An Exploratory Study on Wine Club Members' Intention to Remain

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An exploratory study on Texas wine club members' intention to remain

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Abstract

Purpose – This paper aims to investigate the antecedents that contribute to wine club members' intention to remain in the wine club. Additionally, this study examines the potential departure and retention rates of wine club members, as well as provides insight into socio-demographic profiles and differences of wine club members.

Design/methodology/approach – This research relied on prior literature to build hypotheses that were tested using multiple linear regression analyses. An online questionnaire was used to recruit a total of 352 usable surveys from wine club members of a winery located in Fredericksburg, Texas. The researchers examined the predictive power of perceived service quality, winery wine club policy, customer loyalty and brand attitude on wine club members' intention to remain in the wine club.

Findings – Customer loyalty and brand attitude were found to significantly predict wine club members' intention to remain in the wine club, accounting for approximately 49 per cent of the variance explained. However, perceptions of service quality and winery wine club policy were not found to significantly predict wine club members' intention to remain in the wine club. Additionally, household income was found to also positively correlate with wine club members' intention to remain.

Research limitations/implications – First, this research relied on self-reported measures. Second, wine club members from only one winery were surveyed, limited generalizability. Third, this paper specifically examined the antecedents of wine club members' intention to remain and did not examine the reasons why wine club members leave. Ultimately, the main implication of this research is in demonstrating the importance of customer loyalty and brand attitude as antecedents of wine club members' intention to remain in the wine club, as well as in providing insights as to the potential retention and churn rates of wine club members.

Originality/value – Prior research is yet to investigate the factors that predict wine club members' intention to remain in the wine club. Thus, this paper provides evidence as to two powerful predictive antecedents that prevent wine club member churn. Furthermore, this research yields additional insights regarding wine consumer behavior within the context of the direct-to-consumer marketing channel.

Keywords Surveys, Customer loyalty, Conceptual/theoretical, Wines, Alcoholic drinks industry, Consumer behaviour, Wine, Direct selling

Paper type Research paper

1. Introduction

For most small to medium-sized wineries, the most viable means of being financially solvent involves maximizing direct-to-consumer marketing sales strategies. The two primary channels for selling direct-to-consumer involve either selling wine at the cellar door or through wine club memberships. Both channels are lucrative for wineries as they allow a

winery to bypass the three-tier system and sell directly to the consumer, which results in a substantially greater profit margin (Teaff *et al.*, 2005). Undoubtedly, cellar door sales are important as they greatly aid in initiating customers into the wine club, lead to positive word-of-mouth marketing, and represent a significant portion of their revenues. However, they are often transactional, which means future or recurring sales are less likely (O'Neill *et al.*, 2002). On the contrary, the wine club leads to recurring sales and acts as an effective relationship marketing vehicle that engages the customer and cultivates brand loyalty. Wine clubs are an integral part of the direct-to-consumer marketing mix of many wineries, especially for those at lower production levels. A successfully operated wine club can mean the difference between success and failure (Teaff *et al.*, 2005). Thus, small to medium-sized wineries must focus on the wine club as their primary direct-to-consumer sales strategy.

The Texas wine industry is in its infancy relative to more established wine producing regions in the United States, such as California, OR and Washington State, as well as compared to other wine producing regions in the New World, such as Australia and New Zealand. Hence, the previous literature that exists about wine clubs pertains explicitly to wineries from these areas. Although the wine club is comprised of a generally implemented framework, it is imperative that the model not just be applied, but that it be adapted to the specific area that it exists in. Additionally, few studies have predominantly researched the wine club; many studies that have investigated the wine club have done so as an ancillary component of the research. Furthermore, while the previous academic literature that does exist is helpful, it is antiquated, especially relative to oft-studied wine areas (e.g. wine tourism). Thus, there is a lack of previous academic literature regarding wine clubs, which the authors aim to address through adding to the body of literature, thereby fulfilling some of the gaps specifically regarding the antecedents that contribute to wine club members' remaining in the wine club.

The Texas wine industry is vastly different relative to the previously mentioned wine regions; this fact is best exemplified by examining the geographical divergence between wine production and wine tourism. The majority of Texan wineries are located in the Fredericksburg and Hill Country AVA's. Furthermore, nearly all wine tourism occurs in these AVA's, specifically along the 290 Wine Trail. A survey conducted in 2007 by Orbitz "Food and Wine Index of the United States" identified Fredericksburg and the Hill Country AVA's as the number two fastest growing wine tourism regions in the United States, second only to Napa Valley in California (Kane, 2015, p. 7). However, most vineyards are located in the High Plain's AVA, which is hundreds of miles away from Fredericksburg and the Hill Country AVA's. Hence, many producers located in the High Plain's AVA open tasting rooms in and around the Fredericksburg and Hill Country AVA's to take advantage of the tourism that occurs in this region. In nearly all other wine producing regions, wine production and wine tourism occur in the same geographical area. Previous literature (Getz and Brown, 2006) has demonstrated the elements that make a wine region and wine tourism appealing to wine tourists; it stands to reason that much of what makes a wine region appealing include features such as planted vines, wine production equipment, and barrel rooms. This fact presents an interesting and useful opportunity to further investigate the wine club phenomena.

Due to the lack of recent academic literature, the primary objective of the study is to further explore the wine club phenomenon by exploring wine club member consumer behavior, thereby contributing to the existing body of knowledge. The researchers aim to investigate the predictive power of four key constructs: *customer loyalty*, *brand attitude*, *winery wine club policy* and *service policy*, on wine club members' intention to remain in the

wine club for the next year. In achieving this objective, the authors also intend to reveal the potential churn and retention rates of wine club members. Finally, the researchers aim to delineate the demographics of Texas wine club members as well as investigate potential differences between various socio-demographic variables.

2. Literature review

2.1 Wine clubs defined

According to Berglund (2003), wine clubs are defined as any loyalty program in which a member provides the winery their credit card and agrees to purchase a certain number of bottles of wine at an agreed upon frequency and price range, with shipments continuing until the member decides to terminate their membership. According to Teaff *et al.* (2005), there are two types of wine clubs: "a la carte" and "automatic" wine clubs. An "automatic" wine club requires that the club member provide a credit card to purchase wine on a recurring basis until the customer voluntarily terminates the relationship (Teaff *et al.*, 2005). The "a la carte" club does not require either a credit card or the purchase of wine on a recurring basis (Teaff *et al.*, 2005). Although "a la carte" wine clubs can sometimes include some of the benefits of "automatic" wine clubs, "a la carte" clubs have few if any of the same benefits that "automatic" clubs have, such as explicit access to discounts, rare wines, and free tastings. Thus, this paper focuses on utilizing "automatic" clubs as the exclusive definition.

2.2 The structure of the alcoholic beverage industry

It is important to distinguish the different organizations that offer wine clubs. In doing so, it is necessary to explain the structure of the alcoholic beverage industry, which consists of three-tiers: producers, distributors, and retailers. The producer level consists of the wineries; the distributor level consists of organizations that act as an intermediary between the producers and the retailers; and the retailer level, which can be broken up into two categories: on and off-premise (Shanker, 1999). Examples of on-premise retailers include restaurants, bars, and country clubs, which are all organizations that provide wine for consumption on-premise only. Examples of off-premise retailers include grocery and liquor stores, as well as big-box discount stores (e.g. Costco), sell wine for consumption strictly off-premise. Within this three-tier system, different organizations have wine club programs. Some on-premise retailers, such as restaurants, offer their customers a wine club. Additionally, off-premise retailers, such as liquor stores, have wine club programs (e.g. Total Wine and More). In addition to brick and mortar off-premise retailers, internet-based retailers have wine clubs (e.g. Wine.com). This paper focuses on wine clubs operated and maintained by wineries, which operate at the producer level of the three-tier system.

2.3 The growth the wine industry and direct-to-Consumer sales

Wineries continue emerging across the United States at a rapid pace. According to the recent Wines and Vines (2017a, 2017b) reports, there are currently 9,091 wineries in the United States, with 13 states having over 100 wineries; this is an increase of nearly 4.5 per cent from 2016 to 2017 (Wines and Vines, 2017c). Furthermore, from 2009 to 2017 the number of wineries has increased by 43 per cent. Of the total value of off-premise spending on domestic wines in 2016, 8.6 per cent was due to direct-to-consumer shipments. Although this is a relatively small percentage, direct-to-consumer sales grew by an impressive 18.5 per cent from 2015 to 2016 (Wines and Vines, 2017b). Direct-to-consumer shipments comprised of transactional sales, e-commerce, and other marketing channels, a substantial portion of these sales were due to wine club shipments. While precise analytics demonstrating the

proportion of wine club shipments of overall direct-to-consumer sales is not available, the importance of wine club sales, particularly to small and medium-sized producers is well known and understood.

The proliferation of wine clubs in the USA is due to several factors. The shift from focusing on transactional sales to recurring sales is one of the primary reasons for the development of wine clubs. Wine clubs allow wineries to complement the conventional three-tier distribution system and sell directly to the end consumer, resulting in greater profit margins (Teaff *et al.*, 2005). According to Wines and Vines (2017b), small wineries (5,000 to 49,999 case production) and very small wineries (1,000 to 4,999 case production) are most reliant on direct-to-consumer shipping. Small wineries accounted for 42.2 per cent of the volume and 47.1 per cent of the value, and very small wineries accounted for 16.8 per cent of the volume and 24.1 per cent of the value of total 2016 direct-to-consumer shipping. For the first time, small wineries accounted for over $1 billion in sales and nearly half of the entire direct-to-consumer shipping channel (Wines and Vines, 2017b).

2.4 The importance of wine clubs, churn rate and customer lifetime value

Winery wine clubs are an integral part of the direct-to-consumer marketing mix of many wineries, especially those at lower production levels, and a successfully operated wine club can mean the difference between success and failure (Teaff *et al.*, 2005). Initiating a customer into a wine club is a relatively straightforward process compared to retaining customers as members, and the cost of gaining new customers is much greater than retaining current members (Hwang, Jung and Suh, 2004). Churn rate, the rate at which customers leave a wine club or stop subscribing to future shipments, is a critical issue faced by wineries that operate a wine club (Hwang *et al.*, 2004). However, churn will not be effectively managed until we have a deeper understanding of Texas wine clubs and their members. Wine club memberships can be lucrative for wineries if the customer remains a member for a significant length of time. CLV, or customer lifetime value, is a projection of future revenue associated with wine club memberships (Hwang *et al.*, 2004). The longer a customer remains subscribed to the wine club, the greater their CLV becomes (McMillan, 2014), thus operating a successful wine club necessitates wineries encouraging retention and preventing departure of wine club members, which leads to this initial research question:

RQ1. What are the retention and churn rates of wine clubs?

2.5 Wine club components

The current body of research has established evidence regarding what it takes to initiate customers into the wine club. Wine club member benefits provided exclusively to wine club members are among the most effective means of initiating customers into the wine club. These benefits have been categorized as being financial, educational and social (Teaff *et al.*, 2005). White and Thompson (2009) further categorized wine club attributes as rewards, benefits, learn and social, closely mirroring those defined by Teaff *et al.* (2005). Social consists of interacting with other wine club members and winery staff, attending group events, especially such as wine club pickup parties. Learn involves learning more about wine, wine and food pairings, information about the region, and the winemaking process. Benefits include free tastings at the winery, priority tastings of new or rare wines and special sessions with the winemaker. Rewards include discounts on wine, free or discounted wine delivery for wine club members, special offers, and access to purchasing new or rare wines, as well as allocated wines. An effectively operated wine club consists of innumerable

factors. The wine club should employ multiple product offerings, such as all reds, all whites, and a mix of the two, as well as multiple quality tiers, such as gold, silver, or bronze (Teaff *et al.*, 2005). Additionally, the wine club should offer the customer the ability to receive different amounts of wine in each shipment, such as two, four, six, or twelve bottles per each shipment (Zucca, 2010). The frequency of when the customer receives shipments should also be a component, whether it be quarterly, monthly, etc. (Teaff *et al.*, 2005). The wine club should have an identifiable delivery mechanism, which should consist of either having the customer pick up the shipment at the winery or shipping directly to the client (Teaff *et al.*, 2005). The wine club should offer the member benefits including VIP treatment at the winery, free tastings at the winery, referral incentives, social gatherings, membership incentives, access to rare products, special events, the option to customize shipments and concierge services (Teaff *et al.*, 2005). The value-added material, such as tasting notes, recipes, and winery news, should also be included in shipments (Teaff *et al.*, 2005). Discounts and bonuses should also be offered to wine club members to create more value for the member (Teaff *et al.*, 2005). Supporting charitable organizations by donating a portion of wine club sales is another way of adding value to the wine club member (Teaff *et al.*, 2005).

2.6 The tasting room experience

Interactions in the tasting room with staff members can cultivate relationships with customers that lead to long-term relationship formation and subsequent wine club participation (Nowak and Newton, 2006). The use of a winery's website and the internet and social media, in general, is another avenue that sometimes leads to wine club participation without winery visitation but predominantly leads to winery visitation and then wine club participation (Thach, 2009). The tasting room is a crucial vehicle for initiating club members, as it is often the first contact and initial moment of truth between the brand and consumer. The interactions between winery staff and customers can lead to long-term loyalty and are often responsible for wine club member initiation (Nowak and Newton, 2006). Furthermore, positive experiences in the tasting room often lead to significant amounts of word-of-mouth advertising (Groeger and Buttle, 2014). The results of this study provided evidence in support of mostly anecdotal industry held notions that through positive tasting room experiences, wineries can cultivate relationships with customers that build foster commitment and loyalty (Nowak and Newton, 2006). In addition to providing the initial experience for many wine club members, tasting room staff are often continually in contact with wine club members physically, such as when they pick up their wine club shipments and visit for tastings, as well as virtually through the phone, email or social media. The tasting room also acts as the vehicle with which the wine club facilitates social and educational events for members.

2.7 Service quality

Service quality greatly affects consumers' perceptions of a business and the value of a service received. This is especially applicable to the wine club, which although provides a product, is predominantly service-oriented. Furthermore, service quality "effects the repurchase intentions of both existing and potential customers" (Ghobadian *et al.*, 1993).

Ultimately, most interactions between the winery and their wine club members occur in the tasting room. While some wineries have a dedicated wine club manager, many wineries, especially smaller producers, rely on an individual that is in charge of multiple simultaneous functions, including tasting room management, facilitating winery events, and fulfilling e-commerce orders. Furthermore, tasting room staff, in general, are expected to serve both visitors and wine club members. Hence, the researchers deemed evaluating members

perceptions of service as essential in determining the quality of interactions between tasting room staff and wine club member. Hence, two questions were used to explore consumers' perceptions of the interactional exchange between the winery and the member, which is particularly important because the tasting room is the preeminent vehicle for facilitating wine club member exchanges. This involved asking members to evaluate if tasting room employees are polite and courteous, and if they take the time to personally get to know the member. The latter is particularly important since wineries often have large membership bases wherein it can be difficult for tasting room staff to spend the time necessary to get to know each member. Additionally, the tasting room can be very busy with members and nonmember visitors alike, especially during peak tourism season. As the winery's website is the focal point used in navigating their wine club membership, the researchers determined consumers' perceptions of the ease of navigability of the website to play a role in member perception of service quality. Thus, the researchers reasoned that consumers' perception of service quality has an impact on a member's intention to remain in the wine club, and the following hypotheses were advanced:

H1. Perceived service quality significantly predicts customer loyalty.

H2. Perceived service quality significantly predicts brand attitude.

H3. Perceived service quality significantly predicts wine club members' intention to remain in the wine club.

2.8 Winery wine club policy

Winery wine club policy involves the elements that the winery uses to set expectations with wine club members. Prior literature (Teaff *et al.*, 2005) explored the varying elements of the winery's wine club policy. However, previous research has yet to examine consumers' perceptions of wine club policies, which the researchers determined as being integral in examining predictors of intention to remain.

As wine club memberships are facilitated largely through the tasting room, evaluating member perceptions of the tasting rooms hours of operations is vital. This is especially the case for members who live nearby the winery and visit frequently. However, it also may play a role for members who live far away from the winery and must plan visits to the winery in advance.

The wine club employs two primary means of delivery, involving either shipping wine to consumers or holding at the winery for members to then pick-up. Due to climatic influences, shipping wine can be problematic for many wineries, particularly due to the high temperatures associated with the late spring and summer months. While wineries typically only employ the two aforementioned delivery methods, there exists other potential methods, such as by hosting wine club pick-up parties in the major urban centers where much of winery's wine club members reside. Hence, wine club delivery options were determined to be a potential component of the winery's wine club policy worth investigating.

Similarly, with delivery methods, there exists few payment options for wineries to offer wine club members. For the most part, wineries require their members to hold a credit card on file, which is then automatically billed prior to each shipment. However, there exists many other potential payment options for wineries to offer their members, such as offering them a small discount for paying their annual membership upfront. Thus, payment options were deemed to be a potential aspect of the wine club policy worth exploring.

Ultimately, the wine club provides consumers with wine. While other value-added components are a value proposition to consumers, they are inherently concerned with receiving

wine that they enjoy drinking. Therefore, the researchers considered members perceptions of the wine quality received from their membership to be integral and worthy of examination.

Collectively, the prior elements comprised winery wine club policy, the members' perceptions of which were determined as being a critical antecedent and determinant impacting consumers' intention to remain in the wine club, as well as in contributing to customer loyalty and brand attitude. Thus, the following hypotheses were advanced:

H4. Winery wine club policy significantly predicts customer loyalty.

H5. Winery wine club policy significantly predicts brand attitude.

H6. Winery wine club policy significantly predicts wine club members' intention to remain in the wine club.

2.9 Customer loyalty

Loyalty, as defined by Bowen and Shoemaker (2003) is "a relationship built on trust and commitment between the buyer and seller" (p. 12). Furthermore, one of the consequences of customer loyalty is "the strength of the relationship between an individual's relative attitude and repeat patronage" (Dick and Basu, 1994, p. 99). Hence, customer loyalty is a powerful predictor of measuring consumers' decision to re-patronage and remain in the wine club and engage in positive word of mouth. Additionally, customer loyalty results in increased profitability for the business due to increased retention rates (Bowen and Chen, 2001). Wine consumers possess an abundant amount of on and off-premise retailers from which to purchase wine. Furthermore, there exists a multitude of potential wine clubs for consumers to become members of.

According to Dick and Basu (1994), one of the consequences of customer loyalty is consumers' propensity to engage in word of mouth recommendations. Hence, evaluating wine club members willingness to speak positively about the wine club to others as well as their willingness to encourage friends to join the wine club were both determined to as crucial elements in evaluating customer loyalty. The latter was particularly ascertained as playing a critical role since various social theories have demonstrated that humans as social creatures seek to surround themselves with similar, like-minded individuals.

As the wine club is a vehicle that incentivizes members to purchase wine, the researchers deemed it necessary to evaluate consumers' willingness to utilize the wine club to purchase wine. Additionally, due to consumers' relationship with the winery because of their membership in the wine club, the researchers thought it pivotal to ask consumers if they considered the wine club their first choice for purchasing wine.

The authors deemed customer loyalty as being an integral component of the wine club member relationship, and a powerful antecedent and predictor of members' intention to remain in wine clubs, as well as a predictor of brand attitude. Hence, the following hypotheses were advanced:

H7. Customer loyalty significantly predicts brand attitude.

H8. Customer loyalty significantly predicts wine club members' intention to remain in the wine club.

2.10 Brand attitude

Fishbein and Azjen (1975) defined an attitude as an individual's conceptualized positive or negative inclination and attachment toward an object. Accordingly, brand attitude is a

person's distinct assessment of a brand (Mitchell and Olson, 1981). The wine club is more than just a product and an experience; the wine club confers a sense of belongingness and membership. Due to the vast number of brands that offer wine clubs, the researchers determined consumers brand attitude as playing a crucial part in exploring the antecedents and predictors of their intention to remain.

Wine club members have to consciously decide to join a wine club; hence, a certain level of reflection is involved in making this decision. However, only after a decision is made can a consumer feel either satisfied or dissatisfied with their decision. Therefore, the researchers decided that asking members their perception of whether their decision to join the wine club was good, was a critical component of their attitude towards the brand. Additionally, the researchers determined that having a favorable opinion of the wine club and feeling that the wine club offers beneficial characteristics were also crucial elements of brand attitude. Therefore, the authors posit that positive brand attitude acts as a strong antecedent and predictor of wine club members' intention to remain in the wine club, and the following hypothesis was advanced:

H9. Brand attitude significantly predicts wine club members' intention to remain

3. Research design

3.1 Design of study

A survey in the form of an online questionnaire was developed by the researchers and hosted on Qualtrics. The instrument featured four constructs: customer loyalty, service quality, winery wine club policy, and brand attitude, for a total of 14-items. The scales were adapted from the Handbook of Marketing Scales (Bearden and Netemeyer, 1999) and were already tested for validity and reliability. Each item utilized a seven-point Likert-type scale from "strongly disagree" to "strongly agree." An additional question was asked: "Do you intend to remain in the wine club for the next year?" to explore the influence that the four constructs had in predicting retention, and was also measured on a seven-point Likert-type scale from "strongly disagree" to "strongly agree." Demographic questions were asked, including gender, age, household income, ethnicity, marital status, and zip code.

3.2 Recruitment methodology and sample selection

Participants in the study consisted of wine club members from a single winery located in Fredericksburg, TX. The wine club manager at the winery distributed the survey URL link in an email that also contained the monthly wine club newsletter as well as a list of anticipated events. The recruitment material regarding the survey included a brief explanation of the survey and an endorsement by the wine club manager. The criteria for participation required respondents to be 21 years of age or older as well as current wine club members of the winery involved in the study.

The survey was launched on June 7, 2017, and data collection concluded on June 17, 2017. The total population at the time of the survey consisted of 2,081 members; the survey yielded 385 responses, 352 of which were deemed usable, good for an 18.5 per cent participation and 16.9 per cent completion rate, respectively. A response was considered usable if all of the survey questions were answered; however, the demographic questions were considered optional.

3.3 Measures

As no other studies have addressed wine club motivations, and as an exploratory study, the Handbook of Marketing Scales (Bearden and Netemeyer, 1999) was used to identify items which were modified and used in this study. For the construct of Customer Loyalty, questions were developed and modified from compulsive behavior literature (Faber and O'Guinn, 1988) with a tested high reliability of $r = 0.83$ and $a = 0.95$. The remainder were modified from consumer trust literature (Hess, 1995) with validity correlations between 0.46 and 0.57, and coefficient alphas from 0.81 to 0.86 and correlations ranging from $0.41-0.78$, all supporting validity (Bearden and Netemeyer, 1999).

3.3 Data analysis

The data were cleaned for missing data. Any response that failed to answer the survey questions, except for the demographic questions were removed from the dataset. However, responses that did not answer the demographic questions were kept, as responses to the demographic questions were deemed optional. The cleaned data were then input into SPSS 24.0 for statistical analysis. Due to the exploratory nature of the application of the constructs used in the study, the reliability of the constructs were measured. Descriptive statistics were utilized to reveal the socio-demographics of the wine club members in the study. Age was collapsed into three categories based on the methodology used in a previous wine study by Barber, Taylor, and Deale (2010): Baby Boomer (born between 1946 and 1963), Generation X (born between 1964 and 1978), and Millennial (born 1979 and later). Household income was also collapsed down into five categories: Under $39,999, $40,000 to $59,999, $60,000 to $79,999, $80,000 to $99,999 and over $100,000.

Descriptive statistics were conducted to examine the demographics of the sample, as well as the wine club members' response to the intention to remain question. Reliability and factor analyses were conducted on the items comprising each of the four constructs. A series of multiple regression analyses were conducted to answer the hypotheses. Multiple regression was conducted to examine the predictive power of winery wine club policy and service quality on customer loyalty; multiple regression was conducted to examine the predictive power of winery wine club policy, service quality, and customer loyalty on brand attitude; and multiple regression was conducted to examine the predictive power of the four constructs on wine club members' intention to remain. Due to the exploratory nature of the research, Analysis of Variance was also performed between age, household income and ethnicity, and the individual items within the four constructs. An independent samples *t*-test was conducted between gender and the four constructs and the intention to remain question, as well as between the individual construct items.

4. Research results

4.1 Descriptive statistics

In total, 60.5 per cent of respondents were female ($n = 211$) and 39.5 per cent were male ($n = 138$); 69 per cent of respondents had a household income of over $100,000 ($n = 218$) and 31 per cent reported less than $100,000 ($n = 98$). In all 89.6 per cent of respondents were White/Caucasian ($n = 303$), 8.6 per cent were Hispanic ($n = 29$), 0.3 per cent were African-American ($n = 1$), and 1.5 per cent identified as Other Ethnicity ($n = 6$); 83.3 per cent of respondents were married ($n = 284$), 5 per cent were single ($n = 17$), 8.2 per cent were divorced ($n = 28$), 3.2 per cent were widowed ($n = 11$) and 0.3 per cent were separated ($n = 1$); 61.7 per cent of respondents were Baby Boomers ($n = 214$), 23.9 per cent were Generation X ($n = 83$) and 14.4 per cent were Millennials ($n = 50$). (Table I).

	Frequency	(%)
Gender		
Male	211	60.5
Female	138	39.5
Generational Cohorts		
Millennial	50	14.4
Generation X	83	23.9
Baby Boomer	214	61.7
Household Income		
Under $40,000	13	4.1
$40,000 - $59,999	21	6.6
$60,000 - $79,999	21	6.6
$80,000 - $99,999	43	13.6
$100,000 or more	218	69.0
Ethnicity		
White/Caucasian (non-Hispanic)	303	89.6
Black/African-American	1	0.3
Spanish/Hispanic or Latino	29	8.6
Other	5	1.5
Marital Status		
Married	284	83.3
Single (never married)	17	5.0
Separated	1	0.3
Widowed	11	3.2
Divorced	28	8.2

Table I.
Sample
demographics

4.2 Churn and retention rates

In all, 45.5 per cent strongly agreed ($n = 160$), 28.4 per cent agreed ($n = 100$) and 7.7 per cent somewhat agreed ($n = 27$) that they intended to remain in the wine club for the next year. Cumulatively, 81.6 per cent ($n = 287$) agreed that they intended to remain in the wine club for the next year; 2.6 per cent somewhat disagreed ($n = 9$), 2.8 per cent disagreed ($n = 10$), and 3.1 per cent strongly disagreed ($n = 11$) that they intended to remain in the wine club for the next year. Cumulatively, 8.5 per cent ($n = 30$) at some level disagreed that they intended to remain in the wine club for the next year while 9.9 per cent of surveyed wine club members neither agreed nor disagreed ($n = 35$) with the statement.

4.3 Service quality, winery wine club policy, customer loyalty, and Brand attitude

The reliability of the four constructs were measured along with their descriptive statistics. Customer loyalty ($M = 5.53$, $SD = 1.17$, $\alpha = 0.82$), brand attitude ($M = 6.23$, $SD = 0.92$, $\alpha = 0.93$), service quality ($M = 6.02$, $SD = 0.77$, $\alpha = 0.63$), winery wine club policy ($M = 6.19$, $SD = 0.65$, $\alpha = 0.64$) all achieved Cronbach's alphas higher than 0.6. Factor analyses were then conducted on the items that comprised each of the four constructs. The four customer loyalty items predicted 65.84 per cent of the variance explained with an eigenvalue of 2.63 and each item loading between 0.747 and 0.856. The three brand attitude items predicted 87.46 per cent of the variance explained with an eigenvalue of 2.62 and each item loading between 0.927 and 0.941. The three service quality items predicted 59.60 per cent of the variance explained with an eigenvalue of 1.79 and each item loading between 0.651 and 0.850. The four-winery wine club policy items predicted 49.29 per cent of the variance

explained with an eigenvalue of 1.97 and each item loading between 0.595 and 0.750. The items comprising each construct were then computed into mean scores.

4.4 Multiple regression analyses

A series of multiple regression analyses were conducted, the results of which are reported in Table II.

4.4.1 Perceptions of service quality and winery wine club policy on customer loyalty. Multiple regression analysis was used to examine wine club members' perceptions of service quality and winery wine club policy significantly predicted their perceived customer loyalty. The results of the regression indicated that the two predictors accounted for 31.4 per cent of the variance explained ($R^2 = 0.31$, $F(2, 349) = 68.67$, $p < 0.001$). It was found that perceived service quality ($\beta = 0.47$, $p < 0.001$) and perceived winery wine club policy ($\beta = 0.55$, $p < 0.001$) significantly predicted customer loyalty. Thus, *H1* and *H4* were supported. This finding suggests that increased positive perceptions of service quality and winery wine club policy are associated with elevated levels of customer loyalty in wine club members.

4.4.2 Perceptions of service quality, winery wine club policy, and customer loyalty on Brand attitude. Multiple regression analysis was utilized to test if perceptions of service quality, winery wine club policy, and customer loyalty significantly predicted wine club members' brand attitude. The results of the regression indicated that the three predictors accounted for 59.7 per cent of the variance explained ($R^2 = 0.60$, $F(3, 348) = 171.94$, $p < 0.001$). It was found that perceptions of service quality ($\beta = 0.25$, $p < 0.001$), winery wine club policy ($\beta = 0.51$, $p < 0.001$), and customer loyalty ($\beta = 0.31$, $p < 0.001$) significantly predicted brand attitude. Thus, *H2, H5* and *H7* were supported. This finding suggests that increased perceptions of service quality, winery wine club policy and customer loyalty are associated with more positive attitudes toward the brand in wine club members.

Dependent variable	Independent variables	β	t	p-value	VIF
Regression 1	(Constant)	−0.73	−1.443	0.150	
Customer loyalty	Service quality	0.47	6.324	0.000	1.330
	Winery wine club policy	0.55	6.327	0.000	1.330
	$R^2 = 0.314$, $F = 79.758$***				
Regression 2	(Constant)	−0.13	−0.393	0.695	
Brand attitude	Service quality	0.25	5.033	0.000	1.483
	Winery wine club policy	0.51	8.667	0.000	1.483
	Customer loyalty	0.31	9.188	0.000	1.457
	$R^2 = 0.597$, $F = 171.942$***				
Regression 3	(Constant)	−1.004	−1.667	0.097	
Intention to remain	Service quality	−0.05	−0.497	0.620	1.591
	Winery wine club policy	−0.07	−0.586	0.558	1.803
	Customer loyalty	0.37	5.156	0.000	1.811
	Brand attitude	0.89	8.804	0.000	2.482
	$R^2 = 0.491$, $F = 83.525$***				
Regression 4	(Constant)	−1.382	−3.441	0.001	
Intention to remain	Customer loyalty	0.36	5.107	0.000	1.742
	Brand attitude	0.84	9.977	0.000	1.742
	$R^2 = 0.489$, $F = 167.296$***				

Notes: *Significance at the $p < 0.05$ level; **significance at the $p < 0.01$ level; ***significance at the $p < 0.001$ level

Table II.
Results of the multiple regression analyses

4.4.3 Examining the antecedents of intention to remain. Multiple regression analysis was used to test if wine club members perceptions of customer loyalty, brand attitude, service quality, and winery wine club policy significantly predicted wine club members' intention to remain in the wine club. The results of the regression indicated that the four predictors accounted for 49.1 per cent of the variance explained ($R^2 = 0.49$, $F(4, 347) = 83.53$, $p < 0.001$). It was found that customer loyalty ($\beta = 0.37$, $p < 0.001$) and brand attitude ($\beta = 0.89$, $p < 0.001$) significantly predicted wine club members' intention to remain while service quality ($\beta = -0.05$, $p = 0.620$) and winery wine club policy ($\beta = -0.07$, $p = 0.558$) did not. Hence, *H6* and *H8* were supported, while *H3* and *H5* were not. Due to the non-significant contribution of service quality and winery wine club policy to the regression model, the researchers decided to re-run the analysis excluding the aforementioned predictors.

Multiple regression analysis was again conducted to examine the strength of customer loyalty and brand attitude as predictors of wine club members' intention to remain in the wine club. The results of the regression indicated that the two predictors accounted for 48.9 per cent of the variance ($R^2 = 0.49$, $F(2, 349) = 167.30$, $p < 0.001$), with customer loyalty ($\beta = 0.36$, $p < 0.001$) and brand attitude ($\beta = 0.84$, $p < 0.001$) significantly contributing to the regression model. While the two predictors accounted for less explained variance and each experienced a decrease in beta coefficient, the model itself increased in strength as evidenced by the larger *F*-score. The results of these findings suggest that increased levels of brand attitude and customer loyalty positively predict wine club members' intention to remain in the wine club.

4.5 Socio-Demographics differences
Analyses were conducted between three socio-demographic variables (i.e. gender, generational age, and household income) and the four key constructs and intention to remain question, the results of which are reported in Table III.

Independent Variables	*n*	Service quality	Mean values for dependent variables Winery wine club policy	Customer loyalty	Brand attitude	Intention to remain
Gender						
Females	211	6.0237	6.2559	5.6315	6.3128	5.90
Males	138	6.0362	6.1069	5.3931	6.1135	5.74
t-test		−0.149	2.098[*]	1.965	1.880	0.955
Generational Cohort						
Millennials	50	6.1733	6.2250	5.5150	6.0867	5.62
Generation X	83	5.9317	6.2410	5.6476	6.1727	5.69
Baby Boomers	214	6.0374	6.1787	5.4988	6.2991	5.95
F-test		1.584	0.312	0.545	1.385	1.467
Household Income						
Under $40,000	13	6.3077	6.3462	5.6731	6.5641	6.15
$40,000-$59,999	21	5.9365	6.2024	5.6667	6.1905	5.38
$60,000-$79,999	21	6.1270	6.4167	6.1429[a]	6.6825	6.19
$80,000-$99,999	43	6.3023	6.4244	5.9302[a]	6.5659[a]	6.23
$100,000 or more	218	5.9633	6.1468	5.3727[b]	6.1177[b]	5.75
F-test		2.338	2.378	4.539[**]	4.214[**]	1.760

Notes: *Significance at the $p < 0.05$ level; **. significance at the $p < 0.01$ level; [a, b, c, d]. The mean difference is significant at the $p < 0.05$ level in *post hoc* test

4.5.1 Gender. Independent samples *t*-test analyses were conducted between gender and intention to remain, as well as the four constructs operationalized in this study. No differences were found for intention to remain, $t(347) = 0.955$, $p = 0.34$, customer loyalty, $t(347) = 1.965$, $p = 0.05$, service quality, $t(347) = -0.149$, $p = 0.88$, or brand attitude, $t(236.933) = 1.880$, $p = 0.06$. However, analysis revealed that males ($M = 6.11$, $SD = 0.71$) had significantly lower perceptions of the winery's wine club policy than did females ($M = 6.26$, $SD = 0.61$), $t(347) = 2.098$, $p = 0.037$.

4.5.2 Generational age. Analysis of variance was conducted between generational cohort and intention to remain, and the four constructs. However, no differences were found.

4.5.3 Household income. Analysis of variance was conducted between household income and intention to remain, and the four constructs. No differences were found for intention to remain, $F(4, 311) = 1.760$, $p = 0.14$, service quality, $F(4, 311) = 2.338$, $p = 0.06$, or winery wine club policy, $F(4, 311) = 2.378$, $p = 0.05$. However, differences were found between household income and customer loyalty, $F(4, 311) = 4.539$, $p = 0.001$, and brand attitude, $F(4, 311) = 4.214$, $p = 0.002$. Bonferroni post-hoc demonstrated that for customer loyalty, respondents making between \$60,000 and \$79,999 ($M = 6.14$, $SD = 0.88$) and \$80,000 to \$99,999 ($M = 5.93$, $SD = 0.89$) had significantly higher levels of customer loyalty ($p < 0.05$) than did consumers making \$100,000 or more ($M = 5.37$, $SD = 1.14$). Bonferroni post-hoc also revealed that for brand attitude, participants making between \$80,000 and \$99,999 ($M = 6.57$, $SD = 0.69$) had significantly higher levels of brand attitude ($p < 0.05$) than did consumers making \$100,00 or more ($M = 6.12$, $SD = 0.98$). These findings indicate that wine club members at the upper echelons of household income (i.e. \$100,000 or more) have less positive brand attitude and customer loyalty perceptions.

4.6 Multiple regression including demographic variables

Regression is a robust statistical form of analysis as it allows the inclusion of categorical and continuous independent variables. Hence, due to the exploratory nature of this research, multiple regression was performed to include categorical, socio-demographic variables (i.e. household income, gender, and generational cohort) along with customer loyalty and brand attitude to predict wine club members' intention to remain in the wine club, the results of which are reported at the end of this section in Table IV. The results of the regression indicated that the five predictors accounted for 51.3 per cent of the variance ($R^2 = 0.51$, $F(5, 310) = 65.379$, $p < 0.001$), with customer loyalty ($\beta = 0.29$, $p < 0.001$), brand attitude ($\beta = 0.99$, $p < 0.001$), and household income ($\beta = 0.05$, $p = 0.009$) contributing significantly to the model, while gender ($\beta = -0.003$, $p = 0.98$) and generational cohort ($\beta = 0.11$, $p = 0.22$) did not. The analysis was again performed without the non-significant predictors. The three variables predicted 51.1 per cent of the variance ($R^2 = 0.51$, $F(3, 312) = 128.971$, $p < 0.001$), with customer loyalty ($\beta = 0.28$, $p < 0.001$), brand attitude ($\beta = 1.00$, $p < 0.001$), and household income ($\beta = 0.05$, $p = 0.007$) contributing significantly to the model. Although the variance predicted experienced a marginal decrease (-0.02), the *F*-value was greatly increased which strengthened the overall model. These results demonstrate that increased customer loyalty, brand attitude, and household income positively correlates with wine club members' intention to remain in the club.

5. Discussion

5.1 Significant predictors of retention

Analysis revealed that customer loyalty and brand attitude were statistically significant in predicting wine club members intention to remain in the wine club. These two constructs alone predicted 49 per cent of the variance in predicting members' intention to remain, which

Dependent variable	Independent variables	β	t	p-value	VIF
Regression 1	(Constant)	−2.69	−4.638	0.000	
Intention to remain	Customer loyalty	0.29	3.755	0.000	1.863
	Brand attitude	0.99	10.709	0.000	1.850
	Household income	0.05	2.637	0.009	1.056
	Gender	−0.003	−0.020	0.984	1.050
	Generational cohort	0.11	1.235	0.218	1.051
	$R^2 = 0.513, F = 65.379^{***}$				
Regression 2	(Constant)	−2.48	−4.786	0.000	
Intention to remain	Customer loyalty	0.28	3.637	0.000	1.826
	Brand attitude	1.00	10.972	0.000	1.817
	Household income	0.05	2.720	0.007	1.052
	$R^2 = 0.511, F = 108.598^{***}$				

Notes: *Significance at the $p < 0.05$ level; **significance at the $p < 0.01$ level; and ***significance at the $p < 0.001$ level

highlights the importance elevated levels of customer loyalty and nurturing positive brand attitude have for the wine club. Many wine clubs aim to foster sensations of belongingness through numerous social events as well as through personalized interactions between the business and the consumer. This results in strengthened bonds between the member and the wine club, which prevents consumers from switching to a comparable wine club. Hence, it is imperative that wineries encourage customer loyalty and positive attitudes toward their brand in order to ensure their wine club members remain in the wine club. However, despite perceptions of service quality and winery wine club policy significantly predicting customer loyalty and brand attitude, neither variable significantly contributed to predicting wine club members' intention to remain in the wine club. While it is important to cultivate positive service quality and wine club policy perceptions, they do not ultimately play a significant role in predicting members' intention to remain in the wine club.

When including socio-demographic variables (i.e. gender, generational cohort, and household income) into the regression model along with customer loyalty and brand attitude, household income contributed significantly with increased levels of household income positively correlating with increased intention to remain in the wine club. The inclusion of household income as a significant predictor of intention to remain provides several intriguing implications, especially when considered with some of the other findings from this study. Higher levels of household income generally suggest higher amounts of discretionary income; wine consuming households with greater levels of discretionary income may in turn have larger budgets allocated toward wine-related expenditures. Thus, these consumers' may be less price or expense sensitive regarding their wine spending budget, which can translate to stronger intentions to remain in the wine club. Since 69 per cent of respondents reportedly having a household income of $100,000 or more, wine club memberships seem to be utilized by wealthier consumers. Hence, wineries should seek to recruit consumers into the wine club that possess higher levels of household income. Furthermore, wineries should seek to allocate additional resources aimed specifically at retaining these members, thereby increasing their customer lifetime value.

5.2 Implications of churn and retention rates
The results of the churn and retention rates inform management of the overall percentage of turnover that can be anticipated. The consumers who to some level

disagreed with the intention to remain question (8.5 per cent) and the consumers who felt neutral/unsure (9.9 per cent) represent the segment of wine club members who may potentially leave the wine club. Based on the size of the population (N = 2,081), this represents 177 members who may potentially churn and 206 who are unsure about remaining in the wine club. In order to maintain the current size of the wine club, the winery must take steps in both the short and long-term. The winery should at a minimum replace the members who will ultimately leave within the year (short-term) as well as implement measures to potentially replace the members who are unsure about continuing their membership.

In addition to implementing strategies to replace members who will end up churning, management should allocate resources toward retaining members. Although ideally, the winery would be able to allocate resources to saving all members, this is not financially viable. Instead, the winery should appropriate financial and temporal means toward the members who are unsure about remaining in the wine club since these consumers are arguably more likely to be convinced to remain in the wine club.

5.3 Socio-demographic profiles of wine club members
The results of the study reveal the socio-demographic profile of Texas wine club members. Additionally, the findings in this study parallel much of the previous literature about wine consumers (Barber *et al.*, 2006). This research revealed that Texas wine club members have elevated levels of household income, are older, are married, are predominantly Caucasian, and feature a greater percentage of females compared to males. Previous literature has shown that wine consumers often possess higher levels of household income and discretionary income relative to average consumers. Although wine clubs are not country clubs, there are many parallels to draw between the two types of "club." Often, prestige accompanies membership, which can explain the socio-demographic results of the study. Wine club members were very homogenous regarding their ethnicity which can be a by-product of the Texan wine consumer but may also be a result of the specific type of culture propagated by the winery. Previous wine tourism literature has shed light on the link between wine tourism participation and marital status; often, wine tourists engage in wine tourism due to the social and educational opportunities that visiting wineries provide. Hence, the wine club is a popular activity for married couples to enjoy, which is reflected in the high percentage of participants (83.3 per cent) who indicated their marital status as married. Although the wine should not exclusively market themselves to married couples, they should facilitate events tailored to them in order to increase engagement, thereby increasing retention.

The differences in household income regarding perceived brand attitude and customer loyalty also have a few implications, particularly at the higher end of the spectrum (i.e. $100,000 or more. As evidenced by the decreased levels of brand attitude amongst respondents making $100,000 or more, they may be more inclined toward switching behavior in the event the value they perceive from being a member falls beneath their expectations. Furthermore, their decreased levels of customer loyalty also suggest that these consumers are less likely to engage in positive word-of-mouth and other types of endorsement behavior. However, considering that 69 per cent of participants reported making a household income of $100,00 or more, wine club memberships may be more of a value-proposition considered by the wealthy, a fact that wineries should seek to incorporate into their target marketing strategies.

6. Conclusions

This research highlights the importance of two factors, customer loyalty and brand attitude, and their significant role in preventing wine club members' from departing the wine club. Additionally, this research provided insights regarding the potential retention and churn rates of wine club members. Lastly, this paper provided further knowledge as to the demographic profiles of wine club members, as well as specific differences between wine club members' in terms of their socio-demographics. While this research is not without limitations, it provides exploratory findings regarding important antecedents of retaining wine club members, as well as fulfills some of prior gap in literature by specifically examining the wine club as the primary focus of the research.

6.1 Practical implications

The results from this survey empower management as to some of the factors that contribute to preventing wine club members from churning. Furthermore, it gives management data-driven results which will aid in saving wine club members who intend to leave the wine club. Although more research is necessary, these results supply the winery with data to aid in making future decisions. Additionally, the survey results and corresponding analysis act to guide management as to the hierarchal importance of future research projects.

The results from this survey demonstrate the importance of customer loyalty and brand attitude at encouraging member retention, which empowers management with a better understanding as to how well the wine club is being executed. These results also enlighten management as to how their wine club members feel about their membership in the wine club. Furthermore, and perhaps most importantly, management can more effectively gauge potential churn rate, which will result in more accurate forecasting. Although much more research is necessary, these results empower the winery with data-driven knowledge in what decisions wine club management should make going forward.

6.2 Limitations

There are a few notable limitations to take away from this study. Wine club members from only one Texas winery were surveyed, which limits the generalizability that we can make about Texas wine clubs. The sample was also very homogenous regarding ethnicity at nearly 90 per cent, which makes it difficult to make irrefutable conclusions. Although nearly all wine tourism in Texas takes place in Fredericksburg and the Hill Country, there are winery operated wine clubs in other places in the state. Thus, until more wine club members from additional wineries are surveyed, the generalizability of the findings is limited. Due to the nature of the survey, the potential for self-selection bias exists as some club members who have negative perceptions of the wine club or intend to leave may not have participated in the survey. Surveyed wine club members subscribe to different wine club programs within the greater wine club. These different programs come with different quantities of wine (3, 6, and 12) as well as different benefits, such as varying discount rates on purchases. Additionally, due to the fact that the majority of wine club members were married, the potential for inaccuracy persists as one spouse could have a different opinion than the other spouse, yet they were collectively sampled as one wine club member.

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