

They came, they like and they buy: Turning tourists into long-term customers

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The following article is based on a recent *Wine Communicators of Australia* webinar in which Richard Lee described how targeting Chinese tourists while they were in Australia could help them become long-term buyers and advocates of our wines once they return home.

Imagine being a tourist in Italy. You're enjoying your trip and you come across some leather jackets you really like, which the country is renowned for. Fast track a year later, and you are shopping for a leather jacket back in Australia. Would you have a preference or bias to buy a leather jacket from Italy, compared with leather jackets from other similarly well-known high-quality leather manufacturing countries? It seems yes, and this is the key finding of a recent comprehensive study funded by the Wine Australia. The project studied how targeting Chinese tourists while they were in Australia could favourably influence their perceptions of Australian wines, thus helping them becoming long-term buyers and advocates of our wines when they are back in China.

Given the critical role China plays for Australian wine export, it is important for our brands to grow in salience and preference among Chinese consumers. Unfortunately, some barriers prevent us from reaching these objectives. Australian wine brands often lack a direct access to the end consumers, given that wine retailers in China – both in on-trade and off-trade – do not dedicate to Australian wines the same amount of space and visibility they allocate to other countries, such as France or Italy. In addition, while it is possible for Australian wine brands to mass advertise, the highly fragmented Chinese media landscape – where 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 – would place significant cost on such an approach to promote the wine.

In view of these challenges, this project shows an alternative, yet effective way to increase the competitiveness of Australian wines in China by targeting Chinese consumers while they visit Australia as tourists. Previous literature shows that the tourism experience acts like a halo to colour

the perceptions of the country's products (Elliot *et al.* 2010, Lee and Lockshin 2012). While this might mean that product perceptions may suffer in case a person has a less positive tourism experience, countries with a well-established tourism industry such as Australia are well-positioned to take advantage of this phenomenon. Chinese tourists in Australia are more likely to enjoy than be disappointed with their tourism experience, hence, there is a greater propensity of them forming positive perceptions of Australia's products. As a consequence, when Chinese tourists come back home and want to buy a bottle of wine, Australian wine brands will be forefront in their minds. What's more, these returning tourists can become effective word-of-mouth advocates for the brands.

A particular piece of research is also lending further credence to this strategy of targeting tourists to enhance export competitiveness. According to Tourism Australia (2014) more than 700,000 Chinese tourists landed in Australia in 2013. This represented an increase of about 15% over 2012. Numbers are projected to grow at a compound rate of just under 10% until the end of the decade. These largely middle-class consumers who come from many different cities and provinces in China mostly visit popular locations (e.g. Sydney), and marketing efforts can be directed at them in a cost effective, yet flexible manner. This point is especially pertinent given China's highly fragmented and expensive media landscape. This is also good news for smaller wineries who do not have the size or budget to directly market offshore.

Briefly, the method involved surveying Chinese tourists while they were holidaying in Australia and compared them with Chinese wine consumers, who have never been in Australia. The surveys took place in Adelaide, Sydney and Cairns between March 2013 and June 2014, while the non-visitor survey took place in the Chinese city of Chengdu in August 2014. In all surveys, participants answered a pen-and-paper questionnaire about their perceptions of Australia as a tour destination and their perceptions of Australian wine. Both visitors and non-visitors also evaluated the wine after a tasting. As we mentioned above, the main finding of the study is that Chinese consumers who have visited Australia reported a more favourable image than those who have not. However, the research revealed other interesting results.

First, the findings are not distorted by seasonal factors. This means that this tourism engagement approach is flexible, and can be planned and executed all year round. Also, given the lack of significant differences in responses between cities, we also believe the project's methodological approach is generalisable to other Australian cities frequented by Chinese tourists but not covered by this survey (e.g. Perth and Melbourne).



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Secondly, the strategy works only in situations when tourists expect to encounter wine. For example, exposing tourists to wine while they are visiting a natural reserve or a shopping centre is unlikely to engender strong influence on the product. Conversely, offering them a chance to taste wine in a winery or even at a restaurant is likely to lead to them developing a favourable impression of the wine – provided they have had a good tourism experience prior to the wine exposure. And this is good news for smaller vineyards who don't have cellar doors to offer a wine tasting experience or who are out of the way for tourists to visit; it appears that venues such as restaurants work equally well. Therefore, the identification and selection of congruent venues is key to a successful execution.

Third, the project tracked visitors for a further 12 months after they had returned to China, and a key finding that emerged is the decay of the tourism effect. Tourists' perceived image and purchase probability of Australian wine eroded over time,

after they had returned to China. Indeed, about 12 months upon their return, there were no difference between visitors and non-visitors in their perceptions of and willingness to buy Australian wine. This, however, means that brands have a year to take advantage of the positive inclination Chinese tourists have towards Australian wines, which, in turn, implies that Australian wine exporters need to continue marketing to the them after they have returned home in order to maintain or at least retard the decline of the initial positive perceptions. Social media, newsletters and other direct communications to refresh the memories of visitors would be something worthwhile pursuing.

In conclusion, despite the long-term perceptions decay, the idea of targeting tourists to sharpen country competitiveness in the tourists' home country should be considered a part of an Australian wine brand's overall marketing strategy. It is effective, it is cost-efficient and it offers an alternative platform for wine brands to nurture long-term consumers. Today, the main focus is the Chinese market, but Australia also has many visitors from the US, UK and Japan, all of whom are critically important markets for our wine. So, it seems that the effects of this tourism halo can indeed cast a long and useful shadow.

For more information about this project we invite interested readers to read the full report, accessible from the Wine Australia website at <http://bit.ly/harnessingchinesetourists>

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