

**Social Media**

**Increases Wine Sales and Consumption**

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## TABLE OF CONTENTS

Purpose of Study.....	8
<b>CHAPTER I</b>	
INTRODUCTION.....	9
Background.....	9
Purpose.....	10
Problem Statement.....	13
Hypothesis.....	13
Objectives.....	13
Justification.....	14
<b>CHAPTER II</b>	
REVIEW OF LITERATURE.....	15
Marketing Defined.....	15
Marketing Strategies.....	15
The Wine Market.....	16
Wine as a Physical Product.....	16
Social Media.....	17

Facebook.....	17
Survey Analysis.....	18
Social Media Affects.....	19
 <b>CHAPTER III</b>	
METHODOLOGY.....	21
RESEARCH METHODS AND PROCEDURES.....	21
Procedures for Data Collection.....	22
Procedures for Data Analysis.....	23
Assumptions.....	25
Limitations.....	26
 <b>CHAPTER IV</b>	
DEVELOPMENT OF THE STUDY.....	27
Interview Results.....	27
Data Collection/ Survey Analysis.....	29
 <b>CHAPTER V</b>	
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	38
Summary.....	38

Conclusions.....	39
Recommendations.....	41
REFERENCES CITED.....	43
<b>APPENDIX</b>	
Related Graphical Models.....	44
Costa De Oro’s Facebook Home Page.....	46
Interview Questions.....	47
Survey Questions.....	48

## LIST OF TABLES

### TABLE

Table 4.1(A)-Demographic of Total Population.....	29
Table 4.1(B)-Demographic of Total Population.....	30
Table 4.1(C)-Demographic of Total Population.....	30
Table 4.1(D)-Demographic of Total Population.....	30
Table 4.1(E)-Demographic of Total Population.....	30
Table 4.2-Alcohol Consumption & Price Range.....	32
Table 4.3-Favorite CDO Wines.....	33
Table 4.4-Where to Find Information when Wine Tasting.....	35
Table 4.5-CDO Wine Prices.....	36

## LIST OF FIGURES

### FIGURE

Figure 4.1-Average Likelihood Ratings for Visiting a Tasting Room.....	34
Figure 4.2-CDO's Facebook Page.....	37

### Purpose of Study

The purpose of this study is to research the effects that social media and marketing tools have on branding and labeling a winery and its tasting room. The goal of a specific social media resource, such as a social networking site like Facebook, is to capture the attention of young wine consumers worldwide.

This study will investigate different marketing strategies that the wine industry uses to help attract more attention to the younger wine consumer demographic. Focusing on Costa De Oro Winery in Santa Maria, California, interviews and surveys will be administered to gather data about specific marketing strategies of traditional advertising and promotion and the positive effects of designing a social media site to appeal to both new and old wine consumers.

Results from interviews, surveys and descriptive research will help determine that social media sites, for example, Facebook, will in fact both benefit and profit Costa De Oro Winery and will bring more wine enthusiasts into the tasting room. Marketing a winery and viewing the progression by using online media outlets will be successful to gain consumer loyalty and brand recognition.



# CHAPTER I

## INTRODUCTION

### **Background:**

With the help of modern day technology, this specific senior project focuses on the various ways in which local wineries in San Luis Obispo County can advertise, promote and up-sell their products and services by the means of social media. The analysis will focus on targeting new demographics through the social networking site, Facebook, and convert prospective customers into long time, future members. Using these different social mediums the hope is to attract a younger segment of the market in order to reach the full potential of customer lifetime value. Along with reaching these new demographics, the additional focus will be placed on current members and appealing to their needs through different websites in order to create sustainable growth and profitability for wine consumers.

The traditional marketing techniques for wineries in the past have solely relied on printing materials, tasting rooms, and events to build their label and their brand. Recently many wineries, new and old, have successfully started to differ from traditional marketing methods by using various online media and online connections. The purpose of social media is to build online communication with people that share the same interest and activities, or people that are interested in exploring the interest of others. Most social media sites are online based and provide a variety of ways for people to interact with each other. Online sites that are specifically focused on social media, is a great way to generate groups of followers that share the same interests, for example promoting a winery's tasting room and the events that the winery hosts. Given the established and new marketing strategies, wineries specifically tend to question what sort of marketing approaches should the business take on and whether or not the focus of an

online social networking site will generate and create a successful, beneficial, and profitable business.

**Purpose:**

The best new marketing approach for a winery is the use of social media. By expanding marketing strategies and including online markets in addition to print and media exposure, the winery will be successful in capturing different wine consumers and enthusiasts while still maintaining a connection with long time followers. This particular study will be able to conclude different assumptions about successfully profiting a winery and its tasting room by drawing attention to a younger audience and accurately tracking sales using a social media site.

Just like with any other company, local wineries have the objective to create a profit. In order to do so they must sell their products and services not only to their existing consumers but continuously attract new consumers through advertising and promotion. The main attraction to any winery is the tasting room, but getting potential customers to the tasting room is the challenge.

One way to make a tasting room more profitable and memorable is to create social media sites to better promote and advertise the wines and featured products. As wineries come to understand the benefits of going virtual, a growing number of wine businesses are quickly overcoming the reticence of technology and social media and have shifted to organizing online tastings. The tasting room is the primary venue for creating a personal connection with wine customers. Social media sites allow extended connections, and helps like-minded consumers to find, follow, and communicate about different wineries, and find the one that suits their needs

best. Social networks are all about connecting with people that are familiar and unfamiliar and keeping up with information that is relevant to a specific need. Social media sites work well for announcing wine events and for publishing digital media to advertise the experience of the event.

Costa De Oro Winery is a younger winery that has established a consumer base, based on traveling tourists and Santa Maria locals. By creating a social media site for this winery, such as Facebook, the results of its success will be based on taking a new and creative approach on building their specific wine brand and product. Tracking and contacting future wine consumers via Facebook will help build Costa De Oro's brand by creating a presence through online media marketing. While still maintaining its appeal to long time customers and wine club members, Costa De Oro will try to differentiate their brand by using different forms of media to boost awareness and increase sales and distribution across the board.

Technology has changed dramatically in the twenty first century, making it extremely cost effective for promoting wine sales via multiple on-line touch points, whereby increasing brand recognition and sales. Because technology has grown and expanded, the internet is an essential way to communicate with customers and tourists. It provides one-to-one and one-to-many marketing opportunities. Knowing how, when, and where are questions faced when devising a marketing strategy for the internet. Through the use of social media tools such as Facebook, wine marketers are able to communicate directly with consumers and tailor their marketing efforts to suit individual needs. Since marketing has shifted from primarily transaction based to relationship based, maintaining customer relationships is vital to any company's success.

In the San Luis Obispo County wine region, a large majority of the wineries are anywhere from five to ten years old with a following of new and old wine drinkers ranging from the age 21 and up. The new wine drinker demographic (people ranging from 21-35) is a group that consistently interacts through online social media connections. Expanding and looking at a broader view, some wineries in the San Luis Obispo County have been in production for more than thirty years with loyal consumers ranging in all ages. Starting a business in a region that is constantly continuing to grow, for example the San Luis Obispo County region, numbers of visitors and loyal connoisseurs are increasing on a daily basis. In order for any winery to be successful in the wine market, wineries such as Costa De Oro must find a way to build their brand both locally and nationally through online social media sites while continuing to produce and sell a high quality, much desirable wine product.

The goal of this specific study is to outline Costa De Oro's focus on online marketing and creating a valuable customer base by expanding on traditional marketing techniques and strategies. In order to generate a finding and result to this study, Costa De Oro Winery will be followed in its past attempts to blend a previous model of traditional marketing with a strategy aimed at a younger wine consumer demographic.

This study's focus will revolve around the stability of a winery's demographic and the ability to advertise and promote their wine product by using online media outlets to capture a new audience of both young and old wine consumers. While focusing on the aspects that surround online marketing, a closer look into the traditional online marketing strategies can shed light as to why wine consumers nationwide are being better reached through online media outlets.

### Problem Statement

Due to new marketing strategies, advertising and promotion that goes into selling wine products, is the use of social media a good way to help market products and bring more customers into a tasting room?

### Hypothesis

Through much research and hands-on experience, social media exposure will help attract and bring in customers to a tasting room. Facebook should be a part of every winery's marketing plan. With over 30 million users, a significant portion of consumer's network is on Facebook. By using Facebook, it benefits businesses by having a great way to personalize business ideals, communicate core ideas and principals, and drive traffic to the wineries web site. By creating a Facebook home page for Costa De Oro Winery, sales and consumption of their wine products will increase.

### Objectives

1. To design and create a social media site for Costa De Oro Winery in the San Luis Obispo County.
2. To assess the economic benefits social media has on the effect of how many people go and visit a tasting room.
3. To evaluate the progression of the winery after the social networking site is created.
4. Interview different winery professionals, such as the winemaker of Costa De Oro Winery and see if social media increases wine sales and consumption.
5. Create and provide a survey to fellow peers and students addressing issues on social media and its effects on wine sales and consumption.

### Justification

Social media has been around in various forms for nearly a decade, and has begun to achieve wide notice in the past few years. Wineries that have already begun designing and creating social media sites have spoken highly of the results that the winery received. It is said to be that by creating such social media sites, sales and revenue have increased dramatically.

Social networking is a valuable tool that brings the right people, to the right places at the right times. In result of social media, it is never certain of whom you're going to meet on different social platforms that could potentially increase business and sales, or an invaluable resource in specific marketing efforts.

## CHAPTER II

### REVIEW OF LITERATURE

#### **Marketing Defined:**

Marketing is a discipline that encompasses a broad range of activities. Marketing is defined as, “A total system of business activities designed to plan, price, promote and distribute want-satisfying products to target markets to achieve organizational objects.” Another definition is “the science and art of finding, keeping, and growing profitable customers.” These two definitions describe what marketing consists of. Notice the focus is on consumers (target market). All decisions made about marketing should be made with the consumer in mind (Westling, 2001, pg.1).

#### **Marketing Strategies:**

Marketing a winery is different than marketing a product. Wines have traditionally been viewed and spoke as more than just a product for consumption, instead, they represent a consumer’s sophistication, status, and lifestyle. With a variance in the market, wineries have many reasons to up-sell their wine product and build a trustworthy and highly regarded brand.

Given the steady growth rate of the wine industry, there are many marketing strategies available for wineries. Researchers and winemakers from regions all over the world have found that the growth of the wine industry has resulted in a variety of successful marketing strategies, building a respectable brand, and up-selling wine products. Through the use of social networking sites such as Facebook, the wine industry has added an advantage to its current marketing ability (Pulizzi, 2010).

## **The Wine Market:**

Wine marketing has evolved since the 1950s. Today the wine market is characterized by a surplus of brands. In this crowded marketplace it is important to create social media sites to differentiate a wine product from its competitors.

The United States is the largest retail wine market in the world. According to the Wine Institute's news release, total shipments to the United States in 2007 from all production sources, California, other states and foreign countries, increased 4 percent over the previous year to 745 million gallons (2.85 billion liters) for a total retail value of \$30 billion. The U.S. Department of Commerce estimates that California accounted for 61 percent of all wines sold in the U.S. market; imported wines account for 26 percent; and other U.S. state wines account for 13 percent. According to supermarket data from ACNielsen, more consumers are now drinking red wines than white or blush. Reds now account for about 43 percent of wines sold at retail, whites, 42 percent and blush, 15 percent. This change is more dramatic when comparing figures from 10 years ago, where reds only accounted for 25 percent, compared to whites with 41 percent, and blush with 34 percent (Hodgen, 2008, pg. 2)

## **Wine as a Physical Product:**

Wine is more than just a physical product. Wine is sometimes a very difficult product to sell and market because of tradition, brand, country and region of origin. Wine is said to be one of the most popular alcoholic drinks in the world. In 2005, worldwide sales have reached nearly 80.3 billion Euros and are expected to top 87.8 billion Euros by the end of this year.

There are many factors why wine, a well-known physical product, has become popular. Many factors have affected the popularity of wine. Wine is popular because of its health benefits.



Whatever reasons consumers wish to convey, wine is indeed popular. The popularity of wine can never be underrated. It has successfully gained its popularity at the right age and at the right pace. Just as it gradually tastes good with age, the popularity of this specific physical product continues to increase as time passes.

### **Social Media:**

There are many difficulties of marketing a winery today. Established wineries, as well as young wineries, are looking to break into the industry and successfully market their brand, distribute, and up-sell their wines. However, wine recognition goes beyond just a label. Recognition comes from an associated feeling with a specific brand and a trusting relationship with a region, style or winery generated from previous experiences. Another way to help market and promote wine is to create brand recognition by creating a social media site and tracking and monitoring the progress. The purpose of social media is so companies can see a glimpse into new and innovative ideas for any business or brand (Blanford, 2001, pg. 1).

### **Facebook:**

Initially built for college and university students in 2004, Facebook has since grown into a popular social media source that is open to all. With over 30 million members worldwide, Facebook is the seventh most visited site in the United States and sees over 15 billion page views every month.

Facebook is rapidly becoming one of the chief means for business-to-consumer marketers to promote their brands, address the needs of consumers, and engage new and existing customers in conversations about their products. Particularly, when it comes to wine-based products and

wine related activities and services, many online users make purchasing decisions or take specific notes on which winery they like best and look for different ways they are marketing their product. As a direct result of the information consumers find on the internet, consumers are more likely to visit wineries they found through social media sites (Torbert, 2002, pg. 3-4).

Facebook is a powerful word of mouth engine that can literally get a business thousands of visitors overnight. No matter what happens, this type of marketing will always remain strong, because it's always easier to sell to a friend rather than someone that is a stranger. Becoming a user of Facebook and making friends that have an interest in a specific product that is available, will benefit the business and bring more attention to the product. If wineries were to use Facebook as a tool to market their wine product, more than likely sales will increase and business will expand and be successful.

Facebook's potential is to increase social connections, develop referrals, and communicate directly with consumers. Research shows that business and organizations use these core applications to generate significant revenue as well as increase the value of social media to reduce recruiting costs and at the same time increase the effectiveness of attracting customers. Its popularity is quickly changing the paradigm of what a Web-portal is supposed to do, and its users are growing at a rate quicker than any Web-portal in the short history of the internet (Narciso, 2007).

### **Survey Analysis:**

An easy and efficient way to help wine businesses market their product and up-sell their wine is to conduct surveys that are given out to friends, peers, and wine consumers asking if social media would be a good and beneficial idea to sell and promote their wine product.

Gathering information in a survey form is in an important way to help people make decisions about topics of interest. Surveys can help decide what needs changing, where money should be spent, what products to purchase, what problems there might be, or lots of other questions a business may have at any time. The best part about surveys is that they can be used to answer any question about any topic (Shelley, 2001).

Building customer relationships is the key to the success of the business. Today's competitive marketplace requires every organization to listen to the voice of its customers, which can be captured with a customer survey. There are many benefits to surveying wine customers. Conducting customer surveys is an inexpensive way to gather valuable customer feedback and input on companies' products and services. Customer surveys also act as a source of innovative ideas, and at the same time providing constant feedback on the company. (Unknown, 2002)

### **Social Media Affects:**

One issue this study will examine and resolve is the moral obligation a business had when marketing and selling a specific wine product based on a social media. The increasing amount of consumers that use social media sites to help determine all their wine exposure and purchases have a higher success rate on marketing and promoting a wine product.

Unfortunately there tends to be difficulty to appealing to new wine drinkers and maintaining a relationship with a market full of wine supporters. Because the wine business is a highly competitive market, strong branding and marketing strategies are a must and digital exposure through the media offers a number of opportunities (Popoola, 2002).

The difficulty of marketing a winery is generating awareness and individuality in a highly popular and competitive market. Research that was found from credible sources in the wine market addresses the difficulties surrounding the marketing of a complex product and wine business. Wine is increasing in advertising and purchases due to the market being so demanding. By approaching the wine market through the use of social media in addition to the traditional print advertising and tasting room sales, wine businesses gain a larger consumer audience. The wine industry's expansion in social media has much potential and Costa De Oro Winery intends to use online marketing to expand their customer base and connect globally with wine lovers.

## **CHAPTER III**

### **METHODOLOGY**

#### **RESEARCH METHODS AND PROCEDURES**

The research that was analyzed provided an in-depth look into the difficulties brought out by the successes and failures of social media. This study used different methodologies to gather information by looking at the growth of a winery and how a variety of different marketing strategies affected the winery and their use of social media. The research used included interviews and descriptive research and consumer surveys.

The interview that was conducted consisted of discussion from Costa De Oro's Winemaker, Gary Burk. He is known and is assumed to be a well-informed and an important person in the wine industry. Gary is a very knowledgeable man and interviewing him was beneficial to help reach the result of this study and help answer the hypothesis. Gary worked in production and marketing for ABC/ QUPE until August of 2002 before devoting all of his time to Costa De Oro. Since 1994, Gary has increased production each year reaching a current level of 4,500 cases annually. The interviewing procedure consisted of questions asked to Gary Burk containing precise and open-ended questions including his background in the wine industry, his previous methods of marketing and advertising, his opinions about how to market and sell a wine product/ wine label, where they see potential growth in the industry, and how, if at all, social media is a strong factor in promoting and building a winery brand. The wine expert and exceptional winemaker, Gary Burk, helped clarify his personal experiences in the current wine industry in addition to future wine related opportunities. After compiling the information

received by Gary Burk, it was then necessary to analyze the answers given using constructive feedback and wine industry facts.

The use of research was critical in finding results of this study because it established facts and conclusions about past events within the wine industries history of marketing. Researching past events and strategies helped gain a greater understanding of current wine related situations and what happened to wine products in the future.

The next method that was be used to help answer to the hypothesis was conducting a survey. The goal of the survey was to be able to see what the current demographics of the wine industry are, what knowledge will be gained in the future, and what direction the winery should take in order to increase success and profits. This was be a short survey (22 questions) asking wine consumers what their opinion is on the importance of social media and if it will in fact increase their desire to visit wineries. By conducting the survey, it illustrated the results proving that social media is in fact beneficial and helps increase wine sales and production.

#### Procedures for Data Collection

In the beginning of this study, the procedures for data collection that was used was to first start out by contacting Costa De Oro Winery in Santa Maria in San Luis Obispo County and ask them if they would be willing to create a social media site for their individual winery and tasting room. After creating the site, it was then necessary to evaluate and examine the difference social media had on the wineries sales and how beneficial the experiment was.

In order to accomplish this form of data collection, interviewing different winery professionals such as the winemaker, was key in collecting the information needed to complete

this study. Another form of data collection that was used is the creation of a survey given to fellow peers and wine consumers. The survey questions (listed in the Appendix) focused on how much social networking sites, such as Facebook, influence consumer spending on wine and wine related products. It also placed the respondents into separate categories that will yield results down to specific detail. In addition, the questions determined through various formats the consumer's quantity of wine consumed, how often they visit tasting rooms, where they hear about the different wineries to taste at and the demographic data amongst others. By recording the data indicated by the survey, the results were evaluated into different categories and placed consumers in their respective groups. In turn, this survey assisted in developing the results to answer the hypothesis.

Changing demographic trends noted in the publication are favorable for the wine industry. The 70 million people age 21 to 35 who make up the "Millennial" generation are changing perceptions of wine. Millennials aren't as sophisticated about wine as earlier generations and are willing to experiment with lower-priced wines.

Another factor accounting for the growth in U.S. wine consumption is the weakened dollar, which has driven up prices of imported wine selections. This has in turn spurred a rise in sales among competitively priced domestic vintages.

### Procedures for Data Analysis

After completion of all the data collection, the respective data was organized and analyzed. The data stated whether or not social media sites truly benefit and increase wine sales and consumption. After creating the Facebook page for Costa De Oro Winery, conducting surveys, and interviewing wine specialists, was the next step to track the progress and record the

data analysis that the winery is making. The survey that was conducted and distributed in the tasting room at Costa De Oro was accessible to visitors visiting the tasting room so when tasting the wines that are available they were able to briefly fill out the survey. After collecting all the surveys, the process of analyzing each response was broken down by each piece of demographic information. Responses were totaled by gender, age, culture, education, and various wine-consumption related categories.

When it comes to analyzing the survey it was necessary to identify the target market for San Luis Obispo County wine consumers and their intake on social media. Once the survey was completed and all the results and data were organized, it was then clear to analyze the similarities and connections between local wine consumers and their experience and knowledge of social media. Given these results, it helped determine the target market and how important and necessary creating a Facebook page for Costa De Oro will be.

After the target market was determined, it was easier to pin point a successful marketing strategy to introduce social networking to Costa De Oro. By analyzing the information received from the survey it helped distinguish the details that will be relevant on the Facebook page as well as figuring out what information should be provided to help promote Costa De Oro and potentially increase sales and production

Using the interview from the winemaker of Costa De Oro Winery, it was possible to get a deeper look into the sales and results that the social media site provided for the winery. Having results from a professional and peers/wine consumers was also a good way to evaluate the total population. The data was then analyzed and the interview generated a better understanding of where Costa De Oro is at currently, what type of marketing is implemented as of now and what



suggestions and improvements could be made by adding another form of promotion such as a social media site. With these given results and determining the outcome, the hypothesis can be evaluated to see whether or not creating social media sites are successful and worth the time and energy to have them implemented.

After the target market was determined, a significant connection with wine consumers using social media was present and the interview questions were analyzed, it can be concluded that the hypothesis is true.

### Assumptions

This particular study assumes that social media increases wine sales and consumption. In result of making a social networking site for Costa De Oro Winery it has expanded and increased consumer consumption and purchases of wine products. There appears to be a reason to believe that by creating and constructing a social networking site, it will enhance and benefit a business greatly, attracting more consumers and customers to a specific product. In this case, making a Facebook page for Costa De Oro Winery will help the business draw more customers into the tasting room and has brought more attention to the winery itself.

### Limitations

While it is certainly beneficial to use social media for promoting and advertising a specific wine product or brand, it is also critical to understand the limitations of social media. If the primary goal of online marketing is to generate traffic through social media, businesses will probably be left with some impressive stats and not much else. Stats alone really don't mean anything, so it's important for businesses to get what they can out of social media, but rely on a balanced plan for long-term growth.

Social media sites can be a tremendous source of exposure and they'll help businesses build links and indirectly search engine traffic, but the visitors visiting the specific Facebook site for, in this case, Costa De Oro Winery, will have some limitations on social media marketing that the winery must be prepared for.

## CHAPTER IV

### DEVELOPMENT OF THE STUDY

#### Interview Results

The specialized interview that was set up with Gary Burk consisted of three different times of communication. The first interview process that was conducted was an email exchange with the Winemaker, Gary Burk of Costa De Oro Winery explaining to him what the research topic was and what questions needed to be answered. The second time, the interview was set up over the phone, explaining to Gary Burk in more detail what type of data was needed to be collected in order to find out results and researching tools to help answer the hypothesis. The final interview was a one-on-one interview where the nine questions (previously listed in chapter III) were asked and Gary Burk had a chance to go into more depth and full detail answering the questions that were being asked.

Gary Burk, being a wine industry professional provided many helpful and beneficial answers to help determine the results of this particular study. Not only did Gary Burk have knowledgeable information about the history of the wine industry in Santa Maria, CA, he also knew valuable information about wine production in the San Luis Obispo County as a whole.

The current state of the wine industry is seen to be thriving according to Gary Burk. Even though the country has experienced a recent recession, it has not really affected the wine industry that much. Wine sales are still staying constant and in some cases increasing. Luckily San Luis Obispo Country is still flourishing with wine tourists and connoisseurs. The wine industry worldwide is growing at a fast and increasing rate. Results in this economic progression,

countries that aren't so well known to be marketed as popular wine regions, for example Argentina and South America are expanding and competing with the American wine market. With the expansion of the wine industry constantly increasing, Gary Burk is looking for more ways to explore and test new varietals and expand Costa De Oro's Wine product selection.

With social networking in mind, Gary Burk explained that the most difficult way in marketing a wine product is the building of the brand and putting trust into the label. Consumers are looking for a brand that they can recognize and a name that they confide in. Costa De Oro for example, has stuck to traditions and has made efforts in pleasing customers nationwide. With only a few minor changes and updates, Customers that were loyal to the brand for the beginning, (when they were only selling fruit and produce) have continued to be valuable customers through the renovation and expansion into starting the winery and Costa De Oro's wine products.

Before creating a social networking site for Costa De Oro, the social media that was used to help advertise and promote their product was through monthly newsletters, wine club emails, and hosting wine related events. Instead of focusing solely on the reputation the tasting room receives, the wine tourists that stop in and visit, and the wine club members, by adding another form of social media, such as a Facebook home page, it does in fact increase sales and consumption of Costa De Oro's wine product.

Talking to Gary Burk, he touched on areas and aspects of the wine industry that were not easily noticed or considered. Given his experience in the industry, it was interesting to find out his view of the San Luis Obispo County wine industry as well as a worldwide perspective of Costa De Oro's brand.

### Data Collection/Survey Analysis

The data collection took place over a three week span during which 52 surveys were collected. Of these 52 surveys, 50 were collected in person, and the remaining two were collected online. A total of 50 surveys were collected at Costa De Oro's tasting room located in Santa Maria, the remaining 2 surveys were collected online through Facebook over the same time period. A copy of the survey is located in the appendix of this report.

Demographic data was used to analyze the survey population. This data shows the specific categories that the population fell into. Table 4.1(A-E) shows the demographic results of the entire population. 52% of the respondents were female and the most respondents were between ages 55 and 64. Most of the respondents had completed either some college or were college graduates. A total of 58% of the population were married/living with a partner, and over half of the population was employed full time.

**Table 4.1(A)-Demographic of Total Population**

<b>Gender Demographic</b>	Response Percent	Response Count
Female	<b>52%</b>	27
Male	48%	25
Total	100%	52

\*Bolded numbers indicate higher average where a statistically significant relationship was found.

**Table 4.1(B)-Demographic of Total Population**

<b>Age Demographic</b>	<b>Response Percent</b>	<b>Response Count</b>
18 to 20	0%	0
21 to 24	15%	8
25 to 27	4%	2
28 to 29	8%	4
30 to 32	0%	0
33 to 34	4%	2
35 to 39	8%	4
40 to 44	15%	8
45 to 49	14%	7
50 to 54	8%	4
55 to 64	<b>21%</b>	11
65+ years	4%	2
<b>Total</b>	<b>100%</b>	<b>52</b>

\*Bolded numbers indicate higher average where a statistically significant relationship was found.

**Table 4.1(C)-Demographic of Total Population**

<b>Education</b>	<b>Response Percent</b>	<b>Response Count</b>
Grade School or Less	0%	0
Some High School	0%	0
High School Graduate	6%	3
Some College	<b>25%</b>	13
College Graduate	<b>62%</b>	32
Post Graduate Work	8%	4
<b>Total</b>	<b>100%</b>	<b>52</b>

\*Bolded numbers indicate higher average where a statistically significant relationship was found.

**Table 4.1(D)-Demographic of Total Population**

<b>Marital Status</b>	<b>Response Percent</b>	<b>Response Count</b>
Married/ Living with a partner	<b>58%</b>	30
Single	40%	21
Widowed	2%	1
<b>Total</b>	<b>100%</b>	<b>52</b>

\*Bolded numbers indicate higher average where a statistically significant relationship was found.

**Table 4.1(E)-Demographic of Total Population**

<b>Employment</b>	<b>Response Percent</b>	<b>Response Count</b>
Employed, Full Time	<b>68%</b>	34
Employed, Part Time	18%	9
Not Employed/ Retired	14%	7
<b>Total</b>	<b>100%</b>	<b>50</b>

Table 4.2 illustrates the responses asked in questions 2, 5 and 6. These questions were:

2. *“Which of the following alcoholic beverages have you or a member of your family drank in the past year?”*

5. *“Of the last 5 bottles of wine purchased for at home consumption, how many fall into the following price range?”*

6. *“Thinking of the wine you purchase for consumption at home, in which of the follow price ranges do MOST of the bottles of wine you purchase fall?”*

A total of 96% of the total population said that they consumed wine in the past year. A smaller percentage, making up 48% of the total population, said that they purchase wines in the \$10.00-\$14.99 and \$15.00-\$19.99 range and 36% of the population said that they buy wine in the \$10.00-\$14.99 range the most. This was interesting to analyze because the respondents that were surveyed, even though said that the average price range of a bottle of wine that they typically purchase was between \$10-\$15, also said that the prices of Costa De Oro wine were just right. The average price of a bottle of CDO wine is \$25-\$30.

**Table 4.2-Alcohol Consumption & Price Range**

<b>Alcoholic Beverages</b>	<b>Response Percent</b>	<b>Response Count</b>
Beer	79%	41
Wine	<b>96%</b>	50
Sparkling Wine	25%	13
Total	100%	52
<b>Bottle Price</b>	<b>Response Percent</b>	<b>Response Count</b>
\$0.00-\$4.99	12%	6
\$5.00-\$9.99	35%	18
\$10.00-\$14.99	<b>48%</b>	25
\$15.00-\$19.99	<b>48%</b>	25
\$20.00 +	33%	17
Total	100%	52
<b>Bottle Price (Most Often)</b>	<b>Response Percent</b>	<b>Response Count</b>
\$0.00-\$4.99	4%	2
\$5.00-\$9.99	18%	9
\$10.00-\$14.99	<b>36%</b>	18
\$15.00-\$19.99	30%	15
\$20.00 +	12%	6
I don't know	0%	0
Total	100%	50

\*Bolded numbers indicate higher average where a statistically significant relationship was found.

Table 4.3 shows the responses to question 11. Respondents were asked to pick their favorite Costa De Oro wines. They were allowed to select multiple wines. Costa De Oro is known for their Pinot Noir and Chardonnay. Given the results, the most popular wines that were the respondents favorite were Pinot Noir and the different blends of CDO Pinot Noir as well as the CDO Chardonnay. A total of 21% of the total population said that the 2008 Chardonnay was their favorite wine, and 27% said that the 2008 Estate Chardonnay was their favorite. A total of 33% of the total population likes the 2008 Pinot Noir the most, 25% indicated that the 2008 Estate Pinot Noir was their favorite and 42%, making up the largest percentage of the total population said that the 2008 Pinot Noir, Reserva Oro Rojo was their favorite CDO wine varietal.



**Table 4.3-Favorite CDO Wines**

<b>CDO Wines</b>	<b>Response Percent</b>	<b>Response Count</b>
2006 Syrah Dessert Wine	6%	3
2009 Pinot Noir Rose'	8%	4
2009 Chardonnay	15%	8
2007 Estate Pinot Noir	19%	10
2008 Chardonnay	<b>21%</b>	<b>11</b>
2008 Dijon Selection Pinot Noir	21%	11
2008 Estate Chardonnay "Reserva Dorada"	23%	12
2008 Estate Pinot Noir	<b>25%</b>	13
2009 Pinot Grigio	25%	13
2008 Estate Chardonnay	<b>27%</b>	14
2008 Pinot Noir	<b>33%</b>	17
2008 Pinot Noir, Reserva Oro Rojo	<b>42%</b>	22
Total	100%	52

\*Bolded numbers indicate higher average where a statistically significant relationship was found.

Figure 4.1 shows the results to question 14 that listed common resources that people may use when visiting a tasting room and the question asked the survey respondents to rate their likeliness of what techniques are available for use. The question was answered using a scale, where 5 was “extremely more likely” and 1 was “not at all more likely”. Out of the resources listed, the respondents found that learning from the wineries website was the most likely technique used when going to visit a tasting room (the rating average was 3.87). The second most popular resource was learning through the use of Facebook (the rating average was 3.46).

**Figure 4.1-Average Likelihood Ratings for Visiting a Tasting Room**

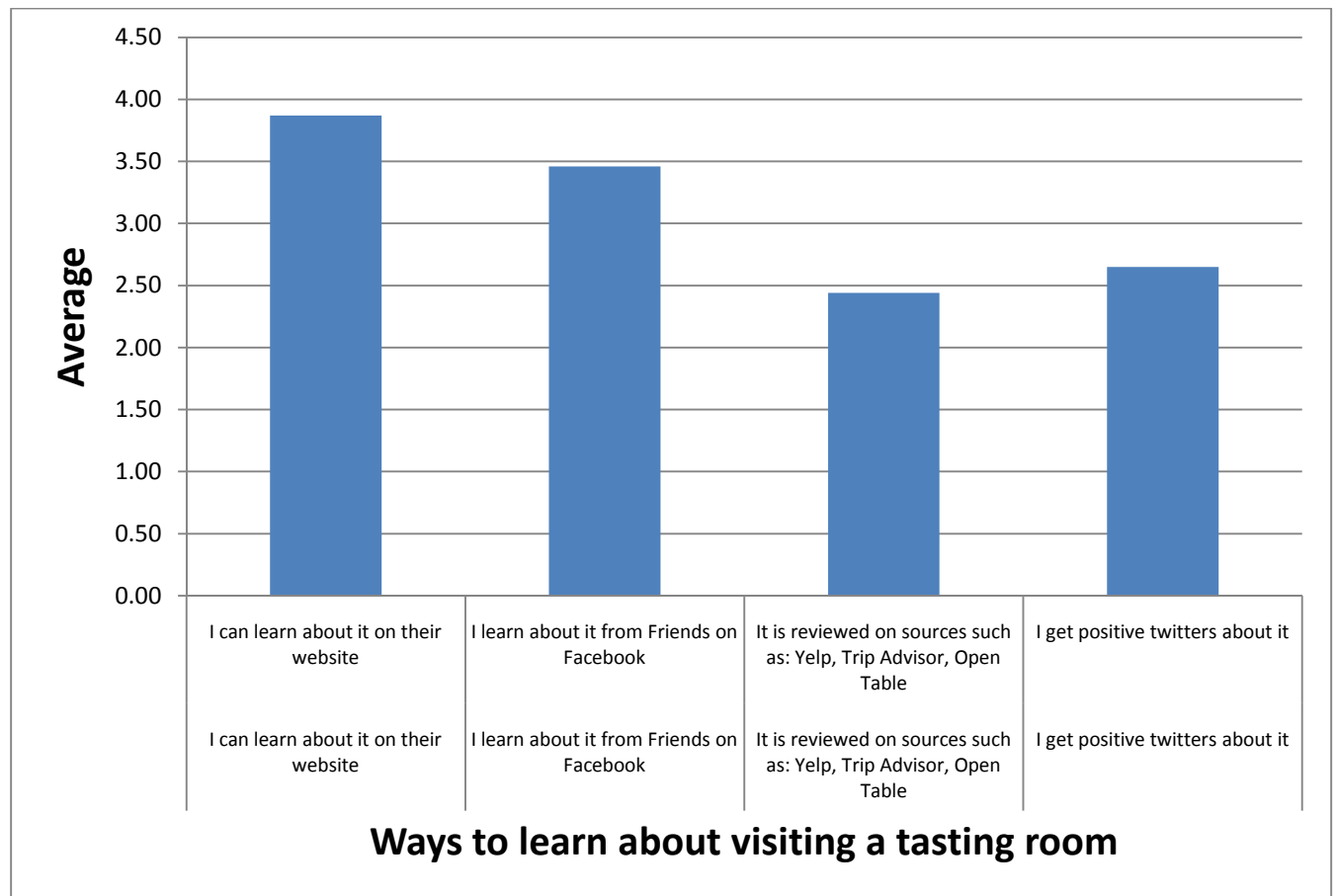


Table 4.4 shows the results of the total population when asked what resources they use to find information or learn about where to go when wine tasting. The winery web sites, (60% of the total population) as well as Facebook, (65% of the population) were the two most popular resources used. Google followed behind, had 39% of the total population indicate it was a valuable resource to use when finding information and learning about where to go wine taste.

**Table 4.4-Where to Find Information when Wine Tasting**

Resources Available	Response Percent	Response Count
Read the back label on the wine bottle	0%	0
Phone app	0%	0
iPad	0%	0
Digg	0%	0
Yelp	0%	0
Bing	0%	0
YouTube	0%	0
Newspaper in print	0%	0
Facebook groups	0%	0
Facebook Ads	0%	0
Web Cable News (CNN, CNBC, Fox, etc.)	0%	0
LinkedIn	0%	0
Yahoo	6%	3
Wine by the glass at restaurant or bar	8%	4
Trip Advisor	10%	5
Open Table	10%	5
Driving through the wine region	15%	8
Twitter	19%	10
Google	<b>39%</b>	<b>20</b>
Winery area map	40%	21
Wine magazine	42%	22
Friends and family	50%	26
Winery web site	<b>60%</b>	<b>31</b>
Facebook	<b>65%</b>	<b>34</b>
Total	100%	52

\*Bolded numbers indicate higher average where a statistically significant relationship was found.

Table 4.5 illustrates the results of respondents who answered question 12, whether or not they thought Costa De Oro wine was priced too high, too low or just right. Out of the total population 90% answered that Costa De Oro wine was priced just right and only 10% of the total population thought that the prices of CDO wine were too high. Three people decided not to respond to this question. The main reason why respondents said that the price of CDO wine was just right was because when wine tasting at the Costa De Oro tasting room it is about the entire experience. Not only do they have exceptional wines but the atmosphere and friendly employees make the tasting room a more enjoyable place to be and therefore when visitors stop in to wine

taste, they are more likely to pay for a higher priced wine given the desirability of the experience.

**Table 4.5-CDO Wine Prices**

<b>Wine Prices</b>	<b>Response Percent</b>	<b>Response Count</b>
Too high	10%	5
Too low	0%	0
Just right	<b>90%</b>	<b>44</b>
Total	100%	49

\*Bolded numbers indicate higher average where a statistically significant relationship was found.

Figure 4.2 shows Costa De Oro’s Facebook Page. CDO currently has 3385 friends and on a daily basis is posting “status” giving their friends information about what events are coming up. CDO’s Facebook Page is also a great way to display consumers “testimonies” of their experiences when they visit a tasting room. This is a great way to market the winery and draw more attention to what the tasting room has to offer.

**Figure 4.2- CDO's Facebook Page**



## **CHAPTER V**

### **SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS**

#### **Summary**

The purpose of the study was to determine whether there was a positive relationship in social media resources, and if so, if it did in fact increase wine sales and production. A large quantity of data was collected prior to the survey research to provide existing knowledge of the social media industries and methods of consumer surveying. A survey was developed from this data and administered to 52 residents of San Luis Obispo County. The results of the survey were analyzed to test the study's hypothesis and fulfill the study's objectives.

The hypothesis stated that through research and hands-on experience, social media exposure will help attract and bring in customers to a tasting room. By using Facebook, it benefits businesses by having a great way to personalize business ideals, communicate core ideas and principals, and drive traffic to the wineries web site. By creating a Facebook home page for Costa De Oro Winery, sales and consumption of their wine products will increase. The hypotheses was proven to be right because 84% of the total population surveyed said that either they use Facebook and Twitter to learn more about a winery and their tasting room, or are more likely to visit a tasting room if provided information about a wineries tasting room using these social media sites.

The study had three main objectives. The first was to administrate a interview with the winemaker, Gary Burk of Costa De Oro to provide his input and opinions on the possible effects of using social media sites. The second was to develop an effective survey instrument to

determine the relationship between social media and the consumption of wine. The results obtained from the survey were used to evaluate the level of interest towards wine in general, CDO wine specifically and the effects Facebook and Twitter had on wine consumption. The third objective was to determine the local target market. The target market that was decided upon were people who used social media sites (Facebook and Twitter) to learn about a wineries tasting room, and influence the purchases of wine products. The general characteristics that went along with this determined that the target market made up of 84% of the total population, 52% were female, 21% were between the ages of 55 and 64, have completed college, are either married or single, and are employed full time. Using the responses to many of the questions, recommendations were made to the owner to aid in developing better marketing techniques that will be attractive and beneficial to the consumer market as well as Costa De Oro.

### Conclusions

A series of statistical research were performed which gave insight into the local population's wine consumption and preferences. This information was used to draw conclusions in order to make recommendations for Costa De Oro.

For the questions relating to wine pricing, there were important inferences made for much of the data. Nearly 50% of the total respondents on average pay anywhere from \$10.00-\$20.00 for a bottle of wine, and about 40% of respondents said that they pay \$10.00-\$14.99 per bottle the most often. This is ironic because the majority of the population that was surveyed also stated that the prices of Costa De Oro Wine was just right, and on average a bottle of CDO wine is about \$25.00. This shows that consumers are choosing to wine taste at Costa De Oro regardless whether or not the price of wine is in the range of what they normally purchase. On the other

hand, it can be concluded that Facebook and Twitter helped draw more attention and attraction to the tasting room and brought more business into the tasting room. This factor was also determined by examining the likeliness ratings for the ways to find out information when visiting a tasting room. The winery web site and the use of Facebook and Twitter were chosen as the top three most likely resources used when finding out information about where to wine taste. Due to the results, continuing the use of social media sites need to be taken into consideration when improving the marketing tactics for Costa De Oro.

Furthermore, the data shows that 84% of the total population relies on social media sites to provide more information about tasting rooms and influence the amount of wine consumption. Only 16% of the total population surveyed said that social media has no effect on the decisions when it comes to finding information about where to wine taste as well as the effects of wine consumption. Having the option and the available resources of social media sites when it comes to making decisions on where to wine increases the consumer's desire to visit and consume/purchase more wine.

Costa De Oro's Facebook page has only been active for a little less than 6 months and they already had over 3300 "Facebook Friends". It has been a great way to advertise special events that are coming up at the tasting room location as well getting positive feedback from "Facebook Friends" of what they enjoy about the wines and the amazing experience that they go through when visiting the tasting room.

When deciding what marketing methods to use and maintain to help promote the Costa Do Oro tasting room, it is important to look at the results of the data. Not only did the results provide valuable information of the positive effects of social media, it also examined results that



directly relate to Costa De Oro wine and the types of methods that are currently being used to market this tasting room.

The most likely resource that the target market used when trying to find information about where to wine taste was through the use of the wineries web site. Now that a Facebook page is created for Costa De Oro, there is information displayed on the website of how to become “Facebook friends” and what deals are offered if you become friends with CDO. The winery website scored a 3.85 out of 5 average on the likeliness scale, closely followed by Facebook and Twitter. Now that there is information provided on Costa De Oro’s web site about the social media sites available for CDO, there will continue to be drastic increases in the use of social media resources and will increase wine consumption as well.

### Recommendations

The results of this study are the basis for several recommendations for Gary Burk, the owner and wine maker of Costa De Oro. Continuing to develop and maintaining social media sites will be more highly beneficial to potential customers as well as Costa De Oro. Also, special promotions that are directed for Costa De Oro “Facebook friends” will draw in the market that is the relationship between social media and wine consumption. For example, offering a free complimentary tasting if you become CDO’s “Facebook Friend” would be a great package to help increase the wine consumption at Costa De Oro. Furthermore, the majority of the target market thinks the price of CDO wine is just right, so by advertising the prices on the social media site will just attract more consumers to the tasting room. Therefore, it would be beneficial to market these techniques through the continuous use of social media especially utilizing the different attributes Facebook as well as web marketing has on advertising products. Lastly, using

the resources available that were developed for this study may prove to be successful based upon the likeliness ratings that were given.

For others wanting to expand on the study or perform a similar study, it would be beneficial to collect more surveys to create a larger sample size in order to draw more significant relationships between variables. Also, allowing a longer period of time to collect data would aid in gathering a more random sample. For the actual survey, more specific questions should be added to allow for more analysis. For instance, asking where the respondents are traveling from could provide valuable information of what places to focus on marketing the most. Lastly, it would be valuable to consult with the employees at Costa De Oro to get their opinions on the relationship of social media and wine consumption as well as stay in contact with Gary Burk, in order to ensure the survey data will be useful to the businesses.

Soon Facebook will be terminating all business profiles that have “personal accounts” due to the fact of false advertisement. In order to save all CDO’s friends on Facebook, they will need to create a “Facebook Fan Page” that will be set up differently but it will still give a chance for all their followers to be updated and informed on special promotions and events that are taking place in the future.

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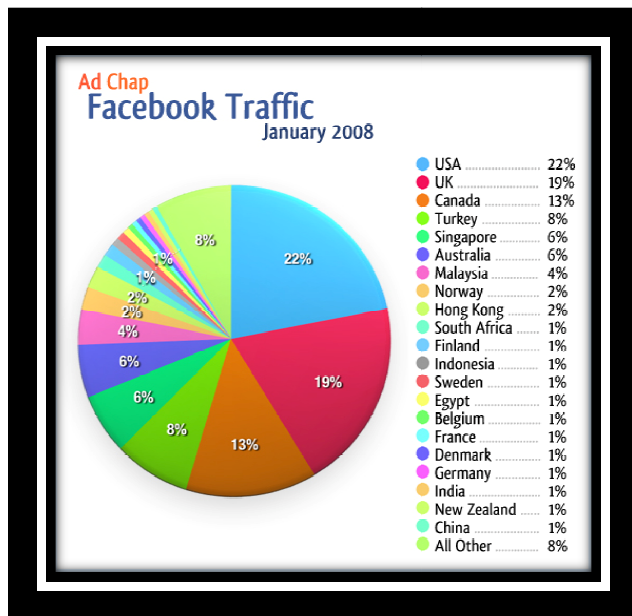
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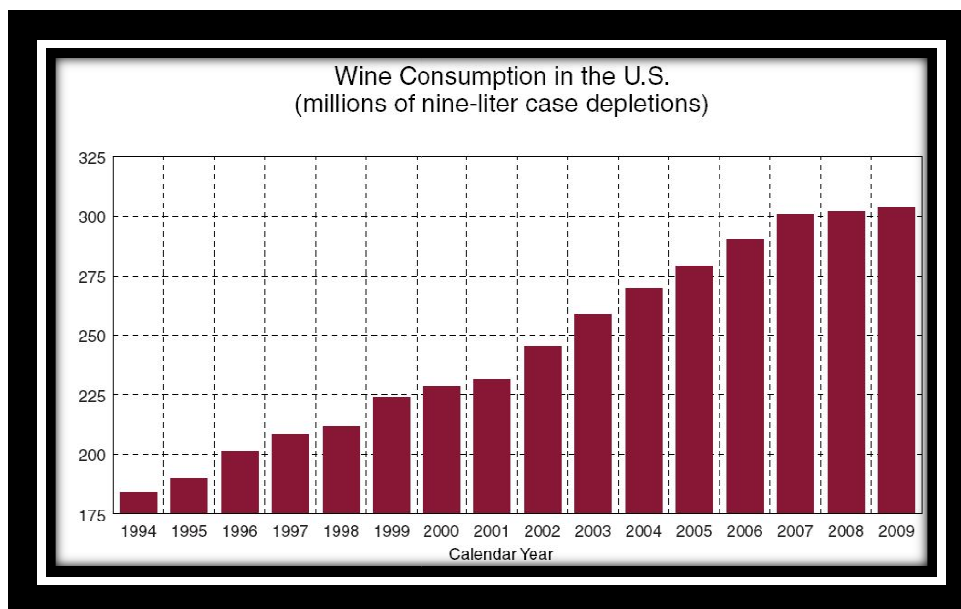
## APPENDIX

### Related Graphical Models

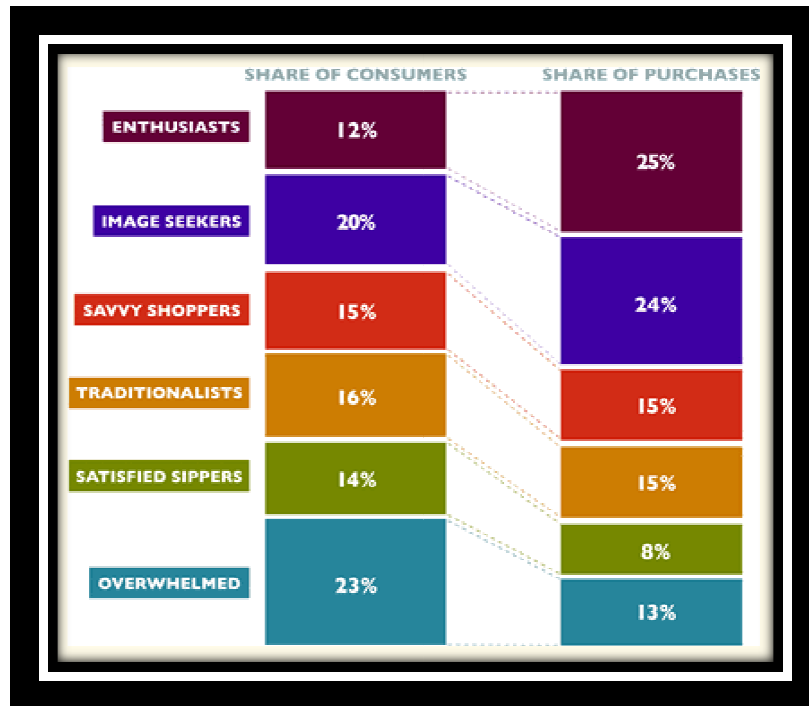
#### Social Networking % Worldwide:



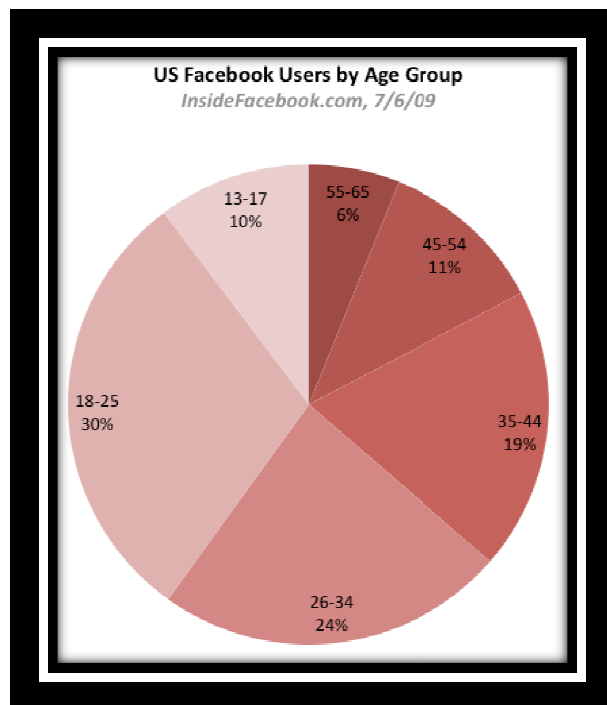
#### U.S. Wine Consumption:



## Wine Consumer Demographics:



## Facebook Users by Age Demographics:



## Costa De Oro's Facebook Home Page:



Interview Questions:

1. Describe the current state of the wine industry in the San Luis Obispo County.
2. In your opinion, what is the most difficult part in marketing your winery?
3. Explain your vision of San Luis Obispo County wine in ten years.
4. How would you/are you currently marketing to a younger generation of wine consumers. Ages 21-35?
5. What are the current trends of wine consumers and buyers?
6. How do you feel social media, such as an online social networking site, for example, Facebook, helps contribute to marketing a winery?
7. If social networking does in fact provide a positive impact on the wine industry, how does a business or winery go about leveraging those media tools to generate the greatest success and profits?
8. What are your reasons for choosing to work in the wine industry?
9. What do you think consumers enjoy most about buying wine related products?

Survey Questions:

**Which of the following ranges describes your age?**

18 to 20

21 to 24

25 to 27

28 to 29

30 to 32

33 to 34

35 to 39

40 to 44

45 to 49

50 to 54

55 to 64

65+ years

Terminate if under 21 years old.

**Which of the following alcoholic beverages have you or a member of your family drank in the past year? (Choose all that apply)**

Beer

Wine

Sparkling Wine

Terminate if no wine or sparkling wine.

**Approximately how many bottles of wine do you typically buy per month?**

**Approximately how much do you spend on wine in a typical month?**

**Of the last 5 bottles of wine purchased for at home consumption, how many fall into the following price ranges?**

\$0.00-\$4.99

\$5.00-\$9.99

\$10.00-\$14.99

\$15.00-\$19.99

\$20.00 +

**Thinking of the wine you purchase for consumption at home, in which of the following price ranges do MOST of the bottles of wine you purchase fall? (Choose one.)**

\$0.00-\$4.99

\$5.00-\$9.99

\$10.00-\$14.99



\$15.00-\$19.99

\$20.00 +

I don't know

**Approximately how many times did you go wine tasting in the past year?**

**When you go wine tasting, how many tasting rooms do you typically visit?**

**How many times have you visited Costa De Oro in the past?**

**Approximately how many bottles of wine do you typically purchase at a winery when wine tasting?**

**Which of the following are your favorite wines from Costa De Oro? (Please choose all that apply)**

2009 Pinot Grigio

2009 Pinot Noir Rose'

2008 Chardonnay

2009 Chardonnay

2008 Estate Chardonnay

2008 Estate Chardonnay "Reserva Dorada"

2008 Pinot Noir

2007 Estate Pinot Noir

2008 Estate Pinot Noir

2007 Estate Pinot Noir

2008 Pinot Noir, Reserva Oro Rojo

2008 Dijon Selection Pinot Noir

2006 Syrah Dessert Wine

**Is the price range of the Costa De Oro wines?**

Too high

Too low

Just right

**Which of the following do you use to find information or learn about where to go when wine tasting? (Circle all that apply)**

Winery web site

Read the back label on the wine bottle

Wine magazine

Wine by the glass at restaurant or bar

Winery area map

Driving through the wine region

Friends and family

Phone app  
iPad  
Digg  
Google  
Yelp  
Trip Advisor  
Open Table  
Yahoo  
Twitter  
Bing  
Facebook  
YouTube  
Newspaper in print  
Facebook groups  
Facebook Ads  
Web Cable News (CNN, CNBC, Fox, etc.)  
LinkedIn

**Are you more likely to visit a tasting room if:**

Ratings:

Extremely more likely  
Very much more likely  
Somewhat more likely  
Not very much more likely  
Not at all more likely

Possible Answers:

I can learn about it on their website  
I learn about it from Friends on Facebook  
Yelp, Trip Advisor, Open Table  
I get positive Twitters about it

**Are you?**

Female  
Male

**Are you?**

Married/ Living with a partner  
Single  
Widowed

**Do you have children under the age of 18 living at home?**

Yes  
No

**Please tell me the level of education you have completed. (Circle only one)**

Grade School or Less  
Some High School  
High School Graduate  
Some College  
College Graduate  
Post Graduate Work

**Are you employed?**

Employed, Full Time  
Employed, Part Time  
Not Employed/ Retired

**Which of the following ranges describes your household income before taxes?**

Under \$20,000  
\$20,000 to \$24,999  
\$25,000 to \$29,999  
\$30,000 to \$34,999  
\$35,000 to \$39,999  
\$40,000 to \$49,999  
\$50,000 to \$59,999  
\$60,000 to \$74,999  
\$75,000 to \$149,999  
\$150,000 or more

**Is Spanish ever spoken in your home?**

Yes  
No

**Survey answered:**

On the Web  
In tasting room