

How do millennials' wine attitudes and behaviour differ from other generations?

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Abstract

Using several extensive data sets we analyse how Millennials wine behaviour differs from other generations in Australia and compare these findings to previous results from other countries. Millennials appear to drink wine less frequently, consume it more often in social on-premise settings, have a slightly higher willingness to pay, and consume a higher share of white wine than other generations. Most of these differences can be linked to an age effect suggesting their wine behaviour will change overtime. This research adds to generation-based research in wine marketing and contributes to the question of whether generational differences are similar in different markets or country-specific.

Introduction

Millennials, born between 1977 and 1990, are the youngest generation of wine drinkers (Lancaster and Stillman, 2002). They have gained increasing attention recently, but research in this area is so far mostly limited to the U.K. (Jones, 2007; Mintel, 2009; Richie, 2007; Wine Intelligence, 2009) and the U.S. (Barber et al., 2008; Nowak and Newton, 2008; Nowak et al., 2006; Olsen et al., 2007; Thach and Olsen, 2006; Qenani-Petrela, et al., 2007; Wine Market Council, 2009; Wolf et al., 2007).

Approximately 4.6 million Australians (27% of the population) are currently aged 18-34 years old (ABS, 2006; see also Table 2). These consumers are potentially an important segment for the wine industry, however relatively little is known about their attitudes or behaviours towards wine. The few existing studies on Australian Millennials (AWBC, 2009; Treloar et al., 2004) only surveyed portions of this segment, often from very small, non-representative samples, without comparing their findings to older generations. The debate about the generational gap can be traced back as far as Socrates, who complained about the rude manners of younger people.¹ While the concept of 'generational marketing' suggests that each generation is distinguished by certain generational values that drive their consumption behaviour (Walker, 2003), the contrasting life-cycle marketing concept (Wells and Gubar, 1966) states that younger consumers adapt their behaviour when they grow older. Accordingly, younger consumers are likely to purchase and consume products differently to older consumers independent of the generational cohort they belong.

Some reasons have been suggested as to why Millennials wine behaviour might differ from other young generations before. One reason is that Millennials are Internet proficient and technologically savvy (Nowak et al., 2006). Their different media usage has implications about product communication in general and wine specifically (Nowak and Newton, 2008). Partially because of their efficient information usage, Millennials are recognized as media and market savvy consumers (Fernandez-Cruz, 2003). Secondly, young wine consumers might be different in those markets, where wine consumption behaviour has recently experienced a major change. While the U.K. has developed from a beer-dominated culture to a market where wine is now an integral part of food culture (Keys, 2009; Ritchie, 2009), the U.S. is still on the way to building a wine culture (Hussain et al., 2007). On the other hand, wine consumption is decreasing in France partially due to younger consumers not adopting the traditional wine culture of their forefathers (Macle, 2008; Thach and Olsen, 2006). Myers and Robertson (1972) argue younger consumers are opinion leaders and initiate the cultural change. This argument implies that country-specific differences should be observed for Millennials' wine behaviour between different wine markets. This study aims to contribute to our understanding of Millennials by the following: 1) Using large secondary data sets on Australian wine consumers, we compare the attitude and behaviour of Millennials relative to older generations. 2) The question of which differences are generation versus age group related can only be answered by following a generation over time; this extensive comparison builds a necessary reference basis for later follow-up research. 3) To identify if generational differences are generalisable or country-specific, we compare our Australian findings to generational differences reported from other markets.

Data

We used secondary data from consumer wine research in Australia from three different samples with a total of more than 3,000 respondents (see Table 1). All data were collected in 2008 and ¹

1 "Today's youth has no manners at all. They despise on the authority, contradict their parents and beat their teachers. They devour the food ravenously and talk on and on leaving no chance for the other to speak." (Socrates)

respondents were provided either by a reputed online panel provider, which actively manages a panel of more than 300,000 members representative of Australian consumers, or by a Sydney based sensory laboratory. While respondents in the first and second data sets were required to have at least purchased a bottle of red wine greater than \$10 in the last month for their consumption at

home or with friends, respondents in the third data set included wine consumers, some of whom drink white wine and also purchased cask wine in the previous three months. Accordingly, all three data sets together cover a wide range of Australian wine consumers, including different purchase price ranges and different types of wine preferences.

Table 1: Overview of secondary data sets

Data set	n	Sampling	Qualification criteria
1	1,598	05/2008	Purchased bottle of red wine >\$10 in last month
2	426	05/2008	As data set 1 and willing to participate in sensory test
3	1,303	10/2008	Purchased wine in last 3 months, including cask wine

Some of the questions regarding wine behaviour and attitudes were included in all three data sets, allowing us to assess the robustness of our findings across a wide range of consumers. Other questions were unique to one data source.

Specific age cut-offs for the four generations are often debated (Olsen et al., 2007). For the purpose of this research, each generation is roughly defined by the dates outlined in (Lancaster and Stillman, 2002). Table 2 lists the year of birth, the relative generation size in Australia and the age of respondents at time of sampling.

Table 2: Definition and size of generational cohorts for Australian population (ABS, 2006)

Generation	Year of birth	Relative size	Age
Millennials	1974 - 1990	27%	18 - 34
Generation X	1964 - 1973	17%	35 - 44
Baby Boomers	1944 - 1963	29%	45 - 64
Great Generation	1943 or earlier	27%	65 and older

Analysis and Method

The data were analysed through a series of ANOVA and Chi-Square tests. Each data set was tested for generational differences between the four broad generations (Millennials, Generation X, Baby Boomers and Great Generation). If cell size was sufficiently large, we also analysed differences between the younger and older Millennials (those aged 18-24 and 25-34 years, respectively).

Results and Discussion

In this short communication we summarise our main findings for differences in consumption frequency, purchase occasions, price ranges, preferred wine styles and wine related personal traits without presenting all the statistical details of the results.

Consumption Frequency

Respondents were asked how often they drink wine (four categories from more than once a week to less than once per month). In all three data sets we consistently found Australian Millennials to drink wine less frequently than older generations. This is in agreement with previous findings for Australia and New Zealand (Treloar et al., 2004) as well as the U.K. (Intel, 2009) and France (Thach and Olsen, 2006), but does not concur with research in the U.S. (Jones, 2007). Here Millennials were found to drink wine more frequently than Generation X, and to drink wine 2 to 3 times per month (Jones, 2007). While we found Millennials in Australia to drink wine, slightly more frequently, with an average of once a week.

Looking further into wine consumption frequency differences between the younger (18-24 year olds) and older (25-34 year olds) Australian Millennials, we found the youngest consumers' drink wine least frequently, on average, less than once a month. As these consumers most recently reached legal drinking age, it is suggested they are still becoming familiar with the taste of wine and discovering their preferences. Younger wine consumers were previously found to prefer other

alcoholic beverages, such as beer and ready-to-drink beverages (Mintel, 2009; Treloar et al., 2004) and to be more confused when choosing wine (Mintel, 2009; Wine Intelligence, 2009). All these factors suggest that younger consumers' wine drinking frequency will increase as they age, learn and gain experience in the product category. This links wine consumption frequency to age rather than a generational effect. Further research should validate whether Millennials will follow the existing age-frequency trend when they grow older.

While alcohol abuse in the form of binge drinking is frequently reported for young consumers (Phillips, 2009), their overall lower wine drinking frequency suggests that wine is less likely to be abused by Millennials than other alcoholic beverages. Also prior research on Australian individual alcohol consumption behaviour (Ramful and Zhao, 2008) found beer and spirits were more popular than wine among teenagers and young adults, which supports the argument that Millennials are potentially less likely to abuse wine.

Purchase occasions

Wine purchased for different consumption occasions has to fulfil different needs. It is therefore interesting to see if Australian Millennials drink wine for different occasions compared to older consumers. Respondents were asked about the consumption frequency for different occasions (structured as a seven point scale from *never* to *always*).

We found Millennial wine consumers drink wine more frequently at bars/pubs and fine dining restaurants than older generations, who in contrast prefer to drink wine at home. Millennials in Australia appear to enjoy sharing wine with friends in on-trade environments and with food. This builds on the idea that wine plays an important social role for young consumers, which has been found in previous studies (e.g. Nowak et al., 2007, Treloar et al., 2004; Wine Intelligence, 2009). A likely reason for the observed generational differences is that younger people generally go-out more than older generations and have less financial commitments (i.e. house, mortgage, children, etc.) allowing them a greater proportion of disposable income to spend on social outings. Again, this is likely to be an age related outcome instead of a generation effect.

When asked about locations where consumers usually try new wines, Millennials state having tried new wines in restaurants (69%, relative to an average of 54% for the older generations) significantly more often than other generations. This coincides with their higher wine drinking frequency in fine dining restaurants. Further research has to clarify what role wine and food pairing plays for Australian Millennials when trying new wines in the on-trade environment. Findings for the U.K. market suggest a strong synergy between wine and food for Millennials, where it is negatively perceived for young males to drink wine without a meal (Ritchie, 2007). In the U.S. market, all age groups indicated the most popular situation to consume wine was with meals (Nowak et al., 2007).

Price of wine

The price respondents usually pay for wine was elicited in different ways. In the first data set respondents reported their last purchase of red wine, including its price. In the third data set respondents indicated how often they purchased at different price levels, while a discrete choice experiment in the second data set revealed respondents' relative price preferences. All three data sets agree in finding that Millennials have a slightly higher willingness to pay than Generation X and Baby Boomers, while the Great Generation spend the least for wine. For their last bottle of red wine, the largest category of Millennials spent \$15-\$20. For wine in general they equally buy in the price ranges of \$9-\$15 and \$15-\$20. Of all the generations Millennials are least likely to pay less than \$8 for a bottle of wine, which is the most preferred price range by the oldest Australian wine consumers. In contrast, findings in the U.S. and U.K. markets indicate Millennials prefer cheaper wine (Wolf et al., 2007).

The quantitative data sets do not allow us to investigate why Australian Millennials have a willingness to pay higher prices for wine than older generations. As price is often used as an indication of product quality (Barber et al., 2007), Millennials in Australia may prefer wine perceived to be of good quality. A reason for this could be 'peer group influence' as Millennials appear to consume wine for social reasons (Pettigrew, 2003). This could also suggest wine plays an image building function for Millennials. This adds to previous studies that indicate Millennials perceive wine as 'sophisticated' (Nowak et al., 2007). Alternatively, they may be lacking objective product knowledge, due to less experience, and may use price as a risk reduction strategy (Spawton, 1991). The fact that younger consumers are more likely to use brands to make the purchase decision for cask wine adds to this argument (Mueller et al., 2009). It is expected that both explanations play a part in their overall wine choice.

Preferred wine style

Respondents were asked about their share of red and white wine and the consumption frequency of different grape varieties. While Millennials and Generation X consumers are overrepresented in the group that drinks about equal shares of white and red wine, both older generations consume a higher proportion of red wine. Younger Millennials (18-24 year olds) had the highest probability of all generations to drink only or mostly white wine. This suggests younger consumers in Australia are more likely to start-off with white wines and later develop greater acceptance for red wines. These findings differ to those in the U.S. market, where Millennials seem to prefer sweeter whites in general, such as Rieslings and Gewürztraminer, after starting off with red wines like Cabernet Sauvignon (Nowak et al., 2007). Our Australian data did not contain any information on the preferred sweetness level of wines, mainly due to the fact that most still wines sold in Australia are dry. However, we also found Australian Millennials to have a slightly higher drinking frequency for Riesling than Generation X.

Millennials stated the highest consumption frequency for the white grape variety Sauvignon Blanc followed by Semillon and Chardonnay, whereas Riesling, other whites and Pinot Grigio are drunk less frequently. While Chardonnay has been the dominant white variety in Australia for a long time, Sauvignon Blanc sales have grown the strongest in most recent years (ABS, 2007), where it is now the white grape variety most frequently consumed by all generations. This suggests its growth has resulted from broad consumer acceptance and not solely from younger consumers, opinion leaders or innovators promoting the variety as one might originally expect. In the red wine category, Shiraz was found to be the most popular variety for Millennials, particularly among the 18-24 year olds, followed by Cabernet Sauvignon and Merlot, while Pinot Noir was shown to be least popular. As Shiraz is typically a fruitier style that is not as high in tannin as other red varieties, it is suggested that younger consumers may prefer red wine that is more fruit driven.

Personal traits related to wine

Wine related personal traits such as wine involvement, subjective wine knowledge and risk aversion were previously found to be important drivers of wine purchase behaviour (Lockshin et al., 2006; Mueller et al., 2008). We could only find a small difference between younger and older Millennials for wine involvement in the first data set, where the youngest wine consumers (18-24 year olds) had the lowest involvement with wine. While other research on Millennials in the U.S. and U.K. suggest that 41% and 29%, respectively, can be categorised as 'highly involved' (Wine Intelligence, 2009). It is unclear on what value scale this classification is based and how Millennials' wine involvement compares to older generations internationally. Subjective wine knowledge was found to be higher for Millennials than older generations. As subjective knowledge is based on individual perception/beliefs it could be argued that Millennials are more confident about their wine knowledge than older generations, which is surprising given their limited years of experience.

The following table summarises the findings from this study and gives details on the significance levels for the variables discussed.

Table 3: Overview of the main consumption characteristic differences for Millennial wine consumers in Australia

Characteristic	Mean results for Millennial cohort	Significance
Consumption frequency	Less often than older generations, youngest group (18-24 year olds) least	Chi ₂ df ₁₂ = 75.16, P < 0.001
Purchase occasions	More on-trade (bars and fine dining restaurants), older generations more off-trade (home)	F _{4,1298} = 13.02, P < 0.001
Price of wine	Higher spend per bottle than older generations (\$15-\$20)	Chi ₂ df ₈ = 19.92, P = 0.011
Preferred wine style	Higher share of mainly drinking white wine	Chi ₂ df ₁₂ = 27.90, P = 0.006
Preferred red varieties	Shiraz (particularly amongst 18-24 year olds), Cabernet Sauvignon and Merlot	Chi ₂ df ₃₂ = 47.80, P = 0.054
Preferred white Varieties	Sauvignon Blanc, Semillon and Chardonnay; sign. higher consumption frequency of Riesling than Gen X	Chi ₂ df ₁₀ = 20.52, P = 0.025
Wine involvement	Lowest for youngest Millennial group (18-24 year olds),	F _{4,1593} = 3.02, P = 0.017
Subjective wine Knowledge	Higher than older generations (Baby Boomers and Great Gen)	F _{4,1298} = 12.84, P < 0.001
Risk aversion	Less risk averse	F _{4,1298} = 3.95, P = 0.003

Conclusion

In this first combined study we compared Millennials' wine behaviour to that of other generations in Australia and to research from other countries. We therefore provide a basis for later research to track Millennials' wine behaviour to see how similar it becomes to older generations' or whether it stays uniquely different over time.

We found Australian Millennial wine consumers differ only slightly from older generations in the way they consume wine. They drink wine less frequently overall, but consume it more often in social on-premise venues, have a slightly higher willingness to pay than the oldest segment (Great Generation) and have a higher share of white wines in their purchase portfolio. We expect that most of these differences relate to their age, having only recently entered the wine market, instead of being caused by generation specific values. Further research should validate and analyse the age versus generation effect.

While this study analysed some components of Australian Millennials' wine consumption behaviour further research is necessary to build understanding of their motivations and information and communication behaviour towards wine. These might include usage of Internet related resources.

Even though Millennials were found to consume wine similarly to older generations, media usage differences have important strategic implications for the medium and long-term communication strategy of the wine industry.

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