



# **Wine Tourism Marketing Strategies for the Small Winery**

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**Texas Wine and Grape Growers Association**



*Texas Tech University*

**Texas Wine Marketing Research Institute**



# Wine Tourism Marketing Strategies for the Small Winery

The presentation will share how wineries from another state approach marketing strategies for small wineries.





## Background

California is the dominant player in United States wine production, accounting for 89% of the total market. Trailing much farther behind are Washington State (3%) and New York State (2%) (United States Department of Commerce, 2005). Wineries in the remaining 47 states account for 3% of total wine production suggesting that each of the 47 states produces an average 388,000 gallons of wine per year.





## Background

Small wineries must contend with the same production issues that larger, and often well recognized, wineries face. From cultivation of the grapes to fermentation of the juice and finally bottling of the product, large or small the process is the same. However, by comparison small wineries face a tougher challenge in how to get their product to market.





## Background

Large wineries, with substantial quantities of wine, use the traditional three-tiered wholesale distribution channels. The three-tiered system prevents producers of alcohol selling their products directly to consumers.

Rather, they must sell their products to licensed wholesalers, who must sell to licensed retailers, who in turn sell to the consumer.

This system is often too expensive for the small winery. Not only must small wineries reduce their price to accommodate the extra middlemen, there are often regulatory agencies and taxes that must be paid.



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## Background

Therefore, small wineries must sell their product directly to the consumer at the winery. Several distribution outlets are available for wineries to sell their products, such as retail wine shops and restaurants, but purchases at the winery comprise a sizeable part of a winery's total sales.

In the same study, Dodd (1995) noted a survey of New York state wineries where nearly half of the wineries sold over 60% of their production directly to customers at the winery.





## Background

Additionally, these cellar door sales, which account for substantial dollar and case volume, are particularly lucrative given that wineries charge full retail price and avoid the added distribution costs.

Consequently, it is imperative that the small winery attract consumers to the winery. What began many years ago as a way to remain a viable business entity has blossomed into a recognized industry—wine tourism.



# The Study

This study used the 16 wineries in the State of Connecticut.  
This study examined:

- (1) which elements of wine tourism marketing strategies are used by rural wineries compared to urban wineries;
- (2) how wine tourism marketing strategies differ between wineries based on the number of gallons produced; and
- (3) how different wine tourism marketing strategies are employed by wineries using the traditional, three-tiered wholesale distribution channels as compared to wineries that rely entirely on cellar door sales.



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## Common Themes

Wineries participate in three basic marketing ploys. Research has indicated the importance of these as an elementary marketing tool.

- ✓ First, many states have created highly publicized [wine trails](#) with maps showing the location of all wineries in their state,
- ✓ Secondly, on premises wine tasting is known to be one of the primary reasons consumers visit wineries.
- ✓ The tasting room offers the opportunity to sample wines because many consumers at retail shops may be unwilling to purchase an unknown brand or style of wine without first trying the wine.
- ✓ Finally, while most wineries are well represented on their state's wine trail's web site, many have their own web site which can be accessed from this central site.



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# Marketing Strategies for Small Wineries

With increasing demand for variety and the increase in wine consumption nationwide, small wineries have learned to adapt to this shift in consumer tastes by recognizing the need for specific marketing strategies.

Using the five marketing strategies identified by Yuan, Morrison, et al. (2004), which recognized the importance of developing strong relationship marketing strategies, the researchers of this study grouped them into two broader categories: on site motivators and off site motivators.

Table 1. Summarized Marketing Strategies	
On Site Motivators	Off Site Motivators
Identifying the Market	
Identifying the Target Market	Building Partnerships
Nurturing Guest Relations	Promoting the Total Wine Tourism Experience





## On Site Motivators

The first critical aspect of a successful marketing strategy is to identify a winery's target market. A winery should look to its own strengths and the diversification of experiences it provides to consumers visiting the winery. Experiences can be grouped into the following:

- ✓ collecting wine or wine paraphernalia (Gift shops/ Mailing lists)
- ✓ wine education (Classes on wine making, tasting)
- ✓ culinary arts and wine pairing
- ✓ winery location (Rural settings for weddings, parties)

These experience attributes are a natural outgrowth of the winery's willingness to embellish the initial experience of visiting the winery.





## Off Site Motivators

Promoting the total wine tourism experience is a critical marketing strategy. These marketing approaches can entice and cultivate an interest in visiting a small winery :

- ✓ providing published material in the form of a brochure or an advertisement
- ✓ positioning the winery in proximity to other recreational or historical attractions
- ✓ wine and culinary tour packages
- ✓ developing collaborative marketing efforts with local tourism boards
- ✓ developing wine festivals with other wineries
- ✓ building partnerships with other local business





## Off Site Motivators

A good example of the importance and success of this marketing strategy is in [Washington](#), Connecticut. This community has many upscale shops, restaurants and Inns that attract guests from New York City, Northern Massachusetts and other parts of the country.





## Off Site Motivators

The [Hopkins](#) Winery is centrally located in this area, is part of the Wine Trail and has built partnerships with many local restaurants, Inns and Retail shops. It also holds an annual “Fall Fest” to attract the leaf peepers. It is sponsored by the winery with involvement of local businesses who benefit from the tourists.





## METHODOLOGY

There are sixteen wineries in the state of Connecticut and each was asked to participate in this research study. A questionnaire was developed which consisted of two parts and contained 27 questions.

Questions for the study were developed and evaluated for content validity by experts from the hospitality industry and/or with wine research experience.

A cover letter explaining the purpose of the study along with the questionnaire was mailed to each winery. The questionnaire used closed-end objective- yes or no questions.





## METHODOLOGY

- ✓ Part one of the questionnaire contained 7 questions intended to create a profile of the winery, such as the number of cases of produced, population of the town in which the winery is located, and the proximity to other tourist attractions.





## METHODOLOGY

- ✓ Part two of the questionnaire contained 20 questions intended to determine the methods of on site and off site marketing strategies currently used. Sample questions included: advertising in various print media, participation in wine festivals, customer mailing lists and special events accommodations





## ANALYSIS/RESULTS

All of the wineries sell directly at the winery and/or sell and directly to retail establishments. Traditional distribution is used by 37.5% of the wineries. While all wineries maintain a web site, only two (22%) wineries use this method to sell their wine.

Table 2. Summary Demographics of the Sample Wineries

Winery				Percentage of Tourists From			How do you sell your wine?				
Location	Town Population	Gallons Produced	Located Near A Tourist Attraction	In State	Another State	Another Country	Thru distribution	Thru mail order	At the winery	Thru a website	Directly to retail establishments
Pomfret	3,300	40,000	No	75.0%	25.0%	0.0%	Yes	No	Yes	No	Yes
Stonington	18,000	15,000	Yes	50.0%	40.0%	10.0%	Yes	Yes	Yes	Yes	Yes
Litchfield	15,000	6,000	Yes	90.0%	10.0%	0.0%	No	No	Yes	Yes	Yes
Brookfield	15,000	5,000	Yes	90.0%	10.0%	0.0%	No	No	Yes	No	Yes
Shelton	38,000	5,000	No	80.0%	19.5%	0.5%	No	No	Yes	No	Yes
New Hartford	6,300	2,000	Yes	90.0%	10.0%	0.0%	No	No	Yes	No	Yes
Guilford	22,000	2,000	Yes	80.0%	19.5%	0.5%	No	No	Yes	No	Yes
Lisbon	4,000	500	Yes	85.0%	14.0%	1.0%	Yes	No	Yes	No	Yes
Canaan	5,000	250	Yes	60.0%	30.0%	10.0%	No	No	Yes	No	Yes

