Yielding Returns for Greater Profitability for your Wine Country Business

An Experience Economy Approach to Enhancing Wine Tourism

Donna Quadri-Felitti, Ph.D., New York University
Recommendations based on Research

• Review of 20 years of previous research
• USDA-Funded NESARE Sustainable Community Grant: CN1109
• Data from 1,000 visitors/189 businesses
• Based on proven business concept: The Experience Economy
• Iowa State and New York Universities’ researchers.
Experience Economy

Pine & Gilmore (1999, 2011)

Progression of Economic Value
The Tourism Supply Chain

• The wine tourist’s experience consists of
  – wineries, (tasting rooms, retail, grounds)
  – restaurants, (cafes, table-cloth, diners, stands)
  – lodging (B&Bs, hotels, cottages, campgrounds),
  – retail (antiques, boutiques, souvenirs),
  – cultural attractions (museums, heritage houses),
  – recreation (parks, rails-to-trails, boating),
  – transportation (roadways, signage),
  – landscape (winescape, Main Streets, vistas).
Components of Consumer Value

- The 4Es create experiential value.
- The 4Es are:
  1. Educational
  2. Esthetic
  3. Entertainment
  4. Escapist
- All 4Es exist in Wine Country.
The 4Es in the Wine Tourism: Winery

Entertainment

“engaged by performers”

Education

“enhanced knowledge or skills involving products”

Esthetics

“enriched by unique environments”

Escapist

“engrossed as a participant in a different place”

Immersion
4E Examples in Wine Tourism

**Entertainment**
- Cellar concerts, music in vineyard
- Wine blending demonstration
- Farm & food demonstrations
- Museum & heritage site visits

**Educational**
- Wine tastings & seminars
- Culinary-wine pairing events
- Home wine making seminars
- Cooking & craft making classes

**Esthetics**
- Consuming the ‘winescape’
- Enjoying unique lodging
- Visiting wine-art shows
- Arts & crafts fairs
- Sensory garden tours

**Escapist**
- Vineyard hiking, cycling tours
- Hot air ballooning over vineyards
- Vineyard tour by horse & carriage
- Harvesting grapes, riding a grape picker
The Wine Tourist Experience

The **wine tourist’s experience** in dependent on the every supplier in value chain.

Value = positive, engaging, and memorable experiences.
Experiential Value Leads To...

- Loyal customers
- Willingness to return
- Positive word-of-mouth
- Recruitment of new visitors
- Enhanced destination’s image
- Differentiation (difficult to copy)
What the Data Tell Us

• The **Experience** Matters! Best predictor!

• Demographics and Travel Characteristics **alone** do not predict future behavior well.

• **Opportunities exist** to partner for the benefit of the entire destination.
What the Data Tell Us

• Businesses and visitors agree – *esthetics* are important!

• They disagree about the value of entertainment, escapist, and education.

• **Opportunities exist** to strength the future intentions of your visitors.
Research Results Summary

• Experiential value (4Es) matters more than demographics or tripographics.
• Esthetics matter the most.
• Repeat visitors are Wine Country ambassadors.
• Engaged visitors will more likely recommend and return.
• Opportunities to design and leverage the 4Es.
Typical Wine Country Visitor

• **Relatively older**
  – (Average age – 41 years old)/ Majority over 55 years old (58.5%)

• **Relatively educated**
  – 87% have some college training/Most frequently earned degree = Bachelors

• **Relatively affluent**
  – 40% reported household income between $60K-$105K (mode)
  – Nearly 18% reported HH income over $105K

• These results are consistent with previous studies about wine tourists, irrespective of country or wine region.

• **Insights:** Copy what the world renowned wine country and destinations do!
Typical Wine Country Visitor

• More than 72% of the sample is female*. 

• 76% are in the drive market of 75 miles from home (USTA)

• Life stage
  – 72% married or partnered
  – 20% with children under 18
Visitors are primarily Locals
Visitor Tripographics

• Motivation
  – 40.2% Visit Wineries
  – 21.0% Special Event
  – 16.8% Annual Vacation
  – 15.2% VFR
  – 3.8% Other

• 85% visited within a year
  – June-September, 2010 to
  – June-September, 2011

Size of travel party:
  45.8% Two persons  -  21.7% Four persons
Visitor Tripographics

• **Length of Visit**
  - 42.8% Daytrip
  - 57.3% Overnight
    • 15.4% One night stay – objective: move to 2
    • 18.6% Two night stay – objective: move to 3
    • 7.6% Three night stay
    • 15.7% Four or more

• **Move demand, lengthen stay**

• **Traditional room inventory and opportunities**
Visitor Tripographics

• **No. of Previous Visits**
  - 40.2% Six or more visits
  - 11.4% Three previous visits
  - 14.1% First visit – objective: create repeaters or recommenders

• **Lodging Choice**
  - 48.4% Hotel/Motel
  - 18.3% Bed & Breakfast
  - 15.6% Friends & Family
  - 10.0% Second Home or Chautauqua Institution
  - 6% Campgrounds (Cabin, RV or other)
### What Tourists Do

<table>
<thead>
<tr>
<th>Visitor by activities</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visit NY wineries</td>
<td>890</td>
<td>91.8%</td>
</tr>
<tr>
<td>Dine in restaurant</td>
<td>881</td>
<td>90.8%</td>
</tr>
<tr>
<td>Visit PA wineries</td>
<td>853</td>
<td>87.9%</td>
</tr>
<tr>
<td>Visit farm stand</td>
<td>779</td>
<td>80.3%</td>
</tr>
<tr>
<td>Visit retail shops</td>
<td>777</td>
<td>80.1%</td>
</tr>
</tbody>
</table>

**Insights:** Opportunities to co-op and create synergies.
## Average 21 Activities per Visit

<table>
<thead>
<tr>
<th>Visitor activities by type</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attend festival or event</td>
<td>756</td>
<td>77.9%</td>
</tr>
<tr>
<td>Visit Lake Erie</td>
<td>741</td>
<td>76.4%</td>
</tr>
<tr>
<td>Visit Chautauqua Institution</td>
<td>724</td>
<td>74.6%</td>
</tr>
<tr>
<td>Visit public lands or parks</td>
<td>728</td>
<td>75.1%</td>
</tr>
<tr>
<td>Visit art galleries, museums</td>
<td>720</td>
<td>74.2%</td>
</tr>
<tr>
<td>Sports activities</td>
<td>715</td>
<td>73.7%</td>
</tr>
<tr>
<td>Visit non-grape farm</td>
<td>702</td>
<td>72.4%</td>
</tr>
<tr>
<td>Other activities</td>
<td>300</td>
<td>30.9%</td>
</tr>
</tbody>
</table>

**Insights:** Opportunities to grow participation for longer length of stay.
# Pre-Trip Planning Resources

<table>
<thead>
<tr>
<th>Source</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet*</td>
<td>569</td>
<td>28.0%</td>
</tr>
<tr>
<td>Friends &amp; family</td>
<td>333</td>
<td>16.4%</td>
</tr>
<tr>
<td>Direct promotional message*</td>
<td>320</td>
<td>15.7%</td>
</tr>
<tr>
<td>Map or atlas</td>
<td>212</td>
<td>10.4%</td>
</tr>
</tbody>
</table>

*Insights: Referral programs, are you on all the maps you can be?*
# More Pre-Planning Resources

<table>
<thead>
<tr>
<th>Source</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel guide</td>
<td>155</td>
<td>7.6%</td>
</tr>
<tr>
<td>Magazine or newspaper</td>
<td>132</td>
<td>6.5%</td>
</tr>
<tr>
<td>Visitor center (highway or airport)</td>
<td>92</td>
<td>4.5%</td>
</tr>
<tr>
<td>Other sources</td>
<td>80</td>
<td>3.9%</td>
</tr>
<tr>
<td>Outdoor advertising</td>
<td>69</td>
<td>3.4%</td>
</tr>
<tr>
<td>Social media</td>
<td>57</td>
<td>2.8%</td>
</tr>
<tr>
<td>Travel professional</td>
<td>15</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

Opportunity to create special relationships and improve usage.
Examples: Billboards

- Value of billboards.
- The Internet is the digital billboard.
  - Note on social media
  - Search engine optimization
  - Attribution: the digital path
  - Responsiveness
  - Consistency of voice
The Stats

• **Outcome Variables:**
  – Intention to **recommend**
  – Intention to **return**
  – Intention to **repurchase** LEWC wines

• **Predictors:**
  – Demographics (income, age, education)
  – Tripographics (travel characteristics)
  – 4Es (Education, Esthetics, Entertainment, Escapist)
Few Demographics Predict Intentions

• Females are slightly more likely to recommend.
• Higher HH incomes are slightly less likely to repurchase.

• Practical significance is slight.

• Layer the 4Es on every demographic insight.
Tripographics predict a little more

- **Number of activities and previous visits predict:**
  - Intention to recommend
  - Intention to repurchase

- **Previous visits predict:**
  - Intention to return.

- Practical significance is greater but still slight.
The 4Es Predict Future Intentions

• In order of magnitude:
  1. Esthetics
  2. Escapist
  3. Education
  4. Entertainment

• Predictive strength in order:
  1. Intent to recommend
  2. Intent to return
  3. Intent to repurchase
Discussion: Esthetics

“enriched by unique environments”

• Visitors and businesses agree
• Framing the view
• Absorbing and being immersed
• Clean, dramatic, volume

• Emphasize in every communication
Discussion: Escapist

“engrossed as a participant in a different place”

• Challenging for this tourism inventory
• Visitors want to be engrossed, want a relationship to the place
• Businesses designed for transactions (in and out)

• Remember those cardboard cutouts at the fair?
Discussion: Education

“enhanced knowledge or skills involving products”

• Lowest wine country business design priority
• Storytelling is education
• “Edu-tainment”
• Think relational not transactional (i.e. the rules)
• Think multi-media
Discussion: Entertainment

“engaged by performers”

• “Edu-tainment”
• Events matter but every experience should be an event for the customer!
• Staff training
• Think multi-media: repurpose media
• Inter-activity (watching others)
Visitor Comments

• Data vs. Anecdotal: both offer insights
• 370 (about 38% of total) for a total of 397 related comments
• Coded by two researchers
• Overall positive
  – 86% positive
  – 16 negative
  – Most commented on category: Total Experience
## Visitor Comments

<table>
<thead>
<tr>
<th>Category Theme</th>
<th>% of Total Comments</th>
<th>Negative (% of Category)</th>
<th>Positive (% of Category)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism Experience</td>
<td>53%</td>
<td>4%</td>
<td>96%</td>
</tr>
<tr>
<td>Esthetics</td>
<td>10%</td>
<td>8%</td>
<td>92%</td>
</tr>
<tr>
<td>Wine Quality</td>
<td>11%</td>
<td>27%</td>
<td>73%</td>
</tr>
<tr>
<td>Events</td>
<td>7%</td>
<td>33%</td>
<td>77%</td>
</tr>
<tr>
<td>Service</td>
<td>6%</td>
<td>36%</td>
<td>72%</td>
</tr>
<tr>
<td>Value</td>
<td>5%</td>
<td>47%</td>
<td>53%</td>
</tr>
<tr>
<td>Transportation</td>
<td>3%</td>
<td>46%</td>
<td>54%</td>
</tr>
<tr>
<td>Lodging</td>
<td>2%</td>
<td>22%</td>
<td>78%</td>
</tr>
<tr>
<td>Dining</td>
<td>2%</td>
<td>67%</td>
<td>44%</td>
</tr>
</tbody>
</table>

Positive outweigh the negative!
Leveraging the 4Es

• Incorporate all of the 4Es to maximize experiential value.
• Specialize in one or more of the 4Es.
• Use multiple strategies to highlight all the 4Es.
• Underscore the 4Es in all communications.
Your 4E Inventory

• 4E Audit: Workshop activities - handout

• In each “E”, identify activities, displays, materials, customer interaction, that represent each of the 4Es.

• Some of these may be listed in two or more.
  – This is a “good” thing,
  – Center of sphere is the “sweet spot” in the experience economy.
Grape Opportunities Ahead

- Holistic approach to the Tourist Experience
- Leverage ambassadors!
- Elements in place for great experiences.
- Build relationships with visitors.
- Partner and support local dining, attractions; hotels.
- Shine a light on the entire region’s quality experience!
For More Information

• These materials were partially supported by USDA-funded, NESARE Sustainable Community Grant. Current information can be found at:

• Email me at quadri@nyu.edu

• Grant information at www.nesare.org