Bordeaux 2016 Abstract Submission

Title
Investigating the effects of service quality on winery visitors' satisfaction

I want to submit an abstract for:
Conference Presentation

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Keywords
Winery Service Quality, Winery Visitor, Satisfaction

Research Question
Hypothesis 1: Winery staff’s hospitality is positively related to visitors’ satisfaction.
Hypothesis 2: The physical surrounding of a winery is positively related to visitors’ satisfaction.
Hypothesis 3: The quality of wine tastings is

Methods
The study uses a survey questionnaire sent to the members of the wine club of a winery, to gauge members’ satisfaction level with services and products provided by the winery.

Results
Our results largely support the arguments that service quality should be evaluated by making adjustments to some measures in accordance with the context. In the case of wine industry, quality

Abstract
The U.S. wine industry has become fiercely competitive in the past two decades. The number of wineries in the US has increased sharply. The number of wineries has grown from 1,800 to more than 5,000 in 2008 in the U.S. (Swindell, 2015). Meanwhile, the number of wine distributors in the US have shrunk from 3,000 in 1995 to 700 in 2008 (Swindell, 2015). Such a drastic drop makes it more difficult for small wineries—that do not have economies of scale—to sell their wines through wine distributors. As a consequence, winery cellar door sales became an important revenue source for US wineries. In particular, small wineries have placed significant importance on cellar door sales due to their high profit margin and the complex, three-tier system of US winery
distribution regulations (Insel, 2011). Another major benefit of winery door sales is that visitors become a brand ambassador after they visit a winery (Insel, 2011). Also, consumers’ visit to a winery allows consumers to experience the wine production process, vineyard and wine storage which help visitors better understand the tradition and history of a winery (Getz and Brown, 2006; Dodd, 1999). About ninety eight percent of US wineries can be classified as small wineries because they produce less than 12,000 cases annually (Insel, 2011). Not surprisingly, some of these wineries distribute most of their wine through cellar doors. Therefore, direct sales through the wine club members of has an important share in the sales of small wineries. Several researchers (Carlsen, 2011, Charters, Fountain, & Fish, 2009; Dodd & Bigotte, 1997; Quintal et al., 2015) contend that service quality is one of the crucial factors which influences the winery visitors’ satisfaction and loyalty. Winery service quality is a unique, multidimensional, and complex construct due to the scope of the service product offered at the winery and the differing service quality expectations among winery visitors (Carlsen, 2011; Dodd & Bigotte, 1997). A winery offers a variety of service products for a winery visitors ranging from a winery tour to wine tasting at the cellar door. Furthermore, winery visitors’ expectations vary considerably based on the first time visitor or repeated winery visitors (Dodd & Bigotte, 1997). In spite of the critical importance of service quality in wineries, there is a scarcity of research that looks at service quality in wineries. Given the fact that the wineries differ from other businesses due to their service delivery at the production site, this study sets out to investigate the influence of service on winery visitors’ satisfaction with a winery. More specifically, we contend that service attributes that are specific to the wine industry will be important determinants of satisfaction beyond traditional service dimensions pertaining to staff and service quality.

Literature Review & Theoretical Foundations

Winery tourism has evolved as more and more visitors visit wineries. In the case of Napa Valley, CA US, more than 3.8 million visitors visited wineries located in Napa, in 2012 (Stonebridge Report, 2012). Winery visitors not only visit wineries but also enjoy wine festivals and attend events in the wine region (Mason and Paggiaro, 2012; Yuan and Jang, 2007). Charters and Ali-Knight (2002) claim that wine involvement is one of strong factors that motivates tourists to visit wineries. Those who are interested in wine and learning more about wine comprise the major market of winery tourists. Alant and Bruwer (2004) found that tasting, purchasing wine, and finding unique wines are primary motivational factors for winery visitors. Likewise, Alant and Bruwer (2004) claim that experiencing the atmosphere of winery and socializing are important motivational factors related to winery tourism.

Hypotheses Development

Researchers assert that service quality plays an important role when winery tourists consider selecting a winery tourism region. Dodd and Bigotte (1997) found that winery visitors consider the quality of service at a winery, which consists of things such as friendliness, courtesy, knowledge of cellar door employees, as an important factor when they choose a winery. Nonetheless, wineries’ service quality tends to lag far behind winery visitors’ expectations (O’Neill and Palmer, 2004). For example, winery visitors in Australia believe that winery’s staff is not responsive to the winery visitors’ needs and lack the knowledge in answering winery visitors’ questions (O’Neill and Palmer, 2004). O’Neill, Palmer, and Charters (2002) contend that service quality offered at a winery influences winery visitors’ intent to purchase wine at a winery more significantly than the quality of wine. In other words, service quality at a winery emerges as the most critical determinant of winery visitors’ purchase decision at a winery (O’Neill et al., 2002). Charters, Fountain, and Fish (2009) link the importance of hospitality experiences into the winery operation. These authors state that providing a real memorable service through moments of truth by winery staff is of paramount importance to increase the long-term winery visitors’ satisfaction and loyalty. The discussion above offers a foundation for the following hypothesis:

H1: Winery staff’ hospitality is positively related to visitors’ satisfaction.

Several researchers point out that winery tourists view winery visits as an activity that is part of their leisure activities. Bruwer, and Alant (2009) assert that winery tourists seek a hedonic pleasure and the winery tourists’ desire to be out of city life and relax at a winery located in a beautiful rural area. Thus, the scenery and landscape are important criteria when winery tourists choose a wine region (Bruwer and Alant, 2009). Bruwer and Alant also note that the actual experience is at the core of winery tourism because wine is an experiential product. Winery tourism allows winery tourists to cultivate their experiences (Bruwer and Alant, 2009).

Aesthetics of wine region, winery, landscape, and vineyards are important incentives for winery tourists to visit a...
wine region along with infrastructure and accessibility of a wine region (Galloway et al., 2008). Overall, researchers view winery tourism as a way to immerse themselves in a rural and scenic atmosphere of a winery and escape from urban life (Charters and Ali-Knight, 2002; Sparks, 2007). The argument above lead to the following hypothesis.

H2: The physical surrounding of a winery is positively related to visitors’ satisfaction.

Prior research (Brown, Havitz and Getz, 2006; Dodd and Bigotte, 1997; Dodd, 1999) contends that winery visits provide consumers with an opportunity to taste a variety of wines and unique wine. This is because, each wine has a unique taste, flavor, and aroma depending on the terroir of the wine region and winery, and type of grape used in producing wine. Consumers are not able to taste many wines due to large number of wine brands available in the market. There are more than 10,000 wine brands in the U.S. alone. Even the same wine brand may have a different flavor, aroma and bouquet each year depending on the terroir of that particular year. Although wineries have tried to maintain a consistent quality and wine flavor for their brands, a variance in terms of quality is still a commonplace. This is because wine is a product of nature. While wine is sold through a variety of distribution channels, cellar door sales provide consumers with a unique opportunity to experience major brand touchpoints of a winery including a winery’s history, tradition, and production.

Researchers (Galloway et al., 2008) argue that those who have a high involvement with wine tend to visit wineries. Most winery visitors tend to participate in wine tastings during their visit of a winery. Wine tasting is a major goal and activity of winery visit among consumers. Through wine tastings at a winery, visitors can learn about different types of wine produced at the winery and learn each type of the wines along with explanations of wine tasting staff. By the same token, wine tastings provide wineries with opportunity to leave a lasting impression on their visitors and thus earn their loyalty. Consumers who are satisfied with the quality of the wines through the wine tastings are more likely to purchase the wines from the winery (Carlsen, 2011; Dodd, 1999). These arguments make up the corollary for the next hypothesis:

H3: The quality of wine tastings is positively related to visitors’ satisfaction.

Method

Sample and Instrument

The study uses the winery club members of a winery located in Sonoma County, California as the study’s sample. The winery is a medium-sized winery producing mainly Chardonnay and Pinot Noir. One of the main reasons to choose this winery is because cellar door sales account for about 90% of its total revenue. Wine club members receive several benefits such as a 15% discount on wine purchases and an exclusive access to winery’s events. The wine prices range between $20 and $200. Most wineries in the U.S. use winery club memberships because these members are major contributors to cellar door sales. Some wineries in the U.S. sell their wines exclusively to their wine club members and accept only winery club members for visits and tours. The satisfaction and loyalty of a winery club members are important since they often become brand ambassadors for a winery and spread a positive word of mouth to their acquaintances through social media. The study uses a survey questionnaire sent to the members of the wine club to gauge members’ satisfaction level with services and products provided by the winery. A total of 447 of the received responses were usable due to missing data and incomplete surveys.

Measures

There are three independent variables in this study. The first variable captures intangible service quality and is measured by two statements: staff hospitality and staff service quality. The internal consistency for this scale was 0.65 which is below the threshold of 0.70 (Nunnally, 1978) but we maintained this measure due to its theoretical importance. The second variable represents the physical surroundings of a winery. It is measured by three statements about winery site, winery gardens and the architecture. Cronbach’s alpha for this scale was 0.85 which is above the suggested value of 0.70 (Nunnally, 1978).

The outcome variable in this study is satisfaction and is measured by a single statement. The following question was asked to the study participants “Are you satisfied with our winery?” to measure satisfaction of the winery visitors. All variables are measured with a five-point Likert scale, ranging from strongly disagree to strongly
agree.

The present study uses two control variables that are expected to have an influence on satisfaction. First, we control for gender effects by using a dummy variable where men are coded as 1 and women as 0. We also took into account the fact whether members visited the winery in the past 12 months. For that purpose, we created a dummy variable where members who had visited the winery in the past 12 months at least once were coded as 1, and 0 if they did not so.

Data Analysis

We employ a linear regression modeling to examine the relationships between independent and dependent variables. We used hierarchical regression to show the additional influence of specific wine service attributes (the physical surroundings of a winery and quality of wine tastings). First, we employ a baseline model with the two control variables (Model 1). Second, we include intangible service quality (Model 2). Next, we include the two attributes of wine tastings separately in Models 3 and 4. Model 3 includes the physical surroundings of a winery and Model 4 encompasses quality of wine tastings. Finally, to assess the joint effect of two wine tasting attributes, we present Model 5 which includes variables in Model 2, the physical surroundings of a winery and quality of wine tastings. The following equation is a depiction of Model 5 which includes \[ \text{Satisfaction} = \alpha + \beta_1 \text{Gender} + \beta_2 \text{Visit} + \beta_3 \text{Intangible Service} + \beta_4 \text{Physical Surroundings} + \beta_5 \text{Quality of Wine Tastings} \]