Overcoming Chinese wines’ negative Country of Origin effect: A study on determinants of perceived wine quality

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Abstract
By exploring determinants of perceived wine quality and seeking possibilities to overcome Chinese wines’ negative COO effect, this paper aims to give insights to current research field about perceived quality and Country of Origin (COO) effect. Adopting an abductive approach, the researchers conducted qualitative semi-structured interviews separately with 11 respondents in different age, nationality and occupation. The results show that consumer perception on wine quality is influenced by four extrinsic cues (Country of Manufacturing, price, credible endorsements, brand) and four intrinsic cues (package, taste, aroma, wine legs). Hence, this paper conclude that it is possible for Chinese wine to improve its overall consumer perception by improving competence in other determinants of perceived wine quality.

Key words: Country of Origin, perceived wine quality, extrinsic cues, intrinsic cues
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1. Introduction

1.1 Research Background

Speaking of the worldwide best wine in consumer perception, we believe that many people would vote for French wine. This is not a groundless bold guess but a valid deduction from Liv-ex data. Liv-ex is a transaction-based source of real time and historic fine wine market, Liv-ex data is based on the activities of over 400 fine wine merchants from 36 countries, which accounts for about 95% of fine wine turnover globally. Liv-ex report 2016 presented the top 10 sought-after fine wines in the world (see Table.1), readers might be not familiar with all those brands, but in fact they are all French brands. Table.2 shows the percentage of traded fine wines in 2016, except Italy, the other four regions all located in France, that is to say, in 2016, 89.6% of sales value came from French wines (74.6% from Bordeaux, 7.7% from Burgundy, 5.3% from Champagne and 2.0% from Rhône).

Actually, people involuntarily perceive the label of “Produced in France” as the symbol of good wine quality that they hardly accept or even notice good wines produced in other countries, such as China, and due to this perception, people tend to have higher overall product evaluation and purchase intention towards French wine. This phenomenon is called Country of Origin (COO) effect. Country of Origin is the country of manufacture, production, or growth where a brand or product comes from. COO effect represents consumers’ overall perceived quality of products from a particular country, based primarily on their perceptions of strengths and weakness in production and marketing of that country (Roth and Romeo, 1992). Extensive research has proved that COO could influence individuals’ evaluation on an unfamiliar product by signaling product quality, sometimes it is even more important than price and brand information (Wall, 1991; Veselá & Zich, 2015). Some studies even find that consumers tend to view products made in developing countries less favorably since they perceived developing countries with lagging technology and lower quality requirements compared with developed countrie (Cordell, 1992; Wang and Lamb, 1980). Obviously, a product’s COO is viewed by consumers as an informational cue to evaluate or decide product quality, which could ultimately influence their product perceptions, purchase intentions, and buying behaviors relative to alternatives (Maier, & Wilken, 2017).
<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bordeaux</td>
<td>57</td>
<td>54</td>
<td>54</td>
</tr>
<tr>
<td>Burgundy</td>
<td>19</td>
<td>20</td>
<td>17</td>
</tr>
<tr>
<td>Italy</td>
<td>9</td>
<td>7</td>
<td>10</td>
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<tr>
<td>Champagne</td>
<td>6</td>
<td>5</td>
<td>6</td>
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<tr>
<td>Rhône</td>
<td>3</td>
<td>5</td>
<td>6</td>
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<tr>
<td>US</td>
<td>3</td>
<td>4</td>
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<td>Spain</td>
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<td>Australia</td>
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<td>Argentina</td>
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<tr>
<td>Chile</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

*Table 1. Number of wines in the Liv-ex Power 100 by region*

(source: Liv-ex Power 100, 2016)

<table>
<thead>
<tr>
<th></th>
<th>Bordeaux</th>
<th>Burgundy</th>
<th>Champagne</th>
<th>Italy</th>
<th>Rhône</th>
<th>Rest of the world</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>75.8%</td>
<td>7.1%</td>
<td>4.9%</td>
<td>5.2%</td>
<td>3.2%</td>
<td>3.9%</td>
</tr>
<tr>
<td>2005</td>
<td>78.6%</td>
<td>6.4%</td>
<td>5.5%</td>
<td>3.3%</td>
<td>1.5%</td>
<td>4.7%</td>
</tr>
<tr>
<td>2006</td>
<td>92.1%</td>
<td>2.1%</td>
<td>2.3%</td>
<td>1.6%</td>
<td>0.4%</td>
<td>1.5%</td>
</tr>
<tr>
<td>2007</td>
<td>91.9%</td>
<td>3.0%</td>
<td>2.1%</td>
<td>0.7%</td>
<td>1.5%</td>
<td>0.7%</td>
</tr>
<tr>
<td>2008</td>
<td>92.6%</td>
<td>3.2%</td>
<td>2.5%</td>
<td>0.8%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>2009</td>
<td>89.6%</td>
<td>4.7%</td>
<td>1.6%</td>
<td>1.7%</td>
<td>1.1%</td>
<td>1.3%</td>
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<tr>
<td><strong>2010</strong></td>
<td><strong>95.8%</strong></td>
<td><strong>1.0%</strong></td>
<td><strong>1.2%</strong></td>
<td><strong>1.1%</strong></td>
<td><strong>0.5%</strong></td>
<td><strong>0.5%</strong></td>
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<tr>
<td>2011</td>
<td>93.8%</td>
<td>2.3%</td>
<td>1.1%</td>
<td>1.6%</td>
<td>0.9%</td>
<td>0.4%</td>
</tr>
<tr>
<td>2012</td>
<td>87.7%</td>
<td>5.4%</td>
<td>1.9%</td>
<td>2.3%</td>
<td>1.5%</td>
<td>1.2%</td>
</tr>
<tr>
<td>2013</td>
<td>82.8%</td>
<td>7.0%</td>
<td>2.3%</td>
<td>3.1%</td>
<td>2.8%</td>
<td>2.1%</td>
</tr>
<tr>
<td>2014</td>
<td>79.6%</td>
<td>6.4%</td>
<td>2.8%</td>
<td>4.9%</td>
<td>4.0%</td>
<td>2.3%</td>
</tr>
<tr>
<td>2015</td>
<td>73.7%</td>
<td>6.0%</td>
<td>6.5%</td>
<td>7.1%</td>
<td>2.3%</td>
<td>4.4%</td>
</tr>
<tr>
<td><strong>2016 (YTD)</strong></td>
<td><strong>74.6%</strong></td>
<td><strong>7.7%</strong></td>
<td><strong>5.3%</strong></td>
<td><strong>5.6%</strong></td>
<td><strong>2.0%</strong></td>
<td><strong>4.7%</strong></td>
</tr>
</tbody>
</table>

*Table 2. Percentage of trade on Liv-ex*

(Source: Liv-ex Power 100, 2016)
Some countries are lucky enough to be perceived as excellent in some specific product categories due to prolonged accumulation in technology, reputation and geographic advantages, such as Switzerland for watch, China for tea, and France for wine. With this positive Country of Origin effect, those countries can strongly influence consumer perception on some specific categories of products depending on where they come from. However, while some products from certain countries might benefit from a positive COO effect, there could be negative consequences stemming from consumers unfavorable attitudes towards the manufacturing country. Hence, products from emerging economies or transition markets in some countries that have not yet built up a strong track record in this specific product category, should deal with a negative COO effect, or at least, compete with leading economies which own a positive COO effect. Especially, this kind of stereotyping caused by COO effect is very common in wine industry where the origin of the wine is seen as almost the most important evaluation standard (Veselá & Zich, 2015; Balestrini & Gamble, 2006). Thus, due to the negative COO effect, Chinese wine has been facing great obstacles for long in marketing itself internationally, just because consumers tend to perceive Chinese wine as lower quality compared with other wines from typical wine-making countries such as French wine.

However, Chinese wine industries argue that China has a long wine making history and has the ability to produce high quality wine. Indeed, Chinese wine-making can be traced back to 4000 BC and once was serving as the intermediary between local and foreign cultures during the Tang Dynasty (618-907 AC). China has produced wine since the second century BC and the construction of China's first modern winery begins in 1892 (Godley, 1986). This wine making history proves China’s potential to produce fine wines that can compete with the best. Despite the winery location and technology challenge, it only needs to educate consumers to aware Chinese-produced wine and acknowledge the quality of it. Recently, seeing the potential of Chinese-produced wine, some wine companies are challenging the negative COO effect by producing Chinese fines wine and making consumers believe their high quality. Ao Yun red wine, the first Chinese-made luxury wine published in 2016 is a typical example of this. Ao Yun is a French brand belong to Moët Hennessy Diego (MHD), a subsidiary corporation of the largest luxury industry giant—LVMH Group. LVMH owns many top fine wine brands such as Chateau Cheval Blanc, Chateau d’Yquem, Domaine des Lambrays, Krug. By publishing Ao Yun red wine, this time MHD and LVMH also plans to create a luxury boutique wine perceived by consumer as high quality, which actually could benefit all Chinese wines by enhancing their
international reputations if succeed. Although this is a French brand, following years of meticulous research behind a purpose to create a truly great Chinese-produced wine, MHD finally chose a Chinese vineyard located in Yunnan Shangri-La to grow grapes for Ao Yun. Ao Yun, which means roaming above the clouds in Chinese, is established to break the prevailing stereotype about the salient impact of COO on perceived Chinese wine quality. However, Ao Yun has been facing big challenges in gaining the international wine market, especially the European market since published in 2016. Just as the project manager of Ao Yun brand Jenny said: “The biggest challenge for marketing Ao Yun to the international consumers comes from its region, you see, it is not a French wine, it is produced in China, and people have universal perception bias on the quality of Chinese-produced wine.”

1.2 Research Purposes and Questions

Although the salient influence of Country of Origin effect in consumers perception on product quality has been stated (Veselá & Zich, 2015), COO cannot serve as the only cue to represent wine quality. Some scholars argued that COO is more complicated than it is typically assumed, and COO may occur predominantly in relation to evaluation of specific attributes rather than overall evaluations, thus there are also many other determinants of perceived quality (Johansson, Douglas, & Nonaka 1985). Pharr (2005) also stated that impacts of COO on product quality evaluations and purchase intention could be moderated by holistic brand constructs such as brand image. Actually, earlier research of country of origins has serious limitations by using Country of Origin as the single information cue, they ignored information on other product attributes that might be used by consumers to evaluate the product quality (Srinivasan, Jain & Sikand, 2004). Veale and Karunaratna (2006) explained that consumers perception toward product quality is determined through using both extrinsic and intrinsic cues. Extrinsic cues are any non-physical characteristics of the product itself but externally attributed to the good or service, such as price, brand, or Country of Origin, while intrinsic cues can be any product characteristics related with product itself, such as material of a cup or flavor for a soft drink, while (Lee & Lou, 1996; Teas & Agarwal, 2000).

Therefore, this research aims to seek the possibility to overcome the negative COO effect in Chinese wine industry, and to give managerial implications to Chinese wine industries about how to improve the overall perceived quality of Chinese wine. Since we found a plenty of papers focusing on the influence of COO effect on perceived quality (Veselá & Zich, 2015),
papers focusing on how to overcome the negative COO effect is relatively few, so this research could supplement the current research field about COO effect and perceived quality as well as giving some insights on current research about how to overcoming negative COO effect for products which are not from a country standing for excellence in consumers perception. Thus, the research questions of this paper are:

1. What are the determinants influencing consumers overall perception on wine quality and how they influence the perceive wine quality?

2. Is it possible for Chinese wine to overcome the negative COO effect? If yes, then in what ways it could be overcome?
2. Theoretical Foundations

Consumer perception of product quality has always been an important concept in marketing since it was discussed to be able to influence purchase intentions and shopping behavior directly (Carman, 1990), or indirectly (Cronin and Taylor, 1992). Unlike Objective quality, which referred to the actual technical excellence of the product that can be verified and measured (Monroe and Krishman, 1985), perceived product quality was defined as the consumer’s judgment or evaluation about a product’s overall excellence or superiority (Tsitsou, p.208, 2006). Some scholars (Garvin,1983; Zeithaml, 1988) argued from the user-based aspect that objective quality may not exist because all quality is perceived by someone. When forming consumers’ own perception towards product quality, both extrinsic and intrinsic cues were used (Zeithaml, 1988; Veale & Karunaratna, 2006).

2.1 Extrinsic cues

Extrinsic cues are product-related characteristics not belong to the physical attributes of product itself. For examples, price and brand are typical examples of extrinsic cues (Zeithaml, 1988). Many research results showed that price, package and brand name were important extrinsic factors that would influence customers’ perception on product quality (Murray & Vogel, 1997; Hastak & Hong, 1991; Haugtvedt, Petty, and Cacioppo 1992; Teas, & Agarwal 2000). Hastak and Hong (1991) indicated that the impact of price on quality perceptions could be comparable with that of Country of Origin. Credible endorsement was another extrinsic factor that could exert positive effect on customers’ attitude toward product (Haugtvedt, Petty, and Cacioppo 1992). Veselá & Zich (2015) stated the possible lower quality of foreign production perceived by consumers with a certain rate of ethnocentrism or patriotism behaviors. Those viewpoint reveals the fact that consumer perception is influenced by series of multiple extrinsic cues associated with non-physical product attributes rather than single COO cue. In specific, the most discussed extrinsic cues in current literatures are presented below:

Country of Origin

Country of Origin (COO) has been found as one important extrinsic cue used to form consumers’ evaluation regarding product quality (White & Cundiff,1978; Schooler,1965; Han, 1989), but recently years, some scholars started to doubt its salient influence on perceived product quality in the era of global brands and the research on COO effect need to be more critical (Pharr, 2005; Jain & Sikand,2004).
The first study about Country of origin is proposed by Schooler in 1965. His research concluded that COO effect really exists in the consumer’s mind. It would influence customer attitudes, perceptions, preference and opinion of the product. According to Bilkey and Nes (1982), Country of Origin may directly affect consumer perceptions of quality. White and Cundiff (1978) put forward that Country of Origin has become a most important cue in buyers' perceptions of quality. The COO cue become the key influential factor for customers who prefer to buy international products and brands. Han (1989) demonstrated that country image can be used by customers in product evaluation. He proposed that COO effect could divide into “halo” effect and “summary” effect. In the “halo” effect, even though customers don’t have a knowledge or experience of products which produced in a particular country, he could also treat the image of certain country as the perception of such products. In the “summary” effect, the quality or experience of products which produced in a particular country could create the image of a particular country (Han, 1989; Lu and Heslop, 2008).

However, the understanding of COO effect become more critical and complicated due to trade liberalization and globalization. In recent decades, operation activities such as resourcing, producing and purchasing were not limited in one country, instead, they were worldwide conducted. Hu and Vincent (2016) put forward that leading companies have to outsource their manufacturing activities to other contract manufacturer in labor intensive country to reduce operational cost and gain higher profit. It is a common phenomenon that many products are produced in one country and branded in another country (Tse & Gorn, 1993). In this situation, it’s hard to define a particular country which produced a particular product. Hence, Srinivasan, Jain & Sikand (2004) stated that a COO effect can be split into two dimensions: Brand origin (BO) and Country of Manufacture (COM). The former refers to the “place, region or country where a brand is perceived to belong by its target customers” (Thakor and Kohli, 1996, p. 26), in other words, the nationality of the brand; the latter reflects the country (or region) which produces the branded product (Hamzaoui-Essoussi, Merunka, & Bartikowski, 2011). They agreed that when evaluating the COO effect on a product which owns different BO and COM, these two dimensions should be considered respectively.

**Price**

Price is often used by consumers as an extrinsic cue of perceived quality. (Bearden and Shimp 1982; Dodds and Monroe 1985). Many consumers believed between price and quality there is
a positive relationship described as the “price-reliance schema” which reflected consumers’ opinion of “you get what you pay for”. They thought there was a ‘natural’ ranking of product quality according to its price scale that high price associate with higher quality while lower price links with lower quality (Ridgway and Netemeyer, 1993). Therefore, there could be possibility to use high price to support high quality propositions despite it might be unwarranted (Veale & Quester, 2009). Particularly, consumers tended to use price as a predictor of quality when they have limited knowledge of a specific product category (Bredahl, 2003; Dickson and Sawyer, 1990; Glitsch, 2000). Veale & Quester (2009) thought this implicated the phenomenon that the little about product was known by consumer, the greater impact of price had on perceived quality, in contrast, the influence reduced when more extensive information was mastered by consumers to make evaluation on product quality.

**Credible Endorsement**

Nowadays, consumers pay more attention to the wine safety and quality issues and they rely on different kinds of credible endorsement to evaluate wine quality. In specific, implementation and maintenance of voluntary certification could improve business performance (Giacomarra et al, 2016). Their research also concluded that driven by internal motivations such as organizational efficiency and ethical consideration, some wineries tend to acquire voluntary certification, and firms who adopt voluntary standards could attain better economic performance than non-certified wine firms. Haugtvedt, Petty, and Cacioppo (1992) found that consumer attitudes toward a product are influenced by the positivity of the cues associated with an endorser. Many wine consumers count on expert opinions expressed in wine ratings and critical reviews, for example, the internationally best-known experts—Robert Parker (RP) and Wine Spectator (WS). These raters have an enormous influence consumers perception of wine quality, because if both wine raters score the wines in a high score (for RP and WS, an outstanding score is from 90 upwards), in general, it will lead to a higher perceived wine quality thus to increase sales price and amount. On the other hand, a low score can lead to decreased sales and often to a lower price (Thompson and Mutkoski, 2011).

**Brand**

Han and Terpstra (1988) found that both brand image and COO could affect consumer perception of product quality. Customers who were in lack of product knowledge preferred to use brand image to evaluate product quality, thus, a good brand reputation could increase the
recognition degree of product quality. Montgomery and Wernerfelt (1992) put forward that Many people thought a trustworthy brand should have standardized processes, strict quality system and service-dominant logic, so branded products could reduce consumer risk because they have lower variance in product quality. That’s why they preferred to buy branded products despite normally with higher price.

Consumer Patriotism and Ethnocentrism
Consumer patriotism is related to the emotion of love and support toward products which are made in one’s own country. Veselá and Zich (2015) made a research about preference of local wine producers, the results indicated that consumers who had a strong spirit of patriotism preferred to buy local wine products. They concluded that in case of patriotism, consumer keep solidarity with their country in which they live, foreign production would be perceived as lower quality compared with the local one. Consumer ethnocentrism relates to consumers’ ethnocentric views in one country/the in-group, towards products from another country/the out-group. In case of ethnocentrism, customers may feel purchasing products from other countries as inappropriate or possibly even immoral behavior (Shimp & Sharma, 1987). The rate of ethnocentrism of consumer reflected the rate of trust and attitudes to the country where a specific product came from (Kunczik, 1997). Consumer with ethnocentrism preferred local production and their evaluation on foreign product could be either negatively or positively influenced. Foreign firms could appeal to consumers positive ethnocentric attitudes to facilitate the positive perception on their products, such as setting up local manufacturing plant as having better quality or employing more local inhabitants (Veselá and Zich, 2015).

2.2 Intrinsic Cues
The concept of intrinsic cues refers to attributes, if changed, that would produce a resultant change in the physical product itself (e.g., flavor and aroma cues for beer), they are attributes about products’ physical composition and characteristics (Zeithaml, 1988; Narasimhan, Subhash and Kiranjit, 2004). Zeithaml (1988) said intrinsic cues, such as package, taste, grape variety, alcohol and design or fitness of a product, were used by consumers to infer product quality. In wine industry, the type of grape grown, the water quality of wine producing area, even the weather during the year of production, the method of brewing, the storage method, the bottling method and transport are all factors that would influence the intrinsic cues of wine,
such as flavor, texture, and degree of sweetness (Zeithaml, 1988; Balestrini & Gamble, 2006). In specific, the most discussed intrinsic cues of wine in current theories are presented below:

**Package**

Package could be considered as either an intrinsic or an extrinsic cue depending on whether the package belonged to the physical composition of the product. Generally, the physical parts of package (the bottle and label of a product) were considered as intrinsic cues, but the information showed on package, such as the brand name, logo and image showed on wine label) was viewed as an extrinsic cue (Zeithaml, 1988). In this paper, package is defined as an intrinsic cue by limiting it as the physical composition of product. Package determined the first impression of the wine in customer’s brain, it influenced consumers’ quality perception and purchase intention (Boshoff, 2016). Packaging could contribute to the visual intrinsic cues and customers used it to predict the quality and price of the wine, some customers even used it to make purchasing decisions, especially when the brand was unfamiliar to them (Orth and Malkewitz, 2006; Sherman and Tuten, 2011; Roma, Martino and Perrone, 2013). For customers, package indicated a series of characteristics of the wine which guided them to form an initial perception of the wine before tasting (Barber and Almanza, 2006; Barber, Almanza and Donovan, 2006; Prendergast and Pitt, 1996; Roma et al., 2013).

**Taste**

As the flavor are the results of the presence of sugar, polyol, salt, polyphenol, and flavonoid compounds, we can describe the taste of wine as sweet, sour, salty, and bitter (Fenoll, 2009; Mazauric, 2005; Mendes-Ferreira, 2010). The final taste, flavor and perception of a wine are determined by the chemical compounds and the interaction between a network of factors. (Le Berre et al., 2007). The ultimate taste of a wine is influenced by a complex network of factors, such as the type of grapes, sugar content of a grape's juice, the timing of the harvest and a wine's potential alcohol (Wines of Germany, 2017). One of the most influential factors affecting the flavor of wine is the grape variety, such as cabernet sauvignon grapes, merlot grapes, green-skinned or black-skinned wine grapes. As the grapes are the main components of red wine, Pierluigi and Paolo (2010) pointed out that wine quality strongly depended on the grape quality, which ultimately reflected on the taste of wine.

**Aroma**
The perception of aroma is strongly dependent on physical and environmental aspects such as the temperature of the wine which can greatly change the perception of aroma (Molina, Swiegers, Varela, Pretorius, Agosin, 2007). Wine aroma is important in the sensory properties and quality of wine. The sense of aromas is the main methods through which the wine is tasted and evaluated (Gil et al,1996). The diverse sense associated with grape varieties could indicate the compounds of ingredients. During the first phase of berry growth, the aroma compounds were accumulated. Spontaneously, aroma compounds would affect grape berry quality and ultimately consumers perception on wine quality (Conde et al, 2007). Stashenko (1992) pointed out that higher alcohols, acids and esters were quantitatively dominant in wine aroma. The precise yeast strain could develop esters during fermentation and generate different aromatics which were made under different temperature (Olaniran et al, 2017), and due to the concentration and formulation of different esters, the aroma of the wine is constantly changing. (Robinson, 2006).

Wine Legs
Wine legs, also known as tears of wine, shows the phenomenon that a ring of red wine encircles the glass. The droplets would continuously form through swirling the glass and finally drop back into the wine. According to Fournier and Cazabat (1992), wine legs formulated because water-alcohol mixtures spontaneously produce strange conviciting effects. The swirling of wine is an essential step when smelling and tasting wine and the pattern of wine legs is particular related to the variety and the quality of the wine. Heavy wines have thinner wine legs while lighter wines leave wide “sheets” of liquid (Festa, 2006). The wines which have a high alcohol level will generate a higher density of wine droplets than the lower alcohol level wines, and through swirling the glass and examining the wine legs, drinkers could make a judgement of the wine viscosity and alcohol level. However, despite the truth of wine legs is just scientific phenomenon that indicate the level of alcohol in the wine, many drinkers think the type of wine legs were associated with wine quality. If the wine legs are not formed while shaking wine glass, the drinkers might judge the wine as low quality (Stacy, 2018).

2.3 Use of Extrinsic and Intrinsic Cues
When evaluating product quality, Zeithaml (1988) stated that consumers’ dependence on intrinsic or extrinsic cues varied from different situation. In the pre-purchase phase, if the
intrinsic cues of products could be easily sensed and evaluated before purchase (e.g., sugar content of drinks), consumers then depended on extrinsic cues. On the contrary, if more intrinsic cues could be evaluated and used to construct consumer perception, then consumer depended more on intrinsic cues. The next condition where intrinsic cues are emphasized more occurs when they have high predictive value. For instance, intrinsic attributes such as purity (100% juice, no sugar) of juice is an important criterion used by consumer while children’s health are concerned. The last situation occurs in customers who have knowledge of wine, then intrinsic attributes seem to have a greater effect than product-specific country image on their evaluations of wine quality (Srinivasan & Sikand, 2004).

Oppositely, consumers depended more on extrinsic attributes more than intrinsic attributes in initial purchase situations when intrinsic cues are not available (e.g., service), when evaluation of intrinsic cues required more effort and time than the consumer perceived as worthwhile, such as supermarket product, and when quality was difficult to evaluate (Zeithaml, 1988). Research has shown that consumers are often unable to assess intrinsic cues accurately and may ignore product attributes that significantly influence product quality and in favor of others that contribute little. Thus, extrinsic cues are more used as quality indicators when the consumer has little or no experience with the product (Tsiotsou, 2006). In wine industry, Lockshin and Rhodus (1993) verified that most of wine consumers preferred to rely on extrinsic cues such as price or Country of Origin when making quality assessment just because the quality of wine is hard to evaluate.

2.4 Summary of Theory
Here we summarized those six influential extrinsic cues and four intrinsic cues presents in current existing literatures into a framework (See figure.1). The initial framework is established to help readers understand the current existing theories and serve as research framework for the following research.
Figure. 1 Initial theoretical framework
3. Methodology

The purpose of this section is to present how we adopted the deductive approach with qualitative method to address our research questions. We started by explain the design of this research, which is followed by sample selection and data collection considering its reliability and validity. More details about the research process are elaborate below:

3.1 Research Design

3.1.1 Research Approach

A problem can be commonly researched in an inductive, deductive or abductive approach. In deductive approach, researcher is concerned with knowledge about a particular domain and theoretical considerations in relation to that domain, so as to deduce a hypothesis (or hypotheses) that must then be tested with empirical scrutiny. While deductive approach entails a process from theory to observations/findings, inductive approach is reversed from observations/findings to theory, that is, to rely on grounded theory, and researchers need to construct theory through methodic gathering and analyzing of data. However, both induction and deduction are criticized with weakness and limitations. Deduction relies on a strict logic of theory-testing via formulating hypotheses, which lacks clarity in how to select theory; Induction is criticized that “no amount of empirical data will necessarily enable theory-building”. Hence, abduction appears as a third alternative to overcome these weaknesses and limitations exist in induction and deduction. In an abduction approach, researcher notices surprising facts or puzzles in a research problem and then seeks explanations of it. An abductive research process involves back-and-forth engagement with the empirical findings and the current theories (Bryman & Bell, 2015).

As can be see, there is no hypothesis deducted in this study, but we deductively generate an initial theoretical framework with current existing concepts and theories, such as the extrinsic cues (BO, COM, credible endorsement), and intrinsic cues (wine legs, vintage year). Hence, this research approach is a mixture of deductive and inductive method, that is, we adopt an abductive approach in our research method. As Dubois and Gadde (2002) explained, an abductive approach is suitable if theory and empirical observation interplays continuously and the research wants to discover new things (e.g. other variables and other relationships) or focus on the development of theoretical models rather than only theory confirmation. This research used the initial theoretical framework as the research model, and then this initial theoretical
framework would be modified considering the empirical findings about determinants of perceived wine quality. Hence, we believe an abductive approach is fruitful for this research than inductive fit.

3.1.2 Research Strategy
A research strategy can be either quantitative or qualitative. Quantitative research is a strategy emphasizing quantification of data collection and analysis, which is generally used in deductive approach to test hypotheses. In contrast, qualitative research emphasizes words rather than quantification of collection and analysis and is generally used in inductive approach to explore “how” and “why”. This research is designed to explore the determinants of perceived wine quality so as to give managerial implications to wine companies with negative COO effect, thus we not only need to find what those determinants are, but also need to explore how and why consumers use those determinants to evaluate wine quality. Hence, qualitative strategy is more applicable to this research because of its exploratory nature.

As for the method used in qualitative research, interview is probably the most widely employed method. Unstructured interview and semi-structured interview are the major types. In an unstructured interview, there are typically only a list of informal topics or issues in interview guide and researcher is allowed to ask questions in different sequence during different interviews. In a semi-structured interview, a series of questions are formulated in an interview guide and researcher are allowed to ask further questions to gain a comprehensive response. All the listed questions need to be asked and a similar wording need to be used from interviewee to interviewee in semi-structured interview (Bryman & Bell, 2015). Therefore, this research chose semi-structured interview since it allowed the researcher to raise up a list of questions to cover specific topics included in initial theoretical framework and to obtain rich and in-depth response from interviewees.

3.2 Sample Selection
Considering our research background, we chose non-probability sampling. Non-probability sampling means the sampling of individuals is not carried out with random method, which implies that some units in the population are more likely to be selected than others (Bryman & Bell, 2015). As our research purpose is to find out the determinants of perceived wine quality, one criterion of our sample selection is that the interviewees must have the habits of drinking
wine. Also, since we want to give managerial implications to Chinese wine on gaining international market, we chose interviewees from different countries so their response could represent the opinions of potential international consumers from all over the world. In order to cover all kinds of wine consumers as possible as we can, we also added gender, age and occupation into consideration, which means we chose samples in different gender, age and with different occupation. This study plans to conduct 10-15 interviews to collect data, and it is not stressing on the sample quantity, once we feel the collected data is enough to get the persuasive findings, we stop the interview process. Each interview last about 45-60 minutes, which is sufficient for interviewees to answer all questions in depth. So finally, our 11 samples (see details in appendix.2) include both male and female, students and non-students, who are from 8 different countries and range from youngest 24 to 59 years old.

3.3 Data Collection

Here we would explain how the interview guide was formulated and how data was collected through face to face semi-structured interviews.

All the questions were designed as open-ended questions (see in Appendix.1), because Marinus (2015) explains that in an exploratory study where researcher’ knowledge about the research topic is insufficient, the study might involve using open-ended questions, which gave interviewees opportunity to answer more in-depth questions such as what? why? and how? To be specific, we designed 24 questions in this interview guide which contained five types of questions: A. General question about wine; B. Questions about extrinsic cues; C. questions about Intrinsic cues; D. Questions about Chinese wine; E Summary of all determinants. Type A designed some general questions to ask about consumer preference, purchase habits and knowledge on wine, so as to gain their generally opinions about wine. Type B and type C are the main parts of this interview guide and they were designed based on initial research framework in figure.1 to ensure we have covered all potential determinants of perceived wine quality deduced from existing literature. Type D was designed to gain consumer perception on Chinese wine so as to help answer research question 2, that is, to give managerial implications to Chinese wine industry bothered with negative Country of Origin effect. The last type E was designed with two questions. The first one aims to find new concepts or new determinants of perceived wine quality which are not included in the initial research framework. The second
ask interviewees to rank the importance of all determinants he/she used to evaluate wine quality and explain why.

Before encountering to interview, we found some respondents who were willing to accept this interview, then we asked respondents about their wine drinking habits, age and occupation to ensure that they are in accordance with our sample selection criteria. The interview proceeded through face to face approach to ensure that both researchers and interviewees have fully understood the words from each other. During interview, we used the interview guide to ask interviewees a list of questions to ensure all aspects of the research topic were covered. In a semi-structured interview, the interviewer remains open to add additional questions beyond the interviewee guide (Bryman & Bell, 2015). Hence, additional questions are asked in some interviews to encourage interviewees to talk openly and sufficiently so as to collect as much as more data. Also, in order to make sure that interviewees really understand the questions they are expected to answer, some concepts such as Brand Origin and Country of Manufacturing were explained before going to the related question. All conversations were recorded and notes were taken during the whole interview process to facilitate the next data analysis process. Last but not least, all the interviewees are anonymous and all the data collected from interviewees will only be used in this research for ethical considerations.

3.4 Date Reliability and Validity

According to Bryman & Bell (2015), “Reliability is concerned with the question of whether the results of a study are repeatable”, which requires a researcher to use same methods to obtain the same results as those of a prior study. Since reliability is particularly concerned in quantitative research (Bryman & Bell, 2015), some writers (LeCompte and Goetz, 1982; Kirk and Miller, 1986; Lincoln and Guba, 1985; Guba and Lincoln, 1994) have suggested reliability should be judged or evaluated according to quite different criteria in qualitative studies. LeCompte and Goetz (1982) and Kirk and Miller (1986) said that external reliability, by which refers to the degree a study can be replicated, is hard to meet since it is impossible to replicate the social setting and the circumstances of an initial study in qualitative research. However, we try to approach external reliability by observing in a same way and applying same procedure in each interview, for example, we asking those questions in a same order and explain them in a same way. On the other hand, the internal reliability, by which means more than one observer or member of the research team agree about what they see and hear, is a possible criterion to
achieve. In this study, both two of the researchers are present in each interview and re-listen the recorded conversation together while transcripting recorded conversations, so as to guarantee the internal reliability of data by making sure that we have observed the same thing from interviewees.

In many ways, concerned with the integrity of the conclusions generated from a research, validity is the most important criterion of research. In qualitative research, validity refers to whether ‘you are observing, identifying, or “measuring” what you say you are’ (Mason, 1996, p24). External validity, which refers to the degree to which findings can be generalized across social setting (LeCompte and Goetz, 1982). In this research, the samples are selected with representativeness to cover different nationalities, ages and occupations, so the result of perceived wine quality should also apply to other consumers beyond the sample in the study. Internal validity is about the credibility of data, which requires the methods used in the research can measur what they are supposed to measure (Lincoln and Guba, 1985; Guba and Lincoln, 1994). In this study, questions in interview guide were designed with consideration of research background and the initial research framework in figure.1 to ensure we covered all factors which might influence the evaluation of perceived wine quality and can get respondents’ opinions on Chinese wine. Besides, in semi-structured interview, interviewee is supposed to talk openly and deeply. Thus, during interviewing, we explained concepts and questions to interviewees and additional questions were asked, as a result, all interviewees fully answered those questions and we successfully collected data we supposed to collect.

3.5 Data Analysis

Coding is the starting point for most forms of qualitative data analysis, if which begins at a relatively early stage may sharpen the understanding of data (Bryman, & Bell, 2015). Hence, during the research process, once we finished an interview, we transcribed the recorded conversations immediately rather than wait until all of data have been collected before starting transcribing. Thus, we could start coding immediately after all data was collected. The details about coding process are presented below:

Since qualitative research approach usually emphasizes words rather than quantification in the collection and analysis of data (Bryman & Bell, 2015), the coded data consist of words from
each interviewee in the form of quotes. First, we read through all transcribed material to gain a comprehensive understanding of the whole data. Secondly, we read it through again but this time we started to make a first coding of the material by distinguish it into two parts: part indirectly related with research questions but might show some connection in later coding and analysis, such as interviewees perceived knowledge about wine, wine tasting and consuming experience, the reason they like to drinking wine and so on; then part directly related with research questions. Then for the later part, a secondary coding is made to separate it into two parts: first, part related to research question 1—words about the determinants of perceived wine quality; second, part related to research question 2—words about opinions on Chinese-produced wine and Chinese wine industry. Thirdly, we further specified the themes and concept that can be considered as subsets of the part related with research question 1, thus two themes of this part were established: one is those factors included in Research framework.1, such as BO, COM and price, the other is the new concepts and factors raised by interviewees such as shopping environment. Finally, we go back and review all the coded data to revise any mistakes and to find the connection between different theme and concepts. For example, we found the codes “smell” is related to the concept “Aroma” in existing literature, so we wrote “Aroma” into codes instead to make the coding more sensible.

So basically, as showed in table.3, the data collected from semi-structured interviews are coded and grouped into four themes, which are: a. data indirectly related to research questions, b. factors included in initial research framework, c. new factors mentioned by interviewees, d. perceptions on Chinese-produced wine and Chinese wine industry.
<table>
<thead>
<tr>
<th>Coding Themes</th>
<th>Concepts example</th>
<th>Example of Quotes</th>
</tr>
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</table>
| a. data indirectly related to research question  | Wine quality, wine knowledge, wine tasting experience | “Yes, wine quality is the most important.”
|                                                  |                                                 | “No, I am not knowledgeable”
|                                                  |                                                 | “I have a lot of wine drinking experience”                     |
| b. factors included in initial research framework| Extrinsic cues: BO, COM, price, credible endorsement, consumer patriotism and ethnocentrism | “It doesn’t matter where this brand comes from.”
|                                                  |                                                 | “High price means high quality”
|                                                  |                                                 | “I believe recommendations from my friends and family.”
|                                                  |                                                 | “I am not a patriotic or a ethnocentric consumer at all.”      |
|                                                  | Intrinsic cues: package, taste, aroma, wine legs | “If the visual of bottle looks good, I feel this wine is in good quality.”
|                                                  |                                                 | “Taste and aroma is the most important.”
|                                                  |                                                 | “Many wine drinker said legs are important, I just believe them.” |
| c. new factors mentioned by interviewees          | wine rating, vintage year, shopping environment | “I don’t deny the influence of vintage”
|                                                  |                                                 | “If the presentation of showcase and declaration of the store looks good, there is a higher wine quality than other stores.” |
| d. perception on Chinese wine and Chinese wine industry | Chinese wine perceptions, opinions on Chinese wine industry | “I don’t know anything of Chinese wine”
|                                                  |                                                 | “I am interested to try Chinese wine”
|                                                  |                                                 | “I feel Chinese wine industry is in an early age.”              |
4. Empirical Results

In this section, we presented the four themes (classified in table 1) of empirical results gathered from interviewees. We start by presenting the factors included in initial theoretical framework, then the new factors mentioned by respondents in qualitative interviews, after that we presented perception on Chinese wine and Chinese wine industry and finally we presented other findings that are indirectly related with research question.

4.1 Factors included in Initial Theoretical Framework

4.1.2 Extrinsic Cues

Country of Origin

When we asked if the interviewee cared about which country a wine comes from and if this country of origin influenced his/her perception on wine quality, the majority of them gave a positive answer, though in different extent. However, after we explained the difference of the concepts between Brand Origin (BO) and Country of Manufacturing (COM), all interviewees said they don’t care about BO nor felt their perception on wine quality influenced by it. Some said they don’t care about brand origin because they have knowledge on wine and they know which wine is good. Although some respondents feel that generally a big, famous wine brand represent a good wine quality, but they feel this is only about the brand itself rather than brand origin. Just as one respondent put forward:

“Maybe brand is important in some way, because a big, famous brand has the quality management system, brewing technology, and they always have high quality standards for their product, but this is just about brand itself, it doesn’t matter where this brand comes from, because you see, every country might have some really good brand.”

On the other hand, among the 11 respondents, 9 of them expressed that they use country of manufacturing to evaluate wine quality. 3/9 said they have their own preferable wine country, such as French, Italian and Spanish. As one of them said:

“COM would influence the taste, that is important part relates to the quality, I prefer to buy French wine. Because the climate and soil in France can produce good quality of red wine.”
The other 6/9 said that they don’t have any preference on COM because they like to try wines from different area and they believe many countries have the ability to produce really good wines, when they were buying a new wine and didn’t want to take risk, they preferred to choose wine from one or several particular countries such as France or Italy, because they feel wine from those country is generally good. As one said:

“No, I don’t have any preference. I like to try different wines from different region, but if I don’t want to take risk, for example, I need to welcome my friend, then I probably gonna buy Italian wines since I know they are generally good.”

Price
Except two respondents said price might be influenced by brand and labor cost in producing area, so they feel there is not a definite association between price and wine. The other eight respondents all agreed that price gives some indications to wine quality. All of the eight believe very low price implicates low quality of wine because they feel there must be something wrong in wine producing process, maybe used low-quality grapes, the brewing time is too short or simply bad taste or something. However, although they agree generally higher price means higher quality, but if beyond the normal wine price range in that area, in other words, if the wine price is extremely high (like price of luxury wine), it might not definitely good than the normal good wine, or don’t surpass too much on wine quality than the normal good wines. As one explained:

“Wines at the bottom line of price range are always really bad, for example, in Sweden if you buy wines between 100kr to 200kr in systembolaget, then some wines could be really good, but for wines above that price range, even though they are also really good, but they have no big difference with the lower price good wine.”

Credible Endorsement
Some respondents said they relied a lot on those endorsements accept from authoritative organization or person, such as a recognition from authorized wine institution, a high score written on label which is evaluated by a renowned wine rater or recommendations from professional wine tasters. Those respondents said they rely on this cue because they are not
knowledgeable on wine so they feel this is a quality assurance. Others said they believe those credible endorsement from friends or other consumers, as one said:

“Words from my friends/family and other consumers make me tend to believe it is in good quality when I trying buy a new wine, it’s the safeguard of wine quality. Authorized recognition or recommendation also influence my evaluation sometimes, but I don’t trust the endorsement from authorities a lot, since they might not be independent and there might be other reasons such as economic consideration for their own sake.”

Also, endorsement from other consumer is also important, two respondents said they will go to see the reviews on internet about a wine to help them evaluate the quality before purchasing. When shopping in a wine store, one said he prefer those wines left a few on shelf because it means they have been chosen by many other consumers, and that is an implication of good quality. One respondent even said even he might feel a wine taste bad at first, if he heard a lot of positive evaluation from other people, he might doubt his own judgement. What needs to mention is that all respondents said they don’t care the celebrity endorsement if the celebrity has no specialty in wine, such as the words from a movie star.

**Brand**

The influence of brand on perception of wine quality is also talked by interviewees, they think a brand with good reputation should in good quality, just as one respondent explained:

“Brand means quality. A famous band has the competitive quality management system and could create excess value for customers.”

However, although the respondents agree with the influence of wine brand on perceived wine quality, they generally feel it is not a very important cue, many other cues such as taste or COM are much more important than this. As one respondent pointed out:

“Well, yes, a good brand might represent good quality, but I don’t rely too much on brand. I think those business people create big brand to gain more awareness from consumer and to sell more products, but it doesn’t mean the products must be good.”
Consumer Patriotism and Ethnocentrism

Unpredictably, according to the eleven interviews, when the researchers asked if they perceived themselves as patriotic or ethnocentric wine consumers, all interviewees strongly denied with a typical answer “Not at all.” or “No, never.” As one respondent explained:

“No, I only focus on quality, flavor, aroma. I don’t feel wines from my own country is better or feel any guilty when buying foreign wines, I like to taste other brands made in foreign countries.”

4.1.2 Intrinsic cues

Package

Although not directly associated with wine, the intrinsic cue “package” is viewed by 9 interviewees as a determinant of wine quality. Those respondents who view package as an important determinant are those who like to try different new wines but with little knowledge about wines, so usually when they buy new wines, they rely a lot on package to evaluate its quality. In specific, they use the visual of label and bottle, as well as the material of bottle plug to evaluate wine quality, as one respondent answered:

“I care package a lot, if the visual of label looks classic and the design and material of bottle looks fancy, then I feel the quality is better. Oh, yes, the cork, if a wine use cork rather than a twist plug, then it is better, because generally cork is better.”

Taste

All respondents agreed the big influence of taste on perceived wine quality, many of them even said it is the most important cue they used to evaluate wine quality. Since taste is such a personal preference that is hard to serve as standard or unified criterion for wine quality evaluation, many respondents simply said if they like the taste, then they just perceived this specific wine as good. Even so, four respondents also further elaborated with what kind of taste a wine can be judged as good quality. As one of them put forward:

“Well, the wine need to taste smoothly and creamy rather than taste like a mix of water and alcohol.”
They said although different wines taste different, but generally a good wine taste smoothly and creamy, not alcoholic, and can feel a multiple flavor in it rather than single one.

Aroma
Aroma is another factor mentioned together with taste by five interviewees as a very important factor. Those interviewees feel that a wine with complex flavor and aroma is in better quality, that is, they can feel the different types of ingredients and the variety of grapes. Also, a good wine shouldn’t smell too much alcohol as well. As one stated:

“For me, I think taste and smell comes together, a good wine can taste and smell different kinds of grapes, I especially don’t like the wine taste and smell to much alcohol, it’s in bad quality and it is unhealthy, it tastes bad and makes you headache.”

Wine Legs
Three interviewees said they feel wine legs indicate the high quality of wine and they feel this factor is important but not compete to taste, Country of Manufacture and credible endorsement. However, when we ask why wine legs influence their perception on quality, only one answered with:

“Well, if a wine doesn’t leave wine legs while you are shaking glass, that means this wine is not thick, you know what I mean? the content of grape juice is low, it means this wine is more a mix of alcohol and water.”

The other two just said they don’t technically know why, but they just know that many people with wine knowledge view wine legs as an important cue of wine quality, so they just believe others’ words and then also notice the wine legs while tasting.

4.2 New factors Mentioned by Respondents
Except those intrinsic and extrinsic determinants discussed above, interviewees also mentioned two new extrinsic factors (vintage year and shopping environment), saying that these two factors also influenced their perception on wine quality.
**Vintage**

There are only two respondents said they used vintage year to evaluate wine quality. Vintage year is the date written on the label of a wine, which refers to the year the grapes were picked in. By clearing the harvest year of a wine’s ingredients—the grapes, vintage year denotes the climate, sunlight and water of that year. Since many factors for wine quality, such as sugar content of grape could be influenced by the climate, climate and water, which are unique each specific year, the two respondents said that wine quality could be revealed through vintage year since it embedded some information such as the unique climate and sunlight condition of that year. Nevertheless, even they hold the viewpoint that vintage year would influence wine quality, compared with other cues, such as COM, wine price and package, vintage is not viewed as a very important cue. There is a priority order in consumer’s mind. If a consumer care more about one cue, he would lower the focus of other cues. As one respondent said:

“I appreciate my friends’ recommendation more, I don’t deny the influence of other cues I just mentioned, such as vintage, but I need to make choice, you know, we can’t get everything.”

**Shopping Environment**

All interviewees said that they almost never buy wines online, thus we assume the offline shopping environment might influence their perceived wine quality. So, we ask more detail about shopping environment, the majority of them replied with no difference, but still, two interviewees replied with positive answers. As they said:

“I feel wines sold in famous shopping mall or a well-decorated wine store should be in high quality or at least guaranteed quality, also if the wine salesman behaves professionally and helpfully, it also makes me feel a higher wine quality.”

“If the presentation of showcase and declaration of the store looks good, then I tend to believe there is a higher wine quality than other stores.”

Even though, the only two interviewees consider this as the least important determinants of perceived wine quality, because they feel many other determinants such as flavor, package and credible endorsement are more important.
4.3 Perceptions on Chinese Wine

As for the perceptions on Chinese wine, except the two Chinese interviewees said they feel Chinese wine is not good enough, all the other respondents said they nearly know nothing about Chinese wine so they hold a neutral attitude to Chinese wine. Even though, they all expressed great curiosity on Chinese wine and Chinese wine industry and said they are very willing to try Chinese wine but sadly it’s hardly to see Chinese wine in the liquor store in their country. A typical answer from those respondents is like:

“I know nothing about Chinese wine, but I am open to try it. Sounds interesting to try wine from Asia, because I never try it, I always like to try something new to me.”

4.4 Other Findings

In this research, the majority of respondents perceive themselves with little knowledge of wine, only three respondents think themselves knowledgeable on wine. Even with this three people, they also agree that they don’t have the professional knowledge, all their knowledge only based on their vast wine tasting experience. Also, the empirical results show that for people with little wine knowledge, their dependence on extrinsic cues are relatively higher than others. Just as one said:

“The higher price means higher quality, generally I feel good things deserve higher price, and since I don’t really know wines, so I rely on price.”

On the contrary, for those respondents who perceive themselves equipped with wine knowledge, they focus more on intrinsic cues when making their evaluation on wine quality. The only two respondents who doesn’t view credible endorsement as an important determinant of their perceived wine quality are knowledgeable about wine so they just simply replied: “I don’t need to see endorsements, I have my own judgement.”. Another two knowledgeable wine drinkers don’t care about package when making evaluation as they said: “I don’t rely a lot on package, because I know how to appreciate wine.”
5. Discussion

In this section, we firstly discussed the determinants of perceived wine quality and formulated propositions about each determinant considering the empirical results and theoretical foundations. Based on those propositions, a modified and developed new theoretical framework was established to summary the determinants of perceived wine quality. After that, managerial implication to Chinese wine industry focusing on overcoming the negative COO effect were presented.

5.1 Factors about Perceived Wine Quality

5.1.2 Extrinsic Cues

Country of Origin

The empirical results showed that consumers did use Country of Origin to evaluate wine quality and view it as an important factor, this is in accordance with other researchers finding that COO has become a most important cue in buyers’ perceptions of quality (White & Cundiff, 1978; Schooler, 1965; Han, 1989). However, as in this research we followed Jain and Sikand’s (2004) opinion that Country of Origin can be split into Brand Origin (BO) and Country of Manufacture (COM), and its effect on perceived quality also needs to considered separately, we find that indeed it is COM, rather than BO, is influencing the perceived wine quality from consumer side. According to respondents, the reason why COO is viewed as an indispensible extrinsic cue is embedded in the particular climate, sunlight, water and soil for grape plantation in that country, which will influence grape quality and then ultimately influence wine quality. All those mentioned factors (climate, sunlight, water and soil) about COO are actually factors associate with Country of Manufacture, rather than Brand Origin. So, we conclude that only one dimension of Country of Origin, which is Country of Manufacturing, has influence on consumers perception on wine quality. Hence, we made the first proposition:

\[ P1. \text{Country of Manufacturing is a determinant of perceived wine quality.} \]

Price

Current theories have stated that price is often used by consumers to evaluate perceived quality. Consumers perceived a positive relationship between price and product quality that high price associate with higher quality while lower price links with lower quality. (Bearden and Shimp 1982; Dodds and Monroe, 1985; Ridgway and Netemeyer, 1993). By analyzing the empirical
results, we found respondents generally believe that except the extremely high price, which doesn’t always mean extremely high quality (but of course, it is at least in good quality), cheap price always means low quality, the middle or higher price generally indicates good quality. Therefore, we conclude this perceived positive relationship between price and quality explained in current theories is also applicable for wine and we propose:

P2. Price is a determinant of perceived wine quality.

Credible Endorsements
The empirical results show that credible endorsement is an important factor influencing perceived wine quality. In specific, celebrity endorsement has little influence if the celebrity is not a specialist in the field of wine, but endorsements from wine experts are very important for respondents. This result agrees with Thompson and Mutkoski’s (2011) statement that many wine consumers count on expert opinions such as the wine ratings from famous wine raters. Also, this research also found that recommendations from friends/family and other consumers are also important endorsements which effect consumers perception on wine quality because consumers believe those recommendations are more reliable than authoritative endorsements from experts since it might be unjust due to tempt of economic benefits. Hence, we propose:

P3. Credible endorsement is a determinant of perceived wine quality.

Brand
In the perspective of respondents, though brand image is not a cue as important as COM or price on perceived wine quality, they still more or less use this cue to evaluate wine quality. They believe a famous brand always have developed technology or high requirements on product quality, so famous branded wine is generally in good quality. This is exactly same with Montgomery and Wernerfelt’s (1992) opinion that many people think a trustworthy brand should have standardized processes, strict quality system and service-dominant logic thus have lower variance in product quality. Thus, the fourth proposition comes as:

P4. Brand is a determinant of perceived wine quality.

Consumer Patriotism and Ethnocentrism
Although many researchers said that consumer patriotism and ethnocentrism lead to a higher perceived quality for homebred products rather than import products from other countries. (Shimp & Sharma, 1987; Kunczik, 1997; Veselá & Zich, 2015). The empirical results of this research show that all respondents don’t consider themselves as patriotic or ethnocentric wine consumer, and their perception on wine quality is not influenced by consumer patriotism and ethnocentrism at all. Hence, we think although consumer patriotism and ethnocentrism might influence perceive quality in some products categories, we hold a reserved opinion on their influence on perceived wine quality.

**Vintage and Shopping Environment**

Vintage and Shopping environment are two factors raised up by respondents at the end of interview by saying that they also use these two cues to evaluate wine quality. However, for each factor, only two respondents mentioned its influence but both feel it has the least influence on perceived wine quality compared with all the other extrinsic and intrinsic cues mentioned during interview. Reviewing the current existing literature, we found that either vintage year or shopping environment is not a typical extrinsic cue discussed massively by other researchers. Thus, we think the influence of vintage year and shopping environment needs to be further researched and discussed in future research.

5.1.2 Intrinsic Cues

**Package**

According to Boshoff (2016), package determines the first impression of the wine in customer’s brain and form an initial consumer perception of wine quality before tasting. Though the empirical study, this research also find that package tend to leads a positive perceive wine quality if it left a good first impression to consumer before they actually tasting the wine. For example, if the material and design of bottle look attractive, then respondents tend to believe this wine is in good quality. Hence, we made the following proposition:

*P5. Package is a determinant of perceived wine quality.*

**Taste and Aroma**

Taste is the most important cue considered to evaluate wine quality by respondents, and it is often mentioned with aroma together by respondents. Just as Pierluigi and Paolo (2010) pointed
out that wine quality strongly depends on the grape variety, which ultimately reflect as flavor and aroma variety, the respondents also expressed that a wine with complex flavor and smell is perceived as in higher quality than wine with singer flavor and aroma. Therefore, the next two propositions are:

**P6. Taste is a determinant of perceived wine quality.**

**P7. Aroma is a determinant of perceived wine quality.**

**Wine Legs**

Stacy (2018) concluded that although wine legs are just a scientific phenomenon that indicate the level of alcohol existing in wine, many wine drinkers still think the type of legs are associated with wine quality, if wine legs can’t be observed while shaking the wine glass, they perceive this wine as lower quality. The empirical results of this research support Stacy’s conclusion that the two respondents said they rely on wine legs a lot to evaluate wine quality while consuming, just because they have heard a lot of words emphasizing its importance to wine quality. So, the next proposition is:

**P8. Wine legs is a determinant of perceived wine quality.**

### 5.2 Summary of Propositions and the Developed Theoretical Framework

Now we have discussed all the factors about perceived wine quality and made propositions for each determinants of perceived wine quality. So we summarized the propositions as showed in *Table.4*. There are eight determinants of perceived wine quality. Half of them are extrinsic cues including Country of Manufacture (COM), price, credible endorsements and brand. The other four determinants are intrinsic cues including package, taste, aroma and wine legs.
### Table.4 Summary of propositions

<table>
<thead>
<tr>
<th>NO.</th>
<th>Contents of Propositions</th>
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<tbody>
<tr>
<td>P1</td>
<td>Country of Manufacture (COM) is a determinant of perceived wine quality.</td>
</tr>
<tr>
<td>P2</td>
<td>Price is a determinant of perceived wine quality.</td>
</tr>
<tr>
<td>P3</td>
<td>Credible endorsement is a determinant of perceived wine quality.</td>
</tr>
<tr>
<td>P4</td>
<td>Brand is a determinant of perceived wine quality.</td>
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<tr>
<td>P5</td>
<td>Package is a determinant of perceived wine quality.</td>
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<tr>
<td>P6</td>
<td>Taste is a determinant of perceived wine quality.</td>
</tr>
<tr>
<td>P7</td>
<td>Aroma is a determinant of perceived wine quality.</td>
</tr>
<tr>
<td>P8</td>
<td>Wine legs is a determinant of perceived wine quality.</td>
</tr>
</tbody>
</table>

Dubois and Gadde (2002) explained that in studies relying on abduction, the initial framework is successively modified and developed because of unanticipated empirical findings and theoretical insights gained during the process. In this research, we found the factor of Brand Origin, consumer patriotism and ethnocentrism, which are classified as influential factors of perceive product quality in the initial theoretical framework (see in figure.1), are not viewed as influential to perceived wine quality by consumers. Hence, it is essential to modify and develop the initial theoretical framework which is formulated only based on theories from current existing literature. Considering those unanticipated empirical findings, a developed theoretical framework (see in figure. 2) is established based on propositions in Table.4 to give a more clear presentation of what we found and concluded to readers.
5.3 Managerial Implications to Chinese Wine Industry

Generally speaking, since we find that consumers perception on wine quality is influenced by a series of extrinsic cues and intrinsic cues. Although Country of Origin is important, there are also many other important determinants has the same or even bigger influence on perceived wine quality, such as credible endorsements, price and taste. Even with negative COO effect, Chinese wine could try to improve its perceived quality by many other approaches. According to empirical results, Chinese wine is very new to international market since many respondents said they have never tried Chinese wine before. Therefore, when Chinese wine enters the international market, international consumers would use extrinsic cues more than intrinsic cues to evaluate its quality, because according to Zeithaml (1988), consumers depend more on extrinsic cues to evaluate wine quality before actually consuming the wine. Therefore, it is advisable for Chinese wine to focus on improve the competence of its extrinsic cues and marketing those extrinsic cues to consumers when stepping into the international market. For example, inviting more wine experts to give positive reviews and recommendations is a good way to improve Chinese wine’s competence in credible endorsement, which would ultimately improve the overall perceived wine quality.
Although Chinese wine industry is facing the challenge of negative Country of Origin effect, through the empirical results, in wine industry, only Country of Manufacturing is used by consumers to evaluate wine quality. The other sub-dimension of COO—Brand Origin is proved with none influence. This explains why Ao Yun red wine, as a new brand from MHD, which is a famous French liquor company belonging to the biggest Luxury group LVMH in the world, also performed not good in international market. We can conclude that although it’s a French brand owns the positive BO effect, in wine industry, consumer perceive its negative COM, and doubting its good quality since it is a Chinese produced wine. What’s more, we find the reason why COM is viewed as so important is because consumers think the soil, temperature, sunlight and water, also the plantation technology and manner represent by COM is very important. For example, consumers perceived French wine as good quality because they think the climate and soil is suitable for grapes plantation and also because the long history of grapes plantation, they feel French vineyards owns better plantation technology, which ultimately leads to better wine quality with better grapes. Hence, we suggest Chinese wine industry to focus on marketing the fitness of the location of Chinese vineyards for grapes plantation. Since China has such a big area with about 9.6 million km², different areas in China has different climate, water and soil, and some areas are really a perfect place for grapes growing such as Shangri-La in Yunnan province, which has been chosen by Ao Yun as the best place for grapes growing.

Since intrinsic cues has a bigger influence on perceived wine quality for consumers who view themselves with knowledge of wine (Srinivasan & Sikand,2004). Even from the empirical results, this knowledge is just about abundant wine tasting experience, respondents with much wine drink experience would rely more on taste and aroma rather than COM or credible endorsement. Therefore, we believe if Chinese industry make series of marketing strategy with the purpose of educating consumers with wine knowledge, consumers might ignore the extrinsic cue of negative COO effect.

Fortunately, all foreign respondents have and neutral attitudes towards Chinese wine, and they all expressed big curiosity to Chinese wine and said they are willing to try it. This is a big opportunity to Chinese wine to market itself internationally though focusing on improve the overall consumer perception by developing its competence in related determinants of perceived wine quality.
6. Conclusions

With the salient influence of Country of Origin (COO) effect on perceived wine quality, Chinese wine is facing big challenge to market itself to the international market due to the negative COO effect, which leads to a lower perceived wine quality from consumer side. Hence, this research explored determinants of perceived wine quality and sought the possibilities for Chinese wine to overcome the negative COO effect so as to give insights on related research field and give managerial implications to industries with negative COO effect. Adopting an abductive logic, this research used qualitative method to explore a series of extrinsic cues and intrinsic cues influencing perceived wine quality. Finally, this paper found the determinants of perceived wine quality are four extrinsic cues, which are Country of Manufacturing, price, credible endorsement and brand, and four intrinsic cues, which are package, taste, aroma and wine legs. Based on those findings, this paper believe it is possible for Chinese wine to overcome its negative COO effect by focusing on improve its competence in other extrinsic or intrinsic cues.
7. Limitations and Future Research

Just as all the other research, this research has its own limitations. First limitation comes from the samples. Although we have tried to cover all ages of wine consumers in practical, the samples we selected lack the age group over 60 years old. Since this research is conduct in Sweden and it is in English context, it is hard to find interviewees over 60 in Sweden who can speak fluent English. Also, since the limitation of time, the sample size is relatively small with only 11 interviewees, although it enough to answer the research questions, it can’t support us with a deeper research.

Except sample limitation, in this paper we made eight propositions about the determinants of perceived wine quality considering the theoretical foundations and empirical results. However, weather those propositions could be strong supported and the influence size about those determinants are not answered in this research, as well as the two new factors (vintage year and shopping environment) mentioned by respondents, all worth to be further researched and discussed.

The last limitation comes from the managerial implications we given to Chinese wine industry. The core need of Chinese wine is to sell more wines in worldwide, however, perceived wine quality is only one determinant of purchase intentions and behaviors, in order to provide more practical managerial implication to wine industry, this topic need to further researched and discussed.
Reference


Appendix. 1

Interview Guide

This aim of the interview is to collect data for master thesis in Uppsala University in spring 2018. The purpose of this interview guide is to find determinants of perceived wine quality in the consumer side. All interviews are anonymous and all data collected from interviewees will only be used for this research.

A. Generally Question about Wine
1. Do you like to drink wine?
2. What kind of wine do you prefer and why?
3. Can you rank your favorite 4 wines with good quality and tell me why?
4. Do you consider yourself with knowledge about wine?
5. When you buy wines, do you care the quality of wine? (In case the interviewees ask the definition of quality, wine quality refers to what the interviewees personally consider ‘good’ versus ‘bad’ wine, and correspondingly desirable versus aversive.)
6. How do you usually evaluate the quality of the wines that you purchase? With what characteristics the wine could be perceived as good quality?
7. Where do you usually buy wines? Online or offline? Does this influence your evaluation on wine quality? If so, then in what way?

B. Questions about Extrinsic Cues

Brand Origin
8. Do you care the wine brand origin of wine? that is where the brand of wine come from, if so, why and come to the next question. If not, why you don’t care the brand origin?
9. Do you have any preferable wine brand from a particular country? if so, why you prefer wine brand from that country?

Country of Manufacturing
10. Will you take notice of the country where the wine is produced when you buy wines, I mean, the located country of wineries? why?
11. If question 10 is true, then from which countries you prefer the wineries locate in? Why?
Price
12. Do you feel any association between wine price and wine quality? If yes, why and what kind of association?

Credible Endorsement
13. Have you ever noticed the credible endorsement a wine has received? For example, voluntary endorsement from wine authorities, or a reference from a professional wine taster or from a famous person, and recommendation from friends/family?
14. Do you feel credible endorsement gives any implication on wine quality? Why? If so, what implications are given in your opinion?

Brand
15. Does your perception of wine quality influence by wine brand? If yes, in what way?

Consumer Patriotism and Ethnocentrism
16. Do you feel yourself as a patriotic consumer of wine? I mean, do you feel you love your country very much that you prefer to love and support wine from your own country? If yes, in what situation would you buy foreign wines? With what characteristics foreign wines will give you a relatively positive attitude on quality?
17. Do you feel yourself as an ethnocentric consumer of wine? That is, do you feel foreign wines are not equal to products from your own country? If yes, what could make you buy foreign wines?

C. Questions about Intrinsic Cues

Package
18. Have you ever noticed package of wine, such as the bottle and the label? If not, why you never notice it? If yes, in what extent? And does package influences your evaluation on wine quality?

Taste
19. What kind of taste/flavor would you prefer, such as sweet, sour, salty, or bitter? Does the taste of wine influence your perception on wine quality? If so, in what way?

Aroma
20. Will you concern the aroma of wine when you are drinking wine? Does the aroma of wine would influence your perceived wine quality? If so, in what way?

Wine Legs
21. Do the wine legs (explain this concept to consumer) would influence your perception on wine quality? If so, how do you use wine legs to evaluate the wine quality?
D. Questions about Chinese wine

22. Do you know anything about Chinese wine making? Like any Chinese wine brand or Chinese wineries? What words come to your mind when you are thinking of Chinese wines?

F. Summary of all determinants

23. Are there any other factors (physical or nonphysical, tangible or intangible) you used to evaluate the wine quality that have not been mentioned in our conversation?

24. Can you rank the importance of all factors that you used to evaluate wine quality?
## Interviewee Background

<table>
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