

Generation Y-Future of the Wine Industry?



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Consumer Insights and Product Innovation
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- Who are the Gen Y consumers?
 - Definition
 - Lifestyle, Attitudes, Values
- Gen Y wine consumers
 - Wine consumption habits
 - Tasting room behaviour
 - Perception of eco-friendly wines
- Conclusions and perspectives



Who are the Gen Y consumers?

- Millennials, Echo Boomers:
 - Follow Gen X
 - Children of Baby boomers
- Birth dates span varies:
 - 1982-2001 (Strauss and Howe, 2000)
 - Canada: 1976-1999 (11-34 y.o.)
 - Australia: 1982-1995 (14-27 y.o.)
 - New Boomers: 1983-2001 (9-26 y.o.)
- Our definition:
 - Generation Y, 19-34 years old;
 - Generation X, 35-45 years old
 - Baby Boomers, 46-65 years old
 - Traditionalists, 65+ years old



Source: wikipedia.org/Generation Y

Large cohort

- New Zealand in 2009

Age	0-14 Years	15-39 Years	40-64 Years	65 Years and over	Total
Total NZ	891200	1484600	1387400	552600	4315800
%	0.21	0.34	0.32	0.13	1

- USA (15-34 y.o.) : 27% population in June 2009
- Canada (15-34 y.o.) : 26 % population in 2006



Generational differences, New Zealand Management, Nov 1, 2007 by Ellen Read

- **Baby Boomers:** 46 to 67 year-olds
 - Vietnam
 - Nixon
 - Threat of nuclear war
 - Hippies and flower power
 - Feminism
 - TV
 - Drugs culture
 - Civil rights
 - Free tertiary education
 - **Gen X:** 27 to 45 year-olds
 - PC computers
 - Crash of 1987
 - Market economies
 - Loss of job security
 - Multiculturalism
 - Fall of communism
 - **Gen Y:** 13 to 26 year-olds
 - Globalisation
 - Global warming
 - Islamic radicalism
 - Corporate greed
 - Iraq
 - Consumerism
 - Full employment
 - Student loans
 - Internet
- 

Attitudes, Values, Lifestyles (Wright, 2006)

- Millennials are not only **environmentally** sensitive, **socially** aware, and **culturally** diverse, but they **expect to have a voice** in these issues. They support companies that embrace these same beliefs.
- Millennials are highly **influenced by their peers**, they respond to **playfulness and fun**.
- Millennials are **technologically savvy**. They want **instant gratification** and expect **information will be available wherever they are**, regardless of form.



Generation Y wine consumers

- Several studies conducted in the US
 - Wine Market Council (2003, 2007)
 - Thach (2005)
 - Wright (2006): attitudes, values, lifestyles
 - Thach and Olsen: wine preference
 - Olsen et al 2007: Generational differences in wine behaviour
 - Nielsen (2007): consumption habits
 - Thach et al (2008): sparkling wine
 - Barber et al (2008): advertising
 - Henley (2009): packaging
- Getz and Carlsen (2008): Gen X-Y tourists in Australia
- Bruwer and Lesschaeve (2007): Tasting room visitation behaviour in Canada



Introduction to wine



Study

Millenials 19-34 y.o.

Gen.Xers 35-45 y.o.

Baby Boomers 46-65 y.o.

Traditiona lists 65+ y.o.

Olsen et al.
2007 on core
US consumers

- Started by drinking dry red wines
- Incentives to drink wine: influence of peer, family
- Most likely to drink red wine now, seconded by whites
- Wine imagery: sophistication

- Started by drinking wine coolers
- Most likely to drink red wine now, seconded by whites
- Wine imagery: sophistication

- Started by drinking sweet or fruit wines
- Most likely to drink red wine now, seconded by whites
- Wine imagery: healthy

- Started by drinking dry red wines
- Most likely to drink red wine now, seconded by whites
- Wine imagery: healthy

Case study: Ontario residents Bruwer and Lesschaeve (2007)

- Analyse wine tourist demographics and behaviours
- Conducted in summer 2007 in Niagara Peninsula
 - 3 large wineries, 2 small wineries
 - Self administered survey (47Q), random sampling
- N=996 total, n=599 Ontario residents
 - Gen Y: 179 – 29.9%
 - Gen X: 136 - 22.7%
 - Boomers: 253 - 42.2%
 - Traditionalists: 31 – 5.2%



Demographics of visitors

Bruwer and Lesschaeve (2007)

	Millennials	Gen X	Baby Boomers	Traditionalists
Male	37.43	44.85	42.69	64.52
Female	62.01	55.15	57.31	35.48

	Millennials	Gen X	Baby Boomers	Traditionalists
19 - 24 years	13.97			
25 - 28 years	40.78			
29 - 34 years	45.25			
35 - 40 years		47.06		
41 - 45 years		52.94		
46 - 54 years			53.75	
55 - 65 years			46.25	
65+				100

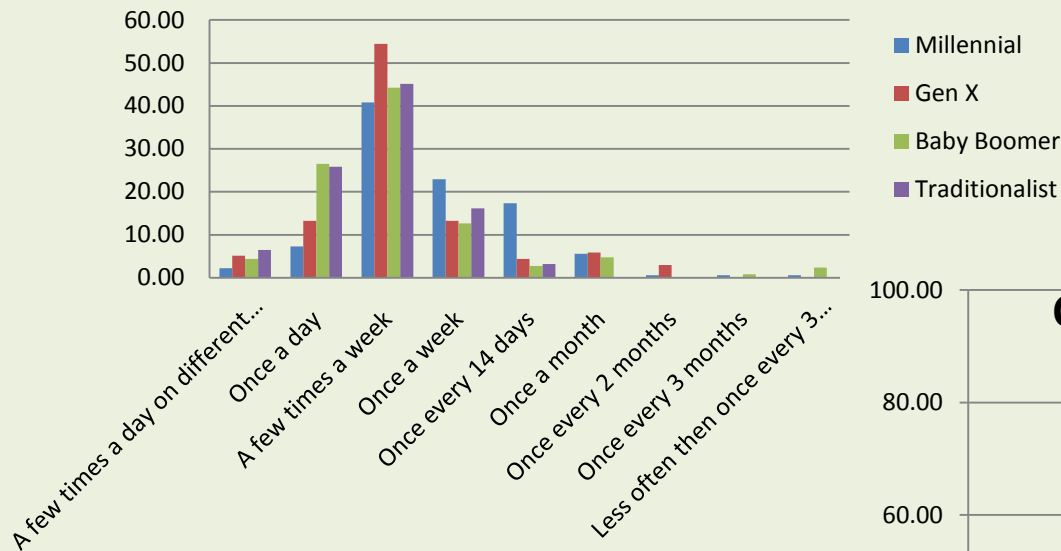


Reason for visiting today	Millennial	Gen X	Baby Boomer	Traditionalist
Learn more about wine	3	3	3	3
Rural setting	8	7	5	7
Find information	6	6	5	6
Experience the atmosphere	5	4	4	4
Buy wine	5	4	3	4
Entertain myself and/or others	5	4	4	4
Taste wine	3	2	3	3
Have a day out	5	5	4	4
Eat at the winery's restaurant	10	7	6	8
Meet the winemaker	10	10	9	10
Purchase this winery's merchandise	9	6	6	7
Find a unique wine	6	6	5	6
Socialise with others	8	6	7	7
Go on a winery tour	6	6	5	6

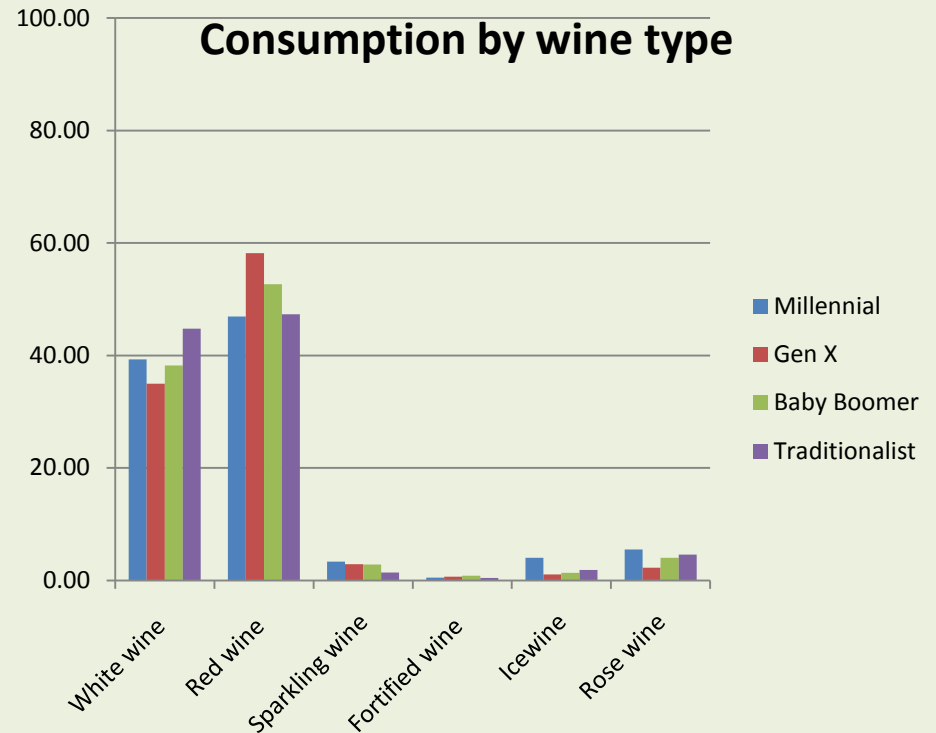
Visitors wine habits

Lesschaeve, Neudorf, and Bruwer (2007)

How often wine is consumed (%)



Consumption by wine type



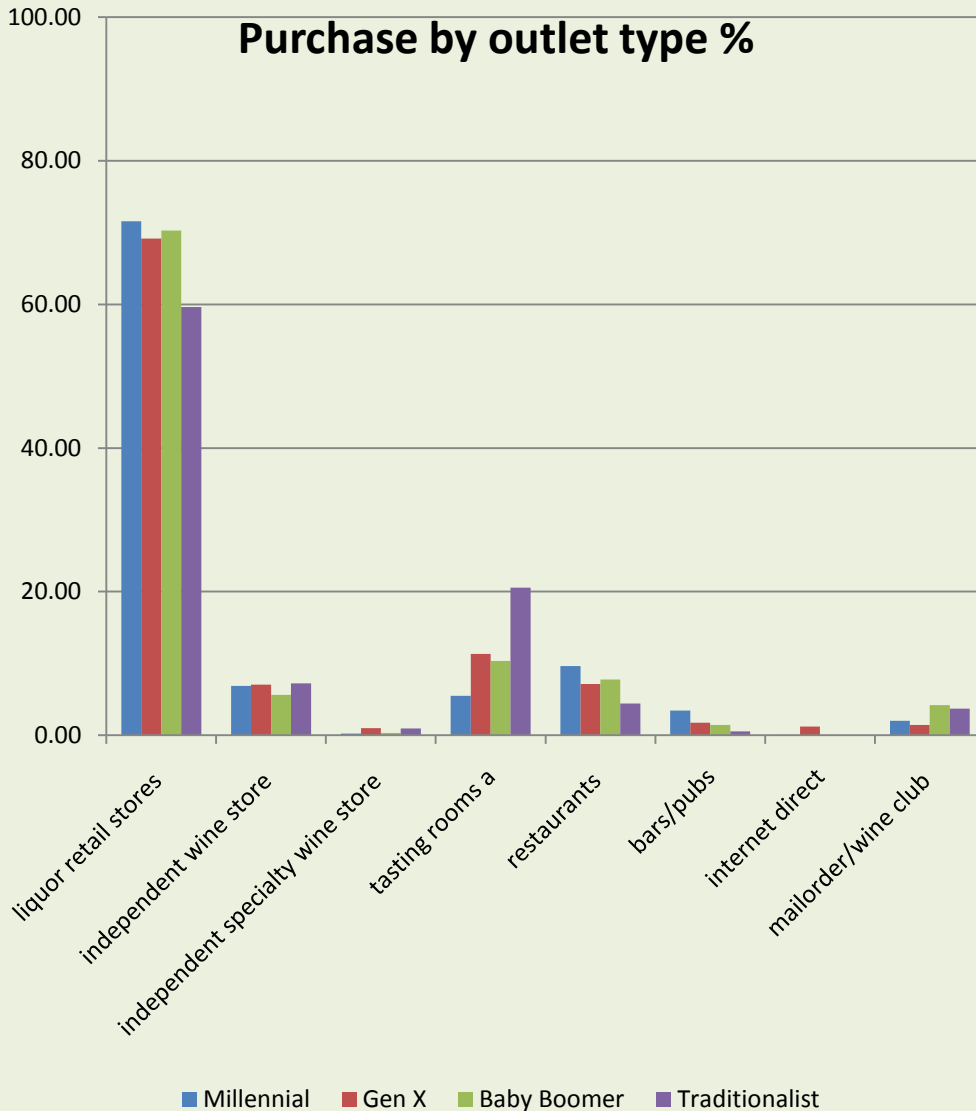
US Gen Y consumers

Study	Millenials 19-34 y.o.
AC Nielsen, 2007 US consumers	<ul style="list-style-type: none">• Prefer red wines (51%: Cabernet and Pinot Noir)• Purchase higher share of Pinot Grigio, Sauvignon blanc, Rieslings• Inclined to buy imported wines• Imagery: Relaxing and sophisticated• Purchase of choice for a formal night out• 34% interested in learning more
Wine Market Council, 2007 consumer tracking study	<ul style="list-style-type: none">• Inclined to experiment• Loyal to imports
Thatch et al. 2008 on US consumers and sparkling wine	<ul style="list-style-type: none">• Would purchase sparkling for casual occasions and Champagne for formal ones

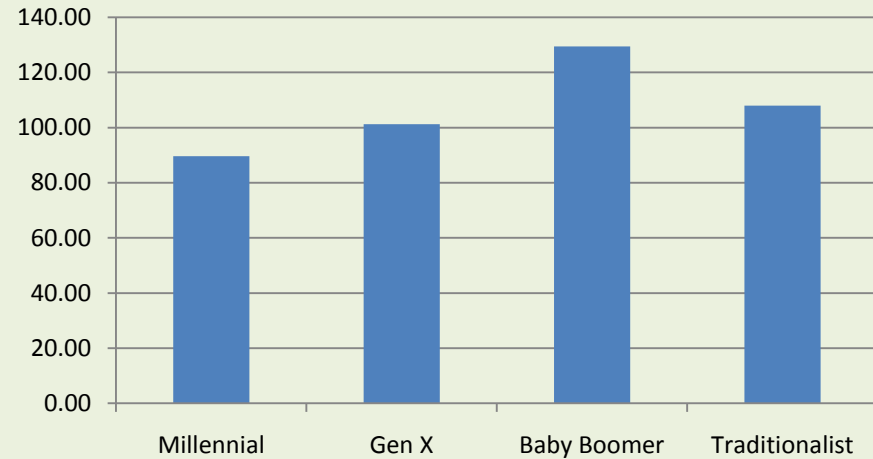
Visitors wine habits

Bruwer and Lesschaeve (2007)

Purchase by outlet type %



Monthly household spend on wine (\$CAD)



US Gen Y consumers

Study

Millenials 19-34 y.o.

Thatch and Olsen, 2006 on North California college students

- Main reason why they drink wine is the taste and food matching
- Focus on value-for-money wines needed
- Focus on taste enhancements and environmental emphasis needed
- More innovative packaging needed
- Need for wine advertising to this group utilising fun, social and related settings

Barber et al. 2008 on US consumers

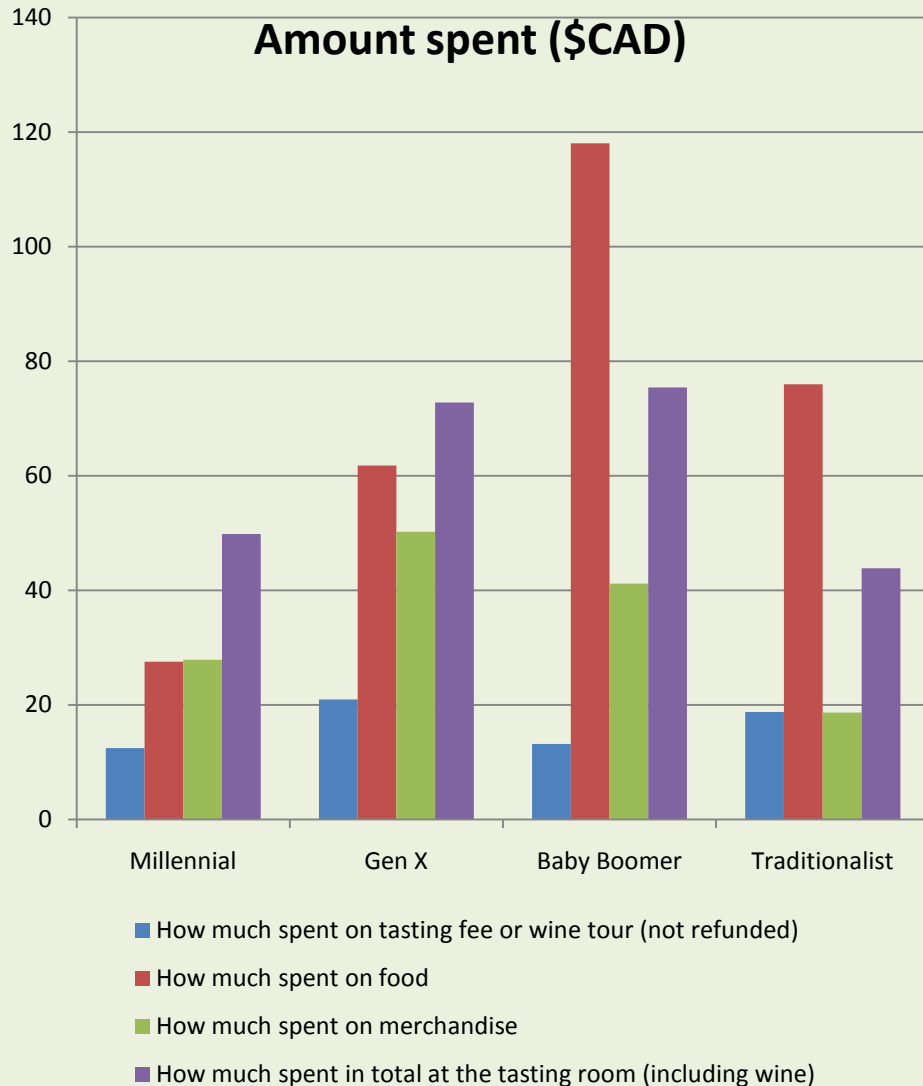
- Advertising should reflect on friends sharing wine
- Ads should include people with diversity in race and gender



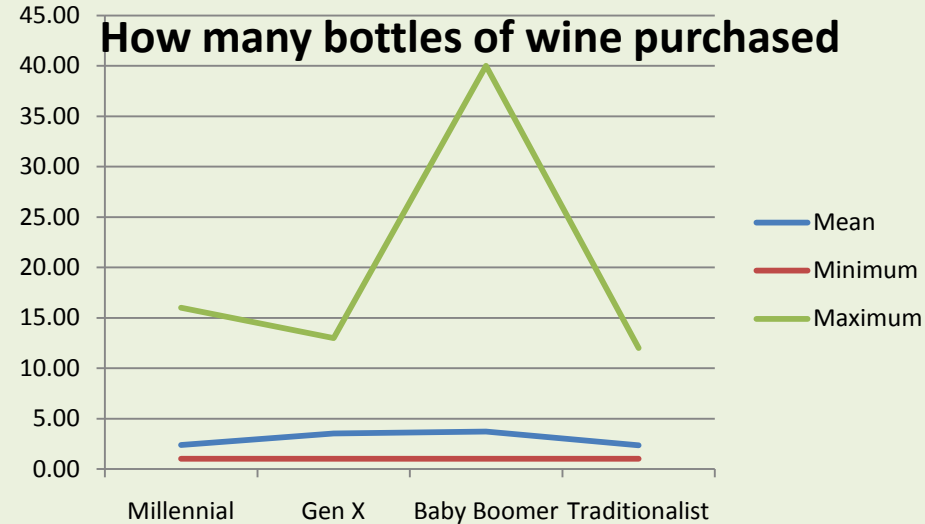
Visitors behaviours at tasting rooms

Bruwer and Lesschaeve (2007)

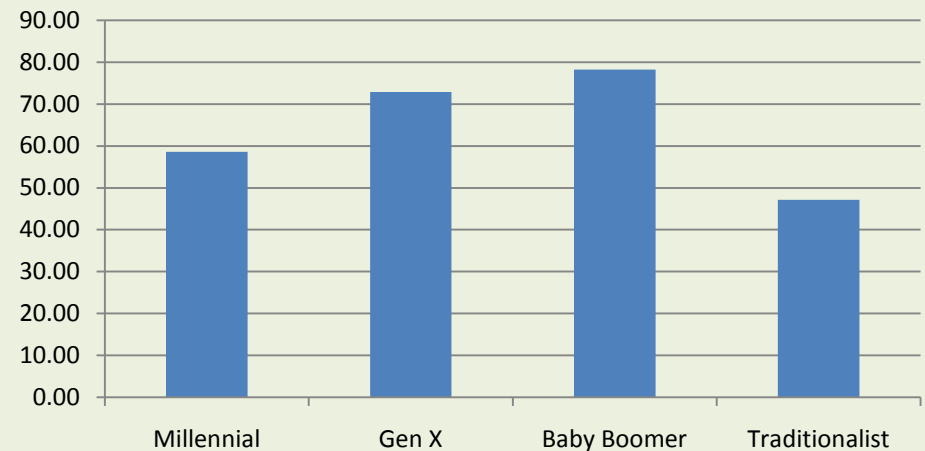
Amount spent (\$CAD)



How many bottles of wine purchased

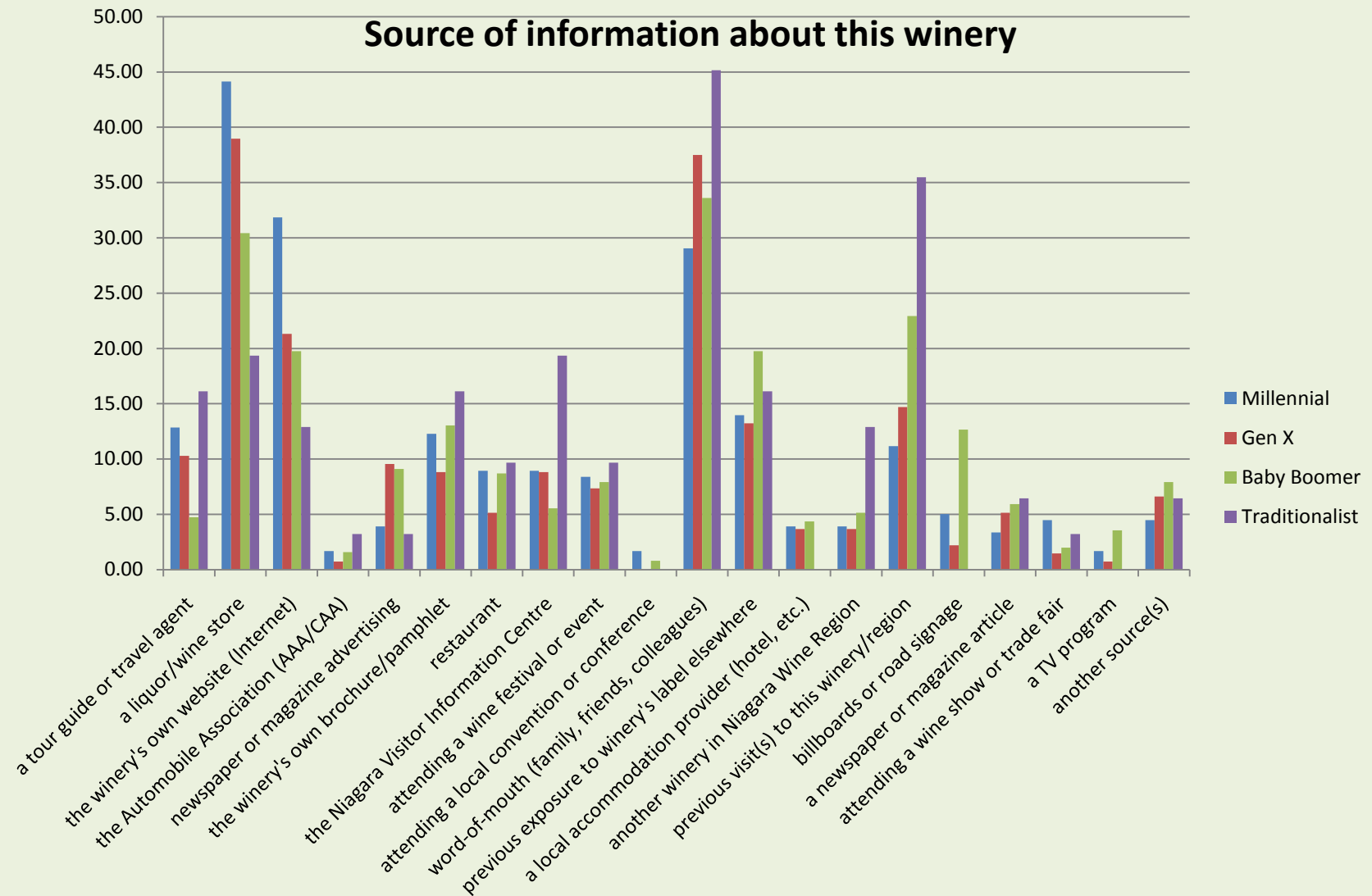


How much spent on this wine (\$CAD)



Visitors behaviours at tasting rooms

Bruwer and Lesschaeve (2007)



US Gen Y consumers

Study

Millenials 19-34 y.o.

Nowak and Newton, 2008
On North California business
students

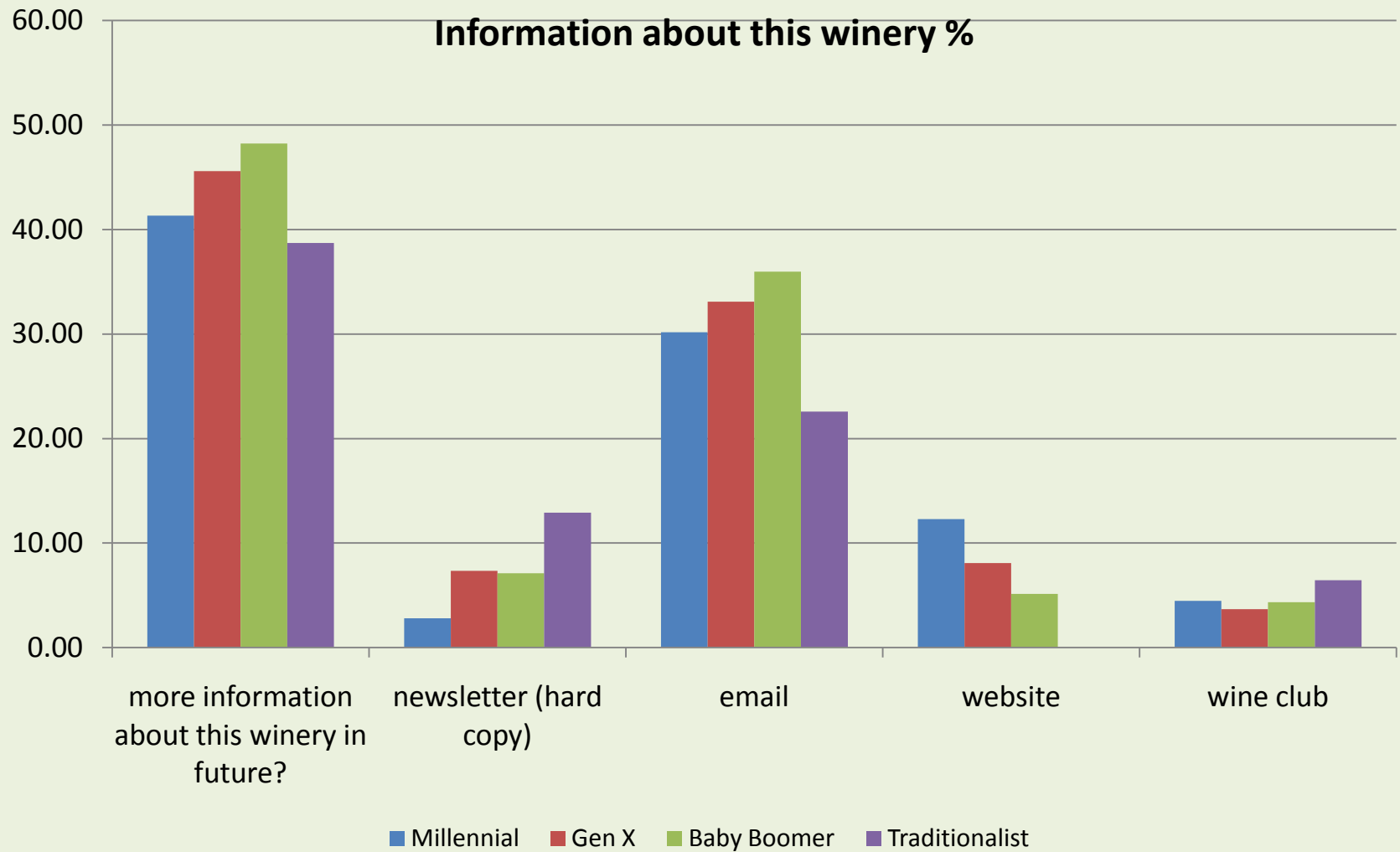
- Inclined to use website for wine purchasing

Wine Market Council, 2007
consumer tracking study

- Computer savvy (20% bought wine on-line vs. 5% in 2006)

Visitors behaviours at tasting rooms

Bruwer and Lesschaeve (2007)



Gen Y and Eco-friendly wines



Eco-friendly wines

Gunter, Vidal, Ziraldo, Lesschaeve (2010)



- **Determine what makes a wine organic and if such practices are understood by the consumer**
- Determine the differences between organic and biodynamic growing practices
- Is this a marketable avenue for Ontario wineries?



Eco-friendly wines

Gunter, Vidal, Ziraldo, Lesschaeve (2010)

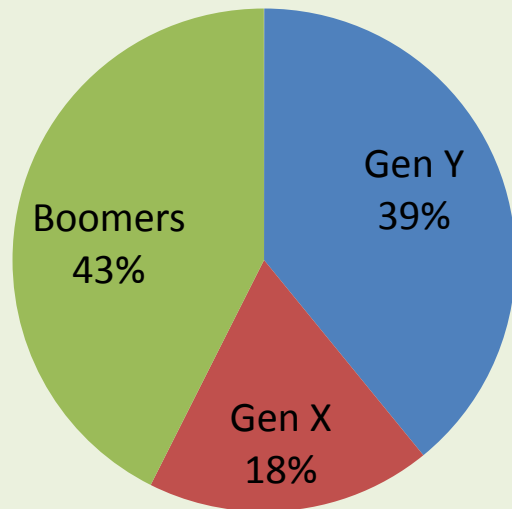
- Online questionnaire administered between March and June 2010: N=202
- Consisted of 26 questions:
 - Demographic
 - Wine knowledge
 - Terminology: perception and knowledge of terms
 - Motives behind purchasing behaviour

Focus on organic wines

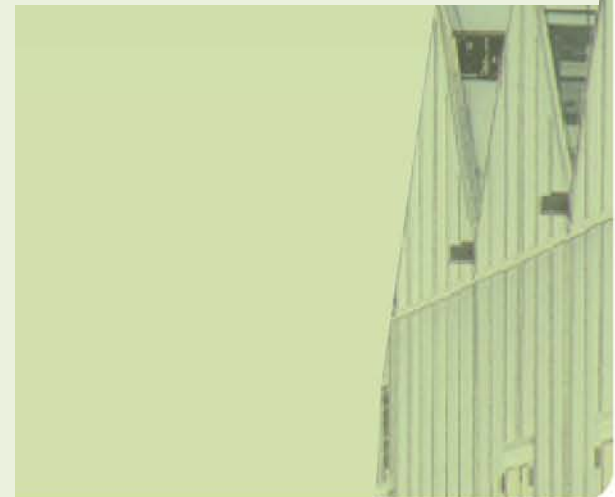
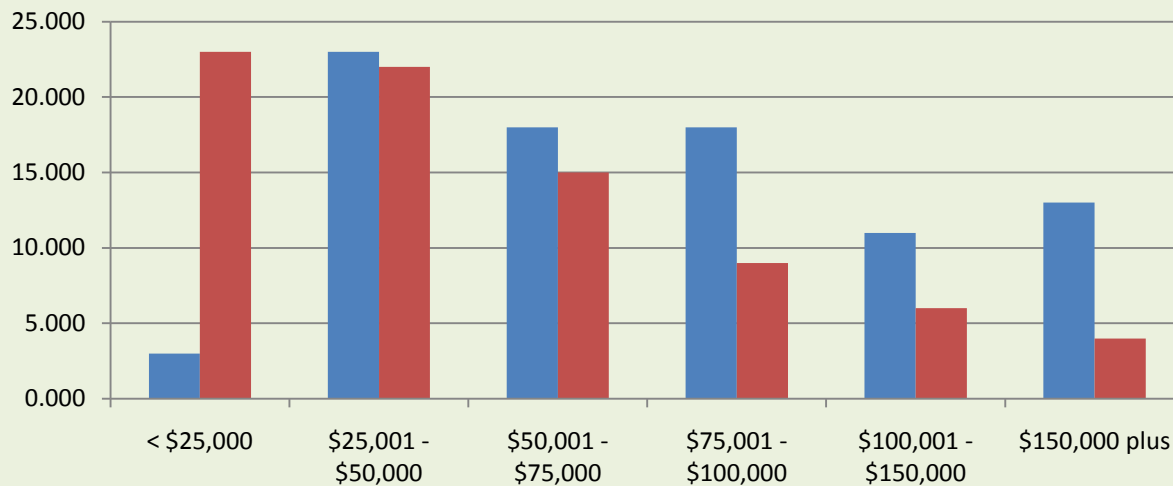
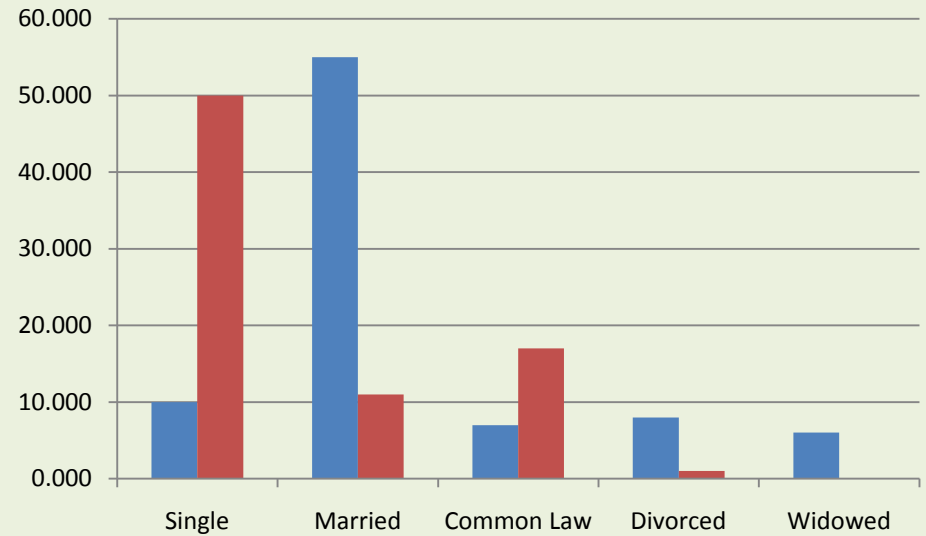
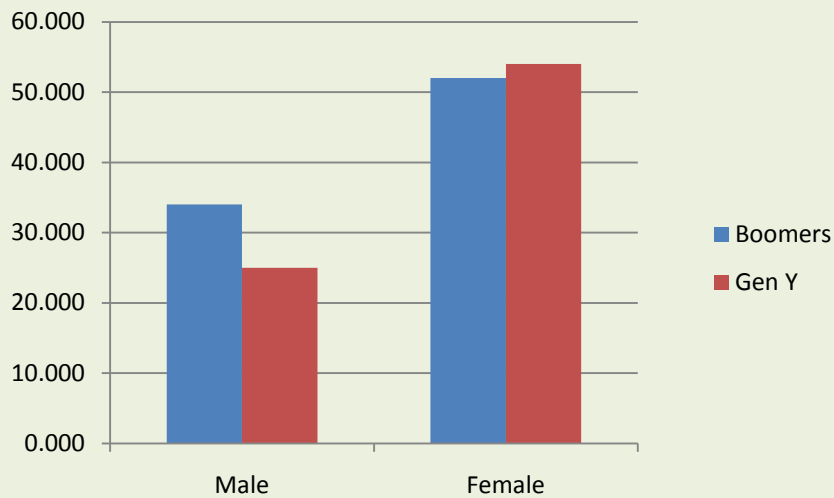


Respondents' Demographics

Generation spread

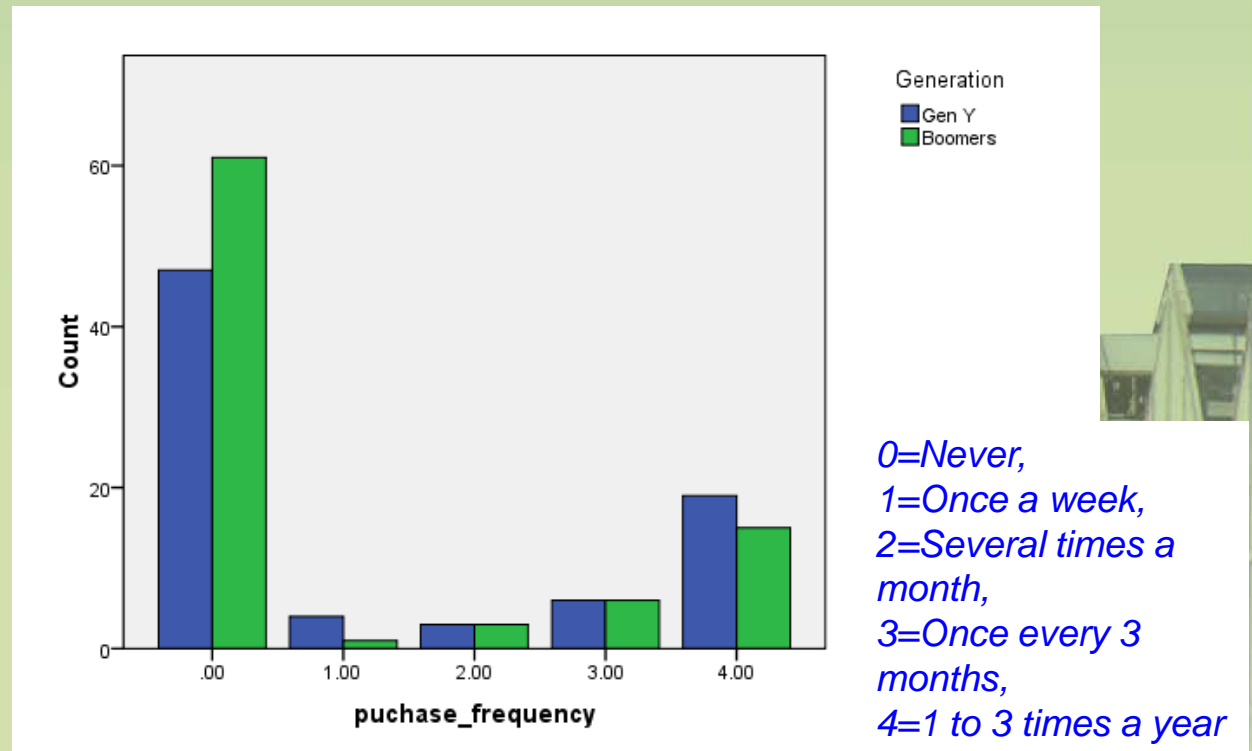


Respondents' Demographics



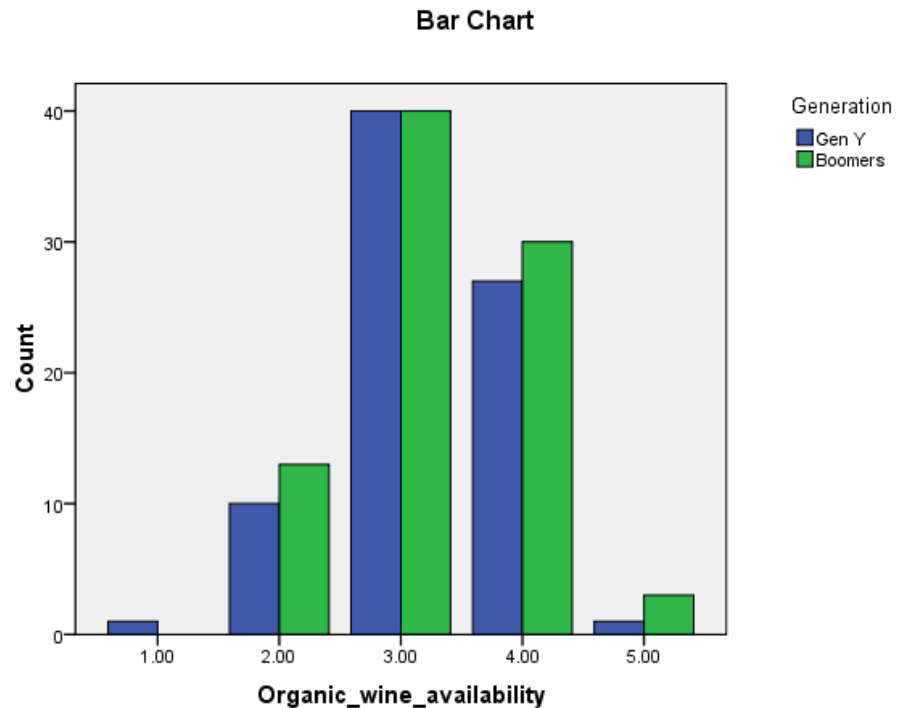
Organic wine purchase

- Most Gen Y and Boomers have never purchased organic wine



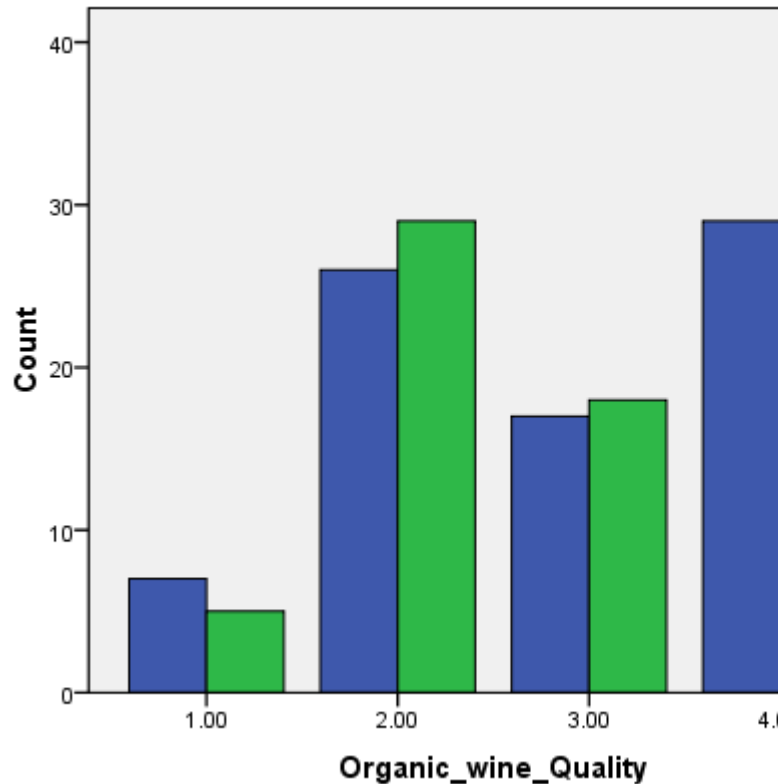
Organic wine availability

- Availability might be an issue for low purchasing rate of organic wine

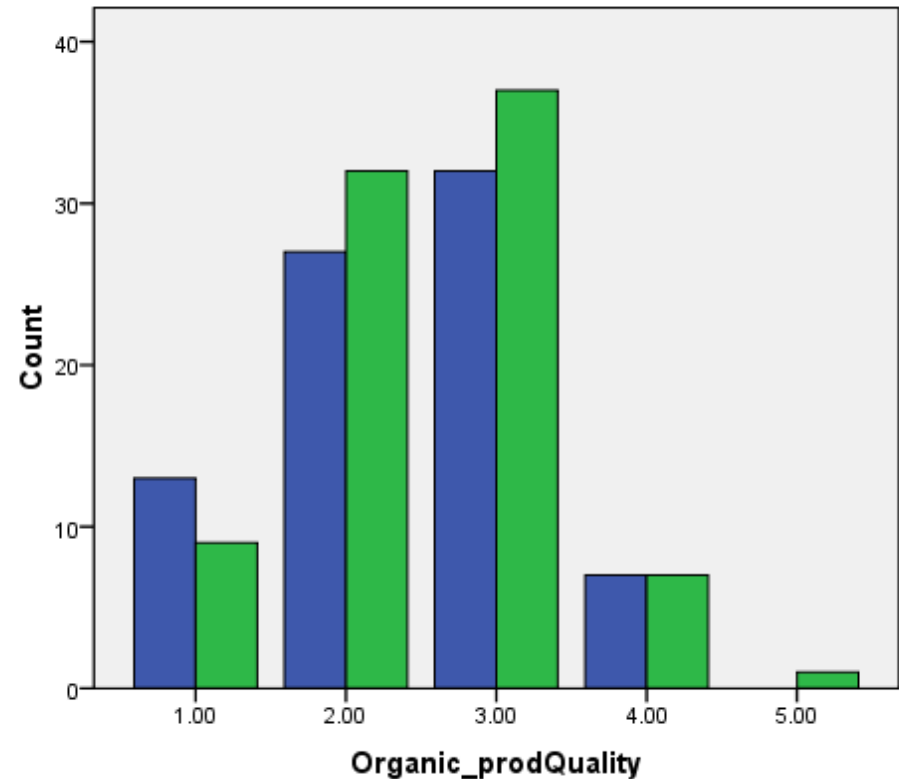


1=Strongly agree,2=Agree,3=Neutral,4=Disagree,5=Strongly Disagree

Perception of organic wine quality ($p=0.09$)

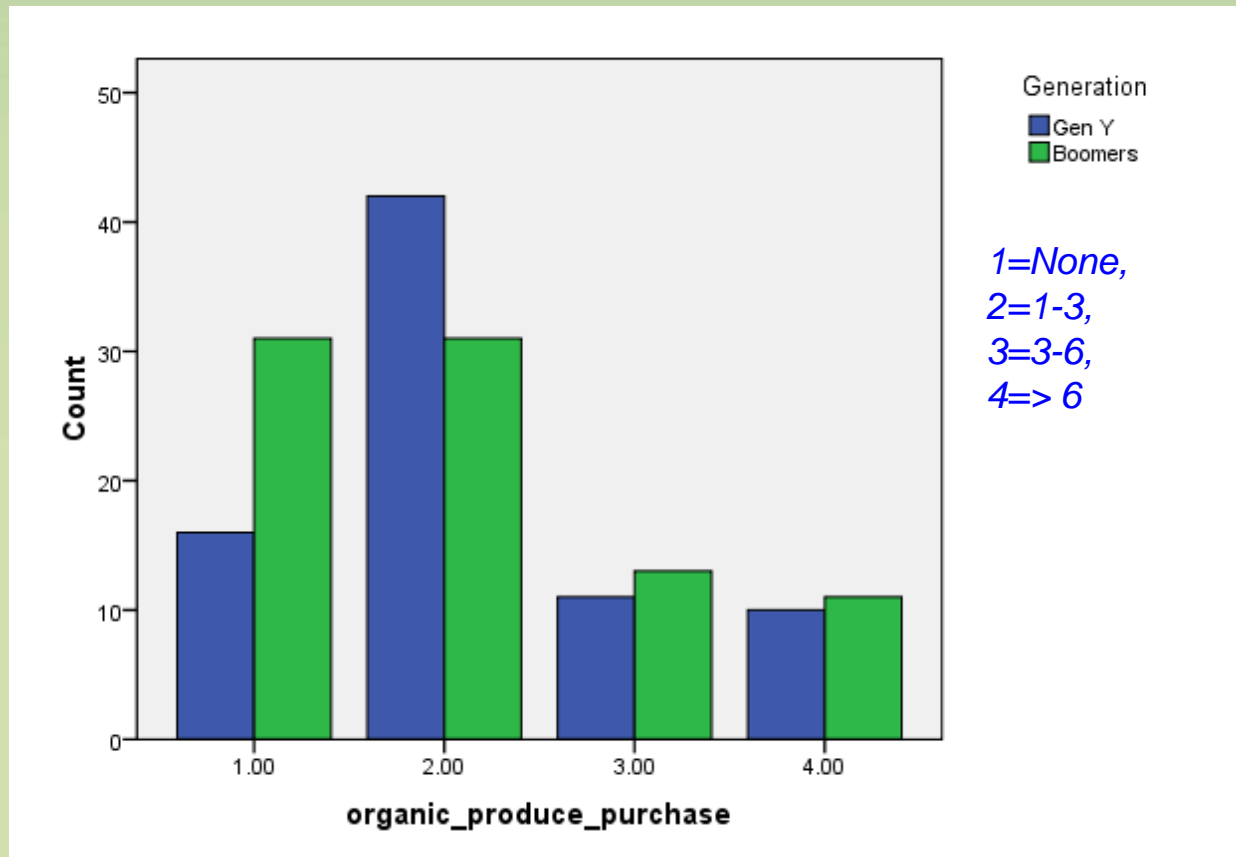


1=Lesser Quality, 2=Equal quality to conventional wine, 3=High quality, 4=Indifferent



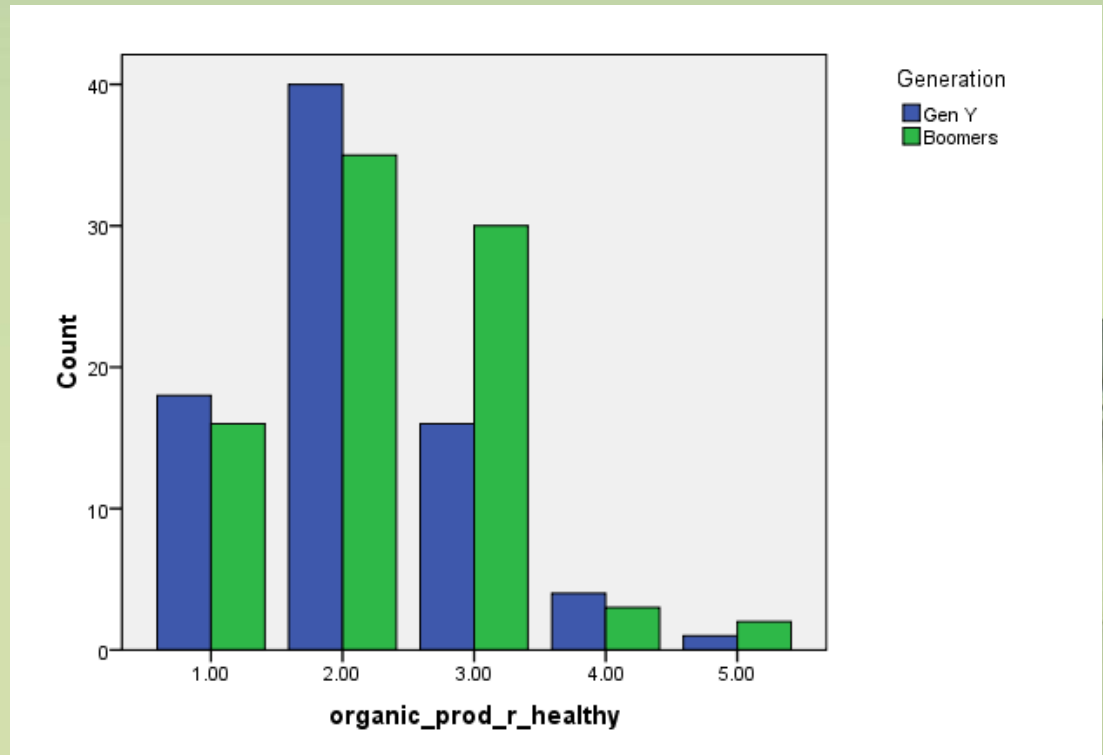
1=Strongly agree, 2=Agree, 3=Neutral, 4=Disagree, 5=Strongly Disagree

Organic products monthly purchase



Organic products are healthy

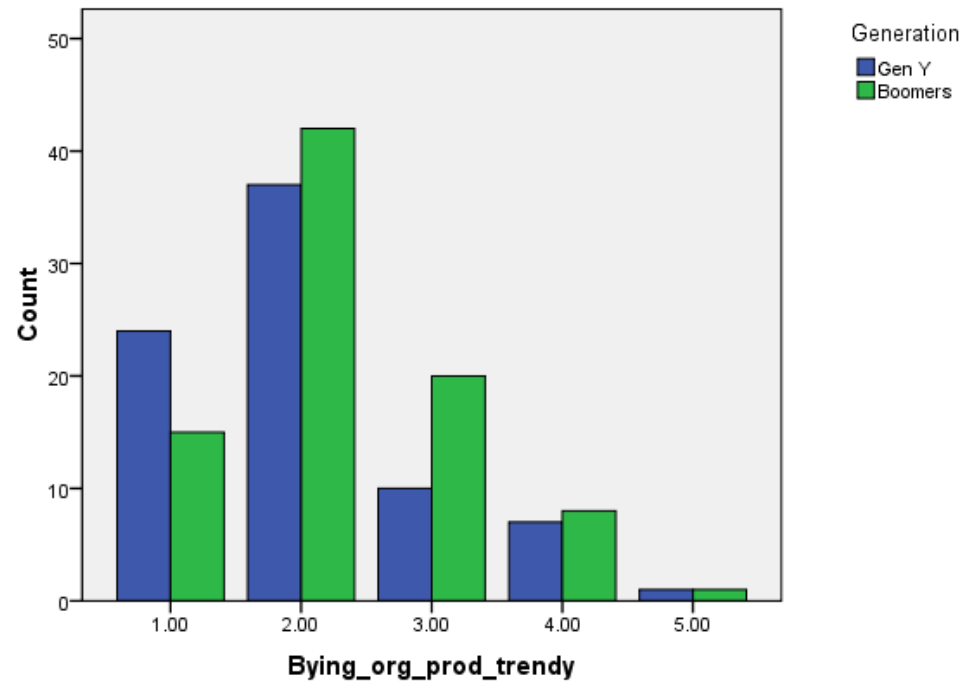
- Millennials tend to think that organic is healthier



1=Strongly agree, 2=Agree, 3=Neutral, 4=Disagree, 5=Strongly Disagree

Buying organic is trendy

- Both groups tend to think that organic is a trend



1=Strongly agree, 2=Agree, 3=Neutral, 4=Disagree, 5=Strongly Disagree

Generation Y and Eco-friendly wines

- Green attitude of Gen Y does not translate into interest for organic wine or purchase
 - Is wine still perceived as a “natural product”?
 - Is organic wine quality still an issue?
 - Is “organic” a trend and “eco-friendly” here to stay?
- No differences among generations on environmental responsibility statements
- No difference between generation in associating eco-friendly with certain practices (Organic, Biodynamic, LEED certification, Use of alternative Energy Sources)



Gen Y-Future of the wine industry

- Interested in wine, to learn more about wine
 - Fun, social, and rewarding
 - Experimenters
- Need to adapt marketing strategy
 - From *sophistication* to *casual*
 - From *exclusive* to *accessible*
 - From print to digital communications → Web 2.0
- Green wines?
 - Maybe not → local wines
 - Sustainable: fuzzy concept → Eco-friendly



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