

Melting Pot or Blended Wine: Does Ethnicity Still Matter in Understanding Consumer Wine Behavior?

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Abstract:

Purpose - The purpose of the study was to explore US wine consumer preferences and behaviour based on the four ethnic backgrounds of White, Hispanic, Asian, and African American. This is relevant because in the US certain segments are growing faster than others, such as the Hispanic segment, yet there is very little information on their wine consumption behavior, with most wine research and marketing in the US focusing on the White segment.

Design/methodology/approach - An online survey was used to collect data from 1028 US wine consumers using panel data respondents. SPSS was used to analyse the data to determine if there were differences between ethnic segments.

Findings - The statistical findings confirm there are differences between the four US ethnic segments regarding wine preferences and behaviour. The results suggest marketing strategies and tactics that can be used to connect better with these consumer segments, as well as opportunities for additional research.

Keywords: Ethnicity, market segmentation, wine preferences, consumer behavior

1. INTRODUCTION

Linking culture to consumer behavior has been identified as a key to demographic segmentation for many years (Nachum, 1994; Stayman & Deshpande, 1989; Yavas et al., 1992). But recently some US marketing experts (JD Power, 2011) have suggested that demographic targeting regarding ethnic background is outdated because the concept of the “melting pot” has become a reality. This is particularly true with US Millennials, who classify themselves as multi-ethnic with as many as five different ethnic backgrounds (Tseng, 2008).

At the same time, other experts suggest that demographics, such as ethnicity, still impact behavior and must be considered as part of the bigger picture when creating consumer profiles (Carmichael, 2011). This is the especially the case in the US, where certain ethnic groups are growing at a much more rapid pace than others, such as the Hispanic market (US Census, 2010; Nielson, 2012).

When reviewing the impact of consumer demographics on products such as wine, there have been several studies confirming that national culture and ethnicity play a role in wine choice and consumer behavior (Hall et al., 1994; Handly and Lockshin, 1998; D’Hauteville, 2003; Roper Starch, 1999). However, many of these studies are older, and the topic has not been explored as frequently in the past decade.

With this in mind, a research study was designed to examine the impact of ethnicity on wine choice and behavior. The research involved 1042 wine consumers from all 50 US states, with a focus on ethnicity as the dependent variable. Ethnicity as conceptualized in this study reflects both racial and cultural backgrounds. Specifically, we look at White (non-Hispanic), African American, Asian American and Hispanic segments of the US population. Hispanics in the United States can be of any racial background (US Census, 2010), but are defined here by their Latin American or Spanish heritage regardless of race. This study is relevant because the US is now the largest wine market in the world (Wine Institute, 2014), with forecasted growth in all segments, but especially among Hispanics (Lapsley, 2013).

2. REVIEW OF THE LITERATURE

2.1 National Culture and Ethnicity Studies Regarding Wine Consumers

There is ample evidence from cross-national research that culture does shape wine consumption. For example, wine involvement, purchase of imported wines, and environmental concerns differed between European and North American consumers (Mueller et al., 2011). Young consumers in Australia and New Zealand appear to be less price sensitive than US consumers when purchasing sparkling wines (Charters et al., 2011). Italians emphasize matching food and wine more than US and Australian consumers do, and grape varietal matters more to New Zealand consumers than Chinese consumers (Goodman, 2009).

While these cross-national studies did not look specifically at ethnicity within a country, they do attest to the fact that cultural differences can impact wine consumption.

Previous studies confirm that ethnicity do have an impact on wine consumption behavior. A study analyzing ethnic differences in Australia between Greek, Italian, German, and Australian consumers (Hall et al., 1994) showed differences between consumer motivations and drinking occasions based on culture. For example, the Greek consumers reported drinking wine to have fun, whereas the Germans consumed wine to be stylish. A study in Singapore showed that consumers there saw wine as a beverage to be consumed with Western food (Handly and Lockshin, 1998); whereas studies in China confirm that Chinese consumers view wine as prestigious drink (Balestrini and Gamble, 2006).

More disturbing studies show that ethnicity and alcohol can have negative effects. Chartier et al. (2009) examined problem alcohol drinking between African American, White and Hispanic Americans and discovered that ethnicity impacts risk factors for alcohol use in adolescents, especially for African Americans. Potential unethical advertising issues were uncovered in a research study of African American newspapers in America (Cohen, 2011). The researchers discovered that more alcohol and tobacco advertisements were found in these newspapers than general audience newspapers, suggested targeting of African Americans with alcohol and tobacco ads.

An unusual discovery was reported in a recent study by Niesiołowski-Spanò (2015), who found that ethnicity and tendency to drink certain beverages, such as wine, could be used to identify ancient societies. Finally, there are other studies that link national culture to wine via country of origin. Two recent research articles verified that country of origin affects consumers' perception and purchase intentions of wine (Moulard et al., 2015; Spielmann, 2015), but these do not necessarily incorporate the variable of ethnicity.

2.2 Statistics on the US Population by Ethnicity

According to the US Census Population Clock in 2015 there are 321 million Americans. Population projections for the US (Lapsley, 2013; US Census Bureau 2010; Pew Research 2015) indicate that by 2030 Whites will increase from a 2010 level of 246 to 286 million (14% increase), African Americans from 39 to 48 million (19% increase), Asian Americans from 14.4 to 23.5 million (39% increase) and Hispanic Americans from 49.7 to 85.9 million (43% increase).

Currently White Americans, defined as “a person having origins in any of the original peoples of Europe, the Middle East, or North Africa, and/or “people who reported entries such as Caucasian or White (US Census Bureau, 2010, p. 2)”, are the majority and make up around 69% of the population, with African Americans at 11%, Asian Americans around 5%, and Hispanics at 15%. Hispanics, defined as “a person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin regardless of race” (US Census Bureau, 2010, p. 2), are predicted to have the largest growth rate in the US.

Interestingly the definition of ethnic categories within the US has changed dramatically over the years. According to Brown (2015) the US has conducted a census of its population since 1790, but it was not until 1960 that people could select their own race. Before then, the census taker determined race. For example, in 1930, census takers were to select one of the following for race: White, Negro, Mexican, Indian, Chinese, Japanese, Filipino, Hindu or Korean. Today some of these terms are considering insulting and not legal to use. Interestingly it was not until 2000 that Americans were allowed to select more than one race (Brown, 2015).

2.3 US Wine Consumption and Ethnicity

There is not a lot of current or precise information on US wine consumption by ethnic background. A 2013 Gallup Poll showed that 36% of White Americans and 34% of Non-White Americans consume wine (Jones, 2013). In 2010 the Wine Market Council released a segmentation estimating that of those Americans who drink wine at least once a week or more, 84% are White Americans, 5% African American, 7% Asian Americans, and only 4% Hispanic Americans.

2.4 Marketing to Hispanics, Asian-Americans and African-Americans

Marketing researchers in the US have spent considerable time analyzing behaviors and preferences of Americans who are of Hispanics, Asian or African ethnicity. This is especially true with Hispanics because of their large forecasted growth rate. According to *Forbes Magazine*, “Most US-based firms have a significant corporate imperative to attract Hispanic consumers, given their tremendous demographic and economic importance... (They) will be the dominant and in many cases the only driver of domestic CPG sales growth (Llopis, 2013, p. 1).” Nielson (2012) estimates the collective buying power of Hispanics to grow by 50% to \$1.5 trillion by the end of 2015.

According to experts, there are specific tactics required in successfully marketing to the **Hispanic** population. They are still more brand loyal than the general American population, and focused on family and collectivism rather than individualism (Canadian Gov., 2014). They prefer bi-lingual ads verses Spanish only ads, and it is best to use a hyper local strategy with advertising and social media focused on towns and cities, verses mass marketing across the nation using Spanish language (Llopis, 2013). In terms of food and beverage preferences, 1st generation Hispanics prefer traditional tastes and ingredients from their home country, whereas 2nd and 3rd generation Hispanics like good taste but want convenience and will spend more to attain it (Canadian Gov., 2014). They enjoy thirst quenchers and sports drinks, and buy more imported beer than any other ethnic group, though do not drink as much wine (Mintel, 2012). However this is changing as younger Hispanics are beginning to embrace wine.

The **Asian American** market has the fastest rate of growth due to immigration, and also spends 19% more than the other segments (Nielson, 2013). They are more educated than other segments (Pew, 2012) and also make more purchases on the Internet. They prefer to buy well-known brands, and are willing to pay more in order to obtain high quality items

(Nielson, 2013). They do not feel they are discriminated against as much as Hispanics and African-Americans in the US and are more apt to marry with other races (Pew, 2012).

African Americans, on the other hand, do report the sting of discrimination and prefer to only purchase products that include African Americans in the advertising, and/or from businesses owned by African Americans (Nielson, 2014). They are especially swayed by advertising that includes African American musicians or artists, and are apt to use social media and mobile devices to review products (Nielson, 2014). They have the highest poverty levels of the four segments, but this situation is improving slightly along with an increase in education levels (Krogstad, 2015).

3. METHODOLOGY

An online survey was developed to collect information regarding American wine consumer preferences, behaviours, and demographics. It included 35 questions using standard 5-point Likert-type scales, simple rating questions, and short answers. Measures for wine related behaviours were adapted from previous research. Ethnicity was based on the US Census categories, White, Hispanic, Asian, African American and also included Native Americans, Pacific Islanders and Mixed. The survey was beta-tested, and minor revisions were made.

It was launched on Survey Monkey for a period of 2 weeks in spring of 2015. Respondents were obtained from panel data provider, *Survey Sampling International*. Criteria included that they be wine drinkers over the age of 21 and that the sample must include respondents from all 50 states.

A total of 1109 surveys were received but due to low number of responses, Native Americans, Pacific Islanders, and Mixed respondents as well as those not answering the question were not included in the analysis. The final sample for analysis was 1028 surveys, including 673 White, 134 Hispanic, 110 Asian and 111 African American responses. The data were analysed using SPSS, and included descriptive statistics and ANOVAs.

4. RESULTS

In terms of results, wine preferences and behaviour were analysed. *Wine preferences* included style, preferred varietals, and taste preferences. For *style* there were no significant differences between the four ethnic groups regarding a preference for white, rose, fortified and dessert wine, but there were with red and sparkling wines. Hispanics prefer red wines more than Whites ($p = .05$) and African Americans prefer sparkling wine more than Whites ($p = .05$).

However when dissected further into the 12 most popular wine *varietals* in the US, according to Nielson (2014) scan data, there were far more differences, especially amongst the red varietals. Cabernet sauvignon, merlot, pinot noir and zinfandel showed significant differences between all four groups. For example, with cabernet sauvignon, Asians preferred it the most and African Americans the least; however with red zinfandel this trend was

reversed. Varietals which showed no significant difference included chardonnay, pinot grigio and muscat.

In analysing wine *taste preferences*, there were some sharp differences, especially with African Americans who seemed to dislike dry wines and prefer sweet and fruity wines more than other segments (see Table 1). The percentages down the column indicate the percentage of each ethnic group that selected the answer. The percentages across the row can be greater than 100% as respondents were allowed to select as many preferred wine tastes as they wished. The number below the percentage indicates the actual number of respondents in each group that selected the answer. The alphabetical letter at the bottom of the box indicates the other ethnic groups from which the group in question differs. For example, African Americans differed from Asian and Caucasian Americans in that they were less likely to select dry wines, with no sugar as a preferred wine choice. Interestingly Hispanics showed the highest preference for semi-sweet wines. There were no significant differences between taste preferences for savory, smooth and tannic wines.

Table 1: Significant Differences in Preferred Wine Tastes

	Dry (no sugar)	Semi- Sweet	Sweet	Fruity	Savory (less fruit)	Smooth	Tannic	Other	Total
Q32: African-American (A)	15.32% 17 BC	47.75% 53 D	65.77% 73 BCD	66.67% 74 C	26.13% 29	58.56% 65	8.11% 9	0.00% 0	31.13% 320
Q32: Asian (B)	28.18% 31 A	58.18% 64	45.45% 50 A	55.45% 61	20.00% 22	53.64% 59	12.73% 14	0.91% 1	29.38% 302
Q32: Caucasian, not Hispanic (C)	28.53% 192 A	56.46% 380	48.59% 327 A	56.76% 382 A	21.25% 143	54.53% 367	8.77% 59	0.30% 2	180.16% 1,852
Q32: Hispanic (D)	24.63% 33	63.43% 85 A	44.03% 59 A	60.45% 81	19.40% 26	63.43% 85	7.46% 10	0.75% 1	36.96% 380
Total Respondents	273	582	509	598	220	576	92	4	1028

In terms of *wine behaviour*, the topics of motivation, decision-making, and preferred pricing were analysed. Additional constructs for wine knowledge, involvement and variety seeking were included, but not reported here due to space limitations. In terms of *motivations* to drink wine, the results showed that Whites were more apt to drink because they liked the taste of wine, whereas African Americans scored higher for romance, and Asians for health reasons.

For *decision-making* respondents were asked to select all variables they considered when making wine purchases (see Table 2). All segments appear to be in agreement on brand and price as the two most important considerations, and state and region as not as important. However, significant differences appeared with varietal choice and country, which were not

as important to African Americans as the other groups, and with vintage, which was quite important to Asians. Medals, though scoring lower, were more important to Asians and least important to African Americans. Hispanics were more concerned about alcohol level than other groups.

Table 2: Wine Decision-Making

	Brand	Price	Varietal	Country	State	Region (Appellation)	Vintage	Label	Medals	Good Value for Money	Alcohol Level	Organic Wines	Biodynamic Wines
Q32: African-American (A)	72.97% 81	70.27% 78	15.32% 17 BCD	27.03% 30 BD	16.22% 18	16.22% 18	27.93% 31	19.82% 22	6.31% 7 BC	39.64% 44	27.93% 31	8.11% 9	3.60% 4
Q32: Asian (B)	60.91% 67	66.36% 73	40.00% 44 A	40.00% 44 A	22.73% 25	19.09% 21	35.45% 39 CD	24.55% 27	17.27% 19 A	45.45% 50	20.91% 23	10.91% 12	6.36% 7 C
Q32: Caucasian, not Hispanic (C)	67.46% 454	74.89% 504	39.67% 267 A	33.88% 228	21.25% 143	19.47% 131	20.95% 141 B	23.33% 157	12.93% 87 A	37.44% 252	19.76% 133 D	10.85% 73	2.67% 18 B
Q32: Hispanic (D)	69.40% 93	70.15% 94	35.82% 48 A	40.30% 54 A	20.90% 28	26.12% 35	20.90% 28 B	28.36% 38	11.94% 16	46.27% 62	32.09% 43 C	11.94% 16	2.99% 4
Total Respondents	695	749	376	356	214	205	239	244	129	408	230	110	33

In terms of **pricing**, when buying wine to drink at home the most common price point for all segments was \$10 to 15, but when the data were analysed to see which segment spent more than this, 44% of Asians spent more than \$15 per bottle to drink at home followed by 36% of Hispanics, 33% of African Americans and 31% of Whites. At a restaurant the common price points for all segments was \$25 to 35 per bottle, with Asians again spending more than the other segments at 37%. However, it should be noted that 24% of the sample reported they only buy wine by the glass at a restaurant with the most common price for all segments at \$7 to 10. When analysed by segment, 29% of Asians spent more than \$10 for wine by the glass, followed by Hispanics at 25%, African Americans at 23% and Whites at 17%.

5. DISCUSSION, LIMITATIONS AND CONCLUSIONS

The results indicate that American wine consumers may be moving towards the concept of a “melting pot” with similar wine preferences and behaviors on several dimensions; however there are still some marked differences. This research shows that all four ethnic segments are in agreement on preferences for white, rose, fortified and dessert wines, and generally agree on white varietals, but red and sparkling wines signal differences of opinion. Also wine taste preferences vary by ethnic background, with African Americans preferring sweet and/or more fruity wines, Hispanic leaning towards semi-sweet, and Whites and Asians showing a preference for drier style wines.

There were also similarities in wine decision-making and pricing, with all four segments identifying brand and price as the most important decision categories and the average price point of wines to drink at home/restaurant as quite similar. However, differences did appear at a more granular level, as Asians appear to be willing to pay more for wine – supporting the

research on their buying habits (Nielson, 2013), - whereas Whites report spending less money.

For larger domestic wine brands, this research suggests that national marketing campaigns should emphasize brand and price, but highlight differences in taste profile to match the needs of the different segments, especially with red and sparkling wines. The literature review also emphasizes the need for ads to show a diversity of consumers from all four segments, and to consider using multi-languages such as English, Spanish, and Mandarin on the label. This is a practice that is common in other wine growing regions, but has not yet been adopted much in the US. For smaller wine brands, or national brands that want to focus on a specific region of the us, the concept of “hyper-local marketing” should be considered, because this research highlights more detailed differences between the ethnic segments. For example, if a small winery wants to focus on the African American market in Georgia and Alabama, they should identify taste preferences and varietals in that market, and use advertising that highlights diversity. The fact that sophisticated data mining is now available to profile consumer desires in a specific region makes this type of hyper-local marketing more feasible. Also wineries that are owned or operated by a Hispanic, Asian, or African Americans should emphasize this fact in all communications. Related to this is an opportunity to focus high-quality wine brands on the Asian market that appears to be willing to spend more on prestigious wine.

There are several limitations that suggest opportunities for additional research. The fact that the data was acquired from household panels means it is not truly representative, and therefore cannot be generalized across the US. Ideally a random sample of US wine consumers would be desirable in the future. Conversely, this research provides quantitative data, but does not provide the rich detail that a qualitative study of US wine consumers based on ethnic background would provide. Conducting in-depth interviews with wine consumers from the different ethnic backgrounds to understand more about why they prefer certain styles of wine and their purchasing rationale would be informative.

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