

Characteristics, Preferences, and Purchase Drivers of Hispanic Wine Consumers in the U.S.

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Abstract:

Purpose - The study examines Hispanic consumers' attitudes and interests related to wine consumption and develops a profile of the U.S. Hispanic wine consumer. The findings will assist the industry with marketing strategies and help to effectively target this consumer segment.

Design/methodology/approach - The project utilized a mixed-method research design by incorporating both qualitative (focus groups) and quantitative (consumer survey) methods.

Findings - The results suggest that Hispanic wine consumers drink wine fairly frequently; prefer red wine, but also indicate strong preferences to sweeter wines. Hispanic consumers perceive wine as a drink to be consumed at home, rather than in a restaurant or a bar. Price was named as the top purchase driver, followed by personal preferences and family/friend's recommendations. The core cultural values of family, food, and social interaction are critical factors in developing an interest in wine amongst Hispanic consumers. Acculturation levels and generational status also play an important role.

Practical implications - The results clearly indicate that a generalized marketing approach is unlikely to be useful to reach the Hispanic wine market. It is imperative to target this emerging consumer market based on its specific needs. Special attention should be addressed to younger, more acculturated consumers, as they are the primary consumers of wine, and also advocates for wine for their parents and other groups of consumers.

Keywords: Hispanic wine consumers; emerging consumer markets; situational ethnicity; product ethnicity

1. INTRODUCTION

Globalisation of the wine industry has boosted competition in the oversaturated wine market. As a result, producers worldwide seek new opportunities for their businesses, including examinations of new consumer segments. The current study focuses on one such emerging yet sizeable market of consumers - Hispanic wine consumers in the United States. As the nation's largest minority group of 50 million people, Hispanics are the fastest growing ethnic group in the U.S. {U.S. Census Bureau, 2010 #678}. Increased collective spending power of \$1.2 trillion {Seling Center for Economic Growth, 2012 #693} accompany this growth, adding to the market's appeal.

Traditionally, wine has not been considered as a particularly appealing product for Hispanic consumers. Nevertheless, documented evidence suggests that Hispanic adults have recently been developing a taste for wine. For example, the percent of U.S. Hispanics who expressed preference for domestic table wine was 12% in 1998. This percentage jumped to 22% in 2003 {Jung, 2005 #572}. A study of Texas residents' attitudes towards local wines found that 13.6 % of respondents in a random sample of wine consumers identified their ethnicity as Hispanic or Latino {Kolyesnikova, 2008 #674}. When an identical follow-up study was conducted five years later, the number of Hispanic wine consumers in a similar random sample jumped to almost 17% (Texas Wine Marketing Research 2012). The Wine Market Council {, 2005 #694} conducted a survey asking respondents if they were drinking more, less, or the same amount of wine as the year before. While amongst whites self-reported wine consumption frequency increased by 11%, it rose by 31% amongst Hispanics.

Despite the growing interest in wine amongst Hispanic consumers, the industry has been slow in recognizing recent shifts in consumer demographics and thus, the potential to expand its traditional consumer base. Empirical research on wine consumption preferences of U.S. Hispanics is also scarce and includes only a limited number of exploratory studies. The proposed research aims to fill a gap in the existing body of knowledge on Hispanic wine consumers. Specifically, the study develops a profile of the U.S. Hispanic wine consumer to assist the industry with marketing strategies to effectively target this consumer segment.

2. CONTEXT

2.1. Ethnicity

Ethnicity has been found to be an important factor influencing wine consumption. Hussain, Cholette, and Castald {, 2007 #571} suggested that whites and non-whites should not be assumed to have the same attitudes and preferences towards wine consumption. This leads to a need to examine factors that influence Hispanic consumer wine purchases, as well as predominant attitudes, opinions, and interest of the Hispanic consumer relating to wine consumption.

Although consumer behaviour research often considers ethnicity as an important factor to identify differences amongst diverse demographic groups, ethnicity per se is rarely the primary focus of research, thus offering only supplementary perspectives on the topics under

investigation. The originality of the current research is that it takes ethnicity as the point in case and approaches it not only as a demographic variable, but also conceptually – through the prism of situational and product ethnicity concepts.

Specifically, we take the concept of acculturation as a general referent for consumer-based examination of the Hispanic market. Acculturation and assimilation are related concepts in that they both refer to the process of adaption to a new environment. Assimilation perceives immigrants or other members of minority populations leaving behind traditional customs, values and behaviours in order to conform to those of the host society. It is a social change in which cultures of origin are abandoned in favour of the host culture. Acculturation, on the other hand, is a different form of adaptation. While adapting, people are able to incorporate values and social practices of the host culture while retaining elements of the culture of origin {Gans, 2007 #687}. The marketing concepts of *situational* and *product ethnicities*, which constitute the conceptual basis for the current study, are rooted in these analogues.

2.2. Situational ethnicity

Situational ethnicity is a concept grounded in acculturation {Okamura, 1981 #688; Padilla, 1985 #689}. It posits that people's behavioural manifestations of their identity vary according to various social contexts. These contextual influences are especially relevant for members of minority cultures and/or those of mixed race/ethnicity as they tend to inhabit more complex social environments than mono-cultural individuals. This creates the ability to express their identity appropriately in different social settings {Stayman, 1989 #707; Zmud, 1992 #706}.

For example, a Hispanic female sales professional is likely to express her ethnic identity quite differently across different situational settings - when at a business dinner with her non-Hispanic colleagues; at a girls-night-out party with English-speaking girlfriends; or celebrating a traditional holiday with her Spanish-speaking in-laws. It is likely that her choice of food and beverages (perhaps including wine) would differ as well at each of these social settings. This research is interested whether acculturation – and by extension situational ethnicity – play a role in Hispanic consumers' choices of wine.

2.3. Product ethnicity

Product ethnicity is another concept associated with acculturation that links culture and product consumption. By examining Hispanic consumers' evaluations of four different products (laundry detergent, coffee, televisions and automobiles), Faber, O'Guinn & McCarty {, 1987 #690} determined that levels of acculturation influence product attribute evaluation, especially for the durable goods. Research on product ethnicity has focused on consumer stereotypical associations between products and countries-of-origin, based on their perceptions of the country's know-how and reputation relative to the design, manufacturing, or branding of particular goods {Usunier, 2007 #691}. For example, tequila is typically associated with Mexico, vodka with Russia, and rum with the Dominican Republic, while France and Italy more strongly associated with wine.

However, wine would not generally be perceived as a product that is regularly consumed by Hispanics. We argue that this common perception could be the principal reason for the largely untapped Hispanic wine market in the U.S. This research aims to begin the process of building a body of knowledge on the Hispanic wine market and to identify prime factors that determine attitudes, opinions, motivations, and purchase drivers of the Hispanic wine consumer.

3. NEED STATEMENT AND STUDY SITE

The need to investigate the Hispanic market is particularly relevant to certain regions. U.S. Census Bureau {, 2010 #678} reports that 75% of the total Hispanic population living in the U.S. reside in eight states: California, Texas, Florida, New York, Illinois, Arizona, New Jersey, and Colorado. Interestingly, six of these states (California, Florida, New York, New Jersey, Texas, and Illinois) are the states with the largest wine consumption that cumulatively account for 47.8% of the total U.S. wine consumption {Beverage Information Group, 2012 #679}.

The current research used the state of Texas as the study site. Texas is a state with a large and rapidly growing Hispanic population (37.6% of total Texas population, according to the U.S. Census Bureau, 2010). Texas was also considered an appropriate region for this study because of the dynamic development of its wine industry. Within a relatively short time period after the industry emergence in the late 1970's, the number of Texas wineries increased dramatically - from five in the early 1980's to over 300 in 2014. The Texas wine industry contributes \$1.88 billion to the state's economy, with an estimated retail value of Texas wine at \$134.1 million (MKF Research LLC, 2014).

4. PURPOSE

The current study investigates wine consumption needs, interests, and purchasing behaviour of Hispanic consumers. Particularly, the research aims to: (1) examine predominant factors that contribute to the development of Hispanic consumer interests in wine; (2) investigate preferences and wine consumer behaviour patterns of Hispanic consumers; and (3) identify factors that influence Hispanic consumer wine purchases. The ultimate goal of the project is to compile a profile of the Hispanic wine consumer that would help the industry to effectively target these consumers.

5. RESEARCH QUESTIONS

To achieve the objectives defined above, the following research questions were advanced:

RQ₁: How do Hispanic consumers develop their interest in wine?

RQ₂: What are the preferences and wine consumer behaviour of Hispanic consumers?

RQ₃: What are the main wine purchase drivers of Hispanic consumers?

6. METHOD

6.1. Research design

To achieve a comprehensive overview of the consumer market under investigation, the project utilized a mixed-method research design by incorporating both qualitative (focus groups) and quantitative (consumer survey) research methods. The focus groups were employed to get a better understanding of the attitudes, opinions, and interests related to wine consumption amongst Hispanic consumers; while the survey was used to obtain a more structured, quantitative profile of this market segment.

6.2. Data Collection

6.2.1. Focus Groups

The focus groups were conducted in a conference room designed specifically for focus group research and equipped with video and audio recording capabilities and a one-way mirror for observation by researchers. A professional moderator conducted the discussions and debriefing sessions. Three focus group sessions with Hispanic wine consumers were conducted: two in English (for predominantly English-speaking consumers of Hispanic origin), and one in Spanish (for predominantly Spanish-speaking consumers of Hispanic origin). Each focus group comprised seven to ten participants. The total sample consisted of 26 participants. At the completion of the three focus groups, saturation of responses had been achieved. No new ideas or categories emerged and adding more focus groups would have been likely to produce repetition of themes. Therefore, a total number of three focus groups was deemed sufficient for the purposes of this exploratory study.

6.2.2. Consumer Survey

Quantitative data on Hispanic wine consumers were collected through in-person intercepts at retail stores that predominately target Hispanic consumers. A systematic sampling method was applied where every 3rd consumer (regardless of ethnicity) was approached. A very small portion of the completed surveys filled out by consumers who did not identify themselves as being of the Hispanic or Latino origin (in the ethnicity question) were excluded from the analysis. Trained bilingual data collectors personally distributed pen-and-paper questionnaires to customers as they were leaving the store. A small token of appreciation (a \$10 gift card to the store where the data were collected) was offered as an incentive to participate in the study.

6.3. Instrument

For the focus groups, using a theme guide approach, a discussion guide was developed to ensure a practical structure for the focus group sequence. The discussion guide was divided into several broad themes to obtain information about various attitudes and interests related to wine consumption.

A survey was then designed to include items that are aimed at compiling a more structured profile of the Hispanic wine consumers – namely, wine preferences; wine consumption behaviour; wine purchasing behaviour; and socio-demographic characteristics. Identical questionnaires were available in English and in Spanish. Respondents could choose the language of the survey based on their preferred language of communication. Two-thirds of the sample chose the English version and one-third preferred to fill out the survey in Spanish. A total of 414 valid surveys were collected and used for analysis.

7. FINDINGS AND DISCUSSION

7.1. Focus Group Findings

The focus group discussions were utilized to collect a concentrated set of opinions on Hispanic consumer attitudes and interests related to wine consumption. These were subjective opinions that were unlikely to be captured by a structured survey, which only captures a ‘snapshot’ of data. Thus, focus groups were considered the most advantageous method for collecting information on these themes. One particular theme reported in the current study includes the development of consumer interests in wine (RQ₁). In order to appeal to Hispanic wine consumers, the industry needs to know how existing consumers developed their interests in wine and focus on targeting those sources.

Family, which is a very strong influence in the Hispanic culture, played a significant role here. Virtually all participants indicated that their interest in wine stemmed from family. For younger participants, their parents introduced them to wine. These findings are similar to other studies on younger (non-Hispanic) consumer socialisation with wine {Velikova, 2011 #746}. Early experiences with wine were found to be influenced by family - most likely parents - across various geographic and cultural settings. What’s interesting in the current study is that older participants also indicated that their interest in wine originated from their family, but for them the influential factors were their children, who are more adapted and more acculturated. It is likely that this new generation of grown-up children draw information from broader sources and social networks than older generations. Members of the younger generation, thus, become advocates for wine, and because of strong family connections in the Hispanic culture, their passion for wine is passed up to older generations.

For many focus group participants, interest in wine resulted from their interest in cooking. Food plays an important role in the Hispanic culture. However, there is a general perception that Mexican food does not pair well with wine (Lackey Shaffer, 2005). In the focus groups, when asked about wine and food pairing, no one associated wine with Mexican or other Latin American cuisine. Rather, associations were made with steak, pasta, seafood, or Mediterranean cuisine. Given the social importance of food in the Hispanic culture, the wine industry needs to examine ways to emphasize and market wine as a complement to meals.

7.2. Consumer Survey Findings

7.2.1. Sample Description

The socio-demographic characteristics tested were gender, education, and income. The sample was almost equally divided between males and females. Respondents of various age groups - ranging from 21 to 84 years old - participated in the study. Interestingly, the data were skewed towards younger participants, with one-third of the sample being younger than 30 years old; and cumulatively, almost 60% of the sample was younger than 40 years old. These survey statistics support the focus group findings in that younger Hispanics constitute the major force of Hispanic wine consumers.

Respondents had higher levels of education than the general U.S. population. Over forty percent of the sample had a bachelor college degree or higher, whereas the U.S. Census Bureau {, 2010 #678} reports that a total of 29.9% of the U.S. population graduated from college or have an advanced graduate degree. Moreover, among the entire Hispanic population in the U.S., only 13.9% has earned an undergraduate degree, whereas 13.2% of respondents reported having a graduate degree. Likewise, the sample had higher income levels, with almost one-third earning more than \$60,000 a year.

7.2.2. Preferences and Wine Consumption Behaviour

RQ₂ examined preferences and wine consumer behaviour patterns of Hispanic consumers. Although Hispanic consumers traditionally are known to favour beer and tequila over wine, the results of the current study show an equal split between wine and beer as most often consumed alcoholic beverages, followed by spirits. This, in part, can be explained by the fact that frequency of wine consumption was used as a screening question at the data collection points. Respondents who indicated that they do not drink wine at all or drink it very rarely, were not included in the sample.

The majority (68.2%) of those respondents who participated in the study reported that they consume wine at least once a week or even more frequently. Six percent reported daily wine consumption. Slightly over half of the sample reported preferences for red wine, followed by preferences for white and rosé wines. More respondents prefer dry wines and fewer prefer sweet wines. Table 1 provides a detailed overview of Hispanic consumer wine preferences and wine consumption behaviour.

To further investigate wine consumption behaviour, participants were also asked about situations where they would most likely choose to drink wine over other beverages. The findings show that the vast majority of Hispanic consumers perceive wine as a drink to be consumed at home (own or friend's/ relative's), rather than in a restaurant or a bar. Even for special occasion situations or romantic dinners, a relatively small percent of respondents chose wine as a preferred beverage in those situations.

Table 1. U.S. Hispanic Consumer Wine Consumption Behaviour (N = 414)

Characteristic	Percent
Which alcoholic beverage do you consume most often?	
Beer	31.6
Wine	31.4
Spirits	20.8
Combination of several	16.2
How often do you consume wine?	
Daily	6.0
Several times a week	29.8
Once a week	32.4
About once a month	31.7
What type of wine is your favourite?	
Red wine	52.7
White wine	27.4
Rosé / Blush wine	11.7
Equal preference	7.0
Other	1.2
Do you prefer wine that is dry or sweet?	
Sweet	40.5
Dry	59.5

7.2.3. Wine Purchase Drivers

RQ₃ investigated wine purchase drivers of Hispanic consumers. Participants were presented with a list of factors (compiled from previous literature on wine consumption) and asked to select the three most important factors that determine their wine purchases. Price was named among the top three in 70% of cases, followed by an equal split between personal preference (41.1%) and family/friend's recommendation (41%). Retail display and media advertising for wine were found to be the least important factors.

8. CONCLUSIONS AND IMPLICATIONS

The current study offers a profile of the Hispanic wine consumer as a younger, more acculturated second-generation consumer, who drinks wine fairly frequently, with preferences for red wine, but also indicating strong preferences for sweeter wines. Wine is perceived as a drink to be consumed at home, rather than in a restaurant or a bar. Price is the top purchase driver, followed by personal preferences and family/friend's recommendations. The core cultural values of family, food, and social interaction are critical factors in developing an interest in wine amongst Hispanic consumers. Acculturation levels and generational status also play significant roles in wine consumption amongst Hispanic consumers.

A generalized marketing approach is unlikely to be useful to reach the Hispanic wine market. It is imperative to target this new consumer segment based on its specific needs. Special attention should be addressed to younger, more acculturated consumers, as they are not only the primary consumers of wine, but also advocates for wine for their parents and other groups of consumers. The industry should consider targeting these second-generation, bilingual, bicultural consumers who tend to draw from a broader array of cultural influences.

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