

An Investigation into the Relationship between Geographical Indication (GI) and Consumer perception of Quality: Does Geographical Indication Improve Marketing Opportunities for Origin-based Products such as Welsh Whisky?

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1. Introduction

The purpose of the proposed study is to explore the quality of whisky and the consumer perception of geographical indication (GI). This will enable the researcher to identify whether The Welsh Whisky Company's (TWWC's) application for GI status will improve consumer's perception of quality for their Single Malt Welsh Whisky (SMWW) products. This research will help determine whether applying for geographical indication for SMWW would influence consumer's perception of quality and therefore improve marketing opportunities and potential sales volumes for TWWC.

Geographical Indications (GIs) are a form of intellectual property rights, intended to protect, strengthen and maintain the reputation and the quality of a product from a particular geographical region. Origin-based products (OPs) have overtime had their identity formed by the interconnection between their quality attributes and the region in which it's been produced (Belletti et al, 2017). An example of an origin-based product is Whisky produced in Scotland (Scotch Whisky), which is also known as scotch and is protected by GI and under UK legislation - The Scotch Whisky Regulations, 2009. However, Whisky produced in other UK countries is currently regulated by the European Union (EU) regulations – Spirits Regulation (EU) 2019/787 (transferred into UK law verbatim). Due to the lack of distilleries and GI for Whiskies produced in Wales, TWWC have been required to comply with the EU regulations since reintroducing whisky distilling to Wales in 2000.

TWWC were the first legal distillery to produce SMWW in Wales in over 100 years and have therefore committed themselves to establishing the reputation for SMWW over the past 22 years. With four other whisky distilleries opening in Wales in recent years, it was in TWWC's interest to inaugurate a GI for SMWW produced in Wales. TWWC have recently submitted an application to the GI Team at The Department for the Environment, Food and Rural Affairs (DEFRA), and is currently undergoing public consultation. This application was developed by TWWC and was in agreement with other SMWW producing distilleries.

The application outlines a proposed product specification to ensure the high-quality reputation of SMWW is well protected and maintained, which was a principal driver for this innovation. In an article by Belletti et al, (2017) they describe how the successful validation of an origin-based product can establish a collective geographical name that will be recognised by consumers over time, rather than a private trademark. This could potentially provide a way for TWWC to not only leverage the quality of their geographically unique whisky but also inform and attract consumers.

2. Literature Review

The commercial potential of GIs was explored by Medeiros (2016) and he concluded that GIs can be utilised as an instrument to promote products commercially whilst generating wealth, protecting the producing region and strengthening the domestic market by promoting their products and cultural heritage. Although this study supports the theory that GI status may improve marketing opportunities, there is limited research investigating the influence of GI on consumer perception of whisky.

A previous study was carried out in Italy, which investigated the consumer quality perception of Parmigiano Reggiano Cheese (Silvestri et al, 2019). This study concluded that consumer perceptions can be better shaped by the addition of origin information on the packaging, including information regarding protected geographical indications (PGIs) and protected designation of origins (PDOs) which has the potential to strengthen brand awareness. They came to this conclusion through the use of questionnaires, used to gather quantitative data, which could be analysed via factor analysis and cluster analysis. Data collection was completed in hypermarkets and conducted via direct interview approach by expert interviewers.

Although the data collection resulted in 363 respondents, the non-probabilistic/accidental sampling scheme was only carried out in hypermarkets in one region of Italy, this means that the sample only represented a small population of Italy, where customer profile is likely to be similar. Whilst the total number of respondents was 363, only 309 responses were considered valid.

The concept of the proposed study shows close similarities to the study conducted by Silvestri et al (2019) as it will also involve a direct contact questionnaire and factor and cluster analysis. The study carried out by Silvestri et al (2019), shows how direct interview can result in a positive response rate and accuracy of information received, unlike other methods such as postal or telephone questionnaires. However, one limitation of this study is the validity of the responses, with only 85% of the sample being valid for analysis. The reasoning for the invalid responses was not discussed in the study which is a further limitation of this study. This research would have also been strengthened if a greater range of hypermarkets had participated, covering more regions of Italy. The proposed study will include a wider geographical sample to increase variety of customer profile. For example, the study will include a comparison between consumer perception of whisky quality from samples of different countries within Europe.

As a result of this, in the proposed study, the researcher will utilise network links via their workplace in order to complete the questionnaire through an interview conducted by an employee of TWWC. This method will allow the researcher to gain reliable and valid information as well as a high response rate. The Parmigiano Reggiano Cheese study (Silvestri et al, 2019) used three main areas of interest to form their questionnaire. This included, customer profile, quality dimensions, customer pre-purchase preference and expectations. This is a good technique to use in the formulation of the questionnaire as it will ensure precise and relevant questions are asked. The proposed study will also utilise this technique

and use the The Scotch Whisky Regulations along with the Spirits Regulation – EU 2019/787 criteria as a foundation to the questionnaire.

Another similar study is the study conducted by Olesen and Giacalone (2018), which investigated the influence of packaging on consumer's quality perception of carrots. This study focuses on varying packaging types and label colour. Data collection was gathered via an online survey which was distributed via networks and social media sites in the local language. This study had a response rate of 260 individuals, with 251 responses being valid for analysis. The study explains that 4% of the responses were invalid due to not being entirely completed. This study concluded that apart from the customer being able to visually see the carrots through the packaging to observe the freshness of them, the most important determinant when choosing which product to purchase was the origin of the produce.

The studies mentioned in this literature review will help develop the method and design of the proposed study, due to their similarities. However, the proposed study sets out to answer a research question that has not been explored before and therefore no comparison has been conducted to identify whether consumer perception of whisky quality is influenced by GI on the packaging. The proposed study shows similarities to the concept of the Influence of Packaging on Consumer's Quality Perception of Carrots study (Olesen and Giacalone, 2018) however, the method and design of the proposed study is more comparable to the study of the Consumer Quality Perception of Parmigiano Reggiano Cheese (Silvestri et al, 2019).

The research question has been formulated in an area of limited research; therefore, the results and conclusion would be productive to TWWC and other upcoming distilleries, providing a valuable insight into the success of the GI status as a quality marker. Whisky from Scotland is one example of a product category which is stereotypically associated with origins because of the history, size, traditions and reputation of the industry within the country (Speilman, 2015). With the current whisky market being dominated by Scottish whisky (Scotch), gaining a well-established reputation for quality is of crucial importance to TWWC, which could impact the future title of Wales as a 'distilling nation'. GI protection guarantees a product's characteristics or reputation, authenticity and origin. It protects the product name from misuse or imitation (GOV.UK, 2022). However, it is essential that high quality products are produced by all Welsh distilleries in order to improve consumer perception of quality of SMWW as a whole.

Developing research in this area within Wales will also help promote other Welsh food and beverage manufacturers to apply for GI status, contributing to putting Wales on the map, and ensuring pride of place for Welsh food and drinks. Following the UK's exit from the EU, the UK Government have introduced a UK Geographical Indication Scheme, providing advice and guidance to UK businesses when applying for UK GI status as well as being a stepping stone for those wanting to apply for EU GI status. However, the Welsh Government have been providing this support to Welsh businesses since 2009, allowing products to benefit from protected status and continual promotional activity both online and at events within the UK and abroad. All product names protected in the EU on 31 December 2020 following successful applications to the EU GI schemes are protected under the UK and

EU GI schemes. Meaning that many spirits with GI status that were registered on the EU GI scheme register have now been automatically registered on the UK Protected Spirit Drink Names Scheme Register. Although TWWC would be the business applying for GI status for SMWW, an individual or business does not own a GI and therefore any producer can make and sell a product under a registered product name if they follow the product specification and are verified to do so (GOV.UK, 2022).

3. Aims

The aim of the proposed research is to identify whether acquiring GI status for SMWW has an effect on the consumer perception of quality. The aim is based on the theory that products with an established GI status improve the consumer's perception of quality, therefore improving brand awareness and opportunities to drive sales.

The survey questionnaire, which will be formulated using The Scotch Whisky Regulations (2009) along with the Spirits Regulation – EU 2019/787 criteria as a foundation to the questionnaire, will explore the characteristics of the product which influence consumer quality perception.

The proposed study will aim to address the following questions:

1. Do consumers show preference to products with geographical indication?
2. Is there a demand for products with geographical indication in the global market?
3. Are consumers in Wales more likely to purchase SMWW than consumers in other countries?
4. What whisky characteristics are most likely to influence consumer perception of quality?

4. Research Design and Method

4.1 Design

The proposed study will utilise the descriptive survey technique in order to identify the influence that GI status has on consumer perception. Descriptive research sets out to seek accurate and adequate descriptions of activities, objects, processes and persons (Allison et al, 1996). This is an appropriate design for the proposed research as it will help identify accurate and adequate descriptions of demographics and public opinion of products.

Descriptive research is a popular research design used within market research. Information gathered in this way typically focuses on demographics and details on buying patterns of different cohorts. The data in the proposed study will be gathered in this way to allow the researcher to collect quantitative data and describe the demographics with the help of statistical analysis. Use of the descriptive research method allows the researcher to successfully analyse what consumers think about the product and what advertising

strategies work to increase the positive perceptions of the product. In this case, GI status would be considered the advertising strategy. Understanding the demographics is not essential to answer the research question for the proposed study. However, having an understanding of the demographic will not only act as a basic market research tool but will also determine whether the use of GI status as an advertising strategy, has varying success within different cohorts, as well as providing across country comparisons.

The survey questionnaire will be designed to collect information on demography, production characteristics and the perception of quality and origin. Demography related questions will include the age, gender and nationality of the individual. The production characteristics will cover aspects relating to The Scotch Whisky Act and EU Spirit Regulations and will consider cask types used for maturing the whisky as well as grain and still types used in the production process. The questions regarding quality and origin are designed to gather information on various attributes of whisky which influence quality perception such as flavour profile, age of the whisky, origin and packaging.

The proposed design will be a survey, as a survey is a system for collecting information to describe, compare, or explain practices (Fink, 1995). This will be a suitable method to describe the consumer's perception of quality and compare this across different demographics. A questionnaire will be the survey tool used to collect the data, as it is designed to ensure that the questions are expressed in such a way to elicit answers that are meaningful and relevant (Allison et al, 1996). As a result, relevant questions will be included in the survey questionnaire, in order to accumulate the required data which will contribute to answering the research question.

The design of the proposed research has many practicalities, as large amounts of information can be collected from a large number of people, in a short period of time and in a relatively cost-effective way (Ackroyd and Hughes, 1981).

4.2 Participants or Sample

The sample in the proposed study will be selected purposively through convenience sampling. As well as having around 90 employees working in Wales, TWWC also have employees based at Germany and France. The researcher will utilise brand ambassadors based in Wales, France and Germany working for TWWC who will recruit participants that they come into contact with throughout their day-to-day job roles. Settings where participants are likely to take part are whisky shows and fayres and spirit retailers throughout Wales, Germany and France. Although the countries selected are chosen through convenience sampling, the individual participants would be selected via non-probabilistic/accidental sampling.

With whisky being the most consumed spirit in France (Businesscoot.com, 2022), and France being the biggest export market for TWWC (Phillips, 2022), this seems an appropriate country to collect data from as it is a sophisticated whisky drinking nation making the

consumer's perception of quality more valid. Germany is also an important market for whisky producers in general, with the German's being the fifth largest importer of whisky in the world (Allen, 2022). With Wales being the home ground of TWWC, it seems appropriate to collect data here in order to identify if GI status will only influence consumer perception in Wales or whether it has a bigger impact, influencing consumers throughout Europe. All three countries are ideal representative areas for data collection as they are all whisky consuming nations but provide a variety of demographics for comparison and are all accessible to the researcher.

Random sampling is known to provide more valid data as it is more representative of the whole population. However, as the countries selected are more practical and accessible to the researcher, convenience sampling seems the most appropriate approach in this study. The settings where data collection will take place will also ensure that interviews can be conducted with experienced whisky/spirit drinkers as this is the typical demographic what would attend whisky shows or spirit retailers. Having data from participants who drink whisky is important as the research will become more valid. It also means that any technical questions relating to cask type and production types are understood by the individual and their perception of quality will be more credible than a non-whisky drinker.

4.3 Ethics

It is essential that this study is granted ethical approval from the appropriate research committee. In order to prevent ethical related issues within this study, it is important to gain an appropriate form of informed consent and respect privacy and confidentiality of individuals (Bouma and Ling, 2004). In an effort to ensure the ethicality of the proposed research, a comprehensive ethics form will be finalised and submitted by October 2022, to inform the University of Wales, Trinity Saint David's Ethics Committee of the proposed research. Once ethical approval is obtained, the research can then proceed.

The Welsh Whisky Company board of directors have given their informed consent, for the researcher to utilise their employees and distributors in order for the data collection to take place. The researcher will also gain consent from the distributors, which will also be reconfirmed immediately prior to the commencement of any data collection. An introductory letter which will be signed and issued by the researcher and project tutor, will also be issued to the distributors/brand ambassadors involved in the study. This will help secure the cooperation with those involved in the study (Bouma and Ling, 2004).

4.4 Data Collection

Primary data will be obtained via verbal communication between the researcher and the representative sample of participants from the target population, that is – whisky consumers in Wales, Germany and France. The questionnaire will be formulated using the The Scotch Whisky Act and EU Spirit Regulations which will be expressed in a quantitative manner to ensure statistical analysis can be completed (Allison et al, 1996). However,

according to Ackroyd and Hughes (1981) it is evident that questionnaires also have their disadvantages. One of these being survey fatigue, where the respondent lacks motivation to complete the survey questionnaire. In order to overcome this, care will be taken when designing the questionnaire in order to avoid survey fatigue and poor response rate.

An interview approach will be used by the researcher in order to achieve accurate and in-depth answers. The researcher's colleagues based in Germany and France will be completing data collection due to being more accessible and to ensure effective communication skills are used throughout the interview, preventing language barriers.

4.5 Timetable

Product	Timescale	Date of Completion
Ethics Form	2 weeks	October 2022
Ethics Approval	4 weeks	November 2022
Questionnaire Development	2 weeks	March 2022
Questionnaire Readjustment	1 week	April 2022
Literature Review	3 weeks	May 2023
Data Collection	2-3 weeks	May 2023
Data analysis	3 months	September 2023
Academic Paper	7 months	October 2023

4.6 Costs

The costs associated with the proposed study are minimal. The data collection will require man-power from three of TWWC employees (including the researcher). The data collection will be carried out during working hours within the working environment so this reduces travel and man-power costs. The software and scripts used are open sources which helps to keep the study expenditure to a minimum. Any costs associated with the proposed research will be covered by TWWC as it will contribute to their ongoing research and development projects.

5. Results

5.1 Data Analysis

SPSS 22 (IBM SPPSS statistics 22 for Windows IBM Corporation, New York) is a practical way of analysing quantitative data. It is predicted that the proposed research design will obtain quantitative data. For this reason, SPSS 22 will be used for its analysis. The data types used in the questionnaire will include a combination of scale and nominal data types. Nominal data has no numerical value and produces data that fits into categories (Fink, 1995), questions relating to the type of whisky with categorised answers, would be one example of

this type of data. Scale data is usually continuous, with an example of a scale question which may be used in the questionnaire being 'How many bottles of whisky have you purchased in the past month?' Means and standard deviations are used to summarise the values of scale data (Fink, 1995).

It has been confirmed by Fink (1995) that descriptive statistics can be used in data analysis as a means of describing data in terms of measures of central tendency. With scale data that is acquired through the questionnaire, the descriptive test of 'Mean' can be used to work out the total observations. Excel will be used to apply this to relevant variables within the data set. This can be applied to all scale data for each response in order to get an average. Once the mean is calculated, comparisons can be drawn for responses for each country.

It is possible that some data may be non-parametric. In this case a Mann-Whitney test could be performed to determine the differences between respondents from Wales, Germany and France and their frequency of purchasing whisky (for example). This test is appropriate for comparison of non-parametric data containing two unpaired groups (Kerr, 2014). Typical thresholds within industry to evaluate the null hypothesis would be a p-value of 0.05, larger p-values such as 1 would indicate there is no detectable difference (Rocherfort-Maranda, 2015). If the data is non-parametric, formulas such as these can be applied to the data set, allowing for identification of the differences in consumer perception between different types of demographics.

Furthermore, where there are two categorical variables, relationships between these can be identified through a chi-squared test for association (Laerd statistics, 2013). Examples of categorical variables that could present themselves in the study are, the country in which the participants are from and the number of bottles purchased per month. If any association between the categorical variables exist, they will be highlighted by this test. Association between these two variables will allow TWWC to understand the validity of responses. For example, if the French consumers purchase more bottles per month, does this make their perception of quality more valid as they can be considered more experienced whisky drinkers?

5.2 Further Developments

The impact of this study will assist TWWC with assessing the impact GI has on consumer perception of quality and potential sales growth. It will also help identify if GI has more of an impact in different European countries. If there is a clear link between improved quality perception for the product and introduction of GI, then TWWC may want to invest further and apply for GI for further products in their range, such as Gin, Rum, Vodka and Cream Liqueur.

A limitation of the proposed study would be the lack of inclusion of countries where TWWC are not already exporting to. It would be useful to compare with data from countries where Welsh Whisky is not currently imported as this could potentially identify whether GI status encourages new market opportunities for TWWC. Further research should also be

conducted by TWWC to compare sales figures from pre and post introduction of GI status, in order to identify the influence GI status has on sales and market potential.

According to Medeiros (2016), the introduction of GI status to a product can be regarded as multi-functional as it also influences rural development and economic sustainability, contributing to the development of tourism and hospitality. Therefore, future research should target the tourism numbers in Wales and whether GI has an effect on this. A useful way of determining this would be to compare TWWC visitor centre numbers pre and post introduction of GI. There are many avenues that may be explored in order to identify the true potential of GI status and its ability to improve consumer perception and marketing opportunities. However, the proposed study is a starting point for kickstarting investigations within this area of limited research and will hopefully prove to be useful to TWWC and other Welsh food and beverage manufacturers.

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