

# UNCORKING THE MYSTERY OF MARKETING WINE TO GENERATION Y: LESSONS FROM CONSUMER PSYCHOLOGY

*PAMELA A. KENNETT-HENSEL, University of New Orleans*

*CONCHA R. NEELEY, Central Michigan University*

*KYEONG SAM MIN, University of New Orleans*

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*The current research demonstrates how Generation Y, “the next generation of wine consumers” (Holter 2009, p. 26), is different from other older generations in psychological and behavioral reaction to wine products. Seven hypothesized relationships are investigated using primary data (n=239). Generation Y consumes and purchases less wine than their older counterparts. Additionally, this younger generation has less wine expertise, is more likely to make price-quality inferences and be hedonically oriented. Contrary to expectations, this group is not more price conscious or prestige sensitive. These differences tied to the consumer psyche suggest potential strategies for effectively marketing wine and other related products and services to Generation Y.*

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## INTRODUCTION

Consumer psychology, as a discipline, is focused on understanding how and why consumers make decisions. Key psychological processes such as motivation, perception, learning, and memory are studied to understand the mind of the consumer and ultimately, explain what can appear at first glance to be complex, irrational and/or unpredictable behaviors (Goulding 1999; Kotler 2009). Certainly, how a consumer makes a wine choice can seem mysterious. Many wine industry researchers already have begun to shed light on this mystery by examining related consumer influences such as product specific attributes (e.g., Aqueveque 2008; Barber, Ismail and Dodd 2007; Barrena and Sanchez 2009; Olsen, Thach and Nowak 2007; Romaniuk and Dawes 2005; Scarpa, Thiene and Galletto 2009; Veale 2008) and non-attribute issues including the impact of prior knowledge, involvement, word of mouth, purchase occasion, in-store atmospherics, and demographics (e.g., Aqueveque 2006; Barber, Dodd and Ghiselli 2008; Benjamin and Podolny

1999; Dodd and Gustafson 1997; Keown and Casey 1995; Martinez et al. 2006; North, Hargreaves and McKendrick 1999; Pompelli and Heien 1990; Quester and Smart 1998; Xue 2008). However, few have started to delve into the true psychological aspects of the wine purchase and consumption decision.

For a wine marketer, this insight into the consumer psyche is critical to effectively target any group of current or potential wine consumers. In recent years, the focus of the wine industry has been drawn to Generation Y which has been hailed as the “next generation of wine drinkers” (Holter 2009, p. 26) and was identified as an emerging market by the Wine Market Council as early as 2003. This generation has been characterized as distinct in attitudes, values and lifestyles resulting in unique challenges for the wine marketer (c.f., Harpers 2009; McCallum 2010; Tasker 2008; Wright 2006). By applying lessons from consumer psychology, this lucrative market should become less elusive.

## THE FACTS ABOUT GENERATION Y

Generation Y, also referred to as the Millennial Generation or echo boomers, is not clearly defined. For instance, some researchers

characterize this group as anyone born after 1977 (Bainbridge 1999; Freestone and Mitchell 2004), but others include those born after 1980 (Jimenez 2009). Still, HarrisInteractive, in its 2004 Millennium Generation Study, uses the year 1978 to delineate this group. Generation Y is estimated at over 41 percent of the population or approximately 76 million members (Thach and Olsen 2006). The one thing that is universally agreed upon is that Generation Y has the spending power and sheer numbers to transform markets for years to come.

According to Generation Y researcher Neil Howe, “every generation turns a corner, and in some critical respect, changes fundamentally the direction of whatever trends they inherit from the last generation” (Mello 2006). When compared to previous generations (i.e., Generation X, Baby Boomers, and Traditionalists), Generation Y has been characterized as technology and social network savvy (Harpers 2009; Holter 2009). Further, they are labeled as being cynical and responsive only to sincere and authentic messages (Holter 2009; McCallum 2010). Family, friends, and a balance between work and home life are valued (HarrisInteractive 2004).

Generation Y is becoming more interesting to wine marketers as they age and have the potential to equal or exceed their parents’ generation in wine consumption. The Wine Market Council’s 2009 Consumer Tracking Study shows that Generation Y wine consumption continues to rise accounting for 32 percent of off-premise sales in the wine industry while only representing 19 percent of the individuals comprising the market. This same study highlights that Generation Y eats out more, is more likely to belong to wine clubs, and is more optimistic about and least affected by current economic conditions. When asked if they were drinking more wine, 38 percent answered “yes”, outpacing other generations. Even more appealing is that the Council estimates 20 million Generation Yers have yet to reach legal drinking age and enter the market.

This generation is taking to wine sooner than previous generations (McCallum 2010), but seem to be less knowledgeable and secure in their wine choices (Harpers 2009; Holter 2009). Generation Y wine consumers view wine as a drink that helps them relax and is appropriate for formal celebrations, but not a beverage to party with (Olsen et al. 2007). Olsen et al. (2007) also found that Generation Y perceives wine as sensual, sexy and sophisticated. Further, they are looking for value in their wine purchases (Wolf, Carpenter and Qenani-Petrela 2005) and identify price as the main purchase barrier (Treloar, Hall and Mitchell 2004). Of critical concern to marketers is that they seem to exhibit less brand loyalty with respect to wine (Tasker 2008).

As more and more of this generation reaches legal drinking age and is socialized into the larger alcohol industry, it is crucial to increase the understanding of the consumption influences, motivations and resulting behaviors of Generation Y consumers to secure a market for the future. While many researchers have focused on the behavioral issues, there is a need for more investigation into what is driving these measurable outcomes. Specifically, utilizing primary data collected from wine consumers (n = 239), this research focuses on behavioral and consumer psychological differences between Generation Y and previous generations such as Generation X, Baby Boomers, and Traditionalists. The goal of the current research is to demonstrate how and why Generation Y wine drinkers are different from other older wine drinkers. In the sections to follow, the hypothesized relationships and methodology are presented. This is followed by the results and discussion of the implications for wine marketers and marketers of other related products and services who are attempting to more effectively tap into this attractive market of consumers. Lastly, limitations and future research opportunities are discussed.

#### **HYPOTHESIZED RELATIONSHIPS**

Based on relevant consumer psychology literature, seven hypothesized relationships of

interest to wine marketers are investigated. This conceptual framework is illustrated in Figure 1. Each hypothesis explores a key difference, either behavioral or psychological, between Generation Y and previous generations of wine consumers. The relationship between behavioral responses and psychological influences is conceptualized as bi-directional due to the complex nature of consumer behavior (Banaji and Heiphetz 2010; Howard and Sheth 1969). As well-documented in consistency literature such as balance theory (Heider 1958), cognitive dissonance theory (Festinger 1957), and impression management theory (Tedeschi, Schlenker and Bonoma 1971), consumers are often motivated to maintain the consistency between their thoughts and behaviors. While it is generally believed that people’s mental states influence their behaviors, they are also willing to change their mental states if they experience inconsistencies between their beliefs and behaviors.

**Behavioral Responses**

As previously documented, Generation Y wine consumption is on the rise. Despite exhibiting the highest growth rate (Wine Market Council 2009), these echo boomers have not outpaced

other generations, particularly Baby Boomers who continue to represent the largest segment of the wine industry (Heeger 2007). Indeed, Generation Y is estimated to represent only 21 percent of the core wine market and 17 percent of the marginal market, compared to 37 percent and 39 percent for Baby Boomers, 21 percent and 20 percent for Generation X, and 21 percent and 24 percent for Traditionalists, respectively (Wine Market Council 2010). In a replication of generational wine consumption research and to verify the quality of the study sample, H<sub>1</sub> and H<sub>2</sub> are proposed. Further, in line with behavioral response research in marketing, consumption and purchase are treated as separate constructs (e.g., Foxall 1992).

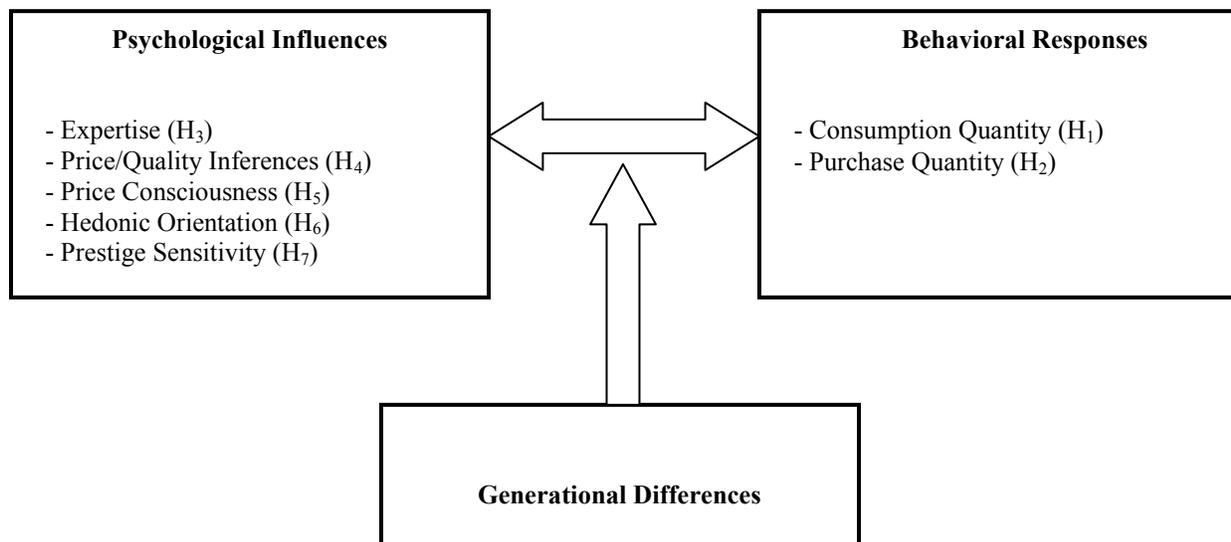
**H<sub>1</sub>:** Generation Y consumes less wine than previous generations.

**H<sub>2</sub>:** Generation Y purchases less wine than previous generations.

**Psychological Influences**

Researchers identified five key psychological influences that have been linked to wine purchase and consumption. Based on literature examining generational characteristics, the current research hypothesizes that Generation Y

**FIGURE 1:  
A Conceptual Framework of Generational Difference  
in Behavioral Responses and Psychological Influences**



will diverge from previous generations as it relates to these influences.

When it comes to wine, Generation Y seems to be less knowledgeable than other generations (Holter 2009). Consumers' knowledge is generally positively associated with their wine consumption level (Hussain, Cholette and Castaldi 2007). The correlation between age and knowledge is also well documented in the marketing literature (e.g., Moschis and Churchill 1972; Ratchford 2001). Quite simply, as one ages, one has more experiences, and experiences provide the opportunity for knowledge acquisition (Gregan-Paxton and John 1997; Perrouy, d'Hauteville and Lockshin 2006). Park, Mothersbaugh and Feick (1994) suggest that self-assessed knowledge is determined by not only experience, but confidence. This same generation has reported less confidence in its ability to make the "right" wine choice (Harpers 2009). Consequently, the following hypothesis is proposed:

**H<sub>3</sub>:** Generation Y has less wine expertise than previous generations.

Price and value are important issues to Generation Y when making a wine decision (Treloar et al. 2004; Wolf et al. 2005). Reliance on external cues such as price is more prevalent among consumers with less expertise (Espejel, Fandos and Flavián 2009; Olsen, Thompson and Clarke 2003). Internal cue reliance, which for the wine industry would encompass taste, smell and color, becomes more common among expert consumers (Lockshin and Rhodus 1993; Schiefer and Fischer 2008). Generation Y lacks this expertise and should naturally gravitate towards price as a marketplace signal. Hence, the following hypothesis is proposed:

**H<sub>4</sub>:** Generation Y is more likely to make price/quality inferences than previous generations.

Price consciousness, as defined by Lichtenstein, Ridgway and Netemeyer (1993), relates to the degree that consumers focus on paying a low price. While it is believed that Generation Y will gravitate to the price/quality relationship

when evaluating wine, it is also believed that their lesser financial resources when compared to older generations will make them more price-conscious. Further, as stated by Goldstein et al. (2008), "non-expert wine consumers should not anticipate greater enjoyment of the intrinsic qualities of a wine simply because it is expensive" (p. 1). Given their lack of expertise, Generation Y wine drinkers may understand that a more expensive wine is judged to be of better quality, but may also recognize that they will not appreciate it at this point.

**H<sub>5</sub>:** Generation Y is more price conscious than previous generations.

Products such as wine are often consumed for the experience as much as for any true utilitarian purpose (Combris, Lecocq and Visser 1997; Hirschman and Holbrook 1982). Hedonic orientation, an individual level construct, plays a critical role in the wine decision process and sheds light on the motivation for consuming wine (Neeley, Min and Kennett-Hensel 2010). Previous research provides evidence that in a wine tasting setting, quality of wine is more important to older guests, while a relaxing environment including a more social experience is preferred by Generation X and Generation Y consumers (Fountain and Charters 2004; Hall, Binney and O'Mahony 2004). Experience tends to be more important for younger consumers and the wine itself is more important for older consumers. Not surprisingly, younger consumers tend to be interested more in the hedonistic and social experiences of wine (Brown, Havitz and Getz 2007; Getz and Carlsen 2008).

**H<sub>6</sub>:** Generation Y is more hedonically oriented than previous generations.

Prestige sensitivity examines price as a social cue to others (Lichtenstein et al. 1993). This is a particularly relevant construct for the wine industry since wine is often purchased for public consumption (e.g., in a restaurant or at a party) or as a gift, and individuals might be concerned that choosing a cheap bottle of wine would reflect negatively on them. Generation Y, in particular, has been characterized as being brand conscious (e.g., Nowak, Thach and Olsen

2006; Reisenwitz and Iyer 2009; Syrett and Lamminman 2006; Thach and Olsen 2006), a trait that also encompasses signaling to others and underscores the importance of what others think. Accordingly, it is hypothesized that:

**H<sub>7</sub>:** Generation Y is more prestige sensitive than previous generations.

## METHODOLOGY

### Data Collection and Sample

A 95-item survey instrument was developed and distributed to a convenience sample of wine consumers located in the Southwestern United States. Two hundred and thirty-nine (n=239) usable responses were received. All respondents were at least 21 years of age. Table 1 provides a key demographic profile of the respondents. In terms of gender distribution, 52.5 percent of the respondents were male and 47.5 percent were female. Respondents had high levels of education with 92.9 percent of the sample having completed or in progress of completing at least an undergraduate degree. That is, the sample contained college students (47.5 percent), undergraduate degree holders (29.8 percent), graduate degree holders (8.8 percent), and post-graduate degree holders (6.7 percent). Yet, income levels were not relatively high. Only 28.6 percent of the sample had annual household income of \$75,000 or higher. Finally, with regard to marital status, 54.6 percent of the respondents were single while 45.4 percent were married, divorced, or widowed.

In addition, as described in Table 2, Generation Y, Generation X, and Baby Boomers/Traditionalists accounted for 43.1 percent, 33.5 percent, and 23.4 percent of the survey respondents, respectively. A stronger representation of younger wine drinkers in this study is consistent with the current trend in the U.S. (Hochstein 2009). Only 15.0 percent of Generation Y respondents reported household income of \$75,000 or higher versus 21.1 percent for Generation X and 60.8 percent for Baby Boomers/Traditionalists. Additionally, 54 percent of Generation Y respondents indicated

household income lower than \$25,000 versus 23.6 percent for Generation X and 6.0 percent for Baby Boomers/Traditionalists. In terms of education, only 32.4 percent of Generation Y respondents reported holding an undergraduate, graduate, or post-graduate degree, compared to 57.6 percent and 51.7 percent for Generation X and Baby Boomers/Traditionalists respondents, respectively. Accordingly, and as expected, this sample indicates that Generation Y respondents in this study were less educated and reported less household income than other generational groups.

### Measurement

*Consumption Quantity.* Participants' wine consumption quantity was measured on a 7-point Likert-type scale (1 = strongly disagree, 7 = strongly agree) similar to Beatty and Kahle (1988). The one item (e.g., "I normally drink several glasses of wine in a week") was modified toward wine as a product.

*Purchase Quantity.* Participants' wine purchase quantity was measured based on two questions: how many bottles of wine they typically purchase at a time and how often they purchase wine. Their responses were combined and categorized into five groups: 1 (one bottle or less per six month), 2 (two to five bottles per six month), 3 (one bottle per month), 4 (two to three bottles per month), 5 (one bottle or more per week).

*Expertise.* As described in Table 3, participants' wine expertise was measured on a multi-dimensional, 7-point Likert-type scale (1 = strongly disagree, 7 = strongly agree) with fifteen items. While the scale originally consisted of five dimensions, in this study, a three factor solution was obtained: cognitive effort and automaticity (e.g., "At the place of purchase, I can visually detect my preferred brand(s) without much effort"), analysis and elaboration (e.g., "I will search for the latest information on wine before I purchase a brand"), and memory (e.g., "I can recognize almost all brand names of wine") (Kleiser and Mantel 1994). The Cronbach's  $\alpha$ 's for these

**TABLE 1:**  
**Key Descriptive Statistics of Respondents in the Study**

Characteristic	Frequency	Percentage
Gender		
Female	112	47.5
Male	124	52.5
Missing	3	-
Total	239	
Education (highest level completed)		
High school	17	7.9
Some college	113	47.5
Undergraduate degree	71	29.8
Graduate degree	21	8.8
Post-graduate degree	16	6.7
Missing	1	-
Total	239	
Household Income		
\$24,999 or lower	77	34.1
\$25,000 – \$74,999	84	37.2
\$75,000 or higher	65	28.6
Missing	13	-
Total	239	
Marital Status		
Single	130	54.6
Married	92	38.7
Divorced	12	5.0
Widowed	4	1.7
Missing	1	-
Total	239	

**TABLE 2:**  
**Generational Breakout of Respondents**

Generation	Respondents' birth year range	Number of respondents	Percentage
Generation Y	1980 – 1984*	103	43.1
Generation X	1965 – 1979	80	33.5
Baby Boomers or Traditional	1964 or older	56	23.4

*Note:* The sample included only participants who were of legal drinking age (21 or older) at the time of data collection. Baby Boomers and Traditionalists were collapsed into one category to enhance the statistical analysis of this study.

dimensions were .856, .895, and .894, respectively. To form a composite expertise measure, scores were aggregated for the 15 items (Cronbach's  $\alpha = .915$ ).

*Price/Quality Inferences.* Participants' price/quality inferences were measured on a 7-point Likert-type scale (1 = strongly disagree; 7 = strongly agree) with two items (e.g., "I consider price as an indicator of quality when purchasing wine"). The Cronbach's  $\alpha$  coefficient was .832.

*Price Consciousness.* Participants' price consciousness was measured on a 7-point Likert-type scale (1 = strongly disagree; 7 = strongly agree). Following Lichtenstein, Block and Black (1988), the three items (e.g., "I usually buy wine when it is on sale") were modified toward wine as a product. The Cronbach's  $\alpha$  coefficient was .723.

*Hedonic Orientation.* Participants' hedonic orientation was measured on a multi-dimensional, 7-point Likert-type scale (1 = strongly disagree, 7 = strongly agree). Hedonic orientation, an individual level trait and not domain-specific, consisted of three different dimensions: newness (e.g., "I usually purchase brands of products that I have tried before" (reverse), feeling (e.g., "Drinking wine allows me to transcend into a more peaceful place"), and entertainment (e.g., "I enjoy going to the theater") (Neeley et al. 2010). The Cronbach's  $\alpha$ 's for these three dimensions were .711, .691, and .664, respectively. A composite measure averaging the 10 hedonic orientation items (Cronbach's  $\alpha = .708$ ) was used in the analysis.

*Prestige Sensitivity.* Participants' prestige sensitivity was measured on a 7-point Likert-type scale (1 = strongly disagree; 7 = strongly agree) with eight items (e.g., "People notice when you buy the most expensive brand of a product") (Lichtenstein et al. 1993). The Cronbach's  $\alpha$  coefficient was .917.

## RESULTS

### Wine Consumption Quantity (H<sub>1</sub>)

As predicted, the test showed a significant difference in wine consumption quantity between Generation Y and previous generations. Generation Y ( $M = 2.19$ ,  $SD = 1.64$ ) consumed less wine than previous generations consisting of Generation X, Baby Boomers, and Traditionalists ( $M = 2.79$ ,  $SD = 2.02$ ,  $F(1, 236) = 5.10$ ,  $p < .03$ ). Thus H<sub>1</sub> was supported. In post-hoc comparison tests, Generation Y reported consuming significantly less wine than the Baby Boomers/Traditionalists ( $M = 3.16$ ,  $SD = 2.53$ ,  $F(1, 156) = 9.35$ ,  $p < .003$ ) but not significantly less than Generation X ( $M = 2.53$ ,  $SD = 1.87$ ,  $F(1, 180) < 1$ ,  $p > .3$ ).

### Wine Purchase Quantity (H<sub>2</sub>)

Consistent with H<sub>2</sub>, the test showed a significant association between generations and wine purchase quantity. Generation Y purchased less wine than previous generations ( $\chi^2 = 17.18$ ,  $p < .002$ ). While 44.4 percent of Generation Y typically purchased one bottle or less per six month, 21.4 percent of previous generations reported that they purchase the same number per six month period. In addition, compared to 65.6 percent of previous generations, only 41.4 percent of Generation Y purchased at least one bottle of wine per month. Thus H<sub>2</sub> was supported. As shown in Table 4, post-hoc tests indicated that Generation Y purchased a smaller number of wine in a given period than Generation X ( $\chi^2 = 10.84$ ,  $p < .03$ ) and Baby Boomers/Traditionalists ( $\chi^2 = 13.72$ ,  $p < .008$ ).

### Wine Expertise (H<sub>3</sub>)

As predicted, the test showed a significant difference in wine expertise between Generation Y and previous generations. Generation Y ( $M = 2.73$ ,  $SD = 1.11$ ) reported to have less wine expertise than previous generations consisting of Generation X, Baby Boomers, and Traditionalists ( $M = 3.10$ ,  $SD$

**TABLE 3:**  
**Measures Used in the Study**

Constructs	Measures	Item loadings
<b>Expertise</b> (Cronbach's $\alpha = .915$ )	<p><i>Cognitive effort and automaticity</i> (Cronbach's <math>\alpha = .856</math>)</p> <ul style="list-style-type: none"> <li>• At the place of purchase, I can visually detect my preferred brand(s) without much effort. .856</li> <li>• I can immediately identify my preferred brand(s) even if it is located with other brands of wine. .854</li> <li>• When I purchase my preferred brand, I do not pay attention to the other brands of wine. .755</li> <li>• I am loyal to one brand of wine. .679</li> <li>• I automatically know which brands of wine to buy. .636</li> </ul> <p><i>Analysis and elaboration</i> (Cronbach's <math>\alpha = .895</math>)</p> <ul style="list-style-type: none"> <li>• I will search for the latest information on wine before I purchase a brand. .854</li> <li>• I keep current on the most recent developments in wine. .792</li> <li>• I use my knowledge of wine to verify that advertising claims are in fact true. .762</li> <li>• My knowledge of wine helps me to understand very technical information about this product. .657</li> <li>• I consider myself knowledgeable about wine. .635</li> <li>• I enjoy learning about wine. .610</li> </ul> <p><i>Memory</i> (Cronbach's <math>\alpha = .894</math>)</p> <ul style="list-style-type: none"> <li>• I can recognize almost all brand names of wine. .822</li> <li>• I can recall product-specific attributes of wines. .817</li> <li>• I can recall brand-specific attributes of the various brands of wine. .817</li> <li>• I can recall almost all existing brands of wine from memory. .629</li> </ul>	
<b>Price/Quality Inferences</b> (Cronbach's $\alpha = .832$ )	<ul style="list-style-type: none"> <li>• I consider price as an indicator of quality when purchasing wine.</li> <li>• I feel that more expensive wines are typically of better quality.</li> </ul>	<p>-</p> <p>-</p>
<b>Price Consciousness</b> (Cronbach's $\alpha = .723$ )	<ul style="list-style-type: none"> <li>• I usually buy wine when it is on sale.</li> <li>• I buy the lowest priced wine that will suit my needs.</li> <li>• When it comes to choosing wine for me, I rely heavily on price.</li> </ul>	<p>-</p> <p>-</p> <p>-</p>

**TABLE 3:**  
*Continued*

Constructs	Measures	Item loadings
<b>Hedonic Orientation</b> (Cronbach's $\alpha = .708$ )	<i>Newness</i> (Cronbach's $\alpha = .711$ ) <ul style="list-style-type: none"> <li>• I usually purchase brands of products that I have tried before. (reverse coded)</li> <li>• I generally buy products for the functions they provide. (reverse coded)</li> <li>• I buy brands that I am familiar with to avoid disappointment. (reverse coded)</li> <li>• Buying products that don't perform certain functions is a waste of money. (reverse coded)</li> </ul>	.793 .751 .750 .589
	<i>Feeling</i> (Cronbach's $\alpha = .691$ ) <ul style="list-style-type: none"> <li>• Drinking wine allows me to transcend into a more peaceful place.</li> <li>• I like the way I feel when I drink wine.</li> <li>• I often buy products for the way they make me feel.</li> </ul> <i>Entertainment</i> (Cronbach's $\alpha = .664$ ) <ul style="list-style-type: none"> <li>• Going to the movies is a good way to spend an afternoon.</li> <li>• I enjoy going to the theater.</li> <li>• I like listening to music as a way to escape everyday life.</li> </ul>	.887 .850 .550 .851 .832 .502
<b>Prestige Sensitivity</b> (Cronbach's $\alpha = .917$ )	<ul style="list-style-type: none"> <li>• People notice when you buy the most expensive brand of a product.</li> <li>• Buying a high price brand makes me feel good about myself.</li> <li>• Buying the most expensive brand of a product makes me feel classy.</li> <li>• I enjoy the prestige of buying a high priced product.</li> <li>• It says something to people when you buy the high priced version of a product.</li> <li>• Your friends will think you are cheap if you consistently buy the lowest priced version of a product.</li> <li>• I think others make judgments about me by the kinds of products and brands I buy.</li> <li>• Even for a relatively inexpensive product, I think that buying a costly brand is impressive.</li> </ul>	- - - - - - - -

Notes: Unless otherwise indicated, all items were assessed on 7-point Likert type scales anchored by 1 (strongly disagree) and 7 (strongly agree).

**TABLE 4:**  
**Purchase Quantity by Generation**

Purchase Quantity	Generation Y (n = 99)	Generation X (n = 77)	Baby Boomers or Traditionalists (n = 54)
One bottle or less per six month	44.4%	23.4%	18.5%
Two to five bottles per six month	14.1%	13.0%	13.0%
One bottle per month	17.2%	19.5%	20.4%
Two to three bottles per month	12.1%	22.1%	18.5%
one bottle or more per week	12.1%	22.1%	29.6%
Total	100.0%	100.0%	100.0%

= .1.10,  $F(1, 236) = 5.34, p < .03$ ). Thus  $H_3$  was supported. In particular, post-hoc tests reported that Generation Y perceived to have significantly less wine expertise than Generation X ( $M = 3.12, SD = 1.13, F(1, 180) = 3.96, p < .05$ ) and marginally less wine expertise than the Baby Boomers/Traditionalists ( $M = 3.06, SD = 1.04, F(1, 156) = 2.98, p < .09$ ).

#### Price/Quality Inferences ( $H_4$ )

As expected, the test showed a significant difference in price/quality inferences between Generation Y and previous generations. Generation Y ( $M = 4.42, SD = 1.54$ ) was more likely to make price/quality inferences than previous generations ( $M = 4.09, SD = 1.69, F(1, 233) = 6.06, p < .02$ ). Thus  $H_4$  was supported. Specifically, according to post-hoc tests, Generation Y reported to use those inferences marginally more frequently than Generation X ( $M = 4.18, SD = 1.72, F(1, 180) = 2.76, p < .10$ ) and significantly more frequently than the Baby Boomers/Traditionalists ( $M = 3.96, SD = 1.65, F(1, 153) = 6.11, p < .02$ ).

#### Price Consciousness ( $H_5$ )

$H_5$  predicted that Generation Y would be more price conscious than previous generations. However, inconsistent with this prediction, Generation Y ( $M = 3.14, SD = 1.54$ ) was not more price conscious than previous generations ( $M = 3.33, SD = 1.48, F(1, 236) < 1, p > .7$ ). Thus  $H_5$  was not supported. A potential reason for failing to find support for  $H_5$  is explained in the discussion and implications section.

#### Hedonic Orientation ( $H_6$ )

As predicted, the test showed a significant difference in hedonic orientation between Generation Y and previous generations. Generation Y ( $M = 3.97, SD = .66$ ) was more likely to be hedonically oriented than previous generations ( $M = 3.74, SD = .65, F(1, 236) = 8.58, p < .004$ ); thus  $H_6$  was supported. Post-hoc tests also showed that Generation Y was marginally more hedonically oriented than Generation X ( $M = 3.82, SD = .65, F(1, 180) = 3.54, p < .07$ ) and significantly more hedonically oriented than the Baby Boomers/Traditionalists ( $M = 3.63, SD = .64, F(1, 156) = 11.10, p < .001$ ).

### Prestige Sensitivity (H<sub>7</sub>)

H<sub>7</sub> predicted that Generation Y would be more prestige sensitive than previous generations. Generation Y ( $M = 3.56$ ,  $SD = 1.26$ ) was directionally more prestige sensitive than previous generations ( $M = 3.39$ ,  $SD = 1.39$ ), but the difference did not reach statistical significance ( $F(1,234) = 1.46$ ,  $p > .2$ ). Thus H<sub>7</sub> was not supported. A potential reason for lack of support for H<sub>7</sub> is addressed in the discussion and implications section.

## DISCUSSION AND IMPLICATIONS

The goal of the current research is to shed light on how and why Generation Y wine drinkers differ from older generations of wine drinkers. Using insights from consumer psychology, the research aims to achieve its overarching objective of assisting marketers in reaching the lucrative Generation Y wine consumer. Similarly, these findings should be of interest to marketers of related products and services (i.e., other alcoholic beverages, bars, nightclubs). Support was found for five out of seven hypothesized relationships. Findings indicate that Generation Y wine drinkers consume and purchase less wine than consumers from older generations. Additionally, these echo boomers report to have less wine expertise than Generation X, Baby Boomers and Traditionalists. Finally, Generation Y consumers are more likely to make price/quality inferences when purchasing wine and are more likely to be hedonically oriented than older consumers.

Contrary to expectations, support was not found for the hypothesis predicting Generation Y to be more price sensitive than previous generations. The failed support may have occurred because Generation Y participants in this study were mostly light wine drinkers. In an additional analysis, it was found that over 60 percent of the Generation Y participants consumed less than one glass of wine per week, compared to 35 percent of previous generation participants who were light drinkers. The fact that light users are generally less likely to

experience perceived risk (e.g., Lacey, Bruwer and Li 2009) and are less likely to be price sensitive than heavy users (e.g., Clancy and Shulman 1994; Kim, Shi and Srinivasan 2001) might have caused Generation Y consumers to be less price conscious. Even though generation (or age) and usage quantity are two different segmentation tools, future studies will need to simultaneously explore multiple segmentation bases that can influence consumers' wine purchase and consumption decision.

Second, support was not found for H<sub>7</sub> which predicted that Generation Y would be more prestige sensitive than previous generations. While the differences between generations were not statistically significant, they were directionally consistent with the hypothesized relationship. The current findings could be attributed to the scale that was employed in this study which was domain-general, rather than domain-specific (c.f., Saad 2007). Thus the current prestige sensitivity measure captured participants' general tendency, rather than their perceived prestige status that would be obtained from public wine consumption. It would be valuable to further test consumers' sensitivity to domain-general versus domain-specific individual difference scales.

Consistent with previous research, there are significant differences among generational groups that must be considered when targeting these segments of the market. These specific differences tied to the consumer psyche lead to potential strategies for more effectively marketing to Generation Y consumers. For instance, echo boomers tend to be more hedonically oriented, drinking wine for the experience and in social settings; however, previous literature says that this generation views wine as a drink that helps them relax and is appropriate for formal celebrations, but not a beverage to party with (e.g., Olsen et al. 2007). Changing this perception of wine as a more mainstream beverage for social occasions could potentially increase sales. The perception of wine being a more sophisticated beverage choice may lessen its appeal for consumption at

less formal social gatherings. Advertising and communication efforts targeted to this generation showing wine as a beverage to consume in various settings with the underlying theme being hedonically oriented benefits attained from wine consumption may lead to a more mass appeal and increased overall consumption.

Another implication of this research is that Generation Y consumers lack knowledge and expertise about wine. Consumers who lack knowledge tend to form ill-defined and less consistent preferences, and thus consume less of the product category (e.g., Hoeffler, Ariely and West 2006; West, Brown and Hoch 1996). Wine marketers should attempt to educate Generation Y consumers through communication efforts and event marketing. Organizing and promoting wine tastings targeted at the younger generation will allow wine producers to gain loyalty among this younger consumer for their specific brands. Retailers or collaborations among different wine regions would assist in building primary demand for wine in general as a beverage of choice.

Finally, because Generation Y consumers are more likely to infer quality of wine based on price, it is important to engage in pricing strategies that are consistent with the marketing communication efforts in promoting quality. Generation Y's perceived inexperience in evaluating wine should result in a gravitation towards price as a surrogate for quality. However, they may not be as attracted to lower priced wines as originally believed providing an opportunity for wine marketers to socialize them into higher wine price points.

#### **LIMITATIONS AND FUTURE RESEARCH**

As with any research, this study has limitations that result in potential areas for future exploration. The findings from the study are based on a convenience sample of U.S. consumers. While convenience samples are commonly used in reputable marketing journals

(Fuchs and Sarstedt 2010), similar studies should be carried out among other groups of U.S. and international wine consumers to enhance generalizability and to determine if culture further influences these generational differences. Further, while it is believed that these results are generalizable to other related products and services, future researchers are encouraged to explore this assumption.

In the current study, consumer expertise is a self-report measure. Perception of expertise may not necessarily indicate actual expertise. Self-reported expertise may be based on familiarity with a product category and tied to a high level of consumption rather than actual knowledge. In addition to perceptions of one's expertise, it would be interesting to measure actual expertise to determine if there are any underlying generational differences that influence how people perceive themselves as experts.

Lastly, while there is evidence of generational differences, one may argue that other variables such as values and stage in lifecycle (i.e., single versus married with children) could be contributing factors to the differences rather than, or in addition to, the generation. As a true with any demographic segmentation approach, many within segment differences may still emerge. Generation Y as a market segment may require further segmentation to best understand its wine purchases, consumption and psychological influences. Future researchers are encouraged to explore these differences.

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