**Stellenbosch 2023 Abstract Submission**

**Title**  
Segmentation of Generation X Wine Purchasers by Bottle Price Most Often

**I want to submit an abstract for:**  
Conference Presentation

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**Keywords**  
Bottle price, Generation X wine consumers, Wine attribute desirability, Online wine purchasing, Information about wine

**Research Question**  
Does category behavior, information sources and wine attribute desirability differ between Generation X wine purchasers that are segmented by bottle price most often: under $15; $15 to $29.99; and $30+?

**Methods**  
A survey of 596 Generation X wine purchasers was conducted online in January 2021. Chi-square and Analysis of Variance identify differences between purchasers based on bottle price most often.

**Results**  
There are differences between Generation X wine consumer segments based on bottle price concerning products purchased, location purchased, online purchasing, desirable attributes and information sources. Marketing plan segmentation is recommended.

**Abstract**  
Background  
The US wine industry is large and diverse with thousands of brands selling wine in numerous price categories. Wines and Vines reported there were 11,546 wineries in the US in January 2023 and almost half, 49%, were classified as limited production, producing less than 1,000 cases (Wines Vines Analytics, 2023). Wines and Vines further reported that only 1% of US wineries produce wines in the less than $11 price range; 61% produce in the $11 to $29.99 price range, and 38% produce in the $30 and higher (Wines Vines Analytics, 2023). Different marketing strategies are needed to reach consumers for the variety of different brands and prices. Marketing strategies are developed using market segmentation and product differentiation to provide value to consumers (Armstrong & Kotler, 2017 A). Demographic, psychographic, geographic and behavioral are typical variables that are used for market segmentation (Armstrong & Kotler, 2017 B). Specific groups of consumers can be targeted by brands when they use segmentation.

A demographic category is generation. The current wine consuming generations in the US are: Generation Z, born between 1997 and 2012 representing 23.1% of the population; Millennials, born between 1981 and 1996 representing 24.4% of the population; Generation X, born between 1965 and 1980 representing 22.2% of the population; Baby-Boomers, born between 1946 and 1964 representing 23.7% of the population; and the Silent
Generation, born between 1928 and 1945 and representing 6.4% of the population. (US Census in Statista, 2023). Research shows that generational cohort theory is relevant for segmentation in the wine industry (Thach, Riewe, and Camillo, 2020). There have also been studies that examined segmentation within a specific generation. For example, Millennials were segmented by the price of wine purchased in research that revealed differences in the desirability of attributes of a wine brand between the luxury wine and non-luxury wine Millennial wine consumers (Higgins & Wolf, 2015).

Research Purpose
The purpose of this research is to examine the Generation X wine consumers to determine if marketing segmentation by wine price purchased most often is a valuable strategy. Three segments are examined by bottle price most often: under $15; $15 to $29.99; and $30+. The three price segments are compared concerning the desirability of wine attributes when making a purchase decision. Category behaviors are compared by price segment: types of wine purchased, number of bottles of wine typically purchased in a month, dollars spent on wine in a typical month, other products purchased past year, where wine was purchased in the past year, and online purchasing expected in the future. Information sources concerning wine are also examined.

Methodology
In January 2021 an online survey using the program Qualtrics was conducted using emails and social media to collect 596 responses among wine purchasers. Chi-square and Analysis of Variance identify differences between purchasers based on bottle price most often.

Results
Category behavior
In addition to purchasing wine in the past year, the Generation X consumers purchased a variety of alcoholic beverages. Over two-thirds also purchased beer, light beer, and spirits. The Under $15 purchasers were more likely to have purchased beer. Almost half, 49%, of the Generation X consumers also purchased hard seltzer. The consumers in the $30+ segment were more likely to have purchased craft spirits and cannabis-infused wine. Recreational cannabis products were consumed by 14% of the Generation X wine consumers. Most Generation X consumers purchased red, white, rose’, and sparkling wine. The $30+ segment were more likely to have purchased sparkling wine.

Most Generation X consumers purchased wine at physical locations such as, a store, a bar or a restaurant. Approximately a quarter of Generation X wine consumers ordered wine for pick up or ordered wine for delivery to home. However, the $30+ segment of consumers were more likely to have ordered wine for pick-up, 41%, and ordered wine for home delivery, 49%. Over a quarter of Generation X consumers ordered wine online using a computer with almost half of the $30+ segment. Further, a third of consumers in the $30+ segment expect to purchase wine online more often for home delivery in the future compared to a fifth of the other consumers. These results show differences in purchasing behavior by price segment.

The consumers in the under $15 and over $30 price segment purchased more bottles in a typical month than those in the $15 to $29.99 segment. The consumers in the $30+ segment spent more in a typical month than the other segments.

Approximately a third of the under $15 segment, half of the $15 to $29.99 and two-thirds of the $30+ segment went wine tasting.

Desirability ratings
Positioning research methodology was used to examine the impact of twelve wine attributes on purchase decisions. The twelve attributes were: low in calories, good value for the money, a brand I know, not filling, high quality product, low in alcohol, varietal I like, a good drink for socializing, in sustainable packaging, donates profits to COVID-19 relief efforts, in a package that is easy to bring with me for outdoor activities, and high wine ratings.

Mean ratings were calculated based on a five-point interval scale where not desirable at all was one and extremely desirable was five.

The very desirable attributes to the Generation X wine consumers were: high quality product, varietal I like, good value for the money, and a good drink for socializing. The somewhat to very desirable attributes were: high wine ratings, a brand I know, in sustainable packaging, and in a package that is easy to bring with me for outdoor activities. The slightly desirable attributes were: donates profits to COVID-19 relief efforts, not filling, low in calories, and low in alcohol.

All Generation X consumers agreed on the desirability of: varietal I like, a good drink for socializing, in sustainable packaging, donates profits to COVID-19 relief efforts, not filling and low in alcohol. However, the different price segments rated six of the twelve attributes differently. The consumers in the $30+ segment rated the following...
attributes higher than the consumers in the other segments: high quality product and brand I know. The consumers in the $15 and higher segments rated high wine ratings more desirable than those in the $15 and under segment. The consumers in the under $15 segment rated good value for the money and low in calories higher than the other price segments. The segments in the under $30 ranges rated in a package that is easy to bring outdoors higher than those in the $30+ segment.

Information sources
Most Generation X consumers, 79%, indicated they get information about wine from friends and family. The next highest source of information was from visiting a winery. The higher price segments were more likely to get information from visiting a winery. Over a third of Generation X consumers indicated they get information from workers at a bar or wine bar and the consumers in the higher priced wine segment were more likely. Workers at a retail outlet were also a source for a third of the Generation X consumers. The consumers in the lower price segments were more likely to use display information at a retail outlet.

Conclusions
The research shows that wine purchasing behavior can be segmented based upon wine pricing levels.

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