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Consumers preferences in emerging markets and export strategies: 
the case of the Russian wine market

Preferences dei consumatori nei mercati emergenti e le strategie di esportazione: il caso del mercato russo del vino

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Abstract

In recent years Russia has been experiencing significant economic growth with an average annual GDP increase higher than six percent. This economic boost has affected the demand for goods, especially for food. In the agro-food sectors, the wine industry is amongst those most affected by this change in consumer demand. Russia wine import has widened to cover a large range of wines spanning from low to high quality, and importing from countries with a long and well established wine production reputation, such as French and Italy, as well as more recently established exporters, such as Chile. These imports now accompany those from countries with a well-consolidated tradition of exports into the Russian market, like Georgia. In such a scenario, some key questions arise for the wine industry, concerning consumers’ attitude about wine and the way it is perceived in this relatively new market. Russian wine market shows a very articulated supply resulting in a wide assortment. This paper attempts to investigate such concerns through a choice experiment approach conducted by means of a questionnaire-based survey submitted to a representative sample of 388 Russian households. In the experiment, respondents were asked to choose their favourite wine among seven dry red wines hypothetically displayed on a store shelf. Each product was described as imported from different countries or regions. The choice set included: 1. Italy (Chianti), 2. France (Bordeaux) 3. Crimea (Grenache) 4. Georgia (dry Saperavi) 5. Spain (Riojia) 6. Sicily (Cabernet) 7. Chile (Cabernet). To each bottle of wine was attached a different price. The stated choices are analysed using a random utility model to derive estimates of preferences for wine. Results indicate that the Russian wine market is clearly polarised into two segments. One is characterised by high-quality and high-priced wine and the other one by low-quality and high-priced ones. Price seems to be, as expected, a relevant attribute for Russian consumers. A successful growth business strategy should be based on the middle-quality-priced segment educating consumers to wine culture and tasting. The high-quality-priced segment is, in fact, characterized by a high degree of saturation due to Italian and French wines. Meanwhile, staking on the low-quality-priced segment is unadvisable because of the high number of suppliers and competitors.

Keywords: emerging markets, Russian wine market, consumers’ preferences, random utility model.

Parole chiave: mercati emergenti, mercato russo del vino, preferenze dei consumatori, modelli a utilità stocastica.

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1. Introduction

In the last five years Russia is ranked third, in terms of rate of economic growth, among the biggest world economies, following China and India. In particular, Russian GDP has increased by 6.4% in 2005 and 6.7% in 2006. Other than a positive trend of industrial production (+3.9% in 2006) and real income (about 8.8% in 2005 and 10% in 2006), it seems worth underline the massive increase of the commerce (12% in 2005 and 13% in 2006) as indicator of a strong development and of a deep change in the consumption market. The latter is, in fact, characterized by a growing demand of higher quality products of foreign origin (PROMEC MOSCA, 2007). Such a tendency is also a result of an enlargement of the middle class welfare with an incoming wider mass market which covers up to 40% of the Russian population. That is about 57 of the 144 million Russians. The emerging Russian middle class, after the financial crises occurred in 1998, has now recovered its relevant role in society. New buying habits have also had a positive effect on imports that, in 2005, registered an increment of 28% and an import/total consumption quota of 45%. More specifically for food products, import quota is slightly lower being, in 2006, of 37% (ICE, 2007).

A segment that is benefiting of this growing phase is the wine sector. The wide range of exports of wine in Russia is articulated on high and low quality products and, overall, coming from traditional producers countries such as France, Italy and emerging countries as Argentina or Chile, other than Moldavia or Georgia that have a well consolidated tradition as wine producers in Russia.

In such a context, exporting firms have a keen interest in understanding how Russian consumers perceive wine as a commercial product. Such knowledge may provide guidance to expand shares in a relatively new but fast growing market, such as the Russian one, which is already characterised by strongly articulated wine assortment. In this paper we report the results of a study developed to address this issue. The empirical component of the study is represented by a consumer survey by means of a questionnaire which was administered to a representative sample of 388 Russian families.

The core component of the questionnaire included a stated choice experiment where respondents were asked to choose among seven bottles of dry red wine with different country of origin: 1. Italy (Chianti) 2. France (Bordeaux) 3. Crimea (Grenache) 4. Georgia (Saperavi secco) 5. Spain (Rioja) 6. Sicily (Cabernet) 7. Chile (Cabernet) each offered at a different price. Respondents were asked whether they would purchase one, and if so which. Responses were used to estimate a range of random utility models (choice model) and allowed us to derive an estimate of consumer’s preferences for wine. The paper is organised as follows. Section 2 describes the wine market in
Russia, section 3 is dedicated to the survey, section 4 to the econometric model while section 5 shows the results. Section 6 draws conclusions.

2. The wine market in Russia

Prudential estimates indicate that the Russian market for wine is worth around 700 million litres a year, and it is growing at 8% per year in terms of volume and of 15% in value terms. Wine imports capture over half of the market, with an estimated 380 million litres (Maurilli, 2006). As for the main exporting countries, the top four in terms of quantity are Moldavia, France, Georgia and Italy. However, in terms of value, Italy is second, after Moldavia and preceding France. Armenia and Azerbaijan are also very dynamic trying to obtain a higher Russian wine market quota (Maurilli, 2006).

In 2005 many main wine producing countries increased their wine exports to Russia. In 2006 Italian export increased by a staggering 54.2% from 2005; Argentina increased its export of wine by 83% in the same period. Other increases were experienced by Bulgaria (69.9%), France (51.2%); Spain (36.3%); and Germany (39.2%) (Notiziario dai mercati Csi, 2007).

Imports are dominated by red wine which represents about 60% of the total wine imported. White wines are about 38% of total imports, while the remaining 2% is Rosè wines. In the last five years there has been no change in these shares. However, experts say that the Russian wine market is going to lower import of Rosè wine expanding the red wine quota. Another peculiar characteristic of the Russian wine market is the dominating presence of semi-sweet wines that represent about 60% of total imports. Following the ban that Russian import authorities placed on wine imports from Moldavia and Georgia (due to sanitary, low quality and safety concerns), new opportunities have become available for other exporters. In this context Latin American countries are well-positioned because they can provide quality wines at competitive prices. At the same time Argentina is growing its export to Russia.

In Russia wine is ranked third in terms of consumption of alcohol following vodka and beer. However, while beer consumption is stable and that for vodka is decreasing, the wine sector is growing (ICE Moscow, 2006). Russian wine consumers are developing a higher understanding and care about wine quality. Russian wine production, which consists of 305 million of litres of low quality wine, decreased by 18% in 2005. The whole import of wine and spirits in Russia are managed by 126 importers, 16 of which control 65% of the entire import. The Russian government is now trying to support a consolidating strategy of the imports as a means to control the wine and
spirit market, which is considered by experts a sort of grey market equivalent to the legal one (Notiziario dai mercati Csi, 2007).

It was estimated that total wine sold in Moscow and San Petersburg, the two biggest cities, sums up to 15% of the total wine sold in Russia. The economics trends suggest a future increment of wine imports from western countries rather than an increase of local production. Pro-capita consumption of wine in Russia is currently estimated at around 7 litres versus 50 litres for the rest of Europe (Euromonitor International, 2007). This difference clearly indicates the potential size of the future market, which represents a remarkable export potential for those firms producing wine all over the world.

We interviewed 8 experts responsible for alcoholic drinks and beverages in the national large distribution network. Their responses suggested that diffusion of wine in Russia seems to be dichotomous. Such product is available either in middle to low quality supermarkets, and sold at low prices, or in specialized wine stores offering top quality wines at very high prices. It seems apparent that such a dichotomous supply responds to two different needs. On one hand there is a need to satisfy a basic demand for alcohol different from the conventional vodka, to which corresponds low quality wines at low prices. On the other hand, there is the need to satisfy a demand for high standard goods, which is part of the icon of newly acquired social status by many. It is worth noting that Italy appears to be the only wine export country significantly supplying both of these segments. Italy competes with local and southern hemisphere countries in the low quality segment, while France supplies only the top quality segment where it competes with Italy for top wines as well as with other top producers from all over the world. The segment least represented, both in terms of quality and price, is the middle-quality and middle-price one.

3. The survey

Respondents were recruited into the survey by means of a geographically stratified random procedure. The geographical strata included three cities: Moscow, San Petersburg, and Novgorod. Respondents were selected amongst those who stated to be responsible for grocery shopping within their own household.

The questionnaire administration was preceded by four focus groups and by a store check. The 4 focus groups, performed in Moscow and San Petersburg, allowed us to build Russian consumers perception maps on wine and identify attributes and indications useful for the subsequent survey design.
Before introducing the stated choice task, respondents were asked about their grocery shopping habits. They were asked to report their recalled wine consumption over the previous 6 months. The stated wine consumption was infrequent, as illustrated by the values in Table 1. Less than 20% stated a purchase frequency of once per week.

Table 1 – Purchase of wine frequencies

<table>
<thead>
<tr>
<th>Frequency of purchase in the previous 6 months</th>
<th>no.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Once per week</td>
<td>54</td>
<td>17.9</td>
</tr>
<tr>
<td>Once per month</td>
<td>167</td>
<td>55.3</td>
</tr>
<tr>
<td>At least once in 6 months</td>
<td>81</td>
<td>26.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>On the last three bottles bought</th>
<th>no.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least one was Italian</td>
<td>20</td>
<td>6.0</td>
</tr>
<tr>
<td>None Italian</td>
<td>292</td>
<td>94.0</td>
</tr>
</tbody>
</table>

In order to define determinant factors of wine choice interviewees were showed a list of attributes and then asked to define the importance of each by using a Likert scale with a score that ranged from 1 (not important at all) to 7 (extremely important). Considering individuals that assigned a score of at least 6 (indication a high relevance for that attribute), it emerged that taste is considered the most important attribute. Flavour was also rated as very important by 80% of the interviewees. Certification of origin of production was deemed a good proxy in terms of quality assurance, while country of origin certification was not as important. Price was, as expected, an important factor but it was not scored as one of the first (Figure 1).

In the second part of the questionnaire respondents were proposed a hypothetical purchase scenario. Their task was to choose among 7 wine types from 6 different countries. Italy was the only country of origin for which two wines were considered: a Sicilian Cabernet and a Chianti (obviously from Tuscany). The reason for the inclusion of the Sicilian Cabernet was to try and cover the middle quality/price segment, which seemed otherwise inadequately represented. Sicilian Cabernet is considered a middle quality wine in Italy and it was submitted to Russian consumers as so to verify potential preferences for this kind of wine. The 7 wines composing the entire choice set were differentiated two attributes:

- Typology with a well defined geographic origin
  - Chianti (Italy);
  - Bordeaux (France);
  - Grenache (Crimea);
- Saperavi dry (Georgia);
- Riojia (Spain);
- Cabernet (Italy-Sicily);
- Cabernet (Chile).

- Price

Figure 1 – Number of interviewees that attributed at least 6 on the Likert scale on wine attributes

As for the price attribute, two different price ranges were assumed. In fact, to wines coming from Crimea, Georgia, Chile, and Italy (Cabernet-Sicily) were associated with prices ranging from 200 and 400 rubles (200, 250, 300, 350, 400 rubles\(^2\), or approximately 8-16 Euros). At the other side of the price range, from 400 to 800 rubles (400, 500, 600, 700, 800 rubles, or approximately 16-32 Euros), were high quality wines coming from France, Spain, and Italy (Chianti). Such a choice was made to facilitate a statistical design that would reproduce choice situations as realistic as possible.

With the listed attributes, an orthogonal design was built for each wine segment: one for high quality and one for low quality wines. This approach generated 20 profiles for high quality wines which were shifted 3 times, and 20 profiles for low quality wines shifted 4 times. Finally, respondents were asked to perform a panel of 4 discrete choice tasks, each containing 7 alternatives, 4 of the alternatives related to low quality wines coming from Crimea, Georgia, Chile, and Sicily.

\(^2\) 1 Euro = 24.74 Russian rubles or 1 Russian ruble = 0.0281 Euro
and the remainder to high quality wines. Each single choice task consisted in the identification by
the respondent of the favourite alternative (wine type) out of the 7 available in each choice set.

4. The statistical model and derivation of WTP statistics

The assumptions made in the statistical analysis of the observed choices rely on a random utility
model. Utility for each choice is dependent on the labels of the available wines and on the price. So,
for each alternative utility is specified as:

\[ U_{ik} = \sum_{w=1}^{w=W-1} 1(\beta_w + \varepsilon_{iw}) + (\beta_p + \varepsilon_{ip})P_w + u_{ik} \]

where \( \beta_w \) indicates the mean effect on utility of wine label \( w \) with respect to a baseline (in our case
Chilean wine), \( \varepsilon_{iw} \) is the idiosyncratic taste effect of the single respondent, the function \( 1(\cdot) \) is an
indicator function which relates to the presence of the wine label in the alternative. Similarly, \( \beta_p \)
indicates the mean effect on utility of the unit of price and \( \varepsilon_{ip} \) is the idiosyncratic taste effect on cost
of the single respondent. Finally, \( u_{ik} \) is the unobservable component of utility associated with the \( k \)
th alternative. Assuming an i.i.d. Gumbel distribution for the latter implies that given the idiosyncratic
random effects the choice probability of selecting alternative \( k \) is logistic, and effects can be
identified up to the Gumbel scale \( \lambda \) set equal to 1:

\[ \Pr(w | \varepsilon_{iw}, \varepsilon_{ip}) = \frac{\exp\left( \lambda \sum_{w=1}^{w=W-1} 1(\beta_w) + (\beta_p)P_w \right)}{1 + \sum_{w=1}^{w=W-1} \exp\left( \lambda \sum_{w=1}^{w=W-1} 1(\beta_w) + (\beta_p)P_w \right)} \]

A sequence of four choices by the single respondent will be:

\[ \Pr(< w_{t=1}, w_{t=2}, w_{t=3}, w_{t=4} > | \varepsilon_{iw}, \varepsilon_{ip}) = \prod_{t=1}^{T=4} \frac{\exp\left( \lambda \sum_{w=1}^{w=W-1} 1(\beta_w) + (\beta_p)P_w \right)}{1 + \sum_{w=1}^{w=W-1} \exp\left( \lambda \sum_{w=1}^{w=W-1} 1(\beta_w) + (\beta_p)P_w \right)} \]

In order to obtain the unconditional distribution one needs to assume adequate distributions for
the error terms and to integrate over such distributions:
\[ Pr(w) = \int_{-\infty}^{+\infty} \cdots \int_{-\infty}^{+\infty} Pr(<w_{t=1}, w_{t=2}, w_{t=3}, w_{t=4} > | \epsilon_{w=1}, \epsilon_{w=2}, \ldots, \epsilon_{w=W-1}, \epsilon_p) f(\epsilon_{w=1}) f(\epsilon_{w=2}) \cdots f(\epsilon_{w=W-1}) f(\epsilon_p) dx \]

Since the above multiple integral does not have close-from solution in estimation it is approximated by simulation (Train, 2003) giving rise to a mixed logit model approximated by 300 Halton draws.

The mixing distributions are a sensitive specification choice, and in our case, after a number of specification searches, they were established as follows. For all wine types the random error component is assumed to be normal with mean zero, which allows for both positive and negative differentials with the baseline of the Chilean wine. For the price effect we follow the suggestion by Hensher and Greene (2003), also implemented in Scarpa et al. (2007), whereby we use a triangular distribution in which the spread is constrained to be equal to the location parameter. This forces the cost coefficient to be in axis associated with its mean, while allowing a reasonable taste variation for this parameter. Clearly this MXL model addresses taste heterogeneity across respondents. The presence of a distribution of tastes for the same wine is obviously more realistic than assuming that tastes are fixed in the population of respondents. However, one must bear in mind that the distribution assumed to describe taste variation are theoretical construct whose properties, despite efforts or realism from the analyst, might be different from those of the real taste distributions in the population. If tastes are random than so is WTP since for the individual respondent \(i\) the implied WTP\(_i\) for wine \(w\) will be derived from the ratio of two parameters \(\frac{\beta_w + \epsilon_{iw}}{\beta_p + \epsilon_{ip}} = \text{WTP}_{iwan}\). The distribution of such values has no close form because it is the ratio of normally (\(\epsilon_{iw}\)) and triangularly (\(\epsilon_{ip}\)) distributed random variables, but it can be simulated by drawing from the estimates of the respective taste distributions. The statistics describing the properties of these distributions are then reported and compared across wine types.

5. Results

As a benchmark for discussing the estimates obtained with the mixed logit model we report estimates from a standard multinomial logit model. Both are in table 2. As can be seen the BIC value per respondent decreases substantially when allowing for taste heterogeneity across people and for the panel structure of the responses, while the adjusted \(R^2\) increases. This is evidence in support of the presence of correlation amongst choices by the same respondent and of existence of taste variation.
Table 2 – Random utility model estimates

<table>
<thead>
<tr>
<th></th>
<th>MNL</th>
<th></th>
<th>MXL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BIC</td>
<td>ln-L</td>
<td>Adj-R²</td>
</tr>
<tr>
<td></td>
<td>3.641</td>
<td>-2577.74</td>
<td>0.050</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost</th>
<th>β</th>
<th>z-values</th>
<th>-β_w/β_p</th>
<th></th>
<th>β</th>
<th>z-values</th>
<th>spread</th>
<th>z-values</th>
<th>-β_w/β_p</th>
<th>-s_w/β_p</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-0.158</td>
<td>-14.88</td>
<td></td>
<td></td>
<td>-0.263</td>
<td>-15.77</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Italy-Chianti</td>
<td>1.092</td>
<td>8.29</td>
<td>6.90</td>
<td></td>
<td>1.488</td>
<td>7.91</td>
<td>0.786</td>
<td>3.25</td>
<td>5.66</td>
<td>2.99</td>
</tr>
<tr>
<td>France</td>
<td>1.223</td>
<td>9.51</td>
<td>7.73</td>
<td></td>
<td>1.265</td>
<td>6.02</td>
<td>1.460</td>
<td>6.98</td>
<td>4.81</td>
<td>5.55</td>
</tr>
<tr>
<td>Crimea</td>
<td>0.417</td>
<td>4.40</td>
<td>2.64</td>
<td></td>
<td>0.241</td>
<td>1.83</td>
<td>1.041</td>
<td>7.03</td>
<td>0.92</td>
<td>3.96</td>
</tr>
<tr>
<td>Georgia</td>
<td>0.313</td>
<td>3.27</td>
<td>1.98</td>
<td></td>
<td>0.015</td>
<td>0.10</td>
<td>1.122</td>
<td>7.61</td>
<td>0.06</td>
<td>4.27</td>
</tr>
<tr>
<td>Spain</td>
<td>0.373</td>
<td>2.36</td>
<td>2.35</td>
<td></td>
<td>0.707</td>
<td>2.81</td>
<td>0.795</td>
<td>2.62</td>
<td>2.69</td>
<td>3.02</td>
</tr>
<tr>
<td>Italy-Sicily</td>
<td>0.375</td>
<td>3.90</td>
<td>2.37</td>
<td></td>
<td>0.256</td>
<td>1.94</td>
<td>1.003</td>
<td>6.02</td>
<td>0.97</td>
<td>3.81</td>
</tr>
</tbody>
</table>

A comparison of the estimates for β between MNL and MXL is difficult because of the confounding effect of the scale parameter on β. However, ratios can be compared across models and we choose to report ratios with price (-β_w/β_p) so as to make this comparison easier for the reader. Comparing the columns of these ratios across models it becomes apparent how the introduction of taste heterogeneity modifies the estimated trade-offs across wines. There is evidence of three separate segments, one represented by Italian Chianti and French wine in the price differential with Chilean wine (the baseline) in the 5-6 Euro range. The second occupied only by Spanish wine in the 2.7 Euro range of price differential with Chilean wine. Finally, the low market segment is occupied by Crimean and Sicilian wines in the price differential of around 1 Euro and the Georgina wine which is perceived to be of the same value as Chilean. Notice, thought, that the MXL model provides further information, not available in the MNL model, in the form of estimates of spreads of such taste distributions. Taste intensities seem to be subject to high variation for French wine, followed by Georgian, Crimean and Sicilian. Spanish and Italian wines show highest taste homogeneity according to these estimates.

While such discussion is informative, more information can be gleaned by a comparison of the distributions of the simulated WTP differences with Chilean wine. Selected statistics from a distribution obtained with 10,000 quasi-random draws is reported in Table 3.

Because of the interest of mean values and the inevitable problem of long-tails associated with any distribution for the cost coefficient which allows for mass in the proximity of zero (Scarpa et al., 2007), we also report trimmed mean. The trimming is done symmetrically with respect to both tails.

These statistics reveal that substantial variation exists in preferences relative to Chilean wine for the low segment wines, less so for the intermediate (Spanish). Interestingly, though, the WTP distributions for French wine, which belongs to the upper market segment, shows that 20 percent of
the population rates it less than the Chilean wine, while only 3 percent does so for the Chianti. The higher mean in the WTP differential with Chilean wine of the Chianti is probably due to this large variation in WTP. This shows the power of the additional information uncovered by addressing taste heterogeneity.

Table 3 – Statistics of simulated distributions of WTP

<table>
<thead>
<tr>
<th></th>
<th>median</th>
<th>mean</th>
<th>St. dev.</th>
<th>1%</th>
<th>5%</th>
<th>10%</th>
<th>Share &lt;0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy-Chianti</td>
<td>6.11</td>
<td>8.29</td>
<td>11.58</td>
<td>7.9</td>
<td>7.29</td>
<td>6.99</td>
<td>0.03</td>
</tr>
<tr>
<td>France</td>
<td>5.07</td>
<td>7.02</td>
<td>15</td>
<td>6.78</td>
<td>6.11</td>
<td>5.83</td>
<td>0.2</td>
</tr>
<tr>
<td>Crimea</td>
<td>1.02</td>
<td>1.41</td>
<td>8.71</td>
<td>1.53</td>
<td>1.24</td>
<td>1.18</td>
<td>0.41</td>
</tr>
<tr>
<td>Georgia</td>
<td>0.11</td>
<td>0.07</td>
<td>9.25</td>
<td>0.35</td>
<td>0.09</td>
<td>0.08</td>
<td>0.49</td>
</tr>
<tr>
<td>Spain</td>
<td>2.95</td>
<td>3.89</td>
<td>8.02</td>
<td>3.8</td>
<td>3.44</td>
<td>3.31</td>
<td>0.19</td>
</tr>
<tr>
<td>Italy-Sicily</td>
<td>1.07</td>
<td>1.43</td>
<td>10.07</td>
<td>1.54</td>
<td>1.27</td>
<td>1.22</td>
<td>0.39</td>
</tr>
</tbody>
</table>

Similar and additional conclusions can be derived by looking at the plots of the trimmed distributions at 10 percent. By trimming at 10 percent we avoid the inclusion in the plot of outliers, and overly extended plots.

Figure 2 – Box-Percentile Plot
Figure 2 shows box-percentile plots (Esty and Banfield, 1992) of the various WTP differentials with Chilean wine. The central bar denotes the location of the media, while the bars at the side of the median show the upper and lower quartiles. The width of the demand at each point is proportional to the density at that value.

It is immediately visible that the French wine has lower median, but substantially fatter tails in the high value range of WTP differential.

Densities below zero show a negative differential with Chilean wine. While we can see no density in this range for the Italian-Chianti, all other distributions have visible shares in this range. The distribution for Crimean and Sicilian wine are very similar, while the Spanish wine, the only one to show intermediate properties in terms of median and inter-quartiles, still shows some density in the range with negative differential. The results indicate that Crimean, Georgian, Sicilian and Chilean wine are of similar appreciation in the population of Russian consumers. Considerable variation exist in terms of wines from France, while Italian Chianti is well recognised and appreciated in a fairly homogeneous way, and so is Spanish wine, albeit in lower WTP range.

6. Concluding remarks

Russia is a valid example of emerging markets where there is significant potential of export growth for high quality agro-food goods. These exports are expected to massively increase in the close years. Our research focused on wine market, since these have been sending signals of strong expansion. The survey results suggest the presence of three distinct market segments with substantial overlapping. On one hand a segment where only Italian and French are competing with high quality and highly priced wine and, on the other hand, a much lower quality segment of wines in which demand of alcohol is essentially satisfied. The middle quality segment appears to be limited to Spanish wines in terms of price.

The results obtained by our study can be summarised as follow:

- Russian wine market shows a somewhat overlapping segmentation between high and a low quality standards;
- The middle quality segments relatively uncrowned;
- As expected, price emerges as an important attribute in wine selection, but respondents did not rank price within the top five attributes in terms of importance.

In such a scenario opportunities for expansion of exports seem to pertain to the relatively uncrowded middle quality segment.
The future challenge for Italian exporters will be, on one hand, to maintain or improve the existing market share in the top quality wine segment and, on the other hand, to build new strategies that allow to penetrate the middle quality Russian wine market.

A successful strategy for business growth should be based on the middle-quality-priced segment educating consumers to wine culture and tasting. The high-quality-priced segment seems to be characterized by a higher degree of saturation by Italian and French wines. Meanwhile, staking on the low-quality-priced segment is unadvisable because of the high number of suppliers and competitors.
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