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Generational Differences in Wine Consumption

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Wine consumption in the United States has been growing since the mid-1990s, reaching an all-time high of 668 million gallons in 2003. In 2004 the estimated retail value of wine shipments to the United States alone was $23.2 billion dollars (Wine Institute 2005). The increase in consumption has been associated with an increase in the number of producers competing within the industry. The wine industry is a very unique industry due to its size and to the degree of its segmentation. Thousands of companies ranging in size from multinational corporations to sole proprietorships compete for a portion of the lucrative wine market. Lately, as more producers enter the market, it is becoming increasingly important for companies to recognize the needs and wants of the wine consumer.

Research has shown that the needs and wants of wine consumers vary by age—specifically, by generation. The consumer market for wine is composed of three main generations: the Baby Boomers (those born between 1945 and 1964), Generation X consumers (born between 1965 and 1976), and the Generation Y consumers (born between 1977 and 2000). This separation of consumers into generational groups is important in identifying the needs and wants of the different groups regarding wine. Marketing literature has continuously indicated that marketing strategies should be tailored to the needs and preferences of specifically targeted groups in order to be effective. There is no "one size fits all" marketing campaign, and different marketing strategies need to be used to reach different generational groups.

Numerous publications and extensive amounts of research already exist to support the fact that differences exist among generational groups. However, there is a dearth of research to support the assumption of generational differences among wine consumers. This study collects and analyzes data and identifies generational differences in the area of wine consumption. Findings from this research should prove useful to the wine industry in developing effective marketing strategies to successfully reach different groups of consumers based on their revealed preferences

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Methodology

The data for this study were obtained using a survey instrument administered through personal interviews during February of 2005 in the United States. A random sample of 447 respondents was collected in San Luis Obispo County, California. The data collected were analyzed using SPSS, a statistical software program. Tests used to analyze data and determine significant differences among generations include cross-tab analysis using a chi-square test, one-way analyses of variance using Tukey post-hoc tests, and paired-sample t-tests.

Results

Demographics and General Information

The data collected were separated by generational group. Table 1 reports the demographic information of the consumers who participated in the survey. Both Baby Boomers and Generation X consumers are more likely to be married or living with a partner, whereas Generation Y consumers are more likely to be single. Generation X consumers are more likely to have graduated from college, while Generation Y consumers are more likely to have completed some college. Both Baby Boomers and Generation X consumers are more likely to be employed full-time. Baby Boomers are also more likely to earn more than $70,000, while more than half of Generation Y consumers earn less than $20,000.

Respondents also answered questions about their general alcoholic-consumption patterns and purchasing habits (Table 2). Generation Y consumers are more likely than both Baby Boomers and Generation X consumers to have consumed all types of alcoholic beverages except wine.

Table 1: Demographic Information.

N=447	Baby Boomers	Generation X	Generation Y	P-value
Gender				0.031**
Female	54.2%	43.9%	60.8%	
Male	45.8%	56.1%	39.2%	
Marital status				0.000**
Married/cohabiting	72.2%	62.0%	15.5%	
Single	23.3%	38.0%	84.5%	
Widowed	4.4%	0.0%	0.0%	
Children under 18 living at home				0.000**
Yes	34.6%	41.0%	5.6%	
No	65.4%	59.0%	94.4%	
Education				0.000**
Grade school or less	1.1%	0.0%	0.6%	
Some high school	1.7%	1.0%	0.6%	
High school graduate	8.4%	5.0%	4.3%	
Some college	31.3%	22.0%	63.0%	
College graduate	37.4%	60.0%	29.6%	
Post-graduate work	20.1%	12.0%	1.9%	
Employment				0.000**
Full-time	63.5%	89.0%	34.0%	
Part-time	11.6%	7.0%	43.8%	
Not employed/retired	24.9%	4.0%	22.2%	
Income				0.000**
Less than $20,000	3.5%	5.0%	57.1%	
$21,000–$24,999	2.9%	3.0%	10.6%	
$25,000–$29,999	4.7%	6.0%	5.6%	
$30,000–$34,999	2.9%	4.0%	3.1%	
$35,000–$39,999	3.5%	12.0%	5.6%	
$40,000–$49,999	6.4%	11.0%	8.7%	
$50,000–$59,999	12.3%	12.0%	2.5%	
$60,000–$69,999	11.1%	15.0%	2.5%	
$70,000–$99,999	23.4%	16.0%	1.2%	
$100,000 or more	29.2%	16.0%	3.1%	

Table 2. Alcoholic Beverages Drank in the Last Year by Yourself or Members of Your Family.

N=447	Baby Boomer Generation	Generation X	Generation Y	P-Value
Beer	77.5%	86.7%	93.8%	0.000**
Wine	100.0%	98.0%	97.5%	0.116
Sparkling wine	40.2%	57.9%	65.4%	0.000**
Mixed drinks	57.7%	78.6%	90.6%	0.000**
Other	21.3%	27.4%	50.3%	0.000**

* significance at 10% level.
** significance at 5% level.

Wine Purchasing Attitudes and Generational Desirability of Wine Characteristics

A product should be positioned correctly in order to be marketed successfully. This strategic positioning is based on those characteristics that prompt consumers to purchase that specific product over other available products. Those characteristics that consumers are looking for when they purchase a particular product are identified by their desirability ratings for that product. Characteristics defined as being the most desirable should be used in a successful positioning strategy.

In the survey, consumers were asked to rate the desirability of 21 different characteristics that may influence their decision when purchasing wine. Consumers were asked the following question:

> "The following is a list of features people may look for when purchasing wines. Please indicate the desirability of each feature to you when you purchase wine by indicating a number from 20 to 100 where: 100=Extremely Desirable, 80=Very Desirable, 60=Somewhat Desirable, 40=Slightly Desirable, 20=Not At All Desirable."

Results of the mean ratings for the total sample are reported in Table 3. Results indicate that the characteristics surveyed can be grouped into three categories: very desirable, somewhat desirable, and slightly to somewhat desirable. The very desirable wine characteristics are good taste, good value for the money, recommended by friends, premium-quality product, and the product is good for a party. The somewhat desirable characteristics when purchasing wine are a complement to food, good for a date, good to drink while unwinding after work, will help me relax, inexpensive, from a prestigious wine growing region, from a well-known winemaker, prestigious brand, and creative label. The slightly to somewhat desirable characteristics are wine is aged in a barrel, high in alcohol, has health benefits, high *Wine Spectator* rating, wine contest winner, organically grown, and high Robert Parker rating.

The importance of these individual wine characteristic differs among the Baby Boomer, Generation X, and Generation Y consumers. The superscripts used in Table 3 indicate significant differences among the generations as identified by the results of the Tukey post-hoc test. The use of the same superscript for two generations indicates that no significant difference exists in the mean rating between those two generations.

All three generations indicated that good taste and good value for the money are the most important factors considered when purchasing wine. Among the very desirable factors, results showed that a premium-quality product was more desirable to Baby Boomers than to Generation Y consumers. Of the somewhat desirable characteristics, wine being good for a date and wine being inexpensive are more desirable for both Generation X and Generation Y consumers than for Baby Boomers. A creative label is also more important for Generation Y consumers than it is for Baby Boomers. Of the slightly to somewhat desirable characteristics, wines that are high in alcohol are more desirable to both Generation X and Generation Y consumers. Baby Boomers indicate that the health benefits of wine are more important to them than do Generation Y consumers.

Wine Perceptions by Region

Survey respondents were asked the following question:

> "Based on your perceptions, even if you have not had wine from these regions, how would you rate the **quality** of wine from the following regions? 100=Excellent, 80=Very Good, 60=Good, 40=Not Very Good, 20=Poor."

Table 4 shows the mean ratings that were analyzed for significant differences using a one-way analysis of variance and Tukey post-hoc test. Once again the differences in this table are identified by the superscripts. Groups with the same superscript indicate that no significant differences exist among these groups. Results show that Napa was perceived to have the highest quality by all three generational groups. Baby Boomers perceive both San Luis Obispo and Australia to be of higher quality than do Generation Y consumers. Generation Y consumers perceive Italy to be of higher quality than do Baby Boomers.

Respondents were asked a similar question regarding perception of price:

Table 3. Desirability of Wine Characteristics.

N=447	Baby Boomers (N=181)	Generation X (N=100)	Generation Y (N=162)	F-Stat
Very desirable				
Tastes good	89.83	89.60	89.81	0.006
Good value for the money	80.33	81.60	83.75	1.285
Recommended by friends	75.14	78.60	77.89	1.289
Premium quality product	76.11[2]	75.00[1,2]	70.31[1]	3.219**
Good for a party	68.95	73.27	72.92	1.628
Somewhat desirable				
A complement to food	73.26	68.60	69.32	2.02
Good for a date	63.15	72.53[1]	77.39[1]	15.478**
Good to drink while unwinding after work	66.26	72.20	70.43	2.163
Will help me relax	64.64	69.40	69.81	2.147
Inexpensive	58.22	65.45[1]	70.88[1]	11.656**
From a prestigious wine growing region	64.00	63.80	64.00	0.003
From a well-known winemaker	64.13	63.60	63.23	0.065
Prestigious brand	62.98	62.22	62.24	0.55
Creative label	56.13[2]	60.80[1,2]	67.08[1]	8.547**
Slightly to somewhat desirable				
Wine is aged in a barrel	56.91	56.20	54.66	0.354
High in alcohol	48.07	57.80[1]	62.61[1]	15.116**
Has health benefits	58.99[2]	55.00[1,2]	52.42[1]	2.609*
High *Wine Spectator* rating	52.96	51.00	50.93	0.343
Wine contest winner	52.82	52.00	50.19	0.579
Organically grown	45.41	42.63	44.35	0.406
High Robert Parker rating	41.33	39.39	43.60	1.03

"Based on your perceptions, even if you have not had wine from these regions, how would you rate the **price** of wine from the following regions? 100=Very Expensive, 80=Expensive, 60=Moderately Priced, 40=Inexpensive, 20=Very Inexpensive."

Table 5 shows the perceptions of consumers based on the price of the product. This table was evaluated for significant differences using the same method as Table 4. Again, the superscripts identify the groups where significant differences exist. France is perceived by all three generational groups to be the most expensive region from which to purchase wine. Generation Y consumers perceive Italy to be more expensive than do Baby Boomers. Generation X consumers perceive both Santa Barbara and San Luis Obispo to be more expensive than do Generation Y consumers. Both Baby Boomers and Generation X consumers perceive Chile to be cheaper than do Generation Y consumers.

One question in the survey related to consumers' perceptions of wine from different regions asked about their wine tasting experiences in the last three years. The region most highly reported by all three groups in terms of wine was San Luis Obispo County. A higher percentage of Baby Boomers and Generation X consumers have been wine tasting in Santa Barbara County, while a higher percentage of Generation Y consumers have been wine tasting in both Italy and Australia (Table 6). This may explain why significant differences exist among generations regarding perceptions of wine quality and wine price for both Italy and Australia.

Table 4. Perceptions of Quality by Region.

N=447	Baby Boomers (N=181)	Generation X (N=100)	Generation Y (N=162)	F-stat
Napa	88.11	87.68	90.51	1.331
San Luis Obispo	84.97[2]	82.65[1,2]	80.62[1]	3.228**
Italy	80.80[2]	81.82[1,2]	86.13[1]	3.586**
Sonoma	82.71	81.62	79.51	1.381
France	80.00	83.03	81.75	0.77
Santa Barbara	79.33	78.18	75.70	1.887
Australia	71.35[2]	66.00[1,2]	68.00[1]	2.663*
New Zealand	62.54	58.33	61.63	1.493
Chile	58.95	60.00	60.75	0.368
Argentina	58.05	58.54	58.48	0.033
South Africa	56.33	54.58	56.98	0.475

Table 5. Perceptions of Price by Region.

N=447	Baby Boomers (N=181)	Generation X (N=100)	Generation Y (N=162)	F-stat
France	82.35	82.04	83.73	0.396
Italy	75.51[2]	78.57[1,2]	82.48[1]	6.407**
Napa	78.32	78.38	78.63	0.016
Sonoma	72.40	72.45	72.53	0.003
Santa Barbara	68.76[1,2]	70.10[1]	66.34[2]	2.37*
San Luis Obispo	68.44[1,2]	69.80[1]	65.84[2]	3.084**
Australia	60.68	60.00	62.10	0.682
New Zealand	56.80	56.53	58.74	0.806
Argentina	54.51	56.70	57.27	1.295
Chile	54.89[1]	52.99[1]	58.88	4.219**
South Africa	52.64	56.73	56.23	2.579*

Wine-Purchasing Trends and Habits

Another key to successful product positioning is knowing the purchasing trends and habits of the consumers. For example, knowing how much the typical consumer spends can help position the product in the correct price range. Knowing where wine is purchased can help find the best channel to reach potential customers. Respondents were asked different questions regarding their wine-purchas-

Table 6. Wine Tasting Experience in the Past Three Years.

N=447	Baby Boomers (N=181)	Generation X (N=100)	Generation Y (N=162)	P-Value
San Luis Obispo County	66.3%	64.8%	71.1%	0.521
Santa Barbara County	32.4%	34.0%	20.0%	0.017**
Napa Valley	30.2%	24.7%	28.1%	0.633
Sonoma County	20.2%	11.6%	21.5%	0.120
Other region in the U.S.	5.1%	6.2%	8.2%	0.504
Other country	5.1%	10.3%	6.3%	0.251
France	3.4%	1.1%	3.1%	0.508
Italy	2.8%	0.0%	5.1%	0.071*
Australia	2.2%	1.0%	6.3%	0.044**
South Africa	1.7%	0.0%	2.5%	0.302
Chile	1.1%	2.1%	1.9%	0.790

ing trends and habits. One question asked about the places they purchase wine; consumers were able to select all of the locations where wine was purchased. All three generational groups purchased most of their wine at grocery stores, followed by Trader Joe's locations. Baby Boomers were less likely than others to purchase wine from liquor stores, but more likely than others to purchase wines through a wine club. Results from this question are reported in Table 7.

The survey asked consumers about the channels of information regarding new products. This information can lend insight into the types of media that will generate the greatest awareness of a certain product and improve the marketing techniques. The top-listed channels of information for all three generational groups are learning about it at a friend's home and through friends and family (Table 8). Generation Y consumers were more likely than others to learn about a new wine at a bar, while Generation X consumers were more likely than others to learn about new wines through other methods.

There were no significant differences among the different generational groups in the number of bottles purchased per month (Table 9). However there were significant differences in the amount of money spent on wine in a typical month by generational group. Baby Boomers spent the most money in a typical month on wine, just over $75, while Generation Y consumers spent the least amount, just under $41.

Respondents were asked about the price-point and type of wine of the last five bottles purchased by them (Table 10). Of the last five bottles purchased by price, Generation Y consumers purchased more wine in the $4.99-and-under price point. The highest percentage of the last five wines for all three generational groups was purchased between $5.00 and $14.99. Of the last five wines purchased by type, Generation Y consumers purchased a higher percentage of sparkling wine. Interesting to note is the fact that all three groups purchased the highest percentage of their last five bottles in the red wine category.

Respondents were asked to estimate the number of bottles of wine expected to be purchased over the next three months This information can help companies project sales of a new product and aid in launching a new product. Baby Boomers and Generation X consumers are likely to purchase more wine over the next three months than are Generation Y consumers (Table 11).

Conclusions

Understanding consumers' perceptions is of great value to marketers when developing product strategies. There has been an increasing interest in investigating the wine-consumption patterns of the

Table 7: Places Where Wine is Purchased.

N=447	Baby Boomers	Generation X	Generation Y	P-value
Grocery store	79.6%	85.9%	83.4%	0.429
Trader Joe's	62.8%	69.0%	67.9%	0.473
Winery	33.5%	40.0%	37.3%	0.554
Liquor store	29.2%	42.9%	41.3%	0.031**
Costco	29.3%	31.5%	26.5%	0.682
Wine specialty shop	21.3%	14.3%	20.1%	0.374
Natural foods store	4.6%	3.2%	3.8%	0.854
Wine club	12.1%	7.4%	3.8%	0.021**
Other	6.3%	8.2%	7.7%	0.814

Table 8: Information Channels about New Wines.

N=447	Baby Boomers (N=181)	Generation X (N=100)	Generation Y (N=162)	P-value
At a friend's home	81.0%	80.8%	83.9%	0.745
Friends and family	73.8%	76.8%	82.6%	0.183
Winery tasting room	52.4%	52.7%	57.2%	0.649
Restaurant by the glass	46.0%	40.6%	45.9%	0.653
Restaurant by the bottle	40.2%	43.3%	50.6%	0.163
Waiter	34.1%	34.4%	33.3%	0.982
Winery events	24.9%	19.8%	29.7%	0.22
Magazines	22.1%	26.9%	23.2%	0.675
Bar	19.2%	21.5%	35.5%	0.002**
Wine tasting dinners	18.3%	17.2%	18.6%	0.961
Wine bar	16.9%	14.0%	17.7%	0.736
Sommelier	11.6%	9.6%	7.1%	0.387
Newsletters	9.7%	6.5%	8.3%	0.655
Television	9.7%	7.5%	14.3%	0.206
Other	9.1%	27.0%	16.8%	0.001**
Internet	3.4%	8.6%	6.6%	0.178
Radio	2.8%	5.3%	7.0%	0.207

Table 9. Number of Bottles Typically Purchased and Amount Spent on Wine per Month.

N=447	Baby Boomers (N=181)	Generation X (N=100)	Generation Y (N=162)	F-stat
Number of bottles purchased	6.03	5.49	5.54	0.194
Dollars spent monthly	75.27	65.87	40.99	5.625*

* Significant at 10% level.
** Significant at 5% level.

Table 10. Percentage of Last Five Bottles Purchased by Price Range and Type.

N=447	Baby Boomers (N=181)	Generation X (N=100)	Generation Y (N=162)	F-stat
Percentage of last five wines purchased by price				
$0.00–$4.99	17.0%[1]	17.5%[1]	28.6%	5.776**
$5.00–$9.99	26.3%	29.2%	29.5%	0.559
$10.00–$14.99	28.8%	26.9%	22.5%	1.732
$15.00–$19.99	16.0%	13.2%	11.7%	1.256
$20.00+	11.9%	13.2%	7.7%	1.853
Percentage of last five wines purchased by type.				
Red	55.4%	57.8%	58.0%	0.427
White	29.9%	29.3%	28.3%	0.131
Blush	9.2%	6.2%	5.2%	2.212
Sparkling	3.9%[1]	5.4%[1]	8.0%	3.902**
Other	1.6%	1.3%	0.5%	0.900

* Significant at 10% level.
** Significant at 5% level.

Table 11. Bottles of Wine Expected to be Purchased in the Next Three Months.

N=447	Baby Boomers (N=181)	Generation X (N=100)	Generation Y (N=162)	F-stat
Number of bottles	16.38[1]	13.45[1]	12.18	2.945*

* Significant at 10% level.
** Significant at 5% level.

three generations of consumers in today's market. This study focuses on answering specific questions regarding wine-consumption patterns and habits of the three generations of consumers. Results show that significant differences exist among Baby Boomers, Generation X consumers, and Generation Y consumers regarding attitudes toward wine. Some of the generational differences were expected; however, some of the results were somewhat surprising. For example, it was not very surprising that both Baby Boomers and Generation X consumers spend more money per month on wine and purchase more bottles of wine per month than do Generation Y consumers. This was expected based on the fact that Baby Boomers and Generation X consumers earn a higher income and therefore are able to purchase more bottles and more expensive wine. However, the fact that Generation Y consumers perceive Italian wines to be of higher quality and more expensive than do Baby Boomers was surprising. Generation Y consumers are also more likely to have been wine tasting in Italy in the past three years—most likely due to study abroad programs—and these experiences may have influenced their perceptions of Italian wine. Some of the other differences that existed among the groups were that a premium-quality product and the potential health benefits of wine are more important to Baby Boomers when purchasing a wine than to Generation Y consumers. Both Generation X and Generation Y consumers feel that a creative label, wine that is high in alcohol, and wine that is good for a date are all more important to them when purchasing wine than do Baby Boomers. Generation X and Y consumers are also more likely to purchase wine at a liquor store, while Baby Boomers are more likely to purchase their wine through a wine club.

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