Title
Customer experience: a new challenge for the wine industry

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Conference Presentation

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Keywords
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Research Question
What is the state of the art of customer experience in the wine industry between small and big players around the world

Methods
A synoptic approach through three case studies of wineries integrating new IT Technologies to reach their final customers comparing them with the global marketing strategies of the big players.

Results
- The implementation of IT technologies and the relative digital transformations require to commit new intellectual and material resources,
- Large companies are yet implementing comprehensive digital transformations while the SMEs

Abstract
Customer experience is currently integrated in the marketing strategy of the telecoms, insurance and banking sectors in order to identify and to efficiently follow the best matching between customer expectations with their effective perception of after sales services. While the wine industry currently applies the traditional marketing mix model (i.e marketing 4Ps model) with developing its core business focused on wine production and tasting.

Wine experience is not a synonym of Customer experience but a developing key. Wine experiences represent new kind of wine entertainment created to enrich the traditional wine tastings in the cellar. They are proposed, especially in the “new world”, but aren’t integrated in to a structured marketing view where the customer is not only a wine drinker and taster but also a protagonist ready to make a “more than expected” and memorable experience! Wine producers in the “old world” have made wine their philosophy to share and they usually don’t consider that customers have an individual perception of its wines in a context which is perceived with his/her own: “beliefs” and wine knowledge.
At the same time, the impact of IT technologies in the wine business, especially in the relationship between producers and final customers, can bring huge changes in the way wineries sell their products. The IT new devices and software like the new APP, smartphone and video tools seem to be limited to the wine enthusiasts and wine-bloggers who want to discover the vineyards around the world, tell stories gain, visibility on the web and eventually try to run a community manager role for some proactive wineries. As a consequence, new marketing and sales models strongly supported by the evolution of the IT technologies such as the Direct to Consumer (DTC) business are exploding in the US market.

Actually, the implementation of the IT technologies is heavily changing the generic wine business value chain – especially the distribution, marketing and sales and the service “routines” – creating a real gap between the traditionalist and the proactive wineries. The IT technologies are allowing the innovative companies to acquire a new vision of their final customer and to strengthen their relationship. On the other side, consumers are increasingly expecting a rich customer experience. Digitization is boosting consumer purchasing power with new free services while the quality of wine production is greatly improving. The disruption caused by digitization can create or destroy significant value for companies but it depends on their starting positions and on how well they respond to the shifting consumer behavior.

Today, IT technologies are a growing support of the core wine business which is essentially oriented to the selling product issues. Three kind of new technologies are now entering in the wine industry:

• Data mining that represents a process used to extract information from a data set.
• Web technologies or internet technologies comprehensive of www technologies, social networks and web applications.
• Business supports systems that support the business activities (such as CRM, billing systems, business intelligence applications).

In that context, digital marketing is supported by the web technologies giving then to the wine companies a digital access to new markets and final customers. Each producer/innovator can choose either to develop internal competencies or to externalize. For instance, various high-tech US small companies provide such services. Most of the small/medium sized companies question the usefulness of changing their routine integrating new IT technologies and it seems that this resistance is typical of the traditional family owned wineries. On the other hand, the new generation has become aware that storytelling could help to build the brand awareness of their wineries using the social networks. Whether by incorporating the winery or wine-maker’s history in the branding, or hosting special events and activities to complement tastings, wineries and vineyards are finding innovative ways of telling their stories, and inspiring consumers to create their own stories based on their experiences with wine. But it is not a common sense for all. On the other side, it is not up to the customer to adapt to the mindset of the producer. It is the producer duty to listen to the consumer. Wineries have to observe their final customers, up close and over time, and then reflect on what they have learned. Any innovation tentative that does not start by helping individuals to see the world with “fresh eyes” will almost inevitably fall short of expectations. The producer/innovator has to evaluate the opportunity to internalize these competencies – investing in a higher wine education degree and/or hiring new professionals – or to externalize these new tasks to a qualified provider. Looking at other sectors it appears that it is the gap between the innovation impact on the market and the sectorial ability to innovate that define the producer’s decision.

We propose to detail the state-of-the-art of the customer experience in the wine industry through the case study of three wineries between the New World (Napa Valley) and the Old World (a French and an Italian wine grower). A synoptic presentation of their innovation strategies built around the integration of customer experience and IT technologies will be presented and compared to the large corporation strategies around the world.