

Market Segment Analysis to Target Young Adult Wine Drinkers

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ABSTRACT

Consumer segmentation in the wine industry takes on many forms: demographic, geographic, behavioral, and others. In the United States, one of the most promising new demographic segments is the Millennial or Echo Boomer segment, which is being targeted by many consumer industries due to its size and buying power. For the wine industry, this group currently fits the legal drinking age range of 21 to 28. This empirical study describes the perceptions and attitudes of 108 Millennials regarding wine and what the wine industry can do to better market to them in a responsible manner. Results indicate that there is a need for greater wine advertising to this group utilizing fun, social, and relaxed settings; more innovative packaging and labels; a focus on “value” wines; as well as taste enhancements and environmental emphasis. [EconLit citations: M310]. © 2006 Wiley Periodicals, Inc.

1. INTRODUCTION

With the recent oversupply of wine on the global market (Penn, 2004) and a persistent plethora of new and second or third wine labels being introduced, wine marketing continues to be highly competitive and challenging. Due to this situation, many wine marketing experts recommend that we need to focus our efforts on finding new populations of wine consumers (Baenen, 2002; Cartiere, 2001; Diaz, 2002; Gillepsie, 2005), rather than just redoubling efforts with existing consumers.

Wine marketers in the United States have primarily focused on the existing population of wine consumers, which are the very large and affluent Baby Boomer generation, at 80 million strong (Lancaster & Stillman, 2002; Wine Market Council, 2003). This was an effective strategy for many years, when the wine supply and economic conditions were stable. Now, however, one of the most promising of the new wine consumer segments in the United States is that of the Millennial or Echo Boomer generation. Generally viewed as “children of the Baby Boomers,” the Millennials are considered to be the largest consumer group in the history of the United States in terms of their buying power and represents the future market for most consumer brands (Harris Interactive, 2001). According

to the Wine Market Council (2003), this consumer segment is already consuming larger quantities of wine than the previous generation, Generation X. However, very little research has been conducted on why this group is drinking wine, as well as their viewpoints and recommendations on wine marketing in general.

With this in mind, a research study was designed to identify the perceptions and attitudes of the millennial generation towards wine. A videotaped interview format was used to capture in digital film the image and voices of 108 participants. This article describes the results of the study, as well as implications for future wine marketing efforts to this promising consumer segment.

2. REVIEW OF THE LITERATURE

2.1 Customer Segmentation in the Wine Industry

Market segmentation, or the process of dividing a market into meaningful, relatively similar, and identifiable segments or groups (Zikmund, 1999), is used in multiple industries. In general, segmentation is useful for two major reasons. First, it assists marketing researchers in analyzing the needs of a specific customer segment. Second, from the resulting data, it allows marketing campaigns to be focused on these identified needs. In the long run, this allows companies to spend their marketing and advertising budgets wisely while at the same time meeting the needs of the customer. Ideally, this should result in efficient, effective, and profitable marketing and sales efforts.

There are multiple types and levels of segmentation used in various industries, but those used most frequently by the wine industry are those that also fall into the four classic marketing segmentation bases. These are (1) geographic, which is based on where the customer lives, such as country or city; (2) demographic, which is based on age, gender, income, social class, and so on; (3) psychographic, which is based on lifestyle and personality; and (4) behavioral, which is based on occasions, benefits, usage rate, readiness to purchase stage, and so on. (Zikmund, 1999).

In the wine industry, some of the most extensive research on market segmentation has come from Australia. One of the premiere studies was that of McKinna, in which he focused on the geographic segment of consumers in the South Australian wine industry, and then was able to divide this consumer grouping more specifically into a psychographic segmentation based on five wine lifestyles (McKinna, 1986). This research was further expanded upon and empirically validated by a cadre of other wine marketing researchers (Bruwer, Li, & Reid, 2001; Hall & Winchester, 1999; Johnson, Ringham, & Jurd, 1991; Spawton, 1991a). The most recent empirical findings using this lifestyle segmentation suggest that the following five consumer segments are confirmed in the Australian wine market (Johnson, 2003): (1) conservative, knowledgeable, wine drinkers; (2) image-oriented, knowledge-seeking, wine drinkers; (3) basic wine drinkers; (4) experimental, highly knowledgeable, wine drinkers, and (5) enjoyment-oriented, social, wine drinkers.

A recent qualitative study conducted in the United States (Thach & Olsen, 2005) confirms some of these same psychographic wine segments, but with a slightly different focus. This study identified five major wine lifestyle themes that ran across all lifecycle phases of U.S. wine consumers: (1) relaxed lifestyle; (2) dining ambience; (3) fun and entertainment; (4) social aspiration; and (5) travel lifestyle. In this case, segmentation

focused on when and why consumers drink wine. Similar studies have been conducted in other countries, such as in France where consumers who engage in certain lifestyle activities, such as listening to classical music, going to the theater and wearing a tuxedo or evening gown were more likely to own a bottle of Bordeaux Grand Cru (Dubois & Laurent, 1995). In Asia, several studies have illustrated that a lifestyle in which consumers pursue prestige is linked to purchasing high-priced wines (Groves & Belk, 1998; Handley & Lockshin, 1988). Understanding of these specific psychographic segments in markets around the globe is the key to tapping into effective global marketing strategies (Spawton & Lockshin, 2004).

Regarding geographic segments in the wine industry, these categories continue to be tracked via a multitude of public and private wine organizations (Nowak, Arnold, & Wagner, 2004). The International Organisation of Vine and Wine,¹ headquartered in France, and the Wine Institute (2003) in the United States are two examples of organizations that track international consumption of wine and exports for their members. Likewise, most major wine corporations monitor wine consumption rates around the world and in major national markets. Globally, there are reports of wine consumption decreasing in Europe, and increasing in Asia (Gastin & Schwing, 2004). Whereas within specific countries, geographic segmentation has shown that most wine consumers live near major cities, such as in the United States where the largest wine markets are Los Angeles, San Francisco, Miami, Chicago, and Seattle (Wine Business Monthly, 2003).

Some of the most significant work using behavioral segmentation, has been conducted by the Wine Market Council (2003) in the United States over the last ten years. Their findings segment the U.S. population by rate of consumption, and they have identified five major segments: (1) super-core, who consume wine daily (2% of U.S. population); (2) core, who consume wine at least two or three times per month (10% of U.S. population); (3) marginal, who consume wine at least two or three times per quarter (14% of U.S. population); (4) non-adopters, who do not drink wine, but drink other alcoholic beverages (31% of U.S. population); and (5) non-drinkers, who do not drink any alcoholic beverages (43% of U.S. population). Of the above segments, the super-core and core consume 86% of the wine sold. This segmentation has helped them target scarce wine advertising dollars on the super core, core, and marginal segments of the population.

This behavioral segmentation has been further broken down into demographic segmentation based on generation and gender. Though demographic segmentation varies by country (Spawton, 1991b; Spawton & Lockshin, 2004), in the United States, most consumer industries segment this category by the four generations of (1) Traditionalists born between 1900 and 1945; (2) Baby Boomers born between 1946 and 1964; (3) Generation Xers born between 1965 and 1977; and (4) Millennials born between 1977 and 2000 (Lancaster & Stillman, 2002). Currently, the major population of wine consumers in the United States is the Baby Boomers, but the newer Millennial generation is quickly catching up (Wine Market Council, 2003).

2.2 Characteristics of the Millennial Generation

Born between the years 1977 and 2000 (though these years vary slightly by source), there are approximately 76 million Millennials in the United States. Also called Nexters, the Y Generation, and Echo Boomers, (Harris Interactive, 2001; Lancaster & Stillman, 2002;

¹www.oiv.org

Neuborne, 1999), Millennials are considered to be the children of the Baby Boomers. Even at their current young age, they are attributed to have annual incomes totaling \$211 billion; spend approximately \$172 billion per year and save \$39 billion per year (Harris Interactive, 2001). According to Fernandez-Cruz (2003, p. 1), “quickly surpassing its parent generation, Generation Y has grown up in a media-saturated, brand-conscious world, and is keeping advertisers on their toes.”

According to Key Findings Newsletter (2004), this market segment has very high purchasing power. They not only have a lot of their own money, but they influence family purchases. Many perform the grocery shopping for their families, and have been given parent co-signed credit cards (Neuborne, 1999) at a young age. Research shows that they are savvy when it comes to brands (Moriarty, 2004), and value quality products when sold at a fair price (KeyFindings, 2004).

A key question in market segment analysis for this group is: What drives their purchasing behavior regarding wine? From this, answers can be gleaned to construct effective wine marketing campaigns for these young adults. Some highly useful information can be found by examining the five major traits and characteristics of this new generation (Table 1).

The first of these characteristics is that they are internet proficient. They were the first U.S. generation to grow up virtually 100% connected to the Internet (Harris Interactive, 2001). A recent study (Moriarty, 2004) found that Millennials spend an average of 16.7 hours per week on the Internet, excluding e-mail. They use it for shopping, in chat rooms, for research, and to keep up with fashion, music, and other trends. According to Neubourne (1999, p. 3), one Millennial reported, “I find out about things I want to buy from my friends or from information on the Internet.” Instead of being overwhelmed by all of the information available, Millennials are empowered by the possibilities of the Internet (Moriarty, 2004). The Internet is their primary source of information and they trust it.

Because of this focus, marketers are urged to use integrated media to reach the Millennial generation (New Sunday Times, 2004), and not use only traditional channels. Online technology is a critical part of this, but also offline locations where the Millennial congregate, such as music clubs, skateboard magazines, snowboard tournaments, cable TV, and outdoor posters (Neuborne, 1999). Emails targeted at online interest groups and cell phone marketing are also useful.

TABLE 1. Millennial Traits and Corresponding Marketing Implications

Five major Millennial traits	Corresponding market implications
Internet proficient	Use integrated media approach, with emphasis on Internet
Diversity conscious	Show diversity in all advertisements; emphasize universal values; and consider focus on specific cultural values.
Positive and practical	Use marketing messages that focus on value and quality, but with no slick advertising—just unvarnished truth voiced by everyday people.
Belief in fun and responsibility	Conduct market research to tap into what is perceived as fun, quirky, and outrageous.
Environmentally and socially aware	Emphasize business practices that are socially and environmentally responsible.

A second major trait of this group is that they are diversity conscious. Not only have they grown up in an age in which diversity was taught in school, but a full one-third of the millennial generation is non-Caucasian (Key Findings Newsletter, 2004). Because of this, they often question any marketing that is not inclusive. They look for, and expect to see, advertising that includes diversity of race and gender. In addition, they are highly influenced by minority cultures in terms of music, sports, dress, and language. The marketing implication here is that advertising should show a variety of diversity in terms of race and gender. Another consideration is to emphasize universal values and focus on cultural values when targeting specific ethno-centric segments of the millennial population (New Sunday Times, 2004).

A third trait is the fact that they are positive and practical. They are reputed to have a very optimistic nature and believe they can make a difference in the world (Lancaster & Stillman, 2002). Because of this, they are attracted to companies that are more idealistic and where the work they do can have an impact on the world (BusinessWire, 2004). At the same time, they are also quite practical. Research shows they have very specific goals on what they want to do in their life, and that more than half of the graduating Millennials believe they will own their own business in the future (BusinessWire, 2004.). They are reputed to be financially savvy and don't like owing money (Harris Interactive, 2001). This latter characteristic is linked to their focus on brands. They are very brand conscious, and seek brands that provide quality, but at a fair price.

Another offshoot of their practicality is their emphasis on telling the truth. They dislike anything that is perceived as phony (Fernandez-Cruz, 2003). Indeed, they are much more attracted by advertising that is "disarmingly direct," and are not swayed by celebrity endorsements (Neuborne, 1999). These characteristics imply that marketers need to focus on messaging that portrays the "unvarnished truth" voiced by "everyday Millennials." The message needs to be optimistic, practical, and with a focus on value and quality. In addition, advertising that emphasizes products and services provided by small family businesses is appealing to this group.

The fourth major characteristic of this market segment is their belief in fun and responsibility. Millennials tend to believe that life should be fun and enjoyable, but at the same time they do want responsibility and challenge on the job. According to Harris Interactive (2001, p. 1), Millennials exhibit "a well-balanced mixture of mind and heart." They want accountability on the job and are hard workers, but also seek flexible work hours and creativity. They want to make sure that they take time out to enjoy life, and believe that certain activities, such as shopping, should be fun and not a chore (Key Findings Newsletter, 2004).

Indeed some of the most successful advertising to date for this generation has been labeled as fun, quirky, and slightly outrageous (Fernandez-Cruz, 2003). An example of this is a VW car commercial in which two young guys use their new car to pick up an old chair that has been left on the sidewalk for trash (Neuborne, 1999). This type of advertising is unusual and confusing to the Baby Boomer generation, and marketers who haven't yet caught onto the fun and quirkiness of the Millennials have lost market share to newer brands that do (Neuborne, 1999).

The marketing implications here are to conduct consumer research to tap into what the millennial generation regards as "fun." Traditional marketing research methods can work here, but some companies are utilizing teen panels and street teams (Key Findings Newsletter, 2004; Neuborne, 1999) as new methods to obtain insight into this new generation.

The fifth characteristic of this group is that they are environmentally and socially aware. Raised in a media-saturated world and bombarded with news and advertising on TV, radio, the Internet, and even their cell phones, Millennials are very aware of global environmental and social issues (Harris Interactive, 2001). Some of this awareness is due to their diverse racial backgrounds, but it is also part of their social network conversations with one another, and many make purchasing decisions based on how companies treat the environment and their employees. As a result of this, organizations that have been accused of poor environmental stewardship or inhumane labor practices have felt the disdain of Millennials in their boycotting of products and services (BusinessWire, 2004; Neuborne, 1999). The marketing implications here are clear, in that marketing campaigns should emphasize company practices that are environmentally and socially responsible.

Examining the characteristics and traits of the Millennial generation is useful for marketers, as it suggests new marketing strategies to reach this large and affluent segment. Indeed, according to Neuborne (1999, p. 4), "marketers who don't bother to learn the interests and obsessions of Gen Y are apt to run up against a brick wall of distrust and cynicism".

3. METHODOLOGY

A survey research methodology was employed for this study. A questionnaire was developed asking about Millennial wine drinking frequency, reasons to drink wine, perceptions of wine drinkers, and their recommendations regarding future wine marketing strategies. The survey was designed in consultation with Stallcup and Associates, a wine marketing firm with an excellent track record in consumer research, and was reviewed by a small group of Millennials to validate the word choices. Because the purpose of the study was to identify perceptions and attitudes of Millennials regarding wine, and because this was a new audience, it was determined that the survey would be administered in a face-to-face interview format and recorded on digital video (DVD).

A total of 110 interviews were conducted, with 108 usable video interviews. A convenience sample of Millennials attending a college in Northern California was used for this research. Though the location of the sample is considered to have a higher percentage of wine drinkers than other parts of the United States, it should be noted that many of the college students came from other parts of California, and some were from other parts of the United States or abroad. The age range of the sample was 21 to 27, with the average age being 23. Fifty-one percent of the sample was male and 49% were female. Respondents were not asked to identify their racial category, though the videotaped images suggest a mixture of Caucasian, Hispanic, Asian, and African-American backgrounds. Interviewees were asked if they were willing to participate in the interview and be videotaped. All signed permission forms agreeing to the videotaped interview, including recognition that segments of the tape might be shown in classes or at conferences.

The data were analyzed by viewing the DVD interviews on computers, and the responses were recorded. Frequencies and averages were calculated for quantitative answers. Using qualitative techniques, the open-ended questions were analyzed using a thematic coding process. Codes were then summed to determine the relative strength of each theme.

4. RESULTS

The first major question category asked respondents if they drank wine or not. Based on their positive or negative response, a series of follow-up questions were used to gather

further information on frequency of wine consumption, type of wine or other beverage preferred, and reasons to prefer or dislike wine. Figure 1 illustrates the percentage of this sample that consumes wine based on the Wine Market Council (2003) categories. It is interesting to note that 66% of the sample drinks wine. This is much higher than the national U.S. average of only 26%.

4.1 Perceptions of Millennials Who Drink Wine

Of the 66% who drink wine, 48% preferred red, 18% preferred white, and 34% liked both red and white. When asked why they liked red wine, the most common responses were because it was fruity, smooth, and went well with food. The sample did not seem to prefer highly tannic red wines. The most commonly preferred type of red wine mentioned was Merlot, with Zinfandel coming in second. Respondents who preferred both types of wine indicated that the reason was they enjoyed the variety of trying different flavors with different foods.

Those who preferred white wines mentioned their preference for fruity wines, but also cited an appreciation for sweeter white wines. Chardonnay was mentioned most often, however, other white varietals such as Pinot Grigio and Gewürztraminer were listed as well. An interesting side note was that six females in the sample who stated they did not drink wine, reported that what they liked to drink instead was champagne. This seems to indicate that these interviewees did not realize that champagne was a wine product.

Regarding reasons to drink wine, respondents were asked an open-ended question on why they drink wine, and encouraged to provide multiple responses if relevant. There were 109 reasons provided by the 66% of the sample that drink wine. These were coded and sorted according to major theme (Table 2). Of these, the most prominent theme, at 31%, was that they liked the taste of wine. The second most cited reason for drinking wine was because it goes well with food (18%). The third reason was that it helps them relax (15%).

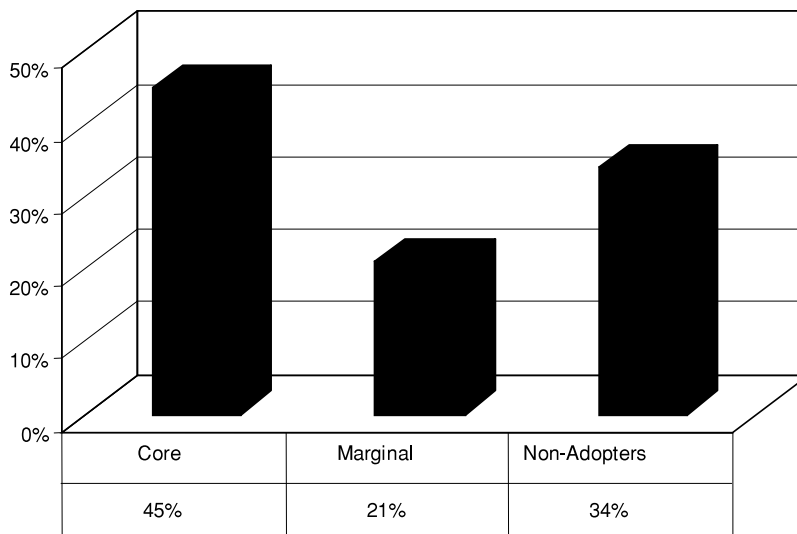


Figure 1 Percentage of wine drinkers in the sample.

TABLE 2. Reasons Millennials Drink Wine

Reasons	Frequency	%
I like the taste	34	31
It goes well with food	20	19
It makes me relax	16	15
It gives a happy buzz	10	09
It's a good social drink	8	7
I drink wine with family	7	6
I like the variety of types/flavors	6	6
To educate myself	2	2
For digestive/health reasons	2	2
Other	4	4
Total	109	100

An interesting fourth theme (9%) was that wine provided them with a “happy buzz.” When probed on this response, most explained that wine was not a good alcoholic beverage to “get drunk with” like beer or spirits. Instead they saw wine as a beverage to drink with friends and family, in order to relax and have with food. These types of answers are reassuring to many wine industry advocates who are concerned with wine being consumed in moderation and safety.

Another interesting finding of the 66% who drink wine is that 45% stated a family member introduced them to wine. This makes sense, as their parents, the Baby Boomers, are currently the largest demographic segment in the United States to consume wine. It is feasible that many Millennials were introduced to wine by a parent. Of those who were not, many stated that a friend had introduced them to wine.

4.2 Perceptions of Millennials Who Do Not Drink Wine

Of the 34% in the sample who stated they did not drink wine, not all could state a reason why. Of the 28 responses received to this question, the most common theme was they did not like the taste (57%). When probed on taste, common answers were “too flat, bitter, not carbonated, too thick, and not sweet enough.” Other reasons they did not drink wine came in at much lower percentages (Table 3), and ranged from “Too ritzy, not cool,” to “Red wine stains my teeth.”

TABLE 3. Reasons Millennials Do Not Drink Wine

Reasons	Frequency	%
I don't like the taste	16	57
It's too ritzy; not cool	3	11
I don't know about wine	2	7
It gives me bad hangovers	2	7
Red wine stains my teeth	2	7
Other	3	1
Total	28	100

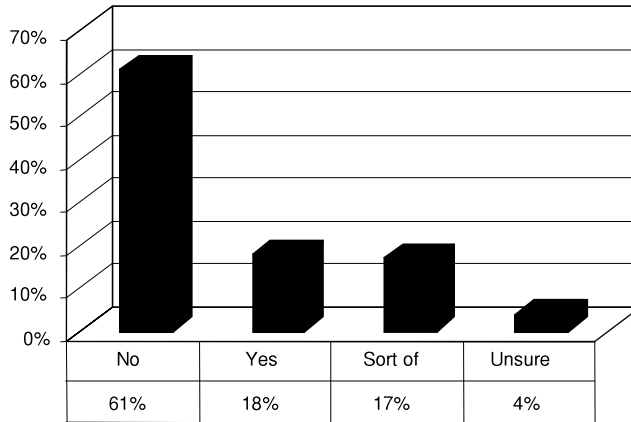


Figure 2 Is wine hip or cool?

When asked what they drink instead of wine, the respondents were almost equally divided between beer and spirits, with 53% stating they drink beer and 47% reporting they drink spirits. Some said they drink both, and added champagne to the mix (as previously stated). When probed on the types of mixed drinks, the answers ranged from vodka and gin, to Bloody Marys and Apple Vodka with Sprite.

4.3 Is Wine Hip or Cool?

An interesting question on the survey, provided in consultation with Millennials when designing the survey, was whether or not wine was considered to be hip or cool. If respondents answered in the negative, they were then queried as to what would make it more hip or cool? Here the results were rather negative (Figure 2), as 61% reported that they didn't see wine as hip or cool, while only 18% said "yes," and 17% said "sort of." Another 4% were "unsure."

Regarding responses on what would make wine more hip or cool (Table 4), 79 answers were received with the most prevalent theme being the rather negative response that "wine is too elite to be hip or cool" (20%). However, closely following this concept was the recommendation to "market wine to the younger generation" (19%). This suggests that this group doesn't see wine in the hip or cool category, but that perhaps by marketing more towards the Millennials, it can at least get more recognition as a beverage that is targeted to their needs.

4.4 Events Associated with Wine

Another survey question asked Millennials about the type of events they associate with wine (Table 5). Respondents were encouraged to list as many choices as possible with this open-ended question, and a total of 150 responses were received. The major response was nice dinners at 23%, with the remainder of the events falling at an 8% response rate or below. However, in reviewing the events, most are associated with

TABLE 4. Suggestions to Make Wine More Hip/Cool

Suggestion	Frequency	%
It's too elite to be hip/cool	16	20
Market to young generation	15	19
Not sure	11	14
Not possible	5	6
Easier more portable packaging	5	6
Associate with cool people	4	5
Cooler labels	4	5
Have at more events	3	4
Educate people on wine	3	4
Lower the price	2	3
Other	11	14
Total	79	100

more formal occasions, rather than the relaxed, fun occasions that Millennials seem to prefer in their trait profile. Events such as weddings, jazz concerts, fancy parties, and museum outings were listed quite frequently, and are all associated with the “elite, too ritzy” response listed by Millennials who do not drink wine. This indicates that there could be image issues associated with wine that could potentially be changed with positive marketing and advertising towards Millennial needs.

TABLE 5. Events Associated With Wine As Perceived By Millennials

Type of event	Frequency	%
Nice dinners	35	23
Weddings	12	8
Special events	10	7
Elite and formal events	9	6
Family occasions	8	5
Jazz concerts	8	5
Museums	8	5
Fancy parties	8	5
Wine tastings	7	5
Art events	6	4
Music concerts (not jazz)	6	4
Social events	5	3
Dates (with girls)	4	3
Food and meals (not fancy)	4	3
Holidays (e.g., Christmas)	4	3
49ners fans	2	1
Casual get-togethers	2	1
Other	12	8
Total	150	100

4.5 Suggestions to Encourage More Wine Consumption at Reasonable Levels

The sixth question category in the survey asked respondents to provide suggestions on what the wine industry can do to become more consumer driven. This was clarified with a follow-up question emphasizing that the intent was to get more people to drink wine at reasonable levels. Again, there were multiple responses from many of the interviewees, with a total of 135 suggestions. When coded into major themes, the results indicate two major findings as illustrated in Table 6.

The first of these themes was to broaden the current market focus to more diverse audiences (27%). Many of the Millennials felt that current wine marketing was only focused on an older, white, market segment, and that it was leaving out many other groups: specifically, their generation. The second major theme was to advertise more (24%). Many Millennials commented that they rarely, if ever, see wine advertising; whereas the competitors, such as beer and spirits, inundate this market segment with TV, online, and prints ads. Other thematic suggestions included reducing the price (13%), more consumer education (8%), and providing more wine-tasting opportunities (7%).

When probed on the type of advertising that would be successful in encouraging more people to drink wine at reasonable levels, this Millennial sample came up with 70 suggestions (Table 7). When coded and sorted by theme, two major and quite similar themes were identified. Both at 27%, the first theme suggested ads that focus on people having fun and drinking wine with no specific reference to the age of the people in the ad. The second major theme recommended a focus on young people drinking wine, but not necessarily emphasizing the fun aspect. Other interesting suggestions were to mimic beer commercials, and substitute wine for beer; and emphasizing the natural or organic way in which wine is made, based on sustainable grape-growing practices and stewardship of the land.

When probed on the specific type of media with which to advertise, there was no one specific media mentioned. Instead, a variety of media platforms, ranging from TV, print, and online were mentioned, but all with a focus in the areas in which they currently receive advertising. Examples include television programming that they watch, such as “Friends” and reality TV shows. Females recommended print advertising in magazines they read, such as *Cosmopolitan*, *Glamour*, and *People*. Online advertising was based on the online

TABLE 6. Marketing Suggestions to Increase Wine Consumption

Marketing suggestions	Frequency	%
Broaden market focus to diverse audiences (market to us!)	36	27
Advertise more	32	24
Reduce price; provide good quality	18	13
Educate consumers on wine; simplify	11	8
Provide more wine tasting opportunities	10	7
Better packaging	4	3
More wine bars	3	2
Promote health benefits	2	1
More music concerts	2	1
Other	17	13
Total	135	1

TABLE 7. Advertising Suggestions

Suggestions	Frequency	%
Show people having fun and drinking wine	19	27
Ads with young people drinking wine	19	27
Just like a beer commercial, but with wine	8	11
Show the natural way wine is made	5	7
Find a good wine slogan for ads	5	7
Show people eating food and drinking wine	3	4
Show wine as part of romance	3	4
Promote sexy wine commercials	3	4
Do not promote sexy wine commercials	3	4
Show wine with sports	2	3
Total	70	100

forums or Web sites they visit. This supports research described in the literature review which recommends an integrated media approach for advertising (New Sunday Times, 2004).

4.6 Descriptors for Wine and the Wine Industry

The last question on the survey was quantitative in nature, and provided a list of adjectives for interviewees to review. The adjectives had been used in previous U.S. wine industry consumer surveys (Wine Market Council, 2003; WineVision, 2003). Respondents were asked to select as many of the adjectives as they wanted to describe their current perception of wine and the wine industry. Figure 3 illustrates the results. Altogether this sample selected 246 descriptors for wine from the list.

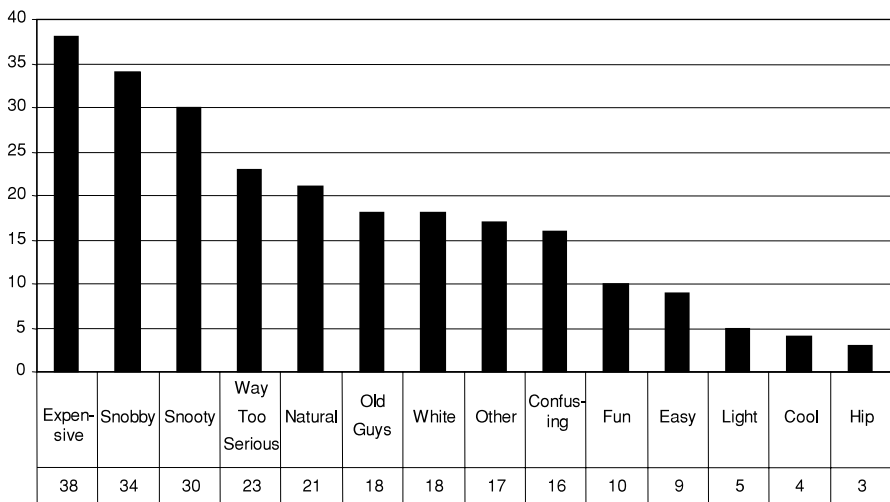


Figure 3 Frequencies of Millennial descriptors for wine.

Here again, the findings were skewed rather on the negative side with adjectives such as “expensive,” “snobby,” “snooty,” and “way too serious” being identified most frequently. The first positive term, “natural,” with 21 responses, came in fifth on the list. Again, this is the perception that wine is made of natural, organic substances from the earth, which is perceived positively by Millennials and fits the trait of being concerned with environmental issues. The more positive terms, such as “fun,” “easy,” “light,” “cool,” and “hip” were identified much less frequently by this sample.

Regarding the “other” category, in which the respondents were allowed to state their own descriptors, these were also on the rather negative side. Some of the responses included “fancy,” “upper class,” “yucky,” “not fun,” “prestigious,” “distinguished,” “uptight (2),” “rich people,” “sophisticated (3),” “elite,” “over-rated,” “elegant,” “touristy,” and “laid back.” With the exception of a few of these adjectives, most are not very complimentary toward wine or the wine industry.

5. IMPLICATIONS

This research study was one of the first of its kind to explore the perceptions and attitudes of the Millennial generation regarding wine. The results support previous research studies, which identify Millennials as drinking more wine than the previous Generation X (Hood, 2004; Wine Market Council, 2003). More importantly, this research illustrates that Millennials see wine as a good beverage to drink with food, to relax, and for social occasions with family and friends; however many also see it as pretentious, elite, and not focused on their generation and needs.

Specifically, this research identifies some opportunities for wine marketers to reach this important demographic segment in the United States. One of the major implications is to advertise wine more broadly and to illustrate diversity in the ads—especially showing young adults drinking wine. Current wine advertising tends to focus on images of vineyards, photos of bottles, or an aging winemaker or owner in the background. This is not as appealing to Millennials as seeing wine ads which include people of their own age drinking wine—ensuring the images portray diversity in race and gender.

Related to this need to broaden the focus of wine marketing to include their generation, is the request to make wine “more fun.” Current wine advertising is more “serious” and often focused on ratings. Millennials believe wine should be portrayed in relaxed and “fun” environments, such as picnics, a game night, or casual get-togethers with family and friends. On the other hand, most don’t believe wine should be advertising in the same manner as beer and spirits. They don’t perceive wine as a “party beverage,” but more of a drink to enhance a situation, such as a nice dinner or a relaxing time with friends.

Other implications of this study are to examine in more depth the issue of taste. The major reason cited in this study for Millennials drinking wine is they like the taste. Conversely, this was also the primary reason stated for Millennials who don’t drink wine: they don’t like the taste. More research needs to be done on flavor profiling of Millennials in order to understand why there is this difference in perception.

Finally, there appear to be opportunities for wine marketers to get more innovative with wine packaging, pricing, and environmental advertising. Some Millennials reported they are receptive to alternative closures, such as screw caps, as well as more portable packaging in boxes, bags, plastic, and smaller-sized portions. Related to this is the issue of pricing. Being both brand conscious and financially savvy, Millennials are looking for wine brands that deliver consistent quality, but at a fair price. Lastly, with their interest in

environment and social practices, wineries that do engage in sustainable wine-growing practices have an opportunity to promote this in their advertising to Millennials.

6. LIMITATIONS

This research is limited in several ways. The primary drawback to the findings is the sample's location in Northern California, which is one of the major wine growing and consumption areas in the United States (Wine Business Monthly, 2003). The fact that some respondents were from other parts of California, the United States, and abroad, is helpful, but the convenience sample is still a limitation; however, the major drawback is likely in the percentages drinking wine rather than the comments about wine as a beverage and wine advertising. Another issue is the relatively small size of the sample. Both these factors limit the generalizability of the results. Ideally, future research will include a larger population employing random sampling techniques.

7. FUTURE RESEARCH

The limitations of this study open up many opportunities for future research; the first of which is to duplicate the study in other parts of the United States with larger and random samples. It would be interesting to see if the wine consumption rates and perceptions of Millennials in the Midwest and East Coast are similar to those in Northern California, although rates of consumption have been identified as relatively higher than Generation X across the United States (Wine Market Council, 2003). Duplicating this study in other countries may not make sense, as the demographic of the Millennial is quite unique to the United States. Indeed, data show that consumers in their 20s in France and Italy are actually drinking less wine and perceive it to be old-fashioned because their parents drank so much of it; whereas the same demographic in the UK and Asia are drinking more wine (Smiley, 2004).

Another opportunity for future research is to add additional questions to the current survey. Items on brand and pricing preferences would be useful, as well as more detailed information on preferred tastes of wine and food-wine combinations. Finally, a redesign of the survey instrument to be more quantitative in nature may be useful with larger samples.

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