Short communication. Exploring new functional markets potential: factors affecting willingness to purchase functional wines

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Abstract

Concern regarding the relationship between diet and health is growing among consumers. As an answer to this concern, the food industry has developed functional foods, a market with an increasing demand both in volume and expenditure. New functional products are being developed for which market potential must be investigated. This paper centres on one of this products, a wine with increased levels of resveratrol, a natural compound which has been found to be positively related to the reduction in the risk of inflammatory diseases. The market potential of this new product is assessed using a survey of wine consumers in the city of Granada (Spain). Consumers are asked for the probability of purchasing this new wine in order to identify «potential consumers» and factors influencing belonging to this category are identified. A significant proportion of the sample is found to belong to the «potential consumers» category with cognitive, affective and situational variables as the main factors affecting inclusion within this category.

Additional key words: Andalusia, binary logistic regression, demand, functional foods, red wine, resveratrol.

Resumen

Comunicación corta. Nuevos mercados funcionales: factores que influyen en la probabilidad de compra de vinos funcionales

La preocupación por la relación entre salud y dieta está creciendo entre los consumidores. Como respuesta a esta preocupación, la industria agroalimentaria ha desarrollado los denominados alimentos funcionales, un mercado que experimenta una demanda creciente tanto en volumen como en gasto. Ante el desarrollo de nuevos productos es necesario conocer su potencial de mercado. El presente trabajo se centra en uno de estos productos, un vino producido a partir de uvas con niveles incrementados de resveratrol, un compuesto que ha sido relacionado positivamente con la reducción en el riesgo de enfermedades inflamatorias. El potencial de mercado para este producto se estima a partir de una encuesta a consumidores de vino en la ciudad de Granada (España). Se pregunta a los consumidores por su probabilidad de compra de este producto para identificar a los «consumidores potenciales», así como los factores que influyen en la pertenencia a dicho grupo. Una proporción significativa de la muestra es identificada como «consumidores potenciales», siendo factores de tipo cognitivo, afectivo y situacionales los que afectan a la inclusión de los individuos en ese segmento.

Palabras clave adicionales: alimentos funcionales, Andalucía, demanda, regresión logística binaria, resveratrol, vino tinto.

Relationship between nutrition and health is gaining importance for consumers when making food purchase decisions (Chern and Rickertsen, 2003). As a response to this shift in consumer demand, and driven by technology developments, functional foods have arisen as the fastest growing food market with latest estimates forecasting an expected annual growth rate of 10% for functional foods as compared to an average 2-3% rate for food industry as a whole (Verbeke, 2005). This growth, at least in the US case, has been exponential, with functional foods evolving from a nearly non-existant market in 1995 to a market that out-sized organic and dietary supplements in less than six years (Kinsey, 2001). Although there is much confusion regarding what is and what is not a functional food, a consensus definition could be that of a food that can
exploring new functional markets potential

Among these antioxidant, cardioprotective and cancer chemopreventive can be highlighted. Soleas et al. (2002) report over 200 scientific publications regarding the effects of stilbenes in general on health.

Alternative approaches have been used in the domain of functional foods to provide estimates of monetary valuation of non-existing products as an alternative for purchase intention [i.a. contingent valuation (Maynard and Franklin, 2003) or choice experiments (Teratanavat and Hooker, 2006)].
ways in functional food demand literature: «acceptance of functional foods» (Bech-Larsen et al., 2001; Verbeke, 2005) and «willingness / likelihood / intention to purchase functional foods» (i.e. O’Connor et al., 2005; Huotilainen et al., 2006; Cox and Bastiaans, 2007; Lyly et al., 2007; Urala and Lähteenmäki, 2007). The latter approach is chosen for this study, using a 10-point scale to measure the probability of purchase where this product to be available in the usual place where wine purchases take place.

Both individual socio-demographics as well as attitudes and believes (Verbeke, 2005) and taste (Verbeke, 2006; Lyly et al., 2007) have been identified to affect functional foods consumption intention. Reviewing the literature only two studies concerning functional foods can be found in Spain (Barrena and Sánchez, 2004; Sánchez and Barrena, 2004). These studies identified consumer groups more likely to buy functional foods and the role that perceived relationship between health and nutrition plays in the choice of these products. Results indicate the most preferred functional foods for Spanish consumers are those preventing coronary and cancer related diseases; the main reason for consuming these products is their potential beneficial effect on health (Sánchez and Barrena, 2004). This is interesting for the purposes of the present study since resveratrol enhanced products would fall into this category. Barrena and Sánchez (2004) identified three main types of aspects affecting purchase decision: interest shown on the food-health relationship, label information read when purchasing food products and other aspects. Label information seems to play a determining role for some consumers, while the believe in health benefits is the most important factor affecting purchase decision, a finding consistent with research reported in international studies (Urala and Lähteenmäki, 2004; Verbeke, 2005; Cox and Bastiaans, 2007).

As motives for wine purchase differ according to occasion (Martínez-Carrasco et al., 2006), this paper is focused on consumption by households which accounts for 35.4% of total quality red wine consumption (MAPA, 2004). A stratified sample based on the place where quality wine purchases takes place was used with posterior random sampling. Therefore, sample size per type of establishment (hypermarts, supermarkets and traditional shops) was fixed according to real purchase data provided by MERCASA (2005). Then, consumers were selected randomly interviewing each fifth person which purchased wine in a determined establishment. The objective population of this study is that of wine consumers in the city of Granada (Andalusia, Spain) and 300 of them were interviewed during the months of February and March 2006. This provides a sample error of 5.7% and a confidence level of 95.5% when estimating proportions ($p=q=0.5; k=2$). A description of the sample characteristics as well as sample and reference population figures for relevant socio-demographic variables (where available) are given in Table 1.

An initial questionnaire was designed by the research team focusing on wine consumption, functional foods and attitudes towards health, nutrition and food technology and tested on a pilot sample of 20 individuals carried out prior to the main survey. As resveratrol is an unknown substance for consumers (only 1% of total sample declared knowing what this compound is), a brief description of its proprieties and the process that leads to the increased presence in wine was presented to all interviewees. The description tried to be as «neutral» as possible as well as resembling the «real» characteristics of the wine currently being developed, nevertheless, this description can be considered as a «nutritional and health claim» for the product considered.

Following this description, consumers were asked about the «probability of purchasing a wine produced from resveratrol enhanced grapes» using an increasing 10-point scale.

Relevant information has been gathered for wine consumption, functional foods consumption and health-related data. As far as wine consumption is concerned, average household monthly wine purchases stand at 3.8 bottles (2.85 L) equivalent to 34.2 L yr$^{-1}$, with an average household size of 3.37 individuals, sample’s annual per cápita consumption is 10.15 L. This figure

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3 The text read to all individuals was the following: «Resveratrol is a compound found naturally in grapes. Under normal circumstances it can be found in very low concentrations or even not found in wine, being this concentration higher in red wines. Numerous scientific studies (more than 200 in the last two years) have detected a positive relationship between resveratrol and the reduction in the risk of certain illnesses such as arteriosclerosis, cancer, brain isquemias and inflammatory diseases in general. Nowadays it is possible to increase resveratrol content in grapes (and therefore in products derived from them such as wine) using postharvest physical treatments. Thus, wine produced from grapes that has undergone this treatment can contain up to five times as much resveratrol as wine produced from regular grapes. It has been shown that the increase in resveratrol content does not affect the wine’s organoleptic characteristics (taste, colour, aroma, etc.)» As this description mentions the increase of a nutrient and the effect this nutrient has on health, it can be considered a nutritional and health claim as defined in OJ (2006).
is significantly above national average for 2004 (6.57 L; Martín Cerdeño, 2006), but it must be considered that non-consumers are excluded from the current sample. Consumption patterns for the sample show that 32.7% drink wine every day, 28.3% two or three times per week, 24.7% two or three times per month and 14.3% once a month or less. The average maximum price consumers pay for red wine in normal circumstances is 10.1 € per bottle with only 29.7% of total sample paying 12 € or more for a bottle of wine. Consumers identify wine as a healthy product, only one respondent did not consider wine as such, although only 17% of the total sample could mention what makes wine a healthy product, and a mere 34% of them (6% of total sample) provided a correct answer (presence of antioxidants or polyphenols). From this information it can be concluded that there is a lack of knowledge regarding the healthy proprieties of wine, but this does not prevent consumers from thinking that wine is a healthy product.

Regarding functional foods, 91.3% of the total sample declares knowledge regarding this type of products and 91.7% of the sample consumes them. This percentage is higher than the ones reported by Sánchez and Barrena (2004) for Navarra and Madrid which were 75% and 84% respectively.

Table 2 reflects the descriptive statistics for the probability of purchase variable. The probability distribution is split into two groups, «potential purchasers» (p > 7) and «non-purchasers» (p ≤ 7) generating a dichotomous variable. This cut-off point has been selected for

<table>
<thead>
<tr>
<th>Probability</th>
<th>N</th>
<th>%</th>
<th>Cumulative %</th>
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<tbody>
<tr>
<td>2</td>
<td>2</td>
<td>0.7</td>
<td>0.7</td>
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<tr>
<td>3</td>
<td>6</td>
<td>2.0</td>
<td>2.7</td>
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<tr>
<td>4</td>
<td>3</td>
<td>1.0</td>
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<tr>
<td>5</td>
<td>49</td>
<td>16.3</td>
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<td>6</td>
<td>55</td>
<td>18.3</td>
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<td>7</td>
<td>78</td>
<td>26.0</td>
<td>64.3</td>
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<td>8</td>
<td>60</td>
<td>20.0</td>
<td>84.3</td>
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<tr>
<td>9</td>
<td>20</td>
<td>6.7</td>
<td>91.0</td>
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<tr>
<td>10</td>
<td>27</td>
<td>9.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>300</td>
<td>100.0</td>
<td>100.0</td>
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</tbody>
</table>

Source: Questionnaire.
two reasons, first it can be considered that a 0.8 prob-
ability or higher reflects a strong commitment re-
garding future purchase intention and second it allows
the «potential purchaser» group to have a sufficient
size (35.7%) as to allow for good overall model fitting.
Due to the binary nature of the dependent variable a
binary logistic regression model (Greene, 2003) has
been used to identify factors affecting potential purchase;
all analysis have been carried out using LIMDEP© 7.0
software. Contrary to bivariate analysis, this model
allows to identify the simultaneous effect of multiple
variables on the probability of purchase, thus better
reflecting the complexity among individual consumers
(Verbeke, 2005).

The model specified in equation [1] has been finally
selected. Independent variables have been selected
taking into account whether the associated param-
eters were found to be significantly different from
zero, including first all variables considered to affect
potentially the potential purchase decision and dropping
those which failed to reach the 10% confidence level.

\[
\text{Prob. [Potential-Purchaser} = 1] = b_0 + 
+ b_1 \text{MAXWINEPRICE}_i + b_2 \text{READLABELS}_i + 
+ b_3 \text{NUTKNOWLEDGE}_i + b_4 \text{QUALITY}_i + 
+ b_5 \text{PACKAGING}_i + \varepsilon_i 
\]

The variables included in the model have been con-
structed as follows:
— \textit{MAXWINEPRICE}: continuous variable which
reflects the maximum price individuals declare to pay
for a bottle of wine to be consumed at home.
— \textit{READLABELS}: dummy variable which takes
value one if the individual answers agrees with the
statement «I read carefully nutritional information on
food labels» and zero otherwise.
— \textit{NUTKNOWLEDGE}: dummy variable which
takes value one if the individual gave three correct
answers to items related to nutrition in the ques-
tionnaire and zero otherwise\(^4\).
— \textit{QUALITY}: continuous variable which reflects
the degree of agreement, using an increasing 5-point
scale, declared by the consumer with regards to the
statement «functional foods are of higher quality than
their non-functional equivalents».
— \textit{PACKAGING}: dummy variable which takes
value one if consumers consider packaging as a very
important factor when making wine purchase decisions.

Results for the estimated model are presented in
Table 3. As it can be seen, the model is highly significant
both considered globally (as reflected by the values
obtained for the Log-likelihood ratio and the impro-
vement over the naïve model) and for each independent
variable considered individually (p-values below 0.05
except for packaging which is below 0.10).

From the results presented, it seems that functional
foods have become a regular component of the pur-
chasing basket of Spanish consumers. The most
commonly consumed functional food is a dairy product
(76% of all consumed functional foods) and following
the classification put forward by Roberfroid (2000) the
most commonly purchased functional food would be
one characterised by the «addition of a component not

4 Nutritional knowledge questions following the approach proposed by Drichoutis et al. (2005) included selecting between two
products which had more fat, the same task but related to cholesterol and declaring which was the recommended daily calorie intake.
Answering the objective of this paper, there seems to be a potential market for functionality in wine, as over one third of current wine consumers can be classified as potential functional wine consumers. Nevertheless, this assertion must be taken with caution as a mere 10% of the total sample declares absolute certainty regarding future purchases (purchase probability of 1). As far as cognitive factors are concerned, consumers with a higher probability of purchasing the functional wine offered show a higher level of nutritional knowledge and tend to read nutritional information on products labels more often. When an individual is declaring a high purchase probability s/he is valuing this nutritional information provided, therefore, this finding is in line with those reported by Verbeke (2005) who claims that its cognitive, affective and situational factors as the main determinants of functional foods acceptance. The model specified in [1] also support this claim as all significant variables fall inside these three categories. As far as cognitive factors are concerned, consumers with a higher probability of purchasing the functional wine offered show a higher level of nutritional knowledge and tend to read nutritional information on products labels more often. When an individual is declaring a high purchase probability s/he is valuing this nutritional information provided, therefore, this finding is in line with those reported by Loureiro et al. (2006) and Gracia et al. (2007) with regards to the positive impact of these two variables on nutritional labelling valuation. Regarding affective factors, consumers who believe functional foods have higher quality than their non-functional equivalents are more likely to purchase functional wines. Last, and regarding situational factors, potential consumers also consider packaging an important factor when making their wine purchase decisions and are currently paying higher prices for wine. Packaging has been detected as an important factor within the wine category purchase decision making process (Hasltead, 2002) and the results shown support that functionality in wine has a higher potential within the consumer segment that is more influenced by packaging in their purchase decisions.

A key strategy to transform this potential market into reality will be the promotion of functional wine so that respondents link the benefits derived from resveratrol content with the general believe of «wine as a healthy product». Functionality in this study was marketed using a «nutritional and health claim» similar to those present in the Spanish market for functional foods. This claim probably induced some of the potential demand detected (consumers were not aware of resveratrol as a healthy component in wine) a hypothesis supported by the effect of the variable «READLABELS» on purchase intention, which reflects that those consumers who read nutritional information on food products are more prone to functional wine purchase. Therefore, if the results reported are to be extrapolated to real markets, nutritional and health claims need to be made for wine. Health and nutritional claims in food products in Spain are regulated from June 2007 by a new EU regulation which foresees that these claims will be allowed once approved by the relevant food authority (Regulation 1924/2006; OJ, 2006). The Regulation explicitly excludes health and nutritional claims in any product containing more than 1.2% by volume of alcohol except for those related to reduction in alcohol or energy content (article 4, section 3) and it is not foreseen in the near future that an exception will be made for wine (Andreu Palou6, personal communication). Requesting an exception for wine would be a good strategy as it would capture a potential market niche. This exemption could be granted as wine is treated separately from most alcoholic beverages due to its health proprieties when consumed moderately. Generic advertising of resveratrol properties could be a substitute approach in the mean time together with promotion of increased nutritional knowledge in the general population. Some of these efforts, increase awareness of resveratrol properties, can be undertaken by the wine industry itself but increasing nutritional knowledge in the population is a task that has to be undertaken at a broader level. If the health status of citizens is to be improved through diet, communication and education regarding nutritional information needs to be generalised and its understanding assured as impact on diet changes has been found to be positively related to it (Szykman et al., 1997).

Several limitations from the present research must be highlighted, most of them related to the exploratory nature of results presented. The sample used, although representative of wine consumers in the city of Granada, cannot be extrapolated to the average Spanish consumer. Granada is among the poorest provinces in Spain and income effects have been detected as relevant in wine and functional food purchase behaviour (Brugarolases et al., 2005; Teratanavat and Hooker, 2006). Future

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5 The most commonly consumed functional food would be fermented milk with added bacteria such as L-casei or vegetal components.

6 Second Vice-President of the European Commission’s Scientific Committee on Food.
research should be devoted to identifying the price premi- 
uns consumers would be willing to pay for func-
tional wines, price has not been included as an attribute 
in the design of the purchase intention model, but the 
influence of the variable MAXWINEPRICE shows that 
its consumers currently paying higher prices for wine 
who declare a higher probability of purchasing the 
functional wine and therefore potential for higher prices 
for functional wines can be inferred. Nevertheless, 
monetary valuation of the functional attributes should 
be obtained (i.e. using contingent valuation or choice 
experiments) in order to see whether price premiums 
cover additional production costs, and therefore resve-
ratrol enhanced wine is a viable product (Maynard and 
Franklin, 2003). In the meantime, the results presented 
can be considered an initial support for the develop-
ment of functional wines based on market potential.

Acknowledgments

Financial support from IFAPA through grant AID- 
0518 and from INIA through the DISOPTIPOL project 
(RTA2005-0020) is gratefully acknowledged. The 
author would like to thank two reviewers and the journal’s 
editorial office for constructive comments which have 
improved the initial version of the paper, the usual 
disclaimer applies.

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