INFLUENCES ON WINE PURCHASES:

A COMPARISON BETWEEN MILLENNIALS AND PRIOR GENERATIONS

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ABSTRACT

This study was undertaken to determine the factors that influence wine purchases for wine consumers in San Luis Obispo County. The study was performed in order to compare the influential factors between Millennials and prior generations.

This collected data was analyzed through the use of statistical tests. Frequency tests were used to determine which influential factors and demographics made up the largest percentages. Chi-squared tests were performed in order to determine if a relationship between influential factors and generations was present. The statistical tests of independent t-tests and analysis of variance (ANOVA) were performed to determine the differences between generations on the factors that influence wine purchases.

Based on the results, it was discovered that for San Luis Obispo County wine consumers, when purchasing wine, the factors that influence purchases are not the same between generations. The differences suggest differences in the motivations for purchasing wine, and therefore a needed difference in marketing and advertising for each generation is recommended.

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CHAPTER I

INTRODUCTION

In recent years, the US's wine industry has expanded dramatically, bringing a continually competitive and challenging wine market. In order to deal with the growing market many wine marketing experts have pushed the need to focus on finding new populations of wine consumers. Luckily for the wine industry the Millennial generation offers an opportunity for growth.

Historically, much of the wine industry's focus has been the Baby Boomer generation, which consists of 80 million people (Nowak, Thach, and Olsen, 2006). The focus has now shifted toward a younger segment known as the Millennial generation. A generation that is larger than its predecessors, the Gen Xers, the Millennial generation has the capability of supporting the wine industry's need for a new population. Millennials are recognized for their buying power, as well as population size, which trail the Boomers by only four million.

Previous research has been conducted on marketing to this generation, but little research has gone into what differentiates Millennials from past generations. Marketers must realize that Millennials bring in a new type of wine consumer compared to past generations. In order to be successful wine industry professionals will need to look at the factors that influence wine purchases. It is essential that they notice the differences between the Millennial generation and past generations when it comes to making wine purchase decisions. This study intends to distinguish what influences wine purchases made by Millennials, and how this compares to the influences of past generations.

Problem Statement

When it comes to the factors that influence wine purchases, what are the primary differences between Millennial wine drinkers and other generations in San Luis Obispo County?

Hypothesis

There is no significant difference in the factors that influence wine purchases between Millennials and prior generations. Price point, brand recognition, and region will be the most influential variables for wine purchases.

Objectives

1. To investigate the factors influencing wine purchases.

2. To determine the factors that influence wine purchases made by all generations at a winery in San Luis Obispo County.

3. To examine the factors wine consumers deem influential to their wine purchase decision and compare the evaluation between Millennials and prior generations.

4. To determine if the selected demographic characteristics of education level, income and gender have an effect on the influences on wine purchases.

Significance

Many studies have been conducted on marketing wine to the Millennial consumer, but few have been conducted to show the differences between marketing to Millennials compared to prior generations. The significance of this study is to determine the differences in what influences wine purchases between Millennial wine drinkers and past generations of wine consumers in San Luis Obispo County, California. The results of this study will aid a winery, producer, or distributor in marketing and advertising wine to the Millennial generation. As the wine industry has grown significantly in recent years, so has the number of Millennials entering into legal drinking age, in order to keep up with the changing preferences of consumers a wine producer must adhere to the preferences of this generation. By adapting to the preferences of the Millennial generation wine industry professionals will be better able to suit the needs of this generation.

CHAPTER II

REVIEW OF LITERATURE

Consumer Segmentation in the Wine Industry

Understanding customers and satisfying their needs is the foundation of marketing, however since customers won't all have the same requirements, it is rarely possible to satisfy all customers by treating them alike. Market segmentation is used to allow companies to meet the distinct needs of their customers by dividing a market into more homogeneous groups. Generally segmentation is beneficial for two reasons. First, it allows for marketing researchers to analyze the needs of a specific customer segment. Second, from the evaluation, companies can develop specific marketing campaigns directed to the particular needs of the segment (Thach and Olsen, 2006). The factors used for segmentations are typically drawn from demographics, behavior, attitudes, and needs (Wyner 1995). When market segmentation is used appropriately it effectively allows for a focus on the marketing tools which will identify marketing situations that will maximize profits.

A commonly used customer segmentation approach, created by the Wine Market Council (2009), breaks customers into four groups characterized by wine consumption levels. The four segmentation groups are core drinkers, marginal drinkers, non-adopters, and non-drinkers. Core drinkers consume the most amount of wine; they typically drink at least three times a

month. About 12.5% of the US's population fits into this segment, and they drink 88% of the wine sold in the US (Olsen and Thach 2006). Next are the marginal drinkers, they enjoy wine but drink it less often, usually about two times a month. Fourteen percent of America's population falls into the marginal drinker segment (Olsen and Thach 2006). The non-adopters consist of those who drink alcoholic beverages but not wine; they make up 31% of the US population. Finally 43% of the nation's population is the non-drinker who drinks no alcoholic beverages (Olsen and Thach 2006). Even in today's economy where sales in many industries are down, Hochstein (2009) notes that wine consumption has increased. He states that since 2000, the number of people in the core drinker segment has increased 60%, while those in the non-adopter segment has declined 21%. The trend of decreasing non-adopters shows that more consumers are switching to wine, and while they may not fall into the core drinker category, increased consumption is good for the wine industry, regardless of the level.

With the increase in people consuming wine, it is important for companies to be able to focus their marketing strategies to the needs of their new customers. Segmentation by wine consumption level can be used to do this, but meeting the needs of the new consumers can be done more efficiently when broken down even further into sub-segments. Sub- segments will allow for an even greater focus on the customers' needs within the consumption level segment. For many industries, including the wine industry, age can tell companies a great deal about their consumer's needs; generational segmentation can give great insight to the needs of customers in each segment. The four major generations are Traditionalists, Baby Boomers, Gen Xers, and Millennials. Olsen and Thach (2006) consider Traditionalists to be those born between 1900 and 1945, Baby Boomers 1946 to 1964, Gen Xers 1965 to 1976, and Millennials 1977 to 1999. Baby Boomers make up most of the population followed by Millennials, with 80 and 76 million

respectively. In the wine industry, where Baby Boomers currently make up the largest percentage of wine consumption, the number of Millennials will soon surpass the Baby Boomers and companies will need to note the generation size changes in order to reach their targets in the right manner (Olsen, Thach, and Nowak 2006).

Millennials

Also known as Gen Y, Nexters, and Echo Boomers, Millennials are known for characteristics that set them apart from past generations, and these characteristics also contribute to their purchasing decisions. One of these traits is that Millennials are very technologically driven; many have grown up with the Internet and they have been able to use it in order to research products, and make purchases (Nowak, Thach, and Olsen, 2006). This generation has become very trusting of what they read on the Internet and this has greatly influenced their purchasing decisions. A past study showed that Millennials spend on average 16.7 hours per week on the Internet, excluding email (Thach 2005). They use the Internet for shopping, to chat, for research, and to keep up with today's trends (Thach 2005). A second characteristic is their concern for the environment. This trait has been seen strongly in those who go as far as boycotting a particular brand that does not share the same values as they do (Nowak, Thach, and Olsen, 2006). Millennials are knowledgeable about brands and they value quality products, but at the same time they are interested in fair pricing and the environmental practices of companies. Finally this generation has a strong belief in the balance responsibility and fun, part of this is due to their relatively young age. Teagle (2010) believes this to be because Millennials have less financial commitments compared to older generations, thus giving them the opportunity to go out

more compared to those older generations. Millennials want to embrace an enjoyable lifestyle, but at the same time they want responsibility and a challenge on the job (Barber, Dodd, and Ghiselli, 2008). In order to create advertising campaigns that addresses the characteristics of Millennials, it is best if companies conduct consumer research in order to gain the insight of Millennials.

In a growing industry, it is important for wine professionals to note the differences in why consumers are making purchases, by asking "who" is doing the purchasing. By asking this question professionals will be able to adjust their advertising strategies to the needs of their consumers. Being able to analyze the traits and characteristics of Millennials will provide useful information to marketers as they develop new campaigns for this generation. By realizing the importance of marketing to this generation early on then marketers will be able to consistently attract this generation in the future because it has been reported that wine consumption trends tend to stay with one with age (Fowler, *et al*., 2010). By realizing the importance of the Millennial generation now, it will enable wine companies the opportunity to draw in these consumers now and create a brand loyalty at an early stage between them and the customer. This is specifically important in today's growing wine industry where Millennials will be the key segment to market to as the number of Boomers gradually decreases. Marketers that do not bother to learn the interests of Millennials will essentially draw a blank when it comes to pulling in this generation, the consumers will become skeptical and even untrusting if a positive emotional bond is not created between the two parties (Barber, Dodd, and Ghiselli, 2008).

Factors Influencing Wine Purchases

There is a perceived risk that goes hand in hand with purchasing wine. Consumers strive to reduce the likelihood of making a bad purchase decision by using a variety of tools to get around the risk. Some of these methods include selecting wines based on brands that represent consistent quality, recommendations from family and friends, advice from a sales associate, or the consumers' own knowledge. Wine consumers use intrinsic and extrinsic cues when making wine purchases, and these cues are normally used as an indicator of quality. Intrinsic cues refer to characteristics of a wine that relate to the wine itself, such as grape variety, alcohol content, and wine style. Characteristics that are labeled intrinsic are items that if changed, will change the composition of the wine as well. Although intrinsic cues can be a good indicator of quality, it is more common to look at the extrinsic cues when purchasing wine since intrinsic quality related attributes such as taste and aroma are not always available to the consumer while shopping (Jacoby and Olson 1985). Consumers commonly rely on extrinsic cues such as price or region of origin as an indicator of quality, but will also consider label, packaging, brand, and shelf position when making wine purchases (Lockshin and Rhodus 1993, Atkin and Johnson 2010). In addition, consumers will also look to brands and wines from regions that have pleased them in the past. Extrinsic cues are under the control of the producer, and can be changed without actually changing the product. Consumers use extrinsic cues to reduce their risk and are used in combination with intrinsic cues, and when the intrinsic cues that come from tasting a wine cannot be used.

Extensive research has proven that consumers will use extrinsic cues when making purchases. Lockshin (2000) states that brand name often acts as a substitute for quality, and

consumers will also look at brand name in order to delegate perceived risks. However, Gluckman (1990) stresses that consumers will place the same status on generic varietals as they do to brands, since they do not clearly understand the concept of wine branding. It has also been seen that when in the absence of wine knowledge, purchasers will use price as a cue for quality (Barber, Dodd, and Ghiselli, 2008). Place of origin or region are also often used as an indicator of quality since wine is a product with a strong relationship to territory. Consumers often use the image of a region to make a decision. Wines from Napa, California are an example of this; consumers will purchase a wine because it's from Napa, and not for any other reason besides origin (Atkin and Johnson 2010). The origin information gives a perceived notion that the wine will be of superior quality and this leads to a risk reduction to the consumer's purchase. The belief is based off the concept that brand and region are indicators of wine quality.

Survey and Data Analysis Methods for Consumer Characteristics

Surveys are conducted as a means to collect information from a sample population to make an inference about the entire population. Surveys are used as a way to collect demographics, but they can also be used to find out consumer purchasing preferences. Surveys can be implemented in various ways such as a written document completed by the person being surveyed, an online questionnaire, a face-to-face interview, or a telephone interview (Barribeau, 2005). One type of written document is a survey mailed to the person being questioned. This is a low cost option and allows you to reach large groups, however often people don't take the survey received in the mail. Another written survey is an in-person questionnaire. In this case, where the surveyor gives the questionnaire to the person being questioned, there tends to be a higher

response rate. However, with this method, the surveyor can create a bias depending on the way they present themselves and how the person views them. Another low cost option is a telephone survey. Although the cost advantage, people often are not willing to take the time to respond. The last option is the online questionnaire. This is a very low cost option. However there are disadvantages; Opperman (1995) warns that initially there are many responses but as time goes by survey responses significantly drop. Also this method is limited to only respondents with computer and internet access.

Once the type of survey is chosen, the researcher must choose a design to best represent the population. Nonprobability and probability sampling are two types of sampling techniques that can be used. Nonprobability sampling means that random selection is not used when creating the sample population, which thus creates a sampling bias meaning that some members of the intended population are less likely to be included than others. On the other side, probability sampling uses random selection, which allows the researcher to know the odds of how well the sample represents the population. According to Weisberg, Krosnick, and Bowen (1989), it is not surprising that most survey researchers prefer probability sampling methods because of the bias that is created with nonprobability sampling. Three of the most common probability samplings are simple random sample, stratified sample, and cluster sample. With simple random samples, the sample is created from pulling individuals from a list of the population. Stratified samples involve creating groups within the population then randomly choosing from each group to create your sampling set. And finally in a cluster sample the population is broken down into groups and then only one group is surveyed. However with this method it is said that accuracy declines (Weisberg et. al, 1989).

Once the data has been collected it is important to analyze the findings. It is most common to input the results in Microsoft Excel and then analyze the data by using a variety of statistical tests. Another program that is commonly used is SPSS. This statistics program allows the researcher to input data and is known for its ease in running statistical tests. Some of these statistical tests include the independent sample t-test, chi-squared test, and ANOVA test. The use of these tests can tell the researcher if there is a relationship among the data collected, and will allow the researcher to reject or fail to reject the hypothesis.

The independent sample t-test examines differences between two groups on the response to one variable, and is used on quantitative data. This is the most common method of testing the hypothesis if two variables are related. To compute this test the mean, standard deviation, and number of data points for each of the variables being compared is needed.

Another common test is the chi squared test, which indicates if two variables are related, however it does not indicate the degree of relation. In order to complete this test a probability value (p-value) is needed to determine if one can support the hypothesis. Most often a p-value of .05 is used. If the p-value results from the chi squared test are greater than the p-value then the researcher does not reject the hypothesis, if the result is less than the p-value then the hypothesis must be rejected (Fisher and Yates 1990).

Another common test is the analysis of variance (ANOVA) which analyzes variation in multiple groups on one or more variables. ANOVA is frequently used to test equality among several means by comparing the variance among groups (Larson 2008). ANOVA is an extension of the independent t-test in that it allows the comparison of means among several independent samples at once. Once all the tests are finished the results can be analyzed to determine if the overall hypothesis should be supported.

CHAPTER III

METHODOLOGY

Procedures for Data Collection

The primary objective for this study was to determine the factors that influence wine purchases and then compare the differences between generations with a primary focus on Millennials. A short written survey was administered asking participants how influential particular factors are when purchasing wine and about their personal characteristics (see Appendix). A written survey was chosen due to the private manner of responses and to allow multiple people to complete surveys at the same time.

The survey was conducted throughout October, November, and December 2011, and January 2012 at the tasting room of a winery in San Luis Obispo County called Rotta Winery, located in Templeton, California. Rotta Winery was chosen because of its recognition as one of the first three wineries established in the Paso Robles area, making it well known to many consumers. A total of 220 residents of San Luis Obispo County over the age of 21 were surveyed at Rotta Winery. Surveys were conducted Friday through Sunday between 10:30AM and 5:00PM because generally this is when most people go wine tasting. The number of people to be surveyed was determined by using San Luis Obispo County's wine consumer population of 69,147 to create a sample size proportionate to the population (SRDS 2012). For the purpose of determining the sample size the researcher used a confidence level of 95 percent and a

confidence interval of 6.6. The confidence level tells the researcher how sure one can be that the findings are accurate, and it represents how often the true percentage of the population lies within the confidence interval. The confidence interval is the plus or minus figure that gives an accuracy range for the research findings (MaCorr Research, 2012). For the purpose of this study the confidence level and interval indicate that if the whole population were questioned then the researcher is 95 percent sure the results would be within plus or minus 6.6 percent from the sample results, thus resulting in the sample size of 220.

The survey included a variety of short and simple questions that allowed the researcher to look into the influences of wine purchases (see Appendix). Upon leaving the winery, patrons were randomly asked upon leaving the winery if they would take a brief survey. To randomly select participants, the researcher asked every other person that left the winery if they could complete the survey. The first question asked where the respondent lives in order to find out if they represent San Luis Obispo County. If the respondent did not select San Luis Obispo County then their response to the survey was not included in the research. In order to determine which generation applies to the respondent, the second question asked which range best described the respondent's age. The third question asked how often they drink wine. This question helped to distinguish the core drinkers (those who drink at least three times a month) from the marginal drinkers (those drinking one to two times per month). If the respondent answered "never" to the question of how often they drink wine, then their survey was removed since they do not fall into the target of wine consumers.

Questions four through thirteen listed a variety of factors that influence people's decisions when purchasing wines. The factors that were chosen for this study was based on previous research completed by Wolf, Carpenter and Qenani-Petrela (2005) and include brand

recognition, brand loyalty, varietal recognition, recommendation, expert rating, region, value, label, food pairing and price. The respondent was asked to rate each factor on a scale of zero to four, zero meaning not influential and four indicating extremely influential. The response to these questions allowed the researcher to determine what the sample population deems as influential to their wine purchases. Questions 14 through 16 related to the demographics of sex, education level, and income. The response to these questions was used to further analyze the responses and decided if these factors have any pull in what the respondent sees as influential to their wine purchase.

Procedures for Data Analysis

After 220 complete surveys were obtained, the data was analyzed to explain the demographic characteristics and preferences of the sampled San Luis Obispo County wine drinkers. The survey responses were inputted into SPSS, allowing the researcher to easily examine individual responses, sort the responses, and run the statistical tests needed. Since the focus of this study is on the Millennial wine drinker, the results were sorted according to the response given for age range. With these specified generational groups, the researcher was able to compare the Millennials' results to the responses of the other generations.

First the results were organized into tables in order to easily summarize the findings. Tables were used to summarize the percentage of respondents by gender, education levels, income levels, generation, as well as the percentage of respondents that fell into the categories of core or marginal wine drinkers. The tables were also used to display the percentage of respondents that chose each influential factor. A table was created for the entire sample and

tables for each generation segment. With the use of these tables the results were easily displayed and allowed for a quick, visible determination of which factors were most influential.

Next, SPSS was used to process the responses using a chi-squared test, an independent sample t-test, ANOVA and ANOVA post hoc. The responses to question four through thirteen, as well as questions fourteen through sixteen were analyzed using these statistical tests. The chi-squared test allowed the researcher to test if response to influential factors for wine purchases is related to generational segmentation. From these results the researcher was able to note the degree of influence each factor had. The chi-squared results allowed the researcher to create a table showing the factors that were "extremely," "very," or "not" influential.

Next, the independent sample t-test was used to allow the researcher to see the variations in means between the target and non-target groups and was used to compare the response by Millennials and the response given by the other generations for each influencing factor (questions four to thirteen). From these results the researcher determined whether a response to certain influential factors was recorded more times for Millennials than the other generations. A p-value was given in these results; this indicated if there were significant differences in what influences wine purchases between generations.

Next, analysis of variance (ANOVA) was used for the comparison between each generation on the factors that were influential for their wine purchases. The results from questions four through thirteen were used again for this statistical test, and the generations were separated by using the response to question two. With ANOVA, a p-value is given to indicate if there was a significant difference in the influence of the factors for each generation.

Following ANOVA, ANOVA post hoc was used for questions four through thirteen to compare the response given by Millennials to the response for each other generation. This

allowed the researcher to determine which generations were similar to Millennials and which generations differed from Millennials. Like the previous statistical tests, a p-value is used to determine if significant differences are present.

After all the tests had been completed the researcher was able to determine if there were differences between what influences wine purchases between the generations. The hypothesis that there are no significant differences in the factors that influence Millennials compared to prior generations will be rejected if the results from the statistical tests indicate a p-value less than .05. The hypothesis that wine consumers are more influenced by price point, brand recognition, and region will be rejected if the results from ANOVA indicate a p-value less than .05, and if the results from independent t-test indicate a p-value less than .05. If the hypotheses from ANOVA and independent t-test are rejected, then the overall hypothesis must be rejected as well.

Finally in order to determine if the demographics of gender, education, and income level affect wine purchase decisions the chi- squared test was used. The response to questions four through thirteen were each compared to the response to questions fourteen through sixteen in order to indicate if a relationship was present. In order to declare that there is a relationship between the two factors being compared a p-value was used. This p-value was used to test whether the researcher can fail to reject the hypothesis that the factors are in fact related; or if not then the hypothesis is rejected.

Assumptions

The results from the research are dependent upon the assumption that all respondents answered truthfully. The researcher also acted on the assumption that respondents answered in a way that reflects their true purchasing behavior. It should be noted that some consumers do not always know what influences their purchases and their response to the survey may not be the same as their actions while shopping. The research is also dependent on the assumption that the researcher completed the survey properly. There is the possibility that bias and incorrect answers may have resulted if the survey wasn't delivered properly. The researcher also made the assumption that the sample size provides an accurate representation of San Luis Obispo County wine consumers.

Limitations

The results of the survey were limited to only the responses from the randomly selected wine drinkers in San Luis Obispo County who visited Rotta Winery on the given days the survey was conducted. It was also limited to only those visitors that were willing to participate. This in turn creates a self-selection bias which may impact the results in that the respondents that are more inclined to participate have a greater interest in wine. Also, since the survey was conducted only in San Luis Obispo County, the results and conclusions were based only on those responses and is not a complete representation for the nation.

CHAPTER IV

RESULTS

Demographics of Survey Respondents

Below, Table 1 summarizes the demographics of the survey respondents. As shown, there was an even distribution between male and female patrons that were surveyed. Also, the ages of the respondents were approximately evenly distributed between the generation segments. Of the people surveyed, 44.1% responded that a Bachelor's degree was their highest level of education. While 58.3% of the respondents made an income under $75,000. And 56.8% were considered core wine drinkers. In comparison to the research results, based on research conducted by Wine Market Council (2009), for US core wine drinkers there was also an even distribution between males and females. However, the generation distribution from the demographics was not the same. Based on the report, there were more that fell into the Baby Boomers and less in each of the other generation segments. Another difference between the survey and the demographic report from Wine Market Council (2009) was that there were slightly less (34%) in the report with a Bachelor degree as their highest education level. Base on the comparisons from the research and Wine Market Council's report there are some similarities and differences in the sample population of San Luis Obispo County wine drinkers compared to the sample US wine consumers.

Table 1: Summary of Demographics for Entire Sample Population

Age	Percent	Gender	Percent	Consumption Level	Percent
21-36	26.8%	Male	50%	Core	56.8%
35-46	25.5%	Female	50%	Marginal	43.2%
47-65	25.9%				
65 +	21.8%				
Income	**Percent**	**Education**	**Percent**		
Less than $20,000	4.1%	Highschool graduate	6.8%		
$20,000 to $34,999	10.0%	Some college no degree	22.7%		
$35,000 to $49,999	20.5%	Associate degree	17.7%		
$50,000 to $74,999	23.6%	Bachelor degree	44.1%		
$75,000 to $99,999	18.6%	Graduate degree	8.6%		
$100,000 to $149,999	14.5%				
$150,000 or more	8.6%				

To examine the demographics of those surveyed more extensively, each generation was analyzed. The gender distribution by generation is summarized in Table 2. As shown, for Millennials, 59.3% were male and 40.7% were female. Next for the Gen Xers, 55.4% were male and 44.6% were female. But unlike the Millennials and Gen Xers, there were more females surveyed for the Baby Boomers and traditionalists. Of the Baby Boomers surveyed, 40.4% were male and 59.6% were female. Lastly for the Traditionalists, 43.8% were male and 56.3% were female. The summary from Table 2 shows that for the younger generations, Millennials and Gen Xers, males are the more likely to be the target consumers of wine, and for the older generations, Baby Boomers and Traditionalists, females are the more likely target consumer for wine.

Table 2: Gender Distribution by Generation

Gender	Millennials	Gen Xers	Baby Boomers	Traditionalists
Male	59.3%	55.4%	40.4%	43.8%
Female	40.7%	44.6%	59.6%	56.3%

Following gender, the distribution of education between the generations was analyzed; this data is summarized in Table 3. About half of the Millennials' highest level of education completed was a Bachelor's degree. Less than 40% of Gen Xers indicated that their highest degree of education was a Bachelor's degree. For Baby Boomers, over half of those surveyed had received their Bachelor's degree or higher. Slightly more than a quarter of Traditionalists had received their Bachelor's degree.

Table 3: Education Level Distribution by Generation

Education	Millennials	Gen Xers	Baby Boomers	Traditionalists
Highschool graduate	3.4%	5.4%	10.5%	8.3%
Some college no degree	13.6%	25.0%	15.8%	39.6%
Associate degree	18.6%	23.2%	14.0%	14.6%
Bachelor degree	50.8%	39.3%	56.1%	27.1%
Graduate degree	13.6%	7.1%	3.5%	10.4%

Following education, income level was analyzed; Table4 summarizes the income level distribution between generations. Over 50% of the Millennials surveyed made an income over $50,000. Almost 50% of the Gen Xers surveyed made over $50,000 a year. Baby Boomers and Traditionalists had a higher income distribution. Almost 45% of Baby Boomers made over $100,000 a year, and over 50% of Traditionalists made more than $75,000 a year.

Table 4: Income Level Distribution by Generation

Income	Millennials	Gen Xers	Baby Boomers	Traditionalists
Less than $20,000	8.5%	3.6%	0.0%	4.2%
$20,000 to $34,999	18.6%	14.3%	3.5%	2.1%
$35,000 to $49,999	23.7%	28.6%	15.8%	12.5%
$50,000 to $74,999	16.9%	33.9%	15.8%	29.2%
$75,000 to $99,999	11.9%	12.5%	21.1%	31.3%
$100,000 to $149,999	8.5%	7.1%	29.8%	12.5%
$150,000 or more	11.9%	0.0%	14.0%	8.3%

Finally the consumption level category was analyzed; Table 5 summarizes the distributions by generation. Of Millennials, 26.3% were considered core wine drinkers. Over 23.2% of the Gen Xers surveyed fell into the core wine drinker category. For Baby Boomers, 27.4% were categorized as core wine drinkers. And lastly, 23.1% of Traditionalists considered themselves core wine consumers. Although the percentages are not the same, this corresponds with research from Wine Market Council (2009) that states that Baby Boomers make up the highest percentage of core wine drinkers.

Table 5: Consumption Level Category Distribution by Generation

Consumption Level	Millennials	Gen Xers	Baby Boomers	Traditionalists
Core	26.3%	23.2%	27.4%	23.1%
Marginal	27.2%	27.2%	24.8%	20.8%

Analysis

In order to discover which factors were most influential when purchasing wine, the researcher ranked the factors according to highest response. In Table 6, below, Baby Boomers' most highly ranked factor for influence to wine purchases was wine varietal followed by recommendation from family and friends, having tasted the wine before, and good value for the wine. For Traditionalists, 92.1% ranked having tasted the wine before as the most influential factor when purchasing wine. Also highly ranked by Traditionalists were wine varietal, region the wine came from, and recognition of the wine's brand.

Table 6 summarizes the rankings of the influential factors to wine purchases. As shown, for the entire sample, having tasted a brand before had the highest response followed by value and varietal. For each generation segment the rankings for most influential factors were not the same. For Millennials, 91.5 % stated that if a wine was of good value that influenced their purchase decision, recognizing a wine brand, having tasted a brand before, and price were also important for Millennial wine purchases. Wine as a good value was also important for Gen Xers, but at a lower degree compared to Millennials. Gen Xers also found recommendations from family and friends, having tasted the wine brand before, and varietal to be influential to their wine purchases. Baby Boomers' most highly ranked factor for influence to wine purchases was wine varietal followed by recommendation from family and friends, having tasted the wine before, and good value for the wine. For Traditionalists, 92.1% ranked having tasted the wine before as the most influential factor when purchasing wine. Also highly ranked by Traditionalists were wine varietal, region the wine came from, and recognition of the wine's brand.

Table 6: Rankings of Most Influential Factors to Wine Purchases by Generation

Entire Sample	n= 220
Brand Tasted	83.7%
Value	80.1%
Varietal	79.6%
Recommendation	78.4%
Brand recognition	76.7%
Price	73.3%
Region	67.4%
Food Pairing	64.0%
Expert Rating	55.9%
Label	45.4%

Millennials	n= 59
Value	91.5%
Brand Recognition	85.4%
Brand Tasted	84.7%
Price	84.7%
Recommendation	82.7%
Varietal	75.9%
Food Pairing	64.4%
Region	59.7%
Expert Rating	54.2%
Label	44.7%

Gen Xers	n= 56
Value	85.4%
Recommendation	84.3%
Brand Tasted	81.1%
Varietal	79.6%
Price	76.4%
Brand Recognition	76.1%
Food Pairing	65.0%
Region	64.6%
Expert Rating	57.5%
Label	46.8%

Baby Boomers	n=57
Varietal	81.4%
Recommendation	78.9%
Brand Tasted	78.2%
Value	75.4%
Region	70.2%
Price	69.8%
Brand Recognition	68.8%
Food Pairing	68.4%
Expert Rating	61.4%
Label	43.2%

Traditionalists	n= 48
Brand Tasted	92.1%
Varietal	82.1%
Region	76.7%
Brand Recognition	76.3%
Recommendation	65.4%
Value	65.4%
Price	59.6%
Food Pairing	57.1%
Expert Rating	49.6%
Label	47.1%

In order to test the hypothesis that there is a difference between age and the influence of selected factors when purchasing wine a chi-squared test was used. The output of the chi-squared test provided the percentage from each generation to describe a factor as extremely, very, somewhat, slightly, or not influential and the associated p-value. Table 7 summarizes the factors that participants perceived as extremely, very, or not influential and does not include the factors that respondents viewed as slighlty or somewhat influential. As shown, wine label was the only factor that did not have a significant difference between generations. The table also shows that Millennials viewed value to be the most “extremely” influential factor to consider when

purchasing wine. Gen Xers considered value to be “extremely” influential but not to the same level as Millennials. For Baby Boomers, varietal was ranked highest as an “extremely” influential factor, followed closely by having tasted a brand before. Lastly for Traditionalists, 60.4% considered having tasted a brand before as “extremely” influential to their wine purchases.

For factors that were considered to have no influence, 37.3% of Millennials considered label to have no influence, and 10.2% considered expert’s ratings to have no influence. Other factors that had no influence for some Millennial wine consumers included varietal (5.1%), region (5.1%), food pairing (5.1%), value (3.4%), and price (1.7%). For Gen Xer wine consumers surveyed, 30.4% considered label to have no influence to their wine purchases, and 17.9% considered expert’s rating to have no influence. Other factors some Gen Xers considered to not be influential were food pairing (10.7%) and region of origin (7.1%). For 42.1% of Baby Boomers wine label was considered to have no influence to their wine purchases. Food pairing (10.5%), brand recognition (3.5%), and expert ratings (1.8%) were also factors some Baby Boomers considered to have no influence to their wine purchases. Lastly, 27.1% of Traditionalists considered expert rating to have no influence to wine purchases, followed by wine label (25.0%) and recommendations (22.9%). Other factors some traditionalists considered to have no influence on wine purchases included food pairing (18.8%), value (6.3%), price (6.3%), and brand recognition (2.1%).

Table 7: Extremely, Very, and Non Influential Factors for Wine Purchases by Generation

		Millennial	Gen Xer	Baby Boomer	Traditionalist	P-value
Brand Tasted						
	Extreme	52.5%	26.8%	35.1%	60.4%	0.000 **
Influence	Very	20.3%	57.1%	35.1%	39.6%	
	None	0.0%	0.0%	0.0%	0.0%	
Brand Recognition						
	Extreme	42.4%	23.2%	17.5%	31.3%	0.008 **
Influence	Very	42.4%	39.3%	28.1%	33.3%	
	None	0.0%	0.0%	3.5%	2.1%	
Varietal						
	Extreme	32.2%	26.8%	38.6%	37.5%	0.003 **
Influence	Very	25.4%	44.6%	29.8%	41.7%	
	None	5.1%	0.0%	0.0%	0.0%	
Region						
	Extreme	13.6%	5.4%	21.1%	25.0%	0.000 **
Influence	Very	13.6%	37.5%	28.1%	41.7%	
	None	5.1%	7.1%	0.0%	0.0%	
Recommendation						
	Extreme	44.1%	39.3%	26.3%	8.3%	0.000 **
Influence	Very	25.4%	42.9%	42.1%	33.3%	
	None	0.0%	0.0%	0.0%	22.9%	
Expert Rating						
	Extreme	10.2%	8.9%	7.0%	4.2%	0.009 **
Influence	Very	11.9%	21.4%	22.8%	16.7%	
	None	10.2%	17.9%	1.8%	27.1%	
Price						
	Extreme	44.1%	32.1%	15.8%	2.1%	0.000 **
Influence	Very	39.0%	30.4%	26.3%	22.9%	
	None	1.7%	0.0%	0.0%	6.3%	
Value						
	Extreme	72.9%	51.8%	17.5%	6.3%	0.000 **
Influence	Very	18.6%	28.6%	42.1%	35.4%	
	None	3.4%	0.0%	0.0%	6.3%	
Label						
	Extreme	3.4%	0.0%	7.0%	2.1%	0.291
Influence	Very	11.9%	16.1%	7.0%	6.3%	
	None	37.3%	30.4%	42.1%	25.0%	
Food Pairing						
	Extreme	18.6%	7.1%	17.5%	4.2%	0.006 **
Influence	Very	22.0%	46.4%	33.3%	35.4%	
	None	5.1%	10.7%	10.5%	18.8%	
Chi Square Test: ** significance at .05						

To continue to test the hypothesis that there is a difference in the factors that influence wine purchases between Millennials and prior generations an independent t-test was used next. The independent t-test was used on questions four through thirteen. The output of the t-test provided the percentage from each group, as well as a p-value. Of the ten influencing factors on wine purchases five of the factors were significantly different between Millennials and prior generations. As shown in Table 8, there is a significant difference in the influence of brand recognition, region of grape origin, recommendations from family and friends, price, and value between Millennials and prior generations. The significant differences were a result of the Millennials viewing brand recognition, recommendations from family and friends, price, and value as more influential than prior generations viewed these factors. The significant differences were also a result of the prior generations viewing wine region of origin more influential that Millennials viewed it.

Table 8: Factors Influencing Wine Purchases: Millennials Compared to Other Generations

Factor	**Millennials**	**Other Generations**	**P-value**
	n=59	n=161	
Brand Tasted	84.7%	83.4%	0.600
Brand Recognition	85.4%	73.5%	0.000 **
Varietal	75.9%	81.0%	0.101
Region	59.7%	70.1%	0.001 **
Recommendation	82.7%	76.8%	0.028 **
Expert Rating	54.2%	56.5%	0.506
Price	84.7%	69.1%	0.000 **
Value	91.5%	75.9%	0.000 **
Label	44.7%	45.6%	0.807
Food Pairing	64.4%	63.9%	0.878
Independent t-test	** Significance at .05 level		
	* Significance at .10 level		

To further analyze the influence of the selected influential factors on wine purchases ANOVA was used. Similar to the independent t-test, ANOVA also looks at the differences between Millennials and the other generations. However, unlike the t-test, ANOVA allows for past generations to be separated instead of being grouped together. Questions four through thirteen were used to complete ANOVA, which gives a p-value that allows the researcher to determine the significant differences. Table 9 summarizes the results from ANOVA; of the ten influential factors, seven had significant differences when analyzed with ANOVA. The significant differences included brands tasted before, brand recognition, wine region of origin, recommendations from family and friends, expert ratings, price of the wine, and if the wine is of good value. These significant differences were a result of Traditionalists viewing tasting a brand before and region as more influential, Millennials viewing brand recognition, price and value as more influential, and Gen Xers considering recommendations and expert ratings more influential to their wine purchases. The factors of varietal, label, and food pairing did not show any significant differences.

Table 9: Factors Influencing Wine Purchases: All Generations Compared

Factor	Millennials	Gen Xers	Baby Boomers	Traditionalists	P-value
	n=59	n=56	n=57	n=48	
Brand Tasted	84.7%	81.1%	78.2%	92.1%	0.000 **
Brand Recognition	85.4%	76.1%	68.8%	76.3%	0.000 **
Varietal	75.9%	79.6%	81.4%	82.1%	0.266
Region	59.7%	64.6%	70.2%	76.7%	0.000 **
Recommendation	82.7%	84.3%	78.9%	65.4%	0.000 **
Expert Rating	54.2%	57.5%	61.4%	49.6%	0.050 **
Price	84.7%	76.4%	69.8%	59.6%	0.000 **
Value	91.5%	85.4%	75.4%	65.4%	0.000 **
Label	44.7%	46.8%	43.2%	47.1%	0.784
Food Pairing	64.4%	65.0%	68.4%	57.1%	0.102
ANOVA	** Significance at .05 level				
	* Significance at .10 level				

ANOVA post hoc, an extension of ANOVA, allowed the researcher to compare the Millennial response to the responses from each other generation separately. For example, Millennial response for the influence of brand recognition versus the Baby Boomer response for the influence of brand recognition. ANOVA post hoc gave the researcher a greater understanding on the differences between Millennials and each other generation. Table 10 summarizes the significant differences between generations. The results of ANOVA post hoc showed that between Millennials and Gen Xers we find there was a significant difference in the influence of brand recognition and price point. There were significant differences between Millennials and Baby Boomers in the influence of brand recognition, region of wine origin, price point, and value. Millennials and Traditionalists expressed a significant difference in the influence of region of wine origin, recommendations from family and friends, price point, and value.

Table 10: Factors Influencing Wine Purchases: Millennials compared to each Generation

Factor	**Comparison**	**P-value**
Brand Recognition		
	Millennial vs. Gen Xer	0.036 **
	Millennial vs. Baby Boomer	0.000 **
	Millennial vs. Traditional	0.054 *
Region		
	Millennial vs. Baby Boomer	0.029 **
	Millennial vs. Traditional	0.000 **
Recommendation		
	Millennial vs. Traditional	0.000 **
Price		
	Millennial vs. Gen Xer	0.068 *
	Millennial vs. Baby Boomer	0.000 **
	Millennial vs. Traditional	0.000 **
Value		
	Millennial vs. Baby Boomer	0.000 **
	Millennial vs. Traditional	0.000 **
ANOVA Post Hoc	** Significance at .05 level	
	* Significance at .10 level	

Not only were there differences in the factors that influence wine purchases between Millennials and prior generations, but there were also differences in the factors between the demographics of gender, education level, and income level. In order to test that these demographics have an effect on wine purchases ANOVA was used to note the significant differences. The results from ANOVA are summarized in Table 11, Table 12, and Table 13. From analyzing gender the researcher found a significant difference in the influence of wine varietal, region of wine origin, and price between males and females, all of which were more influential for men.

Table 11: Factors Influencing Wine Purchases: Gender Compared

Gender			
	Male	**Female**	**P-value**
Brand Tasted	85.6%	81.8%	0.103
Brand Recognition	78.4%	75.1%	0.209
Varietal	82.5%	76.7%	0.016 **
Region	69.8%	64.9%	0.084 *
Recommendation	76.9%	79.8%	0.225
Expert Rating	54.2%	57.6%	0.256
Price	76.2%	70.4%	0.031 **
Value	82.2%	78.0%	0.116
Label	43.3%	47.5%	0.172
Food Pairing	64.9%	63.1%	0.570
ANOVA	** significance at .05		
	* significance at .10		

There were significant differences in the influence of wine varietal, wine region of origin, expert rating of wine, and wine label by education level. Wine labels were reported to influence over 70% of respondents with only a highschool education and were much less of an influence

for those with higher education. Wine region of origin was reported to influence over 80% of respondents with only a highschool education and was much less of an influence for respondents with higher education.

Lastly, Table 13 shows the significant differences between income levels. There were significant differences in the influence of all the factors except for recommendations from family and friends.

Table 12: Factors Influencing Wine Purchases: Education Level Compared

Education Level						
	Highschool Graduate	**Some College No Degree**	**Associate degree**	**Bachelor degree**	**Graduate degree**	**P-value**
Brand Tasted	85.3%	83.2%	82.1%	84.3%	84.2%	0.956
Brand Recognition	85.3%	74.4%	76.4%	76.3%	78.9%	0.406
Varietal	82.7%	77.6%	79.0%	82.3%	70.5%	0.086 *
Region	81.3%	73.6%	63.6%	64.9%	60.0%	0.003 **
Recommendation	80.0%	76.0%	80.0%	79.0%	76.8%	0.812
Expert Rating	60.0%	63.6%	53.3%	54.6%	44.2%	0.014 **
Price	73.3%	75.6%	73.8%	74.0%	62.1%	0.152
Value	73.3%	76.8%	85.1%	81.4%	76.8%	0.154
Label	72.0%	52.4%	37.9%	42.9%	33.7%	0.000 **
Food Pairing	64.0%	66.0%	62.6%	61.9%	72.6%	0.434
ANOVA	** significance at .05					
	* significance at .10					

Table 13: Factors Influencing Wine Purchases: Income Level Compared

Income Level								
	Less than $20,000	**$20,000 to $34,999**	**$35,000 to $49,999**	**$50,000 to $74,999**	**$75,000 to $99,999**	**$100,000 to $149,999**	**$150,000 or more**	**P-value**
Brand Tasted	75.6%	74.5%	87.6%	82.7%	84.9%	81.9%	92.6%	0.012 **
Brand Recognition	73.3%	81.8%	83.6%	77.3%	78.5%	68.8%	64.2%	0.001 **
Varietal	62.2%	70.0%	85.8%	83.5%	80.0%	78.1%	75.8%	0.000 **
Region	68.9%	60.9%	72.9%	66.2%	72.7%	67.5%	52.6%	0.007 **
Recommendation	93.3%	83.6%	78.2%	75.0%	77.1%	77.5%	78.9%	0.102
Expert Rating	64.4%	57.3%	62.7%	48.5%	54.2%	56.9%	56.8%	0.073 *
Price	75.6%	79.1%	83.1%	72.7%	75.6%	60.6%	60.0%	0.000 **
Value	82.2%	88.2%	87.6%	79.2%	77.1%	73.1%	72.6%	0.005 **
Label	62.2%	50.0%	52.4%	38.1%	55.6%	36.3%	28.4%	0.000 **
Food Pairing	82.2%	63.6%	69.8%	55.4%	65.9%	66.9%	56.8%	0.007 **
ANOVA	** significance at .05							
	* significance at .10							

CHAPTER V

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

Summary and Conclusions

The results proved the hypothesis that Millennials and prior generations are influenced by the same factors when purchasing wine to be incorrect; it showed there to be significant differences between Millennials and prior generations when purchasing wine. This allowed the researcher to reject the hypothesis that the influences for wine purchases were the same for Millennials and prior generations. The chi-squared test showed there were significant differences in the degree of influence between all generations for all of the factors except wine label. The independent t-test showed compared to all other generations (as one group), Millennials have significant differences in the influence of wine brand recognition, region of wine origin, recommendations from family and friends, price, and value of the wine. ANOVA proved there to be significant differences when comparing each generation to each other for all of the factors except wine varietal, wine label, and food paring. Finally ANOVA post hoc showed significant differences between Millennials and each generation. There were significant differences between Millennials and Gen Xers, Millennials and Baby Boomers, and Millennials and Traditionalists in the influence of brand recognition and price. For region and value there were significant differences between Millennials and Baby Boomers, as well as Millennials and Traditionalists.

There was also a significant difference in the influence of recommendations between Millennials and Traditionalists.

Based on the results that there are significant differences between the generations on the influence of brand recognition and recommendations, it can be concluded that socializing plays a part in wine purchases. Meaning that in order to increase the likeliness of being purchased a wine has to be recognized; socializing, discussing wine, and getting recommendations from peers can increase brand recognition. There was also a significant difference between Millennials and prior generations on the influence of price and value. These results suggest that not only are Millennials looking for a wine that is affordable, but they also want a wine that gives them more for their money. As a generation that currently has a lower income compared to other generations, Millennials will want a product that gives them more for less. An interesting result of the research showed that label was not perceived as influential to wine purchases. This goes against past research completed by Barber and Almanza (2008) that showed that consumers placed great significance on the overall label and bottle packaging. The findings from this study may have been affected by respondents not realizing that a wine's label does, in fact, influence their purchases. Another interesting result from the research showed the decreasing influence of a wine's region. This may be due to Millennials being more open to trying wines from different regions, but also shows that Millennials have fewer preconceived notions about regions and their impact on wine quality.

The hypothesis that wine purchases will be mostly influenced by price, brand recognition and region also proved to be incorrect. By looking at the ranking of most influential factors for all generations (Table 6), it is seen that having tasted the brand, value, and varietal were perceived as the most influential factors to wine purchases. However, when looking at each

generation there are differences in these rankings. Millennials perceive value, brand recognition, and having tasted the brand before to have the most influence. Gen Xers view value, recommendations, and having tasted the brand before to have the most influence. Baby Boomers perceived that varietal, recommendation, and having tasted the brand before to be most influential to wine purchase. And Traditionalists viewed having tasted the brand, varietal, and region to be most influential. Based on these rankings, only Millennials and Traditionalists supported the hypothesis that brand recognition and region were the most influential. Millennials and Gen Xers both perceived value to be influential which can consider them as price conscious shoppers. Based on the rankings for all generations and for each generation, it can be concluded that having tasted a wine brand before is of highest influence to wine consumers, also value of the wine and the varietal are of high influence to wine purchases.

This study also analyzed the impact of demographics and the influence of factors to purchasing wine. In particular this study analyzed the demographics of gender, education, and income level. From these results it showed there were significant differences between males and females on the influence of varietal, region, and price. Based on education, there was a significant difference in the influence of wine varietal, wine region of origin, expert rating of wine, and wine label. Lastly, for income level, there were significant differences in the influence of all of the factors except recommendations from family and friends.

Based on the results from analyzing the demographics it can be concluded that for men the influence from the type of wine and where the wine originated from are more important compared to women. For those with lower levels education level wine label, expert rating, and region of origin are more influential to wine purchases than those with higher levels education. From this it can be concluded that individuals with lower education levels rely on the opinions of

others to make purchase decisions, along with region which could be used as an indicator of quality. Lastly, by looking at income level, there were no significant differences between the income levels, except for the influence recommendations. The differences show that income level changes what factors of wine will be influential to making purchases, but it also shows that between income levels recommendations have similar influences to all consumers.

Recommendations

This research was limited to only residents of San Luis Obispo County, it would be recommended to extend further research to outside of San Luis Obispo County. This research can be expanded to other counties, states, and countries. By expanding this research it will provide wine professionals a true representation of the factors that influence wine purchases. This study was also limited on the purchasing behavior of the respondents. In further research it would be recommended to extend the survey to questions relating to why wine is purchased, how much wine is purchased, at what prices wine is purchased, etc. By asking these questions the researcher will have better knowledge of the wine consumers' behaviors. It would also be interesting to follow a group of Millennials throughout their lifespan to determine if their current purchasing behavior stays consistent as they age. This would determine if there are actually generational differences or if the differences in factors that influence wine purchases to due to age.

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APPENDIX

Consumer Research on Wine Purchase Influences

1. Where do you live?
    a. San Luis Obispo County
    b. Other California area
    c. Outside of California
2. Which of the following ranges describes your age?
    a. 20 or younger
    b. 21-34
    c. 35-46
    d. 47-65
    e. 65 or older
3. How often do you drink wine?
    a. At least 3 times a month
    b. 1 to 2 times a month
    c. Never

The following is a list of factors that influence people when purchasing wines. Please indicate the influence of each factor for you when you purchase wine. Please circle one for each of the following factors; 1= not influential, 2 = slightly influential, 3 = somewhat influential, 4 = very influential, and 5 = extremely influential.

4. Brand I have tasted:	1	2	3	4	5
5. Brand I recognize:	1	2	3	4	5
6. Varietal I recognize:	1	2	3	4	5
7. Well known region:	1	2	3	4	5
8. Recommendation:	1	2	3	4	5
9. Expert Rating:	1	2	3	4	5
10. Sale Price:	1	2	3	4	5
11. Good Value:	1	2	3	4	5
12. Label:	1	2	3	4	5
13. Food Pairing:	1	2	3	4	5

Continued on backside

14. Are you male or female?
    a. Male
    b. Female
15. What is the highest level of education you have completed
    a. Less than high school degree
    b. High school degree or equivalent (e.g. GED)
    c. Some college but no degree
    d. Associate degree
    e. Bachelor degree
    f. Graduate degree
16. How much total combined income did all members of your household earn in 2010?
    a. Less than $20,000
    b. $20,000 to $34,999
    c. $35,000 to $49,999
    d. $50,000 to $74,999
    e. $75,000 to $99,999
    f. $100,000 to $149,999
    g. $150,000 or more

Thank you for your time!