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Consumer's willingness to pay rises and likeness falls: the case for Labeling sake

La volonté du consommateur de payer augmente et la ressemblance diminue : le cas du saké étiqueté

15 December 2021.

Ryan P. Smith, Forest Ma Watson M. Baldwin

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PREO

Consumer's willingness to pay rises and likeness falls: the case for Labeling sake

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Introduction

Methodology

Results

Discussion

Introduction

- 1 In terms of consumption, sake has been seen mostly in Japanese restaurants around the world, but there is a push to promote, educate and serve consumers sake in restaurants and bars outside where it is traditionally found. Countries like USA, Korea, Taiwan, and Hong Kong are seeing steady growth of Japanese sake consumption¹.
- 2 Hong Kong has been considered an attractive market for lower alcohol beverages. In 2007, Hong Kong became a tax-free region for alcoholic beverages under 18% alcohol by volume, which opened up the territory for free trade for wine and beverages like sake and brought

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wine, beer, and sake importers, distributors and producers from around the globe to the market. In addition, Hong Kong is a special administrative region of China and is considered by the business world, especially wine, beer, and sake markets, as the gateway into Mainland China.

Methodology

- 3 This study is apart of a larger study that was conducted in Hong Kong, S.A.R., inside an upscale independent hotel’s lobby restaurant from March-April of 2018. Measurement items were taken from a previous study²and adapted after consultation with two Sake Samurais, a title given by the Japan Sake Brewers Association Japanese for ambassadors of sake to only about 70 persons in the world.
- 4 Convenience sampling was used as guests were asked if they would like to participate in the study. Data were analyzed using SPSS 26®
- 5 Respondents were asked to taste four sakes, rate the sakes with the measurement items, and provide their willingness to pay both in retail and restaurants. Respondents tasted sakes 2 blind and 2 sakes with information that is commonly given to consumers about sake. Without the consumer’s knowledge, the consumer tasted the same sake twice; however, the first tasting was blind and the second tasting was given with the information from Figure 1. The results of this study was taken from the one sake that was assessed twice.

Figure 1. Information given to respondents about sake

Masumi Karakuchi Kiippon	
Grade	Junmai Ginjo
Rice	Miyamanishiki, Yamadanishiki
Rice Polishing Rate	55%
Alcohol %	15%
SMV	+5
Tasting Note	Clean, simple and strong minerals

Results

- 6 298 samples were collected of which 278 were valid. Demographic information can be found in Table 1. A paired-samples T-test was conducted for overall liking, willingness to pay in a retail shop, and willingness to pay in a restaurant with the blind and given information tasted sake. Individual cases were eliminated if data was missing. The results showed that the respondents' overall liking was significantly higher when the sake was tasted blind than when tasting the same sake with information. However, the respondents significantly were willing to pay more for the sake in a restaurant and retail shops when given the information than tasting the sake blind. A complete summary can be found in Table 2.

Table 1. Demographic Information of Respondents

Demographic variable	Value	N	%
Gender	Male	49	32.7
	Female	177	63.7
	Missing	10	3.6
Age	18-25	36	13.2
	26-35	112	41
	36-45	62	22.3
	54-55	46	16.5
	Over 55	17	6.1
	Missing	5	1.8
Degree Obtained	High School or less	58	20.9
	Undergraduate	145	52.2
	Postgraduate	68	24.5
	Missing	7	2.5
Monthly household income (USD)	under \$2,000	30	10.8
	\$2,001-\$4,000	63	22.7
	\$4,001-\$5,500	48	17.3
	\$5,501-\$7,000	29	10.4
	\$7,001-\$9,000	25	9.0
	\$9,001-\$12,000	11	4
	Over \$12,000	35	12.6
	Prefer not to Disclose	37	13.3

Ethnicity	Chinese	185	66.5
	Asian Non-Chinese	27	9.7
	America(s)	13	4.7
	European	27	9.7
	Oceanian	3	1.1
	Caucasian	11	4.0
	Other	6	2.2
	Missing	6	2.2
Familiarity with Sake	Extremely or Very familiar	9	3.2
	Moderately familiar	60	21.6
	Somewhat familiar	59	21.2
	Not familiar	150	54
	Missing	0	0

Table 2. Paired T-Test for Blind and Open Tasted Sake

	Blind Tasting			Given Information		t-test
	N	M	SD	M	SD	
Overall liking	274	2.814	0.9248	2.55	1.027	<0.01
Retail-Willingness to pay (HKD)	225	1824.53	138.137	233.66	165.727	<0.01
Restaurant-Willingness to pay (HKD)	218	261.314	200.991	316.42	228.203	<0.01

Discussion

- 7 Overall liking was higher for the sake when tasted blind than when information about was given. A previous study in wine found that novice wine consumers rely more heavily on extrinsic information when assessing wine³. In addition, another wine study found that when consumers assessing quality spend more time focusing on extrinsic information, than briefly looking at the information, quality was negatively impacted⁴ It is important to note, that the majority of the sake consumers in this study did not have much knowledge about sake. The results of this study may also be attributed to the fact that most of the respondents were novice sake consumers and when presented with information, the results were negatively impacted.
- 8 The results also indicated that consumers are willing to pay more for sake when given extrinsic information than tasting it blind. As

Burnham and Skilleas⁵ point out repetitively in their argument that novice wine consumers cannot accurately assess wines when tasting them blindly and their assessment needs the extrinsic information to be more accurate. This could be the case for sake as well. The novice respondents did not know or understand how to assess sake which resulted in overall liking being higher when tasting the sake blindly than given information.

- 9 These results indicate that marketing to the mass novice consumer may be difficult. Providing accurate information about the sake to potential customers may negatively impact them. Therefore, small tastings may encourage novice consumers to pay the premium for the sake. These tastings could be done at a retail shop or in a restaurant setting, but allowing the consumer to taste the sake without providing much information may be a much better approach to increasing sales than just providing information to the consumer and leaving it up to them to purchase it.

1 Y. Kishi & S. Hamamatsu, “Globalization of Japanese Sake, How Japanese Sake crosses borders?”, In *Proceedings of The Association of Japanese Business Studies Conference*. New Orleans, 2016.

2 H. Song, W.C. Gartner & B. Marlowe, “Does objective information affect consumers’ willingness to pay for vines?”, In *American Association of Wine Economists, Bordeaux, France, 2016, p. 1.* <https://doi.org/10.13140/RG.2.1.1322.1369>

3 S. Charters & S. Pettigrew, “The dimensions of wine quality”, *Food Quality and Preference*, 18(7), 2007, p. 997–1007. <https://doi.org/10.1016/j.foodqual.2007.04.003>

4 S. D’Alessandro & A. Pecotich, “Evaluation of wine by experte and novice consumers in the presence of variations in quality, brand and country of origin cues”, *Food Quality and Preference*, 28(1), 2013, p. 287–303. <https://doi.org/10.1016/j.foodqual.2012.10.002>

5 D. Burnham & O. Skilleas, “Categories and appreciation—A reply to Sackris”, *Journal of Value Inquiry*, 48, 2014, p. 551–557.

English

This study took the approach of having consumers taste sake blind and with common information that sake brewers provide to their customers. A paired t-test results indicated that the blindly tasted sake was perceived better in all aspects than when tasting the same sake with information. However, consumers were willing to pay a higher price for the sake with the information given about the sake. This research suggests that consumers feel more comfortable paying for sake with some information about it; however, sake brewers may be giving the consumer the wrong information to the consumer.

Français

Cette étude a adopté une approche consistant à faire goûter du saké aux consommateurs, en aveugle et avec des informations communes que les brasseurs de saké fournissent à leurs clients. Les résultats d'un test t apparié ont indiqué que le saké dégusté à l'aveugle était mieux perçu à tous égards que le saké dégusté avec des informations. Cependant, les consommateurs étaient prêts à payer un prix plus élevé pour le saké avec les informations fournies sur l'étiquette. Cette étude suggère que les consommateurs se sentent plus à l'aise pour payer un saké s'ils disposent de quelques informations à son sujet ; cependant, les brasseurs de saké peuvent donner de mauvaises informations aux consommateurs.

Mots-clés

saké, vin, Hong-Kong, dégustation à l'aveugle, Japon

Keywords

sake, wine, Hong Kong, blind tasting, Japan

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