

Sparkling Wine and Generation Y

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Subservient Chicken

<http://www.subservientchicken.com>

Over 1 billion hits

Why Sparkling Wine?

Because Sparkling Wine is ...

- 3.11% of the Canadian wine market (volume)
2007: (111,330 HL / 3,580,356 HL)
- 4.4% of the Canadian wine market at retail
2007: (\$246.85 Million / \$5.6 Billion)

. . . and Sparkling Wine is

- 3.90 % of the Ontario wine market (vol.)
2007: (44,724 HL / 1,145,864 HL)
- 4.74 % at retail value
2007: (\$90.94 Million / \$1.92 Billion)

. . . also Sales Increases in


- Canada 2005-2007 (total wine)
 - 13.4% increase in total wine volume
 - 13.9% increase in total wine value
- Canada 2005-2007 (sparkling wine)
 - 9.8% increase in sparkling wine volume
 - 18.3% increase in sparkling wine value

. . . and for Ontario sales,


- Ontario 2005-2007 (total wine)
 - 10.0% increase in total wine volume
 - 5.4% increase in total wine value
- Ontario 2005-2007 (sparkling wine)
 - 8.8% increase in sparkling wine volume
 - 17.0% increase in sparkling wine value

So, Why Sparkling Wine?

- The data raise some interesting issues.
- Sparkling wine represents a non-trivial amount of money – roughly a quarter of a billion dollars in annual sales in Canada.



The volume of sales of sparkling wine is increasing, but at a slower rate than volume of wine sales in general, both in Canada and in Ontario.



But, the value of sales from sparkling wine sales is increasing at a more rapid rate than wine sales in general, both for Canada and for Ontario.

Why Sparkling Wine?

“Most wine aficionados know it takes brisk weather to get high natural acidity out of sparkling wine’s best grape varieties, chardonnay and pinot noir, and the whole world knows frigid weather is our most abundant natural resource. In marketing parlance, it’s called playing to your strengths.”

- Beppi Crosariol

G&M, March 12, 2008

Why Sparkling?

“To me it’s been obvious for a long time that the climate, the terroir, the naturally high acids – we have everything for what should be a premium sparkling wine-producing region.”

- Gary Pickering

G&M, March 12, 2008

WCO wineries making SW

14 of the 76 wineries listed on the WCO website list SW in their product lines on their own websites.

Finally, (I promise), Why Sparkling?

“In a San Francisco Chronicle feature last November titled *The Bubbly Issue: A Field Guide to Sparklers from Around the World*, the tiny English industry figured prominently beside Italy, Austria and even, believe it or not, Russia.

Canada? It wasn't even mentioned.”

- Beppi Crosarial

G&M, March 12, 2008

Why Generation Y?

Because there's lots of them!

- The children of the Boomers (born roughly between 1976-2000).
- Approximately one-quarter of the population.
- Significant Buying Power and significant influence on household purchases.

Our focus . . .

- The leading edge of Generation Y.
- Those between 19 and 30.

Nothing new about our interest in the Young . . .

*“The children now love luxury.
They have bad manners,
contempt for authority; they show
disrespect for elders and love
chatter in place of exercise.”*

Plato (quoting Socrates)

Generation Y, a.k.a.,

- Gen Y
- The Echo Generation
- Millennials
- Nexters
- TNBT

Gen Y are . . .

- Heavily influenced by peer pressure
- Savvy and cynical
- Impatient
- Proficient with and unafraid of technology

They are . . .

- Connected and need connections
- Not tolerant of blatant ads
- On Facebook/Myspace not e-mails
- Influenced by celebs, but
- Are on guard for phoniness

Generation Ys are . . .

- Notoriously brand disloyal
- **Risk avoiders**
- Looking for “street credibility” in their purchases
- Jaded, as they have seen 23 million media messages by the age of 21.



Marketing to Gen Y

Garlick & Lapsley (2007)

“Gen Y use different purchase criteria than earlier generations. Overall, Gen Y is more concerned with how the product makes them appear and with keeping up with trends than are older shoppers who more greatly value the shopping experience.”

Maritz Research (2007)

- More than any other generation Gen Y are influenced by:
 - “Keeping up with what my friends have”
 - “Having the newest product of its kind”
- “Because they are in constant communication, the influence of peers is more important than (traditional) brand advertising.”

Euromonitor (2008) summarizes

“technology adopters, online community dwellers, peer to peerers, egocentric, hedonistic spenders, fashion influencers, media mistrusters, spin detectors, civic minded, socially conscious, mass-advertising rejecters, word-of-mouthers, debt incurrers, work life balancers, obedient but not subservient, tolerant, apathetic, and sometimes frivolous.”

Generation Y and wine

- Sonoma State (2006)
- Gen Y consumers drink wine for social occasions, not to get drunk.
- Wine is a beverage to consume in special, and social occasions with friends and family.

Reasons for Gen Y not drinking wine (Sonoma State, 2006)

- Don't like the taste (57%)
- Not cool (11%)

How they describe wine . . .

- Expensive
- Snobby
- Snooty
- Way Too Serious

In a word, they find wine . . .

PRETENTIOUS!

. . . and they despise pretence!

And, if they find wine to be snobby and snooty, it is at least conceivable that they may find sparkling wine and champagne to be ***even more pretentious!***

BUT, on the other hand . . .

“Twenty something adults across America are the new driving force in the wine market . . . When it comes to wine, they drink more, know more, spend more and enjoy a broader international selection of wines, on average, than any generation before them.”

- Patrick Merrill

Wine Market Researcher from San Mateo

Los Angeles Times, March 12, 2008

And, still on the other hand . . .

iYellow

So, Why Generation Y?

- There's lots of them, and we don't really seem to know with any certainty how they relate to wine, and sparkling wine in particular. We know that they are going to be important to the future of the industry, but beyond that there is a great deal of contradictory information floating around.
- And, there is a real danger in assuming homogeneity of a generational cohort.

Generation Y and Sparkling Wine

- Very little academic research on the topic
- Anecdotal, popular press information

Jay-Z



Agenda, Inc., for 2005

- Billboard's brand mentions in Top 20 songs:

1. Mercedes

2. Nike

3. Bentley

4. Rolls Royce

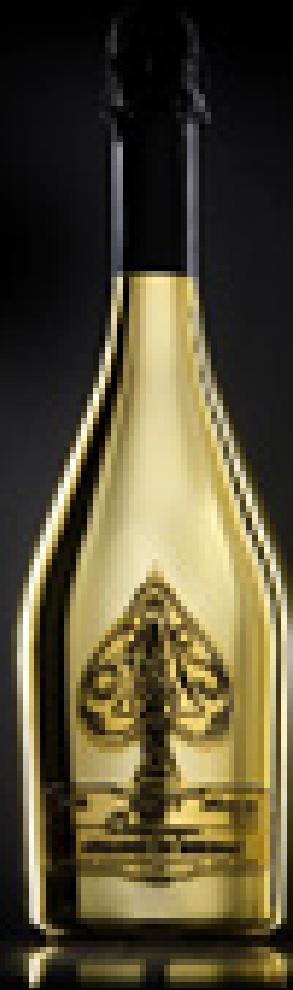
8. Cristal

But, enter Frederic Rouzaud.

“It has come to my attention that the Managing Director of Cristal, Frederic Rouzaud, views the ‘hip-hop’ culture as ‘unwelcome attention’ . . . I will no longer support any of his products.”

- Jay-Z

Jay-Z



Sofia Coppola



POP POP POP POP



GET YOUR OWN

Sofia



- June 2004
- Target Sophisticated Female Gen Y
- High end clubs in Miami and Las Vegas
- Can is “upscale but not snooty; refined but not stodgy”

Black Tower in a can



- Feb 5, 2008
- FIZZ
- 20 cl
- UK, Canada, Brazil, Korea and Sweden

Cool Cache in a can



- FRIZZANTE
- Lower Austrian Weinviertel region
- “Perfect for parties, clubs and bars.”
- “100% recyclable earning us some seriously green brownie points.”

So, where are we?

- There are many compelling reasons for studying the relationship that Generation Y has (or doesn't have) with sparkling wine.
- The majority of information dealing with the marketing of sparkling wine to Gen Y has focused on packaging innovations and its role in culture – not much on TASTE.

Marketing Implications: Sofia

TARGET MARKET

+

MARKETING MIX (4Ps)

=

MARKETING STRATEGY

Sofia's Target

Not just GenY,

But, Sophisticated,

Female Gen Y

Product

- Gen Y do not like the taste, so

They added 8% muscat to the pinot blanc/sauvignon blanc blend to make it have “sweeter overtones that may sit more comfortably on the palates of the target market.”

- Gen Y finds wine too expensive, so

Rather than full bottles, splits, 187 ml cans.

- Gen Y finds wine uncool, so

The can, with a cool sipping straw

Price, the second “P”

- Sofia was launched at \$20 for a four-pack.
- Clubs were selling it for \$6-\$10 per can.

Place (Distribution): 3rd “P”

- Launched it in nightclubs in Miami and Las Vegas
- Improves the DPP due to easier storage, shipping, and lower breakage

Promotion: the 4th “P”

- Repositioning sparkling wine as cool
- The can itself is good promotion
- The hexagonal 4-pack box is good POP display
- Having Sofia Coppola as a spokesperson is pretty good given Gen Y’s fascination with media stars
- Getting it seen in the “right” places with the “right” people

Summary

- There is some basic marketing theory that can be utilized here. Identify the target market with some precision. Design a marketing mix to account for those things that they like, and those things that they don't like.
- So, let's look a little more closely at liking and disliking sparkling wine.

The Taste of Sparkling

- 72% of Australians do not like sparkling wine (Batt and Dean, 2000).
- The main reason for not liking sparkling wine was the taste (Thach and Olsen, 2006)
- Charters (2005) found that hedonic attributes of taste and pleasure were the main reasons given for disliking champagne; symbolic attributes (success, celebration) of champagne were the main reasons given for liking sparkling wine.

Research Questions

- What drives the “liking” of sparkling wine for Generation Y alcohol drinkers who have reached the age of majority?
- Is their degree of taste sensitivity related to their degree of liking of sparkling wine?
- Is their involvement with wine related to their liking of sparkling wine?

Method

- Convenience sample of 406 consumers of alcoholic beverages in Ontario (2004/05).
- Sample recruited at 3 Niagara wineries, 3 LCBO outlets, various wine-related activities at Brock.
- 2 page questionnaire:
 - Page 1: Demos, consumption, involvement
 - Page 2: 7-point liking scale (dry and sweet)
- Simple taste test to determine PROP sensitivity.

PROP

6-n-propylthiouracil

Participants

	Gen Y	Gen X	Boomers	Older
Number	117	86	172	31
Avg. Age	21.7	33.7	48.7	66.7
Median age	22	34	49	66
% male	50	52	60	65
Involvement With Wine	Low – 17% Med – 67% High – 16%	Low – 1% Med – 54% High – 45%	Low – 4% Med – 34% High – 62%	Low – 0% Med – 52% High – 48%
PROP taster Status (PTS %)	Non-taster 26% Medium 40% Super 34%	Non-taster 29% Medium 37% Super 33%	Non-taster 31% Medium 42% Super 27%	Non-taster 35% Medium 35% Super 29%

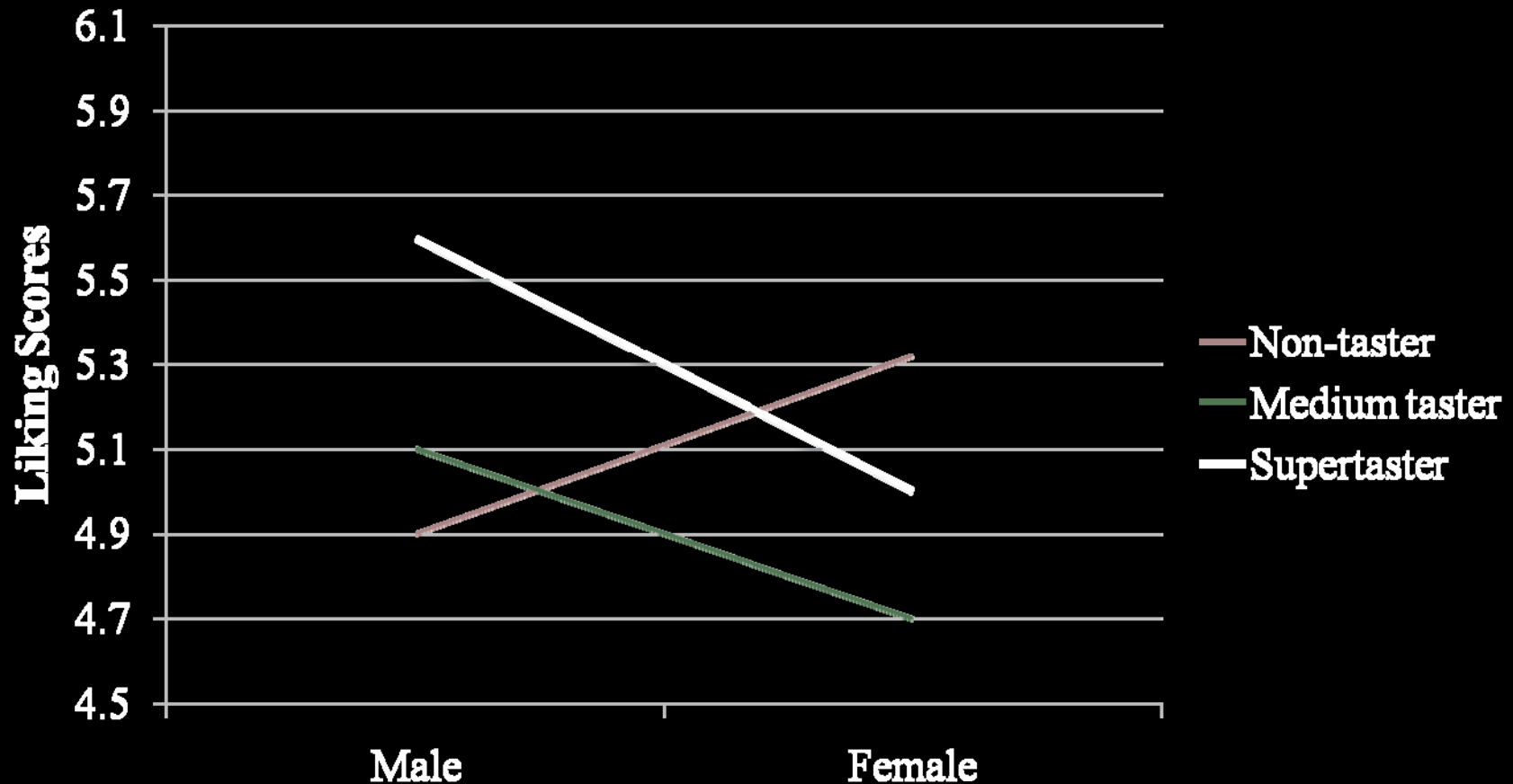
Participants - 2

	Gen Y	Gen X	Boomers	Older
Frequency of consumption of wine per month	8.2 +/- 0.8	14.7 +/- 1.3	22.3 +/- 1.1	19.3 +/- 2.4
Frequency of other alcohol consumption per month	11.8 +/- 1.1	11.2 +/- 1.1	10.5 +/- 0.7	11.3 +/- 1.9
Wine as % of total frequency of alcoholic beverage per month	41%	57%	68%	63%
Wine adventurousness	3.42 +/- 0.07	3.40 +/- 0.07	3.02 +/- 0.06	3.00 +/- 0.11

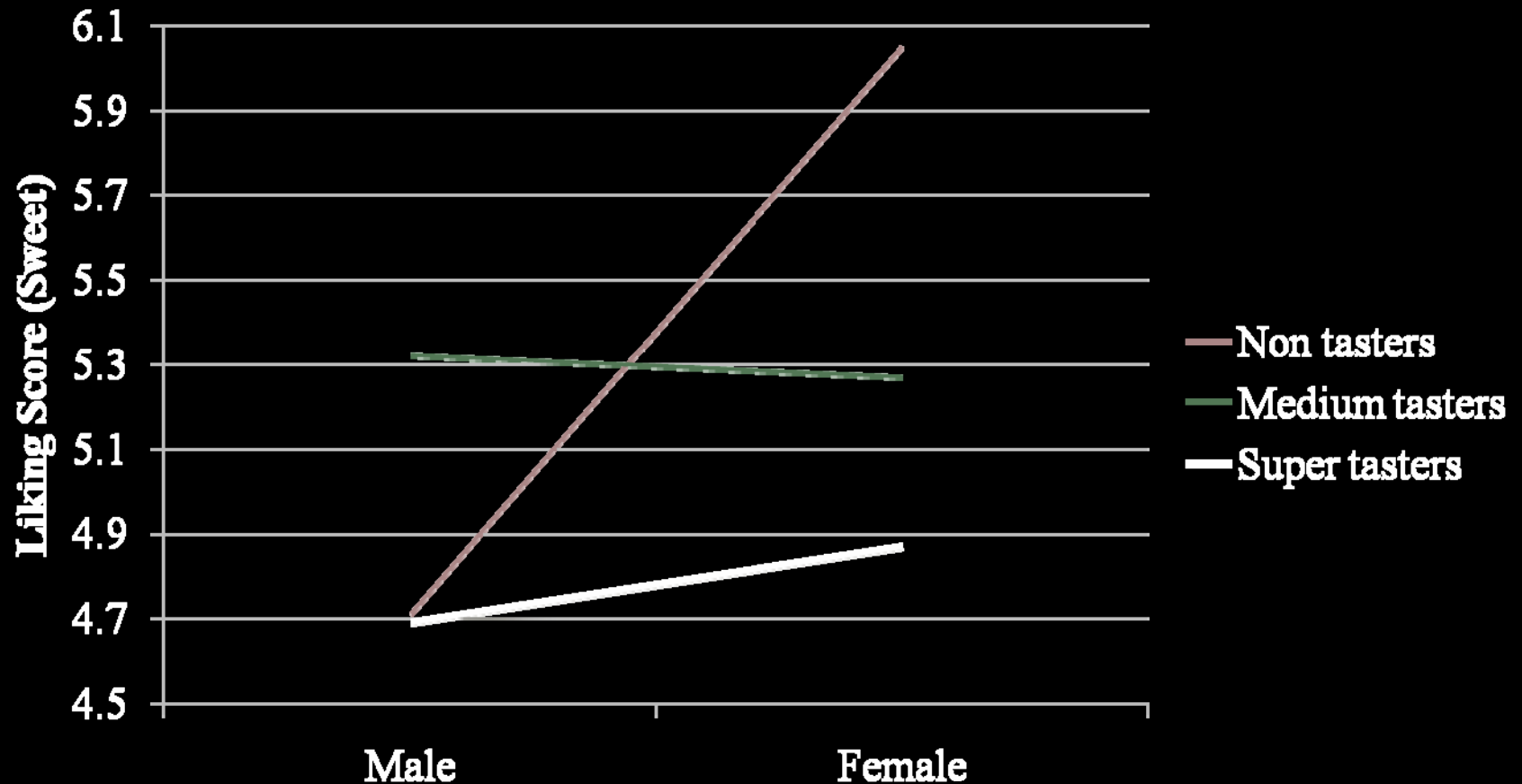
Some Interesting Findings

- No gender differences in liking either dry sparkling or sweet sparkling for Generation Y.
- BUT, . . .

Interaction between PROP and Gender on Liking Scores (dry)



Interaction between PROP and Gender on Liking Score (sweet)



These two slides show

Female non-tasters exhibit significantly higher liking for sweet sparkling, and to a lesser extent, dry sparkling, than male non-tasters.

If we combine the MT and NT

The combined group exhibits significantly stronger liking of sweet sparkling wine than for the Supertaster group of Gen Y.

Involvement and Liking

High Involvement Gen Ys like dry sparkling wine significantly more than do Low Involvement Gen Ys.

Involvement and Liking - 2

Low Involvement Gen Ys like sweet sparkling wine significantly more than do High Involvement Gen Ys.

Conclusion

- There are differences that are managerially relevant within the group known as Generation Y.
- We are part of a major international study of Gen Y and Sparkling Wine that is investigating . . .

Future Research

- Cultural differences in GenY & Sparkling

Australia

Canada

France

New Zealand

South Africa

UK

USA

Method

- **9 universities in 7 countries**
- **Exploratory**
- **Initially focus groups in each country**
- **7-8 participants per group**
- **Minimum of three groups in each site**
- **Pictures used as a stimulus, then**
- **Wines served blind**
- **Wines will be local, Champagne and cava**

Research Questions

- Is there a regional preference for sparkling wine (SW)?
- Does the place of origin influence perception?
- What do they think of SW in general?
- Do they like SW?
- Are there differences among GenYs in different countries?
- What images are conjured up re: SW?
- What situations are appropriate/not for SW?
- What is quality for SW?

For Gen Y, How does SW fit

- As a treat
- As an aperitif
- With a meal
- In celebration
- For nights out/clubbing
- For displaying success

What do you associate with SW

- History
- Heritage
- Tradition
- Memory
- Art Civilization
- Status
- Etc.

Thank you for your attention!

Questions

&

Hopefully,

Suggestions for the Multinational
study.