



Explaining Support for VQA Wine in the Ontario Restaurant Industry

Executive Summary

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1. Introduction

This research project develops a better understanding of the challenges and opportunities that restaurants encounter when selling Ontario wines, particularly VQA wines. More than 250 restaurateurs across Ontario participated in the study, making this one of the most encompassing investigations to date of the Ontario restaurant industry. This Executive Summary provides comprehensive insights into the drivers of restaurants' support of VQA wine. It categorizes these drivers into four categories:

- Guiding principles and motivations for running a restaurant (artistic/commercial)
- International winemaking traditions and wine styles (Old World/New World)
- Perceptions about the industry and the nature of competition
- Personal interests, expertise, and attitudes

2. Overview of Results

Table 1 summarizes the average scores across all respondents for the study's key variables (the individual restaurateurs were also provided with their personal scores, such that they could position their restaurant relative to the other participants of the study).

Table 1: Overview of Scores (1 = low, 7 = high)

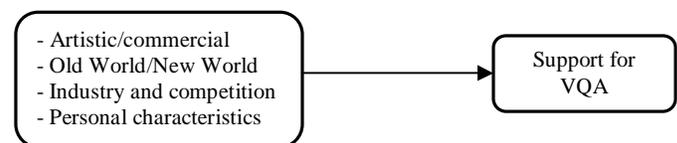
Variables	Average Scores for All Respondents
<i>Focus of the study:</i>	
Support for VQA	4.53
<i>Guiding principles and motivations:</i>	
Prominence of artistic rationality (pursuit of acclaim; trying to put a personal stamp on the wine list and the restaurant in general)	4.98
Prominence of commercial rationality (attempting to maximize sales and profits)	4.67
<i>International winemaking traditions and wine styles:</i>	
Preference for Old World tradition and winemaking style (terroir-driven, food-friendly, acid driven)	4.83
Preference for New World tradition and winemaking style (approachable, bold and full-bodied, fruit-forward)	4.69
<i>Perceptions about the industry and the nature of competition:</i>	
Perceived favourability of the regulatory environment	3.22
Perceived favourability of "knowledge" environment	3.20
Perceived favourability of the normative environment	4.06
Perceived turmoil in the competitive environment	5.21
Relationship building with key stakeholders	3.33
<i>Personal interests, expertise, and attitudes</i>	
Personal interest in wine-related issues	5.06
Perceived personal expertise about wine	4.81

Innovative attitude	4.87
Concerns about sustainability	4.91
Patriotism	6.17
Passion for work	5.08

3. Behind the numbers

Support for VQA shows the extent to which a restaurant is committed to VQA wine, as reflected, for example, in recent increases of VQA wine sales, the percentage of wine revenues from VQA wines versus other wines, or the promotion of VQA wine in conversations with customers, friends, and industry stakeholders. The study finds that restaurants' support for VQA is related to various critical factors:

Figure 1: Drivers of VQA Support



3.1. Guiding principles for running the restaurant

- Support for VQA is *positively* related to the prominence of the artistic rationality in decision making. When we refer to rationality, we mean the underlying motivation, rules, and norms that govern behaviour. Artistic rationality refers to attempts to place a personal touch on the restaurant and the wine list, seeking personal satisfaction from crafting an excellent wine list, and searching for critical and peer acclaim.
- Support for VQA is *negatively* related to the prominence of the commercial rationality in decision making (e.g., selecting wines primarily based on the expectation that they will sell well, choosing recognizable brands that are familiar to customers).
- **In summary, because VQA wines still are not universally accepted by customers, they are a bit more of a "tough sell" for many restaurants. Therefore, support for VQA is enhanced to the extent that restaurateurs are committed to putting a personal stamp on their restaurants and seeking acclaim, because VQA support may require such specific efforts.**

3.2. International winemaking traditions

- Fine winemaking is codified according to two contrasting traditions, each of which emphasizes and prescribes different features of winemaking and defines high-quality winemaking differently. The Old World tradition defines wine as a deeply tradition-bound object, connected to the particular geographical and climatic conditions of the specific wine-producing region. Wines are characterized as complex and high in acidity, and the emphasis is on their aging and pairing with the appropriate food. The New World tradition instead defines wine as a fun and easy-going product, and it places a great deal more emphasis on the winemaker's skills and scientific advances but less on the nature or terroir. Wines are characterized as accessible and appealing to the broader public, and they tend to be bold, fruit-forward, and full-bodied.

- Support for VQA is *positively* related to preferences for the Old World tradition. In this tradition, personal wine preferences tend to be based on terroir, the complexity and finesse of the wine, or their match to certain foods.
- Support for VQA is *unrelated* to the preference for a New World tradition, which prioritizes wines as easily accessible, comfortable, fruit-forward, and full-bodied.
- **In summary, because VQA wines tend to be more similar in profile to European wines (i.e., due to the similarly cool climate and variable vintages), these wines are more likely to appeal to restaurateurs that prefer wines made in the Old World rather than in the New World tradition.**

3.3. Perceptions of the industry and nature of competition

- Support for VQA is *positively* related to the perceived favourability of the regulatory environment (e.g., government support for restaurants and wineries that favour VQA wine).
- Support for VQA is *positively* related to perceived knowledge about VQA wine in the wider environment (e.g., perception that customers are familiar with Ontario wine industry's offerings or are knowledgeable about the distinction between VQA and Cellared in Canada wine).
- Support for VQA is *positively* related to the perceived favourability of the normative environment (e.g., perception that customers generally are open to trying VQA wine, belief that most customers or acquaintances consider VQA wine a desirable choice).
- Support for VQA is *positively* related to perceptions of the turmoil in the competitive environment (e.g., customers regularly ask for new products and services, industry is marked by continuous changes).
- Support for VQA is *positively* related to the extent to which restaurants maintain close relationships with industry stakeholders (e.g., wineries, LCBO, wine writers, wine tasting events).
- **In summary, restaurateurs tend to be more supportive of VQA wines to the extent that they feel such support is reinforced by the government and regulators and endorsed by customers and peers. In addition, they tend to be more supportive of these wines when they perceive that their customers are knowledgeable about VQA wines, regard the industry as dynamic and demanding of novelty and adaptability, and are well networked into the broader food and wine community.**

3.4. Personal interests, expertise, and attitudes

- Support for VQA is *positively* related to personal interest in wine-related issues (e.g., enjoy going out to restaurants that serve good wine, regularly visit wineries during free time).
- Support for VQA is *positively* related to perceived personal expertise about wine (e.g., having a good understanding of the local wine industry and its offerings, familiarity with different VQA appellations).
- Support for VQA is *positively* related to people's innovative attitude (e.g., greater awareness of and more informed about new wines than other people, be among the first to know about the latest wine trends).

- Support for VQA is *positively* related to concerns about sustainability (e.g., desire to source goods and ingredients that leave a reduced environmental footprint, preference for wines produced in an environmentally sustainable manner).
- Support for VQA is *positively* related to people's patriotism (e.g., proud to be Canadian, feeling strong ties with Canada).
- Support for VQA is *positively* related to people's passion for work (e.g., love working in the restaurant business, derive life satisfaction from work).
- **In summary, restaurateurs who are more interested in wine and perceive themselves as intellectually engaged with wine and wine-related issues tend to support VQA wines. Further, restaurateurs who see themselves as highly innovative, environmentally conscious, patriotic, and in general passionate about their work are more likely to be supportive of VQA wines.**

4. Implications

“Going local” is a crucial and growing trend in food and wine industries. Consumers increasingly are concerned about the environment and demand locally grown food and wine. However, consumers typically are less educated about wine than about food. Thus, they often require more guidance from restaurateurs about wine and VQA. In light of this situation, this study aims to develop a better understanding of the factors that influence restaurateurs' decision-making with respect to wine, and particularly the factors that increase their likelihood of becoming proponents of VQA wines.

The survey results suggest several important implications:

4.1. Guiding principles for running restaurants

Decision making in the restaurant industry reflects two distinct rationalities: artistic and economic. Artistic rationality is exemplified in attempts to assemble a personal and distinctive wine list, worthy of peers' and critical acclaim. In contrast, commercial rationality appears in the form of a desire to compile a wine list that encourages high sales and maximum profits. Support for VQA wines increases to the extent that the artistic rationality prevails; it is however negatively affected by commercial rationality.

Restaurants compete for not only market share but also market standing, and high acclaim contributes to their greater commercial success among specific customer segments. Thus, of course restaurants must pay attention to making their business as profitable as possible, but if they aim to be effective and credible proponents of VQA wine, their consideration of artistic value (e.g., as reflected in the composition of their wine list or concerns about what restaurant critics write about them) can be equally important. In fact, a sole focus on commercial rationality appears to be counterproductive for becoming an effective promoter of VQA wine.

4.2. International winemaking traditions

We find that restaurateurs' support of VQA wine aligns with their level of respect for the Old World tradition, not the New World one. Although Ontario is geographically located in the New World, its (VQA) winemaking style accords with the Old World tradition. Because the New World tradition does not fit with the local conditions (e.g., climatic, geographical), it is not helpful for restaurants to describe VQA wine as a New World wine.

Instead, to be credible promoters of VQA wine, restaurants should emphasize, in their communications with both customers and other

interested parties, the tradition that better fits local conditions, namely, the Old World tradition. As one restaurant owner pointed out: “It’s a hell of a lot harder to sell an Ontario wine to clientele that’s expecting California.”

4.3. Perceptions about the industry and the nature of competition

Restaurants differ in the extent to which they perceive the business environment as favourable for the promotion of VQA wine. We observe three critical industry components: *regulatory*, or the laws, regulations, and government policies that might favour, or disfavour, VQA wine; *cognitive*, which is the extent to which knowledge about VQA wine is believed to be widely shared among customers and across the industry; and *normative* or positive values and norms that underlie the consumption of VQA wine. Without perceptions that these three components are favourable, restaurateurs will be reluctant to become avid promoters of VQA wine. Therefore, the findings suggest the need to (a) better understand what determines or prompts restaurants’ perceptions of the impact of their broader environments on VQA wine, as well as (b) develop tools that encourage these perceptions and make them more positive.

In a similar vein, VQA support is higher to the extent that restaurants develop stronger relationships with key stakeholders such as wineries. Such relationships can expose restaurants to broader knowledge about the opportunities underlying the sale of VQA wines—including the role of terroir and “heroic” family stories of how a winery has been launched—and in doing so provide them with the tools to promote such wines to customers more effectively. Further, the observed positive relationship between VQA support and the perceived dynamism of the competitive environment indicates that restaurants can use the promotion of VQA as a competitive tool to differentiate themselves favourably from the other players in the industry.

4.4. Personal interests, expertise, and attitudes

The extent of VQA support cannot be considered in isolation from personal preferences. Restaurateurs’ personal enjoyment of wine (e.g., as reflected in their regular visits to reputable restaurants or wineries in their free time) appears to be an important component and influence on the business support they offer to VQA wine. Furthermore, their concerns about environmental sustainability increase their level of support. Arguably, the production of VQA wine involves and concerns local producers and the local environment, and therefore, support for VQA wine should be most prevalent among those restaurateurs who value environmentally friendly winemaking processes or care about reducing the ecological footprint of these processes. It is further interesting to note that VQA support is higher among restaurateurs who derive a strong satisfaction from working passionately in their day-to-day activities, as well as from continuously refreshing their restaurants and themselves with emerging wine-related products in their personal time.

In addition, the level of VQA support is influenced by the restaurateurs’ perceptions that they have sufficient expertise with wine, and VQA wine in particular. This finding insightfully indicates that wine-related decision making in the restaurant industry is, in vital and important ways, driven by the belief that personal skills, experiences, and capabilities can produce effective and profitable VQA wine sales. It further points to the critical potential role of training programs (e.g., perhaps organized by professional associations). Such programs might not only create awareness about the benefits and limits of VQA wine, but also hone the actual skills that restaurateurs might use to make VQA wine a clear alternative to other, seemingly “easier” choices, such as American, Australian, or European wines. In this regard, we also have found that restaurants are more likely to support VQA wine when they employ a sommelier.

Another interesting finding relates to restaurateurs’ level of support for VQA wine, which is higher to the extent that they are more patriotic. On the one hand, this finding is not surprising: VQA wine has its roots in local winemaking production and culture, and therefore, supporting such wine implies embracing Canadian culture in general. On the other hand, the finding is a little unexpected, and valuable, in light of the view that the Ontario wine industry does not necessarily have a “home field” advantage. Many restaurant-goers are unfamiliar with Ontario wines or simply not willing to pay for them. A quote from a wine writer, whom we asked to comment on this issue, is illustrative: Proponents of local wine essentially “have to convince the Toronto businessman that Ontario wines are worth drinking instead of wines from France and Italy.” Thus, our results indicate that restaurateurs can be important “middlemen” in this process of convincing customers, if they wish to do so, because they can leverage their patriotism as a form of emotional capital that works to change customers’ possible misconceptions about the quality and merits of VQA wine.

4.5. Some concluding highlights

- Critical and peer acclaim and general “buzz” can differentiate a restaurant from the rest of the crowd. Such differentiation can be enhanced by the provision of a more “interesting” or distinctive wine list. The provision of a complete representation of VQA wine can play an important role in creating a competitive advantage.
- To promote VQA wines effectively, restaurants need to establish the “right” referent for their customers. VQA wines are more effectively compared to Old World (European) wines than to New World (Californian or Australian) ones. Effective matching with food also tends to increase their customer appeal and marketability.
- Being knowledgeable about the wineries’ stories and winemaking approaches and encouraging waitstaff to share these stories with customers can facilitate VQA sales. For instance, establishing closer relationships with local wineries could be very helpful, because it increases the restaurant’s ability to present VQA wines convincingly and knowledgeably to customers.
- Effective promotion of VQA wine sales is particularly important when operating in dynamic environments, in which restaurants need frequently to innovate, customers are looking for novelty, and there is increased support for locally grown products. Exhibiting a willingness to experiment, taking chances in creating a finely crafted wine list, and showing high passion in their day-to-day activities can all be ingredients that help restaurants differentiate themselves.
- In general, the most appealing aspect of Ontario wines to many restaurateurs is that they are local. Depending on the individual restaurateur, this local connection captures concerns about sustainability or national/regional pride, or both. This connection is particularly important, because it helps to differentiate VQA producing wineries from foreign competitors in the eyes of restaurateurs and their customers. It may also offer an effective selling pitch for VQA wines: “This product is good for the environment, and you can be proud of it.”