

# Developing Marketing Plans for Winery Tourism Businesses



Presented by Lori A. Martin  
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# Marketing Defined

- **Marketing** is a social & managerial process by which individuals and groups obtain what they need & want through creating & exchanging products & value with others.
- Marketing is *more than just selling & advertising*.
- The aim of marketing is to identify customer's needs—and to meet those needs so well that the product almost “sells itself.”
- Marketing is a *strategic process* that aims to fit the resources of a business to the opportunities existing in the market. It is as much about retaining customers as it is about winning new business.

# Travel Industry Association Data

- Total travel spending in Michigan reached nearly **\$12.8 billion** during 2000, an increase of 6.6 percent over 1999.
- Travel expenditures generated 173,000 jobs and nearly \$3.8 billion in wages and salaries in Michigan during 2000.
- Over \$2.4 billion in tax revenue for federal, state, and local governments was generated in Michigan 2000.

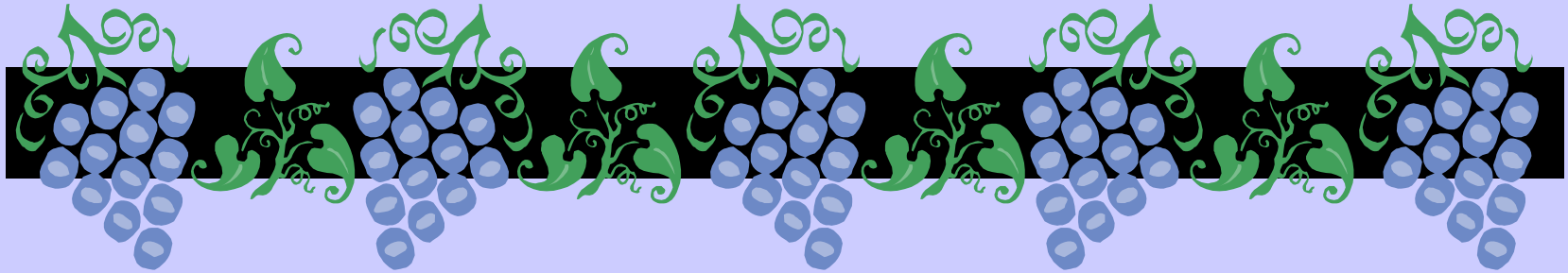
# Destination Marketing Team



# Attraction Marketing

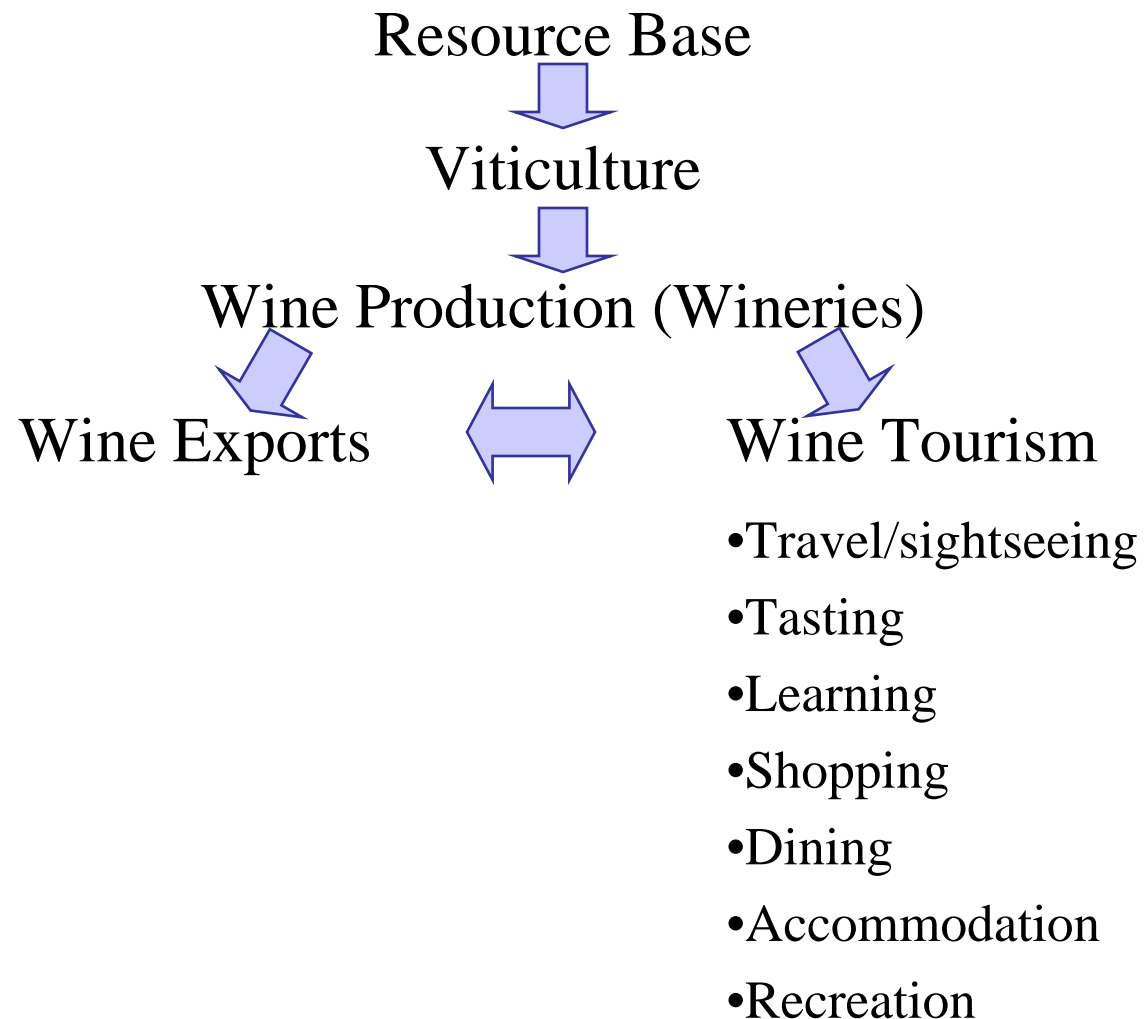
- **Attraction marketing** includes the uniqueness (*positioning*) of what visitors come to see (*the product*), the relative cost of one place compared to another (*the price*), the ‘distribution’ (*or accessibility of the place*) to potential target markets, and the variety of method used to inform and attract visitors (*the promotional mix*).
- Tasting rooms are tourist attractions.
- Tourist competition involves image-making. Effective place or attraction imaging requires a congruence between advertising and place.

# Challenges of Marketing Wine



- Demystification – most consumers do not want to invest much time learning about wine
- Social acceptance (especially among youth)
- Increased fit with informal occasions

# The Wine Tourism Value Chain



# Quote by Brock Cambourne

- A wine tour operator stated this in 1999...
- “The very nature of the wine industry lends itself to a union with tourism, providing the tourist with the opportunity to experience history, food, culture, new smells, sounds and tastes ... a combination of culture, lifestyle and territory.”

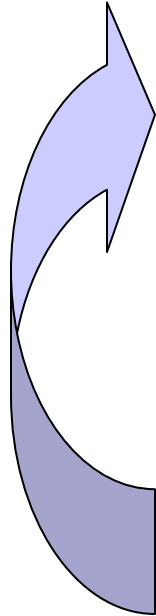




# The Wine Tourism System

## CONSUMERS/ TRAVELLERS

Wine Tasting  
Sightseeing  
Shopping  
Learning  
Recreation

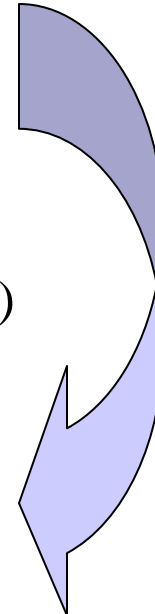


## DESTINATION ORGANIZATIONS

- Resource Conservation
- Research & Planning
- Information: Signage
- Theming (Wine Routes)
- Marketing
- Special Events
- Education of Visitors

## SUPPLIERS

Transport  
Accommodation  
Catering  
Wineries  
Tours/Guides  
Retailing  
Special Events



# Benefits of Wine Tourism

- Benefits to the Wine Industry
  - Increased wine sales
  - Educate visitors & foster brand loyalty
  - Attract new market segments
  - Higher profits from winery sales
  - Improved links with the wine trade
  - New partnerships (e.g., with other attractions)
  - Test new products

# Benefits of Wine Tourism

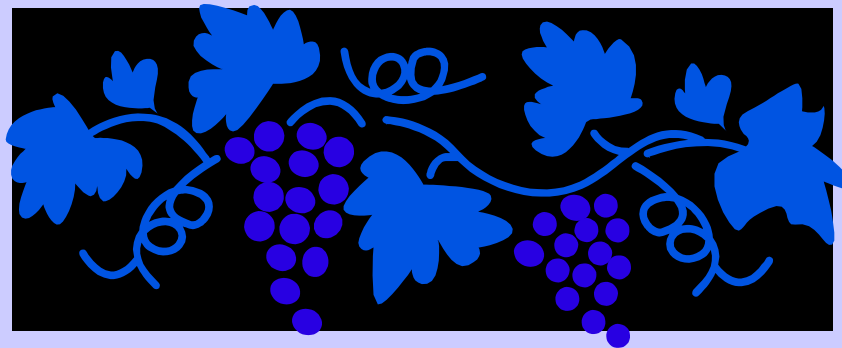
- Benefits to Destinations
  - Generate increased visitors & spending
  - Attract new & repeat visitors
  - Develop a unique, positive destination image
  - Overcome slow demand periods
- Benefits to Host Communities
  - Attract new investment
  - Develop new facilities & amenities (e.g., restaurants & attractions)
  - Foster community pride
  - Create successful events for residents & visitors

# Strategic vs. Tactical Planning

- **Strategic planning:**
  - Is used to determine the primary objectives of a business
  - Involves the direction a business will pursue,
  - Guides the allocation of resources & effort
  - Is long-range in nature
  - Integrates the skills, talents & knowledge
  - Focuses all units of the business in the same direction
  - Will help your organization to:
    - Expand products or services to unserved areas
    - Discover new markets for products & services
    - Develop new products & services

# Strategic vs. Tactical Planning

- **Tactical planning:**
  - Involves short-term actions taken to achieve the implementation of the broader strategic plans
  - Focuses on activities need to implement larger strategies
  - Guides the implementation of the goals specified in the strategic plan
  - Must be developed after the strategic plan is already in place



# Types of Marketing Plans

- The **new product plan** (new products, new services, or new brands):
  - May be difficult due to the lack of information available
  - Will give you insight into the resources needed, the costs involved, and the timing necessary
- The **annual marketing plan**:
  - Used for products, services, or brands that already exist in your portfolio
  - Will assist you in isolating possible problems or threats that are easily overlooked on a daily basis
  - Will enable you to use current information that may affect your forecast
  - May alert you to new research affecting your plans

# Components of a Marketing Plan

- I. Executive Summary** – Nature of your business, products & services you offer, mission statement, company objectives, organizational structure, management team, & a summary of the marketing objectives & recommended marketing strategies in the plan
- II. Current Situation** – Your location, target markets, competitive environment, & key issues your company faces; Requires market research
- III. Competitor & Issues Analysis** – Information about competitors, & key business issues that are potential challenges (i.e. – new legislation or the impact of an impending technological advance in your industry); Requires research.
- IV. Marketing Objectives** – State your marketing objectives (i.e. – increasing the awareness of your product among your target audience) & the time frame for achieving them

# Components of a Marketing Plan

- V. Marketing Strategy** – Your game plan for achieving your marketing objectives & details about the P’s of your marketing mix
- VI. Action Programs** – Your marketing “to do” list, what will be done, when it will begin and be completed, & who will accomplish the tasks
- VII. Budget** – The cost of the marketing activities in your plan
- VIII. Evaluation** – Numerical targets that will measure the results of implementing your marketing plan, including time limits for achieving your goals (i.e. – Increase white wine sales by 10% in 12 months)
- IX. Supporting Documents** – Any supporting documents referenced in other plan sections, including resumes, spreadsheets, market research results, etc.



# Benefits of a Marketing Plan

- Coordinates every aspect of building your business on the basis of specific products & services
- Provides the who, what, when & where information
- Acts as a sales tool to convince decision-makers
- Demonstrates your recognition of the work required to reach your final objective
- Plays a role in timing and scheduling
  - Clearly outlines responsibilities
  - Schedules all activities for optimum performance
  - Implements strategy at the most opportune time

# Benefits of a Marketing Plan

- As you complete the researching, analyzing, and writing process involved in developing your marketing plan, you will become more aware of what it will take to achieve your objectives. You will gain information about:
  - Potential pitfalls to be avoided
  - Possible problems that need resolution
  - Future threats to be on the lookout for
  - Confirmation of current concerns
  - Obvious opportunities to be taken advantage of

# Market Research

- Is the study of markets (or groups of people) you would like to sell your product to.
  - In other words, it is learning about your customers. Who are they? What do they want or need? What are their lifestyles?
- Is a systematic, objective collection and analysis of data about your target market, competition, and/or environment with the goal being increased understanding.
  - It allows you to take *data*—a variety of related or non-related facts—and create useful *information* to guide your business decisions.
- Market research is not an activity conducted only once; it is an ongoing study.

# Why Do Market Research?

- It guides your *communication* with current & potential customers.
- It helps you identify *opportunities* in the marketplace.
- It minimizes the *risk* of doing business.
- It uncovers & identifies potential *problems*.
- It creates *benchmarks* & helps you track your progress.
- It helps you *evaluate* your success.

# Market Segmentation

- **Market segmentation** is a two-step process consisting of:
  - Naming broad product-markets
  - Segmenting those broad product-markets in order to select target markets and develop suitable marketing mixes (the “P”s).



# Examples of Market Segmentation

Type of Market Segment	Shared Group Characteristics
Demographic Segment	Measurable statistics <b>such as age, income, occupation, etc.</b>
Psychographic Segment	Lifestyle preferences <b>such as music lovers, city or urban dwellers, etc.</b>
Use-based Segment	Frequency of usage <b>such as recreational drinking, traveling, etc.</b>
Benefit Segment	Desire to obtain the same product benefits <b>such as luxury, thriftiness, comfort from food, etc.</b>
Geographic Segment	Location <b>such as home address, business address, etc.</b>

# The Wine Tourist

- Research on wine tourists or potential wine tourism segments has been very limited to-date.
  - Geographic Segmentation
    - Winery visits definitely appeal to foreign and other long-distance tourists, but most demand will come from local & regional markets.
    - As wine tourism promotion & packaging increases, it can be expected that more tourists will visit wineries & a higher percentage of visitors will be dedicated wine tourists.
  - Demographic & Socioeconomic Variables
    - A primary target segment for wine tourism is the middle-aged & older, higher income knowledgeable wine consumer
    - Special-interest groups, such as wine clubs & other affinity groups, also have great potential

# The Wine Tourist

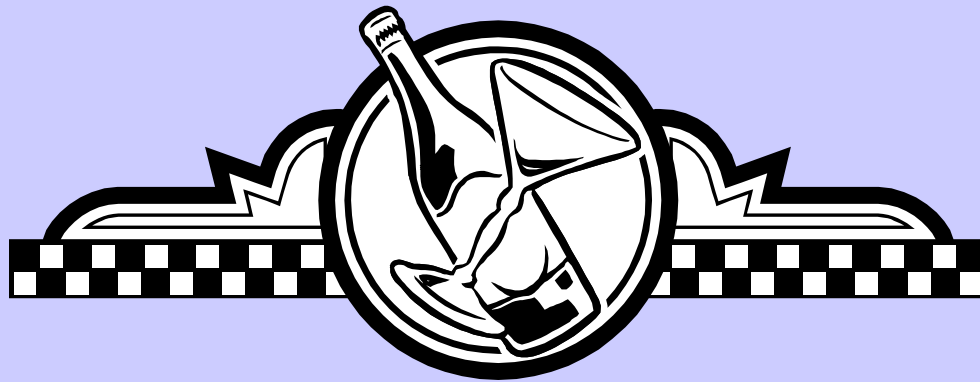
- Psychographic Segmentation
  - More research is needed on wine tourist personalities, attitudes, & lifestyles & how these impact on tastes & demand
- Consumption Patterns & Spending
  - Wine tourists can be segmented on the basis of how they travel, make purchases, & their spending levels.
  - Destinations & wineries want to find out who are the highest “yield” visitors, the ones who come back frequently & spend the most (from regional markets) & the origin countries that send the best yield tourists.
  - Dedicated wine tourists will spend more, more frequently, than larger tour groups of general-interest sightseers.



# The Wine Tourist

- Benefits Sought (Reasons for Visiting Wineries)
  - Although the search for dedicated wine tourists is important, wine tourism developers cannot neglect secondary markets (such as those more interested in culture, sightseeing, entertainment or socializing).
  - Wineries can lure passers-by & area residents with visiting friends or relatives to make spontaneous visits & can seek to influence their purchasing behavior.
  - The more wineries there are in an area, the greater the drawing power it will have for dedicated wine tourists.

# The Dedicated Wine Tourist



- Most are baby boomers (born 1947-1963)
- They are likely to be local & regional in origin
- Key wine tourist origin countries are likely to be European (especially the United Kingdom), North Americans, & Australians; Asia presents major growth opportunities

# The SWOT Formula

- **SWOT** is used to summarize your present position in the marketplace.
- Strengths, Weaknesses, Opportunities, & Threats
- Helps planners compare internal organizational strengths & weaknesses with external opportunities & threats
  - A **strength** is the capability or resource that the business has which could be used to improve its competitive position & may be used to:
    - Increase market share
    - Increase size of the market
    - Improve financial performance

# The SWOT Formula

- A **weakness** may exist in any capability or resource & may cause your organization to have a less competitive position or poorer financial performance
  - Weaknesses may result from having limited capabilities
  - Concentrate on weaknesses in the following areas:
    1. Target market needs, wants, & consumption trends
    2. Value to the target market
    3. Product & technological
    4. Operational
    5. Distribution
    6. Pricing
    7. Promotional activities
    8. Marketing communications

# The SWOT Formula

- **Opportunities** are circumstances that can be potentially positive
  - Focus on opportunities in these three areas:
    1. Areas where there are favorable demand trends
    2. Areas where customer needs aren't being satisfied
    3. Areas where the business can compete effectively
  - Identify market opportunities by carefully examining the marketplace and tracking demand trends & competition in various market segments
- **Threats** are situations where your business is weak
  - Include solutions to every foreseeable problem, because your business can't avoid a problem it doesn't know about, and because doing so enhances the credibility of your plan

# Situational Analysis

- Evaluate the overall market & industry
- Include information about any environmental influences affecting your market or industry, now or in the future
- Identify the demand & demand trends for your products or services
  - Review where demand is growing, declining, or leveling off
  - Talk about the how, when, where, what, & why of potential customer purchasing

# Situational Analysis

- Should answer any questions about the marketplace & your potential to be successful in it
- Additional information to include:
  1. Social & cultural factors
  2. Demographic information
  3. Economic conditions
  4. Technological influences
  5. Political aspects
  6. Laws & regulations
  7. Governmental concerns
  8. Media & publicity influence
  9. Special-interest groups
  10. Consumer organizations



# Competitive Analysis

- Includes the following information about your competitors:
  - Who they are & the products they offer
  - Their plans, experience, & know-how
  - Their financial, human, & capital resources
- Identify your competitors' current marketing strategy & their future strategy (if you know it)
- Analyze your competitors' strengths & weaknesses, their distribution channels, promotional strategies, & any other pertinent information that is available to you



# Competitive Analysis

- Competitive differential advantage means “your product or service has one or more advantages that are more important to your customers than the advantages of your competitors”
  - i.e., Based on customer benefit
- You must identify your competitive advantage relative to customer wants and needs if your marketing plan is to be successful
- True competitive advantages have the following three qualities:
  1. They must be valued by the customer
  2. They must be specific and achievable
  3. They must be promotable

# Get Ahead of the Competition

- **Differentiation** – do not imitate other wineries, make yours unique; ensure that your use of the full marketing mix communicates your unique position within the marketplace
- **Cost Advantage** – being cost-efficient can enable higher profit margins while keeping prices competitive; it is wiser to compete on value for money
- **Focus** – if you cannot be the ultimate wine estate destination, concentrate on that which you do best & focus on very specific market segments

# Establishing Effective Objectives

- **Marketing objectives** are about products & markets only, & therefore, will be about one of the following:
  - Existing products in existing markets
  - New products in existing markets
  - Existing products in new markets
  - New products in new markets
- An objective is more powerful if it focuses on a single task
- Use words that state specific intentions, contain a form of measurement, & identify the time frame

# Guidelines for Ensuring Objectives

- Ten criteria that will assist you in developing objectives that are beneficial to a business & its people:
  1. Suitability
  2. Measurability
  3. Feasibility
  4. Acceptability
  5. Flexibility
  6. Motivating
  7. Understandability
  8. Commitment
  9. Participation
  10. Linkage



# The Marketing Mix (The P's)

- 1. Product** – the product, service or attraction your business provides to customers
  - The wine, the winery, & the wine country *experience*
- 2. Price** – the selling price per unit customers are willing to pay for your product
  - All pricing decisions should incorporate the principle of providing value to the wine tourism experience
- 3. Place (or distribution)** – the manner in which you get your product to customers or customers to your product
  - The winery & wine estate are the attraction; as are touring routes or “wine trails”

# The Marketing Mix (The P's)

**4. Promotions** – marketing activities or communications that create awareness

- Advertising, media & public relations, sales promotions, direct sales, event marketing, publicity, & word of mouth

**5. Packaging** – a combination of travel products such as transportation, lodging, meals, attractions, entertainment & guide services in a one-price product

- Work with the destination & other services to develop & sell wine country packages stressing the entire experience
- Only a few wineries can be packaged destinations all to themselves

# The Marketing Mix (The P's)

6. **Partnerships** – cooperation of professionals in both public & private sectors in order to best meet the needs and wants of customers
  - Working with other wineries, attractions, & services is essential in wine tourism
  - The leadership & coordination of an effective destination marketing organization is essential
7. **Programming** – educating customers about the experience of your product
  - A winery has to be brought to life through programming all year round through tours, interpretation, entertainment & special events

# The Marketing Mix (The P's)

8. **Positioning** – creates a differentiated image of your product in the minds of those consumers in your target market
  - How your products and your winery experience are different than those offered by competitors
9. **People** – the service providers within your business
  - A major motivation for visiting wineries is to see or meet the owners & winemakers
  - Attention to service quality will pay off in sales & loyalty



# Positioning

- When **positioning** your product, be certain you have considered the following:
  1. The strengths of your product over the competition
  2. The weaknesses of your product against the competition
  3. Areas where your product is similar to the competition or is truly unique
  4. Significance of the differences of your product

# Positioning

- Positioning strategies may include:
  1. Key attributes or benefits
  2. Price
  3. Quality
  4. Competition
  5. Association
  6. Usage or users
- Factors to consider when writing a long-term positioning strategy:
  - The dynamics of your product or service
  - The needs & wants of your target markets
  - The competition you are facing in your target market



# Types of Marketing Opportunities

- 1. Market penetration** is trying to increase sales of a business's present products in its present markets—probably through a more aggressive marketing mix
  - Increase sales to existing customers, or increase your share of their wine & tourism expenditures; loyalty programs can be employed
- 2. Market development** is trying to increase sales by selling present products in new markets
  - Cultivate new customers, for the same products; international tourists can be your new markets

# Types of Marketing Opportunities

3. **Product development** is offering new or improved products for present markets
  - New products to meet consumer demands; adding tourism infrastructure & services
4. **Diversification** is moving into totally different lines of business—which may include entirely unfamiliar products or markets
  - Diversifying from wine production into wine tourism is an example

# Product Life Cycle Analysis

- Four stages in the life cycle of a product

## 1. Introduction

- Sales are low & costs are high, product may be virtually unknown to consumers & competitors are few
- How will you plan to stimulate demand, establish market share, & persuade early adopters to buy?

## 2. Growth

- Sales rise rapidly in this stage as a result of new customers making initial purchases and early buyers repurchasing the product
- You begin to realize substantial profits & competition increases as various versions of the product become available

# Product Life Cycle Analysis

## 3. Maturity

- Sales continue to grow, but eventually plateau
- There are many competitors in the market and profits begin to decline
- Differences in competing products diminish & brand competition intensifies
- Supply exceeds demand, & market share & sales can only be increased at the expense of competitors
- How will you increase frequency of use, increase the number of users, and find new uses for the product?

## 4. Decline

- Characterized by shifts in consumer preferences that cause a decline in industry sales
- Sales fall, profits decline, & prices are cut
- There are few competitors

# The Role of “Branding”



- Three major factors in satisfying modern wine drinkers:
  - Consistency of quality & taste
  - Branding (easily recognizable & consumer-friendly brands)
  - Brand loyalty & identity

# Branding for Winery Tourism

- Convey the image of quality wines (not necessarily expensive)
- Reflect the positioning strategy of the winery & is differentiated from competitors
- Reflect the branding strategy of the destination
- Use theming (symbols & or names) to represent the concept
- Educate visitors about the wines; interpretation can be fun
- Package the wines & the winery visit
- Consistently communicate all imagery
- “Extend” product range beyond wines (e.g., programming, events, merchandising)
- Guard against competitors copying your branding
- Evaluate effectiveness with target segments



# Winery & Destination Partnerships

- **Relationship marketing** – people are more likely to become repeat buyers of brands they know identify with, and provide the expected level of quality & service; it is easier & cheaper to keep a customer than to acquire a new one
- Wineries & destinations must cooperate in relationship marketing & should cooperate to provide repeat visitors with incentives
  - Rewards “passports”
  - Discounts at local accommodations & restaurants
  - Souvenirs
  - Membership in an exclusive wine club
  - Invitations to special guests at events

# Marketing Communications

- **Marketing communications** are the messages that deal with the buyer-seller relationship
  - Two main categories:
    - Impersonal – advertising, point-of-sale displays, promotions & public relations
    - Personal – face-to-face sales, telephone sales, interactive computer link sales & videoconferencing
- Tasks that a communication strategy can accomplish:
  - Providing information
  - Differentiating a product
  - Increasing demand
  - Stabilizing sales
  - Highlighting value

# Communications Strategy

- Executing your marketing communication strategy requires that you blend the many variables available to you to satisfy the needs of your target market and successfully achieve your organizational objectives
- Blending these elements together effectively is known as the **promotional mix**



# Integrated Marketing Communications

- Also known as **IMC** or **Convergence Marketing**
- The most effective tools of the trade are *blended together* in a customized, creative and strategic way to produce a *holistic communications package* to maximize efficiency and results. A truly integrated communications program delivers more impact at a fraction of the cost of a traditional advertising campaign.
- *Activities* include advertising, developing marketing collateral and public relations activities such as developing media campaigns, writing press releases and assembling press kits and much more.

# The Marketing Budget

- Organizational goals, strategies, & execution of strategies outline your plan of attack, while the budget specifies how much it will cost
- Three options for budgeting:
  - 1. Task method**
    - Set a budget based on what needs to be accomplished for your product
    - The focus is on adequately supporting your marketing mix activities
    - Estimate the cost of using each marketing tool in your plan

# The Marketing Budget

## 2. **Benchmarking** your marketing budget total as a total percent of total sales

- Is most effective if you have no history with the effects of marketing & using tactical tools
- Can serve as a method for allocating expenditures that is in line with industry standards

## 3. **Competitive Method**

- Involves estimating the sales & marketing budgets of leading competitors & comparing those estimates to your sales & marketing budget
- May enable you to meet or beat specific elements used by your competition, resulting in a competitive edge

# Building Your Budget

- Start with a statement that identifies what you're trying to accomplish
  - Include rationale statements such as: restate the sales goals, identify the marketing objectives, & outline the time frame
- Give a break out of planned expenses, listed line by line item under each expense category
- Obtain budget estimates from each department associated with marketing activities
- Use historical information to give you a base for predicting the future
- Be sure that the allocations support your objectives

# Evaluation



- At the end of the year, don't forget to evaluate whether or not your business achieved the marketing objectives that you laid out for it.
- Doing so will help you to formulate new objectives and strategies for the upcoming year.
- It will also enable to you to easily recognize your successes so you can share them with your employees.



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