

Velikova, Natalia; Murova, Olga; Dodd, Tim H.

Article

Emerging wine market in the Dominican Republic: Consumer market analysis

Wine Economics and Policy

Provided in Cooperation with:

UniCeSV - Centro Universitario di Ricerca per lo Sviluppo Competitivo del Settore Vitivinicolo,
University of Florence

Suggested Citation: Velikova, Natalia; Murova, Olga; Dodd, Tim H. (2013) : Emerging wine market in the Dominican Republic: Consumer market analysis, Wine Economics and Policy, ISSN 2212-9774, Elsevier, Amsterdam, Vol. 2, Iss. 2, pp. 76-84,
<https://doi.org/10.1016/j.wep.2013.07.001>

This Version is available at:

<https://hdl.handle.net/10419/194469>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



<https://creativecommons.org/licenses/by-nc-nd/4.0/>



Emerging wine market in the Dominican Republic: Consumer market analysis

Natalia Velikova^{a,*}, Olga Murova^{b,1}, Tim H. Dodd^{a,2}

^aTexas Wine Marketing Research Institute, Box 41240, Texas Tech University, Lubbock, TX 79409-1240, USA

^bDepartment of Agricultural & Applied Economics, Box 42132, Texas Tech University, Lubbock, TX 79409-2132, USA

Available online 18 July 2013

Abstract

Existing wine literature focuses largely on developing wine producing countries, often, overlooking markets that are not wine producing regions. These markets, however, may comprise, lucrative markets for export. The current study seeks to gain insights into one such market. Specifically, the study focuses on wine consumer behavior and wine market analysis in the Dominican, Republic. Quantitative methodology incorporated a consumer survey conducted through supermarkets, and liquor stores intercepts in the Dominican Republic. Additionally, secondary data were used for market analysis.

© 2013 UniCeSV, University of Florence. Production and hosting by Elsevier B.V. Open access under [CC BY-NC-ND license](https://creativecommons.org/licenses/by-nc-nd/4.0/).

Keywords: Emerging wine market; Dominican Republic; Consumer analysis

1. Introduction

Over the last decade, the wine industry has become increasingly globalized. In a saturated market such as the wine market today, producers seek opportunities abroad to increase their sales and earnings. As wine corporations mature and their growth in their domestic markets slows, they look for new opportunities in foreign markets. Many wine producers nowadays export a considerable portion of their overall wine production. For example, in 1991, 88% of New Zealand wine production was sold domestically and 12% of the country's wine production was exported. Twenty years later, only 24% of New Zealand wine sales is domestic, while the vast majority of the country's wine production is being exported ([New Zealand Wine, 2011](#)).

With the increased globalization of the industry comes the need for in-depth examinations of emerging wine markets. Particularly, the need to understand crucial dimensions of the operating environment, the competitive context, and the consumer base in emerging markets becomes evident. Knowledge of developing trends in emerging wine markets and projected future developments are important for industry professionals, especially in countries where wine becomes an increasingly important traded commodity.

Recent academic research focuses largely on various aspects of emerging wine markets structures and environment. Nevertheless, despite the general understanding of the importance of studying emerging markets, existing literature focuses largely on developing wine producing countries, such as China, for example. In contrast, those countries that are not wine producing regions are often being overlooked. However, these markets may be equally important. Even though they do not produce wine of their own, they may comprise lucrative markets for export.

One such market is the Dominican Republic. The country is not a wine producing region. Currently only a handful of local wine brands are available and the vast majority of the market consists of imported wine ([Beverage Industry Today, 2008](#)). Therefore, it is an important market to consider for wine companies that seek export opportunities. As an effort to gain

*Corresponding author. Tel.: +1 806 742 3077.

E-mail addresses: n.kolyesnikova@ttu.edu (N. Velikova), olga.murova@ttu.edu (O. Murova), tim.dodd@ttu.edu (T.H. Dodd).

¹Tel.: +1 806 742 1921.

²Tel.: +1 806 742 3031.

Peer Review under the responsibility of UniCeSV, University of Florence.



insights into this emerging market, the current research focused on wine consumer preferences and wine market analysis in the Dominican Republic.

2. Country background

The Dominican Republic is located in the middle of the Caribbean Islands and comprises the eastern 2/3 of the island Hispaniola, with Haiti bordering on the west. The nation covers approximately 18,704 square miles and consists of a maritime tropical climate with a diverse terrain ranging from semi-arid plains to tropical rainforests. The second largest Caribbean nation after Cuba in population, its people represent mixed, European and African ethnicities. Approximately 9.65 million people live in the country. With an annual growth rate of 1.5%, it is estimated that by 2015, the Dominican Republic population will reach 10 million (U.S. Department of State, 2010).

3. Overview of existing information on the Dominican wine industry

Existing literature on the Dominican wine industry is scarce and is limited to industry and government reports. The majority of the reports are published in the Spanish language (for the purposes of the overview that follows information in Spanish has been translated into the English language). These reports are aimed at providing a broad overview of the market structure as well as export requirements—such as licensing, labeling, and taxation—to assist industry professionals with the development of export strategies. In addition, the existing reports do not contain sufficient historical data and offer mostly sporadic statistics on different aspects of the wine industry.

The following summary of the background literature will begin with the focus on the growing wine market and identification of factors contributing to the increased popularity of wine in the Dominican Republic. A summary of the market share by the country of origin will then be presented, followed by a brief overview of the wine market distribution structure. The section will be concluded by identification of gaps in the literature and how the current study is intended to add to the body of knowledge about the Dominican wine market.

Traditionally, beer and spirits, especially rum, have been the preferred alcoholic beverages in the Dominican Republic, especially among rural, lower-income populations. In recent years, however, the market for wine is on the rise. Wine consumption began to experience rapid growth in the late 1990s, surpassing annual sales of over 100,000 cases to approximately 500,000 by 2000 (Hernandez, 2004). By 2007, wine consumption alone was estimated to be 7 million liters annually and valued at more than US\$18 million, with an expectation to grow (ProChile, 2010).

Several factors have contributed to the increased popularity of wine. First, the Dominican Republic's growing economy has led to an increase in discretionary incomes. As the largest Caribbean economy, the Dominican Republic averages about 6% economic growth each year. In 2011, the monthly per capita gross domestic product (GDP) was estimated at US

\$721, a much higher amount in terms of Purchasing Power Parity (PPP) than in previous years (The World Bank, 2011).

The growing economy is dominated by services and is fueled by an increase in tourism. According to the U.S. Department of State (2010), tourism, transportation, communication, and finance comprise about 54% of the nation's GDP, and it is expected that employment in travel and tourism industries will continue to grow. The Dominican Ministry of Tourism reported that the country welcomed over four million visitors in 2010, a new record for the country and a 3.3% increase over 2009 (Global Travel Industry News, 2011). Since the Dominican Republic is one of the top Caribbean tourist destinations, the increase in palate preferences from more European and American tourists has also influenced the wine preferences of the local population (ProChile, 2010).

Economic growth in the region has also stimulated an increase in the number of restaurants and media sources promoting wine consumption. Fine dining and gourmet restaurant chains that include wine on their menus have become abundant. The growth of these establishments and the increased popularity of eating out in general, have led to an increased interest in wine among Dominicans. Specialized chefs, magazines, and cooking shows on television have also contributed to an increased interest in wine (ProChile, 2010).

The Dominican culture is strongly influenced by various international cultures. The country has diversified in regards to its activities, behaviors, and habits; and alcohol consumption is no exception to this influence. The cultural exposure to wine by Dominicans who interact with families in other parts of the world—particularly Spain—has also influenced the preferences for wine. Dominicans perceive wine as a “democratic” beverage that demonstrates class and distinction. It is considered to be a highly exquisite beverage with benefits to human health (Mendez, 2009; ProChile, 2010).

Additionally, the popularity of gourmet clubs providing food and wine experiences is growing. Higher income populations are interested in learning about wine and tobacco, particularly in the country's capital, Santo Domingo. As Dominicans make changes to their lifestyles, they are also learning more about wine's health benefits (LatinPedia, 2008).

Lastly, because of its location, size, economy, and Free Trade Agreements, almost half of the total food and drinks consumed in the Dominican Republic is imported. According to the USDA Foreign Agricultural Service GAIN report, 53% of the imported products in the Dominican Republic are from the United States (Mendez, 2002).

With regards to the competitive environment, local wine production is minimal and does not compete with imported wine. The overall market size is estimated based on the amount of wine imported. Although wine from various wine regions is available in the Dominican Republic, the market is dominated by wine from two major regions—Spain and Chile. Depending on the source of information and the year of publication, Spain and Chile are close competitors and hold about 30% each of the available wine market (Mendez, 2009; ProChile, 2010). Other major competitors on the market are France, Italy, Argentina, and the United States.

The market for wine is controlled by a few traditional wine importers. The major retail players are supermarkets, all-inclusive resorts, restaurants, and hotels. Again, depending on the source and the year of publication, the market share slightly differs. Supermarkets and all-inclusive resorts each generally represent between 30% and 40% of the national wine distribution chain. Restaurants capture about 18% of the wine distribution and business hotels accrue only 2% of the overall market (Mendez, 2009; ProChile, 2010).

In conclusion, the existing literature on the Dominican wine industry is mainly industry-oriented and for the most part, only provides guidelines for export strategies. Similarly, no comprehensive wine market analysis of any of the markets in the Caribbean region exists. Only scattered and a bit outdated statistics on wine consumption in the region can be found in a few industry and government reports. For example, a brief of the wine market in Jamaica provides a summary of trends on wine consumption and the market growth (Rothschild, 2006). The situation in the Jamaican wine market seems to be similar to the one in the Dominican Republic, with the growing interest in wine, similar market structure, and competitive environment.

To the researchers' knowledge, however, no academic research exists that is specific to the Dominican Republic wine market. In particular, no information on local wine consumers could be found. With the exception of an executive summary of one proprietary study published in Spanish by a local winery (LatinPedia, 2008), Dominican wine consumption preferences and attitudes are an unknown domain. Yet, wine consumption behavior is important to all stakeholders in the industry as they seek to grow or establish market presence.

In the current highly competitive international business environment, it is important to treat emerging economies as customers and to have the knowledge of the business environment in that country (Chow and Li, 2002). Market analysis will provide a more detailed picture of the wine industry in the Dominican Republic.

4. Objectives of the study

The current research aims to examine Dominican wine consumer behavior in terms of their wine preferences, preferred outlets, and sources of information where consumers get information about wine. The current study also aims to determine the overall trends in the near-future consumption of wine.

5. Methodology

5.1. Research design

Given the two-fold purpose of the study, the research design employs a combination of primary and secondary data. For the Dominican consumer market analysis, data were collected via the intercept method at supermarkets, liquor stores, and local malls. For wine market analysis, secondary data from the

International Wine & Spirits Research (IWSR) and the World Bank were used (Holliday, 2011; The World Bank, 2011).

5.2. Data collection process

Consumer data were collected in two Dominican cities—the country's capital Santo Domingo and the city of Santiago. For primary data collection purposes, the researchers contracted a local Dominican university. Local undergraduate students majoring in marketing were trained to personally distribute pen-and-paper surveys to customers who purchased wine at supermarkets, liquor and wine stores. The reason for using a local university for data collection purposes was to alleviate some of the challenges of survey implementation in foreign markets. Lack of tradition of responding to surveys, language barriers, slow and unreliable postal services, and topic sensitivity have been identified as primary factors that complicate the process of data collection in foreign markets (Walters and Samiee, 2003). To overcome some of these difficulties, it was expected that with appropriate training, local students would be able to properly distribute surveys to respondents. In addition, the students would be able to provide assistance (in the native language) with questions about the survey.

The researchers provided a detailed training script with proper procedures for data collection. Specifically, students were instructed on how to properly approach potential respondents, introduce the purpose of the study, emphasize the anonymous nature of the questionnaire and voluntary participation, and ask for their willingness to participate. If customers agreed to participate in the survey, they were provided with a questionnaire, which they then filled out at spot and returned it completed in exchange for a small token of appreciation (a cork key chain in gift packaging).

The data were collected at 5 local supermarkets, 8 liquor stores, and 2 malls with smaller wine stores. The students were permitted into the wine sections of the stores. They approached potential respondents while they were making their selections of wine. Customers were generally willing to participate and a very low rejection rate (estimated at less than 5%) was reported.

5.3. Sample

Since random sampling was not logically possible, the study was based on a non-probability, purposive sample, which includes subjects selected on the basis of specific characteristics or qualities (Wimmer and Dominick, 2003), in this case—wine consumers. The sample was limited to people who purchased wine at supermarkets, liquor or specialized wine store in the Dominican Republic and identified themselves as wine consumers. Despite the attempt to use a range of week days and time of the day to broaden the sample, the nature of the sample will preclude a broad generalization of the findings. At the same time, however, it fits the exploratory objective of this study and may provide an indication of the suitability of this methodological approach for future, more definite, studies.

5.4. Instrument development

The literature on conducting research in foreign markets suggests that special care must be given to developing questionnaires. Key problem areas include construct and measurement equivalence and related language issues (Walters and Samiee, 2003). For example, concepts derived in the West may be unfamiliar in emerging markets. The concepts may also be difficult to translate into a foreign language (Bond, 1986). In Sekarans (1983) guidelines for cross-cultural research, it is suggested that the investigators examine the appropriateness and the transferability of concepts into another culture before using such concepts for market planning.

With careful consideration for cross cultural research issues, a one-page questionnaire was developed based on previous wine consumer research both in established and in emerging markets. Items on the questionnaire included consumer wine preferences, wine consumption and purchasing behavior, as well as demographic information.

To control for accuracy of the survey translation, the iterative process of back-translation (Brislin, 1970) was applied. The questionnaire was originally developed in English; then translated into Spanish by two independent bilingual individuals. Next, the Spanish language instrument was translated back into English by separate individuals (not the ones making the English to Spanish translation) and then compared to the original English version to ensure adequate correspondence in the two versions.

6. Findings and discussion

6.1. The Dominican wine consumer

A total of 482 valid surveys were collected and used for data analysis. Descriptive statistics were employed to obtain a representation of the sample. The sample consisted of more males (65.6%) than females (34.4%). This is contrary to wine consumer gender splits in most developed markets where women typically account for a higher percentage of wine consumers. For example, more women than men identify wine as their preferred alcoholic beverage in Australia (Pettigrew, 2003). Similarly, in the United States, females generally represent a higher percentage of wine consumers compared to males (Adams Beverage Group, 2006; Kolyesnikova et al., 2009; Wine Institute, 2007). Even in some non traditionally wine consuming countries, for example in Japan, women choose to drink wine more frequently than men. Women in Japan also seem to outnumber men in wine tastings, classes, and seminars (Aoki, 2011). Although the Dominican wine market is still new, the Dominican culture in many ways is influenced by European, especially Spanish, tradition. In many European markets, males often drink more wine than women. For example, in a study of Spanish wine consumer behavior, Mtimet and Albisu (2006) reported that two-thirds of their sample were males, indicating that in Spain men are more interested in wine topics and consumption than women.

Therefore, the larger percentage of male wine consumers in the Dominican Republic may be due to the cultural (especially Spanish roots) influence.

The majority of respondents were aged between 20 and 60 years old and three-quarters of the respondents were younger than 50 years of age. The sample was well balanced in terms of different age categories. However, there were fewer younger (under 20 years old) and older (over 61 years of age) participants. This may be due to the fact that consumers in these age groups generally purchase less wine.

Respondents had higher education and income levels than the general population in the Dominican Republic. Sixty-two percent have earned either an undergraduate or graduate degree. Only 10% of the respondents had not attended college. Participants' income levels were also substantially higher than the general Dominican population. Thirty percent of the respondents reported that their monthly household income exceeded 80,000 Dominican Pesos (approx. US \$2070/month). Only 13.7% of the sample reported earning less than 20,000 Dominican Pesos (approx. US\$518) monthly. Over 70% reported monthly income above the average GDP per capita (US\$721, according to the World Bank (2011)). Table 1 summarizes the socio-demographic profile of the sampled population of the Dominican wine consumer.

Table 1
Socio-demographic characteristics of the sampled population (N=482).

Characteristic	Number of respondents	Percent
Gender		
Male	316	65.6
Female	166	34.4
Age		
Under 20	6	1.2
21–30	106	22.0
31–40	120	24.9
41–50	134	27.8
51–60	93	19.3
61+	6	1.2
	23	4.8
Education		
High school not completed	14	2.9
High school graduate	20	4.1
Vocational/technical school	15	3.1
Some college/not completed	132	27.4
Undergraduate degree	221	45.9
Post-graduate degree	80	16.6
Monthly family income		
Under RD20,000 (Under US\$518)	66	13.7
RD20,000–RD40,000 (US\$518–\$1035)	105	21.8
RD40,000–RD60,000 (US\$1035–\$1550)	87	18.0
RD60,000–RD80,000 (US\$1550–\$2070)	78	16.2
RD80,000–D100,000 (US\$2070–\$2590)	50	10.4
Over RD100,000 (Over US\$2590)	96	19.9

6.2. Wine consumption behavior

The most preferred alcoholic beverage was beer, which is not surprising, given that historically beer and spirits have been preferred alcoholic beverages among the Dominican Republic. The results of the current study, however, clearly demonstrate the increasing wine consumption pattern among Dominican population. Wine was named the second most consumed

alcoholic beverage, which surpasses preferences for spirits by 16.4%.

The vast majority of the respondents (84.2%) reported that they consume wine at least once a week. Ten percent reported daily wine consumption. The majority of consumers who consume wine at least once a week are those who prefer dry and red wines. Only 2.7% indicated they drink wine less than once a month. Those with higher education and income levels tend to drink wine more often.

Three quarters of the sample reported preferences for red wine, followed by preferences for white and rosé wines. More respondents prefer dry wines and fewer prefer sweet wines. Table 2 provides a general overview of Dominican consumer wine preferences and wine consumption behavior Table 3.

Further comparison of consumers who prefer dry wine and those who prefer sweet wines revealed that consumers who prefer dry wine tend to buy more bottles of wine per month and spend more money on wine monthly than those who prefer sweet wines. Cross-tabulation results further revealed differences in wine preferences and different demographics characteristics. Those who prefer sweet wines tend to also like rosé wines, while those who prefer dry wines tend to like red and white wines more. Males tend to prefer dry wines while females give more preference to sweet wines. Women are also more loyal to rosé wines than men. With regards to age, the wine literature generally suggests that dry wine is an acquired taste (Dodd et al., 2010). Findings from the current research support this notion. Results show a clear trend of younger Dominican consumers preferring sweet wines, while older consumers indicated preference for dryer wines. No significant differences were found between different educational

Table 2
Dominican consumer wine consumption behavior (N=482).

Characteristic	Number of respondents	Percent
Which alcoholic beverage do you consume most often?		
Beer	209	43.4
Hard liquor	97	20.1
Wine	176	36.5
How often do you consume wine?		
Daily	50	10.4
Several times a week	189	39.2
Once a week	167	34.6
About once a month	30	6.2
Less than once a month	13	2.7
Special occasions only	33	6.8
What type of wine is your favorite?		
Red wine	362	75.1
White wine	82	17.0
Rosé/Blush wine	38	7.9
Do you prefer wine that is dry or sweet?		
Sweet	195	40.5
Dry	287	59.5

Table 3
Comparison of wine consumers who prefer dry and sweet wines.

	Prefer dry wine		Prefer sweet wine		t	p
	Mean	SD	Mean	SD		
Monthly spending on wine	\$24.1	\$19.1	\$20.1	\$16.5	2.50	0.01
Bottles of wine consumed per month	4.7	2.5	4.0	2.5	1.85	0.04
	Prefer dry wine (%)		Prefer sweet wine (%)		χ^2	p
Red	74.4		25.6		11.45	0.03
White	57.7		42.3			
Rosé	44.7		55.3			
Males	66.5		33.5		18.20	0.00
Females	46.4		53.6			
Under 21	33.3		66.7		17.57	0.04
21–30	53.8		46.2			
31–40	52.2		47.8			
41–50	60.8		39.2			
51–60	69.9		30.1			
61+	87		13			
Under RD20,000 (Under US\$518)	37.9		62.1		26.70	0.00
RD20,000–RD40,000 (US\$518–\$1035)	59.0		41.0			
RD40,000–RD60,000 (US\$1035–\$1550)	54.0		46.0			
RD60,000–RD80,000 (US\$1550–\$2070)	57.7		42.3			
RD80,000–D100,000 (US\$2070–\$2590)	74.0		26.0			
Over RD100,000 (Over US\$2590)	74.0		26.0			

backgrounds, although consumers with different household incomes were found to have different wine preferences. Consumers with higher incomes clearly prefer dry wines, while consumers with lower incomes have a preference for sweeter wines.

6.3. Wine purchasing behavior

On average, the respondents consume 4.5 bottles of wine per month. The average spending on wine monthly is US \$22.5. Table 4 presents a summary of the Dominican consumer wine purchasing behavior. The majority of respondents buy wine at supermarkets, with the second largest outlet being liquor stores. A very small percentage of consumers buy wine at local privately owned mom-and-pop type grocery stores (*colmados*) or restaurants/hotels. In general, men seem to buy more wine than women, but a significant difference is observed especially in preferences for wine purchases at liquor stores (75.5% men versus 24% women) and at restaurants and bars (72% men versus 28% women), $\chi^2(4, N=482)=10.51$, $p < 0.05$. Those buying wine at hotels and restaurants tend to be consumers with higher levels of education and income.

In naming preferences for wine from specific countries of origin, consumers ranked Chile as the most preferred wine region, followed by Spain, France, Italy, USA, Argentina, Australia/New Zealand, respectively.

6.4. Information sources

One of the important aspects of any successful marketing and promotional program is the development of information sources that consumers mostly rely upon. Therefore, the

Table 4
Dominican consumer wine purchasing behavior ($N=482$).

Characteristic	Number of respondents	Percent
Where do you most often purchase your wine?		
Supermarkets	330	68.5
Liquor stores	110	22.8
Colmados	13	2.7
Restaurants/bars	25	5.2
Hotels	4	0.8
Online/mail order	0	0
Wine from which region do you prefer most?		
Chile	243	50.4
Spain	132	27.4
Argentina	16	3.3
USA	24	5.0
France	36	7.5
Italy	28	5.8
Australia/New Zealand	3	0.6
Where do you go to find information about wine?		
Friends/relatives	235	48.8
Supermarkets	106	22.0
Server at restaurant	17	3.5
Retail displays	76	15.8
Tastings at supermarket	26	5.4
Radio/TV	22	4.6

survey asked where the respondents get their information about wine. Traditional word-of-mouth (that is, recommendations by friends and relatives) was found to be the most popular source of information, followed by information at supermarkets. Of particular value were retail displays and tastings at supermarkets. Radio/TV ads, as well as server recommendation at a restaurant were perceived as a lesser value. However, consumers with higher incomes, as well as older consumers, value servers' recommendations and media ads more than consumers with lower incomes and younger consumers. Women were found to rely on information from friends and relatives more (64.3%) than men (35.7%). Men, on the other hand, indicated that tasting at supermarkets was their most relied upon source of information about wine (69.2%), $\chi^2(5, N=482)=9.31$, $p < 0.10$.

7. Market analysis

In recent years, consumption of wine in the Dominican Republic has been exhibiting some inconsistency. However, in the last two years, it showed strong positive growth. Between 2009 and 2010, the annual growth of wine consumption in the Dominican Republic was 13.2% (Holliday, 2011). Fig. 1 shows changes in wine consumption during the last five years. The forecast of increased consumption for 2011 is quite convincing based on the actual numbers for the first 6 months. The International Wine & Spirit Research estimates 3% increase in wine consumption for 2011 (Holliday, 2011).

A different view of wine consumption appears when comparing local wine consumption and imported wine consumption. Local wine is perceived by Dominican Republic consumers as low quality, so preferences are higher for imported wine (Murova et al. 2012). Fig. 2 clearly shows the overall trend of increasing consumption of imported wine. In 2010, the proportion of consumed imported wine was 66% relative to total wine consumption (Holliday, 2011). Therefore, imported wine is an important commodity for Dominican Republic consumers.

According to the International Wine & Spirits Research (Holliday, 2011), Spain is the leading player in the market with 36% market share, followed by Chile (27%), Italy (15%), and the United States (14%)

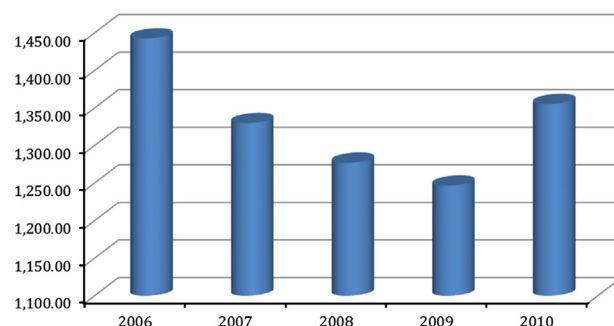


Fig. 1. Dominican Republic's total wine consumption, 2006–2010. (Based on data acquired from the International Wine & Spirit Research <http://www.iwsr.co.uk>)

However, an outlook of wine consumption across the last five years by country of origin provides some additional information about market share dynamics across the countries Fig. 3.

Spain historically has been and still is the leading exporter of wine to the Dominican Republic (Fig. 4). Chile is a close second. United States exports have increased recently and currently the U.S. has almost reached Italy in terms of the amounts of wine exports to the Dominican Republic. The United States was able to capture additional market share and consumption of U.S. wine in the Dominican Republic has

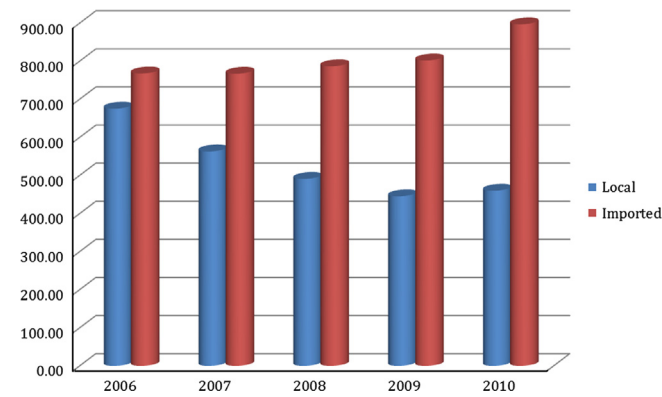


Fig. 2. Wine consumption: local versus imported, 2006–2010. (Based on data from the International Wine & Spirit Research <http://www.iwsr.co.uk>)

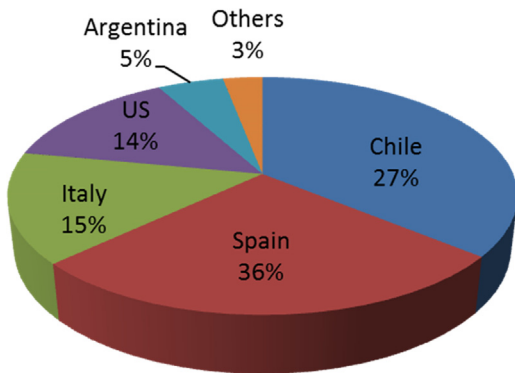


Fig. 3. Market share of wine importers in the Dominican Republic, 2010. (Based on data from the International Wine & Spirit Research <http://www.iwsr.co.uk>)

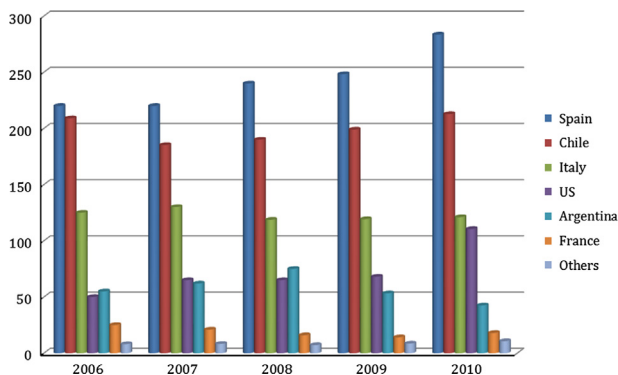


Fig. 4. Wine consumption by country of origin, 2006–2010. (Based on data from the International Wine & Spirit Research <http://www.iwsr.co.uk>)

increased by 61.5% between 2009 and 2010. However, the competition in the Dominican wine market is strong and Argentina is another U.S. competitor in this market. Argentina is currently behind the United States in terms of exports, but its aggressive marketing policy may lead to future increases in demand for Argentinean wine. Argentinean wine producers have successfully developed a strong presence in other markets around the world for providing good quality wine at competitive prices.

An outlook of the current situation in population growth and income growth helps assess future trends of wine consumption. The population of the Dominican Republic is growing at a fast pace. According to the World Bank (2011), between 1990 and 2009, the population of the Dominican Republic has increased by 2.72 million people and showed a growth rate of 36.9%. As seen from Fig. 5, this population growth comes mainly from the growth of the adult population over 19 years of age. This segment of population represents active wine consumers. Thus, the growth in this segment represents a growing trend in wine consumption Fig. 6.

Changes in the country's gross domestic product (GDP) per capita impact consumption of goods. In 2010, the GDP per capita in the Dominican Republic was US\$8648 (The World Bank, 2011). Since 1990, the GDP per capita in the Dominican Republic has increased by 208%, showing a substantial increase in purchasing power of Dominican consumers. These changes are observable in the wine market as well. With the increase in personal budgets, consumers allocate a larger

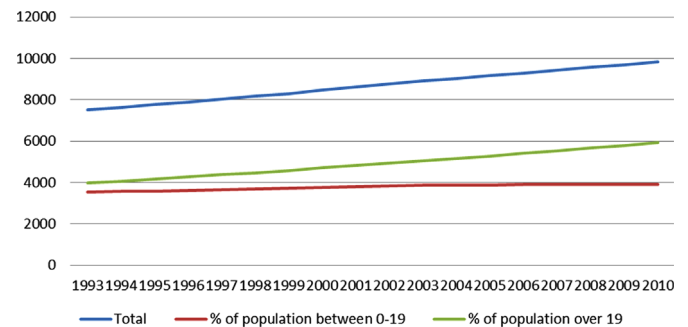


Fig. 5. Population growth by age, 1993–2010. (Based on data from World Bank)

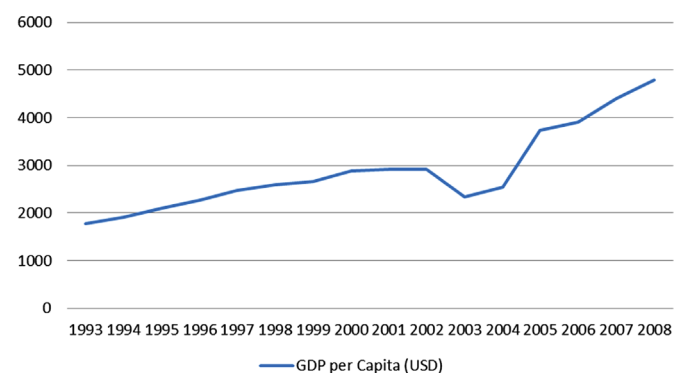


Fig. 6. Per capita gross domestic product, 1993–2008. (Based on data from World Bank)

proportion of their personal budgets to wine purchases. An increase in personal budgets leads to a higher standard of living, which, in turn, leads to a change in the tastes of consumers.

Currently the demand for wine is growing in the Dominican Republic. Competition is strong between Spain, Chile, Argentina, and the United States. The majority of wine is purchased at supermarkets/hypermarkets, and liquor stores. Consumers look mainly for wine within US\$2.70 and US\$10.81 price range. Higher income consumers purchase wine on the higher end of the price spectrum. Business travelers and foreign tourists are looking for quality and variety. Wines in a higher price range (US\$25–US\$125) will be in demand for this category of consumers, and although this category is much smaller relative to the supermarket/liquor store category, it will contribute its share to an increase in the overall demand. The growth in tourism and in the personal income of Dominican Republic's middle class will increase wine consumption and will lead to an increase in demand for wine in the Dominican Republic.

8. Practical implications

Access to reliable information about emerging markets is essential in developing an accurate picture of the operating context in these markets. Such information is a prerequisite for strategy development and implementation (Aguilar, 1967; Hofer and Schendel, 1978). Literature suggests that the lack of reliable information is a key reason for the absence of formal corporate planning activities in many developing markets (Walters and Samiee, 2003). This study provides a consolidated examination of the wine market and consumer behavior—a valuable information source for wine industry professionals who seek export opportunities in the Dominican Republic.

9. Limitations and future research

There were several limitations that may have impacted the results of this study. Consumer data were collected only at two locations. Consumer data were also limited to participants with higher incomes and higher levels of education. While these consumers represent the target market for supermarkets and liquor stores where most wine in the Dominican Republic is being sold, adding other groups of consumers would add value to the examination of this market.

Secondly, due to unavailability of relevant and sufficient historic data on wine consumption in the Dominican Republic, researchers experienced difficulties in estimating and forecasting demand for wine. Existing numbers were available only for the last five years. Due to the lack of sufficient data on wine consumption, predicting statements about future trends in wine consumption were made based on the population growth and based on the increases in per capita GDP.

The main recommendation for follow-up on the current project is additional analyses of the Dominican wine market in 5 years. The current study was an initial exploratory assessment of the Dominican wine market, with a specific emphasis on the examination of consumer behavior. Wine market analysis

revealed a solid increase in the imported wine consumption within the last 5 years, especially in 2009 and 2010. The forecast in consumption of wine indicates that the growth in tourism and in personal income of Dominican Republic's middle class will increase wine consumption and will lead to an increase in demand for wine in the Dominican Republic. Therefore, it is crucial to continue to monitor the Dominican wine market.

Due to space and time constraints, only socio-demographic and wine consumption and preferences information have been collected. However, to help further develop marketing strategies, it would be beneficial to conduct additional quantitative research on consumer types. Segmentation research will help exporters to target Dominican consumers most effectively.

In addition, a study on wine packaging and consumer label perceptions would be beneficial for both domestic and international marketing activities. Wine marketing literature shows that packaging and labels assume undeniable influence in forming wine consumer purchasing decisions. However, there is no research as of yet to examine which types of labels tend to sell better in the Dominican market.

In conclusion, the Dominican wine market requires a concentrated research effort aimed at further identifying types of consumers, as well as factors that influence their preference and purchasing decisions. Such research ultimately would not only benefit the existing market, but also assist wine industries in other countries in terms of the development of proper marketing strategies for wine export to the Dominican Republic.

References

- Adams Beverage Group, 2006. *Adams Wine Handbook*. Adams Media Inc., Norwalk, CT.
- Aguilar, F.J., 1967. *Scanning the Business Environment*. Macmillan, New York, NY.
- Aoki, S.T., 2011. *Japan: Wine Market Report* [Electronic Version]. Global Agricultural Information Network (GAIN). Available from: http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Wine%20Market%20Report_Tokyo_Japan_2-23-2011.pdf.
- Beverage Industry Today, 2008. *Dominican Republic Wine News* [Electronic Version]. Available from: <http://beverages.einnews.com/archive/wines>.
- Bond, M.H., 1986. The social psychology of Chinese people. In: Bond, M.H., Hwang, K.-K. (Eds.), *The Psychology of the Chinese people*. Oxford University Press, New York, NY, pp. 213–266.
- Brislin, R.W., 1970. Back-translation for cross-cultural research. *Journal of Cross-Cultural Psychology* 1 (3), 185–216.
- Chow, G.C., Li, K.W., 2002. China's economic growth: 1952–2010. *Economic Development and Cultural Change* 51 (1), 247–256.
- Dodd, T.H., Kolyesnikova, N., Wilcox, J.B., 2010. A matter of taste: consumer preferences of sweet and dry wines. Paper Presented at the 5th International Conference of the Academy of Wine Business Research, Auckland, New Zealand.
- Global Travel Industry News, 2011. *Dominican Republic Tourism Reports Record Visitor Numbers* [Electronic Version]. Available from: <http://www.eturbo-news.com/21137/dominican-republic-tourism-reports-record-visitor-numbers>.
- Hernandez, X., 2004. *El mercado del vino en la República Dominicana* [Electronic Version]. Instituto Exterior de Comercio Exterior, Department of Economics and Commerce. Available from: http://www.icex.es/static/Files/NS%20Vino%20RDominicana_7450_.pdf.
- Hofer, C.W., Schendel, D., 1978. *Strategy formulation: analytical concepts*. West Pub. Co., St. Paul, Minnesota.
- Holliday, S., 2011. *Dominican Republic*. London, UK.

- Kolyesnikova, N., Dodd, T.H., Wilcox, J.B., 2009. Gender as a moderator of reciprocal consumer behavior. *Journal of Consumer Marketing* 26 (3), 200–213.
- LatinPedia, 2008. Viñas C.: Lanzamiento de mercadeo [Electronic Version]. Available from: <http://www.latinpedia.net/Negocios-y-finanzas/mercadeo/Lanzamiento-de-mercadeo-ad733.htm>.
- Mendez, W.A., 2002. Dominican Republic: Retail Food Sector Report (GAIN Report Number DR2032) [Electronic Version]. Global Agricultural Information Network (GAIN). Available from: <http://www.fas.usda.gov/gainfiles/200211/145784622.pdf>.
- Mendez, W.A., 2009. Dominican Republic: Wine market brief (GAIN Report Number DR9001) [Electronic Version]. Global Agricultural Information Network (GAIN). Available from: <http://www.calwinexport.com/files/Dominican%20Republic%20Wine%20Brief%202009.pdf>.
- Mtimet, N., Albisu, L.M., 2006. Spanish wine consumer behavior: a choice experiment approach. *Agribusiness* 22 (2), 343–362.
- Murova, O., Velikova, N., Dodd, T.H., 2012. The wine distribution system in the Dominican Republic: a qualitative approach. *International Journal of Managing Value and Supply Chains* 3 (3), 1–13.
- New Zealand Wine, 2011. New Zealand Wine Key Markets 1981–2011 [Electronic Version]. Available from: <http://www.nzwine.com/search.do?q=key+markets>.
- Pettigrew, S., 2003. Wine consumption contexts. *International Journal of Wine Marketing* 15 (2), 37–45.
- ProChile, 2010. Wine Market Research—Dominican Republic [Electronic Version]. Available from: http://www.chilealimentos.com/medios/Servicios/noticiero/EstudioMercadoCoyuntura2010/Jugos/vino_republica_dominicana_junio_prochile.pdf.
- Rothschild, J., 2006. Jamaica and Dep Product Brief: Wine Market Brief (GAIN Report Number JM6007) [Electronic Version]. Global Agricultural Information Network (GAIN). Available from: <http://www.fas.usda.gov/gainfiles/200610/146249198.pdf>.
- Sekaran, U., 1983. Methodological and theoretical issues and advancements in cross-cultural research. *Journal of International Business Studies* 14 (2), 61–73.
- The World Bank, 2011. Data by Country: Dominican Republic [Electronic Version]. Available from: <http://data.worldbank.org/country/dominican-republic>.
- U.S. Department of State, 2010. Background Note: Dominican Republic [Electronic Version]. Available from: <http://www.state.gov/r/pa/ei/bgn/35639.htm>.
- Walters, P.G.P., Samiee, S., 2003. Marketing strategy in emerging markets: the case of China. *Journal of International Marketing* 11 (1), 97–106.
- Wimmer, R.D., Dominick, J.R., 2003. *Mass media research: An introduction*, 7th ed. Thomson/Wadsworth, Belmont, CA.
- Wine Institute, 2007. Women spur new trend in wine marketing [Electronic Version]. Available from: <http://www.wineinstitute.org/resources/consumerfeaturedstories/article334>.