Market segmentation analysis to target Texas wine consumers

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Introduction

- Some wine industries depend largely on local residents' loyalty
- The current study is an initial attempt to examine local residents' attitudes towards local wines in Texas

Purpose of the Study

- to segment the Texas wine market into distinct market segments based on their attitudes towards regional wines
- to provide socio-demographic and wine consumption profiles for each segment
- to examine any potential differences between the segments in their attitudes and wine consumption

Sample

- Telephone survey of Texas households
- A sample of 502 competed interviews has been obtained (some were discarded due to incomplete responses)

Measures

- **Assessment of local wines**
  "***Texas wines are…"***
  - good quality
  - appropriately priced
  - better than expected
  - widely available
  - not advertised enough

  1 (strongly disagree); *5* (strongly agree)

- **Recommendation of local wines**
  "How likely are you to recommend Texas wines to others?"

  1 (very unlikely); *5* (very likely)

- **Rating of quality of local wines**
  "Please rate the quality of Texas wines"

  1 (poor quality); *5* (excellent quality)

Results

	assessment of regional wines	would recommend to others	rating of quality
local enthusiasts	4.11	4.62	4.43
local detractors	2.50	1.40	1.88
local advocates	3.26	3.46	2.93
local non-advocates	3.53	2.09	3.67

Socio-demographic profile of clusters

Characteristic	Clusters				χ^2
	Enthusiasts (n =173)	Detractors (n = 67)	Advocates (n = 82)	Non-Advocates (n = 81)	
Gender					6.11
Male	32.0	46.2	38.0	28.4	
Female	68.0	53.8	62.0	71.6	
Age					8.81
21-30	6.4	4.5	7.3	8.9	
31-40	17.5	13.6	21.9	11.6	
41-50	19.9	25.8	25.6	20.5	
51-60	22.8	22.7	23.2	28.2	
61+	33.4	33.4	22.0	30.8	
Education					**24.36***
High school	17.9	6.1	11	9.9	
Vocational/technical	3.5	.0	3.7	1.2	
Some college	19.7	19.7	15.9	28.4	
Undergraduate degree	34.1	30.3	46.3	37.0	
Graduate Degree	24.9	43.9	23.2	23.5	
Ethnical Origin					**26.85***
White, non-Hispanic	86.4	84.5	77.8	90.9	
Hispanic or Latino	7.1	6.3	9.9	6.5	
African American/ Asian/ American Indian	6.5	9.2	12.3	2.6	
Income					**36.88***
Under $39,999	12.3	9.4	10.0	13.5	
$40,000-$59,999	21.9	17.0	18.6	21.0	
$60,000-$79,999	22.6	15.0	14.3	13.2	
$80,000-$99,999	19.2	9.4	17.1	15.0	
$100,000-$119,999	11.7	5.7	7.14	9.0	
$120,000-$139,999	2.0	5.7	14.3	7.3	
$140,000+	10.3	37.8	18.6	21.0	

Wine consumption profile of clusters

Item	Clusters				χ^2
	Enthusiasts (n =173)	Detractors (n = 67)	Advocates (n = 82)	Non-Advocates (n = 81)	
Frequency of consumption					**30.23***
Daily	2.9	20.9	7.3	9.8	
Several times a week	23.7	28.4	29.3	21.0	
Once a week	33.5	26.9	30.5	23.5	
Once a month	22.0	11.9	19.5	18.5	
Less than once a month	17.9	11.9	13.4	27.2	
Favorite type of wine					**19.20***
Red	46.8	69.2	60.5	46.2	
White	31.6	27.7	25.9	38.8	
Blush / Rosé	21.6	3.1	13.6	15.0	
Dry/Sweet preference					**22.17***
Dry	36.4	65.7	54.3	43.2	
Sweet	54.9	26.9	34.6	49.4	
No preference	8.7	7.4	11.1	7.4	
Most often consume from region					**95.89***
France	.0	7.7	3.9	6.5	
Italy	4.8	7.7	3.9	3.8	
Australia	6.0	18.5	10.4	7.7	
California	38.9	53.8	64.9	70.5	
Texas	38.9	1.5	5.2	5.1	
Other	11.4	10.8	11.7	6.4	
Purchased Texas wine in the past 12 months					**71.06***
Yes	87.3	39.4	61.3	45.6	
No	12.7	60.6	38.7	54.4	

Discussion

- "Enthusiasts"
  - enthusiastic about local wine
  - purchase local wines on a regular basis
  - especially interested in blush/rose and sweeter wines
- "Detractors"
  - income levels substantially higher
  - consume imported wines
  - probably are image conscious with respect to brands
  - local products are likely to be seen as less of a fit with their social image

Discussion (cont.)

- **"Advocates"**
  - larger portion of minority groups
  - consume wine less frequently, but prefer red over white and blush
  - consumption of Texas wine is relatively infrequent, but perception of quality is relatively high
  - the majority of this group (61.3%) PURCHASED Texas wine in the past 12 months
  - are willing to recommend Texas wines to others

- **"Non-Advocates"**
  - consume wine least frequently
  - consumption of Texas wine is relatively infrequent, but perception of quality is relatively high
  - the majority of this group (54.4%) DID NOT PURCHASE Texas wine in the past 12 months
  - are not willing to recommend Texas wines to others

Managerial Implications

- Capitalize on “enthusiasts”
- Know their tastes and preferences. Provide product that meets their needs
- There will always be “detractors”. Media recommendations is probably the most important source of information for this group
- Differences between “advocates” and “non-advocates” (purchased within the last 12 months vs did not purchase?)
- Particularly unfortunate for local wineries to have local people believe that the wine quality is good, but to also be unwilling to recommend the wines to others.
- Word-of-Mouth has been consistently found the most important source of information
- Have variety of products (especially dry vs sweet)
- Many wineries in Australia and New Zealand were very successful in selling semi-sweet wines in 70’s & 80’s. Later, when the market developed, new drier styles were introduced

A Matter of Taste: Consumer Preferences of Sweet and Dry Wines

An initial attempt to examine the role that **sweet wine** plays in a newly developed wine market.

The purpose was to assess consumers who favor sweet wines and to investigate how they might differ from consumers who prefer drier wines

Results: Preference and Sample Demographics

Preference (N)	Average Age*	Average Income*	Average Education*	Male Wine Preference*	Female Wine Preference*
Sweet (220)	50.1	3.79	4.32	41%	53%
Dry (226)	53.6	4.22	4.89	59%	47%

Note: * Denotes statistical significance

Results: Wine Knowledge, Importance, Expenditures and Consumption Frequency

Preference	Mean Objective Knowledge*	Mean Subjective Knowledge *	Mean Wine Importance *	Mean Wine Expenditure *	Drink at least once / week*
Sweet	1.94	1.96	2.54	$84.19	46%
Dry	2.90	2.42	2.94	$210.28	75%

Note: Means are based on a 5-point scale

Results: Percentage Preference by Favorite Type of Wine

Preference	Red	White	Rose
Sweet	38%	32%	30%
Dry	65%	30%	5%

Results: Quality Rating of Wine by Origin

Preference	France	Italy	California	Australia	Texas
Sweet	3.81	3.84	4.09	3.37	3.80
Dry	4.03	3.85	4.08	3.67	3.28

Note: Means are based on a 5-point scale

Conclusions

- **The "sweet" segment is**

  younger

  less educated

  makes less money

  drinks wine less frequently

  less involved with the product category

  less informed about it

  sees Texas wines as comparable to those from France and Italy, slightly inferior to California wines and superior to those of Australia

- It is tempting to imagine **a life cycle of wine preference** with the sweet segment occurring in the early stages giving way to a change in tastes as the wine consumer gains experience and knowledge.

Questions? Comments?