Product and Brand Attributes, Spending Behavior and Attitude Function Theory: A Segmentation Analysis of the US Luxury Wine Market

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The U.S. wine industry has strategically measured market share and analyzed wine consumer behavior in numerous ways to better predict performance. With this in mind, one approach receiving the vast majority of attention has been placed upon average price paid by consumers when purchasing a bottle of wine. Using this behavioral information, some research studies have been able to successfully isolate consumer markets as belonging to ‘luxury’ wine purchasing segments. The necessity to better understand and more accurately identify luxury wine consumers becomes apparent in light of recent independent research documenting that the luxury wine purchasing segment could be responsible for more than 73 percent of all total U.S. wine sales (Strategems, 2013).

This study successfully classifies luxury wine consumers into four unique market segments using a model based upon the importance wine product attributes (taste, quality, aroma), and brands (labels, ratings, varietals) have to consumers. Average spending per bottle of wine provides further ability to classify luxury wine consumer segments into mutually exclusive categories.

This study also presents evidence that attitude functions play important roles when purchasing luxury wine. The attitude function theory (Katz, 1960) documents that consumer attitudes are formed based upon the functions particular products serve. It further suggests that individuals could hold different attitudes toward the same products because products may represent different benefits and goals to various consumers. This is especially relevant when
applied to the context of luxury products, which are found to be greatly affected by consumer attitudes with respect to their individual value-expressive (VE) and social-adjustive (SA) functions. Therefore, an examination of the interaction roles these two attitude functions play upon wine consumer spending was undertaken.

Results support the suggested roles that both value-expressive and social-adjustive attitudes may increase spending when purchasing luxury wine. Findings imply that wine consumers having high levels of value-expressive (VE) and/or social-adjustive (SA) attitudes spend significantly more money compared with other segments. Consumers placing high importance on both wine product and wine brand and having a high VE attitude level spent an additional $13.29 per bottle compared with those consumers having a low VE attitude level. Additionally, consumers placing low importance on the wine product while holding high importance on the wine brand increased their spending by $13.66 compared with consumers having a low VE level. Consumers having a high SA level in combination with placing high importance upon wine products and brands spent $15.89 more compared with consumers having a low SA attitude level. Similarly, consumers having a high SA level, while placing low importance on the wine product but having high importance on the wine brand spent $10.48 more than did those segments having a low SA attitude level.

These study findings suggest actionable marketing strategies for wine retailers attempting to increase luxury wine consumer spending behavior. Considerable thought should be devoted to improving wine labels by producers already having prominent brands. As well, the creation of different brand categories using similarly recognizable labeling may be enough to trigger positive consumer spending behavior changes.