



Millennial wine consumers: Risk perception and information search

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Abstract

Marketing managers in the US have long been concerned with how to reach young consumers most effectively and how to present important information. This research demonstrates how the information search and risk reduction strategies of Millennials differ from older consumers. Findings from a survey sample of 409 US consumers suggest that if unsure about making a wine selection, Millennials are more apt to seek information from friend/family and shelf talkers than elders. Elders were more willing to ask questions of store personnel and wine stewards. While brand is very important to both groups, Millennials rely less on geographical cues such as region of origin to determine wine quality and pay more attention to medals won, label imagery, and alcohol content. The differences in the importance of and usage of these various information sources are helpful for wineries to prioritize their marketing appeals to the Millennial segment.

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1. Introduction

As the global wine industry grows more competitive, marketers continually strive to differentiate their brands to consumers in ways that are critical to success. Consumer perceptions of a wine's quality are important factors in the decision process, but with thousands of wines to choose from, it is difficult for the consumer select one wine over another.

For many consumers the act of purchasing wine is clouded with insecurity. There is concern they will select the wrong bottle which could result in negative social perceptions. Because of this researchers have found that risk perception is an important driver of wine purchase behavior (Lockshin et al., 2006; Mueller et al., 2008).

Fortunately, providing product information, such as helpful labels, shelf-talkers, friendly retailers and recommendations from others can ease this insecurity, and increase the likelihood of purchase (Gluckman, 1990).

In the US, one of the fastest growing wine consumer segments is the Millennial generation (Wine Market Council, 2009). Much research has been conducted on the types of wine they like to drink, as well as their motivations for drinking wine, yet very little research has focused on the issues of risk perception and information search within this important consumer segment. Therefore, the purpose of this research study was to examine Millennial use of product information to reduce risk of a bad purchase decision in comparison to older wine consumers. The findings are useful in that they provide new insights for Millennial wine marketing strategies.

2. Review of the literature

Wine has a high proportion of characteristics that can only be assessed during consumption, so the ability of the consumer to gauge quality prior to purchase is very low. They have to rely upon intrinsic and extrinsic cues to aid in the evaluation. Intrinsic cues for wine buyers include grape

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variety, alcohol content and wine style—things that relate to the product itself. Consumers cannot always evaluate the relevant intrinsic attributes at the point of purchase because the quality-related characteristics, such as taste and aroma, are not available at that time. The consumer is then forced to rely upon extrinsic attributes such as brand name or package as surrogates (Jacoby and Olson, 1985; Zeithaml, 1988).

The extrinsic cues are features that the winery can adapt to particular market segments without actually changing the product. For example, according to Lockshin and Rhodus (1993), the average wine consumer is likely to rely upon extrinsic cues such as price or region of origin when making quality assessments. Later research found that they also consider elements such as label, brand and shelf position (Lockshin et al., 2006; Lockshin and Spawton, 2001). These cues are used as shortcuts or decision heuristics to inform their choice. Consumers are also able to develop trust with brands and regions whose track records have pleased them before (Bruwer and Wood, 2005).

In a similar vein, Hall et al. (2004) found extrinsic cues used to evaluate quality to include price, the consumer's distribution outlet, region of production, recommendations of friends, advice of salespersons, label and packaging, and brand name (Hall et al., 2004). If the brand is not well known, the consumer will assess quality by using other cues such as country of origin (Perrouy et al., 2006).

2.1. Risk perception and social benefits

Wine is generally regarded to be a complicated product from the viewpoint of the consumer. It involves both risks and social benefits. The risk may be selecting the wrong wine, and the benefits revolve around choosing a wine that others admire. Therefore consumers generally employ risk reduction strategies. Reviewing the label cues like those mentioned above for pertinent information is one way for wine consumers to reduce the risk of buying an unsatisfactory wine. Risk perception is one of the wine-related personal traits found to be an important driver of wine purchase behavior (Lockshin et al., 2006; Mueller et al., 2008). According to one study (Teagle et al., 2010), Millennials were found to be less risk averse than older wine consumers.

Because of the inability to test the contents of the bottle before purchasing, there is an element in the decision process that involves a risk-perception strategy (Spawton, 1991; Mitchell and Greatorex, 1989; Gluckman, 1990). It has been asserted by Mitchell and Greatorex (1989) that purchasing wine mostly involves functional risks such as social risks, financial risks and physical risks. Social risks would involve trying to avoid being embarrassed in front of business associates and friends.

Spawton (1991) identified six risk-related consumer strategies to evaluate quality. He asserted that consumers strive to reduce the likelihood of making a bad purchase

decision by using a variety of coping mechanisms. These include:

- selecting wine brands that represent consistent quality and are included in the range of “safe brands” established in the mind of the wine consumer;
- selecting wines based on the recommendations of friends and colleagues;
- following the advice of sales associates;
- using their own knowledge gained through wine education;
- price (as an indicator of quality); and
- packaging and labeling as an indicator of quality.

On the other side of the equation are the social benefits of selecting a wine which is admired by others. Indeed, one of the four value dimensions established by Sweeney and Soutar (2001) in their assessment of brand benefits (perceived value) was social benefit. They defined social value (enhancement of social self-concept) as the utility derived from the product's ability to enhance social self-concept. Consumers assess the products beyond just the functional terms of expected performance and value for money. Consumers also assess products in terms of the social consequences of what the product communicates to others in terms of social value (Sweeney and Soutar, 2001).

Orth (2005) found that with increasing age, consumers seek less social benefit and more health benefit. He showed that younger individuals who are more involved and more susceptible to the opinions of others desire greater social benefits (Orth, 2005). In addition, another study (Barber et al., 2006) found that younger consumers, 21 through 40 years old, were more intimidated and had a higher “respondent concern about choosing wine” than consumers over 60.

2.2. Information search

The steps that consumers go through to learn about wines before making a selection are considered information search (Olsen and Thach, 2001). One of the ways that Mitchell and Greatorex (1989) described to reduce risk when purchasing wine is information seeking. Hall et al. (2004) found that younger consumers (under 35 years old) place more importance on information gathering and risk reduction. Specifically, they rely more upon advice from salespersons, advice from waiters, and samples and in-house displays than older consumers (Hall et al., 2004). If a consumer's low self-confidence is specific to wine, as opposed to being a personality trait, they will pursue more information seeking in order to reduce risk (Olsen et al., 2003).

Consumers often employ information appearing on the label of the product to make inferences about the quality of the product (Verlegh and Steenkamp, 1999). There are many different cues on the wine package that may

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