

The Oregon Wine Story: A Mixed-Method Study of Regional Reputation

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Abstract

Purpose: The purpose of this study was to investigate the regional reputation associated with the Oregon wine industry. This regional reputation represents a signal to consumers whose behavior will impact the present and future of Oregon's wine industry. A qualitative interview process was employed to ascertain key components of the Oregon wine brand and its regional reputation, as perceived by industry insiders, and to lay the groundwork for consumer and trade questionnaires on reputation.

Design: A representative mix of 16 Oregon wine industry professionals were interviewed using about aspects of regional reputation, and were encouraged to share narrative accounts of their experiences in the industry.

Findings: Analysis of narrative data and higher-order themes from the interviews yielded an industry perspective on critical aspects of Oregon's wine reputation. The themes are reflective of the values commonly associated with Oregon and Oregon wineries (e.g., stewardship, sustainability, community), and will be further investigated in consumer and trade questionnaires.

Practical implications: This research provides one model for assessing: a) factors that comprise a region's reputation, b) any differences between insider and customer/trade perceptions about a region's reputation, and c) potentially salient individual-level differences among consumers.

Key words: Regional Reputation, Oregon Wine, Mixed-Method

1. THEORETICAL BACKGROUND

This paper reports Phase I (the qualitative phase) of a large mixed-method study of regional reputation in the Oregon wine industry. The theoretical underpinnings of this study are based on the literature in corporate and regional reputation. An understanding of the history and present-day status of the Oregon wine industry is a second foundation for the study.

1.1 Reputation

Organizational reputation is a social cognition, an assessment by external stakeholders about an organization's overall appeal (Fombrun, 1996), or a "relatively stable, issue-specific aggregate perceptual representation of a company's past actions and future prospects compared against some standard" (Walker, 2010, p. 370). Stakeholders who form an organization's reputation can include customers, investors, associated professionals, and the general public; their assessments are typically formed as a result of multiple interactions over time (Fombrun and Shanley, 1990; Lange, Lee, and Dai, 2011; Walker, 2010). Attitudes that underlie these assessments consist of a cognitive component (beliefs and judgments), an affective component (emotional reactions) and a behavioral component (behavioral intentions/buying behavior) (Breckler, 1984).

Reputation is generally viewed as stable and enduring. While a major crisis such as the General Motors bailout or the Enron scandal can severely damage reputation (Hall, 1993), most companies do not experience this type of crisis. Most firms' reputations demonstrate reputation persistence, in which prior reputation tends to be the best predictor of future reputation (Ang and Wight, 2009; Dunbar and Schwalbach, 2000; Schultz, Mouritsen, and Gabrielsen, 2001). Reputation persistence has been found across methodologies and across countries, such as in the United States (Roberts and Dowling, 2002), Denmark (Schultz, et al., 2001), and Italy (Ravasi, 2002).

Positive reputation is associated with increased likelihood of achieving and sustaining superior financial performance over time (Roberts and Dowling, 2002; Sabate and Puente, 2003), the ability to charge premium prices (Vergin and Qoronfleh, 1998), and other desirable outcomes such as investor satisfaction and loyalty (Helm, 2007). Overall, favorable reputation tends to reduce competitive rivalry and barriers to market entry, thereby positioning a firm for a sustainable competitive advantage (Caves and Porter, 1997; Deephouse, 2000; Milgrom and Roberts, 1982).

The study of reputation has been expanded to the industry level (Barnett, 2000; Barnett and Hoffman, 2008), the regional level (Atkin and Johnson, 2010; Benjamin and Podolny, 1999; McCutcheon, Bruwer, and Li, 2009; Schamel and Anderson, 2001) and the country level (Passow, Fehlmann, and Grahlow, 2005; Reuber and Fischer, 2011). Further studies on the economic impact of wine reputation such as wine pricing have added to the literature in this area (Costanigro, McCluskey, and Goemans, 2010; Gibbs, Tapia, and Warzynski, 2009).

The focus of the present research is on the regional reputation associated with the Oregon wine industry. This regional reputation represents a signal to consumers whose behavior will

impact the present and future of Oregon's wine industry. In Phase I of the study, reported here, a qualitative interview process was employed to ascertain key components of the Oregon wine brand and its regional reputation, as perceived by industry insiders. In Phase II of the study, we will assess consumers' and trade professionals' perceptions of these key components and will investigate the relationship between these perceptions and behavioral intentions relative to Oregon wine.

1.2 The Oregon Wine Industry

Oregon's wine industry essentially began as the state was settled in the mid nineteenth-century; the first grapes may have been planted as early as 1847. The modern era of the industry, however, was launched in large part by a handful of Pinot noir pioneers who settled in Oregon in the 1960s. These individuals were attracted to favorable growing conditions for Pinot noir in the Willamette Valley, and developed an emphasis on artisanal and sustainable growing and production. By the 1970s Oregon could be considered an established, albeit new wine region (Hall and Paris, 2001, "Oregon wine history").

A milestone in the development of the industry was the stellar showing of David Lett's 1975 Eyrie Vineyard South Block Reserve Pinot Noir at a Paris tasting in 1979. The tasting involved 300+ wineries and was designed to compare New World wines with those of the French. At the 1979 event (and at a "rematch" in 1980), the Eyrie outperformed expectations and led to enhanced recognition of the quality of Oregon Pinot Noir (Hall and Paris, 2001). Among the Oregon wine narratives, the story of the 1975 Eyrie is one of the most cherished.

As of 2012, Oregon is home to more than 400 wineries and produces 15 major varietals across four statewide growing regions. The average winery's annual production remains small, at about 5,000 cases. In November of 2012, Oregon achieved another milestone by landing its first Wine Spectator cover story, in which Oregon was proclaimed the home of American Pinot noir ("Oregon wine history").

1.3 The Current Study

Extant research on regional reputation of the wine industry shows that region may be a significant indicator of perceived wine quality (see Schamel, 2009). The current study was designed to address a dearth of research on regional reputation as related to perceptions of Oregon wines. It was designed as a sequential mixed method study (Greene, Caracelli, and Graham, 1989; Sieber, 1973) employing a set of interviews with Oregon wine experts, followed by the development and administration of two online questionnaires to consumer and trade populations. As of the writing of this proposal, the interviews have been completed and analyzed, and questionnaire development is nearly complete. Questionnaire administration and analysis are slated for completion by March.

2. METHODOLOGY

The purpose of the interview phase of this project was to acquire information about the regional reputation of the wine industry in Oregon from the perspective of Oregon wine

professionals (winery founders, owners, managers, winemakers), to help guide the development of a consumer questionnaire. The need for a second questionnaire for the trade population (retail, distribution, and restaurant professionals associated with the wine industry) emerged as an imperative during the interview phase.

2.1 Participants

Names of possible interviewees were solicited from individuals who possessed deep knowledge of the Oregon wine industry. The criteria for selecting a potential interviewee were as follows:

- Currently holds a role associated in the Oregon wine industry (winery founder, owner, manager, or winemaker)
- Has been associated with the Oregon wine industry for at least five years

Once the set of potential interviewees was established, we carefully considered the mix of interviewees. We selected individuals from every major American Viticultural Area (AVA) in the state and achieved a mix of Oregon wine pioneers and newer members of the Oregon wine community. The mix also was representative of large and small wineries, and wineries with a variety of growing and production methods.

Potential interviewees were contacted by the principal researcher by telephone to describe the purpose of the study and to solicit participation. We targeted the completion of 15-20 interviews, but also committed to monitor the interview process and bring it to a close when we judged that a critical mass had been reached. Critical mass would be defined by the extent to which interviewees tended to report information that was redundant with the interviews that had already been completed. In all, 19 potential interviewees were contacted, and 16 interviews were ultimately scheduled. The three individuals with whom we were not able to arrange interviews did not differ in a discernible way (e.g., experience, background) from those who were interviewed.

2.2 Instrumentation

A standard data collection form was developed for the interviews, consisting of the following questions. Interviewers recorded the responses by hand.

1. What is the regional identity/geographical reputation of Oregon and its major wine regions?
2. How has the reputation of Oregon wines been fostered and maintained?
3. What are the key affective, cognitive, and behavioral components of perceptions of Oregon wines?
4. What attracts stakeholders to Oregon wines?
5. What is the impact of winery activities (events) to help or hinder reputation?

2.3 Procedure and Analysis

We conducted semi-structured interviews in which the emergent nature of qualitative research (Creswell, 2003) was respected and encouraged. That is, the structured set of questions

noted above was used consistently across the first several interviews, and alterations to the process were made as patterns of responses began to emerge. Specifically, item 4 was eliminated as it provided no unique information beyond the answers provided for item 1, and a general item was added “What information would be useful to you as a result of this study?” In addition, when initiated by interviewee we encouraged them to share relevant narratives. This is an appropriate approach to use when the objective of the qualitative research is to gain a broad understanding of a topic from the perspective of knowledgeable individuals (Creswell, 2003).

The majority of the interviews (11) were conducted at the interviewees’ business locations. Four interviews were conducted by phone and one was conducted at the researchers’ college offices. The site for each interview was chosen to accommodate the interviewee’s schedule. There were no systematic differences between the process/results of the face-to-face vs. phone interviews (e.g., length of interviews, number of follow-up questions used). Most interviews were conducted within one hour.

3. RESULTS

Interview responses were initially coded according to the item categories on the standardized data collection form described above. Higher order themes were then extracted from the responses. The first of these themes referred to the narratives described above; the rest of the themes were directly applied to questionnaire design.

3.1 Narratives

The narratives obtained during the interviews fell into four general categories: 1) History of the Oregon Wine Industry, 2) Distinguishing Features of the Oregon Wine Industry, 3) Consumer Awareness of Oregon Wines, and 4) Personal/Industry Successes and Failures. See Table 1 for exemplars of these narratives along with the interviewees’ general evaluation of their narratives (positive, neutral, or negative). For example, the 1979 Paris tasting referenced earlier in this paper was recounted on several occasions as an early benchmark event and is an example of a Category 1 narrative with a positive evaluation. As an example of a Category 2 narrative with a positive evaluation, several interviewees mentioned what they perceived to be the collaborative nature of Oregon wineries (e.g., sharing equipment, ideas, successes, and failures).

Table 1: Categorization of Narrative Accounts Volunteered During Interviews

| Category | 1. History of Oregon Wine Industry | 2. Distinguishing Features of the Oregon Wine Industry | 3. Consumer Awareness of Oregon Wines | 4. Personal and Industry Successes and Failures |
|-------------------|---------------------------------------|--|--|---|
| Exemplars | Pioneers, Early Benchmark Events | Collaboration, Commitment to Sustainability, Artisanal, Small Family Farms | Familiarity with Location, Awareness of Diversity of Wines | Good Years and Bad Years, Strengthening and Diluting the Oregon Brand |
| Evaluation | Positive, Neutral | Positive, Neutral, Negative | Neutral, Negative | Positive, Negative |

In Category 3, interviewees shared examples of travelling to other states and encountering consumers who were vaguely familiar with the location of Oregon, and completely unfamiliar with the location of the Willamette Valley. While some interviewees viewed this phenomenon negatively, others did not provide a positive or negative evaluation. All who recounted this narrative, however, reflected on a continued lack of consumer awareness for non-Pinot noir wines. A negative exemplar for Category 4 is a narrative cautioning that with the growth and diversification of Oregon wine, the brand (largely associated with Pinot noir) may have been diluted or may become diluted in the future.

This narrative analysis provided the research team with some grounding in the Oregon wine story as viewed by industry insiders. Our intention is to use the narrative analysis to provide an interpretive context for the questionnaire results.

3.2 Themes Emerging From the Interviews as Applied to Questionnaire Content

Ten higher-order themes (Overall Associations, Relationship with the Land and the Product, Industry Characteristics, Value Considerations, Individual-Level Drivers of Perceptions, Enjoyment of Wine, Sustainability, Regionality, Practical Considerations, and Consumer vs. Trade Perspectives) emerged from the interviews. Each of these areas may be seen as representing key components of the Oregon wine brand and its regional reputation, as seen from the perspective of the industry. See Table 2 for a listing of these higher-order themes. The questionnaires will directly ascertain stakeholder (consumer and trade) perceptions about the relevance of these components in forming judgments about Oregon wines.

Table 2: Higher-Order Themes from Interviews and Resulting Questionnaire Content

| Theme | Components to Be Reflected on the Questionnaires |
|---|--|
| 1. Overall associations with Oregon wines | Initial impressions Recognition of Oregon, its wine, and its varietals Perceptions of quality |
| 2. Relationship with the land and the product | Stewardship Hand crafted/artisan approach Small family farms |
| 3. Characteristics of the Oregon wine industry | Community Collaboration Limited production |
| 4. Value considerations | Price Value to price Factors consumers will pay more to obtain |
| 5. Individual-level drivers of wine-related perceptions | Demographics Personal values |
| 6. Enjoyment of wine | Taste Food pairing Ageability Wine tourism |
| 7. Sustainability | Oregon Certified Sustainable Wine (OCSW) brand Low Input Viticulture & Enology (LIVE) designation Organic label Salmon-safe label Demeter-certified (biodynamic) |
| 8. Regionality | Meaning/importance of wine regions Meaning/importance of AVAs Comparison of Oregon reputation with California reputation |
| 9. Practical considerations for stakeholders | Factors that familiarize them with Oregon wines Ease of access to Oregon wines |
| 10. Consumer vs. trade perspectives | A separate questionnaire instrument for each group |

4. DISCUSSION AND MANAGERIAL IMPLICATIONS

4.1 General Discussion

This study was designed to investigate the regional reputation associated with the Oregon wine industry. A carefully designed interview process yielded narrative data and higher-order themes representing the industry view on critical aspects of the Oregon wine reputation. These themes are reflective of the values commonly associated with Oregon and Oregon wineries (e.g., stewardship, sustainability, community).

In the second phase of the study, we will be able to ascertain whether the aspects of Oregon wine reputation with which the industry self-identifies, translate to the perceptions and buying intentions of stakeholders who will help determine the future of the brand.

Interviewees in this study wondered aloud about the degree of connection/disconnection between internal and external perceptions of the wine, the wineries, and the region as a whole. Do AVA designations really have meaning to consumers or only to industry insiders? Does a client's familiarity with a specific Oregon wine region help a distributor place wine with him or her? Does the notion of the small family farm and sustainable connection with the land distinguish Oregon wine from California wine in the minds of consumers? The next phase of the research will help to answer these questions.

4.2 Managerial Implications

There are four primary managerial implications of this study. First, this research provides one model for a region to assess the factors that are perceived to comprise its reputation. The emphasis is on providing actionable data for the industry and its wineries.

Second, the narrative results of the study emphasize the relative youth of the Oregon wine industry and the evident pride the industry takes in its brief history and accomplishments to date. These are aspects of a strong industry culture that industry leaders would do well to foster. In addition, these results point out continuing questions about the future of the industry (e.g., continued lack of awareness of non-Pinot noir wines) that also merit continued attention.

Third, the higher-order themes yielded by the study have laid the groundwork for the development of questionnaires, and in turn, an assessment of brand awareness. The questionnaires will allow us to identify which aspects of the Oregon wine brand are translating to the consumer and to the critically important trade professionals.

Fourth, the notion of individual-level differences among consumers (e.g., values) raises some interesting questions for managers in general and wine marketers in particular that will be addressed by the questionnaire results. Is the overall construct of regional reputation more important for some groups of employees than for others? In the final analysis, how do aspects of regional reputation influence behavioral intention relative to Oregon wine?

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