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Wine consumption and purchase behaviour in high and low involvement situations: A comparison of Gen Y and older consumers

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Abstract

◦**Purpose:**– *To explore the wine consumption behaviour of Gen Y in comparison to older wine consumers in a New Zealand context, with a focus on the influence of situational involvement on wine behaviour.*

◦**Design/methodology/approach:**– *A quantitative survey was conducted with a random sample of residents of Christchurch, New Zealand in 2008. The results were analysed using marginal frequency analysis.*

Findings:– *Gen Y wine consumers are less likely than older consumers to drink wine in either low or high involvement situations. Price is a more important product cue for Gen Y than for older consumers, and the younger cohort spend more on a bottle of wine. Country of origin is a significantly more important influence on wine purchasing for older consumers in both high and low involvement situations.*

◦**Practical implications:**– *It would be counterproductive for wine marketers to target Gen Y wine consumers with cut-price wine and more effort is required to encourage them to 'drink local'.*

Key words: wine purchase behaviour, situational involvement, Generation Y

1. INTRODUCTION

The current paper seeks to explore the wine consumption behaviour of Gen Y in comparison to older wine consumers in a New Zealand context, with a focus on the influence of situational involvement on wine consumption behaviour and purchase cues. It is widely recognised that wine consumption is significantly influenced by situational factors, with the consumer's intention to purchase wine, or a particular type or variety of wine, reflecting the extent to which they see the product attributes as 'fitting' the anticipated consumption situation (Barber et al., 2008; Belk, 1974; Dodd et al., 2005; Hall and Lockshin, 1999; Quester and Smart, 1998). In general, consumption situations can be divided into those that are low involvement and high involvement, with the perceived risk of the purchase increasing as situational involvement increases (Aqueveque, 2006). While the purchase of wine often requires little involvement, such as in the case of an everyday meal, at other times its purchase and consumption is an important element of a high involvement situation, such as a wedding, a 21st celebration or other special occasion (Beverland, 2004; Charters, 2006; Ritchie, 2007). Choosing a bottle of wine to drink with an evening meal at home might be considered a low-risk decision and the consequences of making a 'wrong' purchase choice are relatively minor. By contrast, purchasing an inappropriate bottle of wine for a special occasion may be accompanied by a greater sense of loss (Hall and Lockshin, 1999).

In the wine purchase decision-making process, product cues are used as a risk reduction strategy (Bearden and Shimp, 1982) and numerous product cues are used to influence the wine purchase decision, including wine type, brand, country of origin, price, and bottle and label design (Quester and Smart, 1998). Price is the cue that has been researched most extensively, and many studies have found price used as a risk reduction strategy in high involvement situations (Aqueveque, 2006; Barber et al., 2007; Quester and Smart, 1998; Spawton, 1991).

The wine behaviour of Generation Y (hereafter referred to as Gen Y) has been the subject of extensive research over the past decade, however there has been little systematic study on the influence of situational context on Gen Y's wine consumption or purchase behaviour. The research that does exist suggests that wine is seen by Gen Y as a social drink (Olsen et al., 2007; Teagle et al., 2010; Treloar et al., 2004), to be consumed more often in public settings, such as restaurants, and associated with special or formal occasions (Thach and Olsen, 2006). There is some evidence, in the US at least, that wine is viewed as a 'sophisticated' and 'classy' drink and as a product with which to impress friends ensuring it is seen as particularly appropriate for high involvement situations (Olsen et al., 2007).

Partly due to this 'sophisticated' image and their lack of extensive experience with wine it seems Gen Y lack confidence when it comes to choosing wine and find the wine buying process confusing (Barber et al., 2008; Mintel, 2009). Findings on the role of price as a product cue for Gen Y when selecting wine are mixed; while some reports suggest that Gen Y spend less on a bottle of wine than older consumers (Wolf et al., 2007), other studies indicate that their lack of purchase confidence means they

will select more expensive wines to reduce the risk associated with the wine purchase (Barber et al., 2007).

2. METHODOLOGY

The data analysed in this paper was collected in a household personal interview survey conducted in 2008, with a total sample size of 603. The tolerable error level for survey was 4 percent. The sample for the survey was selected using the following procedure. The 103 Christchurch suburbs were divided into five strata based on house values and income levels. The five strata were weighted by the total number of households each strata contained and the total sample size proportionately allocated across the strata based on the household number in each strata. In the resultant sample exhibited age and gender distributions very close to the parent population in Christchurch. For the purpose of this paper, the sample has been divided into two groups; 117 Generation Y (aged 18-29 years) and 486 respondents aged 30 years and over (described here as older wine consumers). The results were analysed using marginal frequency analysis.

3. FINDINGS AND DISCUSSION

3.1. Characteristics of the sample of wine drinkers

The proportion of Gen Y respondents in the sample stating they were wine drinkers was 76.1 percent, which is slightly higher than the proportion of older respondents consuming wine (69.3%), although this difference is not statistically significant. The higher percentage of Gen Y consuming wine than report in most previous studies could be due to previous research relying on samples of university students, whose lifestyle and limited funds may affect their choice of alcoholic beverage (Thach and Olsen, 2006; Treloar et al, 2004). The remainder of the results reports on the findings for these groups of wine drinkers.

There are some significant differences in the wine consumption patterns between Gen Y and the older wine consumers. First, the frequency of wine consumption is considerably greater amongst older wine consumers (Table 1). While there is a very similar proportion of each sample who could be described as infrequent wine consumers (less than once every three months), most Gen Y could be described as regular wine consumers (at least once a month) while the majority of older wine consumers are more frequent wine consumers (at least once a week).

Table 1: Frequency of wine consumption: Gen Y and older consumers

Wine consumption frequency	Gen Y	30+
Daily ***1	13.8	29.3

Three times a week ^{**2}	10.3	20.3
Two times a week	16.1	18.5
Once a week ^{**3}	25.3	12.2
Once a fortnight ^{**4}	14.8	4.5
Once a month	10.3	7.5
Once every three months	3.4	3.9
Less than once every three months	4.5	3.6
<i>N</i>	87	335

^{***1} Z= 3.48 - Significant difference at 99% CI; ^{**2} Z= 2.54 - Significant difference at 95% CI

^{**3} Z= 2.62 - Significant difference at 95% CI; ^{**4} Z= 2.84 - Significant difference at 99% CI

3.2. Attitudes towards wine

In each survey respondents were presented with a number of statements about wine and were asked to indicate their level of agreement or disagreement. Results of only two of these attitude statements reveal significant differences between Gen Y and older wine consumers and are presented here (Table 2). Both these attitude statements relate to the consumption of domestic (New Zealand) wine versus imported wine. On these questions older consumers are significantly more likely than Gen Y to agree that they are drinking more New Zealand wine than previously (60.2% compared to 43.2%) and to disagree that they would buy imported wines (67.6% disagree compared to 50.0%), suggesting that perhaps Gen Y are less parochial than the older consumers, a finding reported elsewhere (Nielsen, 2007; Port, 2008; Troutman, 2010).

Table 2: Attitudes towards wine: Gen Y and older consumers

Attitude statements:		Gen Y	30+
“...drinking more New Zealand wines than previously...” ^{**1} Z= 2.73 - Significant difference at 95% CI ^{**2} Z= 2.86 - Significant difference at 99% CI	Disagree	13.6	12.6
	Neither agree or disagree ^{**1}	43.2	27.2
	Agree ^{**2}	43.2	60.2
“...prefer to buy imported wines...” ^{***1} Z= 2.98 - Significant difference at 99% CI ^{**2} Z= 2.45 - Significant difference at 95% CI	Disagree ^{***1}	50.0	67.6
	Neither agree or disagree ^{**2}	38.6	24.6
	Agree	11.4	7.8

3.3. Situational influence on wine consumption and purchase behaviour

This research asked respondents about their wine consumption and purchase behaviour in low involvement and high involvement situations, defined for them as an everyday meal drinking situation (low involvement) and a special occasion wine drinking situation (high involvement). Given the cohorts' general wine consumption frequency outlined above, it is not surprising that the older consumers were more

likely to drink wine in everyday situations (65.4%) than Gen Y (50.6%; a statistically significant difference at 95% CI, $Z=2.48$) and on special occasions. While 84.3 percent of Gen Y stated they consumed wine on special occasions 95.5 percent of the older consumers did so (a statistically significant difference at 95% CI, $Z= 2.78$).

There were few statistical differences in the type of wine that would be purchased for different situations, although Gen Y reported drinking less red wine and more white or sparkling wine in each situational context, supporting research suggesting red wine consumption increases with age (Melo, 2010). Both Gen Y and older consumers show a shift in their drinking preferences away from white wine to red wine for special occasions (see Table 3). There is also a shift in both cohorts to drinking sparkling wine on special occasions, reflecting the perception of sparkling wine as a drink for special occasions and celebrations (Charters, 2005; Fountain and Fish, 2010).

In terms of the price paid for their last bottle of wine for an everyday meal there is a significant difference in the average expenditure between Gen Y and the older consumers, with the younger cohort paying a higher average price for everyday consumption (\$15.80 compared to \$13.63; a significant difference at 95% CI, $Z=2.52$). Gen Y paid more for special occasion wines also (\$23.54 compared to \$20.81) but this difference is not statistically significant. This willingness to pay more for wine supports previous findings and the assertion that in the absence of experience and knowledge, price is a cue used for quality (Barber et al., 2007)

Table 3: Type of wine at last purchase: high and low involvement situations

<i>Type</i>	Everyday meal		Special occasion	
	<i>Gen Y</i>	<i>30+</i>	<i>Gen Y</i>	<i>30+</i>
Red	13.2	21.7	25.3	26.1
White	56.6	45.1	44.0	35.5
Sparkling/Rose	7.5	3.8	13.3	11.6
Red & White ^{***1}	11.4	4.6	2.7	12.9
White & Sparkling				3.5
Red, White & Sparkling				0.6
Unsure	5.7	2.1	5.7	2.1
<i>N</i>	53	235	75	318

^{***1} $Z= 3.84$ - Significant difference at 99% CI

Respondents were asked to rank the importance of eight product cues “when choosing a wine for a(n) [everyday/special occasion]”; the criteria used having been identified as key factors in choosing wine from qualitative pre-work. Table 4 presents the highest priorities for everyday choices of Gen Y and the older consumers, with a ‘high priority’ being defined here as the proportion of all respondents ranking the item first, second, or third in importance (see Appendix 1 for full rankings). Wine type remains consistently important across high and low involvement situations for both Gen Y and older consumers, as does grape variety, being slightly more important for older consumers than Gen Y. The cue of ‘quality’ increases in importance in high involvement situations, and Gen Y rate it as significantly more important in these contexts. The concept of ‘quality’ is subjective, and it might be argued that in the

absence of knowledge and experience regarding alternative cues of wine quality, this rather imprecise attribute is ranked highly, although just what consumers mean by 'quality' in this context has not been explored. Vineyard location, or region, is relatively unimportant in both contexts for both Gen Y and older consumers, while number of medals won increases in importance in high involvement situations.

Interestingly, price is generally considered less important in high involvement situations than low involvement situations for both cohorts of consumers, seemingly contradicting existing research (Quester and Smart, 1998) and the fact that both cohorts reported spending considerably more for wine on special occasions. This finding may reflect the increasing importance of other cues in high involvement situations, with respondents prepared to overlook price if other cues considered important are present. Price is somewhat more important for Gen Y in each context, again perhaps reflecting the fact that in the absence of wine knowledge price is seen as a reliable cue for quality (Barber et al., 2007).

Two areas where there are consistent differences in the importance of product cues are country of origin and alcohol content. Older consumers rank country of origin as an important consideration for everyday drinking (66.2%) while only 20 percent of younger consumers consider this an important attribute. Given older consumers expressed stronger support for New Zealand wines in their attitude statements it can be presumed that in everyday drinking situations they try to drink New Zealand wines. The importance of country of origin decreases for special occasion drinking for older consumers but remains significantly higher than for Gen Y consumers.

A final point of note is the greater importance placed by Gen Y on alcohol content when selecting wine. This is perhaps a surprising result, and without qualitative investigation it is difficult to explain. One possible explanation is that these consumers are less familiar with wine than with other alcoholic beverages, such as beer and spirits/RTDs, where alcoholic content is a more prominent cue for purchasing. Further investigation is needed of this issue.

Table 4: Priority of product cues: high and low involvement situations

	Everyday meal		Special occasion	
	Gen Y	30+	Gen Y	30+
Wine type	76.6	72.3	73.6	72.9
Price	76.4	70.2	60.3	54.0
Grape variety	45.3	54.3	45.6	52.5
Quality ^{**1}	34.9	21.7	49.2	33.4
Country of Origin ^{***2 ***3}	20.0	66.2	19.1	42.6
Vineyard location	22.5	22.3	17.8	18.9
No. Of medals	4.3	8.5	16.4	15.9
Alcohol content ^{**4}	19.8	6.5	18.1	9.3

^{**1} Special occasion - Z=2.48 – Significant difference at 95% CI

^{***2} Everyday meal - Z=7.26 – Significant difference at 99% CI

^{***3} Special occasion - Z=4.4 – Significant difference at 99% CI (

^{**4} Everyday meal Z=2.31 – Significant difference at 95% CI

4. CONCLUSION AND MANAGERIAL IMPLICATIONS

There is considerable scope for this research to be extended, through recruiting a larger sample or exploring issues in more depth in qualitative research, however the findings of the present research have some interesting managerial implications. First, the wine industry has reason to be optimistic about the wine consumption of Gen Y in New Zealand; the majority are drinking wine, and most of these wine drinkers consume it regularly. Gen Y are not consuming wine as frequently as their older wine consumers in either everyday drinking situations or on special occasions, but there is little difference in the types of wine they are drinking. In both low involvement and high involvement consumption situations, Gen Y are paying more on average for a bottle of wine than their older counterparts, and generally rate 'price' a more important cue for purchase decisions, while older consumers are much more likely to take country of origin into account when choosing wines, and are more likely to state a preference for drinking domestic wines. In light of these findings, it may be counterproductive for wine marketers to attempt to attract younger consumers with cut price wines, as price is viewed by Gen Y as a cue for quality. Furthermore, more effort might be needed on the part of the domestic wine industry to educate young consumers on the advantages of 'drinking local'.

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APPENDIX I: DISTRIBUTIONAL RANKING OF CHOICE CRITERIA**Low involvement: Gen Y**

<i>Factor</i>	<i>1st</i>	<i>2nd</i>	<i>3rd</i>	<i>4th</i>	<i>5th</i>	<i>6th</i>	<i>7th</i>	<i>8th</i>
Wine type	30.8	28.8	17.0	2.9	6.5	12.9	6.5	3.4
Price	36.5	25.0	14.9	14.3	0.0	3.2	3.2	6.9
Grape variety	13.5	21.2	10.6	22.9	9.7	3.2	6.5	0.0
Quality	3.8	7.7	23.4	14.3	16.1	19.4	9.7	10.3
Country of Origin	7.7	3.8	8.5	14.3	25.8	12.9	9.7	13.8
Vineyard location	3.8	3.8	14.9	11.4	16.1	9.7	16.1	17.2
No. Of medals	0.0	0.0	4.3	8.6	16.1	32.3	19.4	17.2
Alcohol content	3.8	9.6	6.4	11.4	9.7	6.5	29.0	31.0

Low involvement: older consumers

<i>Factor</i>	<i>1st</i>	<i>2nd</i>	<i>3rd</i>	<i>4th</i>	<i>5th</i>	<i>6th</i>	<i>7th</i>	<i>8th</i>
Wine type	36.4	25.6	10.3	7.9	6.3	4.5	5.4	0.0
Price	22.1	22.0	26.1	13.9	6.3	3.8	7.0	3.9
Grape variety	19.5	16.6	18.2	13.3	13.2	10.5	3.9	3.1
Quality	4.8	6.3	10.3	19.4	19.4	15.0	12.4	11.8
Country of Origin	13.0	15.2	16.3	13.9	17.4	8.3	10.9	2.4
Vineyard location	3.5	9.4	9.4	13.9	22.9	16.5	17.1	7.9
No. Of medals	0.4	2.7	5.4	11.5	10.4	26.3	26.4	18.1
Alcohol content	0.4	2.2	3.9	6.1	4.2	15.0	17.1	52.8

High involvement: Gen Y

<i>Factor</i>	<i>1st</i>	<i>2nd</i>	<i>3rd</i>	<i>4th</i>	<i>5th</i>	<i>6th</i>	<i>7th</i>	<i>8th</i>
Wine type	30.7	25.7	17.2	12.7	6.0	4.2	4.2	4.3
Price	30.7	17.1	12.5	9.1	8.0	12.5	4.2	6.4
Grape variety	14.7	20.0	10.9	12.7	8.0	8.3	6.3	10.6
Quality	12.0	20.0	17.2	18.2	4.0	14.6	8.3	4.3
Country of Origin	4.0	5.7	9.4	14.5	30.0	18.8	10.4	8.5
Vineyard location	4.0	2.9	10.9	12.7	22.0	22.9	18.8	8.5
No. Of medals	2.7	4.3	9.4	10.9	12.0	12.5	25.0	19.1
Alcohol content	1.3	4.3	12.5	9.1	10.0	6.3	22.9	38.3

High involvement: older consumers

<i>Factor</i>	<i>1st</i>	<i>2nd</i>	<i>3rd</i>	<i>4th</i>	<i>5th</i>	<i>6th</i>	<i>7th</i>	<i>8th</i>
Wine type	40.7	18.6	13.6	8.9	6.3	4.4	5.2	
Price	14.7	18.3	21.0	15.3	10.3	10.1	8.5	4.0
Grape variety	16.0	18.6	17.9	14.9	13.8	8.2	7.8	7.3
Quality	9.0	10.8	13.6	16.8	14.4	11.9	15.0	11.9
Country of Origin	12.5	15.3	14.8	19.3	13.8	9.4	10.5	2.6
Vineyard location	1.9	9.2	7.8	11.4	22.4	19.5	17.0	9.3
No. Of medals	3.8	4.7	7.4	8.4	12.1	25.8	19.6	16.6

Alcohol content	1.0	4.4	3.9	5.0	6.9	10.7	16.3	48.3
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