

GENERATION X AND Y EXPECTATIONS ABOUT WINE TOURISM EXPERIENCES: DOURO (PORTUGAL) VERSUS NAPA VALLEY (USA)

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ABSTRACT

The wine industry has become increasingly competitive with a known surplus of wine on the global market. Many studies have concentrated their efforts on meeting the needs of the existing Baby Boomer population, aged between 44 and 65. However, to ensure sustainability, it is crucial that wineries with cellar door services explore the perceptions of the future Generations X (born between 1965 and 1977) and Y (born between 1977 and 1994) due to their segment size and buying power. The purpose of this study is to understand these market segments' perceptions, determine their demographic and psychographic profiles, using *social networking* platforms in order to assess their expectations about cellar tour experience. A theoretical framework and a quality indicators' set for the wine experience mix is proposed. This study aims to provide to wine tourism operators some insights about wine perceptions (wine quality and price) and the experience mix: exterior and interior ambiance, service and staff competencies and convenience attributes.

KEYWORDS

Generation X, Generation Y, Cellar door Experience Mix, Wine consumer behaviour and Wine Tourism.

1. INTRODUCTION

The purpose of this study is to assess consumer expectations regarding a visit to a cellar door. In addition, the study will determine what the differing Generations' (X and Y) perceptions are of the wine industries communicational activities and evaluate their expectations levels of cellar door visits. By understanding the segments' characteristics (demographic and psychographic), their perceptions of informational sources (advertising and other communications medium) and experiential factors (environment, services, staff, wine and activities), stakeholders (distributors, wine retailers etc.) will be able to apply strategies that will:

- a) Improve their marketing / sales efforts more efficiently and effectively;

- b) Improve customer relationships by defining the best means (online, direct marketing) and platform for communication (i.e. website, social networking etc.);
 - c) Define messages to be communicated allowing for a change in the current mindset on alcohol, shifting it from a spirits and beer consumption pattern to a more educated view on wine.
- The whole experiential tour at the winery is an important sensory factor to these market segments (Sheahan, 2005; Bigné, Matilla and Andreu, 2008).

2. LITERATURE REVIEW

Wine tourism is seen as a strategy for encouraging growth in consumption amongst new markets yet most of the marketing activities of the wine industry are aimed at an older generation ((Treloar, Hall and Mitchell, 2004; Thach et al, 2006). Winery visitation is increasingly significant to both the wine and tourism sectors and aids in ensuring sustainability.

Generations X and Y require a different focus from those who staff the cellar door. The older visitor leaves the winery more satisfied than the younger informant (Charters, and Fountain, 2006). Whilst the former values the quality of the product, younger visitors (Generation X and Y) are far more multisensory (Sheahan, 2005), giving attention to the overall service experiences.

Education is also a crucial factor. The majority of young drinkers consume predominantly beer and spirits (Treloar et al, 2004). One of the reasons is the lack of wine industry communications aimed at these segments. Education is not only considered a new way to sell wine, with Generation X valuing the presence of well-trained and knowledgeable staff (Treloar, 2002), but may be a factor in altering the general perceptions held by Generation Y regarding wine (Thach and Olsen, 2006; Olsen, Thach and Nowak, 2007) and alcohol consumption.

According to Pine and Gilmore (1998), quoted by Azevedo (2010), the realms of experience may be categorized along two dimensions, ranging from passive to active participation and from absorption to immersion, creating four quadrants where different types of experiences could be placed: a) *Entertainment* involves passive participation and absorption of customers' attendance, as in the case of music concerts; b) *Education* involves active participation and absorption of the customer, such as in sports practice or seminars; c) *Escapist* experience involves active participation of customers immersed in it, as working holidays, involvement in projects of NGOs, or even mass tourism in exotic destinations; d) *Aesthetic* experience occurs when customers are immersed passively in the experience in sightseeing, trekking, swimming holidays, etc. In an experience-based exchange the tourist enters into a multifaceted interaction with the actors and the setting of a narrative staged by the local community. Each individual experience is articulated through the four realms in a unique way. The wine experience most of the times is classified as an *edutainment* experience.

Figure 1 describe the conceptual model that aims to explain the consumers processing of the wine experience based on the contributions of Azevedo (2010) model and the studies of Griffin and Loersch (2006) and Hall et al (2000: 143). The model incorporates the Expectancy-Disconfirmation Paradigm (EDP) introduced by Parasuraman, Zeithaml and Berry (1985) in SERVQUAL model which has become the dominant framework employed in the assessment of customer satisfaction with hospitality and tourism services.

3. METHODOLOGY

The research was conducted according to experimental design with the following factor plan: 2 Types of Winery Experience/Wine Marketing mix (Modern versus Old) x 2 Generations (X versus Y) x 2 genders (male versus female) x 2 wine consumption frequencies (regular versus non regular). The researchers selected two different wine regions – a new world (Napa Valley) and an old world wine region (Douro Valley) in order to study the influence of the winery ambiance/ wine marketing mix. Before delving into the research aspects of this study it is necessary to understand the importance of each wine region and who their main visitors are.

3.1. NAPA WINE REGION

Napa County has a history in grape growing which dates back to 1838-1839, when George Yount planted the first vines in the region. The first wine produced is documented mid-1840. Although Napa Valley produces a mere four percent of California's total wine production it has an economic impact in the U.S. economy nearing 34%, equal to \$42.4 billion. Providing nearly 40 thousand jobs, directly and indirectly, the wine and vineyard sector is the county's largest employer¹.

According to a Napa County Visitor Profile study², most tourism to Napa County is comprised of domestic visitors (92,5 percent) , with close to half coming from the state of California and the rest from across the country. Those aged 45 and above account for 60.8 percent of all visitors³. This market is more educated, mature in age and in the study more than half the respondents reported a household income of \$100 thousand or more.

3.2. DOURO WINE REGION

The Douro wine region is located upstream from Porto, the second largest city located in the northern region of Portugal. The region is primarily associated with Port wine production; however it also produces a significant amount of table wines.

Archaeological evidence for winemaking dates back to the 3rd and 4th centuries AC. Although from mid-12th century winemaking in the region was common, it was only until the 17th century that the region's vineyards expanded and the earliest known mention of Port wine is registered.

According to data from the Port Wine Institute (IVDP) 7,9 million litre bottles of Port Wine were sold between January and October 2007 which represent an economic value of 308 million euros.³ The Douro wine region is classified as World Heritage, by UNESCO, and was recently ranked 7th in the new National Geographic Society listing of 133 sustainable tourism destinations.

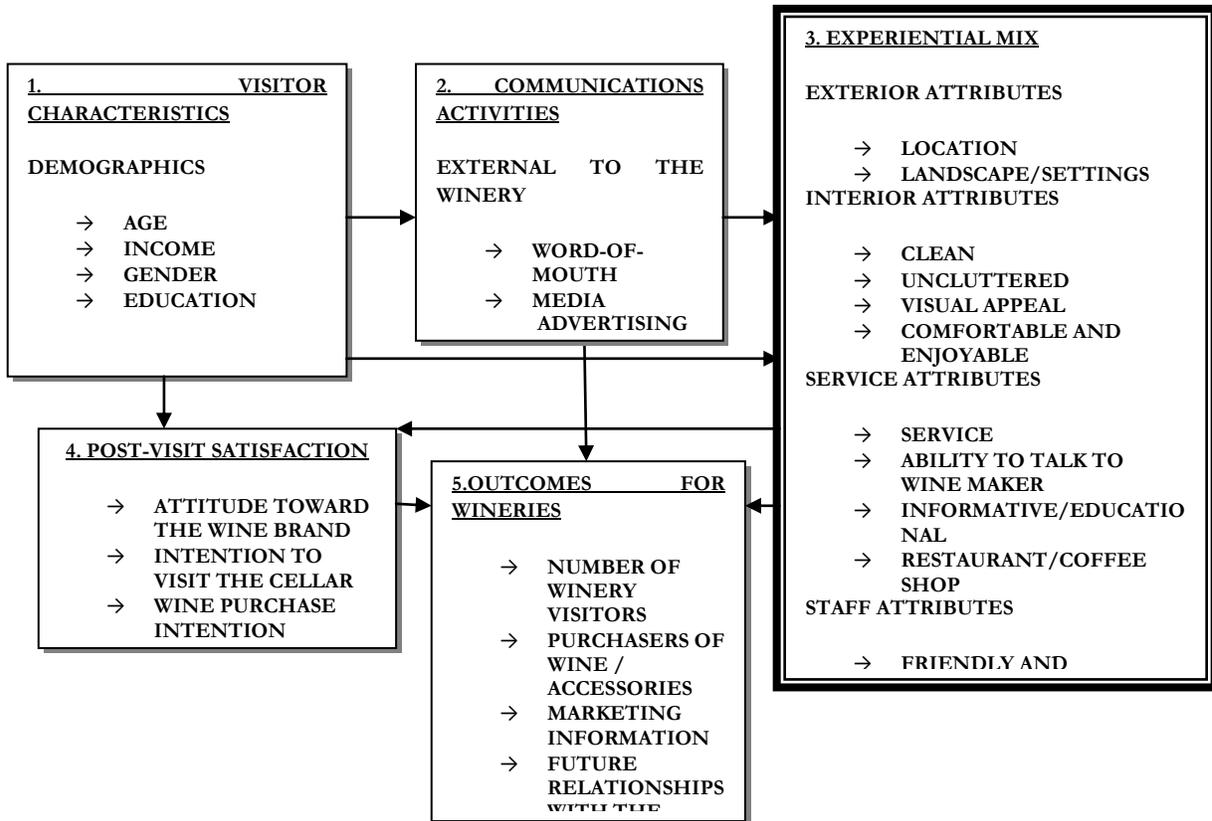
¹ Stonebridge Research Report Economic Impact of the Napa Valley Wine Industry, October 2008.

² Napa County Visitor Profile Study & Napa County Economic Impact Study, March 2006.

³ <http://www.espigueiro.pt/noticias/a5bad363fc47f424ddf5091c8471480a.html> .

It was a travel and stay-over destination for over 240 thousand visitors, in 2007, of which the majority comprised of couples aged 50 to 65, with a purchasing power exceeding 210€/daily. This market segment travels frequently in search for comfort and first class treatment.

Figure 1 – Theoretical Framework



3.3. DATA COLLECTION

A survey, in both Portuguese and English, was placed online using various social networking sites over a 4-week period, between the end of August and September 2009. Although both generations are internet proficient the web based survey may have a theoretical limitation in terms of sample bias (Pew Research Center, 2009). The survey comprised of three parts (see Figure 1), 42 questions, open and close-ended. The first part of the survey focused on visitor characteristics, the second, communications activities and the third, the experiential mix relating to the respondents expectation level upon visiting a winery.

The social networking sites selected for the research were: Facebook, Hi5 and LinkedIn. In addition, an advertisement, in both Portuguese and English, was placed online using the service Google Adwords. After a week’s period and a cost-benefit analysis only the Facebook advertisements were left running.

Four advertisements ran on Facebook for a 4 week period - two in Portuguese, for wine consumers and non-adopters, and two in English (see Addendum). The advertisements generated 1,138 clicks and over 5

million impressions. Once an ad was clicked on, the viewer would be redirected to a blog page (see Addendum) with a link to the survey and information on how to participate in a compensated wine tour. The English ads were targeted mainly at residents in the San Francisco region, whilst the Portuguese ads were targeted mainly at residents within the Porto district, aged between 21 and 44. The results for Napa Valley and Douro Region were 230 and 203 respondents respectively.

3.4. SAMPLE CHARACTERISTICS

3.4.1. NAPA REGION

According to the US Census for September 2009, the population of the United States, for Generation Y (ages 21 to 33) totals 54 million, and for Generation X (ages 34 to 44) 45 million. The statistic mean for Generation X is 7,37 (equivalent to the year 1971 = 38 years of age), and for Generation Y is 20,30 (equivalent to the year 1984 = 25 years of age). The total numbers of respondents were 86 and 138, pertaining to Generations X and Y respectively. Reason for this sample generation discrepancy may be the high involvement Generation Y has with social networking sites such as Facebook.

In both generations the number of female respondents is greater (Gen Y=69%; Gen X= 58%), compared to the male counterpart (31% and 42% respectively). This may suggest that the female gender is more attracted to wine, as has been concluded by other studies.

The majority of the respondents were from California, residing in or in close proximity to the San Francisco district. Generation Y respondents are predominantly single, and never married (69%). In comparison, the Generation X respondents sample show a 46% “married” response rate followed by 27% of “singles”. The majority of both generations’ respondents has completed a college degree and has a higher education.

Most Generation X’ers and Millennial respondents (another term for Generation Y) are employed full-time (60% and 45% respectively.) Full-time Millennial student’s (15%) and student’s with part-time job’s (17%), in conjunction, total 32% of the population.

Generation X respondents earns a higher income (\$3501-\$4000) than Generation Y ones with a mean value of 3.06 (\$2001-\$2500). 59% of Millennials earn an income of less than \$2000, whilst 27% of Generation X earns more than \$6000.

A very important aspect is that a significant percentage of the sample for both generations believes itself to be “uneducated in wine” and for this reason “feels uncomfortable drinking it”. Thus the educational approach would prove to be an important strategy in teaching an enjoyable and moderate wine consumption lifestyle.

According to Table 1 and Table 2, both generations respondents choose a wine based on “recommendation” and if the wine is “a familiar brand”. These two attributes received the highest mean scores and may denote a lack of wine adventuring. “Grape variety” was an important aspect to Generation X whilst Generation Y ranked “promotional offer and price” in third place. Alcohol content rated least for both populations.

3.4.2. DOURO REGION

According to data from INE – the Portuguese National Statistics Institute - the population of Portugal, for Generation Y (ages 21 to 33) almost totals 2 million, and for Generation X (ages 34 to 44) 1.8 million. The statistic mean for Generation X is 7,40 (equivalent to the year 1971= 38 years of age), and for Generation Y is 18,22 (equivalent to the year 1982= 27 years of age). The total number of respondents was 67 and 124, pertaining to Generation X and Y respectively.

In both generations the number of female respondents is greater (Gen X= 57% and Gen Y=53%), although not significantly different from the male counterpart (Gen X=43% and Gen Y=47%).

Table 1- Napa Valey: Generation X wine buying decision-making attributes importance profile

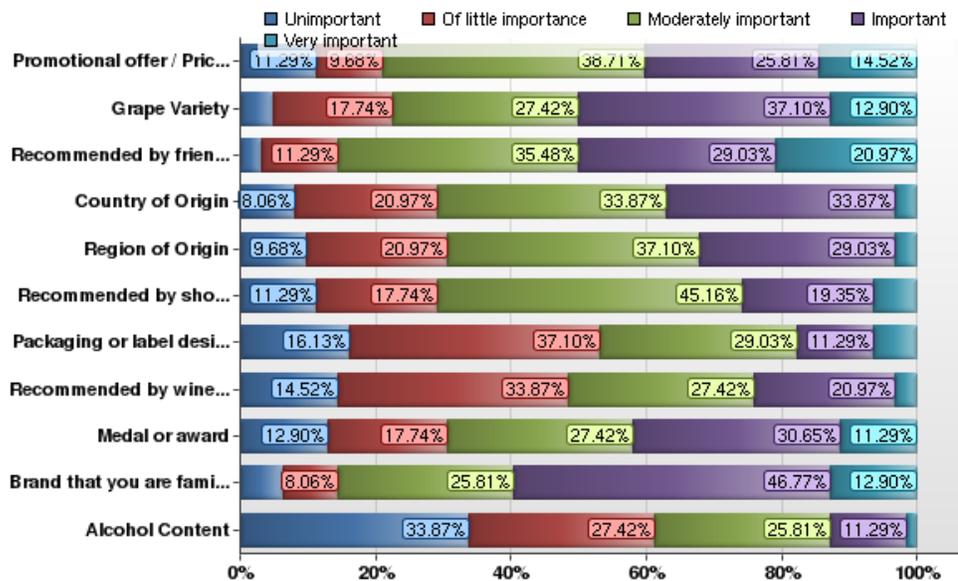
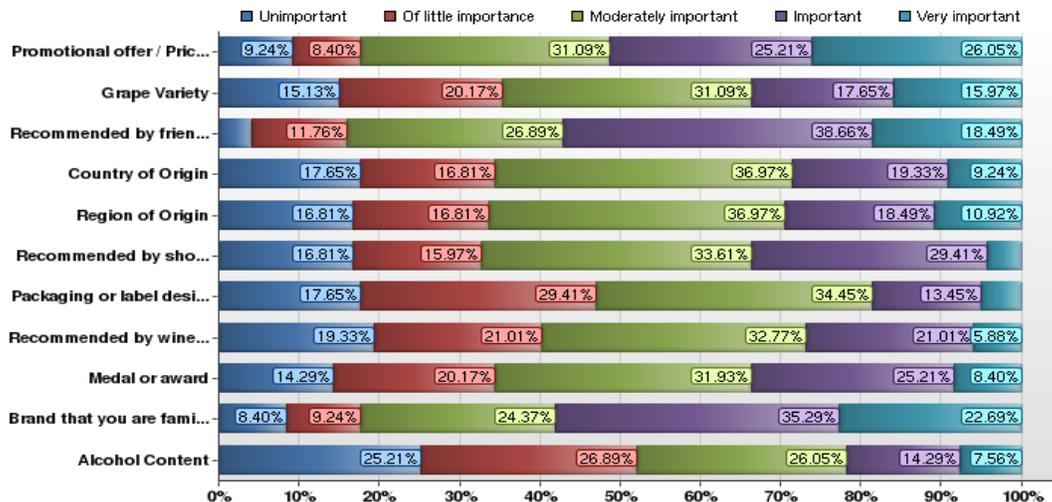


Table 2- Napa Valey: Generation Y wine buying decision-making attributes importance profile



The vast majority of the respondents reside in the Porto District. Generation Y is predominantly “single/never married” (70%). Generation X shows a 48% “married” response rate, followed by 28% for those that are “single.” Both generations’ respondents presented a similar mean value at 4.05, for Generation X, and 4.45 for Generation Y, indicating that the majority have at least completed a college degree and have a higher education. Both generations are, in majority, employed full-time (69% and 65%). Full-time millennial students comprise 20% of the sample and 16% of Generation X is unemployed. The majority of Generation Y earns less than Generation X. 67% of Generation Y earn less than 1000€ compared to 45% of Gen X.

The majority of Generation Y (74%) and Generation X (64%) have not visited a winery.

Both generations choose a wine based on “Region of Origin” and if the wine is “a familiar brand”. These two attributes received the highest scores and denote regional favoritism. “Recommended by friend or family” ranked third in the priority listing. “Recommended by shop staff or shop leaflets” and “alcohol content” rated least for both populations.

Table 3- Douro: Generation X wine buying decision-making attributes importance profile

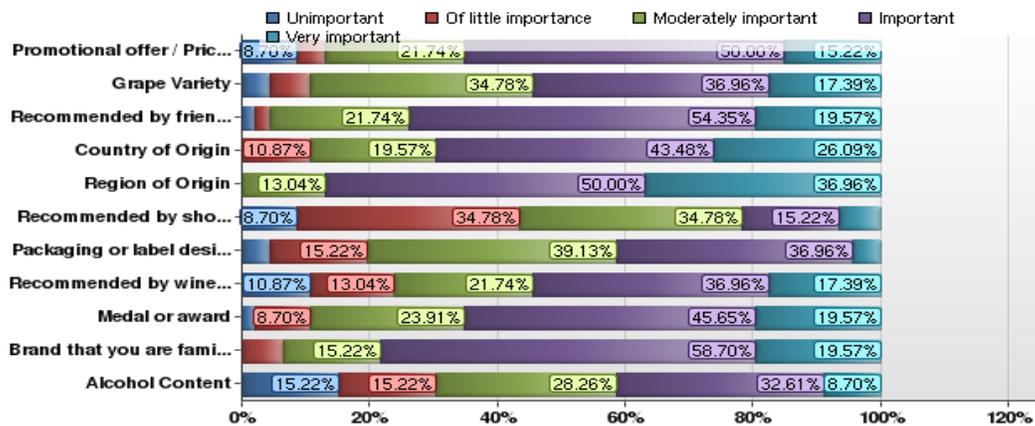
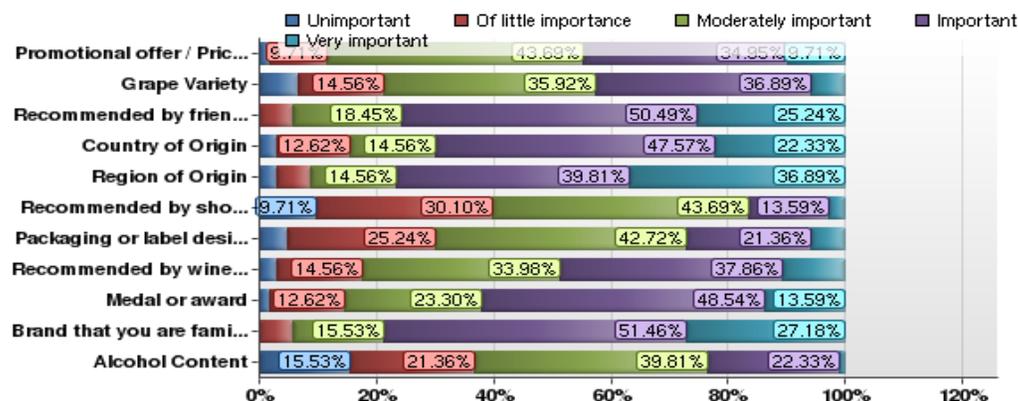


Table 4- Douro: Generation Y wine buying decision-making attributes importance profile



4. DISCUSSION OF RESULTS

4.1. NAPA VALLEY EXPERIENTIAL MIX – EVALUATION OF WINERY VISIT EXPECTATIONS

An important part of the online survey, comprising of 42 questions, is the evaluation of winery visit expectations. A total of 23 winery quality indicators were selected, based on relevant literature review (from Griffin and Loersch, 2006), and covered six dimensions: exterior, interior, service, staff, wine and convenience attributes, with a 5 point Likert scale (where 1= unimportant; 2= of little importance; 3= moderately important; 4=important and 5=very important). These survey questions are pertinent for the evaluation of the winery visits carried out in the second phase of the study (Tavares and Azevedo, 2010). The difference between the informants perception of the visit will lead to either their satisfaction, if the performance exceeds expectations, or dissatisfaction, if performance falls short.

In the Table 1 the expectations of the total sample of Generations X and Y were evaluated by means of a mean comparison. Generation X presents a total of 57 respondents and Generation Y, 95.

The analysis shows that Generation X is not significantly more demanding than Generation Y. Generation X held the highest expectations in relation to “staff” and “interior attributes” of the winery/tasting room. “Friendly and welcoming staff” with an “understanding for visitor needs”, as well as a “clean, comfortable and enjoyable” environment scored high. Potential visitors from Generation X also demonstrated high expectations for the “quality of the wine”. The lowest scores were attributed to the convenience dimension, with “ability to join mailing list” at the bottom of the list.

Similar to Generation X, Generation Y also scored high on the “staff” and “interior attributes”, with a peak value at “comfortable and enjoyable”. Both generations have equal expectations on the exterior attribute “able to view surroundings” as well as for the interior attribute “visually appealing”.

4.2. DOURO EXPERIENTIAL MIX – EVALUATION OF WINERY VISIT EXPECTATIONS

In the Table 1 the Generations Y and X’s expectations were evaluated. Generation X presents a total of 50 respondents and Generation Y, 103. The analysis shows that, except for “convenient opening hours” ($t_{150}=2,132$; $p=0,012$), Generation X is not significantly more demanding than Generation Y.

The highest scores for both generations were attributed to “staff” and the “interior” of the winery, with “professional and knowledgeable” staff and “clean” environment at the top of the rank. Both generations expect to encounter “quality wine” and are least concerned with the “ability to join a mailing list”.

Table 1 also presents the significant differences between Douro’s and Napa’s respondents. Except for “comfortable and enjoyable” attributes U.S. respondents showed significantly lower scores in several indicators. This pattern revealed that those respondents are less demanding than the Portuguese respondents.

5. CONCLUSIONS

The purpose of this study is to understand these market segments' perceptions, determine their demographic and psychographic profiles, using *social networking* platforms in order to assess their expectations about cellar tour experiences. A theoretical framework and a quality indicators' set for the wine experience mix were proposed.

Table 5- Expectations profile for Generation X an Y in Douro Region versus Napa Region

	Region	N	M	SD	T	Gen.	Douro			Napa Valey		
							N	M	SD	N	M	SD
Exterior Attributes-Able to view surroundings	Napa	152	4,08	,917	Ns	X	50	4,20	,700	57	4,11	,880
	Douro	153	4,21	,645		Y	103	4,21	,621	95	4,06	,943
Exterior Attributes-Attractive Settings	Napa	152	4,23	,842	Ns	X	50	4,24	,744	57	4,26	,695
	Douro	153	4,26	,647		Y	103	4,27	,597	95	4,21	,921
Interior Attributes-Clean	Napa	152	4,55	,717	Ns	X	50	4,76	,476	57	4,56	,682
	Douro	152	4,65	,567		Y	102	4,60	,601	95	4,55	,740
Interior Attributes-Uncluttered	Napa	152	3,99	,921	***	X	50	4,46	,646	57	3,88	,908
	Douro	152	4,34	,682		Y	102	4,28	,695	95	4,05	,927
Interior Attributes-Visually Appealing	Napa	152	4,33	,770	Ns	X	50	4,46	,579	57	4,33	,690
	Douro	152	4,34	,621		Y	102	4,28	,635	95	4,33	,818
Interior Attributes-Comfortable and enjoyable	Napa	152	4,59	,703	*	X	50	4,44	,611	57	4,63	,616
	Douro	152	4,43	,605		Y	102	4,42	,604	95	4,57	,753
Service Attributes-Prompt Service	Napa	150	4,29	,840	*	X	49	4,55	,503	56	4,46	,660
	Douro	151	4,49	,576		Y	102	4,46	,608	94	4,19	,919
Service Attributes-Ability to talk to winemaker	Napa	151	3,77	1,104	**	X	48	4,17	,753	56	3,77	1,062
	Douro	150	4,12	,785		Y	102	4,10	,802	95	3,77	1,134
Service Attributes-Informative and educational	Napa	151	4,17	,943	**	X	49	4,43	,540	56	4,25	,919
	Douro	151	4,41	,569		Y	102	4,40	,585	95	4,13	,959
Service Attributes-Restaurant or café	Napa	150	3,40	1,193	*	X	48	3,88	,733	55	3,40	1,256
	Douro	149	3,70	,818		Y	101	3,62	,847	95	3,40	1,161
Staff Attributes-Friendly and	Napa	152	4,61	,720	Ns	X	50	4,64	,525	57	4,74	,518

welcoming	Douro	152	4,55	,525		Y	102	4,51	,522	95	4,53	,810
Staff Attributes-Professional and knowledgeable	Napa	152	4,53	,699	*	X	50	4,74	,443	57	4,58	,596
	Douro	152	4,68	,510		Y	102	4,65	,539	95	4,51	,756
Staff Attributes-Understand visitor needs	Napa	152	4,45	,770	Ns	X	50	4,54	,542	57	4,56	,756
	Douro	152	4,43	,535		Y	102	4,37	,525	95	4,38	,774
Staff Attributes-Provide individual attention	Napa	152	4,09	,949	Ns	X	50	4,02	,845	57	4,23	,926
	Douro	152	3,91	,872		Y	102	3,85	,883	95	4,00	,957
Wine Attributes-Wine quality	Napa	150	4,39	,818	Ns	X	50	4,54	,542	55	4,51	,635
	Douro	151	4,51	,642		Y	101	4,50	,687	95	4,33	,904
Wine Attributes-Wine variety	Napa	149	3,91	,965	*	X	50	4,20	,756	54	3,93	,929
	Douro	152	4,13	,722		Y	102	4,09	,705	95	3,91	,990
Wine Attributes-Reasonable priced	Napa	150	4,15	,951	Ns	X	50	4,38	,697	55	4,04	,902
	Douro	152	4,22	,745		Y	102	4,14	,758	95	4,21	,977
Convenience Attributes-Adequate signage / easy to find	Napa	152	3,90	1,015	**	X	49	4,29	,677	57	3,79	1,048
	Douro	151	4,20	,749		Y	102	4,16	,780	95	3,97	,994
Convenience Attributes-Adequate car parking	Napa	152	3,94	,944	Ns	X	50	4,24	,555	57	3,95	,895
	Douro	152	4,09	,709		Y	102	4,01	,764	95	3,94	,976
Convenience Attributes-Convenient opening times	Napa	152	4,04	,853	*	X	50	4,32	,551	57	3,95	,811
	Douro	152	4,14	,631		Y	102	4,05	,651	95	4,09	,876
Convenience Attributes-Tasting notes available	Napa	152	3,80	1,042	Ns	X	50	4,20	,700	57	3,58	1,149
	Douro	152	4,16	,672		Y	102	4,14	,661	95	3,94	,954
Convenience Attributes-Price list available	Napa	150	4,22	,810	Ns	X	49	4,37	,668	57	4,16	,702
	Douro	150	4,34	,654		Y	101	4,33	,650	93	4,26	,871
Convenience Attributes-Ability to join mailing list	Napa	151	2,97	1,219	***	X	49	3,63	,883	57	2,98	1,188
	Douro	151	3,50	,908		Y	102	3,43	,917	94	2,96	1,244

M- mean; SD- Standard deviation; t- Significant differences between Napa and Douro respondents' expectations means: ***p<0,001,**p<0,01,* p<0,05

This study aims to provide to wine tourism operators some insights about wine tourism experiences, wine perceptions (wine quality and price), exterior and interior ambiance, service and staff competencies and convenience attributes. Customer orientation and personalized reception seem to be key success factors.

Educational activities can be incorporated into the visit in order for it to alter perceptions and foster responsible attitudes. Thereby the cellar door will be able to improve its services, communication activities and products to meet the expectations of these generations, within a socially responsible scenario. In order to complement this study and evaluate the post-visit satisfaction, authors developed the second phase of the study by organizing for Napa and Douro a wine tourism experience with two groups of 16 subjects (including elements of both generations and genders) whose findings were published by Tavares and Azevedo (2009, 2010).

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