Branding of Cold Hardy Wine/Grapes

Bill Gartner,
University of Minnesota

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Northern Grapes Initiative

- Wineries have told us branding their wines is #1 priority
- Very few mentioned branding of cold hardy grapes is important
- Branding Study in Hong Kong (2014)/Oregon (2015) using cold hardy grape wines
Brand Dimensions

- Awareness—outside of the northern states cold hardy grapes are relatively unknown
- Image—cold, snow, ice, humidity are not often associated with grape growing
- Quality—must be earned. Competition helps establish quality
- Loyalty—the holy grail of a producer
- Value—not relevant to cold hardy wines.
Branding at Winery Level

- **Awareness**—wine trails, industry connections, events, media (Marquette in Washington)
- **Image**—use of social media, focus on grape characteristics, climate and soil attributes, media
- **Quality**—awards, industry initiatives (e.g. VQA), media
- **Loyalty**—customer centered programs, new releases, best customers receive preferential treatment
Branding at Viticulture Level

- **Awareness**—what is special about growing conditions in the north, regional marketing campaign, media
- **Image**—new grapes, new wine, something the market has not seen
- **Quality**—new wines, something worth looking for, supported by awards
- **Loyalty**—Create the buzz, share the product, new wines from new regions
Research Findings to Date

- Cold Hardy wines scored fairly high when tested blind.
- Cold Hardy wines rated lower when grapes and when grapes and region known.
- Willingness to pay was lower for unknown grape varieties.
- Willingness to pay was lower when region was known.
- More results being analyzed.
So What?

- Cold hardy wines will remain a local product unless awareness and image dimensions are enhanced.
- Study results reinforce the need for cooperative marketing efforts for grapes and viticulture regions.
- Strategic marketing initiatives need to be developed to enhance image.
- Branding is more than a focus on an individual producer.
Thank You!

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Professor of Applied Economics
University of Minnesota
Marketing, Branding, and Tasting Room Studies with Cold Hardy Wines

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Dr. Don Holecek
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Department of Community Sustainability

February 24, 2016
To Succeed as an Entrepreneur, Know Your Customer

Alan Hall, CONTRIBUTOR
I cover investing, entrepreneurial growth and philanthropy.
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5 Ways to Know What Your Customers Want Before They Do
You have to train yourself to see the world through their eyes. Here's how.

BY PAUL SCHOEMAKER  Research Director, Wharton's Mack Institute
Over 3,400 Completed Surveys from Tasting Room Visitors in MI, WI & MN
Who Visits Winery Tasting Rooms in the Midwest?
Demographics

~ 47 years old

~ 95% Caucasian

~ 62% Female

~ 70 % Married

~ 60% at least bachelor’s degree
  (~ 24% post-graduate degree)

~ 50% have annual household income > $70,000
Age of Michigan TRV’s

0-20: 2%
21-30: 21%
31-40: 16%
41-50: 17%
51-60: 26%
61-70: 15%
71+: 4%
Age of WI & MN TRV’s

- <21: 2%
- 21-30: 16%
- 31-40: 15%
- 41-50: 17%
- 51-60: 28%
- 60+: 23%
Where wine is sold impacts how it’s sold?
What are the 3 most Common Distribution Points for Wine?
What are the 3 most Common Distribution Points for Wine?
What are the 3 most Common Distribution Points for Wine?
Where do you sell your wine?

90% sell more than \( \frac{1}{2} \) at winery

\( \frac{2}{3} \) sell at least 75% at winery
What do people buy at wineries?
“We sell the ability for a 42 year-old accountant to ride through neighborhoods making people nervous. Something he don’t get in his everyday live.”
What kind of experience do visitors want at the winery?
Primary Reason for Visiting Winery

- Purchase Wine: 17%
- Meet the Winemaker: 2%
- Learn More about Wine: 6%
- Have a Relaxing Day Out: 34%
- Socialize with Friends/Family: 15%
- Unique Experience: 18%
- Enjoy a Rural Setting: 2%
- To Be Entertained: 3%
- Event: 2%
Primary Reason for Visiting Winery?

?! WI & MN

Wine Reasons:
- 25%
- 30%

Leisure Reasons:
- 72%
- 64%
Tasting Room Visitor Satisfaction
Dr. Miguel Gomez & Erin Kelly (Cornell University)

- Friendliness
- Wait times
- Elbow room
- Wine quality
- Presentation of wines
- Wine prices
- Atmosphere
- Cleanliness
- Appearance of grounds
- Lighting & sounds
What factors lead to wine purchases at a winery?
Does charging a fee for tasting influence how much wine people buy?
Does the visitor’s experience at the tasting room impact how much wine they buy?
Tasting Room Visitor Satisfaction
Dr. Miguel Gomez & Erin Kelly (Cornell University)

Average Number of Bottles Purchased for Each Level of Customer Satisfaction

Number of Bottles Purchased for Each Level of Customer Satisfaction

- Customer Satisfaction=2
- Customer Satisfaction=3
- Customer Satisfaction=4
- Customer Satisfaction=5
Tasting Room Visitor Satisfaction
Dr. Miguel Gomez & Erin Kelly (Cornell University)
Does information about the wine increase how much a consumer values it?
All four of these wines are made with Marquette grapes. Compared to many other red wine grapes, Marquette grapes tend to better endure extreme winters and they ripen in a shorter growing season. These grapes flourish in the soils and microclimates of the upper Midwest and are helping wineries across the northern United States to produce local wines with local grapes. The wine tourism that is generated by these wineries is benefitting the rural communities around them.
All four of these wines are made with Marquette grapes. The Marquette grape is a “grandson” of Pinot Noir. The wine made from these grapes has desirable notes of cherry, berry, black pepper, and spice on both nose and palate. These grapes produce a medium-bodied wine with an attractive ruby color.
Awards

Information

All four of these wines are made with Marquette grapes. The Marquette grape is a “grandson” of Pinot Noir. The wine made from these grapes has desirable notes of cherry, berry, black pepper, and spice on both nose and palate. These grapes produce a medium-bodied wine with an attractive ruby color. A relatively new wine varietal, Marquette wines have won many awards at national and international wine competitions over the past five years.
Overall Willingness to Pay: $15.75
Effect of Different Types of Information on Consumer Value

$0.60

All Bids
Effect of Different Types of Information on Consumer Value

- All Bids: $0.60
- Description of Wines: $0.04
Effect of Information on Consumer Value

- All Bids: $0.60
- Description of Wines: $0.04
- Local Information: $0.58
Effect of Different Types of Information on Consumer Value

<table>
<thead>
<tr>
<th>Type of Information</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Bids</td>
<td>$0.60</td>
</tr>
<tr>
<td>Description of Wines</td>
<td>$0.04</td>
</tr>
<tr>
<td>Local Information</td>
<td>$0.58</td>
</tr>
<tr>
<td>Awards</td>
<td>$1.15</td>
</tr>
</tbody>
</table>
Effect of Wine Name on Consumer Value

Marquette: $15.62
Artistic Name: $15.87
How much wine do visitors buy from wineries on their trip?
<table>
<thead>
<tr>
<th></th>
<th>Michigan</th>
<th>WI &amp; MN</th>
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<tbody>
<tr>
<td>% Purchased Wine</td>
<td>91.2%</td>
<td>92.5%</td>
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<td>Avg. # Bottles</td>
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<td>$14.14</td>
</tr>
<tr>
<td>Total Spent</td>
<td>$123.21</td>
<td>$97.57</td>
</tr>
</tbody>
</table>
Knowledge of Cold-Hardy Wines
Familiarity with Cold-Hardy Wines

- Familiar or Very Familiar

18% MI

12% WI & MN

Familiar or Very Familiar
If you have had the opportunity, which best describes the degree to which you liked the cold hardy wines?

- Have Not Tasted: 28%
- Strongly Dislike: 5%
- Disliked: 3%
- It was okay: 12%
- Liked it a little: 22%
- Liked it a lot: 30%
Which of these have you heard of?

- Marquette
- Frontenac
- La Crescent
- St. Pepin
- La Crosse
- Edelweiss

Have not heard of any of these

- Brianna
- Snowbird
- Crystal Lago
- Alpino Rouge
Which of these have you heard of?

- Alpino Rouge
- Crystal Lago
- Snowbird
- Brianna
- Have not heard of any of these
- Edelweiss
- La Crosse
- St. Pepin
- La Crescent
- Frontenac
- Marquette

Have not heard of any of these

0% 10% 20% 30% 40% 50% 60% 70%
Which of these have you heard of?

Marquette
Frontenac
La Crescent
St. Pepin
La Crosse
Edelweiss

Have not heard of any of these

Brianna
Snowbird
Crystal Lago
Alpino Rouge

0% 10% 20% 30% 40% 50% 60% 70%
How much did you enjoy these wines?

- Alpino Rouge: 4%
- Crystal Lago: 4%
- Snowbird: 4%
- Brianna: 4%
- Edelweiss: 4%
- La Crosse: 4%
- St. Pepin: 4%
- La Crescent: 4%
- Frontenac: 4%
- Marquette: 4%
Wineries are good for rural areas
Survey of tourism organizations in wine regions?

“I think the recent growth in the number of wineries in the US is a good thing.”
“I think the recent growth in the number of wineries in the US is a good thing.”

<table>
<thead>
<tr>
<th>DMOs</th>
<th>B &amp; Bs</th>
<th>Tour Operators</th>
<th>Rec. Providers</th>
<th>Restaurants</th>
<th>Hotels &amp; Motels</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.7</td>
<td>9.4</td>
<td>9.1</td>
<td>8.3</td>
<td>10</td>
<td>7.3</td>
</tr>
</tbody>
</table>
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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<th>Restaurants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>30</td>
<td>28.5</td>
<td>26.1</td>
<td>25.9</td>
<td>22.0</td>
<td>21.5</td>
</tr>
</tbody>
</table>

Total Scores Range: 1-30
How important was visiting a winery/wineries to your decision to travel to the area?

<table>
<thead>
<tr>
<th>Importance Level</th>
<th>WI &amp; MN</th>
<th>MI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Of No Importance</td>
<td>17%</td>
<td>16%</td>
</tr>
<tr>
<td>Not Very Important</td>
<td>22%</td>
<td>11%</td>
</tr>
<tr>
<td>Somewhat Important</td>
<td>32%</td>
<td>24%</td>
</tr>
<tr>
<td>Very Important</td>
<td>23%</td>
<td>31%</td>
</tr>
<tr>
<td>It Was the Only Reason</td>
<td>6%</td>
<td>18%</td>
</tr>
</tbody>
</table>
## Overall Trip to Area

<table>
<thead>
<tr>
<th></th>
<th>Michigan</th>
<th>WI &amp; MN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned trip &lt; 1 week before</td>
<td>53%</td>
<td>58%</td>
</tr>
<tr>
<td>Traveled &gt; 100 miles</td>
<td>58%</td>
<td>37%</td>
</tr>
<tr>
<td>Traveled &lt;25 miles</td>
<td>17%</td>
<td>26%</td>
</tr>
<tr>
<td>Avg. # of wineries visited (Entire Trip)</td>
<td>7.1</td>
<td>2.3</td>
</tr>
</tbody>
</table>
Overnight Trip?

WI & MN
- Yes: 43%
- No: 57%
Avg. 3.7 Nights

Michigan
- Yes: 67%
- No: 33%
Avg. 3.5 Nights

WI & MN:
- No: 57%
- Yes: 43%
Avg. 3.7 Nights

Michigan:
- No: 33%
- Yes: 67%
Avg. 3.5 Nights
How much do your visitors spend?
# Trip Spending (per Spending Unit)

<table>
<thead>
<tr>
<th>Category</th>
<th>WI &amp; MN</th>
<th>MI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lodging</td>
<td>$119.53</td>
<td>$271.32</td>
</tr>
<tr>
<td>Transportation</td>
<td>$71.14</td>
<td>$</td>
</tr>
<tr>
<td>Restaurants/Bars</td>
<td>$72.39</td>
<td>$172.19</td>
</tr>
<tr>
<td>Wine</td>
<td>$101.31</td>
<td>156.87</td>
</tr>
<tr>
<td>All other Food &amp; Beverage</td>
<td>$38.17</td>
<td>$55.10</td>
</tr>
<tr>
<td>Other Shopping</td>
<td>$38.44</td>
<td>$80.56</td>
</tr>
<tr>
<td>Entertainment</td>
<td>$15.20</td>
<td>$25.22</td>
</tr>
<tr>
<td>Recreation</td>
<td>$23.32</td>
<td>18.96</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$479.50</strong></td>
<td><strong>$780.22</strong></td>
</tr>
</tbody>
</table>
What devices do your visitors use for their trips?
Which Influenced Decision to Visit Winery

- Wine Website: 39%
- DMO Website: 19%
- Online Reviews: 15%
- Social Media: 11%
- Paper Brochure: 22%
- Conversation: 56%
- Previous Experience: 40%
- Billboard: 22%
**Devices Used During Trip**

- **Desktop/Laptop**: 8%
- **Phone Calls**: 7%
- **Smart Phone**: 39%
- **Tablet**: 9%
- **Other**: 1%
Pre-Trip Planning Devices

- Desktop/Laptop: 37%
- Smart Phone: 30%
- Tablet: 14%
- Other: 1%
- Phone Calls: 4%
Devices Used to Book/Reserve Travel

- Desktop/Laptop: 28%
- Phone Calls: 17%
- Smart Phone: 16%
- Tablet: 10%
- Other: 0%
What does your website look like on a smartphone?
How do your visitors use social media?
46%
Posted on social media about some aspect of their trip
40%

Posted about winery on social media
Which Social Media Used on Regular Basis

- Facebook: 77%
- Trip Advisor: 25%
- None: 18%
- Yelp: 16%
- Instagram: 16%
8.2% (12% of overnighters) Posted online reviews
Posted Online Review About...

- Winery: 52%
- Restaurant: 43%
- Lodging: 62%
- Other Tourism Attraction: 24%
- Retail Store: 5%
- Other: 5%
Reasons for Posting Online Reviews

- Positive Experience: 66%
- Negative Experience: 50%
- If You Have Time: 66%
- Upon Request: 45%
- If Given a Discount: 41%
Dan McCole
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