

## Vienna 2019 Abstract Submission

### Title

U.S. wine region brand equity: Familiarity, image, quality, and value, explaining loyalty

### I want to submit an abstract for:

Conference Presentation

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### Keywords

wine regions, quality perceptions, consumer wine preferences, wine purchasing intentions, willingness to pay

### Research Question

What impact does U.S. wine region reputation have on consumer preferences, willingness to pay, purchasing behavior, and visit intentions; and how does tourism to these regions impact the aforementioned factors?

### Methods

Cross-sectional survey design used to collect data from a large sample of US residents. SEM techniques used to test the CBBE model with latent variables observed with 7-point multi-item scales.

### Results

Preliminary indicators show that familiarity, image, value and quality perceptions of wine production regions within the U.S. impact consumer loyalty towards wine products as well as wine regions as destinations.

### Abstract

Background

Dimensions of wine region brand equity based on production region and/or American Viticultural Area (AVA) has received scant attention in the consumer behavior, marketing, or food and beverage literature, with the most recent extant studies dating back more than a decade (e.g., Batt & Dean, 2000; Lockshin, Jarvis, d'Hauteville, & Perrouty, 2006; Orth, Wolf, & Dodd, 2005). Studies in Australia have found wine origin to be one of the most important determinants of consumer wine purchase decisions (Batt & Dean, 2000; Tustin & Lockshin, 2001), while European research has confirmed country of origin to be a primary consideration in consumers' wine purchase decision making (Dean, 2002; Koewn & Casey, 1995; Gluckman, 1990; Skuras & Vakrou, 2002). Wine production region has also been shown to be a cue to wine purchasing for which consumers are willing to pay (Angulo, Gil,

Gracia, & Sanchez, 2000; Combris, Lecocq, & Visser, 2000; Gergaud, 1998; Gil & Sanchez, 1997; Quester & Smart, 1998; Rasmussen & Lockshin, 1999; Skuras & Vakrou, 2002).

Wine regions have often been referred to as “brands” in their own right, with the value of regional brands differing according to their reputation and, in turn, affecting the prices commanded by their wines (Schamel, Gabbert, & von Witzke, 1998). Further, wine regions have been shown to have different levels of salience, which also affects purchasing decisions (Lockshin, Romaniuk, & Tustin, 2003; Romaniuk & Sharp, 2002).

Since the time of the aforementioned studies, a number of wine regions have evolved considerably in both wine quality and quantity, as well as in their wine tourism offerings. Additionally, while all fifty U.S. states produce wine, most of the studies examining the effects of wine region reputation have been conducted in Australia and Europe, and no academic research appears to have been conducted in order to ascertain the impact that the reputation of U.S. production regions (both wine-producing states and specific AVAs) has on consumer preferences, willingness to pay, purchasing behavior, or visit intentions, or indeed how tourism to these regions may impact the aforementioned factors.

Wine tourism, also an important factor in both determining and resulting from regional reputation, has attracted the attention of both practitioners and academics since the 1990s due to its potential for sustainable economic and social development of destinations (Hall & Mitchell, 2000). This increasing attention to wine tourism is also manifested through an increasing number of wine tourism events around the world, wine tourism organizations and associations, and wine tourism related journals, books and awards. One of the first wine tourism conferences was held in Australia in 1998, with the first UNWTO Global Conference on Wine Tourism held in the Kakheti Region of Georgia in 2016 (UNWTO, 2016).

While wine tourism has received ample attention globally including in the United States, and especially in states where climatic conditions enable the growing of *Vitis Vinifera* varieties, e.g., California, Washington, and Oregon, little attention has been paid to how regional reputation affects wine tourism or how wine tourism affects regional reputation and how this, in turn, impacts consumer preferences, willingness to pay, and purchasing behavior. This becomes even more important in the lesser known wine regions and/or those where non-traditional grape species may be used, such as New York, Virginia, Pennsylvania, Michigan, and Florida.

Extant research therefore highlights important gaps in the literature, specifically relating to the impact that wine production region has on perceived wine quality, and the resulting effect on consumer preferences, willingness to pay, purchasing behavior, and visit intentions. This is particularly pertinent to the United States, where there may be very different perceptions of the different wine production regions and the quality and types of wines that they produce. This study will help to fill these gaps. The ultimate goal of this research is to design effective strategies and tactics for the industry to overcome challenges and to take advantage of opportunities based on regional reputation.

## Methodology

This study follows a quantitative method approach to achieve the objectives of the study. Cross-sectional survey design is used to collect data from a large sample of US residents. A structured survey was developed on Qualtrics and applied on Amazon MTurk. Seven-point Likert-types scales were used to measure the components of wine region brand equity, namely Familiarity, Image, Quality, Value, and Loyalty. SEM techniques from the AMOS package of SPSS were used to test the CBBE model with latent variables observed with 7-point multi-item scales.

## Results

Preliminary indicators show that the familiarity, image, value and quality perceptions of wine production regions within the United States indeed impact consumer loyalty towards not only the wine products but also the regions as destinations. Traditional wine producing states, particularly the three west coast states that benefit from strong reputations, present competitive challenges for non-traditional wine producing states, particularly those growing non-*Vinifera* grape varieties.

Results of this study will inform the wine industry, as well as DMOs, about consumer sentiments to be used for

strategic wine marketing and wine tourism development across the United States. The study findings will help the industry to boost regional U.S. wine branding, thereby strengthening the consumer based brand equity of regional wine brands in the country. The findings of this study will additionally aid in formulating more comprehensive regional wine marketing research proposals to be submitted to relevant organizations.

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