Apparel, Events and Hospitality Management
Publications

Apparel, Events and Hospitality Management

1-14-2016

Winery Tasting-Room Employee Training: Putting Wine First in Oregon

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Abstract

Oregon wineries have become increasingly reliant on tasting-room employees to increase wine distribution. Properly training tasting-room employees is essential to increasing sales of wine at wineries. In this study, the researchers explore the methods, techniques, and practices employed to train Oregon tasting-room employees. The results indicate managers perceive product knowledge as the most common form of training needed for tasting-room employees to succeed. Sales incentives were not consistent in the findings of the training programs. Three out of every four managers responded that job shadowing was the most popular form of training in their tasting rooms.

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Introduction

The purpose of this study was to understand what customer service training techniques are used and most effective for winery tasting room employees, particularly in Oregon. The wine industry is regaining its momentum after the great recession, making the future bright for wine products in Oregon even with increased competition from other countries. From 2006 to 2013, wine industry revenue grew an average of 3% per year to total $16.7 billion in the United States. Experts are estimating the annual growth to increase by 1.1% per year from 2014 to 2018 In addition, employment in the wine industry will likely grow at an annualized rate of 1% with the per capita alcohol consumption remaining level through 2017 (IBIS World, 2013).

Through this study, researchers explore what training Oregon wineries use to support direct-to-consumer wine sales in tasting rooms. This increasingly significant revenue stream has gone without investigation. Tasting room employees have direct contact with consumers and therefore understanding the training methods used is important. Thach and Olsen (2003) indicate learning the basics of viticulture and winemaking by employees in the tasting room as the most critical training needed for the success of tasting room employees. Tasting room staff will feel more empowered and confident when speaking with sophisticated wine consumers when they have completed a customer service training program. The better informed the tasting room staff is about the different wines, the better they will be able to sell the wines to the visitors. The primary research objective is to ascertain the methods, techniques, and practices used by Oregon vineyards to train tasting room employees to render superb customer service.

Bruwer (2002) stressed the importance of the quality of the first time visitor's cellar door experience, as this would largely determine repeat visitation and positive word-of-

mouth promotion. Roberts and Sparks (2006) noted that first impressions of a winery reflecting responses to the initial contact person were important and, subsequently, if the service was good, this could be the determining factor for repeat visits. For the majority of Oregon's wineries, on-site or tasting room wine sales are becoming an increasingly important part of their revenue. Small and medium sized wineries are valuable to rural areas because they cause a multiplier effect for other businesses such as hotels, restaurants, gas stations, and farmers' markets. Because the wineries in rural areas can be isolated, having tasting rooms, strategic alliances, and collaborating with other local businesses can make the difference between success and failure.

Small and medium sized wineries are the norm in Oregon due to the lack of vast expanses of land to plant 300-acre parcels of grapes (Stiles, 2013). **Charters et al., (2009) reported the connection between staff and the wine they were selling, and the passion many small winery operators demonstrated for their product also added to the sense of genuine interaction or authentic experience.** Smaller wineries, and many high-end wineries, sell a higher proportion of their wine through tasting rooms. The tasting room is a place for local consumers and tourists to taste and purchase wine direct, which provides a higher profit margin to the winery (Miller, 2006). To maximize sales and impact of the tasting room, knowledge and training of the tasting room personnel are paramount. Some aspects of the tasting room are hospitality in nature.

Oregon's wine industry now has a higher economic impact than most agriculture products. Businesses in Oregon export or sell most agriculture products in their raw form with little markup income retained by the local economy. Wine production, on the other hand, takes the raw product (grapes), processes the grapes into wine, and then sells the finished product

(wine). Oregon then retains the labor cost and profit margin from each step, which contributes to the local tax base. Wine is romantic and the wineries attract tourists, thus adding to the potential of the state's tourism revenue stream (Miller, 2006).

Literature Review

In Oregon, there are currently 545 winery establishments, of which approximately 98% are single site small businesses with fewer than 25 employees (Oregon Vineyard Report, 2013). **Roberts and Sparks (2006) study on service interactions at tasting rooms through focus groups in Australia provides support for smaller winery operations potential for providing high levels of customer service through more personal interactions between tasting room staff and customers. Personal interactions with the winemaker and winery staff and others on a social level had an important function in creating a total experience for tasting room visitors.   Personal attention was wanted and expressed in terms of preference for visiting smaller winery operations where interactions were more personal, rather than being in a large crowd waiting for attention.** Therefore, the trend in larger winery tasting rooms is to concentrate on profitability and provide personalized services such as private tasting rooms and wine clubs (Penn, 2001). Most U.S. winery tasting rooms have at least one full-time employee (sometimes the owner) and at least one part-time employee (Thach & Olsen, 2003).

Griffin and Loersch (2006) reported that generally visitors held the highest expectations in relation to the staff and the interior attributes of the cellar door/tasting room. Customers had both high expectations of, and placed considerable importance on, the staff being friendly, knowledgeable, undertaking of visitor needs and capable of providing individual attention, suggesting that appropriate staff recruitment and training are paramount if quality experiences are to be provided. Evidence suggesting that the

service a tourist receives in a winery tasting room will affect not only their satisfaction with the experience, but also their purchase intentions. However, also apparent is a complex relationship between the appreciation of good service and hospitality and a sense of obligation to purchase that exists (Charters et al., 2009). For example, courteous winery staff, employees providing exceptional service, and a appealing environment all seem to be related to an increase in purchase involvement levels but can be hard metrics to evaluate.

There are metrics that vineyards can track in wine tasting rooms. These can include the number of bottles/cases sold, total revenues, margin, number of return customers, number of new customers, and wine club sign ups (Barclay, 2001; Penn, 2002). However, customer service and sales skills are not always the cause of changes in these metrics. For example, a customer may purchase wine because he/she has purchased wine from a particular winery for the past 10 years. However, these cases are not the norm and therefore effective training of winery tasting room employees on customer service and sales can improve profitability (Essex, 2002). **Dodd (2002) reports that only the feeling of overall service translated into direct wine purchases.** Managers of private clubs have stated that food and beverage training is essential and can make all the difference in meeting their financial goals (Barrows, 2000). This bodes well for similar training in wine tasting rooms.

Although direct sales in tasting rooms account for a relatively small amount of most of these wineries' total sales, they account for as much as one-third of all annual revenues (Dodd, 2009). The reason the sales can account for a high level of annual revenues is because tasting-room sales are typically priced at retail levels resulting in a higher profit margin. Sales at supermarkets, restaurants and wine shops, while crucial for brand building, go through distributors, who retain much of the overall profit. Distributors represent 17% of wineries in the

United States, which forces small wineries to find other marketing techniques. An obvious one is direct selling through a tasting room (Thach & Olsen 2003).

As a commonly used channel for wine selling, direct selling in tasting rooms provide wineries with the chance to connect personally with their customers to create brand loyalty and increase sales. The operators of Brown Brothers winery in Australia say customer relationships are key to being a winner when production exceeds supply and domestic demand has softened. They concentrate on staff training, improved customer support, and ensuring excellence at all times. Customer service, impeccable quality, and clear communication are basics (Brown, 2012). **O'Neill and Charters (2000) considered quality service at the cellar door as another crucial aspect of wine tourism and noted that is may be a vital antecedent to any purchase being made. Charters and O'Neill (2001) similarly concluded that training staff to deal efficiently and effectively with customers was fundamental to the success of a wine tourism operation.**

In the past, recommended training frequency of once every 6 to 8 weeks has been suggested in tasting rooms (Winter, 2001). However, Thach and Olsen (2003) suggest operators offer training that is more frequent and formal in tasting rooms for improved customer service and sales at vineyards**. Although, tasting room operators must understand that visitors are not identical. For example, it seems that "efficiency" in the service encounter is more important to older visitors, who like to be given more space to taste wine; younger ones want more continual interaction with winery staff (Charters and Fountain, 2006).**

Methods

This study was a qualitative and quantitative study to investigate and evaluate the subjects, methods, and procedures currently used by wineries in Oregon to train tasting room staff. The population of this study included the owners or tasting room managers of Oregon wineries that crush their own grapes and have tasting rooms. The population comprises 379 wineries (Oregon Vineyard Report, 2013). The researchers designed the methods employed in this study to answer questions relating to training of employees in a winery tasting room. **The development of the survey instrument was in collaboration with the Southern Oregon Winery Association. The Southern Oregon Wine Association (SOWA) was created by wineries and growers in 2001 to collectively support, promote and increase awareness of the wine region thus increasing tourism and driving sales at winery tasting rooms. The association currently has 51 winery members, out of an estimated 80 wineries in southern Oregon.   The researcher at their 2013 annual membership meeting on customer service training surveyed SOWA membership for key metrics about their customer service training and tasting room employees that formed the web-based survey for this study.** The purpose of the web-based survey was to determine what training methods are employed and why. There were eleven questions in the survey including questions about training topics, training methods, sales incentives, average length of employment, winery annual production, and an open-ended question to gather information not considered in the survey.

Data Collection

The researchers used Qualtrics to develop and manage the survey distribution and collection. A link was generated and sent to winery owners or tasting room managers who crush their own grapes and have tasting rooms in Oregon. The population totaled 379 winery owners or tasting room managers. The researchers developed the contact list by contacting the Oregon

Liquor Control Commission. According to Preece, Rogers, and Sharp (2002), questionnaires are well-established techniques that are used for collecting demographic data and user's opinions. The web-based survey method allowed the researchers to gather both demographic data and users' opinions.

There were 40 completed surveys from the 379 winery owners or tasting managers (10.5% response rate). The entire survey responses were organized using Qualtrics. When asked to rate the overall importance of wine tasting room training programs the following training topics were investigated for importance: product knowledge, sales and closure skills, food and beverage knowledge, and company policies and procedures. All respondents considered all training topics to be important. On average, product knowledge was shown to be a little more important than the others. All points ranged between extremely important to very important, which indicates they did not want to leave any topics out of a training program. All forty respondents answered.

Insert Figure 1 Here: Training topic importance

There were 3 wineries (8%) that did not include any training. For the remainder, 37 (92%) included product training, 34 (85%) included training on company policies and procedures, 28 (70%) included sales and closure skill training, and 20 (50%) trained their employees on food and beverages. There were 2 wineries (5%) that reported other training, events and OLCC compliance.

When surveyed what sales incentives the wineries pay its wine tasting room employees. The possible answers were "None," "Per Bottle Sold," "Percentage of Sales," or "Other (please specify)." All forty respondents answered.   Respondents were allowed to select all that applied. All respondents except six checked only one box and six respondents checked two boxes. There

were 14 wineries (35%) reporting no incentive, 1 (3%) said their tasting room employees are paid by bottles sold, 21 (52%) had other incentives for their tasting room employees. Of the 21 "Other" responses, 14 (35%) involved wine club sign ups. Of the seven other responses in the "Other" selection, three checked the box but did not elaborate and three also checked the "Percentage of Sales" selection. Ten respondents (25%) reported "Percentage of Sales." Seven of the 10 respondents also checked the "Other" selection and their comments are included below. One respondent (3%) reported an incentive of "Bottles Sold." That left one response (3%) under "Other" with a comment of "Managers Only."

Insert Figure 2 Here: Sales incentives wineries pay to tasting room employees in Oregon

In the "Other" selection, it was requested that the respondents specify any other sales incentives paid. Responses included:

- Cash bonus for wine club sign ups and incentives based on daily goals

- Bonus for wine club sign ups

- Money ($) per wine club sign up

- Hourly rate plus $15 per club member signed up after their first pick up

- Credit toward bottle of wine per new wine club member sign up

- Commissions on wine clubs sold

- Wine club sign up bonus and year-end bonus

When participants were questioned if training was required for tasting room employees when the employees initially assume tasting room responsibilities the possible answers were Yes, No, or Sometimes. All forty wineries responded with 35 (87.5%) "Yes," 4 (10%) "No," and 1 (2.5%) "Sometimes." As a follow up question to a "Yes" response, the respondent was asked to share all methods of training that would apply to their training program. The methods

listed were job shadowing, written materials, audio, video, meeting with wine club manager, meeting with winemaker, meeting with vineyard manager, sales training, responsible beverage training, and local community college. Total responses were 144, because multiple responses were permitted. The distribution of responses can be found in Figure 3. The most common response was job shadowing (30 wineries) and the least common was the use of video training (1 winery). No winery utilized "Audio" or "Community College" for training.

Insert Figure 3 Here: Methods of customer service training at vineyards tasting room training program

In response to the question how often the wineries conducted training (and continuing training) for tasting room personnel. The respondents were to check all that applied. The possible selections were never, when hired, weekly, monthly, quarterly, or yearly. Forty respondents answered each question, but 56 responses were received because of the possibility of multiple selections. There were 22 wineries (55%) who trained when hired, 10 (25%) who trained monthly, 3 (8%) who trained weekly, 9 (23%) who trained quarterly, 7 (18%) who trained yearly, and 5 (13%) who never trained their tasting room personnel.

Next, participants were asked if the wineries collected information in its tasting rooms such as customer contact information or email addresses. Possible responses were either "Yes" or "No." Total respondents were 38 to this question. Overwhelmingly, wineries do collect information from their guests with 35 wineries (92%) responding "Yes," and only 3 (8%) responding "No." In follow up to the "Yes" response, respondents were asked what customer feedback the winery collects. The possible selections were frequency of wine purchase, wine preference, contact information, email address, and other with a request to specify. The respondents were to check all that applied. All forty respondents answered. There were 35

(88%) who collect email addresses, 27 (68%) who collect other contact information, 10 (25%) who tracked frequency of purchases, 6 (15%) who tracked wine preferences, and 2 (5%) who marked "Other." The two specific responses were "We also track the history of all customer purchases in our point of sale" and "Impressions of visit."

When asked the average employment length of their winery tasting room staff possible selections were (1) less than six months; (2) six months to within one year; (3) one year to within three years; (4) three years to within six years; and (5) six years or more. Only 32 out of 40 respondents answered this question. Therefore, the adjusted results for 32 responses are set forth herein. Of the adjusted data, 2 wineries (6%) reported as an average employment length of less than six months, 3 (9%) reported an average employment length of more than six months and less than one year, 18 (56%) reported an average employment length of one year to less than three years, 8 (25%) reported an average employment length of three years to less than six years, and 1 (3%) reported an average employment length of more than six years.

Finally, the survey asked the wineries to provide a description of any training that was not covered in the above questions. The researchers received 15 responses:

- I think training is continuous since vintages change, our knowledge of our customer base changes and our business evolves.

- We consider harvest to be a training session for people who have never worked it. We include all tasting room staff in winemaking tastings. Training is ongoing.

- How to operate certain work specific machinery and appliances

- Daily staff luncheons to discuss all aspect of experience and sales

- Periodic meetings with the winemaker for product knowledge for upcoming bottlings and releases. Also, some vertical sampling for aging knowledge

- Wine Marketing Classes

- Tasting through the wines to fully understand what we sell, Event and Banquet training

- Tasting of Saké and food pairings with our products.

- OSHA and policies for dealing with alcohol and potential theft

- We encourage our staff to visit other tasting rooms and outside wine events

- We only pour our wine at World of Wine, and our own staff pours. Sarah Powell Wines

- We look for cheerful, outgoing, intelligent people, who like people.

Research Findings

The researchers conducted this survey to examine out what training topics and methods are being employed in the tasting rooms of Oregon wineries in order to understand what customer service training techniques are used and most effective. The four topics originally identified as being relevant to customer service and which were comprised in (Question 1) found in the survey to be either "Extremely Important" or "Very Important." The most important topic for training was "Product Knowledge" 93%, followed by "Policies and Procedures" 85%, "Sales" 70%, and lastly "Food and Beverage Knowledge" 50%, which coincided with the scale of importance. Only 8% of the responses provided "No training," so training is taking place or needed in the Oregon winery tasting rooms. As to what training is required for tasting room employees when the employees initially assume tasting room responsibilities (Question 2). The responses provided that product training is the most important.

As to what sales incentives are being paid to tasting room employees (Question 3), 35% pay no incentives. Another 35% pay an incentive on wine club sign ups and 25% a percentage of sales. Wine club sign ups and sales are important elements in a winery tasting room.

Medium and smaller wineries sell more wine direct to the consumers through tasting rooms, mailing lists, and wine clubs than through traditional third party wine distribution (Walker, 2002).   In response to (Question 4) do you require training for tasting room employees when your employees initially assume tasting room responsibilities an overwhelming majority of wineries 86% from the study were found to require training for their tasting room employees upon employment.

In questioning about the different types of training (Question 5), 75% use job shadowing most frequently, with 60% responding with "Sales Training." No one reported using audio training and one reported using video. As to the frequency of training (Question 6), an overwhelming 55% reported training occurred when hired, with 25% monthly, 23% quarterly, 18% yearly, 8% weekly, and 13% never. On whether tasting rooms collect customer contact information (Question 7), 92% reported "yes" and of those wineries that collect customer contact information at the winery 100 % collect e-mail addresses (Question 8). As to the length of employment in a tasting room (Question 9), it was reported that 56% are employed on the average of one year to three years.   Thach and Olsen (2003) reported a median time of a little over two years in the industry as a whole, which correlates here.

Insert Figure 4 Here: What is the average employment length of your tasting room staff?

The survey (being a sample of the population) found that the annual production of 62% of the wineries was under 5,000 cases (Question 10). Tasting rooms appear to be the main source of revenue in small business/boutique wineries even though the market segmentation of the United States wineries showed direct to the public sales as 4.4%. Other additional, valuable information is set forth in responses to open-ended (Question 11) as was reported.

Conclusion

There are several implications to this research study. The first revolves around the training needed by tasting room employees to enhance productivity. Thach and Olsen's (2003) study reported the basics of viticulture and winemaking training in the tasting room as being the most critical for the success of tasting room employees. The current study concluded that wine knowledge was the most important customer service training for tasting room staff according to Oregon's vineyard owners and management. The employees want to feel more confident when speaking with the sophisticated wine consumers who visit, through a customer service-training program with wine knowledge being highlighted. Employees feel additional wine knowledge is needed to move up and work in the reserve tasting rooms where more time is spent with visitors on an individual basis and more money can be earned for both the winery and tasting room employee. **Mitchell (2004) reports that a vital part of the tasting room experience is the hospitality and service received and the opportunity to interact with staff and to learn more about wine, something reinforced by other studies (Charters et al., 2009).** Being able to provide the information to the wine consumer will lead to more sales of premium wines and a better overall image of Oregon wine as well. The better informed the tasting room staff is about these different wines, the better they will be able to sell the wines to visitors.

Implications

Overall service as perceived by the visitor is directly related to wine purchases. A clear commitment to service quality by winery staff is critical (Dodd, 2002). The engagement with the staff at the winery is crucial. It is well understood that engagement between winery staff and customers necessitates a warm welcome with eye contact and a sense of sincerity. However, the staff must also enable the visitors to have a sense of connections with the winery; they must convey passion about it and they have to provide a

story or a myth, which can engage the visitor with the place. Future research on creating an authentic experience and a sense of place for wineries through customer service will support Oregon wineries and further educate tasting room employees. By educating tasting room employees on the history of Oregon's wine region, its terroir, interesting production issues or unusual grape varieties will educate their staff to build stronger relationships with their customers. In addition, the current study shares that winery tasting room employee will increase their perceived value as an employee and earning potential by learning the authentic attributes of their winery and wines.

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