TEXAS TECH UNIVERSITY
College *of* Human Sciences
Texas Wine Marketing Research Institute

Project Title: **Reaching the U.S. Hispanic Wine Market: Highlighting the Opportunities and Building Marketing Strategies**

Project Contact: **Natalia Velikova, Associate Professor**
Texas Wine Marketing Research Institute
Texas Tech University
1301 Akron Avenue
Lubbock, TX 79409-1240
Tel. 806.834.3589
natalia.velikova@ttu.edu

SPONSORSHIP

The current project has been sponsored by the United States Department of Agriculture through the Federal-State Marketing Improvement Program (FSMIP). Matching funds have been provided by the Texas Wine Marketing Research Institute at Texas Tech University.

FSMIP provides matching funds to State Departments of Agriculture, State agricultural experiment stations, and other appropriate State agencies

- to assist in exploring new market opportunities for U.S. food and agricultural products
- to encourage research and innovation aimed at improving the efficiency and performance of the marketing system

AN OUTLINE OF THE PROBLEM

As the nation's largest minority group, at 50 million, Hispanics are the fastest growing ethnic group in the U.S. (U.S. Census Bureau, 2010). Increased individual and collective spending power of $1.2 trillion (Seling Center for Economic Growth, 2012) accompany this growth, adding to the market's appeal. The immense buying power of U.S. Hispanics continues to energize the nation's consumer market.

Traditionally though, some products are considered less appealing to certain cultures and ethnicities. Industry practitioners are often slow to recognize recent shifts in consumer demographics and consumption patterns. As a result, industries miss opportunities to deliver their products to particular ethnic groups who also miss the opportunities to consume them.

One such product is wine. It is often assumed in the industry that a 'typical' wine consumer is white, middle-aged, well-educated, with a higher than average income (Campbell, 2009). In reality, however, the modern wine market is rapidly changing with the growing importance of other ethnic populations, especially Hispanic consumers.

Market trends show that Hispanic adults have been developing a taste for wine in recent years. For example, in 1998, the percentage of Hispanics in the U.S. who consumed table wine was 12%, which jumped to 22% in 2003 (Jung, 2005). According to the 2005 study by Wine Market Council, 31% of Hispanics claimed that they drink more wine, compared to the previous year. The same report states that wine consumption frequency has increased only by 11% among the Caucasian population. Ethnicity has been found to be an important factor influencing wine consumption. Hussain, Cholette, and Castald (2007) suggested that when it comes to wine consumption, whites and non-whites should not be assumed to have the same attitudes and preferences toward wine.

The need to investigate the Hispanic wine market is particularly relevant to certain regions. According to the U.S. Census Bureau (2010), the states with the largest Hispanic population are California, Texas, Florida, and New York. Interestingly, these are the same four states with the largest wine consumption in the U.S. (The Beverage Information Group, 2015). Yet, documented research on wine consumption preferences of U.S. Hispanics is scarce and includes only a few sporadic industry reports and a very limited number of exploratory academic studies. The proposed study aimed to fill this gap and to examine the U.S. Hispanic wine market on a larger scale.

GOALS AND OBJECTIVES

The ***overall goal*** of the study was to examine the Hispanic wine consumer market in order to explore marketing opportunities and to develop strategies for U.S. wine producers to effectively target this emerging consumer segment.

In order to reach this goal, the research focused on the following specific ***objectives*****:**

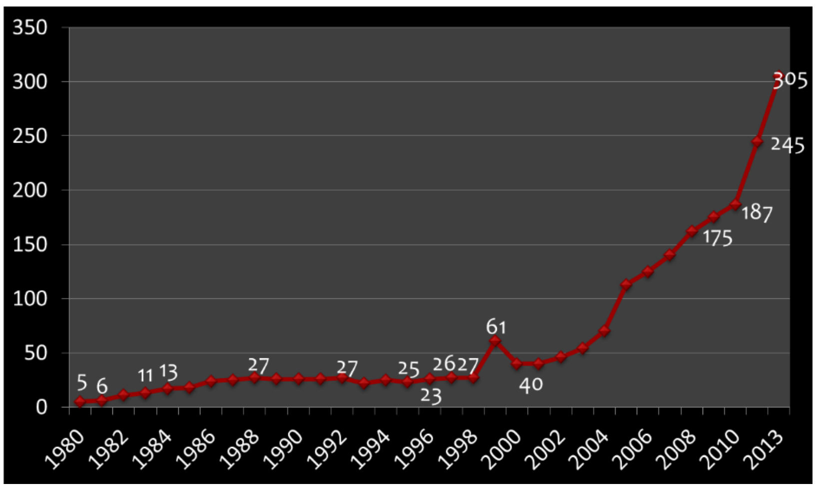
1. to develop a socio-demographic profile of Hispanic wine consumers
2. to assess the following characteristics of the targeted population:
    a. wine consumption behavior
    b. wine preferences
    c. wine purchasing behavior
    d. wine purchasing decision-making factors
3. to identify opportunities and develop marketing strategies to target the Hispanic wine market
4. to disseminate recommendations and suggested strategies to the U.S. wine industry

PROJECT DETAILS

Study Site

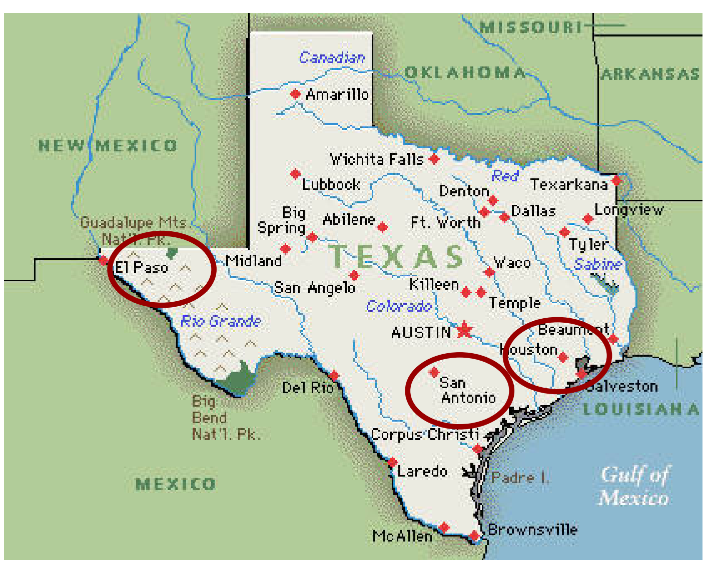
In an effort to gain insights into this emerging market, the current research focused on a U.S. region with high concentration of the Hispanic population and a growing wine industry – the ***state of Texas***. Although Texas has not been a traditional wine producing region, the Texas wine industry has come a long way since its emergence in the late 1970s. Within a relatively short time period, the number of Texas wineries increased dramatically, from 27 in 1990 to 305 wineries in 2015. 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, 2014).

Figure 1. Number of Texas Wineries, 1980-2015



The data for the current study were collected in three major urban areas with the highest geographic concentration of the Hispanic population – El Paso, San Antonio, and Houston.

Figure 2. Data Collection Sites



Data Collection Process

The data were collected through in-person intercepts at retail liquor stores that predominately target Hispanic consumers. Trained bilingual data collectors personally distributed pen-and-paper questionnaires to customers as they were leaving the stores. Data collectors introduced the purpose of the project, emphasized the anonymous nature of the questionnaire and voluntary participation, and asked for participation in exchange for a small token of appreciation (a $10 gift card to the store where the data were collected). An example of the incentive gift card can be found in **Attachment A.**

A total of ***414 valid surveys*** were collected and used for analysis. The distribution of the obtained surveys was relatively equal between the three geographical areas of data collection: El Paso 38.6%; San Antonio 29.7%; and Houston 31.6%.

Figure 3. Data Collection Location and Number of Surveys

		Day 1	Day 2	Day 3	Day 4	Surveys per store
El Paso	Store 1	10	11	11	6	**38**
	Store 2	12	8	10	11	**41**
	Store 3	11	11	11	7	**40**
	Store 4	9	10	11	11	**41**
		42	**40**	**43**	**35**	**160**

		Day 1	Day 2	Surveys per store
San Antonio	Store 1	10	11	**21**
	Store 2	12	15	**27**
	Store 3	11	11	**22**
	Store 4	15	17	**32**
	Store 5	9	12	**21**
		57	**66**	**123**

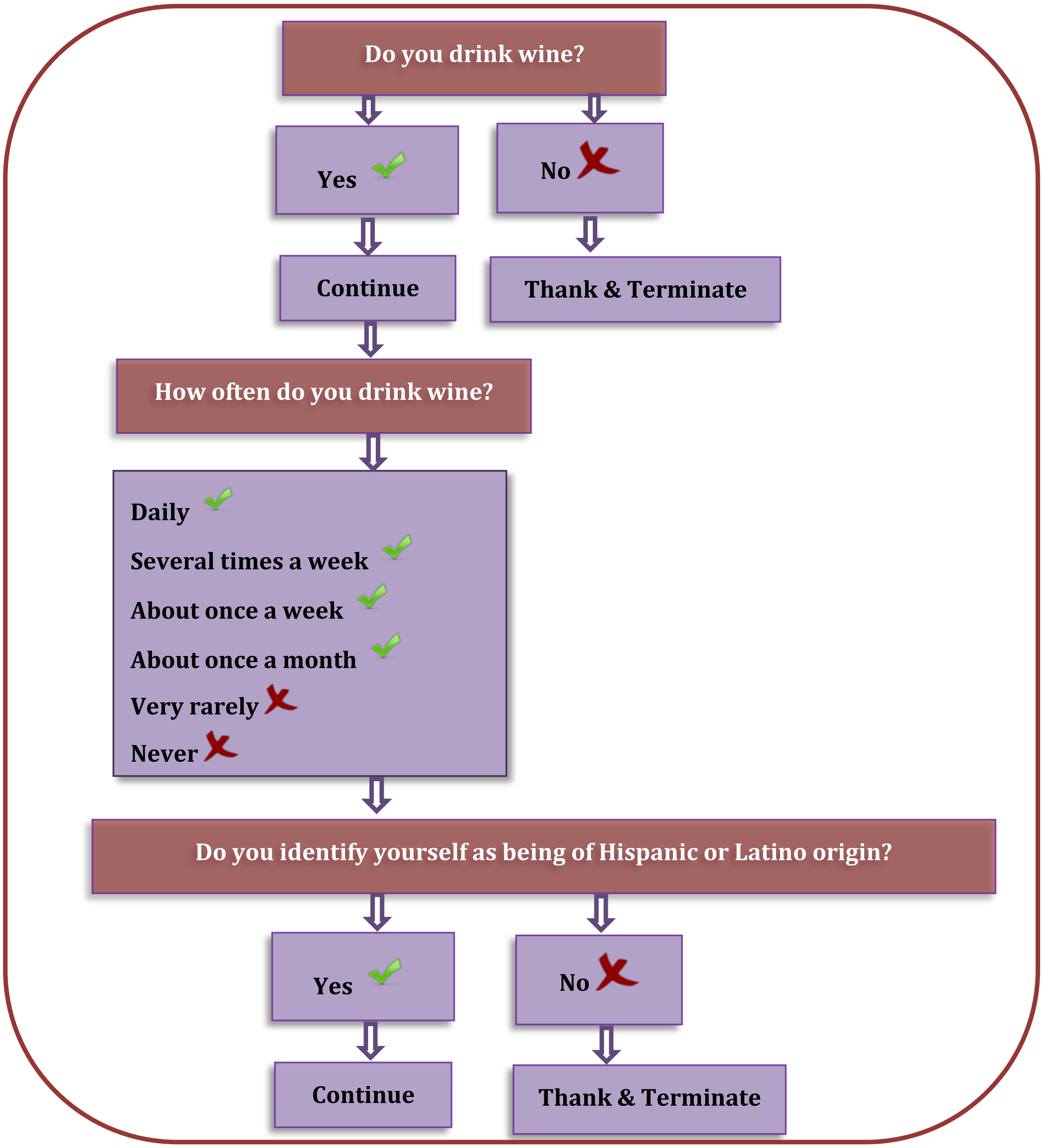
		Day 1	Day 2	Surveys per store
Houston	Store 1	11	19	**30**
	Store 2	8	10	**18**
	Store 3	12	12	**24**
	Store 4	13	15	**28**
	Store 5	17	14	**31**
		61	**70**	**131**
			Total Surveys:	**414**

Stores for data collection were chosen based on the density of Hispanic population by zip codes (see **Attachment B**)

Screening Process

Systematic sampling method was applied and every 3rd consumer (regardless of their ethnicity) was approached. If consumers did not drink wine (or drank it very rarely), and if they did not identify themselves as being of Hispanic or Latino origin, they did not participate in the survey. The following flowchart depicts the screening process.

Figure 4. Screening Process Chart



Survey

Based on previous wine marketing literature, a survey was designed to include items that were aimed at examining the following characteristics of Hispanic wine consumers:

- socio-demographic characteristics
- wine consumption behavior
- wine preferences
- wine purchasing behavior
- wine purchase drivers

Identical questionnaires were offered in English and in Spanish. Participants could choose the language of the survey, based on their preferred language of communication. Two-thirds of the sample chose the English version of survey and one-third preferred to fill out the survey in Spanish.

To control for accuracy of the survey translation, the iterative process of back-translation was applied (Brislin, 1970). Specifically, the survey was originally developed in English; then translated into Spanish by two independent bilingual individuals. Next, the Spanish language survey was translated back into English by separate individuals (not the ones making the English to Spanish translation) and then compared to the original English version to ensure adequate correspondence in the two versions. A copy of the survey in both languages can be found in **Attachment C.**

Findings

Objective 1 – To develop a socio-demographic profile of Hispanic wine consumers

Descriptive statistics were employed to examine the following socio-demographic characteristics: gender, age, education, income, and marital status.

Gender – The sample was almost equally split between males and females. Previous research on non-Hispanic wine consumers often reports that females generally represent a higher percentage of wine consumers. However, this trend was not evident in the Hispanic sample. In this study, almost as many men indicated they drink wine at least once a month or more often as women.

Age – Respondents of various age groups - ranging from 21 to 84 years old - participated in the study. The average age of the participants was 38 years. Interestingly, the data were skewed toward younger participants, with half of the sample being younger than 35 years old. This is inconsistent with other studies on wine consumers, which typically report consumer samples of older age groups. On the other hand, previous research noted that older Hispanic wine consumers indicate that their interest in wine is influenced by their children (Velikova, Wilkinson, & Harp, 2016). Younger generation of Hispanics is generally more acculturated and tends to draw from broader information sources and social networks than the older generation. These younger consumers become advocates for wine, and because of strong family connections in the Hispanic culture, their passion for wine is passed up to older generations. Therefore, the higher number of younger Hispanic wine consumers in the current sample is not surprising.

Education – Respondents had higher levels of education than the general U.S. population. About 40 percent of the sample had a bachelor college degree or higher, whereas the U.S. Census Bureau (2010) reports that a total of 29.9 percent 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 percent has earned an undergraduate degree, whereas 29.8 percent of respondents in this sample reported having an undergraduate degree.

Income – Almost half of the sample reported annual household income being between $20,000 and $60,000; with the largest percentage being in the $40,000 – $60,000 range. About 30 percent had annual household income more than $60,000.

Marital Status – The split between single (younger) and married participants was equal; only 7 percent were divorced.

Table 1. Socio-Demographic Profile of the Sample: U.S. Hispanic Wine Consumers

	Number of Respondents	Percent
Gender		
Male	204	49.3
Female	210	50.7
Employment		
Employed full time	290	70.0
Employed part-time	55	13.3
Currently unemployed	41	9.9
Retired	28	6.8
Education		
High school not completed	13	3.1
High school graduate	107	25.9
Vocational / technical school	22	5.3
Some college / not completed	105	25.4
Undergraduate degree	123	29.8
Graduate degree	44	10.4
Annual Family Income		
Under $20,000	84	20.4
$20,001 – $40,000	106	25.8
$40,001 – $60,000	93	22.6
$60,001 – $80,000	45	10.9
$80,001– $100,000	36	8.8
Over $100,000	47	11.4
Marital Status		
Single	186	44.9
Married	186	44.9
Divorced	32	7.7
Other	10	2.4
Total	**414**	**100.0**

Table 2. Sample Age Distribution

Years Old	Number of Respondents	Percent	Cumulative Percent
21	8	1.9	1.9
22	20	4.8	6.8
23	11	2.7	9.4
24	8	1.9	11.4
25	19	4.6	15.9
26	15	3.6	19.6
27	14	3.4	22.9
28	12	2.9	25.8
29	7	1.7	27.5
30	24	5.8	33.3
31	18	4.3	37.7
32	14	3.4	41.1
33	14	3.4	44.4
34	13	3.1	47.6
35	12	2.9	**50.5**
36	13	3.1	53.6
37	8	1.9	55.6
38	7	1.7	57.2
39	6	1.4	58.7
40	5	1.2	59.9
41	11	2.7	62.6
42	11	2.7	65.2
43	8	1.9	67.1
44	12	2.9	70.0
45	6	1.4	71.5
46	9	2.2	73.7
47	5	1.2	74.9
48	7	1.7	76.6
49	7	1.7	78.3
50	8	1.9	80.2
51	4	1.0	81.2
52	4	1.0	82.1
53	9	2.2	84.3
54	8	1.9	86.2
55	3	.7	87.0
56	2	.5	87.4
57	9	2.2	89.6
58	2	.5	90.1
59	3	.7	90.8
60	4	1.0	91.8
61	3	.7	92.5
62	4	1.0	93.5
63	2	.5	94.0
64	4	1.0	94.9
65	1	.2	95.2
66	4	1.0	96.1
70	2	.5	96.6
71	1	.2	96.9
72	1	.2	97.1
73	1	.2	97.3
74	2	.5	97.8
77	1	.2	98.1
78	3	.7	98.8
79	1	.2	99.0
80	2	.5	99.5
84	2	.5	100.0
Total	**414**	**100.0**	

Wine Knowledge – To compile a more comprehensive profile of the Hispanic wine consumer, a question was asked to measure consumers' knowledge about wine. Product knowledge has been recognized as an important determinant of consumer purchasing decisions. Generally, marketing researchers identify two types of product knowledge – *objective knowledge* (the factual knowledge about the product) and *subjective knowledge* (self-assessment of own knowledge about the product). Simply put, objective knowledge is what consumers actually know about the product, whereas subjective knowledge is what consumers think they know about the product. Objective knowledge can be measured by a test. Subjective knowledge can be assessed by asking consumers to evaluate their level of knowledge about a product.

Given the research design of the current study (store intercept), it was impractical to implement a test to measure consumers' objective wine knowledge. Subjective knowledge was measured instead. Subjective knowledge reflects a level of self-confidence for using existing knowledge about the product when buying it. Thus, subjective knowledge may provide more useful information about consumer purchasing decisions.

Participants were asked, "*How would you describe your wine knowledge*?" Four levels of knowledge were provided to choose from. A short description of each level was added to ensure the understanding of the levels.

- **Advanced –** international knowledge of wines; completed wine courses
- **Intermediate –** know different wine styles and can identify them
- **Basic –** know the names of wine styles but can't identify differences between them
- **No knowledge of wine at all**

The results indicated that the majority (56%) of Hispanic wine consumer consider their level of knowledge about wine as basic. About one-thirds thought their knowledge was intermediate. The percent of those who consider their wine knowledge as advanced and those who said they know nothing about wine was low for both categories.

Table 3. Hispanic Consumers' Knowledge about Wine

	Number of Respondents	Percent
How would you describe your wine knowledge?		
Advanced	19	4.6
Intermediate	130	31.4
Basic	232	56.0
No prior knowledge	33	8.0
Total	**414**	**100.0**

Objective 2a – To assess wine consumption behavior of Hispanic wine consumers

Most Often Consumed Alcoholic Beverage – Although Hispanic consumers traditionally are assumed to favor beer and tequila over wine, the results of this study show an equal split between wine (31.6%) and beer (31.4%) as most often consumed alcoholic beverages; followed by spirits (20.8%). This, in part, can be explained by the fact that the frequency of wine consumption was used as a screening question. Respondents who indicated that they rarely or never drink wine, were not included in the sample.

Frequency of Wine Consumption – Even though only 6 percent reported daily wine consumption, cumulatively, over two-thirds of the sample consume wine at least once a week or more frequently. Respondents were also asked approximately how many bottles of wine they drink per month. The median number of bottles reported was 2 bottles/month, with the majority of the sample (65.6%) reporting drinking less than 3 bottles a month.

Table 4. Hispanic Consumers' Wine Consumption Behavior

	Number of Respondents	Percent
Which alcoholic beverage do you consume most often?		
Beer	131	31.6
Wine	130	31.4
Spirits	86	20.8
Combination of several	67	16.2
How often do you consume wine?		
Daily	25	6.1
Several times a week	123	29.8
Once a week	134	32.4
About once a month	131	31.7
Approximately how many bottles of wine do you consume per month?		
1-3 bottles/month	271	65.6
3-5 bottles/month	88	21.3
More than 5 bottles/month	54	13.1
Median: 2 bottles /month		
Mean: 3.55 bottles/month		
Total	**414**	**100.0**

Further comparison revealed that single people most often consume beer; whereas married people most often consume wine, and divorced Hispanics prefer spirits.

Table 5. Marital status and Most Often Consumed Alcoholic Beverage

	Single	Married	Divorced
Which alcoholic beverage do you consume most often?			
Beer	40.4%	25.5%	21.9%
Wine	23.5%	46.2%	6.3%
Spirits	23.0%	9.8%	65.5%
Equal preference	13.10%	18.5%	6.3%
Total	**100.0%**	**100.0%**	**100.0%**

To further investigate wine consumption behavior, participants were 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 dinner, a relatively small percent of respondents chose wine as a preferred beverage in those situations.

Table 6. Consumption Situations Perceived as Most Suitable for Wine

	Number of Respondents	Percent
In which situations would you most likely drink wine?		
At home with a casual meal	218	52.7
At a friend's / relative's house	125	30.2
In a restaurant when dining out	65	15.7
In a bar without a meal	15	3.6
At a romantic dinner	37	8.9
For a special celebration	49	11.8
At an outdoor event (festival BBQ)	19	4.6

Note: Participants could choose more than one situation

Objective 2b – To assess wine preferences of Hispanic wine consumers

With regards to wine preferences, participants were asked what wine they prefer in terms of color and sweetness; as well as the country of origin and the state for domestic wines.

Preferences for Types of Wine– Slightly over half of the sample reported preferences for red wine, followed by preferences for white and rosé wines. Findings for sweet/dry preferences were somewhat surprising - over 60 percent of respondents indicated preference for sweeter wines. This was unusual, given that over 50 percent preferred red wines, which are mostly dry.

Table 7. Hispanic Consumers' Wine Preferences

	Number of Respondents	Percent
What type of wine is your favorite?		
Red	217	52.7
White	113	27.4
Rosé / Blush	48	11.7
Equal preference	29	7.0
Other	5	1.2
Do you prefer wine that is dry or sweet?		
Sweet	251	60.6
Dry	118	28.5
Equal preference	45	10.9
Total	**414**	**100.0**

Further analysis revealed that even among those 217 participants who named red wine as their favorite, more consumers still prefer sweet wines (48.4%) than dry (40.6%). The preference toward sweeter wines among this consumer market is evident.

Table 8. Sweet/Dry Preferences for Consumers Who Prefer Red Wine

	Number of Respondents	Percent
Do you prefer wine that is dry or sweet?		
Sweet	105	48.4
Dry	88	40.6
Equal preference	24	11.1
Total	**217**	**100.0**

Wine Origin Preferences – Hispanic consumers seem to prefer domestic wines over imports. Even those consumers who chose two or more regions as their favorite, overwhelmingly included the U.S. in the combination of several regions. When asked about preferences for specific U.S. states, the majority (55.8%) chose California. Texas came out second, but only for 18 percent of respondents. Overall, Hispanic wine consumers clearly prefer California wines, and wines from other states (with the exception of Texas where the data were collected) were not popular among the sampled population.

Figure 5. Wine Preferences by Wine's Country of Origin

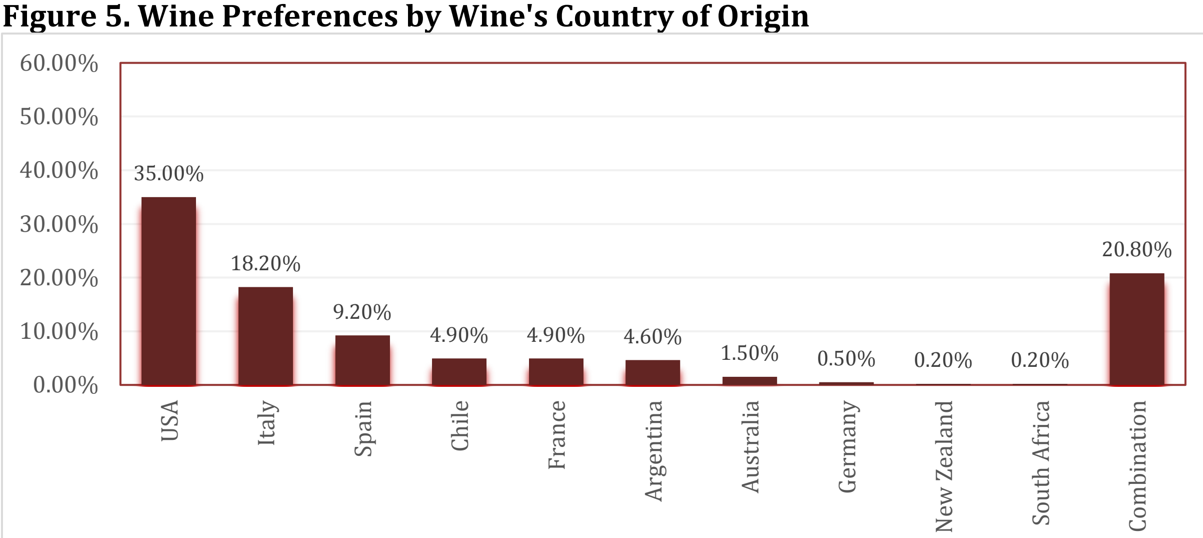
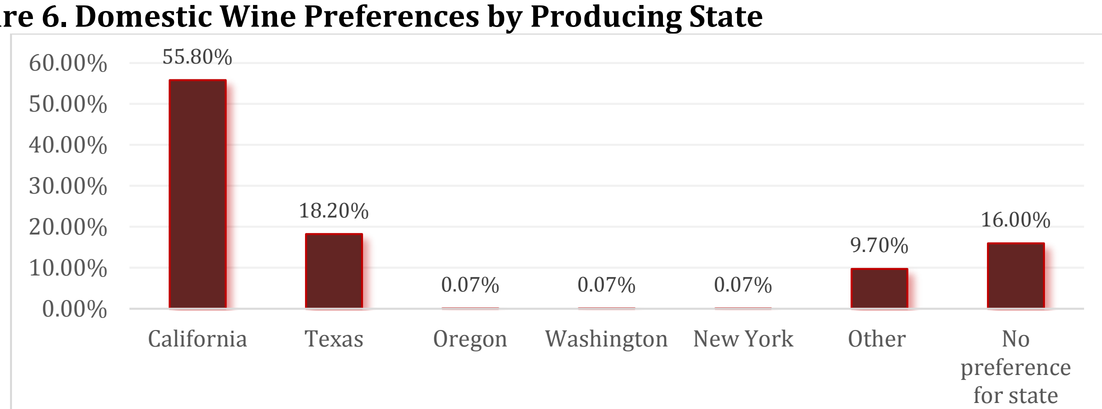


Figure 6. Domestic Wine Preferences by Producing State



Objective 2c – To assess wine purchasing behavior of Hispanic wine consumers

Wine purchasing behavior was measured by two sets of questions: (a) an average price of a bottle of wine; and (b) retail outlets for wine purchasing.

Average Spending on a Bottle of Wine – Participants were asked to indicate an average price for a bottle of wine to consume at home. It was important to emphasize the casual wine consumption at home, rather than a party or a gift situation, where consumers typically pay more for wine. For home consumption, almost half of the sample pay less than $15/bottle, with the highest number of participants paying between $10 and $15.

Table 9. Average Price for a Bottle of Wine

	Number of Respondents	Percent	Cumulative Percent
How much do you usually pay for a bottle of wine to consume at home?			
Less than $3	1	.2	.2
$3 - $6.99	11	2.7	2.9
$7 – $9.99	39	9.4	12.3
$10 - $14.99	152	36.8	**49.2**
$15 - $24.99	142	34.4	83.5
$25 - $49.99	57	13.8	97.3
$50 and higher	11	2.7	100.0
Total	**414**	**100.0**	

Retail Outlets for Wine Purchasing – The vast majority of Hispanic consumers buy their wine either at liquor stores (45.8%) or at supermarkets (37%). About 7 percent said they equally prefer several outlets, still mostly a combination of liquor stores and supermarkets. Very few respondents indicated they buy wine elsewhere.

Table 10. Preferred Retail Outlets for Wine Purchasing

	Number of Respondents	Percent
Where do you most often purchase your wine?		
Supermarkets	151	37.0
Liquor stores	187	45.8
Warehouse stores	35	8.6
Restaurants / Bars	9	2.2
Wineries	1	0.2
Combination of several	31	7.5
Total	**414**	**100.0**

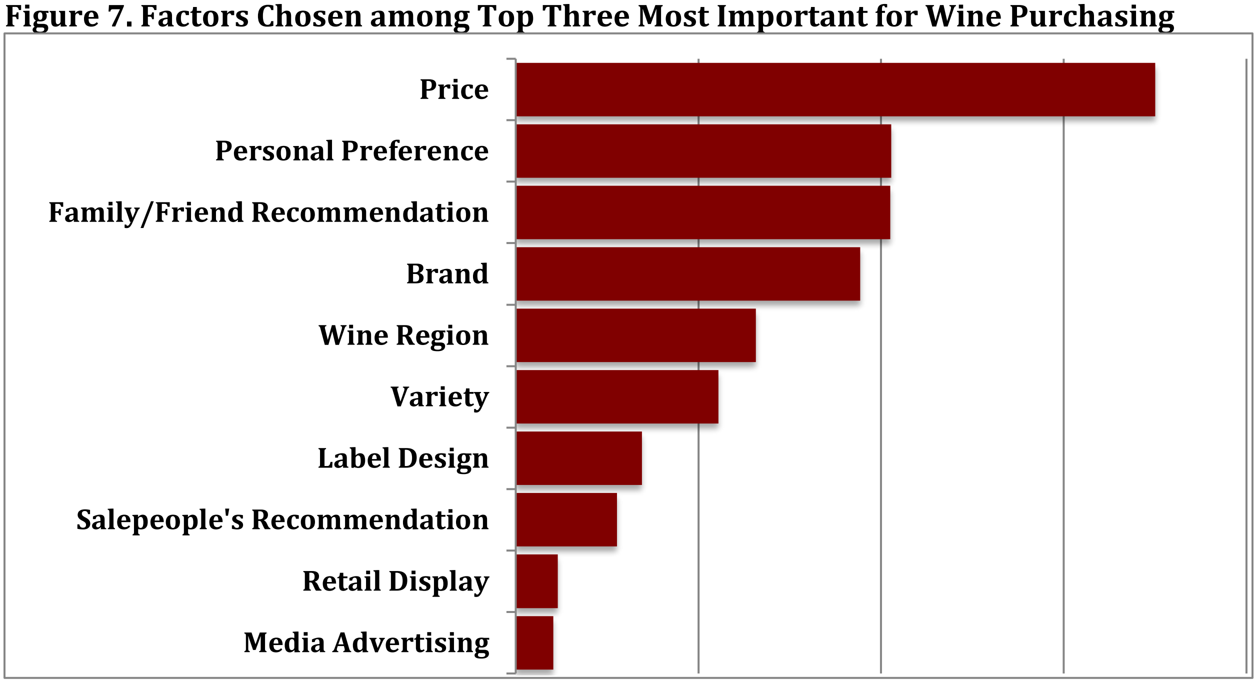
Objective 2d – To assess wine purchase drivers of Hispanic wine consumers

In order to examine 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 *three most important* factors that determine their wine purchases in a store to consume wine at home (not for a gift). The following attributes comprised a list of factors. Participants had to *rank only the most important three*:

____ Price
____ Variety
____ Wine region
____ Label design
____ Brand
____ Retail display
____ Friend's recommendation
____ Family member's recommendation
____ Salespeople's recommendation
____ Personal preference
____ Media advertising
____ Other *(please specify)* ____________________

The importance of *price* in the selection of wine was paramount. Price was named either as first, second, or third choice in 70 percent of cases. Price also received more first place votes than any other factor listed. *Personal preference* and *advice of friends and/or relatives* was listed as the second most important factor by an equal number of respondents. *Brand name* was the next most important purchase driver, followed by *wine region* and *grape variety*. *Retail display* and *media advertising* for wine were the least important factors.

Figure 7. Factors Chosen among Top Three Most Important for Wine Purchasing



Objective 3 – To identify <u>opportunities</u> and develop <u>marketing strategies</u> to target the Hispanic wine market

	Major Findings	Opportunities and Strategies for Industry
Hispanic Wine Consumer Profile	This research revealed that younger (21-35), perhaps more acculturated Hispanic consumers are more open to wine consumption.	Targeting Hispanic Millennials presents a new opportunity for U.S. wine producers to build brand awareness and eventually brand loyalty. Using social media for wine promotion is the best way to reach younger consumers. The industry needs to recognize the promotional potential of this group. At the same time, it is important to bear in mind that older consumers may need a different approach which involves a need for more education about wine.
	Equal split between males and females.	While many wine promotional campaigns target female wine drinkers, promoting wine to Hispanic consumers should be gender-neutral and aimed at both male and female wine drinkers.
	Hispanic wine purchasers are primarily the higher income and better educated households than the U.S. Hispanic population in general.	It is recommended that wine is promoted at appropriate professional and recreational events.
	Differences were found between married and single Hispanic consumers, where married consumers strongly prefer wine over beer and spirits.	Social and sharing nature of wine should be promoted to target married consumers.
Wine Consumption Behavior	Little daily wine consumption. However, fairly regular consumption (once a week or several times a week) for the majority of Hispanic wine	The potential for wine sales appears to be significant if the industry can have a larger percentage of the households

	consumers. Average consumption is between 1 and 3 bottles a month.	purchasing wine and with a higher degree of frequency.
	The vast majority of Hispanic consumers perceive wine as a drink to be consumed at home (own house or friend's/ relative's), rather than a drink to order in a restaurant or a bar.	It is recommended that the industry promotes wine to Hispanic consumers as a casual drink to be consumed at dinner time with family and friends
Wine Preferences	Preferences for sweeter wines, but also for reds over whites.	Since Hispanic consumers are often new to wine, many (especially younger) consumers have a strong preference for sweeter wines. Recent trends also indicate that Millennials show interest in cooking. Thus, it is recommended that the industry highlights food and wine pairing for sweeter reds.
	Strong preferences for domestic wines over imports.	Hispanic consumers present most potential for the California wine industry. The Texas wine industry should also consider this emerging market who are new to wine but are loyal to their state and, by extension, to locally produced products, including wine
Wine Purchasing Behavior and Purchase Drivers	Liquor stores and supermarkets are the two key types of retail outlets where Hispanic consumers buy their wine.	It is recommended that these two types of retail outlets are considered for wine promotion for the Hispanic consumer. Since many Hispanics prefer to purchase their wine as they shop for other household items, such as groceries, it is suggested to place wine in supermarkets in convenient location such as on end-caps. Cross-promotional strategies with food products may also entice consumers to purchase wine.

	The importance of price in the selection of wine is paramount for the Hispanic wine consumer.	It is recommended to position wine based on the price point. If the wine is out of the desired range, these consumers will not consider making the purchase.
	Personal preference and advice of friends and/or relatives is the second most important factor for wine purchases.	Because family and friends connections are strong in the Hispanic culture, significant influence of personal recommendations for the choices of products, including wine, is not surprising. Commitments to family and food are the core values that need to be taken into account when targeting this market.

Objective 4 – To disseminate recommendations and suggested strategies to industry

The final, most important objective of the project was to disseminate the results of the study, along with recommendations and strategies, to the industry. This has been achieved through industry and academic presentations and publications. Samples publication and an industry presentation can be found in **Attachment D**. The following represents a scope of the work completed to date for this objective. Additional presentations and publications are likely to be delivered and published in the future.

Presentation Publication	Title	Conference/ Journal (Location) Date	Audience
Industry Presentation	"Raising a Glass to Hispanic Wine Consumers"	Wine Industry Financial Symposium (Napa, California) September 22, 2014	One of the largest U.S. wine industry conferences. Attendees include grape growers, wine makers, cellar door operators, wine marketing & management professionals, as well as financial institutions – mainly California, but other wine producing states (NY, Washington, Oregon) are also represented.
Industry Presentation	"Toasting Tomorrow: Who is the Hispanic Wine Consumer?"	Texas Wine and Grape Growers Association Annual Conference (San Marcos, Texas) February 21, 2015	The largest Texas wine industry association which includes Texas grape growers and wine makers, as well as other Texas wine industry professionals.

Professional/ Academic Presentation	"Emerging Consumer Segments: The Case of U.S. Hispanic Consumers"	Sustainability of Well-Being International Forum (Florence, Italy) June 5, 2015	Both professional and academic audiences. The value of the presentation was in providing larger visibility of the project to an international *agricultural* audience.
Academic Presentation and Publication	"Characteristics, Preferences, and Purchase Drivers of Hispanic Wine Consumers in The U.S."	Academy of Wine Business Research (Adelaide, Australia) February 18, 2016	The most reputable and recognized conference in the wine business world. The conference gathers academic wine researchers and industry professionals from major wine world regions.
Academic Publication	"Sustainability of the Wine Market through Emerging Consumer Segments: The Case of U.S. Hispanic Consumers"	Agriculture and Agricultural Science Proceedings May 15, 2016	The readership of the journal are international agricultural professionals and academics.

LIMITATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

This project had several limitations that may have impacted the results of the study, but at the same time, helped with the direction for future research on the topic.

Limitation	Recommendation for Future Research
Perhaps the most significant limitation of the study was geographical. Although the site chosen for the project was appropriate (a region with a significant Hispanic population and a rapidly growing local wine industry), the sample was still limited to just one state - Texas. While cautious efforts have been made to disperse the data collection throughout the state and in locations with higher percentage of the Hispanic population, the vast majority of Hispanic consumers in the current sample were of full or partial Mexican descent.	The Hispanic wine market is diverse and should be identified as such. A nationwide survey is highly recommended as a follow-up for the current study. Adding other U.S. states with high concentrations of Hispanic or Latino wine consumers would add value to the examination of this emerging market. Of particular interest would be the states with large populations of Hispanics or Latinos who are descendants of the Spanish-speaking countries other than Mexico (e.g., Puerto Rico, Cuba). Florida and California would be the two most appropriate states to replicate and extend the current study. A nationwide survey would also be valuable to determine regional differences and similarities.

The current study captured data from the respondents who identified themselves as Hispanic wine drinkers. A large percentage of the Hispanic population still favors other alcoholic beverages, such as beer and tequila. However, these consumers were excluded from the sample because the current study was an initial exploratory assessment of the Hispanic wine consumer, thus focused exclusively on Hispanic consumers who drink wine fairly regularly.	Future research should expand the scope of this exploratory study and include consumers who prefer other beverages. Opinions of non-users (non-drinkers in this case) can provide important marketing insights. The comparison between wine drinkers and non-wine drinkers can provide a new approach to analyze the Hispanic consumer market. In-depth interviews or other types of qualitative research could provide richer data on this topic.
The next limitation was a limited scope of the study. The current study was planned as an exploratory assessment of the Hispanic wine market, with a specific emphasis on the examination of consumer behavior.	To help further develop marketing strategies tailored to Hispanic wine consumers, it would be beneficial to conduct additional quantitative research on consumer types. A larger scale, online survey aiming at surveying several thousands of Hispanic and Latino consumers throughout the country is highly recommended.
Due to space and time constraints, only socio-demographics, wine consumption and preferences data were collected. While these data were original and provided new important information about Hispanic wine consumers, the results revealed many additional questions.	The U.S. Hispanic wine market requires a concentrated research effort aimed at further identifying types of consumers, as well as factors that influence their preferences and purchasing decisions. The following is a few suggested topics for future research: *Segmentation research* would help marketers to target Hispanic consumers most effectively. A study on *wine packaging* and *label perceptions* would be beneficial. Previous literature shows that packaging and labels assume undeniable influence in forming wine consumer purchasing decisions. However, there is no research as of yet to examine which types of labels Hispanic wine consumers prefer. *Acculturation research* exploring differing generational and acculturation levels, language preferences, and generational differences would help define the sub-groups within this market.

PROJECT BENEFICIARIES

Specific marketing strategies to effectively target the U.S. Hispanic wine market have been developed and recommended to the industry. Project beneficiaries include:

- Wine makers
- Grape growers
- Wine marketing managers
- Tasting room managers
- Event managers
- Financial institutions involved in the wine business
- Retailers and wholesalers
- Restaurateurs
- Prospective investors
- Academic researchers
- Other industry professionals

ADDITIONAL INFORMATION

The following attachments are included at the end of this report:

Attachment A. An example of incentive gift card

Attachment B. Data collection sites selection based on zip codes

Attachment C. Consumer survey (in English and Spanish)

Attachment D. Samples publication and presentation to industry

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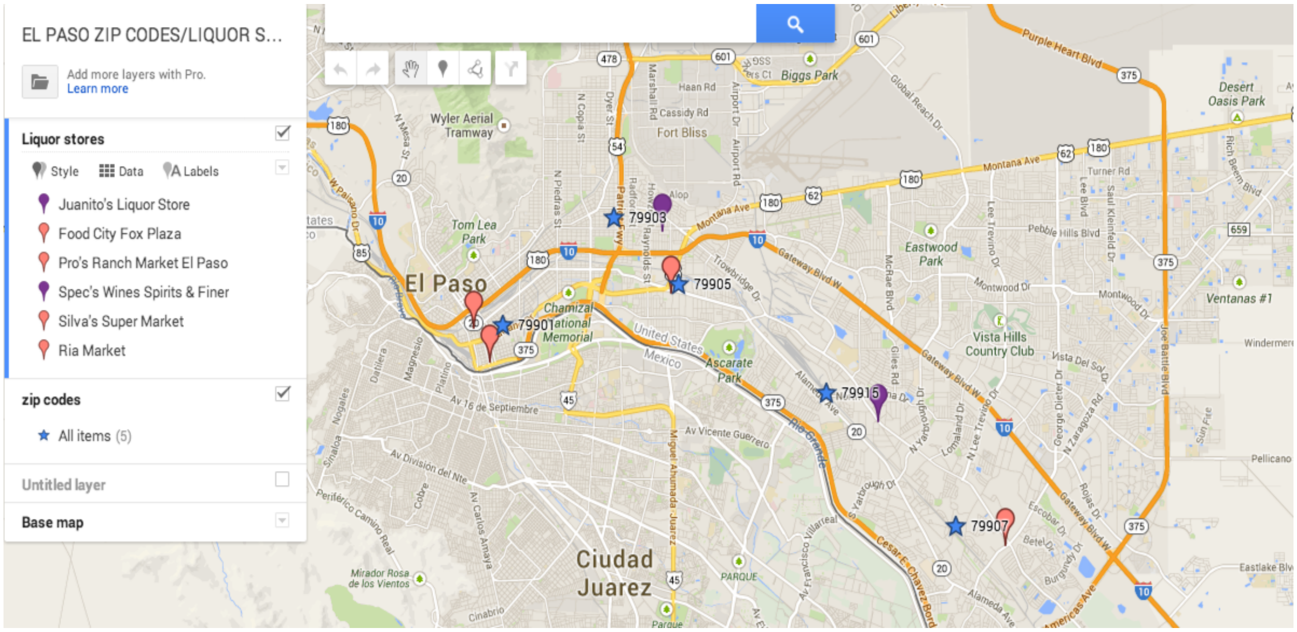
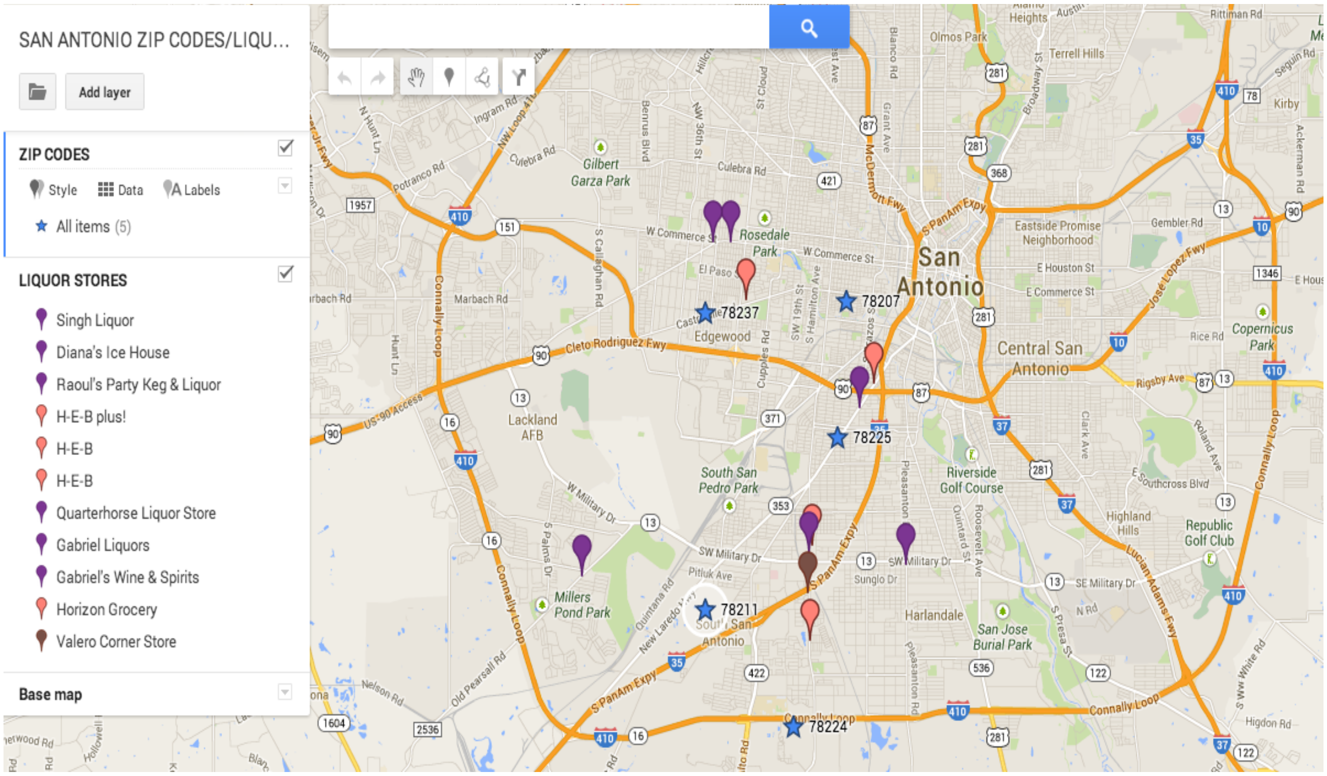
Attachment A
An Example of Incentive Gift Card

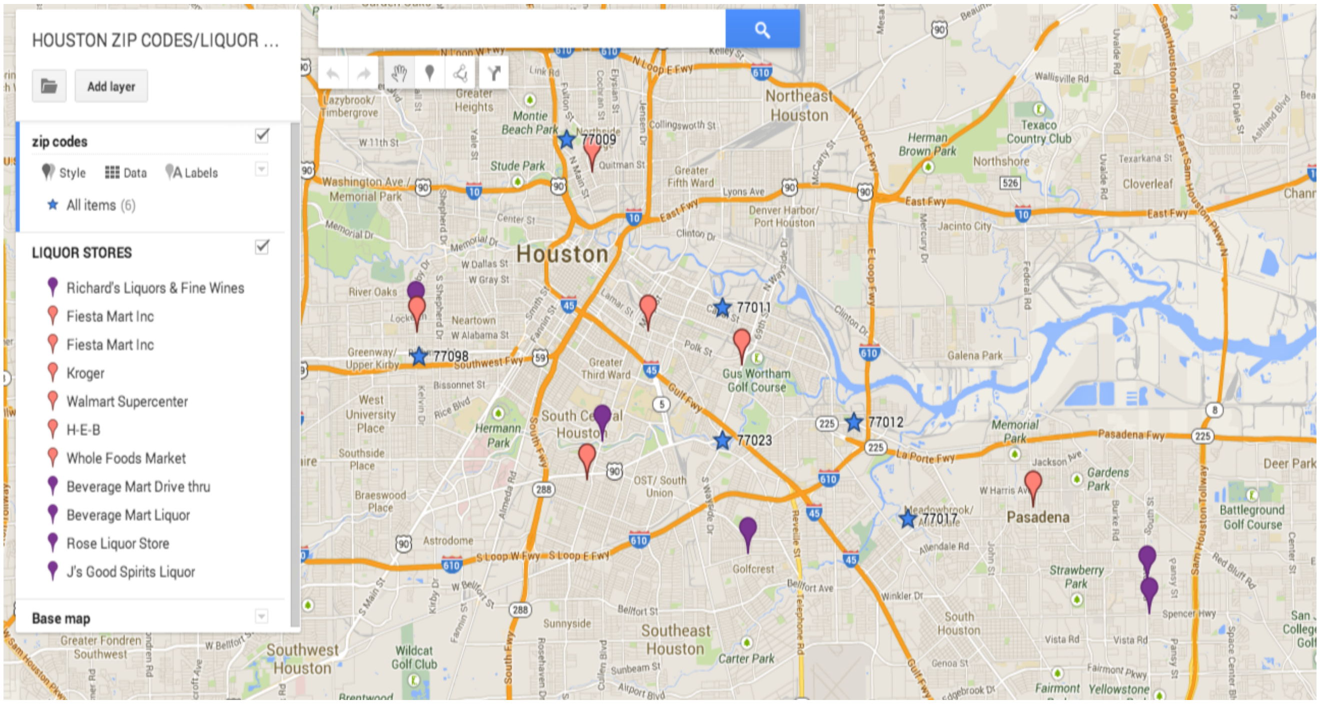
Attachment B
Data collection sites selection based on zip codes



ZIP CODES	% HISPANIC	NATIONAL RANK
79905	96.15	148
79901	95.5	156
79907	94.48	170
79915	93.73	179



ZIP CODES	% HISPANIC	NATIONAL RANK
78211	95.61	154
78225	94.6	167
78237	94.48	172
78207	92.75	192
78224	91.99	203



ZIP CODES	% HISPANIC	NATIONAL RANK
77011	94.59	168
77012	91.73	205
77023	86.04	292
77017	74.32	439
77009	72.74	468

Attachment C
Hispanic Wine Consumer Survey

Date________/_________	Time ______:______	Store #_______	Survey#_________
INTERVIEWER ___________________________________			

[PLEASE READ SCRIPT AND QUESTIONS AS INDICATED]

"Hello ma'am, sir, I am [FIRST NAME] and I am with the Texas Wine Marketing Research Institute – we are conducting a survey to obtain information on consumers' preferences related to wine consumption…"

*[**Ask screening questions and follow instructions]***

SCREENING QUESTIONS

S1. Do you drink wine?
________ If Yes → **Continue**
________ No→**THANK AND TERMINATE**

S1.1 How often do you consume WINE?

- ❑ Daily
- ❑ Several times a week
- ❑ Once a week
- ❑ About once a month
- ❑ Very rarely → **THANK AND TERMINATE**
- ❑ Never→ **THANK AND TERMINATE**

[If respondents indicate *"never" or "very rarely"* → thank and terminate, ALL OTHER ANSWERS, CONTINUE]

S2: Do you identify yourself as being of Hispanic or Latino origin?
________ No →**THANK AND TERMINATE**
________ Yes → ***[Read the invitation statement]***

GREAT! Your answers qualify you to participate in our survey. We are asking for 5 minutes of your time. The survey is not designed to sell you anything or solicit money from you in any way. You will not be contacted on a later date for any sales or solicitation. Participation is voluntary. The survey will not request any personal information from you. All responses are anonymous and will be used only for statistical analysis. You would be compensated with a gift card to this retail establishment valued at $10.

If you have any questions or if you would like to know the results of the study, please contact Dr. Natalia Velikova at (806) 742-3077 or email us at texaswine@ttu.edu

1. **Which *alcoholic beverage* do you consume *most often*?**
   - ❑ Beer ❑ Wine ❑ Spirits

2. **How *often* do you consume *WINE*?**
   - ❑ Daily
   - ❑ Several times a week
   - ❑ Once a week
   - ❑ About once a month
   - ❑ Very rarely → **THANK AND TERMINATE**
   - ❑ Never→ **THANK AND TERMINATE**

3. **What type of wine is your *favorite*?**
   - ❑ Red ❑ White ❑ Rose/Blush ❑ No preference ❑ Other ___________

4. **Do you prefer wine that is *dry or sweet*?** ❑ Sweet ❑ Dry ❑ Equal preference

5. **How much do you usually *pay for a bottle of wine* to consume *at home*? $_________**

6. **Approximately how many *bottles of wine* do you consume *per month*? _______bottle(s)**

7. **In which *situations* would you most likely *drink wine*?**
   - ❑ At home with a casual meal
   - ❑ At a friend's/relative house with meals
   - ❑ In restaurants when dining out
   - ❑ In a bar without a meal
   - ❑ At a romantic dinner
   - ❑ For a special celebration
   - ❑ At an outdoor event (festival, BBQ)
   - ❑ Other (please specify) ________

8. ***Where* do you *most often* purchase your wine?**
   - ❑ Supermarkets
   - ❑ Liquor stores
   - ❑ Warehouse stores (Costco, Sam's)
   - ❑ Restaurants / Bars
   - ❑ Wineries
   - ❑ Online / Mail order

9. **Wine from which *country* do you *prefer most*?**
   - ❑ U.S. ❑ France ❑ South Africa ❑ Australia
   - ❑ Spain ❑ Italy ❑ New Zealand ❑ Chile
   - ❑ Argentina ❑ Canada ❑ Germany ❑ Other ____________

10. **Wine from which *U.S. region* do you prefer?**
    - ❑ California ❑ New York ❑ Texas ❑ No preference in region
    - ❑ Washington ❑ Oregon ❑ Other _________

11. **RANK THE THREE most important factors for you to *choose your wine in a store*?**
[1 = MOST IMPORTANT]
    - ____ Price
    - ____ Variety
    - ____ Wine region
    - ____ Label design
    - ____ Brand
    - ____ Retail Display
    - ____ Friend's recommendation
    - ____ Family member's recommendation
    - ____ Salespeople's recommendation
    - ____ Personal preference
    - ____ Media advertising
    - ____ Other (please specify) ____________________

12. **How would you describe your *wine knowledge*?**
    - ❑ **Advanced** (international knowledge of wines; completed wine courses)
    - ❑ **Intermediate** (know different wine styles and can identify them)
    - ❑ **Basic** (know the names of wine styles but can't identify differences between them)
    - ❑ **No knowledge** of wine at all

13. **How likely are you to buy wine *with a label in Spanish*?**
    - ❑ Very Unlikely ❑ Unlikely ❑ Somewhat Likely ❑ Likely ❑ Very Likely

14. **Are you:** ❑ Male ❑ Female

15. What *year* were you born? 19_________

16. What is your current *marital status*?

❑ Single ❑ Married ❑ Divorced ❑ Other

17. What is *the highest education level* that you have completed?

❑ High School not completed
❑ High School Diploma
❑ Vocational / Technical School
❑ College incomplete
❑ College Diploma (undergraduate)
❑ Graduate degree

18. What is your *employment status*? *[full-time = 30 + hours a week]*

❑ Employed Full-time
❑ Employed Part-time
❑ Currently unemployed
❑ Retired

19. Which of the following categories comes closest to *total annual household income*?

❑ Under $20,000
❑ $20,001 – $40,000
❑ $40,001 – $60,000
❑ $60,001 – $80,000
❑ $80,001 – $100,000
❑ Over $100,000

20. Indicate *place of birth* for:	**USA**	**Mexico**	**Latin America**	**Other**
You				
Your mother				
Your father				
One or both of your grandparents on your mothers' side				
One or both of your grandparents on your fathers' side				

21. For the following situations, indicate which language you use:

In *which language* do you...?	**Only Spanish**	**Only English**	**Mostly Spanish**	**Mostly English**	**Both equally**	**Don't use/watch/ listen/etc.**
Speak at home						
Speak at work						
Speak with friends						
Read						
Write						
Watch television						
Listen to the radio						
Use the internet for search						
Use mobile phone or mobile devices						
Use social media (Facebook, Twitter, etc)						

22. For *how long* have you *lived in the United States*? ________ year(s)

23. In which language do you prefer *advertising*?

❑ Spanish ❑ English ❑ No preference

24. How often do you…

24.1 ***Eat Hispanic or Latin food***

❑ Never ❑ Very rarely ❑ Sometimes ❑ Most of the time ❑ All the time

24.2 ***Celebrate Hispanic or Latin tradition/holidays***

❑ Never ❑ Very rarely ❑ Sometimes ❑ Most of the time ❑ All the time

THANK YOU FOR YOUR COOPERATION!

Date________/_________ Time ______:______ Store #_______ Survey#_________
INTERVIEWER __________________________________

[POR FAVOR LEER EL GUION Y HACER LAS PREGUNTAS SEGUN SE INDICA]

"Buenos días/tardes señor/señora me llamo *[NOMBRE]* *y trabajo para* el instituto de investigación y mercadeo de vino *Texas Wine Marketing Research Institute – estamos* realizando una encuesta para obtener información sobre las preferencias de los consumidores en relación con el consumo de vino*…"*

[HAGA LAS PREGUNTAS PARA CALIFICAR AL PARTICIPANTE Y SIGA LAS INSTRUCCIONES]

PREGUNTAS PARA CALIFICAR AL PARTICIPANTE

S1. ¿Toma VINO?
________ Si → **Continúe**
________ No → →**AGRADECER Y TERMINAR**

S 1.1 ¿Con qué *frecuencia* consume *VINO*?

- ❑ Diariamente
- ❑ Varias veces por semana
- ❑ Una vez por semana
- ❑ Una vez al mes
- ❑ Raramente →**AGRADECER Y TERMINAR**
- ❑ Nunca→**AGRADECER Y TERMINAR**

[Si la persona responde "raramente" o "nunca" → agradezca y termine la entrevista, TODOS LOS DEMAS PUEDEN CONTINUAR]

S2: ¿Se identifica usted de origen Hispano o Latino?
________ No → **AGRADECER Y TERMINAR**
________ Si → ***[Lea la invitación a la encuesta]***

¡MUY BIEN! Sus respuestas lo califican para participar en nuestra encuesta. Le pedimos sólo 5 minutos de su tiempo. No se intentará venderle ningún producto ni se le pedirá dinero. No será contactado después para venderle nada ni para hacerle ninguna solicitación. Su participación es voluntaria. No se le pedirá ninguna información personal y todas las respuestas son anónimas y se utilizarán únicamente para análisis estadístico. Usted será compensado con una tarjeta de regalo de este negocio con valor de $10 dlls.

Si tiene alguna pregunta o desea saber los resultados de este estudio, por favor contacte a la Dra. Natalia Velikova (806-742-3077) o envíe un correo electrónico a texaswine@ttu.edu.

1. **¿Qué tipo de *bebida alcohólica* consume con *más frecuencia*?**
   - ❑ Cerveza ❑ Vino ❑ Licor

2. **¿Con qué *frecuencia* consume *VINO*?**
   - ❑ Diariamente
   - ❑ Varias veces por semana
   - ❑ Una vez por semana
   - ❑ Una vez al mes
   - ❑ Raramente →**AGRADECER Y TERMINAR**
   - ❑ Nunca→**AGRADECER Y TERMINAR**

3. **¿Qué tipo de vino es su *favorito*?**
   - ❑ Tinto ❑ Blanco ❑ Rosado/Blush ❑ Ninguna Preferencia ❑ Otro _______

4. **¿Prefiere el vino *seco o dulce*?** ❑ Dulce ❑ Seco ❑ Ninguna Preferencia

5. **Por lo general, ¿cuánto paga por una botella de vino para consumir en casa? $_________**

6. **Aproximadamente, ¿cuántas *botellas de vino* consume *por mes*? _____ botella(s)**

7. **¿En cuáles de estas situaciones es más probable que tome vino?**
   - ❑ En casa con la comida o cena
   - ❑ Cenando en casa de mis amigos o parientes
   - ❑ Cuando como en restaurantes
   - ❑ En un bar –sin estar comiendo/cenando
   - ❑ En una cena romántica
   - ❑ Cuando hay una celebración especial
   - ❑ En algún evento al aire libre (parrillada)
   - ❑ Alguna otra situación (especifique)____

8. **¿ *Dónde* compra vino *más seguido*?**
   - ❑ Supermercados
   - ❑ Licorerías
   - ❑ Clubs de precio (Costco, Sam's)
   - ❑ Restaurantes/ Bares
   - ❑ Bodegas
   - ❑ Internet/catálogo

9. **¿De qué región *prefiere* que sea el vino que compra/consume?**
   - ❑ EEUU ❑ Francia ❑ Sudáfrica ❑ Australia
   - ❑ España ❑ Italia ❑ Nueva Zelandia ❑ Chile
   - ❑ Argentina ❑ Canadá ❑ Alemania ❑ Otra ____________

10. **¿De que región estadounidense prefiere que sea el vino que compra/consume?**
    - ❑ California ❑ Nueva York ❑ Tejas ❑ No preferencia en región
    - ❑ Washington ❑ Oregón ❑ Otra región ___________

11. **ENUMERE LOS TRES factores más importantes cuando usted *elije vino en una tienda***
[1= EL MAS IMPORTANTE]
    - ___ Precio
    - ___ Variedad
    - ___ Región de origen del vino
    - ___ Diseño de la etiqueta
    - ___ Marca
    - ___ La presentación en la tienda
    - ___ Recomendación de un amigo
    - ___ Recomendación de un pariente
    - ___ Recomendación de un vendedor en la tienda
    - ___ Mi gusto/preferencia personal
    - ___ La publicidad en los medios, anuncios
    - ___ Otro factor (por favor especifique) ______________

12. **¿Cómo describiría su *conocimiento acerca del vino*?**
    - ❑ **Avanzado** (tengo conocimiento sobre vinos internacionales; he participado en un curso de vinos)
    - ❑ **Intermediario** (tengo conocimiento de diferentes tipos de vino y habilidad para identificarlos)
    - ❑ **Básico** (tengo conocimiento de nombres y tipos de vinos pero no puedo identificar diferencias entre clases)
    - ❑ **Ningún conocimiento** de vino

13. **¿Que tan probable es que usted comprara vino con *etiqueta en español*?**
    - ❑ Improbable ❑ Poco probable ❑ Algo probable ❑ Probablemente ❑ Muy probablemente

14. **Género:** ❑ Masculino ❑ Femenino

15. ¿Año de nacimiento? 19_________

16. ¿Cuál es su *estado civil* actual?

❑ Soltero/a ❑ Casado/a ❑ Divorciado/a ❑ Otro

17. ¿Cuál es el nivel más alto de *educación* que ha completado?

❑ Escuela Secundaria sin completar ❑ Universidad sin completar
❑ Diploma de Escuela Secundaria ❑ Diploma Universitario (Licenciatura)
❑ Escuela Vocacional / Técnica ❑ Pos-grado

18. *Estatus de empleo* [empleado de tiempo completo = 30 o más horas por la semana]

❑ Empleado de tiempo completo ❑ Desempleado ❑ Empleado a tiempo parcial ❑ Retirado

19. ¿Cuál de las siguientes categorías se acerca más al *ingreso anual de su hogar*?

❑ Menos de $20,000 ❑ $40,001 – $60,000 ❑ $80,001 – $100,000
❑ $20,001 – $40,000 ❑ $60,001 – $80,000 ❑ Más de $100,000

20. Indique el *lugar de nacimiento* de:	**EEUU**	**México**	**América Latina**	**Otro**
Participante				
Su madre				
Su padre				
Uno o ambos de sus abuelos por parte de su madre				
Uno o ambos de sus abuelos por parte de su padre				

21. Indique el idioma que usted utiliza en las siguientes situaciones…

¿En *cual idioma…*?	**Solamente Español**	**Solamente Inglés**	**Más Español**	**Más Inglés**	**Ambos igualmente**	**No uso/veo/ escucho/etc.**
Habla en su casa						
Habla en el trabajo						
Habla con sus amigos						
Lee						
Escribe						
Ve la televisión						
Escucha el radio						
Uso de Internet para búsqueda de información						
Uso de teléfono móvil o algún otro aparato móvil						
Uso de redes sociales (Facebook, Twitter, etcétera)						

22. ¿Por *cuánto tiempo* ha *vivido en los Estados Unidos*?________ año(s)

23. *¿En qué idioma prefiere ver/leer/escuchar anuncios o publicidad?*

❑ Español ❑ Inglés ❑ Ninguna preferencia

24. ¿Qué tan seguido…

24.1 ***Come usted comida Hispana o Latinoamericana*?**

❑ Nunca ❑ Muy raramente ❑ A veces ❑ La mayoría de las veces ❑ Siempre

24.2 ***Celebra usted las tradiciones/días festivos de la cultura Hispanas o Latinoamericana?***

❑ Nunca ❑ Muy raramente ❑ A veces ❑ La mayoría de las veces ❑ Siempre

¡MUCHAS GRACIAS POR SU COOPERACIÓN!

Attachment D
Sample Publication and Presentation to Industry

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

Natalia Velikova
Texas Tech University, Texas Wine Marketing Research Institute, USA
natalia.velikova@ttu.edu

Tim Dodd
Texas Tech University, Texas Wine Marketing Research Institute, USA
tim.dodd@ttu.edu

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.

Key words: 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). Increased collective spending power of $1.2 trillion (Seling Center for Economic Growth, 2012) 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). 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, Dodd, and Duhan, 2008). 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) 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) 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). 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; Padilla, 1985). 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 and Deshpande, 1989; Zmud and Arce, 1992).

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) 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 and Cestre, 2007). 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) 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).

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:

RQ_1: How do Hispanic consumers develop their interest in wine?

RQ_2: What are the preferences and wine consumer behaviour of Hispanic consumers?

RQ_3: 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 (RQ_1). 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 and Fountain, 2011). 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) 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

RQ_2 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	60.6
Dry	28.5
Equal preference	10.9

7.2.3. Wine Purchase Drivers
RQ_3 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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Raising a Glass to Hispanic Wine Consumers

Natalia Velikova, PhD

The 23rd Annual Wine Industry Financial Symposium

Napa, California

September 22-23, 2014

Funding Agency

United States Department of Agriculture

Federal-State Marketing Improvement Program

USDA

Federal-State Marketing Improvement Program

FSMIP provides matching funds to State Departments of Agriculture, State agricultural experiment stations, and other appropriate State agencies

- to assist in exploring new market opportunities for U.S. food and agricultural products
- to encourage research and innovation aimed at improving the efficiency and performance of the marketing system

Grant Recipient

Texas Tech University
Texas Wine Marketing Research Institute

- Principal Investigator (PI): Dr. Natalia Velikova
- Co-Principal Investigator (Co-PI): Dr. Tim H. Dodd

Purpose of the Project

- to identify prime factors that determine wine preferences, consumption, & purchase drivers of the Hispanic market
- to develop marketing strategies tailored to this market
- disseminate information to the U.S. wine industry

Background and Justification

- 50-million dollar opportunity
- Largest, fastest growing ethnic group in the U.S. (U.S. Census Bureau, 2010)
- Immense buying power

Nevertheless…

- Traditionally some products and services are considered unappealing to certain cultures and ethnicities
- Industries are often slow to recognize recent shifts in consumer demographics and consumption patterns
- As a result, missed opportunities to deliver products / services to ethnic groups that would enjoy consuming them

Background and Justification

- It is often assumed in the industry that a "typical" wine consumer is white, middle-aged, well-educated with a higher income (Campbell, 2009)

- In reality, the modern wine market is rapidly changing with the growing importance of other ethnic populations
- Potential to expand its traditional consumer base
- Recent trends suggest that more attention should be paid to Hispanics' wine consumption

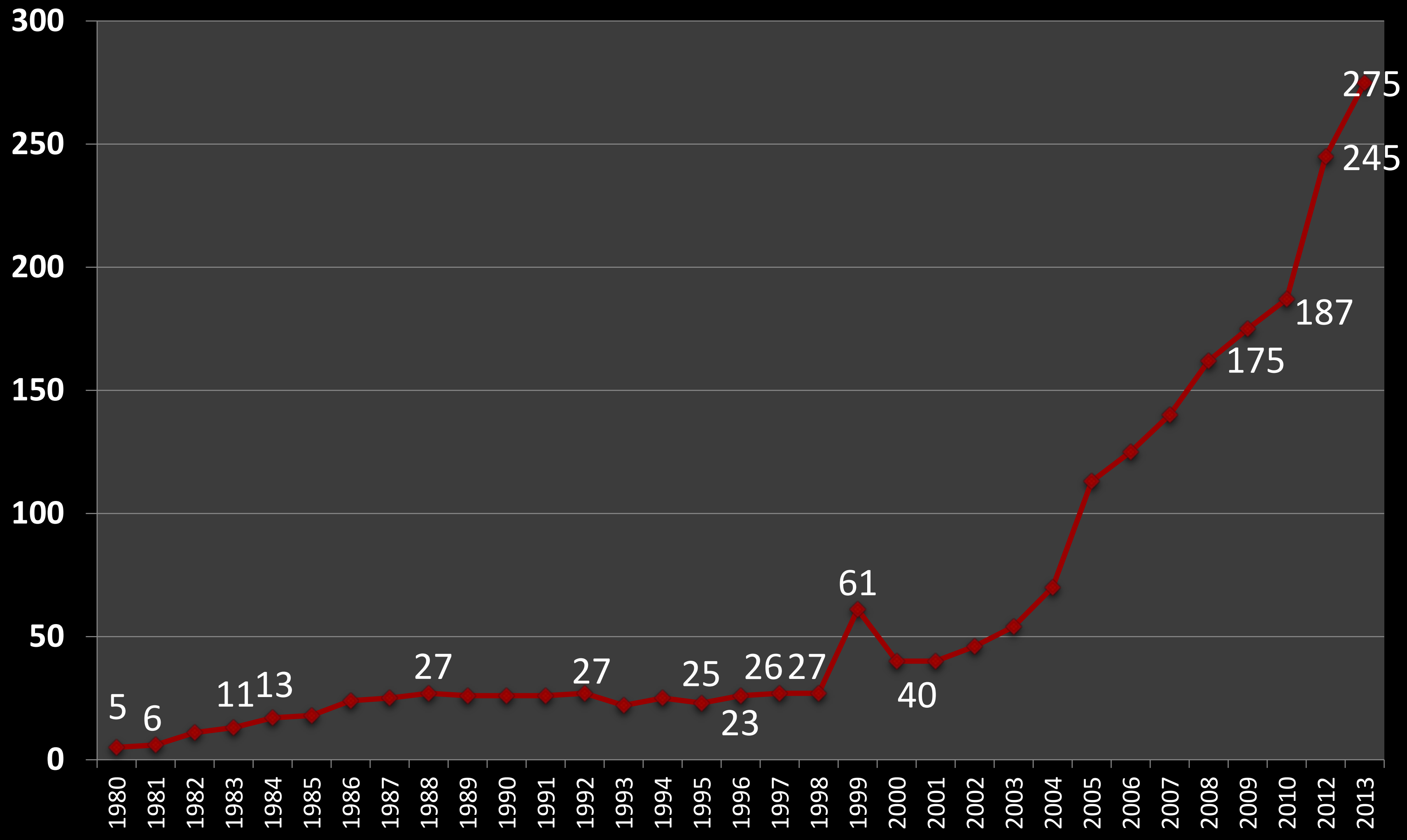
Background and Justification

- Documented research on wine consumption preferences of U.S. Hispanics is scarce
- The current study examines this market segment's:
  - wine preferences
  - wine consumption behavior
  - wine purchasing behavior
  - wine purchase drivers

Study Site

- **Texas** - a state with a large and rapidly growing Hispanic population
- Although not a traditional wine making region, the Texas wine industry has come a long way since its emergence in the late 1970s
- Dynamic development of the wine industry

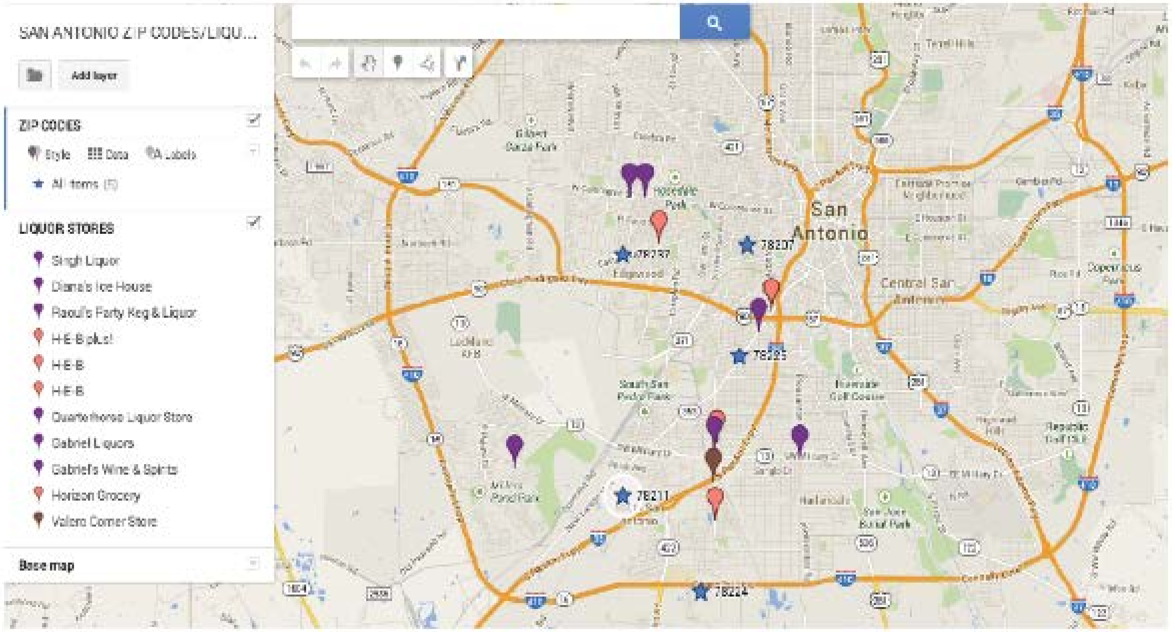
Number of Texas Wineries, 1980-2013



Texas Wine Marketing Research Institute

TEXAS TECH UNIVERSITY

Choice of Data Collection Sites



ZIP CODES	% HISPANIC	NATIONAL RANK
78211	95.61	154
78225	94.6	167
78237	94.48	172
78207	92.75	192
78224	91.99	203

Data Collection Procedures

- Structured survey
- In-person store intercept at supermarkets and liquor stores
- Systematic sampling method applied
- Trained bilingual data collectors
- Identical surveys in English and Spanish; participants could choose preferred language
- $10 store gift cards used as incentives for participation

Screening Questions

- Do you drink wine?

Yes → Continue

No → Thank & Terminate

- How often do you drink wine?

  - Daily
  - Once a week
  - Several times a week
  - About once a month

  → Continue

  - Very rarely
  - Never

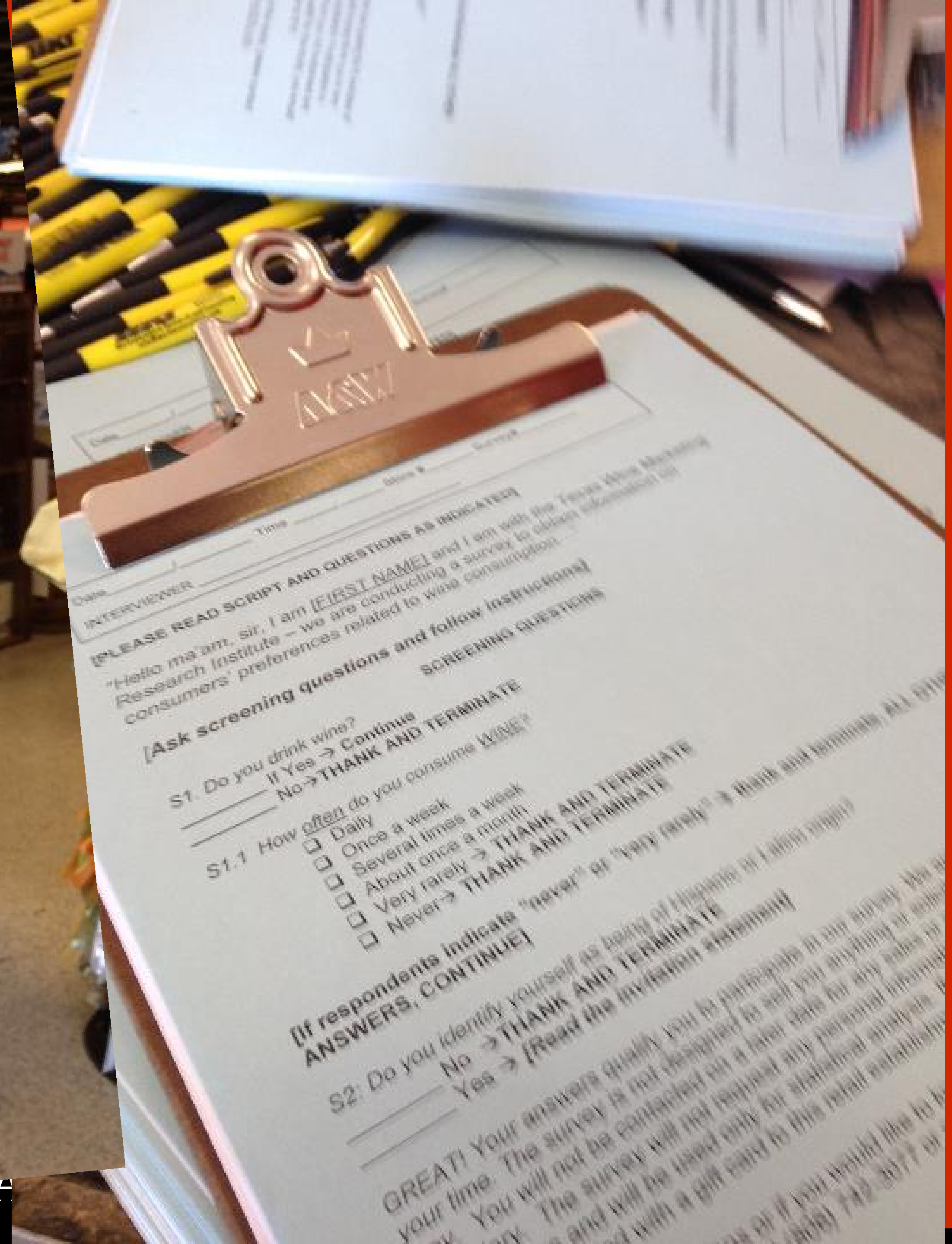
  → Thank & Terminate

- Do you identify yourself as being of Hispanic or Latino origin?

Yes → Continue

No → Thank & Terminate


SPURS
HONEY
Captain Morgan

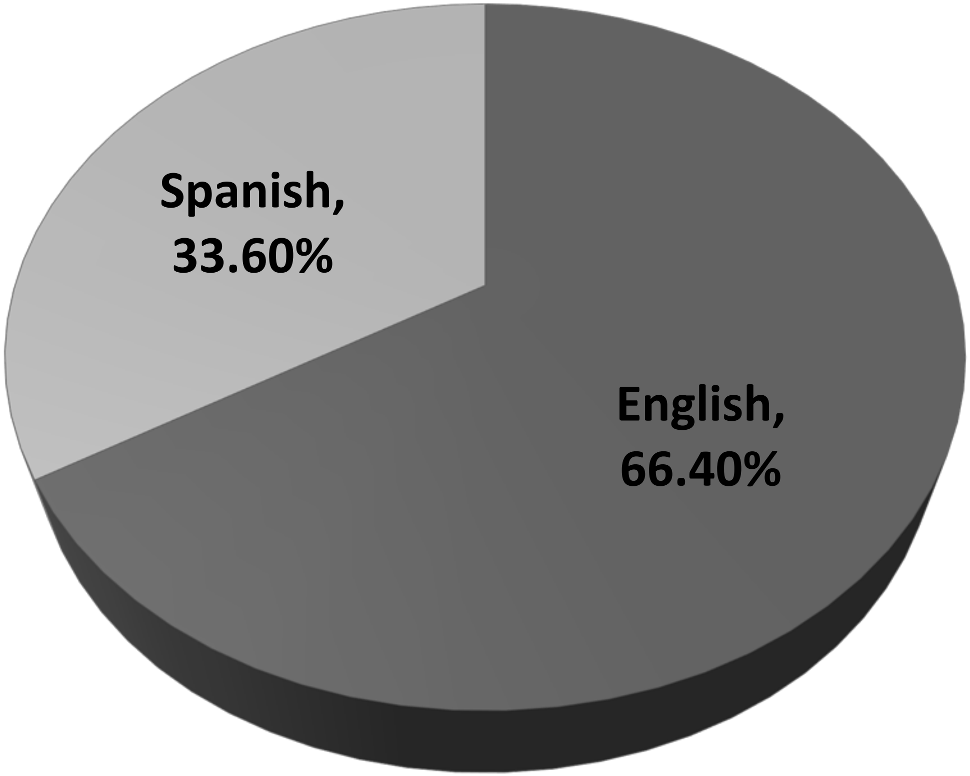

Date
INTERVIEWER
Time
[PLEASE READ SCRIPT AND QUESTIONS AS INDICATED]
"Hello ma'am, sir, I am [FIRST NAME] and I am with the Texas Wine Marketing Research Institute – we are conducting a survey to obtain information on consumers' preferences related to wine consumption.
[Ask screening questions and follow instructions]
SCREENING QUESTIONS
S1. Do you drink wine?
If Yes → Continue
No→THANK AND TERMINATE
S1.1 How often do you consume WINE?
Daily
Once a week
Several times a week
About once a month
Very rarely → THANK AND TERMINATE
Never→ THANK AND TERMINATE
[If respondents indicate "never" or "very rarely" → thank and terminate. ALL OTHER ANSWERS, CONTINUE]
S2: Do you identify yourself as being of Hispanic or Latino origin?
No →THANK AND TERMINATE
Yes → [Read the invitation statement]
GREAT! Your answers qualify you to participate in our survey.

TEXA


THE GIFT OF GOOD TASTE
Spec's
GIFT CARD
Gift Cards must be used for Purchases
and will not be Refunded
Value Card Activation: APPROVED
Value Card: SPECS GIFT CARD $C 10.00
Card Number: ***************2813
REF #: 001000
AUTH #: 001000
05/10/14 04:00pm 100 5 23 9047
SPEC'S
A GIFT OF
GOOD TASTE
19.
20.

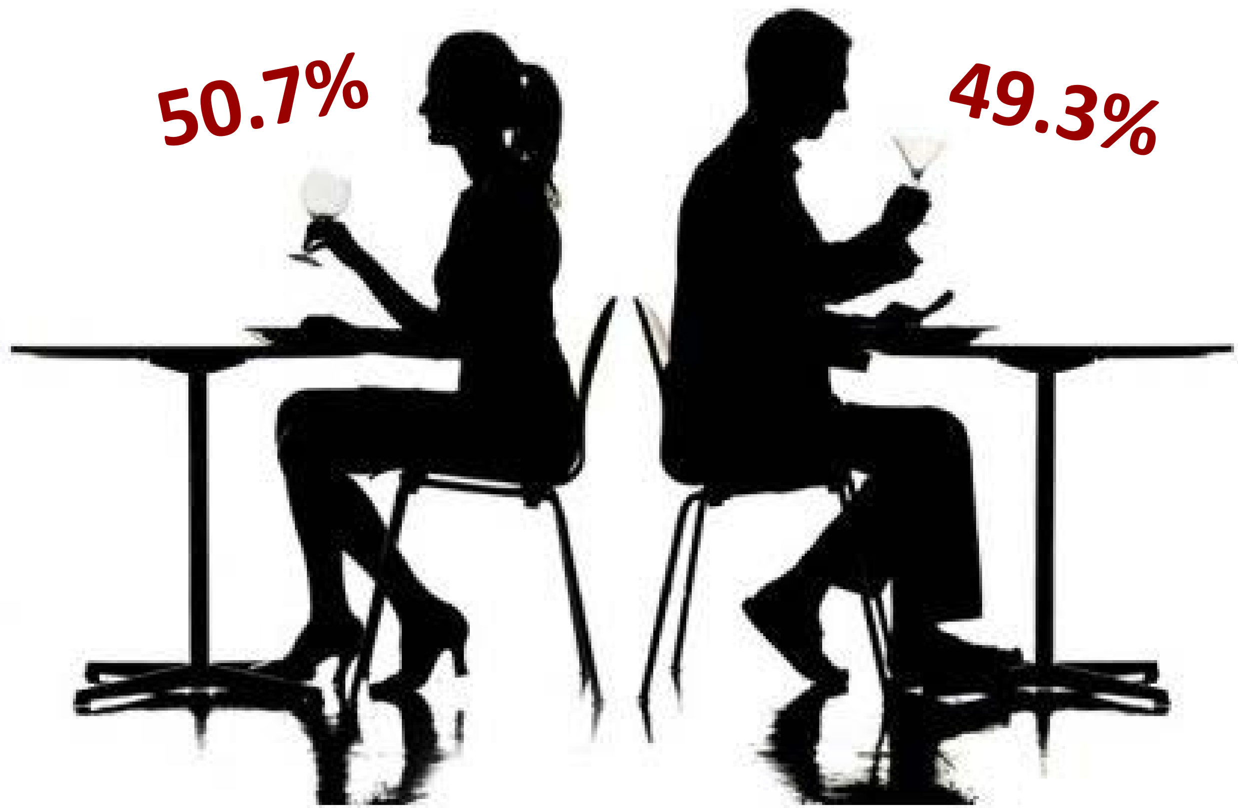
tute

Language of Survey



Market	Number of Completed Surveys	Percent
El Paso	160	38.6%
Houston	131	31.6%
San Antonio	123	29.7%
Total	**414**	**100%**

Gender



Age

Age Group	Percent
21-30	33.3%
31-40	26.6%
41-50	20.3%
51-60	11.6%
61+	8.2%
Total	**100%**

59.9%

Mean age: 39 years old
Youngest participant: 21 years old
Oldest participant: 84 years old

Highest level of education completed

Education Level	Percent
High School not completed	3.1%
High School diploma	25.9%
Vocational / Technical School	5.3%
College not completed	25.4%
College diploma (undergraduate)	29.8%
Graduate degree	10.4%
Total	**100.0%**

Total annual household income

Annual Household Income	Percent
Under $20,000	20.4%
$20,001 – $40,000	25.8%
$40,001 – $60,000	22.6%
$60,001 - $80,000	10.9%
$80,001 – $100,000	8.8%
Over $100,000	11.4%
Total	**100.0%**

Which alcoholic beverage do you consume MOST OFTEN?

Beverage	# of Participants	Percent
Beer	131	31.6%
Wine	130	31.4%
Spirits	86	20.8%
Combination of several	67	16.2%
Total	414	100%

Self-assessed wine knowledge levels

Advanced	international knowledge of wines; completed wine courses
Intermediate	know different wine styles and can identify them
Basic	know the names of wine styles but can't identify differences between them

No knowledge of wine at all

How would you describe your wine knowledge?

Wine knowledge levels	Percent
Advanced	4.6%
Intermediate	31.4%
Basic	56.0%
No prior knowledge	8.0%
Total	100.0%

How often do you consume WINE?

Frequency of consumption	Percent
Daily	6.0%
Once a week	32.4%
Several times a week	29.8%
About once a month	31.7%
Total	**100%**

Note: 'Very rarely' and 'Never' - excluded from participation

How much do you usually pay for a bottle of wine to consume at home?

Price segment	Percent
Less than $3.00	.2%
$3.00 - $6.99	2.7%
$7.00 – $9.99	9.4%
$10.00 - $14.99	36.8%
$15.00 - $24.99	34.4%
$25.00 - $49.99	13.8%
$50.00 and greater	2.7%

83.5%

49.2%

What type of wine is your favorite?

Types of wine	# of Participants	Percent
Red	217	52.7%
White	113	27.4%
Rosé/Blush	48	11.7%
No preference	29	7.0%
Other	5	1.2%
Total		100.0%

Do you prefer wine that is dry or sweet?

Preference	# of Participants	Percent
Sweet	251	60.6%
Dry	118	28.5%
Equal Preference	45	10.9%
Total	**414**	**100%**

Split for consumers who prefer RED wine

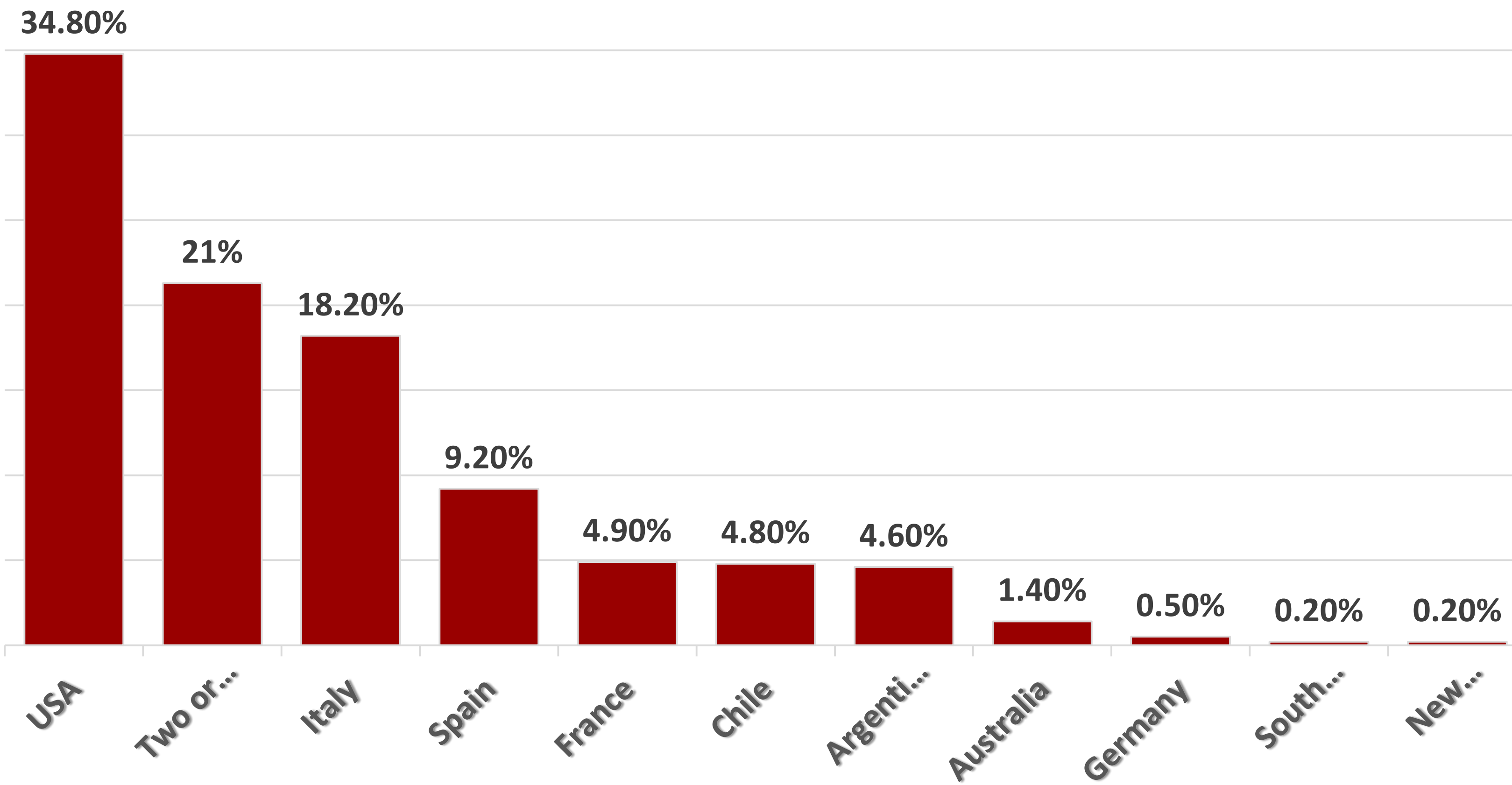
Preference	# of Participants	Percent
Sweet	105	48.4%
Dry	88	40.6%
Equal Preference	24	11.1%
Total	**217**	**100%**

Situations you would most like DRINK WINE

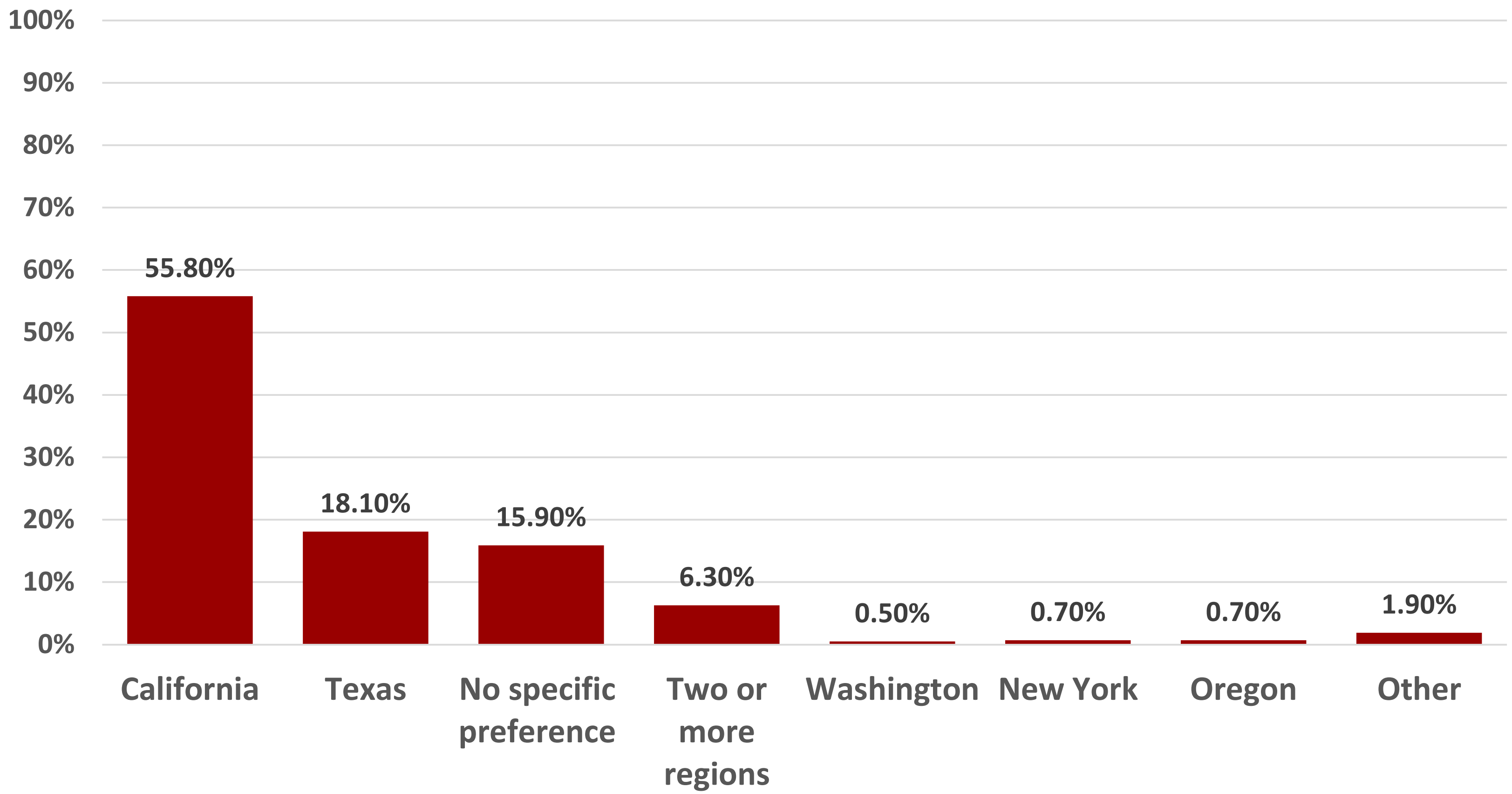
	Percent
At home with a casual meal	52.7%
At friend's/relative house with meals	30.2%
In restaurants when dinning out	15.7%
In a bar without a meal	3.6%
At a romantic dinner	8.9%
For a special celebration	11.8%
At an outdoor event (festival, BBQ)	4.6%
Other	2.2%

Note: Participates could choose more than one choice

Wine from which country do you prefer most?



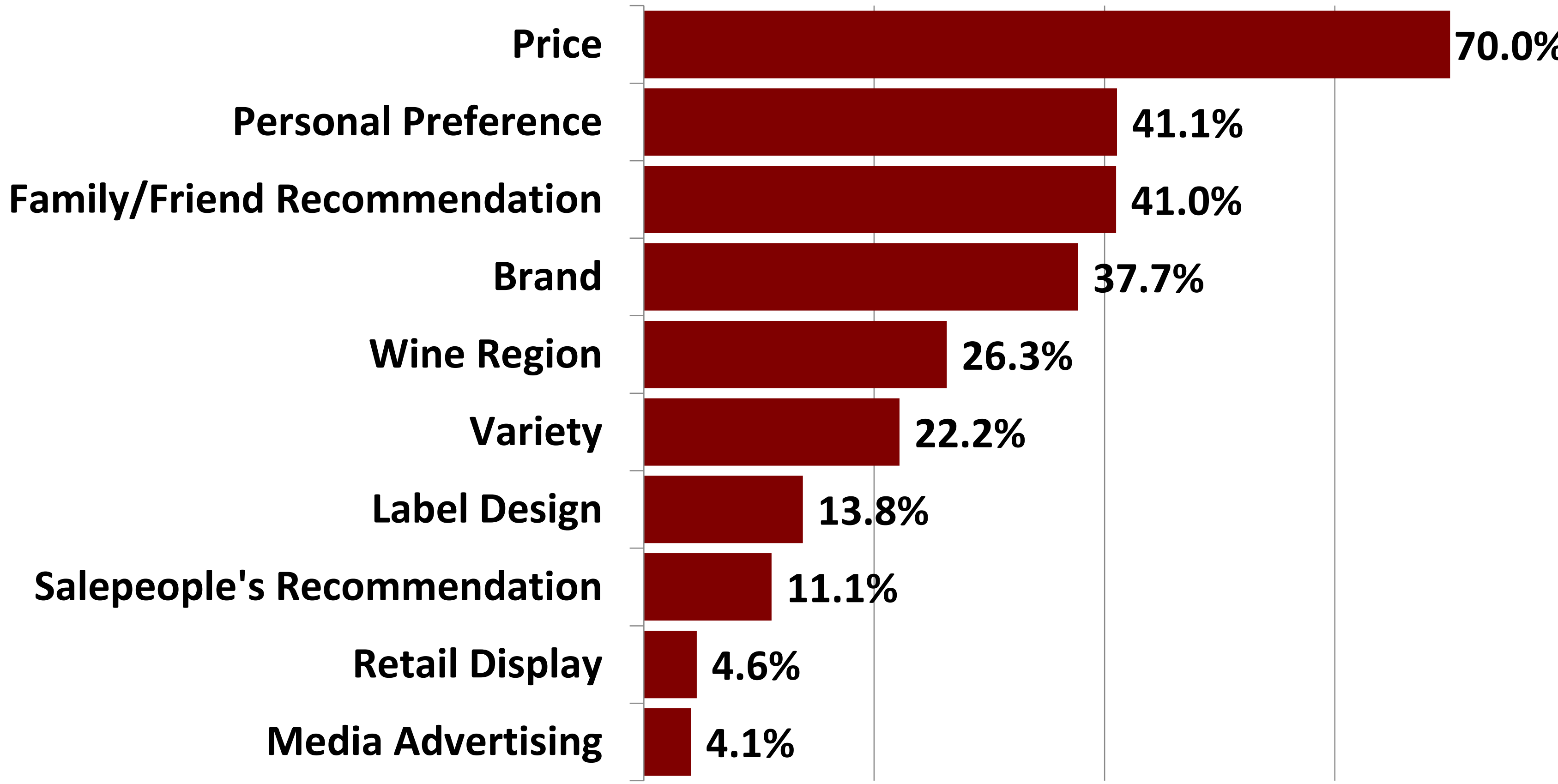
Wine from which U.S. region do you prefer?



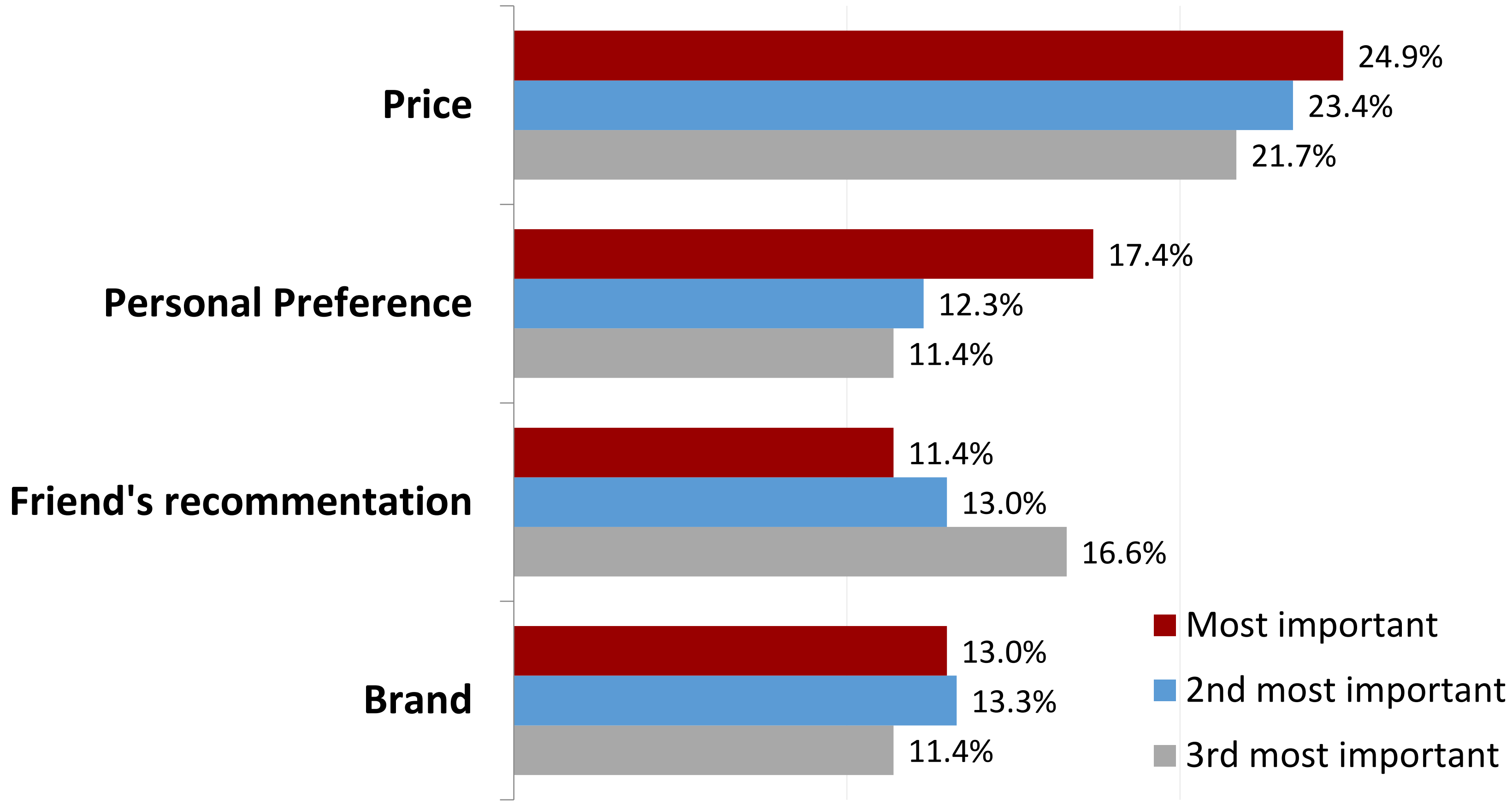
How likely are you to buy wine with a label in Spanish?

Very Unlikely	Unlikely	Somewhat Likely	Likely	Very Likely
5.8%	13.6%	29.9%	30.2%	20.4%

Factors chosen among top three most important

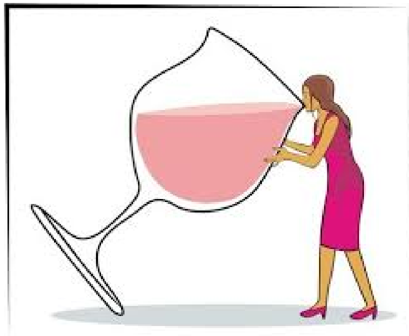


Break-down for top factors



Marital Status

Single



44.9%

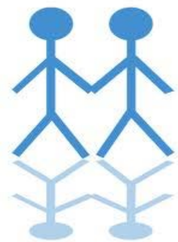
Married

44.9%

Divorced

7.7%

Other



2.4%

Which alcoholic beverage do you consume most often?

	Single	Married	Divorced	Other
Beer	56.5%	35.9%	5.3%	2.3%
Wine	33.1%	65.4%	1.5%	0.1%
Spirits	48.8%	20.9%	24.4%	5.8%
Combination of several	40.3%	53.7%	3.0%	3.0%
Total	**44.9%**	**44.9%**	**7.7%**	**2.4%**

Side-by-Side Comparison

Males

	Single	Married	Divorced	Other
Beer	55.8%	37.7%	2.6%	3.9%
Wine	33.3%	66.7%	0.0%	0.0%
Spirits	38.6%	20.5%	36.4%	4.5%
Combo	43.9%	51.2%	2.4%	2.4%
Total	**45.1%**	**42.6%**	**9.3%**	**2.9%**

Females

	Single	Married	Divorced	Other
Beer	57.4%	33.3%	9.3%	0.0%
Wine	33.0%	64.8%	2.3%	0.0%
Spirits	59.5%	21.4%	11.9%	7.1%
Combo	43.9%	57.7%	3.8%	3.8%
Total	**44.8%**	**47.1%**	**6.2%**	**1.9%**

Limitations

- Snapshot data
- Generational split skewed
- Geographical limitations
- Larger sample size may be needed
- Marital status differences to be further explored

Summary

- Beer and wine are equal preferences
- Little daily wine consumption
- $10-25 price preference but caution to be taken on self-reported price preference
- Price most important decision factor
- Reds preferred type of wine
- Preference for sweet wines
- Domestic (CA) wines mostly
- Situational consumption: at home with casual meal
- The sharing nature of wine consumption to be emphasized

Contact Details

Natalia Velikova
Associate Director / Associate Professor
Texas Wine Marketing Research Institute
Texas Tech University
1301 Akron Avenue
Lubbock, Texas 79409-1240
Tel. 806.834.3589

Email: natalia.velikova@ttu.edu

http://www.depts.ttu.edu/hs/texaswine/