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Title

Brand Reputation and Perceived Quality of Champagne AOC for the U.S. Millennial Wine Consumer

I want to submit an abstract for:

Conference Presentation

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Keywords

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Research Question

Can Millennials identify a Champagne versus a non-Champagne sparkling wine in a blind tasting? What parameters are significant in the decision-making process and does this support brand recognition and reputation?

Methods

Millennials blindly tasted a Champagne and a Crémant, no extrinsic cues were available. Participants tasted both wines, answered survey questions and based on set parameters, decided which was the Champagne.

Results

A significant proportion could not differentiate a Champagne from a non-Champagne. Over 70% marked the wine they chose as Champagne more expensive, asserting reputation. Personal preferences were less than anticipated.

Abstract

Based on a long history and worldwide recognition, Champagne is a perfect example of a wine with a regional brand reputation for quality and high price. When looking at the wine market, reputation can apply to a producer, an individual region, or to a collective region, in this case, the Champagne AOC.

This study was focused on the Millennial generation within the United States, who now make up the largest share of the United States total wine market. Millennial preferences and purchase decisions are changing the face of the global wine industry. Wine producing countries, regions, associations and individual producers need to find ways to differentiate and promote their wines to this growing and influential segment.

The main goal of this quantitative study was to examine the extent to which the brand reputation of Champagne is recognized within the Millennial wine market. This brand reputation included the region, the name "Champagne", perception of quality, individual taste preferences and the role of price. Our research focused on four specific

points.

Can Millennials differentiate between a Champagne and non-Champagne sparkling wine from France in a blind tasting?

Do Millennials associate Champagne as more expensive than a non-Champagne due to Champagne's perceived quality and reputation?

Do Millennials use their personal preferences to determine the price and quality of a wine?

What factors do Millennials use to determine the difference between a Champagne and non-Champagne?

Our study included 80 Millennials, participation was voluntary, and no prior wine knowledge was requested. The study took place in a room on the campus of the Institute of American Universities. We conducted a blind tasting between a Louis Roederer Brut Premier Non-Vintage as the Champagne AOC, and a Joseph Cartron Blanc de Noirs Crémant de Bourgogne AOC Non-Vintage as the non-Champagne sparkling wine. A facilitator was present to explain the tasting, distribute the forms and volunteers poured the wine. The bottles were completely covered, so no extrinsic clues were visible and participants were not allowed to handle the bottles. Both wines were served at the same time and at the same temperature. Participants were told one wine was a Champagne and one wine was a sparkling wine from France, but not a Champagne. The Joseph Cartron Blanc de Noirs Non Vintage Crémant de Bourgogne AOC was Wine A and the Louis Roederer Non-Vintage Brut Champagne AOC was Wine B. On the form, participants indicated which wine (A or B) they preferred according to appearance, smell and taste in separate categories. Participants then marked which wine (A or B) they thought costed \$10 or \$40 and finally which wine (A or B) they thought was the Champagne. Six entries were eliminated as the participant did not fully complete the form.

The collected data was analyzed for correlations between personal preferences decisions, price decision and the final Champagne decision. Results showed that a significant proportion of Millennials cannot objectively differentiate a Champagne from a non-Champagne in a blind tasting. Over 70% of participants marked that whichever wine they chose as the Champagne was more expensive. In other words, if a participant marked that Wine A or Wine B was the Champagne, they also marked that Wine A or Wine B costs \$40. This asserts that Millennial wine consumers are aware of the reputation of Champagne for higher price point per bottle. Chi-Square tests of independence were used to analyze the relationships between the personal preference decisions and the Champagne and price decision. This test enabled us to gain insight at the reasoning behind participants' decisions for price choice and Champagne choice based on their personal preference decisions. With one exception, the Chi-Square Tests of Independence proved that the blind tasting participants' personal preferences were decided independently from their decisions of which wine is Champagne and which wine costs \$40. Participants did not use personal preference characteristics as much as anticipated when deciding which wine was the Champagne, however there are still multiple things to consider. When deciding which wine was the Champagne, participants relied primarily on the differences in appearance between the two wines more than the smell and taste differences.

The data provided by these questions can give insight to what characteristics Millennials look for in a wine they perceive as higher quality. The data also shows the extent the brand reputation of Champagne has reached the Millennial generation. This data is relevant as Millennials hold an increasingly large consumer segment of the wine market in the United States, and both the Champagne region and individual producers can make use of this data to better differentiate Champagne from other sparkling wines.

The United States Census Bureau defines the Millennial generation as those born from 1981-1997. Based on the United States Census Bureau report from July 2016, Millennials have exceeded the population size of the Baby Boomer generation and are now the largest living generation in the United States. According to the Wine Market Council, Millennials consumed 42% of all wine consumed in 2015, more than any other generation.

A Bain Luxury Study, as cited in the Silicon Valley Bank report, found that the US market for luxury wines and spirits

increased by 15% in 2017. Most Champagne is considered a luxury wine, and the report stated that Millennials represent 19% of current fine wine consumption. Furthermore, a CIVC study found that Millennial aged wine consumers are shifting their attitudes towards a “more informal consumption of sparkling wines,” and 66% of Millennials responded that sparkling wines are an important component of their lifestyle. Millennials are the new face of the United States wine industry, making them an ideal focus group for this study.

With increasing competition in the sparkling wine category, if the Champagne region desires to maintain its brand and name reputation and market hold, then it is crucial that the region adapts to the changing market of Millennials. To maintain its reputation in the United States’ shifting wine market demographics, the Champagne region and individual winemakers must find ways to educate Millennials on identifying and differentiating Champagne from other sparkling wines. The results of this study can offer insight and ideas into different ways the Champagne region could better appeal to the United States Millennial market. For example, a key point of differentiation between Millennials and past generations of wine consumers is a growing emphasis on the importance of social media, notably Instagram and to a lesser extent Facebook. Many Champagne Houses have already created pages and profiles for their products but they are often not up to date or post media content that fails to reach the Millennial market. Further studies need to be done to determine the best social media platforms for the Champagne region and individual Champagne Houses to reach U.S. Millennials. Other forms of outreach could include informal events and tastings along with educational tasting seminars. Creating Millennial Champagne Brand Ambassadors should be considered. A study in Socialnomics showed that over 90% of purchase decisions are made on peer recommendations. These Brand Ambassadors could be trained in Champagne and educate their peers through social media, technology, word of mouth and events.

Reputation is a reflection of culture and identity as well as an economic strength indicator. It can be sustained through consistent communication activities. Because reputation is dynamic, it requires constant management and diligence. A strong reputation attracts customers to products and is an asset that gives a competitive advantage, one that Champagne needs to capitalize on for the Millennial wine consumer.

Privacy

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