

BIE 2009-11, Phase 1 Progress Report
Project Director: Mahmood Hussain, PhD
Task: In-Depth Interviews of Wineries or Wine Tourism Related Organizations

INTRODUCTION

International wine tourism represents a growing opportunity for small wineries to mitigate negative impacts of the current economic downturn on wine sales. One outcome from this project will be a marketing plan with tangible recommendations for small wineries to help them attract international tourists to their vineyards.

California wine production continues to grow as does its reputation for quality wine. Yet this \$45 billion industry faces substantial hurdles, as consumption of California wine has failed to keep pace with production. One problem is access to global consumers; with the continuing consolidation of the retail and wholesale sector, all but the largest wineries face increasing difficulties in getting representation in markets worldwide. As the California wine industry continues to evolve globally, most small wineries still lack the international business acumen to effectively compete in the global market place. There is a glaring need for wineries to improve their brand image and market reach in order to boost profitability.

Wine tourism is an important social and business activity that links gateway cities such as San Francisco to regional areas of Sonoma and Napa. It covers a wide range of activities and can have a major impact on the hospitality, agriculture, transportation, and cultural sectors of the region. Northern California with nearly 1,000+ small wineries and 90 percent of U.S. wine production can tap into international tourism as a source of a new growing opportunity during the current harsh economic conditions. Though these wineries draw numerous domestic tourists every year, the impact of international tourists remains unclear. There has been little empirical data on the participation of international tourists and the aim of this project is to respond to that deficiency.

RESEARCH METHODOLOGY

The research methodology consisted of primary research in the form of in-depth interviews of managers/owners of wineries/vineyards or professionals involved in wine tourism. Below we define our participants and describe the method of access to them.

Small wineries could be defined as a small to medium winery managed by its owner(s) in a personalized way with a relatively small share of the market in economic terms and having 10-49 employees. The participants will primarily be the managers or owners, who will be contacted directly by us by telephone or by email. The participants will be given the choice to participate or not to participate in the study.

The recruiting script/email text was as follows:

Hello,

We are a group of students at the College of Business, San Francisco State University. We, along with our supervising advisor Dr. Mahmood Hussain, Associate Professor of Marketing, will be conducting a study to understand wineries' **knowledge, attitudes, and practices** of wine tourism and their current business strategies targeted toward wine tourism. The in-depth interview will be about 30-45 minutes and will be taped and transcribed for further analysis. The analysis of findings will lead to a marketing plan consisting of a set of recommendations for the small wineries in Northern California.

Please note, there is no risk of loss of privacy because our inquiry will be focused only on the business aspects of a winery. Should you be interested to learn more on the outcome of the project, upon completion of the project we will be happy to share with you a copy of our marketing plan. In case you would be interested in being a part of this study, do confirm either by phone or through email.

INTERVIEW QUESTIONS

Below is a list of representative questions. Following the literature survey, these questions were fine-tuned to address specific needs of the study.

Note to interviewer: Record below any quantitative information you receive from the respondent.

1. A brief history of the winery:
 - a. Foundation: what year? _____
 - b. Growth: from ___ acres to ___ acres between year _____ and 2009.
From ___ staff/employees to ___ staff/employees between year _____ and 2009.
From sales of \$_____ to \$_____ between year _____ and 2009.
Or sales growth of _____% between year _____ and 2009.
 - c. Any ownership change between year _____ and 2009?
 - d. Any major breakthrough over this winery's life? (product or marketing innovation or any other major success/award) _____
2. Some data on the winery:
 - a. Total acreage of the vineyard. _____
% dedicated to grape production _____
% dedicated to tourist/visitors/sales/showroom: _____
 - b. Total # employees _____
 - c. Current annual sales (approximately): _____
 - d. Domestic sales: _____%, exports _____%.
 - e. If an exporter, how many countries do you export your wines? _____
Names of top three importing countries:
Country 1: _____ % of your export to this country: _____
Country 2: _____ % of your export to this country: _____
Country 3: _____ % of your export to this country: _____
What makes them the top three importing countries?
 - f. Description of wines sold (name top five types/brands);
Type of wine: _____ Brand: _____
Type of wine: _____ Brand: _____
 - g. How many staff/employees for grape production? _____
 - h. How many staff/employees for wine production? _____
 - i. How many staff/employees for sales/marketing? _____
3. Revenue model:
 - a. Primary sources of revenue (circle all that apply): wine / grape / tourism / other _____
 - b. % of income from these sources: ___ / ___ / ___ / _____
4. What are your distribution channels? And % of the revenue contributed from each distribution channel.
5. Information/database management: Types of data collection and maintained (please elaborate).
6. Winery's views on wine tourism and their level of participation:

How important are tourists for your winery? Any number? That is, how much of total revenue can be accounted for by tourists?) _____ How important are foreign/international tourists?

7. Activities/events you organize for tourists/visitors.
8. Frequency of activities/events you organize for tourists.
9. A qualitative description of typical tourists to explore tourists' preference structure.
 - a. Approximate # of tourists per year _____
 - b. Tourist's favorite time of the year (months)_____ and why these months?
 - c. Average age of tourists _____
 - d. Gender breakdown (approximate): Male ____ % Female _____%
 - e. Origin of tourists:
 - i. Domestic (from within US) _____%
 1. CA residents _____%
 2. Out-of state _____ %
 - ii. Foreign or international tourist _____ %
 1. Tourist from Europe _____ %
 2. Tourist from Asia _____%
 3. Others? _____ & _____%
10. List of marketing/communications programs you undertake to attract tourists. Please elaborate by products, services, logistics, communication and promotions, pricing of products/services.
11. Who are your competitors? What are the wine tourism strategies of your competitors? How do you get such information?
12. What is the mission/vision of your winery?
13. Recommendations to strengthen tourism by international/foreign visitors to your winery. List some internal changes that are required to enhance international wine tourism. Any external assistance? Please elaborate.

PROGRESS AT A GLANCE

A total of 18 personal interviews of were completed from a convenience sample of wineries around the Bay Area. The researcher traveled to these locations and requested participation of interviewees personally. The information was obtained through in-depth one on interviews with each of the participants. The interviews lasted 15 minutes or more and were arranged at a mutually convenient place and time for the researcher and the study participants. The interviews were audio-taped and subsequently formal transcripts were made.

Table: List of Wineries Interviewed

Name of the winery/organization	Name of the participant	Position	Location
Dashe Winery	Michael Dashe	Owner	Napa
JC Cellars	Angela Anderson	Marketing Manager	Oakland
Coturri Winery	Tony Coturri	Owner	Glen Allen (Sonoma Valley)
Wellington Vineyards	Peter Wellington	Owner	Glen Allen (Sonoma Valley)
Kaz Vineyard & Winery	Richard Kasmier (Kaz)	Owner	Sonoma

Madrigal Vineyards	Robbie Higgins	Owner	St. Helena (Napa Valley)
Monterey County Convention & Visitor's Bureau	Celeste White	Director of Communications	Monterey
Monterey Vintners Association	Rhonda Motil	Executive Director	Monterey
Napa Valley Vintners Association	Rex Stults	Director - Industry Rel.	Napa
Rosenblum Cellers	Jonathan Udoko		Alameda
Viansa Winery & Vineyards	Ron Goss	Wine Maker	Sonoma
Rutherford Hill	Greg		Napa Valley
Dry Creek Vineyards	Kimberly Wallace	CEO	Healdsburg
Stag's Leap Wine Cellars	Tina Maloney	Sr. Manager, Consumer Rel.	Napa Valley
Premier Pacific Vineyards	Kevin O' Brien	General Manager	Napa
Narsai David Estates	Narsai David	Proprietor	Napa Valley
Chimney Rock Winery	Tom Trzesniewski	Retail Manager	Napa Valley
Napa Valley Destination Council	David Turgeon	COO	Napa Valley

1. Interview: Completed
2. Transcription: Completed
3. Content Analysis: Completed (well in advance of proposed plan)