Best Practices for Winery Collaboration

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Importance of Collaboration
Collaboration is very important for newer wineries and growing wine regions

• Less experienced growers/winemakers/tourism business owners

• Speed up learning curve with technical aspects of growing/winemaking with new varieties of grapes

• Establishing regions that are recognized

• Introducing experienced wine drinkers to local varietals

• Converting non–wine drinkers
Benefits of Collaboration

• Increased tasting room visitors
• Enhanced brand equity (of wines and region)
• Provision of better experience to customers
• Favorable policies and legislation
• Research needs addressed
• Improved understanding of emergent problems
• Fewer required capital investments
• Expertise
• Improved community relations
• New opportunities for retail, education and brand building
Social Exchange Theory

Participants in any relationship will maintain that relationship assuming that
Social Exchange Theory

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Participants in any relationship will maintain that relationship assuming that the benefits they receive from the relationship exceed the costs they put into it, better than alternatives.
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Social Exchange Theory

Alternatives

Organization A

Choice

A1  A2  A3

Effort  Effort  Effort
Social Exchange Theory

Winery A

Wine Festival

Collaborative Initiative

Effort

Positive Outcome

- More tasting room visitors
- Increase in wine sales
- More wine drinkers
- Improved brand equity of wine region

Winery B

Winery C
How do organizations decide where they will put their efforts?

**Expectancy Theory**

We will be motivated to do something if...
How do organizations decide where they will put their efforts?

**Expectancy Theory**

We will be motivated to do something if...

We believe our effort will lead to an outcome (*Expectancy*)
How do organizations decide where they will put their efforts?

**Expectancy Theory**

We will be motivated to do something if...

We believe our effort will lead to an outcome (*Expectancy*)

**AND**
How do organizations decide where they will put their efforts?

**Expectancy Theory**

We will be motivated to do something if...

We believe our effort will lead to an outcome (*Expectancy*)

AND

We desire that outcome (*Valence*)
Expectancy Theory

Expectancy
Effort will lead to Outcome
- Past Experience
- Efficacy
- Difficulty
- Control

Winery A

Wine Festival

Winery B

Winery C
Expectancy Theory

Winery A

Wine Festival

Winery B

Winery C

Expectancy
Effort will lead to Outcome
• Past Experience
• Efficacy
• Difficulty
• Control

If A drops out, how does it change B and C’s expectancy?
Expectancy Theory

Winery A

Wine Festival

• Effort

Winery B

Winery C

Valence

The outcome is desirable

• Objectives
• Needs
• Preferences
• Values
Winery A

Wine Festival

Winery B  Winery C

Effort

• More tasting room visitors
• Increase in wine sales
• More wine drinkers
• Improved brand equity in region’s wine

Positive Outcome

Leads to
Expectancy Theory

Winery A

Winery B

Winery C

Wine Festival

Effort

Effort

Effort

Positive Outcome

• More tasting room visitors
• Increase in wine sales
• More wine drinkers
• Improved brand equity in region’s wine

Do all of the wineries want these rewards?
Expectancy Theory

Winery A

Effort

Wine Festival

Winery B

Winery C

• More tasting room visitors
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Positive Outcome

Do all of the wineries want these rewards?
Expectancy Theory

Winery A

Wine Festival

• More tasting room visitors
• Increase in wine sales
• More wine drinkers
• Improved brand equity in region’s wine

Do other tourism organizations value these rewards?

Restaurant A

Hotel B
Winery Collaboration Study

- 25 randomly selected wine regions in 25 different U.S. states
- Survey instrument about collaboration based on Social Exchange and Expectancy Theories
- Survey of wineries and tourism businesses: Wineries (353), Hotels & motels (121); Bed & breakfasts (155); Restaurants (168); Destination marketing organizations (64); Recreation providers (37); Tour operators (25)
- 36.7% response rate (varied by type of organization)
Areas to Collaborate
(Winery – Winery)

- Wine trails
- Events
- Marketing/promotion
- Influencing policy
- Regional strategic planning
- Research
- Education of visitors
- Training employees
- Understanding & addressing problems
- Equipment use
- Bulk purchases (e.g., bottles)
- Community relations
## Collaboration Findings

<table>
<thead>
<tr>
<th>Collaborative Initiative</th>
<th>% of Wineries That Collaborate</th>
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<tbody>
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<td>Wine Trails</td>
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</tr>
<tr>
<td>Events/Festivals</td>
<td>93%</td>
</tr>
<tr>
<td>Cross Promotion</td>
<td>82%</td>
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<tr>
<td>Wine Quality Improvement</td>
<td>80%</td>
</tr>
<tr>
<td>Purchasing Supplies</td>
<td>64%</td>
</tr>
<tr>
<td>Funding/Producing Promotions</td>
<td>59%</td>
</tr>
<tr>
<td>Participating in Research</td>
<td>55%</td>
</tr>
<tr>
<td>Sharing Equipment</td>
<td>51%</td>
</tr>
<tr>
<td>Signage</td>
<td>45%</td>
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Collaboration Findings

- Wineries felt strongly that collaboration with other wineries was important to the success of the wine region.
- Wineries collaborate more with each other than with tourism organizations.

But...

- Wineries indicated that collaboration with tourism organizations is more important to the success of their winery than collaboration with other wineries.

- The two most likely benefits from winery collaboration:
  - ROI on marketing
  - Improved visitor experience

  (These were also the most important to the success of the winery)
Winery Collaboration with the Tourism System
Areas to Collaborate
(Winery – Tourism System)

• Packages
• Events
• Cross promotion
• Destination development/branding
• Wine branding
• Education programs
• Employee Training
• Tourism planning
• Tourism niches (culinary, agricultural)
With whom are wineries collaborating?

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<th>Tourism Organization Type</th>
<th>% of Wineries Reporting Collaboration</th>
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<td>Destination Marketing Organizations</td>
<td>77%</td>
</tr>
<tr>
<td>Restaurants</td>
<td>73%</td>
</tr>
<tr>
<td>Bed &amp; Breakfasts</td>
<td>71%</td>
</tr>
<tr>
<td>Hotels and Motels</td>
<td>70%</td>
</tr>
<tr>
<td>Tour Operators</td>
<td>68%</td>
</tr>
<tr>
<td>Retailers</td>
<td>57%</td>
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<tr>
<td>Non-Grape Agri-tourism</td>
<td>56%</td>
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<tr>
<td>Recreation Providers</td>
<td>53%</td>
</tr>
<tr>
<td>Other Food and Beverage</td>
<td>50%</td>
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To what extent do these tourism organizations support wineries?

“I think the recent growth in the number of wineries in the US is a good thing.”
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<th>DMOs</th>
<th>B &amp; Bs</th>
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<th>Rec. Providers</th>
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<tr>
<td>9.7</td>
<td>9.4</td>
<td>9.1</td>
<td>8.3</td>
<td>9.9</td>
<td>7.3</td>
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To what extent do these tourism organizations think wineries improve this tourism destination?

- “The presence of wineries in this region is good for this organization.”
- “The presence of wineries makes this region a better tourism destination.”
- “The wineries in this region can improve the tourism experience for visitors.”
To what extent do these tourism organizations think wineries improve the tourism destination?

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<td>Score</td>
<td>30</td>
<td>28.5</td>
<td>26.1</td>
<td>25.9</td>
<td>22.0</td>
<td>21.5</td>
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</table>

Total Scores Range: 1–30
How far is it from your home/second home to the first or only that you visited?

- 1-25: 17%
- 26-50: 12%
- 51-75: 6%
- 76-100: 7%
- 101-150: 13%
- 151-200: 14%
- 201-300: 19%
- 301-400: 5%
- 400+: 6%
Trip to Region

• Part of overnight trip: 65%
  (Average nights: 3.5)

• Avg. number of wineries visited per day: 2.7
  (6.1 per entire trip)

• During trip, respondents bought an avg. of 7.4 bottles of wine at $16.50/bottle

• Avg. amount spent during trip: $780
How important was visiting a winery/wineries to your decision to travel to the area?

- It was the only reason: 18%
- Very important: 31%
- Somewhat important: 24%
- Not very important: 11%
- It was not a reason: 16%
**Lessons Learned**

1. Place efforts on the collaborative efforts that are most likely to provide the greatest motivation to the needed participants.

2. Need to instill confidence in participants that the collaborative effort will work.

3. Find out what might be important to each party needed in the collaboration.

4. Take into consideration what is important to each participant (and communicate the benefits they might not be thinking about).

5. Consider a relationship where participants invest (time and effort) in proportion to the extent they are likely to benefit.
Thank You!