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POSITIONING WINERIES AS A LUXURIOUS TOURIST DESTINATIONS

The Case of Croatia

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ABSTRACT

Main purpose of this research was to determine whether Croatian wineries have luxurious elements similar to those that exist in developed markets where luxury components have been identified. My main hypothesis was that Croatian wineries have all required resources to be on the same level as foreign wineries. What needed to be done was to collect reliable data about customer's perception of foreign wineries and then compare it with one about domestic wineries. As it turns out, after collecting data and getting interesting results, my hypothesis was partially correct.

Key words: Wine, tourism, winery, luxurious, F&B, price, service, décor.

INTRODUCTION

Word “tourism” refers to travelling for pleasure since 1811. (Turner, 2006.) Since then, there has been a lot of added value to that word. What differs past and today's meaning of the word is that there is a lot of kinds of tourism today. Also, today, tourism is one of the biggest industries. As James Elliot stated in his book “Tourism: Politics and Public Sector Management” (1997.), it is expected that tourism industry is going to take over oil industry as most important industry in the world.

Unlike “tourism”, word “luxury” has been changing its meaning a lot. At the beginning, it was representing huge wealth and power (Llamas and Thomsen, 2016.). Nowadays, it does not have such definite meaning, rather its meaning is changing and shifting in a lot of directions (Kastanakis and Balabanis, 2012.). Previously, luxury was related to the tangible things, possessions that could be seen or touched, but now, more and more luxurious stuff is related to intangible things, such as overall experience.

There has been couple of widely accepted definitions on wine tourism. One states that wine tourism can be defined as “visitation vineyards, wineries, wine festivals for which grape wine tasting and experiencing attributes of wine region are the prime motivating factors for visitors” (Carlsen, Charters, 2006.). Another one (Charters, Alli-Knight, 2002.) defines it as travel for the purpose of experiencing wineries and wine regions and their links to lifestyle. Wine tourism is a very popular way of attracting tourists into a region. This is confirmed in a study which states that growth rate in wine tourism is higher than other tourism related areas. (Beames, 2003.). For example, Australia has developed a national wine tourism plan back in 1998. Since then, according to Tony Baker, writer for the Business Insight, Australian wine

tourism has become 4.6 billion dollars per year industry. The Champagne region of France on the other hand has been producing wine for at least 1500 years (Unwin, 1996) and is famous because of its worldwide. In his book "Explore wine tourism: Management, development and destinations" Getz (2000.) states that connectivity between wine tourism and wine producing activities are wine routes, which are used to promote regional tourism.

What is essential for wine tourism to have any impact on overall tourism in a country are wineries. Winery is an establishment for making wines, but it can be much more than that. Winery can, besides just producing the wine, include a lot of other wine related activities, like education about wines and wine tastings. There are three generally accepted types of wineries: farm winery, micro winery and urban winery. Farm wineries are the oldest, well known type of winery. Winemakers who runs winery on a farm are licensed to produce and sell wine directly on site. Micro winery is a type of winery which does not have vineyard next to it. Instead of it, winemakers are outsourcing grape product from other marketers. Newest and unusual type of winery is urban winery. It is a recent phenomenon in which winemakers' open winery near cities. With technological and transportation changes, it is not a problem for this type of winery to grow grapes outside of the region and transport it to the winery. People who travel because of wine can meet others with similar interests and also learn about different cultures and history. Studies about wine tourism (Mitchell and Hall, 2006.) suggests that visit to the winery includes a lot of wine related experiences such as "an aesthetic appreciation of the natural environment, the winery and its cellar door, the cultural and historical context of the wine region and its production methods, a search for education and diversity, a sense of connection with the winery and some sense of authenticity" (Mitchell, Charters, Albreicht, 2012.). Because of these activities, and also various choices between sorts of wines, wine tourism is attracting very big number of travelers. Wine tourism, when it comes

up to its financial opportunities, has great potential to bring a lot of business, and afterwards sustainable growth (O'Neill & Charters, 2000.). It has great economical value, it creates new jobs and brings positive growth for national GDP. There is no available data about direct impact of the wine tourism on the Croatian GDP, but according to WTTC (World Travel and Tourism Council), tourism's direct contribution to Croatian overall GDP in 2016 was 10.7% of total GDP and it is forecasted that it should grow for up to 17% in 2017. These numbers are very high and from them we can clearly see that wine tourism, as a part of overall tourism, have a lot of opportunities to become major industry.

Wine tourism in the world is very popular reason for travelling. According to Forbes, wine tourism in California is generating more than 2 billion dollars per year (Karlsson, 2017.). Because of that, it is very important to invest more time and other resources into enhancing of wine tourism. Same narrator has divided wine tourists into three groups: Wine geeks (wants to know everything about wine), Gastro Tourist (food and wine are very important) and The Passing by Casual (Wine) Tourist. Also, according to the book "Impact of Globalization on the Wine Industry" (Campbell, Guibert, 2006.), average wine consumer is getting younger and percentage of female costumers is increasing. This is very important information for wineries. Based on this division, they can make their niche market segmentation and decide how they are going to attract targeted customers.

Croatia is divided into two wine regions, maritime and continental. When it comes up to the wineries, they can be divided into counties because each county has couple of them. In next couple of paragraphs, I will try to determine whether does Croatian wineries have the potential to become luxurious ones and how can it be done. My main hypothesis is that Croatia has a very big potential – to operate at the same level as their counterparts in

developed markets and they are able to meet the standards of luxury wineries elsewhere, and as such attract more tourists and at the end enhance the seasonality.

METHODS

Since one of the goals of this project is to define luxurious elements of wineries, method which was used for data collection was observation. Recent changes in technology were more than helpful to provide a lot of detailed information, which are enhancing the credibility of this method (Lee, N. and Broderick, A.J. 2007.). To be precise, method used in primary research was content analysis. Holsty (1968.) writes that “content analysis is any technique for making inferences by systematically and objectively identifying specified characteristics of message”. It is argued that in recent times content analysis isn’t only one method, rather it has three new approaches: conventional, directed or summative (Hsiu-Fang, H. and Sarrah, S. 2005.). What differs these three are differences in coding and trustworthiness.

Additional method, or content analysis sub method, used for this research was coding. According to “Barron’s Business Dictionary”, coding refers to computer related actions of translating numbers to words. For purpose of this research, this method was used in a way of customer’s reviews (words) being translated into unit of measurement (positive, negative or neutral).

In this case, data used as a content analysis was collected from TripAdvisor.com web page. TripAdvisor.com is an online travel research company which offers advices and reviews on hotels, vacations, flights, resorts travel guides and more. The review system is rating based and customers can rate a product from 1-5 and they can leave their own comments about it.

For this kind of research, it was needed to determine 5 wineries that are defined as a luxurious one by multiple sources. Sample of these wineries was based on inference that wineries have to be presented from couple of major wine regions ranging worldwide. It was determined that one of the safest ratio was to have 2 wineries from California and 1 from each France, Italy and Spain since these regions are well known for their wine tourism.

Since there is no official rating for world's most luxurious wineries, and for the purpose of this research, wineries used for research were determined in a way by observing couple of highly respected travelling reviewers, namely their web pages such as "28degrees", "vinepair.com", "ranker.com" and "internationalwinereport.com". Their main focus was reviewing and rating world's best wineries. The starting assumption for taking these wineries into a consideration was that all of them meet certain elements of luxurious.

Couple of additional assumptions for these wineries to be taken into consideration were that each of them is mentioned in more than one source and that all of them are still operating. Wineries are not going to be named in this paper but author can provide all the information about them upon request.

Since content analysis needs to be objective, comments used for this research were based on percentage of each grade in total of all reviews, meaning that percentage of grade in overall reviews was proportional to the percentage of the grade in 20 reviews used for content analysis. For example, if there were 25% of grade 5 in all of the comments on a particular winery page, into consideration for this research will be taken only 25% of grade 5 comments.

The rest of percentage will be divided on other grades, as it stands on winery TripAdvisor page (see Table 1.).

There are couple of elements which were used as a tool for interpretation of comments posted by guests on TripAdvisor. These elements are price, F&B quality, service quality and décor. Once each of these elements was mentioned in the review, interpretation of it was put in a table as positive or negative comment. If there was no mention of either element, the comment about that element would be interpreted as a neutral. Example of interpretation of comments can be seen in Table 2.

RESULTS

Data collected into spreadsheets was imported into software which was very helpful with providing information about biggest differences in domestic and foreign wineries. Software is produced by IBM and is called IBM SPSS statistics (free trial 14 days). Once when data collected was put into it, the results collected into spreadsheets were easier to read.

Later on, the results of this research can be of great help for winemakers and winery managers. They can see the difference in customer's perspective about wineries in Croatia and outside of it. Also, while reading these results, owners of wineries are going to be able to see how are Croatian wineries, in majority, perceived in customer's eyes regarding their F&B offer, price, service quality and décor.

Rating (see Figure 1.) is one of the factors that was used just to see if there is a difference in overall customer's perception about wineries that were used. Out of 100 reviews for foreign wineries 64% was rated 5 on TripAdvisor, 23% was rated 4, 7% was rated 3, 3% was rated 2

and last 3% was rated 1. In 100 domestic reviews, 79% was rated 5, 14% was rated 4, 4% was rated 3, 1% of 2 and another 1% was rated 1.

When it comes up to the F&B column (see Figure 2.), 64% of foreign winery reviews was positive about F&B offer. Only 6% was feeling negative and 30% of reviews was neutral about it. In domestic wineries, case is a lot different and I find it very interesting. 81% of reviews was positive about Croatian wineries F&B offer, only 2% was negative and neutral was 17% of researched reviews.

Price (see Figure 3.) is one of the columns which is about same in both domestic and foreign wineries. In foreign ones, price neutral reviews were 80% of researched reviews. 13% was positive and 7% was negative about prices. The case of domestic wineries is that 85% of reviews is neutral about price, 8% is positive and 7% is negative.

Same as price, service column (see Figure 4.) is pretty similar in both domestic and foreign wineries. In foreign winery reviews, 72% was positive about service, 19% was neutral and only 9% were negative service related comments. In domestic wineries, service positive comments were 71% of them, neutral was 26% and only 3% was negative.

In the end, last column that was researched in the reviews was décor (see Figure 5.). Once compared, this luxury element showed the biggest difference. In foreign wineries, 62% of reviews was positive about décor, 34% was neutral and only 4% was negative about it. The case in Croatian wineries was different, there was 58% of décor neutral comments, 41% was positive about it and only 3% were negative related comments.

DISCUSSION

At the beginning of this section, it needs to be said that there were couple of limitations that were influencing overall outcome of results. First of all, data was supposed to be collected from ten different wineries in order to have number of researched data that is going to be big enough. But, since there is no available data for a lot of Croatian wineries, number of sample was needed to be reduced to 5 of each, both domestic and foreign wineries. Also, there were comments which needed to be skipped because they were not providing enough information, their word count was just too small. On the other hand, all of reviews that have been used in the research were valid because they were providing this research with enough data.

As previously mentioned, results that were gathered from this research can be of big importance for domestic wine producers, but also for agencies that organize wine tours and their guests. I believe that these results can be used by both wineries owners and managers alike, it may lead to changes in the perception that customers have about their winery and its product, but as well they can see how are wineries outside of Croatia are doing so domestic ones can learn by their example.

As already stated, my hypothesis was that Croatian wineries have great opportunity to operate on luxurious level on which couple of most famous world wineries already operate on. The results which were gathered were very interesting and are partially supporting my main hypothesis.

For the purpose of this research, it needed to be determined on which factors are domestic and foreign wineries going to be compared. These factors, as can be seen in this research, were F&B quality, price, service quality and décor. What was very interesting and can be seen in the beginning of results section, rating for domestic wineries is actually better than one for foreign wineries. Of course, the limitation of very small number of reviews in Croatian wineries

TripAdvisor page is of great importance and needs to be taken into consideration when presenting the results.

To start with, F&B quality factor in foreign wineries was perceived as positive in majority of reviews. The same case was with Croatian wineries. Customers who were enjoying these wines were, in majority, satisfied and that is one of the things in which Croatian wine producers do not fall behind.

Later on, when it comes to the price factor, the research has shown that price does not influence customer's perspective about winery if all other factors (F&B, service and décor) are positive. This was very interesting for me because I was thinking that price is going to be major factor since we are talking about luxurious elements which are, in most of the times, very expensive. But, as it is stated in introduction of this paper, luxury is shifting towards overall experience rather than expensive tangible features of the product only. Because of that, Croatian wine producers and wineries have an even better chance to be operate on a highest possible level and attract affluent guests.

Same as F&B, service factor is of great importance when it comes up to the overall guest satisfaction. Foreign wineries have very high level of guest satisfaction with service, but guests of domestic wineries are also very satisfied with the level of service here in Croatian wineries. There can also be seen how Croatian wineries can be famous as foreign ones.

The biggest difference between foreign and domestic wineries has come up in the décor section. In foreign wineries, guest perception of décor was very positive and this factor is of great importance when it comes up to the overall guest satisfaction. This is the part which Croatian wineries lack of a lot. In domestic wineries, décor was not mentioned or was mentioned in a positive way just because of sea and nature that was surrounding the winery. For me, this is very interesting and I think that Croatian wine producers need to invest little

bit more into it. Since décor is one of the factors which really contributes to the overall guest satisfaction about experience, domestic wineries should be more aware of it.

In conclusion, since the initial hypothesis was partially confirmed, we may recommend that further focus on décor awareness is emphasized in the future, so that Croatian wine production makes an even stronger appeal on a global wine market. This is especially important given the fact that the quantity of Croatian wine production is, in global terms, rather small and focus on high end market makes a lot of economic sense.

Regarding the future research about this topic, the study should be aware that there are still a lot of limitations regarding both Croatian wine producers and wine tourism market, such as competitiveness, destination remodeling and overall marketing strategy. The study should also have bigger number of participants, which means that it would need to use another data collection method. Better understanding of topic and broader knowledge about wine production and consumption would be helpful.

Appendix

Table 1. Example of proportional review choice – Bodega Ysios, Spain

Total comments: 95	20 comments
Excellent = 42 = 44%	9
Very good = 37 = 39%	7
Average = 9 = 9%	2
Poor = 4 = 5%	1
Terrible = 3 = 3%	1

Table 2. Example of comment interpretation – Bodega Ysios, Spain

Rating	F&B	Price	Service	Decor
5	P	0	P	P
4	0	0	P	P
3	N	N	0	P
1	0	0	N	P
5	P	P	P	P
5	P	P	P	P
4	0	0	0	P
5	P	0	0	P
5	P	0	0	P
3	N	0	0	0

Figure 1. Bar Chart for Rating

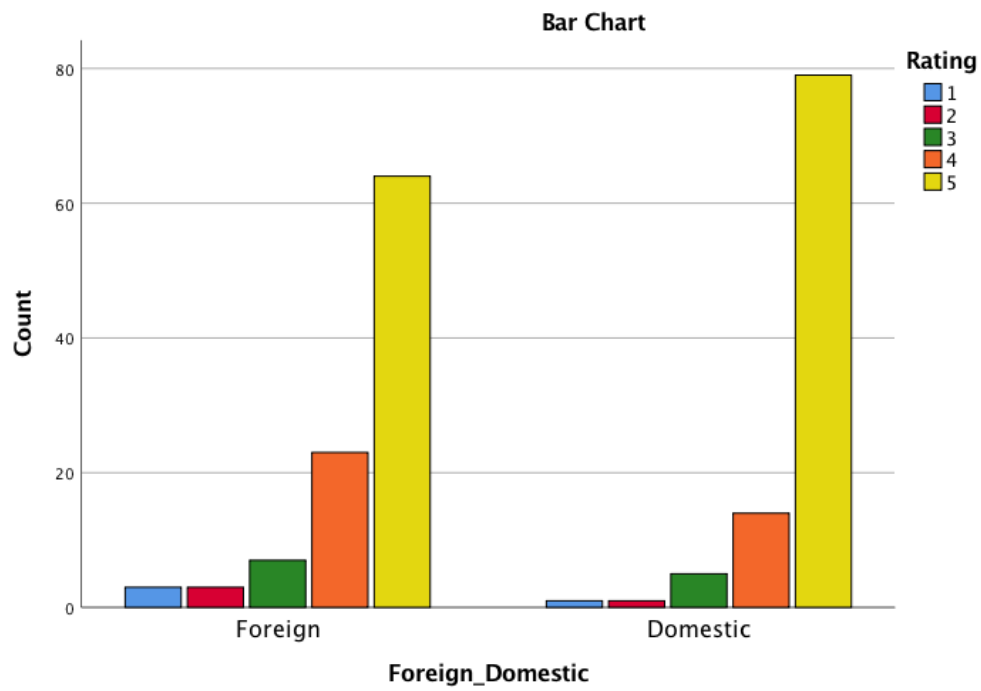


Figure 2. Bar Chart for F&B

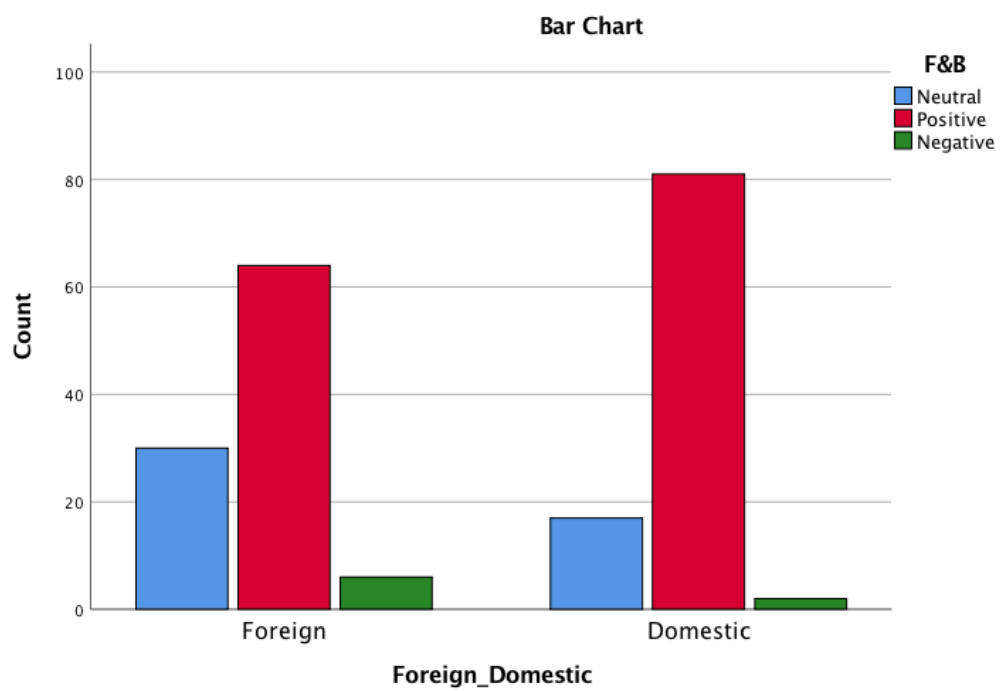


Figure 3. Bar Chart for Price

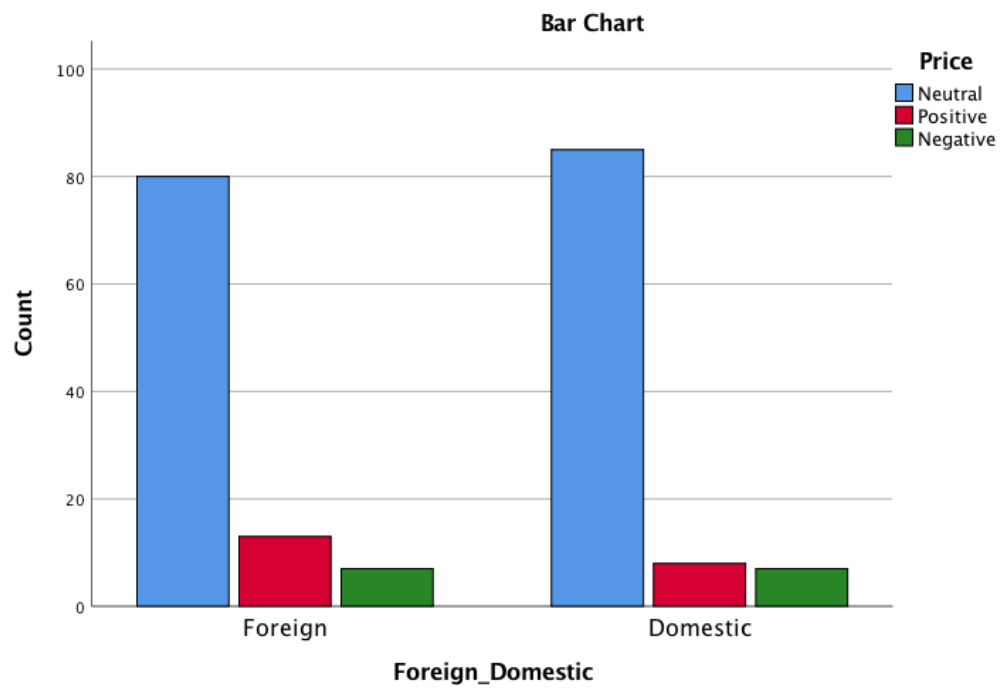


Figure 4. Bar Chart for Service

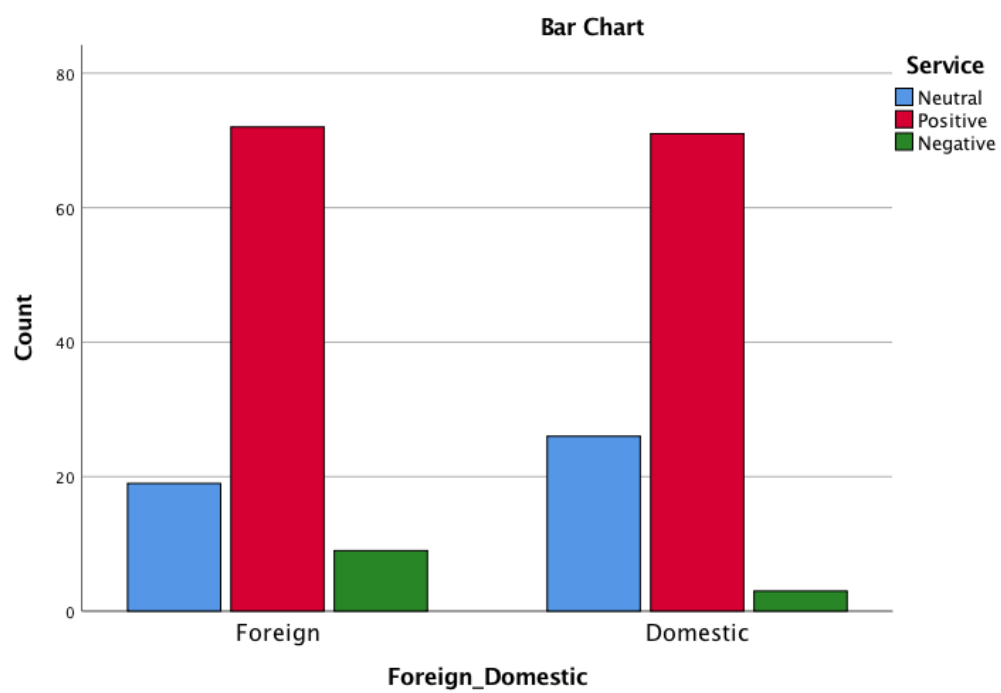
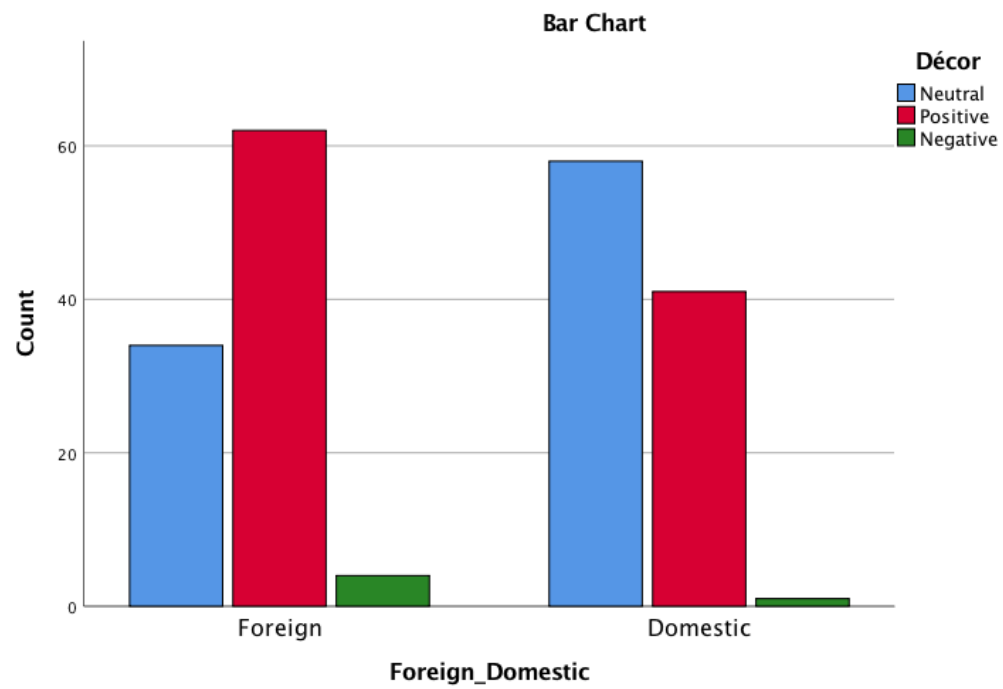


Figure 5. Bar Chart for Décor



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