

# MILLENNIALS OR BUST

Larry Lockshin

Last month I discussed some of the trends I observed in my visit to the US in February. One other trend I did not discuss is *the* one factor that will influence wine consumption in our major markets, including Australia for years to come: the Millennial Generation or Generation Y as they are sometimes referred to.

Even though this is the biggest potential cohort of consumers since the Baby Boomers, very little has been written about them in Australia, while in America the wine columns, conferences and marketing research studies have been focusing on them.

Who are the Millennials? There is some disagreement, but generally this group represents people born after 1980 and of current drinking, so 18 to 30 year olds in Australia and the UK, and 21-30 year olds in the US. Why are they important? It is generally accepted that the majority of wine in our key markets has been consumed by the Baby Boomers, who represent the largest cohort of consumers by a large margin.

In Australia today the Baby Boomers represent about 14% of our adult population (3 million people), while the Millennials represent 18% (3.9 million). The Millennials are not as large percentage-wise in the US, but still represent over 77 million potential wine consumers and are almost as large as the Baby Boomer cohort and much larger than Generation X. The same is true in the UK. Not only are the Millennials a larger cohort, but they are drinking much more wine than the preceding Generation X. They are the future of wine consumption.

In the United States the conferences I attended each had half-day sessions on developing strategies to engage the Millennials with wine. So far, this type of program or even concerted thinking about Generation Y has eluded both Australian conference organisers and many wineries. I remember a question from one of my

students at an Australian Wine Marketing Conference several years ago to a panel—“Why isn’t the Australian wine industry focusing on building up new consumers from those aged 18 and over?” The answer from the head of marketing from one of the largest Australian wineries was that we should wait until these young people’s tastes had matured and focus on them in their 30s, not in their 20s.

This remark actually caused one of my more recent PhD students, Damien Wilson, to look at the behaviour of wine drinking cohorts or age groups for this thesis. He found that most people drinking wine today tried the whole range of alcoholic beverages in their late teens and early 20s. Few settle into one type of alcohol; most continued to consume a range of alcoholic beverages throughout their lives. Of course, we don’t know what will happen to those 20 and 30 year olds as they get older, but the older drinkers in our sample were still consuming a range of alcoholic beverages.

It is true that the percentage of different alcohol types does vary with age. Some of our latest research shows, not surprisingly, that older Australian consumers are the major buyers of cask wines and fortified wines. Research we and others published several years ago showed that Millennials are much more likely to purchase bottled wine than cask wine, and are especially fond of buying wine by the glass or sharing a bottle of wine in cafés and bistros, and when they go out for special occasions at white table cloth restaurants. This same trend is occurring in the US and the UK, but it seems that most Australian wine marketers are focusing their efforts on Baby Boomers and Generation X, rather than adopting their marketing to the younger generation. Australia is mired in the results of our successful marketing to the US and UK Baby Boomers. We scratch our heads and wonder why price discounts aren’t working and why competing countries seem to be moving ahead while

we stand still or even back slide.

We may not be able to halt our relative sales declines in this economic climate in a short while, but we ought to be aiming our efforts more and more to those potential consumers, who will form the backbone of wine drinking for the next 30-50 years. How do we do it?

Of course there is no simple answer to that question, but there are some guidelines. The first I would recommend is to treat the Millennials as adults. The failure of sweetened and faddish brands aimed at younger drinkers should have signalled this to us already. Although Millennials are young, their tastes across categories are brand focused because they have been exposed to brands and advertising since birth. They drink all the basic wine styles the same as older wine drinkers. However, they are known for being critical consumers who resent the hard sell and have become cynical about companies they perceive as trying to manipulate them. They are not known as brand loyal, but respond to humour, irony and truthful claims. Their parents’ brands are not necessarily theirs, but they do value tradition and real brand values compared to marketing stories.

The biggest difference is communicating with Millennials. Most wine marketing has been focused on publicity through press releases and sponsorships, accompanied by relationship building such as cellar door, direct marketing, dinners, tastings, and winemaker or wine marketer visits. Larger brands advertise in the food and wine press and to a small degree on television. Most of these activities do not work with Millennials. The last issue of *WBM* had two columns (Anthony Madigan and Peter Fuller) discussing the new social networking revolution in marketing. The reason this is so apt with Millennials is due to not only to their familiarity with technology, but also to their using it as their means to engage with other people. They have experienced a greater number

of divorces and family fracturing, which has resulted in many of them seeking bonds with similar others rather than family and older adults. The Millennials are the first generation to grow up thinking they are a global generation and have the means to be one. They share their experiences through Facebook and YouTube rather than through chats with their parents and local friends.

It is hard for 50-something marketers to believe that electronic contact will have a greater effect than personal contact. Certainly cellar door experiences need to be adapted to meet the needs of this generation, but electronic contact is necessary too. I was impressed in Missouri by their Wine Board's development of the Norton Says website ([www.nortonsays.com](http://www.nortonsays.com)) and the Norton Says Facebook page ([www.facebook.com/pages/Norton-Says](http://www.facebook.com/pages/Norton-Says)). Norton is a native American grape with special characteristics that allow it to make ageworthy dry red wines and is one

of the unique aspects of Missouri wineries. Their twenty-something marketing director developed this website and associated blog to attract and communicate with her peers. It is building winery visits, especially for weddings and social events in the Millennial cohort in and around Missouri.

In Oregon, two Millennial owners of their own e-businesses discussed ways to use Facebook, blogs and Twitter to communicate with their peers. As a Baby Boomer observer, I agreed with one of my own generation who asked how many hours per week do you need to be working online to be successful using these new communication networks. There was no direct numerical answer, but each of the young business people seemed unfazed by the amount of time they use to maintain their own and their clients' social networks.

This column is too short to go into all the techniques that can be used to build awareness for your wine brand among Millennials. I know WBM will be providing

various articles related to this important subject in this and future issues, but I hope you are beginning to realise that the future is not the same as the past for marketing. I don't think Australia has to totally revamp grapegrowing and winemaking, although a move to less upfront, fruit-driven higher alcohol wines is a start. We have to create the next generation of Australian wine drinkers across the globe if we want to be relevant in 20 years' time. My best advice is to literally engage the younger generation in your marketing. Hire them, consult with them, allow them the freedom to help you bond with their peers using their techniques. Let them blog and Twitter away—as long as you can convince them to take on your brand as a client or employer.

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