

Padua 2017 Abstract Submission

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Conference Presentation

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Keywords

brand equity, consumer behavior, economic development, place branding

Research Question

The authors measure the effects of consumer-perceived regional brand equity on future intentions towards regional wine purchase, winery visits, and willingness to pay for U.S based North Carolina wines.

Methods

Visitor data were collected at 23 regional wineries, including demographics, motives, and perceptions of and intentions toward NC wines. SPSS and SmartPLS were employed in analyzing the model presented.

Results

Knowledge and regional wine brand equity influence consumer motives, which in turn affect intentions. Willingness to pay for NC wine is influenced by prior wine purchase history and income levels.

Abstract

Exploring the Influence of Regional Brand Equity in an Emerging Wine Sector

INTRODUCTION

This paper explores regional consumer-based brand equity (CBBE) in the specific context of U.S. wine businesses in North Carolina. The concept of brand is studied at the regional level rather than inspecting wine brands at the individual firm level, since the focus is on economic development of the statewide wine industry. The state industry now has close to 200 wineries, a major increase from 10 wineries in 2000 with current economic impact estimated at 1.71 billion. With this expansion, the state wine industry is increasingly concerned about developing its wine brand image. State-sponsored strategies have been instituted with an eye to “buy local” movements, such as “Got to be NC Wine,” and are applied to wine marketing as well as to other agricultural goods. Inter-firm cooperative efforts are increasing to enhance visibility of NC wines through product quality management and pursuit of wine awards (Canziani, Byrd, Bhadury, Troy, & Banks, 2014).

The current study examines the role of regional CBBE in attracting consumers to regional wine products, following extant logic that fostering regional awareness is useful for increasing the level of sales for both large and small wine firms in a geographic area (Bernabe´u, Brugarolas, Martinez-Carrasco, & Diaz, 2008; Bruwer & House, 2003; Bruwer & Johnson, 2010; Lockshin, Jarvis, d’Hauteville, & Perrouty, 2006; Yasin, Noor, & Mohammad, 2007). Additional consumer indicators, such as subjective wine knowledge, product and experience motives, and future intentions towards regional wine purchase, winery visits, and willingness to pay for NC wines are included in the model to gain a fuller picture of the role of regional CBBE.

BACKGROUND

The concept of regional brand equity used in the paper derives from two sources. First, brand equity is treated as a consumer-based perceptual measure that focuses upon consumers' personal opinions and evaluative judgments of the brand (Keller, 1993). Measures of CBBE integrate facets of perceived quality (PQ) and perceived value for cost (PVC) among other items (Aaker, 1992). Both Aaker (1992) and Keller and Lehmann (2006) suggest that CBBE signifies value to the consumer and to the firm (and by extension to the regional industry).

Secondly, investigation into regional CBBE benefits from an understanding of place branding, since a wine product's association with a geographical region at best complements and at worst supersedes the importance of individual firm reputations (Bruwer & Johnson, 2010). The adoption of a place-branding perspective achieves two important goals for an emerging wine region such as North Carolina, i.e., (a) preparing the wine region to compete in an inter-place market with high barriers to entry due to historical dominance of existing regional players and (b) providing the impetus for within-region wine businesses and allied partners to cooperate in the strengthening of positive regional CBBE (Hankinson, 2015).

Given the foregoing rationale for studying regional CBBE, the next step is to infer drivers and consequences of consumer perceptions of regional wine. Research has demonstrated that variables such as consumer subjective knowledge can influence subsequent consumer motives and actions (Canziani, Hwang, & Byrd, 2016; Graeff, 1997). A three-item measure of subjective regional wine knowledge serves as a primary antecedent of regional CBBE in the model along with regional affiliation (in-state versus out-of-state consumer).

CBBE has been seen to project future brand purchase behavior and this effect is applicable across product classes (Netemeyer et al., 2004). Thus, regional CBBE is anticipated to affect consumer search and experience motives (Hall & Lockshin, 2000) and, indirectly, consumer behavioral intentions, including willingness to pay for NC wine. Work on business model innovation articulates the need for research that holistically examines consumer desire for both goods and supporting services or experiences (Visnjic, Wiengarten, & Neely, 2016). In this study, product motives refer to consumers being motivated to buy or consume regional wines. Experience motives relate to the pursuit of a specific set of ancillary services provided by wineries in support of product purchases, e.g., learning about wine, touring a winery, speaking with the winemaker, and visiting wine trails within the region.

METHODS

Visitor data were collected at 23 NC wineries using a self-administered questionnaire that included demographics and perceptions of, motives, and intentions toward NC wines. A sample of 832 visitors represented an 81% response rate of visitors approached with 658 usable surveys for the current analysis. SPSS™ version 23 and SmartPLS™ version 3 were employed in analyzing the model (see attached file for model).

FINDINGS

A majority of visitors were from North Carolina. Other demographics were similar to extant studies, i.e., older, largely female, having comparatively higher education and income levels. Analysis of relations among the variables showed some significant results (see attached file for figures and tables). All item loadings were consistent with reliability and validity criteria standards commonly adopted for PLS measurement models.

Respondent subjective knowledge about regional wine has a slight influence on perceived regional wine brand equity; the latter, in turn, has a slight influence on winery experience motives and a moderate influence on product search motives. Only product motives have a significant effect on intentions to visit regional wineries and buy regional wines. In a separate analysis, willingness to pay for regional wine was related to prior wine purchase history and income levels, but not to perceived regional brand equity.

CONCLUSIONS AND FUTURE RESEARCH

Regional brand equity in this study was seen to influence respondents' motivations to buy and consume regional wine and, indirectly, their future intentions to visit regional wineries to pursue these goals. These findings are consistent with the literature, in that regional CBBE can have significant impacts on important consumer

motivations and behaviors affecting wine sales in regional markets (Duhan, Kiecker, Areni, & Guerrero, 1999).

The degree of knowledge a consumer reports having about regional wines does not appear to be a major influence on regional brand equity in this particular case, leaving open the question as to what drives CBBE for emerging regional wine markets. Other variables not assessed in this research study such as consumer involvement have been shown to be tied to the importance of place-of-origin attributes (Cox, 2009) and might serve in future research efforts. Consumer propensity for local consumption may be a factor since the opportunity to sell to local consumers is particularly strong for agricultural products (Tootelian & Segale, 2003). Although a majority of respondents were in-state residents, consumer affiliation to product point of origin (in-state or out-of-state consumer) had a negligible impact on regional CBBE. Future research efforts might apply a self-reported scale on commitment to buying local to ferret out additional attitudinal information on propensity for local consumption.

In terms of other future research, work on place branding suggests that dominant industry partners can exert exceptional influence on perceptions of place; for example, perceptions of a few wineries in a region may comprise the bulk of effects on regional CBBE (Pike, 2005). This occurs if consumers form opinions about a wine region that are biased due to overestimating the probability that all regional wines are like the one or two they have sampled from the area. Also, as in the franchise industry where global franchise brands are affected by local franchisee behaviors (Nyadzayo, Matanda, & Ewing, 2011), the citizenship behavior of area wine firms is a critical factor in the economic development of a wine region. These are important issues that may be explored to better understand the role of regional brand development in the wine sector.

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BACKGROUND

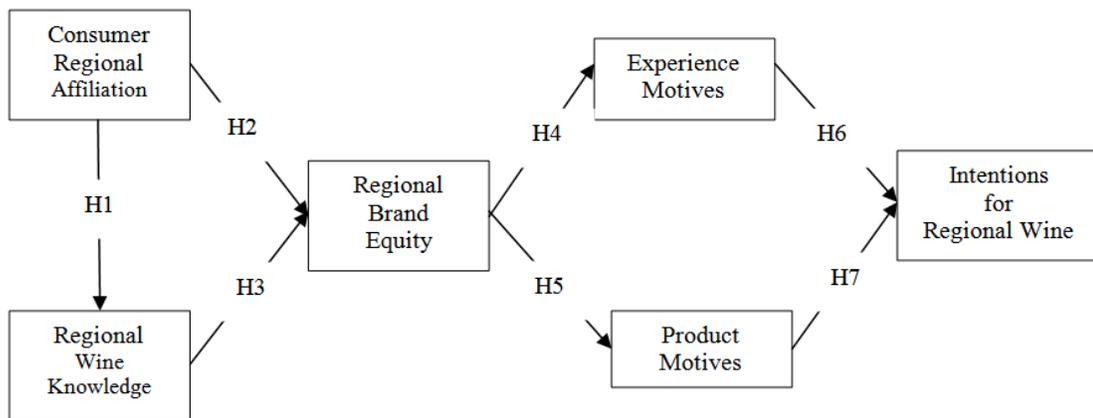
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Figure 1 Model of consumer intentions towards regionally-branded wine



METHODS

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FINDINGS

A majority of visitors were from North Carolina. Other demographics were similar to extant studies, i.e., older, largely female, having comparatively higher education and income levels.

Table 1 Demographic profile of respondents (n = 658)

Demographic characteristics	Percentage (%)
<i>Gender</i>	
Male	33%
Female	67%
<i>Education</i>	
High school or below	7%
Some college or 2-year college degree	29%
4-year college degree or higher	64%
<i>Annual household income (USD \$)</i>	
Below \$25,000	5%
\$25, 000 to\$49,000	20%
\$50,000 plus	75%
<i>State of origin</i>	
In-state	74%
Out-of-state	26%
<i>Mean age</i>	45.6

Analysis of relations among the variables in Figure 1 showed some significant results as seen in Table 2. All item loadings were consistent with reliability and validity criteria standards commonly adopted for PLS measurement models.

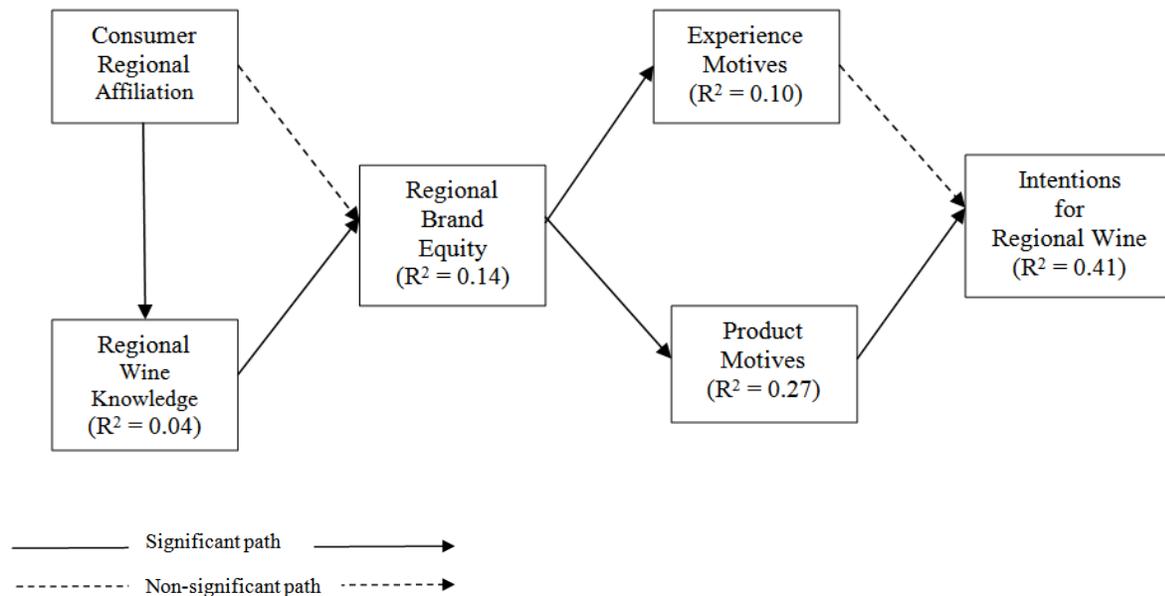
Table 2 Structural estimates (hypotheses testing)

Hypotheses	Beta	T Value	Decision
H1 Regional Affiliation → Regional Wine Knowledge	0.195	4.544**	Supported
H2 Regional Affiliation → Regional Brand Equity	0.060	1.805	Not supported
H3 Regional Wine Knowledge → Regional Brand Equity	0.361	9.785**	Supported
H4 Regional Brand Equity → Experience Motives	0.321	6.294**	Supported
H5 Regional Brand Equity → Product Motives	0.517	11.531**	Supported
H6 Experience Motives → Intentions for Regional Wine	0.022	0.416	Not supported
H7 Product Motives → Intentions for Regional Wine	0.631	12.221**	Supported

Notes: Critical t-values. **2.58 (P < 0.01).

As seen in Figure 2, respondent subjective knowledge about regional wine has a slight influence on perceived regional wine brand equity; the latter, in turn, has a slight influence on winery experience motives and a moderate influence on product search motives. Only product motives have a significant effect on intentions to visit regional wineries and buy regional wines. In a separate analysis, willingness to pay for regional wine was related to prior wine purchase history and income levels, but not to perceived regional brand equity.

Figure 2 Display of R² results for model



CONCLUSIONS AND FUTURE RESEARCH

Regional brand equity in this study was seen to influence respondents’ motivations to buy and consume regional wine and, indirectly, their future intentions to visit regional wineries to pursue these goals. These findings are consistent with the literature, in that regional CBBE can have significant impacts on important consumer motivations and behaviors affecting wine sales in regional markets (Duhan, Kiecker, Areni, & Guerrero, 1999).

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