

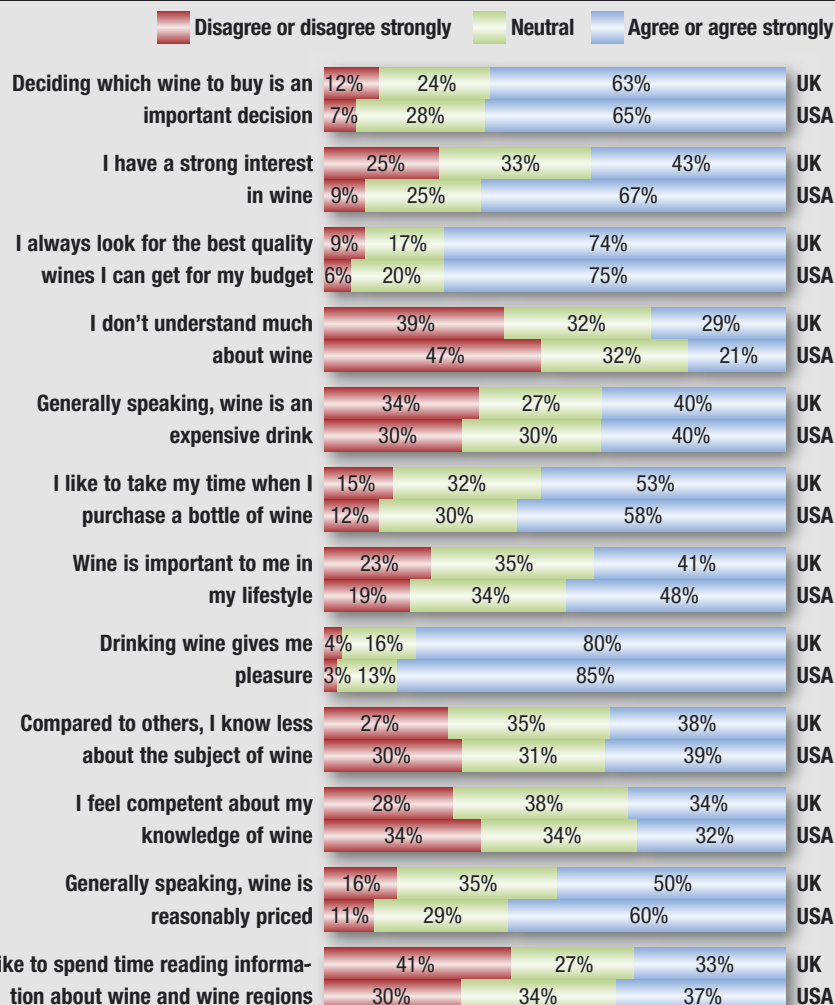
THE MYSTERIOUS GENERATION Y

Young wine consumers across the world share more in common than was the case with previous generations. Graham Holter of Wine Intelligence reports that, despite these unprecedented commonalities, important differences still need to be taken into account.

SUMMARY BOX

- The next generation of wine drinkers have more in common with one another than in the past, regardless of where they are in the world.
- They are cynical, attracted by good stories and authenticity, and spread their views via social networking.
- They are adopting wine earlier than their parents did.
- For all their confidence, they are worried about embarrassing themselves by choosing the wrong bottle of wine.
- Americans see grape variety as more important than their British counterparts; one of a small number of differences between them.
- Americans are generally more confident than their northern European counterparts.

Wine attitudes



The wine industry is, for understandable reasons, increasingly interested in 'younger drinkers'. It tries hard to avoid publicly engaging with them until they are legally old enough to drink – witness the earnest, if futile, date-of-birth requests on virtually all wine producers' websites – but there is a growing recognition that new consumers are required to replace the old.

Who are they?

Generalisation about the behaviour of young adults can be dangerously flawed, but Wine Intelligence chief executive Lulie Halstead argues that the next generation of wine drinkers is less divided by cultural and geographic boundaries than ever before – something which ought, in theory, to make life easier for wine marketers. "Consumers up to the age of about 30 are accessing the same type of influences, the same brands, the same information, either online or through film or TV – even radio now," she says. "They're closer and more homogenous. We're seeing quite a lot of similarities in the motivations of these consumers across different markets, particularly in developed Western markets."

Halstead says this new group – sometimes dubbed 'Generation Y', or the 'Millennials' – are more interested in a work-life balance than their parents were, and more group-oriented. This is characterised by their enthusiasm for text messaging, e-mail and online social networking. "When it comes to brands, what we find is that the overriding factor is this idea of authenticity," she says. "Authenticity doesn't need to be old fashioned. It can be something like iPod: it is authentic because it is straightforward, simple and does what it says it's going to do."

She goes on to explain that Generation Y is also "more cynical than the generations of consumers we've seen before, partly because they have immediate access to more information than previous generations have had. They'll go straight online, to Facebook or

start texting and forwarding emails if there's something they don't like about a product, a brand or a service." On the positive side, they "like the idea of story-telling, even if it's very short – we see that in the way texts and emails are forwarded. If a wine has a clear set of brand values and a story associated with it, even if it's very short and straightforward, that's what they're looking for." Another value is 'collective conscience': "that doesn't necessarily mean having to be full-on fair-trade or organic, but is based on the idea that products are developed or sourced by companies that respect those who work for them, and the landscape they work in. For these consumers it's one of the boxes they like to have ticked: does this product come from a safe pair of hands?"

Another plus for wine marketers is that this generation is generally adopting wine

earlier than their parents' generation did. "In many markets this is because wine is now more readily available and accessible and embedded into society, certainly in the major non-producing countries, than it was for previous generations," reports Halstead. For the majority of these consumers, wine continues to be seen as the drink of sophistication; it's very differentiated from other alcoholic drinks from that point of view. That's particular true of red wine. In fact red, white and rosé are seen by these consumers actually as different drinks: they're not part of the same category. They're as different as cider, spirits and beer for many of these younger consumers."

Nevertheless, wine has yet to become 'part of the furniture' in the homes of younger consumers. For example, as Halstead points out, in the UK nearly 70% of

these younger regular wine drinkers have six bottles of wine or fewer at home, so it's still very much a 'grab and go' culture for them. Nor are younger consumers at ease with wine purchasing, even if the act of selecting a wine is probably far less intimidating a prospect than it might have been for their parents' generation. "They are worried about ordering the 'wrong' bottle and appearing ignorant in front of people they want to impress," says Halstead.

Some important differences

Wine Intelligence has studied young adults – those between the legal drinking age and 34 – in many markets as part of its Vinitrac Global programme. This consumer research project identifies a representative group of regular wine drinkers, with varying levels of involvement in the category,

THE EUROPEAN MILLENNIALS

Anecdotal evidence says that wine consumption is slumping among Europe's younger generation, even in wine producing countries. Gina Bricklebank looks at the evidence and asks if such trends can be reversed.

Is the younger generation of drinkers on mainland Europe really moving away from wine? While the anecdotal evidence is strong, none of the major wine organisations – from the International Organisation of Vine and Wine (OIV), to the Comité Européen des Entreprises Vins (CEEV), to the European Commission itself – had much data available. Michael Mann, spokesman for Agriculture and Rural Development at the European Commission in Brussels, said that while the suggestion of a slump was in line with his observations, there wasn't any statistical evidence to back this up.

José Ramón Fernández, secretary general of CEEV, cited a Spanish study as the only recent effort to find some answers. The survey by the Spanish Economic Observatory for Wine, conducted in May this year, found that only 8% of the Spanish population between 18 and 35 drink wine regularly. It showed a 27% decrease in regular consumption since 2005 and revealed that 34% of those surveyed said they never or almost never drink wine. Twenty three per cent have not consumed wine in the last three

years. The survey also highlighted that many younger drinkers are rejecting wine because they consider it to be "adult-oriented, difficult to understand, and requiring a long process of initiation, compared to other alcoholic beverages".

"Sommeliers, wine writers and wine professionals portray wine as something you need to learn about, something that is for older, posh people."

Pancho Campo MW, president, Wine Academy of Spain

In France there has also been some, albeit rather patchy, research. Observatoire Economique Viniflor le Vin researched the influence age has on wine consumption over the period between 1980 and 2005. It found that drinking habits follow two distinct patterns: life cycle and peer pattern. The latter asserts that a person's consumption habits are more likely to mirror those of people their own age, rather than what the previous gen-

eration was doing at their age. The study found that in 2005 there were almost no regular wine drinkers under 25. The majority of occasional drinkers were, it seems, between 30 and 40, while most regular drinkers were between 50 and 70. The younger group were coming to wine later than the previous generation, and thought likely to maintain lower consumption throughout their lives – the theory being that if you start young you are more likely to increase consumption with age. The survey predicted that by 2015, there would be one-third fewer regular wine drinkers, as young people choose not to drink wine, or to drink it less often. Simply, this suggests there is a very good chance that many of today's French youth are not going to become wine drinkers at all, and that many of those who do are unlikely to become regular consumers.

Illustrating the patchiness of French research, the Cooperative of Vignerons of the Vaucluse conducted a study of wine and young people in 2004 and 2006 with very different results. It found that a healthy 49% of 18-25 year-olds are regular wine drinkers, consuming once a week. Thirty-six per cent enjoyed wine once a month and just 5% never consumed wine at all.

Meanwhile, in Italy there are concerns that a new binge-drinking culture has hit younger consumers. According to the BBC, Italy's under-25s are drinking more than they used to – albeit at levels still below those seen in countries such as the UK and

MARKET WATCH

and studies their usage, behaviour, demographics and attitudes. Although the headline conclusion from the research may be that young consumers across the world have more in common than has been realised, there are also some notable differences.

In the UK, where sales are dominated by the supermarkets, buying wine can often be relegated to an incidental, rather than a planned, activity. Not so in America. Erica Donoho, Wine Intelligence's USA country manager, says: "We still have a very controlled environment for the sale of alcohol, and wine consuming is a very conscious decision. Wine is not picked up daily with the groceries."

It's a point which marketers can overlook, especially when UK multiple retailers are focusing on budget offers like three-for-£10. British consumers, many observers feel, are

Denmark. These consumers tend to choose beer, 'super-strong' shots, spirits and cheap cocktails over wine. This summer, drinking on the streets has been banned after 9pm in parts of Rome. Dino Gasperini, the official responsible, told the BBC: "People don't seek out nice beer or nice wine, they drink anything. Our historic town centre has become a meeting place for thousands of young people and they're just getting younger." What's more in Italy now there is a campaign to increase the legal drinking age from 16 to 18.

Pancho Campo MW, president of the Wine Academy of Spain and organiser of industry conference WineFuture, identifies three reasons for the decline: first, wineries and promotional bodies focus on export markets, trade fairs and magazines at the expense of the local consumers; second, younger people see wine as something their parents and grandparents drink. Lastly, he argues that "sommeliers, wine writers and wine professionals portray wine as something you need to learn about, something that is for older, posh people – and therefore expensive." The most common drink in Spain among 18-30 year-olds is probably dark rum mixed with cola or Cuba Libre.

According to Mann, no work has yet been carried out on a policy level to investigate this problem, or to encourage younger consumers to consider wine as their drink of choice. Mann says there is a careful balancing act between supporting agriculture and

being trained to look for the cheapest price, rather than encouraged to explore the quality spectrum. Young Americans, by contrast, are entering specialist retail environments where they are likely to encounter the sort of purchasing cues that elude their British counterparts. At the risk of oversimplifying the situation: new wine consumers in the States are encouraged to look up, while those in the UK are given more reasons to keep their sights lowered.

"In the US, most wine purchases happen in a specialist store where there is a knowledge level from the staff, whereas in the UK wine is typically purchased in a supermarket or possibly a high street off-licence, which may have specialist staff, but certainly in multiple grocers there aren't experts on hand," says Halstead. "So the culture of expert endorsement is enhanced in the US.

promoting the responsible consumption of wine. He points to 2007's EU wine market reforms as a catalyst for encouraging producers to be more in tune with changing consumer habits. He believes the focus is turning toward the non-expert consumer, with simplified labelling and smarter promotion. He also points out that producers can apply to be part of a €50m yearly programme that promotes EU products, using the funds to attract a younger market – while also promoting drinking in moderation. Much of the fund remains untouched by the wine trade.

The economic crisis has hit wine hard and the trade is now starting to listen when it comes to the younger generation of drinkers. Campo thinks the trick is to convince the trade to get together and motivate young people to start enjoying wine in moderation through marketing, promotion and education. Later this year the Wine Academy of Spain plans to announce a new initiative called 'Wine Chill Out', a programme to promote good Spanish wine to 18-30 year olds. The programme will include summer parties where guests come to enjoy all kinds of wine – still wine, cava, sherry – with food and live music in a setting in which they feel comfortable. Campo hopes to work with up to ten different sponsors for the tour, which will be supported by an online campaign. He wants people to get into the mentality of, "I had a great time and the only thing I drank was wine." ■

These younger consumers are absolutely using that recommendation to reinforce their own knowledge and to reassure them that they are making a choice that will not let them down in the eyes of their peers."

In the US, red wine accounts for 47% of their intake, followed by white (41%) and rosé (12%). The British favour white wine, which accounts for 39% of their consumption. More than twice as many young Brits (69%) are rosé drinkers, and rosé makes up 27% of the total of the wine they consume.

Wine Intelligence's studies classify consumers according to their 'involvement'. Tellingly, 41% of young American wine drinkers are 'high involvement' consumers, compared to 29% of their British contemporaries. The figures are reversed for medium-involvement consumers; and 30% of young wine drinkers in both countries are labelled 'low-involvement'.

"Younger consumers in the US feel that they're more involved, and want to take more of an interest," says Halstead. "It doesn't necessarily mean that their objective or technical knowledge is any more sophisti-

Focus on the UK

If the differences between under-35s and the rest of the UK market were to be summed up in a single statement, it might well be: 'the younger generation drinks more rosé'.

Rosé accounts for just 14% of what the over-35s drink, compared to 27% among younger drinkers, who drink markedly less red, and somewhat less white, than their older counterparts. Younger wine consumers are also more likely to enjoy Champagne (as well as beer and cider), and much less likely to drink sherry and port – two categories to have wrestled with an image problem in the UK for many years. The under-35s are, broadly speaking, less 'involved' with wine than their elders, based on a number of measures. They are more likely to admit to a lack of knowledge, but also have less enthusiasm for reading up on the subject. Although the UK has a discounting culture, Halstead at Wine Intelligence reports that "many of the younger consumers are less promotionally driven than their older, more experienced counterparts."

Focus on the US

Rosé drinking in the USA is fairly evenly spread across the age groups, though the under-35s do exhibit more enthusiasm than their elders for white wines. Although both the younger group and the 35-plus segment both prefer red wines, white wine accounts for 41% of the under-35s' intake, compared to 37% for the over-35s. As in the UK, the younger group has developed more of a taste for Champagne than the over-35s, and is also far more interested in dessert wines. The under-35s are more concerned about country of origin, label design, and the awards a wine has won; they also care rather more about alcohol content than is the case among older consumers. Recommendations from wine critics are taken more seriously by younger American wine drinkers, who also give more credence to the words they read in guide books, as well as what they are advised by shop staff or friends and family members.

cated or advanced than their contemporaries in the UK. What it means is they feel the category is a more important part of their self-awareness, and the image that they have for themselves."

She says that choosing wine is still a daunting process for these consumers, as they're still learning. This plays out in many markets, although younger consumers in the US seem to have more confidence than their northern European counterparts, even

though they're aware that their wine knowledge may not be great and their wine experience may not be extensive. Americans appear more open-minded about quirky, offbeat presentation, and are responsive to varietals. Seventy-eight per cent said grape variety was 'important' or 'very important', compared to 70% of the British group. Thirteen per cent of the UK sample believed grape variety was unimportant, but only 5% of the Americans felt the same way. "In the UK there is less of a culture of those wines," says Halstead, "because, historically, wines have been European wines, driven by terroir and much more classical cues when it comes to label and brand values." Halstead says that for young British consumers, "the key thing is they're looking for risk reduction - they're lacking in confidence".

Americans appear more willing to push the boundaries slightly, because that's part of the wine culture they're developing.

"The British see a link between price and quality, so therefore if they spend more, they'll get more," says Halstad. "It's driven by personal benefit, whereas in the US, the spend is driven more by how they will be perceived by those around them."

Interestingly, although many wines are offered in the UK at lower absolute prices



"Because wine is seen as the drink of sophistication, these consumers associate wine with how they feel about themselves but, more importantly, as an indicator of how other people will view them."

Lulie Halstead,
CEO, Wine Intelligence

than in the US, younger UK consumers feel that wine is more expensive than their US counterparts do. Then again, if US consumers are buying wine to get access to the lifestyle culture and sophistication, then using more dollars to achieve that feels more appropriate.

Perhaps one of the most revealing aspects of the research emerged when consumers were asked how much pleasure they get from wine. Eighty five percent of the Americans agreed that 'drinking wine gives me pleasure'. The British had a score of 80%, with the remaining 20% either neutral, or disagreeing. Remember, these are regular wine drinkers, not consumers with no involvement in the category. If 20% of young British wine drinkers, and 15% of Americans, aren't enjoying their purchases, the industry probably has some soul-searching to do. ■



Graham Holter's article was supplied by Wine Intelligence.

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