The importance of social media technology of Yarra Valley wineries in Australia

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Abstract

This paper is part of a larger study that examines the acceptance of social media technology in the wine industry in the Yarra Valley in Victoria, Australia from a winery’s viewpoint. The purpose was to investigate the wine industry’s knowledge of the seven main social media platforms identified by Wollen (2011) and their current social media practices. The umbrella question to this study is does the wine industry understand social media platforms? Secondly, are wineries currently using social media mediums for business and finally, will social media be a growing part of the wineries overall marketing campaign in the future. The results indicate that there is a low level of understanding regarding the different social media platforms including how the platforms differ, how they operate, who uses them and the purpose behind individual platform examples such as Twitter or Facebook. The majority of wineries indicated that social media should be part of their overall marketing strategy but lack the expertise, time and financial resources to have fully integrated campaigns as there is no clear understanding of how to make a return on investment therefore few currently dedicated any resources. Two larger wineries in the region were the exception to the rule indicating a highly targeted social media campaign that has increased revenues for each winery. This paper may assist in other wineries nationally or globally in adopting new sales techniques through social media therefore allowing the wine industry to continue to expand and remain relevant in todays’ competitive environment. Future research may include other wine regions and/or countries as the methods applied in this study can be easily replicated.

Keywords: social, media, platforms, wineries, Victoria, Yarra Valley
Introduction

Wine cultivation has been in existence for centuries (Iland & Gago, 2002). Over time, wine cultivation has spread throughout many regions around the world and six continents (Schmid, 2008). Australia is a relatively recent addition to the wine sector and considered part of the New World regarding wine production (Thach & Matz, 2004). To remain profitable and seemingly compete with increasing world-wide glut of wine, Australia and her wine regions such as the Yarra Valley in Victoria has had to adapt in many ways. This includes introducing new technologies for farming and adjusting to the modern era that has occurred over time (Allen, 2012). The latest challenge for the wine industry in general is to determine how to use social media as a sales tool considered a Web 2.0 technological platform. There has been a major shift in technology and social media has become “a wide-spread phenomenon focused on connecting, sharing, and collaborating” (Bosman & Zagencyk, 2011, p.3). It is not surprising that the wine industry seeks to utilise social media platforms to assist in marketing, brand-awareness and sales generation even though it may not be evident how it all fits. This may be due to the perception that social media “can deliver little value” and “wastes time” (Bradley & McDonald, 2011, p.3) or it may be that the wine industry is at the forefront of social media adoption? What-ever the reason, social media remains a growing tool for personal communication and branding and will continue to grow (Schawbel, 2010). The wineries perceptions of social media may differ from other industries as they do not currently see it as a tool used by their target markets (Christou & Nella, 2012) whereas other industries have embraced it (Bradley & McDonald, 2011).

This interpretive study, seeks to better understand the decision-making process of the wine industry with regards to social media using seventeen wineries as a case study from the Yarra Valley in Victoria. Very limited (only one in the US has been identified however this was content analysis and email responses only) studies have been undertaken that specifically identifies social media and how the wine industry is or is not utilising this new technology. The benefits of this research may provide guidance for the wine industry in determining the value of investing time or resources to social media campaigns.
Although social media platforms are rapidly changing, being adapting and new innovative ideas is being constantly introduced, there are some platforms (categories) that the majority of all new innovations will fit into. These social media platforms are highlighted in Table 1. Although there are seven broad categories of social media, some of the examples may overlap into more than one category depending on what is trying to be achieved. Table 1 assists in giving structure to the wine industry stakeholders for discussion.

Table 1: Social Media Platforms

<table>
<thead>
<tr>
<th>Social Media Main Platforms</th>
<th>Examples are endless but include:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Blogs</td>
<td>^Twitter</td>
</tr>
<tr>
<td>2. Ratings and Reviews</td>
<td>^Facebook</td>
</tr>
<tr>
<td>3. Referrals and Sharing</td>
<td>^Friends United</td>
</tr>
<tr>
<td>4. Forums</td>
<td>^Dating sites</td>
</tr>
<tr>
<td>5. User-created Content</td>
<td>^Send email to a friend feature</td>
</tr>
<tr>
<td>6. Member Profile</td>
<td>^Recommendation buttons</td>
</tr>
<tr>
<td>7. Social Networking</td>
<td>^Wikipedia</td>
</tr>
<tr>
<td></td>
<td>^Personal blogs</td>
</tr>
<tr>
<td></td>
<td>^Feedback on websites etc</td>
</tr>
</tbody>
</table>

Source: Adapted from Wollan (2011; also cited Christou & Nella, 2012).

Method:

Three focus groups were used to obtain in-depth information of the perceptions of social media by individual wineries lasting up to one hour in length. Participants were categorised into small, medium or large wineries based on grape yield (identified by them). The most appropriate persons from the winery was represented which was the persons that used social media for marketing purposes therefore job titles varied. Nine wineries were categorised as small, six medium and three large. The focus groups were conducted on three separate occasions. A focus group methodology was used as it can be very effective in exploring issues and enhancing discussion to form
grounded hypothesis (Morgan, 1988; Milman, 1993; Agar & McDonald, 1995). Focus groups have been used successfully to explore personal views about particular issues for a long time (Vyakaram, Bailey, Myers and Burnett; Berry & Ladkin, 1997) and considered an acceptable method of data collection. A random approach for participate selection was used therefore every second winery in the Yarra Valley (wine district of Victoria in Australia) was randomly selected from Tourism Victoria’s promotional wine list until eighteen people agreed to participate. Participants were initially asked their perceptions of social media and the types of campaigns or usage they are currently utilising. The interviewer then asked each participant to articulate their understanding of the seven platforms of social media by Wollen (2011). Further discussions included purpose and future investment in social media for their winery.

Results

The three focus groups produced eighteen participants (15 male, 3 female) from eighteen independent wineries allowing for a large volume of qualitative results. Fifteen out of the eighteen wineries indicated that they had a low understanding of social media and how it works as a business model. “I know I should be using it but don’t know how” (par.12) is representative of the majority of wineries. There is also a strong view that social media “is free” (par. 9) therefore not a strong marketing tool. It appears that all respondents are open to embracing social media and dedicate resources (initially only an employees’ time) to test how social media works and how it can potentially increase sales. This also supports the notion that social media is free. All respondents were open to the suggestion that sales did not necessarily mean direct wine sales. Only twelve wineries had the ability to make revenue from other services including food and beverages offered at the winery, two had accommodation and one large winery could host events. Additionally, three wineries charged for tours, eight had a gift shop and another offered individual picnic hampers that were taken off premises. All participants suggested that any increase in any sales due to social media would be the ultimate goal for investing further financial resources. Surprisingly brand awareness
was not a goal of the wineries believing they have greater control of their brand by not utilising social media contrary to other opinions (Bradley & McDonald, 2011) except for two of the large wineries that see it as very important.

Using the seven platforms of Web 2.0 technology identified by Wollen (2011) as a structure for discussion and categorising social media platforms, it emerged that the majority of participants could not articulate the difference between many of them. Again, this appeared to be due to a lack of understanding and participation in using social media platforms for business purposes as ‘they do not have the time to investigate’ (par.2). For example one participant commented that ‘blogs are a waste of time in our industry as no one reads them’ which Johnson (2010) reported in his findings. Another comment stated ‘when so many people are referring wines, who do you trust?’ This has the perception of sales dilution. The third platform the participants disregarded was user-created content. It was generally perceived ‘that sales would not be likely using this platform as too much time and effort would be devoted to no return’ as quoted by a Marketing Manager. ‘Clearly if a winery product got a great review it can only help sales’ said a winemaker from a large winery which supports Leung, Lee & Law (2012) findings about social media usage in general. However, all agreed that it was very difficult to prove unless it was a stand-alone campaign. Forums were also seen as positive as a winery representative said they could ‘interact directly with the customer’ by answering questions. Member profiles were perceived as a direct sales tool with potential customers actively signing up for promotions. This was just like ‘direct marketing campaigns’ suggested a participant. Social networking was considered however the lack of evidence that it works in the wine industry was strongly voiced by almost 90% of participants. The majority of respondents did know that ‘placing ads on Facebook may work’ (par.13) therefore would potentially explore this platform but did not know other ways of promotion accept ‘like me’ but felt it really only created brand awareness for a very short period of time and not really relevant.
Conclusion

This paper suggests that current Yarra Valley wineries do not utilise all social media platforms due to a lack of understanding and perception of little financial return. All wineries have a social media presence mainly being Twitter and Facebook but is considered very low compared with other industries. It is also apparent that the wine industry in the Yarra Valley does see potential in social media platforms to assist in sales generation but has not yet witnessed major success as evidence therefore little time and financial investment is dedicated to this form of marketing. However, two of the large wineries actively use social media in their campaigns did suggest that social media does increase sales predominately through special wine releases and individual targeted promotions. All agreed that social media should be used to increase sales but the majority did not see social media campaigns in increasing brand awareness. The wineries of the Yarra Valley have a very low understanding of social media and how to use it to increase sales or revenues. The wine industry is open to change and will utilise it in the future but only invest resources if there is a proven record of success either by reviewing other industry practices or trial and error in a low cost manner.

This study is important in understanding how social media is perceived by the wine industry itself and perhaps where future marketing campaigns may adopt social media. It is interesting to note that many countries have their own different versions of social media therefore what may work in English speaking countries may differ in non-English speaking countries. As this study can be replicated to other wine regions globally, the potential for a larger sample size is exponential therefore overcoming the limitation in sample size. The perceptions may vary depending on the success of individually branded social media products and services such as Twitter or Facebook and future products of social media.

References


