WAS the Australian wine industry’s renaissance in the late 1980s and early ‘90s confined to cutting-edge grapegrowing, winemaking technical know-how and many innovative product launches that landmarked the era of the New World’s wine brand building movement?

By no means. It also spearheaded the movement of building a direct, close relationship between winery and consumer – and the marketing vehicle with which to achieve this was the cellar door.

As a result, cellar doors opened up all over the country and by the end of 2013 around 70 per cent of all Australian wineries operated one (Winetitles, 2014).

Today the cellar door is the pivotal entity within the triad of modes (cellar door, wine club, and direct online) that became known as the DTC (direct-to-consumer) channel.

The use of the DTC channel is most closely interconnected with tourism activities as people have to select and travel to a wine region which is often remotely located in order to visit cellar doors, in the process becoming wine tourists.

However, setting up, staffing and operating a cellar door is an expensive proposition.

Researchers Johan Bruwer, Larry Lockshin, Anthony Saliba and Martin Hirche have been funded by the former Grape and Wine Research Development Corporation (GWRDC project USA-1204) to boost the industry’s understanding of the role of the cellar door in the direct-to-consumer channel of the Australian wine market.

Despite the fact so many Australian producers have invested millions of dollars in cellar door infrastructure and human capital at their wineries, the impact of cellar door visitation on changes in the wine consumption, relationship with the wine brand, etc. has not been measured.

REAL MEASUREMENT

In what is a first in more ways than one, GWRDC (now part of the Australian Grape and Wine Authority) has funded one of the first opportunities to date to measure the classical ‘who, what, when and how much’ questions pertaining to cellar door visitors across Australia.

The project basically sought to unlock the information needed to optimise DTC sales and marketing opportunities through a foundation study.

The research was executed through a first-time formal collaboration between senior wine marketing researchers from two of Australia’s leading ‘wine universities’ namely the University of South Australia (UniSA) and Charles Sturt University (CSU) under the leadership of A/Professor Johan Bruwer of UniSA.

The research findings discussed here are from the first of three research stages, predominantly quantitative in nature, utilising a combination of descriptive and quasi-experimental research designs.

During the first stage 3368 visitors in 15 wine regions (from Margaret River in the West to Hunter Valley in the East) at 79 cellar doors, representing large, medium and small wineries across Australia were intercepted to complete a survey to determine:

- Who the cellar door visitors are and their relationship with the winery brand and wine region
- The nature and extent of the visitors’ buying behaviour at the cellar door and the likelihood of them buying the wine brand in future.
AGL Energy Limited supports and recognises winemaking talent. Are you a NSW winemaker? Enter the 2015 AGL Wine Excellence Scholarship and you could win a scholarship to Europe or North America.

We supply the grapes. You supply the wine.
AGL owns over 100 acres of vines in the Hunter Valley producing chardonnay, semillon, sauvignon blanc and verdelho. If you qualify, grapes from these vines will be yours to produce wines which will be entered into national wine shows. We’ll even pay your winemaking, transport and bottling costs. Points will be awarded on the basis of medals and trophies, and the winemaker with the most points wins.

The prize.
AGL will provide the winning winemaker with a funded scholarship to travel to Europe or America to further enrich and strengthen his or her viticultural and oenological knowledge. For details of our past winners and guidelines please visit our website and agl.com.au/winescholarship.

Interested? For more information contact Alison Crocker, Community Relations Manager, for details on how to enter the 2015 AGL Wine Excellence Scholarship and all the terms and conditions.

Email acrocker@agl.com.au or telephone 0428 027 714.
From an age/generational viewpoint, the distribution is skewed towards older visitors with only 39 per cent in the Millennial/Gen-Y age segment (18-34 years). Another 19 per cent belongs to the Gen-X segment (36-44 years) with the remaining 42 per cent belonging to the Baby Boomer and Traditionalist segments (45 years and older).

By comparison with the Australian national population average, the Millennial/Gen-Y (18-34 years) segment among cellar door visitors is about 6 per cent higher, while the Traditionalists (65+ years old), are 7 per cent below.

People have choices when selecting a destination to visit as a tourist and this decision process also pertains to deciding which wine region and cellar door(s) to visit.

There is a direct relationship between the fact 91 per cent of the cellar door visitors were from Sydney, Melbourne, Adelaide, Perth and Brisbane, or their surrounds, and the fact that 65 per cent of people were repeat visitors to the wine regions. With the number of first-time visitors at ‘only’ 35 per cent, this could be an indicator of stagnation, or lack of promotion, but also of strong brand awareness.

The high level of repeat visitation means there is a high level of familiarity with the wine regions among visitors with 47 per cent having visited the region more than once in the past (average number of previous visits = 3.3 times).

With some wine regions located a long distance from a main city, the majority of visitors (47 per cent) were on a multi-day trip to a region (Table 1). Whereas most of them stayed overnight in the region they were visiting, it is insightful that 9 per cent of the multi-day visitors stayed overnight outside the region and drove back and forth – which could be an opportunity lost for the local regional economy.

In terms of one-day visitors, 15 per cent originated from within the region as they live there permanently (an indication of loyalty and/or convenience), while 38 per cent are from elsewhere.

**IMPULSE VISITATION**

While planning the trip to the wine region might happen well in advance, the final decision to visit the winery’s cellar door was made a very short time beforehand, for example 79 per cent decided within one week and 59 per cent within the 24-hour period before actually visiting.

This could be testimony of impulsive (unplanned) cellar door visitation evoked by aspects such as road signage when driving past, recommendation from a nearby cellar door, etc.

The overall purpose of this project was to track the effect of the cellar door visit experience on future sales of the wine brand. In order to achieve this, benchmarks relating to the current situation had to be established first.

Techniques developed to measure loyalty (Bhattacharya, 1997) and those for brand awareness and recall (Driesner and Romanjuk 2006; Jarvis et al., 2006), were used. In the process a 5-tier awareness/actual experience framework for the winery brands was developed (Table 2).

The true potential of wine tourism as the activity that brings people to the cellar door and thus in contact with the winery’s brand is apparent in that 21 per cent of visitors had actually tried a wine of the winery before visiting the cellar door, meaning they are completely unaware even of the corporate brand.

At its cellar door, a winery has the opportunity to deploy its DTC marketing strategies on both the unaware and aware visitors. It is insightful that 64 per cent of visitors had actually tried a wine of the winery before visiting the cellar door, with that figure diluting somewhat to 58 per cent who have actually purchased it in the past. Furthermore, 34 per cent awareness.

**Table 1: Duration of trip or period of stay in the specific wine region during the visit**

<table>
<thead>
<tr>
<th>Duration of trip/period of stay in the wine region</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Live in the region - not staying overnight</td>
<td>509</td>
<td>15.1</td>
</tr>
<tr>
<td>1-day trip from elsewhere - not staying overnight</td>
<td>1273</td>
<td>37.8</td>
</tr>
<tr>
<td>Multi-day trip</td>
<td>1586</td>
<td>47.1</td>
</tr>
<tr>
<td><strong>Multi-day trip:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Number of days stayed over in the region</td>
<td>-</td>
<td>3.52</td>
</tr>
<tr>
<td>- Number of nights stayed over in the region</td>
<td>-</td>
<td>2.78</td>
</tr>
</tbody>
</table>

**Table 2: The winery’s wine brand - previous awareness/actual experience framework**

<table>
<thead>
<tr>
<th>Awareness/actual experience of the wine brand</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ever HEARD of THIS WINERY (corporate brand)</td>
<td>78.7</td>
</tr>
<tr>
<td>Ever HEARD of any of this winery’s WINES (product brands)</td>
<td>75.7</td>
</tr>
<tr>
<td>Ever TRIED (DRUNK) any of this winery’s WINES (product brands)</td>
<td>64.3</td>
</tr>
<tr>
<td>Ever PURCHASED any of this winery’s WINES (product brands)</td>
<td>57.7</td>
</tr>
<tr>
<td>PURCHASED or CONSUMED any of this winery’s wines in the LAST 3 MONTHS</td>
<td>33.8</td>
</tr>
</tbody>
</table>

**Table 3: Whether visitors left the cellar door with knowledge about where the winery’s wines can be bought in future (other than at the cellar door)**

<table>
<thead>
<tr>
<th>Statement</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>I knew this already before visiting today</td>
<td>57.4</td>
</tr>
<tr>
<td>The cellar door staff told me where to buy it today</td>
<td>28.6</td>
</tr>
<tr>
<td>I did not ask and I am not interested in knowing</td>
<td>10.2</td>
</tr>
<tr>
<td>I did not ask but I am interested in knowing</td>
<td>1.6</td>
</tr>
<tr>
<td>I did not ask but I was not told by the cellar door staff</td>
<td>1.0</td>
</tr>
<tr>
<td>I asked, but the cellar door staff did not know</td>
<td>0.7</td>
</tr>
<tr>
<td>I did not ask but assumed I will be able to figure it out (i.e. buy online)</td>
<td>0.5</td>
</tr>
</tbody>
</table>
purchased and/or consumed it in the previous three months before visiting the cellardoor. This means the perception thereof is still quite ‘fresh’ in their memory and one would expect the visit to be instrumental in reinforcing and strengthening that perception. Using a Juster scale to measure the likelihood of the visitors buying the brand of the winery visited during the period 3-6 months following the cellardoor visit, showed a 41 per cent likelihood of that happening.

When a visitor leaves the cellardoor, perhaps never to return again, it is essential he/she knows where the winery’s wines can be purchased (Table 3). Because most cellardoor visitors would interact with a brand in either a retail setting or the DTC mode, our research went further in as far as finding evidence the cellardoor visit in fact had an influence in imparting key brand information.

It is therefore insightful 57 per cent of cellardoor visitors stated they knew this even before they visited the cellardoor.

Two aspects are important here:
1. Those who already knew through either past visit experience and/or buying and/or consuming this wine in the past, had this knowledge reinforced first-hand at the cellardoor.
2. This also means 43 per cent did not know where the wines can be purchased. Furthermore, 67 per cent of those who did not know received this knowledge firsthand direct from the cellardoor staff.

Both these ‘interventions’ underline the importance of the cellardoor and of the staff actually using the marketing opportunity presented to them.

One of the main reasons for operating a cellardoor in the first instance is to sell wine direct to the visiting public, usually at full margins which makes it a very attractive financial proposition for wineries.

The research therefore measured buying and non-buying incidence, across product categories (wine, food, merchandise etc.) plus the volumetric and dollar values relating to the buying of wine (Table 4).

### DOUBLE SPEND
Cellardoor visitors spent money on both non-wine and wine items. In total, 75 per cent of visitors spent some money at the cellardoors.

Based on previous research this is a good yield rate, as most wineries of similar type have a yield rate varying between 65 and 75 per cent. The average amount of money visitors parted with is just over $90. Not surprisingly, wine items made up the majority of the amount spent, while non-wine items...
accounted for the balance. The visitors who bought wine (67 per cent overall) took away around 4.4 bottles with them for later use which was destined to be mainly for normal at home consumption (38 per cent), at home with guests (20 per cent), at home celebration occasions (10 per cent), and gift-giving (7 per cent).

Finally, the research examined wine club membership incidence, duration, and the buyer metrics of wine club members visiting the cellar doors (Table 5).

The incidence of wine club membership of any winery is 19.6 per cent overall, while 10.7 per cent of the visitors are wine club members of the winery they visited on the day of completing the research survey, and they have been a member for almost two years on average.

Another 11.1 per cent of the visitors are not a member of the visited winery’s wine club, but members of another wine club. Retention of wine club members is an ongoing challenge in the sense that they remain members of a club for about 24 months (two years), while the comparative figures are 20 months in the US and 18 months in Canada (Silicon Valley Bank, 2013; Bruwer and Lesschaeve, 2012).

Table 5 also provides some further insights and regards the buying metrics of wine club members as opposed to non-club members at cellar doors. Clearly, wine club members are by far the premium customers of wineries as their buying metrics massively exceed that of non-club members.

These buying metrics of wine club members underline the fact a winery needs a good strategy to attract visitors to the cellar door, recruit them into the wine club, and of course thereafter retain them for as long as possible.

**CONCLUSIONS**

In a nutshell: to optimise the direct-to-consumer (DTC) marketing opportunity, a winery needs a cellar door which informs visitors about the wine products and familiarises them with the brand. This is however, only possible if the region (and the winery) with the brand. This is however, only possible if the region (and the winery) offers that are desired by the end user. Further research probing the wine club scenario in particular, is thus essential.

This project is one of the first opportunities to date (and by far the most in-depth) to measure core metrics of cellar door visitors across Australia and to track these visitors’ post-visit consumption changes and associated buying behaviour.

It recruited visitors at cellar doors from a representative set of regions and wineries across Australia and measured their wine consumption behaviour and initial brand image of wineries and regions visited. It then followed consumers with two more surveys to measure the ongoing purchasing of wine in the subsequent six months.

The proliferation of wine groups/clubs, commonly generated from sign-ups at cellar doors has found only limited success. Marketing ‘push’ activities of this kind will continue to under deliver until a better understanding of consumer preferences has been developed and can deliver offers that are desired by the end user. Further research probing the wine club scenario in particular, is thus essential.

The incidence of wine club membership of any winery is 19.6 per cent overall, while 10.7 per cent of the visitors are wine club members of the winery they visited on the day of completing the research survey, and they have been a member for almost two years on average.

Another 11.1 per cent of the visitors are not a member of the visited winery’s wine club, but members of another wine club. Retention of wine club members is an ongoing challenge in the sense that they remain members of a club for about 24 months (two years), while the comparative figures are 20 months in the US and 18 months in Canada (Silicon Valley Bank, 2013; Bruwer and Lesschaeve, 2012).

Table 5 also provides some further insights and regards the buying metrics of wine club members as opposed to non-club members at cellar doors. Clearly, wine club members are by far the premium customers of wineries as their buying metrics massively exceed that of non-club members.

These buying metrics of wine club members underline the fact a winery needs a good strategy to attract visitors to the cellar door, recruit them into the wine club, and of course thereafter retain them for as long as possible.

**CONCLUSIONS**

In a nutshell: to optimise the direct-to-consumer (DTC) marketing opportunity, a winery needs a cellar door which informs visitors about the wine products and familiarises them with the brand. This is however, only possible if the region (and the winery) offers that are desired by the end user. Further research probing the wine club scenario in particular, is thus essential.

This project is one of the first opportunities to date (and by far the most in-depth) to measure core metrics of cellar door visitors across Australia and to track these visitors’ post-visit consumption changes and associated buying behaviour.

It recruited visitors at cellar doors from a representative set of regions and wineries across Australia and measured their wine consumption behaviour and initial brand image of wineries and regions visited. It then followed consumers with two more surveys to measure the ongoing purchasing of wine in the subsequent six months.


The funding provided by GWRC for execution of the research project is gratefully acknowledged.

**Contact:** Johan Bruwer
P: 61 8 830 20135
E: johan.bruwer@unisa.edu.au

**ABOUT THE AUTHORS**

Johan Bruwer: School of Marketing, Ehrenberg-Bass Institute for Marketing Science, University of South Australia

Larry Lockshin: School of Marketing, Ehrenberg-Bass Institute for Marketing Science, University of South Australia

Anthony Saliba: School of Psychology and NWGIC, harles Sturt University

Martin Hirche: School of Marketing, Ehrenberg-Bass Institute for Marketing Science, University of South Australia

**REFERENCES:**


---

**Table 5: Wine club membership metrics of the cellar door visitors**

<table>
<thead>
<tr>
<th>Wine Club Membership of the Winery Visited on the Day</th>
<th>Non-Club Members</th>
<th>Club Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes - I am a member of the winery's wine club I visited</td>
<td>10.7 %</td>
<td>24.3 months</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Wine Club Membership of Any Other Winery’s Wine Club</th>
<th>Non-Club Members</th>
<th>Club Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes - I am a member of another wine club</td>
<td>11.1 %</td>
<td>19.6 %</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Buying Metrics at the Cellar Door</th>
<th>Non-Club Members</th>
<th>Club Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying wine at the cellar door to take home</td>
<td>64.6 %</td>
<td>83.8 %</td>
</tr>
<tr>
<td>Number of bottles bought*</td>
<td>2.51 bottles</td>
<td>7.07 bottles</td>
</tr>
<tr>
<td>Amount spent on wine*</td>
<td>$61.37</td>
<td>$167.15</td>
</tr>
<tr>
<td>Amount spent on all items*</td>
<td>$82.52</td>
<td>$196.00</td>
</tr>
</tbody>
</table>

* Average metric for all visitors (incl. non-buyers)