Highlights from the Capiche 2016 Survey of Oregon Tasting Rooms

Presented at the 2017 Oregon Wine Symposium

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I. Introduction

Acknowledgements

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Purpose

The purpose of the study was to examine trends and opportunities for growth specific to Oregon tasting rooms. Comparing findings with previous research, including the Wine Business Monthly/Silicon Valley Bank reports, we sought learn more about Oregon tastings rooms by AVA and annual case production.

Methodology

Data were collected between August and December 1, 2016. More than 72% of Oregon tasting rooms participated. Tasting rooms were identified by combining lists from the Oregon Wine Board, the *Wines and Vines* print and online directories, and online research of Oregon AVAs. For tasting rooms with multiple locations, only the primary location was included in the study. The number of tasting rooms eligible to participate was 359.

Data are presented two ways. First, data are presented by AVA: Columbia Gorge, Southern Oregon, and Willamette Valley. Because sample sizes from the Columbia Valley, Snake River Valley, and Walla Walla are small, these data are reflected only in the annual case production size reports, in a commitment to protect anonymity of those participating in the survey. Second, data are presented by annual case production: 1 – 2500, 2501 – 5000, 5001 - 10,000. 10,000 – 25,000, and more than 25,000. The intent is to provide tasting room leaders comparable data by AVA and annual case production with others throughout Oregon.

Participants

Every Oregon tasting room was invited to participate in the survey. Tasting rooms were invited to participate through email. Nonrespondents were sent paper copies of survey to complete and return. For those who remained nonresponders, one final email was sent to encourage participation. The researchers also visited more than 80 tasting rooms to increase participation.

Participants included 14 from the Columbia Gorge AVA, 62 from the Southern Oregon AVA, 7 from the Walla Walla AVA, 175 from the Willamette Valley AVA, and 1 each from the Columbia Valley and Snake River Valley AVAs. The total number of participating wineries was 260 of 359 tasting rooms (tasting rooms with multiple locations were counted once).

Assumptions and Limitations

It was assumed that participants responded accurately and honestly to the survey questions. To mitigate any bias that may arise and encourage honesty in responses, participants were promised confidentiality. The findings of the study are limited in generalizability to tasting rooms in Oregon. The survey findings are intended to provide a picture of the tasting room experience in Oregon and as a reference point for additional study.

Scope of the Report

This report reflects highlights from the "Capiche 2016 Survey of Oregon Tasting Rooms." Throughout the spring, Capiche will be presenting the report in its entirety to regional wine associations in Oregon. This report reflects preliminary highlights of the survey.

II. Report

Service Types

Oregon tasting rooms were asked to identify the types of services available, including standing tasting bars, seated tasting bars, casual or group seating, private or formal seating, indoor seating, and outdoor seating. The most popular style of tasting, by both AVAs and annual case production, was the standing tasting bar.

These findings are noteworthy because previous research has shown that private and formal seating yields more wine club growth and average wine purchase (McMillan, 2015).

Table 1

Types of Service Available by AVA

Service Type	Columbia Gorge	S. Oregon	Willamette
Standing tasting bar	92.86%	88.14%	87.72%
Seated tasting bar	78.57%	52.54%	52.63%
Casual or group seating	100.00%	72.88%	69.59%
Private or formal seating	35.71%	30.51%	38.01%
Indoor	100.00%	93.22%	89.47%
Outdoor	57.14%	88.13%	77.78%

Table 2

Types of Service Available by Annual Case Production

Service Type	1 – 2500	2501 – 5000	5001 – 10,000	10,001 – 25,000	>25,000
Standing tasting bar	84.82%	92.73%	92.68%	82.61%	95.24%
Seated tasting bar	61.61%	49.09%	48.78%	47.83%	42.86%
Casual or group seating	74.11%	72.73%	70.73%	60.87%	76.19%
Private or formal seating	30.36%	29.09%	41.46%	43.48%	57.14%
Indoor	90.18%	92.73%	92.68%	86.96%	95.24%
Outdoor	74.11%	81.82%	80.49%	78.26%	85.71%

Number of Visitors

Participants were asked to provide the total number of tasting room visitors for 2015, by visitor type: club members, non-club members and trade. A fourth option, "we do not record this information," was also available. It remains unclear if visitors are counted; nearly one fourth of participating tasting rooms did not answer the question. Many appear to have reported percentages while others used rounded numbers (i.e. 500 or 1000). After talking with many tasting room leaders about this, we concluded that many are not tracking visitors.

Tasting Fee Waivers

Oregon tasting rooms compare very favorably to their North American peers, where only 35% of tasting rooms waive tasting fees for joining the wine club. Wine club membership builds brand loyalty and ambassadors, as opposed to selling a single bottle of wine or making a minimum purchase amount.

Table 3

Situations that Trigger Tasting Fee Waiver by AVA

Waiver Type	Columbia Gorge	S. Oregon	Willamette
Spend a minimum dollar amount	21.43%	11.54%	43.75%
Purchase one or more bottles	64.29%	80.77%	45.00%
Join the wine club	78.57%	53.85%	65.63%

Table 4

Situations that Trigger Tasting Fee Waiver by Annual Case Production

Waiver Type	1 – 2500	2501 – 5000	5001 – 10,000	10,001 – 25,000	>25,000
Spend a minimum dollar amount	22.00%	20.37%	51.28%	77.27%	50.00%
Purchase one or more bottles	65.00%	64.81%	41.03%	18.18%	50.00%
Join the wine club	49.00%	72.22%	71.79%	72.73%	88.89%

The amount that a customer must spend for a waiver of the tasting room fee varies by AVA and annual case production. Our findings, for the Willamette Valley AVA and tasting rooms with an annual case production of >5000, are consistent with previous research, while reflecting different outcomes for the Columbia Gorge and Southern Oregon AVAs, and for tasting rooms annual case production of <5000.

Table 5

Amount Customer Must Spend for Waiver of Tasting Fee by AVA

Amount Required Spending	Minimum	Maximum	Average	Most Common
Columbia Gorge	$20	$50	$32.57	$50
S. Oregon	$2	$150	$34.72	$20
Willamette Valley	$10	$600	$62.97	$50

Table 6

Amount Customer Must Spend for Waiver of Tasting Fee by Annual Case Production

Amount Required Spending	Minimum	Maximum	Average	Most Common
<2500	$2	$600	$59.98	$20
2501 - 5000	$12	$300	$47.53	$20
5001 - 10,000	$10	$250	$58.91	$50
10,000 - 25,000	$23	$100	$47.00	$30 or $50
> 25,000	$15	$150	$59.09	$60

Tasting Room Staff

The ability to find competent tasting room staff is reported to be more challenging for the Columbia Gorge AVA tasting rooms than for the others.

Table 7

Ability to Find Competent and Committed Tasting Room Staff by AVA.

Degree of Ease	Columbia Gorge	S. Oregon	Willamette	North American (Penn, 2016, p. 56)
It is very easy.	0.00%	9.09%	4.49%	4.00%
It is not that hard.	0.00%	14.55%	12.18%	15.00%
It is doable with some effort.	64.29%	49.09%	55.77%	52.00%
It is difficult.	28.57%	27.27%	24.36%	15.00%
It is impossible.	7.14%	0.00%	3.21%	4.00%

Note: North American data reflect calendar year 2015 actuals of 800 tasting rooms through the United States and Canada.

Table 8

Ability to Find Competent and Committed Tasting Room Staff by Annual Case Production.

Degree of Ease	1 – 2500	2501 – 5000	5001 – 10,000	10,001 – 25,000	>25,000
It is very easy.	9.00%	0.00%	5.13%	0.00%	10.00%
It is not that hard.	12.00%	15.38%	7.69%	13.64%	20.00%
It is doable with some effort.	50.00%	55.77%	64.10%	63.64%	40.00%
It is difficult.	25.00%	26.92%	20.51%	22.73%	30.00%
It is impossible.	4.00%	1.92%	2.56%	0.00%	0.00%

Incentive Compensation for Tasting Room Staff

Oregon tasting room salaries are consistent with previous research. Incentive compensation widely fluctuates widely and warrants further investigation.

Table 9

Incentive Compensation for Tasting Room Staff by AVA.

Incentive Type	Columbia Gorge	S. Oregon	Willamette	North American (Penn, 2016, p. 56)
Commission on wine sales	42.86%	18.52%	23.03%	34.00%
Payment for new club members	50.00%	53.70%	53.95%	65.00%
Payment for contact data capture	7.14%	0.00%	6.58%	8.00%
None	14.29%	40.74%	29.61%	42.00%

Note: North American data reflect calendar year 2015 actuals of 800 tasting rooms through the United States and Canada.

With the exception of tasting rooms <2500 in annual case production, Oregon compares very well to trends in previous research. Oregon meets or exceeds the trend in payment for new club member signups and a higher percentage of our tasting rooms offer some sort of incentive.

Table 10

Incentive Compensation for Tasting Room Staff by Annual Case Production.

Incentive Type	1 – 2500	2501 – 5000	5001 – 10,000	10,001 – 25,000	>25,000
Commission on wine sales	12.63%	15.09%	46.15%	23.81%	42.11%
Payment for new club members	30.53%	64.15%	69.23%	76.19%	84.21%
Payment for contact data capture	1.05%	1.89%	10.26%	4.76%	21.05%
None	47.37%	24.53%	15.38%	19.05%	15.79%

III. Conclusion

Findings from the survey have revealed that continued study, specific to Oregon's tasting rooms and wineries, is warranted. Increased participation by Oregon tasting rooms will allow for the discovery of regional and annual case size differences that are not always apparent otherwise.

This report reflects a compilation of select findings of the "Capiche 2016 Survey of Oregon Tasting Rooms." Tasting rooms participating in the study will receive the report of findings in its entirety. Throughout 2017, Capiche will be presenting regional nuances from the report to wine associations throughout Oregon.

IV. References

McMillan, R. (2015). *State of the Wine Industry 2015*. Retrieved from Silicon Valley Bank website:https://www.svb.com/uploadedFiles/Content/Trends_and_Insights/Reports/Wine_Report/wine-report-2015-pdf.pdf

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