

Millennial Consumers Seek New Tastes, Willing to Pay a Premium for Alcoholic Beverages

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Nielsen Releases Most Comprehensive Study To Date on U.S. Millennial Generation's Alcoholic Beverage Attitudes and Usage

Millennial consumers (21- 30 year olds) and their thirst for new experiences have a clear impact on their alcoholic beverage choices, according to a new study by The Nielsen Company. In the most comprehensive study to date of the alcoholic beverage preferences of the U.S. Millennial generation, Nielsen finds that Millennial consumers frequently seek new tastes and are willing to pay a premium for alcoholic beverages.

Also known as 'The Next Great Generation,' the 70 million Millennials outnumber Generation Xers (31 - 44 years old) by nearly 25 million and are nearly as large as the approximately 77 million Baby Boomers (45 - 65 years old) in the U.S.

'The Millennials are primed to be an extremely influential group,' said Richard Hurst, senior vice president of Beverage Alcohol at ACNielsen, a service of The Nielsen Company. 'At the beginning of their careers, Millennials are discovering the world and have control over their money and time in ways their predecessors never did. A sizeable group with many purchasing years ahead of them, understanding what they're buying, why they're buying, where they're buying and how they're buying represents an enormous opportunity for today's manufacturers and retailers.'

'Understanding this important consumer group is critical to our business,' said Ed Gawronski, vice president, Market and Business Insights, Miller Brewing Company. 'We know Millennials will have great influence on category dynamics for years to come.'

Alcoholic beverage preferences for the 21 - 30 year old age group are clearly changing. Ten years ago, beer accounted for 59 percent of this group's alcoholic beverage spending, this number has shrunk 12 percentage points to 47 percent as wine and spirits purchases have grown in relatively equal proportions. While the 31 plus age group preferences are changing in a similar manner, wine and spirits preferences are moving at a much slower rate with only a six percentage point gain during the last ten years.

Roll Out the (Beer) Barrels

Despite the decline over the past ten years, Millennials still show a preference for beer. On a dollar basis, beer represents the majority (47 percent) of Millennial consumers' spending, compared to spirits (27 percent) and wine (26 percent). On a volume basis, beer accounts for 83 percent of Millennials' purchases, compared to 11 percent for wine and six percent for spirits. Among Millennials who drink different types of alcoholic beverages, beer is most often cited at their 'favorite.'

Nielsen's research shows that within the beer category, Millennials are exhibiting drinking preferences that differ from older generations and are much more likely to experiment with different beer types and flavors. While domestic premium beers are still their dominant choice, Millennials are much more inclined than older consumers to purchase imported beers (28 percent of Millennial beer spending versus 15 percent for other age groups) or craft beers (15 percent of Millennial beer spending versus six percent for other age groups).

Considering imported beers, Millennials tend to look more favorably to Mexican beer imports than older generations do. Mexican beers account for nearly one half (46 percent) of Millennials' import purchases compared to approximately one-third (35 percent) of older consumers' import purchases. Older consumers show greater interest in imports from Holland, Germany and Canada than Millennials do.

'One might expect that as consumers grow older and their income levels rise, they would naturally trade up,' said Hurst. 'In fact, economy beer purchases are much more common among older generations. Craft and import beers have a receptive audience in Millennials who clearly are open to new tastes in beer, and are willing to pay more to try something different.'

Socializing with Spirits

As with beer, Millennials show a preference for premium over value when it comes to spirits. Premium and ultra-premium spirits rank highest among Millennials, while value-priced spirits dominate consumers over age 50. For example, Millennials satisfy nearly half of their vodka purchases with premium and ultra-premium priced brands, compared to less than one-third of total vodka sales for consumers over age 30, and 20 percent of consumers 61 years and older.

Nielsen's study shows that compared to Gen Xers and Baby Boomers, Millennials are more inclined to consume spirits with their friends, in a bar or nightclub and are the most enthusiastic age group in learning about spirits.

'As a group, Millennials grew up with more beverage options -- premium coffees, flavored waters, sweetened drink options -- than their older counterparts,' said Hurst. 'The Millennial desire for variety is reflected in their preference for a wide range of spirits. Millennials are the most inclined to socialize and choose a more expensive drink than older consumers.'

Nielsen found that Millennials perceive spirits to be 'fun,' 'modern' and 'popular.' Baby Boomers, on the other hand, are less likely to consider spirits 'fun' and more likely to perceive spirits as 'relaxing' and 'suited to their lifestyle.'

Red, Red Wine

Millennials tend to prefer red wines (51 percent of volume) more so than older consumers (approximately 44 percent). Among red wines, Cabernet and Pinot Noir have the most distinct skew towards Millennials while Chardonnay remains the most popular white wine across all ages. Pinot Grigio, Sauvignon Blanc and Rieslings account for a higher share of Millennials' wine purchases compared to the over 30 population.

Similar to the beer category, Millennials are more open to trying imported varieties and also contribute more to sake sales than Gen Xers and Baby Boomers.

Nielsen's research shows that while Millennials perceive wine to be 'relaxing' and 'sophisticated' they associate a certain formality with wine, citing it most often as the beverage of choice during a 'formal' night out, and less often for casual occasions.

While most Millennials consider themselves as novices or only slightly knowledgeable about wine, approximately one-third (34 percent) of Millennials are interested in learning more - - an 'education' opportunity for wineries.

'The overall quality of wine has improved significantly during the last 15 years so that today, the premium wine consumer will rarely find wine of poor quality,' said Gary Glass, president, White Rocket Wine Company. 'This is changing how the Millennial consumer shops as the Millennial focus is not on learning about wine to avoid 'making mistakes' but on having fun with wine. Quality certainly needs to be in the bottle, but to sell that first bottle, the brand name and packaging are critical as this is the key driver of Millennials' wine shopping decisions.'

About the Study

Information for Nielsen's Millennials and Beverage Alcohol Study was collected via a triangulation of Nielsen's Homescan(R) consumer panel information and online survey and fieldwork from a sample of nearly 900 consumers 21 years old and older who drink beer, wine and spirits at least once every two months.

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