

***Generation Y as young wine consumers in New Zealand: how do they differ from Generation X?***

*Authors' details*

**Joanna Fountain** (corresponding author), Environment, Society and Design Faculty, P O Box 84, Lincoln University, Lincoln 7647, Canterbury, New Zealand. Tel. + 64 3 325 2811 email:

[joanna.fountain@lincoln.ac.nz](mailto:joanna.fountain@lincoln.ac.nz)

**Charles Lamb**, Commerce Faculty, P O Box 84, Lincoln University, Lincoln 7647,

Canterbury, New Zealand. Tel. + 64 3 325 2811 email: [charles.lamb@lincoln.ac.nz](mailto:charles.lamb@lincoln.ac.nz)

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### **Abstract**

**Purpose:** The primary aim of this research was to identify the wine consumption behaviour of Generation Y in New Zealand, to explore if differences exist in the wine behaviour of Generation Y in comparison to Generation X, and to seek possible explanations for these differences, in terms of cohort, age and period.

**Design/methodology/approach:** A quantitative survey was conducted with a random sample of residents of Christchurch, New Zealand in 1998 and again in 2008. Three forms of analysis were undertaken: time lag (comparing Gen Y, aged 18-29 in 2008 with Gen X, aged 20-29 in 1998), cross sectional (comparing Gen Y in 2008 with Gen X, aged 30-39 in 2008) and longitudinal (comparing Gen X in 1998 and 2008).

**Research limitations/implications:** The research focused on a relatively small sample within a specific urban New Zealand setting and further application to the country as a whole may be useful. Qualitative research, perhaps using a recall methodology to explore previous consumption behaviour, would help to provide more explanation for the findings.

**Originality/value of paper:** This is the first research project to explore the wine behaviour of Generation Y in a New Zealand context. This research has used a random and representative sample, and has been able to analyse cross-sectional, longitudinal and time lag data for Generation Y and Generation X; an approach that has not previously been used in generational research on wine consumption behaviour and which provides insights not available using one method alone.

**Keywords:** Generation Y, Generation X, wine consumption, New Zealand

**Research paper**

## ***Generation Y as young wine consumers in New Zealand: do they differ from Generation X?***

### **Introduction**

In an increasingly competitive and over-supplied wine marketplace there is a need to foster an interest in wine amongst younger consumers. This is particularly significant given the aging of the Baby Boomer generation, for so long the leading consumers of wine globally. The wine industry is aware of the need to pay more attention to younger cohorts of wine drinkers with most academic attention currently being focused on Generation Y – hereafter referred to as Gen Y. Research suggests that Generation X (Gen X) are still marginal wine consumers (Barber, et al., 2008; Bruwer, 2002; Mitchell, 2002). By contrast, there are suggestions that Gen Y in the US is exhibiting a positive disposition towards wine (Nielsen, 2007; Thach and Olsen, 2006). There is little evidence, however, that the same trend applies in other countries (Kevany, 2008; Mintel, 2009; Mueller et al., 2011; Teagle et al., 2010; Treloar et al., 2004; Wine Intelligence, 2010).

Cross-national differences in Gen Y wine behaviour highlight the importance of environmental context, including the social, cultural, economic and political context, in the establishment of wine consumption attitudes and behaviours (Charters, 2006; Olsen et al., 2007; Ritchie, 2007, 2008; Smith and Mitry, 2007). There can be no assumption that Gen Y in one country will behave similarly to their counterparts in other countries. No research to date has focused exclusively on Gen Y's wine consumption in a New Zealand context, which is a growing market for wine. Research on generational differences in wine behaviour in this market has focused on the Gen X cohort (see Beverland, 2001; Mitchell, 2002; Thomas and Pickering, 2005) or has incorporated New Zealand Gen Y data with Australian data to present an Australasian

analysis (Charters and Fountain, 2006; Fountain and Charters, 2010; Treloar et al., 2004; Treloar and Hall, 2008).

In exploring the wine consumption of Gen Y it is useful to benchmark their behaviour against another generational cohort. Most of the academic research which has attempted to compare the characteristics of different generational cohorts in relation to wine has used a cross sectional method, when the different generations are approximately 15 years apart in age (Melo, 2010). In research of this nature it is difficult to identify whether differences identified between Gen Y and other cohorts is a factor of Gen Y being young and inexperienced wine consumers or a product of core generational differences (Fountain and Charters, 2010).

A time lag method, which would enable comparison of wine behaviour between Gen X and Gen Y at the same age, is unable to reveal if these differences are true generational effects, which will endure across time, or a consequence of the period, or environment, in which the cohorts were living. Another limitation of much existing research on Gen Y's wine consumption is that it has utilised a convenience sample, often of tertiary students, who have been revealed to differ considerably from the population as a whole in socio-demographic characteristics and wine behaviour (Mueller et al., 2008).

The current research addresses some of the existing gaps in the literature on Gen Y and wine. This study represents the first academic research to have focused specifically on Gen Y in a New Zealand context. Furthermore, the methodology used addresses some of the limitations of previous approaches to this topic, in particular by using a representative sample of respondents, and by analysing time lag and cross-sectional data of Gen Y in relation to Gen X, and longitudinal data of Gen X. This

approach allows a triangulation of data analysis that can better account for age, period, and generational effects on wine consumption behaviour.

The focus of the current research has been to address two key objectives:

- 1) To identify the wine consumption behaviour of Generation Y in a New Zealand context.
- 2) To explore if any differences exist in the wine behaviour of Generation Y in comparison to Generation X, and to seek possible explanations for these differences, in terms of cohort, age and period.

## **Context**

### *Generation Y and wine consumption*

Generational cohort segmentation has gained considerable attention in marketing research over the past two decades, with the assumption being that the era in which a person is born and the experiences they have growing up, particularly during their 'coming-of-age' years, will affect their behaviour, attitudes and values. The crucial argument of this approach is that these values and subsequent behaviour will remain relatively stable throughout a generation's lifetime and set them apart from preceding and following generations. Thus, generational cohorts offer an additional form of market segmentation considered richer than age segmentation alone, and enable targeted marketing of these cohorts (Lancaster and Stillman, 2002; Noble and Schewe, 2003; Pendergast, 2010; Strauss and Howe, 1991).

The environmental context in which a generational cohort spends their formative years is critical in determining the 'defining moments' which will influence values, attitudes and behaviours. These defining moments may include changes in the

economy, political situation, technological innovations and more general lifestyle changes, and could be specific to a particular country or more global in reach (Schewe and Meredith, 2004). Global events or developments will impact different nations at a different rate, or with varying intensity; for example World War II, while potentially global in awareness, is not necessarily global in impact (Schewe and Meredith, 2004). Therefore generational characteristics may be culturally- and country-specific.

Much of the recent generational research has focused on the emergence of the large and powerful consumer group of Gen Y, also known as the Echo-Boomers or Millennial Generation, and defined here as those born between 1978 and 1994 (Benckendorff et al., 2010; Howe and Strauss, 2000; Martin and Tulgin, 2001; Sheahan, 2005). There is growing interest also in this cohort's wine consumption behaviour and attitudes. Evidence from the US suggests that Gen Y is consuming wine more frequently, and at an earlier age, than their Gen X predecessors (Nielsen, 2007; Olsen et al., 2007; Thach and Olsen, 2006), however research in other countries does not echo this trend. Wine Intelligence (2010) found considerable difference in the wine consumption patterns of Gen Y in the US compared to Canada, the United Kingdom and Australia, with Gen Y wine consumers in the US more engaged with wine than their counterparts in other countries. Other research supports this finding (Kevany, 2008; Mintel, 2009; Phillips, 2008; Teagle et al., 2010; Treloar and Hall, 2008).

In terms of the types of wine Gen Y are drinking there is little consistency in data between countries. Wine Intelligence (2010) reports that the US market prefers red wine (see also Nielsen, 2007; Thach and Olsen, 2006), while other markets consume more white and rose wines (see also Mintel, 2009; Mueller et al., 2011; Phillips, 2008; Teagle et al., 2010). There seems to be some evidence of a lack of parochialism

amongst Gen Y in countries where there is a choice between domestic or imported wine; it has been reported that this cohort is much more likely than either Gen X or Baby Boomers to purchase imported wine in Australia (Port, 2008) and the US (Nielsen, 2007; Raine, 2007; Troutman, 2010).

*Wine consumption patterns of Gen Y: a generational effect?*

While generational theory is used to underpin marketing research its value is not universally accepted (Noble and Schewe, 2003). Part of the problem is the confluence of factors and variables that might influence values, attitudes and behaviour; an issue that has been highlighted extensively in social and marketing literature on the value of cohort analysis (Rentz and Reynolds, 1981; Rentz et al., 1983; Glenn, 1976; Noble and Schewe, 2003) and in some wine consumption literature (Olsen et al., 2007; Wilson et al., 2005). For example, any assessment of Gen Y in relation to wine faces the difficulty of assessing whether any observed differences in wine consumption patterns are based on generational differences, and therefore likely to continue through the cohort's drinking career, or due to a range of age, lifecycle or contextual effects.

The economic, social, cultural and political context in which a generation grows up is a crucial factor in establishing values and attitudes, however the environment in which consumers live will clearly influence their attitudes and behaviour throughout life (Rentz and Reynolds, 1981). For example, national cultural identities influence consumers' interaction with wine (Smith and Mitry, 2007) and culture plays an important role in shaping the attitudes and consumption of wine for different occasions and in different situations (Charters, 2006; Olsen et al., 2003; Pettigrew, 2003; Ritchie, 2007, 2008). While Europe has long had a wine drinking culture, New World countries, such as Australia and New Zealand, have traditionally been beer

drinking nations, with table wine only relatively recently entering into the domain of an everyday drink, driven in part by greater levels of local production, improved wine quality through the introduction of new wine varieties and greater availability of wine via supermarket sales (Lamb, 2010; Stanford, 2000; Wilson et al., 2005). In a New Zealand context, this means that Gen Y are being exposed to wine varieties in their early drinking career not available to their older counterparts at the same age, and may be the first generation to grow up in a household where wine is readily available and regularly consumed.

It is generally accepted that as consumers age their tastes and values will change as a result of experiences and exposure to products and situations. The aging process results also in the progression through a number of life stages, which are marked by changing responsibilities and relationships. Occupation of these differing stages has an impact on the values most highly regarded and the behaviours in which one engages (Quester et al., 2007; Schewe and Meredith, 2004). Research on the role in of life cycle stage on wine consumption is somewhat contradictory (Bruwer et al., 2001; Thach and Olsen, 2004; Wilson and Schamel. 2010), however there is extensive evidence that wine consumption increases with age, experience and with maturation of taste (Melo et al., 2010; Quester and Smart, 1996; Stanford et al., 2008; Wilson and Rungie, 2003) and there is some evidence that the benefits derived from wine will also change as wine consumers age (Hall et al., 2004; Melo, 2010; Ritchie, 2007).

Anecdotal evidence from the wine industry suggests that wine consumers move from white to red wine as they become more experienced wine consumers (Spawton, 2000; Wilson and Rungie, 2003) and some academic research supports this contention (Melo, 2010).



Recognition of the complex interrelationship between age, life cycle and period effects raises questions about the cross-sectional methodology most often used to assess generational differences in wine consumption behaviour, whereby any generational effects are confounded by the influence of age effects (Olsen et al., 2007; Wilson et al., 2005). Similarly, in longitudinal studies which examine changes in a generational cohort's consumption patterns over time, age effects are confounded by environmental context. A third approach less frequently used in wine consumption research is a time-lag approach, whereby the behaviour of two cohorts are compared when they are at the same age. This approach will control for the age affect, but the influence of generational differences will be confounded by environmental or period effects (Kerr et al., 2004; Rentz and Reynolds, 1981).

One solution is to use all three approaches concurrently; an approach suggested by Palmore (1978, cited in Rentz and Reynolds, 1981). To date very little research has used such an approach to explore wine consumption behaviour, and none has focused on generational cohorts (Kerr et al, 2004; Wilson et al., 2005). This is the approach taken in the current study, whereby 2008 data from Gen Y (18-29 year olds)<sup>1</sup> is compared with 1998 data of Gen X's wine consumption as 20-29 year olds and 2008 data from Gen X (aged 30 -39). In this way, the following analysis is possible:

Differences between Gen X (2008) and Gen Y (2008) = Age + cohort effects

Differences between Gen X (1998 and 2008) = Age + Period effects

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<sup>1</sup> In 1999 the drinking age in New Zealand was lowered from 20 years to 18 years. For this reason 18 and 19 year olds were included in the 2008 survey.

Differences between Gen X and Gen Y at same age = period – cohort effects.

Each type of analysis involves the interaction of two variables, and via the triangulation of the three sets of findings, coupled with existing theoretical and environmental knowledge and insights from the total sample of this survey, it is possible to better explain variations in wine consumption patterns observed.

### **Methodology**

The Generation X and Generation Y data analysed in this paper has been drawn from two larger data sets from a random survey of Christchurch households, collected in two personal interview surveys, conducted in 1998, for Gen X, and 2008 for Gen X and Gen Y. The 1998 study had a total sample size of 498 while the 2008 survey had a total sample size of 603. The tolerable error level for the respective surveys was between 4 percent (2008) and 4.4 percent (1998).

In 1998, focus groups were run in Christchurch, New Zealand, with groups of wine drinkers and from those focus group sessions, a questionnaire was developed for administration. For temporal consistency, this survey was used again in the 2008 survey, with some minor modifications to questions not analysed in this paper.

The sample for both surveys 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 both surveys, the resultant samples exhibited age and gender distributions very close to the parent population in Christchurch.

In the 1998 survey, of the total sample 113 respondents were aged 20 to 29 (Generation X). In the 2008 survey there were 117 Generation Y respondents (aged

18-29) and 117 Generation X respondents (aged 30-39). The results were analysed using marginal frequency, and where relevant, crosstabulation analysis.

## **Findings**

### *Wine consumption patterns*

There is no difference between the 1998 and 2008 samples in the proportion of respondents of all ages stating they were wine drinkers (70.7% in 1998; 70.8% in 2008). Similarly, between the Gen Y and the two Gen X (1998 and 2008) cohorts there is no statistically significant difference in the proportion of wine drinkers; 89 of the Gen Y cohort (76.1%) stated that they consumed wine, as did 88 of the younger Gen X respondents (77.9%) in 1998 and 82 of the older Gen X respondents in 2008 (70.1%). This consistency in the proportion of consumers drinking wine is interesting, in light of the growing availability of wine in New Zealand discussed above.

There are significant differences in the wine purchase and consumption patterns between Gen Y and Gen X as young adults and the frequency of wine purchase is considerably greater amongst Gen Y than for Gen X at the same age (Table 1). Over half of Gen Y wine drinkers (53.3%) reported purchasing wine at least once a week, compared to 39.8 percent of Gen X. The vast majority of Gen Y purchased wine at least once a month (91.6%), while just over half (54.6%) of all younger Gen X did so. A very small proportion of Gen Y purchased wine infrequently (once every three months or less often), while 45.5 percent of Gen X could be classed as infrequent wine purchasers.

***Table 1: Frequency of wine purchase***

<i>Wine purchase frequency</i>	<i>Gen X '98</i>	<i>Gen Y</i>	<i>Gen X '08</i>
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At least once a week	39.8	53.3	62.2
At least once a month <sup>***1</sup>	14.8	38.6	28.0
Once every three months <sup>***2</sup>	36.4	5.7	8.5
Less than once every three months	9.1	3.4	1.2
<i>n</i>	88	88	82

<sup>\*\*\*1</sup> Z= 3.71 - Significant difference at 99% CI (Gen X '98; Gen Y)

<sup>\*\*\*2</sup> Z= 5.4 - Significant difference at 99% CI (Gen X '98; Gen Y)

Comparing the Gen X sample between 1998 and 2008, this cohort has significantly increased their frequency of wine consumption as they have aged. The percentage of Gen X wine drinkers purchasing wine once a week or more often in 2008 has increased to 62.2 percent, a difference of 22.4 percent (significant difference at 99% CI – Z=3.05), and was matched by a significant decrease in the proportion drinking wine once every three months or less often. During the same period, the proportion of all survey respondents stating they purchased wine once a week or more often increased from 63 percent in 1998 to 76 percent in 2008, an increase of 13 percent, indicating that the increase in Gen X's purchase frequency reflects changes brought about by both age and environmental context.

The 2008 data comparing Gen X and Gen Y shows no statistically significant differences between these two cohorts in frequency of purchase, although the Gen X cohort are somewhat more likely to purchase wine at least once a week. The environmental shifts reflected in greater frequency of consumption by the survey sample overall very closely matches the difference in the proportion of Gen Y purchasing wine weekly compared to Gen X at the same age (13.5%), which may suggest that the higher levels of wine consumption by Gen Y compared with Gen X at

the same age can be almost entirely explained by the changing environmental context, rather than any specific generational effect.

#### *Wine consumption in everyday situations*

One of the issues explored in this research is the different situations in which young people drink wine, and the types and varieties of wine purchased in these situations. In everyday drinking situations 51 percent of Gen Y stated they consumed wine, compared to 44 percent of younger Gen X (1998). The proportion of Gen X who stated that they drank wine regularly in everyday situations in 2008 had increased over the decade to 60 percent (significant difference at the 90% CI –  $Z=2.1$ ). In the all-age sample of this survey there has been an increase in wine consumption in everyday situations over this decade from 51 percent in 1998 to 62 percent in 2008 (significant difference at 99% CI –  $Z=3.09$ ). This finding indicates that both Gen X (in 1998 and 2008) and Gen Y are drinking wine in everyday situations less frequently than older consumers. The 11 percent increase in everyday consumption by the sample as a whole is greater than the difference between the Gen Y and the younger Gen X cohorts (7%), but less than the difference between the two Gen X cohorts (16%), suggesting that age plus environmental affects have had an influence on Gen X's greater consumption of wine in everyday situations as they age, but raises questions about whether Gen Y's greater consumption levels in these situations is any more than an environmental effect.

With regards to the type of wine purchased for everyday drinking occasions, there were no statistically significant differences between the cohorts. A small majority of Gen Y respondents (56.6%) stated that they would select a white wine in this context; a proportion almost identical to the younger Gen X cohort (56.1%). Gen Y

respondents were less likely than the younger Gen X to select red wine alone as a wine for an everyday drinking occasion, but were more likely to indicate that they might choose either a red or white wine.

The older Gen X respondents revealed few differences to the younger Gen X respondents regarding the type of wine they consumed in everyday situations. The same proportion indicated they would drink red wine, while there was a small but insignificant decline in their white wine and sparkling/rose consumption as they aged and an increase in the proportion indicating that they would choose either a red or white wine, perhaps reflecting a broadening of wine taste over time.

The changes in Gen X's consumption patterns in everyday situations very closely match the changes in the sample as a whole, where white wine consumption declined from 57.1 percent to 46.6 percent (significant difference at 95% CI; Z= 2.24), while the proportion consuming red and white wine increased significantly (from 14.3% to 24.7%; significant difference at 99% CI; Z=2.87).

***Table 2: Wine type for everyday drinking occasions***

<i>Type</i>	<i>Gen X '98</i>	<i>Gen Y</i>	<i>Gen X '08</i>
Red	22.0	13.2	23.2
White	56.1	56.6	48.2
Sparkling/Rose	9.8	7.5	5.4
Unsure	2.4	5.7	3.6
Red &/or White	9.8	17.0	19.6
<i>n</i>	<i>41</i>	<i>53</i>	<i>56</i>

In terms of the specific wine varieties that would be selected in everyday drinking situations, the most notable finding is that the Gen Y cohort is significantly less likely to drink Chardonnay than Gen X at the same age. Sauvignon Blanc was the first preference in white wine for both Gen Y (40.0%) and Gen X (32.4%) in these contexts, but the sweeter white wines varieties selected by each cohort differed, with Gen Y more likely to select Riesling. Another notable difference is that sparkling wine is the choice for everyday drinking for 8.9 percent of Gen Y respondents but none of the younger Gen X cohort.

There are differences also in their choice of red wine varieties. The most popular everyday choice of red wine for Gen Y is Pinot Noir (15.6%), however none of the younger Gen X mentioned this variety. Similarly, while younger Gen X most often mentioned Cabernet Sauvignon (14.7%) this variety is not mentioned by Gen Y respondents. Gen Y are more likely to select Shiraz than Gen X, but the cohorts had similar proportions of respondents selecting Merlot/Cabernet blends.

**Table 3: Wine variety for everyday drinking occasions<sup>2</sup>**

<i>Wine variety</i>	<i>Gen X '98</i>	<i>Gen Y</i>	<i>Gen X '08</i>
Chardonnay *** <sup>1</sup>	58.8	15.6	15.7
Riesling	8.8	15.6	7.8
Sauvignon Blanc	32.4	40.0	47.1
Pinot Noir	0.0	15.6	11.8
Merlot (Cabernet) * <sup>2</sup>	8.8	11.1	23.5

<sup>2</sup> The percentage totals exceed 100% due to respondents choosing more than one wine variety.

Sparkling	0.0	8.9	4.0
Shiraz	2.9	8.9	2.0
Cabernet	0.0	2.2	2.0
Pinot Gris	0.0	2.2	5.9
Cabernet Sauvignon	14.7	0.0	3.9
Muller Thurgau	5.9	0.0	0.0
Semillion	2.9	0.0	0.0
Gewürztraminer	2.9	0.0	0.0
Medium (NOS)	5.9	0.0	0.0
	<i>n</i>	<i>41</i>	<i>53</i>
		<i>53</i>	<i>51</i>

\*\*\*1 Z= 4.72 – Significant difference at 99% CI (Gen X '98 & Gen Y); Z= 4.67 – Significant difference at 99% CI (Gen X '98 & Gen X '08)

\*2 Z= 1.99 – Significant difference at 90% CI (Gen X '98 & Gen X '08)

The differences in wine variety preferences between Gen X (1998) and Gen Y seem to be caused largely by changes in the availability of various wine types. This is apparent when one examines the wine varieties chosen by the older Gen X cohort in 2008, which had shifted considerably over the decade to the point where there were no significant differences between Gen X and Gen Y in 2008. Of particular note is the consumption of Chardonnay, which had significantly reduced amongst Gen X consumers over the decade while Sauvignon Blanc and Pinot Gris consumption increased. There was a significant increase in the consumption of Merlot by Gen X (from 8.8% to 23.5%) and Pinot Noir (from 0% to 11.8%) at the expense of Cabernet Sauvignon. These consumption patterns reflect changes in wine consumption for the samples as a whole, and match the changing levels of production of wine varieties in New Zealand during this period (New Zealand Wine, 2009; see Appendix 1).

*Wine consumption on special occasions*



Gen Y and the younger Gen X (1998) cohort both reported that they were much more likely to drink wine on special occasions than in everyday drinking situations. Almost all young Gen X (97%) stated that they would drink wine in these situations compared with 85 percent of Gen Y (significant difference at 99% CI –  $Z=2.86$ ). This is a reversal of the findings regarding everyday drinking situations, but in part reflects the trend in the general population of a slight reduction of special occasion wine drinking between 1998 (95%) and 2008 (91%; significant difference at 95% CI –  $Z=2.36$ ). The difference between Gen Y and the younger Gen X cohort in terms of special occasion drinking is substantially greater than the difference in the general population over this period (12% versus 4%), suggesting that Gen Y are less likely to drink wine in these contexts than their older counterparts at the same age, when controlled for environmental context. The decline in the general population drinking wine on special occasions is reflected in the older Gen X cohort (2008), 91.5 percent of whom stated they consumed wines in this context.

In terms of the wine types these young people would drink on special occasions there were some interesting differences. On special occasions Gen Y were *more* likely than the younger Gen X cohort to select a red wine – a reversal of the everyday drinking results. Similarly there was a reversal on the preference for sparkling wine, with the younger Gen X selecting this wine style alone or in combination with others on these occasions more often than Gen Y. While there were few differences between the younger and older Gen X cohort regarding the type of wine selected for everyday drinking situations, there were some statistically significant differences in their choices of wine type for special occasions, with the older cohort being more likely to select a red wine (31.2% compared to 17.9%;) or a red or white wine (14.3% compared to 3.6%;), tending to support existing evidence that red wine consumption

increases with age, however the same trend wasn't apparent in an everyday drinking context. While not statistically significant, the older Gen X cohort were more likely to select red wine, or a combination of red and white wine, on special occasions than their Gen Y counterparts in 2008.

**Table 4: Wine type for special occasions**

<i>Type</i>	<i>Gen X '98</i>	<i>Gen Y</i>	<i>Gen X '08</i>
Red* <sup>1</sup>	17.9	25.3	31.2
White	38.1	44.0	35.1
Sparkling/Rose	20.2	13.3	13.0
Unsure	14.3	6.7	3.9
Red and White** <sup>2</sup>	3.6	8.0	14.3
White and Sparkling	4.8	0.0	2.6
Red/White/Sparkling	1.2	0.0	0.0
<i>n</i>	<i>84</i>	<i>75</i>	<i>77</i>

\*<sup>1</sup> Z= 1.99 – Significant difference at 90% CI (Gen X '98 & Gen X '08)

\*\*<sup>2</sup> Z= 2.39 – Significant difference at 95% CI (Gen X '98 & Gen X '08)

In the sample as a whole, red wine consumption on special occasions had increased significantly (from 18.5% to 25.9%; significant difference at 95% CI – Z=2.43), but this difference is smaller than the increase in consumption of red wine by Gen X over the decade. Similarly, drinking red and white wine had increased significantly (from 7.4% to 12.8%; significant difference at 95% CI – Z=2.45) and sparkling wine consumption had declined (from 19.3 to 14.1%) in the population as a whole.

The wine varieties selected for special occasions showed a similar trend to the everyday drinking results regarding differences in preferences for Chardonnay and Cabernet Sauvignon, however there are some interesting observations to be made

regarding patterns of consumption between the two younger cohorts in different contexts. First, it is notable for the Gen Y cohort that there is a more even spread in preferences across four varieties when selecting a wine for a special occasion, with less emphasis on Sauvignon Blanc. The second most popular choice for special occasion wine for Gen Y is Merlot (25.0%), reflecting the increased proportion of these respondents stating a preference for red wine in this context. There is a small increase in the proportion of Gen Y who stated Chardonnay as a preference for special occasions and a decrease in the proportion selecting Pinot Noir.

By contrast, the younger Gen X cohort results show a less obvious shift in wine variety preferences on special occasions, with Chardonnay still dominating. Perhaps the biggest difference between the younger Gen X between everyday and special contexts is the likelihood of selecting a sparkling wine or Champagne; while none of this cohort selected sparkling wine or Champagne in every day drinking contexts, 17.3 percent did for special occasions. By comparison, 7.2 percent of the Gen Y respondents selected Champagne for special occasions, while none selected sparkling wine. In this way it seems the younger Gen X consumers linked ‘special occasion’ with sparkling wine/Champagne in a way that Gen Y consumers do not (cf. Charters et al., 2011). It seems also that Gen Y make greater distinction between wines for everyday and special occasions than Gen X did at a similar age.

Examining the wine varieties chosen by the older Gen X cohort in 2008 for special occasions reinforces the shifts in consumption of wine varieties identified in the everyday drinking situations, with a significant decline in the proportion who selected Chardonnay and Cabernet Sauvignon, an increase in the proportion selecting Merlot, and a general spreading in the preferences across varieties, although perhaps not to the same extent as Gen Y. There is a considerable decline also in the proportion selecting

either sparkling wine or Champagne, matching the findings for Gen Y. There were no statistical differences in the consumption patterns between the two 2008 cohorts, suggesting perhaps that the differences evident between the younger Gen X and Gen Y cohorts can be primarily explained by the changing consumption patterns of the sample as a whole (see Appendix 1).

**Table 5: Wine varieties for special occasions**

<i>Wine Variety</i>	<i>Gen X '98</i>	<i>Gen Y</i>	<i>Gen X '08</i>
Chardonnay <sup>***1</sup>	46.6	21.2	18.3
Riesling	10.3	21.2	15.0
Sauvignon Blanc	20.7	26.9	30.0
Merlot (Cabernet) <sup>***2</sup>	3.4	25.0	21.7
Cabernet Sauvignon <sup>**3</sup>	10.3	1.9	3.0
Pinot Noir	0.0	5.8	8.3
Shiraz	1.7	3.8	6.7
Muller Thurgau	3.4	1.9	0.0
Cabernet Sauvignon/ Merlot	6.9	1.9	1.7
Champagne	6.9	3.8	3.3
Sweet	1.7	0.0	0.0
Medium	1.7	0.0	0.0
Sparkling	10.3	0.0	3.3
Pinot Gris	0.0	1.9	8.3
Moet	0.0	1.9	1.4
Method Traditionale	0.0	1.9	0.0
n	72	62	73

<sup>\*\*\*1</sup> Z= 3.72 - Significant difference at 99% CI (Gen X98 & Gen Y); Z= 3.81 - Significant difference at 99% CI (Gen X98 & Gen X08)

\*\*\*<sup>2</sup> Z= 3.66 - Significant difference at 99% CI (Gen X98 & Gen Y); Z= 3.47 - Significant difference at 99% CI (Gen X98 & Gen X08)

\*\*<sup>3</sup> Z= 2.11 - Significant difference at 95% CI (Gen X98 & Gen Y)

### *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 on a five point scale. For ease of explanation the five points scale has been reduced to a three point scale (agree, neutral, disagree), with the neutral responses excluded from analysis here (see Table 6).

Comparing Gen X and Gen Y as 18/20-29 year olds, there were many similarities in findings regarding their attitudes towards wine, and only a few of these are presented here. Approximately two-thirds of both the young Gen X (69.3%) and Gen Y (63.6%) cohorts agreed that they were purchasing more wine than a few years ago, which is not surprising, given the early stage of their wine drinking career. There were no statistical differences either in the proportion stating that they would buy organic wine if it were available.

Two attitude statements reveal statistically significant differences related to the consumption of domestic (New Zealand) wine versus imported wine. On both these questions Gen Y are significantly more likely to agree that they preferred to buy imported wines (11.4% compared to 3.6%), with two-thirds of the younger Gen X respondents disagreeing with this statement compared with half of the Gen Y cohort. Similarly while 59.5 percent of the young Gen X agreed that they were 'drinking more New Zealand wines than previously', only 43.2 percent of Gen Y agreed with this statement.

Interestingly, unlike the findings regarding wine behaviour, the Gen X cohort revealed no statistically significant changes in their attitudes to wine over time, although they were less likely to agree that they were ‘buying more wine than a few years ago’, suggesting perhaps that for some of this cohort their wine purchasing and consumption patterns had become relatively stable. Given the greater availability and publicity about organic wine, it is interesting to note that there is no significant increase in the proportion of Gen X agreeing with this statement.

**Table 6: Attitudes towards wine**

<i>Attitude statements:</i>		<i>Gen X '98</i>	<i>Gen Y</i>	<i>Gen X '08</i>
<b><i>“I’m buying more wine than a few years ago....”</i></b>	Disagree	16.7	17.0	28.4
	Agree	69.0	63.6	50.6
<b><i>“I’m drinking more New Zealand wines than previously...”</i></b>	Disagree	10.7	13.6	11.1
	Agree <sup>**1</sup>	59.5	43.2	59.3
<sup>**1</sup> Z= 2.17 - Significant difference at 90% CI (Gen X 98/Gen Y) Z=2.11 - Significant difference at 90% CI (Gen Y/Gen X 08)				
<b><i>“I prefer to buy imported wines...”</i></b>	Disagree <sup>**1</sup>	66.7	50.0	64.2
	Agree <sup>**2</sup>	3.6	11.4	6.1
<sup>**2</sup> Z= 1.97 - Significant difference at 90% CI (Gen X 98/Gen Y)				
<b><i>“...if organic wine available I would buy it...”</i></b>	Disagree	39.3	28.4	30.8
	Agree	22.6	26.1	26.0

Perhaps most interesting, the significant differences in attitudes between the Gen Y and the younger Gen X were maintained in the older Gen X cohort, despite experiencing the same environmental context as Gen Y. In this way, Gen X aged 30-

39 were significantly more likely to state that they were drinking more New Zealand wines than previously and to disagree that they prefer to buy imported wines. These findings may suggest that attitudes towards wine are more likely to be generationally based than some of the wine consumption behaviours addressed above. It is acknowledged, however, that there is often a limited correlation between attitudes and purchase behaviour. Therefore it would be beneficial for future research to explore whether generational differences in wine attitudes translates into actual purchase behaviour regarding imported/domestic and organic wines.

### **Discussion and conclusion**

This research has provided a number of insights into the characteristics of young wine consumers in New Zealand, as well as identifying some interesting similarities and differences in the wine behaviour of Gen Y compared to their predecessors Gen X at the same age. Controlling for context, by analysing Gen Y in comparison to Gen X in 2008, while also examining the changing wine consumption behaviours of Gen X over time, has raised questions about whether the changes observed can be attributed to core generational differences or to the influence of environmental context, and in particular, the changing wine consumption patterns of New Zealanders as a whole that have occurred over the ten years since Gen X were the youngest wine drinkers.

In relation of wine consumption, there is no difference in the proportion of Gen X and Gen Y in New Zealand consuming wine as young adults, which is remarkably similar to the proportion of wine drinkers in the population as a whole. In both cohorts approximately three-quarters stated that they consumed wine on some occasions. This percentage is higher than previous studies of this issue, but previous studies have often

relied 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).

In terms of the evidence reported elsewhere that Generation Y are consuming more wine, and at a younger age, than their Generation X counterparts, this research supports this contention; New Zealand Gen Y are drinking wine more frequently, and in more everyday contexts than their older counterparts were at a similar age, although they are less likely to consume wine on special occasions. This observation is likely a reflection of the changing wine consumption context in New Zealand, however if we can assume that wine consumption will increase with age (Melo et al., 2010; Quester and Smart, 1996; Stanford et al, 2008), which seems to have been the case with Gen X between 1998 and 2008, then there is a high likelihood that Gen Y will remain loyal wine consumers.

In terms of the types of wines consumed, this study supports other Australasian and UK research which suggests Gen Y are predominantly drinking white and sparkling wines (Mintel, 2009; Phillips, 2008; Teagle et al., 2010), however, New Zealand Gen Y are drinking more red wine than Gen X were at a similar age on special occasions, reflecting the trend in the general population. It is interesting to note that there has been little shift in the types of wine Gen X consume on everyday occasions as they have aged, however red wine consumption for special occasions has increased significantly, and at a greater rate than the population as a whole. This may suggest that wine consumption choices in higher involvement situations, such as special occasions, are more affected by age or a maturation of taste than in low involvement situations, however more research would be needed to explore this conjecture. While there are significant differences in the wine varieties consumed in different contexts between the Gen Y and Gen X at a similar age these differences have disappeared in



the cross-sectional data from 2008, suggesting environmental changes, rather than enduring generational preferences, have most influence on this aspect of wine consumption.

One area where there may be greater evidence of generational, rather than age or period effects, is attitudes towards wine, and in particular a preference for imported or New Zealand wines. During the 1990s, wine imports to New Zealand increased as a relative percentage of all wine consumed; this situation has reversed somewhat since 2003 (Lamb, 2010). Despite this changing industry context, Gen X have maintained their preference for drinking New Zealand over imported wine, and the significant differences in responses between Gen Y and the younger Gen X remain a decade later. Gen Y's greater willingness to purchase imported versus New Zealand wine supports trends reported in other markets (Port, 2008; Troutman, 2010). Given reports that US Gen Y are interested in global environmental issues (Thach and Olsen, 2006; Wright, 2006) it is interesting that there is no statistical difference in the proportion of Gen Y respondents compared to either Gen X cohort stating that they would buy organic wine if it was available (see also Mueller et al., 2011). Whether these differences in attitudes translate into wine purchase behaviour would need to be explored through further research.

### **Limitations and future research**

This paper has utilised two datasets and three forms of analysis to explore the wine consumption characteristics of New Zealand Generation Y, in relation to Generation X at the same age (18/20-29 year olds), and at the same time period (2008). This analysis, coupled with an examination of changes in the consumption patterns of Gen X over a decade, has helped to identify more clearly some of the underlying sources of

variation between Gen Y and other generational cohorts. There is considerable scope for continuing research of this nature longitudinally to explore these issues further, and to involve a larger representative sample to enable greater statistical analysis than was possible with this data. Another possibility is to utilise the research tool developed by Melo et al (2010), which uses recall of past experiences alongside current consumption patterns to more thoroughly analyse changes in wine consumption behaviours and attitudes.

This research seems to suggest that a changing environmental context has had a substantial influence on the patterns of wine consumption of both Gen Y and Gen X, however what it is specifically about this context which has changed is unclear. One of the difficulties in any quantitative research is exploring the causes or explanations of the variations found. While theoretical constructs and previous research provide useful sources for explanation, the addition of a qualitative element that explores the motivations and meanings generational cohorts of consumers attach to their past as well as current wine consumption behaviour would be immensely valuable.

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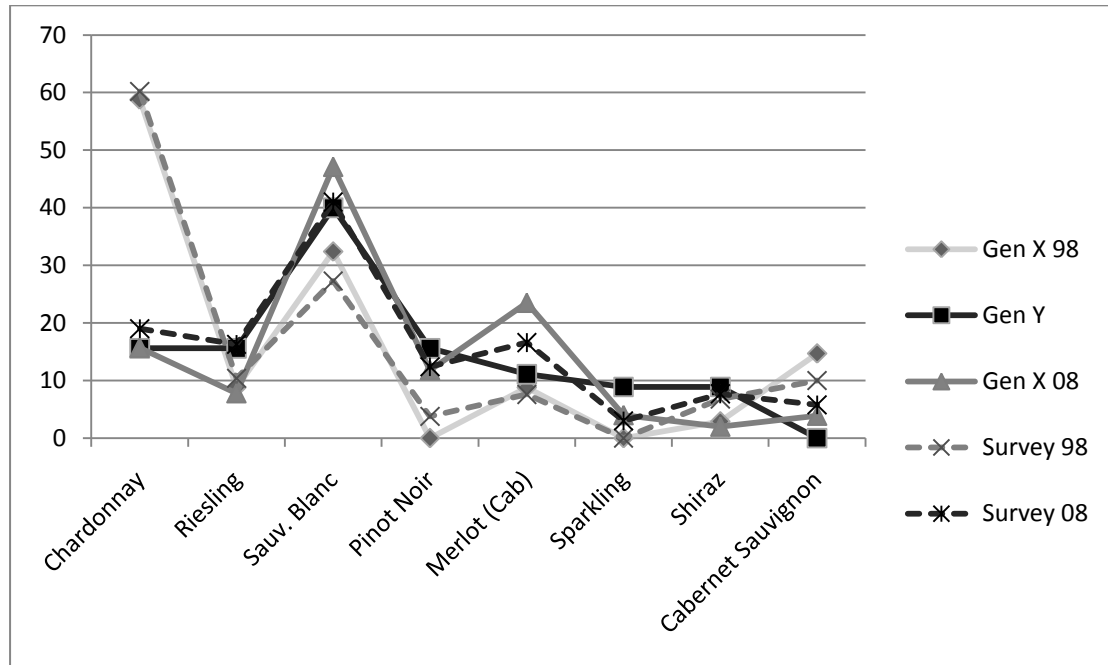


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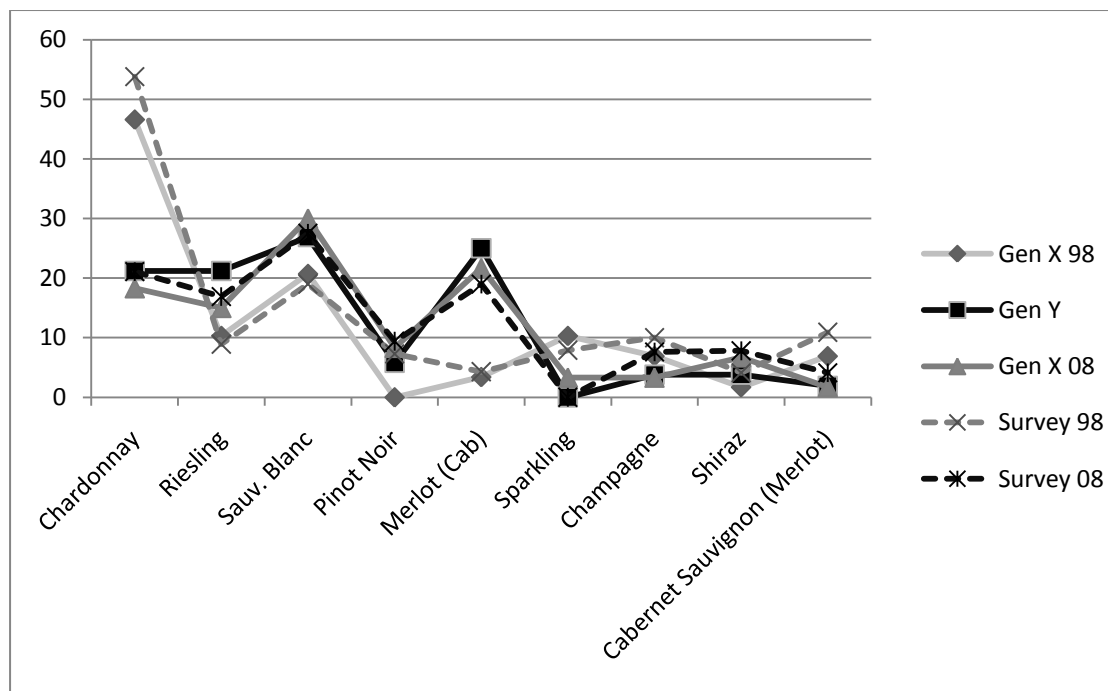
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## APPENDIX ONE: WINE VARIETIES CONSUMED

Comparing Gen Y data with Gen X (1998 and 2008) and all respondents (1998 and 2008), Christchurch Wine Survey



**Figure 1: Varieties consumed on everyday drinking occasions**



**Figure 2: Varieties consumed on special occasions**

