



WSET
ALUMNI

Consumer Wine Education: Should The Wine Trade Care?

Prepared by:

Tim Jackson MW, DipWSET for WSET Alumni



Executive Summary

These are the headline results from Tim Jackson's Master of Wine Research Paper, "Elementary consumer wine education: UK market size, characteristics and significance to the trade" completed in 2017.

Critically, this Research Paper gave quantitative evidence to support the belief that better-educated wine consumers make for higher value customers for the wine trade – that is, brand owners, importers, wholesalers, off-premise retailers and on-premise venues.

Moreover, this was supplemented by practical actions that the wine trade collectively can take to widen the spread of consumer education and reap the resulting benefits. Furthermore, the numbers of consumers who are interested in doing elementary courses number in the millions, meaning the size of the opportunity is large enough to make a difference.

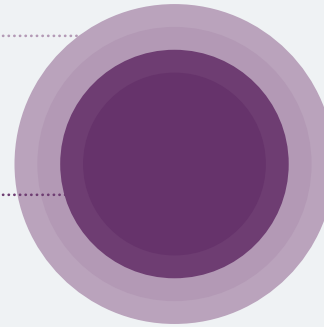
This WSET Alumni report presents the key data and findings from this Research Paper, by kind permission of the Institute of Masters of Wine. A small amount of additional data is also provided to give market context. The original paper can be requested from the Institute via its website: www.mastersofwine.org

Key findings

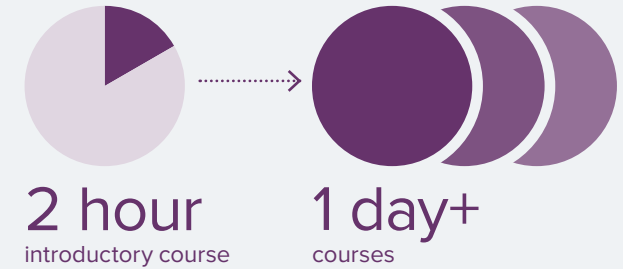
UK wine drinkers interested in wine courses

6–7m are interested in a basic wine course

4–5m are willing to pay



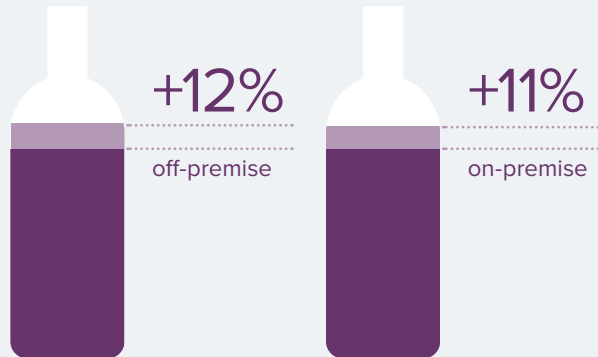
Introductory courses can be 'gateways' to longer courses



2 hour introductory course

1 day+ courses

Courses of at least 1 day drive per bottle spend



Uplifts 2-3 times greater

and up to +49% are possible with deeper courses, like the 3-day, WSET Level 2



The wine industry is therefore incentivised to provide wine education to consumers – either themselves, or through partnerships with providers.



Building confidence is a key motivation for consumers to take a course.



Consumers are also looking for fun, enjoyable experiences – unlike trade course attendees, for whom learning is a professional imperative.

Market context: price per bottle is rising primarily because of tax increases

In the UK, retail wine sales have shown progressive increases in how much we pay for the average bottle of wine.

The UK's industry body, the Wine and Spirit Trade Association (WSTA) has a price tracker, using AC Nielsen scantrack data, that showed that this reached £5.56 per 75cl by the middle of 2017. For some time now, this has exceeded the 'psychological' barrier often cited for UK consumers of £5 per bottle, that once dominated pricing.

But if we look deeper, for example, with Government tax collection agency, HMRC's own dataset, published in 2013, the evidence suggests that all of this price growth has come from increases in flat rate excise duty and sales tax (VAT). Once those are stripped away, their data say the amount paid for the wine (and packaging, shipping and distributor margins) has not changed in 20 years. In addition, WSTA data also suggests that wine sold at over £10 per bottle – encompassing the entire fine wine market that will be of most interest to WSET Alumni – represents less than 2% of all wine by volume.

If we took this market data at face value, it says that all of the marketing, wine education of the wine trade (brand owners, importers,

wholesalers, off-premise retailers and on-premise venue staff), sommelier influence, wine writing and retailer efforts have done nothing more than maintain the status quo – adding new consumers to replace those who die.

The reality is that these data sources likely significantly under-report sales through independent retailers and wine merchants, and there almost certainly is growth in interest at the top-end, reflected in a recent resurgence in the number of independent wine retailers servicing the UK market.

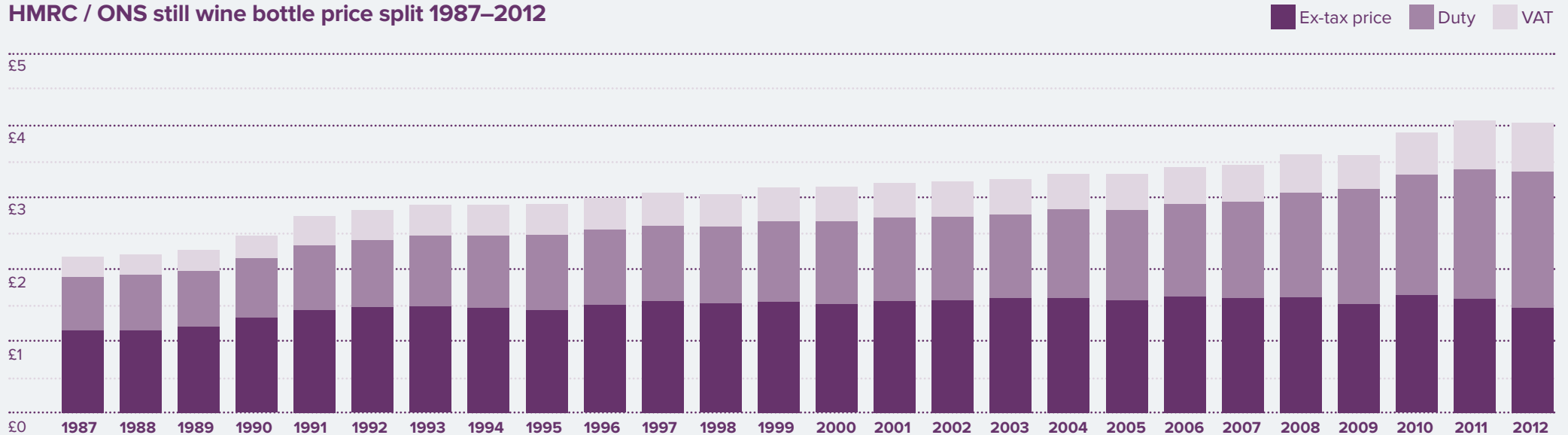
Nevertheless, the challenge to the wine trade still remains: how to get significantly more consumers to trade-up and experience the

range of fantastic, diverse and interesting wines that exist in the fine wine world?

We will see, from results of Tim Jackson's Master of Wine Research Paper, that directly educating consumers about wine could be the answer.

The Research Paper, "Elementary consumer wine education: UK market size, characteristics and significance to the trade" completed in 2017, examined consumer interest in wine courses and the impact that this education might have on behaviour, including spending.

HMRC / ONS still wine bottle price split 1987–2012



NOTE: This data was not part of the MW Research Paper that forms the core of this Alumni report

Source: HMRC, 2013

Key questions for research to answer

The Research Paper aimed to provide answers to 5 key questions about elementary consumer wine education. This focused on generalist, introductory wine courses of up to WSET Level 2-equivalent depth.

Questions 1–4 sized and characterised the potential market for elementary wine education amongst consumers.

Question 5 then addressed the impact for the wine trade when consumers are educated, to understand whether or not the wider wine trade should care about teaching consumers – does it matter if they're educated?

Though these results are specific to the UK, readers may extrapolate conclusions to other, mature wine markets.

Q1



What proportion of regular monthly wine consumers have any interest in elementary wine courses?

Q2



What are their key motivations behind this level of interest?

Q3



What course features are of greater or lesser appeal, e.g. facts about specific regions vs. how to taste wine vs. making wine?

Q4



How much would they pay for selected real examples of courses?

Q5



Are those who have been on a wine course more likely to be higher value to the wine trade – do they buy at higher price points, experiment more or drink more wine?

Research methodology to answer these questions

Numerical answers to these 5 research questions required quantitative consumer research.

For Q1–4, a “Main Sample” of 1,000 monthly wine consumers was taken as part of Wine Intelligence’s annual Vinitrac® survey. Wine Intelligence are a UK-based market research agency who specialise in wine research across a wide range of global markets. Vinitrac® is their syndicated, annual research.

9 tailored, structured questions were added to this survey to provide quantitative evidence for interest, motivations, desired course features and willingness to pay for specific, representative courses available on the market.

For Q5, a comparative analysis methodology was envisaged, where a second sample of people known to have taken a course would be compared with those from the “Main Sample” who were interested in a course but had not taken one. Comparisons of their claimed on and off-trade spend, number of varieties drunk and key attitudes would then

be made to isolate statistically significant uplifts for those who had done a course.

This second sample was sourced from customers of Local Wine School franchises. Local Wine School’s 23 franchisees offer courses across the UK, including certified WSET Levels 1–3 as the largest UK APP and uncertified courses of LWS’s own design, from 2 hours to 8 weeks in length.

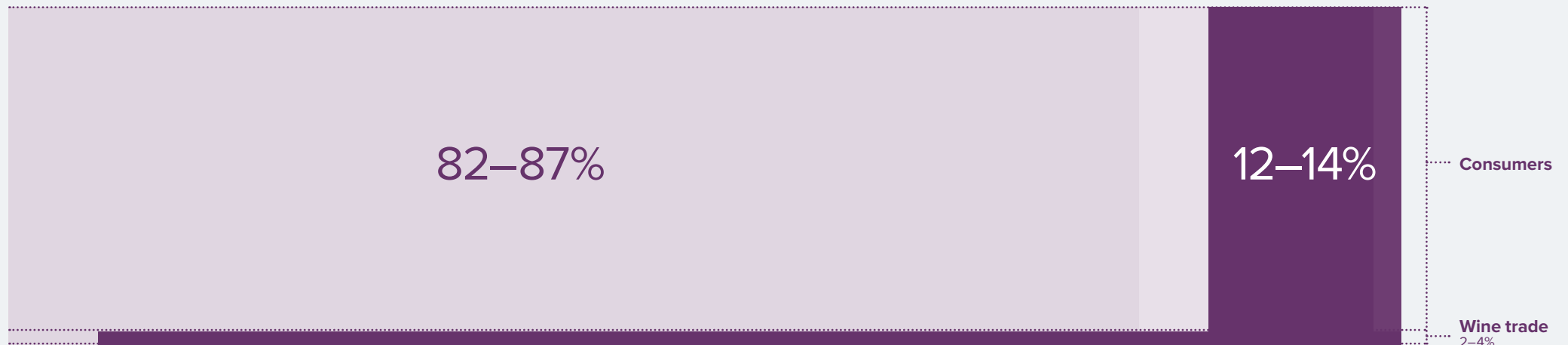
However, on receipt of the Main Sample, analysis revealed a high proportion of consumers who had already taken at least a 2 hour course. This sub-sample of Course

takers (c. 120) was large enough to be able to run the Q5 comparative analysis within the Main Sample itself and establish some statistically-significant results whilst controlling for any sampling biases – eliminated by being parts of the same sample.

The LWS sample was still used to enrich the Main Sample Q5 analysis, by delving deeper into course-length effects, which could not be explored through the Main Sample comparative analysis alone due to small sample sizes.

Main sample Wine Intelligence Vinitrac®

■ Course takers ■ Non-takers



1,000 regular wine drinkers
Q1–4 analysis
Q5 comparative analysis

Current supply of courses: Broadly 5 types of course exist in the market

In the UK market today, there are a wide variety of individuals and organisations offering wine courses to consumers. Some are education specialists; others are education arms of wine retailers, importers and on-trade venues.

Many providers are WSET APPs, offering Levels 1 and 2, as well as Level 3 in some cases. Some offer these exclusively, but many also choose to provide uncertified courses of their own devising, which allows tailoring content and delivery to the needs of the consumers, as opposed to wine trade professionals, studying for work.

Whilst the content of these does vary, there are generally 4 types. Most offer a 2-hour taster that we will see is critical as a gateway to fuller education. Beyond that, a 1-day course of around 8 hours' tuition is common, though some also provide that amount of tuition in a shorter evening course over 4 or 5 weeks.

Longer evening courses are typically around 8 weeks, with Level 2 being the most in-depth at 3 days.

We can see that pricing varies, with the cost of running exams making certified WSET courses more expensive than equivalent uncertified courses.

Uptake of WSET Level 3 was also measured although was out of scope of the core study's definition of "elementary" as up to Level 2.

Current supply of courses

The quantitative research surveys specifically tested the following courses:

Hours	Course type	Uncertified	Certified
2	Taster	£20–25 \$30–35	—
8	1 day	£75–150 \$100–200	WSET Level 1 £130–160 \$175–225
8	4–5 week	£50–150 \$75–200	—
16	6–8 week	£175–250 \$250–350	—
24	3 day	—	WSET Level 2 £285–400 \$400–550

6–7 million consumers want to learn, which is significant enough to move the dial on price

To answer Q1, the level of interest was measured amongst regular wine drinkers in taking a formally-tutored, introductory wine course, on a scale of 0–10.

With the total number of regular (at least once a month) wine drinkers previously estimated at 28m by Wine Intelligence, we can use this to split the market into those interested and scoring higher, and those not interested.

However, the question is then at what score someone can be classed as interested? 6–10? 7 or 8?

By combining with “willingness to pay” estimates for examples of different types of course available on the market, we can see that there is a clear jump in the average amount respondents were willing to pay at 7–10.

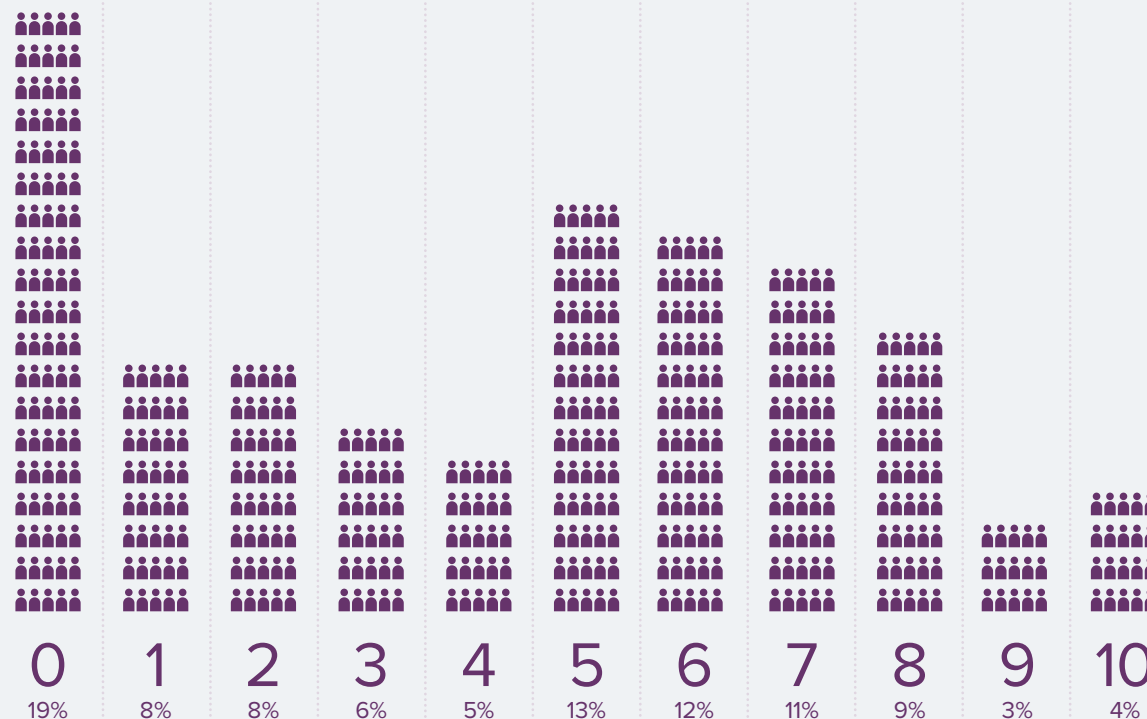
Splitting the market at that point, we can estimate that 6–7m consumers are “Interested” and “Available”.

This can be further broken down by analysing the proportions of these consumers whose willingness to pay for each type of course exceeded that actual prices on the market today.

Interest levels and willingness to pay...

Level of interest out of 10

👤 = 2 people



Amount willing to pay per course

2 hour	£6	£16	£17	£23	£27	£29	£28	£37	£36	£35	£51
Online	£14	£18	£17	£21	£36	£39	£33	£50	£52	£44	£52
1 day	£16	£20	£22	£47	£38	£43	£45	£61	£58	£50	£72
WSET 1	£17	£24	£24	£38	£53	£53	£52	£75	£73	£79	£98
8 week	£28	£24	£50	£51	£109	£123	£103	£153	£167	£143	£179
WSET 2	£30	£68	£37	£64	£78	£106	£81	£110	£123	£185	£180

Uninterested
41%

Semi-interested
30%

Interested
27%

...combine to estimate market size

👤 = 250,000 people



Available market Accessible market

- 51m**
 All UK adults
- 28m**
 Monthly wine drinkers
- 6-7m**
 interested in wine courses
- 4-5m**
 Willing to pay for at least 2 hours
- 2-2.5m**
 Willing to pay for at least 1 day+
- 500-750k**
 Willing to pay for at least 2+ days

Around 75% were willing to pay enough to meet current prices of around £20-25 for the shortest, 2 hour course. That means that there is a smaller market of 4-5m people that can be "Accessed" by current suppliers of courses. In other words, the market that today's wine educators can really address is 4-5m, given the prices they currently charge.

It also shows how important the 2 hour course is as a 'gateway' to bring consumers into wine education.

At the top-end of 2-3 day or equivalent courses, there are 500-750,000 consumers ready to pay the £175-400 for the deepest 8 week or WSET Level 2 course.

Consumers spend more if they have studied wine for 1 day or more

Main Sample comparative analysis demonstrated clearly that taking “interested” consumers and teaching them for at least 1 day – 8 hours equivalent – moves their average spend in the off-trade by +12%.

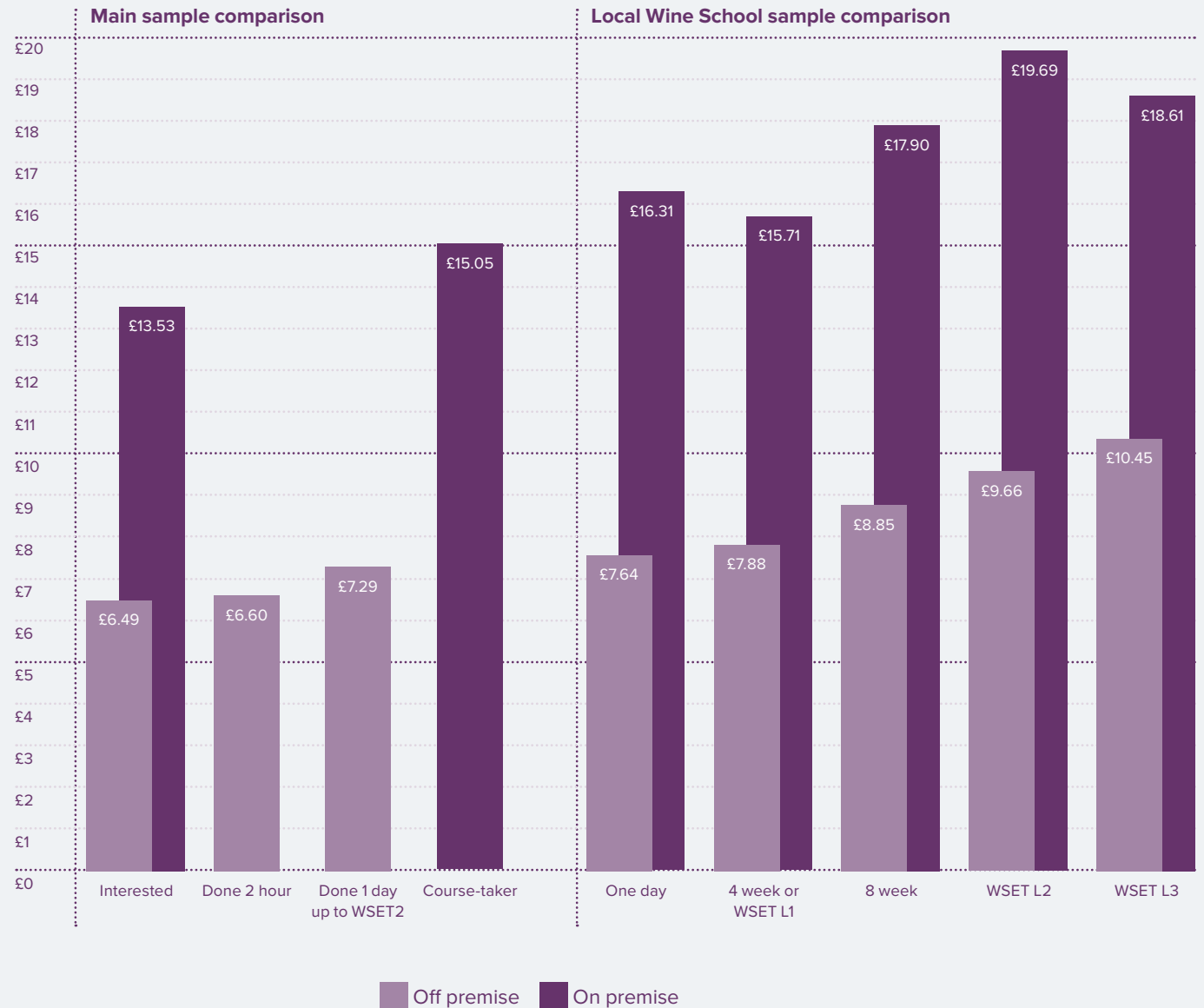
Interestingly, this replicates almost identically the results obtained by a 24 month longitudinal study of consumers taking a 5-week, 10 hour wine course in Quebec, where 77% of those studied saw a 16.5% increase in wine spend – or +12.7% on average across everyone. This suggests that similar results may be seen for other mature wine markets outside the UK.

Moreover, deeper comparative analysis with Local Wine School customers revealed that this increases with every major 8+ hour increase in course length, driving uplifts 2–3 times as large as the +12%.

These are important results for the trade, clearly quantifying for the first time that educating consumers does drive them up the price curve and that the more they learn, the greater this effect.

Consumer wine education can therefore move the dial on bottle prices.

Average spend on a bottle of wine



This is driven by having the confidence to explore a wider range of wines

Analysis of varietal repertoires also shows these effects, making it clear that educated consumers do more exploration.

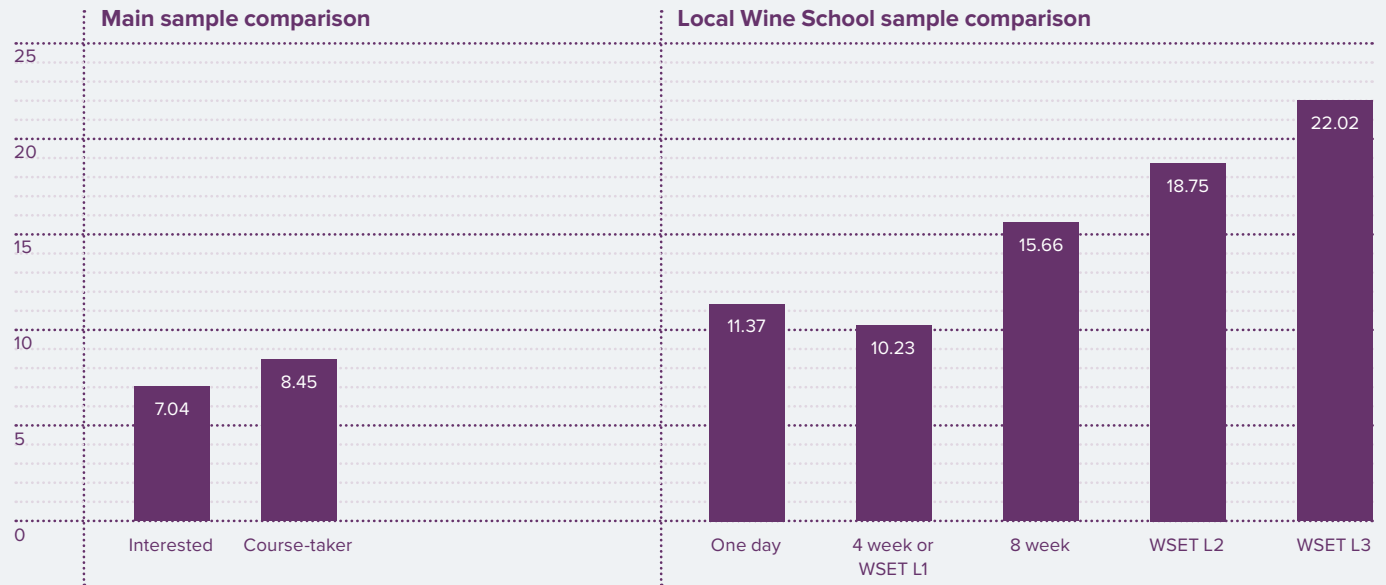
Most intriguingly, this does NOT begin with any difference in willingness or attitudes towards exploration – in the early stages, doing a course simply gives consumers the confidence to act on their underlying attitudes to explore.

For longer, deeper courses, however, a fundamental shift in attitudes does in fact take place, with consumers' interest in exploration blooming as they learn more.

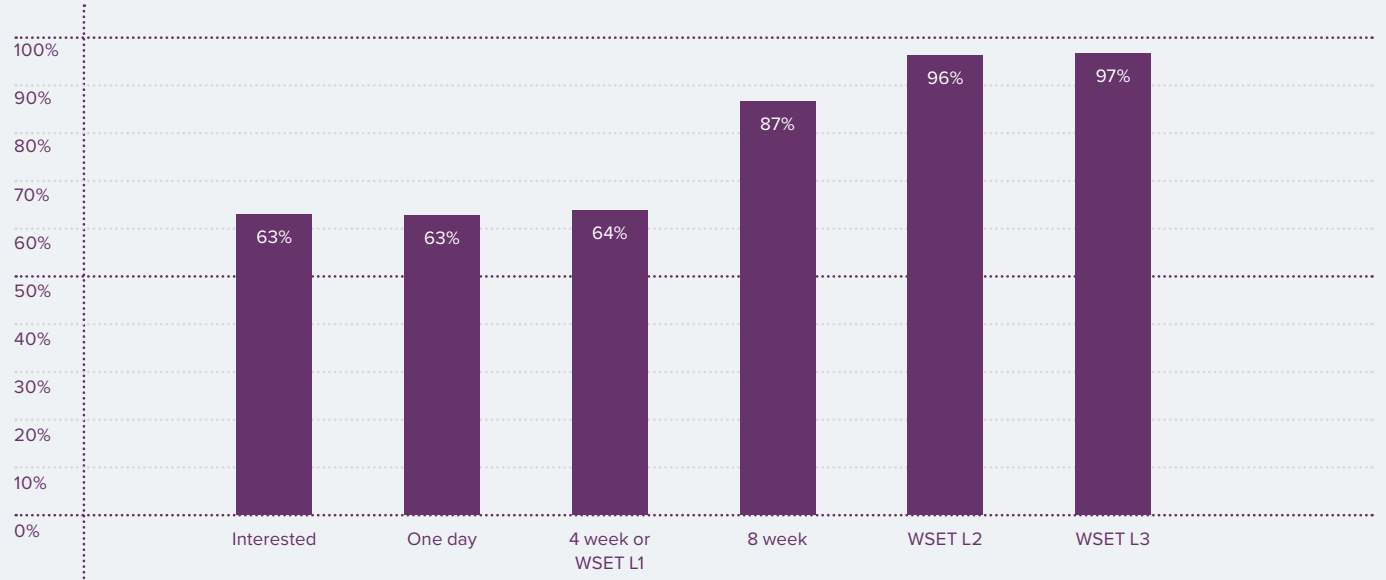
Wine knowledge therefore clearly changes the relationship between consumers and wine, first through confidence and then through enhanced curiosity.

In essence, consumers are being “taught to fish” for themselves.

Average number of varieties drunk in last 6 months



% Respondents selecting “I enjoy trying new and different styles of wine on a regular basis” as most appropriate to them from 3 statements



A low-cost, 2-hour course 'hooks' consumers, who can be upsold to courses of 1 day+

We see then, that a 2 hour course has larger appeal to the potential pool of educational customers, as it is the lowest-cost entry point into the educational ladder.

That plays out in reality, with half the Main Sample course-takers having taken at least a 2 hour course, meaning that 2 hour taster courses can help maximise uptake amongst the potential (Accessible) market – to give scale to consumer education.

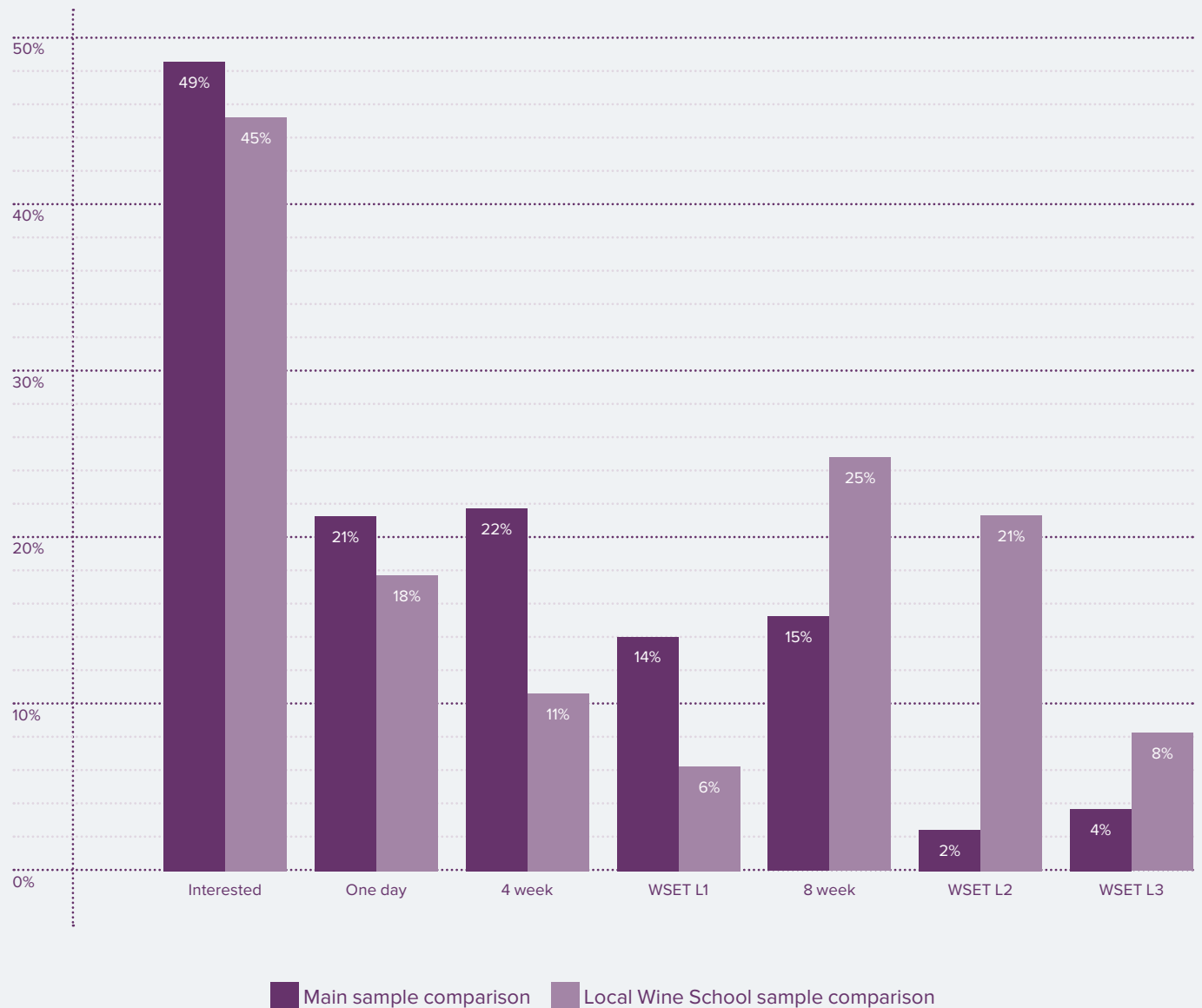
But we've also seen that behaviour-change effects generally take place after courses of at least 1 day in length. Critical to positive behaviour-change for the wine trade, then, is converting those who go to 2 hour courses into going onto deeper, longer courses.

In the general population we see that this does happen – not only from the course penetrations shown here, but also from the c. 30% of those who have taken a 2-hour course, who then go onto doing something deeper.

More interestingly, however, is how much more successful that process is for the 23 Local Wine School franchisees. On the right hand side, from almost-identical 2-hour penetrations, we see far higher penetrations of the deepest courses – of 2–3 days-equivalent teaching.

This is a direct result of an active strategy of using 2-hour courses to 'hook' customers, then re-selling and up-selling to Local Wine School's flagship 8-week and WSET 2 & 3 courses. Great for LWS but also good for any of their local wine trade, who benefit from the behaviour change.

% of course takers who had taken each course type (note: can take multiple courses)



So who is interested? What do they look like?

So how should the trade and wine schools 'spot' Interesteds?

As these simple cross-tabulations of interest level and course-takers show, there are 2 key demographic trends:

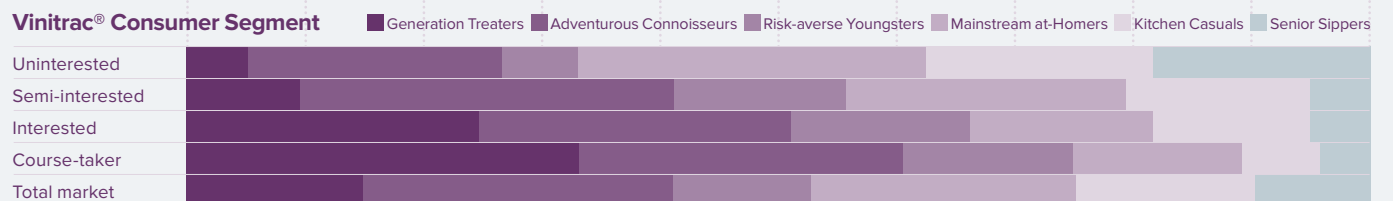
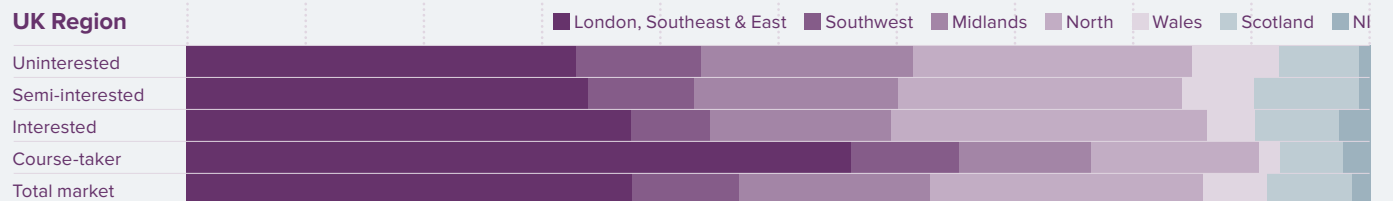
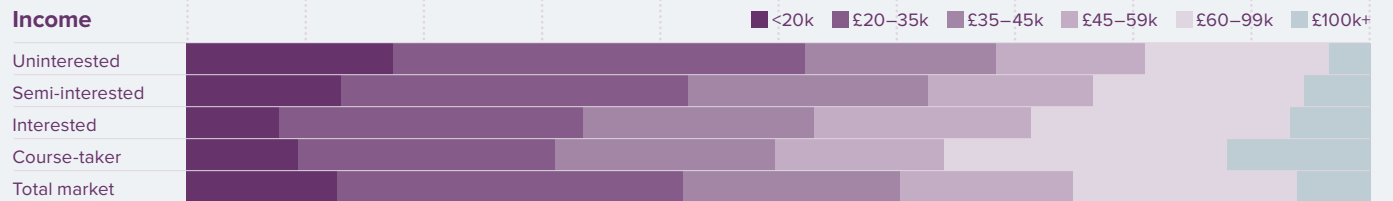
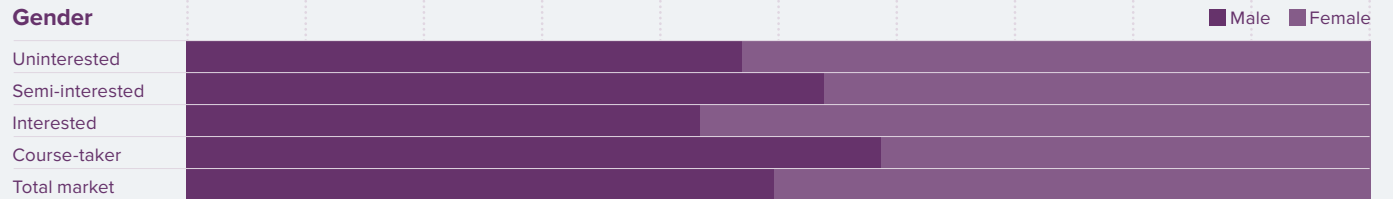
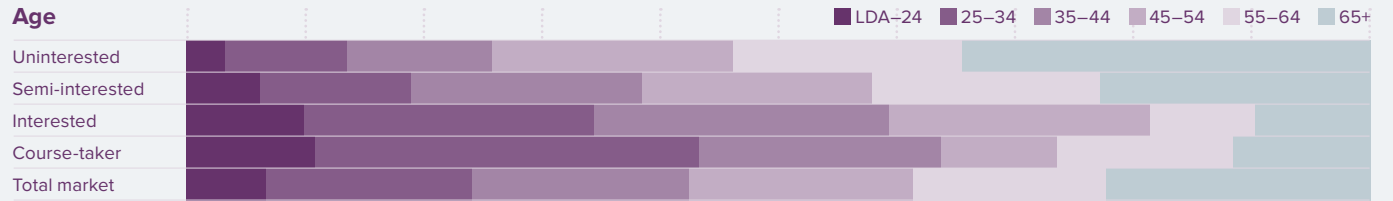
1. A younger generation, keen to explore new and interesting things – education is a great way to engage Millennials in wine – and potentially solve a problem that's been troubling many wine trade marketers.

2. A wealthier generation – wine is both more affordable for those with higher disposable incomes and is a greater part of their lifestyle. Moreover, courses themselves are more affordable.

Furthermore, we see a clear relationship between one of Wine Intelligence's Vinitrac® consumer segments and interest in education – the Generation Treaters. This younger group does indeed carry that Millennial mindset of interest in exploring not just big brands, but more unusual, off-the-beaten track flavours and experiences. That desire to learn is directly reflected in their interest in education.

This, then, reinforces how important consumer education could be in delivering the next generation of wine lovers.

Level of Interest in a course, split by...



Why are they interested?

There are a range of motivations amongst Interested consumers, that explain why a wine course is attractive.

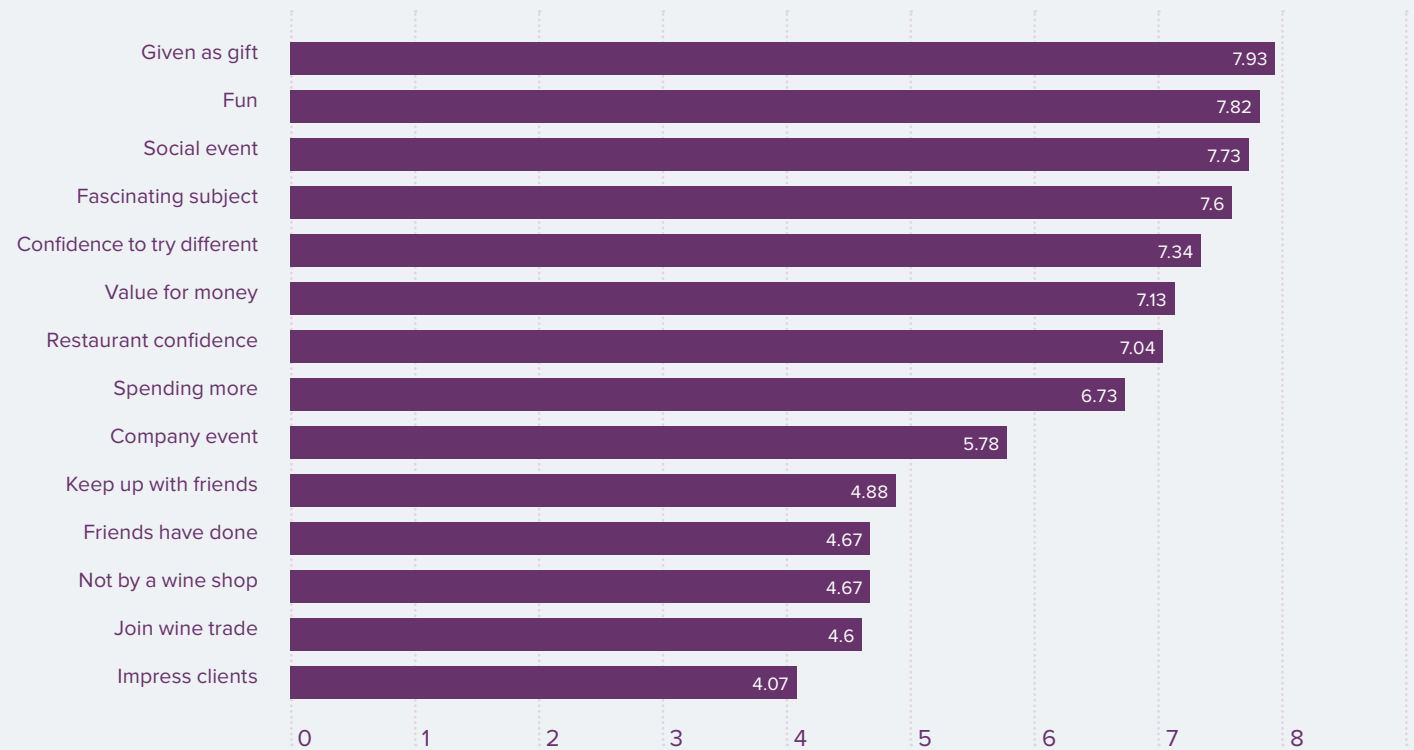
From the opportunity to socialise and have a bit of fun, to the sheer pleasure of learning about an intellectually stimulating subject, consumers have different attitudes to wine education.

Moreover, within the Interested consumers, it is possible to identify 3 broad segments, with similar types of motivation. Statistical clustering around the key motivations revealed Wealthy Enthusiasts, Hedonists and Unconfident Tentatives.

Amongst these, the Wealthy Enthusiasts are most interested, with Hedonists following them. A clear difference between these two groups is the relative importance of getting a certificate at the end of a course. WSET certification is most suited to Wealthy Enthusiasts, whereas Hedonists are just out for a good time, so sitting an exam isn't for them.

Reasons for interest

Mean motivation score of different reasons to do a course for Interesteds (0-10 scale)



29%

Wealthy Enthusiasts

Very involved overall, well-off, and see wine as part of their lifestyle, whether professional or non-professional. Younger, with highest (8.2) average base interest.



29%

Hedonists

Want to learn more just because they love wine, and would do it for fun. Score low on most dimensions of learning for a purpose beyond the intellectual interest and some confidence-building – relatively internally focused motivation. Also high (8.1) base interest.



42%

Unconfident Tentatives

Interested in education but less so overall, with middle-ground motivations. Confidence-building is key, because they don't generally believe they know much. Also tend to be less wealthy and more price-conscious, with lowest (7.8) base interest.

The mathematical interest equation

We can go a step further.

Using linear regression, it is possible to quantify which attitudes are strongest at driving Interest.

This equation tells us how to estimate what someone's Interest level is (0–10), based on their desires (also 0–10) for:

- Learning about a fascinating subject in its own right
- Having the confidence to try different wines
- Keeping up with knowledge of their peer group
- Having some fun

More interestingly, the coefficients of each tell us the relative importance or relative power of each element.

So with a coefficient of 0.63, the intellectual interest in the subject is the most powerful motivator and is more than 3 times as powerful as the next strongest – confidence building, whose coefficient is 0.19. Truly, wine has a high geek factor!

But the importance of building confidence does still come through clearly in second place. As already discussed, it appears that this is the element which initially unlocks behavior change, so it is not surprising that it is a major element for consumers

This can then be summarised as:


$$I = -0.92 + 0.63 \times Fs + 0.19 \times C + 0.12 \times K + 0.10 \times Fn$$

Where:



I
Interest



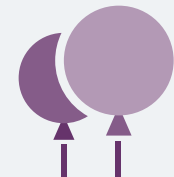
Fs
Fascinating subject



C
Confidence to try different



K
Keeping up with friends



Fn
Fun

What do they want to know?

In line with the desire to build confidence, we see that the course feature most highly valued is how to choose wine in supermarkets and restaurants – in essence, how to be a smart buyer. This is important across all 3 segments as well.

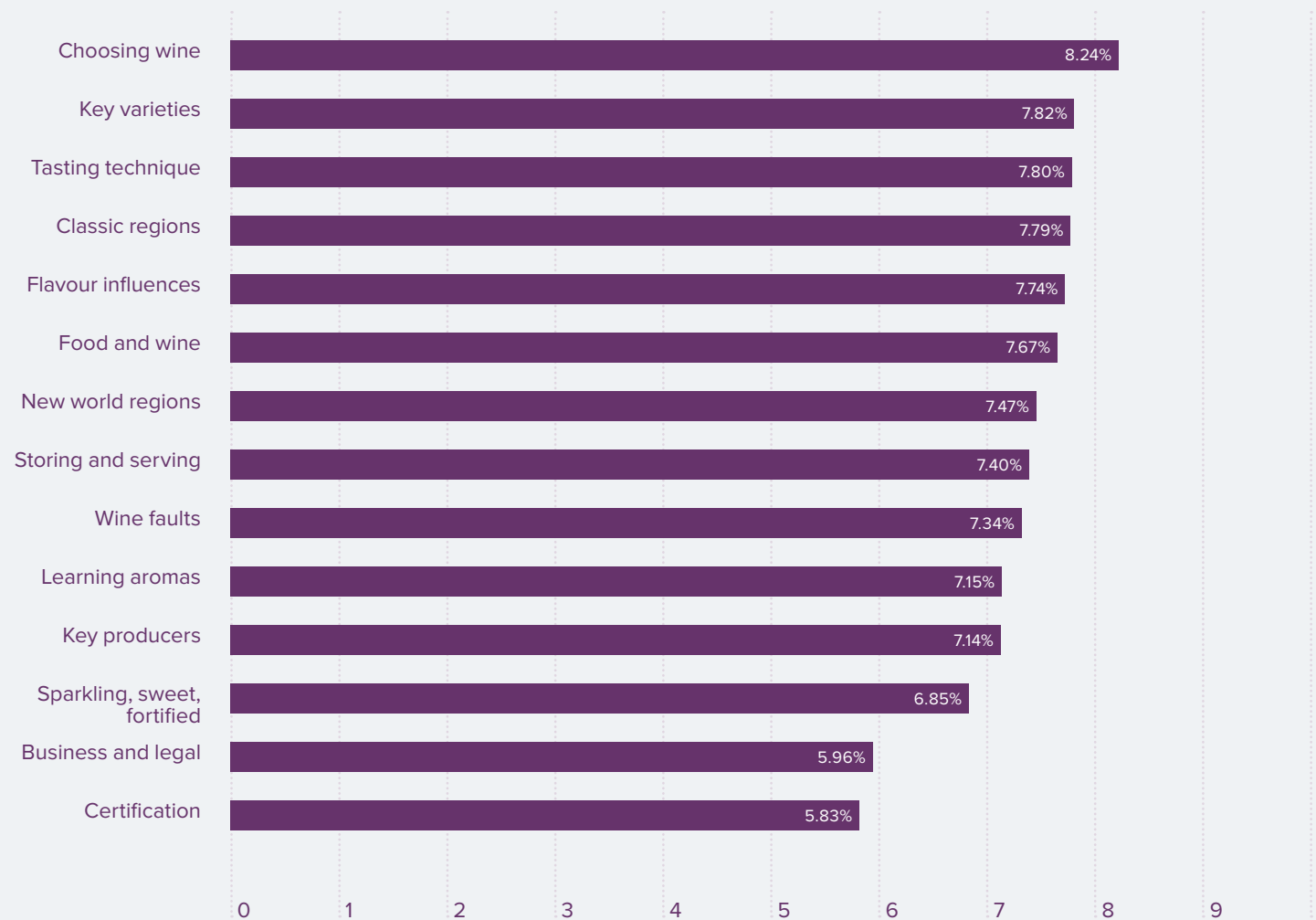
Other features are relatively standard fare of a wine course, including understanding different regions and varieties, as well as how that changes the flavours and styles of wine.

Of lower importance, on average, is certification, but as we have already noted, this varies significantly between segments. Since the process of examination adds significantly to the cost of a course – around £50–75 for a 1-day course, for example – this means that Hedonists would be doubly-deterred from Level 1.

Educators who offer a mix of certified and uncertified options will therefore better meet the needs of their mix of potential consumer customers.

Most valued course features

Scale is Mean importance score of different possible course features for Interesteds (0-10 scale)



How the wine trade can capitalise on this opportunity and teach more people



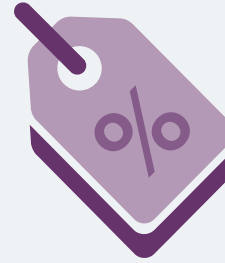
Run courses

Given that, for most Interestededs, having a course run by a wine shop is not a barrier, more retailers and on-trade establishments should offer courses. The 2-hour course would increase availability of this 'gateway' option. Where possible, retailers offering deeper courses have the clear benefit of driving increased future spend, though this requires more organisation, time and effort to deliver. Providing courses has the added advantage of building personal relationships with potentially higher-value consumers, thereby maximising access to the lifetime value of that customer.



Refer to partners

As Chris Powell of Local Wine School explained when discussing these research results, wine retailers often lack either suitable facilities, time or staff to deliver education directly. Instead, the trade could collaborate with nearby wine educators to refer customers. By actively promoting education rather than passively, the trade would drive course participation. Moreover, where the partner is skilled in moving customers down the education funnel, as LWS appear to be, this can unlock the highest impacts on consumer behaviour from the deepest courses.



Incentivise

Provide discount offers on wine courses, particularly if referring to a local partner. By giving this upfront value to the consumer, the retailer or wine bar would be more likely to benefit from the lifetime value of that customer's higher spend, again by reinforcing the relationship.



Brand owners

They are looking to drive trade-up within their portfolios, either to higher-value brands or to premium bottlings within a brand, and should benefit from a better-educated consumer who spends more. For the right brand, a partnership with an education provider to offer their wine courses as competition prizes or have on-pack discount tokens, would be a simple mechanic. Again, this has the added benefit of deepening the customer relationship with the brand itself and can lead to purchases of high-value brands

This report presents the key data and findings from Tim Jackson MW's Institute of Masters of Wine research paper (RP): *Elementary consumer wine education: UK market size, characteristics and significance to the trade*.

The RP forms the final part of the MW examination, and is written after students have passed the theory and practical papers. The Institute of Masters of Wine retains the copyright to this and all other RPs.

For those interested to read more, the full RP can be requested from the Institute of Masters of Wine website:
<http://www.mastersofwine.org/RP/>



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