How to Engage Wine Customers Online and Offline?
An Exploratory Study

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Abstract:

Purpose: Due to the rising popularity of customer engagement (CE), this exploratory study aimed to provide a first understanding of potential marketing tools for CE online and offline.

Design/methodology/approach: The research constituted a pre-study to propose an experimental approach in order to assess how these tools impact CE. To achieve the research goal, we applied a mixed-methods approach combining qualitative and quantitative market research methods. We interviewed seven marketing experts in order to identify effective CE tools. In addition, we drew upon a self-administered online survey, to which 345 German wine consumers responded, in order to investigate their preferences regarding CE tools used by wineries.

Findings: Qualitative and quantitative results revealed that from an marketing expert's as well as from a customer's point of view, offline CE tools were regarded to dominate online tools. Experts further claimed the presence of an experience, the interactive and personal components as well as the awareness of the target group to be fundamental for effective CE tools.

Practical implications: Regarding the German wine market, practitioners are recommended to rather focus on offline tools when attempting to engage customers. In addition, they are demanded to put higher efforts in mobile platforms. When dealing with CE tools in detail, the advised aspects of experts should be taken into account.

Keywords: Customer engagement, engagement tools, relationship marketing

1. INTRODUCTION

This pre-study builds on the challenge of a rising interactive nature of customer relationships faced by wineries. Given the increasing use of the Internet by wine consumers, they do not only have a vast amount of readily available information as well as a wider choice of products and services. They also have direct channels to interact with companies and their peers (Deighton and Kornfeld, 2009). Customers have become connected (MSI 2006) and have taken an active role in the dialogue with companies across industries (Sawhney et al., 2005). These changes have resulted in a new field of research in the last decade: Customer Engagement (CE). Vivek et al. (2012) define CE as "an individual's intensity of participation in and connection with an organisation's offerings or organisational activities". While having shed light on its conceptualisation (e.g., Bowden, 2009; Brodie et al., 2011a, b), empirical efforts have been neglected in marketing research (Hollebeek et al., 2014). This gap was highlighted by the Marketing Science Institute (MSI) in 2014 by setting one research priority on the question: "how do social media and other marketing activities create engagement?". We aim to approach this by identifying potential marketing tools to engage with the customer, which is the central research objective. The pre-study constitutes a preliminary step to further analyse how these tools impact CE.

Increased efforts in CE might be an opportunity for wineries in the digital era, which challenges the wine industry in particular. Not only empowered customers constitute a competitive challenge. But also the increasing virtualisation of products and services contrasts the fact that wine is classified as an experience good (Storchmann, 2012). In addition, the relative complexity of the product, compared to other consumption goods, causes barriers for customer management, especially online (Cohen et al., 2012). Hence, efforts in service quality and the reputation of a winery become most important (Bresolles and Durrieu, 2010). Enforcing CE which is claimed to impact marketing constructs such as satisfaction, loyalty (Bowden, 2009) or the effectiveness of advertising (Wang, 2006) might be one approach. While CE has been strongly related to online environments thus far, we claim that efforts in research and practice have to be extended to offline environments (see also Brodie et al., 2011b).

We begin with a literature review on CE, by presenting its theoretical embedment, conceptualisation and status quo of empirical research regarding its tools. Following this, we provide first results of marketing expert's and customer's perspective on potential tools of CE online and offline. We conclude with a brief discussion of the results, its limitations and we infer future research areas.

2. LITERATURE REVIEW

Originating from organisational behaviour research, especially in the context of work and role engagement (Kahn, 1990; Saks, 2006), the concept 'engagement' has not yet been fully approached in marketing research. However, in marketing theory the construct CE can be attributed to relationship marketing research by adding experience and interactive aspects to the relationship with existing and potential customers (Prahalad and Ramaswamy, 2004; Vivek et al., 2012). Linked to this, marketing academics emphasise that interaction is not restricted to the relationship between customers and companies. It might be any combination such as customer's engagement in offerings, activities and the actual exchange amongst customers (Hollebeek et al., 2014; van Doorn et al., 2010). Over the last decade marketing research has contributed in particular to the conceptualisation of CE (antecedents, dimensions, consequences, measures etc.). However a review of related marketing literature shows that a common understanding of the construct has not yet been reached.

While having initially referred to behaviours, both positive or negative, that exceed purchase (Bowden, 2009; Kumar et al., 2010; van Doorn et al., 2010; Verhoef et al., 2010), several researchers have extended the scope to cognitive, emotional and social dynamics (Brodie et al., 2011b; Hollebeek, 2011; Vivek et al., 2012). Moreover, engagement is regarded as a motivational state that is either temporary or ongoing with changing engagement levels over time (van Doorn et al., 2010). This raises the question how this state can be achieved by wineries and therefore builds the starting point for the underlying research.

Efforts in analysing marketing tools engaging the customer are still underrepresented in CE discipline. Vivek et al. (2012) for instance, assessed in a qualitative study "activities" and "offerings" to be the main tools that can be customer- or company-initiated. What both tools have in common is assigning the customer an active role, allowing him or her to participate in the experience or interaction. "Activities" go beyond offerings when referring to skill and new product development as well as to creative events with the possibility to socialise or even with an innovative character. These can also include Branded Marketing Events (BMEs), of which the impact on CE was examined by Altschwager et al. (2014) in the context of wine business.

To further explore the marketing tools triggering CE while referring to the wine business, we set the focus on online versus offline environments for the following elaborations.

3. CURRENT RESEARCH

3.1. Study 1 – The Marketing Expert Perspective

We conducted two independent studies, we present below our qualitative findings.

3.1.1. *Design, Method and Procedure*

To gain a comprehensive understanding of CE tools, we conducted semi-structured, in-depth interviews in the last quarter of 2014. The selection qualification criteria were expertise marketing with a focus on wine marketing or on CE, or both. We reached out to 11 marketing

experts via email or phone, seven of whom agreed to an interview. The interviewees, each holding a leading position in its field, were categorised on their focus areas of wine marketing (3 consultants, 1 event marketer and author); marketing research with foci on interactive technologies (1 manager customer care) and on wine (1 researcher in consumer behaviour); as well as B2B marketing in online and offline services dealing with customer engagement tools (1 director product marketing). They range in age between 32 to 51 years and in work experience in marketing between four to 24 years.

The average interview lasted 45 minutes, and was conducted by Skype or face-to-face, which were then digitally transcribed and transferred to MAXQDA. Methods of content analysis included coding and keyword search in order to establish certain categories and subcategories by following the standards of grounded theory (Corbin and Strauss, 2015).

Given the exploratory nature of the study and the semi-structure, we engaged around five broad areas of interest to the interviewees instead of posing a series of specific questions. We did let emerge the central theme of the paper in interviewing respondents about topics such as the status quo of customer management (1), the impact of new media on customer management (2) and their personal definition of customer engagement (3). For the purposes of the research objective, we focus on the following two areas: potential tools to engage with the customer (4), from an online as well as from an offline perspective (5).

3.1.2. *Results*

From the content analysis it can be implied that certain frame conditions have to be considered when dealing with CE. Calder et al. (2009) assert that experience is the basis for engagement. Supported by statements from six out of seven experts, this view rather underlines a hedonic nature. To the contrary, utilitarian characteristics are rather regarded as prerequisite. Moreover, across almost all interviews the importance of the interactive character of CE-tools was highlighted.

Enforced activities should allow customers to interact amongst each other with the superordinate goal of a networking brand community, where they engage in evaluation, optimisation and development of winery's products, services and campaigns. Besides the actual experience, three experts claimed the importance of a personal dimension. People behind the brand must step forward to interact with customers, in particular the winery's owner him- or herself. Four of the experts further agreed on the aspect that target groups merit attention. Thereby, two experts stated the relationship intensity to be decisive for this type of tools.

Figure 1: tools of customer engagement, online and offline.

The seven marketing experts placed their focus mainly on offline tools in the context of wine (Figure 1). This is different from the 'brand communities' that are predominantly in online environments so far (Brodie et al., 2011b; Sawhney et al., 2005; Wirtz et al., 2013). Furthermore, co-creation constituted a relevant tool, but again in the offline context. One wine marketing expert stated that the concept co-creation in wine marketing would not be in forms of co-production of the product itself, but rather in terms of collecting feedback in general or in the creation of wine labels.

Offline "events" still seemed to be one of the most important tools for wine marketing CE. These are not restricted to wineries and they can include fairs or wine feasts in central areas with regional customers. "Newsletters" were also acknowledged as an inherent CE tool that can be online or print, depending on the target group. Print medium was considered state of the art when working with the premium and ultra-premium sector, whereas electronic newsletters should rather be applied for general updates throughout the year. Referring to content, keywords such as "the importance of visualisation and authenticity" occurred repeatedly.

The former was also of particular relevance when mentioning online tools such as "video marketing". Online, proactive activities like "follow-up actions", including informing the customer when their favourite wine is available again, or recommending other wines, were stated.

Efforts in "mobile tools" were regarded by the majority of experts as highly important because traffic nowadays comes mainly from mobile devices. But five wine marketing experts regarded the potential of mobile tools for the wine business as critical, because a high proportion of wineries are still not providing a functioning mobile website. Nevertheless, QR-Codes placed on wine bottles, enabling the customer to evaluate the product, to register online, to gain incentives or information where to buy the wine, were regarded as useful by five experts. Controversially, when it comes to 'apps' as CE-tool, two experts considered them as an important interface while two others had an opposite view.

3.2. Study 2 – The Customer Perspective

To look at CE from a customer's point of view, our second study investigates, in a quantitative manner via an online survey, potential tools for CE.

3.2.1. *Design, Method and Procedure*

A total of 345 German wine consumers participated in a self-administered, online survey that was distributed via e-mail lists of three universities in South Germany. We targeted all fields of study in the first quarter of 2014 to investigate the consumer's likelihood to engage in CE-tools, comprising certain activities and offerings, in wineries. In order to identify these tools, nearly 200 winery's websites and Facebook pages were investigated based on a random selection of German wineries from the wineries' list of the German Wine Institute website. They were then analysed for tools with an interactive and innovative character. 43 marketing tools were derived, from which three researchers selected the top ten tools according to the degree of interaction and innovation. In addition, more general questions were posed regarding sociodemographic characteristics; their wine and social media behaviour.

3.2.2. *Results*

The survey respondents were equally split at 50% female, and 50% male, the mean age was between 20-29 years. Almost 40% of respondents consumed wine more than once per week and they bought their wine mostly in wineries or supermarkets. Measured through subjective wine knowledge (Flynn and Goldsmith, 1999) and wine involvement (Lockshin et al., 1997) by using two and three items (five-point scale), 37% of the respondents rated their affinity with wine as high. In contrast, 46% of participants showed low involvement in social media, again assessed via three items measured on a five-point scale (Lockshin et al., 1997).

The initial set of CE-tools constituted ten items. In order to reduce data, we conducted an exploratory factor analysis resulting in a two-factor solution. KMO and Bartlett's test proved the sample to be adequate for factor analysis (KMO=0.840, p=0.000). Factor one indicated online characteristics. It had six items comprising of "sharing information about the product and service" (0.79), "exchanging favourite recipes with customers" (0.77), "a video diary of the winery" (0.71) as well as "an online wine tasting" (0.58). We assumed the items "wine education app" (0.47) and "mobile website" (0.70) to be part of a third factor, but found that they can also be loaded on factor one. This might be due to the fact that these tools are stronger related to the online environment. Furthermore factor two contained four items, namely "creation of a vintage with the wine producer" (0.82), "developing mixed drinks based on wine" (0.73), "personalisation of wine labels" (0.66) and "wine evaluation" (0.58). We attribute offline characteristics to factor two. Reliability of the two factors was supported by Cronbach's alpha accounting 0.80 for factor one, 0.72 for factor two.

Based on the two-factor solution we first compared the likelihood of consumers to engage online and offline. We found that wine consumers are more likely to engage in offline compared to online activities. This tendency to favour offline engagement tools is illustrated in Figure 2. While almost 50% were likely to engage in offline activities, only 17% of wine consumers would potentially engage in online tools.

Offline vs. Online Engagement

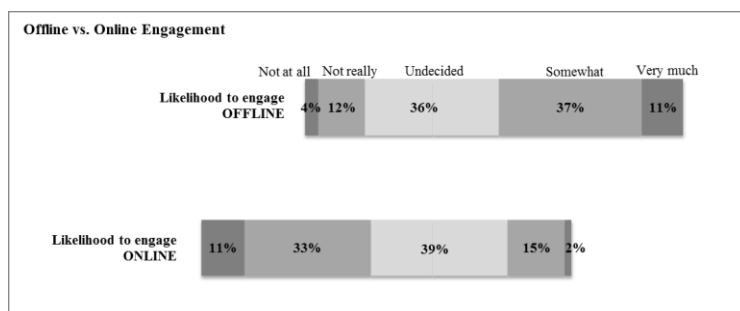|	Not at all	Not really	Undecided	Somewhat	Very much
Likelihood to engage OFFLINE	4%	12%	36%	37%	11%
Likelihood to engage ONLINE	11%	33%	39%	15%	2%

Figure 2: comparison of the likelihood to engage in online and offline tools, n=345

This tendency is further reinforced when we look at the activities in detail (Figure 3). Out of ten activities, the top five CE tools were selected for comparison, amongst we only found one online variable, the "app". It has to be added, that an "app" can be only characterised as an online tool by its origin and dependence, but functions can also be accessed offline. In contrast all four offline tools were favoured by respondents. The highest-ranked activity was "to evaluate new vintages", of which 57% would be likely to engage in.
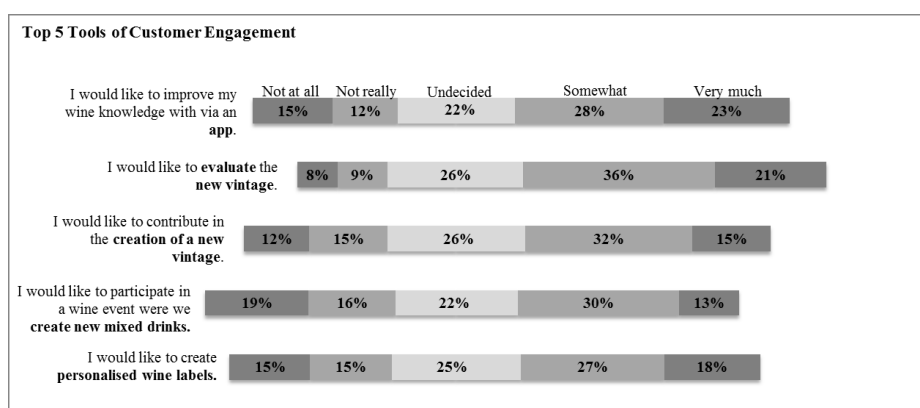

Top 5 Tools of Customer Engagement

	Not at all	Not really	Undecided	Somewhat	Very much
I would like to improve my wine knowledge with via an **app**.	15%	12%	22%	28%	23%
I would like to **evaluate** the **new vintage**.	8%	9%	26%	36%	21%
I would like to contribute in the **creation of a new vintage**.	12%	15%	26%	32%	15%
I would like to participate in a wine event were we **create new mixed drinks**.	19%	16%	22%	30%	13%
I would like to create **personalised wine labels**.	15%	15%	25%	27%	18%

Figure 3: top five tools of customer engagement.

4. DISCUSSION, LIMITATIONS AND IMPLICATIONS

CE has gained great relevance, both in research and in marketing practice. Hence, the performed analysis aimed to examine tools for CE from a marketing expert's and a customer's point of view while referring to the online and offline environment. Although consumers nowadays use both online and offline CE channels to interact amongst each other as well as with companies, in the context of wine marketing, we find a distinct preference for offline activities.

In order to enable effective tools for CE, marketing experts regarded certain conditions to be pivotal. These are experience and interaction, and linked to this, the personal levels of CE. Moreover, the target group should be predefined. Interviewees rather referred to CE in the offline context, where they perceive events and brand communities to be most important. In particular they see potential for interfaces linking offline and online activities - mobile tools for instance. Wineries in general were criticised for the lack of ensuring appropriate mobile websites.

Regarding the customer's point of view, they also showed a stronger likelihood to engage in offline activities. Respondents would be most likely to engage in the evaluation of new vintages. There was further a consensus between marketing experts and customers concerning the need for mobile tools, as the second preferred tool was an edutainment app for wine.

Referring to the limitations, we must add that respondents had lower involvement with social media and that the online survey was limited to German wine consumers. The pre-study was also limited to the product wine so far. We recommend that future studies should extend the scope to cross-cultural approaches as well as to other product categories. Following studies should consider consumers who can relate to the offline and the online market. Furthermore, future studies should aim to gain a deeper understanding of the enlisted marketing tools and how these create engagement (MSI, 2014).

While this exploratory study constituted a pre-study to identify tools to initiate CE, the paper should persuade the need for further research in this domain, especially on an experimental basis. To conclude, due to the identification of engagement tools, we can now investigate their impact on CE as well as on financial indicators and certain marketing constructs.

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