Wine Consumer Market Surveys

15 Michigan Tasting Room Visitor Survey and
6 State Random Household Member Survey

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Background and Rationale: Effective marketing of wines made from cold-hardy grapes requires development of comprehensive information about existing and potential consumers. Examples of information include: level of awareness of the cold-hardy wines (i.e., brand awareness), wine purchase behavior, wine consumption behavior and preferences, travel, tourism and wine linkages, and consumer perceptions of cold-hardy grape wines (i.e., quality rating).

Treatments: Two groups of consumers were targeted to survey. The first group was Michigan tasting room visitors-known wine drinkers. The second was the general population of households in: Michigan, Ohio, Indiana, Illinois, Wisconsin, and Minnesota. Information was collected from both groups using similar questionnaires developed by the research team in collaboration with stakeholders. The tasting room questionnaire included about 50 questions in the following categories.

- Day of travel queries (e.g., wine purchase, price paid, distance traveled that day)
- Total trip queries (e.g., trip purpose, duration of trip, activities on trip)
- Travel party, spending queries (age/sex of members, type of expenditures, residence)
- Wine purchase and consumption behavior (price paid per bottle by source, wine type preferences, consumption frequency, purchase venues)
- Knowledge of cold-hardy grapes and wines (how familiar, tasting experience, perceived "quality," what varietals)
- Tasting room experience rating (staff friendliness and knowledge, facility, wine quality, overall experience)

Methods: The Michigan tasting room survey was conducted mid-year 2012. Tasting room visitors were quasi-randomly selected by employees of 15 Michigan tasting room research collaborators and asked to participate in the study. Contact information was collected from those willing to participate. This information was forwarded to the Michigan State University (MSU) research team and was used to send questionnaires by U.S. mail or email to prospective respondents.

The six state general population survey was conducted by U.S. mail utilizing a random sample of household addresses purchased from a vendor. A total of 4,500 questionnaires were mailed mid-year 2013 – 1000 to Michigan residents and 750 to residents in Ohio, Indiana, Illinois, Wisconsin, and Minnesota. One reminder postcard was sent about two weeks after the initial mailing. A sample of 200 non-respondents was sent a second questionnaire in order to assess potential non-response bias in the data collected from respondents to the initial mailings.

Results:

Tasting Room Survey- Selected Highlights.

The 15 partner wineries provided contact information for 3,649 potential respondents. About 40% of them (1552) completed the survey. Response rate for questionnaires returned by U.S. mail was 39%; response rate for questionnaires completed online was 41%. This high rate of response and large numbers of questionnaires returned indicates that the data generated in the tasting room survey are of high quality and will support a wide range of analyses.

Given the extent of the potential analyses of the tasting room survey data set, only a selection of the more interesting results can be briefly reported here. An example that serves the dual purpose of illustrating one way that was used to disseminate results and to highlight an interesting finding is presented in Table 1.

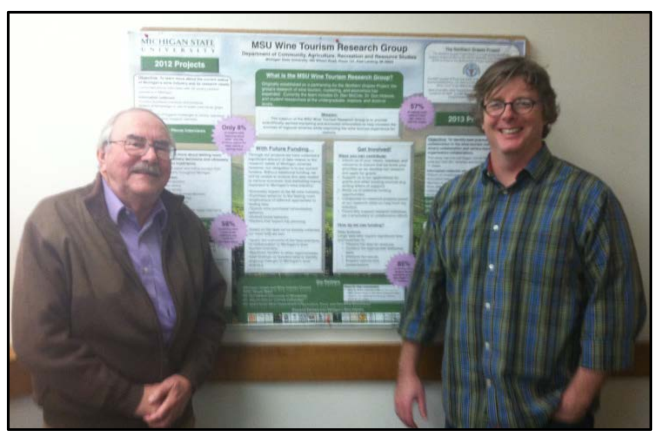
Table 1. Primary purpose of winery visit.

	Named Winery	NW Michigan	State
Purchase wine	22.4	18.7	20.3
Socialize with friends or family	16.4	19.5	19.2
Meet the winemaker	0.9	0.6	1.0
Learn more about wine	8.6	7.9	7.1
Enjoy a rural setting	1.7	1.2	1.0
To be entertained	1.7	1.8	1.7
Have a relaxing day out	27.6	27.3	26.4
To have a unique experience	14.7	12.6	11.1
For an event	1.7	1.6	2.0
Other	4.3	3.7	5.0

Each of our 15 winery tasting room research partners received a report of results specific to that winery (i.e., the "named winery") along with results for the region where it is located as well as statewide results. The results for the "named winery" in this case are quite similar to those for the region and the whole state. The interesting result here is that the purpose of the visit to the winery is more about "the experience" than about "the wine."

Some other interesting results include the following:

- Almost 60% traveled more than 100 miles from home to visit the winery
- Over 90% purchased wine at a tasting room on their trip, purchasing an average of 7.4 bottles at an average price of $16.50/bottle
- About 75% visited multiple wineries (average=2.65)
- Only 23% said the primary purpose of their entire trip purpose was to visit a winery



Michigan State Univ. Northern Grapes Marketing and Economics Team (Drs. Don Holecek and Dan McCole)

- Yet, about 75% said that visiting a winery was at least important in their travel decision
- About 30% avoid tasting rooms that charge a fee
- Mean “spending unit” size was 2.7 /60% female
- Mean expenditures for spending unit was $780 ranging from $271 for “lodging” to $19 for “recreation”
- Over 67% only began to plan their trip within the last month
- They typically spend $9-12 for “every day” wine at home; $12-20 for “premium” wine at home
- Dry red wines are more popular than sweet red wines, but sweet white wines are slightly more popular than dry white wines.
- About two-thirds consume wines when eating out at least 1 or 2 times per month
- On average, they take 2.2 wine tasting trips per year
- Nearly 70% are willing to pay slightly more for a locally produced wine

General Population Survey- Selected Highlights-

The rate of response to the general population survey (GPS) was about 9%, far lower than for the tasting room survey. Still, it is in line with the response rate to similar random household surveys of this type. Only about 75% of the total respondents (about 400) indicated that they drink wine. The results presented in Tables 2 and 3 below in the regional wine drinkers’ column are based only on wine drinker respondents, about 300 in total. Analyses of the GPS data are not as far along as for the tasting room survey data set. The driving reason for conducting the GPS was to compare results from a larger geographically dispersed population to the more local Michigan tasting room population which has a demonstrated taste for local wines. To illustrate the outcome from comparing the two populations surveyed, results for cold hardy grape wines are presented in Tables 2 and 3. Level of reported awareness of these wines is relatively low across both populations but is higher among Michigan tasting room visitors (45%) than across residents in the six states general household population (29%).

Table 2. Reported level of awareness of cold-hardy grape wines (Michigan Tasting Room Visitors vs. Regional Wine Drinkers).

Reported level of awareness	Tasting room visitors (Michigan Tasting Room Visitor Survey)	Regional Wine Drinkers (Six State Random Household Survey)
Not Familiar	55.5%	70.8%
Somewhat Familiar	26.3%	21.7%
Familiar	14.3%	5.7%
Very Familiar	3.9%	1.8%

The good news for cold hardy grape wine producers is evident in the results in Table 3.

Table 3. Reported perceptions of cold-hardy grape wines when tasted (Michigan Tasting Room Visitors vs. Regional Wine Drinkers).

Perceptions of wine tasted	Tasting room visitors (Michigan Tasting Room Visitor Survey)	Regional Wine Drinkers (Six State Random Household Survey)
Liked a lot	41.9%	39.3%
Liked a little	29.9%	31.1%
It was okay	23.9%	27.9%
Dislike	3.4%	1.6%

In this case, the differences between the two populations' responses are minimal, with those that "dislike" these wines falling in a 2-4% range.

What the results mean: Interviews of Michigan Winery operators indicate that almost all of them sell a significant amount of the wine they produce to visitors to their tasting room(s). It's not unusual among smaller wineries to sell 75% or more of their output directly to their tasting room patrons. Some of the more useful insights gained from Michigan tasting room visitors follow.

- More often than not, visitors are on a pleasure trip to an area rather than specifically destined for a winery or wineries. Hence, wineries that actively collaborate with other "tourist" organizations to enhance and promote the region's tourism "product" stand to benefit from increased tourist traffic.
- A small percent of tasting room visitors (30%) avoid venues that charge for tasting wine. Wineries that develop a strategy to mitigate reluctance to pay for a tasting can capture a share of this market segment. Some respondents to the survey suggested rebating the tasting fee to visitors who buy wine would be an attractive incitement.
- The finding that about two-thirds of visitors began to plan their trip 30 days or less before leaving home suggests that marketing/advertising should be a more or less an on-going effort.
- The finding that wine drinkers are willing to pay more for locally produced wine is beneficial but the added price should probably not be set more than 20% above comparable non-local wines.
- Given that there is considerable confusion about what is a cold-hardy grape varietal and the probability of bias in responses to the set of cold-hardy queries in the two surveys (i.e., they are more likely to say they are familiar with them "to please" the interviewer), arriving at a definitive cold-hardy grape wine brand awareness level measure is problematic. Results suggest brand awareness is 30-40% among wine drinkers and about 10% across the adult population. And, these estimates are probably biased upward. Growing brand awareness is certainly important to the success of these wines in the market place.
- The vast majority of people who have tasted cold-hardy grape wines rate them as being at least "okay." About 40% rate them as "liked a lot." Investing in expanding opportunities to taste these wines can be expected to yield a strong positive rate of return.
- From a methodological perspective, the similar rates of response to the U.S. mail and online versions of the questionnaire are especially surprising. It suggests that considerable cost savings are possible without reduction in data quality by conducting surveys of this type using the research method employed in this study. That is, future tasting room market surveys can employ the internet to reduce survey costs without sacrificing data quality.