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**Do Restaurants Cater to Locapours?
Using Zagat Survey Data to Examine Factors That Influence Wine List Selections**

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Introduction

The USDA states that various local food marketing channels such as direct-to-consumer marketing, direct-to-consumer sales, and community-supported agriculture organizations have been growing substantially in recent years. Intermediate buyers such as schools, hospitals, grocery stores, and restaurants have also been expanding their consumption of local food. Restaurants in particular offer locally produced foods and beverages as a means of catering to this increased interest.

Wine is a beverage that can be closely identified with a specific region and the wine sector is a burgeoning industry in New York State (NYS). Therefore, one of our research objectives is to estimate the impact of certain characteristics on a restaurant's decision to carry local wine. We use a large database of restaurant ratings across NYS collected as part of the Zagat Survey.

Data

NYS has become recognized for producing top quality wine. While the local food movement has inspired restaurants to focus on local and seasonal ingredients in their cuisine, local wines have not yet received the same enthusiasm among restaurateurs (Molesworth, 2011). This is a particularly important topic in NYS given the number of restaurants and the presence of the emerging wine industry.

We used the Zagat Survey website as our data source for 2012 information about 5,111 restaurants in NYS. The Zagat Survey is a very rich and yet very under-utilized source of restaurant data in the United States. Using The Zagat Survey allows us to draw from a source containing standardized scores describing food quality, décor, service, and cost across a diverse spectrum, in both price and cuisine, of restaurants. Restaurant rating, pricing, feature, and cuisine type were collected from the Zagat Survey. This data was then augmented with information from

wine lists from 1,530 of the 5,111 restaurants which served wine and which provided their wine list on-line. Wines on the lists were grouped by white, red, sparkling, rose, dessert, and fortified. We further separated each wine type by production region.

Results & Discussion

Table 1 provides our results for restaurants' willingness-to-buy local (WTBL). We compared restaurants that buy local wines to restaurants that do not buy local wines and examined whether the restaurant's reputation, attributes, cuisine style, and wine list had any effect on the presence of local wines. Table 1 presents the variables that had significant effects on local wines whether positive or negative. Also, in these results local wines were broken down into "all NYS wines", "NYS red wines", and "NYS white wines". For example, the Zagat Survey décor rating has a positive and statistically significant effect on the likelihood of a restaurant buying "all NYS wine" and "NYS white wine" but not "NYS red wine".

The significant variables for "all NYS wine" across the cuisine groups show that Standard American Cuisine, European Cuisine, Asian Cuisine, Latin American Cuisine, and Other Cuisine are all less likely to offer NYS wines compared to restaurants that serve New American Cuisine. Of the restaurant characteristics, the natural/organic ingredients and total feature count were positive and statically significant. The regional variables show that those restaurants in Upstate New York and in Long Island are more likely to offer "all NYS wine" (relative to the four boroughs outside of Manhattan in NYC). Restaurants in Manhattan were not significantly different than those in the four other boroughs.

When we examine the wine list variables, a higher total count of domestic wines and a higher count of total wines increases the likelihood of offering "all NYS wine", whereas a higher count of red wines decreases the likelihood. Lastly, the total domestic count is also positive and statically significant.

When we examine restaurants' WTBL "NYS white wines" or "NYS red wines", we find similar results, but here the regional impacts are more striking. For NYS white wines, we see that the likelihood of buying NYS wines is greater in Upstate New York and in Long Island, but for red wines the likelihood is only greater in Long Island. This is an intuitive result given that Upstate New York produces primarily white wines and Long Island is developing a reputation for producing white and red wines.

Overall, our results indicate that cuisine and wine styles influence the decision of restaurants to buy NYS wine. This complements previous studies which use primary data on how restaurants adopt wines based on cuisine type and aesthetics. Our results suggest that restaurants with cuisine types other than New American are less like to buy NYS wine. The presence of natural/organic ingredients feature and décor ratings, however, can positively impact the valuation of local wine. The Zagat Survey décor rating could be an indicator for ambiance and attention to detail in the overall client experience. The significance of the natural/organic ingredients feature could indicate that a restaurant is more likely to offer local food and wine products.

Table 1: Estimation Results for Logit Regression on Selecting All NYS Wine, White NYS Wine, and Red NYS Wine

<u>Variable</u>	<u>All NYS Wines</u>	<u>White NYS Wines</u>	<u>Red NYS Wines</u>
Zagat Décor Rating	0.0666**	0.0674**	0.0512
Standard American Cuisine [†]	-0.555***	-0.467**	-0.338
European Cuisine [†]	-1.149***	-1.339***	-1.039***
Asian Cuisine [†]	-1.901***	-1.715***	-2.252***
Latin American Cuisine [†]	-0.858**	-1.012***	-0.364
Other Cuisine [†]	-1.194***	-1.031***	-1.134***
Natural/Organic Ingredients Feature	0.334*	0.326*	0.629***
Total Feature Count ⁺⁺⁺	0.0818*	0.0344	0.0326
Total Count of White Wine	0.0105***	0.00723**	0.00321
Total Count of Red Wine	-0.00897***	-0.00524***	-0.00483***
Total Count of Sparkling Wine	0.0254*	0.0221*	0.0215*
Total Count of Dessert Wine	0.0527**	0.0471**	0.0276
Total Domestic Count	0.0212***	0.00958***	0.0132***
Upstate New York Location (n = 210) ⁺⁺	0.430*	0.614**	0.335
Long Island Location (n = 274) ⁺⁺	0.984***	1.121***	1.266***
Observations	1,400	1,400	1,400

Note: Table 1 is a condensed version and does not contain the statistically insignificant variables

[†] Cuisine groups are related to the base case of New American Cuisine

⁺⁺ Regional Attributes are related to the base case of the remaining 4 boroughs of NYS (Bronx, Brooklyn, Staten Island, Queens)

⁺⁺⁺ Does not include Natural/Organic Ingredients and Winning Wine List Feature

Our results also have important implications for wineries in emerging regions within the United States and in other production regions around the world. First, since cuisine plays a large role in the adoption of local wine, marketing to those restaurants with cuisine styles which complement a wine can have a meaningful impact. In the case of NYS wineries, restaurants with “New American” cuisine appear to be more willing to buy local wine. Our results suggest that local wines are in greater competition with other domestic wines from other states (mainly California, but also Oregon and Washington), suggesting that restaurants with a wine list containing more domestic wine may be more willing to offer local wines. Wineries may want to market to restaurants with more domestic wines overall since they have a higher probability of buying NYS wines. Lastly, local wineries should be aware of the distance that their brand is known within the state. They will need to differentiate marketing strategies by region. For example, local wine may resonate with restaurants close to their winery, but be less receptive further away. While it could be more difficult for Finger Lakes wineries to find restaurants that will serve their wines on Long Island, and vice versa, our results can be used as a tool for their marketing teams to develop strategies in order to better select those restaurants that are willing to buy local wine.

Reference

Molesworth, James. "Are Locavores Also Locapours?" *Wine Spectator*. 31 Oct 2011: 38.

Available at: <http://www.winespectator.com/magazine/show/id/45671>.

"Smart Marketing" is a marketing newsletter for extension publication in local newsletters and for placement in local media. It reviews elements critical to successful marketing in the food and agricultural industry. *Please cite or acknowledge when using this material.* Past articles are available at <http://marketingpwt.aem.cornell.edu/publications.html>.