UNDERSTANDING YOUNG CHINESE WINE CONSUMERS THROUGH INNOVATION DIFFUSION THEORY

Matthew H.T. Yap
Nan Chen

Abstract

Purpose – This paper aims to examine young Chinese wine consumers’ perceptions of the diffused wine information in China, and explore the factors that may influence their perceptions.

Design – A positivism paradigm was employed to design the research.

Methodology – Quantitative data were collected from a total of 507 young Chinese wine consumers via a self-administered structured questionnaire. Both descriptive and advanced statistics were employed to analyse the collected data.

Approach – Respondents were selected using purposive sampling technique. Deductive approach was used to reason data. Research ethics were observed.

Findings – Six dimensions (complexity, compatibility, relative advantage, observability, religion and ethics, and trialability of diffused wine information) emerged via Principal Component Analysis. Young Chinese wine consumers’ perceptions of the diffused wine information were independent of their personal and professional backgrounds. However, consumers with different education levels and religions considered differently the expensiveness of wine to purchase. Their considerations of the expensiveness of wine to purchase were dependent on their awareness of alcoholic friends and family members, age, education levels and gender.

Originality of the research – This study is possibly the first of its kind to employ the diffusion of innovation theory to examine young Chinese wine consumers’ perceptions.

Keywords Young Chinese wine consumer, Diffusion of innovation theory, Consumer perceptions, quantitative research

INTRODUCTION

Grape wine demand and supply in China have surged in recent years due to progressive economic growth. The International Organisation of Vine and Wine (OIV) (2013) reported China, surpassing Australia, as the fifth largest global wine producer of 14,880 thousands of hectolitres of wine on 570 thousands of hectares of vineyards in 2012. The amount of wine produced in China, mainly for domestic consumption, has grown by more than 11 per cent as compared to the data released in 2011. Reciprocally, the Chinese population has become the world’s fifth largest wine consumers drinking more than 17 thousand hectolitres of wine in 2012 (OIV, 2013). Moreover, China has surpassed the United Kingdom and became the number one importer of Bordeaux French wine in 2012 (Zhang, 2012). Further, China overtook Japan as the number one Asian country of imported wine (Canfield, 2013). Chinese continuous support for French wine is mainly because of their understanding of the best wine comes from
France (Jenster and Cheng, 2008). The lucrative Chinese wine market has triggered an increased of global wine importers to China by 200 per cent across a five-year period (Crummy, 2012). By the end of 2016, China is to become the world’s second biggest wine consuming nation (Mercer, 2013).

However, a study argues that China’s wine consumption will slow down in the next couple of years after an explosive growth in the recent five years (Globalpost, 2013). As such, China will gradually reduce importing wine as her domestic wine production increases (Mercer, 2013). In addition, the previous trade war between China and the European Union may jeopardise Chinese import of French and/or European wine in the near future (Chang, 2013). In order to sustain the wine consumption growth rate in China, Chinese wine market practitioners and experts were interviewed by Wine Intelligence (2012b), a global wine market research company, to determine the future outlook of the existing market. This study informed wine merchants of the diverse characteristics of Chinese wine consumers (CWC) and their knowledge level of wine, thereby suggesting wine importers to strategically plan, develop and manage their brands and brand image to continuously attract CWCs’ varying tastes and preferences.

Furthermore, Wine Intelligence (2012a) has predicted five trends for the Chinese wine market in the near future. Firstly, CWC will opt for wines with better value for money as middle-class Chinese emerges. Secondly, the combat against counterfeit wine is of great urgency. Thirdly, there will be an increasing number of Chinese to purchase wine in smaller bottles as oppose to the traditional full size bottle of 75 centilitres. Fourthly, more Chinese living in second-tier cities will follow their compatriots living in top-tier cities to take up the habits of drinking wine. Lastly, online wine retailing will mature in China.

The increasing wine production and consumption, and the continuous marketing efforts of wine merchants determine that wine information is diffusing widely in Chinese society. However, the rate of diffusion of wine information in Chinese society is unknown and no study to date has employed the diffusion of innovation theory to study CWCs’ perceptions of wine information. Hence, this paper aims to examine young CWCs’ perceptions of the diffused wine information in China, and explore the factors that may influence their perceptions. The findings of this study might help wine merchants to sustain or expand their businesses through effective diffusion of wine information to target young CWC.

1. LITERATURE REVIEW

1.1. Diffusion of Innovation Theory

The diffusion of innovation theory is well established to study the rate of acceptance of consumers of a product or service based on the spread of five characteristics (relative advantage, compatibility, complexity, observability and trialability) of communication and influences (cf. Rogers, 2003). Previous studies (e.g., Truong et al., 2012; Vindigni et al., 2002) have employed this theory to study organic foods in different geographical locations. Hence, the diffusion of innovation theory is applicable to food and beverage related studies. The diffusion of innovation theory elucidates the evolution and spread of an innovative idea or a product in a social scenario through different channels of
communication and influences, and the acceptance of adopters (Rogers, 2003). For instance, the Texas wine industry employs various promotional materials like media outreach, tradeshow booth and displays, collateral printed materials and promotional items to spread information of Texas wine and to create viable growth of the regional wine industry (Hanagriff et al., 2009). In a mature wine market like the United Kingdom, supermarkets, mostly, employ perceive and actual price promotions to stimulate wine sales (Ritchie et al., 2010); whilst other sellers promote wine through medals won in competitions and tasting (Lockshin, 2004; Orth and Kraska, 2001). In addition, wine gurus and critics are invited by newspapers and magazines to propagate wine information through the mass media; whilst big wine companies are sponsoring TV series to inform consumers of wine brands (Ritchie et al., 2010). Furthermore, many wine producing countries like Australia (Taylor et al., 2007), South Africa (Bruwer, 2003) and Italy (Brunori and Rossi, 2000), to name a few, are using tourism to promote regional wine and gastronomy. In summary, wine information is diffused through advertisements, newspapers and magazines, wine tasting, collateral printed materials, wine labels/bottles, tourism activities and tradeshows. As grape wine is still considered a novel beverage in China as compared to Western countries, it is appropriate to employ this multidisciplinary theory to examine CWCs’ perceptions (Frambach, 1993).

First, relative advantage represents the degree to which a particular group of users perceive their intentions to adopt an innovation better than their original ideas. In the context of wine consumption, consumers interpret relative advantage as social prestige, nutritional and health benefits, and sustainable wine production not harming the environment. Second, as the more complex a particular innovation is, the more time consumers will take to adopt it or learn how to use it. Hence, complexity denotes consumers’ accessibility of wine, variety of wine, and the availability of wine related information in their societies. Third, compatibility refers to the innovation’s coherence with the existing norms, values, past experiences and needs of the adopters in a society. Hence, users’ adoption speed of an innovation is directly proportional to the compatibility of the innovation. In relation to wine consumption, compatibility is translated as ethical values, socio-cultural norms and tastes. Fourth, trialability is the degree to which the innovation could be sampled before adoption, thus reducing the uncertainty attached to the forthcoming experience. This dimension is relevant to wine consumers and strategic marketing studies because wine tasting is a risk reduction technique used to reassure customers the quality and characteristics of the wine before purchase (Mitchell and Greatorex, 1989). Finally, observability determines the extent of the visibility or measurability of an innovation. The more visible the innovation, the more attention it will attract and the reduction of uncertainty. As such, consumers may purchase and consume wine recommended by their trusted information sources, such as...
from their friends and family members’ word of mouths, and selected publications and broadcasts they have read and heard, respectively.

With respect to the diffusion of innovation theory, early adopters of wine are information seekers with a high tolerance level for uncertainty and a high desire level for creative goods and services. In addition, they place more emphases on personal needs as compared to late wine adopters (Vindigni et al., 2002). Understanding young Chinese consumers’ perceptions of wine information diffused in their society can facilitate the prediction of their future wine consumption behaviour. As such, the diffusion of innovation theory is employed as the framework to guide this study and the following two research questions are raised:

RQ1: How can young CWC perceptions of the diffused wine information be measured?
RQ2: What are the perceptions of young CWC towards the diffused wine information?

1.2. Chinese Wine Consumers

Although the Chinese wine market, in terms of consumption, is relatively premature as compared to European countries like France and the United Kingdom, considerable number of studies have been conducted to examine CWCs’ behaviours, preferences and motivations of consuming and purchasing grape wine (e.g., Balestrini and Gamble, 2006; Jenster and Cheng, 2008; Liu and Murphy, 2007; Somogyi et al., 2011; Yu et al., 2009). CWC are commonly located in top-tier cities like Beijing, Shanghai and Guangzhou due to high affluence (Jenster and Cheng, 2008). As economic developments and more wine merchants are scattering country wide, grape wine drinking has begun to spread to the second-tier cities and slowly to rural areas in China (Li et al., 2011).

In general, the motivators stimulating current Chinese consumption of wine can be broadly classified as intrinsic and extrinsic (Camillo, 2012). Intrinsic motivations include perceived image and characteristics of wine, knowledge level of wine, hedonism, wine consumption patterns, personal and professional backgrounds, health awareness, habits, and peer pressure; while extrinsic motivations encompass socio-cultural/economic and technological causes, environmental issues, marketing strategies, legislation, travel and tourism, and origins, varieties and distribution of wine (Camillo, 2012; Gil and Sánchez, 1997; Goodman, 2009; Martinez-Carrasco et al., 2005; Yu et al., 2009).

With reference to CWCs’ behaviour, existing studies have revealed that CWC have little knowledge of the grape varieties that produce wine they have consumed (Jenster and Cheng, 2008). However, they prefer wines with fruity and sweet flavour as opposed to dry and tannic wines (Somogyi et al., 2011). Red wine is still mostly preferred by Chinese as compared to white and rosé wines because red colour is auspiciously symbolic as happiness and celebration in the Chinese culture (Jenster and Cheng, 2008). As trendy lifestyles evolve in contemporary Chinese society, female Chinese in particular, prefer white wines; they also like concocting cocktails with white wines and soft drinks (Buckalew, 2005). Sparkling wine sales have increased in recent years as more and more Chinese drink this beverage to celebrate special occasions like weddings (Jenster and Cheng, 2008). Several studies have revealed that CWC are
mostly young adults, aged 18-35 and normally consume wine during business and private functions held in restaurants (Camillo, 2012; Yu et al., 2009). China’s rapidly rising middle class is believed to offer a great opportunity for expanding wine consumption (Jenster and Cheng, 2008). However, consumers’ characteristics and perceptions like religion, wine allergy, relationship status and awareness of alcoholism amongst peers, were yet to be explored in relation to their wine consumption behaviour. Hence, the development of the following hypothesis:

H1: Young CWCs’ perceptions of the diffused wine information are independent of their age, gender, education level, religion, wine allergy, relationship status, and friends' and family members’ alcoholism.

Regardless of wine characteristics, many Chinese perceive wine consumption as socially and culturally sophisticated to help them gain social prestige and raise their social standings (Lee, 2009). Even though increasingly more Chinese consumers are attracted to wine because of its healthful and nutritious properties (Workman, 2006), the purchase decisions of most CWC are still influenced more by extrinsic (e.g., price, brand, country of origin) than intrinsic (e.g., wine characteristics and style) motivators (Balestrini and Gamble, 2006).

In terms of extrinsic motivators, Dehui (2007) identifies that Chinese prefer foreign than domestic wines due to higher quality. However, Zhou and Belk (2004) argue that some Chinese consumers have a strong patriotic desire to purchase domestic wine to support cultural heritage. In general, Chinese consumers’ wine purchase decisions are swayed by several risk reduction strategies (e.g. brand, information and assurance seeking, price, safety, credible source and tasting) as identified in wine consumers from other parts of the world (Yu et al., 2009). It is known that CWC like to buy expensive wines as gifts and less expensive wines for self-consumption due to face saving (Camillo, 2012). However, no study has established the relationship between young CWCs’ perceptions of wine information they have received in their society and their views of the expensiveness of wine. Furthermore, it is unclear if young CWCs’ perceptions of the expensiveness of wine to purchase are related to their backgrounds. Therefore, the next two hypotheses were proposed:

H2: Young CWCs’ perceptions of the expensiveness of wine to purchase are dependent on their perceptions of diffused wine information.

H3: Young CWCs’ perceptions of the expensiveness of wine to purchase are dependent on their age, gender, education level, religion, allergy to wine, relationship status and friends’ and family members’ alcoholism.

2. METHODOLOGY

In order to test the hypotheses, this study employed a quantitative research design (Creswell, 2009). The data collection instrument, developed in English, was a self-administered questionnaire with structured statements and questions. It is comprised of two sections. In section one, respondents were requested to rate 26 statements on the relative advantage, complexity, compatibility, trialability and observability of diffused wine information using a five point Likert-style scale of agreements and disagreements.
(5 = “strongly agree”, 1 = “strongly disagree”). Five point Likert-style scale was adopted due to its ability to reduce respondents’ bias and its suitability for Asian consumers (Truong et al., 2012). Section two aimed to gather respondents’ information (gender, age, education level, religion, relationship status and wine allergy), alcoholism of their friends and family, and their consideration of the expensiveness to purchase wine.

The items of the questionnaire were developed from a thorough literature review; then, translated into Chinese and pilot tested with 10 participants to enhance clarity, validity and reliability (Zikmund et al., 2010). The final version of the questionnaire was distributed to a purposively selected sample of young Chinese university students, with a minimum legal alcohol drinking age of 18 (Hanson, 2013), who have drunk wine before. Chinese university students were preferred because they would be the most potential wine consumers as they are highly educated with the possibility of being affluent. In addition, they were a subset of young CWC. A total of 507 completed and useable questionnaires were collected. All completed questionnaires were back-translated into English and the data were analysed using the IBM SPSS 19.0.

Cronbach’s Alpha was calculated to obtain 0.865 coefficient, which was above the minimum 0.7 level, confirmed the internal consistency of the scaled primary data (Pallant, 2010). Frequencies, descriptive statistics and Principal Component Analysis (PCA) were performed. PCA was chosen to reduce the young CWC perceptions into the five dimensions of the diffused wine information which allowed the testing of all hypotheses, and simultaneously retaining most of the variation with simplicity (Beavers et al., 2013; Jolliffe, 2010). The number of respondents (n = 507) was over five times the number of scaled variables, thus permitting the PCA with varimax rotation and Kaiser Normalisation (Tabachnik and Fidell, 1996). Ethical research practice was adhered in all stages of the research.

3. RESULTS

3.1. Participants’ Information

The majority of the respondents (n = 439, 89%) have received undergraduate education. There were two times more female (n = 343, 68%) than male participants (n = 158, 32%). This gender ratio of 2:1 is representative of the existing student gender imbalance in Chinese universities as current legislation in China forbids the Ministry of Education to manipulate equal number of male and female university admissions (Du and Zhang, 2013). Almost three quarter of the respondents (n = 360, 73%) disclosed they were not involved in a relationship. Different to earlier generation of Chinese, this study’s high percentage of respondents without relationship depicted the changing sexual behaviour of China’s post open-door generation (Parish et al., 2007). More than 80 per cent of the participants (n = 438) were atheists. This finding concurred with The World Factbook (n.d.) that more than half of China’s population was not affiliated to a religious organisation. Over 80 per cent of the respondents (n = 421) reported they were not allergic to wine. This finding is valuable to wine merchants who aim to attract young Chinese to consume wine. Furthermore, approximately 60% (n = 293) and 68%
(n = 333) of the participants did not have any friends or family members who were alcoholic, respectively. The respondents’ knowledge of their friends’ and family members’ alcoholism was debatable as Chinese believe proper drinking could promote health, conviviality and creativity (Singer, 1972 & 1974). Table 1 summarised the participants’ background information.

Table 1: A Summary of the Respondents’ Information (n=507)

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 18-19                    | 130       | 26%
| 20-21                    | 188       | 37%
| 22 & above               | 182       | 36%
| Missing                  | 7         | 1%
| **Gender**               |           |    |
| Female                   | 343       | 68%
| Male                     | 158       | 31%
| Missing                  | 6         | 1%
| **Education**            |           |    |
| Undergraduate            | 439       | 86%
| Postgraduate             | 54        | 11%
| Missing                  | 14        | 3%
| **Relationship Status**  |           |    |
| Single                   | 360       | 71%
| Attached                 | 133       | 26%
| Missing                  | 14        | 3%
| **Religion**             |           |    |
| Religious                | 69        | 14%
| Non-religious            | 438       | 86%
| **Wine Allergy**         |           |    |
| Yes                      | 28        | 6%
| No                       | 421       | 83%
| Unsure                   | 42        | 8%
| Missing                  | 16        | 3%
| **Knowledge of Alcoholic Friends** |
| Yes                      | 187       | 37%
| No                       | 293       | 58%
| Unsure                   | 12        | 2%
| Missing                  | 15        | 3%
| **Knowledge of Alcoholic Family Members** |
| Yes                      | 147       | 29%
| No                       | 333       | 66%
| Unsure                   | 11        | 2%
| Missing                  | 16        | 3%

Source: Compiled by authors
3.2. **H1**: Young CWCs’ perceptions of the diffused wine information are independent of their age, gender, education level, religion, allergy to wine, relationship status, and friends’ and family members’ alcoholism.

Firstly, PCA was executed (see Table 2). The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was 0.86 (“meritorious” according to Kaiser, 1974), indicated interrelations among the variables. The Bartlett Test of Sphericity $\chi^2 (325) = 4825.32, p < .001$, indicated the suitability of conducting factor analysis (Field, 2009). Four criteria were used to form factors: (1) only the factors with eigenvalues greater than one were extracted; (2) items with factor loadings less than 0.47 were removed from the scale; (3) the cross-loadings of an item had to be lowered than 50% of the highest loading to be retained. Following these criteria, the calculations converged after seven iterations, retaining all 26 variables, each of which loaded onto one of the six factors (1. Complexity; 2. Compatibility; 3. Relative Advantage; 4. Observability; 5. Religion & Ethics; 6. Trialability) (Stevens, 1992). The total percentage variance was 60.6% and the emerging factors were named and mapped onto the diffusion of innovation theory (e.g., Rogers, 2003; Wonglimpiyarat and Yuberk, 2005).

Table 2: **PCA of Young CWCs’ Perceptions of Diffused Wine Information**

<table>
<thead>
<tr>
<th>Diffused wine information</th>
<th>Components</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td><strong>1. Complexity (var=13.4%)</strong></td>
<td></td>
</tr>
<tr>
<td>It is difficult to understand wine information in general</td>
<td>.761</td>
</tr>
<tr>
<td>Wine production is too sophisticated to be understood</td>
<td>.748</td>
</tr>
<tr>
<td>It is difficult to find wine in supermarkets</td>
<td>.736</td>
</tr>
<tr>
<td>It is difficult to find wine information</td>
<td>.718</td>
</tr>
<tr>
<td>It is difficult to find different varieties of wine in supermarkets</td>
<td>.609</td>
</tr>
<tr>
<td><strong>2. Compatibility (var=12.9%)</strong></td>
<td></td>
</tr>
<tr>
<td>Wine consumption is common in my society</td>
<td>.723</td>
</tr>
<tr>
<td>Wine consumption is part of my culture</td>
<td>.679</td>
</tr>
<tr>
<td>Wine is nutritional</td>
<td>.662</td>
</tr>
<tr>
<td>Wine is compatible to my taste</td>
<td>.654</td>
</tr>
<tr>
<td>Wine is good for blood circulation</td>
<td>.625</td>
</tr>
<tr>
<td>Wine consumption reflects social prestige</td>
<td>.550</td>
</tr>
<tr>
<td><strong>3. Relative Advantage (var=10.4%)</strong></td>
<td></td>
</tr>
<tr>
<td>Wine production will not deplete natural resources</td>
<td>.787</td>
</tr>
<tr>
<td>Wine is produced in a sustainable way</td>
<td>.754</td>
</tr>
<tr>
<td>Wine has no artificial additives</td>
<td>.681</td>
</tr>
</tbody>
</table>
In order to test the first hypothesis, Pearson’s Chi-square test was employed to determine the association of the respondents’ perceptions of the diffused wine information with their age, gender, education level, religion, allergy to wine, relationship status, and friends’ and family members’ alcoholism. Pearson’s Chi-square test was chosen due to the non-parametric conditions of the collected data tabulated in frequency (Saunders et al., 2012). As such, no significant associations were found at 95% level of confidence. Hence, H1 was accepted.

3.3. H2: Young CWCs’ perceptions of the expensiveness of wine to purchase are dependent on their perceptions of diffused wine information.

The respondents’ views of the expensiveness to purchase wine in China were tabulated. Less than one third of the respondents (n = 148, 29%) considered wine to be expensive to purchase; while almost half of them believed the contrary (n = 230, 45%). T-Test of differences was employed to analyse the respondents’ views of the expensiveness to purchase wine in their subgroups (age, gender, education level, religion, wine allergy). Male and female respondents perceived wine as expensive to purchase differently at 95% level of confidence; while respondents with different levels of education
considered wine to be expensive to purchase differently at 99% level of confidence (see Table 3). All other subgroups did not achieve statistical significance.

Table 3: Test of Differences of the Perceived Expensiveness to Purchase Wine in Young CWC Subgroups

<table>
<thead>
<tr>
<th></th>
<th>n</th>
<th>t</th>
<th>df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>489</td>
<td>2.379</td>
<td>487</td>
<td>.018</td>
</tr>
<tr>
<td>Education level</td>
<td>490</td>
<td>2.644</td>
<td>488</td>
<td>.008</td>
</tr>
<tr>
<td>Relationship</td>
<td>490</td>
<td>1.166</td>
<td>488</td>
<td>.086</td>
</tr>
<tr>
<td>Religion</td>
<td>490</td>
<td>-0.391</td>
<td>488</td>
<td>.696</td>
</tr>
<tr>
<td>Allergy</td>
<td>488</td>
<td>0.892</td>
<td>486</td>
<td>.373</td>
</tr>
<tr>
<td>Age</td>
<td>483</td>
<td>-1.914</td>
<td>481</td>
<td>.056</td>
</tr>
<tr>
<td>Alcoholic friends</td>
<td>477</td>
<td>0.355</td>
<td>487</td>
<td>.723</td>
</tr>
<tr>
<td>Alcoholic family members</td>
<td>477</td>
<td>0.743</td>
<td>486</td>
<td>.458</td>
</tr>
</tbody>
</table>

Source: Compiled by authors

In order to further understand to what extent the diffused wine information influences young CWCs’ perceptions of the expensiveness of wine to purchase, Pearson’s correlation was employed (see Table 4).

Table 4: Correlation of Young CWCs’ Perceptions against Their Views of the Expensiveness to Purchase Wine (n=445)

<table>
<thead>
<tr>
<th></th>
<th>Expensive to Purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Religion &amp; Ethics</td>
<td>Pearson correlation coefficient</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>Complexity</td>
<td>Pearson correlation coefficient</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>Trialability</td>
<td>Pearson correlation coefficient</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>Compatibility</td>
<td>Pearson correlation coefficient</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>Relative Advantage</td>
<td>Pearson correlation coefficient</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>Observability</td>
<td>Pearson correlation coefficient</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
</tr>
</tbody>
</table>

Source: Compiled by authors
With reference to Table 4, statistical significance at 95% level of confidence was detected between the respondents’ perceptions of religion and ethics \((p = .044)\) diffused wine information with their consideration of the expensiveness to purchase wine. Moreover, high statistical significances at 99% level of confidence were also found from the complexity \((p = .006)\) and trialability \((p = .001)\) of diffused wine information on the respondents’ consideration of the expensiveness to purchase wine. Hence, H2 is partially accepted.

### 3.4. H3: Young CWCs’ perceptions of the expensiveness to purchase wine are dependent on their age, gender, education level, religion, allergy to wine, relationship stati and friends’ and family members’ alcoholism.

Finally, Pearson’s Chi-square test was employed to determine the association of the respondents’ perceptions of the expensiveness to purchase wine with their age, gender, education level, religion, allergy to wine, relationship stati, and friends’ and family members’ alcoholism. Statistical significance findings are summarised in Table 5.

**Table 5: Associations Between Yong CWCs’ Perceptions of the Expensiveness to Purchase Wine with Their Diverse Backgrounds**

<table>
<thead>
<tr>
<th>Expensiveness of wine to purchase</th>
<th>n</th>
<th>Pearson Chi-Square Coefficient</th>
<th>(p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcoholic family members</td>
<td>488</td>
<td>58.074</td>
<td>.0001</td>
</tr>
<tr>
<td>Alcoholic friends</td>
<td>489</td>
<td>39.975</td>
<td>.0001</td>
</tr>
<tr>
<td>Age</td>
<td>483</td>
<td>33.110</td>
<td>.0001</td>
</tr>
<tr>
<td>Education level</td>
<td>490</td>
<td>12.429</td>
<td>.002</td>
</tr>
<tr>
<td>Gender</td>
<td>489</td>
<td>6.245</td>
<td>.044</td>
</tr>
<tr>
<td>Religion</td>
<td>490</td>
<td>4.867</td>
<td>.088</td>
</tr>
<tr>
<td>Relationship</td>
<td>490</td>
<td>2.244</td>
<td>.326</td>
</tr>
<tr>
<td>Allergy</td>
<td>488</td>
<td>2.917</td>
<td>.572</td>
</tr>
</tbody>
</table>

Source: Compiled by authors

With reference to Table 5, CWCs’ perceptions of the expensiveness to purchase wine were i) very highly associated with their knowledge of family members’ and friends’ alcoholism \((p = .0001)\); ii) their age \((p = .0001)\); iii) highly associated with their educational level \((p = .002)\); iv) associated with their gender \((p = .044)\). Hence, H3 is partially accepted.
4. **DISCUSSION**

4.1. **RQ1: How can young CWCs’ perceptions of the diffused wine information be measured?**

As explained in the methodology, this present paper managed to construct a structured questionnaire through thorough literature review employing a five point Likert-style scale of agreements. The items on the questionnaire were focusing on the five characteristics (relative advantage, compatibility, complexity, observability and trialability) of communication and influences within the diffusion of innovation framework (cf. Rogers, 2003). This instrument was first, rigorously tested and translated into Chinese, then, employed to measure young CWCs’ perceptions of the diffused wine information. In return, the instrument was able to collect useable data in excess of 500. Young CWC were able to complete the translated questionnaire with ease. Then, the data were analysed with the help of SPSS. In order to meaningfully measure young CWCs’ perceptions of the diffused wine information, various descriptive and inferential statistical tests like frequency, PCA, Chi-squared tests, t-tests and correlations were calculated. However, the researchers met several challenges. Firstly, as China is a very big and populated country, wine information has not been diffused to many remote places. Secondly, the Chinese population is very diverse with more than 20 ethnic groups speaking more than 15 different languages with different beverage and food consumption behaviour (The World Factbook, n.d.). This present study modestly could not cover all the diverse subgroups.

4.2. **RQ2: What are the perceptions of young CWC towards the diffused wine information?**

Based on the young CWCs’ perceptions, complexity, compatibility, relative advantage, observability, religion and ethics, and trialability of wine information, in their respective order, have diffused to them through various channels. The respondents perceived the diffused wine information to be complex possibly due to insufficient wine explanation in the Chinese society. In addition, young CWC might not have understood the wine information written in a foreign language like English or French; whilst the Chinese translated version lacks accuracy or depth to provide them with clear explanations. Since French wine has dominated the Chinese market (Jenster and Cheng, 2008), it is easily and commonly available in supermarkets and shops in China as compared to wines from other parts of the world. Hence, the young CWC felt that finding wines from other parts of the world is difficult.

Next, the findings of this study concurred with Singer (1972, 1974) that wine consumption is part of the Chinese culture. Drinking wine is common in the Chinese society due to the popularised healthful and nutritious value of wine (Workman, 2006). However, the respondents in this study rated wine consumption as a social prestige lower than their compatriots participated in the study conducted by Lee et al. (2009), possibly due to the increased availability and affordability of foreign wines in contemporary Chinese society.
Relative advantage wine information was spread less broadly to the young CWC in comparison to complexity and compatibility wine information. As such, the majority of the respondents (n = 463, 91%) disagreed that wine drinking would create social problems. This finding contradicted experts’ recognition of alcohol consumption leading to public health problems in many countries including China (World Health Organisation, 2007). It is also of interest to note that young CWC spread positive word of mouth after their positive experience of drinking wine out of curiosity. This finding is good news to wine merchants targeting at young Chinese consumers.

As observability is the third last diffused wine information, this study confirmed that wine promotion was insufficient to propagate wine and wine brands to the Chinese population as predicted by Wine Intelligence (2012a). Religion and ethics related wine information was not previously studied or included in the innovation diffusion theory. However, this factor emerged in the present study. Although atheism is dominant in China, other religious groups like Muslims (1-2%) and Christians (3-4%) are becoming visible in Chinese societies (The World Factbook, n.d.). The debate of alcohol consumption against religious and ethical beliefs may gradually emerge and increase in Chinese societies and media. Then, improper wine drinking leading to alcoholism and intoxication will be widely discussed (Singer, 1972 & 1974). Trialability is the last diffused wine information which was possibly due to insufficient promotion of wine through tasting in various wine selling venues. The young CWCs’ perceptions of the diffused wine information were independent of their personal and professional backgrounds. This finding might have been the widespread of wine information in Chinese society.

In this study, several causes were attributed to the high percentage of young Chinese consumers (n = 230, 45%) considered wine to be inexpensive to purchase. Firstly, the increase of wine merchants (Li et al., 2011) coupled with a slowdown of wine consumption (Globalpost, 2013) might have driven down the prices of wine, making it more affordable for most Chinese to consume. Secondly, more Chinese might have opted for wine with better value for their money (Wine Intelligence, 2012a). Thirdly, with the maturity of online wine retailing (Wine Intelligence, 2012a), keen competition might have forced wine sellers to lower their prices. Fourthly, young CWC purchased less expensive wine for self-consumption (Camillo, 2012).

Regardless of the above mentioned causes, this study found that young CWC considerations of the expensiveness to purchase wine were dependent on their knowledge of alcoholic friends and family members, age, education level and gender. These findings concurred with Wine Intelligence (2012b) that young CWC are more diverse and they used their knowledge obtained through higher education to understand the complex information of wine to make sound purchases. Furthermore, complexity, trialability, and religion and ethics diffused wine information had an impact on the young CWCs’ consideration of the expensiveness to purchase wine. As predicted by Wine Intelligence (2012b), young CWC are educated and information seeking to aid their wine purchase. As such, the young CWC in this study may be more willing to pay more for grape wine they have tasted in shops and supermarkets once they have been convinced by their palates. In addition, the complex wine information on wine bottle labels can influence young CWC decisions to pay more or less for a specific grape
wine (Sherman and Tuten, 2011). These findings are beneficial to wine merchants when implementing wine pricing strategy. With regards to religion and ethics, this characteristic awaits further testing to broaden the discussion because there are more than seven main religions with the addition of many folk religions in China (The World Factbook, n.d.), and the interpretation of ethics amongst young Chinese in societies is not uniformed (Ahmed et al., 2003).

CONCLUSIONS

In conclusion, an instrument to measure young CWCs’ perceptions of the diffused wine information has been developed. Specifically, young Chinese consumers ranked the spread of the wine information as complexity, compatibility, relative advantage, observability, religion and ethics, and trialability in their respective order. As such, relative advantage, observability, religion and ethics, and trialability wine information need stronger diffusion channels. This study concludes that young CWC are becoming more diverse and knowledgeable, and they are seeking more wine information to make sound purchase decisions (Wine Intelligence, 2012a). There is a keen competition between online wine retailing and traditional wine shops. However, this study concludes that traditional wine sellers insufficiently employ advertisements and wine tasting promotions to attract young Chinese consumers.

Furthermore, the young CWCs’ perceptions were not dependent on their personal and professional backgrounds. They also considered wine to be inexpensive to purchase and their considerations were dependent on their knowledge of alcoholic friends and family members, age, education level and gender. However, the young CWC with different levels of education and gender considered wine to be expensive to purchase differently. It can be concluded that complexity, trialability, and religion and ethics diffused wine information can impact young CWCs’ considerations of the expensiveness to purchase wine.

In terms of theoretical implications, this is the first study that employed the diffusion of innovation theory to examine young CWCs’ perceptions of the diffused wine information in China. A new dimension of the diffused innovative information (religion and ethics) emerged and added to the existing diffusion of innovation theoretical framework. The diffusion of innovation theory is appropriate to study the Chinese wine market because it does not take into consideration of the equality of members in a social system. In the context of China as a vast country with the highest population in the world, there is an unequal distribution of wealth in urban China which can impact the purchase of wine (Meng et al., 2005). As such, this study recommends wine sellers and merchants to study deeper the diverse characteristics of different segments of young CWC in order to better understand and target their needs and wants. Further, wine sellers should note that religion and ethical concerns in relation to Chinese wine consumption will be a topic for discussion. In the near future, wine sellers will be challenged by the criticism of wine drinking causing social problems.
However, wine sellers can employ compatibility and relative advantage wine information to attract young Chinese consumers. Next, traditional wine sellers and merchants should strengthen their competitive promotion methods using informative advertisements and wine tasting in shops and supermarkets to stimulate purchases. Wine sellers should also provide clear, precise and concise wine information in English or Mandarin to help young CWC to better understand complex wine information. As such, a back-translation method should be employed to translate wine information from a foreign language to Mandarin. In addition, wine merchants can increase their share of the Chinese wine market by introducing more variety of wines from other regions and make them easily available in wine shops and supermarkets. Wine merchants should focus less on marketing wine consumption as a social prestige as wine prices were regarded by many Chinese as inexpensive to purchase; while carefully employing complexity, trialability, and religion and ethics wine information in wine pricing strategy.

LIMITATIONS AND FURTHER RESEARCH

Although the diffusion of innovation theory has been tested in different contexts/scenarios, it is not without criticisms (Rogers, 2003). Firstly, the accuracy of the results of a diffusion of innovation research is highly dependent on the participants’ subjective memory. Secondly, the theory makes the assumption that all the members in a social system adopt an innovation and that it cannot be reinvented. Although this study involved more than 500 respondents, the background of the young CWC did not cover China’s vast population. Hence, this study suggests future researchers to employ stratified sampling method to pick the participants in China. The PCA has managed to retain all the 26 variables during the extraction. However, one solution (5. Religion and Ethics) has fewer than three variables. This study recognises possible inaccurate representation of the structure (Beavers et al., 2013). Hence, this study recommends researchers to include more variables related to ethics and religions in the future wine consumer studies.

Additionally, although back-translation has been used to translate the data collection instrument, still, this study would like to raise readers’ awareness of possible literal translation issues and missing information (McGorry, 2000). As this study lacks the qualitative depth, future researchers should interview young CWC in-depth to explore their wine preferences and perceptions. The current study focuses on wine in general; future research can expand this study by separating foreign and domestic wines, types of wine, and organic and conventional wine consumers’ perceptions.

REFERENCES


Wine Intelligence (2012b), Emerging Opportunities in the Chinese Wine Market, Author, London.


Matthew H.T. Yap, PhD, Assistant Professor
University of Macau,
Faculty of Business Administration (E22)
Room 3022, Avenida da Universidade, Taipa, Macau, China
Phone: +853 8822 4654
E-mail: matthewyap@umac.mo

Nan Chen, PhD, Postdoctoral Fellow
The Hong Kong Polytechnic University
School of Hospitality and Tourism Management
17 Science Museum Road, TST East, Kowloon, Hong Kong, China
Phone: +852 3400 2264
E-mail: nanchen80@yahoo.com.au

Please cite this article as: Yap, M.H.T., Chen, N. (2017), Understanding young chinese wine consumers through innovation diffusion theory, Tourism and Hospitality Management, Vol. 23, No. 1, pp. 51-68, https://doi.org/10.20867/thm.23.1.3

Creative Commons Attribution – Non Commercial – Share Alike 4.0 International