

Viticulture, enology and marketing for cold-hardy grapes



Customer Satisfaction Drivers And Performance of Tasting Rooms in Cold Climate Wine Regions

Miguel Gómez and Erin Kelley
Dyson School of Applied Economics and Management
Cornell University

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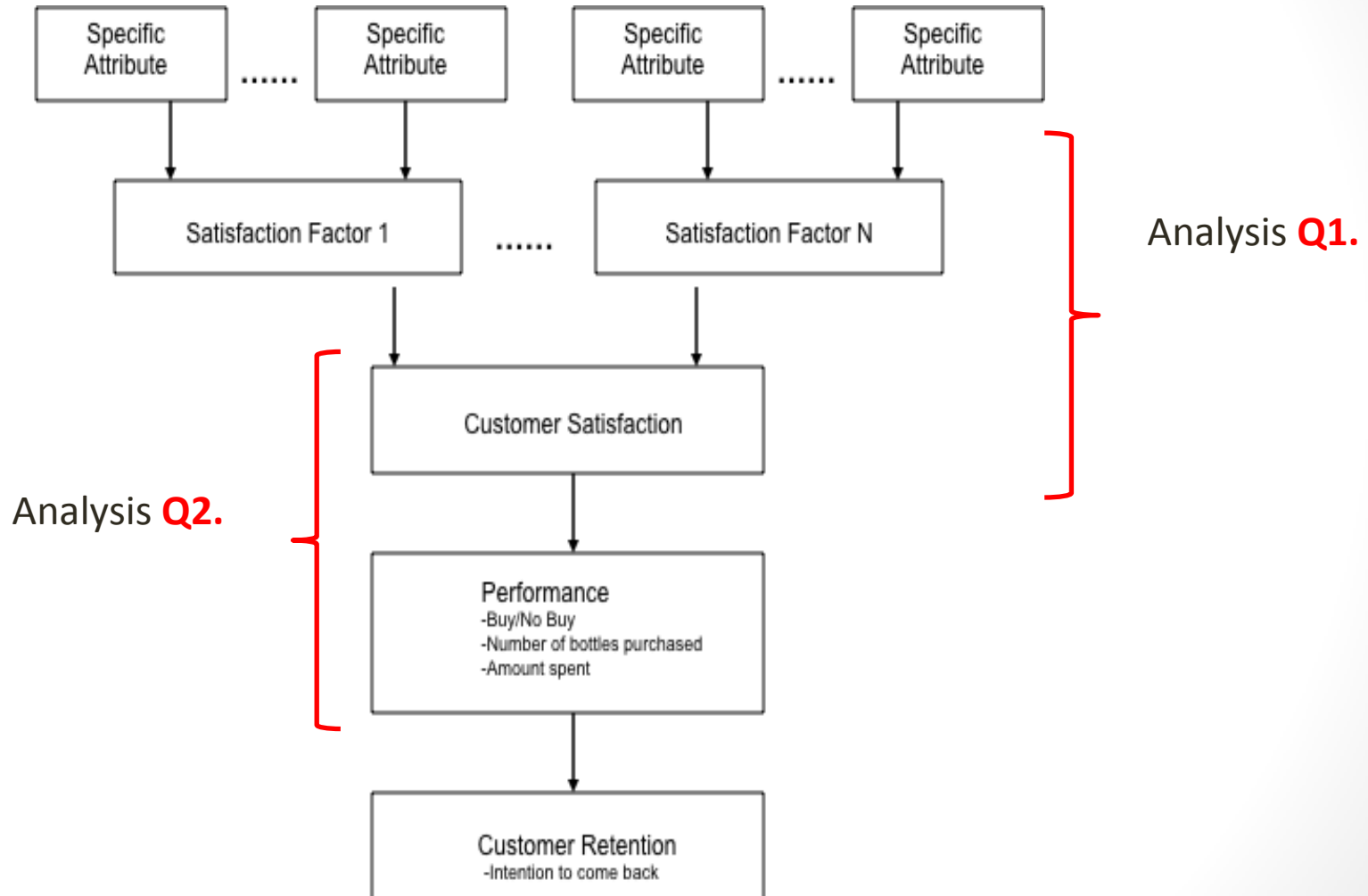
Research Plan:

The purpose of this study is twofold:

Q1. Determine which attributes/ factors drive customer satisfaction among local wineries in cold climate, emerging wine regions of New York and Iowa

Q2. Identify the linkages between customer satisfaction and sales performance/ post purchasing behavior (purchasing again and recommending to others).

Economic/ Conceptual Framework



Economic/ Conceptual Framework:

Q1. Which attributes/factors increase customer satisfaction?

Overall Customer Satisfaction = f(Factor 1, Factor 2, Factor 3 ... Factor N)

Q2a. How customer satisfaction impacts decisions to purchase wine?

Sales Performance = g (Overall Customer Satisfaction, Customer Demographics)

Q2b. How customer satisfaction impacts post-purchasing decisions?

Post Purchasing = h (Overall Customer Satisfaction, Customer Demographics)

Data Collection:

Customer Satisfaction Survey in 5 tasting rooms in New York and Iowa

Over 400 complete surveys completed by tasting room over a six-month period (June 2012- November 2012)

The survey was divided into three sections:

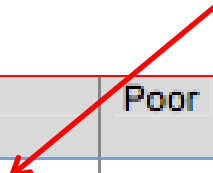
1. Rating (1-5) perception of twenty-four customer satisfaction attributes related to their overall tasting room experience.
2. Purchases; re-purchase intentions; likelihood of recommending
3. Demographic Characteristics



Survey – Part 1

Customer Satisfaction

Characteristic	Poor	Fair	Good	Very Good	Excellent
Overall tasting room experience					
Winery signage/directions					
Ease of parking/roadway access					
Appearance of grounds/view					
Overall tasting room cleanliness					
Lighting in the tasting room					
Sounds in the tasting room					
Wine knowledge of pourer					
Appearance/presentation of pourer					
Friendliness of pourer					
Flexibility in choice of wines tasted					
Helpfulness of tasting room staff					
Hospitality and personalized attention of staff (including the owner)					
Space (elbow room) for tasting					
Waiting time for tasting to start					
Waiting time between wine samples					
Variety of wines available for tasting					
Amount of wine served					
Cost of the tasting					



Potential Drivers of Customer Satisfaction

Survey- Part 2

Purchase Behavior

1. Are you planning to (or did you) purchase any wine after the tasting?

Yes No

2. If your answer is **no**, please tell us why

Quality Price Service Other

If 'other' please explain: _____

3. If **yes**, how many bottles do you plan on purchasing (or did you purchase)? _____

How much do you intend to spend (or did you spend) on today's purchase? _____

Will you consider buying from this winery again?

Very likely Likely Unlikely

Will you consider recommending this winery to others?

Very likely Likely Unlikely

Post purchase
Behavior

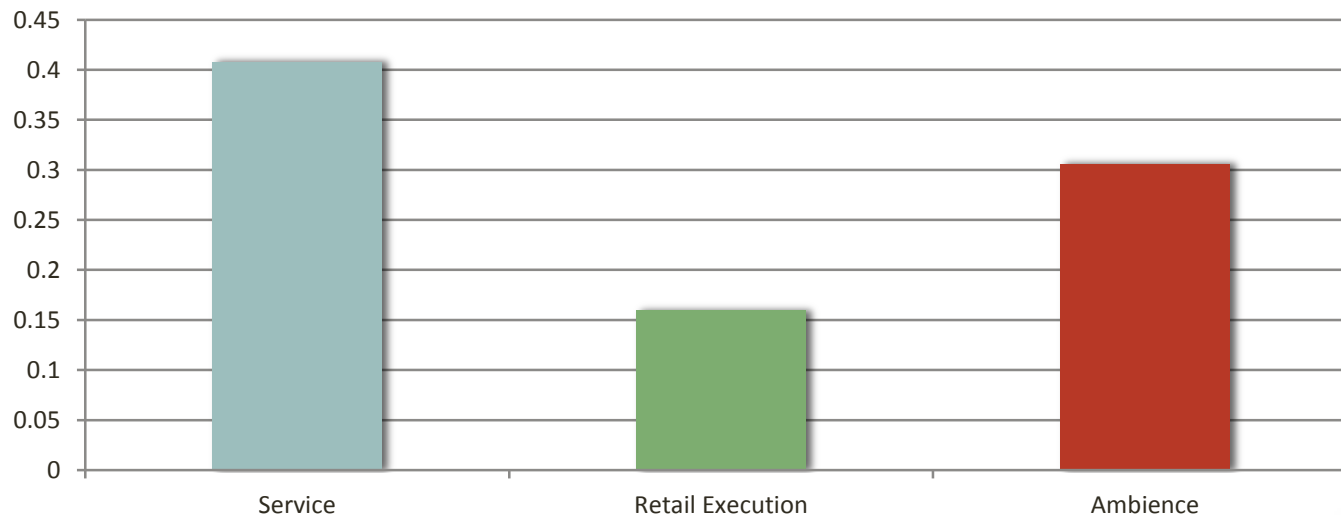
Q1: Drivers of Customer Satisfaction

Factor 1 SERVICE	<ul style="list-style-type: none">• Wine knowledge of pourer• Appearance/presentation of pourer• Friendliness of pourer• Flexibility in choice of wines tasted• Helpfulness of tasting room staff• Hospitality and personalized attention of staff (including the owner)	<ul style="list-style-type: none">• Space (elbow room) for tasting• Waiting time for tasting to start• Waiting time between wine samples• Variety of wines available for tasting• Amount of wine served
Factor 2 RETAIL EXEC.	<ul style="list-style-type: none">• Availability of non-wine gift items• Availability of food/snack items• Presentation/display of wines• Wine prices	<ul style="list-style-type: none">• Discounts for volume purchases• Availability of wine for purchasing• Speed of check-out• Perceived wine quality
Factor 3 AMBIENCE	<ul style="list-style-type: none">• Appearance of grounds/view• Overall tasting room cleanliness• Atmosphere of the tasting room	<ul style="list-style-type: none">• Lighting in the tasting room• Sounds in the tasting room

Q1: Drivers of Customer Satisfaction

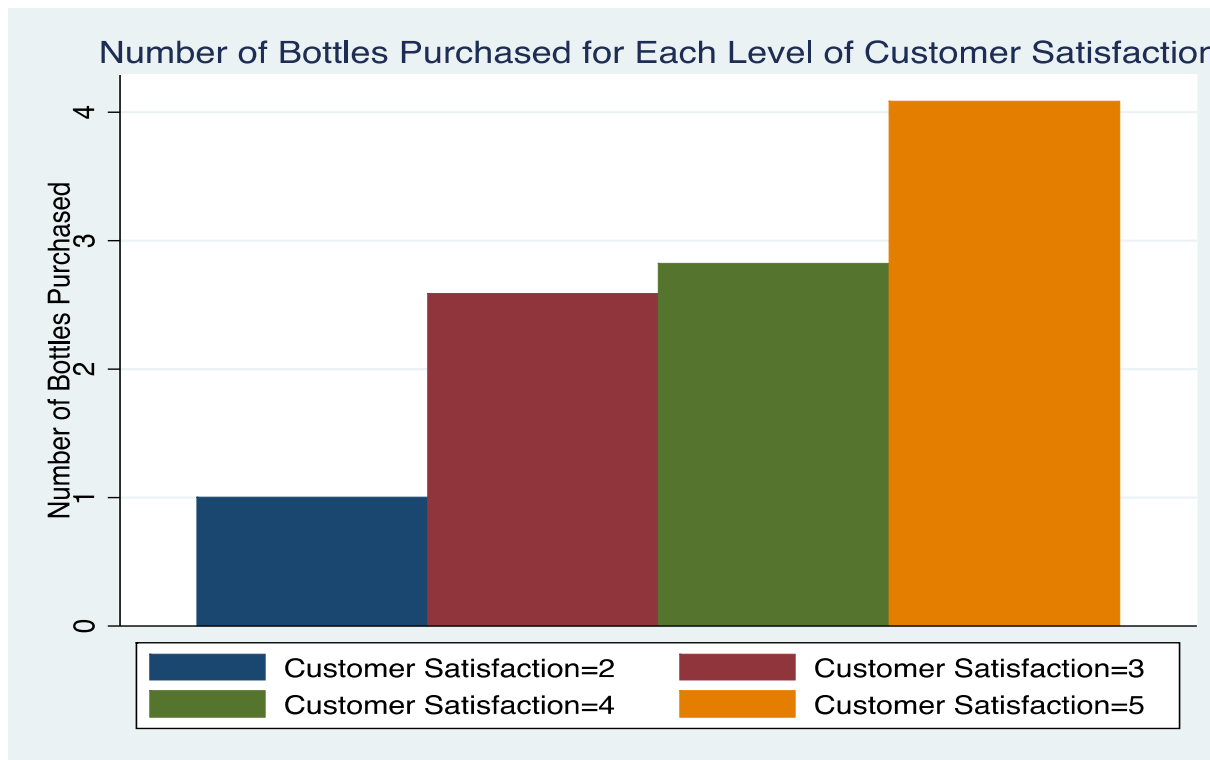
- Order of Importance: Service, Ambience, Retail Execution
- A one-point increase in a customers' rating of the Service, Ambience and Retail Execution provided by the Winery, increases the probability they will rank their overall satisfaction a 5/5, by 40%, 30% and 16% respectively.

Marginal Effect of Each Factor



Q2: Customer Satisfaction and Sales

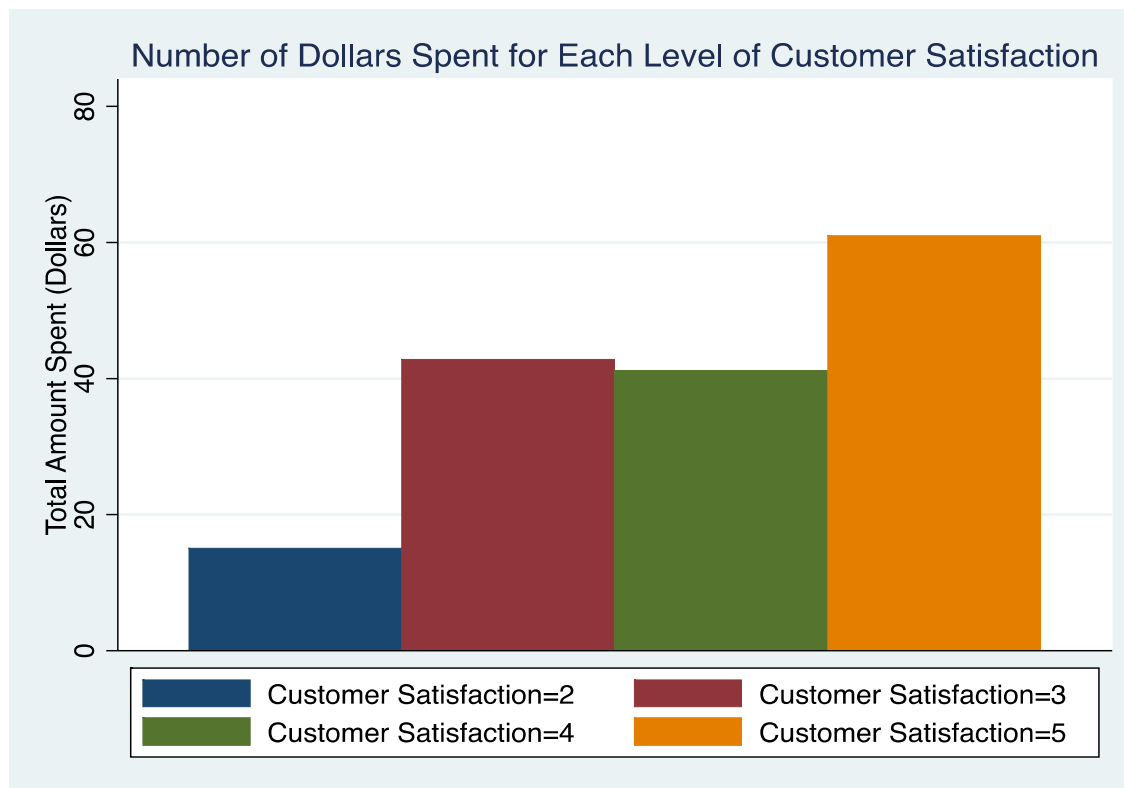
Average Number of Bottles Purchased for Each Level of Customer Satisfaction



Regression Results: A one unit increase in customer satisfaction leads to approximately one more bottle being purchased

Q2: Customer Satisfaction and Sales

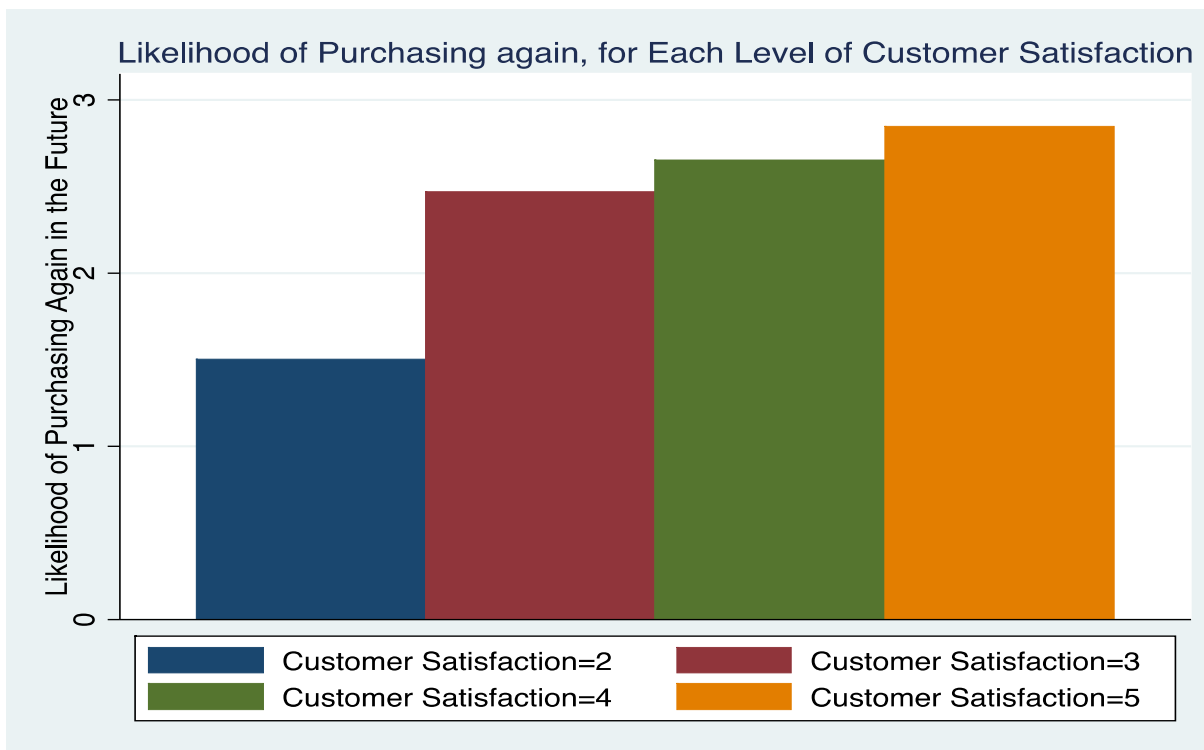
Average Number of Dollars Spent for Each Level of Customer Satisfaction



Regression Results: A one unit increase in customer satisfaction leads to approximately 10 more dollars being spent.

Q2: Customer Satisfaction and Sales

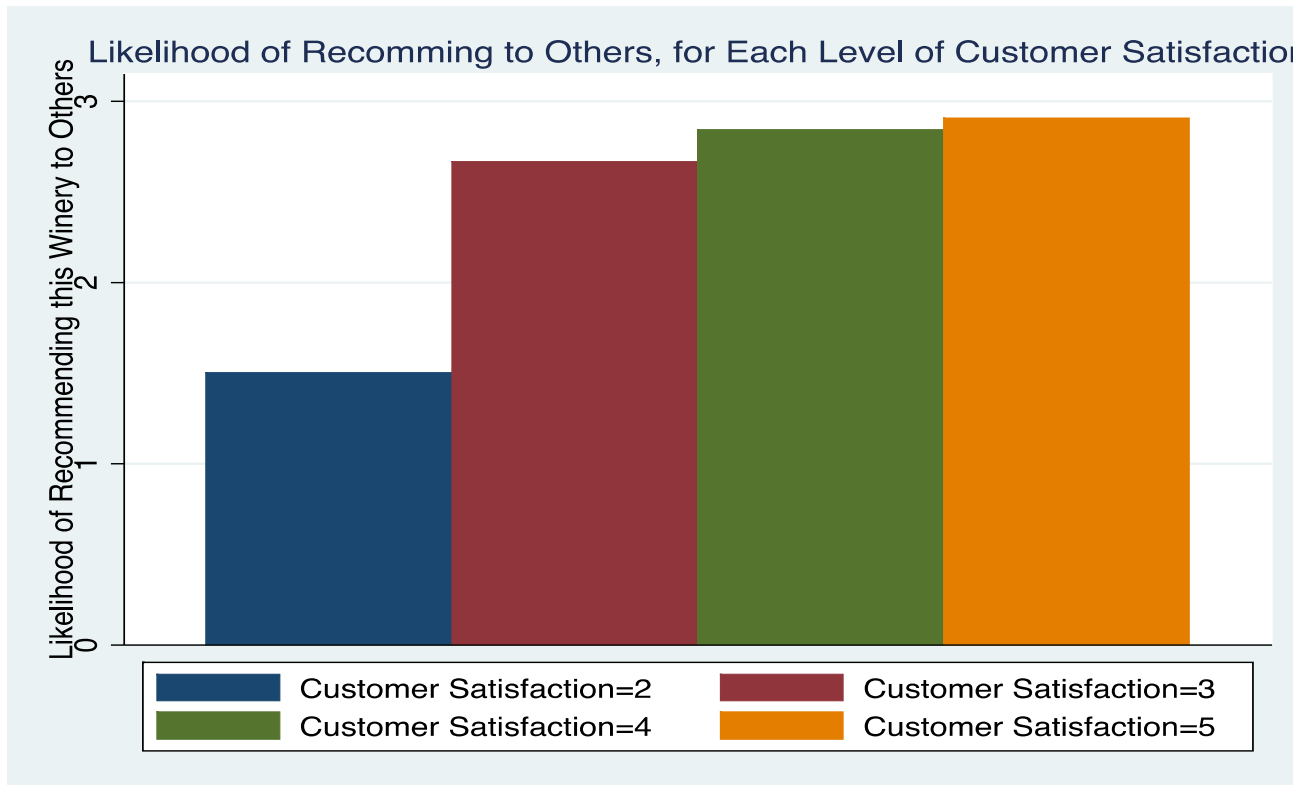
Likelihood of Purchasing Again from the same Winery, for Each Level of Customer Satisfaction



Regression Results: A one-point increase in customer satisfaction increases the probability that the individual will be “very likely” to purchase from this winery again in the future, by 16%.

Q2: Customer Satisfaction and Sales

Likelihood of recommending the Winery, for Each Level of Customer Satisfaction



Regression Results: A one-point increase in customer satisfaction, increases the probability that the individual will be “very likely” to recommend the winery, by close to 10%.

Conclusions and Future Research

- Three drivers of customer satisfaction in tasting rooms: Service, Ambience and Retail Execution
 - **Cold Climate** Wineries that want to improve their CS should focus more heavily on Service than Retail Execution
 - The biggest gains to be made come from moving customer satisfaction from 4 to 5. This means fine tuning every aspect of the tasting experience to ensure a premium experience.
- Strong links between customer satisfaction and tasting room sales performance
 - **Cold climate** Wineries want to improve sales → most effective if customer satisfaction is high
- Systematic monitoring/analysis of CS and sales provide information for tactical and strategic decisions

