

A large-scale investigation into drivers of effective retail strategies for wine

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Abstract

Purpose – Little is known about the relationship between distribution and market share in the wine category. Understanding the pattern of the relationship, and subsequently examining the market share variations of individual wine stock-keeping units (SKUs) from expected market share, has the potential to improve the market outcomes of wine brands. Understanding the influences of product and distribution characteristics at the SKU level and incorporating them into marketing strategy and planning has important managerial implications.

Design/Methods/Approach – Sales of 3,524 wine SKUs across 4,218 stores and 4 states in the US for the year 2014 are analysed. We use the Reibstein-Farris equation (Reibstein & Farris 1995) to model the relationship between distribution and market share. We then use the market share deviations from the expected values and apply a secondary robust regression to investigate possible relationships between various product- and distribution characteristics and those market share deviations.

Findings – The results show that the distribution and market share relationship in the wine category is convex and increasing, in line with previous findings for other consumer-packaged goods in the marketing literature. Beyond distribution breadth, we find that overall brand performance (above), unit price (above), packaging type (above), country-of-origin, grape variety, sales consistency (above) and store specialisation (below) are associated with above or below expected market performance of wine SKUs.

Keywords – distribution, wine, retail, channel, strategy



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