Wine Perception Annual Report

California Wineries

January 2012

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Contents

Introduction

Survey objective

This market research was carried out to discover the top influencers that relate to decision making among an array of young and older adults in the State of California.

Methodology

The questionnaire was self-administered online on the Market Action Research (www.MarketActionResearch.com) website. The study was conducted with private individuals between the ages of 21-35 and 45-65 years old living in California, who are interested in wine. The questionnaire was administered in December 2011.

Report

This report presents the survey results through:

- Frequency table: the sizes and the percentages are presented in tables and on graphs.

- Cross tabulation: the correlations between two variables are analyzed. The contingency chi-square test aims at checking if a correlation exists between the variables, and checking whether the change was correlated or by random chance. However the chi-square neither gives the sense nor the correlation intensity.

- Linear Regression: the predictive model or forecast, that observes two data sets. The model gauges the strength of a relationship between the two variables.

The Socio-economic classing (SEC) was not requested.

- Commentary: interpretation of the most relevant responses to each question

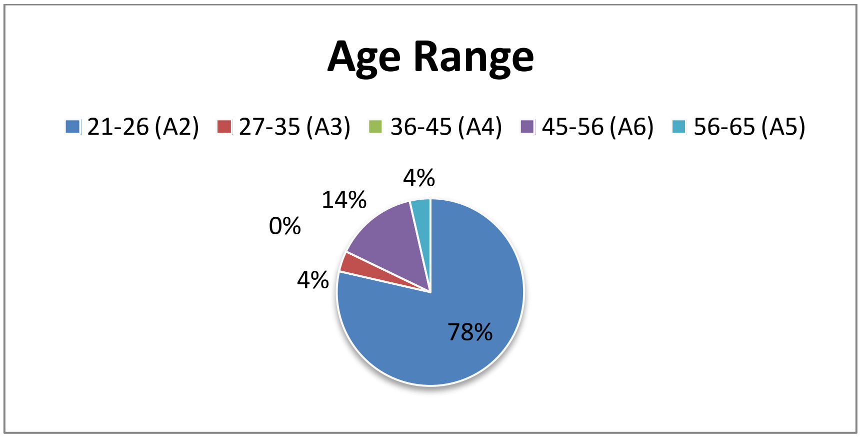
Question 1

Gender	
Female (F)	50.00%
Male (M)	50.00%

Comments: The sample field was half males and females.

Question 2

Age Range	
21-26 (A2)	78.57%
27-35 (A3)	3.57%
36-45 (A4)	0.00%
45-56 (A6)	14.29%
56-65 (A5)	3.57%



Results presentation according to gender

Count of Gender	Gender		
Age	F	M	Grand Total
A2	35.71%	42.86%	78.57%
A3	0.00%	3.57%	3.57%
A5	3.57%	0.00%	3.57%
A6	10.71%	3.57%	14.29%
Grand Total	50.00%	50.00%	100.00%

Results presentation according to household income

Count of HHI	HHI 2					
Age	100 K or More	25K to less than 50K	75K to less than 100K	Refused	Under 25K	Grand Total
A2	10.71%	14.29%	10.71%	10.71%	32.14%	78.57%
A3	3.57%	0.00%	0.00%	0.00%	0.00%	3.57%
A5	0.00%	0.00%	0.00%	3.57%	0.00%	3.57%
A6	10.71%	0.00%	0.00%	3.57%	0.00%	14.29%
Grand Total	25.00%	14.29%	10.71%	17.86%	32.14%	100.00%

Comments: 78.57% of respondents are in the age range of 21-26 years old.

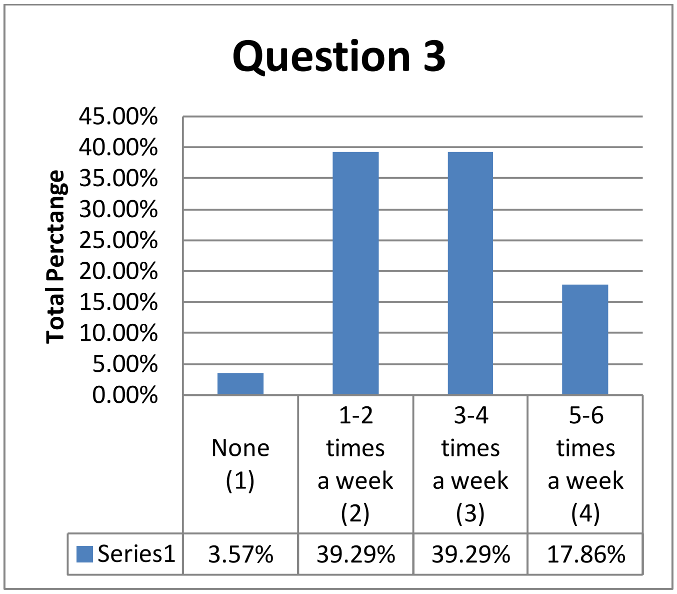
Regarding the results of this report, there may be a light link between answers and a greater part of respondents are between the ages of 21-26 and 32.14% make under 25K, and 14.29% make 25K to less than 50K.

Question 3

On Average, how many times a week do you *dine-out for breakfast, lunch, and/or dinner?

On average, how many times a week do you dine-out* for breakfast, lunch and/or dinner?	
None (1)	3.57%
1-2 times a week (2)	39.29%
3-4 times a week (3)	39.29%
5-6 times a week (4)	17.86%

Comments: 42.86% of respondents dine out 0-2 times per week, while 57.15% dine out 3-6 times per week. There was not enough data to support any correlation between income/ age and data from Q.3



Results presentation according to household income

Count of Dine Out					
HHI 2	1-2 Times per Week	3-4 Times per Week	5-6 Times per Week	None	Grand Total
100 K or More	3.57%	10.71%	10.71%	0.00%	25.00%
25K to less than 50K	7.14%	7.14%	0.00%	0.00%	14.29%
75K to less than 100K	10.71%	0.00%	0.00%	0.00%	10.71%
Refused	10.71%	7.14%	0.00%	0.00%	17.86%
Under 25K	7.14%	14.29%	7.14%	3.57%	32.14%
Grand Total	39.29%	39.29%	17.86%	3.57%	100.00%

Results presentation according to age

Age	1-2 Times per Week	3-4 Times per Week	5-6 Times per Week	None	Grand Total
A2	32.14%	28.57%	14.29%	3.57%	78.57%
A3	0.00%	3.57%	0.00%	0.00%	3.57%
A5	3.57%	0.00%	0.00%	0.00%	3.57%
A6	3.57%	7.14%	3.57%	0.00%	14.29%
Grand Total	39.29%	39.29%	17.86%	3.57%	100.00%

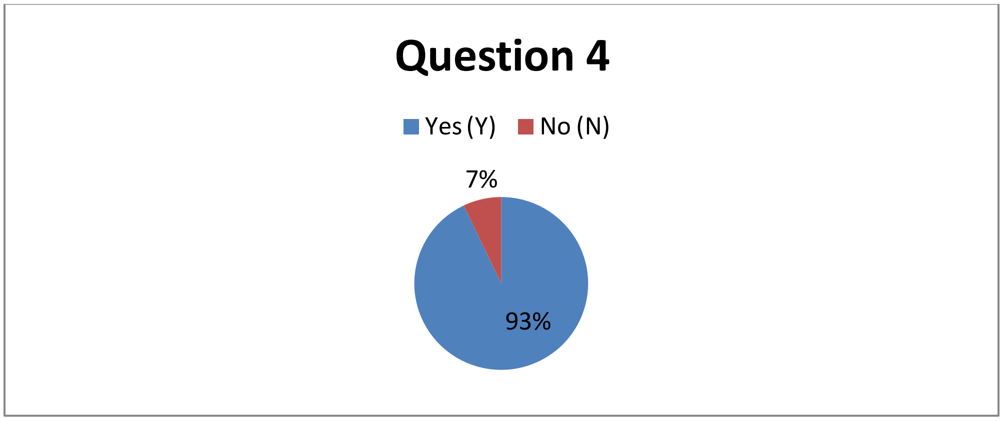
(Legend: A2 = 21-26, A3 = 27-35, A4= 36-45, A5= 56-65, A6 = 45-56)

Comments: Upon closer analysis, the sample range must be greater to determine conclusions such as: People who make over 100K a year do not dine-out as much as people who make 25K to less than 50K. Furthermore, noticeably people who make 75K to less than 100K dine-out 1-2 times per week, but do not eat out more than 2 times a week.

Further investigation could prove beneficial for wine companies and restaurants alike, especially if your biggest market is younger consumers. Doing so will yield a comprehensive look into what triggers younger buyers to purchase. Is price a factor? If so, at what price will most people be willing to pay? What motivates younger purchasers the most? This is also true of mid-aged to older buyers.

Question 4

Do you purchase wine, champagne, and/or any other type of alcoholic beverage to consume at your home?	
Yes (Y)	92.86%
No (N)	7.14%

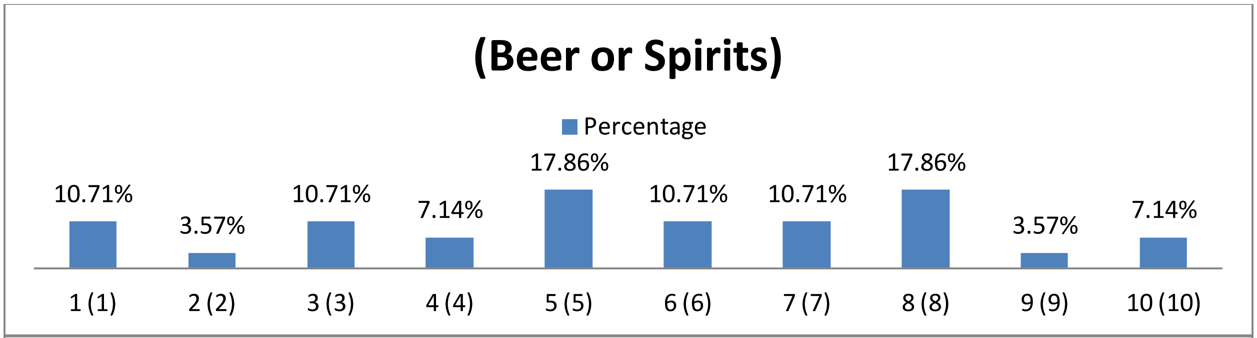


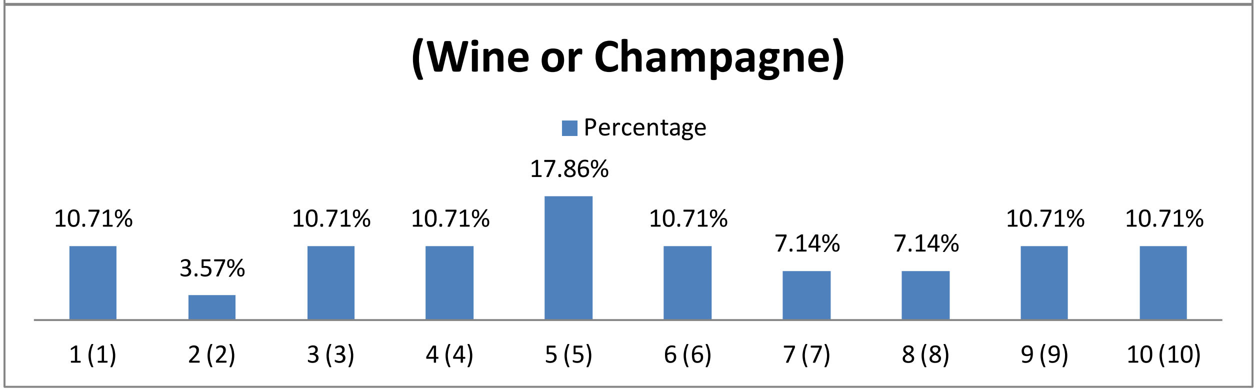
Comments: 92.86% of people purchase wine, champagne, and/or any other alcoholic beverage to consume at home, while 7.14% answered no. Wine perception survey did not probe to indicate if there was any negative response correlated with a 'no' response.

Regarding results according to respondent gender, age, and income, there is no link between the fact that people would purchase wine, champagne, and/or any other alcoholic beverage to consume at home.

Question 5

On a scale of 1 to 10, where "1" indicates a lower tendency to buy beer/spirits/champagne/wine while dining-out, and "10" indicates a higher tendency to buy beer/spirits/champagne/wine when dining-out, how would you rate the tendency to purchase beer or spirits? What about champagne or wine?





Comments: In both the 'Beer or Spirits' and 'Wine or Champagne' categories, 17.86% of respondents indicated having neither a low or high tendency to purchase while dining out. 10.71% answered (10) in having the highest tendency to purchase wine or champagne. 7.14% indicated having the highest tendency to purchase beer or spirits.

Focus groups or case study results could reveal why buyers indicated a lower or higher tendency to purchase.

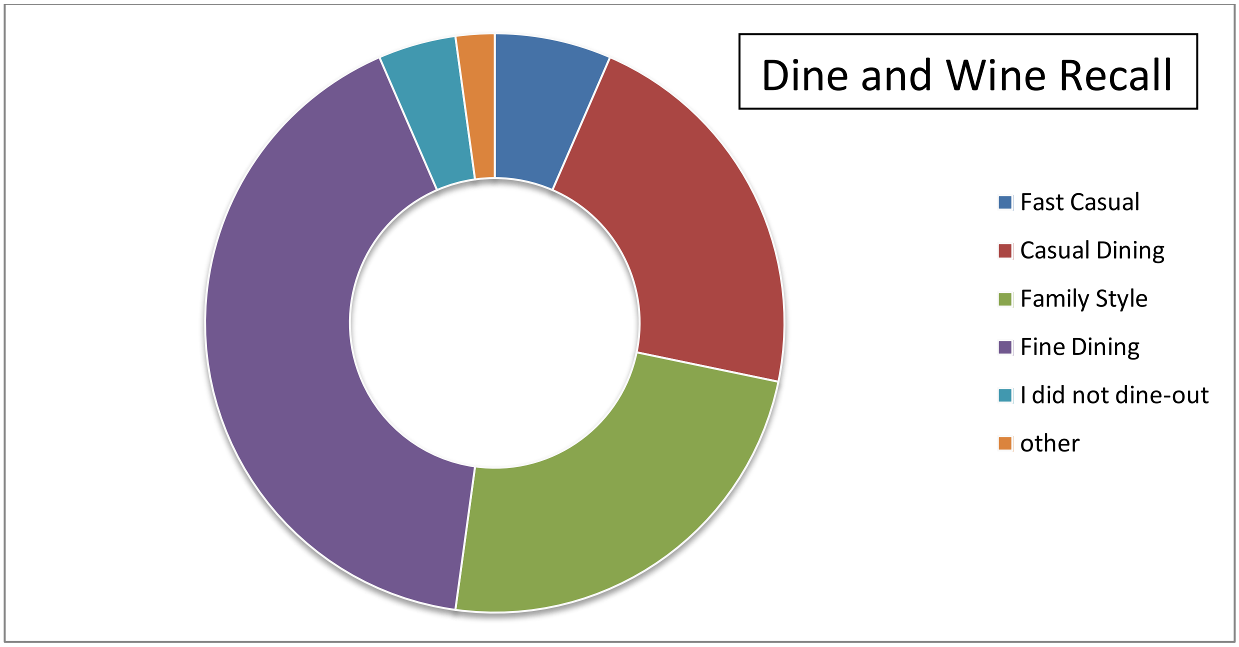
Question 6

Thinking of all the places you have dined-out, in the past 6 months, what types of restaurants have you purchased wine at?	
Fast Casual (Do not offer table service) (1)	10.71%
Casual Dining (Typically provide table service) (2)	35.71%
Family Style (Traditionally served on platters) (3)	39.29%
Fine Dining (Full service) (4)	67.86%
I did not dine-out (5)	7.14%
Other	3.57%

Comments: In-depth questioning could validate whether the majority of respondents recall having wine with a fine dining experience for a few reasons. A focus group would be a great asset in understanding what makes people recall wine at fine-dining than other places.

An almost equal amount of respondents recalled having wine at a casual and family style restaurant. A focus group could reveal the reasons why they recall it, but it is better to understand motivators and price.

None of the “other” responses were negative, rather indicating that they ate at some of the restaurants listed above, but did not consume wine because they did not serve it or they did not request it.

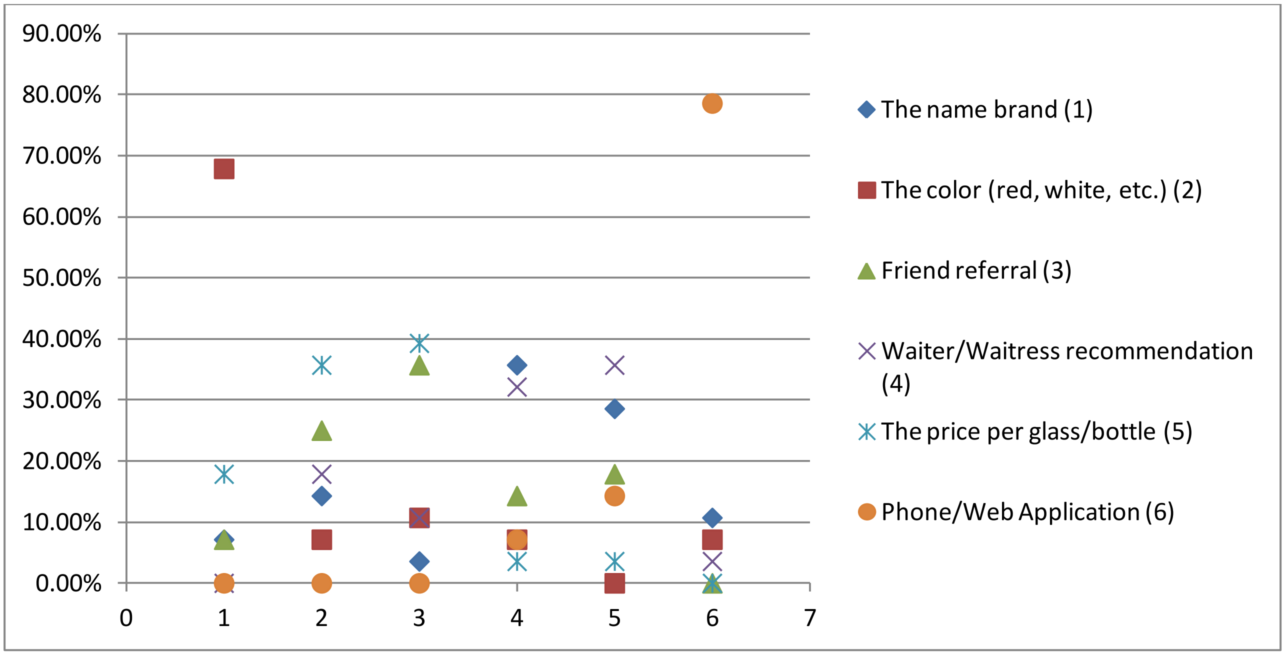


Question 7

Thinking about the wine or champagne purchases at restaurants in the past six months.

"Drag" the attributes on the left and "drop" them in the box on the right. Please rank in order of what influences your decisions to purchase wine, where the top of the box is the most influential and the bottom of the box is the least influential.

	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Rank 6
The name brand (1)	7.14%	14.29%	3.57%	35.71%	28.57%	10.71%
The color (red, white, etc.) (2)	67.86%	7.14%	10.71%	7.14%	0.00%	7.14%
Friend referral (3)	7.14%	25.00%	35.71%	14.29%	17.86%	0.00%
Waiter/Waitress recommendation (4)	0.00%	17.86%	10.71%	32.14%	35.71%	3.57%
The price per glass/bottle (5)	17.86%	35.71%	39.29%	3.57%	3.57%	0.00%
Phone/Web Application (6)	0.00%	0.00%	0.00%	7.14%	14.29%	78.57%

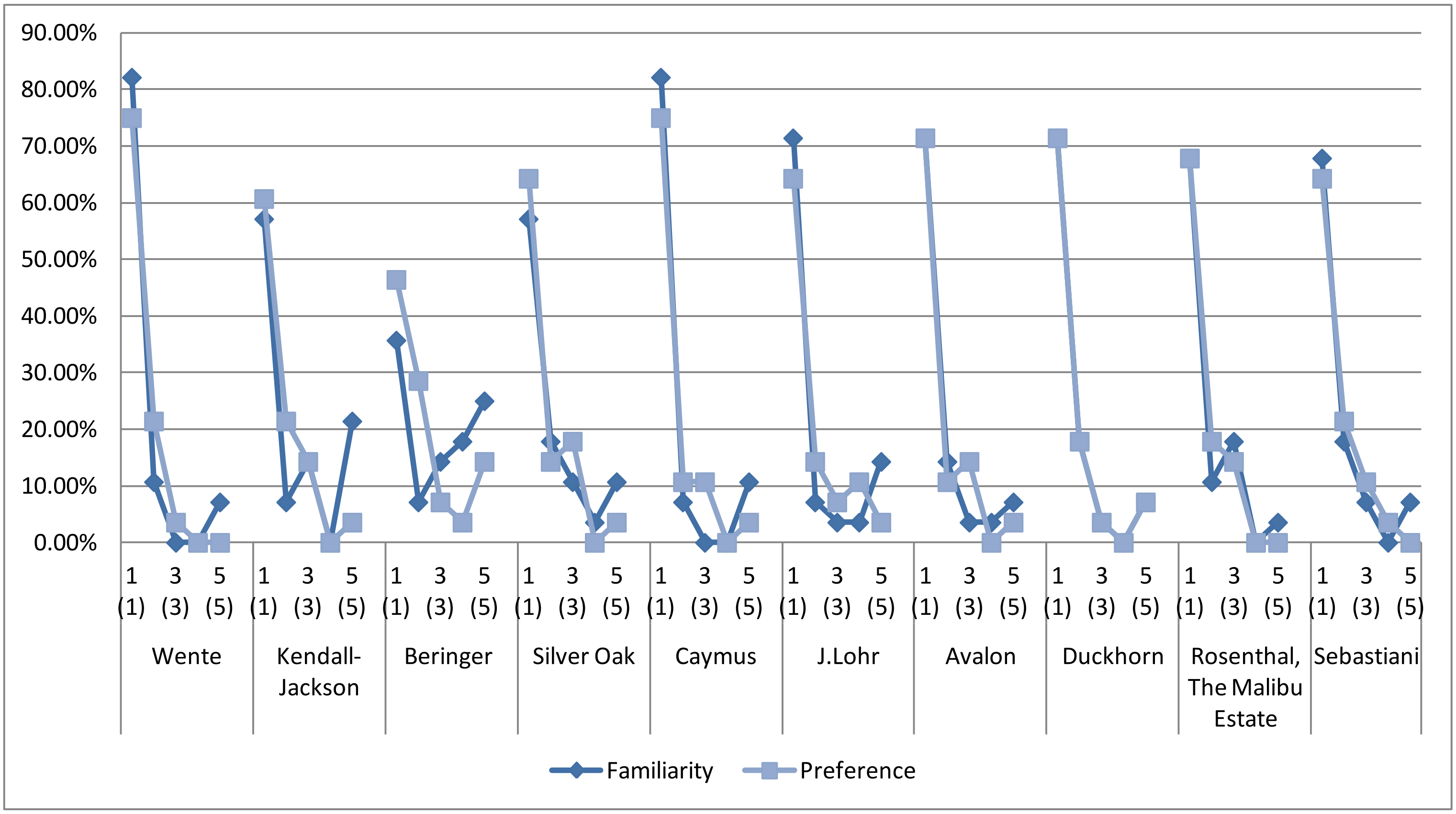


Comments: Rank 1 indicates that "The Color" of the wine is the by far the most influential aspect of purchasing wine at a restaurant. This shows that the price per glass/bottle is regarded as the second most influential factor in purchasing wine. The referral of a friend trails right behind price, as the third most influential cause. The brand name, waiter/waitress recommendation, and phone/web applications are regarded as the least influential in the decision making process.

Question 8

Please rate the following wine companies on a scale from 1 to 5. In the first column marked Familiarity please rate where 1 indicates not at all familiar and 5 indicates very familiar. In the second column marked Preference please rate where 1 indicates I do not at all prefer that wine and 5 indicates I highly prefer that wine.

Familiarity vs. Preference

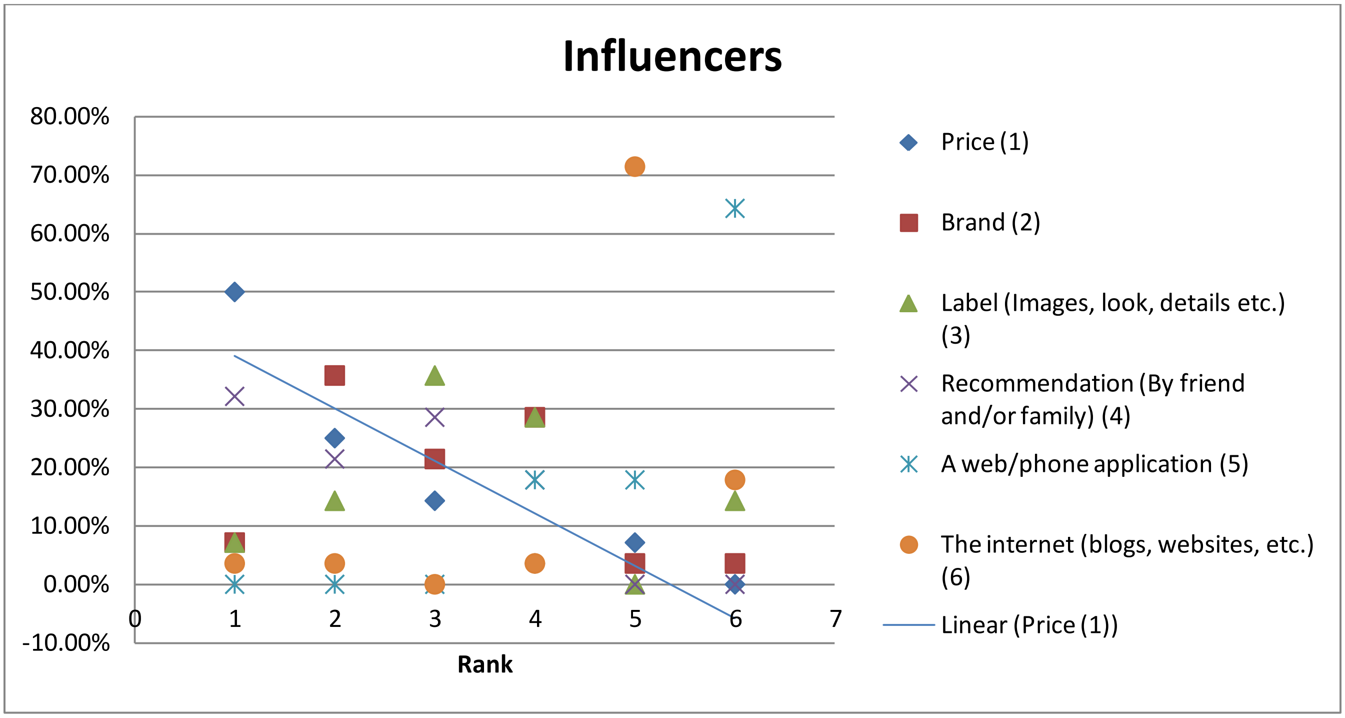


Comments: The data reveals respondents who were not familiar (1) tended to give a higher rating in preference, but in fact it indicates they were neutral about preferring the wine company or not.

Beringer winery rated the highest in overall familiarity and preference. However, the sample area was not big enough to determine definitive results.

Question 9

Thinking about any wine purchase you have made in the past 6 months, including at restaurants, supermarkets, beverage specialty stores (BevMo, etc.), and/or wine shops. "Drag" the attributes on the left and "drop" them in the box on the right. Please rank in order of what influences your decisions to purchase wine, where the top of the box is the most influential and the bottom of the box is the least influential.						
	Rank 1	**Rank 2**	**Rank 3**	**Rank 4**	**Rank 5**	**Rank 6**
Price (1)	50.00%	25.00%	14.29%	3.57%	7.14%	0.00%
Brand (2)	7.14%	35.71%	21.43%	28.57%	3.57%	3.57%
Label (Images, look, details etc.) (3)	7.14%	14.29%	35.71%	28.57%	0.00%	14.29%
Recommendation (By friend and/or family) (4)	32.14%	21.43%	28.57%	17.86%	0.00%	0.00%
A web/phone application (5)	0.00%	0.00%	0.00%	17.86%	17.86%	64.29%
The internet (blogs, websites, etc.) (6)	3.57%	3.57%	0.00%	3.57%	71.43%	17.86%



Comments: 50% of respondents indicated that price is a top influencer in purchase decisions. 35.71% answered that brand is the second most influential factor. Price and friend/family recommendation were major factors as well. The wine's label (images, look, details, etc.) are indicated as the third most influential factor. Web applications/phone applications and blogs ranked at the lowest source of influence.

Regarding the results, a link can be made between influencers and demographics. If Socio-economic class was polled, further clarification would be determined.

Research Study Benefits

Having a professionally experienced market research company develop and help distribute a research study is one of the most beneficial activities for your company to engage in. We know how to distribute surveys and collect the highest quality responses. We also know what questions to ask and how to ask them. Some of your business questions might sound like:

How are customers finding you?
How likely are they to recommend your company to a friend?
Why are certain customers leaving?
What do your customers really think about your products and services?
At what price will customers be willing to pay for your offering?

Guessing about these things is like guessing about your health, rather than going to a doctor for expert guidance. In today's economy, optimizing business actions and performance is more important than ever before. Knowing what influences and triggers your customers to purchase can help fine-tune your business for maximum impact in profitability.

Summary

It just makes sense to seek understanding of what your customers are thinking. In the past, professional research was too expensive and even mysterious to many small- to medium-sized businesses, but we are changing this paradigm now. Market Action Research is leading the way in modern research practices and consumer insights. We value all of our clients no matter how large their budget.

Our satisfaction guarantee states we will deliver quality work that is on time, fits the budget, and within scope. We do not operate from a large office building, which has put us in a great position to pass costs savings to our clients. Our team of research professionals will always provide you with the work you requested.

Have questions or interested getting us started working on your project?
Call us at: 818-639-1333 or e-mail blippincott@MarketActionResearch.com

Respectfully,

Brandon Lippincott
CEO; Business Development