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## Article

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# COGNAC consumption: A comparative study on American and Chinese consumers

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## Abstract

Being a French traditional prestigious spirit, cognac has a strong export orientation, with a majority of the product being consumed internationally. The United States is the largest market in volume and China the largest in value. This paper aims to study consumer behaviors of the two countries in terms of their preferences, motivations, and consumption patterns towards cognac. By studying 248 valid responses from the United States and 256 valid responses from China, our study reveals significant differences between the two groups. The study allows a better understanding of the markets. It provides useful insights in the development of market potentials, designing marketing communications, and adaptation of product features relating to cognac. It may also stimulate reflections for wine and other spirit companies for their business in the two markets.

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**Keywords:** Cognac; Consumer behaviors; Marketing

## 1. Introduction

Being a French traditional prestigious spirit, the cognac industry occupies an important place in French economy. This industry encompasses 16,800 individuals, accounting for 50% of the general agricultural population in the region of Cognac (Cognac official website, 2017). However, the product has a very strong export orientation. In 2016, more than 97% of the product was consumed internationally, and it was exported to 159 countries. Cognac sales reached record levels in 2016, accounting for more than 20% of total French exports of wine and spirits (Cognac official website, 2017).

The two most important markets for cognac are the United States (US) and China. The US is the largest single market in terms of volume. The US market has experienced a steady increase since 2008. The shipment of cognac increased from

42.4 millions of bottles in 2008 to 78.7 millions in 2016, representing a growth of 86% (Cognac official website, 2017). With regard to the Chinese market, although statistically, China is the third largest market of cognac after the US and Singapore, it could be in fact the second largest one because a large part of cognac imported by Singapore goes to China (Le Parisien, 2013). Nevertheless, China is easily the spirit's biggest market by value (Jing Daily, 2013). Even though shipments to China dropped 21.6% in value and 17.4% in volume in 2014 because of the Chinese government's austerity measures and anti-corruption campaign, the region is still considered as one of cognac's most important export markets in terms of volume and value. The year 2015 shows the recovery by registering 23.8% increase of sales, and 2016 continues its growth by 5.9% (Jing Daily, 2013). The two markets present high strategic stakes for the cognac industry in its international development and growth.

As the two largest markets, the US and China are considerably different both economically and culturally. The US is the most advanced mature economy and the latter is the largest emerging one. Past research reveals the economic situation

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contributes to the differences of consumption patterns of luxury products (Bellaïche, 2011; Shukla, 2012). Cultural influence on consumption patterns are also proven by numerous studies (Bengtsson et al., 2010; Cova et al., 2007). Consumers of different cultures apply different meanings to a particular product or brand. Taking into consideration the market differences, there is a strong interest for cognac companies to gain a good understanding of the markets in order to design tailored marketing strategies to maintain sustainable growth.

Cognac is an amber-colored alcoholic drink made in the regions surrounding the town of Cognac in France. It is made from distilling white wine to create *eau-de-vie* (brandy), ageing it in oak barrels for a minimum of two years and then blending different *eaux-de-vie* (brandies) to create a specific flavor (Martell Official Website, 2017). Its special manufacturing process, exclusive image, distinct ways of consumption, and especially economic importance in France make it worthy of academic research from the marketing perspective. However, unlike fine wine that has encouraged numerous academic studies in the field of marketing, marketing strategy, and consumer behaviors, there exists very little research on cognac in the same fields. The existing studies on cognac are more on the aspects of production (Ferrari, et al., 2004; Ledauphin et al., 2006; Sarvarova et al. 2011) and history (Faith, 2004; Jarrard, 2005; Sepulchre, 1983). The academic research from a marketing perspective remains scarce. Moreover, in spite of the strong export orientation of the product, the cross-cultural comparative studies on consumption patterns are even less. It certainly lacks recent systematic research on consumer behaviors in an international context. To fill the gap, the present paper aims to make a comparative study of Chinese and American consumers in terms of their preferences, motivations and consumption patterns of cognac. Our research question is set up as follows: What are the differences of cognac consumption patterns between Chinese and American consumers? By answering this question, we intend to find out how American and Chinese consumers perceive and consume cognac respectively, and what are their motivations for purchasing cognac. We hope that the findings of the research may provide insights for academic researchers and marketing professionals to design better communications to the target markets.

## 2. Literature review and hypotheses

### 2.1. Consumption experiences and practices

The culture of Chinese spirits differs considerably from the Western one in terms of history, ingredients used, manufacturing process, preferred tastes, and especially drinking patterns (Cochrane et al., 2003; Du, 1992; Newman, 2002). The distinct consumption patterns are manifested in drinking occasions and rituals (Newman, 2002). As an exotic product, the relative popularity of cognac in the Chinese market is quite recent. Because of limited knowledge of the liquor and the

strong influence of local drinking culture, Chinese consumers adopted the product with their local traditions.

The Western culture distinguishes three categories of drink: pre-meal drink (aperitif), during-meal drink, and after-meal drink (digestive). Each of the three categories is addressed by certain alcohols and wines. By French tradition, cognac is a typical after-dinner drink to be consumed with no ice. (Bouët et al., 2015; Girard, 2016). In the Chinese traditional drink culture, alcohol consumption only takes place during meals. Because of the lack of aperitif or after-dinner drinking habits, cognac is localized to become a dinner drink (Smart, 2004). Chinese moral drinking culture encourages social not solitary drinking for personal gratification. In China, the normative code implies a social function of cementing solidarity and/or completing an important event (Smart, 2004). Cognac marked by its image of luxury and finesse provides an ideal object for business or private lavish dinners which are good occasions of conspicuous consumption (Mathews and Lui, 2001). It is often consumed in formal banquets with business partners, or at weddings (Smart, 2004).

With regard to the ingredients, there exist considerable differences between cognac and Chinese traditional liquors called *baijiu* in Chinese, meaning white alcohol. This fact leads to the differences of the flavor. Furthermore, compared to western regular drinkers of alcohol, Chinese people are light occasional drinkers. They cope with the unfamiliar flavor and strong alcoholic content by diluting it with ice or a soft drink (Smart, 2004).

As far as American drinking culture is concerned, although it is part of a western one, it distinguishes itself by certain characteristics. Unlike Chinese consumers, cognac is not new to Americans. The product was first exported to the US in 1794 (Cognac Expert Blog, 2010), where its refined smoothness was a favorite drink of the upper class. The spirit was considered the peak of the distiller's art (Mitenbuler, 2013). Americans had been drinking cognac for almost two centuries adopting the same drinking habits as Europeans before it started showing up in rap lyrics, which created a new group of consumers, essentially African-Americans (Mitenbuler, 2013). Since the early 1990s, cognac consumption has seen a significant transformation in its American consumer base from a predominantly older, affluent white demographic to younger, urban, and black entrepreneurs (The Independent on Sunday, 2003). The US is the biggest single customer, with African-Americans accounting for a large majority of those sales (Mitenbuler, 2013; Geller, 2015). This new group of drinkers instills vitality into the traditional spirit by creating new ways of consumption.

The surging popularity of cognac consumption among African-Americans owes its success to hip-hop singers (Mitenbuler, 2013). In the 1980s, hip-hop music became more commercially successful and began attracting a worldwide audience. The leading artists moved from outlaws to cultural-hero status. The song "Pass me Courvoisier" by rappers Busta Rhymes and P. Diddy marked the turning point in the relationship between cognac and African-American consumers. After the release of the song, Courvoisier sales increased

dramatically, at least double digits (Sung and De Gregorio, 2008) and as much as 30% by some accounts (Martin, 2015). Since then, the finest French brandy, traditionally associated with conservativeness has become the alcoholic drink of choice for American rap musicians and their fans (The Independent on Sunday, 2003). One of the key drivers of cognac popularity among younger consumers is its multi-cultural appeal. Hip-hop and rap musicians sing about what is important in their lives and what they aspire to have. As a luxury item, cognac fits this image as easily as Mercedes and Gucci (Robert, 2004).

In France, cognac's traditional usage dynamics are unnecessarily rigid: formal presentation, after-dinner digestive, cold weather orientation (Sheff, 2011). This traditional usage limits the occasions of consumption. Contrary to the French market, the American hip-hop culture has successfully contemporized cognac, expanded its usage occasions, and introduced an entirely new and younger segment to the product (Robert, 2004). The pop music contributed not only to its surging popularity among younger consumers but also to the creativity of consumption. When Jay Z, a rapper, drank D'USSE cognac straight from his trophy at the Grammy Awards, he successfully infused a new unconventional personality into the product (Mitenbuler, 2013). New consumers are no longer confined to the traditional ways of drinking. They have created new ways by mixing spirit with fruit juices. This group of consumers are not held back by the old philosophy of cognac being too precious to mix in cocktails or needing a snifter glass to be enjoyed. These changes in the perception of cognac provide many opportunities for consumers to enjoy the spirit in new ways (Barry, 2014). Mixing cognac with other drinks has become an evolving sales driver (Robert, 2004).

## 2.2. Consumption motivation and usage

Collectivism/individualism is one of the main cultural dimensions that shape consumption patterns (Adams, 2011). The research of Hofstede (Hofstede Website, 2017) classifies China and the US into two opposite categories: China is a collectivist society and the US an individualist society. In China, the sense of group belonging is emphasized (Bao et al., 2003). Susceptible to interpersonal influences, Chinese consumers are more willing to comply with the norms and practices of both membership groups and aspirational groups, whether it is about social behaviors or consumption patterns. Conformity to norms facilitates group integration and social acceptance (Triandis and Gelfand, 1998; Zhou and Hui, 2003). Accordingly, for Chinese consumers, peer influences could be one of the major motivations of cognac consumption.

Previous research indicates conspicuous behavior as one of the main characteristics of Chinese luxury consumption (Adams, 2011; Podoshen et al., 2011; Wong and Ahuvia, 1998). The materialist spirit prevailing in the current society makes people eager to display their financial ability, a synonym of success, intelligence, and competence (Durvasula and Lysonski, 2010; Podoshen et al., 2011). The public display of luxury consumption is an effective way to get admiration and respect from society for the symbolic value of luxury products

conveys and enhances social status (Adams, 2011). Cognac as a western sophisticated luxury liquor is an ideal product to reach this objective.

Distinctive from the emerging Chinese economy, the advanced economy of the US is dominated by a large size of the affluent and middle classes in the society. The mainstreaming of affluence makes luxury consumption democratized (Kapferer, 2006; Tse, 1996). Luxury products are no longer reserved for the social elites but now are consumed in larger quantities by the general public. Consequently, the meaning of social distinction embodied in the consumption luxury products has been reduced. The aspirational aspect of luxuries today has more to do with enjoying a meaningful lifestyle, and undertaking an emotional experience.

Opposite to collectivism, the US is cited in the literature as the global icon for individualism (Adams, 2011; Hofstede, 1980; Trandis, 1995). In an individualistic society, independent self-expression is emphasized. Individual personal satisfaction prevails over group interests. There exists little conformity pressure to the group norms. Individualists are more likely to engage in hedonistic behaviors for hedonism is one of the main components of individualism (Adams, 2011; Schwartz, 1994; Trandis et al., 1998). The American consumer tends to consume luxury products including cognac for fun, and for self-pleasure. They may consume different categories of cognac according to each person's life style and financial ability.

One of the main usages of cognac is to send as a gift in certain countries (Patico, 2002; Raghbir and Celly, 2011). Gift giving is a salient phenomenon of the Chinese society (Wang and Keng, 2007). Of all the luxury products purchased, 70% are for the purpose of gift-giving (Nouvelles d'Europe, 2011). This fact is related with *guanxi* phenomenon, a common practice in business affairs. *Guanxi* literally means interpersonal relationships or connections (Su and Littlefield, 2001; Wang, 1994). The purpose is to establish and maintain good relationships through exchanging gifts, providing banquets and favors. The practice of *guanxi* in business leads to the booming gift economy in the society. Offering expensive gifts has at least three utilities: suggesting sender's high social status, showing good personal taste, as well as demonstrating high respect towards the receiver (Yao et al., 2012; Wang and Keng, 2007). That is why a high-end cognac is usually preferred when it is chosen as a gift to send.

In the Chinese society, the success of cognac is interwoven within a complex web of economic development, cultural traditions, symbolism of modernity, conspicuous consumption, social distinctions, and gift exchanges (Smart, 2004). Due to cultural and economic differences, the previous characteristics related to cognac consumption in China could be nonexistent in the US. The American consumption is more driven by hedonism, cosmopolitanism and self-expression.

## 2.3. Hypotheses

The literature review indicates that due to market, economic and cultural reasons, there exist considerable consumption

differences between American and Chinese consumers. The purpose of the present research is to test some of the stated differences in the field of a specific product: cognac.

Based on the literature, six hypotheses were developed to be tested in a field study concerning cognac consumption experiences, preferences, drinking practices, motivations, and usages of cognac product. With the empirical findings, the research aims to provide insights for designing tailored marketing communications to target American and Chinese consumers based on the discovered differences with regard to cognac.

- H<sub>1</sub>: The American and the Chinese tend to have different experiences with cognac.
- H<sub>2</sub>: The American and the Chinese tend to have different drinking practices.
- H<sub>3</sub>: The American and the Chinese tend to drink cognac in different settings.
- H<sub>4</sub>: The American and the Chinese tend to consume cognac driven by different motivations.
- H<sub>5</sub>: The American and the Chinese tend to purchase cognac for different usages.
- H<sub>6</sub>: The American and the Chinese tend to purchase and consume different categories of cognac.

Fig. 1 illustrates the connections between the literature review and the development of the hypotheses.

### 3. Method

The purpose of this research is to compare American and Chinese experiences with cognac in terms of their perception, preferences, motivations and usages. Quantitative method was used by designing questionnaires. The questionnaire was developed in English and then translated into Chinese. Parallel translation was employed in order to ensure the quality of the translated version. The questionnaire contains questions regarding consumer knowledge about cognac, purchasing intentions, ways of consumption, as well as consumption goals and usages. Demographic questions were also included in the survey mainly as background information showing diversity of

the respondents in terms of their profile. Only the feature of nationality was taken into consideration for analysis in the present study (See questionnaire attached in Appendix).

Based on the literature review showing distinct consumption differences between American and Chinese consumers of cognac, 10 items of measurement were set up to address the six aspects to be investigated: familiarity, drinking practices, settings, motivations, usages and purchasing intentions. Some of the aspects were investigated by more than one item of measurement. Taking drinking practice as an example, Q7 “When do you normally drink cognac?” and Q8 “How do you usually drink cognac?”.

When the questionnaire was designed, it was pretested with a number of American and Chinese respondents. The questionnaire was then modified and improved based on the results of the pretests. For example, it was revealed during the pretest that some respondents did not have adequate knowledge of the categories of cognac. Consequently, an introduction part was added to explain the categories: V.S., V.S.O.P. and X.O.

The data was collected from both China and the US near the end of 2014. The starting point of the data collection is two MBA classes: one in the US and the other in China. There were approximately 50 students in each of the classes. The students were from different parts of the two countries. They were required not only to participate in the investigation by themselves but also to send the questionnaire to their family members, friends, colleagues, or acquaintances either in paper version or electronically. Each subject had 15 days to hand in five extra completed questionnaires apart from his/her own. As an incentive, this task accounted for 10% of a grade. Because of the constraint of time and budget, the collection method was a convenient sample being limited in scale and not truly representative of two nations. This procedure produced a larger sample geographically and respondents were no longer from just one location in each country but from many locations of the two countries. It also diversified the sample profile to a certain degree in terms of age, education, and income levels.

A total of 248 valid responses were received from the US and 256 valid responses from China. Among 504 responses, about 8.5% of the respondents were between 18 and 21 years old. Their responses were still taken into account because of two reasons. First, the research aims to find out not only respondents’ real experiences with cognac but also their perception and intention with it. As a result, respondents do not have to be actual consumers of the product. This fact was made clear at the very beginning of the survey. Second, although the legal drinking age is 21 in the US, it is 18 in China. As a result, these responses were not eliminated from the analysis.

Data collected from the surveys was analyzed using SPSS. Cross tabulation was used which provided information about the interrelation between two groups of samples and reveal similarities and differences between them. Taking the time of cognac drinking as an example. Chi-square was tested on four variables between two samples: “during a meal”, “after a meal”, “early in the evening”, and “late in the evening”. The results show significant differences between the two groups in the

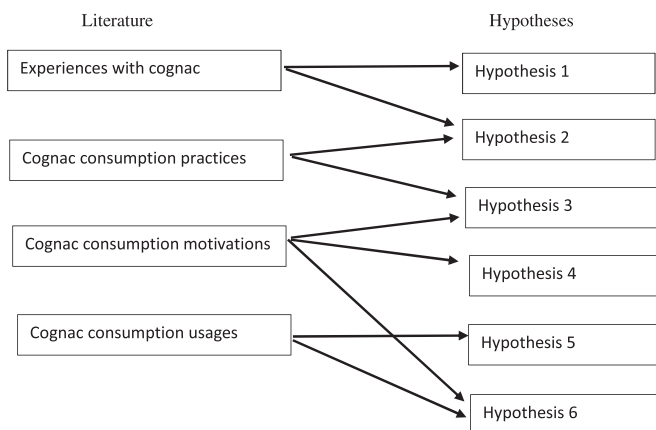


Fig. 1. Literature review & Hypotheses development.



**Table 1**  
Sample Demographics.

Sample characteristics	Range	US	China	Total	%
		N=248	N=256	504	100
Age	18–21	40	3	43	8.5
	22–25	71	26	97	19.2
	26–30	30	72	102	20.2
	31–40	32	136	168	33.3
	41–50	36	15	51	10.1
	51–59	24	8	32	6.3
	60+	13	0	13	2.6
Gender	Male	98	136	234	46.4
	Female	148	120	268	53.2
Race	Black	60	Han=252		
	White	174	Minority=4		
	Asian	1			
	Hispanic	5			
	Others	3			
Income	Less than \$15,000	45	28	73	14.5
	\$15,000–\$29,999	25	49	74	14.7
	\$30,000–\$44,999	37	50	127	25.2
	\$45,000–\$59,999	22	54	76	15.1
	\$60,000–\$84,999	38	36	74	14.7
	\$85,000-or more	64	34	98	19.4
	Others	8	3	11	2.2
	Education	High school graduates	15	9	24
	Some college	65	4	69	13.7
	2-year College	21	29	50	9.9
	4-year college	82	132	214	42.5
	Master's	43	78	121	24.0
	Doctoral	14	7	21	4.2
	Professional degree	1	0	1	0.2
	Others	5	0	5	1.0

**Table 2**  
Country differences in drinking practices of Cognac.

	Country		$\chi^2$ /Sig.
	US	China	
When do you normally drink cognac?			
During a meal	13	83	$\chi^2=56.6$ $P < 0.001$
After a meal	115	64	$\chi^2=26.6$ $P < 0.001$
Early in the evening	56	50	$P > 0.05$
Late in the evening	161	96	$\chi^2=40.3$ $P < 0.001$
How do you usually drink cognac?			
Drink it dry	112	97	$\chi^2=3.4$ $P < 0.05$
Drink it dry with ice	115	158	$\chi^2=10.3$ $P < 0.05$
Drink it as a mixed drink with soda, or as a cocktail	84	99	$P=0.194$

first, second, and forth variables “ $p < .001$ ” but no significant difference was found in the third one “ $p > .05$ ”. Thus, the conclusion drawn from this analysis is that for “drinking time of cognac” the two groups differ.

**Table 3**  
Country differences of settings of cognac consumption.

	Country		$\chi^2$ /Sig.
	US	China	
Where do you tend to drink cognac?			
At a restaurant	81	53	$\chi^2=10.0$ $p=0.003$
At home	147	75	$\chi^2=48.23$ $p < 0.001$
At a banquet	53	131	$\chi^2=46.59$ $p < 0.001$
At a night-club	63	74	$p > 0.05$
At a bar	101	128	$\chi^2=3.55$ $P=0.036$
With whom do you tend to drink cognac?			
Alone	36	34	$p > 0.05$
With the family	109	72	$\chi^2=14.86$ $p < 0.001$
With friends	195	176	$\chi^2=8.07$ $p < 0.05$
With colleagues	72	77	$p > 0.05$
With business partners	55	135	$\chi^2=47.46$ $p < 0.001$
With my supervisor	15	43	$\chi^2=13.68$ $p < 0.001$

**Table 4**  
Country differences in motivations of cognac consumption.

Why do you consume cognac?	Country		$\chi$ /Sig.
	US	China	
The taste is good	92	81	$P > 0.05$
It is a French product	15	34	$\chi^2=7.12$ $P < 0.001$
It is a luxury product	101	85	$\chi^2=3.65$ $P < 0.05$
My friends usually drink it	34	83	$\chi^2=23.51$ $P < 0.001$
Few people can afford it	12	15	$P=0.339$

## 4. Results

A total of 504 valid responses were analyzed. The respondents' profiles vary in terms of age, gender, race, income, and education level (Table 1). This provided background information of the respondents completing the survey.

H<sub>1</sub> suggests that the American and the Chinese consumers tend to have different experiences with cognac. The familiarity was measured using a single statement “Are you familiar with cognac?” Cross-tab was used to test the  $\chi^2$  difference between the two subsamples. The results show that American respondents are more familiar with cognac than the Chinese (153 vs. 60,  $p < 0.001$ ). Thus, H<sub>1</sub> is supported.

H<sub>2</sub> suggests that cognac drinking practices are different between Chinese and Americans (Table 2). The results indicate Chinese tend to drink cognac during a meal (83 vs. 13,

**Table 5**

Country differences in usages of cognac consumption.

Why do you consume cognac?	Country		$\chi^2$ /Sig.
	US	China	
To treat myself	131	64	$\chi^2=43.1$ $p < 0.001$
A gift for my family	71	65	$p > 0.05$
To treat my friends	106	165	$\chi^2=21.4$ $p < 0.001$
A gift for business partner	55	128	$\chi^2=40.3$ $p < 0.001$
A gift for supervisor	20	60	$\chi^2=21.4$ $p < 0.001$

**Table 6**

Country differences in type(s) of Cognac tend to choose.

	Country		$\chi^2$ /Sig.
	US	China	
Which type of cognac have you ever drunk			
XO	37	109	$\chi^2=44.8$ $p < 0.001$
VSOP	49	82	$\chi^2=9.1$ $p < 0.001$
VS	82	56	$\chi^2=8.7$ $p < 0.05$
Which type of cognac do you intend or wish to drink?			
XO	35	135	$\chi^2=80.8$ $p < 0.001$
VSOP	47	88	$\chi^2=14.2$ $p < 0.001$
VS	83	51	$\chi^2=12.7$ $p < 0.001$

$p < 0.001$ ) whereas Americans drink it after a meal (115 vs. 64,  $p < 0.001$ ). Also, Americans tend to drink it late in the evening (161 vs. 96,  $p < 0.001$ ). Regarding the way the drink was prepared for consumption, there were significant differences between the two groups as well. Americans tend to drink it dry (112 vs. 97,  $p < 0.05$ ) whereas Chinese tend to drink it with ice (158 vs. 115,  $p < 0.05$ ). However, both the groups tend to drink it as a cocktail (84 vs. 99,  $p = 0.194$ ). Thus,  $H_2$  is mostly supported. The practices of cognac drinking are different between the two groups.

$H_3$  suggests that Americans and Chinese consume cognac in different settings. To test this hypothesis, two aspects were examined: where and with whom people drink cognac (Table 3). The results show that more Americans than Chinese are likely to drink cognac in private settings: at home (147 vs. 75,  $p < 0.001$ ). However, more Chinese than Americans are likely to drink cognac in social settings: at a banquet (131 vs. 53,  $p < 0.001$ ). In terms of with whom people drink cognac, the chi-square test shows the Chinese consumers are more likely to drink cognac with business partners (135 vs. 55,  $p < 0.001$ ) and supervisors (43 vs. 15,  $p < 0.001$ ) whereas American consumers are more likely to drink cognac with family (109 vs. 72,

**Table 7**

Country differences in prices of cognac willing to pay.

Price for one bottle of cognac	Country	
	US	China
Less than \$30	99	33
\$30–\$60	98	57
\$61–\$100	28	113
–	10	46
Over \$200	2	10

$p < 0.001$ ). Thus,  $H_3$  is supported. The two groups tend to consume the product in different settings. Americans tend to consume cognac in private settings whereas Chinese tend to consume cognac at social functions.

$H_4$  suggests that Americans and Chinese consume cognac for different reasons. The findings reveal that the motivations initiating cognac consumption are different between the two groups of respondents (Table 4). Chinese are more under the influence of their peers. They consume the product because their peers do (83 vs. 34,  $p < 0.001$ ). Country of origin of the product has a greater impact on the Chinese than on the Americans (34 vs. 15,  $p < 0.05$ ). Americans put more emphasis on the luxury aspect of cognac (101 vs. 85,  $p < 0.05$ ). Thus,  $H_3$  is supported. Americans and Chinese do not consume cognac for the same reasons.

$H_5$  suggests that American and Chinese consumers purchase cognac for different reasons. The result of the chi-square tests (Table 5) reveal there were significant differences between the two groups. Most of the American respondents buy cognac to treat themselves, which is not the case for the Chinese (131 vs. 64,  $p < 0.001$ ). For the Chinese, they are more likely to purchase cognac as a gift for others including business partners (128 vs. 55,  $p < 0.001$ ), superiors (60 vs. 20,  $p < 0.001$ ) and friends (165 vs. 106,  $p < 0.001$ ). Americans purchase cognac more for self-consumption whereas Chinese purchase cognac more for others as a gift. Thus,  $H_5$  is supported.

$H_6$  addresses the different type(s) of cognac the US and Chinese respondents tend to purchase. Crosstabs were used to compare the different types of cognac consumed and what types of cognac they intend or wish to drink. The results suggest that there were significant differences between the two subsamples (Table 6). There were more Chinese respondents than Americans who drank XO, the most expensive category of cognac (109 vs. 37,  $p < 0.001$ ), and as well as VSOP, the middle category (82 vs. 49,  $p < 0.001$ ). In contrast, there were more Americans than Chinese who drank VS, the low-end category (82 vs. 56,  $p < 0.05$ ). Significant differences were discovered regarding the type of cognac consumer especially in XO consumption. With respect to the type(s) of cognac they intend or wish to drink, the results were similar to the types of cognac consumer. The Chinese intend to drink more XO (135 vs. 35,  $p < 0.001$ ) and VSOP the two higher end cognacs (88 vs. 47,  $p < 0.001$ ) whereas the Americans tend to choose VS the lower end cognac (83 vs. 51,  $p < 0.001$ ). Thus,  $H_6$  is supported.

Additional analysis was conducted to test the differences of prices both American and Chinese were willing to pay for a bottle of cognac regardless of brand and type (Table 7). Significant difference of prices was found between the Chinese and the Americans respondents ( $\chi^2(476) = 123.76, p < 0.001$ ) (Table 4). The results show that the Chinese are more willing to pay for a bottle of cognac in the price range of \$61–\$100 whereas the Americans tend to pay less than \$60 a bottle. This suggests that the Americans are less interested in expensive cognac than the Chinese. This result is consistent with that of H<sub>6</sub>.

## 5. Discussions and implications

Research on patterns of cognac consumption has received little attention. There exist few academic studies that provide objective and empirical evidences to indicate cognac consumption patterns between American and Chinese consumers. Statements in newspapers, press releases, and business reports concerning cognac are largely based on observations and interactions between professionals. The present research transformed relevant statements into measurable items and tested them in a sample of 504 respondents. The results provide empirical support to consumption differences in terms of experiences, practices, motivations, usages, and preferred categories of the liquor. The differences are both culture and economic bound.

The research confirms the differences between the two groups in their familiarity with cognac. Compared to the Chinese respondents, the American respondents are more familiar with cognac product, and their drinking practices are more similar with western traditional ones due to the proximity of drinking cultures (Mitenbuler, 2013). The Chinese adopts the exotic liquor more with a local format because of their unfamiliarity with cognac as well as their own distinct alcohol culture (Smart, 2004).

One of the reasons that cognac has lost its market share in France is due to the fact that the French have a rigid concept regarding cognac consumption in terms of the occasions and the way of drinking, as mentioned previously in the literature review (Sheff, 2011). For the majority of French people, cognac is strictly an after-meal drink and sipped straight out of a snifter, often while smoking a cigar. This narrow image limits considerably the consumption of the product. Its success in China and the US is partly due to the fact that both Chinese and American consumers do not have such a constraining image of cognac and they have succeeded in transforming cognac into a drink suitable for their own patterns of consumption (Mitenbuler, 2013; Robert, 2004; Smart, 2004). Americans may either drink it in the traditional way or as a cocktail because of the new image of the product created by the pop music while the Chinese turn it into a dinner alcohol and mixing it with ice, soda, or as a cocktail. This fact increases greatly the consumption occasions and frequency. The American innovative drinking practices and the Chinese localization approach have created a new life for the French liquor in parallel with the traditional connoisseur consumption

**Table 8**

Differentiated marketing communications.

Aspect	Chinese market	American market
<b>Image</b>	French product	Luxury product
<b>Lifestyle</b>	European; elite	Cosmopolitan; omnivore
<b>Message</b>	Success, achievement	Self-reward, indulgence
<b>Influence</b>	Opinion leaders; peers	Music bands; cultural medias
<b>Context</b>	Business; formal, high standing	Private, casual, relaxing

patterns. This fact was largely supported by the findings in the present research.

Chinese and American consumers do not purchase and consume the same class of cognac. The Chinese prefer the high end of the product and Americans the lower ones. The discrepancy is due to the fact that the Chinese and the Americans search for different meanings and utilities from the product (Adams, 2011; Podoshen et al., 2011; Trandis, 1995). For the Chinese, the consumption of the product is driven more by interpersonal motivations and social usages while for the Americans, are driven more by personal motivations and private usages. Showing off wealth, treating business partners and superiors, and presenting as gifts push the Chinese to choose higher ends of the product to impress others. Pursuing self-reward and self-pleasure, showing a distinctive personality make the Americans select a cognac type corresponding to their preference, their lifestyle, as well as financial ability. The present research largely supports this difference in purchasing tendency and intention between the two groups.

Peers' suggestions and behaviors play an important role in influencing Chinese consumers' selection and consumption of cognac but not as much for the Americans. The Chinese become interested in drinking cognac just because their peers do. This phenomenon is closely related with Chinese collectivist orientation. However, individualist Americans search more for self-expression and unique identity in selecting and consuming a product. The opinions of others matter much less for Americans than for the Chinese. This finding reveals that the influence of peers on Chinese consumers is not only true for luxury products in general but also applied to cognac consumption in terms of customers' preferences and purchase intentions.

Contrary to declining European markets, both American and Chinese markets present a more encouraging perspective for the cognac industry due to consumers' positive opinions towards the product and unconventional patterns of consumption. The findings of this research may provide marketing implications for cognac companies to better develop the two most important markets. In order to fully develop the market potentials, tailored communication strategies instead of standardized ones should be designed for each market to cater to distinct market appeals (Table 8).

To communicate with the Chinese market, the social utilitarian functions of the product should be highlighted. The Chinese market appreciates the product more if it is associated with European culture, elitist lifestyle, and business utilities. For a successful promotion, the French origin of the



product is the key because the country of origin effect has a greater influence on the product evaluation process of Chinese consumers. Since the Chinese lack a general knowledge of the product itself, educational information could be provided at promotional events or through the media. The collectivist orientation makes peers' suggestions and behaviors influential on consumers' purchase intentions and product selections. The identification and motivation of opinion leaders should be one of the main concerns of marketers.

The salient hedonistic characteristics of American consumers make it necessary to focus on the sensation evoked by the product. What really matters is the interior emotion and personal feeling. The luxury feature of the liquor matches well with self-reward and self-indulgence. When Americans drink cognac in social settings with friends or colleagues, the atmosphere is more friendly, informal, and fun. This type of social setting should be considered when developing marketing campaigns to make the message more appealing to American customers. Due to democratization of luxury consumptions, cognac is no longer reserved to American elites. The new image of cognac should be more aligned with cosmopolitanism and omnivorous culture. The fast-expanding popularity of cognac among African American consumers is closely related with hip-hop culture. Rap stars have played an important role in influencing a new generation of African American consumers by giving a brand-new image of the product, and their influence may continue with the current generation and attract the following generations.

It is important to point out that the present research did not focus its study only on African Americans. Indeed, the sample consists of only one fourth of African Americans. The results of the study are applicable to the American market in general. In designing effective communications, marketers should not just focus on African Americans and neglect American market as a whole. In fact, according to cognac professionals, white consumers are starting to increase their consumption of the liquor as well ([Cognac Expert Blog, 2017](#)). Meanwhile, recent trend shows that despite popularity of cognac cocktails, around 54% of cognac consumption is still enjoyed neat (plain) or on the rocks (Idem.). This fact highlights the importance of monitoring constantly existing practices as well as emerging trends in market situations.

## 6. Conclusion

The present research did a comparative study of cognac consumption between Chinese and American consumers. It revealed not only the differences but also the factors leading to the differences. The research findings allow a better understanding of market situations and potentials. For the cognac industry which has a prominent export orientation, this knowledge is important to sustain market development internationally. This comparative study may provide direct meaningful implications for cognac companies in their development of these two important markets and may also open reflections for wine and other spirit companies in their international development.

Despite its implications, the study has some limitations. First, the study is purely quantitative. It lacks a qualitative exploration, which can provide a more profound and more intimate knowledge of consumers' motivations and purchase decision process. Secondly, the size of the sample is not large enough to be truly representative nationally. Thirdly, the impact of certain demographic characteristics of our samples on the consumption patterns is not investigated such as age, sex, education, and occupation. For future investigations, the intent is to integrate a qualitative verification to triangulate the research results. It is also necessary to enlarge sample size of the investigated countries to have a better national representation. The moderating effects of demographic features will also be taken into consideration. In this way, the rigor and generality of the findings could be enhanced.

In addition to the improvement of the research method, two new areas of future research have been identified. The first perspective lies in the integration of French consumption of cognac. As mentioned previously the cognac market in France has been insignificant relative to the American and Chinese markets. It would be of interest to find out the factors leading to the inertia, and more importantly, the measure to re-create the demand of the product. Secondly, a comparative study could be conducted to identify the consumption patterns of the different ethnic groups in America. A lot of attention has been given to the African American consumer but little to other ethnic groups. However, as mentioned previously, latest trends show the increasing consumption of cognac of white Americans. It would be interesting to know if consumption patterns of white American consumers align more with traditional French ones, or rather are more under the influence of African Americans. It is necessary to have a better understanding of the differences and similarities between the different ethnic groups so as to design more tailored marketing communication programs to the target customers in the US market.

## Appendix

### *Questionnaire for Cognac Research*

The questionnaire is for the objective of understanding consumer perception and experience of cognac. You don't have to be actual drinker of cognac to be able to answer the questions.

The research is purely academic.

Please read carefully the following introduction before answering the questions.

Cognac is a variety of high quality grape brandy, distilled in the Cognac district of France. To be sold to the public, a Cognac must have been aged in oak cask for at least two years. Once bottled, a Cognac, unlike wine, doesn't evolve anymore. According to the French institution BNIC (Bureau National Interprofessionnel du Cognac), the official quality grades of cognac are the following:

- V.S. ("very special"), or ★★★ (three stars) designates a blend in which the youngest brandy has been stored for at least two years in cask.



3. Would you describe yourself as:

- 
- a) Black/African American                      b) White/Caucasian  
 c) Yellow/Asian                                      d) Hispanic/Latino  
 e) Others (please specify) \_\_\_\_\_
- 

4. What was the estimated total annual income of your household before taxes last year?

- 
- a) Under \$15,000                                      b) \$15,000–\$29,999  
 c) \$ 30,000–\$44,999                                d) \$45,000–\$59,999  
 e) \$60,000–\$84,999                                f) \$85,000 or more  
 g) Others (please specify) \_\_\_\_\_
- 

5. How would you describe your current occupation?  
 (Select only one answer)

- 
- a) Professional            b) Manager/official/proprietor  
 /technical  
 c) Clerical                      d) Sales  
 e) Crafts/trades            f) Laborer  
 g) Service worker        h) Retired  
 i) Homemaker            j) Student  
 k) Unemployed            l) Others (please specify) \_\_\_\_\_
- 

6. What is the highest education level you have completed?  
 (Select only one answer)

- 
- a) Less than middle school            b) Less than high school  
 school  
 c) High school/GED            d) Some college  
 e) 2-year college            f) 4-year college degree (Bachelors)  
 degree (Associates)  
 g) Master's degree            h) Doctoral degree  
 i) Professional degree        j) Others  
 (MD or JD)                      (please specify) \_\_\_\_\_
- 

Thank you very much for your participation!

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