


2022

Market Segmentation of Wine in Ireland: Are We Fostering a Desirable Consumption Culture?

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Bent, E. (2022). Market Segmentation of Wine in Ireland: Are We Fostering a Desirable Consumption Culture? Technological University Dublin. DOI: 10.21427/6ASH-MJ68

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Market Segmentation of Wine in Ireland: Are We Fostering a Desirable Consumption Culture?

A thesis submitted to Technological University Dublin in partial fulfilment of the requirements for the award of Master of Arts in Gastronomy and Food Studies

by

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May 2022

Declaration of Authorship

I certify that this thesis which I now submit for examination for the award of the Master of Arts in Gastronomy and Food Studies is entirely my own work and has not been taken from the work of others save and to the extent that such work has been cited and acknowledged within the text of my work.

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Abstract

The aim of this research is to evaluate the wine sector in Ireland and its impact on the wine consumption culture that is being promoted here as a result. With supermarkets leading in terms of sales, this study evaluates the product offering of the various types of retailers and the attainability of the same to different demographics of consumer. A high level of government intervention in the industry is highlighted throughout the study, the intention and subsequent successes and failures are examined. A comparison to the rest of Europe and the United Kingdom is carried out to understand Ireland's position in the market. As a niche product in a country where no major wine production takes place, the study of push and pull factors for import and sales allows for the interpretation of current trends and foresight for the future of the industry. Finally, the effects of current market segmentation and the resulting consumption patterns are analysed to establish whether they are conducive to developing a responsible but progressive wine culture in Ireland going forward. The study forms conclusions based on the evidence gathered, which put forward the argument for change in the industry, to achieve a healthier attitude to wine. To encourage wine drinkers to seek out and form an appreciation of quality products rather than alcohol content, would change the mindset around drinking. This only becomes possible if the aforementioned good quality wines are within reach financially. Health, in the context of this study, refers to not only physical well-being but also to a culture of wine drinking that does not have damaging consequences on society, but rather fosters an appreciation for wine and its unique characteristics in moderation. A mixed methodology approach is used, to compile and analyse industry professional opinions alongside consumer statistics to form a comprehensive overview of wine drinking culture in Ireland. This study is relevant to those seeking to understand the driving factors that form wine consumption patterns in Ireland and to anticipate future influences on the industry.

Acknowledgements

Thanks to my family, without their constant support and babysitting this thesis would perhaps still be only partially complete.

To my supervisor, Diarmuid Cawley, who has not once but twice guided and supported me through this process, thank you for the generosity of your time.

To those who gave of their expertise through interviews and those who put forward their opinions through survey participation, I appreciate your assistance with this research.

To my friend and fellow student Rose, we said we'd never do it again but here we are. Thanks for the laughter, we did it!

Finally, to Eliana. This, and everything I do, is for you.

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Chapter 1 - Introduction

1.0 Introduction to Research Study

1.1 Working Title

Market Segmentation of Wine in Ireland: Are We Fostering a Desirable Consumption Culture?

1.2 Definition of Topic

The aim of this study is to understand consumer demand and consumption patterns in the Irish wine market as influenced by price and positioning. This thesis begins by exploring current literature surrounding wine sales, government legislation and consumer behaviour to form a basis for the study. The primary research gathers the opinions of wine drinkers in Ireland to determine their preferences and considerations when purchasing wine. Finally, expert interviews are carried out to establish what standard of products are sold in different retailers and what target market they cater for. The experts also give their predictions for the future of the market and challenges it will face. Conclusions are presented on whether current market strategies and controls are resulting in a wine culture that is sustainable. This includes attitudes to wine consumption, understanding wines function as a beverage and wine choices. Consumers who select solely based on price due to financial constraints are often oblivious to the level of quality they are purchasing, with a large proportion of the price allocated to tax. The resulting issues are examined and recommendations for change are put forward.

1.3 Justification

The impact of Covid-19 on the drinks industry in Ireland resulted in an overall fall of 6.6% in alcohol sales according to the 'Irish Wine Market Report 2020' (McDade, 2021). In contrast to the trend of declining sales, wine experienced a 5-point increase in market share and wine sales rose by 12%. Due to the sporadic closures of the hospitality sector, wine purchasing patterns fluctuated at on-trade level and 95% of wine sales were through the retail sector, an increase of 15% on the previous year. These growth rates highlight the imperativeness of gaining an understanding of the needs of the consumer and how the Irish wine market is catering for them. By examining the quality of the wine imported into Ireland while considering the pricing stipulations in comparison to European counterparts, the health effects of the entry-level price point wines require scrutiny. Ireland has the highest excise tax rates on wine in the European Union with 15 of the 27-member states paying no excise duty on wine at all (McDade, 2021). The Public Health (Alcohol) Act 2018 implements restrictions on alcohol advertising, sales, and introduces minimum unit pricing under the guise of improving public health. Wine sales have contributed over 3.6 billion euro to the exchequer from excise duty collection since 2010. If public health is the main concern of the Act, this calls in to question why these added controls on alcoholic products are not more focused on quality rather than almost entirely on pricing. Concerningly, wines with an actual quality value of only .50c are available for purchase (Pope, 2015). With Ireland now ratifying its corporate tax to match the global minimum of 15% (Taylor, 2021), it could be argued that the Irish government could also bring the wine import duty tax to comparable levels with the rest of the EU. This research adds to the ongoing conversation that the pricing should not make it financially challenging for consumers to purchase good quality wine in Ireland. Ultimately it considers whether the current market segmentation of wine will support a healthy and sustainable wine culture in Ireland in the long term.

1.4 Aim and Objectives

The aim of this research is:

To gain a comprehensive understanding of how wine's positioning and pricing in the retail sector is influencing purchasing and consumption patterns amongst wine drinkers in Ireland.

To achieve the above aim several objectives have been set out:

- To review the types of retailers selling wine on the Irish market and the quality of products they offer.
- To identify the influences affecting wine pricing in Ireland, and the resulting quality of wine available at certain price points.
- To establish the target market for speciality wine shops versus mixed trade retailers.
- To use consumer behaviour theory to establish considerations made by individuals when choosing which wine to purchase.
- To compare Ireland's purchasing and consumption reports with those of other European countries.

1.5 Outline of Chapters

Chapter 1 outlines the basis of the research and the aims and objectives the researcher will examine throughout the study to form final conclusions and recommendations. The relevance of the research is highlighted.

Chapter 2 compiles published information that pertains to this study to form a foundation on which the primary research can be built and compared to. The peer reviewed evidence gathered in the literature review lends academic weight to the study.

Chapter 3 explains the methods used by the researcher to gather and analyse primary research carried out as part of the study. The methodology relates back to the aim and objectives of the study outlining the academic rigour involved in the data collection, as well as the limitations of the research.

Chapter 4 presents and discusses the data gathered through primary research in the form of survey and interview. The results are explained throughout, and data analysis is carried out.

Chapter 5 forms conclusions on the objectives of the study and an overall conclusion on the research question. Recommendations for further study are put forward by the researcher.

Chapter 2 - Literature Review

2.0 Literature Review

2.1 Introduction

This chapter will be presented in two parts. The first section examines the literature surrounding wine retailing in Ireland, the United Kingdom, and the European Union. The Irish laws relating to wine sales and consumption are investigated and contrasted against those of other European countries and the United Kingdom. Furthermore, the trends for wine sales in Ireland are compared to those of other countries to establish patterns which distinguish Ireland as a wine market but also determine how Ireland fares in the global market. An overview of each type of retailer and their offering of wines are discussed. For this research a selection of main retailers and brands are used to represent the industry in place of comprehensive lists. Consideration is given to the effect of excise tax on the markets of those EU countries in which it is considered high versus those countries in which the tax is low or non-existent.

The second section will focus on consumer behaviour and the theories relating to consumer behaviour, specifically in a retail setting. By establishing both intrinsic and external factors affecting consumer choices, it can be established why certain consumers choose one retail outlet over another and which brands or types of wine they decide to purchase. Using Bourdieu's *theory of capital* an added element of consumer psyche and choice analysis allows us to consider why some people choose certain wines which may be of low quality over other wines, for reasons other than price.

2.2 Literature Review Part I –The Wine Market in Ireland

2.2.1 The Perception of Wine as a Beverage

Ireland historically held a reputation for over-consumption of alcohol, however, as Ferriter (2015, p. 5) explains it was not overindulgence in all types of alcoholic beverage. In the early twentieth century while it was “agreed that the country was drinking excessively; over £15 million a year was being spent on drink”, but wine was consumed in only very small amounts. Today wine has become a much more accessible drink; lower priced wines available to all levels of consumer have without doubt affected the way the beverage is seen on a societal level (Robinson, 2020). Connolly (2019) explains that wine has for many consumers become more than just a beverage but rather integral to their lifestyle, meal planning and even tourism activities. On the other hand, some consumers are purchasing in a purely passive manner, taking neither interest nor concern in their choices. To truly consider how wine is perceived across an entire consumer base all opinions must be considered with equal weight (Hall and Mitchell, 2008).

2.2.2 A Changing Market

Ferriter (2015, p.19) points to the year 1986 as a baseline for when wine sales began to increase in Ireland, rising from 6% of the market share to 21% by 2006, shaped by a move towards creating a more accessible drink for the masses. Prior to the 1980s “wine consumption was minimal” (2015, p.4); it was not locally produced as was the case with beers and spirits and carried higher import taxes and remained elitist or unattainable due to a combination of high prices, poor availability, and complicated labelling (2015, p.19). According to Robinson (2020) the shift in wine perception can in large part be attributed to the introduction of wine to the supermarket shelves. This change in availability and cost brought wine to the level of other alcoholic beverages such as ciders, beers, and spirits which would have been considered more quotidian drinks due to their accessibility.

Despite being classified as a wine producing country by the European Commission (Durham, 2000), the few vineyards in existence such as Lusca and Thomas Walk Wines have little to no effect on the market in the Republic of Ireland producing only a small number of bottles per

annum (The Great British Vineyard Guide, 2022). Wine is an almost exclusively imported product and the second highest consumed alcoholic beverage in Ireland holding 32.2% of the market share (McDade, 2021, p. 4).

It is impossible to discuss the current wine market without mentioning the huge surge in sales that occurred during the Covid-19 pandemic. This increase in wine sales and change in purchasing behaviour with the increase of online retail options has had a profound and lasting effect on the industry, one of unprecedented growth in the off-trade sector specifically. In 2020 wine saw an increase of 5 points of the market share when both beer and cider experienced a decrease in sales. The wine industry in Ireland has experienced yearly growth even before the Covid-19 on-trade closures with an increase from 8.5 million cases in 2014 to 9 million cases in 2019 (McDade, 2021, pp. 2-6). According to McDade, the retail sector benefitted during the Covid-19 pandemic due to wine being largely consumed in the home (typically about 80% of wine sold is for at-home consumption). This pushed off-trade sales up from 83% to 95% between 2019 and 2020.

Another noticeable change highlighted by Mintel (2020) is the increased health consciousness of the younger generations in Ireland and the U.K. A reduction in the amount of alcohol consumed per capita amongst the younger age groups surveyed suggests that lower alcohol or alcohol-free options may see growth. To date wine served in glass bottles is markedly the preferred format for Irish drinkers, however, with increasing concern for environmental and sustainability issues, brands are under pressure to ensure their products fit this remit, possibly resulting in an increase in wines in alternative formats such as cans and kegs (Mintel, 2020).

2.2.3 Wine Trends

Chilean wine has been the undisputed favourite wine on the Irish market since 2015, having previously been just behind Australian wines (Drinks Industry Ireland, 2015). In 2019 and 2020 over 2.5 million cases per year of Chilean wine were bought by Irish consumers, 1 million cases above their closest rival Spain (McDade, 2021; Mintel, 2020). Irish wine drinkers have among the highest level of wine knowledge in the markets as tracked by Wine Intelligence. When measured on a scale of 0 to 100 “the knowledge index stands at an average of 47.4. Compare this with other English-speaking markets: 35 for Canada, 41 for the UK, and 29 for the USA” (Halstead, 2020). This relatively high level of knowledge has been attributed to the Irish markets’ familiarity with brands. Halstead (2020; 2021) notes a change in the choices of the consumer, attributed to the Covid-19 lockdowns, where more alternative styles of wine, including natural wines, as well as lesser-known wines from smaller regions experienced an increase in sales in Ireland. The effects of Covid-19 were beneficial according to market reports not only in the volume of wine sold but in allowing consumers more time to explore their interest in wine. The expansion of online wine trading meant that consumers were exposed to a wider availability of wines when changing their purchasing patterns to a more virtual based retail model (Abernathy, 2020). Similarly, Mintel (2020) reported that Irish consumers had a strong preference for brand names and suggested that the marketing capability of the larger brands was an influencing factor due to their long reach and ability to promote to very large audiences. The same report also states that Irish consumers are adventurous in their wine tastes and willing to try new regions, therefore an increase in stock from non-traditional wine regions is recommended. Mintel (2020, p. 46) also traced the market popularity of styles of wine throughout Ireland and found that still wines are favoured overall but there has been an increase in popularity of rosé and sparkling wines, particularly with the under 25 age categories.

2.3 Alcohol and the Law

2.3.1 Licensing Laws

The Irish licensing laws are currently being reviewed at the Seanad¹ level to remove the laws which are outdated and replace them with a more streamlined and up to date version of all laws pertaining to the sale and consumption of alcohol (Horgan-Jones, 2021). As it stands to sell wine a retailer must hold a wine retailer off-license certificate allowing them to sell wine in small containers for consumption off the premises. Mongan (2008) outlines the following restrictions as set out by the law. The trading hours are set between 10:30 am and 10:00 pm from Monday to Saturday and between the hours of 12:30pm and 10:00pm on Sundays and St. Patrick's Day. Since 'The Intoxicating Liquor Act 2008', alcohol sold in retail settings with a mixed trade offering, must only be displayed in areas structurally removed from the remainder of the shop.

In comparison to other European countries, Ireland's laws could be considered overly regulated, although some countries maintain even stricter control over their alcohol retail sector. In Finland, for example, alcohol above 4.7% can only be sold in a state-run off-licence 'Alko' between 9:00am and 21:00pm Monday to Saturday, no alcohol can be purchased on Sundays and only those over 20 years old can purchase alcohol above 22% ABV (Karlsson and Österberg, 2002, p.145). On the other hand, some wine producing countries such as Italy have much less restrictive laws on alcohol purchasing and consumption. According to Karlsson and Österberg (2002, p. 269) "alcoholic beverages are available during the normal business hours, practically meaning there is no legal limitation on the retail sale of alcoholic beverages even at night or in the early hours of the morning". Consequently, Italians over the age of 16 years old can purchase wine much more freely than their Finnish or Irish counterparts.

¹ Seanad Éireann is the senate of Ireland. It is the Upper House of the Oireachtas (Ireland's national Parliament) and is in Dublin (Citizens Information, 2020).

2.3.2 The Public Health (Alcohol) Act 2018

Further to the existing licensing laws in Ireland, The Public Health (Alcohol) Act has brought into force several further restrictions:

- A Minimum Unit Price (MUP) of €0.10 per gram of alcohol in any alcoholic beverage.
- Strict laws prohibiting alcohol advertisement in any form at certain times, places and to young audiences. Enforced regulations to display warnings relating to the dangers involved in consuming alcohol in general, when pregnant and links to fatal cancers.
- Alcohol must be sold in an area separated from the remainder of the premises (in mixed retail) by a physical barrier of at least 1.2m high, shielded from the view of consumers and not in an area that a consumer must pass through to gain access to any other non-alcohol related product.

This act has been introduced to tackle the risk to public health caused by over-consumption of alcohol. As noted above, countries such as Italy have not implemented such restrictive laws and have a completely different relationship with wine as a beverage (Karlsson and Österberg, 2002). Wine traders and professionals have long been calling on the government to reconsider the high excise on wine which is 80 times that of France (Garth, 2019; Halstead, 2020), however, with these laws coming into force the situation seems unlikely to change. In Ireland beverages such as spirits with over 40% alcohol by volume (ABV) are controlled with the same regulations as wines with an average ABV of between 12% and 14%.

2.3.3 Alcohol Abuse in Ireland

The reasons given by the Irish government for such restrictive laws surrounding alcohol in all forms is due to high levels of alcohol abuse and the resulting problems experienced in society from healthcare demands and costs as well as violence and other social issues. Mongan, Miller, O'Dwyer, Long and Galvin (2020) explain that many regular drinkers, especially those who are older or less well educated, are completely unaware of their own drinking patterns being damaging in any way. Mongan et al. continue to explain that it is the drinking culture and patterns in Irish society that are harmful rather than just the levels of consumption per capita. These same high levels of alcohol related issues are not widely reported to be found in societies such as Italy or France where people are exposed to wine from a younger age because of its core position within their culture.

2.3.4 Wine and Health

While the medical effects of wine on long-term health fall outside the scope of this study, it is important to touch upon the possible differences between conventional wine and lower-intervention wines². Ferrero, Fadda, De Carli, Barbeta, Sethi, and Pezzana (2019) reported that under scientific testing conditions the effect that lower-intervention (natural) wine had on a man's blood-alcohol concentration (BAC) was much lower than that of the control subjects who were consuming the exact same amount of conventional wine. Ferrero et al., explain that the difference occurs during the multiple production phases of the wine—owing to different growing techniques, chemical interventions, and oenological practices. The two forms of wine metabolised differently and because the consumption of the natural wine resulted in lower BAC levels, the tests suggest that the likelihood of intoxication is less, as were other related health risks when consuming the natural wine.

While this study concentrates on healthy attitudes and understanding towards wine consumption, the physical health effects of drinking poorer quality wine is an area where essential research is ongoing. Poor quality wine often requires chemical intervention to balance

² Lower intervention wines refer to wines that are grown in vineyards where little or no chemicals or additives are used at any stage from growing to bottling. Examples include natural and biodynamic wines (Ferrero et al., 2019).

flavours and large-scale vineyards often use pesticides, herbicides, and non-natural fertilizers to encourage higher yields (Dumitriu, Teodosiu and Cotea, 2021).

2.4 Wine Retailers

Alcohol retailers in the off-trade sector “sell intoxicating liquor for consumption off the premises: There are five types: spirit retailer’s off-licence; beer retailer’s off-licence; wine retailer’s off-licence; sweets retailer’s off-licence³ and the cider retailer’s off-licence” (Mongan, 2018). Wine is commonly available in several retail settings varying from high end independent wine shops to petrol stations.

2.4.1 Specialist Wine Shops

For this research the umbrella terms ‘specialist wine shop’ or ‘independent wine retailer’ will be used to describe the smaller independent or chain retailers who specifically source and sell wine. They may also sell craft beers or spirits in some cases, but their unique selling point is their wine offering. These shops will often have an ethos when it comes to their producers and selection of wine. The Corkscrew in Dublin city centre states on their website that “our philosophy is quite simple: to select wines that demonstrate the character and independence that we demand, and wines that deliver quality style and individuality regardless of price” (The Corkscrew, 2022), Wines Direct also highlight their mission to provide wines that “represent the people and places from which they come” (Wines Direct, 2022). These shops tend not only to stand behind their quality but also behind the farmers themselves and the production process as stated on the website of Worldwide Wines in Waterford city, “Wines are sourced where possible from small boutique wineries, many using organic production methods and operated on sustainable principles. Wines are selected only on merit” (Worldwide Wines, 2022). Others like Frank’s wine bar and shop in Dublin city centre will specialise even more, boasting only “low intervention wines” (Frank’s Dublin, 2022). While the price of wine in these shops will tend to be higher than a supermarket or other retailer (Worldwide Wines, 2022; Supervalu, 2022), the selection of wines and knowledge of the staff is incomparable (Robinson, 2020).

³ Sweets in this case refer to products such as mead (Mongan, 2018).

2.4.2 Supermarkets

Supermarkets in Ireland are licensed to sell alcohol between set hours and abiding by restrictions regarding visibility, minimum unit pricing and special offers as explained in section 2.3 regarding alcohol and the law. In 2021 Supervalu held its position as the retailer with the highest market share of wine sales overall with 23.8% (Kantar, 2021 cited in Drinks Industry Ireland, 2022). The Drinks Industry Ireland report goes on to verify that Tesco remains in second place with 24.4% followed by Dunnes with 17.0% and finally Lidl and Aldi with 13.8% and 11.5% respectively. Supermarkets were created from the demand for convenience and so it is not surprising that the sale of wine is dominated in these shops due to accessibility alone. The wines sold in supermarkets are available in bulk, with many supermarkets stocking the same large producers. *Yellow Tail*, *Santa Rita 120*, *19 Crimes*, *Blossom Hill*, *Finca Las Moras Dadá* and *Cono Sur* are just some examples of red wines available in every one of the three supermarkets with the highest market share (Tesco, 2022; Supervalu, 2022; Dunnes Stores, 2022). While Aldi and Lidl have a slightly different offering with not as many known brand names as the other supermarkets, their pricing is competitive when compared to the other retailers. While abiding by minimum unit pricing, and except for champagne, the most expensive wine available in both Lidl and Aldi online⁴ is €14.99, a *Saint Emilion Grand Cru* and a *Barolo* respectively (Lidl, 2022; Aldi, 2022). Whereas Supervalu also have a range of wines averaging between €8 and €15, their most expensive wine is a €39.99 bottle of *Lady De Mour Margaux*, suggesting they are catering for a different range of customers than Lidl and Aldi (Supervalu, 2022). Similarly, Dunnes Stores and Tesco both have bottles of red wine averaging between €8 and €20.00, with higher priced options such as a *Chateau De Pez St Estephe 2018* in the case of Tesco and a *Grand Vin De Bourgogne Nuits-Saint-Georges Premier Cru* available in Dunnes both priced above the €50.00 mark, which suggests they are attracting customers willing to pay that price (Dunnes Stores, 2022; Tesco, 2022).

⁴ At the time of research (April 2022). More expensive wines are available periodically.

2.4.3 Off-Licenses and Specialist Off-Licenses

As outlined above in the section concerning licensing laws, off licenses are premises permitted to sell alcohol between restricted hours to people over the age of 18. There are number of different types of off-licenses from those connected to a pub, small independent off-licenses with small selections and often large discounts, larger off license chains such as Carry Out, and more recently the growth of specialised off licenses such as O'Brien's. Most off-licenses offer a selection like supermarkets, with *Cono Sur* and *Blossom Hill* prominent on the shelves of Carry Out (Carry Out, 2022). O'Brien's have strived to set themselves apart, even calling themselves a wine off-license despite carrying a large selection of other beverages, to appeal to a more discerning wine customer. They have advertised their ethos which is very similar to those of independent wine shops. It is stated on their website that "our personal relationships allow us to offer authentic vinous classics along with niche gems" suggesting that these producers are small, and the human relationships are fostered directly between them. Likewise, their implication that wines are hand-picked for customers instead of bought in bulk through unknown supply chains is reenforced by mentioning how "working so closely with our wineries allows us to offer an exceptional quality value ratio along with a range diversity to inspire Ireland's wine lovers" (O'Brien's Wine, 2022).

2.4.5 Corner Shops and Petrol Stations

Convenience stores such as Centra and Londis tend to carry a variety of foods and other essentials, generally at a higher price than the supermarket, used for top ups rather than a primary grocery shop for the household staples. They tend to attract customers with special offers, hot deli counters at breakfast and lunchtime as well as convenient locations. The same can be said for petrol stations such as Applegreen and Circle K. Both types of shop have wine as part of their offering, but, as Wilson (2013) puts it "the selection of wine in petrol stations is likely to be pretty awful and frequently over-priced". Many of these small shops are franchised and so their products may vary based on the area and demographic in which they are situated "because every Londis is owned and run by locals, every Londis is shaped by and for the local community it lives in" (Londis, 2022). Yet the same familiar brands such as *Cono Sur* and *Blossom Hill* will again make an appearance on these retailers' shelves (Londis, 2022; Centra, 2022).

2.5 The Wine Market in Europe

2.5.1 Excise Tax and Trends in Non-Wine Producing Countries

The top three countries with the highest excise tax on a standard 75cl bottle of still wine in the EU and the United Kingdom in 2020 were Ireland (€3.19), Finland (€2.98) and the UK itself (£2.23). Sweden and Denmark follow closely behind at €1.81 and €1.51 respectively. None of the top 5 countries are major wine producers, producing only small amounts in comparison to other European regions, while importing most of the wine consumed in their respective countries. Wine is therefore an extremely valuable commodity to the exchequers of these countries; in the case of Ireland providing over €425 million in 2020 alone (McDade, 2021). In Finland, a slight change of regulation on wine sales allowing alcohol of ABV up to 5.5% to be purchased in supermarkets (an increase of 1% on previous allowance) has opened the wine industry a surprising amount. While all other wine must still be sold in state run Alko branches, lower ABV wines are now available in supermarkets allowing Finns to purchase them during their normal weekly shop (Catterson, 2018). This increased exploration into low alcohol wines is driven by two main factors. Higher alcohol wines have become increasingly expensive with added taxes and therefore choices are driven by pricing. Additionally, as a nation who are very conscious of health in general (Willingham, 2018) customers are seeking out lower alcohol drinks in all categories.

In a report (1995) stemming from Northern Ireland establishing consumer buying preferences in the specialty wine shop sector, Keown and Casey (1995, p.17) found that wine drinkers could be separated into four categories: “connoisseurs, aspirational drinkers, beverage wine consumers, and new wine drinkers”. This kind of categorisation allows for the examination of different criteria for each type of wine drinker, for example it considers that connoisseurs and aspirational drinkers generally have a higher level of interest in wine and may read up on it more regularly, while also being influenced by tastemakers in the industry. On the contrary, new wine drinkers tend to have little-to-no knowledge of wine and therefore base their choices on parents and peers and often choose sweet or sparkling wines or even wine coolers⁵ (Keown and Casey, 1995; Pape, 2012, cited in Beckert, Rössel and Schenk, 2014). However, wine drinkers in non-wine producing countries are limited to what wines are made available to them

⁵ Wine coolers are a beverage made of often poor-quality wine mixed with fruit juice to mask the flavour and carbonated to create a refreshing drink (Edison, 2022).

through portfolio choices made by wine importing companies, distributors, and supermarkets, while additional taxation costs are decided by the government of each country.

2.5.2 Excise Tax and Trends in Wine Producing Countries

France has the second highest rate of wine consumption in the world, after the United States and just ahead of Italy (Schoendoerffer, 2021). The excise duty on a bottle of wine is currently €0.03 in France and €0.00 in Italy (McDade, 2021, p. 10). According to Aveine Wine Market Tracking (2021) French wine consumers prefer their own wines with 9 out of 10 bottles locally produced. Over the past 50 years wine consumption levels in France have steadily declined, from about 100 litres per capita in 1975 to 49.5 litres in 2019 (Schoendoerffer, 2021; Perrouty, 2019). This changing consumption pattern complements emerging data that shows while the French are drinking less, they are simultaneously trading up and are more selective about the wines they choose, spending more on average per bottle of wine than previously (Aveine, 2021; Schoendoerffer, 2021; Perrouty, 2019).

In a new trend like that of France, many younger Italian wine drinkers are turning to sustainably produced and organic wines (Penco, 2020). Penco continues to say that the wine trade in Italy is also heavily influenced by food choices, with Italian consumers pairing wine with specific foods and most often consuming wine at mealtimes. Italy is the largest wine producer in the world; however, it is not home to any of the top 20 global wine brands. Penco (2018) believes this to be the lack of brand awareness or importance placed on brand name by the domestic market. Italy's vineyards are small scale and family owned without the resources to develop a strong enough brand to compete globally.

Both France and Italy have wine production and consumption thoroughly imbedded in their cultures and yet despite the historically high volumes of wine consumed in these regions, there is not the same image of alcohol abuse as is associated with Ireland or Finland, where alcohol is heavily regulated and denigrated (Ferriter, 2015; Karlsson and Österberg, 2002; Warpenius and Mäkelä, 2020). In fact, the levels of consumption are steadily declining despite no efforts by the government to curb the levels with stricter control.

2.5.3 The Impact of Minimum Unit Pricing in Scotland

In May 2018 Scotland became the first country in the EU to implement a minimum unit pricing (MUP) system in relation to alcohol. A price of 50p per gram of pure alcohol is the lowest amount that an alcoholic beverage can be sold for in a licensed premises (Robinson, Mackay, Giles, Lewsey, Richardson and Beeston, 2021, p. 2697). Robinson et al. (2021, p. 2698) explain that based on evidence from other regions such as Canada and the Northern Territory of Australia, results from the first 12 months in Australia found “that total wholesale alcohol supply per capita declined” driven largely by cask wine which was until that point the cheapest alcohol available on the market. Interestingly, while the study found a net decrease of 2.0% in overall alcohol sales after the implementation of the MUP, the effect on off-trade wine sales was the opposite. An increase in sales was recorded in the off-trade wine sector only (Robinson et al. 2021, pp. 2701-2702). This is particularly of interest because in the same period wine sales figures fell in the control group of England and Wales where no MUP was implemented. Halstead (2020) theorises a similar trend in the Irish market due to the high taxes involved in purchasing wine that “make the consumption of wine a more thoughtful affair from the start. Spending €10 or more on a bottle makes you more likely to think about what you’re buying; knowledge about brands and value for money also matters more”. While MUP may dictate consumption levels it does nothing to target the quality of the wine or other types of alcohol available on the market, only demands that cheap alcohol be made more expensive, not made better.

2.6. Literature Review Part 2 – Consumer Behaviour

Blackwell, Miniard and Engel (2006, p. 4) define consumer behaviour as “activities people undertake when obtaining, consuming and disposing of products and services” or more simply put “the study of why people buy”. Understanding the many elements affecting consumer choices is essential for this study to gauge why Irish wine consumers choose a certain bottle of wine over another. According to Antonides and Van Raaij (1998, p.1). this is important from a marketing perspective for companies as it allows for “forecasting and understanding consumer demand for products as well as brand preferences”.

2.6.1 Consumer Behaviour Theory

Consumers are influenced by much more than just the product selection on the shelf in front of them, but rather by many factors which come into play even before deciding what shop to enter. Underlying motivators for choosing where to shop can be connected to ones underlying values and self-identity, for example choosing shops based on integrity of product sourcing or eco-friendly practices (Han, 2021; Antonides and Van Raaij, 1998). Many external factors are also considered when choosing what to buy and where to buy it including advertising, value for money, service levels and convenience (Blackwell et al., 2006; Stephens, 2017). Assael (2003, p. 56) also discusses brand loyalty and inertia, when consumers choose to stick to a tried and tested brand rather than face “the time and trouble to go through a decision process”. In relation to wine, as stated previously, Halstead (2020) noted that much of Ireland’s high level of wine knowledge could be attributed to brand familiarity, “In Ireland, every one of the top 10 brands have awareness levels of over 60%. In Canada, just 4 brands exceed 60% awareness; in the US, 3; in Germany, only 1. Brand, it seems, is a more familiar concept in the wine category in Ireland than anywhere else”. Wine is not considered a “low involvement” purchase as it is a speciality product and one most often purchased as a luxury rather than an everyday item (Stephens, 2017). Therefore, the consumer often considers all the choices (that they are aware of) and narrows down the selection to one brand that best suits their needs. If the brand is successful in fulfilling what was required, brand loyalty is established and the consumer may choose the same again once the need arises (Stephens, 2017; Assael, 2003). This may likely be the case for many wine drinkers in Ireland depending on their level of wine knowledge as wine can be a daunting purchase for many and so removing the decision-making process equally

removes any associated stresses or pressures (Teague, 2018). Furthermore, where the consumer intends to consume the wine is of importance also as “the home, or other private consumption situation, is a safe place to try a wine out because it removes that danger, stress, of making a mistake, choosing a “wrong” wine, in a public consumption situation” (Ritchie et al., 2010, p. 114).

2.6.2 Bourdieu's Theory of Capital

Bourdieu (2010 [1979]) theorises that our capacity to make decisions directly correlates to our economic, cultural, and social capital. Our 'Habitus' therefore is "the built-in, subconscious way that we perceive and categorize things in the world, because of how we were raised, without knowing that we're doing it, that structures our tastes and actions" (Jurafsky and Matsumoto, 2017, p. 12). Economic capital relates to what a person has, essentially their status economically. Cultural capital relates to the education and skills a person possesses which would allow them to hold a place in the higher levels of society based on their own merit. Finally, social capital is acquired by membership in a group who as a collective bolster each member's own symbolic wealth simply by their belonging (Bourdieu, 2010 [1979]). This suggests that when purchasing wine not only is budget and taste preference to be considered but also what is seen as acceptable behaviour based on their status and social standing (Beckert, Rossel and Schenk, 2014).

2.6.3 Choosing Wine

By the amount of literature related to wine and specifically what wine to choose, it is evident that the product is one which should be carefully considered before a purchase is made. Jefford (2003) details the importance of reading a label to establish grape varietal or region, therefore indicating the likely style of the wine. Wine styles and grape varieties are then discussed in length separated by region. The Loire Valley and Alsace wines are described as below:

Chenin Blanc in Vouvray and Anjou produces wines of orchard like fruit. Sauvignon Blanc in Sancerre and Pouilly-Fumé has aromas of smoke or flowers. The reds of Chinon, Bourgueil and Saumur offer pungent raspberry scents. Alsace wines, mostly white, are sold by grape variety. Edelzwicker blend, Sylvaner and Pinot Blanc are quaffers; Riesling, Pinot Gris, Muscat, and Gewürztraminer make deeper wines (2003, p. 19)

While insightful and helpful to wine enthusiasts who would take the time to seek out such literature to make informed choices, is not universal knowledge to every wine drinker. Wine attracts a variety of drinkers, like many specialist products, some who take the time to learn about it and others who simply consume without much thought (Ritchie, Elliott, and Flynn,

2010). When analysing purchasing patterns in the UK, Ritchie et al. (2010, p. 116) found that some customers were simply buying wine just as they would any other daily household product from the supermarket as part of their weekly shopping with no intentions of ever trading up. Ritchie et al. (2010, p. 115) also found that supermarket staff were not seen by consumers as being specialised or knowledgeable in wine and so consumers were more likely to choose an off-license or specialist wine shop for “special purchases” where recommendations or help may be required. This indicates that wine may be differentiated as either a special purchase worthy of consideration or just as part of the weekly shop not necessitating much thought other than price, value, or brand preference.

2.7 Conclusion

It has become apparent from the literature that wine purchasing patterns are far from straightforward. The level of one's knowledge coupled with budget, societal pressures and availability all have a role to play in this purchase. More so than other beverages, wine maintained an elite or snobbish aura until its widespread availability and affordability emerged through supermarket retail. For this same reason much of the lower quality wine which previously would never have been sold was now sold in bulk to supermarkets and priced in an enticing way for those who want to try wine without the pressure of overspending on a beverage they may not like. This may have had an influence on the current wine market as the Mintel (2020) report showed that the Irish have a strong preference for well-known brands and the same regions have remained favourites for long periods of time. The Covid-19 pandemic was found to increase the variety of wines consumers were exposed to through online shopping, however, the trend towards Chilean wines and the top retailers being large supermarkets remains unchanged in Ireland. In comparison, Finland with much stricter regulations on availability, has found a new love for the lower ABV wines available conveniently in supermarkets since 2018. Suggesting that both Ireland and Finland are largely choosing by convenience rather than wine knowledge and a selective palate. French wine drinkers on the other hand are unrestricted by price or availability, drinking less wine but giving much more consideration to what wine they choose and willingly trading up to better bottles on the occasions they do drink. Italians similarly base much of their wine purchasing on food pairings, sustainable and organic wines to ensure they are getting the best and most suitable product for their needs. Government intervention in Ireland has not notably affected the consumption levels here in a positive manner and could be considered as overly controlling when compared to France where wine drinking levels have naturally decreased due to the appreciation for quality over quantity that has been cultivated there.

Chapter 3 - Methodology

3.0 Methodology

3.1 Introduction to Methodology

The previous chapter examined existing information relating to the performance of the wine industry across Ireland, the EU and Britain to date. Trends and alcohol regulation have heavily influenced the market as is to be expected. This chapter aims to outline the methods used to gather data, directly from consumers and expert interviewees, of both a qualitative and quantitative nature. The efficacy of this approach will be shown to result in more comprehensive conclusions due to the exploration of the same paradigm from multiple angles.

3.2 Research Tools

To carry out the research required to validate this study a combination of qualitative and quantitative data was gathered and analysed. This mixed methodology approach as stated by Tashakkori and Teddlie (1998) allows researchers to combine multiple research tools to triangulate data of both qualitative and quantitative nature to explore the same paradigm and reach more complete conclusions. Mixing methods allows researchers to “attack a research problem with an arsenal of methods that have nonoverlapping weaknesses in addition to their complementary strengths” (Brewer and Hunter, 1989 cited in Tashakkori and Teddlie, 1998, p. 21). This is particularly relevant to wine studies as a combination of sales figures which are undisputed numerical statistics as well as subjective opinions of both consumers and industry experts are relevant to this study. Wine being a niche area of study requires both the ability to collate information about trends and sales, as well as the ability to understand and interpret the personal driving factors behind why certain wines are imported and the thought process behind each consumer purchase.

3.2.1 Quantitative Research and Qualitative Research Defined

Quantitative data consists of information that can be “systematically measured and scientifically assessed” and is particularly appropriate when trying to quantify the number of people who partake in a certain activity or behaviour (Nardi, 2018, p. 22).

The term qualitative research refers to data gathered that is often descriptive and contains “explanations of human processes” (Miles, Huberman and Sandaña, 2014, p. 4). It is useful when the aim of a research is to understand human behaviour from the perspective of those involved and in their own daily lives and habitat (Nardi, 2018).

3.2.3 Survey Design

Check and Schutt (2012, p. 160) define survey research as “the collection of information from a sample of individuals through their responses to questions”. To understand why consumers, choose to buy wine in one shop over another and choose certain brands over others, it was essential to put the question to the consumer directly in a structured manner. To this research, a survey was designed and distributed online to reach a wide range of consumers from different demographics who purchase and drink wine in Ireland. The questionnaire design followed the recommendations by Kelley, Clark, Brown and Sitzia (2003) for language, design, and layout to ensure participants clearly understand the questions and that results are unbiased. To ensure the above criteria could be achieved, the online questionnaire was created on the website SoGoSurvey.com which provides a platform accessible on both smartphones and computers. The questionnaire was then piloted amongst family members and friends first to “highlight potential problems” participants may experience when filling out the questionnaire (Kelley et al., 2003, p. 263). The respondents to the survey consisted of a completely random sample of the population to avoid any biases that may occur either consciously or subconsciously should the sample be selected by the researcher (Maidonald and Braun, 2010). The questions were mostly multiple choice for convenience to gather data which represented the numbers of consumers partaking in a particular behaviour. One open ended question was included to encourage subjective opinions to be shared on what each participant felt influenced their wine purchasing habits. A copy of the questionnaire is available in Appendix A.

3.2.4 Interviews

Qualitative data collection took place in the form of interviews with experts in the field of wine sales in Ireland. Interviews took place with those who deal with the retail sector for supermarkets specifically and smaller scale independent wine retailers to gain both perspectives. The questions were semi-structured to allow the experts to elaborate on their own experience and opinions. The interviewees were given the option to remain anonymous if they so wished—this encouraged a more open and honest conversation about the current wine industry and its prospects in Ireland. The wine industry throughout history has kept a level of prestige and anonymity by protecting certain production methods and regional styles, for example, Champagne and the *Méthode Champenoise*⁶. This same protective attitude has spilled over to the retail side of the industry with many retailers unhappy to share their sales figures or business models with anyone external. This may be due to the competitiveness of a small market in Ireland due to the size of the island, however, the close knit and tight-lipped wine community is not exclusive to Ireland. Five interviews with a semi-structured approach took place over the month of March 2022, totalling approximately 5 hours. Each participant signed a consent form allowing recording and transcription of the interview for the purpose of this research. Transcriptions of each interview are available in Appendix E. An iPhone SE was used to record each interview using the voice memo application and Otter AI software was used to aid with the transcription. For the sake of accuracy each transcription was listened to and manually corrected after the use of the Otter AI application. The AI application proved to be a useful tool, however, required the researcher to correct each transcription manually and proofread for errors. Several the interviews took place online through Microsoft Teams, this meant an online consent form was also provided for convenience using the My.Forms application.

To avoid bias from one retail setting to another, the interviewees are known experts in the wine industry in Ireland from a range of backgrounds. The interviewees consisted of two experts from independent wine retailers, one buyer for a large wholesale retailer, one buyer for a

⁶ *La Méthode Champenoise* is the traditional method of making champagne and other high-quality sparkling wines where the second ferment takes place in the bottle. Originating from the Champagne region of France (Puckette, 2016).

specialised off license and the head of wine industry reporting in a leading market research company. One of the experts also holds the prestigious title of Master of Wine.

3.6 Justification for Chosen Methods

As this is a consumer behaviour-based research project, it was essential that the information gathered came directly from those that influence the wine market most: the consumer. The quantitative data collected through the questionnaire allowed the researcher to identify patterns clearly represented by the number of participants partaking in a certain activity or displaying preferences or habits. The wine industry is ever changing (Hemming, 2020) and the subjective opinions of experts in the field validates the research due to their knowledge and experience of current trends. Insight into both the retailer interpretation of the market and consumer demand also allowed the researcher to further clarify the resulting wine culture in Ireland from multiple angles. By understanding both the sales data and the human element, more comprehensive conclusions can emerge relating to Ireland's wine market and culture.

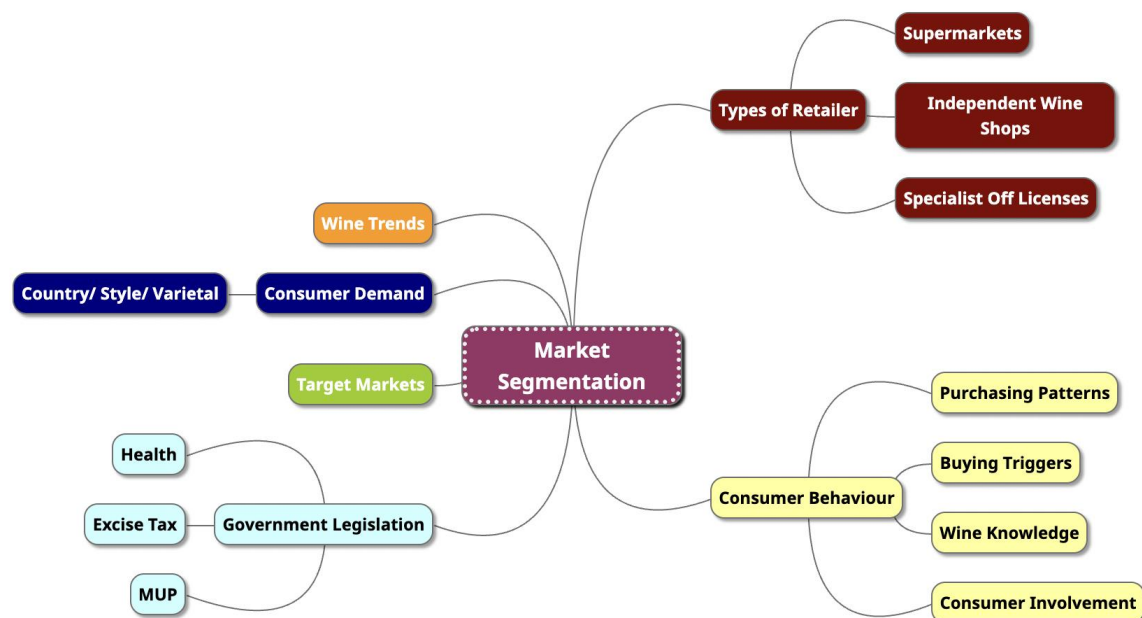


Figure 1. Factors affecting wine market segmentation in Ireland

The above mind map aided in deciding what information needed to be acquired by the researcher when designing the surveys and interview questions to comprehensively understand the current wine market in Ireland.

3.7 Data Analysis

According to Kelley et al. (2003 p. 265) “the purpose of all analyses is to summarise data so that it is easily understood and provides the answers to our original questions”. In this case each type of data was analysed separately and then combined to develop conclusions within the research. As stated above the mixed methods research model allows for a comprehensive understanding of the market, both in numerical and in opinion-based data. This portion of the research was carefully planned out and given a generous time scale to avoid any mistakes that could lead to any inaccuracies in the findings and conclusions (Kelley et al., 2003).

3.7.1 Quantitative Data Analysis - Multiple Variables

Nardi (2018, p. 205) explains when carrying out research on behaviour it is unlikely that one single explanation can cause an opinion rather “there are multiple reasons for those beliefs and actions”. Thus, it is important to both identify the variables which could contribute to an outcome as well as providing a control for which the relationship can be tested against. For this research, several factors could influence the responses from certain individuals such as age, income level and gender. To demonstrate why consumers, make the choices that they do, it was essential to analyse the data accounting for multiple variables influencing each decision. Implementing a control variable such as gender allowed the researcher to identify significant influences in wine purchasing habits including income level, wine knowledge and age category across the sample while eliminating gender-based preferences or habits. To allow for an accurate evaluation of purchasing behaviour the control variable was changed and re-analysed several times to gain rounded and accurate results.

The data was downloaded from the online survey forum onto Microsoft Excel programme. From Excel the figures were used to form tables and charts to represent the results using the multiple variable technique as outlined above and are presented and discussed in the following

chapters. The open-ended question results are used alongside the other qualitative data gathered through interviews and presented in the thematic analysis.

3.7.2 Qualitative Data Analysis - Thematic Analysis

Maguire and Delahunt (2017, p. 3352) define thematic analysis as “the process of identifying patterns or themes within qualitative data”. It is an ideal method of analysing data due to its flexibility and use by a wide range of disciplines (Maguire and Delahunt, 2017; Braun and Clarke, 2006). In their paper Braun and Clarke (2006) aimed to define the thematic analysis method more clearly to add weight to its credibility as a research tool without compromising its suitability to such a wide array of fields.

To begin a thematic analysis, the data must first be divided and subdivided from the “corpus” which is all the data collected into “data sets” which are the selections of data being used for that analysis. From there it can be further divided into “data items” which consist of each individual piece of research, for example—one interview or survey—and from these, “data extracts” are picked. These are coded chunks of data that feature within the data item and are chosen to feature in the final analysis (Braun and Clark, 2006, p. 6).

The themes chosen for this research were carefully considered based on the combination of the research question and the information collected throughout the interviews carried out as part of the project. While some themes were recurrent and easily identified across the range of data collected, others were less obvious or frequent. The decision to include these lesser themes was based on Braun and Clark’s (2006, p. 10) theory that “the keyness of a theme is not necessarily dependent on quantifiable measures—but in terms of whether it captures something important in relation to the overall research question”. Initially the codes were created from the interview transcripts and then further refined using colour coding of similar themes and eventually combining these under 5 main themes to carry out analyses. The frequency of key terms was also recorded using the NVivo software to create a visual representation of the data gathered from the interviews.

3.7.3 Application of Bourdieu's Theory of Capital to the Data

The lens of Bourdieu's *theory of capital* was used to interpret the primary data gathered by both survey and interview. The theory outlined in Chapter 2 lays the premise that human behaviour is influenced by our economic, social, and cultural capital. Therefore, by analysing the data using this premise it allowed the researcher to gain an understanding of consumer choice at a deeper level. The survey respondents entered identifying details such as their disposable income, wine knowledge levels and preferred retail outlets as well as answering an open-ended question allowing them to describe circumstances in which their purchasing patterns may differ. Each of these were explored and deciphered using Bourdieu's *theory of capital*.

Similarly, the interviewees provided information on their target markets and the demographic to which their business models mainly catered for. The researcher again applied Bourdieu's theory to further understand why these consumers were particularly lucrative and of interest to those retailers.

3.8 Limitations

Presenting limitations within a research project is an important part of the process to ensure that any scholars who wish to build on the research are aware of the areas not covered in detail or to leave space for improvement and further study. It also identifies weaknesses or biases that may have influenced results thereby highlighting of these is necessary for an honest and true representation of the findings (Ross and Zaidi, 2019). The number of responses versus the number of wine drinkers in Ireland represents a small percentage. If this research were built upon a larger sample size, it could provide a more accurate representation for the entire wine-drinking population.

Another limitation to the research involves the bias that some industry professionals may feel towards certain types of wine over others. The data gathered through interviews must therefore undergo analysis with the understanding that those who run their own independent retail businesses may have a different moral and ethical standpoint to those who are purchasing wine

on a larger scale for a different target market. Their own personal taste in wine is not included in this research but their opinion on what wines is in demand by the general population is.

3.9 Conclusion

This chapter outlines the methods used to gather and analyse primary data with the intention of drawing conclusions for the final chapter of the project where the market segmentation of wine in Ireland will be discussed. Using a mixed methodology approach to collect samples of both personal opinions and numerical data allowed for a thorough and well-rounded data corpus. From this, the numerical data was analysed and illustrated on graphs representing consumer behaviour. The qualitative data followed Braun and Clark's (2006) six step analysis format for identifying and presenting findings. The limitations of the research were identified and may be used for future development of this topic. In the upcoming chapter the methods described above are put into practice to present the data in a clear and coherent format.

Chapter 4 - Presentation and Discussion of Results

4.1 Introduction

The following chapter outlines the findings from the primary research carried out as part of this project. The results from the online survey distributed to wine consumers living in Ireland are presented below, alongside the thematic analysis carried out on the transcripts of 5 interviews with industry experts.

4.2 Survey Results

The aim of the survey was to establish the demands and purchasing patterns of Irish wine consumers based on their responses to a series of questions. The questions were designed to develop a complete picture of each participant's wine consumption in a way that allowed for multi factor variable data analysis to be carried out as described in the previous chapter. The distribution of participants across a variety of age ranges and genders represented a good sample of purchasing and consumption patterns in various demographics.

4.2.1 Respondent Distribution

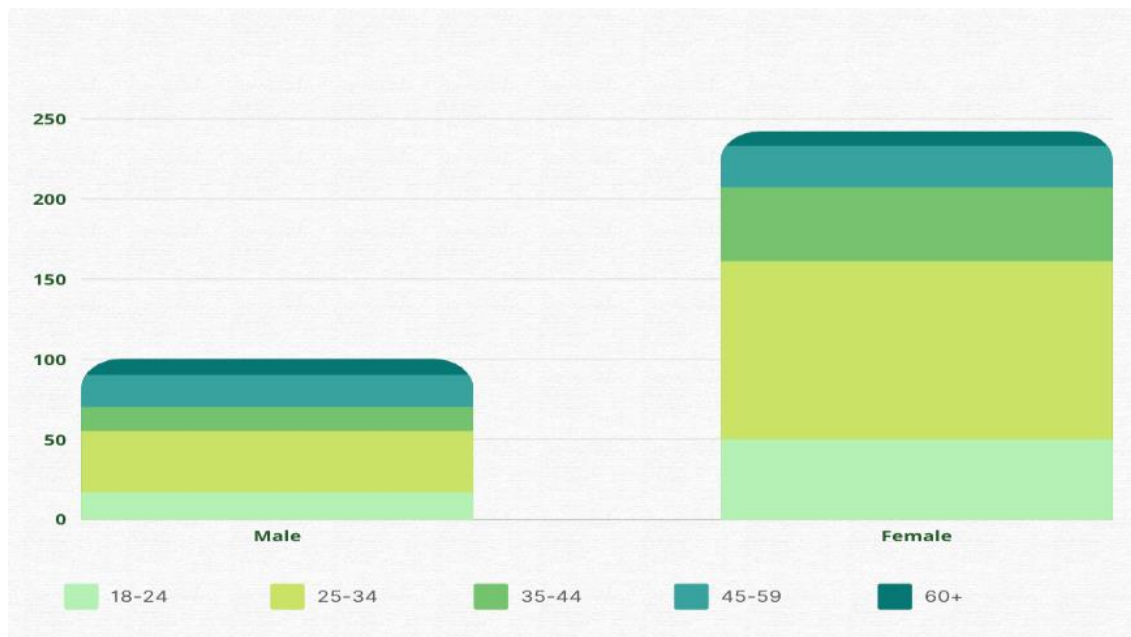


Figure 2. Survey respondent distribution across gender and age range

The total number of respondents was 341 of which 71% were female and 29% were male. The above chart represents the distribution of age range across the genders. While this may seem disproportionate, it revealed that females are engaging more with wine as stated in Chapter 2 and that currently there is still a higher percentage of women carrying out the household shopping. It is important to note that with a larger sample this gap may be proportionately less.

In terms of frequency for females 28.9% of respondents purchase wine weekly or more, 45.45% purchase fortnightly or so, 18.59% purchase irregularly and 7.06% purchase wine only for special occasions. In comparison 42.4% of male consumers identified as buying wine weekly, 28.31% buy wine 2 or 3 times a month approx., 23.23% buy wine irregularly and 6.06% buy wine only for special occasions. This indicates that the men who are partaking in wine consumption and purchasing wine are doing so more regularly than women.

4.2.2 Considerations When Choosing Wine

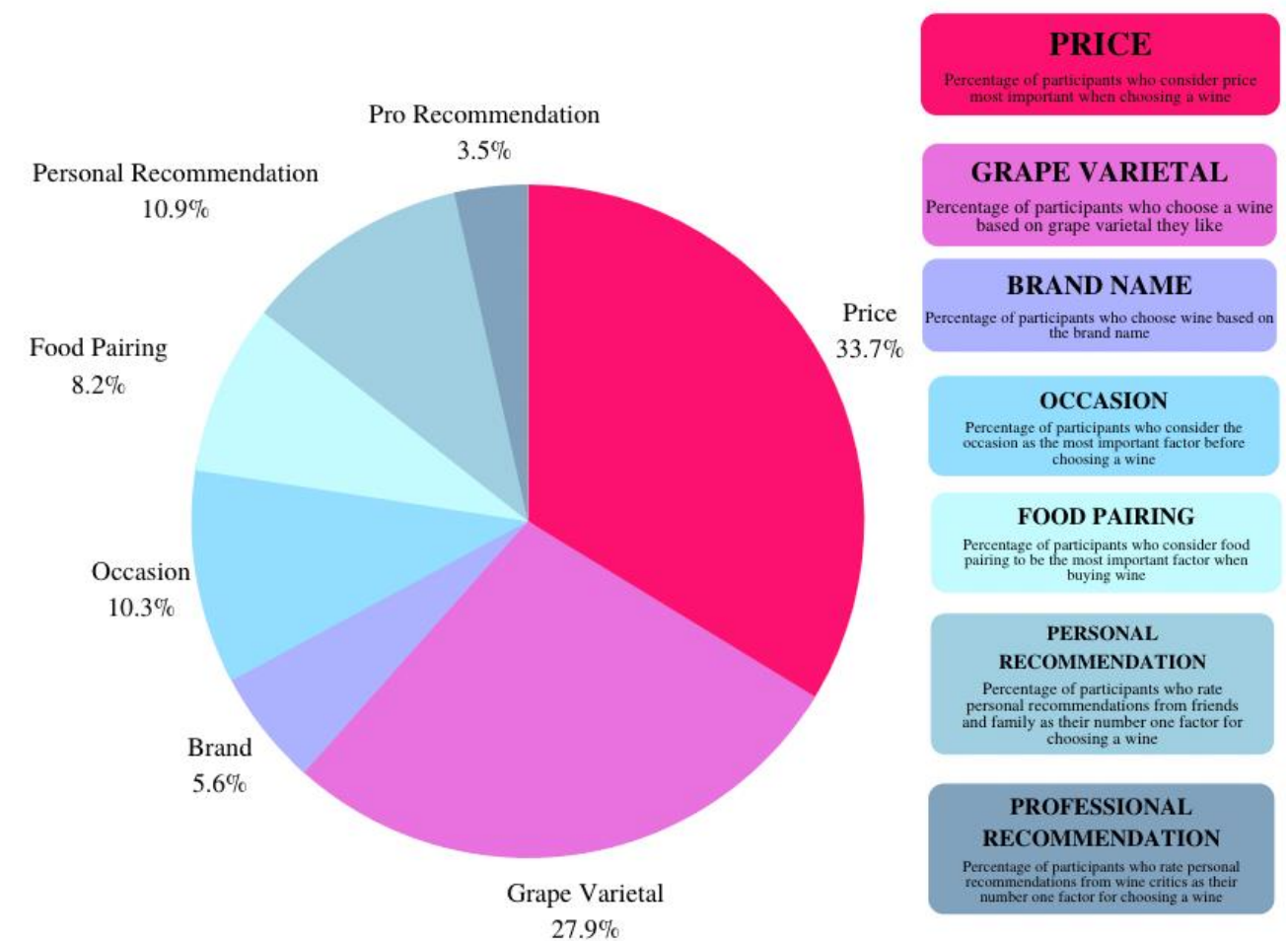


Figure 3. Percentage of participants who chose each factor as their most important consideration when choosing a wine.

To understand consumer behaviour, one must find out why they make the choices they do. Therefore, by asking each respondent to number from 1-7 their most important to least important considerations when choosing a bottle of wine, we can clearly see where the consumer demand lies, which is overwhelmingly cost focused. According to Mintels (2020) report the cost-of-living rising has put a strain on household budgets overall and so this result is expected. When the multi-variable analysis is applied the data changes with only 15% of people who earn over €2500 disposable income per month placing price in their top three considerations at all and 45% of those earning below €500 disposable income per month placing price as their number one consideration. This highlights the difficulty that some demographics may experience when trying to avail of better-quality wines which come at a higher price point.

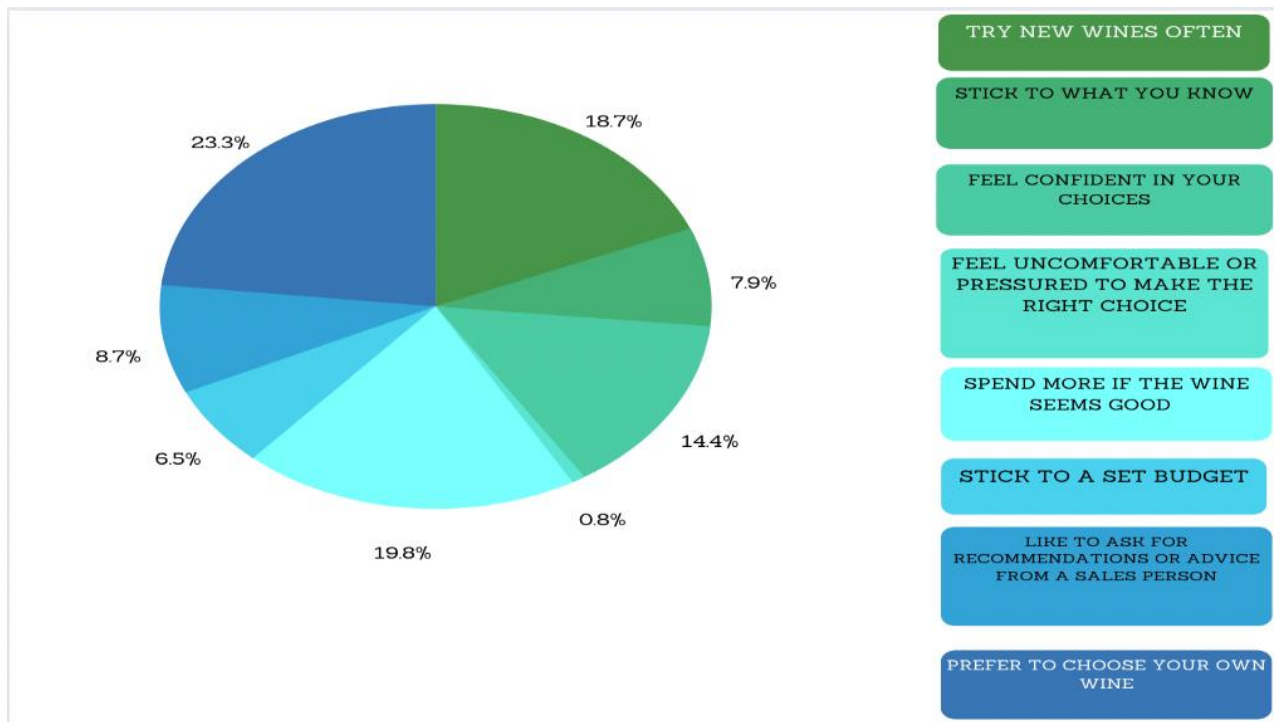


Figure 4. Purchasing behaviour of routine (weekly) wine consumers

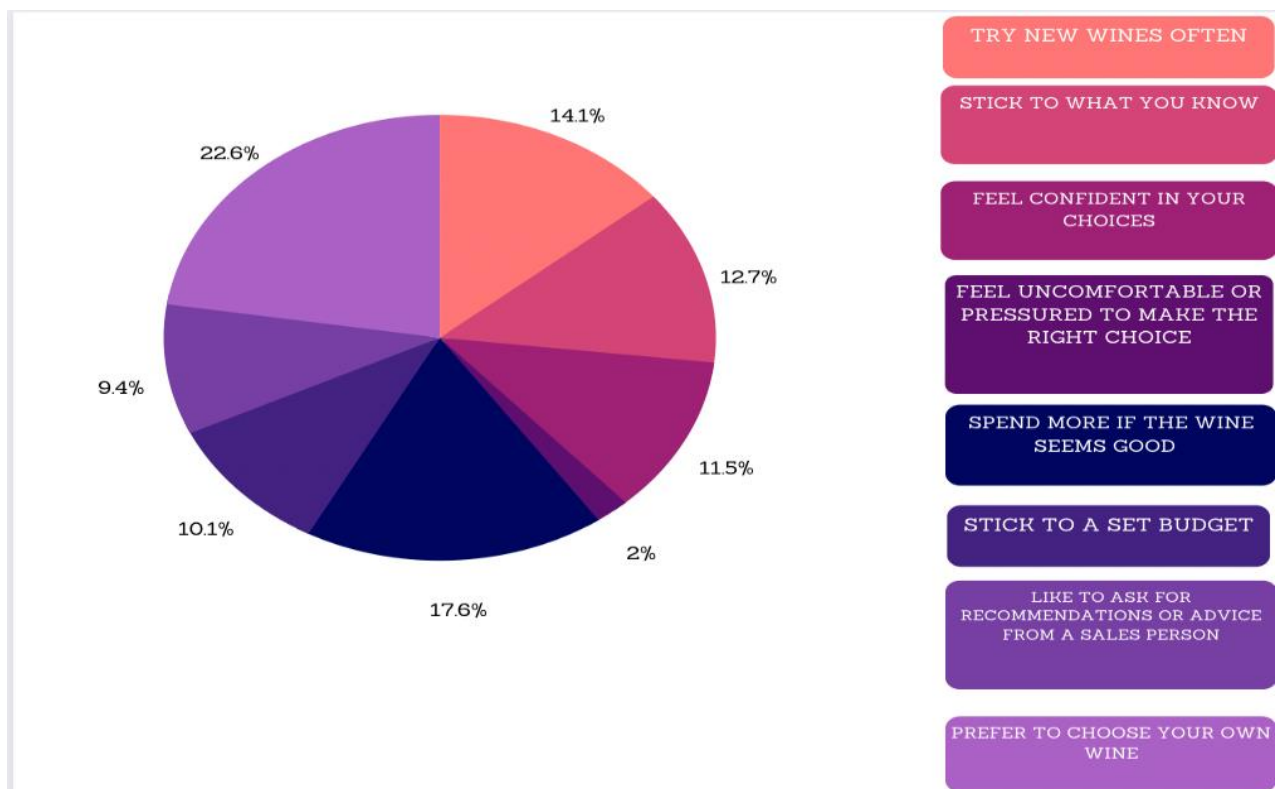


Figure 5. Purchasing behaviour of consumers who drink wine less often (fortnightly or less).

Within the factors affecting which wine a consumer chooses are also purchasing patterns or habits. By extracting from the respondents, the sample of consumers who purchase wine weekly in comparison with those who buy less often it was established that routine buyers tend to try new wines more often, feel confident in their choices, prefer to select their own wines, and spend more if the wine seems good. In comparison those who drink wine less often choose more to stick with what they know, feel more uncomfortable or pressured to make the right choices and stick to a set budget. It is worth noting that 97.5% of consumers who drink wine weekly also claimed to have some level of wine knowledge or above, only 4.3% of overall respondents claimed to have no knowledge of wine whatsoever. Therefore, those who are drinking wine on a regular basis are also taking an interest in the beverage for what it is rather than just consuming wine as a form of alcohol. This speaks to the level of interest Irish consumers have in the product. The level of knowledge reported was also used as a variable for their retail outlet preference as outlined below.

4.2.3 Retail Outlet Preference

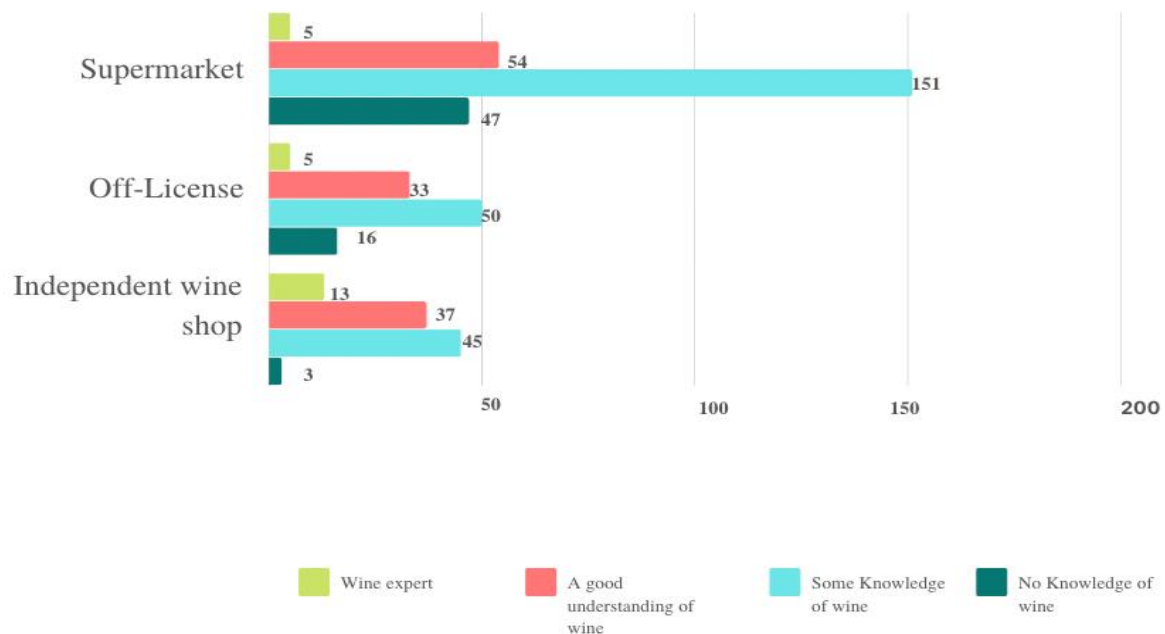


Figure 6. Respondents level of wine knowledge and their preferred retail outlets for wine purchasing.

Participants could choose multiple options for where they like to purchase wine. Clear patterns emerged in the data showing that those who consider themselves to be wine experts tend to frequent independent wine shops and those who have little to no wine knowledge are more likely to buy in the supermarket or off-license. Overall, the off license was the least chosen of the retail outlets and the supermarkets as expected from market reports attracted the most business. It seems that independent wine shops engage a more specific market with their higher price entry point and niche offering. The less involved consumers with lower levels of knowledge are more likely to passively buy wine in the supermarkets where no advice is available and are therefore purchasing out of necessity rather than interest in furthering their understanding of the product. Those who show interest in wine through their knowledge levels are purchasing in all types of retail outlet suggesting that they may be buying as part of a mixed shopping as well as seeking out the wines offered exclusively by independent retailers along with the service level provided there. From the respondents none were exclusive to one form of retail outlet. This is further examined below through interviews with industry experts.

4.2.4 Consumer Opinions on Wine

Quality of Wine Available on the Irish Market in Comparison to Other EU Countries at the Same Price Point- All Respondents

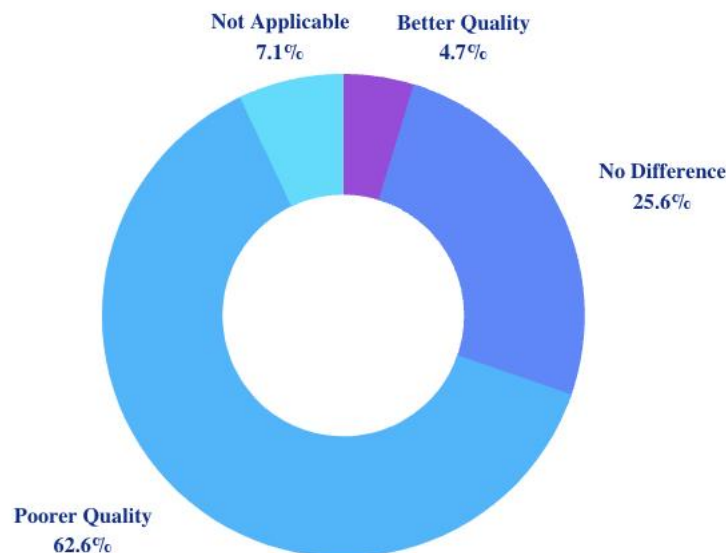


Figure 7. Quality of wine in comparison with other EU countries at the same price point

62.6% of consumers felt that the wine available in Ireland at certain price points is of poorer quality than the wine available in other EU countries at the same price point. This suggests that the majority consumers are both aware of the excise duty amount and well-travelled to be able to compare. It is therefore not in the interest of the retailers to provide wine that is sub-standard in comparison to other countries if hoping to grow the wine market here further. With only 4.7% of respondents finding the quality to be better than abroad it does not bode well for both the home market as well as the tourist market who may find it to be a deterrent to travel to Ireland. Quality also encompasses the entire make-up of the product including level of human intervention and processing. Wine is a natural farmed product; therefore, elevated levels of processing and additives may indicate masking a poor-quality product which the health-conscious Irish consumer may scrutinise.

44.8% of consumers also feel that the cost of wine in Ireland in comparison to other EU markets is expensive or too expensive. These consumers have been able to identify that despite being an imported product they still feel that the cost increase of purchasing wine in Ireland versus other EU countries is not justifiable. The duty on alcohol in Ireland is high across the board meaning that even locally produced alcoholic beverages carry a higher price here than in other EU countries with lower duty rates, an issue raised by many in the industry as highlighted in Chapter 2 and the same sentiments appear again in the expert interviews. Yet despite the cost consumers continue, to drink wine, to pay the cost of a bottle and to even increase their spend dependant on certain variables. No increase in tax has reduced the consumption levels as the wine market continues to grow.

4.2.4 Factors Causing Variation in Normal Purchasing Patterns



Figure 8. Factors which may change consumers normal wine purchasing patterns.

When asked what could cause their normal wine purchasing patterns to change, overwhelmingly the respondents stated that when buying wine for a gift they would “always spend more when gifting wine, as I’m happy with a €10 bottle of drinkable wine at home” (Respondent #214). They also try and select better wines or ask for recommendations and even change their normal retail outlet to a specialised wine shop to impress the receiver. This suggests that the wine snobbery, which has in most cases decreased because of the introduction of cheaper wine to all supermarket shelves making it available to everyone, is alive and well when trying to impress others. It also indicates that consumers choose more expensive and better-quality wines for others than for themselves, which is worrying, as it suggests that consumers are not prioritising choosing better-quality products for themselves because of the higher price point. The use of the term “drinkable” suggests that no real enjoyment stems from drinking these wines. This attitude reflects an unhealthy relationship with inferior quality wine consumed only for its alcohol content, because the characteristics of the wine at this affordable price are merely passable. Respondents replied that they would also trade up to better quality wines that were on unique offer again highlighting that price is the most significant barrier to a higher-grade product.

Using Bourdieu's theory of capital to interpret these results suggests the consumers are influenced by the desire to impress their peers, that the choice is not made by a conscious understanding of wine in many cases but rather that in order to exhibit good taste and fit into certain social circles one must spend more in order to attain a higher quality product which is more impressive when presented to the receiver or at the occasion. Economic capital is also a main player in this case as those who have wealth have been found not to consider price important taking much more care with other factors pertaining to their wine choice, while those who do not have money to spare base their selections on what is within their means to buy, despite the quality they can afford.

This lends itself to the idea that wine is seen as a status symbol regardless of the cost or quality of the wine for those who do not understand wine. On a personal level for many it is enough for them to "enjoy the €8 bottle of their favourite Pinot Grigio, while opting for the €25 bottle of Whispering Angel" as a gift to impress with their taste (Respondent #148). This of course does not reflect accurately the persons actual taste in wine but is an act to impress other and fit into certain social expectations and gain social capital. Yet for those who do have a higher level of knowledge when it comes to wine, the opposite becomes true as they consider those who drink entry level wines as having extremely low levels of discernment and an uneducated palate, as we see below through the expert interviews.

4.2.5 Consumer Attitudes to Wine

From the survey it became clear that consumers have an elevated level of interest and involvement in their wine purchases, whether it be to seek value on their own preferred styles or brands or to impress others by gifting wines they consider better as they are more expensive than their own usual choice. The trend towards gifting being the only reason consumers are willing to spend more highlights a worrying culture of choosing cheap wines that are palatable for the sake of saving money, knowing that to get quality they would have to spend more.

There is no doubt that without the high tax levels implemented on wine by the government that consumers would have access to much higher calibre wines at the price they currently pay for sub-par product. The health implications of highly processed wines are highlighted in section

2.3.4. Encouraging drinkers to prioritise cost over quality by making better wines unaffordable to many people could be a damaging mindset to promote. It discourages the attitude that wine should only be consumed because of its flavour profile, characteristics, and the artistry of its production. Instead, some consumers accept that what they can afford is a palatable alcoholic beverage, with no better reason to drink it than for its intoxicating properties. This could be considered a deeply harmful mentality and does not reflect the objectives of the health reform that the new legislation is designed to achieve.

4.3 Thematic Analysis of Expert Interviews

4.3.1 Identification of Themes and Coding

As described in the methodology chapter, Braun and Clarke's (2013) thematic analysis framework was implemented throughout the identification and analysis of codes for the purposes of this research. The interview transcripts (available in Appendix E) were read thoroughly and analysed by the researcher. Several common themes emerged and were extracted to form the basis for the coding system used to begin a thematic analysis. Initially the software application NVivo was used to identify words that appeared frequently throughout the interviews and the number of times these key words were used over the 5 interviews. The below table shows a selection of the most frequently used words and the resulting word cloud where the size of each word is based on the number of mentions.

Key Term	Number of Mentions
Markets	129
People	119
Consumers	98
Price	87
Quality	68
Product	67
Excise duty	55
Producers	35
Supermarkets	35
Change	30
Costs	26
Challenge	25
Premium/premiumisation	25
Population	20
Knowledge	18
Value	17
Glass	17

Figure 9. Word frequency of key terms from interviews



Figure 10. Terms most frequently used by expert interviewees

From these keywords, codes were developed and quotes from each interviewee relating to each code were compiled to better understand the context. The total number of codes identified was seventy-five. These were then reconsidered and ideas which fit under the same themes were combined into forty-five sub-themes which were colour coordinated to identify those that related to each other. These were further combined and labelled under 5 main themes which were then used for the analysis as shown in the diagram below. Full coding of each interview is available in Appendix C.

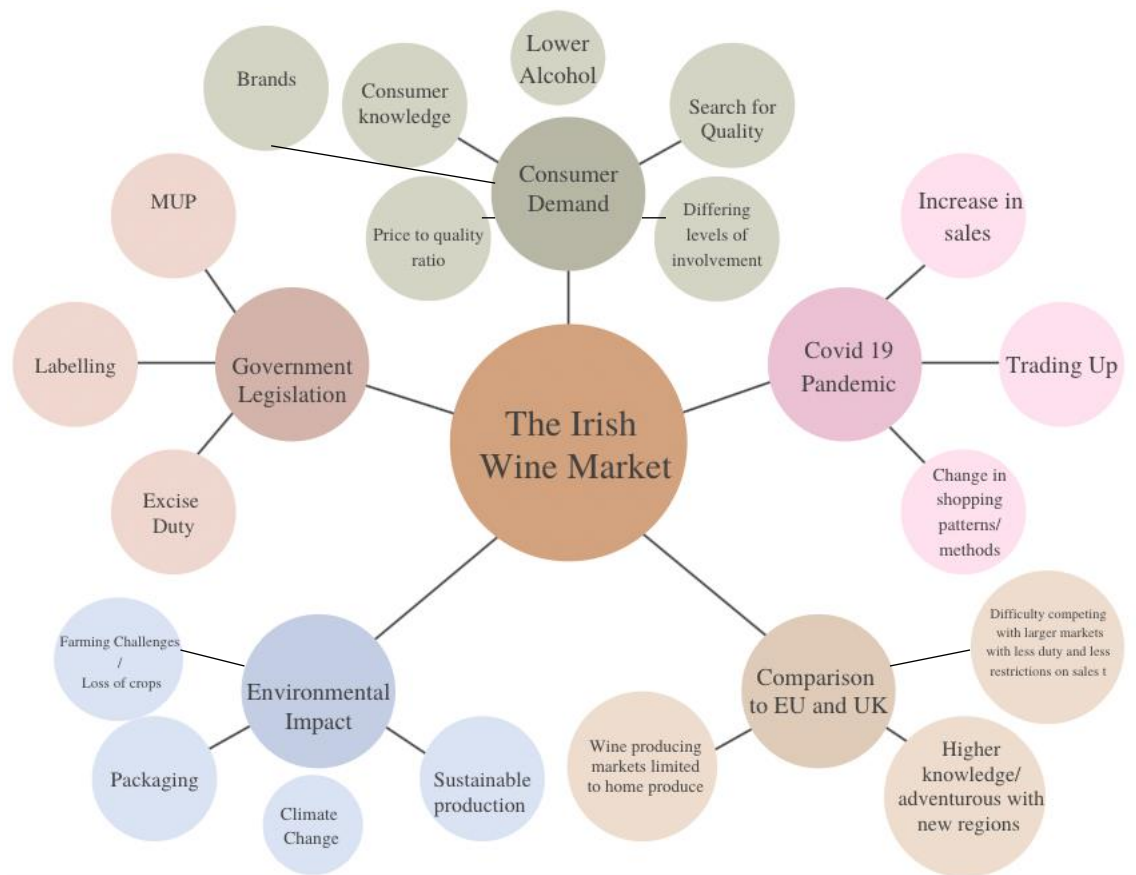


Figure 11. Sub-themes considered and development of main themes for analysis.

4.4 Results of Thematic Analysis

These 5 main themes identify the factors considered influential in the wine market by those who are currently working in the industry in a retail capacity. From the interviews it became noticeably clear that despite the retail outlets being vastly different in style and offering, many of the same challenges are faced across the board.

4.4.1 Government Legislation

The most identified barrier to market, mentioned on numerous occasions by each interviewee, was government legislation. Particularly the excise tax rates cause concern when choosing wines to import

the main one is always the taxation ratio is colossal, I mean €3.19 a bottle. But then you throw a 23% VAT on top of that, obviously, there is a large proportion of the value of any bottle of wine that is not related to the product itself, how it's made and the quality of it (Interviewee 3).

It may also be difficult from the point of view of the consumer to understand why the quality gap is so vast when purchasing entry level wine here in comparison to other EU countries:

if you take other countries into account such as Germany with virtually no duty, France with no duty, Portugal with no duty, it's quite hard for consumers to get their mind around why they're paying so much here for a bottle of wine (Interviewee 5).

Similarly, when consuming wine that is at the lower price point it should be queried as to what value is left that contributes to the makeup of the wine:

By the time you pare it back to what the liquid in the bottle is worth, you're into cents. The only way to produce something at that sort of level is to have massive volumes of poor substandard product and probably homogenise it in a lab... that's not what wine is, is supposed to be (Interviewee 3).

Other impacts such as MUP and labelling laws are of more concern to some than others. The retailers who do not sell at entry level price points will see little to no difference in their pricing already being above the MUP threshold. The supermarkets interestingly feel that MUP may “*force the consumer to trade up*” (Interviewee 1) as the price gap between the entry level wines and what they consider premium wines will close. In terms of labelling, it was identified that larger brands may be able to cater for a requirement for Irish labels to carry health warnings, whereas smaller brands often stocked by independent retailers will not find it worthwhile to provide a different label for a market as small as Ireland and this may cause “*a significant barrier to trade*” (Interviewee 4). It is the opinion of some experts that while public health is at the centre of these legislative decisions, they do little to improve health by encouraging the wine itself to be produced cheaper to allow for the extra cost of selling on the Irish market. They also warn that increasing costs of alcohol will only cause an increase in other essential products:

So, we all have a budget that we would work towards in terms of delivering incremental value for money for the consumer, above and beyond what the cost of the product would naturally

be. So, like having 33% off steaks, or wines or all that good stuff. If you increase duty, then you're increasing the cost of goods. If alcohol remains a key driver for bringing consumers in, then you're diverting investment out of key staple areas into alcohol. From a health perspective, which is the outcome of increasing duty, you force industries like us to invest more in alcohol to keep the price down for the consumer. Because that has a bigger draw, than having butter, bread, milk at a price (Interviewee 1).

This result of the Public Health (Alcohol) Act 2018 might not be quite what was desired by government, as the aim was to reduce consumption levels. The predicted result, however, would be to drive up the price of other essential goods up to keep alcohol prices competitive. This comes because of alcohol drawing consumers to certain shops over others based on the competitiveness of their pricing.

4.4.2 Environmental Impact

It was identified by all interviewees that the current generations of wine drinkers are becoming environmentally aware, *“consumers are more interested in the environment and therefore, organic and vegan and biodynamic product feed into that, which is interesting”* (Interviewee 5). A widespread audience now acknowledges the impacts of climate change, and it is a key factor for consumers that companies are viewed as environmentally aware, sustainable, organic and in the case of wine- biodynamic on an increasing level. Independent retailers may find this market easier to cater for as they are already, in most cases, basing their business model around a company ethos which strives to provide high quality wines from small farmers who use organic and sustainable farming methods to produce the highest quality wines.

As a farming activity wine growing is at the mercy of the elements and this can also have disastrous consequences for entire regions, *“Marlborough could end up getting pushed aside because the crop levels are way down”* (Interviewee 2). Climate change is causing fluctuations in the normal weather patterns that are essential for a good crop and while crop failure is not a new challenge, it is becoming more frequent and problematic in certain areas.

With the above considerations in mind consumers hold retailers and producers liable for ensuring that sustainability is paramount in all areas of production from growing to packaging,

“we’re doing our best to be as environmentally friendly and promote the sort of products that support people who are striving to be sustainable” (Interviewee 3). Locally sourced wine in Ireland (as stated in Chapter 2) is next to impossible, therefore the farming practices used in the regions where wine is sourced from become a key factor for sustainability. Knowing the provenance of the products they stock is also crucial for retailers and again tends to be more pronounced in small independent wine shops rather than in supermarkets where a qualified sales assistant’s advice is not available. In terms of packaging, the Irish wine market is still very much the traditional bottle of wine, bag in box and cans do not have wide acceptance in Ireland despite their lower environmental impact. Some retailers are trialling the different packaging options, *“we’ve increased our range of bag in box as well, we haven’t gone down the route of can yet, so if bag in box doesn’t work, I think canned is going to fail to the same for the same reason”* (Interviewee 3). While others feel the market is not going to change that drastically anytime soon, *“I don’t think so, it’s all about the volume, the bag in box will only appeal to a very small percentage of the market”* (Interviewee 2).

4.4.3 Covid-19 Pandemic

When discussing changes in consumer thinking such as environmental awareness, one obvious recurrent theme was the Covid-19 pandemic. It is necessary to examine the changes that occurred in the wine market and the consumer psyche during this unprecedented two-year period of lockdowns and complete shifts in routine. There was a significant increase in sales during the lockdowns in Ireland which spanned from March to May 2020 and again later in the year from December 2020 through to April 2021. These periods included confinement to a set radius from your home unless essential and allowed only for grocery shopping, and of course purchasing alcohol. It emerged that with the option to socialise in bars and restaurants eliminated, consumers chose to spend their disposable income by trading up on bottles of wine they were drinking at home instead. According to one expert

the thing about premiumisation is if that gets into the consumers psyche for greater than six months, it tends to become embodied in their way of thinking. They’ve had nearly two years of this, so it’s become very much stitched into their shopping habits now (Interviewee 1).

With the on-trade sector reopening again it is expected that wine sales will reduce to their normal levels, however it will be interesting to see if the trend to trade up remains long after the pandemic is over, but it remains too early to tell.

Covid's impact on supply chains and trade routes remain throughout the industry with inflated costs remaining high and delays still causing issues supplying the demand, *“there's a lot, it's like a perfect storm at the moment”* (Interviewee 5). The impacts are also still evident in the on-trade sector as the *“trend towards purchasing wine from a retail environment remains higher than pre-pandemic levels”* (Interviewee 3).

4.4.4 Comparison to EU and UK Markets

While the UK are our closest neighbour, they tend to be ahead of us in wine trends, *“by about 12- 18 months”* (Interviewee 3). Our market is closer to the Nordic markets of Denmark and Finland which as we established in Chapter 2 tend to have strict regulation and high taxes on alcohol similarly to Ireland. It was suggested that while countries such as France and Italy may consume more wine, they were not considered to have a problem with alcohol, but responsible consumption was ingrained in their culture rather than being enforced by government intervention.



Figure 12. A ready to consume, individual portion of wine in plastic or can in Tesco, London, UK (2022).

Interviewee 2 alluded to the fact that Irish drinking culture is more in the style of all or nothing and the casual consumption of a glass of wine at lunch or just one glass rather than a full bottle is not possible here, *“it’s just our DNA, we like to work but when the work is done we like to play, we’re not able to mix that bit of both in my opinion anyway”*. This may be the reason that bag in box and canned wine is not taking off as the thought of a single serve can or the option to take a glass from a box when necessary does not fit the Irish psyche, *“tap wine in your fridge I don’t think that would suit us here. You put temptation in front of people and we’re only human”* (Interviewee 2).

It transpires that the Irish consumer may be more informed on several types of wine, taking more of an interest in the subject due to lack of local production and cultural familiarity. In regions where wine growing is prevalent, the most consumed wine is local produce, whereas the Irish market has a vast selection to choose from and for those involved consumers who have an interest and want to experiment they have much more available to them. Although with the tax involved, they will be paying more for a quality product than their French or Italian counterparts. These tax increases would not be as easy to implement in wine producing countries as the industries hold a lot of sway in government due to their size and economic impact according to Interviewee 4.

The comparison therefore is clearly closer between Ireland and the North of Europe than it is between Ireland and regions such as France, Italy, or Spain. The consumption patterns vary between countries with prominent wine production happening, and those without. The similarity between Finland and Ireland both with strict regulation and high duty as well as high alcoholism rates, in contrast to countries where wine is naturally imbedded in the culture and yet more affordable cannot be ignored. It is the opinion of the experts that the high tax rates are not improving health as is the aim of the legislation, rather it is creating further barricades for consumers hoping to access better quality product due to cost. Importers are not enticed to provide wines of lower ABV due to there being no significant cost difference for retailers selling lower alcohol wines, which would be considered better for health, as anything above 5.5% alcohol is still taxed at full duty (Interviewee 1). Interviewee 4 described the labelling laws as quite short sighted due to the impact it would have on Ireland’s appeal as a market, already wines carry a significant cost not related to the liquid in the bottle which are factored in at the point of purchase for importing.

4.4.5 Consumer Demand

An area in which the experts differed slightly was consumer demand. While each agreed that providing wines with a fair price to quality ratio was essential, the smaller independent retailers and specialist off licenses tended to focus more on ethical sourcing, relationships with vineyards, exclusivity, and extremely high-quality wines unavailable in the multiples or discounters⁷. Those selecting wines for the supermarket and mixed retail sector were concerned about providing wines that suited the requirements of their target market i.e., well balanced, drinkable, priced competitively, attractively packaged, well-known brand names as well as quality assured by the retailer.

The provision of entry level price point wines was described as a “*race to the bottom*” (Interviewee 2), as they felt that stocking something for the sake of being cheap was not a sustainable business model. This may be accurate with the increase of conscientious consumers seeking traceability, better health in more ways than just consuming less alcohol but also choosing quality over quantity more often. The growing interest in provenance gives smaller retailers head starts on supermarkets who are currently still providing wines at various price points but without the level of expertise and service in store.

The smaller stores also can change and innovate at a faster pace than supermarkets by diversifying their wine offering yearly, recommending similar wines to those they can no longer stock and by having fully trained staff to provide the level of service expected by those paying premium prices for wine. These independent retailers are not stuck in contracts with big name brands and often work with small family-owned vineyards to suit their company ethos. It also allows them to trial new products on a smaller scale to gauge consumer reaction before “*pulling the trigger*” on any innovative business changes (Interviewee 3).

⁷ Multiples in this case refers to Supermarkets and small mixed trade retail outlets such as chain stores and petrol stations. Discounters refers to Supermarkets such as Lidl and Aldi who drive their business on extremely low-priced produce.

4.5 Application of Bourdieu's Theory of Capital to Thematic Analysis

It is clear from the themes that emerged from the interviews that consumers are not choosing products based on one factor alone but as expected, a multitude of considerations come into play, some more obvious than others. For those retailers hoping to appeal to a more educated, higher earning demographic who socialise frequently with superior quality wine they must appeal to all consumer inclinations. These consumers may be environmentally aware and health conscious due to their understanding of the impacts of both climate change and over consumption of alcohol. They may question the provenance of the product with a certain level of knowledge already which demands that the salesperson should know more or at least match their knowledge. Having the economic capital in place means they are willing to spend what they already know is necessary to get the level of quality they seek. These consumers are important to retailers who do not provide wine at entry level price points. Instead, they want to attract a more invested and interested consumer. Some, such as Interviewee 3, even state that their target market does not come from the under 25-year-old age bracket in general.

The supermarkets and discounters aim to attract mostly those who seek to recreate the luxury associated with enjoying a glass of wine, although at a more affordable price point. Their business model lends itself to attracting consumers with unique offers and entry level price points, but they also succeed in providing for the more discerning customer who is willing to spend more as cost is equal to quality in some people's eyes. Although, as many experts in the industry have stated, the best wine does not have to be the most expensive. For many of the supermarket shoppers, they seek value and the status symbol, historically connected to wine, now available to them. The supermarkets offer premiumisation to these consumers, for only 1 or 2 euros more, they can have a bottle of wine on sale described as a premium brand, certified by the retailer and a step up from entry level. This gives the consumer the feeling of a special experience without costing them more than they can afford.

Subsequently, it seems not to matter to many individuals what level of wine they consume as the social status comes from the historically elite image that was always connected with wine before its widespread availability. Anyone who drinks wine can consider themselves to have the economic capital to afford it, just at differing quality levels. They have the knowledge to enjoy it from either personal interest or easy to read labels and descriptions. Finally, they gain the social capital as each level of society will set its own standards for the wines that they find

acceptable. The remaining issue is that, due to cost, those who are consuming the lower priced end of available wine are drinking a much more processed and poor-quality beverage, the health effects of which may prove damaging in the long run but are unknown.

Chapter 5 - Conclusions and Recommendations

5.0 Introduction

This closing chapter brings together the findings from the secondary research compiled in the literature review and the primary research carried out as part of this study to form conclusions on the main aim and objectives of the research question. Recommendations for further study in this area are also included.

5.1 Drawing Conclusions from the Objectives

5.1.1 Objective 1

To review the types of retailers selling wine on the Irish market and their offering.

From the research it became clear that while wine is available in almost any type of shop that holds a license, the product itself varies greatly. The wine offering found in petrol stations and supermarkets at entry level price points is viewed by professionals in the industry as of questionable quality. Because of the taxes involved, the value of liquid in the bottle falls below what they consider an acceptable threshold for quality. The availability of high-quality wine is also widespread with multiple small independent retailers selling in all parts of the country as well as a more premium offering available in supermarkets, however, price point is the obstacle that prevents certain demographics from accessing better quality product.

5.1.2 Objective 2

To identify the influences affecting wine pricing in Ireland, and the resulting quality of wine available at certain price points.

Wine is a mainly imported product and carries the highest excise duty rate in Europe. The cost of importing wine includes not only this duty but also VAT and transport charges. The expenses such as glass, labour and raw materials are also increasing. Minimum Unit Pricing and potential labelling laws must be considered. This additional cost to the product means that prices for the Irish consumer are continuing to rise and yet no demand for better quality product has been put

forward. Much of this legislation was intended to decrease consumption, and yet the wine market continues to grow steadily but not necessarily improve. Meaning that while there is plenty of demand for wine in the country, the importers are forced to factor in the duty and cater as best they can with wines that remain affordable after tax.

Consequently, the price conscious consumer is limited to purchasing at entry level rates or on special offer. These consumers may not have the financial ability to trade up. Some understand the improvement in quality that comes at even slightly higher price points and others have not had the opportunity to explore these first-rate wines and remain unfamiliar with them. The repercussions of driving up prices, impact heavily on the lower end of the wine market making affordable wine more difficult to produce and highly processed to make it palatable. Consumers therefore do not have the privilege of seeking out quality produce within their price range and naturally pursue value for money rather than becoming more invested in the wine.

5.1.3 Objective 3

To establish the target market for speciality wine shops versus mixed trade retailers.

Through the interviews it became clear that the intended market for those independent retailers and speciality off licenses versus supermarkets is intricately linked with the consumers engagement and level of knowledge. The speciality wine shops intended to attract consumers who have an interest in wine, some knowledge already and an understanding as to the provenance of the wine, which goes hand in hand with the higher price points. These consumers are willing to pay the price of the wine for the level of quality and service they receive.

The supermarkets tend to attract a much more varied clientele, those who treat wine as a staple product alongside other groceries but do not expect a level of service or knowledge from staff. These consumers choose based on price and attractive labelling or brand as well as exclusive offers. While they cater for a consumer looking for more premium products at higher cost, the majority according to the expert interviewed purchase on offer and tend to like guidance on what to buy and why they will like it. These retailers provide value for money, but entry level

prices mean compromises on the quality of product. The retailers do still look for a balanced product that is drinkable and suitable for a less discerning palate.

5.1.4 Objective 4

To use consumer behavioural theories to establish considerations made by individuals when choosing which wine to purchase.

Consumer behaviour is carried out for many purposes, particularly, the data becomes important for advertisers and retailers who base their product model on the trends identified. With wine this is more complex as wine consumers have various levels of engagement and interest in the product, therefore not everyone who drinks wine will have the same considerations when purchasing. By applying Bourdieu's *theory of capital* to the data the results can be examined in more depth by considering the influences that cause certain patterns of behaviour on each consumer's psyche. Historically wine had an elite symbolism attached to it. However, despite its diffusion into all levels of society today, wine is still imbued with varying degree of class association.

5.1.5 Objective 5

To compare Irelands purchasing and consumption reports with those of other European countries.

The comparisons formed between Ireland and other countries presented significant issues with the future projections of the wine market here. The closest comparisons were with Northern European markets such as Finland where taxes are also high and alcohol regulation is strict similarly to Ireland. Another factor the two countries have in common is high alcoholism rates and issues with alcohol abuse, which are being tackled by stricter control, though in the case of Ireland it has not curbed the rate of consumption as the market continues to grow. The more widespread availability of lower alcohol options in Finland has opened the market for lower ABV wine consumption, however, in Ireland the tax structure does not incentivise buyers to supply lower alcohol options.

Demonising alcohol has not reduced intake levels. Rather than assimilating healthy drinking into the culture as has been successful in societies in France and Italy, the Irish governments have continued to try and strictly control purchasing and consumption with the result that poorer quality product has entered the market in a bid to bridge the gap and supply affordable wine, despite the pricing stipulations of tax and MUP. By placing the same tax on lower ABV options and treating wine the same as spirits with ABV levels up to 40% they fail to foster a culture of moderation and education. There is a possibility that if low alcohol wine and beer were legalised at 16 and consumed in supervised settings the drinking culture from the beginning could change. Unfortunately, what is illegal cannot be moderated and thus the blanket banning of alcohol until the age of eighteen and then the barriers to access of superior quality product encourages both over-consumption and the requirement to choose inferior quality substitutes that are within reach financially. This trend continues into adulthood as the palate has become used to this wine and previously the trade up from a €5 bottle to an €8 bottle may have seemed enough, however, the liquid in the bottle remains only worth cents. The wine drinkers in France and Italy seek out quality, sustainability and character as the price point allows them to consider these factors, while the Irish consumer seeks out value, accessibility, and familiarity to ensure that the spend is worthwhile. Irish consumers who are uneducated about wine do not have the flexibility to experiment as the cost leaves little room for failure without monetary loss.

5. 2 Conclusion

This research has brought to the fore some core issues in the wine industry in Ireland. Despite the continuing success of the market, the attitude towards wine and its continued regulation and taxation does not allow for the type of wine culture that is so successful in countries such as France where a longstanding wine culture is imbedded. Perhaps due to the fact Ireland produces so little wine, society does not revolve around it as a key product for economic benefit worth understanding and protecting. The opposite in fact is true and wine is treated alongside other alcohol as damaging to health, to families and to society and is in large part controlled by making it expensive. This has not been successful as people continue to purchase wine, the only change being that the higher the tax cost the lower the quality of the affordable product.

Many consumers are willing to pay for higher quality product, but not for themselves, only when trying to impress with gifts or for occasions. They will trade up for a better-quality product but only when a sales promotion brings the cost down. Therefore, consumers do understand the quality difference, but due to their level of involvement being low they choose to purchase the wine that better suits their financial situation, despite any cost that may have on their health. The complete opposite effect of the health concerns the legislation claims to tackle. Those who take an interest in wine either budget to allow for this interest to be explored through quality wines less often or prioritise to spend more on wine in their spending. Those consumers who have fewer financial concerns have the freedom to experiment with quality product with less fear of monetary loss. Their position in society often affords these individuals the opportunity to base their palate and consumption patterns on better quality product, due to regular exposure to it.

The encouragement to purchase a speciality product from a supermarket loses its exclusivity as supermarkets tend to market themselves on a low-priced affordable business model. Wine with its pricing stipulations can only be priced so low with compromise on either quality or sold at a loss. To maintain their market position supermarkets must continue to remain competitive and drive down prices for the consumer. Affordability encourages those who seek value above all else to continue to buy the product in these outlets. Independent retailers maintain their market share knowing their offering business model can't be emulated by the multiples. The exclusivity they maintain by not under-pricing and appealing to only those who

can afford it works for them, there is continued growth in the market of interested or involved consumers.

The government legislation should in fact consider the health-conscious consumer if it truly aims to have a beneficial influence on overall well-being. Lower ABV alcoholic drinks should be encouraged and tax incentives for their provision should be put in place. Overall drinking culture should be based on acceptance, moderation, and education rather than vilifying alcohol in all forms, encouraging shame and misuse unsupervised. Impeding access to good quality alcohol by increasing the price has not discouraged consumption but rather lowered the grade accessible to many.

The above are not indications of a desirable wine drinking culture where the beverage is enjoyed for its own flavour profile, its ability to enhance a meal experience or occasion and its potential as a low ABV alternative. Supplying poorer quality wine to fill a gap in the market to keep it accessible to all does not improve overall health and according to the experts only causes market instability. The profits to the exchequer are extremely high from wine taxation, but by tackling health issues caused by alcohol by creating a more responsible drinking culture in the first place would be beneficial to the economy in saved healthcare costs also.

5.3 Recommendations

There is need for further study in this area as the market continues to grow steadily and further legislation is debated. It is important to ensure the future of the wine industry and the consumer relationship with wine be fully explored as legislation is reformed. The scale of this study was small in comparison to the number of wine drinkers in Ireland; therefore, a larger consumer survey would provide a more accurate representation of the entire population.

Involving those who work in the wine industry and understand both the wine making process and the resulting quality of wine would be beneficial when legislating on controls and costs surrounding wine in Ireland. Involving retailers who understand consumers and consumer demand would also add a perspective that reaches further than just tax, controls, and profits. By fully considering all avenues for improving the health of the population, savings could be made in the health sector, rather than further investment to meet overwhelming demand for alcohol abuse services. Lessons on the attitude towards wine and its treatment as part of society in France and Italy should be heeded, as their per capita consumption decreases naturally and their demand for quality at affordable prices is unchallenged by taxation.

It is this researcher's opinion that further study would be beneficial as to whether treating wine separately to spirits, as they do in some other European countries would be beneficial. It would encourage an attitude of moderation, an understanding of alcohol from a younger age and regulation of supervised consumption of lower ABV drinks. Rather than a blanket ban making underage drinking impossible to control and leading to possibly damaging drinking habits into adulthood. The scope of this research did not allow for exploring drinking habits from a young age into adulthood, but it is clear from the literature in Chapter 2 that over consumption of alcohol often begins in adolescence. Drinking to get drunk may instil the habit of being less discerning with the flavour and quality of the alcohol consumed if it is affordable, but this again is an area requiring further study.

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Appendices

Appendix A

Consumer Survey

Perceptions of wine quality and purchasing habits among wine drinkers in Ireland.

* Required Information

Please only complete this survey if you are over 18 years of age and living in Ireland. This survey is for the purpose of research only and responses will be used to establish a clearer picture of the opinions of wine consumers in Ireland. All survey responses will be kept completely anonymous. The research will form part of an MA Gastronomy and Food Studies thesis exploring wine sales and wine quality in Ireland. The wine case to be raffled off at the end of the survey as a thank you for your participation has been funded by the researcher. The wines are all from Wines Direct in Ireland.



1. Please enter your gender

* Gender

* 2. Please select your age category

- ☐ 18-24
- ☐ 25-34
- ☐ 35-44
- ☐ 45-59
- ☐ 60+

* 3. Do you purchase wine

- ☐ Routinely each week
- ☐ 2 or 3 times a month
- ☐ Irregularly
- ☐ Only for special occasions

✳ 4. Where do you mainly purchase wine?

- ☐ Independent wine shops
- ☐ Off-licence
- ☐ Supermarket
- ☐ Other (Please specify)



✳ 5. Please rank the below factors in order of importance for you when choosing a wine, 1 being the most important factor and 7 being the least . (Each number can only be used once)

[Please rank all options, only use each number once.]

Price	<div>-Rank - ▼</div>	<div>≡</div>
Grape varietal	<div>-Rank - ▼</div>	<div>≡</div>
Brand name	<div>-Rank - ▼</div>	<div>≡</div>
Occasion	<div>-Rank - ▼</div>	<div>≡</div>
To match a specific food	<div>-Rank - ▼</div>	<div>≡</div>
Personal recommendation (friends/ family)	<div>-Rank - ▼</div>	<div>≡</div>
Recommendation from a magazine or media wine critic	<div>-Rank - ▼</div>	<div>≡</div>

*6. When buying wine do you

[Select as many options as applicable]

- ☐ Prefer to choose your own wine
- ☐ Like to ask for recommendations or advice from a sales person
- ☐ Stick to a set budget
- ☐ Spend more if the wine seems good
- ☐ Feel uncomfortable or pressured to make the right choice
- ☐ Feel confident in your choices
- ☐ Stick to what you know
- ☐ Try new wines often

*7. How much disposable income do you have per month?

- ☐ Less than €500
- ☐ €500-€1500
- ☐ €1500-€2500
- ☐ €2500+
- ☐ Other (Please specify)

*8. How would you rate your wine knowledge?

- ✓ --Select--
- No knowledge
 - Some knowledge
 - Good understanding of wine
 - Expert

*9. On the below scale how would you rate the price of a bottle of wine in Ireland? (In a retail setting only not in a bar or restaurant)



* 10. How do you feel the quality of wine in Ireland compares to wine at a similar price point in other European countries?

- ☐ Poorer quality
- ☐ No difference
- ☐ Better quality
- ☐ Not applicable

11. Are there any factors that would change your normal wine purchasing patterns (for example buying wine as a gift). Please explain how and why these factors would affect your purchase below

Characters Remaining: 100

Appendix B: Interviewee Consent Form

Participant Consent Form- Interview

Researchers Name: Enea Bent

Academic Unit: TU Dublin, Grangegorman, Dublin 7.

Title of Study: An investigation into the market segmentation of wine in Ireland.

The following section should be completed by the research participant:

(Please indicate Yes or No)

1. Have you been informed of the nature of this study by the researcher?
Yes/ No
2. Have you had an opportunity to ask questions about this research and have you received satisfactory answers to all your questions?
Yes/No
3. Have you been informed of your ability to withdraw participation and /or data from the research?
Yes/No
4. Have you been told of what will happen to data generated by your participation in the study and how it will be kept safe? Including how your consent will be protected by the researcher?
Yes/No
5. Do you agree to take part in this study the results of which may be disseminated in academic publications, book, or conference proceedings?
Yes/No
6. Do you agree to have this interview recorded, the transcription of which will be used for the purpose of this research paper only?
Yes/No

Full Name (Printed): _____

Signature: _____

Date: _____

Appendix C: Extraction of Codes from Interview Transcripts

1. Interviewee 1 is a buyer for well-known supplier of Multiples including a large supermarket chain.

Quote	Code
<i>"We see is that we're probably more akin to that of the Danish market than we are the UK market" "So if you exclude countries like France and Italy who are dominant in terms of their heritage of wine, and you look more to non-wine producing countries, such as Denmark and the UK. Last recorded numbers I saw about Denmark were 32 litres per head, and we are still just over just around the 20 litres per head mark"</i>	Comparison to EU and UK
<i>"When we look at the Irish market is that the Irish consumer not just has to spend a little bit more because of our pricing structure due to one thing our buying power collectively being a smaller population, but ultimately, our tax and VAT invocations" "I would have a bet that you that duty is going to raise this year... I think the reason for that is to try and garner revenue for the government, as a citizen, you can understand the thinking behind it, as an individual working in the industry, I see it as being short sighted. Understanding it and seeing the long-term effects are two different things"</i>	Pricing/ tax
<i>"For me price to quality ratio is number one, that we strive to give the consumer more bang for their buck in simple terms"</i>	Quality v price
<i>"I have three consumer types, an indifferent consumer, an interested consumer and an involved consumer"</i>	Target market
<i>"New World wines, which was at one stage, back in the day 25% of everything we sold was Old World, which is everything in Europe. Now today 40% of our sales comes Old World. So, everything that's predominately France, Spain, Italy in Germany is now 40% of everything we sell"</i>	Changing market
<i>"When you delve into countries like France and Italy, you find the knowledge of wine out there is no greater, they just drink more" "they do understand brands, but brands translate like we all know Jacobs Creek and</i>	Wine knowledge

<i>Santa Rita as a brand. Some people I know think Châteauneuf-du-Pape is a brand, which it isn't of course, it's a region"</i>	
<i>"So, on the continent, they'll happily have a glass of wine with lunch. It's part of their culture, that's not part of the Irish culture"</i>	Wine culture
<i>"I'm a firm believer, if you don't listen to the consumer, you're going to die soon, you'll die in the water because they'll ultimately tell you what they really want"</i>	Consumer demand
<i>"If we look at legislation, for example the newest legislation, which is minimum unit pricing, you'd have to look at legislation that set out our duty laws as well originally. And one could have fixed the other previously if government engaged properly"</i>	Legislation
<i>"There should be a different rate for 5.5 to 10%. That would have historically promoted me to bring in lower alcohol wines" "We will do it instinctively to drive value for money for the consumer or options on value for money. But it's not a health choice, which will predominantly why the government brought that in"</i>	Health
<i>"About six months into Covid people were just sick of waiting for life to open up. And you could see what amazed me was the willingness the Irish consumer not to buy on promotion, it completely switched 80% of everything we sell in wine is on promotion. Only 20% of what we sell is bought at full price"</i>	Covid-19
<i>"So, we'll force the consumer to go on a premium wine journey, as opposed to them naturally taking it" "The thing about premiumisation is if that gets into the consumers psyche for greater than six months, it tends to become embodied in their way of thinking. They've had nearly two years of this, so it's become very much stitched into their shopping habits now"</i>	Premiumisation
<i>"How will we continuously innovate around wine will be the key to how the wine industry survives and expands which is something that we're all kind of set up for"</i>	Innovation

2. Interviewee 2 is the owner and proprietor of a successful independent wine shop.

Quote	Code
<i>“So, everything has a contributory effect, the alcohol side of it will become a luxury. If we can't afford to heat our houses, people aren't going to necessarily buy a premium bottle of wine”</i>	Pricing/ tax
<i>“I think people were drinking alcohol just for the sake of drinking alcohol rather than something that for three or four more euros, you'd have something that's actually quite nice, that's really nice, rather than nearly having to hold your nose and just down the glass in one go, for the sake of it” “People need value for money”</i>	Quality v price
<i>“There are more people interested, we would be quite fortunate that we would have an awful lot of customers who are not and every day of the week drinker. They like a good bottle of wine on a Friday and Saturday. So, the spend of 30/40/50/60/70/80 euros or 100 euros a bottle is great when it comes around, but they're not very frequent”</i>	Consumer involvement
<i>“So, they're having a race to the bottom still, by trying to fight off others and their competitors, we just keep our heads down and people say to us, how do you compete with supermarkets? And our attitude is, how do they compete with us?”</i>	Changing market
<i>“The Irish wine market in a nutshell at the moment has gone through a very unstable stage due to the minimum pricing units that were brought in ”</i>	Legislation
<i>“We do have fondness for a drop of wine, wine o'clock as well known in Ireland”</i>	Wine culture
<i>“So, our relationship with wine is very different to others. We can't sit down and have a glass of wine at lunch because we're having the bottle and then we're not going back to work” “Tap wine in your fridge I don't think that would suit us here. You put temptation in front of people and we're only human”</i>	Irish drinking culture
<i>“So, we have become very much an area where we were into fads and trend” “Chile became a huge area, Australia was there in the early noughties. That kind of petered away with lower quality wine and then it moved in ”</i>	Big brands

<i>"Whereas during the pandemic, when the weather was really, really good for the first phase of it, and people were enjoying it, we did notice the spend was up and people were cooking at home, they were eating better quality food, preparing meals, and rather than just all takeaway"</i>	Covid 19
<i>"We noticed the wine spend went up to an average spend of about 15 to 25 a bottle. Whereas before, it might have been kind of 12 to 16 or 17, there was generally a five euro trade off because it was more of a premium experience by dining at home and making it feel like fakeaway as such."</i>	Premiumisation
<i>"So, we're always able to keep moving and moving faster. So we could have a product, we might only get six months of an exclusivity on it, but we'll have before the supermarket's will get it" "For ourselves, what we need to do is really to keep pushing forward, not standing still and thinking that what you have is sufficient" "I don't think so, it's all about the volume, the bag in box will only appeal to a very small percentage of the market" "But we are definitely having to innovate and offer different options or alternatives to what the customers and restaurants we provide for are used to"</i>	Innovation
<i>"We always tried to be a little bit different. We never went down after the same lines or same labels. We always specialised in what we did" "We're still looking for those small little niches who aren't big enough to go to supermarkets, and we're still kind of staying ahead of them in that regard"</i>	Unique offering
<i>"The Irish wine market in a nutshell at the moment has gone through a very unstable stage due to the minimum pricing units that were brought in. What we're starting to see is that the supermarket's are now getting a little bit more aggressive with very familiar brands and dropping those down to what is now the minimum pricing unit of say 7.80, I think it is a bottle. That was always a trick that was going to happen because they couldn't sell, they're still selling below cost. It's destabilised the market ever so slightly"</i> <i>"Furthermore, what's happening over Ukraine, and obviously, supply issues with nothing but oil and everything else is driven container costs and shipping costs have gone up, up to 300%. That in itself is having a massive effect on the overall aspect of purchasing"</i>	Market instability
<i>"You know, our electricity costs went up 100% on the 1st of March. So that's a significant challenge alone" "As I said even agri-fuel, labour costs"</i>	Cost of business

<i>with human rights, glass is costing a fortune and it's very difficult to even get a hold of glass, the cost of materials. Those costs won't come back down either"</i>	
<i>"As hard as we all work, we also enjoyed the little bit of time off and so we are going to continue staggering our hours going forward. We will try and keep that little bit of a balance that no longer will Sunday night run till 10 o'clock"</i>	Work life balance

3. Interviewee 3 is a retail manager in an independent wine importer and retailer.

Quote	Code
<i>"So, if you watch London closely new developments and new trends in London tend to happen 12 to 18 months before they happen here"</i>	Comparison to the UK
<i>"We've had busier years than we've ever had from a retail environment"</i>	Covid 19
<i>"So, if you look at wine shops around Dublin, they're not just wine shops anymore. They're wine shops/ food stores/ wines by the glass"</i> <i>"People will pay more on average per 750 mls by the bottle, just because we're kind of stuck in our ways and slow to change a little bit"</i>	Changing market
<i>"I suppose one thing that's very far behind is different packaging"</i>	Environment
<i>"The wine market in general is quite educated here I think in large part because we can't make our own. We're forced to learn about how they do it in other countries and how things are mainly meant people who have done your WSET qualifications or just on tasting courses or whatever it is, is huge"</i> <i>"There is a big general interest in it</i>	Knowledgeable consumer base
<i>somebody from Chianti or Burgundy, they might know about the wines of their region, and possibly of their country, but they generally don't know anything about what exists outside of that"</i>	Home markets

<i>“Obviously we're looking for really high levels of quality irrespective of the of the style”</i>	Demand for Quality
<i>“That there is a little more safety on the white side and a little more interest or adventurous buying on the on the red side”</i>	Style
<i>“Quality and how wines are made and the people who make them and being sustainable and ethical is more and more of a priority”</i>	Provenance
<i>“And more and more of the wines that we buy are organic and biodynamic these days. And because those methods of production are more expensive, the wines tend to be a little bit more expensive” “People are quite driven by being environmentally friendly, it is a hot topic right now. We're doing our best to be as environmentally friendly and promote those sorts of products that support people who are striving to be sustainable as much as possible”</i>	Sustainability
<i>“And since minimum pricing came in, the gap between really poor-quality product and acceptable quality product or good quality product has narrowed, so you don't have that 3.99 bottle of Prosecco or Chilean Sauvignon Blanc anymore that 3.99 bottle is now you know, 7.20 or 7.30. So, the gap between that to a half decent 12.00 bottle of wine is now an awful lot closer. I think if anything it will it'll help the better end of the market rather than the lower end”</i>	MUP
<i>“Well, the main one is always the is the taxation ratio is colossal, I mean 3.19 a bottle. But then you throw a 23% VAT on top of that, obviously, there's a large proportion of the value of any bottle of wine that is not related to the product itself”</i>	Tax
<i>“there's a health-conscious element that is not just alcohol” “The only way to produce something at that sort of level is to essentially have massive, big volumes of poor substandard product and probably homogenise it in a lab”</i>	Health
<i>“No, I mean, if you take even before the minimum pricing thing kicked in, if you took a ten-euro bottle of wine, and you take out two euros thirty for VAT, and you take out three euros, nineteen for excise duty, and then you consider shipping, bottling, labelling. No one's made any money yet between</i>	Accessibility

<i>distributor or retailer restaurant or whatever. By the time you pare it back to what the liquid in the bottle is actually worth, you're into cents "</i>	
<i>"So, we've moved towards Greece, we've moved towards Slovenia. We brought Romanian wines in recently that have just been really well looked at we have looked at Croatian wines but haven't pulled the trigger on it just yet. Moldovan as well, you can get some Moldovan wines in the country, but there is some really good feedback on them "</i>	Innovation
<i>"We're definitely targeting people who have a genuine interest in wine, who want to drink it for what it is rather than just the fact that it contains alcohol. Our demographic would not be people who are only just starting into wine it's generally people that have figured it out and have a little bit of experience" "We will generally be looking towards people who are quality driven rather than volume and price driven. So even at the lower end, we've visited our producers, we know what they do. We know the quality of the wine; we taste every vintage to make sure it's good. We drive people who want that quality, and they want a level of customer service by backing it up with a higher quality delivery of it"</i>	Target markets

4. Interviewee 4 is an expert in wine market research.

Quote	Code
<i>"Because we're not a wine producing country, things are a little bit different, because we tend to drink a lot of New World wines compared to other European countries, other European countries would tend to, obviously, the wine producing countries would tend to have a larger market share of what they produce at home"</i>	Local produce
<i>"2020 was an exceptional year in terms of wine sales, because typically about 80% of wine sales are in the retail sector. Because of the various lockdowns that we all had to endure, in 2020, at the start of the pandemic, it did cause an increase in wine sales "</i>	Covid 19 lockdowns
<i>"The public health alcohol Act, which was passed about three and a half years ago, does have some very strict rules in relation to having a mandatory health warning, a cancer warning, a website that basically details problems</i>	Labelling regulation

<i>with alcohol consumption, and a couple of other requirements for a label... The problem is that if there is a mandatory cancer warning label, just for the Irish market, it does cause a bit of a barrier to trade or potentially a barrier to trade”</i>	
<i>“They do like their cheap and cheerful stuff from the big factory brands, which do a good job in terms of marketing their products, and the products are quite good”</i>	Big brand marketing
<i>“Wines market share has grown significantly over the last 20 to 30 years, wines market share was quite small in the 90s. Now it's the second-best selling alcohol category”</i>	Developing industry
<i>“There was, I think, a baby boom in the late 90s, early 2000s. So, you have a certain proportion of the population that's coming of age, even though the average age of the country is kind of ticking higher. The fact that the population is growing, the Irish market would be targeted for possible growth”</i>	Population growth
<i>“But of course, the other big difference I should state is that the excise rate for wine in Ireland is significantly higher than most of Europe. Typically, per bottle, it's 3.19, for a nine Euro bottle here, and on the continent, you either pay no tax, or you pay such a small amount of tax” “The reason why it was kind of easy to slap on those increases onto wine is because we don't make any here. So, the reason why excise is so low in the Mediterranean countries, is because they are wine producing countries and wine is ingrained in their culture and their economies”</i>	Excise tax
<i>“Then of course with the introduction of minimum unit pricing, and that's going to further set the Irish market apart from the rest of Europe”</i>	MUP
<i>“In terms of, you know, people's palate it would be kind of similar enough to the UK, in terms of the types of wines that we tend to have and the types of wines that we tend to enjoy”</i>	Comparison to the UK

<i>“The impact analysis of these particular labels wasn't done very thoroughly by the Irish government... I don't think they've really factored in those particular logistical and cost challenges”</i>	Short-sighted government regulation
<i>“It would have been seen as a much more sophisticated thing that people of a certain income would consume, now it's much more sort of acceptable and available. I think, typically the breakdown roughly is 55% of people who consume wine or 50 to 60% of wine consumers are women. I think the more women who entered the workforce, in the early to mid-90s, the more that they were actually earning income independently. They tended to consume more wine generally”</i>	Affordability
<i>“I think that's the reason why wine consumption or its market share has gone up. It's also worth noting that the consumption of alcohol has actually gone down by 30%, per capita. The peak was in 2001, it's gone down ever since”</i>	Changing market
<i>“In terms of trends, I mean, Rose is having a bit of a moment again, you know, it's got about a 5% estimated, maybe higher percentage market share. White wine is always kind of on top. But of course, Sauvignon Blancs seem to be the favourite type of wine that people would kind of go for, and they're the ones that are provided by the big brands”</i>	Trends
<i>“I think they have a lot more knowledge now than they would have had, say, 30 years ago, there was a time, back to the 80s, where it was Blue Nun or nothing, you know, that was it. But now I think I would say that their knowledge of the different types of wine has grown quite a bit” “people are more curious about the products, the heritage, and the innovation around the product. It is just more about a premiumisation, that seems to be the key thing across all the alcohol categories, but particularly with spirits, and also with wine as well”</i>	Levels of Knowledge
<i>“The crucial thing above all that is that per capita, the alcohol consumption in general, has actually gone down significantly over the last one”</i>	Reduced alcohol intake
<i>“There is a general view as well in the overall alcohol market that it's not about the quantity that you drink, it's about the quality”</i>	Health concerns

5. Interviewee 5 is a buyer for a specialised wine off licence

Quote	Code
<i>"I think it is very similar to the UK. I suppose they come from a history of non-production, although they are now producing. But they would have had a very similar access and similar reach in terms of the countries that we import from etc. So, I think our closest comparison is the UK"</i>	UK/EU comparison
<i>"I think what we do have that's unique is very, very high duty rate"</i>	Excise tax
<i>"I think lots of producers are sympathetic and are supportive of the high duty rates. That's not possible with every producer and it's not possible with every country. But I do know that in general producers are very aware of that. And they do try they do try to address it. But it's definitely an issue for us in terms of competitiveness"</i>	Competitiveness
<i>"The main issue is that consumers don't always understand why something should be 4 euro more a bottle in Ireland than elsewhere. And that's just your basic 12.95 wine you're talking between four and five euro a bottle is your standard difference between, say the UK and here. And then if you take other countries into account such as Germany with virtually no duty, France with no duty Portugal with no duty it's quite hard for consumers to get their mind around why they're paying so much here for a bottle of wine"</i>	Consumer demand
<i>"But if you want something more interesting, and you want something that you can actually have some understanding of its provenance and where it's come from, then with wine up to a certain price point anyway, if you spend a bit more, you get a lot more in the bottle"</i>	Price
<i>"I think what I would say to our customers is to compare entry level wine to battery chicken's eggs, if they're happy to put that in their bodies then work away, but it's not what I would want to do"</i>	Quality
<i>"For me, I'm looking for exclusivity on particular producers, and I'm looking, for us, we're a family business. So, we like philosophically to be working with other family businesses"</i>	Ethos
<i>"From a consumer point of view, we have a very interested consumer base in Ireland" "I suppose it's since the 90s, early 90s, I first remember seeing</i>	Customer engagement

<i>South African wines in the west of Ireland and that type of thing. And I think that the interest and the education around wine is something that Irish consumers are really interested in."</i>	
<i>"So, I can't really comment on it, because it doesn't affect my customers and suppliers that we don't sell at that entry level price point anyway" "in general for a bottle of wine because of the minimum unit pricing, which I think does help the market because it takes away that absolute entry level product from the market. I think that's good."</i>	MUP
<i>"The price of all dry goods is going up, so cardboard, paper, is the same glass, etc. Shortage of grapes, as I've mentioned, and then there's also an international, there's a worldwide issue with freight and transport at the moment" "Then this year, even the producers who've had good weather, and they have wine available, they haven't got bottles to put the wine into. So, the lead times are a lot longer than normal. In some cases, where producers are turning orders down, because they've reached the allocation of glass for the year, and they can't get any more"</i>	Supply chain
<i>"Definitely consumers are more interested in the environment and therefore, organic, and vegan and biodynamic product feed into that, which is interesting. I think that rose continues to grow, sparkling wine is continuing to grow. I don't see any changes from that, I think that Sauvignon will go away, Albariño will go away. It's hard to see what's coming on the heels of those whites"</i>	Grape varietals
<i>"Although you will see a trend towards lower alcohol wines being brought into the market to avoid the duty so you're still going to see cheap wine on the shelf. But it isn't going to be 12.5% or 13% alcohol it's going to be less"</i>	Lower ABV
<i>"We would see our main target market as customers who have got a bit of knowledge who have a bit of interest, they're not just looking for entry level" "they're looking for a level of service, they're looking for quality product, they're looking to make a connection between what they're buying"</i>	Target market
<i>"Specific certifications such as organic, vegan and biodynamic as I said will also drive the market" "Definitely consumers are more interested in the environment and therefore, organic, and vegan and biodynamic product feed into that, which is interesting"</i>	Environmental impact

Appendix D: Combination of Initial Codes to Form Main Themes

Codes with duplicates removed and colour coordinated under similar themes.

Accessibility	Grape varieties	Provenance
Affordability	Health	Quality
Big brands	Home markets	Reduced alcohol intake
Changing market	Innovation	Short-sighted government regulation
Competitiveness	Irish drinking culture	Style
Consumer demand	Knowledgeable consumer base	Supply chain
Consumer involvement	Labelling regulation	Sustainability
Cost of business	Legislation	Target markets
Covid 19	Local produce	Tax
Customer engagement	Lower ABV	Trends
Demand for Quality	Market instability	UK/EU comparison
Developing industry	MUP	Unique offering
Environment	Population growth	Wine culture
Ethos	Premiumisation	Wine knowledge
Excise tax	Price	Work life balance

Appendix E: Interview Transcripts

Interview 1

E.B- Interviewer

I.1- Interviewee 1

E.B: As an industry expert, how would you describe the Irish wine market?

I.1 It's difficult putting a question that broad in the context, the best way to describe it is probably in comparison with others. So, if we compare within our competitive set, or across the European continent, what we see is that we're probably more akin to that of the Danish market than we are the UK market. What comes back from suppliers when we look at the Irish

market is that the Irish consumer not just has to spend a little bit more because of our pricing structure due to one thing our buying power collectively being a smaller population, but ultimately, our tax and VAT invocations. But when we look at that, and put that to one side, the quality wine that we drink in the Irish market tends to be slightly higher than our counterparts across Europe. So, while we constantly hear over the last 20 years, but in particularly the last 10 years, the Irish consumers willing to spend 50 cents to a euro more per bottle of wine on average. But obviously, looking at averages 50 cent is quite a lot, when you look at the quantity that we sell as a nation. In terms of wine consumption, we're currently significantly behind that of our European counterparts. So, if you exclude countries like France and Italy who are dominant in terms of their heritage of wine, and you look more to non-wine producing countries, such as Denmark and the UK. Last recorded numbers I saw showed Denmark were 32 litres per head, and we are still just over just around the 20 litres per head mark. So, we're still significantly behind there, and still behind the UK market by about 5 litres per capita. Obviously, in Ireland the wine drinking population is at about 2 million whereas in the UK it's about 20/30 times that. So, we differ greatly in that respect. But in terms of how we are as a population, we do seem to be more quality than price driven.

E.B: So, when you're choosing what wines to import here into the Irish market, what factors do you feel most important?

I.1: Oh, I suppose my guiding principle myself in my occupation would be price to quality ratio. So obviously, there are three terms of consumers that we would progress when we segment them. So, in the Irish market, there's many consumer segments. So, we talk about things in behind the scenes of how we progress our business, within (names three outlets which are well known national retailers for which he is the wine buyer). The same within our competitors, such as (names two competitors also large well-known supermarkets on a national level), we look at shoppers such as budget families, traditional families, empty nesters, and all that stuff. In wine, we try to concise that down to three types of consumers. So, for me, I have three consumer types, an indifferent consumer, an interested consumer, and an involved consumer. Then we break that down into the size of population for each one. So, we understand that the indifferent consumer is 29% of the drinking population, but they only spend about 17%. On the flip side of that, you've got the involved consumer who's 18% of the population, but as a much higher spend close to the 30%. Then everything else in between being interested.

So, when we're progressing looking to source of wine, we look at the three attributes that drive that, value for money being one of them, cheapest on display is a term that you would hear of. That's usually a barometer of measuring how we are versus predominantly the discounters. When we look at the three segments and how we're tailoring our wine offering towards them. You go through different aspects of wine such as Italian Pinot Grigios which is everyday cheap value. Then you work into the more involved consumers such as branded wines, or the ones that we sourced ourselves into the more involved consumers, which tend to be a little more regional based, such as Rioja versus Bordeaux or Margaux as an appellation within Bordeaux. So, the main thing for me is selecting price to quality ratio because the pricing can differ. The one attribute I look for mostly is balance. Balance and wine, so whether it's a 5-euro bottle of wine, or a 35-euro bottle of wine, the balance should still be in harmony. What I mean by that is all the attributes alcohol, fruit profile, acidity, tannin within the red wine, should all be in harmony, whether they're diluted down, because it's inexpensive or whether they're more pronounced because they're more premium should still all be in harmony for the taste profile. But for me price to quality ratio is number one, that we strive to give the consumer more bang for their buck in simple terms.

E.B: In the retail sector, obviously, there is no middleman between yourselves and the consumer. Has there been a change, have consumers changed their perception of wine over the last 10 or 20 years?

I.1: Yeah, I suppose. I'm lucky and unlucky enough to be in the wine industry that 20-year span so I can comment on that. Yeah, the consumer has changed, it's a much slower change than people think. People change by their own taste profile, the change comes from a maturing individual, not just maturity in age and outlook in life, but your palate also matures. I often measure it by comparing, we all grew up starting off with easy singles as cheese, and now we all want Stilton and blue cheese. It's the same with steak, everyone starts with I want it well done I don't want any blood, and now people want to kind of show off how rare they can have their steak You'll see that with wine as well. People start off on the taste profile liking sweeter style of reds, or lighter fruitier style whites such is the success of wines like Dada in the Irish market because they have a higher residual sugar content become softer, more rounded, and that's more appealing to the customer. What we see is as we have an ageing population, the consumer has dramatically switched from New World wines, which was at one stage, back in

the day 25% of everything we sold was Old World, which is everything in Europe. Now today 40% of our sales comes Old World. So, everything that's predominately France, Spain, Italy in Germany is now 40% of everything we sell, which is a huge shift. The consumer is slowly but surely, buying more and more into it. To put into context further, the number one country within our offering for many years was Chilean white wine. Before that Australian wines then Chilean wines. When we break that down into family groups that we call them, so red, white, rose, sparkling is what we call family groups, the number one in our business right now is Spanish red wine. So, there's been a dramatic change in how the consumer is approaching wine. Red wine predominantly has been driven by Spanish red wine. It's so accessible and easy to understand. People love Rioja, and they buy into Rioja in particular, as a trusted benchmark for what quality should look like. So, there are some of probably the bigger changes that we've seen. But mainly it's coming from an ageing population more maturing palate and people seeking out different taste profiles, as their said palate changes with them.

E.B: How would you describe the level of knowledge or discernment amongst Irish wine drinkers, maybe in comparison to a country where wine has been part of the culture?

I.1: When you delve into countries like France and Italy, you find the knowledge of wine out there is no greater, they just drink more. So, on the continent, they'll happily have a glass of wine with lunch. It's part of their culture, that's not part of the Irish culture. The same way in the UK, having picnics is a huge part of the UK culture, probably more driven by their infrastructure allows you to go to the park and allows you to get a subway home. In Ireland we don't have that to the same degree. So consuming wine daytime in the sun at a picnic is not part of who we are. So that that tends to kind of make it look like we don't have the same capacity for knowledge on wine. But what we do seem to understand is that the Irish consumer digest knowledge around wine more readily. So even though we might be behind in terms of our per capita consumption, there does seem to be a more willingness, an appetite for the knowledge base around wine. Some of that could be due to the fact of we have, versus the UK and Denmark in particular, a broader and wider maturing consumer buying into wine, which will contribute to that. But overall, if you would ask me what's the overall knowledge base on wine, it's still quite low. People don't know as much as they think they know. I kind of find it even myself. I'm 30 years with wine, I happily admit I'm still learning, which is the joy of it I suppose. But the knowledge base, it's still low to medium out there.

EB: Would you say that people in Ireland tend to know brand more or know their favourites, rather than maybe the general interest in wine producing?

I.1: No one would know how a bottle of wine is made, they do understand brands, but brands translate like we all know Jacobs Creek and Santa Rita as a brand. Some people I know think Châteauneuf-du-Pape is a brand, which it isn't of course, it's a region. But that's, but that's the knowledge base, this person loves wine and consumes wine, but the knowledge base is low in that regard. People tend to go from the indifferent, that I had mentioned earlier, to more interested understanding brands that they like, such as Villa Maria, I understand that I like New Zealand, they probably don't even know that it's Marlborough that they really enjoy. They just like New Zealand Sauvignon Blanc. Then as they mature, they might like Rioja, really like Rioja, they might not know the grape variety or anything about it, but they know what Rioja tastes like and always look for that. You must allow for people like me who, study and have their face in a book all the time reading about wine it's different. I have a lot of appreciation for people that understand the difference between a Rioja and a Bordeaux and why they like one over the other. We are seeing more and more of that coming through. Our own range has expanded hugely. And that's only come out of the fact that the consumer is willing, you're always led by the consumer, if they're not going to buy it, you're not going to stock it. If we're now stocking it shows in part the interest of the consumer as well.

E.B: So, is it more to do with consumer trends than wine trends?

I.1: I'm a firm believer, if you don't listen to the consumer, you're going to die soon, you'll die in the water because they'll ultimately tell you what they really want. The one thing you can do with wine. I still look at wine for as long as it's around, it's still relatively in its infancy. Every generation there's new people introducing themselves to it, you can kind of set trends. We have that ability to slightly set trends for ourselves within the industry, you have to do it very slowly and you will not set a trend in one year it takes three years. So, one of them would be rose, in the last four to five years, I have personally undertaken a huge push to bring in drier style roses.

It's very slow, but it is gaining traction. So, you can reintroduce styles back to the consumer who are willing and open to try them at least.

E.B: Do you feel yourself that the legislation relating to the pricing of wine has affected the quality of wine available at certain price points for our consumers in Ireland versus other EU countries?

I.1: So, there's many aspects that have many facets to that question, predominately if we look at legislation, for example the newest legislation, which is minimum unit pricing, you'd have to look at legislation that set out our duty laws as well originally. And one could have fixed the other previously if government engaged properly. So, if I discuss duty, duty has different levels, it starts from wine below 1.2% alcohol is alcohol free, but the gap between 5.5% once you go over 5.5%, they're on full duty. That's 38.34 for nine litres of wine, in duty terms. That should be 38.34 per 9 litres of wine for strength above 10%. There should be a different rate for 5.5 to 10%. That would have historically promoted me to bring in lower alcohol wines. But there was no reasoning for that in the past. Minimum unit pricing has brought in for us a cap. I think innovation around the wine industry, such as people like myself, will drive lower alcohol to get lower prices. But that's not answering the question from the government revenue point of view. We will do it instinctively to drive value for money for the consumer or options on value for money. But it's not a health choice, which will predominantly why the government brought that in. So, I'm probably digressing slightly, but what I'm really saying is the MUP coming in on the back of no change to duty is flawed in its long-term view. But it will drive the consumer to drink better quality wine. The reason I say that is, if you look at the industry right now, wines like Santa Rita, nothing wrong, but it's actually a good quality wine. If I take a different brand as an example, some wine we source ourselves, like I'll just call it brand X, if it's a kind of a key brand two not top tier brand. We could have been selling that for 6.00 a bottle, 6.50/ 7 euros a bottle, very inexpensive alcohol, levels 13.5%. That must now be 8 euros. So, the consumer is going to go, why would I buy that? When you can see in the market today, like Villa Maria, which is considered in the Irish market, whatever way you feel pricing yourself, that's considered premium. That can go as low as eight euros because of that same alcohol content. So, in the absence of being able to go with cheapest on display, which I mentioned previously, the industry will start looking at the more premium wines which are

more expensive and bringing them down in price. That will set the consumer here in Ireland to trade into these more premium wines, because they're at the same price. So, we'll force the consumer to go on a premium wine journey, as opposed to them naturally taking it. So, you could see the Irish consumer being a lot fickler than they were even previously. We've kind of said that the two benchmarks of the two milestones, understanding consumer habits will be St. Patrick's Day, and Easter. So, we're still kind of not long enough into it to understand the eventual nature that's going to come out of it.

E.B: I'm just trying to get to the root of how different is the level of quality of wine that people are drinking in countries with much lower excise rates in comparison to ourselves?

I.I: I suppose I can only talk anecdotally; I don't have any real evidence there. But it does seem to be, the problem with understanding that question is France is so vast we're talking something like 55 litres per capita on a massive population. Problem with that is if you break it down to who's actually drinking wine, then you get into the nuts and bolts. I don't have that; we don't look at that kind of information. On the main what I see is Italy first and foremost drink a lot of quaffing wine, just something light and easy that goes with everyday food. France seems to be the same. It's not until you break down into regionality, it tends to be people living in Paris, their biggest city. Wine isn't core to their nature, it's actually more spirits. But when you go out into the regions of France like Bordeaux and Alsace, then you see wine coming to the forefront, but that's where the smaller populations are. What we would see is that they're not drinking because of the duty rate, they're not drinking enormously better quality, they just have more access to it being less expensive. Which is interesting in itself because we always look at there's less binge culture in drinking be it wine, beers, or spirits on the continent with lower duty than there is in Ireland with higher duty. So, duty doesn't fix the problem, that's the one thing that has been said time and time again. Unfortunately, as governments change, the one easy fix to anything has been pricing. We're kind of adopting an almost monopoly situation, which is similar to Finland. Finland is government led and they have the highest alcoholism in the world, another non-quick fix to something. When you look at the duty rates of 3 cents in France and our duty rates are over 3 euros a bottle. It doesn't seem to factor, we pay more for our wine, but again, a lot of the consumer seems to understand that. By the time you factor in freight and tax and duty and everything 4 euros of a bottle of wine is probably going to the government. So, buying a 6-euro bottle of wine, 2 euros of that is in packaging and quality, 10-euro bottle of

wine, 6 euros of that is in packaging and quality, the consumer tends to understand that. So, I would say on par, we're still drinking better quality, even versus giants, like the French culture, except for those regional pockets, it's in their history and heritage then separately.

E.B: It was interesting that you said the MUP may force consumers on a premium wine journey, do you think that is across the board including independent retailers or just something that supermarkets can offer by bringing premium wines prices down?

I.1: I suppose, (names own brands and competitors' supermarkets) would be seen as the kind of down and dirty price fighters. Understandably so, we use wine as an enticing factor. The difference there is our strategy is more quality based. I say that openly because it is core to what I want to do. And I'm lucky enough to be able to say that in my company, I have the autonomy to go after that. Also, in saying that, which is well and good, quality is core to what I want to do, I still have the commercial aspect that I need to deliver. If I look at my competitors, for example last week (names competitor supermarket) had a bottle of wine that is normally on promotion only as low as 12 euro so from 15 or 16 down to 12 is where they should sit, they had it on promotion at 8 euro a bottle. Now (names other competing supermarket at the same level) on the other side had bottles of much lower quality wine at 8 euros as well. If you take those two as an example of a quality journey, you're going to see better value in the first supermarket over the other, If you're quality minded. Some people will stick to what they know and what's safe and that's fine but by bringing a wine with such a huge draw down to a certain price it's just going to win. And that's where it'll have its counteractive point when we're looking at the size the wine industry versus the value turnover.

E.B: Ah so sales will be up but value down. You know the consumer inside out so would they then trade up from there to the next price and quality point or do they sit at the 8-euro mark?

I.1: Well, you know, interesting question because over COVID there in the last two years, especially the first year about six months into COVID people were just sick of waiting for life to open up. And you could see what amazed me was the willingness the Irish consumer not to buy on promotion, it completely switched 80% of everything we sell in wine is on promotion.

Only 20% of what we sell is bought at full price. It's not like you're a Jameson drinker, if you want Jameson, you're not going to drink anything else. In wine, if I like Chilean Sauv Blanc, you've got six or seven choices in that and the variance between one or the other is very slight. What we saw was consumers coming in over COVID saying, no, restaurants are closed, I'm not buying anything, I want to treat myself and they spent a little bit more. So premiumisation became very big. The thing about premiumisation is if that gets into the consumers psyche for greater than six months, it tends to become embodied in their way of thinking. They've had nearly two years of this, so it's become very much stitched into their shopping habits now. Probably still, it might become only on weekends only or just once a month. But it is becoming something that's in the consumer with legislation changing and some of the mechanics that we had used, like you would have seen us do such as buy x amount save x amount, they have now all gone. But I can still invest in the higher tier products. So, for us, you'd see a campaign of wine save x%. That's for me where I want to showcase the more premium wines that have a deeper discount to attract a more premium customer. The idea there is that we want to reward and excite a more involved premium customer into the wines that we do. They can see a wine from a smaller region like Jumilla in Spain, they don't know the grape, don't know the region, wine looks really attractive packaging wise, it's accredited with our own specially sourced sign, and the price is within reach, it's affordable. The surprise then is that they go on and say they bought premium, they enjoyed what they've tasted, it didn't cost the world. So, I do think we'll attract consumers up the ranks of premium as a result of all that.

E.B: Just as you're on the subject, do you have a range of consumers that you would consider your target market?

I.1: We've often looked at that, in the past, they had a consumer segment was called premium professional. And I was told by the vast majority of those that outrank me that the premium professional was the key segment for us. Reality is when we looked at it, traditional families is actually key. I love data, I love what data tells us when you're selling like 20 million bottles a year, data becomes very important to how you operate. So, I love looking at segments and consumers and for me, if you were to pick one, traditionally, families, so you know, the household, two point 2.5 kids, you know, their teenage years, mother and father are a little less stressed. They're not dealing with nappies, they can kind of relax more, they enjoy their 2.5 holidays a year. They're the sweet spot because they tend to buy wine more readily and have a

higher average RSP. But that that can change too. Because, you know, the premium professional I had mentioned tends to be a young couple, not that yet married with kids, renting, and enjoying themselves, you know, they can be quaffing inexpensive wine more readily. It's not it's not a long-term view, which for me is important if you're trying to strategize something over two to three years at a time. So yeah, for me, no matter what the segment, even if you're a budget family, you could be a budget family that enjoys wine. So, for me, it's about who is the identifiable, more involved consumer. Because you might just buy one bottle of wine a month. But that one bottle of wine you might overspend on that because you have an appreciation. That's key for me is who are the consumers that are involved? They can go across any of those segments, the business tends to hang our hats on.

E.B: What would you say will be the biggest challenges facing the market? And then in what way is the market going to develop for yourselves in supermarkets over the next five years or so?

I.1: I guess the biggest challenge in the market would be, as I mentioned already, will be duty, the government have come in with minimum unit pricing. There's a lot of talk about profitability being driven on the back of MUP, the biggest challenges, I would have a bet that you that duty is going to raise this year. I think that would be challenging, whether they were across all on trade and off trade, or just on the off trade has yet to be seen. I think the reason for that is to try and garner revenue for the government, as a citizen, you can understand the thinking behind it, as an individual working in the industry, I see it as being short sighted. Understanding it and seeing the long-term effects are two different things. For me, I just think it will hamper the industry further and will put more pressure on a collective view. What I mean by that is if you look at us as an industry, and if you're going to use this term, you need to be careful on this one. So, we might fact check this after, with every business in the multiple factor we called a war chest, as a layman term. So, we all have a budget that we would work towards in terms of delivering incremental value for money for the consumer, above and beyond what the cost of the product would naturally be. So, like having 33% off steaks, or wines or all that good stuff. If you increase duty, then you're increasing the cost of goods. If alcohol remains a key driver for bringing consumers in, then you're diverting investment out of key staple areas into alcohol. From a health perspective, that is the outcome of increasing duty, you force industries like us to invest more in alcohol to keep the price down for the consumer. Because

that has a bigger draw, than having butter, bread, milk at a price. Problem with that is, as a citizen, you're inflating my cost of goods in my household. As an individual, I'll get more support to keep my price where it is in the industry that I work in. That's going to be a huge challenge, and I see it here because of where I work, as a citizen, I'm like this is crazy. If you increase duty, I have to follow suit, because my competitive set will do the same thing. I hope you can understand from my thinking how detrimental it can be driving inflation further and the cost of living for households. When the three big players in the market, don't even want it. We want to continue investing in bread, milk and produce. So that that for me is a key challenge. What was the second part again?

E.B: How do you foresee the market developing for you know supermarket wine retail now over the next five years?

I.1: It'll have to develop on the back of that. But I think the biggest thing, for me in one word is probably innovation. I get very excited about telling stories on wine and how to how to sell wine. It's, it's something my business, like we have a huge business, our retail turnovers in the multiples of billions. So, it's huge, like I said we're selling 20 million bottles of wine, for me what's key in the learning within our business is they want to excite the customer. We don't always want to just use price as a lever, even though it's going to be 80% of everything we do. Price is key, and you can never get away from it. But we want to add some of that magic dust to it. So, the magic dust would be the innovation around the offer. How you educate the consumer, bring them on a journey, allow the consumer the freedom to take that journey with you. And I think that's how the wine industry will evolve ultimately, because ourselves and the other major players involved, how will we continuously innovate around wine will be the key to how the wine industry survives and expands which is something that we're all kind of set up for, I kind of feel like we're more set up than others but that's my personal belief [laughs]. But that's going to be key. I've already had a strategic meeting last week and will be presenting it in the next two weeks. A lot of the stuff in it is quite exciting, very kind of blue-sky thinking step changes as to how we hope to do things over the next two, three years, which is exciting because as an industry, we haven't done it to that same degree. So, communication is going to become more and more important, telling the consumer what they can buy what they should buy, but taking education out of it, and giving them more direction, because that's one clear thing that we got back from research is the consumers like, don't educate me just direct me.

You know, I don't need to know about the soil, just tell me why I should buy it and why I'd be happy with it which is understandable too.

E.B: Okay, brilliant. I think that's everything. Thank you so much.

Interview 2

E.B- Interviewer

I.2- Interviewee 2

E.B: As an industry expert, how would you describe the Irish wine market in a nutshell,

I.2: The Irish wine market in a nutshell at the moment has gone through a very unstable stage due to the minimum pricing units that were brought in. What we're starting to see is that the supermarkets are now getting a little bit more aggressive with very familiar brands and dropping those down to what is now the minimum pricing unit of say 7.80, I think it is a bottle. That was always a trick that was going to happen because they couldn't sell, they're still selling below cost. It's destabilized the market ever so slightly. Furthermore, what's happening over Ukraine, and obviously, supply issues with nothing but oil and everything else is driven container costs and shipping costs have gone up, up to 300%. That in itself is having a massive effect on the overall aspect of purchasing. No matter who you look at who you talk to costs are up, which means there's a knock-on effect that house wine that may have been 20 years and all restaurants I sell my house wine has now moved realistically to 22/23/24 euros a bottle, just for the basic wine. That alone will have a knock-on effect, we will see that even in simple ingredients, going into restaurants, whether it's flour for making pizzas, or tomatoes, shipping has become an issue, if you go to the supermarket today, you'll see that the minimal amount of stock in the vegetable section, I don't even think it was fresh tomatoes available last Saturday, and the same thing today. So, everything has a contributory effect, the alcohol side of it will become a luxury. If we can't afford to heat our houses, people aren't going to necessarily buy a premium bottle of wine. Whereas during the pandemic, when the weather was really, really good for the first phase of it, and people were enjoying it, we did notice the spend was up and people were cooking at home, they were eating better quality food, preparing meals, and rather than just all takeaways. We noticed the wine spend went up to an average spend of about 15 to 25 a bottle. Whereas before, it might have been kind of 12 to 16 or 17, there was generally a five euro trade off because it was more of a premium experience by dining at home and making it feel like *fakeaway* as such.

E.B: Do you think then the Irish wine market is unique or different in any way in comparison to other EU markets, in your experience?

I.2: We're naturally different because we really don't produce anything of any significance when it comes to wine. Although some people are trying but it's at a more premium level because it's minimal quantities. We do have fondness for a drop of wine, wine o'clock as well known in Ireland. Again, during the pandemic patterns change, any excuse at all for the sun to come out and there was a glass of wine. The Irish market is a market that has been heavily dominated by big players. So, for example, Santa Rita has an agency in Ireland and the UK, and it is their biggest market. So, we have become very much an area where we were into fads and trends. So, Chile became a huge area, Australia was there in the early noughties. That kind of petered away with lower quality wine and then it moved in. But we were very much driven as a society on budget and cheap. For a long proportion of a huge amount of wines would be basically dirt and something you wouldn't enjoy. I never personally understood it, I think people were drinking alcohol just for the sake of drinking alcohol rather than something that for three or four more euros, you'd have something that's actually quite nice, that's really nice, rather than nearly having to hold your nose and just down the glass in one go, for the sake of it. So, our relationship with wine is very different to others. We can't sit down and have a glass of wine at lunch because we're having the bottle and then we're not going back to work. It always makes me laugh when we go to Europe, we're at events and we get wine with a meal. You're literally just kind of going Jesus, do we have to go back to work after this? You know, you're kind of going-are we headed off? Like are we going drinking again? And we're not able to do that. You can see that even in England, for example, with the beer, that the Brits are able to go and have a pint at lunchtime, and we're not because we literally go this is comfy and stay. It's just our DNA like to work, when the work was over, I think we like to play, we're not able to mix that bit of both in my opinion anyway,

E.B: When you're kind of thinking of the Irish consumer, what would be your target market as an independent wine retailer?

I.2: We have to keep looking to be innovative and looking for something that's a little bit different. An awful lot of the trade shows that we go to would be attended by the elite critics in Ireland. I'd say the independent ones, rather than the ones who are, practically in someone's pocket. Unfortunately, it happens that they want to release a book and a big chain store or big chain group would come along and look after them, say, so they're getting no longer unbiased reviews. So, you're at events, and it's strange, you could be at an event with 300 wines, and 10, or 15 of them literally pop, you raise your eyebrows on just tasting them. That doesn't make a difference, whether it's 11 or 12 euros up to 70 or 80 euros when you taste something that's absolutely spectacular, it's quite an unusual feeling. And we've gone with staff, when you see something tastes really good, you go wow, where did that come out of? So, because we go to these events, and we seek out products, we always stay ahead of others, because I'm not committed to having to buy from anybody. I don't owe anybody any additional money. I'm not locked in with any groups, I have the flexibility and the freedom to move from supplier to supplier to supplier on whose lists are the best. So, our wines are tested. Every year, every wine is tested, and sampled. And if it wasn't as good as previous vintage, it will go off the shelves. It may well be that in 12 months' time we look at that wine again. And suddenly that wine is showing an awful lot better than it had been. So that's one thing that we continuously do, we don't just buy because distributor sends it into us.

E.B: When you're going to price your wine for market in Ireland, what would be the considerations that you take into account?

I.2: It's all about quality and value. It's not about anything else. We taste all our wines at home blind. So literally this morning, I ordered four new wines, I had no idea the pricing structure. You sit down and taste it and put a figure on it, we say yeah I'd pay 20 quid for that comfortably. Then you look and you can see whether we can sell it for 20 quid or 18 or 19 quid whatever we want to do. So, we at home would taste nearly all our wines blind. In the shop then it's matter of opinion between various members of staff, myself, Claire, and obviously the importers who are bringing them in sampling. People need value for money. I am a very firm believer in value for money and a lot of bang for your buck. I'm not into wine such people can say oh, well, like you know, it has to take, it'd be lovely in four- or five-years' time. Nobody is coming into my shop to buy a bottle of wine to put away for four-or five-years' time. If those

customers come to me, I can always recommend something that I know was drinking right now but has longevity in it if they wanted to hold it. So, we really do emphasise on something that there's it's kind of a way we look at it as we've had expensive winter events. And you can run your local currency. But Jesus would play that character and say, well I buy and sometimes you have to realise that there are people out there. I took in a wine, I got a Christmas gift of a wine there was 60 euros a bottle was a Christmas gift, and absolutely beautiful bottle of wine. So took a little bit of a gamble, because COVID was kind of in the back door. Businesses were open. And you know, we'd heard this thing that was going to take off like the roaring 20s in the public restaurants and peoples gardens and far from it, but like, we got those couple of bottles in last week, two weeks ago, and they're sold out. So, there is people out who want to sit down and experience something that is really good. But they don't want to feel it to be taken for granted. So, I am very, very conscious of my pricing, everything that comes in whether it's a spirit of beer or wine, I will probably check it against others and make sure to have not been opened up. If I feel like I bought it wrong and someone else has it at a better price, we will question distributors and figuring out why there's such a discrepancy in their pricing and our pricing and sometimes products will go off the shelves. That was the case of whiskey there. we priced it we thought we were after getting it at the actual real trade price. And it would seem that the distributor added on an extra few quid one retailer in Ireland was selling for about six euros below where we were going to sell it and we have withdrawn the whiskey from the shelf. Okay, so we are very conscious about that. Just as an example of an amazing little coffee pinotage couldn't find any reference and we loved it. We sat down, we just called it a Monday night bottle. We just enjoyed it between us. It was lovely. Just we had enough each. And we're looking at it in price. And I could only find price references in the UK, and it was 12 Sterling 12 13/ 14 starting so I said to herself, it's probably going to be a 17 or 18 quid. But that would put it in context with the order coffee pinotages that I have. And looked at the list yesterday when it came in, they placed the order for the wine. And I think it was retailed for 39 s. So, we know it's a winner because it was so good. It was incredibly good. Yeah, we love a little bonus like that. Instantly, that will jump ahead of lots of other things that we've tasted, because it was already priced at a higher point in the UK, and all our customs duties and taxes and everything else that go with it. It's going to be a wine that you put in people's hands, you know, first question, do you like coffee? Yeah, here, you have to drink this coffee and berries. It's just fabulous. It's lovely. So yeah.

EB: And you think then that the Irish wine consumers tastes, or wine knowledge has changed over time?

I.2: There are more people interested, we would be quite fortunate that we would have an awful lot of customers who are not and every day of the week drinker. They like a good bottle of wine on a Friday and Saturday. So, the spend of 30/40/50/60/70/80 euros or 100 euros a bottle is great when it comes around, but they're not very frequent. We've always differentiated ourselves; we never really went after that big commercial side of the market. For example, we had the famous yellowtail wine, we were the first to sell that, the agent was a distributor who I knew very well. We took on the wine. Within about two years, a big multinational company had come in and taken over distribution of it. Suddenly it was like throw it into Tesco, Dunnes and Supervalu and whoever else was there at the time. The wine just got flogged to death it was used again as the current loss-leader system. When you think back to the supermarkets 25 years ago, or less than that, maybe 20 years ago, you bought your alcohol in the designated area, then you went around in your shopping. It was actually the Tesco nearby by all accounts was the first supermarket where they put alcohol out onto the shelves. Their concept was that they will sell so much alcohol by hitting the mammy market. I'll tell you the story you can quote me on it, he was a friend of mine who owned some supermarkets. He came in here, he was a manager with Tesco, in that branch, learning his trade and he came in here and we were chatting away. There were four other fellas, with serious suits, they were all kind of like 50/60 years of age, and they were all browsing around my shop. We were only open about a year and the new Tesco had got planning. I just said to him, please tell me you're not putting in the standalone unit at the front kind of marketing my style of business. He said no, they'd all heard about the shop, they wanted to come and see your shop. I said so what are you doing with the shop? And he said it won't be anything on your scale. He said what we're doing is we're getting rid of the off-license part of the supermarket; we're getting rid of that. He said we're putting the alcohol onto the shelves, and I said you'll be fleeced. He said we can afford to take a two percent hit for the volume of additional sales we will have he said. People will throw bottles of wine in under nappies in under any kind of level of groceries they have they're at the checkout. They'll be able to purchase at different times of the day without anyone looking at them they all went into the same grocery bag shop. So that was a concept that was driven by supermarkets was just to sell alcohol, they didn't care about a little bit of theft. It was all about volume, volume, volume. We always tried to be a little bit different. We never went down after the same lines

or same labels. We always specialised in what we did. We always stayed ahead. We've been selling premium spirits for over 20 years. In the last five years, supermarkets have seen that this is a little market as a growth area. So, while they're selling that, we're now looking for a smaller, more independent market. We're still looking for those small little niches who aren't big enough to go to supermarkets, and we're still kind of staying ahead of them in that regard. So, they're having a race to the bottom still, by trying to fight off others and their competitors, we just keep our heads down and people say to us, how do you compete with supermarkets? And our attitude is, how do they compete with us? Because I don't need to go through four or five or six different levels of approval to take on a product. I can walk in here in a minute, with samples bang it's bought, it's instant, and it's fresh, and I don't have to go through any departments to go and buy it. So, we're always able to keep moving and moving faster. So, we could have a product, we might only get six months of an exclusivity on it, but we'll have before the supermarkets will get it.

E.B: What do you think that will be your biggest challenge coming up for yourselves as an independent retailer?

I.2: The single biggest challenge we're going to face is come October, when it will be a big decision on whether or not people are able to afford to heat their homes. There are worse things in the world. I mean, it's all over the news, how bad the health system is, at the moment, the war over in Ukraine. But if people can't afford to heat their homes, something will suffer and it will be my industry, which is very much a convenient sector, and a specialist sector, we won't get that. People just having a drink for indulgence, people will look for an excuse to have a dry November, a dry October and then you know they might have a few drinks or again, they'll drive down to the bottom market. We will have people trying to sell on the second-hand market by bringing in containers coming in from Europe, truckers that were doing that years ago. Their heads will pop up again, because they'll see there's a market for it, anytime there's a bit of a recession, people will always look to find a way.

E.B: What about future protections for yourself. What's your plans?

I.2: For ourselves, what we need to do is really to keep pushing forward, not standing still and thinking that what you have is sufficient. We are building a new ecommerce site we already have one. Ecommerce has a lot of challenge; couriers would be significantly the biggest downfall for anything in the industry. We would need to keep pushing our staff along and making sure that they are familiar with our products and tasting our products and that they are showing initiative and showing a drive to want to work in this industry. I was trained hard in my own family business in the pub game. Just to keep going forward, it would be to trust and build relationships with good distributors. Never into fly by night people who are offering me a deal on something just because it's cheap. I'm not into "just because it's cheap", it backfires on you a little bit too quickly. We are into products that we can try and work with. Hopefully they will be products we can dip back into even if they mightn't show a good vintage for 12 months, but we'll come back. It gives us a lot of familiarity with it, and it gives our customers trust in what we do. But the next I would say two to three years is going to be very, very challenging market. Again, going back to I think it was the first question- costs are going to become a significant issue. Wines that were 15 euros are going to become 20 euros. That's something that we have no control over. Simple things in the industry as well. We'll continue to keep having refrigerated products because we're an independent store. Most supermarkets will abolish all forms of refrigeration unless it needs to be, products as in Frozen or fresh dairy. You know, our electricity costs went up 100% on the 1st of March. So that's a significant challenge alone. I remember going to Spain when I was young, there was actually an additional charge if you bought something out of the fridge, he charged you more than something off the shelf. That just goes to show that the energy sources and the cost of running a business today are significantly higher. We're also streamlining the running of the business and the hours to make sure that we've got a better work life balance that's one thing the Covid pandemic showed. As hard as we all work, we also enjoyed the little bit of time off and so we are going to continue staggering our hours going forward. We will try and keep that little bit of a balance that no longer will Sunday night run till 10 o'clock or a Monday or Tuesday or Wednesday, we may just kind of go to nine. We might bring the Friday, Saturday up to 10. Just as a convenience for the market that may be out there. But it's going to be quite challenging for crops, the global problems with fertilisers and things like that there's a huge issue. We're going to see reduction in crop. Not a bad thing for where we are, because an awful lot of our suppliers, we try and work with sustainable, organic, biodynamic, and natural producers. We have seen products from those going up realistically, in excess of 2 and 3 euros a bottle in the last three years.

Literally, because their costs are becoming higher and greater, their yields are getting lower, because they're not putting fertilisers and pesticides and they're having to hand select crop that's available and ready to use. This year alone, New Zealand is going to have a big issue with their wines. So, people are going to have to kind of maybe diversify and move away from it, that will become a treat, it won't be a case of liking a glass of Marlborough Sauvignon Blanc, it's going to be I like a glass of Sauvignon Blanc, Marlborough could get end up getting pushed aside because the crop levels are way down. That's the same with Burgundy last year, Burgundy's yields were very, very low. So, there's always going to be things changing, we have a global change, which is going to dictate whether or not wines are going to come though, we will probably see a few more wines coming in from the likes of Romania, Croatia, Slovenia, and Moldova. What people need to realise is that we're not looking for the absolute basic quality. That's the one that will fill the Chilean market that's going to go above the 10 Euro bottle. People are going to be looking for quality, if these countries start sending in dirt thinking that we just want to drink it won't work. That market is for supermarkets and the big European retailers who love having that cheap dirt. For the likes of us. And for product to be established, they're going to have to produce wines that, you know, 20 or 30 or 40, good independent stores in the country would want to sell that maybe the couple of hundred really good restaurants who are into selling wine would want to sell. I mean, I remember being at an event London organised by the Argentinian embassy and the thing that came out of Argentinian crop in about 2010 was a big meeting. It was all about Malbec, Malbec, Malbec. Yet they had such a diversification of what they could produce so the agriculture minister in Argentina said like look, you know, we can't be just all about Malbec. We have to start looking for others because the day will come when you get fed up. So, they started diversifying and trying different grapes and they're working and they're starting to, but they have to be careful and what happened with Australia when they started to just mask bad flavours and poor-quality stock. Australia had to climb back up that ladder and it's all about quality, quality. I would say on my shelf, probably more than 60% of my Australian wines are over 20 euros a bottle because I just struggled to get good Australian wines under that price point. They put themselves into that position. Now it's about trying to build bridges and get back up to a higher level. But I think it's going to be a very uncertain future in the wine industry. Wine alone in Ireland at the moment has a huge competition in the craft beer market out there, there's a huge amount of them actually do taste a lot like kind of Sauvignon Blanc and things like that, which is quite strange on the palate. And that's literally just work on different kinds of yeasts. And also, the whiskey market has become very, very strong in Ireland. But I think it all has to come down to at the end of the

day, it's going to have to be more of a quality and people are going to have to have decide whether they want to have a drink, or do you want something just pure toxic? You know, we've all drank them. Unfortunately, we've had them, I've sampled lots of wines that you literally would you question the importer and say is that really where we are that you're giving me that kind of stuff to sample or even go to trade shows and we just walk away from the stand saying you're not for us. It's going to be difficult. Yeah, so now that kind of gives you a feel, but there is everything we're talking about is connected to all the dots around the place. As I said even agri-fuel, labour costs with human rights, glass is costing a fortune and it's very difficult to even get a hold of glass, the cost of materials. Those costs won't come back down either.

E.B: Do you think there'll be a move to bag in box?

I.2: I don't think so, it's all about the volume, the bag in box will only appeal to a very small percentage of the market. Tap wine in your fridge I don't think that would suit us here. You put temptation in front of people and we're only human. I think wine on tap, it allows you to kind of have that glass of wine rather than sticking to the one bottle. But we are definitely having to innovate and offer different options or alternatives to what the customers and restaurants we provide for are used to. So definitely challenging times ahead for everyone, outside of the industry as well as in it.

E.B: Thank you very much for your time.

Interview 3

E.B- Interviewer

I.3– Interviewee 3

E.B: As an industry expert, how would you describe the Irish wine market?

I.3: From my perspective, from a retail perspective, it's very vibrant. We've had busier years than we've ever had from a retail environment. But the feeling of that is obviously not mirrored on the on-trade side of it. So, there's been, there was 100% shift during lockdowns obviously. We're now uninterrupted for about eight months, I think since we came out of the last lockdown. People have freedoms, again, restaurants are open again. But there's still a shift, there's still been a leaning more towards the retail side of the marketplace than the on-trade side of the marketplace. For a couple of different reasons. When people didn't have the choice during the during the recession, I mean or during the pandemic and lockdowns and everything, people were forced to learn how to cook again, entertain at home, bought better ingredients bought every kitchen gadget under the sun, bought better wine and realised jeez if I spent the same amount on wine or the same amount of money on my wine, in a good wine shop or in an off license then I would, when I'm out in a restaurant, I get something that's three times more enjoyable and much better quality, or I could spend a tiny bit less than I normally would when I'm out and still get a better wine. That's made a really big difference. So, there's a definite, definite shift. And it definitely is guiding our decisions for what we want to do for the future.

E.B: And in your experience, would you find that the wine market here in Ireland is unique or different to other European markets?

I.3: If anything, we are just a little bit slower. So, if you watch London closely new developments and new trends in London tend to happen 12 to 18 months before they happen here. We eventually generally follow suit, or the trend follows suit but it's usually just a little bit behind. So, if you look at wine shops around Dublin, they're not just wine shops anymore. They're wine shops/ food stores/ wines by the glass. You know you sit down and have a casual glass of wine. That all kicked off certainly London and Edinburgh we had seen it in before it started to take shape here. And now maybe not outside or maybe not outside of Dublin but certainly within Dublin almost every wine shop kind of has that as a as an option. They're trying

to offer more related options in terms of sales and consumption, I guess you know. I suppose one thing that's very far behind is different packaging. So, there is a marginal shift. But if you go to, in particular, maybe not the UK so much, particularly mainland Europe, people will buy good quality wine in bag in box. Better value in terms of less packaging, better sustainability in terms of environmental impact and everything. And you see it happen all the time. And there's a really good range that people can buy in that sort of style. Here, it hasn't really taken off, people still have it in their head, that bag in box me for quality wine, even though you could have it sitting in a box and sitting in the bottle. People will pay more on average per 750 mils by the bottle, just because we're kind of stuck in our ways and slow to change a little bit. So, the next shift I think will probably be a bit more acceptance of bag in box canned wine, perhaps you know different format. I think that'll likely be the next shift that we're a little behind other countries done.

E.B: What factors then would you say would be most important when you're choosing wines to sell on the Irish market?

L.3: Well, I suppose for us, we never try to just do what is commonplace or always popular. Yes, we have to have those bases ticked. But for us we're looking for sustainably and ethically made wines as a priority. And obviously we're looking for really high levels of quality irrespective of the of the style. I mean, the wine market in general is quite educated here. I think in large part because we can't make our own. We're forced to learn about how they do it in other countries and how things are mainly meant people who have done your WSET qualifications or just on tasting courses or whatever it is, is huge. This is a big general interest in it. Whereas if you meet somebody from Chianti or Burgundy, they might know about the wines of their region, and possibly of their country, but they generally don't know anything about what exists outside of that. So, it gives us room to be adventurous, we find that red drinkers are far more adventurous than white drinkers, white drinkers tend to be relatively safe. So, you could try and be adventurous and find your delisting products very promptly, because people just don't take to them. But with reds, you could buy things that are a little more expensive or a little rarer and more made from grape varieties that people can pronounce. And people will still give them a give them a try. So, we find that in both are in both our stores and through online as well, that there is a little more safety on the white side and a little more interest or adventurous buying on the on the red side.

E.B: So, I'll touch on the consumer choices here in Ireland in just a second. But while we're still on the admin, what factors are considered by yourselves when you're pricing wines for sale in Ireland?

I.3: Well, the main one is always that the taxation ratio is colossal, I mean 3.19 a bottle. But then you throw a 23% VAT on top of that, obviously, there's a large proportion of the value of any bottle of wine that is not related to the product itself, how it's made and the quality of it. So that's always a really big factor. We're not a low-price driven company, we're a quality driven business. So, for us, it's about making sure that what's in the bottle represents good value, no matter no matter what the price is. If we can find something that we think really punches well above its weight, brilliant, but it's never a priority you know there needs to be a spread, but ultimately, quality and how wines are made and the people who make them and being sustainable and ethical is more and more of a priority. And more and more of the wines that we buy are organic and biodynamic these days. And because those methods of production are more expensive, the wines tend to be a little bit more expensive. So, we're not as price driven as other people would be. We need to see good quality versus value in terms of quality per euro that people are looking for in wines that are interesting and adventurous. But we're not driven by trying to be able to have wines as you know, the minimum price on the on the shelf.

E.B: So, do you feel maybe the legislation relating to the price has affected the quality of wine available at a certain price point for us versus our counterparts in other EU countries?

I.3: Yeah, but I mean, a million percent we've the highest excise rate on wine in all of Europe and the UK is the third highest. So, it's a massively big factor. I suppose the only thing is it's not discriminatory on wine, our overall excise on alcohol is huge. So, you can buy a litre of Irish whiskey that's made five kilometres from your house cheaper in Germany than you can around the corner. So, there's something a little unfair about that I suppose. And certainly, you see it from a tourism point of view when people are across from France, Spain, Germany, wherever. But people really notice how expensive wine is here compared to compared to what it's like at home. So, it's a big, big factor and certainly impacts the level of sales of wine, although at the same time, marginally in the last few years, but it's still increasing. So, I think it's still more popular as a product, but it's certainly not getting any more within reach due to price, that's for sure.

E.B: So, the affordable wines or wines at a certain lower price point would not necessarily be considered good in your opinion?

I.3: No, I mean, if you take even before the minimum pricing thing kicked in, if you took a ten-euro bottle of wine, and you take out two euros thirty for VAT, and you take out three euros, nineteen for excise duty, and then you consider shipping, bottling, labelling. No one's made any money yet between distributor or retailer restaurant or whatever. By the time you pare it back to what the liquid in the bottle is actually worth, you're into cents, a lot of the time you into thirty, forty, fifty, sixty cents a bottle. The only way to produce something at that sort of level is to essentially have massive, big volumes of poor substandard product and probably homogenise it in a lab. Not only our perspective, but you can ask anybody who enjoys wine or anybody around Europe, that's not what wine is, is supposed to be. So yes, anything kind of sub, we start at about twelve/ twelve fifty. And it's about the best place for finding something that's well made, with good quality grapes that's not manufactured in a lab. That's enjoyable and worth drinking. Yes, you can stumble across the odd gem here or there that you'll enjoy, but chances are, it's probably still being altered or played with in some way.

E.B: In retail then, just moving on to the consumers. You're in direct contact with consumers all the time, there's no middleman, so what opinion do you think Irish consumers have of wine as a beverage?

I.3: At the moment, very positive. It's something people who have an interest in and talk about, there's a huge range of variety and points of difference from country to country, different grape varieties. There's always something new and something different. I mean, I'm nearly 20 years, I think working with wine now at this stage. Actually, it's more. You're still never remotely close to knowing everything. There's always a country you haven't tried wines from, grape varieties that you haven't come across before, different blends, new methods. Just when you think figured out all the modern stuff, everybody starts making wines the same way they did 300 years ago. Again, it's always changing. So, there's real positivity there. People are certainly open to trying new things. We've got a good food culture in Ireland, and now as well, so there's a real link between a really good wine matching or enhancing a really good meal at the same time. There's more of an appreciation of that than there probably used to be so it's definitely in a positive place. Most people are aware that there is a taxation element within wine, it's been

well publicised enough, not only with wine, but across alcohol in Ireland, in general, that a large proportion goes to revenue. So, people are more willing to you know, find that little bit extra to make sure they drink something that's good quality and that they enjoy. And since minimum pricing came in, the gap between really poor-quality product and acceptable quality product or good quality product has narrowed, so you don't have that 3.99 bottle of Prosecco or Chilean Sauvignon Blanc any more than 3.99 bottle is now you know, whatever, 7.20 or 7.30. So, the gap between that to a half decent 12.00 bottle of wine is now an awful lot closer. I think if anything it will it'll help the better end of the market rather than the lower end.

E.B: And with the consumers, you were saying they're very interested, they're knowledgeable. Has there been a change in the perception of wine over time?

I.3: Yeah, I mean, it's gone huge. My dad worked for a wine spirit importer as well as, completely different to how I ended up getting involved. But if you look at the range of choice that there used to be to go back 25 years when wine was just starting to become popular. We went from Blue Nun, Mateus Rosé, and Liebfraumilch, then when we got Le Piat D'or which everybody now would laugh at that was the first real French wine we kind of got and that's what started moving people into wine. Then we evolved through the southern hemisphere. Which some people now looking at Chilean Australian with a negative perception, but they had a really important role to play in terms of our development because the language, the labels were written in plain English people could understand them, so that you could understand what difference an area made to a wine, what the different grape variety was. Then they got tired of drinking Shiraz or Merlot from Australia, and thought surely, I can get something similar from somewhere else. And that's what started that learning curve. So, the evolution has been huge to a point that the range of wines that's available is massive, the openness of people to new things and to trying different products and being adventurous is huge. People are willing to spend a little bit more on a better-quality product because obviously they're aware of what they're putting into their system and everything as well, and so there's a health-conscious element that is not just alcohol. It's something a little bit more than that. That's certainly what we see with our customer base. Obviously different people buy different products for different reasons, no matter what the industry is, but certainly for us, that would be the trend that we've certainly seen over a pretty decent chunk of time now.

E.B: In that vein of the changes, and then what's going to happen in the future, what would you say are the biggest challenges that are facing the wine market here?

I.3: Well, I suppose we have a couple of things, particularly with better quality products, as well as climate change is a really big issue. They might not affect our consumption of wine here, but our availability of decent wine it does. We have vineyards that we deal with that have been close to wiped out on harvests in different years. Prices continue to escalate on some wines and from some areas, again, for the same reason, just lower quantities, and different volumes of production in different years, so that makes it difficult. If it gets any more expensive, from a taxation point of view, that'll obviously hurt as well, that'll make things more difficult. It's one of those areas that always seems to get targeted a little bit, you know, so that's entirely possible. I think the bigger thing, or biggest thing is that that change in pattern, in terms of where people are enjoying wine and how people are enjoying wine, it's not seen just as a more formal drink anymore, no, it's casual, it's relaxed, it's with no food, it's cafes, it's barbecues outside, it's not just, you know, like 15 years ago, something that you had with a special occasion or a meal or whatever. So, I think there's probably more challenges on the on the trade side. The same challenges for the on-trade side probably represent opportunities for the off-trade. It's a question of how both sides adapt because I know plenty of people, customers more than anything else, who, since going back to restaurants have realised just how much they're paying for wine in the on-trade compared to what they can do at home. I think there's that that's a big challenge for that side of the industry to overcome for sure.

E.B: Lastly then is a future projection, how do you see the market developing over the next five to 10 years, both for yourselves as an independent retailer, and then although it's not your area of expertise have you an opinion on the supermarket wine trade going forward?

I.3: I think for us, it's always trying to keep things interesting and be innovative and do new things. We hopefully will expand our retail side of things, that is something we're working on at the moment. And we'll probably have two different styles of places one to capitalise on the younger demographic that drink wine now, it's not just a more mature person's drink anymore. To have the availability of an upbeat, enjoyable wines by the glass, offering in any new ventures that we go to, I think that's going to be a really big thing for us. Product-wise, it's a question of always trying to be a little bit ahead. As I say, you look at London and what gets popular and what happens there, not all the time, but a lot of the time tends to translate here, 12 or 18 months

afterwards. So, we keep a close eye and see what's happening. For the last few years, it's really been seeing what's new, what's happening in Australia, Argentina, Chile, France, not a lot. Where do you go? So, we've moved towards Greece, we've moved towards Slovenia. We brought Romanian wines in recently that have just been really well looked at we have looked at Croatian wines but haven't pulled the trigger on it just yet. Moldovan as well, you can get some Moldovan wines in the country, but there is some really good feedback on them. So, we're always just like how can we keep things interesting? And how can we keep the palette our wines in Ireland, evolving and trying something new and looking for something different and realising that you don't have to get stuck in your ways and have the same thing all the time. There's always something new and something different. Sometimes you might not like it and other times you'll find your new thing for the next six months, you know. Most people are opening up to being slightly more willing to take a risk and try something new. Format I think is the other thing and something we've actually started trying to encourage people to do. The on trade, we do wine by keg now, which again, is a sustainability thing and a product packaging thing. 25 litre kegs, so instead of having 33/34 bottles, you've got one small sized keg that works similar enough to a tap system in a pub, we've increased our range of bag in box as well, we haven't gone down the route of can yet, so if bag in box doesn't work, I think canned is going to fail to the same for the same reason. The only plus side being that it's a smaller format, rather than buying three or four litres you can buy, one glass or whatever. Again, the small producers we deal with aren't in to, and don't have that packaging capability yet and that sort of thing. I just don't think Ireland is ready for it yet. So, I think keeping up to date with you know, expanding product ranges, keeping things interesting, always looking for new trends to encourage people to get on board with and then the packaging side of it. Because people have a very sustainable ethos here. People are quite driven by being environmentally friendly, it is a hot topic right now. We're doing our best to be as environmentally friendly and promote those sorts of products that support people who are striving to be sustainable as much as possible. In regard to the multiples, the supermarket side of things, I think their challenge is going to be whether they are happy enough with just targeting a lower priced demographic of consumer. As the consumer base evolves, and wants better quality, and more variety and things that are a bit unique and unusual. A lot of places will have to take the plunge on trying to expand their range a little bit by taking a risk and deciding that they don't just want to be the lower price range. People are coming in and buying all their ingredients for them for their meals here, why are they going off somewhere else to satisfy their wine needs? And I would say that that's probably certainly from an off-trade point of view, one of the big things that they need to

address, and I don't really think any of them are doing that although there are one or two supermarkets that are better than others. Even a lot of that it's not across the board, it's just individual ones like certain super values, for example, that have better ranges that are a bit more expansive than others. Then there are ones that play it very, very safe. I think that'll be their biggest thing. Potentially missing out on the higher end of the wine industry by only focusing and living to the stereotype of our supermarket kind of one selection.

E.B: So, their target market, you were saying would be a demographic that's spending less but for yourselves, if you had to define your target market?

I.3: Yeah, no, absolutely. We try and cater for a wide variety. I mean, we try and keep it quite broad. We're definitely targeting people who have a genuine interest in wine, who want to drink it for what it is rather than just the fact that it contains alcohol. Our demographic would not be people who are only just starting into wine it's generally people that have figured it out and have a little bit of experience. So, if you wanted to put an age bracket on us, it's anywhere from 25 plus. We will generally be looking towards people who are quality driven rather than volume and price driven. So even at the lower end, we've visited our producers, we know what they do. We know the quality of the wine; we taste every vintage to make sure it's good. We drive people who want that quality, and they want a level of customer service by backing it up with a higher quality delivery of it. You pick up a bottle of Clos Hermitage in a supermarket, probably one of the better wines if you're lucky enough to find one on a supermarket shelf and ask somebody what it is, you're really going to struggle. I mean that's versus us, people who really care about wine who have a genuine interest in getting good quality and understanding the background and the story about it. Rather than somebody who's looking for six bottles for 50 quid because they want to, you know, just have something that doesn't taste of anything.

E.B: Thank you so much for your time I really appreciate it.

Interview 4

E.B- Interviewer

I.4- Interviewee 4

E.B: How would you describe the Irish wine market?

I.4: I did actually think about this for a while. I was going to say volatile but, I would say it's in a pretty good place. 2020 was an exceptional year in terms of wine sales, because typically about 80% of wine sales are in the retail sector. Because of the various lockdowns that we all had to endure, in 2020, at the start of the pandemic, it did cause an increase in wine sales. So, it was a record year in 2020. Whilst we don't have all the data for 2021, I think the 2021 data so far has shown that the spike in 2020, has gone down back to pre-pandemic levels. My own theory as to why there was the drop in sales, compared to the year before was just that, things obviously opened up the second half of last year, I think, you know, in the first quarter of 2021, while there was a full lockdown in place, I think you would have likely have had a bit of an overspill of stock that would have been accumulated in people's homes over the Christmas period, there would have been less entertaining or hosting, that would have been done over Christmas. I think that overstock in people's homes, just a theory I have, would have led to a decline in purchases. So, I think it's in a pretty good state at the moment. But it's coming down from a very significant increase in sales in 2020.

E.B: Do you think that the Irish wine market would be unique or different to other European markets in your opinion and experience? And how so?

I.4: It's hard to know. I mean, the one thing with the Irish market, is that because we're not a wine producing country, well yes, we do actually have some wines and the strawberry wines and so on, but they have a tiny, miniscule market share here. Because we're not a wine producing country, things are a little bit different, because we tend to drink a lot of New World wines compared to other European countries, other European countries would tend to, obviously, the wine producing countries would tend to have a larger market share of what they produce at home. I'm not sure where things are in relation to the Scandinavian countries, the non-winemaking countries, they tend to have quite a higher proportion of spirits consumption and of course, beer. So, the Irish wine market, is different in that, from my own view, I would assume that like New World wines seem to be quite the dominant player. In terms of, you know, people's palate it would be kind of similar enough to the UK, in terms of the types of wines that we tend to have and the types of wines that we tend to enjoy. That is what I would

say, is the biggest difference between the Irish wine market and the others. But of course, the other big difference I should state is that the excise rate for wine in Ireland is significantly higher than most of Europe. Typically, per bottle, it's 3.19, for a nine Euro bottle here, and on the continent, you either pay no tax, or you pay such a small amount of tax. So as a result, you know, you're out shopping in countries like Spain and Italy and France, wine is much cheaper than on the Irish market. Then of course with the introduction of minimum unit pricing, and that's going to further set the Irish market apart from the rest of Europe.

E.B: You've actually answered one of my later questions which would be what factors are considered for the pricing of wine, would you have an opinion on what factors do you feel would be most important when importers are choosing what wines to sell on the Irish market?

I.4: Yeah, I would, there's a lot of factors actually, at play here. Ireland has a young population, a growing population, so the size of the Irish market is growing. It's still only the size of Greater Manchester, we're still a small country. There was, I think, a baby boom in the late 90s, early 2000s. So, you have a certain proportion of the population that's coming of age, even though the average age of the country is kind of ticking higher. The fact that the population is growing, the Irish market would be targeted for possible growth. Those are the reasons why I think a lot of people would like to invest in the Irish market. Wines market share has grown significantly over the last 20 to 30 years, wines market share was quite small in the 90s. Now it's the second-best selling alcohol category, as you know, behind beer. Beer used to have a 69% market share, in 2020, where we have full stats, it went down to 37. Now that was because the hospitality sector was shut down. Most people drink beer in the hospitality sector, but of course, wine went up to 32%. But typically, wine would be sort of 27% in terms of its market share. People are seeing the benefits of that, the reason why people would invest in the Irish market is because there's more choice available, the Irish wine consumer is a lot more sophisticated. They do like their cheap and cheerful stuff from the big factory brands, which do a good job in terms of marketing their products, and the products are quite good. Of course, there is a demand to enjoy the premium products as well. Which is why you've seen particular wine categories do quite well. I think it's a combination of that, that makes the Irish market quite attractive. Now, the downside to investing in the Irish market is the taxes. In terms of your taxes, your margins, they're much smaller than in other European countries, because, you've got excise, you've got

VAT to pay for. There are obviously transportation costs because we're an island, we're not as well connected as other markets on the mainland in Europe. Brexit may have a factor because some wine does have to come through the UK to come here. Although I think that's going to work itself out over time. The other key problem for importers, or sorry, for anyone wishing to export to the Irish market, is the upcoming rules around labelling. The public health alcohol Act, which was passed about three and a half years ago, does have some very strict rules in relation to having a mandatory health warning, a cancer warning, a website that basically details problems with alcohol consumption, and a couple of other requirements for a label. That hasn't been finalised, there's still a scrutineering process that it has to go through with the European Commission through something called the thick and triss process, but I won't bore you with that. The problem is that if there is a mandatory cancer warning label, just for the Irish market, it does cause a bit of a barrier to trade or potentially a barrier to trade. If you're in Chile, and you're exporting to Europe, you're going to have to get the Irish bound wine, logistically, you're going to have to make arrangements to have Irish bound wine removed from the rest of the EU bound wine, and that does add to costs. The way the legislation was written is that it was suggested, I think, by the Minister for Health when this issue came up in the Dáil, that well what are you going to do about the barrier to trade? he suggested in the Dáil before the bill was passed that retailers can just slap a sticker on bottles of wine and beer and so forth. In my view, that's not going to fly with the retailers, they're not going to put up with the additional expense, and the time it will be to calculate how many calories is in each particular bottle of wine or putting on cancer warning labels and all that sort of stuff. So usually, the cost of redesigning the label will fall on the actual producer, it'll just go down the supply chain, to that. Whatever about the science behind having products like that, having a type of warning like that, that aside, you know, you are going to have to have a unique label for the Irish market, which will cause some logistical problems, and it will increase costs. So, those are the problems. I think there will be problems for some of the existing players, I think, particularly the smaller vineyards, might see the Irish market as less appealing to trade to because if you're making the same bottle for all these European countries, why would you have to change for markets so small like Ireland? So those would be the kind of pitfalls that you see. Certainly, with the excise, whilst it hasn't gone up for wine for about eight or nine years, the longer that there hasn't been an increase of excise the riskier it can be for excise to go up. Because of that, that, it could be seen as a bit of a downside to expanding to the Irish market.

E.B: Do you think that there is a possibility, then that between the high excise and these extra government interferences in the wine market, that it could negatively impact quality of wine that we can get into Ireland at a reasonable price?

I.4: It's a good question. I honestly don't know, it's sort of a known unknown. Because we're still in the early stages of minimum unit pricing (MUP), so we're not quite sure. You know, it's too early to tell to see how much or what impact MUP has had. There could be some high-end wine products that, whilst the pricing actually won't be a factor or won't be an issue at all, the excise rate is the excise rate. If you're always going to sell your product for 25.00 a bottle, the people who intend to purchase it aren't going to be impacted if there's a slight increase on excise, you actually, in theory, may get better value on the higher priced products. The problem is, if you're a wine producer that produces in small quantities, making those labelling changes for the Irish market could be a bit of a challenge. It's hard to tell, because the impact analysis of these particular labels wasn't done very thoroughly by the Irish government. That's my own personal view. I don't think they've really factored in those particular logistical and cost challenges. It's just hard to tell, how these measures are going to have an impact on the Irish wine market. If you're introducing a label that has to be unique to the Irish market, you are in many ways, putting up a barrier to trade which does go against the key component of operating in the single market. That presents challenges for anyone wishing to enter the Irish market,

E.B: would it maybe have been best to separate wine and other alcoholic beverages?

I.4: I would say no, I think you could argue that a wine could be particularly more vulnerable because there's an X amount of beer brands, a lot of the beer that we import, we do get some craft products, but, you know, beer is produced en-masse. Certainly, the big brands are produced en-masse and they may be able to cope with the additional costs and logistical challenges, may be able to cope with them. Then of course, the small craft brands will find it much harder. Certainly, percentage wise, the costs could be greater for the smaller ones, but the way the legislation was written was to treat all alcohol equally for better or for worse. I think if you singled out one alcohol product versus another, that would add further distortions. I think you could fall into some sort of anti-competitiveness sort of issues as well. I suppose

one of the reasons, just going back on why, wine has had some big excise increases, maybe about 10 or 11 years ago. I think it was under the Fine Gael/ Labour governments. The reason why it was kind of easy to slap on those increases onto wine is because we don't make any here. So, the reason why excise is so low in the Mediterranean countries, is because they are wine producing countries and wine is ingrained in their culture and their economies. So, they tend to sort of leave wine alone when it comes to comes to high tax rates. I don't think wine was ever going to get singled out away from the other alcoholic products, I think the way the Irish government looked at this was that all alcohol gets treated equally. That's, that's just the reality of it.

E.B: In terms of the Irish wine consumers, what would you say is their perception of wine as a beverage? How do they view wine?

I.4: Years ago, it would have been seen as a much more sophisticated thing that people of a certain income would consume, now it's much more sort of acceptable and available. I think, typically the breakdown roughly is 55% of people who consume wine or 50 to 60% of wine consumers are women. I think the more women who entered the workforce, in the early to mid-90s, the more that they were actually earning income independently. They tended to consume more wine generally. I think that's the reason why wine consumption or its market share has gone up. It's also worth noting that the consumption of alcohol has actually gone down by 30%, per capita. The peak was in 2001, it's gone down ever since. The category that sort of bucked the trend was wine. I think it's because there is more availability, there's probably more off licences around. There's been a great range of good quality wine that's affordable in a lot of retail outlets. I think the product that really sort of broke the mould with this would have been Jacob's Creek from Australia. It was cheap and cheerful. It was a good quality product that wasn't at a high price point. Then, of course, following those big brands from Australia, the Chileans came in and completely have dominated since then. The estimates that we have, because a lot of the data we have on wine is estimated data. I think Chilean wine makes up around 25% of the market share, which is pretty significant. It's because they have these really big international brands, that the Irish consumer likes, and they taste good. Full disclosure, I am half Chilean, so I would say that, and they're affordable as well. That's been a huge part of it. I think the other reason why those brands have also performed quite well is that those brands

including Jacob's Creek, and Blossom Hill, Wolfblass and all that, and of course, Santa Rita, from Chile, is because they market those products quite well. They put money behind them and not just on advertising, but they do wine tastings, they bring journalists to their vineyards over there and they put a lot of effort into really selling those products. that's why they've been really successful. I think for the typical wine drinker, I don't know if there's any sort of typical type, but I think the availability and affordability of some of the products, despite the high excise rate has certainly made a difference. In terms of trends, I mean, Rose is having a bit of a moment again, you know, it's got about a 5% estimated, maybe higher percentage market share. White wine is always kind of on top. But of course, Sauvignon Blancs seem to be the favourite type of wine that people would kind of go for, and they're the ones that are provided by the big brands. But I think that the biggest difference over the last, in my own theories, the biggest difference over the last, you know, 20/30 years has been more women earning their income independently and purchasing wine because it is seen as more of a woman's drink traditionally here. That's why wine is sort of eating into beers market share. The crucial thing above all that is that per capita, the alcohol consumption in general, has actually gone down significantly over the last one.

E.B: How would you describe the knowledge or the discernment of Irish consumers, when they're choosing wines, their level of knowledge?

I.4: Oh, it's hard to tell, if I could recommend someone to talk to about that, the wine writers would be the best people to talk to. I don't know who you're reaching out to, in relation to that. I think they have a lot more knowledge now than they would have had, say, 30 years ago, there was a time, back to the 80s, where it was Blue Nun or nothing, you know, that was it. But now I think I would say that their knowledge of the different types of wine has grown quite a bit. I think, also, in terms of food pairing, it's definitely improved a lot over time about pairing certain types of wine with certain foods. You only have to look at people's attitudes towards food, in general, there's a lot more foodies out there than there ever have been. When I say foodies, I mean people who are also involved in, in Irish wine, or sorry, in consumption of alcohol. Our own surveys that we've done in relation to beer is that a lot more Irish consumers are more aware of pairing different kind of craft and commercial beer products or beer styles to certain meals. If that's improving on the beer side, it's definitely got to be improving on the wines,

because people tend to associate wine with consuming food. I think it is something that has improved over time. I think the best person to talk to is Jean Smullen. She is the expert when it comes to the kind of consumption habits of the average wine consumer. You look at the Sunday papers, you look at anything, and you look through their magazines, there's always a wine section. There's always something new. I did hear before that the pandemic has given people the opportunity to broaden their palates a little bit, or to upgrade because they couldn't spend their money in the pub or in a restaurant, when they were doing their weekly shop, some people tended to upscale, they certainly did with spirits, I think. They were more curious about other beers, and I heard anecdotally from my own members that people started to look more at the higher price points of wine. There is a general view as well in the overall alcohol market that it's not about the quantity that you drink, it's about the quality. That seems to be going from Gen Z all the way up. There just seems to be this move towards the quality, people are more curious about the products, the heritage, and the innovation around the product. It is just more about a premiumisation, that seems to be the key thing across all the alcohol categories, but particularly with spirits, and also with wine as well.

E.B: The last couple of questions you touched on earlier relating to the pricing of wine, would you say that it's affected the quality of wine available at certain price points in Ireland, compared to the countries that produce wine?

I.4: I don't know, it's too early to tell, I think the excise rate has been the same for the last eight or nine years. I think with MUP coming in, and then with the labelling restrictions, that probably won't be coming in for another few years. It's really hard to tell if that's had any impact. I don't think it's had any impact in the last few years, in terms of the quality of the products that are coming over, or the range of products coming over. I think we'll have a better idea, probably unhelpful for your thesis, but you'll have a better idea over the next five years, just to see what happens. There are a number of issues like I said, I think the labelling issue is a bigger obstacle to overcome. Because what, if you have a wine label that's been around for a few years, what if you have those wines that are sold off at auction where the bottle with the label was made 50 years ago, do you slap a cancer warning on that? There's a lot of things that need to be figured out as well. So, as I said, it's, it's a tough one. But yeah, it's just too early to tell. At the moment, as far as I know, there's an unprecedented selection, that's of good quality

wine on various different price points that have come into the Irish market. A lot of that has to do with the fact that population is growing and as a result, there are more places to purchase wine from your forecourt in a petrol station to the expanding retail outlets that are all over the country. The more of these outlets that open up, either off licences or supermarkets or the discount retailers, the more wine that's available to everyone. So that's been the biggest sort of change. So there hasn't been any sort of significant drop in volume, but I wouldn't have seen any particular drop in the quality of wine that's coming through. But Jean Smullen will answer that question better than I will.

E.B: So, we have access to the same range, but we're just paying a little bit more for it, say, than our French counterparts?

I.4: I would say the main difference between here and the likes of Italy and France and the Spanish wines, that Irish drinkers have really latched on to, is that there's a lot of the stuff that they don't export, a lot of stuff they keep themselves. Even when I go to Chile, as well, there's the good brands that I'm already familiar with that you can buy on the Irish market, but then I go there, and I'm like, what are all these other wines? There is stuff that they just don't export, it's just for domestic consumption. Of course, France is such a huge market on its own. So, I think in terms of the variety there's probably more in those particular markets because of the stuff that they don't export. But certainly, in terms of prices, you go to Spain, you can get wine, for as little as two to three euro for a bottle of wine. I think in France the excise rate is three cents, it's nothing. There are hundreds or thousands of vineyards all over France, I think taxing them would be grossly unpopular move in that country. It's also because the wine lobby in France, the Independent Wine Growers are quite vocal, and are very well connected into the political system there, as far as I've heard. So, I would say more variety in the other markets, but it's more variety from their domestic product and certainly much more affordable in those in those markets as well.

E.B: Finally, how do you foresee the market developing over the next five to 10 years for independent wine shops versus supermarkets?

I.4: I think we're going to see more supermarkets expanding simply because our population is still growing. I mean, there was two and a half million of us 40 years ago, now there's five in the Republic. So, you know, there will be more supermarkets, they tend to offer the same range in each outlet. In terms of the independent off licences, it's really hard to tell. The reason why I would say it's hard to tell is because whilst our population is maturing, we're more sophisticated in terms of our palette, more into premiumisation, it is really hard to tell, because MUP is just beginning and it's hard to see where things are going to go in relation to how that's going to impact on wine sales. Then of course, there's the labelling issue. We just don't know how that's going to impact. On the issue of the health warnings or the cancer warnings, if that was a Europe wide measure, the industry would be able to cope. If everyone in Europe has to do it, then it would be different. But because it's only the Irish market that's looking into this, that poses a logistical challenge, potentially. In the more medium term, I think wines market share will probably go back down to the high 20s. I think beer will make a recovery, we're already seeing those numbers come in. I think wine will still hold its own at around 27/ 28% over the next while. The pandemic was just unusual because the wine sales of 2020 are a one off in many ways. With the return to sort of the hospitality sector, I think you're going to see things return to normal where beer would be in the 45% market share, cider would be maybe around 5 or 6%. Then you've got 27 /28%, for wine and around 20/21 /22% for spirits. Wine will continue to perform quite well in the Irish market. The labelling changes that are due to come in, won't come in for a few years, so it's hard to see where things are beyond that. I deal with a lot of the taxation and legislative side I think the best people to ask about future projections would be the companies themselves dealing with the sector day to day. I think it is noticeable that younger generations don't drink as much as millennials, and millennials, I don't think drink as much as Gen X's. They're just not drinking as much as young people did 20/30 years ago. They're way more health conscious, social media plays a role in that sort of consumption and behavioural change. I think they're more about the experience, and more about quality over quantity. So, it's probably too early to tell how that'll impact on wine sales, but I think the decline the per capita decline in alcohol consumption will continue. People always ask me why is that happening? And it's for the reasons I just outlined. It's also because our population, despite growing, is on average getting older, and the older a population gets, the less alcohol we consume. It'll be interesting to see how that pans out. As I said, beyond the next few years, it's really hard to predict.

E.B: Thank you so much I really appreciate your time and input, the data provided online as well has been invaluable.

I.4: Yeah, they're the reports I do in terms of looking at the performance of the country-of-origin data etc., it does come with a health warning because there is not a lot of great data on wine sales, a lot of it is estimated, and it's estimates on estimates. So, I do liaise with people within the market to question do these figures sound right and they go yeah based on various different sales. But it is hard because so much of the data we get is from retail. Of course, not every retailer discloses their performance, not every retailer discloses any sales data at all. So, you do have to make the best educated guess for those.

E.B: Brilliant, thank you.

Interview 5

E.B- Interviewer

I.5- Interviewee 5

E.B: As an industry expert, how would you describe the Irish wine market in a nutshell?

I.5: Competitive, fragmented in terms of distribution in terms of retail, but vibrant, and from a consumer point of view, we have a very interested consumer base in Ireland.

E.B: Do you think the Irish wine market is unique or different to other European markets? In your experience?

I.5: No, particularly No. I think it is very similar to the UK. I suppose they come from a history of non-production, although they are now producing. But they would have had a very similar access and similar reach in terms of the countries that we import from etc. So, I think our closest comparison is the UK. Obviously, markets where there is winegrowing taking place such as France, Italy, Spain, can be dominated by local produce. The Netherlands and the Nordic countries would be quite similar in terms of ourselves. The Nordic countries tend to do a lot of bag-in-box, which we don't, but that apart in terms of the brands, in terms of the important countries, distribution systems, etc, we would be really quite similar to lots of other European countries. I suppose we would see Denmark, the Netherlands, Norway, Sweden, etc, would be our closest comparisons. But even though mainland European cities, you find good access to quite a wide range of product, so I don't think we're unique. I think what we do have that's unique is very, very high duty rate.

E.B: So, when you are choosing wines to sell on the Irish market, what factors do you feel most important when choosing the wines to provide here?

I.5: Well, I don't really think about so much the market I'm more concerned about our customers, and the types of wines that we're able to sell and successfully get behind. So, what

our customers would be looking for, it'd be one of the key factors. And then with anything, you're looking at the quality, looking at the price. For me, I'm looking for exclusivity on particular producers, and I'm looking, for us, we're a family business. So, we like philosophically to be working with other family businesses. It just works for us from a strategy point of view. So those would be the key factors that would be taking into account.

E.B: And touching then on the excise, what factors are considered when pricing wines for sale in Ireland?

I.5: Well, the reality is that lots of producers do take into account Irish duty, because we're obviously up there as one of the highest in Europe. Then we have the VAT at 23% to also take into account. So, I think that Ireland actually manages to get fairly good prices, because I think lots of producers are sympathetic and are supportive of the high duty rates. That's not possible with every producer and it's not possible with every country. But I do know that in general producers are very aware of that. And they do try they do try to address it. But it's definitely an issue for us in terms of competitiveness. And the main issue is that consumers don't always understand why something should be 4 euro more a bottle in Ireland than elsewhere. And that's just your basic 12.95 wine you're talking between four and five euro a bottle is your standard difference between, say the UK and here. And then if you take other countries into account such as Germany with virtually no duty, France with no duty Portugal with no duty it's quite hard for consumers to get their mind around why they're paying so much here for a bottle of wine.

E.B: With the introduction of minimum unit pricing as well on top is that going to affect the wine market, and negatively in your opinion? or at all?

I.5: It is for certain price points. It depends on your business model and the price points of wine that you sell, it's personally not going to affect our customers, because we don't, we're not down at those low-price points, to be honest. But I suspect it is going to affect some. It definitely means it does away with really, really cheap wine, which isn't our market, so I'm not quite sure how damaging that's going to be for the people who are selling it at those price points

I expect is quite damaging. So, I can't really comment on it, because it doesn't affect my customers and suppliers that we don't sell at that entry level price point anyway.

E.B: You were saying that we have a very interested customer base? What opinion do you think Irish consumers have of wine as a beverage?

I.5: Again, I can talk about our own customers rather than generically Irish customers. But we have a number of shops so we are national, and we do have a website and I feel that our customers are very engaged and very interested. Irish people travel a lot, they're very open minded. So, I would find them a good combination between interested and open minded and also wine educated. I think there's big interest in this market-wine. It's quite a newly developed market really. I suppose it's since the 90s, early 90s, I first remember seeing South African wines in the west of Ireland and that type of thing. And I think that the interest and the education around wine is something that Irish consumers are really interested in.

E.B: Do you feel then that the legislation relating to the price of wine has affected the quality of wine available to consumers at certain price points in comparison to other European countries? Would more people be interested if they could afford it?

I.5: I think what I would say to our customers is to compare entry level wine to battery chickens' eggs, if they're happy to put that in their bodies then work away, but it's not what I would want to do. The true fact of duty is that as you go up the scale, the duty impact becomes less. So, if you're at seven Euro bottle, or even eight-euro bottle, you're looking at wine that's 4.00 euro of that is duty, which then leaves 3.00 euro for boxes for wine, for closures, for labels, for freight for retailer margin and for producer margin. So, in some cases, you might be looking at wine, the bottle is 70 cents or even less with discounters. That is obviously, down to the individual, I'm not saying there's anything wrong with that wine, from a health point of view, it probably drinks fine. But if you want something more interesting, and you want something that you can actually have some understanding of its provenance and where it's come from, then with wine up to a certain price point anyway, if you spend a bit more, you get a lot more in the bottle. Now that would be the same in other countries it's just our entry level is a lot higher than other countries in the main. I always just think that if you want to understand the

producer, where does come from if you want to get some background etc. So, provenance for me is important, and as you go up the price point scale, you don't have to move up that far, then you are understanding the provenance of your product. I think that probably provenance is at a lower price point than some of the European markets, but that would be how I would handle my thoughts on duty for customers is that they're better to spend a bit more and get a better product basically.

E.B: What would you say are the biggest challenges facing the wine market for yourselves as a business?

I.5: Well, if we look at this year alone, it's a very, very challenging year, and this is not necessarily anything to do with the Irish duty. But we have glass increasing by 45%, we have a shortage of wines from particular producers, in particular wine regions, where there's been frost and other weather effects that have been quite dramatic in some countries, particularly France and New Zealand. So that impacts, the price of all dry goods is going up, so cardboard, paper, is the same glass, etc. Shortage of grapes, as I've mentioned, and then there's also an international, there's a worldwide issue with freight and transport at the moment. And that's, again, not anything to do with Ireland. People all over the world are failing to get the deliveries and wine is just a part of that, it's affecting all consumer goods. So, in this particular year, those are the issues that face the industry, apart from competitiveness and duty. I'm not sure that people always remember that wine is a farm product. So, you know, these are small farmers in the main who are trying to make a living out of the land. And the biggest thing that depends on is the weather, if the weather goes in their favour, then all is hunky dory. Then this year, even the producers who've had good weather, and they have wine available, they haven't got bottles to put the wine into. So, the lead times are a lot longer than normal. In some cases, where producers are turning orders down, because they've reached the allocation of glass for the year, and they can't get any more. So, there's a lot of factors going on as well as the transport. There's a demand, people going back to Asia to buy consumer goods post COVID, then you've got the Russian situation, fuel costs, I mean, there's a lot it's like a perfect storm at the moment. So yeah, I'm not trying to depress you sorry!

E.B: On a more positive note, then how do you foresee the market developing over the next five to 10 years?

I.5: I think consumers are definitely more interested in organic and whatever about biodynamic, it's not necessarily understood. Definitely consumers are more interested in the environment and therefore, organic, and vegan and biodynamic product feed into that, which is interesting. I think that rose continues to grow, sparkling wine is continuing to grow. I don't see any changes from that, I think that Sauvignon will go away, Albariño will go away. It's hard to see what's coming on the heels of those whites. But with reds things like Malbec continues to be important so there are specific grape varieties that drive the market. Specific certifications such as organic, vegan, and biodynamic as I said will also drive the market. I think that price will naturally move forward, in general for a bottle of wine because of the minimum unit pricing, which I think does help the market because it takes away that absolute entry level product from the market. I think that's good. Although you will see a trend towards lower alcohol wines being brought into the market to avoid the duty so you're still going to see cheap wine on the shelf. But it isn't going to be 12.5% or 13% alcohol it's going to be less. Then I expect Irish consumers to continue to be interested in wine, to continue to develop their product knowledge and their education around the topic and to become more demanding around the information that they're looking for on the product. Basically, I think that there's a strong independent trade in Ireland, I don't really see at the moment the supermarket's making much play into that zone really.

E.B: Just to finish up, what would you consider your target market here in Ireland?

I.5: I suppose because we're a national retailer with a number of shops and an online presence as well as taking care of some restaurants and hotels. I think that we do look after quite a big proportion of wine customers in Ireland, but we would see our main target market as customers who have got a bit of knowledge who have a bit of interest, they're not just looking for entry level, they're looking for a level of service, they're looking for quality product, they're looking to make a connection between what they're buying on possibly even meeting a producer at one of our wine festivals. They're looking for the staff in the shop to help them guide them. They are an engaged consumer. So rather than an age demographic, or socio-economic demographic, we would prefer to think about an engaged consumer demographic who are a bit more particular about what they want to buy. They're looking to enhance their product knowledge

and so on, which they can do through ourselves through online tastings or through our wine events. Also, we are a family business, I think for some of our customers that's quite important that they're buying Irish from a family business. We have various age groups, in terms of our customer demographic, age wise then we also have the web, which is attracting a different type of customer, whether they're just busy or whether they don't want to get to the shop or whether they can't get to the shop. So that allows us to get to different customer bases, some of our customers go in store and online, so it's not necessarily one or the other, you know.

E.B: Brilliant, thank you so much. I really appreciate that.