

# Customer Satisfaction Drivers and Performance in Wine Tasting Rooms: The Finger Lakes and Long Island

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# Today's Agenda

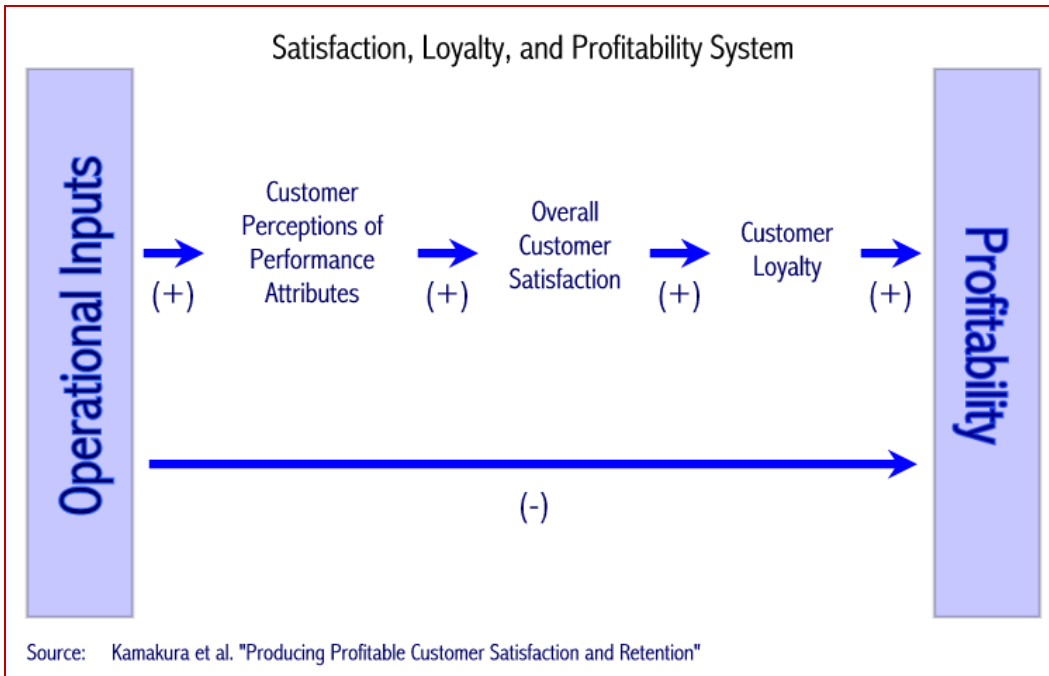
- Why is customer satisfaction important?
- Cornell Study in the Finger Lakes and Long Island regions
  - ✓ Drivers of Customer Satisfaction in tasting rooms
  - ✓ Does increased customer satisfaction leads to increased sales?
- Results in a nutshell
  - ✓ Substantial differences between the regions
  - ✓ Tasting protocol and service are the main drivers of customer satisfaction
  - ✓ Increased customer satisfaction leads to higher probability of purchase and increased sales
- Concluding comments and future research



# Why care about Customer Satisfaction?

Reasons for Satisfying Customers:

- Cost of attracting a new customer is 5 times the cost of retaining one
- Average company loses 10% customers a year
- Reductions in customer defection increases profits
- Customer profitability tends to increase over time

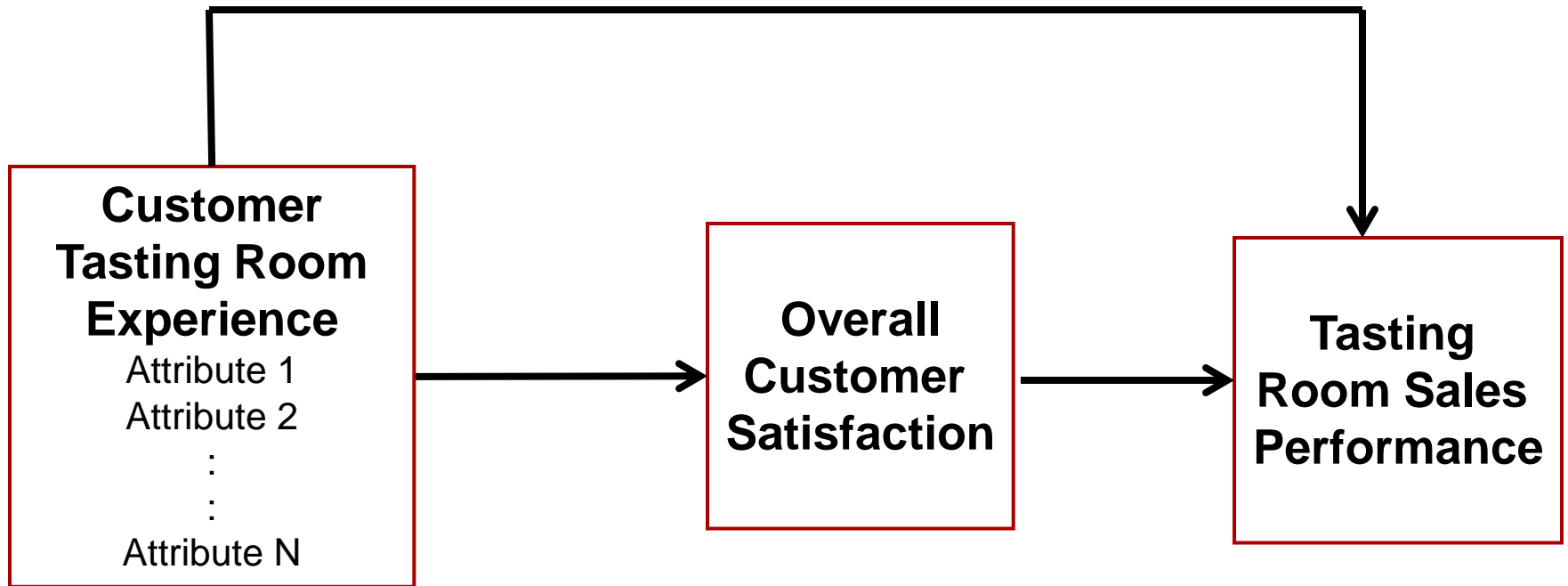


# Why Customer Satisfaction in Tasting Rooms?

- The tasting room experience is more complex than simply customers' perceptions of wine quality and prices
- It is influenced by other factors, for example
  - ✓ Tasting room design
  - ✓ Tasting room experience
  - ✓ Assortment of ancillary services provided.... and many more
- Little is known about drivers of customer satisfaction and sales performance in tasting rooms



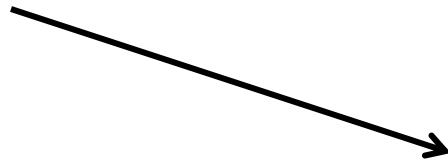
# Conceptual Framework



# Research Plan: Analysis

- Conduct a Factor Analysis to identify drivers (or factors) of Customer Satisfaction (CS) in tasting rooms

*Overall Customer Satisfaction = F (Driver 1, Driver 2, ....)*



*Sales Performance = G (Overall CS, Tasting Room Characteristics, Customer Demographics)*

*(Re) Purchase Intentions = H (Overall CS, Tasting Room Characteristics, Customer Demographics)*





# Data Collection

- Customer Satisfaction Survey in 9 tasting rooms in the Finger Lakes Region and 7 tasting rooms in Long Island
- Data collected from June/2009 through October/2009
- About 450 responses in the Finger Lakes; and 200 in Long Island
- Visitors provided information on
  - Scores of their tasting room experience (1 is low; 5 is high)
  - Purchases and re-purchase intentions
  - Reasons for visiting the winery
  - Demographics

# CS Questions and Scores

		Poor (1)	Fair (2)	Good (3)	Very Good (4)	Excellent (5)
1	Overall tasting room cleanliness					
2	Impression of the grounds/view					
3	Ambience of the tasting room					
4	Lighting in the tasting room					
5	Sounds in the tasting room					
6	Friendliness of Pourer					
7	Wine knowledge of Pourer					
8	Appearance/Presentation of Pourer					
9	Flexibility in the choice of wines tasted					
10	Space (elbow room) available for tasting					
11	Waiting time for tasting to start					
12	Waiting time between samples					
13	Availability of wine for purchasing					
14	Presentation/Display of wine for purchasing					
15	Quality of wine					
16	Wine prices					
17	Discounts available for wine purchase					
18	Helpfulness of tasting room staff					
19	Availability of non-wine gift items					

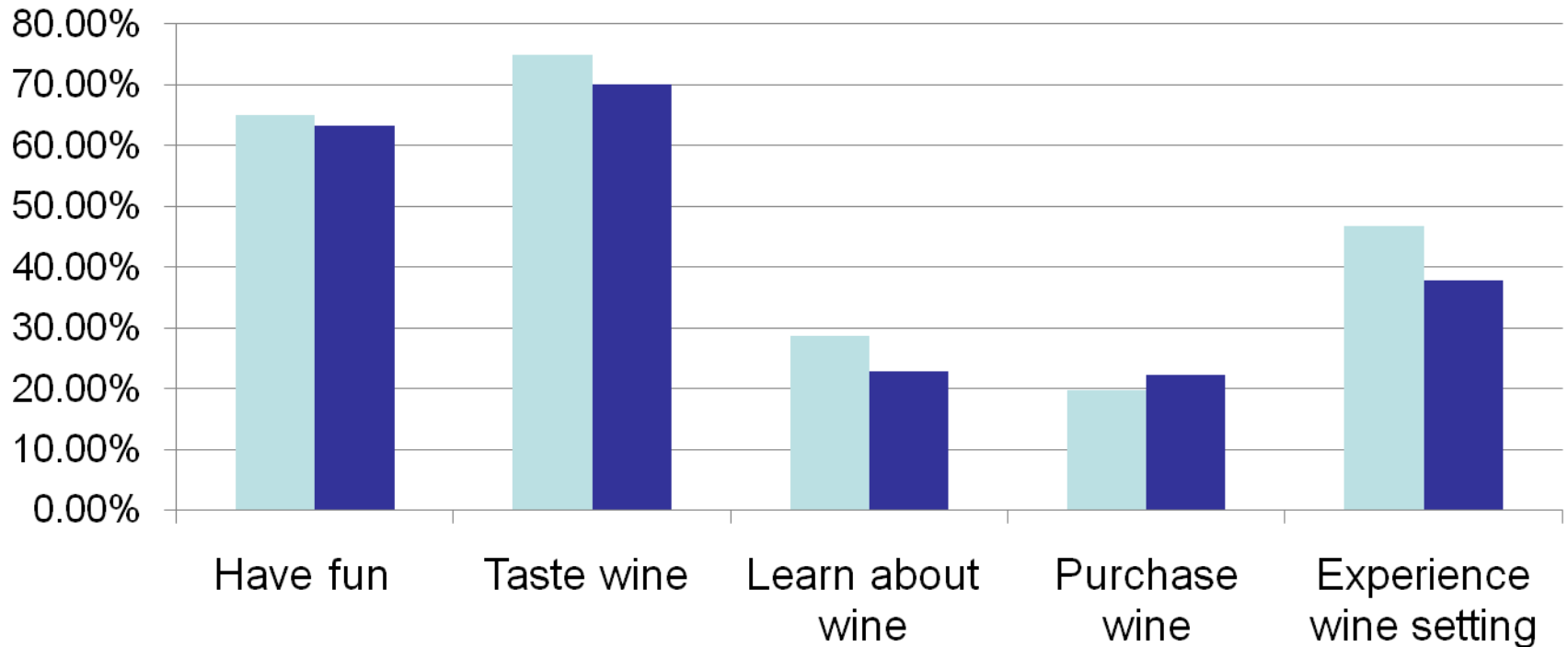




# Results: Descriptive Analysis



# Customer Reasons for Stopping at the Winery



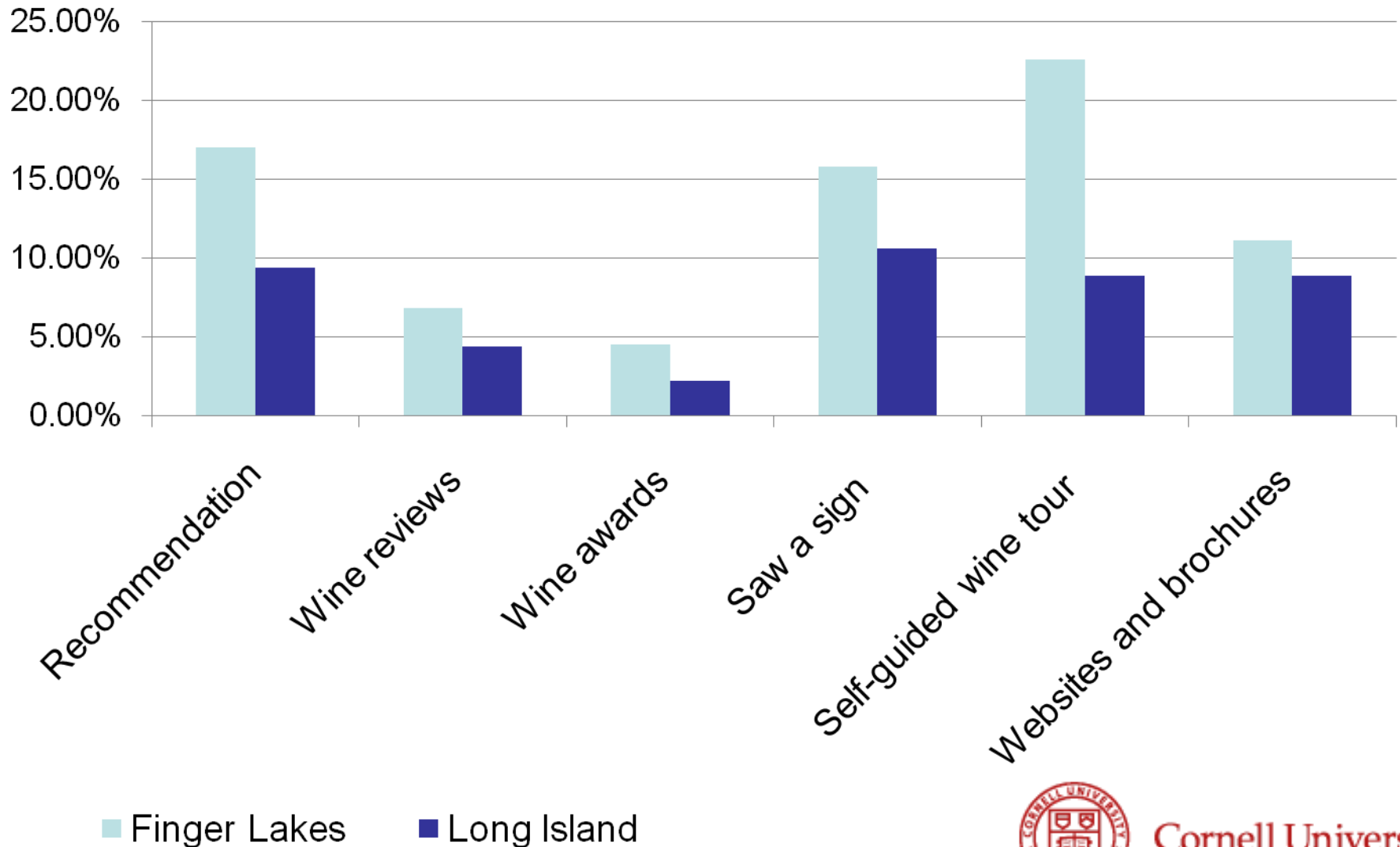
■ Finger Lakes

■ Long Island

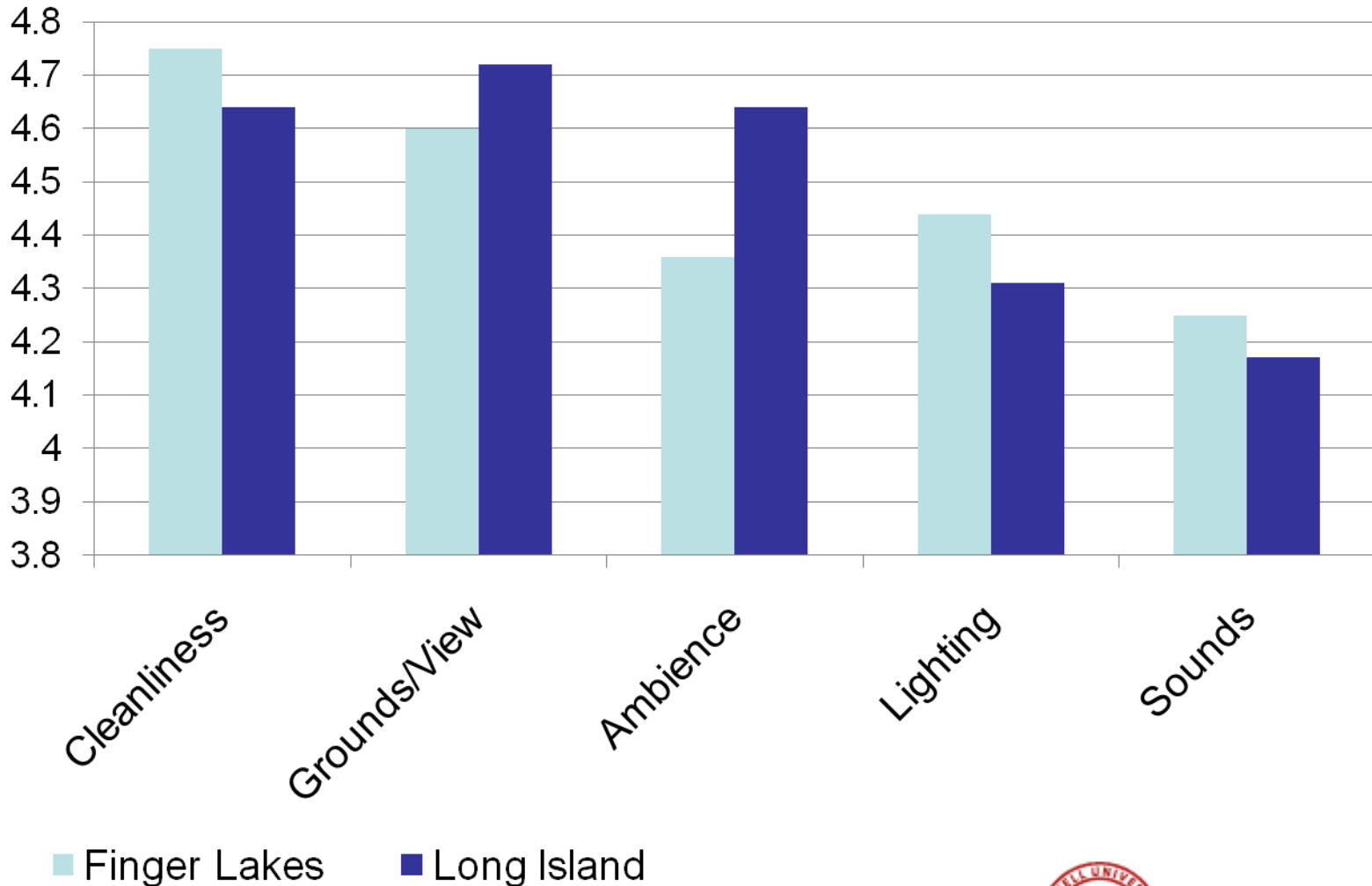


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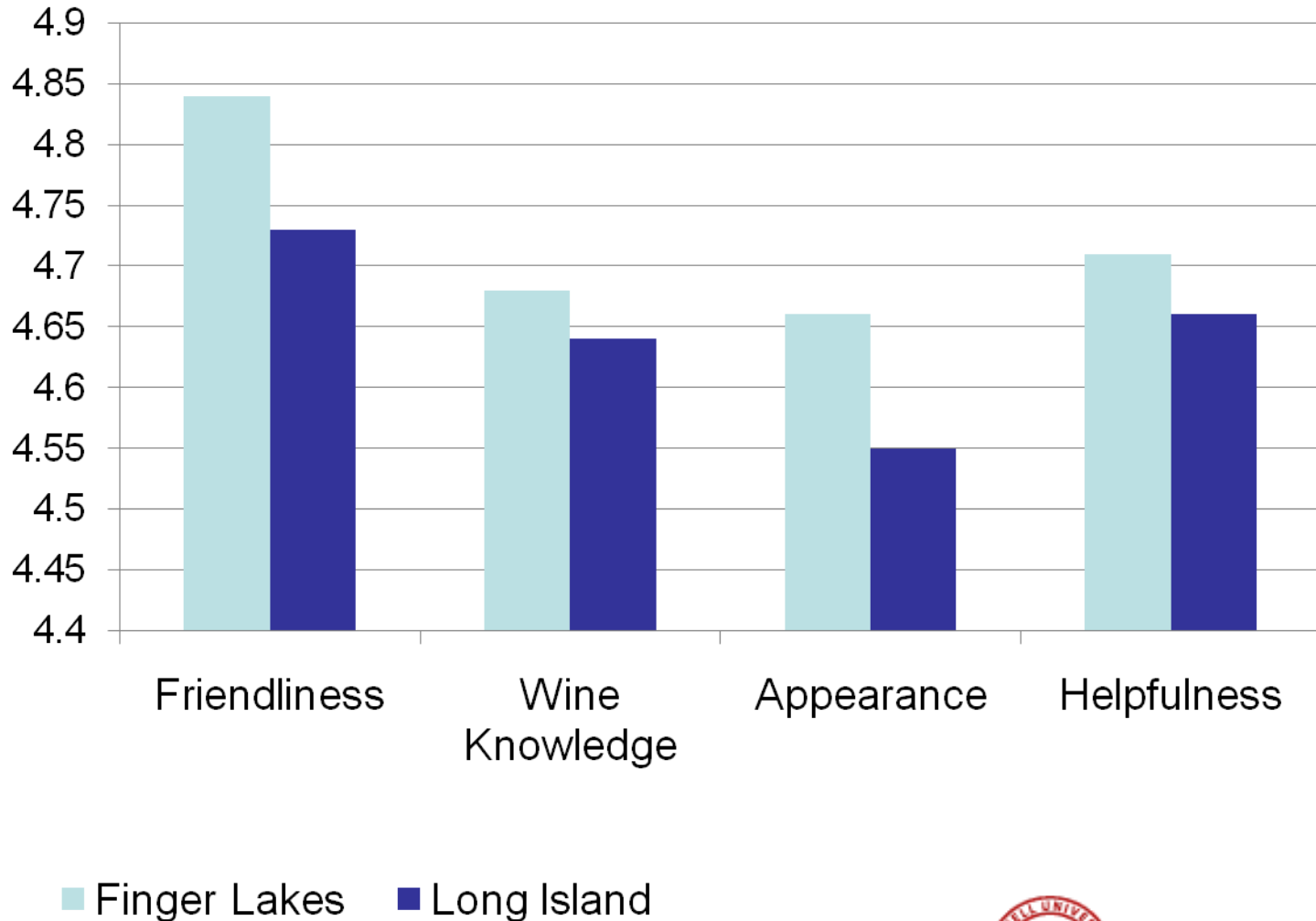
# Other Customer Reasons for Stopping at the Winery



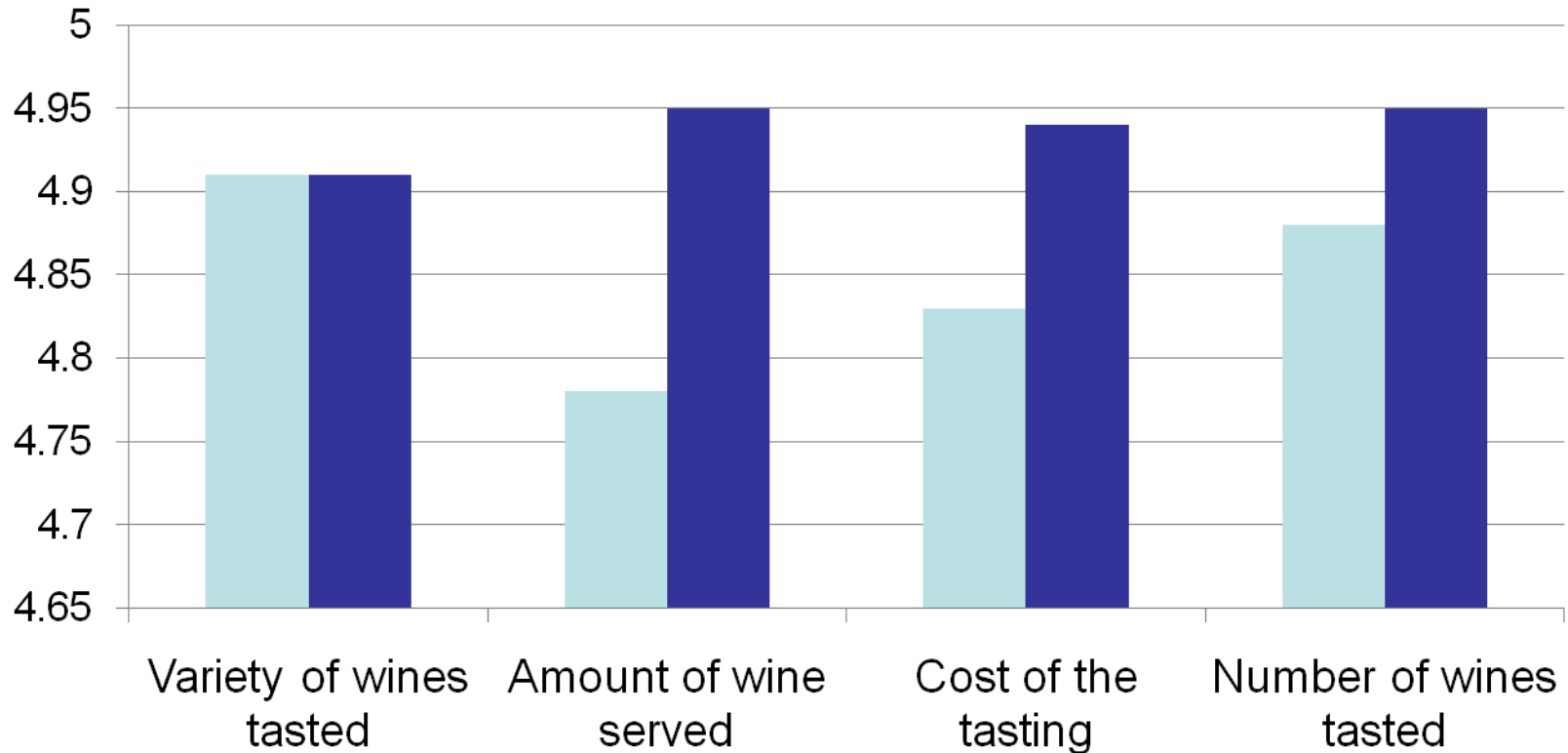
# Customer Satisfaction with Tasting Room Ambience



# Customer Satisfaction with Tasting Room Staff



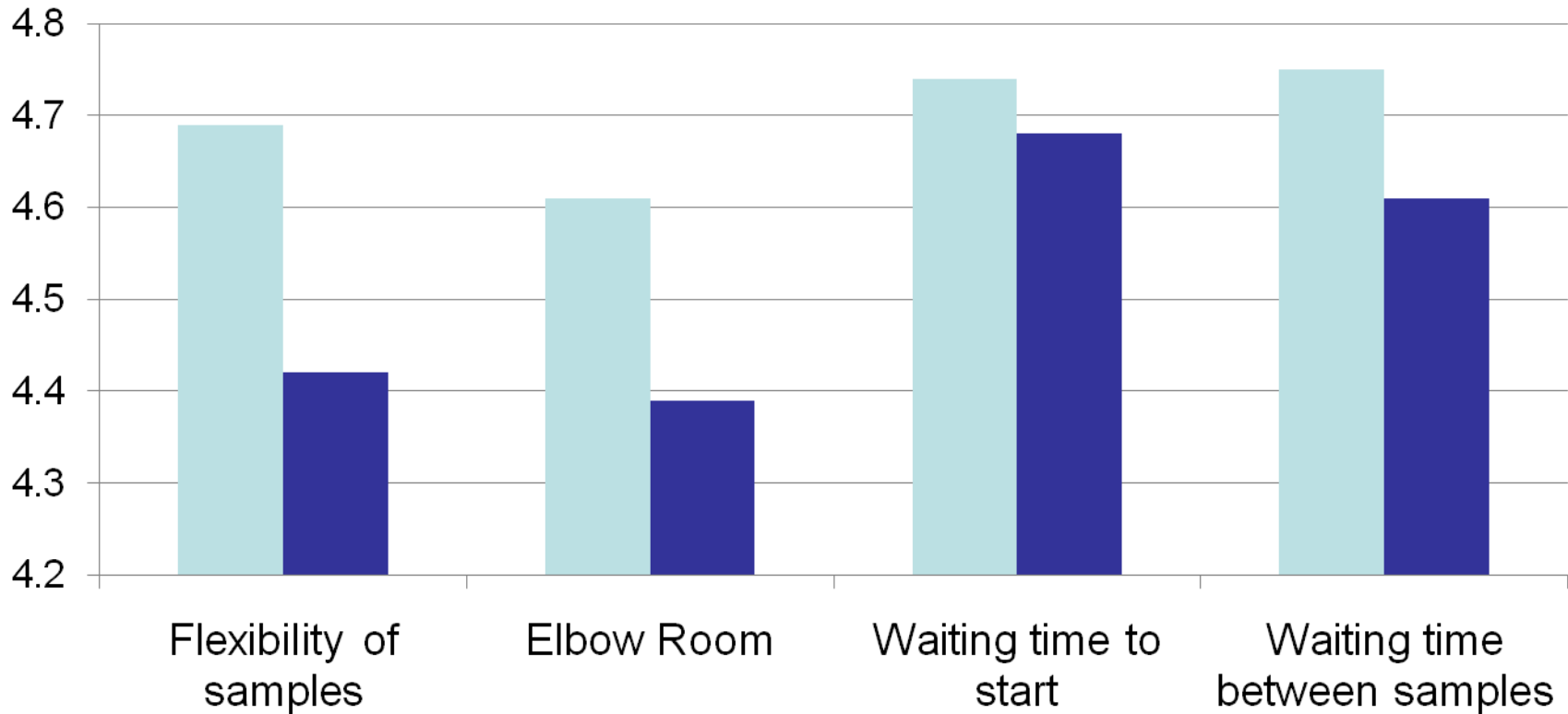
# Customer Satisfaction with Tasting Protocol



■ Finger Lakes   ■ Long Island



# Customer Satisfaction with Tasting Experience



■ Finger Lakes    ■ Long Island



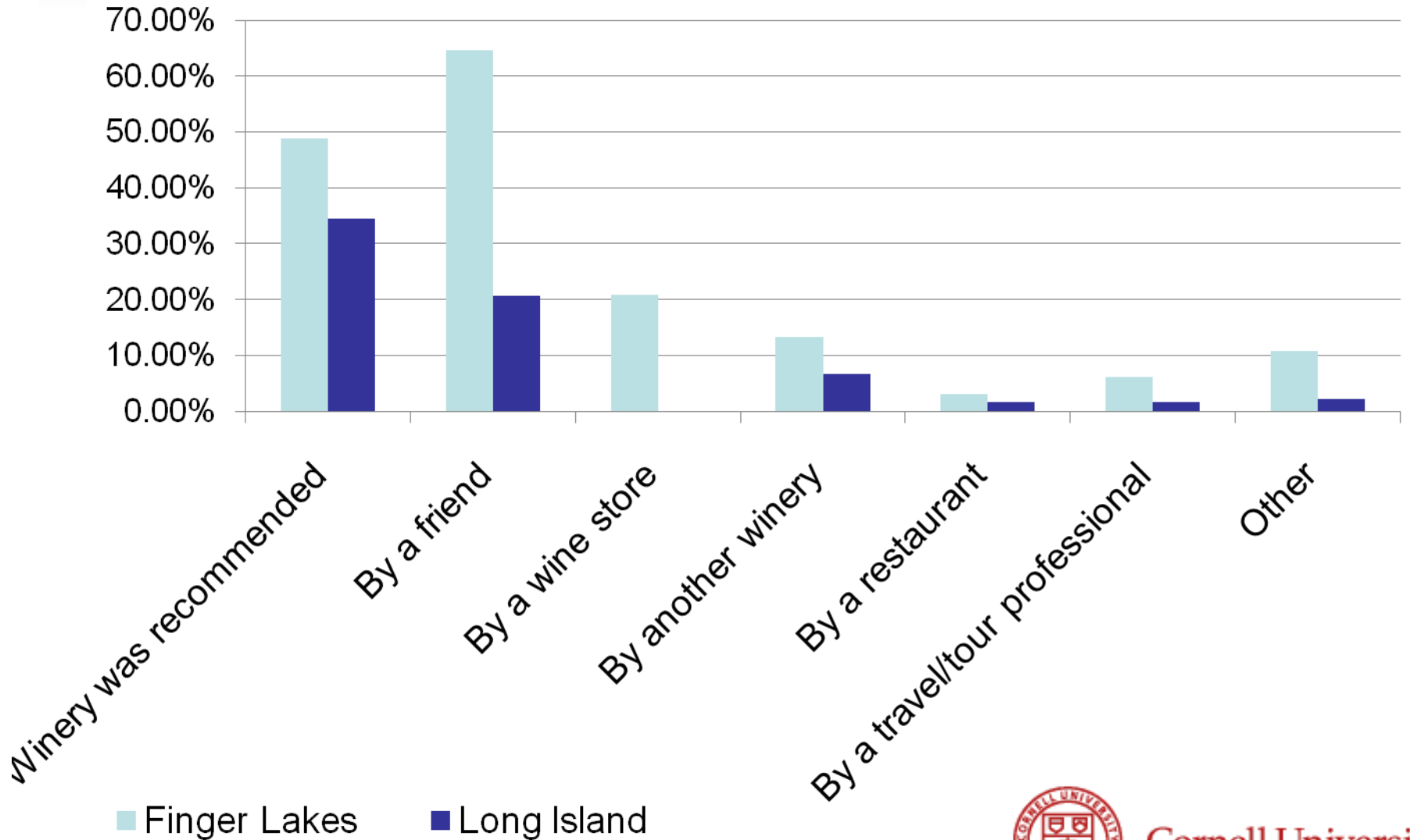
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# Customer Satisfaction with Retail Execution





# Recommendation Sources

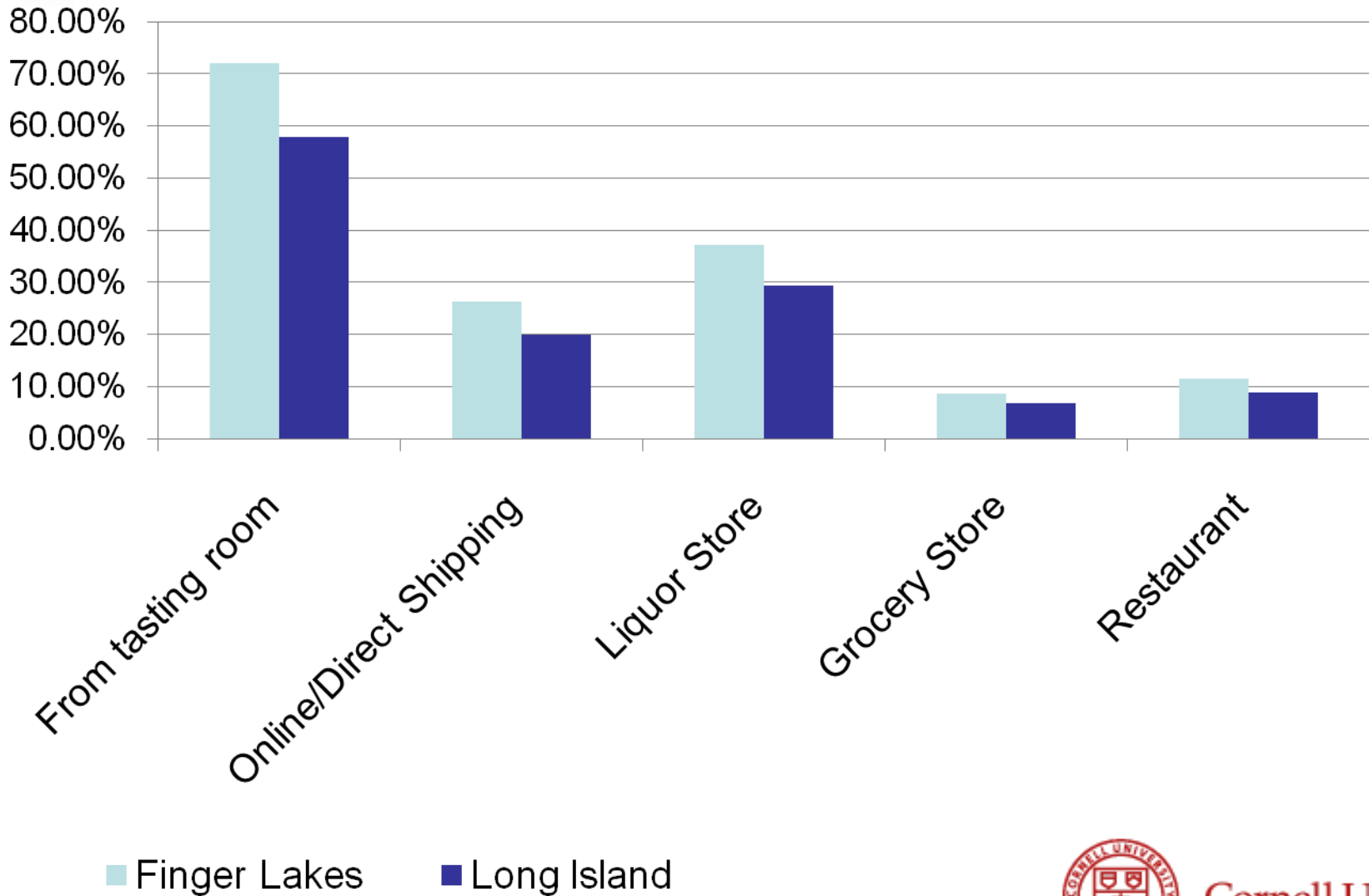


# Overall CS, Purchases and Re-purchase Intentions

Variable	Finger Lakes	Long Island
Average Overall Customer Satisfaction	4.55	4.37
Planning to purchase wine	83.5%	67.8%
Average bottles purchased	4.77	4.2
Average amount spent	\$58.89	\$66.38



# Customer Future Purchase Plans





# Results: Statistical Analysis



# Findings: 5 Customer Satisfaction Drivers

<b>Factor 1:</b> <b>Ambience</b>	<ul style="list-style-type: none"><li>• Overall tasting room cleanliness</li><li>• Impression of the grounds/view</li><li>• Ambience of the tasting room</li><li>• Lighting in the tasting room</li><li>• Sounds in the tasting room</li></ul>
<b>Factor 2:</b> <b>Service</b>	<ul style="list-style-type: none"><li>• Friendliness of Pourer</li><li>• Wine knowledge of Pourer</li><li>• Appearance/Presentation of Pourer</li><li>• Helpfulness of tasting room staff</li></ul>
<b>Factor 3:</b> <b>Tasting Protocol</b>	<ul style="list-style-type: none"><li>• Variety of the wines tasted</li><li>• Amount of wine served</li><li>• Cost of the tasting</li><li>• Number of wines tasted</li></ul>



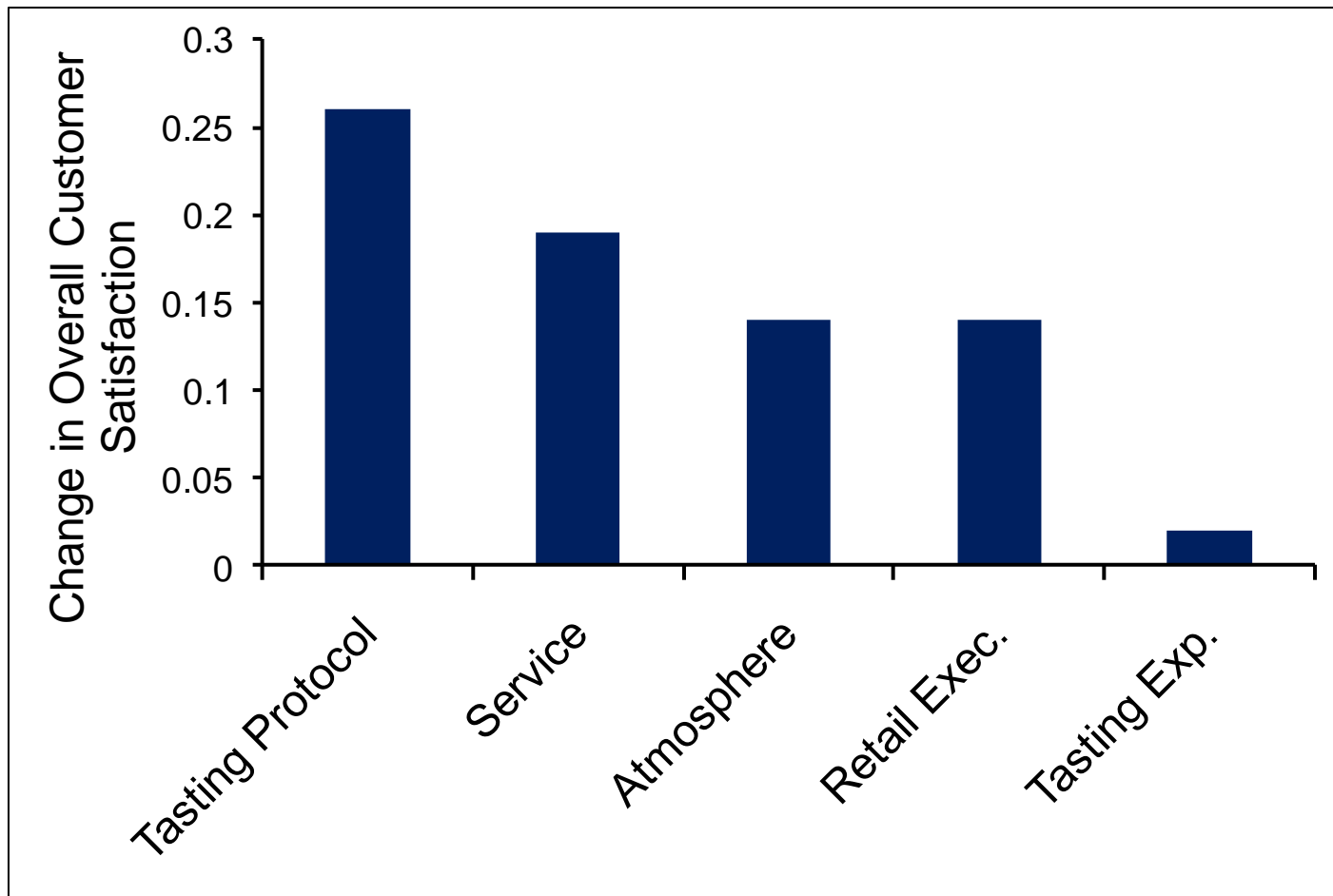
# Findings: 5 Customer Satisfaction Drivers

<p><b>Factor 4:</b> <b>Tasting Experience</b></p>	<ul style="list-style-type: none"><li>• Flexibility in the choice of wines tasted</li><li>• Space (elbow room) available for tasting</li><li>• Waiting time for tasting to start</li><li>• Waiting time between samples</li></ul>
<p><b>Factor 5:</b> <b>Retail Execution</b></p>	<ul style="list-style-type: none"><li>• Availability of wine for purchasing</li><li>• Presentation/Display of wine for purchasing</li><li>• Quality of wine</li><li>• Wine prices</li><li>• Discounts available for wine purchase</li><li>• Availability of non-wine gift items</li><li>• Ease of finding the winery due to signage</li></ul>



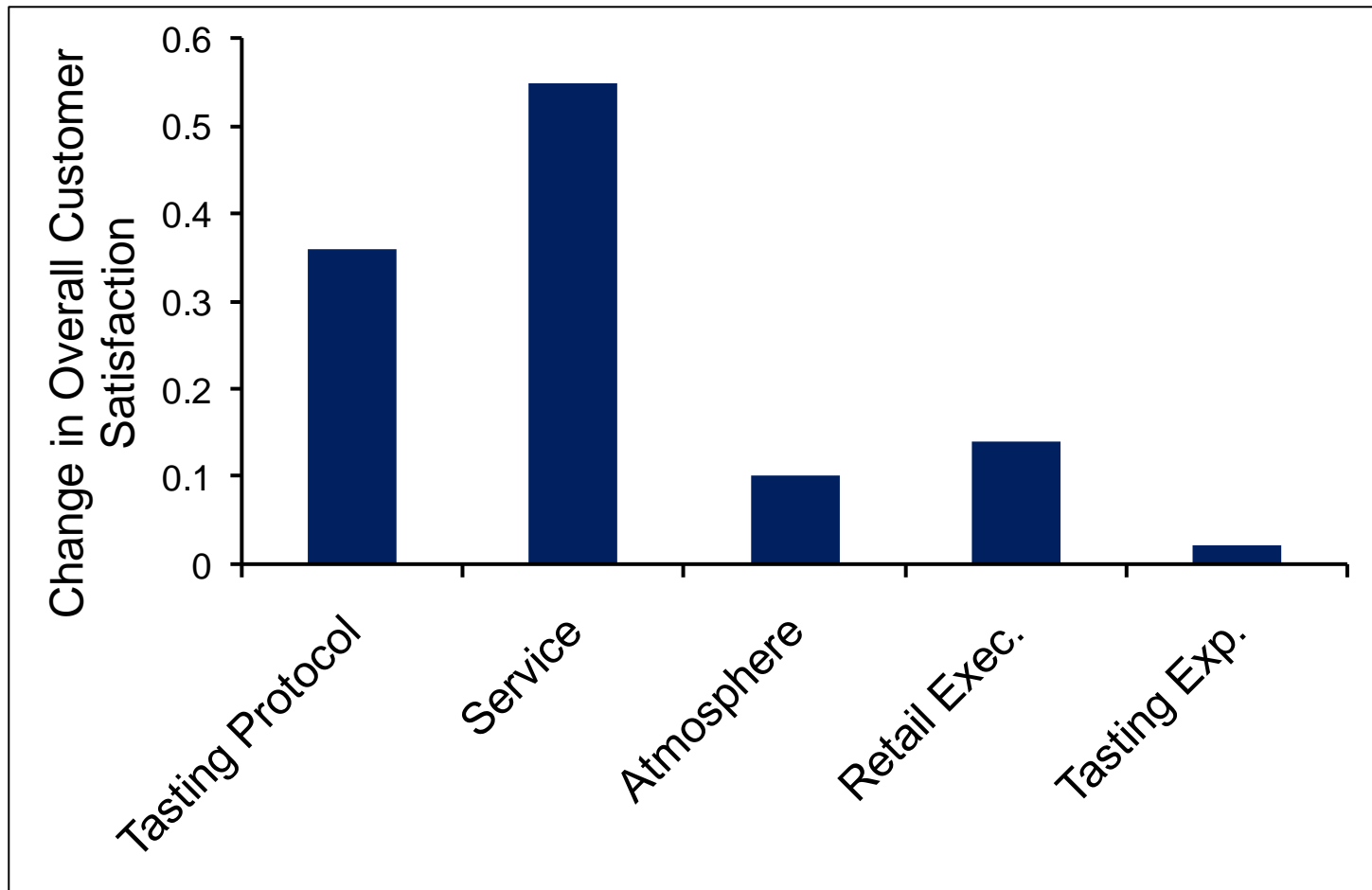
# Customer Satisfaction Drivers, Finger Lakes

Change in Overall Customer Satisfaction Resulting from a 1-point Increase in a Satisfaction Factor



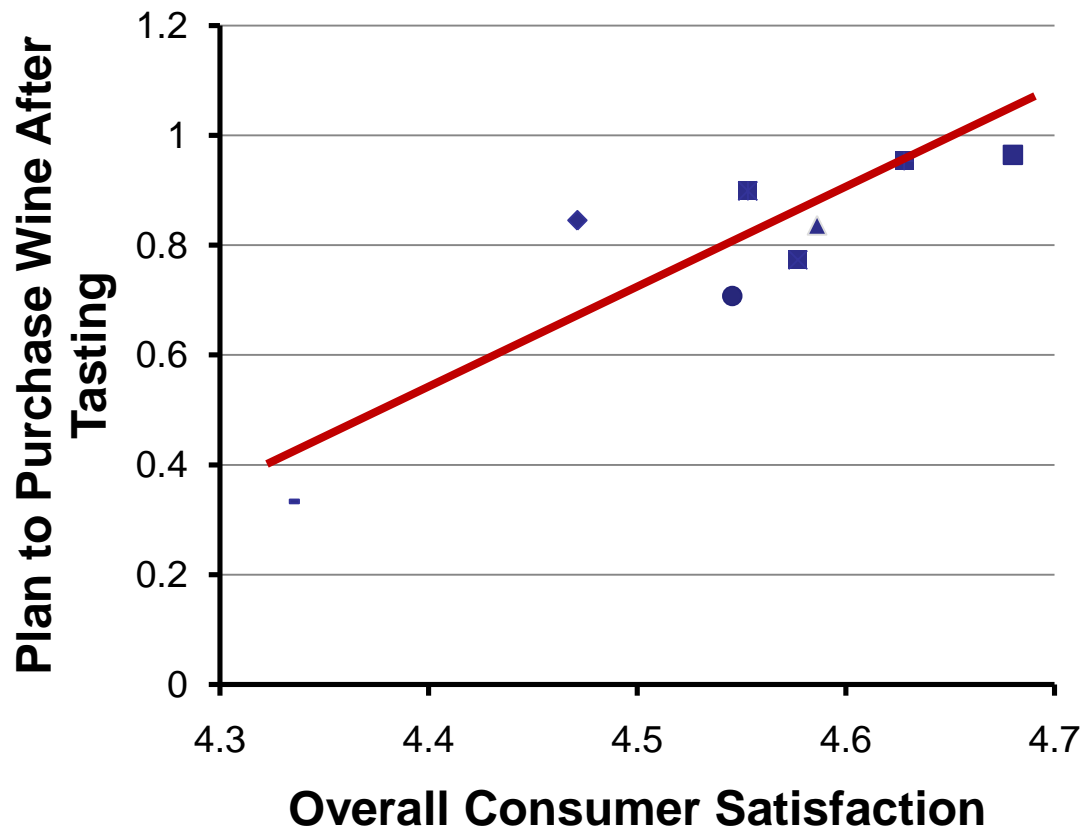
# Customer Satisfaction Drivers, Long Island

Change in Overall Customer Satisfaction Resulting from a 1-point Increase in a Given Factor

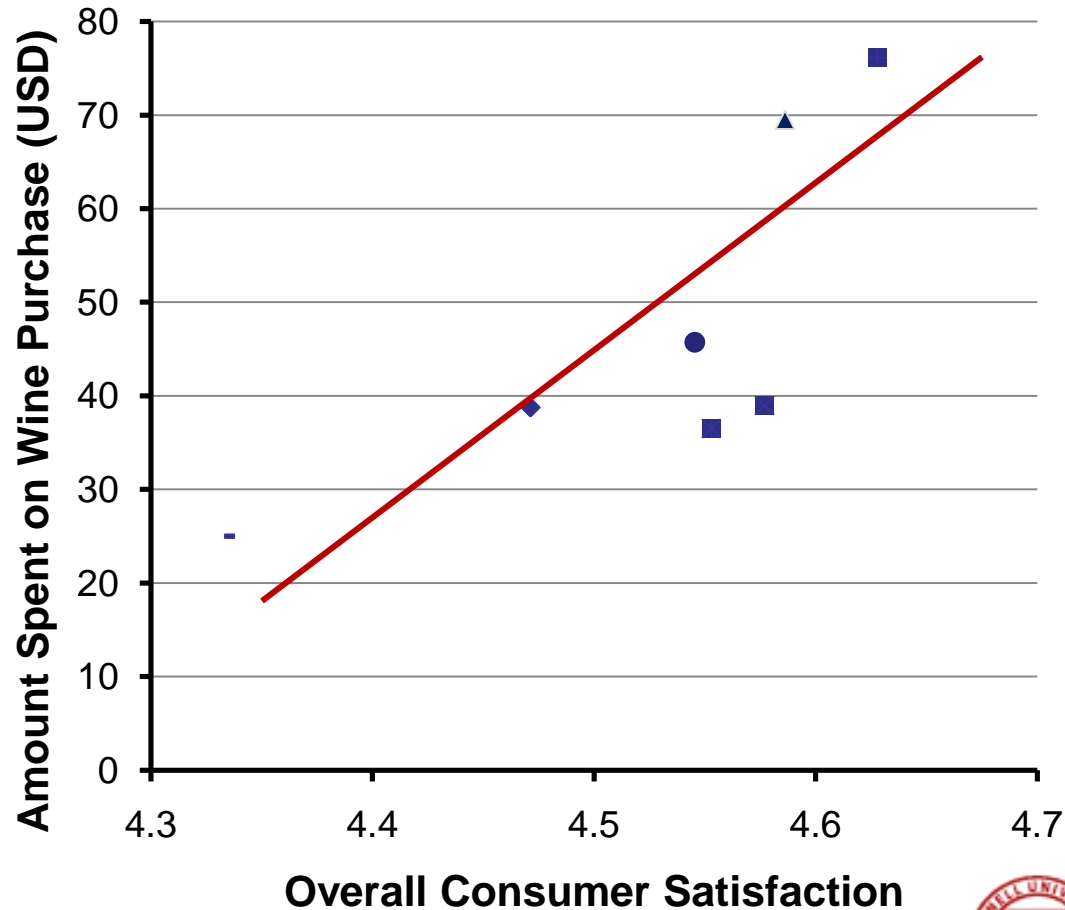




# CS Impacts on Purchase Intentions



# CS Impacts on Purchase Intentions and Tasting Room Sales

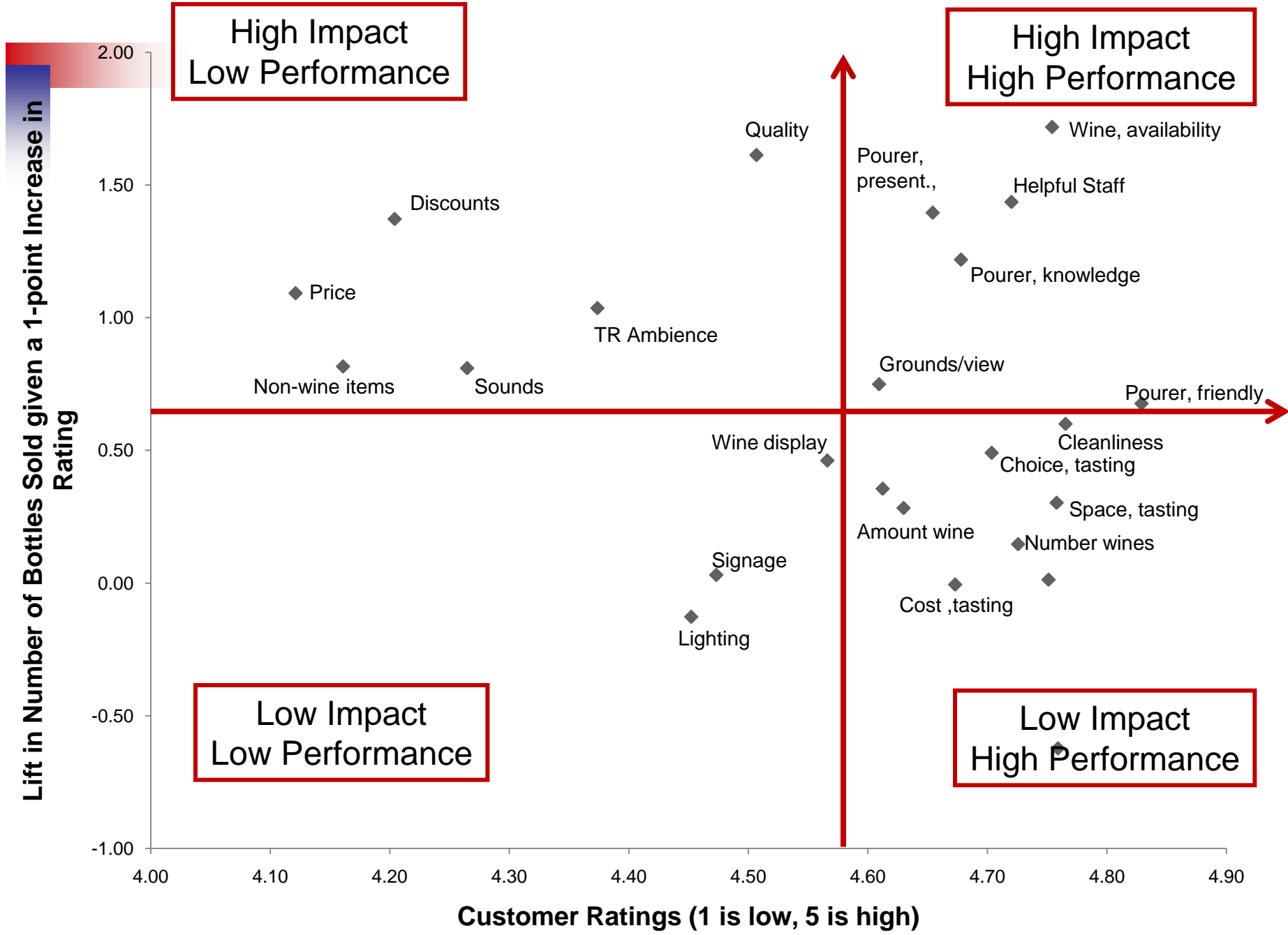




# CS Impacts on Purchase Intentions and Tasting Room Sales Performance

Impact of converting a visitor from “Satisfied” (score =4 ) to “Highly Satisfied (score = 5)....

<b>Performance Measure</b>	<b>Winery Averages</b>	<b>IMPACT</b>
Probability of purchase	70%	93%
Average number of bottles purchased	4.5	5.5
Average amount of purchase (\$)	\$62	\$72
Probability of re-purchase	88%	90%



# Conclusions and Future Research

- Strong links between Customer Satisfaction and Tasting Room Performance
- Five drivers of customer satisfaction in tasting rooms (tasting protocol, service, atmosphere, tasting experience, retail execution)
- Significant differences on performance and drivers of CS between wine regions
- Systematic monitoring/analysis of CS and sales provide information for tactical and strategic decisions
- Future research must look at dynamic aspects of the CS-sales performance links





# Thank You!

## Questions or Comments?

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