Investigating the Effects of Consumer Experience Tourism on Brand Equity and Market Outcomes: an Application in the Wine Industry

Athina Nella
University of the Aegean, Greece, a.nella@chios.aegean.gr

Evangelos Christou
University of the Aegean, Greece, e.christou@aegean.gr
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Athina Nella
University of the Aegean, Greece
a.nella@chios.aegean.gr

and

Evangelos Christou
University of the Aegean, Greece
e.christou@aegean.gr

Abstract

This paper aims at presenting a conceptual framework about Consumer Experience Tourism in a winery setting and its effects on post-visit consumer behavior. The tourism experience of a winery visit has been noted as having multiple valuable effects for the winery and its brands, such as increased brand awareness, loyalty, emotional connection, increased involvement and brand differentiation. The proposed model offers an examination of the on-site winery experience within a wide temporal context, by incorporating pre-visit expectations, satisfaction parameters and post visit consumer behaviour. The main focus is the effect on consumer based brand equity and linked market outcomes.

Keywords: Wine tourism, consumer experience tourism, winery experience, brand equity, loyalty
1. DESCRIPTION OF THE TOPIC AND LITERATURE REVIEW

1.1 Introduction

Wine tourism has been showing significant growth during the last decade while relative academic and business research follows the same trend. One of the main services offered in the context of wine tourism is the winery or cellar door visit, which can be regarded as a form of Consumer Experience Tourism. The connection between winery visitation and its effects on brand loyalty and post-visit consumer behavior has drawn the attention of many researchers. A brief overview of the literature leads us to the reasonable proposal that the cellar door experience can be crucial in creating awareness, positive attitudes towards the winery and its brands and also affect brand image, loyalty and, eventually, the brand equity of the winery’s products.

It is more likely that these positive effects will appear provided that the winery experience is of adequate perceived quality and meets or overpasses visitors’ expectations. In any other case, the winery experience could have a neutral or even a negative impact on a winery’s brand image. Quite apart from that, the evaluation of the winery experience is likely to vary according to personal variables of the visitor, such as motives to visit a winery, the pre-visit attitude towards it, the level of involvement with the product category of wine and previous wine tourism experiences. These proposals and parameters are incorporated in the proposed conceptual model.

The basic underlying assumption is that the winery experience and its future outcomes cannot be carefully examined without taking into consideration the pre-visit behavior and characteristics of the wine tourist; all of these stages are closely linked and have significant relatedness. The main focus will be on the effects of the winery experience on wine brand equity, as is perceived by customers (customer-based brand equity). With the use of a multi-dimensional equity scale, proposed and validated by Yoo and Donthu (2001), we attempt to support both theoretically and empirically that a positive winery experience can contribute significantly on brand equity building.
1.2 Consumer experience tourism, wine tourism and the winery experience

Consumer experience tourism (CET): also known as manufacturing tourism, industrial attractions and industrial tourism, CET initially evolved in the context of relationship marketing as an attempt of marketers to strengthen bonds between consumers and brands. CET is certainly not a new phenomenon: visitor tours in Scottish malt whiskey distilleries have been taking place since the 1960s (McBoyle and McBoyle, 2008). This tourist experience provides visitors with a bonding experience with the product and helps them increase their relative knowledge. This heightened level of product knowledge can lead or contribute to a heightened level of personal product involvement (Mitchell & Mitchell, 2001a). According to involvement theory, as the level of cognitive involvement with a brand increases through CET, it is more likely that loyalty increases as well. CET can also lead to greater understanding of the product, brand image reinforcement and increased word of mouth about the product and the visit (Mitchell & Orwig, 2002). It should be stressed that the focal point for examining CET is the consumers’ relationship to the brand or the organization and not simply to the tourism experience (Mitchell and Mitchell, 2001b). To date, CET has received limited attention in the marketing literature and has often been included briefly in discussions of integrated marketing communications, without though receiving direct and systematic research attention.

Wine tourism has been defined as “visitation to vineyards, wineries, wine festivals and wine shows for which wine tasting and/or experiencing the attributes of a wine region are the prime motivating factors for visitors” (Hall et al, 2000). Getz (2000) argues that there are at least three major perspectives for wine tourism and that it is simultaneously a form of consumer behaviour, a marketing opportunity for wineries to educate and to sell their products directly to consumers and a strategy by which destinations develop and market wine-related attractions and imagery.
The winery experience is of central importance in wine tourism; Also referred to as tasting rooms, caves, and cellar doors, the popularity of winery visitor centres has increased greatly in recent years. During the last decade there is growing interest and literature regarding the winery (or cellar door) experience and its effects on post-visit consumer behaviour. The winery experience represents the
common field between wine tourism and CET. As Mitchell & Hall (2004) propose, visitors may gain
several of the elements of CET by simply visiting a winery and its vineyards. Even if there is not
direct viewing of the production of wine or meeting with the winemaker, a visitor has ample
opportunity to have first-hand experience of several aspects of the production process.

Apparently, while examining CET in the context of wine tourism, we will focus on the two first
perspectives that Getz proposed, i.e. as a form of consumer behavior and as a marketing opportunity
for wineries. Quite apart from that, it is suggested that most wine tourism studies tend to focus
entirely or primarily on the supply side rather than on demand-related questions (Brown et al, 2007;
Mitchell et al, 2000). Given that deep understanding of wine tourists is essential for the
implementation of a consumer-centric and marketing oriented approach from the supply side and for
the exploitation of the vast opportunities offered for both wine and tourism industries, the need to
enhance demand-related study and literature in wine tourism becomes obvious.

1.3 The effects of the winery experience on post-visit consumer behaviour

A number of authors have postulated that the cellar door experience is important for the development
of loyalty and other benefits for the company and its brands. To date, however, little research has
explored the process by which brand loyalty is established during the tasting room encounter or the
perceptions and expectations of winery visitors regarding this process (O’Neill and Charters, 2006).
According to a literature preview, the cellar door experience provides opportunities to:

1. Build awareness. Awareness is crucial in the wine industry, since it offers more brands than many
other consumer good categories and, consequently, brand repertoires are expected to be larger
(Lockshin et al., 2000). It is also important to note that word of mouth is one of the most important
information sources used by winery visitors (Dodd, 1995). Brand awareness can be improved
through winery visitor centre visits, where wine tourists can taste wine before purchasing and listen
to the “brand story” (Dodd and Bigotte, 1997). Alonso et al (2008) consider the winery experience a
tool for educating and even “converting” visitors to become enthusiastic “brand ambassadors”. More
opportunities to extend brand awareness are given through winery wine clubs (Olsen and Thach, 2008) and special events (Ness, 2006).

2. **Create strong emotional connections and long-term relationships with consumers.** The first visit to a winery can be seen as the beginning of a relationship, since the opportunity to learn details for a company and its brands can create significant connection with it. During a winery visit there is powerful opportunity to create not simply awareness, but also familiarity and affection (O’ Mahony et al., 2006). Fuller (1996) and Beverland (1999) argued that successful wine tourism requires a relationship marketing strategy. Given the nature of tasting room experiences and the diminishing ongoing awareness of wine brands, the need for establishing ongoing relationships with winery visitors seems imperative (O’Neill et al., 2002; Mitchell, 2006).

3. **Create loyalty and commitment.** Positive and memorable tasting room experiences, that create a lasting emotional attachment and ties between visitors and the brand, can result in brand loyalty and commitment (Nowak and Newton, 2006; Fountain et al, 2008; O’Mahony et al., 2006). There are many forms that brand loyalty can take, often beginning with on-site wine purchases, extending to post-visit purchases, repeat visitation and positive word of mouth. Other authors have also tried to link wine tourism with different aspects of brand loyalty (Mitchell and Hall, 2004; Mitchell, 2006).

4. **Build a brand’s image, equity and impact on wine marketing mix.** The tasting room can also be a marketing and branding vehicle for the wine product, since this experience helps building brand image and also impacts directly on the marketing of the wine product (Alonso et al, 2008). Moreover, it can be an important part of the winery’s integrated marketing communications program. Given the above mentioned implications of the winery experience, it is indisputable that wineries need to allocate more attention and resources on improving the offered experiences in order to delight their visitors. Novak et al (2006) have suggested that for the “millennials” consumer segment a positive tasting room experience can build brand equity for the winery and influence post-purchase attitudes. The generalization of these finding for a broader part of wine tourists could be accomplished through an empirical study that uses as sample people of broader age groups.
1.4 Critical parameters of the winery experience

- **Satisfaction with winery visit:** O’Neill and Charters (2000) and Jago and Issaverdis (2001) emphasize the importance of visitor satisfaction with the cellar door experience in addition to just the quality of the wine product for gaining flow on benefits to the winery and wine region. Additionally, and in contrast with Dodd’s (1995) suggestion that the taste and quality of the wine is paramount, O’Neill et al. (2002) suggest that tasting room visitors make decisions about buying wine on service satisfaction, rather than wine quality. It is apparent that perceived value of both tangible and intangible parameters of the winery experience influence satisfaction gained from a cellar door visit. George (2006) posited that different motivations of wine tourists affect the hierarchy of their satisfaction parameters while Carmichael (2005) also supported that the core benefits for wine tourists can differ depending on their motivations, expectations and experiences.

- **Service quality and the role of winery staff:** Tasting room service quality is central to the affective attachments a visitor develops for a particular producer which, by extension, can have an impact on their subsequent brand loyalty (Dodd and Bigotte, 1997; Bruwer, 2002; Mitchell, 2006; O’Neill and Charters, 2006). O’Neill et al. (2002) support that an effective cellar door may generate lower immediate sales but –by placing emphasis on factors like contact and responsiveness – generate very strong subsequent brand loyalty, at far greater profit to the winery in the longer term. Roberts and Sparks (2006) stress the importance of personal interactions with winery staff in creating an overall pleasurable and memorable experience of a winery and an ongoing connection with the winery. Fountain et al. (2008) support that brand loyalty creation results from a personalized winery experience rather than just good wine or good service quality. It is thought that the most effective way to positively impact brand attachment at winery visitor centres is through good customer service, staff friendliness and education of the customer (Olsen and Thach, 2006).

- **Tangible attributes, product quality and price:** Dodd (1995) and Morris & King (1998) found that the “concrete” attributes of the wine tourism product, such as buildings, facilities, information and signage, were very influential in the overall experience of the winery while the “tangibles” of
wine, namely taste and price, were most important in purchase decisions. More recent studies also acknowledge the importance of “tangibles” as important influences on consumers’ decisions to buy wine, although good service quality remains a key factor in the winery experience and is seen as a significant determinant of onsite purchases (O’Neill and Charters, 2000; O’Neill et al., 2002; Corkingdale and Welsh, 2003) and post-visit purchases Mitchell (2006).

Based on the above literature, the need for monitoring of customers’ perceptions of service quality and satisfaction over time seems imperative and should be a major concern of marketing managers.

1.5 Brand equity

Aaker (1991) supports that brand equity mainly consists of brand loyalty, brand awareness, perceived quality, brand associations, and other proprietary brand assets. One important consensus among definitions of brand equity is that it refers to the incremental value of a product due to the brand name (Srivastava and Shocker, 1991) or, alternatively, the incremental utility with which a brand endows a product, compared to its non-branded counterpart (Moore et al., 2002).

Brand equity may be assessed from three perspectives: customer mind set, product market outcomes and financial market outcomes (Keller and Lehmann, 2001). Keller (1993) introduced the first conceptual model of customer-based brand equity, which was defined as the “differential effect of brand knowledge on consumer response to the marketing of the brand”. Lassar et al. (1995) suggested that customer-based brand equity consists of two components (brand strength and brand value). The authors also proposed that brand equity originates from the greater confidence that consumers place in a brand than they do in competitive brands, which is then expected to translate into customer loyalty and willingness to pay a premium price. Yoo and Donthu (2001) based on Aaker and Keller’s conceptualizations of brand equity, proposed and validated a multidimensional consumer-based brand equity model and scale. They found that brand equity was composed of brand loyalty, perceived quality, and brand awareness/associations.

Concerning the wine industry, previous research has shown that two critical success factors for building wine brand equity are perceived wine quality and consumer perceptions of fair pricing.
relative to quality (Nowak and Washburn, 2002). Lockshin & Spawton (2001) support that tourism can as well be a valuable tool for brand equity building, especially if good results are further enhanced with proper customer relationship management.

To conclude, existing literature supports that the winery experience can influence significantly a) brand awareness and associations, b) brand loyalty and c) perceived quality of the wine. Given that these are the three basic aspects of brand equity, it can be proved by induction that the winery experience influences wine brand equity as well. There are limited theoretical frameworks and empirical studies examining in detail these relationships and the mechanism behind them. It would be useful to examine these relationships within a wider temporal context and take into account pre-visit differences among winery visitors.

2. PROPOSING A NEW CONCEPTUAL FRAMEWORK

Mitchell et al (2000, p. 132) argue that wine tourism provides an excellent opportunity to study the on-site tourist experience within a wider temporal (pre and post-visit) context. Following this suggestion, we examine the winery experience in three stages:

- **Pre-visit**: we assume that expectations towards the winery experience are influenced by three parameters: personal needs and motives to visit a winery, pre-visit attitude towards the firm and satisfaction from previous wine tourism experiences (H1a, H1b, H1c). According to the SERVQUAL model (Parasuraman et al, 1985), personal needs and previous experiences have a significant impact on the formation of expectations regarding a service. Additionally, differences in the background and intentions of wine tourists are extended into their expectations for the wine tourism experience and are related to their overall satisfaction with the winery (Charters and O’Neill, 2001). Thus, we hypothesize that consumer expectations regarding the visit will, among other, influence the level of overall satisfaction from the visit (H3).

- **Visit**: The next stage of the proposed model refers to the winery experience per se. We expect to prove the existence of a direct relationship between three service quality dimensions of the winery experience (tangible elements, contact and reliability) and overall satisfaction. High levels of
perceived value can ultimately result in higher levels of customer satisfaction (Bojanic, 1996). Many authors suggest that perceived value may be an antecedent to the formation of satisfaction (e.g. Parasuraman, 1997; Petrick et al., 1999; Petrick, 2004). Previous research, based on the work of the original creators of the SERVQUAL process quality, examined visitor perceptions across five quality dimensions: reliability, assurance, tangibles (the physical situation – including wine quality), empathy to the consumer and responsiveness to their requirements (Charters and O'Neill, 2000). A subsequent analysis of Charters and O’Neill (2001) in a wine tourism context has contracted those five dimensions to three: tangibles, reliability and “contact”, i.e. an amalgam of SERVQUAL's responsiveness, empathy and assurance dimensions that mainly involves staff and customer interaction. Higher evaluations of “tangibles”, “reliability” and “contact” are expected to result to higher levels of satisfaction (H2a, H2b, H2c).

• Post-visit: The winery experience is expected to have severe implications on consumer-based brand equity and specific market outcomes (price flexibility and brand extensibility). The relationship between perceived value, satisfaction and behavioral intentions is both theoretically (Ajzen and Fishbein’s, 1980) and empirically justified. Orth et al (2009) used a field study in tasting rooms to show that satisfaction mediates the effects of store-evoked pleasure and arousal on brand attachments, which further affects brand loyalty and willingness to pay a price premium. Many empirical studies have also considered the simultaneous impact of perceived value and satisfaction on behavioral intentions (e.g. Wakefield and Barnes, 1996; Sirohi et al., 1998; Sweeney et al., 1999). The majority of studies have confirmed the mediating influence of satisfaction between perceived value and behavioral intentions but without consensus regarding the nature of the mediation process. Some authors support that there is a full mediation (e.g. Patterson and Spreng, 1997 and Eggert and Ulaga, 2002) while others claim that it is only partial (e.g. Cronin et al., 2000, Durvasula et al., 2004 and Petrick, 2004). The service marketing literature generally supports the argument that satisfaction, as the result of quality perceptions and value judgments, is a direct antecedent to purchase intentions (Chiou et al., 2002; Cronin and Taylor, 1992; Hennig-Thurau et al., 2002; Loveman, 1998; Oliver,
1999; Zeithaml and Bitner, 2003). We hypothesize the existence of a relationship between satisfaction and three basic elements of consumer based brand equity (brand awareness/brand associations, perceived quality/brand loyalty) proposed by Yoo and Donthu (2001) and consequently with brand equity (H4, H5, H6, H7). Finally, we also adopt for further testing Keller’s (1998) suggestion that higher levels of consumer based brand equity may yield greater price flexibility and more positive brand extensibility (H8, H9).

The proposed conceptual framework is depicted in Figure 1. A quantitative study is planned in order to validate the proposed relationships with empirical data. After pilot testing, a formal structured questionnaire will be distributed to winery visitors of different wine producing regions. Selected wineries will take part in the study and disseminate questionnaires to visitors, who will have just completed their visit. The study is planned to take place during the summer months of 2010, as adequate visitation traffic occurs at this period of the year in the selected regions. Our aim is to receive 400 fully usable questionnaires from respondents.

The main endogenous variables of the model will be evaluated with the multi-attribute approach, through a battery of attributes assessed by means of 7 point Likert scales or semantic differential scales. The hypothesized model will be tested using Structural Equation Modelling (SEM). More precisely, the use of confirmatory factor analysis will help us test the hypotheses H1a,b,c and H2a,b,c. Quite apart from this, a path analysis will test the relationship between visitors’ expectations, service quality, satisfaction, consumer based brand equity and its three components (awareness, perceived quality and loyalty), price flexibility and brand extensibility.

The results of the study are expected to support the proposed conceptual framework and clarify the implications of CET on wine brand equity and market outcomes.

3. IMPLICATIONS FOR TOURISM RESEARCH & INDUSTRY PRACTICES

From a theoretical point of view, the proposed framework uses existing knowledge of different fields (marketing, consumer behavior, services management, wine tourism and CET literature) and tries to examine the winery experience from these different perspectives. It contributes to theory building by
furthering the research dialog around fields that called for more research, such as CET, demand related issues in wine tourism, tourism experience within a wider temporal (pre and post-visit) context and brand loyalty creation in the context of wine tourism. Its uniqueness lies on the fact that it uses the winery experience as an opportunity to link wine tourism and consumer experience tourism to brand equity and market outcomes.

The proposed framework aims at drawing the attention of wine tourism stakeholders on the winery experience and its importance for the winery and its marketing strategy. In the highly competitive environment of the wine industry, the cellar door provides opportunities to create sustainable competitive advantages for brands. The empirical support of the proposed model is expected to emphasize the importance of service quality at the cellar door and help wine tourism stakeholders realize the gravity of the winery experience for customer satisfaction, brand awareness and loyalty. It will also highlight the necessity of market research in the wine tourism sector, in order to “meet their consumers and their needs”. Needless to say that deeper understanding of consumer behaviour, apart from being imperative for the implementation of marketing theory in action, will benefit greatly the wine and wine tourism industries, by offering the right products and services and by ensuring that their customers are satisfied and loyal. Finally, it could facilitate future linkage of the winery experience and its effects on consumer behaviour to the success of specific marketing strategies.

Provided that the proposed theoretical model is consisted with empirical data, wineries should be able to exploit the winery experience not only for brand equity building; it is also expected that this will be depicted in their product and pricing strategies, thus enabling them to increase their profit margins and to achieve positive predisposition for future launches of new wine products. Moreover, satisfactory winery experiences make visitors more open and willing to maintain relationships with the winery and this is a golden opportunity for wineries to differentiate and distinguish themselves in the cluttered wine market. Another challenge for wineries will be to make the low-involved segments of visitors increase their interest towards the product category. After a positive experience, proper
relationship management and tools like wine educative seminars, a sub-segment of these visitors can be transformed to “wine interested” consumers.

The planned study is also expected to contribute to describing the profile and characteristics of wine tourists and identify the main sub-segments of the market. It would be useful to compare segmentation results of the current study with existing typologies in wine tourism, coming from different wine regions. Interesting results could also come up when comparing different wine tourist segments in terms of attitudes, expectations, perceived service quality and behavioural intentions.

**Figure 1: The proposed model**

![Diagram showing the proposed model with nodes and arrows indicating relationships between variables such as "Attitude towards the winery", "Motives to visit a winery", "Visitors’ expectations", "Evaluation of 3 SERVQUAL dimensions", "Satisfaction from the winery experience", "Brand awareness & associations", "Brand loyalty", "Perceived quality of the brand", "Consumer based brand equity", "Price flexibility", and "Brand extensibility". The model also illustrates pre-visit, visit, post-visit, and market outcomes.](http://scholarworks.umass.edu/refereed/CHRIE_2010/Friday/14)
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