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Australian Grape and Wine Authority
Research and Development



CELLAR DOORS AND SO MUCH MORE!



FINAL REPORT to
AUSTRALIAN GRAPE AND WINE AUTHORITY

Project Number: GWT 1321

Principal Investigator: Prof Ulrich Orth

Research Organisation: **University of Adelaide**

Date: **July 28, 2014**

Abstract

Prof Orth is an internationally successful researcher in the areas of ethics and retail design. Prof Orth conducted a series of regional (SA) industry and academic workshops focused on effectively managing Customer touch-points from wine packaging and label styles to cellar door atmospherics. Importantly he also participated in a number of 'short' interviews providing brief insights into these areas (see AGWA website). He also engaged with research colleagues at the UoA Business School, the Waite campus and UniSA, where he is also collaborating on GWRDC funded projects in addition to mentoring PhD and other higher research degree students.

Executive Summary

The main objectives of Prof Orth's travel to Australia were achieved with the successful presentation of four industry workshops (Barossa Valley, Clare Valley, McLaren Vale and the Adelaide Hills wine regions). These workshops were well attended with considerable interest shown by attendees in the topic presented that focussed on design aesthetics related to wine marketing. Specifically, Prof Orth presented the results of his own research (conducted with a number of collaborators from Australia, France and the USA to name a few) that illustrated successfully marketing wine involves making the right decisions in a number of key areas. Most critical decisions include what to emphasize in a communication, how to convey the message, to whom, and – ultimately – understanding why actual and potential buyers respond in the way they do. Focusing on practical value, Professor Orth will introduce some of his own studies to show how managers in the wine industry can benefit from recent insights into consumer processing of wine package design, visitor evaluation of and behaviour in tasting rooms, and the effects of visiting a region on buying wines from that region later on. Examples discussed in the seminars included a wide range of (Australian and international) wines, wine brands, wine outlets, and wine regions, and are based on a variety of state-of-the-art methods including quantitative surveys, psychometric experiments, and eye tracking. The outcomes of the research shared with participants from the South Australian wine industry show conclusively that the intrinsic attributes of our wines, such as taste, colour, alcohol levels etc can be substantially 'enhanced' or seriously 'diminished' in terms of consumer perceptions of quality by presenting the wines in unattractive packaging, or in the broader context, of unattractive cellar door environments. Moreover, the research also illustrated the need to understand specific consumer segments in order to present wine products in contexts and packaging they are likely to find congruent with their own personality styles and tastes.

In conjunction with Prof Orth's industry engagement, he also presented two academic seminars, one to academics and higher degree research students at the University of Adelaide Business School and one at the Waite campus at the School of Agriculture, Food and Wine. More theoretically focussed, these seminars were also both well attended, particularly the one at the Waite campus where young wine makers and viticulturists welcomed the opportunity to engage in the consumer behaviour oriented research topics. Here the focus of Prof Orth's discussion related more strongly to contextual effects of visual complexity oriented to a processing fluency perspective. Focusing on service scapes (cellar doors and other retail environments), Professor Orth offered some theoretical background on visual complexity and processing, and then introduces his own studies of visual complexity effects in the context of package displays and service interiors.

Outcomes such as evaluation of a product's attractiveness, store attractiveness, approach/ avoidance and the explanatory process (misattribution of affect through processing fluency) were discussed. The underlying metacognition perspective may complement the prevailing perspectives of cognition and affect as drivers of consumer behaviour. Specific contexts again included wine, yoghurt, wine stores, coffee shops, and deli stores discussing the methodologies employed (psychometric experiments, surveys, and eye tracking) from a more scientific perspective for the academic and research oriented audiences.

Following these engagements Prof. Orth held specific meetings with academic colleagues and HDR students at both UniSA and UofA making the most of his visit to assist them with the development of survey methodologies and stimuli choices. Importantly as a result of this specific travel grant and the relationship forged with the University of Adelaide, we were able to convince him to take on a part-time three-year contract with us as a Professor in Marketing at the Business School, who co-funded this visit. That means that he will be visiting Adelaide each year for the next three years and will be teaching into our Masters of Wine Business program, specifically. An important part of his contractual agreement with the UoA is that he will also be working with our higher research degree students and assisting Dr Roberta Crouch with the Advance Australia Fair (GWRDC) project and other research projects as appropriate. Prof Orth has also expressed a strong interest in continuing to engage with stakeholders in the Australian wine industry and his appointment and annual visits make this a highly viable opportunity to extend the and build upon the knowledge he has already shared.

Background

The Australian wine industry needs to be better informed regarding the major influences on consumer preferences and willingness to pay a premium price – these are rarely strongly linked to the intrinsic quality of wines. Whilst not a ‘popular’ fact willingly embraced by many in the wine industry, the empirical evidence in support of this broad principal are irrefutable. Prof Orth has studied, and supervised others that have investigated, many of these critical attributes such as the influence of retail shelf displays, cellar door aesthetics and label designs.

Prof Orth is working with wine firms and industries around the world designing and conducting theoretically sound research to equip decision makers with actionable insights and knowledge. Evidenced by his previous appointments as Wine Marketing Professor in Czech Republic and Oregon, his applied research is characterized by originality, innovativeness, and practical value. His work aims at solving real world problems while employing advanced quantitative (and qualitative) methodologies rooted in strong theories. In his own words, he aims at “providing industry with significant insights beyond present consumer behavior by disclosing the ‘Why’, that is, by providing insights into the motivational drivers of consumer psychology”. In addition to his articles in premier scholarly journals Prof Orth publishes articles in a variety of trade outlets including the Australian and New Zealand Wine Industry Journal and Wine Business Monthly. Most remarkably, Prof Orth designed and conducted a demanding cross-national study (spanning 16 renowned wine regions worldwide) to examine how the touristic experience of visiting a region aids in attaching consumers emotionally to the wine from that region, thereby increasing their willingness to pay a price premium and repeat purchase. In short, Prof Orth’s work testifies to his ability to greatly benefit firms and industries in the fields of wine and tourism.

It is true that we have experts in some of these areas also, and by bringing Prof Orth to visit Adelaide we were able to leverage this pool of knowledge with wine brand owners and bring an international perspective to the topic. During his time here, I also sought his input and advice regarding the Masters of Wine Business degree program, and as a result, he has agreed to teach into the program in the area of wine brand development. Additionally, Prof Orth is already contributing as a consultant on the ‘Advance Australia Fair’ project and during his visit I was able to spend valuable time with him related to the ongoing development of methodology for the study (now comprised of seven different countries). His visit also enabled him to meet with researchers currently working on GWRDC-funded projects at UniSA.

Project Aims and Performance Outputs

As can be seen in the table below, all outputs were achieved with the exception of a report specific to Prof. Orth’s impressions of a sample of our wine brand cellar doors. The reason this output was not achieved was due to time constraints. It was hoped that during the time spent in the regions visited for the industry seminars, we would have time to take Prof Orth to visit a number of locations and undertake an informal content analysis of what he saw and gather a useful record of his impressions and opinions. This was not found to be possible. However, part of the reason for this (aside from underestimated travel times) was that he was very actively involved with attendees after each workshop. Moreover, Ulrich was able to provide feedback in some instances to hosts (e.g. Susan Bell from O’Leary Walker Wines).

| Output | Performance Targets | Outcome |
|--|--|--------------|
| Seminars / Workshops (Industry) | Conduct 4 x 1.5 hour workshops (or 3 workshops and 1 Webinar) with members of Industry (on a regional or broad invitation basis). These would be co-sponsored by the UoA. If the workshops are conducted in specified regions sponsorship will be sought by regional bodies (e.g. Barossa Wine and Grape) | Achieved |
| Seminars (Academic) | 2 Presentations for Academic Staff (open seminar) based on current examples of Prof Orth's recent wine related research (one at the Adelaide Campus and one at Waite) | Achieved |
| Meetings with Students | Meet with HDR students undertaking studies related to consumer behaviour related to wine or wine tourism to provide advice and feedback. | Achieved |
| Meetings with Academic Staff (Adelaide Campus) | Conduct meetings with researchers engaged in consumer behaviour wine research or wine tourism with the objective of assisting or collaborating in existing projects, or initiating new research projects. | Achieved |
| Visit to Waite Campus and meetings with Academic Staff | Conduct meetings with researchers engaged in consumer behaviour wine research or wine tourism with the objective of assisting or collaborating in existing projects, or initiating new research projects. | Achieved |
| Visits to Cellar Doors / Wineries | Undertake a visit of cellar door venues in surrounding areas (e.g. Clare, Barossa, Adelaide Hills or McLaren Vale) in order to gain an understanding of the types of venues typically seen in the Australian landscape. This will provide Prof Orth with information that will form valuable feedback for industry. This will form part of the final report provided by the Project Supervisor who will take Prof Orth to visit these sites. | Not Achieved |
| Meet with Kate Harvey GWRDC | Discuss future research areas of common interest to the Australian Wine Industry and dissemination of knowledge to industry. Prof Orth to provide insights regarding similar activities in European Wine Regions | Achieved |
| Meetings with HDR students and research collaborators at UniSA | Meet with students under co-supervision and work with J Brewer on GWRDC cellar door oriented study | Achieved |

Outcome / Conclusion

Given the achievement of outcomes (with one exception) and the flow on effects resulting in Prof Orth accepting a part-time position with the UoA to teach into the Masters of Wine Business program I suggest the co-funded travel grant funding has been a very worthwhile project. We greatly value his participation at UoA and his valuable advice regarding current research projects.

Recommendations

Given that Prof Orth will be in Adelaide each year (sometime in late February to mid March) for the next three years at least, I suggest that workshops or 'master classes' in wine brand development and/or cellar door aesthetics be undertaken during his time here. I realise that this is bad timing in terms of the Australian vintage, but it is the only time Prof Orth can get leave for teaching from his home university in Germany. I also suggest that these workshops or 'master classes' be live streamed so that interested people can take place in other areas of Australian. Alternatively (or additionally), Prof Orth could conduct a webinar via Wine Communicators or similar.

Appendix 1: Communication

The main focus of Prof Orth's visit was industry workshops; these were conducted in the four regions described. Moreover, Ms Harvey conducted a number of short video interviews, which are available on the AGWA website.

Appendix 2: Intellectual Property

There are no IP issues or concerns to report

Appendix 3: Staff

University of Adelaide: Drs Roberta Crouch and Carolin Plewa

GWRDC staff: Ms Kate Harvey and her team

Appendix 4: Budget Reconciliation

End of Project Financial Acquittal submitted to GWRDC 26 June 2014

Appendix 5: Itinerary (Prof Ulrich Orth)

February 2014

| Monday | Tuesday | Wednesday | Thursday | Friday | Saturday | Sunday |
|---|---|---------------|--|--|---------------------------------|---------------------------------|
| 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| | | R&R – Jet Lag | Industry presentation and cellar door visits in Clare Valley | Seminar UoA (AM) HDR Q&A Meet with Kate Harvey of GWRDC (PM) | GWRDC project with RC (PM Only) | GWRDC project with RC (PM Only) |
| 24 | 25 | 26 | 27 | 28 | 1 | 2 |
| Industry presentation and cellar door visits in Barossa Valley (AM) and Adelaide Hills (PM) | Industry presentation and cellar door visits in McLaren Vale | Day Off | Visit and Seminar at Waite Campus (Sciences, School of Ag food and Wine – winery tour) (Viticulture and Oenology) Lunch | Meetings with HRD students and academics UoA | Day Off | Day Off |
| 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| UniSA | UniSA | | | | | |