty, or by interaction with consumers (coming from the demand side). An alternative classification might have been based on the nature of the effects on buying behaviour, either direct or collateral.

Without exposure to the product, the consumer will not be aware of the existence of the brand. That is the reason why availability is a necessary condition for developing brand awareness. Other attributes,

such as the price range and the range of brands, come from the supply side and induce wine buying behaviour. In reference to the market demand, it is possible to identify a set of cognitive attributes that exert a critical influence on wine consumer behaviour and that consists of consumer preferences about quality, taste, and tradition, as well as mental alertness to brand communication and brand socialization, especially among peer groups.

Figure 1.1 Wine Consumer Behaviour

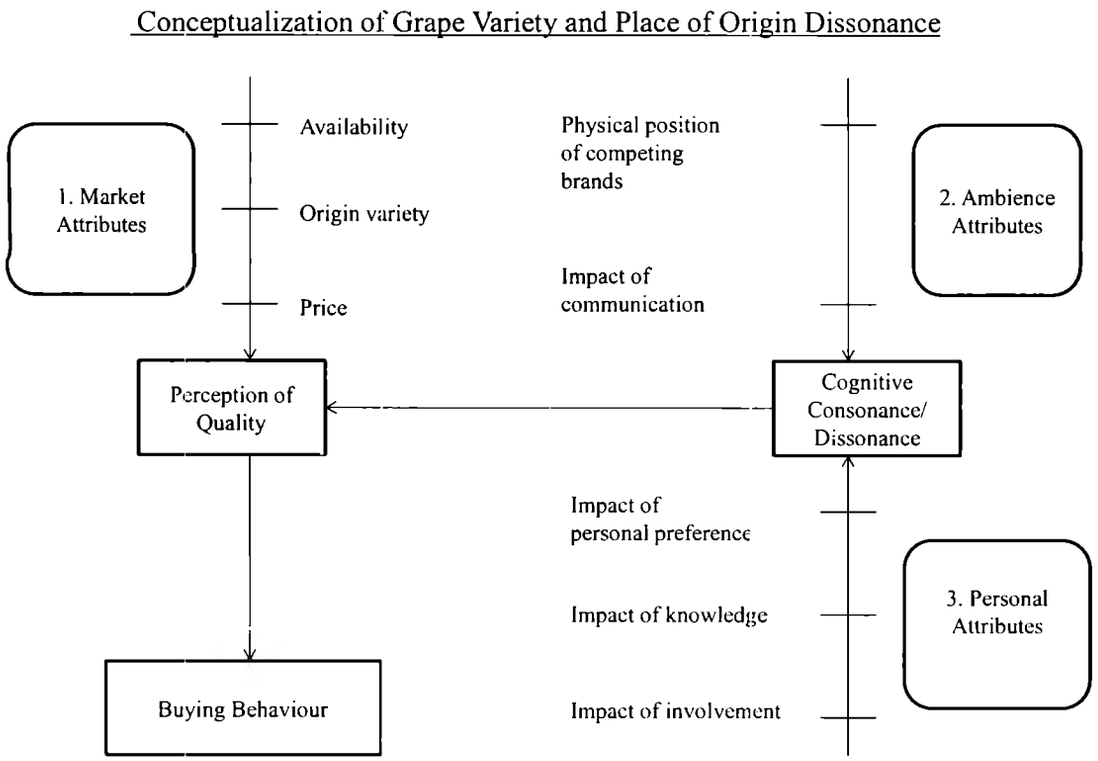


Source: Author

Finally, it is realistic to include casual influences on purchase behaviour, such as random experience with the brand, casual interface with the brand, and occasional encounters with competitive alternatives. Direct effects on consumption have been either induced or built in, whereas indirect or collateral effects on consumption happen to be casual or non-systematic.

In short, market opportunity, economic influence, and psychodynamics interact to produce wine consuming behaviour within a decision system consisting of three main attributes – the market, the ambience, and personal – as shown Figure 1.2.

Figure1.2. Grape Variety and Place of Origin Dissonance



Source: Author

Briefly, Figure 1.2 above shows how environmental influences and personal characteristics of consumers interact to produce consonance between wine cues within a decision system consisting of three main casual forces: the market, the ambience, and the consumer itself.

1.6 Contribution of the Study

This study aims to explore the potential to exploit wine attributes in a market that is emerging into the global wine culture and that has growing potential for developing better consumer-centric targeting strategies and stronger brand appeal.

Maintaining an appropriate brand identity is essential for achieving a higher status, as well as aligning customer needs with branded product attributes. There has been no significant research undertaken in the Mexican market on wine involvement and wine knowledge level and their relationship with perceptions of quality and consumer preferences for a specific place of origin wine brands. This exploratory study seeks to investigate these issues and to see how wine knowledge is employed in buying decisions. This work will provide insights into the Mexican wine market and in the description

of local consumers. Accordingly, wine exporters to the Mexican market will be able to focus greater marketing efforts on Mexican consumers, including easing and making the wine education process more attractive.

This study is of value to researchers, wine educators, and practitioners, as well as wine exporters, as it will provide insights into the course and scope of place of origin preferences and the recognition and preference for wine branding elements. The topic is relevant in the context of an emerging wine culture where there are opportunities to develop markets with niche characteristics that have already *been* exploited in more developed countries. The topic is also relevant for Marketing given that this field requires information about the effect of brand elements on the objective consumer in order to allocate investments on consumer knowledge development and design tools that keep markets afloat. Suppliers look to invest in a profitable signalling strategy capable of eliciting a willingness to pay, high enough to recover the costs of differentiating the product. If brand elements are overused in the market or are quite similar in competitive products, it is difficult for the consumer to respond to the signal, he gets confused and penalises the sell. In this line, this work helps to illustrate within a statistical framework those elements that are perceived by local consumers with different knowledge levels.

This work also advances on attribute dissonance research in reference to the interaction between grape variety and place of origin as shown in Figure 1.2.

1.7 Sociological Aspects of a Brand

The sociological aspect of the pairing "brand-price" could be explained as the phenomenon of attaching value to an object because it has been attached to the same object by a community. That is, it could be explained from the perspective of what has been called in literature brand communities. The concept of community can be traced back to the philosopher Tönnies who established a difference between the concepts of society and community (Tönnies, 1887). He gave the name "community" to the collective born into social harmonious links and "society" to the collective born into impersonal relationships. Community from this perspective offers its members a feeling of belonging and security and creates their need to interact with each other. People build self-confidence (Giddens, 1990) in this positive context and appropriate its uses and customs. Similarly, brand communities invite their members to belong to a group through the interaction with a symbolic apparatus that is useful to update positive relationships among agents and whose common awareness and interpretation often gives security and confidence to their members.

Confidence creates loyalty towards a product and an organization. In turn, loyalty results in future repurchases and payment of a price for a product.

Trust in a brand is not given beforehand; instead, as argued in the past (Giddens, 1990), it must be pursued. As this job is performed there is a mutual process of self-revelation that permits the establishment of the pairing "brand-purchase". The author explains in his work that the self is a reflexive project within Modernity and individuals seek their identity between the strategies and options provided by abstract systems. He adds that the interaction between expert knowledge and appropriation, or update of knowledge on behalf on the non-expert when in contact with the expert source, is influenced by the experiences gained at the access points that in our contexts would be the brands themselves. In line with the idea of trust, for this author, feeling confidence while buying a brand means consumers have reached an equilibrium between trust and acceptable risk.

After some considerations about branding have been explored, next chapter starts by stating the objective of statistically exploring an emergent market of wine in Mexico from the perspective of Branding and in particular using Keller's proposal of brand knowledge creation (Keller, 1998; 2003) as a general guide to operationalize some psychological and economical concepts frequently used to analyse consumers in marketing studies. This study tries to identify if there is brand knowledge about wine and if so at what level, if consumers are involved with the topic, if branding by place of origin is relevant in this market, if consumers really trust wine branding, and if this trust leads to repurchase intentions. This work aims to find out what variables consumers are using as shortcuts to pick a wine and what type of variables should be useful to segment and better target consumers. Briefly, Chapter III presents a literature review. Chapter IV deals with sampling issues. Chapter V analyses the sample and discusses results. Chapter VI reports conclusions and Chapter VII discusses managerial implications and future research paths.

CHAPTER II

2. Objectives of the Study

This study has been aimed at identifying variables and factors that affect the consumer behaviour in reference to wine attributes. Specifically, the study raises the issues concerning the attributes Mexican consumers recognize when they purchase a brand of wine such as the importance of place of origin branding when selecting a brand and when substituting among brands. The results of this study will be important for marketers and for brand communication strategists in terms of improving customer focus strategies in promotional campaigns, leading to better segmentation and better understanding of patterns of change in a market not yet fully described in the Mexican marketing literature.

2.1 General Objective

This research attempts to explore wine purchasing behaviour in the Mexican market in reference to the effects of brand elements used in wine marketing. The specific objectives of this work are as stated below.

2.2 Specific Objectives

2.2.1 To analyse the impact of external and internal wine product cues in reference to the credibility of brand in the product that drives the buying behaviour of consumers in Mexico

2.2.2 To analyse the process that consumers follow in order to determine what constitutes a "wine of choice" in reference to wine brand elements

2.2.3 To measure the variations in buying decisions in reference to familiar versus unfamiliar place of origin brands

2.2.4 To describe in the process of information analysis the status of middle class wine buyers in Mexico

The above objectives are in line with previous studies that analyse wine trusted choice based on external or internal cues (Mueller, et al., 2010; Bruwer and Buller, 2012; Priilaid, 2013) that show how brands compete across different retrieval cues affecting brand image in the process (Nenycz-Thiel et al., 2010). In addition, it has been observed that combining environmental cues with demographic characteristics could be advantageous for marketing wine products to consumers (Seock, 2009).

The contributions of this study to existing literature and current body of research in reference to branding have been referred below.

2.3 Conceptual Map of Research Contributions in Wine Marketing and Wine Branding

The following research map consists of the contribution of wine marketing and wine branding that has been derived from conceptual motivations and addressing the literature gaps.

Table 2.1 Conceptual Map for this Research

Significant Contributions in Wine Marketing	Significant Contributions in Wine Branding	Conceptual motivation and addressing literature gaps
Globalization studies. Trend analyses. Change in the focus of wine business from viticulture (grape growing) and oenology (wine making) to management and marketing (Spawton, 1991) around the world. Global brands strategy. Strategies for small wine producers amid increasing competitive environments by focusing costs on adding quality to the product.	Effects of transferring objects on brand equity. Strong links to reference objects reinforce corporate brand identity and product quality perceptions (Aaker, 1996). Some objects of reference, such as place, can provide instant associations for a brand (Kapferer, 2004). A relevant work (Keller, 2001) calls for the need of exploring empirically ways in which the images of places of origin modify or complement the images of a brand with the aim of strengthening a brand.	There has been a local surge of interest in wine marketing. It has been suggested to examine the effect on consumers of attaching references to the quality of wines. These references correspond to wine attributes and presumably contribute to enhance brand equity. Examples of entities used as references to quality are medals, regions of origin, names of producers, and brand names.
Extension of luxurious products to mass markets. Mass-market products and the relative importance of identified sources of authenticity for brands.	Brand dimensions. A relevant work (Keller, 2003) develops theoretical dimensions for typifying the brand concept. Another one (Aaker, 1997) develops brand personality dimensions. Later, 23 personality traits were loaded into five factors (Aaker, 1997). A factor termed creativity emerged as a unique factor (Heslop et al., 2010).	It has been suggested to analyse personality traits in association with products, as well as customer brand knowledge, to map customers with suitable affordable options.
Global brands penetration. Low prices	Brand communication. Heterogeneity	Local characteristics of

and strong brands sway consumers away from overpriced brands and poorly positioned imported products from the Old World (Pike and Melewar, 2006).	in semantics concerning wine terminology. In reference to single well-known wine terms, low involvement consumers differ from high-involved consumers in that they make different types of associations (Spielmann and Gelinas-Ghebat, 2012).	consumers pose challenges to brand introduction. Therefore, suppliers face the need to communicate effectively with potential customers. Dissonance or consonance between wine quality perceived through attributes needs to be further analysed.
Brand equity. Conceptualizations about brand equity enhancement based on associations between corporate brands and different entities, such as brands, places, persons, product categories, and institutions (Uggla, 2006).	Brand congruity, information cue use, and cue incongruity effects. Place-related aspects and cultural symbols represent authenticity and value. Brands with dissonant brand names succeed because of a favourable place of origin image (Ranchhod et al., 2011).	Beyond consideration of consonance and dissonance between attributes and wine marketing terminology, it is advisable to examine if wine attributes add value to products within the class category and affect purchase choice.
Operationalization of the involvement construct. Involvement operationalization conducted either on one dimension: uni-dimensional involvement (Zaichkowsky, 1985) or on more than one dimension: Multi-dimensional involvement (Houston and Rothschild, 1978; Laurent and Kapferer, 1985; Mittal and Lee, 1989).	Place equity and branding. Consumer use of geographical information, including country, state and region of origin in the wine purchase decision in relation with the type of consumers who utilize this geographical information operationalized with levels of self-perceived wine knowledge (Atkin, 2010).	There are cultural differences with respect to involvement with a product category. As such, the way consumers involve with wine brands will presumably differ between local customers and their foreign counterparts. Accordingly, variables subsumed in a construct might show local distinctiveness.
Involvement as mediating variable. Branding implications of different wine channels considering different value co-creation properties and different levels of involvement as an antecedent for modelling (Hollebeek and Brodie,	Destination branding. Place of origin in interaction with brand name affects perceptions of price. Brand name by itself and place of origin by itself produces images along personality dimensions, as well as behavioural	An emerging local wine culture may call for the measure of the effect of different levels of involvement on wine interpretation and wine

2009). Involvement as on premise behaviour. High-involved wine consumers are more concerned about functional reasons, while low-involved wine consumers are more concerned about social and time reasons for wine drinking (Bruwer and Huang, 2012).	expectations after purchase (Heslop et al., 2010). Perceived quality of a wine region raises the quality expectation of the sub-regions within the region when appearing on wine labels (Johnson and Bruwer, 2007).	choice. Rather than determining the effect of a variable on purchase decision mediated by involvement, it might be better to determine the degree of involvement in the emerging wine culture and the impact of this difference on wine choice.
Advances in local market segmentation, target group selection and customer-orientation. Marketing concerns in France are related to the rate of adoption of wine by women and young people while in the United States, the focus lies on older generations and a more masculine image of wine (Orth et al., 2007). A healthy lifestyle associated with less importance on the value of "excitement", a greater tendency to plan ahead, a tendency to experience less role overload, older and more educated women (Divine and Lepisto, 2005).	Advances in local market segmentation, target group selection, and customer-orientation. a) drinking occasions, b) types of wines (price/quality), c) consumer attitude types. d) consumers' consumption. e) consumers' demographic types (Gluckman, 1990). Occasion: 1.Special occasions 2. Casual occasions 3. Quantity drinking. Types of wines tied with the occasion: 1.Connoisseurs' wines. 2. Good wines, 3. Nice wines, 4. Plonk. Consumption: 1. Heavy drinkers, 2.Medium drinkers, 3. Light drinkers (Gluckman, 1990).	The study calls for an emerging classification of consumers based on local demographic and cultural characteristics. Differences concerning preference for places of consumption and healthy lifestyles or even an emerging ecological conscience of consumers could be detected given that global images of wine culture influence the buying behaviour of local consumers.
Product attributes in cross-cultural exploratory studies. Quality associated with the intrinsic attributes of a traditional product has a positive and significant influence on buying intentions (Fandos and Flavián. 2006). These are "good colour", "pleasant flavour", "special texture", "appetising look" and "characteristic. agreeable aroma".	Wine consumption in cross-cultural exploratory studies. Wine consumers view taste, variety, and price as the most important buying cues and are influenced by the recommendations of people around them (Bruwer and Buller, 2012). Chinese consumers rely more on place of origin when they purchase wine for special occasions where they could be exposed to the judgment of others. By contrast, when purchasing wine for their own private consumption, place of origin assumes	It is necessary to find critical attributes influencing purchase choice of local customers who are now part of a vibrant local wine culture. Presumably, taste, variety and price will still be critical attributes for wine buying behaviour.

	a lesser importance (Balestrini and Gamble, 2006).	

Source: Author

The information in the last column of Table 2.1 suggests possibilities of research concerning the description of local consumers in terms of values and aspirations of consumption and the way wine knowledge is affecting their behaviour; the effect of typically attached references to wine quality, such as place of origin and grape variety, on current local consumption; as well as local consumers' dissonance between wine quality and wine attributes and its effect on their purchase intention.

2.3.1 Significant Contributions of this study

This research determines the key attributes that influence the wine buying decisions of local consumers. This issue is especially critical in new markets, where recent receptiveness to foreign and national brands calls for focusing on the aspects of wine relevant to local consumers to improve product positioning, promotions, market channels, and market penetration in a highly fragmented and competitive environment. Special interest is focused on how people gather information about wine, what information is filtered by consumers, and to what degree this information influences their purchase. This work extends knowledge from semantic concerns about wine terminology to the consideration of an integrative set of product and brand attributes. As such, the study does not only consider common words in wine terminology, but simultaneously includes many internal and external cues affecting purchase decisions. It is worth mentioning that a focus group was first conducted for variable selection and the definition of wine involvement, a key concept in wine purchase behaviour, was determined in reference to antecedents as stated in section 2.3 (Zaichkowsky, 1985; Houston and Rothschild, 1978; Laurent and Kapferer, 1985; Mittal and Lee, 1989). The significant contributions of this research work have been exhibited in Table 2.2.

Table 2.2 Contributions of this Study

Significant Contributions of this study
1. Key attributes influencing the buying decision of Mexican wine buyers
2. Detection of grape variety and place of origin dissonance
3. Advance on the issue of dissonance of names not succeeding because of a dissonant place of origin
4. Identification of emerging dimension of wine knowledge based on preferences of local consumers for acquiring this knowledge. Presumably a) Knowledge acquired on trial and error basis (restaurants, visits to cellars, or free sampling); b) Knowledge dependent on external referrals (word of mouth, sommeliers, reviews, blogs, mobile applications); c) Knowledge dependent on formal training.

Source: Author

This research is useful to appreciate the relationship between grape varieties and origin dissonance. The study also provides a general segmentation of local consumers. Classifications of consumers are efficient for typifying wine consumers. Furthermore, by facilitating the interaction between relatively few constructs in the wine literature, this study might be useful to validate general existent classifications of consumers when extended into a new local context. As such, it might be possible to test a previous classification (McKinna, 1987) to explain the interaction of a single product involvement construct with different wine knowledge levels. According to this author, connoisseurs and beverage wine consumers have different levels of knowledge but high levels of involvement with wines. However, aspirational drinkers and new wine drinkers have similar low levels of knowledge but different levels of involvement with wine. It might however be possible that none of these categories apply to the Mexican market because it is still in an emergent state. The study leads then to emerging dimensions about wine knowledge of local consumers. Expected emerging dimensions based on the preferences of local consumers for acquiring wine knowledge are:

a) Knowledge dependent on trial and error (restaurants, visits to cellars, or free sampling)

b) Knowledge dependent on external referrals (word of mouth, sommeliers, reviews, blogs, applications)

c) Knowledge dependent on formal training

Finally, the study addresses the possibility of wine knowledge sources influencing perceived purchase risks. Previously, the involvement construct had been built with the incorporation of risk strategies adopted by consumers. However, risk strategies might be changing according to constraints affecting purchase decisions, such as time for decision-making, which may call for the incorporation of a dynamic framework instead of an exploratory stable preference framework. As the current inquiry was performed by considering habits of purchase as motivators, the set of potential causes of loss

were not time restricted but were open to different scenarios, which could be recalled by subjects at the time of purchase. In particular, the set of potential losses being considered in reference to purchase decisions was wider for people with more wine knowledge and higher involvement, while risk strategies were considered similar for different levels of involvement. For example, both high and low involved consumers may looked carefully into the details of the bottle when they were buying wine.

This attitude might have been observed in a person with interest and knowledge in the information as *well as by* a person who was a novice in wine culture but who was striving to find clues to aid their decision. Therefore, instead of initially introducing risk strategies in the involvement construct, perceived risks were considered separately from the involvement construct, as an addition to the contributions of this work.

CHAPTER III

3. Literature Review

3.1 Perception Complexity

3.1.1 Brand Perceptions

Brands provide a differentiated value among products of the same category depending on consumers' brand perceptions. Brand awareness, brand associations, and brand perceived quality influence customer perceptions and attitudes to brands (Aaker, 1992). Identifying a brand is followed by comparisons between product attributes within a product category and by relative judgements. Identification of product attributes varies between consumers, and it is presumably affected by their degree of knowledge about the product category. As such, consumer expertise affects perception and usage of alignable attributes, which refer to those product characteristics distinguishable along more than one product within a category; as well as non-alignable attributes, which refer to those product characteristics that pertain solely to a product within a category (Markman and Gentner 1993; Gentner and Markman 1994; Nam et al., 2012). Together with product knowledge, consumer involvement also affects brand perception.

Consumers who are not motivated to consume a certain product and therefore show a lower level of involvement prefer alternatives that are superior on alignable attributes (Zhang and Markman, 2001). That is, novices decide mainly based on alignable attributes whereas experts rely more on non-alignable attributes, given that experts show higher motivation and knowledge (Nam et al., 2012). Therefore, a product that contains superior alignable rather than non-alignable attributes (Zhang and Markman, 1998) has shown to be more attractive to the average consumer. Previous research (Zhang et al., 2002) found, for example, that comparative advertising is effective while highlighting easily identifiable alignable attributes instead of non-alignable attributes. However, there is a lack of exploratory studies about the situation when the alignable attributes are difficult to identify from the perspective of the average consumer. Presumably, in this hypothetical context, experts would help consumers to solve conflictive information by providing information relative to non-alignable traits or emphasizing on the uniqueness of each product.

Indeed, in the case of wine marketing, sommelier analysis has proved to be an integral part of contrasting wine quality. The chemical, physical, and microbiological characteristics of wine are important to take into consideration, but if the wine does not hold appropriate traits perceptible as distinct to the consumers, these have a low value (Pagliuca and Scarpato, 2010). Once an implicit attitude (an automatically activated attitude upon exposure to a product) is formed for a brand with the

help of a wine expert, it affects brand choice even when consumers have been exposed previously to information that favours a different brand (Dempsey and Mitchell, 2010). In this way, wine experts awaken hibernating attributes to be contrasted rather than compared with other existing wines and become significant in this particular market.

3.1.2 Perception of Product Attributes

Different product attributes elicit different degrees of involvement in consumer minds (Chen et al., 2012). One of these attributes is the name used to refer to a particular product. However, wine is a product that has not been referred to in a homogeneous way by wine consumers. Some consumers talk about wines by mentioning their producers, others by referring to the most distinct grape variety in the wine, and frequently they know the wine by its region of origin. Lack of standardisation in reference to the branding process of wine makes the study of it complex but interesting from a marketing perspective because presumably consumers experience relative difficulty in becoming involved with this particular product category. Marketing literature about consumers' perceived difficulty has broken it down into three dimensions: similarity, information overload, and lack of clarity (Walsh and Mitchell, 2004). Eliminating perceived difficulty in attribute identification is important given that consumers buy a product for both its functional attributes and the utility that it is able to pass through them (Pagliuca and Scarpato, 2010).

3.1.3 Perceived use value

It is been argued that product attributes that have the capacity to convey brand identification help consumers develop positive attitudes and feelings favourable to the enhancement of the said brand value (Aaker, 1996). A different perspective suggests that the effect of attributes needs to be linked to a functional perception (Kotler, 1999). Accordingly, product attribute differentiation has a different impact on the satisfaction of consumers' needs. As such, brands have either positive or negative effects on the perception of competency of products in providing use value. They are valuable due to their capacity to intensify both emotional and social value (Chen et al., 2012), interfering in the way consumers interpret themselves and their social interactions.

The modalities of consumption that seek primarily to satisfy social and emotional needs of consumers have been referred in the marketing literature as hedonic and conspicuous forms of consumption, respectively and have been typically linked to luxury products. Consumers tend to pay a high price for luxury products, such as wine (Song et al., 2012), for which high perceived value has been created. Their purchase intention derives then from the enhanced perceived benefits and value obtained from the purchase of the special good (Zeithaml, 1998; Schiffman and Kanuk, 2009).

3.2 Brand Congruence

3.2.1 Brand Similarities

In the face of slow conflict resolution as it happens while exploring the variety of attributes presented by wines, the sommelier plays the role of provider of strong arguments to target consumers towards wine selection. Some works have depicted similar conflicts as situations where competing approach and avoidance forces determined the speed of decision (e.g. Lewin, 1933; 1951).

According to this author, when conflicts are resolved easily, it is because the individual tends in the direction of one of the options and that option becomes dominant. Similarly, sommeliers seem useful in helping consumers to resolve conflicts with unclear, excessive, or unnoticed information by making one option or brand more explicit for the undecided consumers. Choices under such circumstances should be quick (Arkoff, 1957) and gratifying (Houston et al., 1991).

3.2.2 Brand Value

Brands are catalysers of consumers' information transmission (Kotler, 1999). They not only synthesize information, but also alter the value of the product and its reputation. In particular, consumers confer lesser value to commodities and higher value to very collectable or socially valuable brands. In the wine market, the role of the sommelier is to help wine brands to attain this high standard of value. Outside brand stakeholders, such as social network users, also contribute to alter the equity of a wine brand by means of positive and negative comments about a brand.

3.2.3 Wine Market in Mexico

The emotional and symbolic content of wine is the true provider of value (Charters, 2006). Wine has been a symbol of culture and tradition in Europe, while in the New World; it has been a symbol of status, knowledge, and power. Nonetheless, the wine market in Mexico is very limited on a per capita basis and in terms of the acreage devoted to its production.

Although the wine industry in Mexico is small in relative terms, in the past it has not stagnated in absolute terms. According to INEGI (National Institution of Statistics and Geography, 2010) from 1987 to 1995, the average annual growth of red and white wine (table wine) practically doubled. During this period, red wine consumption grew on average 2.08 times each year. From 1994 to 2000, it grew annually 1.78 times and its value increased around 2.52 times. The most preferred wine type in Mexico is red wine, in particular the Cabernet Sauvignon grape variety.

The most advertised wine producing region is Baja California. In 2010, Baja California was the largest and most important wine production area in Mexico, as it was producing more than 90% of the total wine offered in the country: 70% red wine. A cluster of wine producers and the corresponding

supply chain for the produce was even formally identified in 2006 (Trejo-Pech et.al., 2010), characterised by an integrated unit of members of the local supply chain, already strong enough to surpass the learning curve period. Although these authors detected a low per capita level of consumption of wine in Mexico, they also noticed a switch from spirits to wine, given an increasing tendency to eat away from home and the sale of wines at restaurants.

In 2010, the fastest growing wine segment was the premium red wine segment, particularly the Cabernet Sauvignon variety. The authors also found competition with Chile over cheaper wines and acceptable quality and a common belief that foreign wines in Mexico are better (Trejo-Pech et al., 2010), in line with place of origin branding and perceived quality being determinants of wine purchasing behaviour.

3.2.4 Place of Origin Branding Drivers

Wine branding has been done mainly by wine origin, so special attention should be devoted to this attribute. Place of origin branding influences consumer evaluations of quality, reliability, performance, style, appearance, and price estimates (Kara and Kaynak, 1996) making consumers more willing to pay a premium price for products from countries they like. In addition, information about the origin affects the products directly or indirectly (Hong and Wyer, 1990).

The effect of place of origin branding could be represented by three factors: individual factors, product market factors, and environmental factors (Samiee, 1994). Individual factors include brand familiarity and experience, the level of involvement in purchase decisions, and ethnocentrism/patriotism, whereas product and environmental factors refer to the product's specific and regional depictions.

Stereotypes of the countries influence consumer evaluation and consumer preferences (Cordell, 1992; Tse and Gorn, 1986). The place of origin can convey the idea of luxury, especially when the region has a long history of wine production (Egan and Bell, 2002). As such, it has been suggested that more developed countries generally receive more positive evaluations than less developed countries (Gaedeke, 1973).

However, it has been found that the effect of place of origin branding on price is not stable in time (Darling and Wood, 1990), and it might be possible that the length of time a product has been traded in a particular market carries more weight than the length of tradition in the place of origin (Arias-Bolzmann et al., 2003). The place of origin may also be seen as a branding amalgamation of attributes (Egan and Bell, 2002), such as bottle shape and colour, labels, and awards. Still, not enough is yet known about the impact of the region of origin on wine consumers' purchasing decisions and on how

the impact varies across different consumer market segments (Bruwer and House, 2003; Johnson and Bruwer, 2007).

3.2.5 Involvement and Knowledge

Both actual and aspirational motives of consumption are transferred to the brands, not only in terms of personality but also in terms of relationships with the brands. In this way, brand discovery has been linked to the way consumers interrelate with their environment. Susan Fournier was a pioneer linking phenomenological brand relationships towards a prediction of relationship stability over time (Fournier, 1998). Accordingly, isolating the effects of brand attributes on purchasing decisions might be unrealistic and incomplete.

Therefore, the attribute analysis needs to be complemented by relevant brand constructs. First, it will be useful to determine what type and how strong a consumer's relationship is with the brand. Involvement could be used as an indicator of the strength of the relationship with the brands.

Involvement is a function of frequency of purchase and methods of evaluation and information seeking (Charters and Pettigrew, 2002). Involvement could be defined as the importance of the product to a consumer, given individual preferences and interests (Zaichkowsky, 1985). A direct relationship has already been found between involvement interacting with price and origin as a cue for wine consumption (Quester and Smart, 1996). Consumers with a high level of involvement will rely more on processing information about the product, including the place of origin, than consumers with a low level of involvement (Lockshin and Spawton, 2001).

While involvement could be used as an indicator of the strength of the relationship with the brands, knowledge might be an appropriate indicator of the type of relationship. Indeed, brand relationship quality will be different depending on the involvement and knowledge of consumers with respect to wine. A strong positive relationship with a brand would be a sign of brand loyalty and would increase the probability of purchasing behaviour. The knowledge construct could initially incorporate Keller's brand dimensions or an alternative brand dimension framework proposed in relevant ad-hoc literature (Yoo and Donthu, 1997). Table A.4 and Table A.5 (See Appendix I) show items related to the construct's dimensions, consisting not only of the brand name of wines, but also of product cues. The reason for including product cues within a brand dimension is that not all the wines incorporate the brand name on wine labels. Some producers brand their products by means of product cues, such as some European wines that portray their region of origin at the top of the front label.

Fournier talks about relational phenomena on a brand level and shows how life relationships help to explain consumer relationships with the brands: how brands acquire meanings and purpose in different degrees of intensity interpreted under the optics of social relationships (Fournier, 1998).

However, interpretations of the brands even elicited by looking physically at the brands may change in time and may not be present at purchasing time in the presence of many other stimuli. Relationships both influence and are influenced by the contexts in which they are embedded (Fournier, 1998). Thus, involvement seems to be a good start for exploring relationships given that one of its dimensions has traditionally been a concern about what the brand tells about the others and yourself. Besides, attributes related to the environment, such as product displays in stores, need to be present at the time of modelling.

In line with these antecedents, the research about local wine consumption needed to be enriched with an analysis of the way in which meaning is transferred from the type of information acting as the source to the product that aggregates all these sources of information. Especially the research could be performed mainly in reference to the place of origin, given that this is the cue used typically for wine branding.

Some branding elements may have weak branding potential, and others may have strong branding potential. How do we measure the strength and value of a brand? (Keller, 2003). We should pay attention to the key wine brand elements from the perspective of consumers.

In the wine market, the brand name is not the most important cue to look at, but rather a set of branding elements, such as region of origin and grape variety. How has been knowledge transferred from the information elements to which the brand has been linked to the product selected? How do we keep a brand relevant and contemporary while preserving its heritage and sources of equity? (Keller, 2003). The effects on consumers of linking the brand to something else are central in this study. This something else might be an object, a person, another brand, or a place (Keller, 2003). Therefore, brand elements, such as place of origin and the name of the producer, needed to be incorporated into the knowledge construct. The strength of the impingement of this knowledge in consumers' minds would presumably affect quality perceptions and purchase choice.

3.2.6 Perceived Quality

Mexicans place more importance on a brand's taste and quality than on its price (Poole, 1995). As mentioned before, quality is present in the mind of wine consumers when recreating brand personalities and thus interferes with buying decisions. Wine quality is primarily a function of the climate for grape growing and the *terroir* (soil and climate) conditions. Quality also derives from the winery's commitment in the past to preserve marketed standards. From the consumer perspective, quality refers to the expected taste of the wine prior to its purchase.

However, as quality is a subjective attribute in nature, consumers seek proxy indicators of quality to assist their purchasing decisions (Gluckman, 1990; Chaney, 2000; Hall et al., 2001). These indicators

in academic literature include price, variety, type, style, brand name, region, label/package, and recommendations (Batt and Dean, 2000; Hall et al., 2001; Lockshin and Hall, 2003; Lockshin and Albisu, 2006).

The place of origin, in particular, provides cues about wine quality given a consumer's past experiences when travelling abroad or simply when visiting a retail spot where wines might have been grouped by origin. "The place appears to be developing the attributes of a global brand with regards to quality in the risk reduction strategies adopted by consumers" (Egan and Bell, 2002).

3.2.7 Perceived Risk

Most wine purchasers are highly risk sensitive and their wine purchasing behaviour has been ruled by expectations and risk-reduction strategies driving the buying process (Egan and Bell, 2002). It has been argued that perceived risk could be divided into various different risk components (Mitchell, 1998). The more common dimensions of perceived risk include performance, physical, financial, social, and psychological types (Jacoby and Kaplan, 1972; Peter and Tarpey, 1975; Bearden and Shimp, 1982; Murphy and Enis, 1986; Laforet, 2007; Schiffman and Kanuk, 2009). In general, consumers are aware of the potential losses that may arise due to product failure (Sweeney et al., 1999); hence, a good wine with a relatively high-perceived probability of failure will lower its perceived appeal (Livesey and Lennon, 1993; Narasimhan and Wilcox, 1998).

3.2.8 Purchase Intention

Factors that trigger wine consumption – cultural social, behavioural, relational, or economic – have been linked to purchase intention, which is an important dimension to consider in a study about wine consumers. Some researchers have found evidence of a direct relationship between perceived quality and purchase intentions (Carman, 1990; Boulding, 1993; Parasuraman et al., 1996), whereas others have found the same relation mediated by satisfaction (Cronin and Taylor, 1992; Sweeny, 1999). Quality as perceived by the customer rather than "objective" quality affects consumers' decisions (Van Tripj et al., 1997).

Next, a timeline of key research in branding related to wine consumption issues is exhibited (Table A.3.2.1 and Table A.3.2.2).

The timetable below shows the central issues around researchers' interests from 1970 to 2013 which have been related discretely to the central topics of the present research, wine marketing and wine branding, together with bibliographical references to these works as well as discrete relationships with the hypotheses of the present work.

Table 3.2.1 Timeline

1971-1980			1981-1990			1991-2000		
Issues	**Authors**	**Discrete Relationships with Hypotheses**	**Issues**	**Authors**	**Discrete Relationships with Hypotheses**	**Issues**	**Authors**	**Discrete Relationships with Hypotheses**
Brand memory as a complex dynamic process	Bogart and Lehman, 1973.	H1-H6	Export marketing strategy which accentuates the place of origin of the goods in foreign countries	Johansson and Thorelli, 1986; Papadopoulos and Heslop, 1993.	H1-H6	Keller's framework stresses that brand knowledge is a function of two constructs: brand awareness or brand familiarity and brand image	Keller, 1990; Keller, 1993.	H1, H4,H5
Research on the processes by which consumers' attitudes are developed	Kassarjian and Kassarjian, 1979; Cummings and Venkatesan, 1976; Bettman, 1979; Lutz, and Bettman, 1977; Troutman and Shanteau, 1976; Bem, 1972; Scott, 1978; Newman and Dolich, 1979; Sternthal and Craig, 1974.	H1-H6	Involvement's considerable influence on consumers' decision systems	Laurent and Kapferer, 1985	H1,H2	Marketing strategy focuses on the place of-origin of the goods to be marketed	Papadopoulos and Heslop, 1993	H1-H6
Dissonance reduction behaviour	Sheth, 1970.	H1-H6	Value chain analysis	Porter, 1985.	H1-H6	Brand equity definition as the" set of assets (and liabilities) linked to a brand's name	Aaker, 1991; 1996.	H1-H6

						and symbol that adds to (or subtracts from) the value provided by a product or service to a firm and/or to a firm's customers"		
Definition of an experience good (such as wine) which is a good that consumers must experience, through consumption or purchase, to determine its quality.	Nelson, 1974	H1-H6	Researchers analyse the influence of product involvement on consumers' attitudes, brand preferences, and perceptions for marketing segmentation.	Brisoux and Cheron, 1990; Celsi and Olson, 1988; Park and Young, 1986.	H1, H2	Different scientific perspectives for developing a firm's marketing strategy	Kotler, 1997.	H1-H6

Table 3.2.2 Timeline

2001-2013			
Issues	**Authors**	**Research Topics**	**Discrete Relationship with Hypotheses**
Globalization and business size: Producer conglomerates, family wineries and cooperatives: concerns about distribution, channel management and retailing	Duarte and Northcote, 2009	Comparative place of origin branding strategies of small wine growers between the New World and the Old World	H1-H6
	Mowle and Merrilees, 2005	Branding strategies from the perspective of small to medium size wine enterprises	H1-H6
Linkage of marketing responses to marketing stimuli	Heslop et al., 2009	Effects of brand name and place of origin on image, price and engagement with wine	H5
	Jhonson and Bruwer, 2007	Impact of regional brand image on quality perceptions when included on wine labels	H5
	Atkin and Johnson, 2010	Level of place that is meaningful to asses quality by consumers who utilize this cue in the r purchase decision	H6
	Bruwer and Buller, 2012	Knowledge as a determinant of choice and its relationship with brand loyalty and place of origin preference	H1, H4
	Brunner and Siegrist, 2011	Involvement, lifestyles and motives used together to determine wine	H1, H2

		consumer segments	
Managerial practices, overall business success factors and human issues across along the spectrum that goes from family-owned companies to operated firms	Spielmann and Gellinas-Chebat, 2012	Heterogeneity of wine terminology among the users of it along the wine industry chain	H1
	Ranchhod et al., 2011	Effect (positive) of place of origin on brand image despite brand name dissonance	H1, H5
	Orth et al., 2005	Predictors of wine choice: quality, price, social acceptance, emotional, environmental and humane value	H6
	Reyneke et al., 2011	Area of opportunity for improving social media strategies for wines	H1
	Casini et al., 2008	Existence of the essential characteristics that can generate a certain degree of wine consumer confusion	H5
Identification of managerial practices that best match cultural contexts	Stasi et al., 2011	Impact of Geographical Indications on wine demand in Italy	H6
	Pike and Melewar, 2006	Opportunities and challenges for independent French wine producers	
	Bruwer and Johnson, 2010	Inclusion of regional information of wine labels increases American consumer confidence in the product	H4
	Aurifeille et al. ,2002	Adjustment of marketing techniques in France and Australia based on the degree of consumer involvement	H1
	Somogyi et al., 2011	Concerns of Chinese wine consumers: face, status, and health in a lesser degree	H6
	Dimara and Skuras, 2005	Information linking product to place ranks top among a wide set of information sought on labels in Greece	H5
	Bruwer and Buller, 2012	Japanese wine consumers view taste, variety and price as key cues and are influenced by recommendations.	H6
	Lockshin and Halstead, 2005	Analysis of choice probabilities showing similarities for high and low involvement consumers	H1
	Yu et al., 2009	Chinese pay less for daily use wines than when giving a gift. Domestic brands are preferred over the French.	H1
Market oriented focus on customers	Beverland and Lockshin, 2003	Importance of designing and implementing strategies oriented to customers	H1
	Viot and Passebois-Ducros, 2010	Divergence in consumer representation between novices and experts	H4, H5
	Bruwer et al., 2013	Relationship between perceived risk, risk-reduction strategies, and the occasion-based wine purchase	H3, H4
	Zokaei and Simons, 2006	Collaborative approach to supply chains in the agri-food industry	
	Fotopoulos and Krystallis, 2002	Identification of the profile of consumers who constitute the driving force of organic purchases	H6
	Bruwer et al., 2011	Analysis of sensory preferences of males and females and between generational cohorts	H6
Long term financial asset management	Vrontis et al., 2011	Strategic branding framework and for improvement of financial performance of Italian wine firms	H1-H6

The timeline highlights that during the seventies the focus of related research was mainly on the cognitions and feelings of consumers in relation to products. During the following decade, however, the central research issues developed around the market's capacity to integrate national and global brand value chains by means of business strategies that included wise targeting of selected customers aiming at overall business value enhancement. Later on, during the nineties, the focus of marketing research centred on long-term relationships between consumers and brands to make marketing strategy more efficient. Finally, during the last thirteen years, the research has been consolidated around complementing key research areas. These can be divided into six main research fields: overall successful managerial business practices, business size and globalisation strategies, consumer reactions to marketing stimuli, matches between managerial practices and cultural contexts, business strategies centred on different and increasing consumer segments, and firms' long-term financial management policies.

Next chapter presents the study design and the statement of hypothesis. Issues concerning sampling have been addressed and the initial hypothetical model has been illustrated.

CHAPTER IV

4. Study Design

4.1 Sampling

The segmentation of the sample, which in this case consists of middle class urban consumers from 18 to 60 years old, by demographic and economic variables, enriched the research with a better description of wine buyers in Mexico. However, the study did not aim a priori to test a particular relationship related to the segmentation of the subjects of the study. Middle class and high middle class consumers were consumers pertaining to the socio-demographic segments C, and C+ and a description of consumers was obtained naturally from the statistical analysis of the data.

As a person gets older, his or her needs and wants are modified as well. Age range for the present study was initialised at the age at which it is legally permitted to drink alcoholic beverages (18) and was limited to 60 years old due to the fact that this is the official age of retirement in the country and retirement's monetary restrictions might have dramatically affected the consumption of luxury goods.

The description of consumers was performed based on demographic characteristics as well as the degrees of the relationships tested with the proposed model. That is, besides the demographic characteristics of participants, two degree levels emerged from the knowledge construct.

The key to the definition of demographic variables in the present study is the purpose of segmenting the wine market into particular groups according to gender, age, occupation, education, income, quantity bought and amount of expenditure. Parent nationality was also included in this category in the pilot study to account for cultural transmission of consumption patterns. Incidentally, demographic segmentation is among the most popular bases for segmenting customers in marketing studies due to its ease, natural interpretation when contrasted with reality, viability of being measured and ample current extent of use.

The key to the definition of economic variables is based on the criteria of being capable of eliciting relations and feedbacks of interest in the present study. In the strict sense, an economic variable is a variable magnitude susceptible of being explained by means of an economic model and includes the price of a product, the quantity of a good, or even a demographic variable. However, in the present study the demographic variables were separated from the economic ones with the purpose of finding customer segments within which economic relationships could be distinguished and could facilitate future management decisions of customer targeting improvement and emerging business opportunities. Accordingly, no ex-ante relationships between demographic variables and economic variables were assumed. Rather, both types of variables were initially put into different categories.

4.2 Data Collection

Data were collected in the Metropolitan Area of Mexico City from middle class consumers pertaining to the economic segments C and C+ (middle class segments). The range age for the consumers was 18 to 60 years of age. The purposive sampling method was used to collect information from 200 wine buyers given that the consumer's probability of buying wine was unknown a priori, as consumption of this type of good might be detonated from plenty types of personal situations.

The instrument was developed in Spanish for the convenience of understanding of respondents and later it was translated into English without any prejudice or bias. The instrument design was based on a focus group of twelve people consisting of highly involved participants that freely expressed their doubts, experiences, thoughts and feelings about wine. The group was gender and age balanced. Another focus group was integrated with ten people with no interest of developing formal knowledge about wine but who shared interest about the topic. Information of all the comments coming from these participants was complemented with previous empirical research about branding and wine marketing in reference to the experience of consumers in other countries in order to consolidate a set of items that were transformed into the questions of the survey. The survey was then pretested using SPSS and MATLAB with twenty questionnaires to account for unnecessary, redundant or complicated items. These were then eliminated and the remaining questions were used to elaborate the final version of the survey. The survey was then pilot tested with forty subjects. Finally, the instrument was constructed and tested with two hundred participants. Answers were analysed using SPSS and MATLAB and equations were then developed using AMOS 22. OLS (Ordinary Least Square) parameters were then derived for testing proposed model relationships.

4.3 Respond Trend

4.3.1 Pilot Study

A gender balanced focus group was conducted during the month of April, 2013 with 12 adults between 18 and 60 years old who had recently registered for a formal academic one- year-long course of sommelier training at beginner's level at a renowned academic institution of Mexico City. The group was followed during the first five weekly three-hour-long sessions in order to record and later evaluate the interests, perceptions, judgements, thoughts and feelings of the participants around the topic of wine. The group comprised people who were interested in wine but had not been academically homologated with respect to wine issues. As such, they could provide insights about other people who similarly had not gained deep knowledge about it, closely emulating a typical potential wine buyer. This decision was taken foreseeing the possibility of delineating a marketing

direction for the emerging Mexican wine culture. Based on the questions that participants freely formulated and in reference to the comments which they voluntarily expressed during these first sessions, judgements around wine and its consumption were recorded. It was assumed that each participant was representative of a group of people with similar characteristics outside the boundaries of the focus group. The experience of the researcher in identifying the twelve prototypes emerging from this focus group in larger groups of people in a larger sample of the population justified this decision. However, the justifiability of taking their opinions as a basis of representative opinions of a broader set of buyers had to be formally tested by means of a pilot survey.

The assumption or right representation of the subjects of study was also taken in order to facilitate the process of variable selection for the final instrument to be applied to the whole purposive sample of 200 wine consumers. It is worth mentioning that the objective of the integration of this focus group and the analysis of the information extracted from it did not aim a-priori to generate a marketing typology of the consumer of the emergent wine culture in Mexico City, but rather to identify key factors affecting wine buying decisions. Simultaneously, a second gender balanced focus group of ten participants was conducted. It included people who admitted to consuming wine outside the home but who were not interested in increasing their wine knowledge by attending a formal course.

The reasoning behind conducting a second group was the need to enhance the set of wine purchase determinants to account for different levels of involvement as it might have occurred that in the actual segment of study there could be people with different degrees of personal involvement with wine and, therefore, items accounting for lower levels of involvement of wine consumers could be included in the pilot study. This second group included friends and acquaintances to avoid opinion biases caused by spontaneous leader personalities. The focus group was successfully conducted. All participants expressed their opinions freely, either elaborating on comments or politely disagreeing. As a result, wine buying factors were extracted from both focus groups. Later, during the third stage of the pilot test design, all the factors that a-priori were determined to influence wine buying decisions from both focus groups were complemented with factors already cited in academic wine marketing and branding literature.

Each of the determinants was structured as an item for the pilot test and was initially matched with a construct of branding from the theoretical framework of branding developed by Keller in 2003 and with other marketing constructs usually paired with buying decision behaviours such as involvement, product knowledge, risk and quality relative to price. The convenience of associating the variables in the form of items with each of the selected constructs for the study was revised by a branding expert who corroborated the right assignment of the item to the construct. That is, the initial validity of the constructs was checked by an expert who corroborated the arbitrary assignment of the items to the set of selected constructs. Although some items could initially be included as different dimensions of the

constructs, they were allocated in a sole one in order to evaluate the persistence of the item after the conduction of the pilot test in independence of the construct to which it was allocated a-priori.

The pilot test was first randomly pre-tested with ten people in order to confirm that the questions were clearly conveying the intended meaning to the respondent. Around one week before the launch of the pilot test pretesting was conducted for wording improvement and proper question order.

These ten people gave their own interpretation of the meaning of each question and also made some observations about the technical terms or the ambiguities detected within the set of items. After the pre-test was conducted, one single item was eliminated because participants described it as really confusing. The purpose of the pre-pilot test was to guarantee that the questionnaire was valid and that the questions could truly provide value to the study. The pre-pilot test was checked and minor changes were made based on the results of its application and the feedback from the participants. Later, the pilot test was applied to forty participants of the selected socio-economic segment for the study who voluntarily agreed to devote twenty minutes of their time to answer the questions and who expressed interest in the topic. Pilot testing is a technique that involves the assignment of specific procedures to a sample in order to detect major flaws in relation to the flow of questions, sensible questions, right and relevant categorization of variables as well as clarity of instructions (Hunt et al., 1982; Reynolds and Diamantopoulos, 1998). It is a statistical formal essay about the procedures of the study which has the objective of reproducing the complete flow of operations within a homogeneous sample of the participants of the study.

Those participants who in advance considered themselves uninvolved with wine were politely eliminated from participation in the pilot test. The pilot test was applied randomly to adult women and men during December 2013 and January 2014 on days other than Mondays because the targeted customers work mainly in administrative environments and usually attend to their pending activities on Mondays and have free time from Tuesdays on to answer the questionnaire in case they decided not to answer it immediately. Before administering the pilot test, it was explained to respondents that their participation was of key importance to a study in the marketing domain. Some participants answered the pilot test right way.

However, the majority preferred to hand it in a couple of hours later. All but three of the forty questionnaires were wholly answered. Three more questionnaires were distributed to three additional volunteers who answered them entirely and these questionnaires completed the purposive number of forty participants for the pilot study which represented 20% of the whole final targeted sample. This targeted percentage of respondents could eventually be modified during the application of the final instrument in case the sample's homogeneity did change significantly with a marginal increasing number of observations. The information gathered was then analysed with MATLAB and SPSS. The

pilot sample was predominantly composed of men (68% men and 32% women) who still happen to consume more wine than women in Mexico.

Once the values of the variables were recorded for the forty individuals of the pilot test, the convenience of keeping an odd number of answers for the Likert type questions was examined. Concerns about the subjects selecting the option in the middle whenever there was confusion or doubt while answering were posed. However, the pilot test showed that the range of the Likert scale did not bias the answers of respondents. No respondent irrespectively of his or her involvement with the topic selected the middle option in more than 50% of their answers. Furthermore, no middle option was selected more than 50% of the times. Variables were then standardized and individually analysed. In terms of asymmetry and kurtosis there was no statistical evidence to reject the assumption of normality of sixty one of them. This subset of variables was then tested for multivariate normality. Finally, a set of thirty eight variables distributed normally. Next, a factorial analysis with this last set of normally distributed variables was performed. Basically, five factors were found to explain most of the variance of the data.

The first factor in order of importance explained around 30% of the variance of the set of variables. Mainly, twenty one items were causing this variability and corresponded to the propensity to buy under the influence of the image category. The second factor referred to the consonance between the grape variety and the country of origin. It also embraced varieties associated with their country of origin that were relatively cheap with respect to other varieties or other countries of origin at the moment of conducting the study (December 2013 and January 2014). This second factor accounted for around 20% of the variability of the sample. The third factor included one item, namely the physical purchase environment. The fourth factor involved consumer experiences with wine places of origin. The fifth one was the involvement with wine issues with special emphasis on the facets of perceived risk and wine interest.

Briefly, from the analysis of the pilot sample, it was possible to elucidate five key factors for the explanation of the variability of the data, namely, wine image, involvement, ambience, and subjective consonance between key external attributes and destination branding.

The theoretical framework of Keller in 2003 around the brand knowledge construct was taken as a basis for designing part of the items of the pilot test. Presumably its dimensions could be backing the reasoning of wine purchase decisions. Its dimensions were awareness, thoughts, attributes, feelings, judgements, attitudes, experiences, and images. Initially, items were developed around these facets. However, after the conduction of the pilot study, it turned out that the knowledge construct and its operationalization had to be modified. Impressions, thoughts and perceived quality came altogether in a bundle of associations within a Wine Image construct and apparently, wine knowledge aspects spread along different constructs instead of constituting one by itself. In line with this finding, brand

image, brand attitude, and perceived quality do not behave as separate dimensions under conditions of low familiarity with brands (Low and Lamb, 2000) which could be the case of the wine market given its highly fragmented nature.

In fact, Wine Image emerged as the most important factor of the analysis. Both, the product image and the drinker's image factored together interrelating the product with the consumer self. Self-congruity theory states that consumers compare their self-image with the brand or product image and use it to strengthen their self-image (Sirgy, 1982). If the brand image looks like the consumer's actual or idealised self-image, attitudes in reference to the brand and repurchase behaviour are expected to improve (Dolich, 1969; Jamal and Goode, 2001). Participants in the pilot study seemed to share and image of excitement, complexity, and sophistication around wine drinkers that was a core influence in their buying decision. Table A.4.3.1 shows the dimensions to which each item was linked within the emerging Wine Image construct based on the pilot sample.

The second factor of importance was the congruence wine buyers found between grape varieties and places of origin with the quality they could anticipate for their decision to spend money on wine. According to the congruity theory (Osgood and Tannenbaum, 1955) consumers make an effort to find congruity when creating attitudes toward new stimuli that they face. As such, names from grape varieties might not have seemed to fit places of origin due to a name dissonance and this in turn might have affected consumer impressions of quality and eventually consumer purchase choice. However, some associations seemed to be more natural for the participants such as Barbera variety and Italy as can be seen in Table A. 4.3.2.

Wine involvement has a long lasting effect on consumer behaviour, but is subject to the moderating effects of the consumption situation (Bruwer and Huang, 2012). In line with this finding, the pilot study detected the emergence of the third construct in order of importance affecting the buying decision of wine consumers interestingly related with the selling environment and was termed ambience because it was more closely related with the physical environment of the wine purchase than with the social environment of consumption. Table A.4.3.3 shows the single item that integrates the third factor in importance of the pilot study.

The fourth identified factor was destination branding. This concept refers to the information a person retrieves from external and internal stimuli about a place and about the objects linked to it either by the person itself, or by external agents. In this particular pilot study, items could have been linked to information related to wine-producing regions and countries while participants were exposed to wine drinking as shown in Table A.4.3.4.

The fifth identified factor was involvement. Previous research has led to five facets of the construct: sign of appealing for the object, degree of interest in the object, perceived importance of the object,

identifiable pleasure feelings around the object, and a component of risk in the choice of the object (Bruwer and Huang, 2012). Other authors proposed similar facets for the construct based on the degree of personal interest in the object. For them high-involved consumers show different strategies for using product information than lower-involved consumers. As such, high-involved consumers would tend to search for product information, evaluate competing alternatives, perceive brand differences, and have preferred brands (Zaichkowsky, 1985); whereas low involved consumers would show lower scores in terms of active brand information seeking, comparison among attributes, perception of brand differences, and appealing for particular brands (Zaichkowsky, 1985). In the current pilot study, surviving items were linked to these facets of the involvement construct which have already been identified in previous academic exploratory works as shown in Table A.4.3.5.

Involvement has been defined as a person's perceived importance of the object derived from intrinsic needs, values, and interests (Zaichkowsky, 1985). Most researchers agree that involvement should be a multi-dimensional construct to capture the vastness of the concept (Quester and Lim, 2003). With the purpose of accounting for the richness of this concept, researchers have assessed the spheres that affect a person's involvement level which have been grouped into three categories (Houston and Rothschild 1978, Bloch and Richins 1983):

1. Personal—intrinsic interests, values, or needs that cause a person to aim for the object
2. Physical—characteristics of the object that make it salient and attractive
3. Situational—a cause of a temporary increase in the relevance of the object

These areas might be linked to the characteristics found in groups formed after the conduction of the cluster analysis on the new factor variables. As mentioned above an interpretation about factors was conducted with the five factors that contributed to explain most of the variance of the normally distributed multivariate pilot sample. As such, at this point of the analysis five concepts, namely wine image, variety-origin-quality consonance, ambience, destination branding and involvement, were used to describe the pilot sample. A hierarchical cluster analysis was then conducted with these five factors, which led to obtaining three main groups of wine buyers. Initially, they were referred to as Group 1, Group 2 and Group 3. Discriminant analysis did not show a statistical difference between the means of two groups however, probably due to the pilot sample size. The profile of each of the three groups is described next and the dendogram of the five emerging factors appears in Fig A.4.1.

Group1. This group consisted of 40% of the observations of the pilot sample. The individuals in this group were older than the members of the other two groups, there were more men and they had a relatively higher level of education. They spent less money on wine on a monthly basis, both in absolute terms and in the number of bottles. Their marginal disposition to buy based on external product attributes, product image and trust in the quality inferred from internal and external product

attributes lay in between the other two groups. In addition, their marginal disposition to buy based on the value of the wine inferred from the degree of consonance between the name of the grape variety and the place of origin was high, although the alternatives they selected were not always right. As such, the prototype of this buyer might be described a priori as a consumer that shows confidence in their wine selection even if it is not based on true facts, maybe because these consumers acquired their wine knowledge through a process of socialization rather than by means of formal education. This perception is in line with their confidence to answer questions about objective wine knowledge.

Some works have found that subjective knowledge may affect not only how consumers interpret information, but also the level of self-confidence they have on their decision. How much consumers think they know about an alternative could be associated to how confidently they will hold their attitudes about products (Brucks, 1985). People who perceive themselves as being more knowledgeable about a product are expected to have greater confidence in their purchase decision (Berger et al., 1994).

Besides, the consumer type of Group 1 shows a low level of commitment to wine buying whenever it is triggered by the physical ambience of the purchase. Predisposition to buy motivated by the environment is therefore not high even in the hypothetical situation of visiting a wine-producing region. Neither did the extensive variety of grapes increase their interest in buying wine above a medium level. Accordingly, this type of consumer did not seem to be influenced by destination branding, rather they seemed to respond to more instrumental aspects of wine such as health and food pairing. Indeed, the mean and median of their disposition to buy wine based on food pairing was the highest of the three groups showing evidence of the instrumentality that this type of consumer is looking for in wines. Symbolic and hedonic wine properties were not as interesting as the instrumental ones for people pertaining to this group. As such, wine experts could be useful in marketing wine to this segment by suggesting wines compatible to its budget, presenting wines in a colloquial manner, and placing special emphasis on the role of the sommelier not as a costly companion but rather as a guide to gaining the best quality for any price paid. Relative to Group 2, buyers in this group showed higher interest in wine for diabetics, thus reinforcing the instrumental character they are looking for in wine. Although they had accumulated more wine knowledge than people in Group 2, they were more hooked by discounts and promotions.

Their involvement was based on the product itself rather than on personal or environmental traits. Therefore, marketing efforts on a segment of this type should be targeted towards the positive aspects of the product as well as the benefits of the interactions between wine and its complementary products. Destination branding will be useful in this segment as long as it is accompanied by the instrumental benefits of wine. For example, the variety *Tannat* could be promoted to this segment as it has the highest resveratrol levels of the most popular wine varieties and it could be linked to Uruguay

given that it is the emblematic wine variety of this country. People in this group are concerned about health issues. Incidentally, people who are highly involved with a cause believe that it is central to their lives (Zaichkowsky, 1994) and in turn the cause has positive connotations for them (Sherif et al., 1965).

Group 2. This group had the youngest members of the pilot sample. They bought more bottles of wine than the rest and gave a lower score to external product attributes and image related items than the other two groups. Personal image and product traits were not as important as the situation of wine consumption. Mental associations between grape varieties and places of origin did not motivate their consumption; neither did the price. However, visits to wine-producing regions or formal training could stimulate their buying behaviour. Accordingly, wine-related businesses could promote random short courses and visits to wine-producing zones among this type of potential consumers in order to increase their interest in wine. Although their stock of wine knowledge was low, they were open to recommendations and brand variety. Involvement in this group was situational and therefore, marketing efforts for this segment should focus on quantity and low price rather than destination branding or wise product choice. This is the segment that could present a switching behaviour more easily either between brands or between alcoholic beverages and, therefore, could show poor loyalty.

Group 3. This group is treated separately given that it was the least representative in the pilot sample accounting only for 7.5% of the observations. The group mainly comprised women. Image was for them quite important. Consonance between grape variety and place of origin was more accurate than in the other two groups. In addition, they were willing to spend more money on wine that the other two groups, which could mean that the value they attached to wine image was being incorporated in the price they were willing to pay for wines. Interestingly, destination branding was not as important as in Group 1. However, the purchase environment was shown to be more important than in the other two groups. These people enjoyed visiting points of sale. Apparently, they appreciated the experiential and symbolical elements of wine more than the instrumental ones. They seek variety rather than particular product attributes. As such, brand names were not as important for them as grape varieties although both aspects showed high score values in absolute terms. Their involvement was personal rather than product or situation driven. Accordingly, marketing efforts should be targeting towards their personal needs such as preference for variety and stores being physically appealing.

People in this group might also be interested in receiving personal advice on the match between weather change and grape variety, or on the fit between personal taste and mood while assessing in the process the exposure of this type of consumers to more brand variety. Marketing strategy could be enriched if focused on the positioning of the product as a companion in personal memorable moments such as weddings for example. Indeed, people in this group showed the highest interest in buying

personalized wine for memorable occasions. Finally, destination branding could be successful in this segment as long as it is complemented by strong emphasis on personal enhancement.

Group 3 was tilted toward the personal sphere, Group 1 could be included within the physical area, and finally Group 2 could be better described as showing situational involvement. Despite the potential relevance of the involvement construct and the conceptual and empirical research performed in this area, there is no reliable set of involvement measures that could be employed across product categories (Traylor and Joseph, 1984). Accordingly, the measures of involvement used in this work might be only applicable to the wine market under study in case they survive validity and reliability criteria after the analysis of the whole sample. The characteristics of the groups upon which the above involvement type was inferred are presented in Table A.4.3.6 and the final group of questions appears in Table A.4.3.7.

4.4 Variables

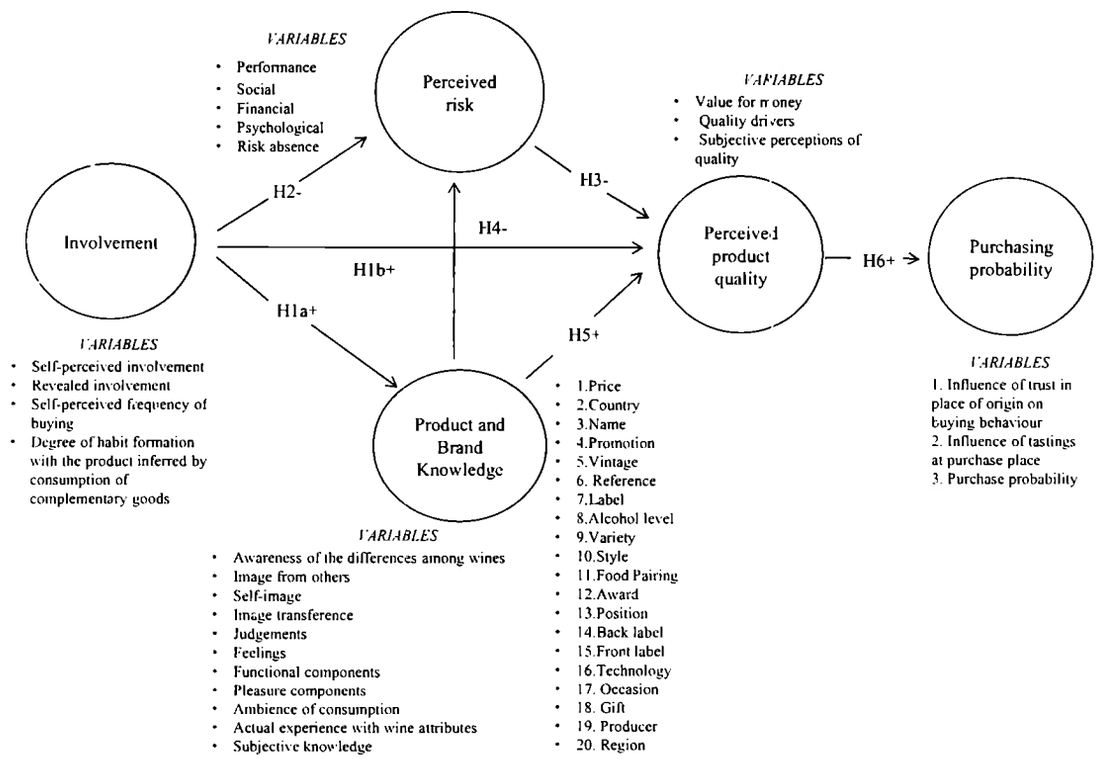
It is convenient to provide a precise definition of the terminology employed in this section to prevent confusion while talking about the relationships between the variables and between the constructs. Below, there are some definitions about the most frequently used concepts in this work.

a) Product involvement: Refers to the degree of interest in a product showed by the consumer.
b) Product and Brand Knowledge: Refers to the stock of information built either formally or informally with respect to the product and its brand.
c) Internal Cues: They are intrinsic characteristics of the product that constitute its essence and make it be what it is. They are elements that integrate the general description of the product.
d) External Cues: Extrinsic characteristics added to the intrinsic ones in order to differentiate a product within its category.
e) Perceived Risk: Potential losses face when taking a buying decision. In the case of wine, potential risks may include physical, social and financial risks as suggested previously in academic literature.
f) Place of Origin: The term refers to any geographical reference used in wine marketing as a brand attribute for wines.

Talking about the first definition, the level of involvement of consumers with the product category might influence attributing impingement on consumer attitudes and therefore incorporating the involvement construct in the analysis of the impact of branding cues on consumer buying behaviour could be helpful, as shown in Table A.4.

Involvement presumably facilitates the creation of knowledge around the dimensions of this construct cited in fundamental branding literature (awareness, attributes, benefits, images, thoughts, feelings, attitudes and experiences). Suggested variables for the analysis, corresponding items, suggested methods, and types of analysis appear in the Appendix I (Tables A.4 to A.9). Next, the proposed model (Figure 4.2) and the corresponding relationships are presented.

Figure 4.2 Model



4.5 Construct of Measurements

A key objective of the study was to explore the effect of brand elements on wine consumers. The unit of the study consisted of consumers from the middle classes, given that its consumption has contributed to the expansion of the wine market worldwide, as well as for reasons of convenience.

The information provided in Table A.9 (see Appendix I) suggested suitable methods and data collection strategies for testing the relationships among brand constructs within the model proposed in this work. The process started with qualitative techniques that result in variable selection. Qualitative techniques were also used to capture the phenomenological view of local wine consumption. The

inquiry process continues with statistical techniques to analyse and organise expressed opinions from consumers around wine, wine purchases, and brand attributes. Triangulation of qualitative and quantitative methodologies was suggested to strengthen the relationship between brand elements and their effects on consumer purchasing behaviour and in the process, deriving suitable variables for selected constructs (Philipp, 2001).

4.6 Framework of Research Hypothesis

Research Hypothesis 1a: Involvement correlates positively with wine knowledge

Previous research has found that a consequence of involvement is an increase in cognitive elaborations (Mano and Oliver, 1993) and has been in line with a positive correlation between involvement and knowledge (Charters and Pettigrew, 2006; Kinard and Capella, 2006; Chandrashekaran, 2012). The model in this work posed a central route that could be taken directly from involvement to quality-price considerations in the model presented in this proposal. Alternatively, a peripheral route with the potential to include perceived knowledge and perceived risk could lead to quality-price consideration and purchase choice. In high involvement states, consumers could use the central route.

Previous research has been developed in line with the following hypothesized relationship between involvement and quality (Charters and Pettigrew, 2006; Espejel and Fandos, 2009; Guidry et al, 2009):

Research Hypothesis 1b: Involvement with wines correlates positively with perceived quality relative to price

Involvement also raises evaluations prior to product use (Oliver and Bearden, 1980) (risk perception is a type of evaluation prior to product use.). Empirical research from the 1980s has already shown that enduringly involved consumers have a greater ability to handle risk compared with instrumentally involved consumers in line with the following hypothesized relationships between involvement and risk (Venkatraman, 1989; De Carlo, 1997; Kwon et al, 2008; Lu et al, 2010):

Research Hypothesis 2: Involvement correlates negatively with perceived risk

Sometimes wine drinkers with a low knowledge level arrive at wine stores simply asking for a good wine, which shows not only that the wine culture is not embedded in the country but that there is a mismatch between the wine terminology used by the seller and the general terminology used by the average customer. Occasionally, the seller is asked to provide a sweet wine but once the customers try it, they do not like it and return to the store claiming they did not get a sweet wine. They might not be

looking for a sweet wine, but rather for a wine with fruity flavour and aromas, not what constitutes a sweet wine for experts.

As shown by the previous example, trial and error for some wine customers is an involvement strategy but as it implies a risk of low performance relative to price, they usually ask for the cheapest tasty wine they can get. Accordingly, wine stores focus their offering on medium-to-low price categories.

Consumers always feel uncertainty about the consequences of purchasing something: consumers experience purchase risk (Dowling, 1986). Some authors have worked deeper into risk issues and have developed risk into a multifactor construct (e.g. Mitchell, 1998). Indeed, many authors have written since then about this construct, talking in general about five types of risk perceived by consumers: those being functional or performance (Livesey and Lennon, 1993; Narasimhan and Wilcox, 1998; Sweeney et al., 1999), physical, social, financial, and psychological (Peter and Tarpey, 1975; Bearden and Shimp, 1982; Murphy and Enis, 1986; Laforet, 2007; Schiffman and Kanuk, 2009). In respect to the latter type, consumers need to reduce psychological risk by reducing the anxiety of having to select something amid multiple offerings.

In general, these types of risk have later been simplified into financial and performance. No one wants to be regarded as ignorant for paying dearly for something cheap. Besides, some customers who try a wine for the first time while visiting friends later ask directly at a store for the wine tasted, still facing financial risk but reducing physical, social, functional, and psychological risks.

Once consumers are convinced about the quality over the price, they feel more confident about making a purchase decision (Sheth and Parvatiyar, 1995). In setting the bar of quality above or below the price, the sommelier plays an important role as information provider. Word of mouth is also an important influence for calibrating the relationship between price and quality. In addition, remembering branding elements, such as the origin or wine variety, and relating them to a quality relative to price standard is a heuristic tactic that consumers use to decide whether to buy or not to buy. In other markets, it has already been found that perceived product quality influences customer perceived risk (Beneke, 2010). Previous research has also been in line with the relationship between quality and risk (Chung et al, 2012; Liu et al, 2013). The following research question is in line with previous findings:

Research Hypothesis 3: Perceived quality correlates negatively with perceived risk

"Consumers, when exposed to extrinsic product cues, do not just make judgments about product quality and (monetary) sacrifice, but also judgments about uncertainties that may pose potential long-term losses" (Agarwal and Teas, 2001). Besides, "food is both substance, and symbol, material and

aesthetic..." (Marshall, 1995), so many factors other than appearance and taste comes into play in line with the following hypothesis between knowledge and risk (Koller and Salzberger, 2009; Doyle et al, 2012; Lee et al, 2013):

Research Hypothesis 4: Knowledge influences perceived risk

Brand awareness, a brand knowledge dimension (Keller, 2003), has not been effective for picking up the best quality products in the case of a common, repeat-purchase product because usually customers follow heuristics of picking product cues for making a brand choice and these do not necessarily lead to the selection of the best products in terms of quality. However, it would be complementary to operationalize brand knowledge with a broader dimension set in relation to perceptions of quality (Hoyer and Brown, 1990), given that the cues of brands affect the price-quality relationship (Dodds et al., 1991). Previous research has been in line with the relationship between knowledge and perceived quality (Agarwal and Teas, 2002; Fandos and Flavián, 2006; Aertsens et al, 2011). Accordingly, the following hypothesis is proposed:

Research Hypothesis 5: Knowledge correlates positively with perceived quality

Some researchers have found evidence of a direct relationship between perceived quality and purchase intentions (Carman, 1990; Boulding et al., 1993; Parasuraman et al., 1996; Ahmed and D'Astous, 2001; Huang et al, 2004; Kolyesnikova et al, 2007; Glynn and Chen, 2009), whereas others have found an indirect relation mediated by satisfaction (Cronin and Taylor, 1992; Sweeny et al., 1999). In addition, quality as perceived by the consumer rather than "objective" quality influences a consumer's decision process (Van Tripj et al., 1997). In line with these findings, the following hypothesis stated:

Research Hypothesis 6: Perceived quality correlates positively with purchase intentions

Once hypotheses have been stated we proceed to test them with the statistical instrument. Chapter V elaborates on the analysis of the information, shows what initial hypotheses survived the scrutiny of data, and suggests suitable modelling techniques.

Chapter V

5. Analysis of Results

The instrument was tested on a 200 sample during the months of April and May 2014. Selection was based on middle class volunteers who claimed to have a genuine interest in the topic in order to maintain consistency with the socio-demographic profile of the targeted participants of the pilot study. Except for demographic data, all items were recorded and then standardized regarding the highest value of the scale in each of the sections as the unit. Monthly expenditure per bottle was extracted from the demographic information and was recorded with the new variable name Disposition to Buy. The rest of the demographic characteristics were intended to be used in the description of consumers after the application of suitable statistical clustering techniques.

Standardized data were then added up into normally distributed variables. The grouping criteria was the emerging dimensions and facets found in the pilot study, the reason being the lack of normality of the items of the statistical instrument. The process of adding indicators within the dimensions found in the pilot study allowed for both the construction of normally distributed variables and the finding of key concepts in the dynamics of wine consumption. Some indicators remained in their original dimension, while others were integrated in a new consistent category. For example, a new variable called Destination Branding was formed by adding the indicators within the dimension found in the pilot study associated to the same concept. Although the variables associated with the dimension of Cognitive Dissonance in the pilot study were not normally distributed, altogether adding them to the values of variables associated with reputation of the Image dimension of the pilot study produced a normally distributed variable.

In this way, both wine quality reputation derived from the synergy between place of origin and grape variety and the reputation about wine names, grape varieties and wine stores were grouped within a single new variable that pointed to the same concept of perceived quality reputation.

Similarly, two more variables emerged in reference to the Involvement dimension identified in the pilot study; one referred to the interest in wine consumption derived from external attributes, and the other referred to the degree of interest in the product derived from perceived performance risk. Incidentally, up to this part of the analysis, risk did not appear as an independent construct from the involvement dimension, as hypothesized in Chapter IV; rather, it seemed to be a facet of it, as suggested in previous research about the Involvement construct.

In addition, three more variables were formed with the values of the indicators within the dimension of Brand Image in the pilot study. One of them refers to the concept of Brand Socialization and the

consumers' concern about fitting into a social context of wine consumption. Another one, Wine Brand, was formed with four distinct indicators: the visual identification of the product (colour), the brand itself (name), the logo (labels) and images from the place of production (place of origin). Brand image corresponds to the set of attributes and associations that a consumer links to a brand name (Biel, 1993). According to Keller, non-product related attributes such as price, user, usage images, brand personality, feelings and thoughts are grouped in brand associations which are in turn grouped in brand images which finally are categorized inside brand knowledge (Keller, 1998). The new variable was integrated with the brand elements of a wine as an independent dimension with implications on the dynamics of consumption as hypothesized in Chapter IV.

Finally, one more variable was obtained from the Image factor of the pilot study. This new variable refers to the external attributes of the product, such as a medal, the name of a producer, or even a type of cork. This variable could be understood as the perceived quality through the projected image of the product experiential elements or the product image.

Briefly, although initially the variables of the standardized statistical instrument did not follow a normal distribution, adding them up into new variables based on the factors empirically identified in the pilot test resulted in seven normally distributed variables, individually and conjointly. These new latent variables will be referred to as Gi (i=1,...,7), as they were formed with observable indicators of a similar conceptual nature. In addition, one variable, Disposition to Buy (D_1) was obtained applying the logarithmic function to the monthly expenditure per bottle. Grouping this variable with the new seven ones previously mentioned called for the division of the subjects into groups in order to preserve multivariate normality among the eight variables. As such, two groups emerged, who incidentally showed statistical different means among variables. In general, they differed in their knowledge level. Accordingly, from now on, we will refer to the groups as Group One (of 94 subjects), or group of low knowledge and Group Two (of 106 subjects), or group of high knowledge. Besides, three items were eliminated from the final sample (X6 – "Store Ambience", X16 –"Wine from Australia" and X36 –"I trust the advice from a sommelier at a restaurant") as they neither distributed normally nor contributed to the construction of any new normally distributed variable. The final set of variables for the analysis is shown in Table A.5.1.

It is worth recalling that the pilot study introduced a multiple attribute approach to detect the possible influence of key factors on the determinants of consumer wine purchase so that they could be implemented in the final design of the instrument. Then eight variables emerged from the analysis of the final data as well as two levels of knowledge among consumers. Hotelling's T^2 was used in order to test the division of consumers into two groups. The statistic was significant for a 95% confidence level. However, the assumption of equality of variances between the two samples required for the validity of this statistic was violated. That is the reason why equality of variances and co-variances

was then tested and confirmed (Tables A.5.2 and A.5.3). Comparative proofs of means for cases of violation of this assumption were used, such as Tamhane's T2, Dunnett's T3, Games-Howell, Dunnett's, all of which were statistically significant (Table A.5.4), corroborating the existence of two distinct groups of consumers. The result was in line with the trend showed by the pilot study, which provided traces of two main groups and a smaller third one formed by three subjects, the latter being presumably outliers in retrospect.

Then, both groups were subject to a factorial analysis using the set of eight variables in each group. The determination of these factors included various steps: analysis of the variance explaining elements in percentage terms, convergence validity, discriminant validity and factor reliability. The descendent graph of the explaining percentage of variation showed the identified factors for both groups as well as the convenience of selecting either two or four for Group One (Fig. A.5.1), and either one or four for Group Two (Fig. A.5.2). It is usually convenient to take a number of factors equal to the number of observations before a shoulder-like-curve typically associated with these types of graphs.

Graphic analysis could be overestimating the number of the variance explaining factors of the data. Therefore, additional proofs are usually added to the exploratory factorial analysis. These tests helped to specify in three the number of explaining factors for Group One and in four for Group Two. The highest eigenvalues of the co-variance matrix of each group were then obtained and correspond to the critical explaining percentages of their variance (Tables A.5.5 and A.5.6). In addition, the average extracted variance (AVE) of all dimensions in each group exceeded the minimum cut-off value of 0.5 (Hair et al. 1998). Factorial adequacy was also covered because a group of some factors explained most of the variance of the data. Variables with the highest weights within each factor are presented (Tables A.5.7 and A.5.8) as well as possible involved dimensions (A.5.9 and A.5.10).

The adequacy KMO (Kaiser, Meyer, Olkin) value for Group One was 0.517, close to the value of 0.6 conventionally used to set an inferior limit for the compatibility of the sample with factorial analysis. Moreover, Barlett's sphericity test was significant for a confidence of 95%, confirming suitability of this group with factorial analysis. The correlation matrix of this group did not show high correlations. However, some of them were close to 30%. In this respect, these criteria should be analysed with a certain degree of flexibility considering the fact that the number of observations of the subgroup (Group One) lies in the limit of 100 observations that in common practice are suitable for the application of this technique. Adequacy measures might then provide values within the limits of acceptance.

According to the KMO criterion, eigenvalues higher than 1 explain the highest percentage of the variance of the data. Group One had three factors greater than 1 (1.910, 1.377, 1.230), and therefore they would be significant under this statistical remark (Table A.5.5). In addition, the first four factors

explained around 70% of the sample variance (68.69%). In the case of Group Two, the variables were grouped in four general dimensions. Four eigenvalues were greater than 1 (2.016, 1.376, 1.078, 1.062) and explained around 70% of the group's variance (Table A.5.6).

In factorial analysis components are usually rotated to determine the surviving variables within each factor based on their power to explain the sample variance. In particular, Varimax rotation minimizes the number of variables with high weights or high correlations in each factor, in such a way that each factor could have an optimum number of elements. Incidentally, factorial analysis is sensitive to the presence of outliers, so they were accordingly eliminated from the total sample.

The matrix of components shows non-rotated weights of the three factors found in Group One (Table A.5.11). Three factors have the greater number of interrelations and the strongest interrelations. The matrix shows factors linked with those eigenvalues greater than one based on the KMO criterion. All values were greater than 0.33. The rotated solution of three factors appears in the Pattern Matrix (Table A.5.12). This matrix shows the variables' weights in each factor. Five variables provide a weight greater than 30% in the first factor, three in the second one and four in the third. Ideally, at least three explanatory components are required for each explanatory factor. Therefore, these three factors at this point might be eligible candidates for explaining Group One's variance. The matrix of correlation of components (Table A.5.13) is also useful to examine the strength of the relationship among the three factors. Being less than 30% suggests pretty low correlations. This is the reason why KMO and Oblimin criteria give similar results.

Similarly, KMO's value for Group Two was 0.518, closely below 0.6, the value used in practice as the lowest limit for considering a sample adequate for factorial analysis. In addition, Barlett's sphericity test was significant for a 95% confidence interval. Therefore, this group could be eligible for factorial analysis based on these tests. The correlation matrix did not show high values. However, some of them were near 30%.

It is worth considering that these data come from a subgroup (Group Two) of the total sample of participants and lie within the limit of observations that in practice is adequate for the application of this technique. In addition, the component matrix (Table A.5.14), that is, the matrix that shows the non-rotated variables weights of the four identified factors and keeps the factors associated to the eigenvalues greater than 1 based on the KMO criterion, shows values greater than 0.30. Four factors had the greater number of interrelations and the strongest ones. Four variables accounted for a weight of 30% in the first factor, three in the second one, three in the third one and three in the fourth (Table A.5.15). The relation among the four factors was low, resulting in percentages lower than 30% (Table A.5.16). Similarity of solutions between KMO and Oblimin measures is therefore expected.

Unfortunately, convergence validity was violated given that only one variable among those included in each identified factor in Group Two accounts for more than 70% of the weight within each factor (Table A.5.15), and only one variable of one factor in Group One accounted for a similar weight (Table A.5.12). Besides, discriminant validity was not confirmed given the presence of cross-weighting, that is, variables appearing simultaneously in various factors as shown for example in Table A.5.11 and Table A.5.14. Reliability was also missing as Cronbach's alpha was low in both groups. Therefore, it was decided to introduce the variables by themselves in the posterior test of the statistical models as they could not be grouped in factors.

Finding a natural division of two groups of knowledge suggested the convenience of removing the knowledge construct from its original hypothesized position in the model (Fig 4.2). After the division of the sample into two subgroups, the original hypothesized model was tested in each group, substituting the concept of knowledge alternately with some of the new variables related with the concept. Some of the original causal relationships were significant when applied to the group of high knowledge. They were less relevant in the group of low knowledge. This is presumably because they are still in the process of building a wine brand concept and they are not still clear about what elements could incentivize their decision to buy wine. However, it was necessary to test a new model in each group that could guarantee significant relationships along the causal links. In the process of determining causal relationships, it is preferable to work with a homogeneous sample to increase the probability of observing causal relationships whenever they really exist (Stenthal et al., 1994). Accordingly, the division into groups based on knowledge resulted into two differentiated more homogeneous groups that require their own statistical model. Generally, the subsamples consisted of women and men with a high educational and socioeconomic level who worked as managers or professionals with no gender bias. However, as wine knowledge was not found to be related to gender, there could be potential for increasing women's wine consumption in the group of high knowledge, whose purchase propensity could be modified by means of targeted marketing strategies. According to a research report (MKF, 2000), women are essential for the wine market where they have been strong buyers and consumers in other countries.

5.1 Model Specification

The hypotheses suggested in the first part of this research were tested in both groups of knowledge alternately substituting the concept of knowledge by the variables G_2, G_3 and G_5, which were obtained from overall wine attributes and as such were considered to be part of the stock of knowledge of wine consumers. The variables related to the rest of the concepts of the original model (involvement, risk, quality and disposition to buy) were also incorporated in the model for testing purposes. The hypothetical model of Group Two with the variable G_5 in place of Knowledge is shown (Fig. A.5.3).

Results with G_2 and G_3 in place of Knowledge were similar and led to similar inferences. Significant relationships in line with initial hypotheses for Group Two (Table A.5.17) were the following: knowledge and risk, involvement and risk, involvement and perceived quality, knowledge and perceived quality. They are stated below:

a) The higher the knowledge level, the higher the perceived risk

b) The greater the involvement, the higher the perceived risk

c) The greater the involvement, the higher the perceived quality

d) The higher the knowledge level, the higher the perceived quality

Given the low number of surviving significant relationships, the original model had to be enriched with other relationships. Accordingly, a different model was tested in each group, keeping the relationships that were already significant from the first model in the case of Group Two and suggesting a new model for Group One. Usually, behavioural intentions are chosen as dependent variables in causal relationships; however, in this study the variable of purchase disposition for Group One turned out to be explanatory instead, presumably because it might rather be describing the process of recognizing wine brand elements in the mind of an emergent consumer than responding to the influence of already processed wine elements. On the contrary, in the case of Group Two, disposition to buy appeared as a dependent variable. This variable is in line with its role in the set of hypotheses, where causal explanatory relations led to a purchase decision. As such, the model that lastly described consumers with a higher level of knowledge was closer to the one initially suggested in this work.

The model of the group of lower knowledge (Fig. A.5.4) included six latent variables (G2, G3, G4, G_5, G_6 and G_7) and one variable derived from direct answers (D_1); while the model for the group with higher knowledge included seven latent variables (G_1, G_2, G_3, G_4, G_5, G_6 and G_7) and another derived from direct answers (D_1). The set of fitting measures for a model for each group was obtained and examined using AMOS 22. The numerical standardized effects for each model of causal relationships between endogenous and exogenous variables were calculated.

Summarizing, a structural model was proposed for each group of consumers which was then estimated with structural equations (SEM). They included proofs of general model fitting as well as individual significance tests for the relationships among variables (Table A.5.18). Group One's results were calculated first.

Incidentally, for a lower level of knowledge, disposition to buy and perceived risk were antecedents of a serial causal relationship that led to a final effect upon the variable G_2, which represents the

consideration of the brand elements of a wine for a purchase decision. Although this type of elements such as price, name, product category and product complexity have already been evaluated as mediators of purchase intentions from antecedents such as brand capital, brand image, product evaluation and perceived value (Pharr 2005), in this case the product is not well known and instead of acting as a moderator of purchase intentions, brand elements are perceived as the value gained from a risky investment, that is, G_2 is a consequent variable of two antecedents: purchase disposition (D1) and perceived risk (G7).

Besides, the mediatory relationships between an investment with risk and the brand elements of wine show a certain degree of complexity in this model. There are two exogenous variables (D_1 and G_7), one consequent variable (Y), one moderating variable (G_5), two secondary moderating variables (G_4 and G_6) that in turn affect a primary moderator and lastly a tertiary moderating variable (G_3) that affects a secondary moderator (Fig. A.5.5). The importance of destination branding can be noticed through its final impact on the dependent variable as shown in the following equation (See Appendix III):

$$G_2 = i + (a_{M2}a_{M1}a_{M4}(-a_{M3})a_{M2})G_5 + (a_{M2}a_{M1}a_{M4}a_{X1})G_7 + (a_{M2}a_{M1}a_{X2})D_1 + e$$

a) Table A.5.18 shows that perceived risk (G_7) correlates positively with the involvement level (G_6), which in turn increases perceived quality (G_4), which then has an incremental impact over the awareness of destination branding (G_5) that finally produces an increment of the importance of wine brand elements perceived by the consumer (G_2).
b) Perceived risk (G_7) affects the level of involvement (G_6), which in turn increases perceived quality (G_4) with a consequent rise of awareness about destination branding (G_5). This greater awareness about destination branding increases the importance attributed to the image of the product (G_3) and diminishes consumer involvement with it (G_6). The product image is acting as a shortcut for awareness but this incremental awareness is not enough to incentivize purchase given their low level of knowledge.
c) Disposition to buy (D_1) is positively correlated with perceived quality (G_4), which in turn increases the importance attributed to destination branding (G_5) that has a positive effect on the importance conferred to wine brand elements (G_2).
d) Disposition to buy (D_1) influences perceived quality (G_4) and the latter in turn impacts on the importance attributed to destination branding (G_5). Greater expectations are then attributed to external product attributes (G_3), while diminishing interest in the product (G_6) and diminishing overall wine quality perception (G_4).

The effects of D_1 and G_7 on G_4 are not too strong given that consumers take the product image as a shortcut for judging quality instead of lingering their attention on destinations and the wine itself. Reinforcing destination branding in this group could however counteract this diminishing loop that has a negative effect (see equation above) on their wine understanding (See Fig. A.5.4)

Product image appeared as a key factor in wine consumption dynamics. Bullmore once argued that images corresponded to thoughts and feelings about them (Bullmore, 1984). Whereas for Keller, brand image lay within the brand knowledge construct and included thoughts, feelings and judgements (Keller, 2003), in line with the models for both of the groups of consumers in this study. Similarly, rather than finding brand knowledge as a critical dimension for purchase intentions as previously hypothesized, this study showed that product image was a key element in wine consumption dynamics and knowledge was a more synthetic category that absorbed product image and therefore was useful to broadly segment this market.

Knowledge permeates latently all relationships among variables. It was possible to isolate its diffusive effect along the constructs by dividing consumers in two groups. We found the effects of two explanatory variables (G_7 and D_1) on the consequent variable (G_2) in Group One through mediating variables dividing them into direct and indirect effects. Some clarifications about the results might be useful. If, for example, there is no significant direct effect of D_1 on G_5, the direct effect is null and it does not appear either in the model or in the diagrams (See Table A.5.20). However, if the indirect effect of D_1 on G_5 is significant, it appears on both the model specification and its diagram (See Table A.5.21 and Fig A.5.5). Indeed, the indirect effect of D_1 on G_5 was significant and was mediated by G_4. In this example, the total effect (See Table A.5.19) was equal to the indirect effect of 0.023. Standardised results were also obtained showing similar trends (See Tables A.5.22, A.5.23, A.5.24, and A.5.25).

Next, the model adequacy was evaluated. CMIN (Table A.5.26) is a Chi-squared statistic that compares the model with an independent model, that is, a model where all the variables do not have interrelationships, and to a saturated model, that is, a model that contains all the direct and indirect possible effects among the variables. If the ratio CMIN/DF (Table A.5.26) does not exceed 2 or 3, it means that the eliminated effects from the saturated model that led to the model selected were correctly removed. RMR (Root Mean Square Residual) refers the degree in which estimated variances and co-variances in the model differ from those observed in a model containing all possible direct and indirect effects; the lower the number, the better. GFI (Goodness of Fit Index) indicates the proportion of the variances and co-variances of the data explained by the proposed model. It was 96% for Group One (Table A.5.27) and should in practice exceed 90% for a good fit. AGFI corresponds to a GFI adjusted by the number of model parameters. The lower the number of parameters relative to the adjusted data, the closer GFI will be to AGFI. In this case AGFI was 0.915 (Table A.5.27). NFI

corresponds to the difference between the Chi-square for the assumed model and the Chi-square for the independent model, divided by the Chi-square of the independent model. Values of at least 0.90 for NFI indicate a good fit of the model to the data. Group One's value of 0.813 was close to this number (Table A.5.28). CFI was equal to 0.996 and values greater than 0.90 normally refer to well fitted models. RMSEA (Root Mean Square Error of Approximation), one of the best suited indexes for a confirmation strategy in big samples (Rigdon, 1996), was less than 0.05 (0.013), also in line with a good model fit (Table A.5.30). Acceptable parsimony measures were observed (Table A.5.29) and Hoelter's values were greater than the number of observations of Group One (Table A.5.31). Therefore, the model's fit capacity for the data of Group One was not rejected. Group Two was then subjected to the analysis. The same tests applied to Group One were tested in this group and a model was then proposed (Fig. A.5.6, Fig.A.5.7).

The diagrams show G_5 and G_3 as exogenous variables, D_1 and G_1 as dependent variables, G_6 and G_4 as secondary moderators and G_7 as tertiary moderator. G_7 plays the role of tertiary moderator (of G_1) because it works on a secondary moderator that in turn works on a dependent variable. G_2 is moderator of the effect of G_5 on D_1 and secondary moderator of the effect of G_5 on G_1. G_6 is secondary moderator of G_3 on G_1. G_4 is secondary moderator of G_5 on G_1. Significant moderators are presented (Table A.5.32). Significant total, direct and indirect effects were obtained (Tables A.5.33, A.5.34, and A.5.35). Results were also standardised (Tables A.5.36-A.5.39).

a) The model diagram shows that the greater the importance conferred to product image attributes (G_3), the lower the involvement level (G_6), the lower the quality perceived (G_4) and the greater the concerns about social image (G_1).

Previous research has investigated the relationship between the place of origin image and its personality and identifies three dimensions: excitement, sincerity and conviviality (Hosany et al., 2006), which incidentally relate to the indicators used to construct variable G_1.

b) Destination Branding (G_5) raises awareness about brand elements (G_2) which in turn increases purchase disposition (D_1).
c) Product Image (G_3) correlates directly and positively with purchase disposition (D_1).
d) Destination Branding (G_5) raises awareness about brand elements (G_2) and perceived quality (G_4) which raises confidence in the social image consumers project (G_1).
e) Destination branding (G_5) increases perceived risk (G_7), which increases involvement (G_6), which correlates positively with perceived quality (G_4) that increases confidence in consumption (G_1). Similarly, in academic literature, perceived quality has been associated with concepts such as purchase decision, differentiation/position and price (Aaker, 1991).

The effect of G_5 on G_1 is consistent with the finding that a destination brand opens a way towards personal security, a good life quality, cleanness, good name, good reputation, courteousness and friendliness (Chen and Tsai, 2007). Some similar traits have led to buying intentions in food research such as good taste, good value proposition, adequacy, convenience of visiting the consumption place, good reputation, style, long history and originality (Park, 2009), which are related with variable G_1 in this research as they refer to consumer concerns about the way of being perceived by other people.

The importance of destination branding and product image can be noticed through their final impact on the dependent variables as shown in the following equations (See Appendix III for derivation):

$$D_1 = i + a_{M1}a_{X1}G_5 + a_{X2}G_3 + e$$

$$G_1 = i + (a_{M2}a_{M1}a_{X1} + a_{M2}a_{M3}a_{M4}a_{X1})G_5 + (a_{M2}a_{M3}a_{X2})G_3 + e$$

The ratio CMIN/DF (Table A.5.40) does not exceed 2 o 3, so unnecessary effects were correctly eliminated. GFI was equal to 97.5% for this group (Table A.5.41) - slightly above Group One. In practice it has to be greater than 90% for a good fit. AGFI and GFI are quite similar, with values of 0.950 and 0.975, respectively. Values around 0.90 of NFI show a good model fit for the data. The value is less than this number, 0.883, and slightly superior to Group One's. CFI equals 1 (Table A.5.42) and values above 0.90 are frequently symptoms of well-fitting models. RMSEA (Root Mean Square Error of Approximation) is less than 0.05 (0.000), also in line with a good fit (Table A.5.44) and outperforming Group One's fit (0.013). Acceptable parsimony measures were observed (Table A.5.43) and Hoelter's values are greater than the number of observations of this group (Table A.5.45). Therefore, model fit is not rejected for Group Two.

Given that G_1 was significant for Group Two and not for Group One, some of the variables used to build this variable were taken for discriminating among groups. The equality of means was evaluated with Hotelling's test. The difference of means was confirmed as well as the equality of variances required for the validity of the test. Coefficients of the discriminant plane (Fig. A.5.8) were then estimated and appear in the following equation:

$$Z = 2.4975X_{24} + 4.5448X_{32} + 2.5475X_{33} + 2.5619X_{35}$$

Selected indicators for the equation above correspond to the following variables:

X_{24} : "Price denotes wine quality."

X_{32} : "I feel secure when buying wine."

X_{33} : "Whenever I buy wine, I am afraid my guests might not like it."

X_{35} : "I prefer to be accompanied than alone while buying wine."

This Chapter proposed and tested two models for the dynamics of wine consumption and suggested a way to discriminate between consumers of the two identified knowledge-based groups. As predicted, the models showed a key role of the place of origin in both groups of consumers. Next Chapter discusses the overall results under the light of related academic literature.

Chapter VI

6 Discussion of Results

This research proposed two models, one for each subgroup of the population of study that explained the relationships between economic and latent contextual variables (perceived risk, perceived quality, involvement, wine brand, destination branding, trust, and product image) in the Mexican wine market. One of the key findings of the research was that current wine appreciation of a group with low knowledge consists of the understanding of the meaning of a wine brand; whereas wine dynamics in a group with more knowledge aims at consolidating trust about wine consumption. Therefore, while experienced consumers require further explanation about wine brand differentiation, novice consumers need more and deeper explanations about places of origin in order to hook interest. As shown by statistical models, the critical latent variable that can discriminate between consumers was the confidence about consumption of the product, a relevant model variable within the dynamics of consumers of high knowledge. Accordingly, taking some of the indicators used to construct this variable might be useful to discriminate between groups of consumers with distinct levels of wine knowledge.

This work contributes to enhancing the development of the conceptual dimensions of consumption in marketing such as involvement, knowledge, quality and risk in low-involvement and locally luxurious goods. Operationalisation of concepts by means of contextual market variables lets us confirm with Keller that knowledge is formed through a process that involves different types of associations with respect to a product after concatenating attributes into more specific categories (Keller, 1998). In this research, knowledge appeared as a stock variable so it was useful to segment consumers at any point in time. This variable was modified by the action exerted by different attitudinal and economic variables. However, Mexico's emergent wine market shows two general levels of knowledge and, therefore, it is still too young to express a deeper typology of consumers.

An interesting result obtained from the group of novice consumers was that the importance given to attributes as indicators of quality increased as awareness about the place of origin and the brand elements of a wine in general was raised. Accordingly, presenting the product to a novice group of consumers by emphasising the place of origin by means of a denomination of origin might be useful to attract new consumers.

Destination image has already been proposed in previous research as a mediator between associations (i.e. cognitive, affective and unique image components) and behaviours such as repurchase intentions and recommendations (Qu et al., 2011). Similarly, in this research destination branding played a role as a mediator in the model of novice consumers, mediating the effect between perceived quality and

the importance imputed to a brand of a wine. Indirect effects of the image of the product (associations) on involvement signs (repurchase intentions and recommendations) were also present.

Besides, product image played an important role in wine evaluation but it was not the only dimension to consider. An integral evaluation of consumer dynamics must be examined among other possible dimensions such as quality (Konecnik and Gartner, 2007). In fact, for consumers with a high level of knowledge, product image affected perceived quality mediated by consumer involvement. Incidentally, results suggested the use of price as an indicator of perceived quality in both groups. Academic suggestions about quality indicators have included the place of origin as proxy of quality (Eliot and Cameron, 1994; Peterson and Jolibert, 1995), as well as the product composition (Olson, 1972) and the store names (Dodds, 1991; Dodds, 1995). Quality indicators used to construct the variable of perceived quality in this research similarly referred to the place of origin, the product composition and the purchase place (see Table A.5.1).

In terms of the importance of perceived quality as it relates to a consumption decision, it does not directly affect behavioural intentions as in a purchase decision, for example, while satisfaction and awareness have direct and positive relationships with intentions (Yuan and Jang, 2008). Similarly, the group with low knowledge showed that perceived quality did not have a significant direct effect on their purchase intentions but that it did raise their awareness about places of origin and wine brand elements.

Besides, attributes are used as heuristics in the assessment of quality when, among other factors, consumers need to reduce perceived risk while purchasing and when consumer involvement is low (Dawar and Parker, 1994). In line with this finding, novice wine consumers used attributes relative to the place of origin and the external product image as heuristics of quality assessment while their priority when facing wine consumption was their need to reduce risk. In the group of these novice consumers, involvement directly preceded quality indicators. As such, these consumers were taking a heuristic strategy of risk reduction in the short run, so that in the long run they may develop more trust and security concerning wine consumption.

From the perspective of a theory of processed information, a product could be conceived as having arranged attributes (Steenkamp, 1989), which can be interpreted as pieces of information that not all consumers perceived at the same level. According to this theory, when consumers are highly involved in the decision process, they could commit to a more extensive search, internal or external, with the purpose of reducing the possibility of a wrong choice such as consumers in Group Two.

In addition, it was observed that, in the process of building brand equity, novice consumers enhance concomitantly destination brand equity. The research of Gómez and Molina has shown the influence of D.O. (Denomination of Origin) and place of origin brand image on destination brand equity

(Gómez and Molina, 2012). In this work the influence of destination branding on wine brand equity is adding to this finding.

Lastly, factors such as high price, high-perceived risk and high product heterogeneity are susceptible for increasing the degree of consumer involvement (Antil, 1983; Zaichkowsky, 1985; Rossiter and Percy, 1987). The last two aspects integrated the variable of perceived risk in this research (see Table A.5.1) and indeed, in both groups of knowledge, perceived performance risk was positively correlated with involvement. Wine marketers aware of these traits might presume better segment consumers and improve the targeting of promotional resources in order to enrich the integral experience of wine consumption and retain customer loyalty with good publicity and optimal environments. Next, contributions of this research are summarised (Table 6.1).

Table 6.1 Research Contributions

Academic Issues	*Contributions of this Research*
Consumer Segmentation	Overall local consumer segmentation by knowledge levels
Knowledge Construct	Two general knowledge levels of Mexican middle class consumers
Cognitive Dissonance	An effective impact of cognitive dissonance between varieties and places of origin as an indicator of quality in both, novice and experienced local consumers
Contextual Statistical Modelling in Marketing	Proposal and testing of a causal model for both, novice and experienced local consumers
Conceptual Definitions	Definition of Wine Brand Elements for the Mexican Market
Discriminant Analysis of Consumers	Suggestion of four indicators to distinguish between both groups of local consumers
Current Topic Relevance	Raising awareness about an emergent market in Mexico
Current Trends in Complementary Markets	Raising awareness about developing trends in complementary gourmet markets and about the increasing importance of the economy of the good living, as well as reinforcing the healthy aspect of moderated consumption of this good
Managerial Implications	Pointing the convenience of developing a D.O. (Denomination of Origin) for Mexican key wine places of origin

6.1 A discussion about the wine topic from the perspective of asymmetric information

It is worth mentioning that the following discussion about market failures within the wine market is general in scope and as such, refers to phenomena observed in the wine market as a whole and consequently in the Mexican market. Accordingly, an exploration of the wine market from such a perspective of the economic theory of information assumes an omniscient analysis about the functioning mechanisms of the market of study, which was not an assumption in the approach of the present work. As such, the present discussion about inherent information failures to the local wine market is exposed exclusively in order to enrich the appreciation of the topic and definitely has no purpose of justifying the specific results of the present work, which were not derived with the direct aim of building upon these theories.

We will start by talking about the topic of adverse selection which dates back to the 1970s. Although the problem of adverse selection goes back to the classic example of the market of used cars (Akerlof, 1970) where the quality of the products was not equally transparent for the supplier and the buyer, the case was originally situated in a context that described a relationship from many products of a supplier to one buyer, in contrast to an univocal relationship between a single product of a brand and one buyer at the moment of purchase, as it is in the case of wine. However, it is interesting to evaluate the topic from the perspective of asymmetric information in order to justify in its very deep roots, the need for quality indicators in a competitive market that may be satisfied in the form of ratings or denominations of the origin of a wine either consumed locally or abroad.

So, having in mind the adverse selection problem when talking about wine, let's start assuming that any buyer does not know whether the wine quality is higher or lower than that of the previous vintage. Besides, it is presumably equally costly for the producer to elaborate a wine with either marginal superior or inferior quality with respect to the previous vintage. If the quality of the wines of this producer were consistently worse than in previous vintages, consumers would punish the average price offered by the producer and eventually the wine would not be sold. On the other hand, if wines were always better than in previous vintages, the inherent current competition of this globalised market would have already pushed the average bottle price down, producing in the process a consumer surplus equal to the difference between the new reduced price and the price the consumer is willing to pay for the wine.

Finally, were there to be qualities switching in time, a situation typically observed in this market, the average product price would turn into a weighted average between the values attributed by the consumer to the worst and the better quality types, and would be equal or greater than the offered price after adjusting for competition. This implies that the market usually demands a certain proportion of good-quality wine below which it is not willing to buy any bottle at a competitive price. This said, the greater the number of quality improvements in time, the greater the proportion of bottles

of perceived high quality and the higher the price consumers will be willing to pay. However, the consumer needs a signal of quality to account for its presence in time, that is, any observable characteristic subject to manipulation by the producer of the stimuli (Spence, 1973).

This signal might be a medal or an award or maybe an expert's rating scale. Incidentally, there are small wine boutiques in Mexico where vendors exhibit bottles next to the information concerning the expert's rating assigned to the wine that aims at easing the comparison of scores at the purchase place. This marketing tool aims to convey to consumers the quality of wine, reducing the process of the customer seeking the cost of looking for information before getting to the purchase place or even at the store in case they have already downloaded an online application for the wines' quality assessment.

From a broader market perspective, that is, going beyond the borders of local commerce, we may assume that foreign consumers might not recognise the quality of local wine and therefore, also face asymmetric quality information. So, local suppliers are similarly in need of signalling abroad their product quality. Some participate in international wine quality contests and whenever they reach success, the alignment of quality information between their customers and their offer takes place by means of marketing the new international decoration. Incidentally, there are cheaper imported wines in the local market similar in quality to these great Mexican internationally-recognised wines, mainly due to the local high tax rate, and there is a loyal group of local customers who is still willing to buy the expensive alternative. The reason being is the capacity of these local successful producers to build a good reputation and a strong social capital that allows for the allocation of their production ever before pipelined. Interestingly, there are particular market conditions in terms of social links and interactions that allow for the development of alliances that protect producers against potential losses, such as unexpected changes in climate conditions that ease the flow of merchandise within the country especially amid competition.

Another type of signal that could be sent to the group of external consumers about the local product quality of a wine whose brand might not be familiar for them, is a denomination of origin. It is a quality standard based on the excellence of a place of production, which might be useful especially for a consumer of low knowledge given that it reduces the risk of not getting benefits from the product. It provides a judgement of quality from a group of experts eliminating, in the process, the product's risk of performance.

In fact, signalling techniques are varied in nature and contribute to eliminate the problem of hidden quality. In particular, geographical indications link a product to its place of origin, they are a form of signalling the products' excellence and many times producers use the positive image of geographic locations as corporate images when looking for a competitive advantage (Rubini et al., 2013). They do not only signal but also differentiate between products horizontally through the specificities of

regions (Zamparini et al., 2010). That is why beyond being useful for quality indications, they promote regional competitive advantages. However, marketers must be careful while evaluating the effect of signalling in the targeted population because there have been cases where the signals produce rather opposite than expected results. For example, eco-labelled wine in the United States has been recently associated with low quality because the meanings of organic grapes and organic wine have been undistinguishable among targeted consumers and wine has not been sold at the expected price (Delmas and Lessem, 2011).

However, the group of local producers who have the technological and economic capacity to commit to the regulations of a Mexican denomination of origin are afraid of losing the identity of their own wine if subject to a general quality standard. Self-organisation has not been possible as they consider themselves experts and are not easily open to be taught about the meaning of a quality wine. As such, regulations concerning Mexican denominations of origin would have to be imposed from an external source so that small local producers might emerge from anonymity and brand themselves through the excellence of places of origin. In such a scenario, some producers of great wines could remain outside the denomination of origin in order to keep their production of author wines, for example, whereas those lesser-known producers could promote their quality wines with the help of a signal of excellence.

As it has been explained, a denomination of origin might limit production alternatives but frames geographically the products' special origin to guarantee a standard of local quality. These producers of distinguished Mexican wines have built a learning curve earlier than the smaller ones and as such, the social capital they have engrained in the region acts as a supporting marketing tool diminishing the need to commit to a regulation. The suggested regulation, however, could boost the expanding potential of younger entrants. Possibly the local consumer of low knowledge would initially choose randomly a denomination of origin to get familiar with the wine topic, while the more knowledgeable consumer will alternate between local and foreign denominations of origin as well as wines not subject to it, such as author wines.

Besides, signalling is a mechanism used to overcome product quality uncertainty whenever the demand side has less information than the supply side (Spence, 1973). In general, the degree of uncertainty with respect to quality is determined by two dimensions, the ability to capture the characteristics of the goods and the time of evaluation, before or after the purchase (Muller, 2004). The elements useful to experience quality before purchase could be those brand elements whose perceptions change according to the level of consumer knowledge and provide a signal or an identifying mark amid competitors. An example could be an expert rating. By means of regression analysis with a storage ability held constant, which in this context can be interpreted as a control form of moral hazard, quality rating has been a statistically-significant and quantitatively-relevant variable

in determining a wine's release price and indeed, the hypothesis that signals in wine markets separate wines of different quality by price has thus been validated (Miller et al., 2007).

Some brand elements are only identified after the experience with the product such as smell and taste and finally, some others are not identifiable by the agent even with high knowledge, for example, like the viniculture of a remote place (Muller, 2004). Presumably, local high-knowledgeable consumers would be more sensitive to signalling because beyond their ability for an identification of quality before purchase, they have a larger set of experiences than a novice consumer, useful for discriminating between good-quality wines of different price ranges.

It is important to insist that the general approach to the topic from the perspective of information economics is limited in this discussion to underline the importance of signalling through brand elements such as awards, insisting that quality needs time to be appreciated, so that consumers can consistently express a judgement about it. It could be argued unjust treatment to the topic of adverse selection in this context, as the topic itself refers to an explanatory reality of asymmetric information that implies omniscience knowledge of market mechanisms and synthesis viability of the behaviour of participants at any point in time, though we approached the analysis of a local market within this research with emerging consumers in the process of starting to define quality in wine. To avoid circularity in the argument in assuming agents' capability of the perception of different quality levels, as happens to be the theoretical assumption in the statement of the problem of adverse selection, we describe wine in this section only as a product whose very nature raises asymmetric information issues.

In order to approach the analysis in the context of an emergent market, it could be argued that it is better to exemplify the market with a more pragmatic representation of the situation of the current local market conditions, such as a tensor representation for example, perhaps of second order, where the magnitude could be given by the weight or rating of each wine. We could include two more variables, namely brand and grape variety; given that these two variables are easily observable each year and immediately accessible to consumers at purchase sites. Besides, it is relatively easy for an analyst to manage a statistical history with this type of market representation. It could be useful, for example, to record three types of wine of each brand for the hypothetical tensor model to help in the decision-making process of increasing or decreasing the growth of grape varieties and for adjusting the quality objective for the wines' market positioning.

From the point of view of information economics, in a goods market where the buyer and supplier do not influence product quality at purchase as it is in the wine case, the market has one single market failure derived from the asymmetric information of both parts, namely the uncertainty experienced by the buyer due to the lack of information about the goods quality (Muller, 2004). The work of this

researcher clearly states the differences between market failures coming from information asymmetries in wine markets and it is used at this point to enrich the present discussion.

Quality uncertainty is the only type of market failure that is present in exchangeable goods such as wine in contrast with another type of goods known as contracts, where besides the uncertainty about product quality, these agreements may give rise to two more problems derived from the asymmetric information between participants: moral hazard and hold-up. The latter refers to opportunistic behaviour unforeseen in advance to be included in an agreement and which can be resolved by vertical integration or property rights (Goldberg, 1976). In this case, the contractor with less information or principal infers the future behaviour of the contractor with more information or agents, and refrains from entering the market. In contrast, in the case of moral hazard, a problem analysed by the agency theory, the principal does not observe the behaviour of the agent after the closing of the agreement and therefore, does not know if any deviation from the agreement is the result of an external factor or of changes in the agent's behaviour. To solve this problem, the principal needs an incentive scheme to align the interests of both parts and to prevent deviations from the opportunistic agent.

At this point of the discussion we might question ourselves about the way in which moral hazard might be present somewhere in the wine market. The deviation of conduct from an agreement in this market has to result from a failure that eases the dilution of responsibilities over some behaviour. Incidentally, it is worth remembering that some local wine selling spots do not necessarily comply with the optimal maintaining conditions and product rotation that wine producers indeed assess.

The risk of brand devaluation derived from buying a damaged product due to negligence at the purchase point, is not necessarily absorbed by the intermediary who may easily substitute the unsold brand for another one. It is rather absorbed by the producer who cannot observe the inadequate maintenance conditions of its intermediary. The way in which these problems concerning moral hazard have been addressed, is by means of interest-alignment schemes among participants. Accordingly, affected producers might keep preferential treatment with responsible intermediaries. It is worth remembering that occasionally, local consumers share the impression that wine under discount is lower in quality. So, it would be useful at the same time to communicate to consumers the best-before dates of consumption together with the information about the discount so as to signal the appropriate product quality during the stated period. In this way, consumers would not penalise the brand and would trust wines subject to discounts and promotions.

In this discussion we made a brief exposition of the problems that the wine market faces from the perspective of asymmetric information in economics underlying the importance of signalling according to the needs of each targeted segment of consumers and according to the interpretation of

the signals by consumers, aligning in the process the corporate communication strategy of the wine brand to the consumer response.

This chapter discussed the overall findings of this research work underlining key results and contributions and a discussion of the topic from the perspective of information economics. Finally, next chapter addresses the closing of this research commenting on general conclusions and managerial implications.

Chapter VII

7. Conclusions

7.1 Conclusions and Managerial Implications

This work added results about wine marketing specifically by proposing an integral conceptualisation of construction of a wine brand and exploring the levels of knowledge that the average Mexican consumer has on the topic that is, a knowledge-based classification of consumers. It describes the role played by cognitive dissonance between grape varieties and places of origin in the dynamics of wine appreciation among local consumers and, finally, recognises the importance of destination branding in the marketing of a good whose production characteristics have positive connotations, both functional and symbolic.

This work has the advantage of using an approach based on the consumer in order to derive important elements in the dynamics of wine appreciation, a product of high involvement level, which is located in a hugely fragmented market, and represents therefore a varied, changeable and global offering. In particular, this work shows the components of a wine brand and proposes a causal model to raise awareness of it.

Besides the objective of finding a way to segment the current population of middle class wine Mexican consumers based on their level of knowledge, another objective of the research was to identify the role of cognitive dissonance in the dynamics of wine consumption. This is a relevant topic in a country that has recently started to grow foreign grape varieties and is interested in learning about the effect of locally producing foreign varieties on the wine quality perceived by local consumers. We found that cognitive dissonance is part of the reputation that consumers have regarding wine and that it has less effect on the importance attributed to the place of origin as product involvement increases. Therefore, it is important to inform consumers about the topic so they may eliminate prejudices based on their own cognitive synergies between locally and externally produced varieties. There are opinion leaders who think a grape variety should not be adapted to atypical latitudes as this could distort its global image. There are others who, on the contrary, say that it is precisely growing varieties in less emblematic latitudes that makes the wine unique and attractive. Whichever the trusted opinion, the marketing message would influence the reputation of the place of origin and its wine among novice local consumers.

Similarly, in the group of high knowledge, perceived quality did not directly affect purchase behaviour; however, it influenced the way in which consumers focused their attention on the product. It reduced concerns about buying a non-satisfactory product that might damage their social image. In

fact, consumers with higher knowledge were more concerned about their social image than low-knowledge-level consumers. Furthermore, the variable related to trust (G_1) was not significant in the dynamics of low-knowledge-level participants. Presumably, novice consumers are looking for a functional factor in wine more than a symbolic one. The novice group seems to be focused on building wine brand equity from what its desires (Involvement, G_6) and possibilities (Disposition to buy, D_1) pay. That is, it is still in the process of creating a demand for wine.

Indeed, the greater the number of attributes used in assessing wine quality, the greater the interest of novice consumers about the place of origin and the greater the value they place on a wine brand. New consumers are immersed in the process of creating brand equity while more advanced consumers have already built enough brand equity to be more sensitive to wine attributes. Linking perceived quality in internal and external product attributes to the search for a wine rather than to the understanding of the wine brand itself was an activity performed by consumers of higher knowledge. This search is costly and overwhelming because there is an immense global offering. However, the more experienced consumers try to enhance confidence in terms of their wine selection. The wine consumer of high knowledge is searching for ways to enhance consumption satisfaction through courses, web browsing, or even through blog conversations with local and foreign opinion leaders.

It could be argued that suggested models do not give fair treatment to behavioural theoretical perspectives given that they touch upon aspects of various theoretical perspectives of consumer behaviour domain, such as value theory, attribute theory, or information processing theory. However, this does not prevent the occurrence of significant relationships. Furthermore, most of the information about behaviour coming from the analysis of both groups was in line with relevant results of these theories. For example, the behaviour of novice consumers was in line with the theory of value in the sense that they sacrificed something in exchange for value. They undertook a risky decision of consumption in exchange for getting the best from wine attributes. From this theoretical perspective, high-knowledge-level consumers would prefer quality to price, while novice consumers would be still undecided about their preferences. According to the theory of attribute utilisation, for example, consumers try to reduce risk through the use of indicators of product quality. In this work, gaining confidence in one or more attributes is the proof of the use of a strategy for risk reduction, and is either partially or totally based on the indicators of quality grouped in the variable perceived quality. Finally, in line with the perspective of information processing, according to which highly involved consumers are more sensitive to processing a high amount of cognitive information, the model of experienced consumers had more variables than Group One's.

However, developing destination branding with a high-knowledge-level group could be also effective because the destination variable is an antecedent of consumption for this type of consumers and they are sensitive to this type of stimuli. The introduction of a place of origin to a group of low knowledge

eases the appreciation of its products but it could represent a costly strategy. Besides, the marketing strategy for a group with more knowledge demands to be centred on a consumer's social image.

7.2 Limitations of the Study and Future Research Paths

A Likert scale was employed to evaluate the questionnaire, however, it is possible that time constraints and the emotions of participants could have filtered the results, thus affecting the stability *of causal relat*ionships in the models. The reason for not using a semantic complementary scale was to preserve adequacy in terms of the answering time devoted to the instrument and avoid any participant tiredness. Another limitation was sample size. In the future it will be necessary to incorporate the increasing number of new consumers into the study and analyse the grouping of consumers into new categories, especially nowadays since new complementary gourmet goods are appearing as wine complements. In terms of future research paths, it would be advisable to separately analyse each of the relevant indicators used to construct the variables in this research together with demographic variables such as gender in order to create better targeting of marketing resources in this emerging market. Further work to seek relevant dimensions in this context is advisable. Besides, variables in this research correspond to a particular context and might not be able to explain the consumer dynamics in other markets. Studies of complementary products might also help to determine surviving variables and indicators in different emerging markets. It is important to say that the market under study had particular local characteristics that may affect the way consumers understand and transmit the information about a product or a brand and even the way they answer surveys. As such, another limitation is the generalization of results. Finally, model over-identification, although maximally reduced, might still be a possibility.

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Appendices

APPENDIX I: List of Tables

Table4. Involvement

Construct	Scale	Variable	Item wording	Measure	Anchors	Item reduction	Index construction procedures
Involvement	1.Likert type questions	1. Self-perceived involvement 2.Revealed involvement 3. Self-perceived frequency of buying 4. Degree of habit formation with the product inferred by consumption of complementary goods	1. "I read about wines" 2. "I have an i-application that provides information about wines with a snap of a pic of the wine's label" 3. "I buy wine frequently" 4. " I usually drink wine with my food"	1. Totally agree 2. Agree 3. Disagree 4. Totally disagree	1.Internal: Consumer demand 2.External: Previous trials	Factor analysis	Confirmatory factor analysis for structural equation model

Source: Author

Table5. Knowledge

Construct	Dimension (Based on Keller, 2003)	Scale	Variable	Item wording	Measure
Knowledge	Awareness	Likert Scale	1. Awareness of the differences among wines	1. "I drink different types of wines." 2. "I always look up the name of the producer on a bottle of wine." 3. "I always look up the name of the wine on a bottle of wine." 4. "I easily recall wine regions of origin."	1. Totally agree 2. Agree 3. Disagree 4. Totally disagree
	Image		1. Image from others 2. Self-image 3. Image transference	1. "Wine says something about the people who drink it." 2. "The wine I drink says something about the kind of person I am (example: sophisticated, elegant, strict, etc.)." 3. "Images from the wine's place of origin come to my mind when I read the information of wine labels."	
	Atributes		1.Price 2.Country 3.Name 4.Promotion 5.Vintage 6. Reference 7.Label 8.Alcohol level 9.Variety 10.Style 11.Food Pairing 12.Award 13.Position 14.Back label 15.Front label 16.Technology 17. Occasion 18. Gift 19. Producer 20. Region	1. Price 2. Country of Origin 3. Name 4. Promotion 5. Vintage 6. Recommendation 7. Label 8. Alcohol level 9. Grape Variety 10. Type 11. Food 12. Medal(Adapted from Cohen, 2009) 13. Information on shelf 14. Information on back label 15. Information on front label 16. Wine production 17. Type of situation 18. Wine as a gift 19. Producer 20. Region of Origin	In a scale where 0 corresponds to "does not influence my purchase decision" and 7 means "influences my purchase decision, rate the following attributes:"
	Attitudes		21.Judgements	1. "Drinking wine is a luxurious treat." 2. "Wine discovery is an intellectual	1. Totally agree 2. Agree

				challenge." 3. "Wine tasting is a hobby I can share with my spouse or partner."	3. Disagree 4. Totally disagree
	Feelings		22. Feelings	1. "Drinking wine makes me feel good." 2. "I feel insecure whenever I have to buy wine." 3. "Drinking wine makes me feel in company."	
	Thoughts		23. Functional component 24. Pleasure component	1. "Drinking wine is beneficial; it helps me." 2. "Drinking wine is interesting, exciting, attractive..." 3. "Drinking wine is a life-long pleasure."	
	Experiences		25. Ambience of consumption 26. Actual experience with wine attributes	1. "I like drinking wine at home or at my friends' place." 2. "I like drinking wine at restaurants." 3. "I like buying wine at the place where it is produced." 4. "Whenever I visit a wine store I ask for a wine by its place of origin." 5. "Whenever I visit a wine store I ask for a wine by its grape variety."	
	Self-perceived knowledge		27. Subjective knowledge	1. "I can answer the question: What are the most consumed grape varieties in the world?" 2. "I can answer the question: Which is the most popular Argentinian wine in Mexico?" 3. "I can answer the question: Which grape varieties are used to elaborate champagne?"	1. Totally agree 2. Agree 3. Disagree 4. Totally disagree

Source: Author

Table6. Quality-Price Relationship

Construct	Scale	Variable	Item wording	Measure	Anchors	Item reduction	Index construction procedures
Quality relative to price	Likert scale	1.Value for money 2. Quality drivers 3. Subjective perceptions of quality	1"The higher the price, the higher the quality of the wine." (Adapted from Seghieri et al, 2007 used in reference to consumer/product relationships) 2.1 "The grape variety is a determining factor of the quality of the wine." 2.2 "The place of origin is a determining factor of the quality of the wine." 3. 1"The type of cork is a signal of quality." 3. 2"Taste is quality to me."	1. Totally agree 2. Agree 3. Disagree 4. Totally disagree	1.Internal: Repeat purchase of previous selections 2.External: highest price implies higher quality	Factor analysis	Confirmatory factor analysis for structural equation model

Source: Author

Table7. Perceived Risk

Construct	Scale	Variable	Item wording	Measure	Anchors	Item reduction	Index construction procedures
Perceived Risk	Likert Scale	1.Performance 2. Social 3. Financial 4. Psychological 5. Risk absence	1.1 "When I buy wine, I am afraid it could be spoiled" 1.2 "When I buy wine, I am afraid I might not like its taste." 1.3 "I am afraid I might not pair wine with food in the right way." 2.1"I buy wines thinking about the taste preferred by the people who may drink it"(Adapted from Seghieri et al, 2007 where it is used regarding a consumer/product relationship) 2.2 "When I buy wine, I like to receive advice from experts"(Adapted from Spawton, 1991) 2.3 "I like to receive a piece of advice from friends about what wine brands to buy." (Adapted from Spawton, 1991) 3.1"Promotions influence my purchase decisions." 3.2 "When I buy wine, I am afraid I might lose money." 3.3 "When I buy wine, I am afraid that the seller might first try to sell the most expensive wines to me." 4.1"I always buy wines that I have already tasted" (Adapted from Seghieri et al, 2007 where it is used regarding a consumer/product relationship) 4. 2"I feel uneasiness whenever I buy wine." 4.3 "I might feel regretful after buying a bottle of wine." 5. "When I have to buy a bottle of wine I pick it randomly"	1. Totally agree 2. Agree 3. Disagree 4. Totally disagree	1.Internal: performance and financial 2.External: promotion, tastings or offerings from competing brands	1. Factor analysis	Confirmatory factor analysis for structural equation model

Source: Author

Table8. Purchase Intention

Construct	Scale	Variable	Item wording	Measure	Anchors	Item reduction	Index construction procedures
Purchase intention	Likert scale	1. Influence of trust in place of origin on buying behaviour 2. Influence of tastings at purchase place 3. Purchase probability	1. " It is more probable that I buy a wine from a place I have already visited" 2. "It is more probable that I buy wine if I get a sample or attend a house display" 3.1 "I like to visit wine stores." 3.2 "Whenever I taste a wine I like, I make plans to buy it later." 3.3 "I devote part of my monthly income to buy wine. "	A scale ranging from a high of '10' (Certain, Practically Certain) to a low of '0' (No Chance, Almost No Chance).	Internal: 1.Quantity (one bottle) 2.Frequency External: 1.Suggestive selling 2.Health concerns 3.Food paring 4.Promotions	Factor analysis	Confirmatory factor analysis for structural equation model

Source: Author

Table9. Methods and Analysis

Selections from Previous works using methods proposed	Designs	Data collection strategies	Data analysis	Purpose	Branding elements	Effects	Related Constructs in Research Question
For Smith and Eatough (2006) this design has the advantage of obtaining unexpected and interesting responses emerging from the interviews	Semi structured Interview	Focus groups	Content Analysis	Variable Selection	External and internal cues	Identification of product and brand cues	Knowledge –Risk
Masson et al. (2008) analyse the impact of the "low-alcohol" cue on perceived quality by means of a factorial design	Factorial Design	Survey	ANOVA (Probability of purchase vs. external and internal attributes)	Gather Expressed Preferences	External and internal attributes	Determination of the impact of external and internal attributes on purchasing intentions	Knowledge-Quality Quality-Purchase
Rocchi and Stefani (2006) use a repertory grid strategy for their exploratory survey as it allows respondents to freely express their perceptions. During a RG interview people define dimensions by themselves	Non structured Interview	In depth interviews with sommeliers	Content Analysis	Exploring the relevant dimensions through which sommeliers perceive and describe differences across wines	Credence benchmark	Getting a benchmark for the attributes in reference to quality/price relationships	Involvement - Knowledge Knowledge-Quality Quality-Purchase
Dimension Analysis (Kolyesnikova et al., 2007; Pan et al., 2008) Correlation Analysis (Kolyesnikova et al., 2007)	Survey	Gather a mailing list for sending a questionnaire on line	Factor Analysis Correlation Analysis	Determine Expressed Preferences	External and internal attributes	Defining wine brand dimensions	Involvement - Knowledge Knowledge-Quality Quality-Purchase Involvement – Risk Knowledge –Risk Risk-Quality
Hsu et al. (2009) rank preference for attributes using a preference matrix.	Consumer preference matrix	Direct observation of purchasing behaviour at wine stores and wine tasting sessions	Content Analysis	Detecting Revealed Preferences	External and internal cues	Detecting triggering cues for purchasing	Involvement – Risk Risk-Purchase Quality-Purchase
Theory building research: Bhat and Reddy's (1998) conceptualisation of brand functionality in interaction with symbolic branding. Interdependence between functional and symbolic properties of branding (Mowle and Merrilees, 2005)	Information matrix	Documentary analysis of reviews from experts	Content Analysis	1.Understand brand functionality and symbolism. 2.Understand attributes from the perspective of enologists. 3.Evaluate their transfer to consumers through metaphorical language.	Metaphors	Discovering the symbolic value associated with wine brands. Is wine satisfying only symbolic needs like prestige or personality expression or both symbolic and functional, for example better digestive properties than any other liquid that can be paired with food?	Involvement - Knowledge Knowledge-Quality Quality-Purchase
Transform general topics into verbatim sentences sorted by interviewees. Matrix analysis for eliciting relationships among the resultant constructs, in terms of degree and direction (Tsai, 2006)	1.Matrix design 2.Focus group to refine findings	Focus group with applications downloaded on an I-pad or I-phone.	Content Analysis	Exploring the interaction between the consumer of wine and I-pad applications.	1.Interactive software in real time 2.Degree of perceived quality and interest in buying	Detecting influence of technology involvement on wine purchasing behaviour	Involvement Quality-Risk Quality-Purchase

Table 4.3.1 Wine Image

Wine Image	
Variable	Dimension
"Label"	External product attribute
"Information on the back label"	External product attribute
"Colour"	External product attribute
"Whenever I taste a wine I like, I make plans to buy it later."	Projected self-image
"I like to drink wine of the same brand but different vintage."	Brand name reputation
"The higher the price, the higher the quality of the wine."	Social value and image
"The grape variety is a determining factor of the quality of the wine."	Grape variety name reputation
"The type of cork is a signal of quality."	External product attribute
"Wine says something about the people who drink it."	Social value and image
"Images from the wine's place of origin come to my mind when I read the information of wine labels."	Image transference from product attributes to places of origin
"I feel secure whenever I buy wine."	Social value and image
"When I buy wine, I am afraid my guests might not like it."	Social value and image
"I feel better if I buy wine with company than by my own."	Social value and image
"At a restaurant I trust the advice of Sommeliers"	Word of mouth reputation
"Usually I ask for the advice of the same seller or sommelier"	Word of mouth reputation
"Medal or Award"	External product attribute
"Producer"	External product attribute
"Name"	External product attribute
"I usually recommend the wines I like"	Social value and image
"Drinking wine is interesting, exciting, attractive."	Projected self-image
"Usually I buy wine at the same stores"	Retailer reputation

Source: Author

Table 4.3.2 Consonance/Dissonance between Grape Variety and Country of Origin

Variety/Origin Consonance	
Variable	Dimension
"Barbera-Italy"	Variety-Origin-Quality Consonance
"Australia"	Origin-Quality Consonance
"Barbera-Mexico"	Variety-Origin-Quality Consonance
"Zindfandel-Mexico"	Variety-Origin-Quality Consonance

Source: Author

Table 4.3.3 Ambience

Ambience	
Variable	Dimension
"Selling Environments"	Physical environment

Source: Author

Table 4.3.4 Destination Branding

Destination Branding	
Variable	**Dimension**
" It is more probable that I buy a wine from a place I have already visited"	Experience with Regions of Origin
"I like buying wine at the place where it is produced."	Experience with Regions of Origin
"I can answer the question: Which is the most popular Argentinian wine in Mexico?"	Experience with Countries of Origin
"Grape variety"	Experience with Grape Varieties

Source: Author

Table 4.3.5 Involvement

Involvement		
Variable	Dimensions (Bruwer and Huang, 2012)	Dimensions (Other Authors)
"Price" -Mostly used by low-involved as a cue for quality (Zaichkowsky, 1985)-	Sign	• Search for product information (Zaichkowsky, 1985) • Financial risk (Kapferer and Laurent, 1985)
"Promotion or Discount"	Sign	• Alternative evaluation (Zaichkowsky, 1985) • Risk-reduction strategy (Lockshin et al., 2006) • Financial risk (Kapferer and Laurent, 1985)
"Wine for a Diabetic"	Interest	• Alternative evaluation (Zaichkowsky, 1985) • Importance (Bruwer and Huang, 2012) • Physical risk (Kapferer and Laurent, 1985)
"Recommendations from wine sellers"	Risk	• Perception of brand differences (Zaichkowsky, 1985) • Risk-reduction strategy (Lockshin et al., 2006). • Functional, social, financial, physical, and time risks (Kapferer and Laurent, 1985)
"Table Wine"	Importance	• Perception of brand differences (Zaichkowsky, 1985) • Importance (Bruwer and Huang, 2012)
"I have trouble choosing a wine in my budget range"	Risk	• Perception of brand differences (Zaichkowsky, 1985)
"Having tried the wine at a wine class"	Self-expression Pleasure	• Perception of brand differences (Zaichkowsky, 1985) • Risk-reduction strategy (Lockshin et al., 2006). • Functional, social, financial, physical, and time risks (Kapferer and Laurent, 1985)

Source: Author

Table 4.3.6 Demographics and Constructs

Demographics and Constructs	Group 1	Group 2	Group 3
Demographic Profile of the Pilot Sample	Oldest, mostly men, highest education, lowest wine expenditure, lowest quantity of bottles	Youngest, fewer men, less level of education, low monthly wine expenditure, highest number of bottles	Age in between the other two groups, least number of men, lowest education, highest monthly wine expenditure, medium quantity of bottles
Brand Image			
"Label"	Medium	Low	High
"Information on the back label"	Medium	Low	High
"Colour"	Medium	Low	High
"Whenever I taste a wine I like, I make plans to buy it later."	Medium	Low	High
"I like to drink wine of the same brand but different vintage."	Medium	Low	High
"The higher the price, the higher the quality of the wine."	Medium	Low	High
"The grape variety is a determining factor of the quality of the wine."	Medium	Low	High
"The type of cork is a signal of quality."	Medium	Low	High
"Wine says something about the people who drink it."	Medium	Low	High
"Images from the wine's place of origin come to my mind when I read the information of wine labels."	Medium	Low	High
"I feel secure whenever I buy wine."	Medium	Low	High
"When I buy wine, I am afraid my guests might not like it."	Medium	Low	High
"I feel better if I buy wine with company than by my own."	Medium	Low	High
"At a restaurant I trust the advice of Sommeliers"	Medium	Low	High
"Usually I ask for the advice of the same seller or sommelier"	Medium	Low	High
"Medal or Award"	Medium	Low	High
"Producer"	Medium	Low	High
"Name"	Medium	Low	High
"I usually recommend the wines I like"	Medium	Low	High
"Drinking wine is interesting, exciting, attractive..."	Medium	Low	High
"Usually I buy wine at the same stores"	Medium	Medium	High
Variety/Origin/Quality Consonance			
"Barbera-Italy"	High	Medium	Low
"Australia"	High	Medium	Low
"Barbera-Mexico"	Medium	Low	High
"Zindfandel-Mexico"	High	Low	Medium
Ambience			
"Selling Environments"	Low	Medium	High
Destination Branding			
"It is more probable that I buy a wine from a place I have already visited"	Medium	High	Low
"I like buying wine at the place where it is produced."	Medium	Low	High
"I can answer the question: Which is the most popular Argentinian wine in Mexico?"	High	Low	Medium
"Grape variety"	Medium	Low	High
Involvement			
"Price"	Medium	Low	High
"Promotion or Discount"	Medium	Medium	High
"Wine for a Diabetic"	Medium	Low	High
"Recommendations from wine sellers"	Low	Medium	High
"Table Wine"	High	Low	Medium

"I have trouble choosing a wine in my budget range".	Medium	Low	High
"Having tried the wine at a wine class".			

Source: Author

Table 4.3.7 Instrument Design

Wine Survey
Questions
In a scale where 1 means "It definitely does not determine my purchase decision" and 7 means "It definitely determines my purchase decision", score the following items:
1."Label"
2."Information on the Back Label"
3."Colour of the Wine"
4. "Medal or Award"
5. "Producer"
6. "Name"
7. "Selling Environments"
8. "Grape variety"
9. "Price"
10. "Promotion or Discount"
11. "Wine for a Diabetic"
12. "Recommendations from wine sellers"
13. "Table Wine"
In a scale where 1 means "It definitely does not determine my purchase decision" and 5 means "It definitely determines my purchase decision", score the following items:
14. "Whenever I taste a wine I like, I make plans to buy it later."
15. "I like to drink wine of the same brand but different vintage."
16. "The higher the price, the higher the quality of the wine."
17. "The grape variety is a determining factor of the quality of the wine."
18. "The type of cork is a signal of quality."
19. "Wine says something about the people who drink it."
20. "Images from the wine's place of origin come to my mind when I read the information of wine labels."
21. "I feel secure whenever I buy wine."
22. "When I buy wine, I am afraid my guests might not like it."
23. "I feel better if I buy wine with company than by my own."
24. "At a restaurant I trust the advice of Sommeliers"
25. "Usually I ask for the advice of the same seller or sommelier"
26. "I usually recommend the wines I like"
27. "Drinking wine is interesting, exciting, attractive..."
28. "Usually I buy wine at the same stores"
29. " It is more probable that I buy a wine from a place I have already visited"
30. "I like buying wine at the place where it is produced."
31. "I can answer the question: Which is the most popular Argentinian wine in Mexico?"
32. "I have trouble choosing a wine in my budget range"
33. "Having tried the wine at a wine class"
In a scale where 0 means "It definitely does not determine my purchase decision" and 10 means "It definitely determines my purchase decision", score the following items:
34. "Barbera-Italy"
35. "Australia"
36. "Barbera-Mexico"
37. "Zindlandel-Mexico"
38. "Riesling-Mexico"

Source: Author

Table 5.1. Variable Construction based on Instrument.

Indicators	New Variables (G)	Variable Interpretation
X_{23}:"I usually recommend the wines I like." X_{24}: "The higher the price, the higher the quality of the wine." X_{28}: "Wine says something about the people who drink it." X_{32}: "I feel secure whenever I buy wine." X_{33}: "When I buy wine, I am afraid my guests might not like it." X_{35}: "I feel better if I buy wine with company than by my own." X_{21}: "Whenever I taste a wine I like, I make plans to buy it later." X_{27}: "Drinking wine is interesting, exciting, attractive..."	$G_1=X_{23}+X_{24}+X_{28}+X_{32}+X_{33}+X_{35}+X_{21}+X_{27}$	G_1 : Social Image/Trust
X_3 : "Label" X_7 : "Information on the Back Label" X_{12} : "Colour of the Wine" X_{13} : "Name" X_{29}: "Images from the wine's place of origin come to my mind when I read the information of wine labels."	$G_2= X_3+X_7+X_{12}+X_{13}+X_{29}$	G_2 : Wine Brand
X_5 : "Medal or Award" X_9 : "Producer" X_{26}: "The type of cork is a signal of quality." X_{38}: "Usually I ask for the advice of the same seller or sommelier."	$G_3= X_5+X_9+X_{26}+X_{38}$	G_3 : Product Image
X_{22}: "I like to drink wine of the same brand but different vintage." X_{25}: "The grape variety is a determining factor of the quality of the wine." X_{37}: "Usually I buy wine at the same stores." X_{17}: "Barbera-Italy" X_{18}: "Barbera-Mexico" X_{19}: "Zindfandel-Mexico" X_{20}: "Riesling-Mexico"	$G_4= X_{22}+X_{25}+X_{37}+X_{17}+X_{18}+X_{19}+X_{20}$	G_4: Perceived Quality
X_4: "Grape variety" X_{10}: "It is more probable that I buy a wine from a place I have already visited." X_{30}: "I like buying wine at the place where it is produced." X_{31}: "I can answer the question: Which is the most popular Argentinian wine in Mexico?"	$G_5= X_4+X_{10}+X_{30}+X_{31}$	G_5: Destination Branding
X_1: "Price" X_2: "Promotion or Discount"	$G_6= X_1+ X_2+X_8+X_{14}$	G_6:

X_8: "Wine for a Diabetic" X_{14}: "Table Wine"		Involvement
X_{11}: "Recommendations from wine sellers" X_{15}: "Having tried the wine at a wine class." X_{34}: "I have trouble choosing a wine in my budget range."	$G_7 = X_{11} + X_{15} + X_{34}$	G_7: Perceived Risk
X_{42}: "Monthly expenditure" X_{43}: "Number of bottles bought on a monthly basis"	$D_1 = \ln (X_{42}/X_{43})$	D_1: Disposition to Buy

Source: Author

Table 5.2 Proofs of the Equality of Variances (Group One and Group Two)

Multivariate Tests[b]

Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.993	3220.356[a]	8.000	189.000	.000
	Wilks' Lambda	.007	3220.356[a]	8.000	189.000	.000
	Hotelling's Trace	136.311	3220.356[a]	8.000	189.000	.000
	Roy's Largest Root	136.311	3220.356[a]	8.000	189.000	.000
Group	Pillai's Trace	.661	46.012[a]	8.000	189.000	.000
	Wilks' Lambda	.339	46.012[a]	8.000	189.000	.000
	Hotelling's Trace	1.948	46.012[a]	8.000	189.000	.000
	Roy's Largest Root	1.948	46.012[a]	8.000	189.000	.000

a. Exact statistic

b. Design: Intercept + Group

Table 5.3 Proof of Equality of Co-variances (Group One and Group Two)

Box's Test of Equality of Covariance Matrices[a]

Box's M	67.680
F	1.798
df1	36
df2	124045.213
Sig.	.002

Tests the null hypothesis that the observed covariance matrices of the dependent variables are equal across groups.

a. Design: Intercept + Group

Table 5.4 Proofs of Equality of Means (Group One and Group Two)

Pairwise Comparisons

Dependent Variable	(I) Group	(J) Group	Mean Difference (I-J)	Std. Error	Sig.[a]	95% Confidence Interval for Difference[a]	
						Lower Bound	Upper Bound
G1	1.00	2.00	.777*	.134	.000	.512	1.041
	2.00	1.00	-.777*	.134	.000	-1.041	-.512
G2	1.00	2.00	.473*	.094	.000	.287	.659
	2.00	1.00	-.473*	.094	.000	-.659	-.287
G3	1.00	2.00	1.532*	.114	.000	1.306	1.757
	2.00	1.00	-1.532*	.114	.000	-1.757	-1.306
G4	1.00	2.00	.908*	.095	.000	.720	1.097
	2.00	1.00	-.908*	.095	.000	-1.097	-.720
G5	1.00	2.00	.658*	.072	.000	.517	.799
	2.00	1.00	-.658*	.072	.000	-.799	-.517
G6	1.00	2.00	.246*	.093	.009	.062	.430
	2.00	1.00	-.246*	.093	.009	-.430	-.062
G7	1.00	2.00	.333*	.070	.000	.195	.470
	2.00	1.00	-.333*	.070	.000	-.470	-.195
D1	1.00	2.00	.848*	.244	.001	.367	1.329
	2.00	1.00	-.848*	.244	.001	-1.329	-.367

Based on estimated marginal means

*. The mean difference is significant at the .05 level.

a. Adjustment for multiple comparisons: Least Significant Difference (equivalent to no adjustments).

Table 5.5 Explained Variance (Group One)

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings[a]
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	1.910	23.870	23.870	1.910	23.870	23.870	1.731
2	1.377	17.210	41.081	1.377	17.210	41.081	1.594
3	1.230	15.380	56.461	1.230	15.380	56.461	1.250
4	.978	12.229	68.690				
5	.777	9.713	78.403				
6	.710	8.879	87.282				
7	.621	7.769	95.050				
8	.396	4.950	100.000				

Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Table 5.6 Explained Variance (Group Two)

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings[a]
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	2.016	25.205	25.205	2.016	25.205	25.205	1.679
2	1.376	17.205	42.410	1.376	17.205	42.410	1.551
3	1.078	13.472	55.882	1.078	13.472	55.882	1.326
4	1.062	13.280	69.162	1.062	13.280	69.162	1.231
5	.835	10.441	79.604				
6	.677	8.460	88.063				
7	.577	7.216	95.279				
8	.378	4.721	100.000				

Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Table 5.7 Variable Weights (Group One)

Structure Matrix

	Component		
	1	2	3
G5	.717		
G2	.623		
G3	.598		.461
D1	.524		
G6		.886	
G7		.667	.431
G1			.684
G4	.380	.504	-.549

Extraction Method: Principal Component Analysis.
Rotation Method: Oblimin with Kaiser Normalization.

Table 5.8 Variable Weights (Group Two)

Structure Matrix

	Component			
	1	2	3	4
G2	.853			
G4	.663			-.425
G7		-.878		
G5	.496	-.603		
G6		-.562	.542	
G3			-.821	
G1				.835
D1	.472		-.462	.499

Extraction Method: Principal Component Analysis
Rotation Method: Oblimin with Kaiser Normalizat on.

Table 5.9 Initial Variables within Factors (Group One)

Group	Possible Dimension
G5,G3,G2…D1,G4	Perceived Quality
G6,G7,G4	Involvement
G3,G7,G1…G4	Image

Table 5.10 Initial Variables within Factors (Group Two)

Group	Possible Dimension
G2,G4,D1	Perceived Quality
G7,G5,G6	Involvement
D1,G6,G3	Perceived Risk
G4,D1,G1	Image

Table 5.11 Component Matrix (Group One) SPSS 18

Component Matrix[a]

	Component		
	1	2	3
G5	.665	-.352	
G4	.631		-.481
G2	.612		
G6	.451	.768	
G7	.477	.507	.429
D1	.330	-.439	
G1			.645
G3	.380	-.330	.591

Extraction Method: Principal Component Analysis.

a. 3 components extracted.

Table 5.12 Pattern Matrix (Group One) SPSS 18

Pattern Matrix[a]

	Component		
	1	2	3
G5	.699		
G3	.627		.483
G2	.605		
D1	.541		
G6		.901	
G7		.665	.455
G1			.684
G4	.314	.458	-.524

Extraction Method: Principal Component Analysis.
Rotation Method: Oblimin with Kaiser Normalization.

a. Rotation converged in 12 iterations.

Table 5.13 Component Correlation Matrix (Group One) SPSS 18

Component Correlation Matrix

Component	1	2	3
1	1.000	.099	-.040
2	.099	1.000	-.027
3	-.040	-.027	1.000

Extraction Method: Principal Component Analysis.
Rotation Method: Oblimin with Kaiser Normalization.

Table 5.14 Component Matrix (Group Two) SPSS 18

Component Matrix[a]

	Component			
	1	2	3	4
G4	.741			
G5	.639			
G2	.638	.394	.404	
D1		.681		.334
G6	.509	-.561		
G3		.571	-.632	
G1	-.337		.438	.688
G7	.508		-.423	.553

Extraction Method: Principal Component Analysis.
a. 4 components extracted.

Table 5.15 Pattern Matrix (Group Two) SPSS 18

Pattern Matrix[a]

	Component			
	1	2	3	4
G2	.862			
G4	.646			-.343
D1	.484		-.371	.472
G7		-.916		
G5	.392	-.554		
G6		-.498	.480	
G3			-.863	
G1				.870

Extraction Method: Principal Component Analysis.
Rotation Method: Oblimin with Kaiser Normal zation.
a. Rotation converged in 25 iterations.

Table 5.16 Component Correlation Matrix (Group Two) SPSS 18

Component Correlation Matrix

Component	1	2	3	4
1	1.000	-.165	-.058	-.053
2	-.165	1.000	-.087	.149
3	-.058	-.087	1.000	-.121
4	-.053	.149	-.121	1.000

Extraction Method: Principal Component Analysis.
Rotation Method: Oblimin with Kaiser Normalization.

Table 5.17 Regressions in Hypothesized Model (Group Two) AMOS 22 G_5 is Proxy of Brand Elements and Product Attributes

Regression			Estimate	S.E.	C.R.	P
G5	<---	G6	.071	.083	.854	.393
G7	<---	G5	.283	.084	3.387	***
G7	<---	G6	.228	.071	3.208	.001
G4	<---	G6	.393	.106	3.690	***
G4	<---	G5	.381	.126	3.031	.002
G4	<---	G7	-.134	.140	-.964	.335
D1	<---	G4	-.024	.281	-.086	.932

Table 5.18 Significant Relationships (Group One) AMOS 22

Regression			Estimate	S.E.	C.R.	P
G6	<---	G7	.632	.135	4.680	***
G4	<---	D1	.098	.050	1.981	.048
G2	<---	G5	.468	.155	3.025	.002
G4	<---	G6	.337	.085	3.951	***
G5	<---	G4	.239	.077	3.118	.002
G3	<---	G5	.377	.158	2.384	.017
G6	<---	G3	-.225	.091	-2.470	.014

Table 5.19 Total Effects (Group One) AMOS 22

	G7	D1	G3	G5	G4	G6
G3	.019	.009	-.007	.375	.089	.030
G5	.051	.023	-.018	-.007	.237	.080
G4	.212	.097	-.075	-.028	-.007	.334
G6	.628	-.002	-.223	-.084	-.020	-.007
G2	.024	.011	-.008	.464	.111	.037

Table 5.20 Direct Effects (Group One) AMOS 22

	G7	D1	G3	G5	G4	G6
G3	.000	.000	.000	.377	.000	.000
G5	.000	.000	.000	.000	.239	.000
G4	.000	.098	.000	.000	.000	.337
G6	.632	.000	-.225	.000	.000	.000
G2	.000	.000	.000	.468	.000	.000

Table 5.21 Indirect Effects (Group One) AMOS 22

	G7	D1	G3	G5	G4	G6
G3	.019	.009	-.007	-.003	.089	.030
G5	.051	.023	-.018	-.007	-.002	.080
G4	.212	-.001	-.075	-.028	-.007	-.002
G6	-.004	-.002	.002	-.084	-.020	-.007
G2	.024	.011	-.008	-.003	.111	.037

Table 5.22 Standardized Regression Weights AMOS 22

Regression			Estimate
G6	<---	G7	.432
G4	<---	D1	.189
G2	<---	G5	.302
G4	<---	G6	.380
G5	<---	G4	.315
G3	<---	G5	.247
G6	<---	G3	-.231

Table 5.23 Total Standardized Effects (Group One) AMOS 22

	G7	D1	G3	G5	G4	G6
G3	.013	.015	-.007	.245	.077	.029
G5	.051	.059	-.027	-.007	.313	.119
G4	.163	.188	-.087	-.021	-.007	.377
G6	.429	-.003	-.229	-.057	-.018	-.007
G2	.016	.018	-.008	.300	.095	.036

Table 5.24 Direct Standardized Effects (Group One) AMOS 22

	G7	D1	G3	G5	G4	G6
G3	.000	.000	.000	.247	.000	.000
G5	.000	.000	.000	.000	.315	.000
G4	.000	.189	.000	.000	.000	.380
G6	.432	.000	-.231	.000	.000	.000
G2	.000	.000	.000	.302	.000	.000

Table 5.25 Indirect Standardized Effects (Group One) AMOS 22

	G7	D1	G3	G5	G4	G6
G3	.013	.015	-.007	-.002	.077	.029
G5	.051	.059	-.027	-.007	-.002	.119
G4	.163	-.001	-.087	-.021	-.007	-.003
G6	-.003	-.003	.002	-.057	-.018	-.007
G2	.016	.018	-.008	-.002	.095	.036

Table 5.26 CMIN Model Adequacy Criterion (Group One) AMOS 22

CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	15	13.187	13	.433	1.014
Saturated model	28	.000	0		
Independence model	7	70.584	21	.000	3.361

Table 5.27 RMR/GFI Model Adequacy Criterion (Group One) AMOS 22

RMR /GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.040	.960	.915	.446
Saturated model	.000	1.000		
Independence model	.072	.819	.758	.614

Table 5.28 Baseline Comparisons Model Adequacy Criterion (Group One) AMOS 22

Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.813	.698	.997	.994	.996
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Table 5.29 Parsimony-Adjusted Measures Model Adequacy Criterion (Group One) AMOS 22

Parsimony-Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	.619	.503	.617
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

Table 5.30 RMSEA Model Adequacy Criterion (Group One) AMOS 22

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.013	.000	.105	.637
Independence model	.161	.121	.203	.000

Table 5.31 HOELTER Model Adequacy Criterion (Group One) AMOS 22

HOELTER

Model	HOELTER .05	HOELTER .01
Default model	155	192
Independence model	43	51

Table 5.32 Significant Estimates (Group Two)

Regression			Estimate	S.E.	C.R.	P
G7	<---	G5	.305	.087	3.498	***
G6	<---	G3	-.140	.065	-2.149	.032
G6	<---	G7	.384	.113	3.396	***
G2	<---	G5	.344	.105	3.267	.001
G4	<---	G6	.378	.094	4.013	***
G4	<---	G2	.512	.098	5.238	***
D1	<---	G3	.453	.222	2.042	.041
G1	<---	G4	-.262	.128	-2.049	.041
D1	<---	G2	.784	.322	2.436	.015

Table 5.33 Total Effects (Group Two)

	G5	G3	G7	G2	G6	G4
G7	.305	.000	.000	.000	.000	.000
G2	.344	.000	.000	.000	.000	.000
G6	.117	-.140	.384	.000	.000	.000
G4	.220	-.053	.145	.512	.378	.000
D1	.270	.453	.000	.784	.000	.000
G1	-.058	.014	-.038	-.134	-.099	-.262

Table 5.34 Direct Effects (Group Two)

	G5	G3	G7	G2	G6	G4
G7	.305	.000	.000	.000	.000	.000
G2	.344	.000	.000	.000	.000	.000
G6	.000	-.140	.384	.000	.000	.000
G4	.000	.000	.000	.512	.378	.000
D1	.000	.453	.000	.784	.000	.000
G1	.000	.000	.000	.000	.000	-.262

Table 5.35 Indirect Effects (Group Two)

	G5	G3	G7	G2	G6	G4
G7	.000	.000	.000	.000	.000	.000
G2	.000	.000	.000	.000	.000	.000
G6	.117	.000	.000	.000	.000	.000
G4	.220	-.053	.145	.000	.000	.000
D1	.270	.000	.000	.000	.000	.000
G1	-.058	.014	-.038	-.134	-.099	.000

Table 5.36 Standardized Regression Weights (Group Two)

Regression			Estimate
G7	<---	G5	.323
G6	<---	G3	-.195
G6	<---	G7	.309
G2	<---	G5	.304
G4	<---	G6	.328
G4	<---	G2	.428
D1	<---	G3	.190
G1	<---	G4	-.196
D1	<---	G2	.227

Table 5.37 Standardized Total Effects (Group Two)

	G5	G3	G7	G2	G6	G4
G7	.323	.000	.000	.000	.000	.000
G2	.304	.000	.000	.000	.000	.000
G6	.100	-.195	.309	.000	.000	.000
G4	.163	-.064	.101	.428	.328	.000
D1	.069	.190	.000	.227	.000	.000
G1	-.032	.013	-.020	-.084	-.064	-.196

Table 5.38 Standardized Direct Effects (Group Two)

	G5	G3	G7	G2	G6	G4
G7	.323	.000	.000	.000	.000	.000
G2	.304	.000	.000	.000	.000	.000
G6	.000	-.195	.309	.000	.000	.000
G4	.000	.000	.000	.428	.328	.000
D1	.000	.190	.000	.227	.000	.000
G1	.000	.000	.000	.000	.000	-.196

Table 5.39 Standardized Indirect Effects (Group Two)

	G5	G3	G7	G2	G6	G4
G7	.000	.000	.000	.000	.000	.000
G2	.000	.000	.000	.000	.000	.000
G6	.100	.000	.000	.000	.000	.000
G4	.163	-.064	.101	.000	.000	.000
D1	.069	.000	.000	.000	.000	.000
G1	-.032	.013	-.020	-.084	-.064	.000

Table 5.40 CMIN Model Adequacy (Group Two) AMOS 22

CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	18	11.513	18	.871	.640
Saturated model	36	.000	0		
Independence model	8	98.418	28	.000	3.515

Table 5.41 RMR, GFI Model Adequacy (Group Two) AMOS 22

RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.049	.975	.950	.487
Saturated model	.000	1.000		
Independence model	.099	.810	.755	.630

Table 5.42 Baseline Comparisons Model Adequacy (Group Two) AMOS 22

Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.883	.818	1.081	1.143	1.000
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Table 5.43 Parsimony-Adjusted Measures Model Adequacy (Group Two) AMOS 22

Parsimony-Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	.643	.568	.643
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

Table 5.44 RMSEA Model Adequacy (Group Two) AMOS 22

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.000	.000	.045	.960
Independence model	.155	.122	.189	.000

Table 5.45 HOELTER Model Adequacy (Group Two) AMOS 22

HOELTER

Model	HOELTER .05	HOELTER .01
Default model	264	318
Independence model	45	52

APPENDIX II: List of Figures

Figure 4.1 Dendogram of Factors (Forty observations)

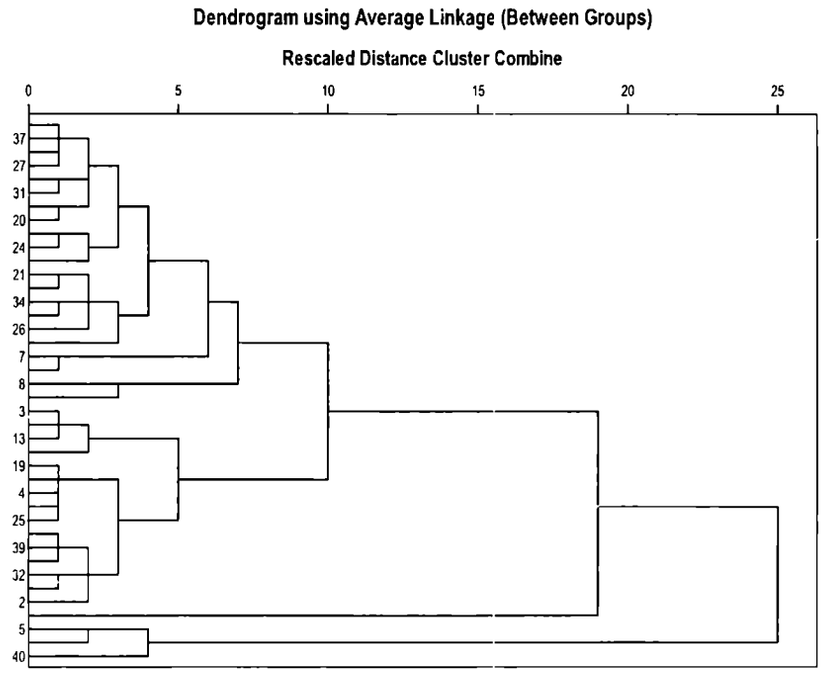


Fig.5.1 Scree Plot (Group One) MATLAB 2009

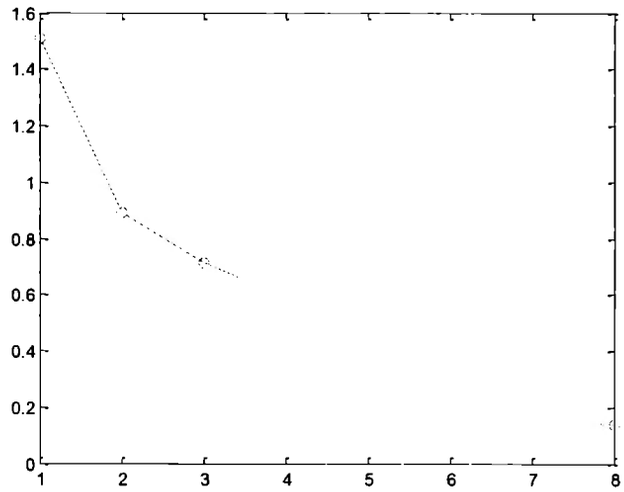


Fig.5.2 Scree Plot (Group Two) MATLAB 2009

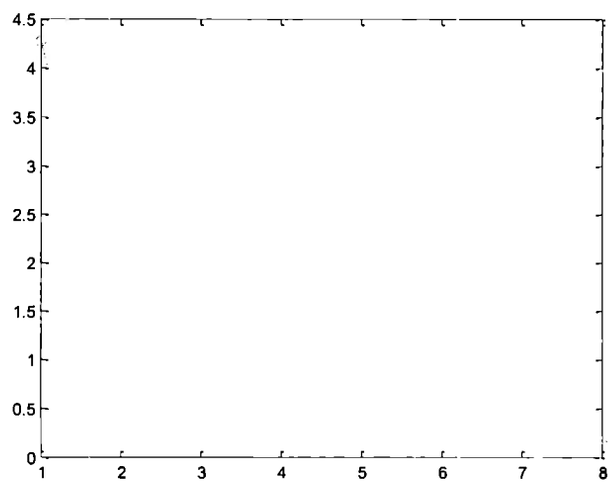


Fig.5.3 Initial Hypothetical Model tested in Group One and Group Two AMOS 22

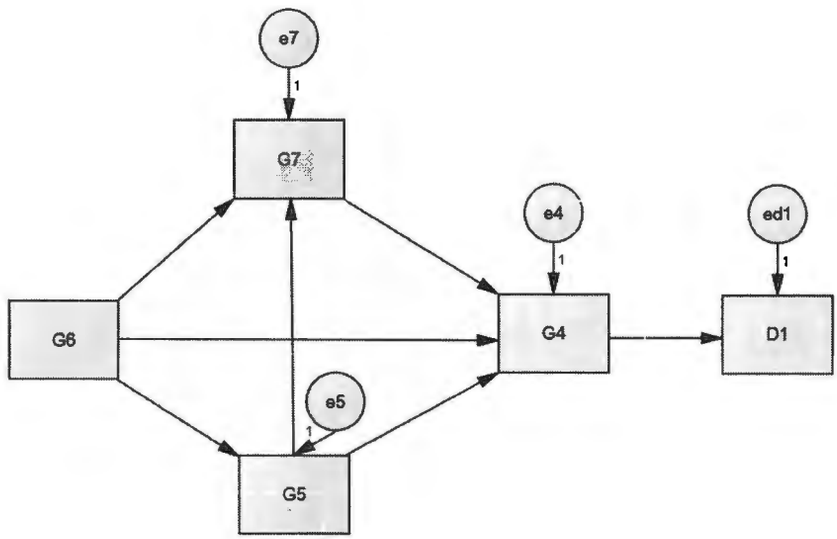


Fig.5.4 Model of Causality (Group One) AMOS 22

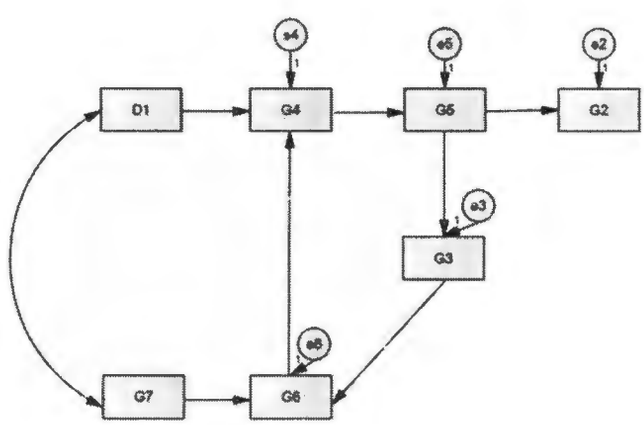


Fig.5.5 Model with Significant Estimators (Group One)

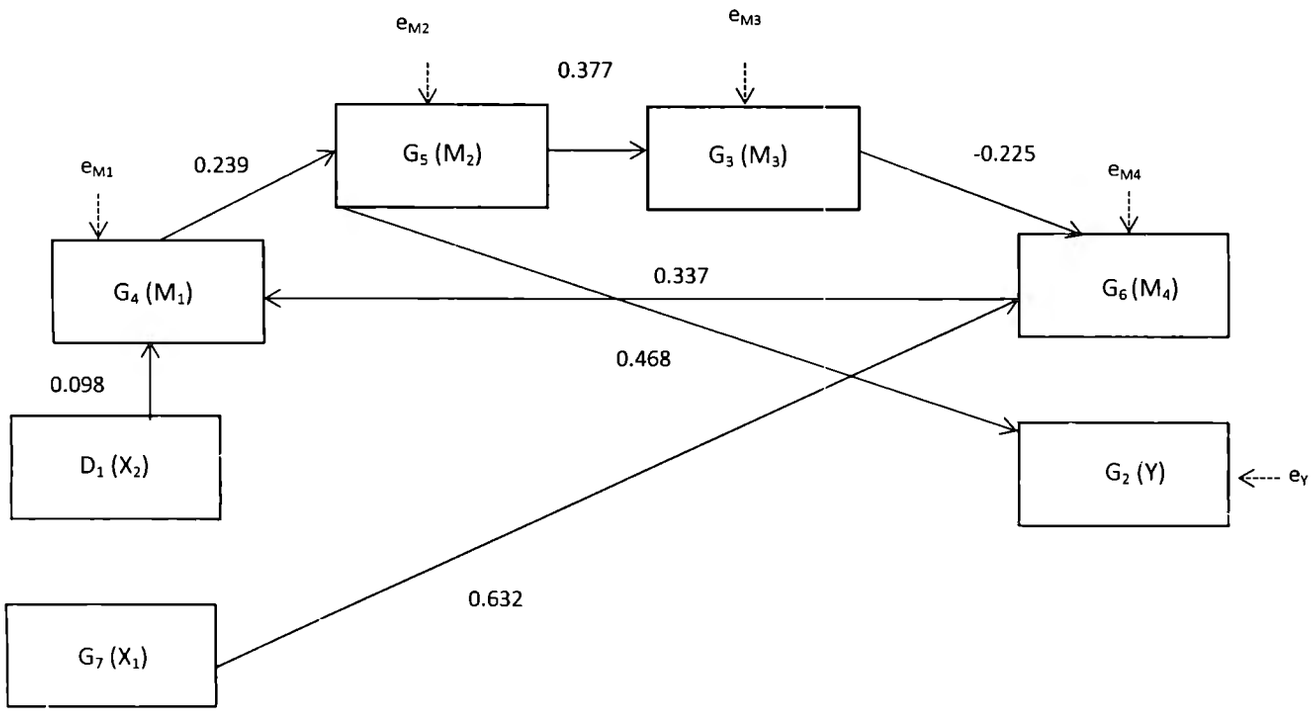


Fig.5.6 Causality Model (Group Two)

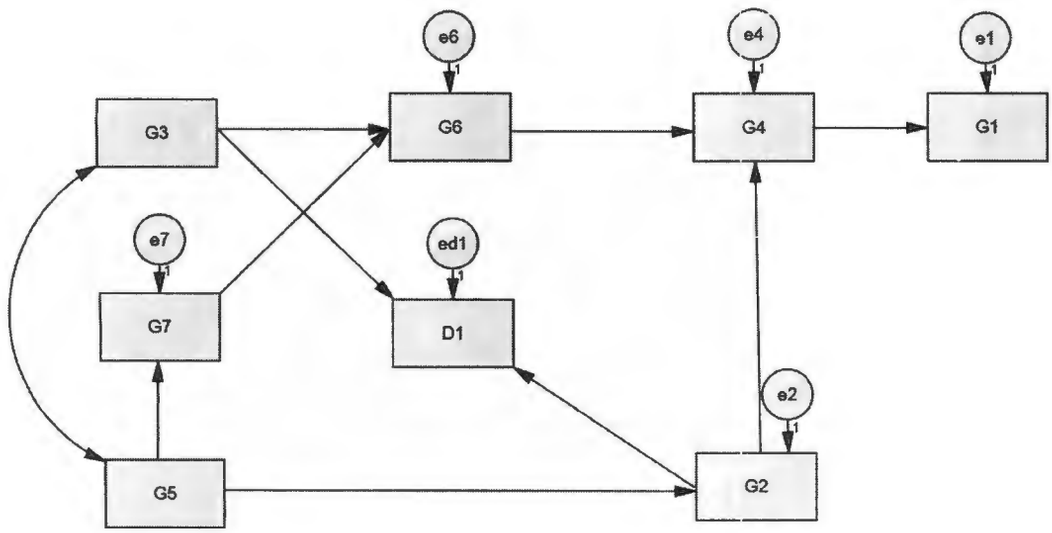


Fig.5.7 Effects and Significant Estimates (Group Two)

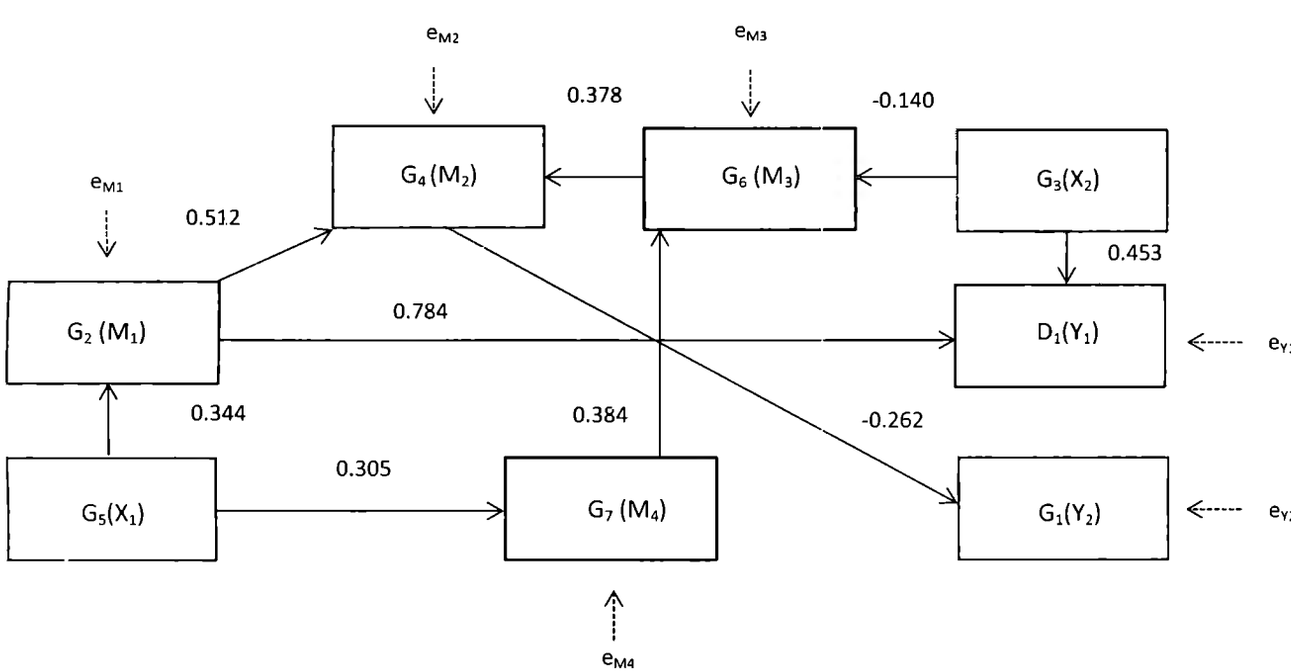
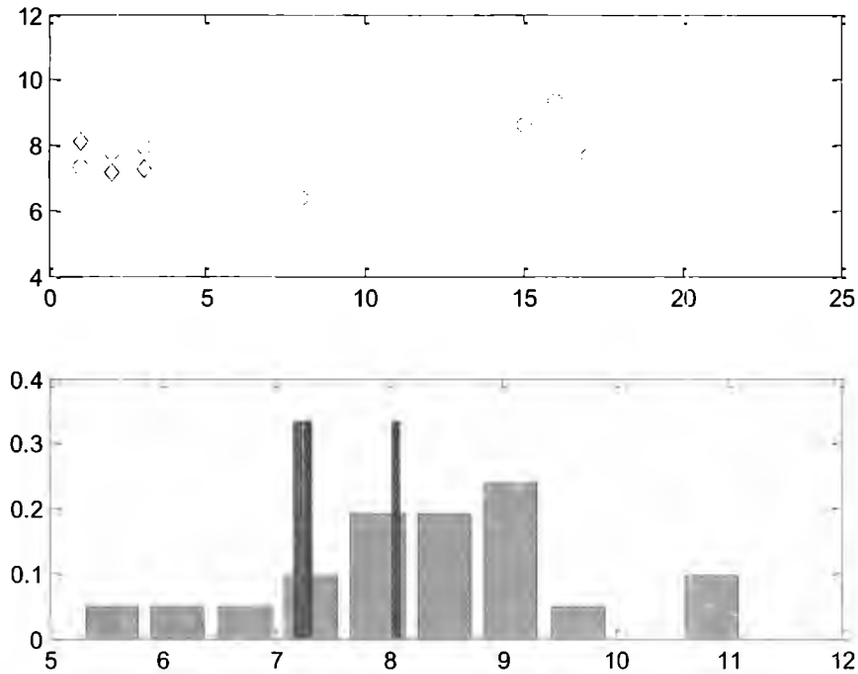


Fig.5.8 Discriminant Analysis with Indicators of G_1 (Groups One and Two) MATLAB 2009



APPENDIX III: LIST OF EQUATIONS

1. Equations derived from model of Group One

$$Y = i_Y + a_{M2}M_2 + e_Y$$

$$M_1 = i_{M1} + a_{M4}M_4 + a_{X2}X_2 + e_{M1}$$

$$M_2 = i_{M2} + a_{M1}M_1 + e_{M2}$$

$$M_3 = i_{M3} + a_{M2}M_2 + e_{M3}$$

$$M_4 = i_{M4} + a_{M3}M_3 + a_{X1}X_1 + e_{M4}$$

$$Y = i_Y + a_{M2}\,(i_{M2} + a_{M1}(\,i_{M1} + a_{M4}(i_{M4} + a_{M3}(i_{M3} + a_{M2}M_2 + e_{M3}) + a_{X1}X_1 + e_{M4}\,) + a_{X2}X_2 + e_{M1}\,) + e_{M2}) + e_Y$$

$$Y = i_Y + a_{M2}i_{M2} + a_{M2}a_{M1}i_{M1} + a_{M2}a_{M1}a_{M4}i_{M4} + a_{M2}a_{M1}a_{M4}a_{M3}i_{M3} + a_{M2}a_{M1}a_{M4}a_{M3}a_{M2}M_2 + a_{M2}a_{M1}a_{M4}a_{M3}e_{M3} + a_{M2}a_{M1}a_{M4}a_{X1}X_1 + a_{M2}a_{M1}a_{M4}e_{M4} + a_{M2}a_{M1}a_{X2}X_2 + a_{M2}a_{M1}e_{M1} + a_{M2}e_{M2} + e_Y$$

$$Y = i + (a_{M2}a_{M1}a_{M4}a_{M3}a_{M2})M_2 + (a_{M2}a_{M1}a_{M4}a_{X1})X_1 + (a_{M2}a_{M1}a_{X2})X_2 + e$$

2. Equations derived from model of Group Two

$$Y_1 = i_{Y1} + a_{M1}M_1 + a_{X2}X_2 + e_{Y1}$$

$$Y_2 = i_{Y2} + a_{M2}M_2 + e_{Y2}$$

$$M_1 = i_{M1} + a_{X1}X_1 + e_{M1}$$

$$M_2 = i_{M2} + a_{M1}M_1 + a_{M3}M_3 + e_{M2}$$

$$M_3 = i_{M3} + a_{X2}X_2 + a_{M4}M_4 + e_{M3}$$

$$M_4 = i_{M4} + a_{X1}X_1 + e_{M4}$$

$$Y_1 = i_{Y1} + a_{M1}i_{M1} + a_{M1}a_{X1}X_1 + a_{M1}e_{M1} + a_{X2}X_2 + e_{Y1}$$

$$Y_1 = i + a_{M1}a_{X1}X_1 + a_{X2}X_2 + e$$

$$\begin{aligned} Y_2 = {} & i_{Y2} + a_{M2}\, i_{M2} + a_{M2}a_{M1}i_{M1} + a_{M2}a_{M1}a_{X1}X_1 + a_{M2}a_{M1}e_{M1} + a_{M2}a_{M3}i_{M3} \\ & + a_{M2}a_{M3}a_{X2}X_2 + a_{M2}a_{M3}a_{M4}\, i_{M4} + a_{M2}a_{M3}a_{M4}a_{X1}X_1 + a_{M2}a_{M3}a_{M4}e_{M4} \\ & + a_{M2}a_{M3}e_{M3} + a_{M2}e_{M2} + e_{Y2} \end{aligned}$$

$$Y_2 = i + (a_{M2}a_{M1}a_{X1} + a_{M2}a_{M3}a_{M4}a_{X1})X_1 + (a_{M2}a_{M3}a_{X2})X_2 + e$$