

Final report to the Australian Grape and Wine Authority

They came, they liked, and they buy when they go home: Harnessing inbound tourists for wine export

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Table of Contents

1.	Abstract	4
2.	Executive Summary	5
3.	Background	8
4.	Project Aims and Performance Targets ...	10
5.	Method	12
6.	Results/Discussion	16
7.	Outcome/Conclusion	24
8.	Recommendations	27

1. Abstract

Australian wine exporters have little direct influence over Chinese consumers because the wines are sold through distributors and retailers. Direct mass advertising is expensive as China's media landscape is highly fragmented. This project demonstrates that targeting Chinese tourists in Australia can enhance exports by converting the tourists into long-term Australian wine fans and word-of-mouth ambassadors. Chinese tourists used their positive tourism experience to imbue their image of Australian wine, especially at wine-congruent locations such as vineyards and restaurants. However, upon returning to China, the effects decayed over time. Hence, follow-up marketing efforts are needed to stop or slow the decay.

2. Executive Summary

This study draws on research into country-of-origin effects to contend that Australian wine exporters should target and harness Chinese tourists, while they are physically in Australia, to enhance the competitiveness of their export to China. The underpinning theory is that tourists who enjoy the tourism experience of a country are subliminally more inclined to perceive the country's products more favourably, although the two issues are distinct and unrelated. Indeed, the findings demonstrate that Chinese consumers who have visited Australia reported more favourable perceived wine image than those who have not. This project in essence is a pull-strategy to develop long-term Chinese consumers of Australian wine, and it offers several practical implications and benefits to the Australian wine companies exporting or planning to export to China.

- Targeting Chinese tourists in Australia affords Australian wine exporters direct access to Chinese consumers, which is otherwise difficult to do in China as wine are primarily sold through third party distributors and retailers who also sell wine from competing countries such as France and Italy. With about 700,000 Chinese tourist arrivals annually and growing, this is a substantially large yet untapped asset.
- As the tourists come from different cities and regions in China, and yet congregate in a few prime tourist locations (e.g., Sydney), targeting them is a cost-effective way to access markets across the wide geographical expanse of China. This point is especially pertinent because of China's highly fragmented media landscape, where each city or province has its own mass media on top of national media.
- As China possesses a relatively collectivistic culture, word-of-mouth communication may be an important marketing channel, and returned tourists with favourable impression of Australian wine may become effective ambassadors for the wine.
- The vast majority of Chinese tourists congregate in major Australian cities like Sydney, Melbourne, Cairns, Gold Coast and increasing Adelaide. There are many

easily accessible opportunities and locations in these cities that can expose Chinese tourists to Australian wine, thereby facilitating planning and execution. Furthermore, better outcomes are achieved when the wine exposure is designed as part of Chinese visitors' tourism experience, rather than just focusing on wine. Examples of suitable locations are vineyards, restaurants and markets.

- Chinese tourists' perceived images of Australian wine and tour destination were not distorted by seasonal factors or fluctuations. Hence, activities to influence Chinese tourists can occur all year round and not just suited to a particular time period. This in turn makes planning and execution flexible.
- Chinese tourist who are exposed to wine while on tour are more likely to purchase Australian wine when they returned to China. Hence, targeting them in Australia has follow-on sales benefits.
- Overall, knowledge gleaned from this project and working with Chinese tourists will allow Australian wine exporters to increase the effectiveness of their marketing activities, which in turn will lead to better access in China and increased profitability throughout the value chain.

Although targeting Chinese tourists while they are in Australia can bring about numerous benefits to Australian wine exporters, a key shortcoming is the decay of the tourism effects, where their perceived image and purchase probability of Australian wine eroded over time, after the tourists had returned to China. The tourism effects evident when the tourists were physically in Australia seem to have worn off over time to the point that there are no difference between visitors and non-visitors. Nonetheless, it suggests that Australian wine exporters need to follow up on marketing to or communicating with Chinese tourists after they have returned to China. Doing so will maintain or at least retard the decay of the initial high perceived image and purchase probability.

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- Jacob's Creek Visitor Centre
- Sydney Fish Market
- Wing Long Travel Services

3. Background

China is a critically important market to Australian wine exporters. By value, the country is the top-ranked destination for Australian bottled wine exports in Asia and the third largest market globally, after the UK and USA (Wine Australia, 2013). The importance of China as a growth market is also evident from the annual per capita consumption of just about 1.3 litres compared to about 23 litres for Australia and 3.6 litres globally (www.wineinstitute.org). It is therefore important for Australian wine producers to enhance their competitiveness in China by raising the salience of and preference for Australian wine among Chinese consumers.

However, several key barriers exist that prevent Australian wine producers from reaching Chinese consumers effectively. Firstly, Australian bottled wines are imported into China by distributors/wholesalers, and eventually sold through outlets such as specialty wine shops, restaurants, supermarkets, and even via online. These outlets carry competing wines from various countries and are not partial to Australian wine. In other words, Australian wine exporters lack a direct channel to influence end consumers. Secondly, while it is possible for Australian wine brands to increase their salience through mass-media advertisements, this approach is expensive because the Chinese media landscape is highly fragmented; each city has its own local and provincial newspapers, radio and TV stations, on top of nation-wide media such as CCTV and China Daily. Thirdly, as a relatively collectivistic culture, social influence through word-of-mouth is an important communication channel (Chung & Pysarchik, 2000; Yau, 1988), and yet Australian wine exporters lack a mechanism to harness this mode of communication.

In view of these challenges, this project proposes that targeting Chinese tourists in Australia is an effective way to enhance Australian wine's competitiveness in China. According to Tourism Australia (2014), about 710,000 Chinese tourists landed in Australia in 2013, an increase of 15% over the previous year and projected to grow at a compound rate of 9% for the next five years. These tourists are a critical yet untapped asset that can help grow export sales of Australian wine to China. Targeting these largely middle-class consumers while they are in Australia is an effective way to shape the perceptions of Chinese wine consumers directly. Since the vast majority of tourists are likely to congregate

in certain locations (e.g., Cairns and Sydney), marketing efforts can be directed at them at a few specific locations in a cost effective manner, thereby giving better control, lower cost and flexibility. As the tourists also come from many different cities/provinces in China, this pull strategy allows Australian wine exporters to access markets across China. Marketing efforts can then make the tourists effective word-of-mouth advocates and long term Australian wine consumers upon returning to their home cities.

To this end, this project addresses two broad research questions. The first question is about how best to reach these tourists in order to influence their opinions of Australian wine, and to do so in ways that do not diminish and even enhance their tourism experience. Since not all Chinese tourists visit vineyards or cellar doors, ways to expose them to Australian wine must extend beyond these facilities. A related issue arising from this question is whether targeting Chinese tourists at other locations is as effective as targeting them traditionally at vineyards and cellar doors. This project compares different touch points to determine their relative effectiveness in influencing Chinese tourists. If tourists can be tapped successfully to enhance exports, it raises the second research question: whether differences exist in perceptions of Australian wine between Chinese consumers who have versus those who have not toured Australia. Moreover, for those who had visited Australia and were exposed to Australian wine, how do their perceptions of the wine change over time upon their return to China?

This project's concept of targeting tourists to enhance exports is underpinned by research into country-of-origin effects, which surmises that people's perceived image of a country may colour their perceptions of the country's products (Balabanis *et al.*, 2002; Bilkey & Nes, 1982; Lee & Lockshin, 2011), as well as by research that suggests a positive link between tourism experience and product evaluations (Elliot *et al.*, 2010; Gnoth, 2002). As Chinese tourists into Australia are overwhelmingly satisfied with their tourism experience (Tourism Australia, 2012), they make a suitable target for Australian wine producers wanting to favourably shape Chinese consumers' perceptions of Australian wine.

4. Project Aims and Performance targets

The first set of objectives of this project is to:

- i) identify different methods to target Chinese tourists in selected Australian capital cities; this is achieved through activity Year 1(a) in the table below;
- ii) compare the effectiveness of the different methods in improving Chinese tourists' perceptions and behaviour towards Australian wine; this is achieved through activities Year 2(a) and Year 2(b) in the table on the next page.

The second set of objectives of this project is listed below. Both objectives are achieved through activities Year 2(c) and Year 3(a) in the table on the next page.

- i) determine if differences in perceptions and behaviour towards Australian wine differ between Chinese consumers who have versus those who have not toured Australia;
- ii) for those who had visited Australia and were exposed to Australian wine, determine how their perceptions and behaviour towards Australian wine change over time upon their return to China.

Outputs and Activities 2012–13

Year 1	Output	Target Date	Activities
a	Results of three focus groups with tourism organisations and operators and industry reference group analysed	31/05/2013	<ul style="list-style-type: none">• Establish industry reference group with Wine Australia Corporation and wine companies.• Identify the three cities best suited for this project.• Identify the three potentially most effective methods in each city.

Outputs and Activities 2013–14

Year 2	Output	Target Date	Activities
a	Produce final methods for each identified city	31/08/2013	<ul style="list-style-type: none"> • Conduct pre-tests in identified cities • Refine method and prepare documented procedures for experiments
b	Prepare interim brief report on preliminary results	31/12/2013	<ul style="list-style-type: none"> • Conduct Phase 1 executions three times in one identified city. • Identify and analyse Chinese tourists' perceptions of and purchase behaviour towards Australian wine. • Refine method as appropriate.
c	Prepare interim brief report on Phase 2 results	30/08/2014	<ul style="list-style-type: none"> • Conduct Phase 2 executions in three identified cities (Adelaide, Sydney and Cairns). • Identify and analyse Chinese tourists' perceptions of and purchase behaviour towards Australian wine. • Longitudinal analyses of multi-phase data. • Conduct comparative findings between visitors and non-visitors to Australia. • Refine method as appropriate.

Outputs and Activities 2014–15

Year 3	Output	Target Date	Activities
a	Prepare interim brief report on Phase 3 results	30/12/2014	<ul style="list-style-type: none"> • Conduct Phase 3 executions: <ol style="list-style-type: none"> 1) Adelaide 2) One city in China (Chengdu) 3) Longitudinal online survey of Phase 2 participants. • Identify and analyse Chinese tourists' perceptions of and purchase behaviour towards Australian wine. • Longitudinal analyses of multi-phase data. • Conduct comparative findings between visitors and non-visitors to Australia • Refine method as appropriate.
b	Publish information describing project results	31/03/2015	<p>Prepare and publish articles describing key findings of the project including at least:</p> <ul style="list-style-type: none"> ✓ One trade magazine article ✓ Two press releases ✓ One Conference paper (e.g. AWITC), and ✓ One refereed journal article (target A level publication).

5. Method

The project was executed over three separate phases of quantitative research. But prior to these quantitative surveys, qualitative surveys¹ were carried in three major Australian cities in order to determine the suitability of these cities, as well as to determine the methods for reaching Chinese tourists in each identified city.

The first focus group took place in Sydney in May 2013 with nine participants, all of whom were tour agencies who operate inbound Chinese tours. The second focus group took place in Cairns in May 2013 with of nine participants involved in Chinese tourism, including inbound operators, a cruise operator and a representative from the Northern Queensland tourism body. Finally, in-depth interviews were carried out with four persons based in Adelaide, all of whom are involved in wine business and have contacts with Chinese tourists. In summary, the outcomes of the qualitative phase resulted in the selection of these cities and methods for the quantitative phases:

- 1) A winery cellar door near Adelaide; Jacob's Creek Winery (JCVC) was selected;
- 2) A popular tourist attraction in Sydney; Sydney Fish Market (SFM) was selected;
- 3) Restaurants in Cairns; Two restaurants (Dundees Restaurant and China Café) were selected.

In order to address the research questions, multiple quantitative surveys with Chinese tourists in Australia and Chinese wine consumers in China were carried out over three phases between October 2013 and March 2015. Prior to Phase 1, pretests were executed in the three locations with Chinese tourists. The table below shows the details of the pretest surveys. Other than minor edits for the questionnaires and fine-tuning some logistic arrangements, no major issues arose from the pretests.

Phase	City	Date completed	Sample size	Purpose
Pretest	Adelaide (JCVC)	Sep-2013	20	To test the logistic setup of the selected survey locations; to pretest the questionnaire
	Sydney (SFM)	Sep-2013	20	
	Cairns (two restaurants)	Sep-2013	15 x 2	

¹ All participants' names and companies are withheld for confidentiality reasons

Following the successful pretests, Phase 1 surveys took place in the same cities and locations. The primary objective of Phase 1 is to determine the feasibility of the three different methods identified by the qualitative surveys. In order to shed more light on the effectiveness of each method, we further carried out the surveys in each location in at least two different ways. All participants completed a questionnaire with no identifying information. The table below shows the details of the surveys in Phase 1.

Phase	City	Date completed	Sample sizes	Survey Design
1(a)	Adelaide at Jacob's Creek Visitor Centre (JCVC)	Dec 2013	73; 85; 58	A group of Chinese tourists were primed with a message that the wine they were about to taste was the bestselling wine in Australia. The second group was primed with the message that the wine they were about to taste was the bestselling wine in China. Both groups tasted the same wine (Jacob's Creek Shiraz 2013). Finally, a third group just tasted wine without any priming. All groups also tasted and evaluated Australian seafood (a piece of cooked prawn).
1(b)	Sydney at Sydney Fish Market (SFM)	Nov 2013	120; 99	A group of Chinese tourists tasted and evaluated Australian wine. The second group tasted and evaluated both Australian wine and seafood (cooked prawn). Both groups tasted the same wine (Jacob's Creek Shiraz 2013).
1(c)	Cairns at Dundeas Restaurant and China Café	Jan 2014	74; 75	A group of Chinese tourists tasted and evaluated Australian wine in a Western restaurant (Dundeas Restaurant). The second group tasted and evaluated Australian wine in a Chinese restaurant (China Café). Both groups tasted the same wine (Jacob's Creek Shiraz 2013).

Following the completion of Phase 1, Phase 2 surveys were designed to meet several objectives:

- i) Phase 1 surveys were mainly conducted during the peak holiday year-end holiday season. Would data collected during a low season differ? Phase 2 surveys all took place around the middle of 2014.
- ii) Phase 1 surveys all took place in tourism locations. Would data collected at non-tourism location differ? For Sydney, the survey location was shifted to a training

centre attended by visiting Chinese company employees, rather than at Sydney Fish Market.

iii) Phase 1 surveys were all conducted in Australia with Chinese tourists. Would data collected from Chinese wine consumers who have not visited Australia differ? A survey took place in Gemtree Wine’s cellar door in the Chinese city of Chengdu. Doing survey in this location allowed for a comparison between Chinese tourists who had visited Jacob’s Creek versus those who visited an Australian cellar door (in China) but had not been to Australia.

iv) Phase 2 surveys also served to collect data with identifying information (email and phone numbers) in order to follow up with the respondents as part of Phase 3’s longitudinal approach.

The table below details Phase 2’s surveys.

Phase	City	Date completed	Sample sizes	Survey Design
2(a)	Adelaide at Jacob’s Creek Visitor Centre (JCVC)	Jun 2014	139	Chinese tourists tasted and evaluated Australian wine and answered a questionnaire identical to the questionnaire in Phase 1. All respondents tasted the same wine (Jacob’s Creek Shiraz 2013). Unlike Phase 1, there was no experimental priming and no seafood was served.
2(b)	Sydney at a corporate training centre organised by Winglong Travel Services	Oct 2014	111	During breaks in their corporate training program, Chinese tourists tasted and evaluated Australian wine and answered a questionnaire identical to the questionnaire in Phase 1. All respondents tasted the same wine (Jacob’s Creek Shiraz 2013). Unlike Phase 1, there was no experimental priming and no seafood were served.
2(c)	Cairns at Dundees Restaurant and China Café	Aug 2014	155	Chinese tourists tasted and evaluated Australian wine in a Western restaurant (Dundees Restaurant) and answered a questionnaire identical to the questionnaire in Phase 1. All respondents tasted the same wine (Jacob’s Creek Shiraz 2013).
2(d)	Gemtree Wine cellar door at Chengdu, China	Aug 2014	152	A consumer panel directed participants who had not visited Australia to Gemtree Wine’s cellar door in Chengdu. Respondents tasted Gemtree wine and answered a questionnaire similar to the one used in earlier phases.

Following the completion of Phase 2, Phase 3 surveys were designed to meet several objectives:

- i) Phase 3 data provided the third time-point for comparing with the data from Phase 1 and 2.

- iii) Phase 3 also tracked Phase 2's respondents longitudinally by repeat-surveying them at two more occasions.

The table below details Phase 3's surveys.

Phase	City	Date completed	Sample sizes	Survey Design
3(a)	Adelaide at Jacob's Creek Visitor Centre (JCVC)	Mar 2015	163	Chinese tourists tasted and evaluated Australian wine and answered a questionnaire identical to the questionnaire in Phase 1. All respondents tasted the same wine (Jacob's Creek Shiraz 2013). There was no experimental priming and no seafood were served.
3(c)	Two-leg longitudinal online surveys	Feb 2015	See Results section	Online surveys tracked respondents who supplied identifying information (email and phone) in Phase 2 at two time-points.

6. Results/Discussion:

6.1 Phase 1 Results

The primary objective of Phase 1 is to determine the feasibility of the three different methods identified by the qualitative surveys. We further vary the surveys in each location in at least two different ways to further shed light on the effectiveness of each method.

The results show that within each location, there were no significant differences in Chinese tourists' perceptions of the three images (tour destination, wine and seafood) across the experimental variations (see table below). For example, it made no difference whether the tourists were primed or not primed at JCVC. Similarly, there was no difference in their perceived image regardless of the restaurant types they dined in. The only exception was with Sydney, where those who tasted Australian wine and seafood perceived the wine more positively than those who only tasted wine. This suggests that wine tasting events may be better off when complementary food is offered concurrently. The results further show that, consistent with a key hypothesis of this project, Chinese tourists who possessed a more positive image of Australia as a tour destination also rated Australian wine more favourably; this positive and statistically significant relationship held true across all three locations, after controlling for wine familiarity which might confound the results.

	Adelaide (JCVC)			Sydney (SFM)		Cairns (restaurants)	
	No prime	Best-selling Australian wine in Australia	Best-selling Australian wine in China	Wine only	Wine and Seafood	Chinese restaurant	Western restaurant
	n=58	73	85	120	99	74	75
	Mean (S.D)	Mean (S.D)	Mean (S.D)	Mean (S.D)	Mean (S.D)	Mean (S.D)	Mean (S.D)
Tour destination image	6.254 (0.911)	6.382 (0.784)	6.378 (0.624)	5.76 (1.398)	5.755 (1.059)	6.35 (0.684)	6.363 (0.925)
Image of Australian wine	5.959 (0.841)	5.979 (0.749)	5.885 (0.772)	4.773 (1.542)	5.227 (1.186)	5.961 (0.79)	5.927 (0.828)
Image of Australian seafood	5.841 (1.095)	5.961 (0.926)	6.157 (0.737)	n.a.	5.451 (1.235)	n.a.	n.a.

Mean values ranged from 1 (least positive) to 7 (most positive)

However, comparing across the three locations indicated that while there were no significant differences between Adelaide and Cairns, both of these locations had higher mean values than Sydney. One probable reason may be that vineyards and restaurants are congruent with wine, whereas a fish market is not. To shed more light on this issue, we compared Chinese tourists' perceptions of Australian wine and seafood between two

locations, JCVC vineyard in Adelaide and Sydney Fish Market (SFM). The idea is that wine should more than congruent in JCVC than in SFM, whereas seafood should be more congruent in SFM than in JCVC.

After controlling for familiarity with wine and seafood, the results indicated that for Chinese tourists in JCVC, their perceived image of Australia as a tour destination significantly influenced their perceived wine image (standardised $r=.56$; $p<.001$), but not seafood image ($r=.193$; $p=.105$). Conversely for Chinese tourists in SFM, their perceived image of Australia as a tour destination significantly influenced their perceived seafood image ($r=.276$; $p=.047$), but not wine image ($r=.079$; $p=.449$). **Collectively, the results imply that to influence Chinese tourists through wine tasting events, it is important to select venues that are congruent to wine, such as vineyards and restaurants. Using venues that are not congruent to wine (e.g., amusement parks, fish markets, or even top attractions such as the Opera House) may be less effective.**

6.2 Phase 2 Results

Phase 2 extended and further illuminated Phase 1's findings in several ways. First, Phase 2 surveys were conducted during off-peak period in the middle of year instead of the year-end peak holiday period. However, for both Adelaide and Cairns, there were no significant differences in Chinese tourists' perceived image of Australia wine, as well as Australia tour destination image, between the two phases. Similar to Phase 1, the more Chinese tourists' liked Australia as a tour destination, the more favourably they viewed Australian wine, and this was true for both Adelaide ($r=.352$; $p<.001$) and Cairns ($r=.173$; $p=.02$). Hence the findings about Chinese tourists' perceived images of Australian wine and tour destination were not distorted by seasonal factors or fluctuations.

	Adelaide		Cairns	
	Phase 1(a)	Phase 2(a)	Phase 1(c)	Phase 2(c)
	n=58	139	75	155
	Mean (S.D)	Mean (S.D)	Mean (S.D)	Mean (S.D)
Tour destination image	6.254 (0.911)	6.484 (0.672)	6.363 (0.925)	6.456 (0.718)
Image of Australian wine	5.959 (0.841)	5.799 (0.705)	5.927 (0.828)	5.75 (1.058)

Mean values ranged from 1 (least positive) to 7 (most positive)

Phase 2 also tested whether surveying Chinese tourists in a non-tourism location made any difference to their image perceptions. This was done through the Phase 2(b) survey, which took place in a Sydney corporate training centre. As the table below shows, there were no significant differences in perceived image between the Chinese tourists in the Sydney training centre and the other two tourism locations. Like the other locations, Chinese tourists at the training centre also positively related their perceived image of Australia as a tour destination to their perceived image of Australian wine ($r=.638$; $p<.001$).

	Adelaide	Sydney	Cairns
	Phase 2(a)	Phase 2(b)	Phase 2(c)
	n=139	111	155
	Mean (S.D)	Mean (S.D)	Mean (S.D)
Tour destination image	6.484 (0.672)	6.363 (1.074)	6.456 (0.718)
Image of Australian wine	5.799 (0.705)	5.792 (0.991)	5.75 (1.058)

Mean values ranged from 1 (least positive) to 7 (most positive)

The combined results of Phase 1 and Phase 2 thus far suggest that the core idea of this project – that targeting inbound tourists is an effective mechanism to promote a country’s export – is robust and applicable across different situations. To further validate this tenable proposition, survey Phase 2(d) was executed in the Chinese city of Chengdu by tapping Chinese consumers who have *never* visited Australia. A comparison between this group and the Chinese tourists would shed light on the effects of tourism on wine perceptions. This was achieved by conducting Phase 2(d) in Gemtree Wine’s cellar door in Chengdu, and comparing this dataset with Chinese tourists who visited JCVC in Barossa Valley. That is, both surveys took place in a cellar door setting of Australian wine companies, and the only difference was tourism experience or lack of.

The table below shows that the perceived images of Australian tour destination and wine were significantly higher for JCVC than for Gemtree. However, like the Chinese tourists within Australia, Chengdu respondents’ perceived image of Australia as a tour destination also positively related to their perceived image of Australian wine ($r=.502$; $p<.001$).

	Adelaide (JCVC)	Gemtree (Chengdu)	
	Phase 2(a)	Phase 2(d)	
	n=139	152	
	Mean (S.D)	Mean (S.D)	t-test
Tour destination image	6.484 (0.672)	5.734 (1.093)	t=6.975;df=280;p<.001
Image of Australian wine	5.799 (0.705)	5.456 (0.941)	t=3.502;df=289;p=.001

Mean values ranged from 1 (least positive) to 7 (most positive)

These results lend support to the efficacy of a pull strategy of targeting tourists to harness exports. The finding that Chengdu participants used their perceived image of Australia as a tour destination – even if they have not visited the country – to imbue their perceptions of Australian wine is consistent with research into country-of-origin, which contends that perceived image of a country may influence their perceptions of the country’s products (Balabanis *et al.*, 2002; Bilkey & Nes, 1982; Lee & Lockshin, 2011). **Therefore, wine Australian exporters and tourism bodies should join efforts when marketing in foreign countries as such synergistic collaborations can bring about mutual benefits.**

6.3 Phase 3 Results

While targeting Chinese tourists while they were on tour seemed an effective way to influence their perceptions of Australian wine, a question remains on how their perceptions might change over time upon their return to China. Phase 3 attempted to answer this question by tracking Phase 2 participants longitudinally via two online surveys. After the initial Phase 2 surveys (time-point T1), survey at T2 occurred about 6-7 months later and survey at T3 occurred another 6-7 months later. Of the 557 respondents at T1, 137 of them answered the T2 survey (response rate=25%), and 66 of these 137 responded at T3 (response rate=48%). At each time point, three key variables were tracked longitudinally: perceived Australian wine image, number of times Australian wine were bought in the past three months, and the probability to buy Australian wine in the following three months. The following graphs illustrate the change in the variables over the three time points, starting with perceived wine image.

For each of the onshore surveys with Chinese tourists (Adelaide, Sydney and Cairns), perceived wine image was the highest when the tourists were in Australia but it eroded over time upon their return to China. Of these three locations, Adelaide (JCVC) had the steepest decline. Statistical analyses further revealed that the decline between T1 and T3 were statistically significant for Adelaide and Cairns, but not for Sydney.



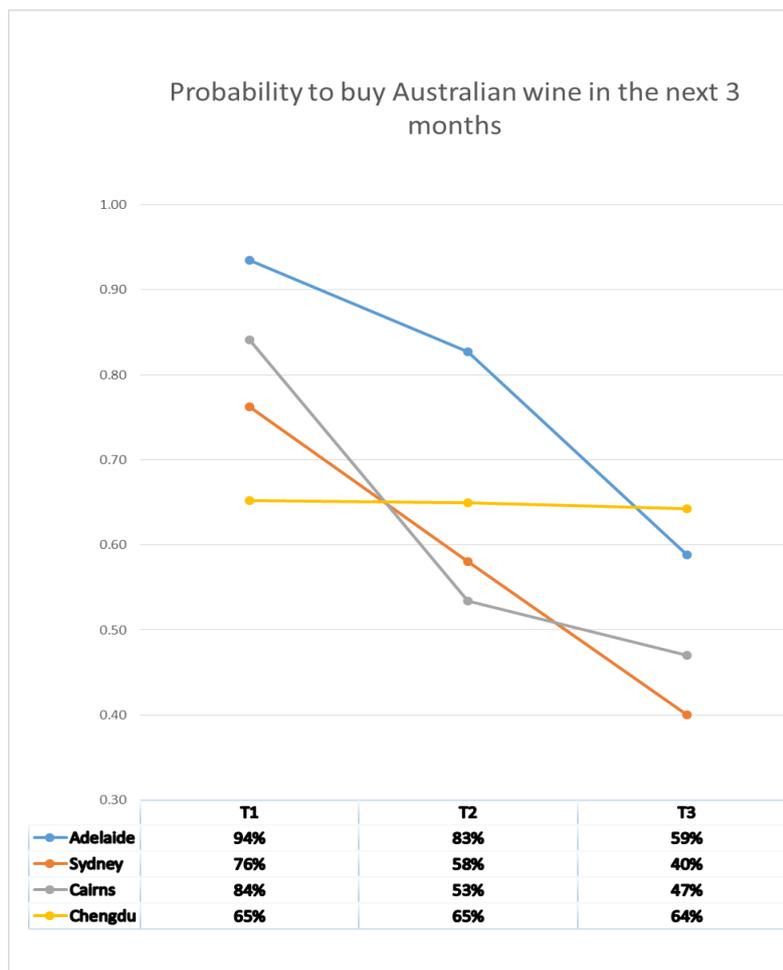
However, the graph for Chengdu differed from the others. The line was relatively flat, although there was a slight decline from T1 to T3 but the change was not statistically significant. Another noteworthy observation was that there were no significant statistically differences across all surveys at T3, which means that perceived wine image for all survey groups drifted to become similar over time. While there might be random errors or research artefacts at play (which we discuss in Section 8), the collective results seem to infer that once the tourists were taken out of the locations where they had encountered Australian wine, their perceptions of the wine dropped. Although this finding does weaken the

proposition of this project of harnessing tourists for exports, it is nonetheless consistent with some research, which contend that situational or contextual congruence is important in influencing consumer behaviour (Bagozzi *et al.*, 2000; Fitzsimons *et al.*, 2002; Thomson, 1972). That is, consumers' perceptions of products are dependent on the situation or context that they are in when making the product evaluation. In the case of the onshore surveys, the tourists were physically in Australia and as the results in the previous phases found, they used their (favourable) image of Australia as a tour destination to colour their perceptions of Australia wine.

Below is the graph for the number of times Australian wine were bought in the three months preceding each survey. There were no clear and statistically significant trends among all four surveys. But returned consumers from the cellar doors in Adelaide and Chengdu bought more wine at T3 than at T1 and T2, unlike visitors to Sydney and Cairns. It hinted that the behavioural effects on visits to cellar doors might be more lingering than visits to other tourist locations. Regardless, as consumer consumption habits typically evolve slowly, Phase 3's inconclusive results may become more apparent over a longer tracking period.



The final graph below depicts the probability that respondents reported that they will buy Australian wine in the three months following each survey. All three onshore surveys reported a higher probability to purchase than Chengdu at T1, but the three surveys also displayed a statistically significant decay in purchase probability over time. This was unlike Chengdu where the probability to purchase remained flat across the three time points. Also, despite the high purchase probability for Adelaide at T1, by T3, there were no significant differences in purchase probability across all surveys. These findings are consistent with the earlier results on wine image trends regarding situational or contextual effects. In other words, Chinese tourists physically in Australia were relying on their favourable image of Australia as a tour destination to positively influence their perceptions of Australia wine and hence the probability to buy the wine. Furthermore, the longer they had returned from Australia, the lower their probability to buy Australian wines.



A key issue that is not addressed by this project is whether the downward trends for the onshore surveys might tick upwards had the returned tourists been periodically exposed to marketing messages about Australian wine. The tourists obviously possessed a favourable bias towards Australian wine at T1 (when they were physically in Australia), and it remains unclear how these favourable wine image and purchase probability can be sustained or at least their decay retarded over time through follow-on marketing efforts to reach them in China. We further discuss this point in Section 8.

7. Outcome/Conclusion

7.1 Performance against Plan

The following table lists the performance against planned outputs outlined in the final approved project contract.

Year Activity	Planned Output	Performance
1a	<ul style="list-style-type: none"> Establish industry reference group with Wine Australia Corporation and wine companies. Identify the three cities best suited for this project. Identify the three potentially most effective methods in each city. 	<ul style="list-style-type: none"> Focus groups and in-depth interviews were conducted with representatives from wine and travel industry Three cities and method identified
2a	<ul style="list-style-type: none"> Conduct pre-tests in identified cities Refine method and prepare documented procedures for experiments 	<ul style="list-style-type: none"> Pretest successfully completed Questionnaire and methods finalised
2b	<ul style="list-style-type: none"> Conduct Phase 1 executions three times in one identified city. Identify and analyse Chinese tourists' perceptions of and purchase behaviour towards Australian wine. Refine method as appropriate. 	<ul style="list-style-type: none"> Phase 1 surveys successfully completed at the three identified cities Method refined for Phase 2 by switching location of Sydney survey to training centre.
2c	<ul style="list-style-type: none"> Conduct Phase 2 executions in three identified cities (Adelaide, Sydney and Cairns). Identify and analyse Chinese tourists' perceptions of and purchase behaviour towards Australian wine. Longitudinal analyses of multi-phase data. Conduct comparative findings between visitors and non-visitors to Australia. Refine method as appropriate. 	<ul style="list-style-type: none"> Phase 2 surveys successfully completed at the three identified cities Method refined for Phase 3 by adding a survey at Chengdu. Method refined by adding an online survey for longitudinal tracking
3a	<ul style="list-style-type: none"> Conduct Phase 3 executions: <ol style="list-style-type: none"> Adelaide One city in China (Chengdu) Longitudinal online survey of Phase 2 participants. Identify and analyse Chinese tourists' perceptions of and purchase behaviour towards Australian wine. Longitudinal analyses of multi-phase data. Conduct comparative findings between visitors and non-visitors to Australia Refine method as appropriate. 	<ul style="list-style-type: none"> Phase 3 surveys successfully completed at two cities, plus via online. Data analysed and final report prepared
3b	<p>Prepare and publish articles describing key findings of the project including at least:</p> <ul style="list-style-type: none"> One trade magazine article Two press releases One Conference paper (e.g. AWITC), and One refereed journal article (target A level publication). 	<ul style="list-style-type: none"> AGWA newsletter article (July 2014) Manuscript submitted to Annals of Tourism Research (rejected) As data collection for all phases were completed only in March 2015, preparation for journal and conference submissions are only just beginning.

7.2 Practical Implications and Benefits

This project's findings offer several practical implications and benefits to the Australian wine companies exporting or planning to export to China.

- Across all phases, a key and common finding is that Chinese consumers' perceptions of Australia as a tour destination positively influenced their perceived image of Australian wine. Furthermore, Chinese consumers who have visited Australia reported more a favourable perceived wine image than those who have not. These results lend support to the efficacy of a pull strategy of targeting tourists to harness exports. Synergistic efforts with the tourism industry will create sustainable advantages for the wine industry. Collaborations between exporters and tourism bodies will bring about mutual benefits.
- Chinese tourists' perceived images of Australian wine and tour destination were not distorted by seasonal factors or fluctuations. Hence, activities to influence Chinese tourists can occur all year round and not just suited to a particular time period.
- Exposing Chinese tourists to Australian wine is better carried out in tourism locations than in non-tourism locations. Even for tourism locations, they should be related to or congruent with wine, especially wineries, cellar doors and restaurants; that is, where Chinese tourists expect to encounter wine. Non-congruent tourism locations such as amusement parks or popular landmarks are likely to be less effective in shaping Chinese tourists' perceptions of Australian wine.
- As expected, wineries and vineyards are most suited to target Chinese tourists. Although official statistics are unavailable, industry consultations revealed that while the visitors mainly flock to major Australian cities (e.g. Sydney), many do not visit the states' premier vineyards (e.g. Hunter Valley). To the minority that do, wineries are merely a tourist attraction much like, say, the Opera House.

Therefore, in attempting to shape Chinese consumers' perceptions of their wine brands, wine companies should appeal to Chinese tourists' tourism experience rather than solely to their wine experience.

- Besides wineries and vineyards, restaurants are also well-suited to target Chinese tourists. Where possible, wine tasting should be complemented with food. This enhances the overall experience and biases Chinese tourists' perceived image of the wine.
- However, when Chinese tourists are tracked longitudinally over two 6-month periods after their return to China, the findings clearly reveal a decay effect, where their perceived image and purchase probability of Australian wine eroded over time. The tourism effects evident when the tourists were physically in Australia seem to have worn off over time to the point that there were no differences between visitors and non-visitors. Although this finding somewhat weakens the proposition of this project of harnessing tourists for exports, it suggests that Australian wine exporters need to follow up on marketing to or communicating with Chinese tourists after they have returned to China. Doing so would maintain or at least retard the decay of the initially highly perceived image and purchase probability. In other words, targeting Chinese tourists is still a worthwhile and beneficial approach as the tourists have a heightened perceived image and purchase probability of Australian wine while they are in Australia. But marketing to them must follow on from there.
- Over the longitudinal phase, there are encouraging signs that Chinese tourists exposed to Australian wine reported purchasing more Australian wine. Although the differences are small and not statistically significant, the trend does point to potential longer term returns of targeting Chinese tourists in Australia.

8. Recommendations:

Future research can further shed light on this project's findings in several ways.

- We did not believe that repeating this project's methodological approach in other cities not covered by this study (e.g., Brisbane or Perth) is worthwhile as the results are likely generalisable to other Australian cities frequented by Chinese tourists. Instead, further research into Chinese consumers in China would bring more beneficial knowledge to Australian wine exporters. In particular, the three time-point longitudinal approach of this study is restrictive as the period covered is short – six months between each survey. Yet, research has shown that consumer consumption habits typically evolve slowly, and hence a longer multi-point longitudinal approach will bring more definite knowledge about how perceived wine image, purchase behaviour and purchase probability may change over time.
- Related to the previous point, it will benefit Australian wine exporters to determine what can be done to sustain the “tourism effects” of a favourable bias towards Australian wine by Chinese tourists in Australia. What mechanisms are most effective to continue to market to these consumers in China? Newsletters and other direct communications to refresh the memories of visitors would be something to trial and measure.
- A potential outcome of targeting Chinese tourists is that they can become effective word-of-mouth brand ambassadors upon their return to China. This project has not addressed how this can be tracked and more importantly, how to continue to nurture and harness this channel. What can Australian wine brands do to ensure that Chinese tourists who had experienced them while on tours continue to remember and talk about them positively in China?
- Chinese tourists into Australia may also have visited or plan to visit countries (e.g., France, Italy) that are Australia's main competitors in China. It remains

unclear how the tourism experience in each country will counter or interact to influence the perceptions and behaviour towards to each country's wine.

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