

CONSUMER PREFERENCES REGARDING SOURCES OF INFORMATION AND USE OF TECHNOLOGY FOR WINE SELECTION – A SURVEY OF MILLENNIALS AND GENERATION X SAMPLE IN ROMANIA

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Abstract

The study explores the types and sources of information considered by consumers and investigates the difficulties they encounter in wine selection, as well as the opportunity of using technology as a helping tool. The data obtained from consumers were analysed based on their frequency of consumption and the results showed differences between Core, Marginal and Occasional wine drinkers for the average price paid for a bottle of wine depending on occasion, for the source of information considered and variety seeking behaviour. It was found that for all categories of consumers the recommendations of their peers and the use of technology plays a significant role in their decision making habits.

Key words: generational marketing, marketing, millennials, purchasing behaviour, wine app

INTRODUCTION

There are Millennials who avoid wine because they consider it too pretentious or because they don't understand it (Thach and Olsen, 2006) [16] and there are consumers of all ages who find wine confusing and have difficulties in selecting wine (Drummond and Rule, 2005; Constellation Wines US, 2014) [6, 19].

Further exploration is needed in regard to the type of information useful for consumers and the sources of information considered, along with investigation of the opportunity of using technology as a helping tool in wine selection, in order to reduce consumer confusion.

Researchers previously investigated the issue of technology in wine marketing (Thach, 2009; Bouquet 2012) [3,17] and found that, although adoption of web 2.0 is slower than in other domains, in the last years more and more wineries adopted Facebook as a communication channel with their potential customers. The use of technology has a positive impact on consumer perception of the brand and on user engagement (Bellman et al,

2011; Nowak and Newton, 2008) [2, 13].

One study investigated the use of wine applications for mobile and found that these are more likely to be used by wine enthusiasts (consumers with interest in wine) (Higging et al, 2014) [8]. The authors further evidentiate that the adoption of wine apps by the common consumer is determined by their perception of them as useful, easy to use and capable to satisfy an unmet need (Higging et. al., 2014) [8]., and more should be done in these areas, their argument being based on the Technology Acceptance Model (Davis, 1989; Chuttur, 2009) [4, 7].

Various studies consider generational segmentation and analyse the consumer behaviour in regard to wine in specific countries, showing similarities across distinct age ranges (De Magistris *et al.*, 2011, Qenani-Petrela *et al.*, 2007; Wolf *et al.*, 2005; Olsen et. al, 2007) [5, 14, 15, 18]. Other studies focus on behavioural segmentation, the most widely used being the one based on the frequency of

consumption, which considers 3 categories of consumers of alcoholic beverages: Core wine

drinkers (consume wine once or a few times per week), Marginal wine drinkers (consume once or twice per month), and Non-adopters, alcoholic beverages consumer who do not drink wine (Wine Market Council, 2009) [20]. The present study considers both, analysing the difference between two generations – Millennials and Generation X – and seeks further insight into different categories of consumers based on their frequency of consumption.

MATERIALS AND METHODS

The sample population is comprised of 91 alcoholic beverage consumers from Romania in the age range 18-50 years, Internet literate, presumed to be in majority from urban areas. The survey was available online and distributed via Facebook, the snowball sampling method being employed (Baltar and Brunet, 2012) [1] and the data being then analysed in Excel.

The study is based on a survey of 23 questions out of which 11 are related to types and sources of information about wine, technology use and other aspects of the consuming behaviour in general.

For some of the questions a Likert scale was used; respondents could indicate their level of agreement or disagreement on a symmetric agree-disagree scale for a set of predefined affirmations, rated from low to high (Krosnick and Fabrigar, 1997) [11]. Verbal anchors were used, with a middle neutral don't know option (Lietz, 2008) [12].

The study examines the behaviour of younger generations of consumers, Millennials and Generation X, considering wine consumption segmentation.

The consumers were categorised in 3 groups by the frequency of their wine consumption: Core drinkers – consuming once or a few times per week, Marginal drinkers – those who consume once or twice per month and Occasional drinkers – who consume wine rarely, a few times per year (once a few months).

The segmentation was adapted from Wine Council with small modifications. Wine Council proposes the following categories in

accordance to consuming frequency: Core drinkers, Marginal drinkers and Non-Adapters (Wine Council, 2003).

These categories of consumers (Fig. 1) were compared in regards to different aspects of their behaviour: choosing wine, sourcing of information about wine, difficulties encountered, while also considering the impact of technology in their lives.

The goal of the analysis was to highlight the differences and patterns of young consumers with different wine consumption frequency, in order to create a more accurate profile of consumer, useful in wine marketing.

RESULTS AND DISCUSSIONS

The sample is composed of 41% Core wine drinkers, 27% Marginal wine drinkers and 32% Occasional wine drinkers, as shown in Fig. 1, segments which will be further investigated throughout the paper.

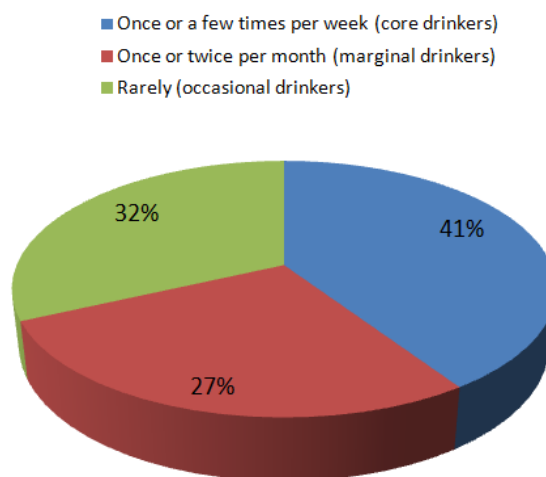


Fig. 1. Percentage of consumers by frequency of wine consumption

The demographic characteristics based on wine consumption segmentation are presented in Table 1, with Millennials (cohort aged 18-35 years) being split into 2 subgroups, 18-24 and 25-35 years old.

The most well represented age group among respondents is that of 25-35 years (59%), which includes 63% of the core drinkers, 59% of the marginal drinkers and 53% of the occasional drinkers. Most of the respondents were single (51%) and the majority have a

Bachelor's degree (59%).

Table 1. Demographic characteristics of the sample, based on wine consumption segmentation

	Core drinkers	Marginal drinkers	Occasional drinkers	Total
Age groups:				
18 - 24	8%	12%	21%	13%
25 - 35	68%	72%	59%	66%
36 - 50	24%	16%	21%	21%
Gender:				
Female	54%	44%	72%	57%
Male	46%	56%	28%	43%
Social status:				
Single	43%	68%	41%	49%
Married with children	32%	16%	38%	30%
Married without children	22%	12%	17%	18%
Divorced	0%	4%	3%	2%
Widow	3%	0%	0%	1%
Education:				
High School	19%	8%	14%	14%
Bachelor degree	57%	64%	59%	59%
Postgraduate degree	24%	28%	28%	26%
Personal income (per month):				
< 1200 RON (below 266 Euro)	11%	0%	14%	9%
1200-1999 RON (266-444 Euro)	16%	20%	24%	20%
2000-4500 RON (445-999Euro)	38%	44%	21%	34%
4501-8000 RON (1000-1776 Euro)	22%	28%	31%	26%
> 8000 RON (over 1776 Euro)	14%	8%	10%	11%

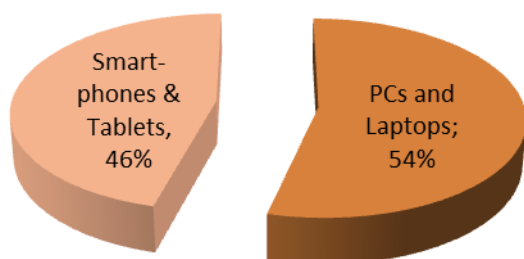


Fig. 2. Distribution of the devices used for completing the survey

Figure 2 illustrates the devices used for completing the survey, emphasising that a large segments of consumers are using mobile devices on a regular basis (46%).

When asked about the main factor that influences their decision of buying a particular drink (alcoholic beverage in general), the majority of respondents (63%) have chosen *quality*, followed by *friends' recommendation* (18%) and *brand* (15%).

In Figure 3 are illustrated the most important factors in alcoholic beverage selection by consumers frequency in the wine usage category.

There are some differences between the types of wine drinkers by frequency. First, core wine drinkers show a stronger interest for friends' recommendation than their counterparts – namely 24%, compared with 12% of the marginal drinkers and 14% of occasional drinkers.

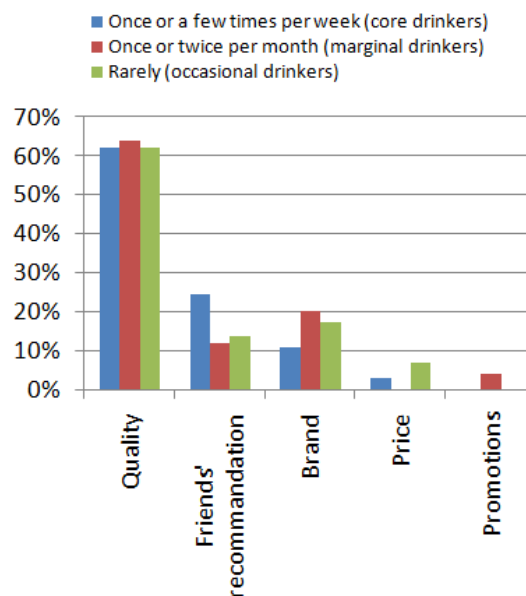


Fig 3. The most important factor that influences buying an alcoholic beverage (percentage from the total category) – by wine usage rate segmentation

Second, core wine drinkers show a lower interest for brand in comparison with the other categories of consumers – 11% compared with 20% for marginal drinkers and 21% for occasional drinkers.

Considering that the respondents were asked about the most important factor that influences their buying decision of alcoholic beverages, and they were able to select only one, the recurrence of friends' recommendation in 26% of the Core wine drinkers could be considered rather high.

When analysed per generation some differences can be seen between Millennials and Generation X, as shown in Fig 4. People in the 18-35 age range display a higher interest in quality than their counterparts, and those in the 35-50 age range are considerably more interested in brand than the youngest.

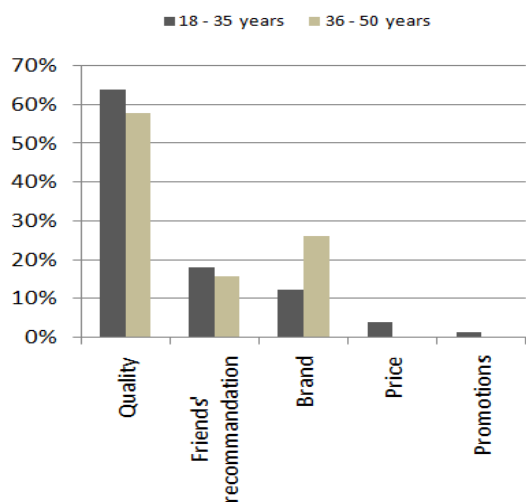


Fig 4. The most important factor that influences buying an alcoholic beverage (percentage from the total category) – by age groups (generations)

Respondents were asked to state the price they will normally pay for a bottle of wine in 3 different contexts: for an ordinary meal at home or at a barbeque, wine at restaurant with no special occasion and wine for a special occasion or for a gift. The price averages in Euro, for each category of consumers, are presented in Fig. 5.

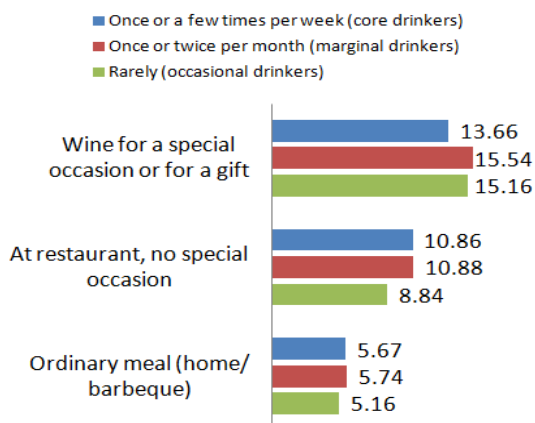


Fig. 5. The average price for different occasions, for consumer categories by frequency (Euro)

The prices were converted from RON, using the NBR (National Bank of Romania) average exchange rate for December 2015.

Core drinkers and Marginal drinkers pay in average more than Occasional drinkers for wine at restaurant with no special occasion, but Core drinkers pay less than their counterparts for wine for a special occasion or for a gift, which could suggest their higher interest in wine as part of their everyday life and less to make an impression on others.

Regarding the information the respondents consider useful when choosing wine, each type of information was to be rated from 1 – Never to 7 – Always (4 – Sometimes) and the averages are shown in Fig. 6.

Results show that the wine type by sugar content is considered to be the most useful by all the consumers, closely followed by wine quality classification and brand/ producer.

Core drinkers show a stronger interest than the other consumers for brand or producer, for place of origin and for year.

Both Core and Marginal drinkers consider wine quality classification and the information regarding grape variety useful in a greater extent than their counterparts. Those who consume wine rarely, the Occasional drinkers, have rated the majority of the information considerably less useful than did their counterparts, with the exception of wine and food pairing recommendation.

Legend: 1 – Never; 2 – Almost never; 3 – Rarely; 4 – Sometimes; 5 – Often; 6 – Very often; 7 – Always

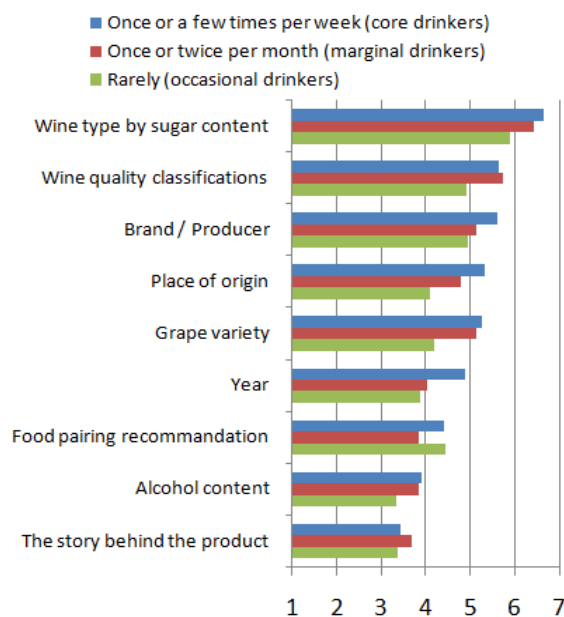


Fig. 6. The most useful information when choosing wine (Average; 1– Never to 7 – Always)

To evaluate the efficiency of the information about wine (Fig. 7) and the consumers' methods of choosing wine at the place of sale (Fig. 8), respondents were given a set of affirmations which they could agree or disagree with (5 points Likert scale, with a neutral middle option).

Results show that Core drinkers are the only consumers considering the information about wine very useful and easy to understand, by moderately agreeing with the respective statements (Fig. 7) and they tend to pay attention to the information available on the wine label in a greater extent than the other consumers (Fig. 8).

Occasional drinkers on the other hand are rather inclined to consider that there is too much information, which overwhelms them, which is why they would rather not read it (Fig. 7) and this affects their variety seeking behaviour, as they most often choose a wine they know (Fig. 8).

Furthermore, the respondents were asked about the different types of difficulties met when choosing wine, by rating them by their occurrence, from 1 – Never to 5 – Always (3 – Sometimes).

Figure 9 illustrates the averages for each of these types of difficulties, as assessed by the 3 categories of consumers (based on wine usage).

The most difficulties encountered by all consumers are related to choice overload, due to the large assortment on offer and the low product differentiation perceived, and their insufficient experience with wine, both averages being close to "Sometimes" – 3.

On the other hand, the Occasional drinkers encounter the most difficulties in choosing wine, due to their lack of experience and difficulty in understanding some specific terms relating to quality classification and grape varieties.

When considering the sources of information regarding wine, most of the consumers rely heavily on recommendations of friends and peers (Fig. 10), which is in agreement with previous findings (Higgins et. al, 2015) [9].

Legend: -2 – No, not at all; -1 – No, not quite; 0 – Don't know; +1 – Yes, kind of; +2 – Yes, always

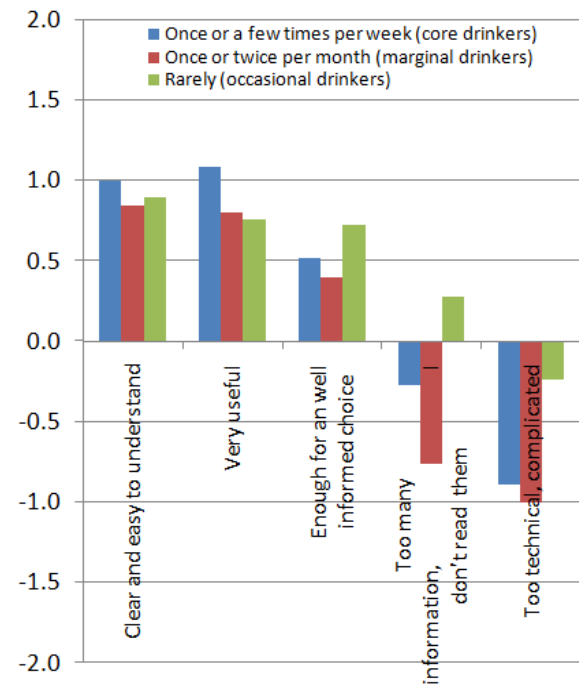


Fig. 7. Consumers' personal evaluation of information about wine (Average; ranging from -2 strongly disagree to +2 strongly agree)

Legend: -2 – No, not at all; -1 – No, not quite; 0 – Don't know; +1 – Yes, kind of; +2 – Yes, always

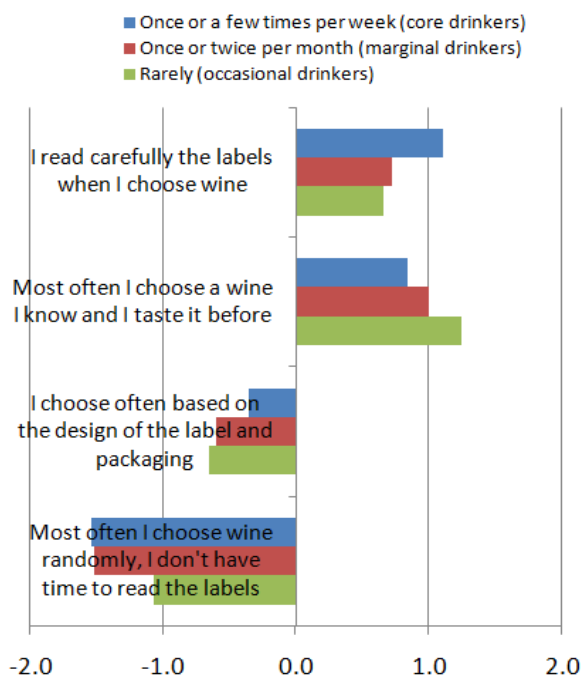


Fig. 8. Consumers evaluation of their methods of choosing wine (Average; ranging from -2 strongly disagree to +2 strongly agree)

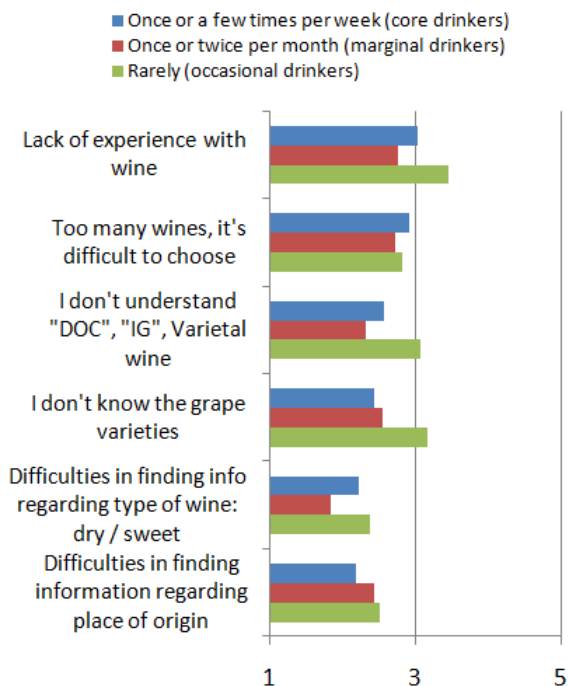


Fig. 9. The frequency of difficulties encountered when choosing wine, for consumer categories based on wine consumption segmentation (Average; ranging from 1 – Never to 5 – Always; 3 – Sometimes)

Marginal drinkers show the strongest interest in friends and peers recommendations (96%), followed by Core drinkers (59%) and Occasional drinkers (55%).

Core drinkers rely more strongly than the others on Medals on the labels and both Core and Marginal drinkers consider wine blogs as sources of information.

Specialized personnel in shops and restaurants are considered as a reliable source of information to a greater extent by Occasional drinkers than the other two categories of more frequent users.

Technology plays an important role in the consumers' lives, 70% of the respondents stating that they use their mobile while shopping, 25% of them searching online for information regarding products and 28% of them calling someone to help them decide which product to choose.

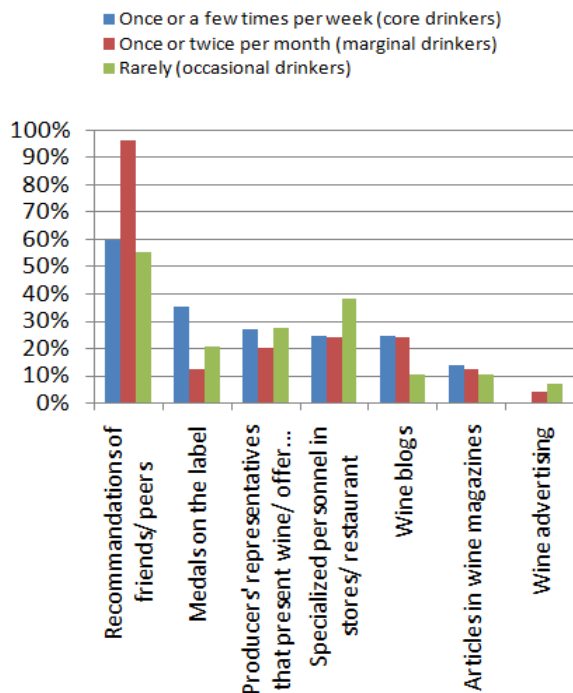


Fig. 10. Preferred sources of information for the consumer categories based on wine consumption segmentation (Percentage from total category; multiple answer questions)

Figures 11a and 11b show the usage of mobile while shopping for each generations, the results indicating that a larger segment of Millennials are using the mobile while shopping (79%), in comparison with Generation X (only 37%).

Respondents were asked about the usefulness of a wine app in helping them choosing wine, with answers ranging from *Yes, very useful* (+2), *Yes, kind of useful* (+1), *I don't know* (0), to *No, not quite* (-1) and *No, not at all* (-2). The results show an average of 0.82 for age group 18-35, corresponding to "*Yes, kind of useful*" (approximately) and an average of -0.11 for age group 36-50, corresponding of *not knowing*.

When analysed by different category of wine consumers by frequency moderate differences between the groups can be noticed (Fig. 12).

Core drinkers show the most interest for a wine app, with an average of 0.7, followed by Marginal drinkers with an average of 0.6 and Occasional drinkers with an average of 0.55, situated in between of *kind of useful* and *not knowing*.

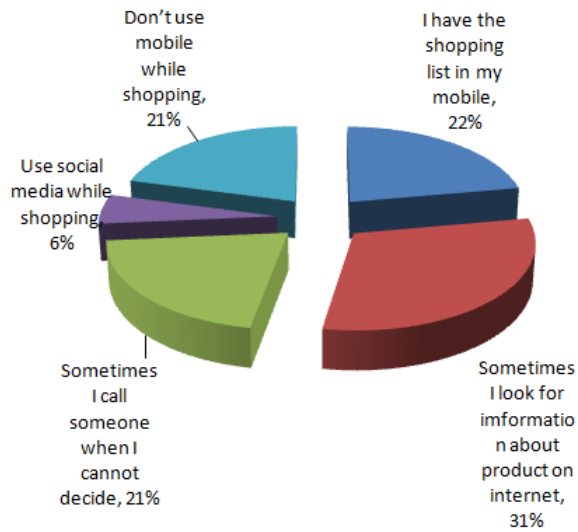


Fig. 11a. Millennials' usage of mobile while shopping (Percentage from total category)

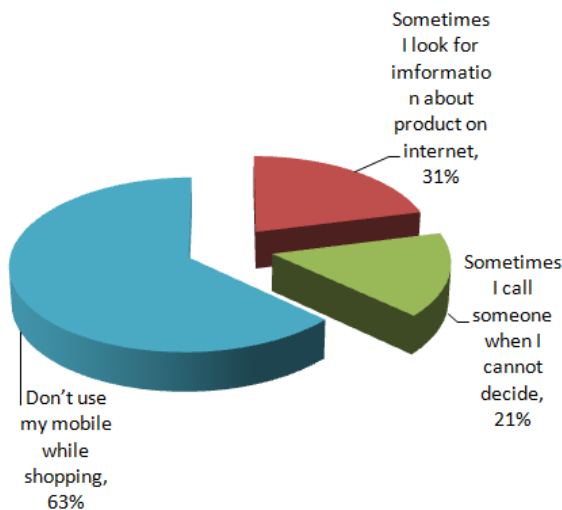


Fig. 11b. Generation X's usage of mobile while shopping (Percentage from total category)

As previous studies showed (Higgins *et al*, 2014) [8], 20% of consumers regularly use wine applications for mobile, and app use is consistent with the frequency of consumption. Furthermore, the investigation aimed to find the areas where wine mobile applications could be useful for consumers, helping them with their choice (Fig. 13 and Fig. 14). The findings showed a greater interest for an app that could recommend wines considering the profile of the user, based on the preferences of other users with similar tastes, and secondly, for apps with wine and food pairing suggestions.

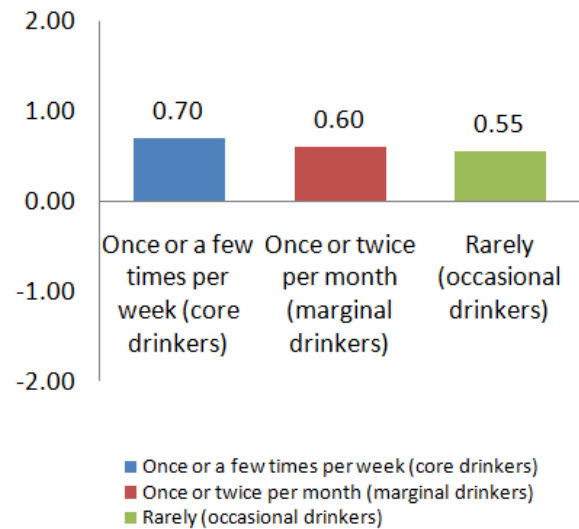


Fig. 12. Consumers evaluation of app utility in wine choosing (Average; min -2, max +2)

Consumers also rated high apps with features relating to sorting and narrowing the available wine offer based on their preferences, which is in agreement with their difficulties regarding the existence of too many choices in wine category.

Millennials show a much higher interest than Generation X in almost all app features and manifest a greater interest for a multiple function mobile application, probably as an effect of their higher usage of technology (mobiles) in their lives as shoppers.

They are also much more interested than Generation X in an app that could help them remember and rate wines they liked (wine journal) and learn about their friends' preferences about wines (Fig. 14).

Results show important differences between the 3 categories of consumers by wine usage (Fig. 13).

Core drinkers displayed the highest interest in apps features relating to remembering the preferred wines through a wine journal with ratings and finding about the story of the products in an interactive manner.

Marginal drinkers show a greater interest than their counterparts for wine mobile application with recommendations based on users profiles and for app features relating to sorting and narrowing the available wine offer based on their criteria.

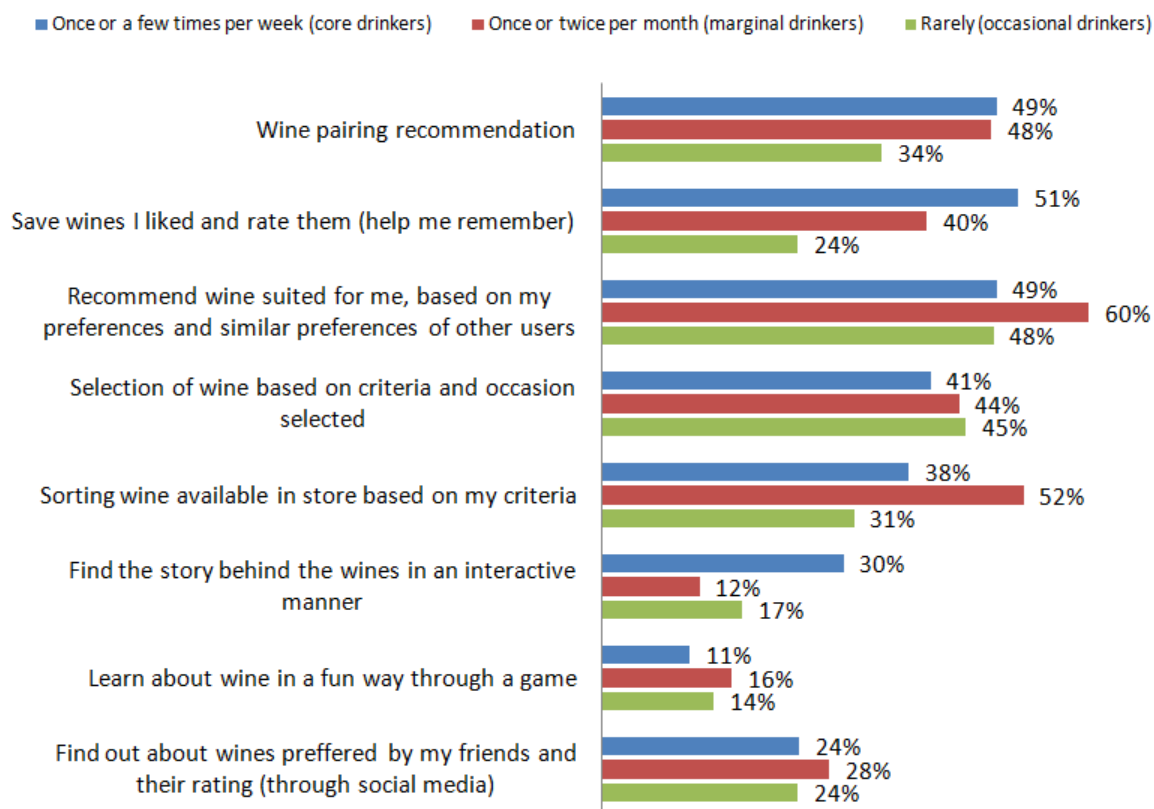


Fig. 13. Desired features for an app useful in wine category – consumer categories by consumption frequency

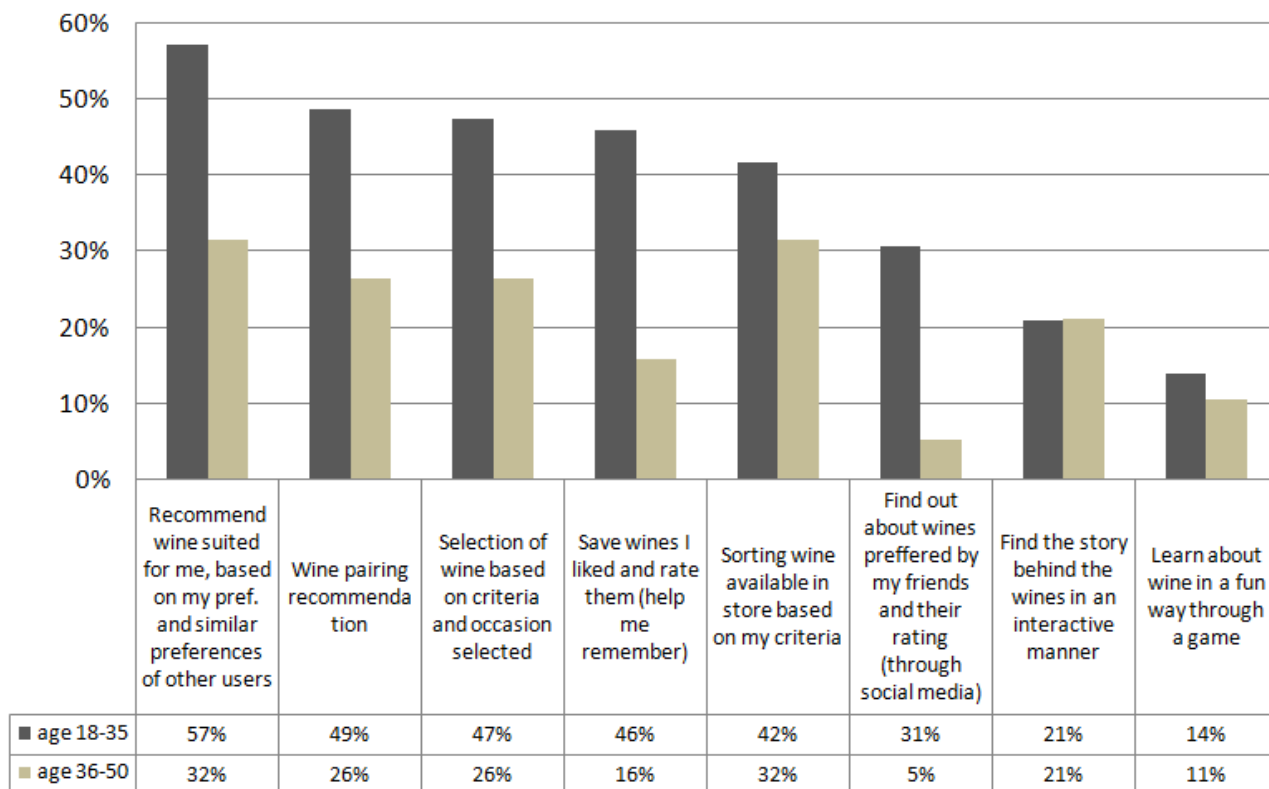


Fig. 14. Desired features for an app in wine category – by generation
 Millennials – aged 18-35; Generation X- aged 36-5

Both Core and Marginal drinkers show great interest in an app that would display food pairing recommendations.

CONCLUSIONS

The present research attempted to provide further insight into different categories of Millennials and Generation X consumers, based on their frequency of consumption, allowing a much more focused targeted approach for marketers.

It was found that Core, Marginal and Occasional wine drinkers show differences in the price they are willing to pay depending on occasion, as well as in the source of information and variety seeking behaviour in relation with wine. For all categories of consumers, the preferences of their peers and the use of technology play a significant role in their life.

All consumers tend to favor and rely on friends and peers as preferred sources of information regarding wine, and this is consistent throughout the research, in other aspects of their shopping behaviour, as respondents choose alcoholic beverages in general based on friends recommendation and, when in doubt about which product to choose (any product, in general), they call someone they know to help them with their choice.

Marginal drinkers rely more strongly on their friends and peers recommendation regarding wine choices than the other consumers and Core drinkers show a greater interest for the medals on the label, compared to the other categories.

Occasional drinkers consider specialized personnel in stores and restaurants reliable sources of information, to a greater extent than the more frequent drinkers.

On the other hand, Occasional drinkers pay less attention on the information on the label and they show a lower variety-seeking behaviour, preferring wines they have previously tried.

Core drinkers and Marginal drinkers pay more than the other category of consumers for wine at restaurant in everyday situations (no special occasions) and Core drinkers pay less than their counterparts for wine for a special

occasion or gift.

More than half of the respondents are using their mobile while shopping, Millennials to a greater extent than member of Generation X. Consumers use their mobiles mostly to find information about products online or to seek advice from their friends when they cannot decide what to buy.

Marginal drinkers show the most interest for wine apps, being interested in features relating to recommendations based on user's profiles, food pairing and selection of wines based on occasion and users' criteria.

Core drinkers would prefer wine apps that show wine and food pairing, those which would help them remember wines via a wine journal and allows ratings, and those which would tailor wine recommendation using users wine profiles.

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