The impact of cellar door experience on visitors' loyalty intentions

By

Xiaoyu Chen (1603662)

Submitted in fulfilment of the degree of Doctor of Philosophy

Business School, The University of Adelaide

August, 2015

Abstract

With the increasing establishment of new wineries, cellar doors are now marketing in an energetic manner to attract wine tourists; as a result, cellar door managers are increasingly concerned with factors leading to the differentiation of their cellar doors and visitors' post-visit behaviours. However, despite the fact that the cellar door experience is logically of great importance from both the wine tourism and wine marketing perspectives, little is known about the detailed relationships between the different aspects of a visitor's cellar door experience and how these aspects interact to affect a visitor's post-visit behavioural intentions.

This study features an exploration of the effects of winery cellar door inputs on visitors' monetary and experiential value perceptions, overall satisfaction and behavioural intentions. The results of this study provide preliminary evidence that a memorable cellar door experience encompasses not only the selection of the core wine product but also other components, including the appreciation of the cellar door environment and the face-to-face interaction with the front-line employees that facilitate the visit.

Further, the application of Partial Least Squares path modelling indicates that cellar door visitors are oriented towards the experiential aspects of the visit itself as much as pragmatic considerations in purchasing wine. The insights are, therefore, directed towards the creation of a total cellar door experience. The research shows that cellar door operators cannot solely rely on good-quality wine to maintain their business. Their marketing differentiation strategy needs to shift from a goods-based offering to including the creation of hedonic and utilitarian experiential value on a consistent basis, to maintain visitor satisfaction and enhance customer loyalty.

Key words: wine tourism; overall satisfaction; value perception; loyalty intentions; cellar door.

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List of publications in conjunction with thesis

Parts of this thesis were published as:

1. Chen, X., Bruwer, J., Cohen, J. and Goodman, S. (2015) A wine tourist behaviour model for Australian winery cellar doors, *Tourism Analysis*, (forthcoming – accepted 13 May 2015)
2. Chen, X., Goodman, S., Bruwer, J. and Cohen, J. (2015). Beyond better wine: The impact of experiential and monetary value on wine tourists' loyalty intentions. *Asia Pacific Journal of Tourism Research* (forthcoming), 1–21.
3. Chen, X., Goodman, S. and Li, E. (2013). 'Modelling the impact of the cellar door experience on visitor satisfaction and loyalty intentions', *Australian & New Zealand Marketing Academy Conference Proceedings, the University of Auckland, New Zealand.*

Acknowledgment

I would like to express my sincere gratitude to my principal supervisor Dr. Steve Goodman and Co-supervisor Dr. Justin Cohen who took on my supervision and provided valuable support for this research and thesis. This work would not have been completed without their encouragement and support. They also contributed through reading and giving feedbacks on all aspects of my research process, thesis writing and the journal papers emanating from with thesis.

I would also like to thank Associate Professor Johan Bruwer, now of the University of South Australia, who acted as my original principal supervisor during the first year of my PhD study in School of Agriculture, Food and Wine. He helped me develop this research topic and provided valuable academic opinions toward the improvement of the conceptual model and refining of the related journal papers.

I would like to acknowledge the thesis editing service provided by Elite Editing. Their editorial intervention was restricted to Standards D and E of the Australian Standards for Editing Practice.

I would like to extend my sincere thanks to Dr. Elton Li, Mark Kennion Brindal, Le Hoa Dang, Tey Yeong Sheng, Dias Satria, Tri Wahyu Nugroho, and Poppy Arsil for their valuable opinions during seminar discussions. Many thanks to China Scholarship Council for its sponsorship and the secretarial staff in the University of Adelaide for their kind hearted assistance. Special thanks to the winery participants for their willingness to be part of this research. I also owe special thanks to my family members, particularly my wife who has remained in China supporting me unconditionally for the four years.

Last but not least, I would like to thank my close friends for their support and many friendly nameless individuals in Australia who helped me during my PhD Study.

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Chapter Introduction

1.1 Background

Wine tourism has become an important class of special interest tourism (Hall & Macionis, 1998; O'Neill & Charters, 2000). The rapid development of wine tourism in wine-producing countries globally has occurred because wine tourism not only has the ability to meet tourists' increasing demand for creative industrial tourism activities, but it also supports the sustainable development of wine production regions (Sigala, 2014).

In Australia, the economic effects of wine tourism are very significant. In 2009, international and domestic cellar door visitors in Australia spent AUD$7.1 billion on their wine tourism trips (Quadri-Felitti & Fiore, 2012). Many small wineries in Australia depend on cellar door visitors for wine sales because they lack the ability to establish wider distribution channels. Large producers who may have multiple wineries utilise wine tourism as a marketing and sales tool, especially with regard to branding (Getz, 2000).

The benefits of developing wine tourism are not only limited to the wineries themselves, but also to the whole region and host communities. Wine tourism contributes to employment creation, bringing foreign exchange earnings, increasing business growth and driving regional development (see Getz, 2000 for a summary of these benefits). As a result, wine tourism is a lucrative industry from which substantial wealth can be generated for both wine brands and the broader community.

The number of cellar doors in Australia has increased from 1,200 in the year 2000 (Pratt & Sparks, 2014) to 1,626 in 2015 (Winebiz, 2015), an increase of 36 per cent. With the increasing numbers of new winery cellar doors and the ongoing development of wine tourism, cellar doors are now marketing in an aggressive manner to attract wine tourists. For cellar door managers, it is important to craft an impressive cellar door experience so that they can establish a long-term relationship with cellar door visitors by attracting repeat visits

and purchasing of its wine (Bruwer & Alant, 2009; Bruwer, Coode, Saliba & Herbst, 2013). According to Roberts and Sparks (2006), a memorable cellar door experience encompasses not only the tasting and/or purchasing of wines but also other components, including the appreciation of the cellar door environment and the face-to-face interaction with the front-line employees that facilitate the visit. Cellar door visitors seek 'added value' from their winery visit and by providing extra enjoyable elements to visitors (such as the hedonic experience of fun, fantasy, excitement and relaxation), a complete perception of the winery and its wine can be established (O'Neill, Palmer & Charters, 2002).

The cellar door is characterised as a more service oriented, interactive marketing establishment than the liquor store. The consumption and purchasing of wine in this environment involves more experiential, hedonic and/or social motivations (Hollebeek & Brodie, 2009). As noted by previous researchers (e.g., Beames, 2003; Alant & Bruwer, 2004), not everyone visits a cellar door for the purpose of purchasing wines; for many it may be simply a tourist activity, a furthering of wine knowledge or simply 'window shopping'.

Most cellar door visitors can be regarded as potential or actual wine consumers who are in search of hedonic experiences created around wine. For example, by investigating wine tourists' motivations in visiting a cellar door, Alant and Bruwer (2004) found that, besides the primary motivation of tasting and buying wine, some hedonic motivations are also ranked highly by cellar door visitors. These may include 'to experience the atmosphere at the winery', 'to have a relaxing day out', 'to socialising with partner, friends and/or family', all of which allude to the pleasure-seeking or discovery nature of cellar door visits. Even the principal purpose of tasting and buying wine itself can be regarded as a way to enhance visitors' hedonic feelings in the sense that 'the anticipated experience of the different, special and interesting wines and the atmosphere can contribute to an expected pleasant/good/interesting experience' (Alant & Bruwer, 2004, p. 35).

Therefore, it is necessary to conceptualise wine tourism from a marketing perspective that emphasises the overall experience that is pursued by wine tourists during their visits to cellar doors (Getz & Brown, 2006). An in-depth investigation of wine tourist behaviour in a cellar door context is needed for various wine tourism stakeholders to capture and maximise the benefits of wine tourism (O'Neill & Charters, 2000). While previous studies have recognised the link between cellar door visits and visitors' loyalty intentions (e.g., Bruwer & Alant, 2009; Bruwer, Fountain, Fish & Charters, 2008; Nowak & Newton, 2006; Quintal, Thomas & Phau, 2015), only a few studies have attempted to explore the hedonic nature of wine tourism consumption. The present study aims at extending our knowledge of visitor loyalty by establishing a model of behaviour that adds to previously mentioned wine tourism studies by incorporating experiential aspects of cellar door visits.

1.2 Problem Statement

Ali-Knight and Charters (1999) suggest that wineries should think beyond the immediate aim of on-site sales 'towards ideas of brand awareness, relationship marketing and cementing opportunities for repeat sales' (p. 16). O'Neill et al. (2002) assert that the 'benefit to the winery may derive from visitors seeking out the winery's wine when they get back home, and through word-of-mouth referral' (p. 342). Some research has empirically tested this postulated relationship between cellar door visits and wine tourists' post-visit behaviours (e.g., Houghton, 2002, cited in Mitchell & Hall, 2006; O'Mahony, Hall, Lockshin, Jago & Brown, 2008; Mitchell & Hall, 2004). While these studies report an empirical link between cellar door visits and reported post-visit wine purchasing behaviour, they do not explain how to establish or enhance such links effectively. For winery operators, one obstacle hindering the conduct of wine tourism is the lack 'of marketing knowledge and

the associated obstacle of a limited knowledge concerning ways to increase brand loyalty' (Koch, Martin & Nash, 2013, p. 68).

For wine tourists, the visit to a cellar door is in fact a blend of a retail shopping trip, with buying and/or tasting wines being a primary motivation, and a tourism trip, with the pursuit of hedonic, indulging experiences around wine being another motivation (Bruwer & Alant, 2009; Bruwer & Lesschaeve, 2012). Previous studies exploring the link between service quality, value and loyalty intentions are primarily within the pure service setting (e.g., hospitality, tourism). However, unlike the pure service industry in which the full offering is intangible service, the offering at a cellar door is a mixture of tangible product (wine) and intangible service. Until now, very few studies have explored whether the intangible tourism-oriented elements (such as service interactions during the cellar door visit and the environmental attraction of the cellar door) influence visitors' quality perceptions, experiential value perceptions and value-for-money perceptions of tangible wine products (Chen, Goodman, Bruwer & Cohen, 2015).

The cellar door experience is of great importance from both the tourism and wine marketing perspectives. Better understanding the nature of the cellar door experience is required and more research is needed on this topic (Mitchell & Hall, 2004). More specifically, little is known about the relationships between different aspects of a visitor's cellar door experience and how these aspects interact to affect a visitor's behavioural loyalty intentions. As highlighted by Mitchell and Hall (2004), 'the relationship is clearly a complex one and more work is needed to explore the nature of how this behavior develops and how wineries can more effectively influence this' (p.48).

Previous research investigating the effect of servicescape on quality perceptions concluded that research needs to consider the 'price paid for the service and consumer perceptions of quality relative to the price paid' (Reimer & Kuehn, 2005, p. 785). This will

facilitate a more nuanced understanding of the factors that influence consumers' value perceptions, which, in turn, may affect their future purchase intentions. Despite a general tendency towards consumer purchasing of more hedonistic (rather than utilitarian) products and services, little empirical research has been performed relating to hedonistic concerns in the domain of wine tourism.

The use of 'added value' has been advocated as a marketing strategy to achieve competitive advantage (De Chernatony, Harris & Riley, 2000; Matthyssens & Vandenbempt, 2008). The necessity of viewing marketing activities as a value-generation process has been recognised by recent marketing researchers (Grönroos & Voima, 2013; Lusch, Vargo & O'Brien, 2007; Vargo & Lusch, 2004). Yet, the understanding of the 'added value' derived from cellar door visits is very limited. To date, few researchers have comprehensively examined cellar door visitors' value perceptions and their roles in visitors' decision-making process of re-visiting a cellar door, re-purchasing or recommending a cellar door's wines. This limited understanding of the 'added value' from a cellar door visitor's perspective prevents cellar door operators having a better understanding of the needs of their visitors. As a consequence, winery operators may miss business opportunities, while cellar door visitors may not derive satisfaction from the various inputs at the cellar door.

1.3 Aim and Scope

This study aims to develop an integrative behavioural model to explain how the various inputs of a winery's cellar door work together to enhance cellar door visitors' loyalty intentions in terms of revisit, wine purchase and Word-of-mouth (WOM). In addition, it intends to explore how wine marketing strategy in a cellar door context can go beyond the traditional product orientation by placing more emphasis on the total experience.

The research scope was limited to winery cellar doors located in South Australia. Due to the uniqueness of the environmental and cultural characteristics of Australia, the statistical results of the tourist behaviour model established in the present research may not be generalised to other countries. However, the theoretical contributions of the present study may be applied to wine tourism in any location.

1.4 Research Questions

To fill the outstanding gaps in knowledge, the following research questions are investigated:

RQ1: What are the relationships between a visitor's quality perception of a cellar door's environmental, service and wine product inputs?

RQ2: How do visitors' quality perceptions of a cellar door's environmental, service and wine product inputs facilitate the creation of their value perceptions?

RQ3: How do visitors' quality and value perceptions work together to influence their overall satisfaction with a visit and loyalty intentions towards a cellar door?

1.5 Method

To address these research questions, a self-administered online questionnaire was used to collect data for quantitative analysis. A URL link and a short introduction to the online survey were included in cellar doors' newsletters that were emailed to customers through each cellar door's email database. An incentive was provided to encourage responses. In total, 460 valid completed questionnaires were obtained for the final data analysis.

The research process involved several stages. The first stage was data preparation. During this process, data were analysed and cleaned through adopting remedies such as

deleting individual cases or imputing missing data. In the second stage, outliers were identified, with either retention or deletion decisions being made upon these outliers. The third stage utilised PASW Statistics 18.0 software to conduct descriptive statistical analysis, which aimed at profiling the demographic characteristics of respondents and the basic statistical characteristics of all indicator variables. Finally, a Partial Least Squares Structural Equation Modelling technique (PLS-SEM) was adopted for the assessment of the proposed model.

1.6 Importance of the Study

Recent wine tourism studies have acknowledged the relevance of taking an experiential approach to understand the cellar door visitor's consumption behaviour (Bruwer & Alant, 2009; Quadri-Felitti & Fiore, 2012). However, rarely have previous studies within the wine tourism literature simultaneously examined the cellar door visitors' hedonic and utilitarian experiential value and their monetary value perceptions in predicting their overall satisfaction and loyalty intentions. In considering that many cellar door operators still largely invest their money on the improvement of their wine's technical quality to generate repeat customers, an empirical study like this is necessary to ascertain whether cellar doors' marketing focus should go beyond the boundary of the wine product itself to encompass experiential aspects. A search of the literature shows that such empirical research is not well developed in the wine tourism literature (Chen, Goodman, Bruwer & Cohen, 2015). Given the absence of theoretical underpinnings observed in much of wine tourism research (Carlsen, 2004), the present study will enable researchers to have a more systematic understanding of wine tourist behaviour in a cellar door context at the theoretical level.

Specifically, the present study models how a cellar door's inputs on physical environment, service interaction and wine product work together to influence visitors' value

perceptions, overall satisfaction and loyalty intentions (a detailed discussion of the definitions of these terms will be made in the literature review chapter). An experiential perspective of wine tourism can be achieved through the measurement of these psychological perceptions and their structural relationships. Such an experiential approach may prove useful in both theory-building and conceptual research in this field.

Given the tremendous amount of expense that cellar door operators devote to creating satisfied and loyal customers, the present study will also have a substantial capability to generate a more precise explanation of visitors' loyalty behaviour in a cellar door context. The implementation of the present research model will help to reveal the complex relationships between visitors' value perceptions and performance at the cellar door. Understanding these relationships will then provide cellar door managers and operators with insights on how to maximise the positive effects of cellar door experiences on visitors' loyalty intentions.

In addition, the measurement items validated by the present study may serve as a survey instrument for cellar door managers to determine more accurately the extent to which their satisfaction goals and loyalty targets are being met. By identifying the weak aspects of a cellar door experience, cellar door managers can devise more efficient marketing strategies and accommodate visitors' needs more effectively.

In summary, the outcomes of this research will provide both theoretical contributions for the wine marketing and tourism discipline and practical implications for cellar door managers.

1.7 Structure of the Thesis

A summary of the structure of the thesis is provided in Figure 1.1. The research is divided into five chapters.

Chapter 1—provides a background of the study, its research problem, research questions, objective, theoretical and practical significance.

Chapter 2—provides a review of the literature. It includes four parts:

An overview of the two different theoretical approaches towards the conceptualisation of customer experience.

The role of servicescape, service encounter and wine product as input aspects of the customer experience.

The discussion of value, satisfaction and loyalty intention as outcome aspects of the customer experience.

The theoretical foundations and empirical evidence for the research hypotheses are presented, with the proposed behavioural model being established.

Chapter 3—provides the justification for the quantitative research method adopted for the present study, the design of the survey instrument, the data collection process and the data analysing procedure.

Chapter 4—details the results of the data analysis, including the preliminary analysis of the data, measurement model assessment, evaluation of the structural model and hypothesis testing;

Chapter 5—presents the key research findings of the study, the theoretical and managerial implications of the findings, the overall conclusions and the limitations of the research, as well as future directions for research.

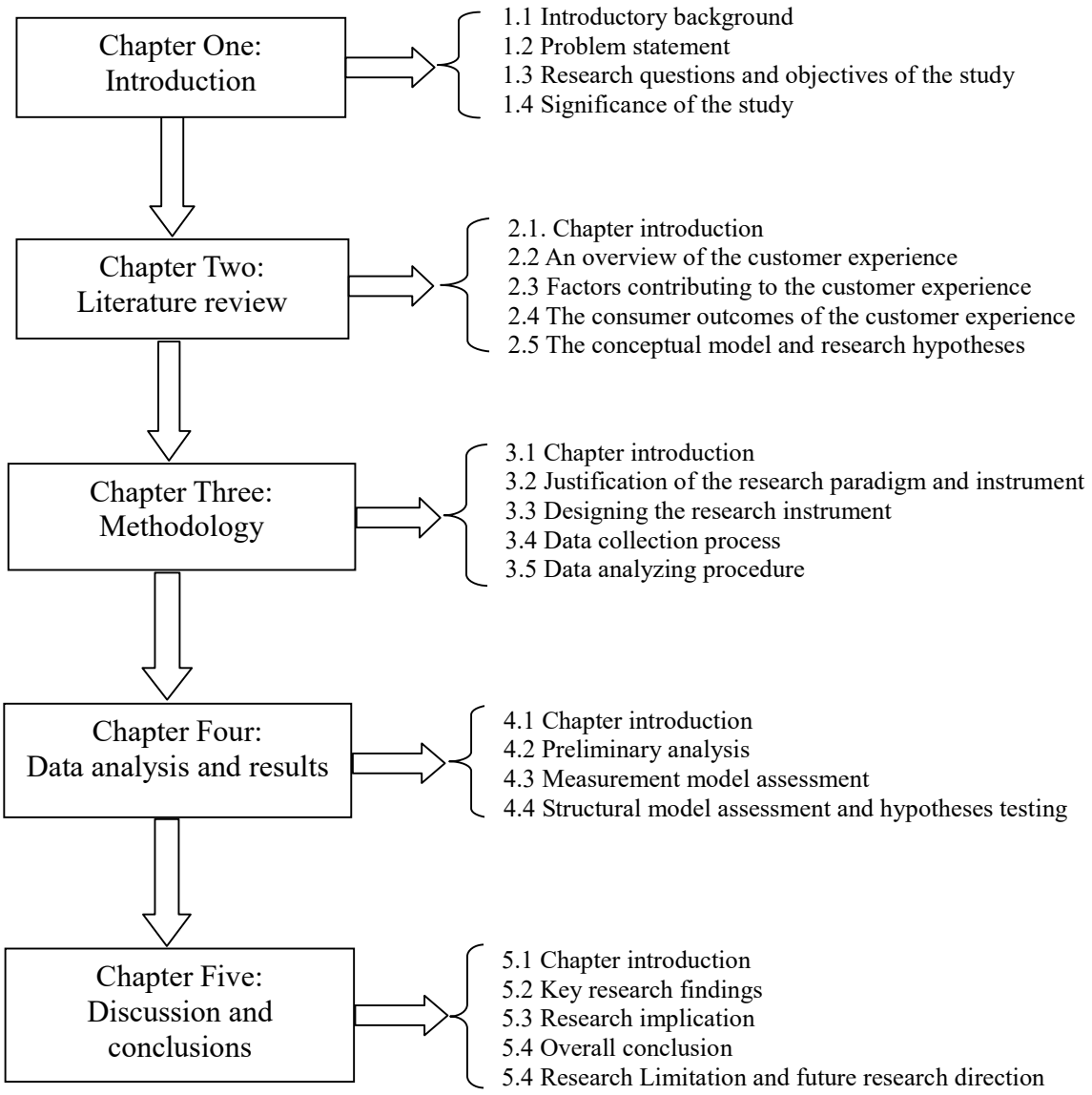

Figure 1.1 Structure of the thesis

Chapter 2: Literature Review

2.1 Chapter Introduction

This chapter reviews the existing studies on the concepts and the relationships expressed in the model proposed in the thesis. The literature review is organised into six sections. The first section (Section 2.2) presents an overview of two different approaches to the consumer/customer experience in marketing literature. The second section (Section 2.3) explains which approach is adopted in the present study to conceptualise visitors' cellar door experiences. The third section (Section 2.4) discusses the factors (i.e., environment, service, products) that may influence visitors' cellar door experiences from a broad retailing and hospitality management perspective. The fourth section (Section 2.5) discusses the consumer outcomes (i.e., overall satisfaction, value perception, loyalty intention) derived from a cellar door visit. The whole conceptual model is established in the Section 2.6. Section 2.7 explores the hypothesised relationships between cellar door visitors' various perceptions and the visitor outcomes of a cellar door visit. A summary of this chapter is presented in Section 2.8.

2.2 Approaches Towards the Conceptualisation of Consumer/Customer Experience

The term 'customer experience' or 'consumer experience' has been frequently used and acknowledged by marketing researchers as a new focus of marketing practice (Maklan & Klaus, 2011). However, a broad range of rather vague and complex interpretations of the concept can be seen within the literature (Schmitt & Zarantonello, 2013). A review of the marketing literature shows that researchers have used the term 'experience' to focus on different elements, and there is no clear consensus on what the 'consumer experience' refers to (Schmitt & Zarantonello, 2013; Tynan & McKechnie, 2009). In general, the different

translations of the term ‘consumer experience’ can be classified into two broad categories: the *benefits-based* approach and the *strategic* approach.

The *benefits-based* approach tends to view consumer experience as a separate construct consisting of the psychological benefits expressed by consumers in their own words. Early studies within this approach mainly focus on the emotional nature of the product consumption experience. For example, Holbrook and Hirschman (1982) defined the consumption experience as ‘a phenomenon directed toward the pursuit of fantasies, feelings, and fun’ (p. 132). Later studies suggested that such experiences should include the cognitive, affective, sensory or behavioural dimensions that are valued by consumers (e.g., Schmitt, Zarantonello & Brakus, 2009; Schmitt, 1999).

Otto and Ritchie (1996) further emphasised that the evaluation focus of the consumer experience should be internal rather than external. Taking this track, they suggested that the hedonic, peace of mind feelings brought by the service-delivery process has an internal focus on the consumer self and therefore these feelings should be viewed as part of the consumer experience. On the contrary, the service quality perception has an external evaluation focus on the service provider and therefore should not be included within the consumer experience concept. In a more recent study, Gentile, Spiller and Noci (2007) asserted that ‘customer experience … is strictly personal and implies the customer’s involvement at different levels (rational, emotional, sensorial physical and spiritual)’ (p. 397). Prahalad and Ramaswamy (2004) and Vargo and Lusch (2004) viewed the generation of these experiential benefits rather as a value co-creation process between the consumer and experience provider.

Therefore in the benefits-based approach, the term ‘customer experience’ is in fact synonymous with the consumer’s ‘value perception’ (Palmer, 2010). One problem with the benefits-based approach to the conceptualisation of the consumer experience is that because

of the diverse translation of the experiential benefits suggested by researchers, there have been no agreed measures and dimensions of the consumer experience.

Unlike the benefits-based approach, the *strategic approach* does not treat the consumer/customer experience as a separate construct. Instead, the consumer experience is seen as part of the consumer's decision-making process, and it can be integrated into quality and satisfaction studies. The term 'consumer experience' is viewed as a marketing strategy that concentrates on how a business can manipulate the various elements of the marketing mix (e.g., price, environment, merchandise, service) to deliver a superior total experience (Grewal, Levy & Kumar, 2009; Verhoef et al., 2009). Same and Larimo (2012) assert, 'The company's marketing approach and activities can be experiential in nature, but everything is based on experience(s) or driven by experiences.' (p. 483). Taking this strategic approach, the consumer experience occurs at every point of contact when a consumer interacts with a company (Grewal et al., 2009) and should encompass every aspect of a company's offering—for example, the quality of customer care, advertising, packaging, product, services feature, ease of use and reliability (Meyer & Schwager, 2007).

Therefore, the term 'consumer experience' within the strategic approach has a broader meaning than the concept discussed from the benefits-based approach. Studies within the strategic approach use the word 'experience(s)' to refer to the 'subjective impressions, perceptions, feelings and/or knowledge of firm offering, its use, and eventual disposal at any time before, during and after a purchase' (Hellén & Gummerus, 2013, p. 135).

2.3 The Approach Adopted to Conceptualise Visitors' Cellar Door Experience

In the present study, the *strategic* approach is adopted to understand a visitor's cellar door experience. Taking this approach, the word 'experience(s)' is used in this thesis as an inclusive concept referring to the sum total of a visitor's cognitive, affective, emotional and behavioural responses to the various stimuli of the cellar door. However, taking the strategic approach does not necessarily means that the benefits-based approach must be dropped. In fact, the two approaches are not contradictory but complementary to each other. Therefore, to avoid confusion, where the term 'cellar door experience' is mentioned in the present study, it is viewed as a marketing strategy at the broadest level, whereas the benefits-based experiences derived from cellar door visits are viewed as a synonym of 'value(s)' and treated as the tactical solution to market the total cellar door experience in an experiential way. Specifically, benefits-based experiences in the cellar door context will be operationalised as visitors' hedonic and utilitarian shopping values (Babin, Darden & Griffin, 1994), as well as the perception of monetary value which will be discussed in later sections.

2.4 Factors Contributing to Visitors' Cellar Door Experiences

2.4.1 The role of servicescape in cellar door context.

The physical environment of a cellar door is important in that it helps to form visitors' first impression before they have a chance to interact with its employees and wine products (Carlsen, 2011). When visitors are tasting and buying wines at a cellar door, they usually spend at least a moderate amount of time in the facility hoping to enjoy its atmosphere. Hence, the whole cellar door environment offers a multitude of easily accessible cues to create unique wine-related experiences for visitors. This is likely to play

an influential role in improving visitors' value perceptions, behaviour intentions and overall satisfaction (Altschwager, Habel & Goodman, 2011).

In the marketing literature, a variety of closely related terms have been employed to describe consumers' perception of an organisation's physical environment. The literature stream concerning the importance of store environment was initiated by Kotler (1973), who argued that the buying environment could be consciously designed to enhance customers' shopping experiences. He defined the term 'atmospherics' to describe the intentional structuring of a shopping environment to create specific emotional effects in shoppers, thereby enhancing their purchasing probability. Similarly, in the service marketing area, Bitner (1992) employed the concept 'servicescape' to emphasise the ability of a service organisation's physical environment to influence customers' service experience and their approaching and avoidance behaviour. Parasuraman, Zeithaml and Berry (1988, 1991) used the term 'tangibles' to describe the main aspects of physical environment in the service setting. They suggested that the *tangible* dimension works together with four other intangible dimensions—*reliability, assurance, empathy* and *responsiveness*—to form customer's perception of overall service quality. This is known as the SERQUAL model. For the purpose of consistency, in the present study, the term 'servicescape' is employed, which can be defined as 'all of the objective physical factors that can be controlled by the firm to enhance (or constrain) employee and customer actions' (Bitner,1992, p. 65).

The effect of the servicescape on consumption experiences may be intensified when consumers patronise the organisation for hedonic rather than utilitarian reasons. This is because consumers engaging in hedonic consumption are apt to experience the physical surroundings purposefully to obtain more emotional fulfilment (Wakefield & Blodgett, 1999). For instance, the empirical study by Hightower, Brady and Baker (2002) showed that, in leisure settings, the physical environment may enhance behavioural intentions through a

complex relationship with positive affect, service quality and value perceptions. Recent wine tourism research also has also found that the environment of a cellar door could be particularly important for visitors who are seeking socialisation and entertainment (George, 2006).

When measuring consumers' perceptions of an organisation's physical environment, empirical studies have reported different content and numbers of environmental dimensions in different consumption settings (e.g., Baker, Grewal & Parasuraman, 1994; Baker, Parasuraman, Grewal & Voss, 2002; Ryu & Jang, 2007; Wakefield & Blodgett, 1996). In a more recent study, Lin (2004) argued that customers tend to perceive the physical environment in a holistic manner after assessing the effects of all the discrete environmental elements. Therefore, taking a holistic examination of the physical environment allows for a simultaneous understanding of atmospheric cues and their broad interactions. More importantly, it helps to assess the effect of the overall physical environment in creating the hedonic retail experience (Ballantine, Jack & Parsons, 2010).

2.4.2 The role of service encounter in cellar door context.

Cellar door visits involve simultaneous service and wine consumption. Most cellar door visitors are experience seekers and tend to interact with employees before they make their wine purchasing decision. Each cellar door staff member involved in the interaction process plays a key role in marketing the cellar door's brand and its wines, considering that they communicate wine knowledge to visitors (Ali-Knight & Charters, 1999; Charters & Ali-Knight, 2000), create brand attachment (Thach & Olsen, 2006) and provide visitors with 'enhancing' or 'added' value (Carlsen & Boksberger, 2015; O'Neill & Charters, 2000; Roberts & Sparks, 2006). However, O'Neill, Palmer and Charters (2002) and O'Neill and Palmer (2004) found that the importance of the service encounter between the cellar door

staff and visitors is often overshadowed by a focus on the more tangible attributes of wine itself.

In fact, the service encounter is a core element of the total experience offered by a cellar door and to some extent it is more important than the wine product itself. As asserted by O'Neill and Palmer (2004), 'whereas a winery's success was once determined solely by the quality of its wine, the development and importance of the cellar door concept now means that the quality of service received during a visit is as likely as the wine itself to drive future wine sales' (p. 270).

Shostack (cited in Bitner, 1990, p. 70) defined the term 'service encounter' as 'a period of time during which a consumer directly interacts with a service'. This definition, according to Bitner (1990), encompasses customers' interaction with not only the employees, but also physical surroundings and other tangible elements of a service firm. Depending on the research purpose, the perspective of the service encounter can be narrowed to refer to the customer-employee interaction only (e.g., Bitner, Booms & Tetreault, 1990; Chandon, Leo & Philippe, 1997). In the present study, the concept of service encounter quality is discussed in a way similar to Keaveney (1995), and is defined as the quality of personal interaction between visitors and employees of a cellar door.

The service encounter is a dyadic interaction process within which both the customers and the service providers play a role. As a result, the outcome of the service encounter—the subject service experience—is influenced by both parties (Grove, Fisk & Dorsch, 1998; Solomon et al., 1985; Surprenant & Solomon, 1987). However, Grove et al. (1998) argued that employees commonly contribute more to customers' satisfaction, because their dress, manner, skills and other characteristics significantly affect customers' perception of service performance, which, in turn, will lead to customers' satisfactory judgment with the overall service experience (Cronin Jr, Brady & Hult, 2000). From a

management point of view, the performance of service employees could be directly under the control of a service organisation. The service provided by front-line personnel is believed to be crucial in creating unique service experience that may distinguish one company from another. Given the above considerations, in the present study attention is paid to the employee-side of the service encounter only.

2.4.3 The role of perceived product quality.

Perceived product quality has been defined by Zeithaml (1988) as 'the consumer's judgment about the superiority or excellence of a product' (p. 5). It is a global judgment of a product based on the consumer's perception of product characteristics, and its formation reflects a means-end process (Oude Ophuis & Van Trijp, 1995; Zeithaml, 1988). It has proved to be difficult to understand and conceptualise wine quality from a consumer-oriented perspective (Charters & Pettigrew, 2006a; Charters & Pettigrew, 2007). An important reason for this difficulty is that perceived product quality is subjective and may be easily influenced by personal and situational factors (Steenkamp, 1990). Consumers may therefore use different product attributes to infer quality.

For example, a study by Charters and Pettigrew (2006b) found that when judging wine quality, high-involvement consumers and low-involvement consumers focus on different wine-related attributes. However, although the concrete wine attributes used to signal wine quality may differ among consumers, the quality dimensions at a higher level of abstraction could be generalised across consumers and products (Zeithaml, 1988). Therefore, in the current study, the focus is on cellar door visitors' overall quality perception of a cellar door's wine products rather than the specific attributes utilised to assess a particular wine's quality.

For most cellar door visitors, tasting and buying wines is one of the most important motivations to visit a specific cellar door (Bruwer & Alant, 2009). Therefore, the hedonic feeling during a cellar door visit may be created by the perceived good quality of the wine. Previous research has revealed that various emotions can be elicited during the wine drinking and tasting process (Ferrarini et al., 2010). In addition, Charters and Pettigrew (2005) found that the wine consumption process shares some similarity with the appreciation of art forms such as music. Both can create an aesthetic experience for consumers. From the above discussion, it may be expected that visitors' experiences at a cellar door could be, to a large extent, determined by their quality perceptions of the wines they tasted.

2.5 The Consumer Outcomes of the Cellar Door Visit

2.5.1 Value perceptions.

A review of the literature reveals that there are two main approaches to the conceptualisation of consumers' value perceptions: the *uni-dimensional approach* and the *multi-dimensional approach* (Boksberger & Melsen, 2011). The *uni-dimensional approach* treats perceived value as an overall uni-dimensional concept that can be defined as 'the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given' (Zeithaml, 1988, p. 14). The perceived value can then be measured by one or a set of self-reported items reflecting a consumer's value-for-money perception (e.g., McDougall & Levesque, 2000; Patterson & Spreng, 1997; Yang & Peterson, 2004).

In the marketing literature, a variety of terms have been employed by researchers to describe a consumer's value-for-money perception, such as 'perceived acquisition value' (Grewal, Monroe & Krishnan, 1998), 'perceived value' (Dodds, Monroe & Grewal, 1991) or

'perceived merchandise value' (Baker, Parasuraman, Grewal & Voss, 2002). Oliver (2010) has further asserted that the assessment of value involves two comparison processes. The first is an intra-product comparison between the perceived benefits and perceived sacrifices associated with the acquisition and using of products. The second process involves an inter-product comparison, which occurs when the value of a product is compared to its competitive alternatives. In addition, the uni-dimensional approach treats a consumer's perception of quality, price and other intrinsic or extrinsic product attributes as the antecedents rather than the components of the perceived value (Dodds, Monroe & Grewal, 1991; Sánchez-Fernández & Iniesta-Bonillo, 2007).

This uni-dimensional approach has been criticised for being too 'simplistic' (e.g., Bolton & Drew, 1991; Sweeney & Soutar, 2001). Instead, the *multi-dimensional approach* theoretically broadens the concept more comprehensively and in-depth than the uni-dimensional approach. It is suggested that the perceived benefits associated with the product should go beyond quality, to encompass the emotional and social benefits brought by the product (e.g., Sweeney & Soutar, 2001). Further, the perceived sacrifice should not be limited to the monetary cost but also should include the non-monetary costs of time, risk and effort spent (e.g., Petrick, 2002; Woodall, 2003). Moreover, it is argued that value can be provided not only by the acquisition of products, but also by the consumption process itself (Mathwick, Malhotra & Rigdon, 2001; Woodall, 2003). In a recent study, Bruwer and Lesschaeve (2012) found that while wine tourists have the purpose of tasting and/or buying wines during their trips, their hedonic pleasure-seeking needs and pursuit of a holiday experience are also crucial to understand what primarily motivates visiting a wine region.

Focusing on the experiential nature of perceived value, Holbrook (1999) conceptually defined perceived value as 'an interactive relativistic preference experience' (p. 5). According to this definition, perceived value has four characteristics. First, it entails

an interaction between the consumer and the product; second, it is comparative, situational and personal (context-specific); third, it embodies an attitude like preference judgment; and finally, it resides in the experience of the consumption (Holbrook, 2005).

Numerous frameworks and scales have been developed by marketing researchers to operationalise the multiple dimensions of perceived value (see Sánchez-Fernández & Iniesta-Bonillo, 2007 and Boksberger & Melsen, 2011 for a comprehensive review). Among the various attempts to measure perceived value, the personal shopping value scale developed by Babin, Darden and Griffin (1994) is of particular interest for the current study. Focusing on the worth of the shopping trip itself, Babin et al. (1994) contended that two types of value can be derived from shopping activities: utilitarian and hedonic shopping values. Utilitarian shopping value is task-oriented and rational in its nature. It is realised when the needed products are obtained or intended shopping purposes are fulfilled (Babin & Attaway, 2000; Griffin, Babin & Modianos, 2000). Therefore, utilitarian value reflects the task-related worth of a shopping experience. Unlike the utilitarian view of shopping value, which depicts shopping as work, the hedonic view captures the emotional and entertainment worth of the shopping experience (Babin & Attaway, 2000; Babin & Kim, 2001). Value in hedonic form is considered more personal and subjective than its utilitarian counterpart and results more from the multisensory, fantasy and emotive aspects of the consumption experience (Babin et al., 1994; Hirschman & Holbrook, 1982; Shukla & Babin, 2013).

In the cellar door context, Bruwer and Alant (2009) found that in addition to the purpose of tasting or buying wine, the same visitor could also be ‘indulging in the atmosphere’ (p249) for a pleasure-seeking and self-gratifying experience. Similarly, Roberts and Sparks (2006, p. 53) found that indulgent feelings, such as ‘relaxing’, ‘decadence’ and ‘cosy’, derived from a cellar door visit were important to visitors. Consistent with this rationale, visits to cellar doors could generate a variety of benefits, which should go beyond

the mere acquisition of wine. To understand cellar door visitors' behavioural intentions, cellar door operators have to consider not only the value offered by their wine products but also the value of the cellar door visit itself. The insights are, therefore, directed towards the total experience provided by a cellar door.

Given the above perspectives in the extant literature, the present study divides cellar door visitors' value perceptions into three aspects:

1. The value-for-money perception of a cellar door's wine products, which focuses on the net gain that visitors perceive they obtain from acquiring a cellar door's wine products.
2. The hedonic value derived from visiting a cellar door, which focuses on the emotional worth of the cellar door visit.
3. The utilitarian value derived from visiting a cellar door, which focuses on visitors' perceptions of how well the cellar door can meet their task-related needs.

2.5.2 Consumer satisfaction.

Consumer satisfaction is a key factor in establishing a successful business within the competitive marketing environment (Morgan, Attaway & Griffin, 1996). In a recent study, Giese and Cote (2000) conducted a thorough review of existing satisfaction definitions in previous literature together with interviews with consumers. Their research showed that it is impossible to develop a generic definition because consumer satisfaction was a context-specific concept. However, they propose that there are three generic characteristics that should constitute the definitions of consumer satisfaction in a specific context. First, consumer satisfaction is a summary response with an affective nature. Second, the satisfaction response is determined at a specific time point and has limited duration. Third,

the focal aspects of the response may include a narrow or broad range of product acquisition or consumption activities.

Giese and Cote (2000) asserted that to develop a clear conceptual definition of consumer satisfaction for a given context, all of the above three components should be explicitly defined based on the research questions and the context of interest. Using Giese and Cote's (2000) definitional framework and referring to the existing definitions in satisfaction literature (e.g., Mano & Oliver, 1993; Oliver, 2010; Westbrook & Reilly, 1983), visitor satisfaction in the cellar door context can be defined as in Oliver (2010):

> Satisfaction in the cellar door context is a visitor's fulfillment feeling after visiting a cellar door. It is a both affective and cognitive judgment that the total cellar door experience (e.g., experience of the wine product, service interaction, environment, wine-related activities) provides visitors a pleasurable level of fulfillment, including levels of under-or over fulfillment.

Another hurdle in examining consumer satisfaction is the absence of an agreement on the nature of the formation of consumer satisfaction. Traditionally, studies on the formation of consumer satisfaction take a cognitive approach, using the expectation-disconfirmation theory developed by Oliver (1980). The expectation-disconfirmation theory suggests that satisfaction can be predicted as a function of a consumer's perceived discrepancy between the product/service performance and the prior expectation. That is, when the perceived performance exceeds a consumer's prior expectations, a feeling of satisfaction will arise. Otherwise, a feeling of dissatisfaction will occur.

Despite wide agreement on the disconfirmation model (e.g., Cadotte, Woodruff & Jenkins, 1987; Tse & Wilton, 1988), researchers have found that the role of expectations, disconfirmation and performance in the formation of consumer satisfaction may vary across

different product categories or different industries. For example, Churchill and Surprenant (1982) found that both disconfirmation and performance perceptions are significant antecedents of consumer satisfaction with lower involvement products, while for high-involvement products, only the performance was a significant antecedent of satisfaction. In another study, Tse and Wilton (1988) found that both the performance and disconfirmation perceptions contributed to the formation of consumer satisfaction, but performance had a stronger effect on consumer satisfaction than disconfirmation. In addition to the cognitive antecedents, researchers also found that the affective reactions evoked during the consumption process have significant influence on the formation of consumer satisfaction (e.g., Mano & Oliver, 1993; Oliver, 1993; Westbrook, 1980).

The present study focuses on the role of visitors' performance perceptions as the cognitive antecedents of satisfaction and their hedonic feelings as the affective antecedents of satisfaction. Disconfirmation is not included in this study. This is because the varying nature of the comparison standard (i.e., ideal performance versus equitable performance) may lead to an effect of disconfirmation on consumer satisfaction (Tse & Wilton, 1988).

2.5.3 Consumer loyalty.

Due to intensified retail competition and recognition of the benefits brought by loyal customers, consumer loyalty has become a critical part of marketing research. Day (1969) and Jacoby and Kyner (1973) were among the first to suggest that the definition of loyalty should extend beyond actual repeat purchase behaviour to encompass the attitudinal aspect. Dick and Basu (1994) subsequently developed an attitude-based theoretical framework that conceptualised consumer loyalty 'as the relationship between the relative attitude towards an entity (brand/service/store/vendor) and the patronage behavior' (p. 100). According to this framework, loyalty is evidenced by a high relative attitude accompanied by a high repeat

patronage, whereas a low relative attitude combined with a low (or high) repeat patronage signifies no loyalty (or spurious loyalty).

In a more recent study, Oliver (1999) defined consumer loyalty as 'a deeply held commitment to rebuy or repatronise a preferred product/service consistently in the future, thereby causing repetitive same brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour' (p. 34). The author suggested that there are four sequential phases for a consumer to be loyal, with each phase representing a deeper degree of loyalty. In the first phase, cognitive loyalty is formed through a consumer's prior knowledge or recent experience-based information about the performance of an entity, be it a brand, service or store. Loyalty at this stage is of a shallow nature. In the second phase, affective loyalty is formed and it represents a liking or favourable attitude towards the entity. It is developed following a continuous satisfying experience with the entity and reflects a consumer's emotional commitment to the entity. Compared to cognitive loyalty, affective loyalty is harder to dislodge but remains subject to switching. In the third phase, conative loyalty is generated in the form of behavioural intentions. It is at this stage that the loyalty state "appears to be the deeply held commitment to buy noted in the loyalty definition" (Oliver 1999, p.35). However, as noted by Oliver (1999), conative loyalty may be "an anticipated but unrealized action" (p.35) The last phase is action loyalty. It is at this final stage that the consumers convert their behavioural intentions into actual behaviour, through a readiness to overcome obstacles to maintain their commitment. Oliver's (1999) elaboration on consumer loyalty sheds light on the development of this concept and has been empirically supported by later studies (e.g., Harris & Goode, 2004; Evanschitzky & Wunderlich, 2006; Han, Kim & Kim, 2011).

In the present study, it would be difficult and would require a long time to examine individual visitors' actual loyalty behaviours (i.e., action loyalty). Therefore, the present

study focuses on the visitors' conative loyalty—their stated behavioural intentions. In the marketing literature, the intention to spread positive views to others (WOM effect), the re-patronage intention and the intention to repurchase are most commonly used by researchers as reflective indicators of conative loyalty (Rundle-Thiele, 2005; Yüksel, Yüksel & Bilim, 2010).

2.6 The Structure of the Conceptual Model

By integrating and extending the works of previous studies, an integrative model was proposed in this study, as shown in Figure 2.1:

First, cellar door visitors' quality perceptions are divided into three different aspects:
their quality perceptions of a cellar door's servicescape
their quality perceptions of service encounter at the cellar door
their quality perceptions of the cellar door's wine products.

These three kinds of quality perceptions represent visitors' cognitive responses to the tangible and intangible inputs of a cellar door.

Second, the proposed model incorporates three kinds of value perceptions:

i. The hedonic value derived from cellar door visits.

Hedonic value captures visitors' affective/emotional feelings during their cellar door visits. It focuses on the experiential aspect of the cellar door visit as an excursion or entertainment experience (Alant & Bruwer, 2004; Bruwer & Alant, 2009).
The utilitarian value derived from cellar door visits.

Utilitarian value captures the rational or utilitarian aspect of the cellar door experience. It focuses on whether a visitor has successfully accomplished the intended task (Babin, Darden & Griffin, 1994), be it buying wine, learning about wine or tasting different wines.

The value-for-money perception of a cellar door's wine products.

The *value-for-money perception* reflects visitors' cognitive judgment about the net gain from the acquisition of wine products. Unlike the hedonic and utilitarian values, which focus on the subjective mental states felt by visitors, the evaluation focus of the value-for-money perception is the economic utility of a cellar door's wine products.

Third, the present study conceptualises overall satisfaction as a cellar door visitor's post-visit, summary judgment of his or her cellar door experiences, and this judgment is thought to be a primarily affective response.

Fourth, drawing upon the quality→value→satisfaction→intention chain (Gallarza & Gil Saura, 2006), it is assumed that in the cellar door context, visitors' performance quality perceptions interweave with each other to affect visitors' value perceptions, overall satisfaction and loyalty intentions. In addition, it is assumed that visitors' value perceptions serve as important antecedents of their overall satisfaction and loyalty intentions in terms of repeat purchasing, WOM and revisiting the cellar door in the future.

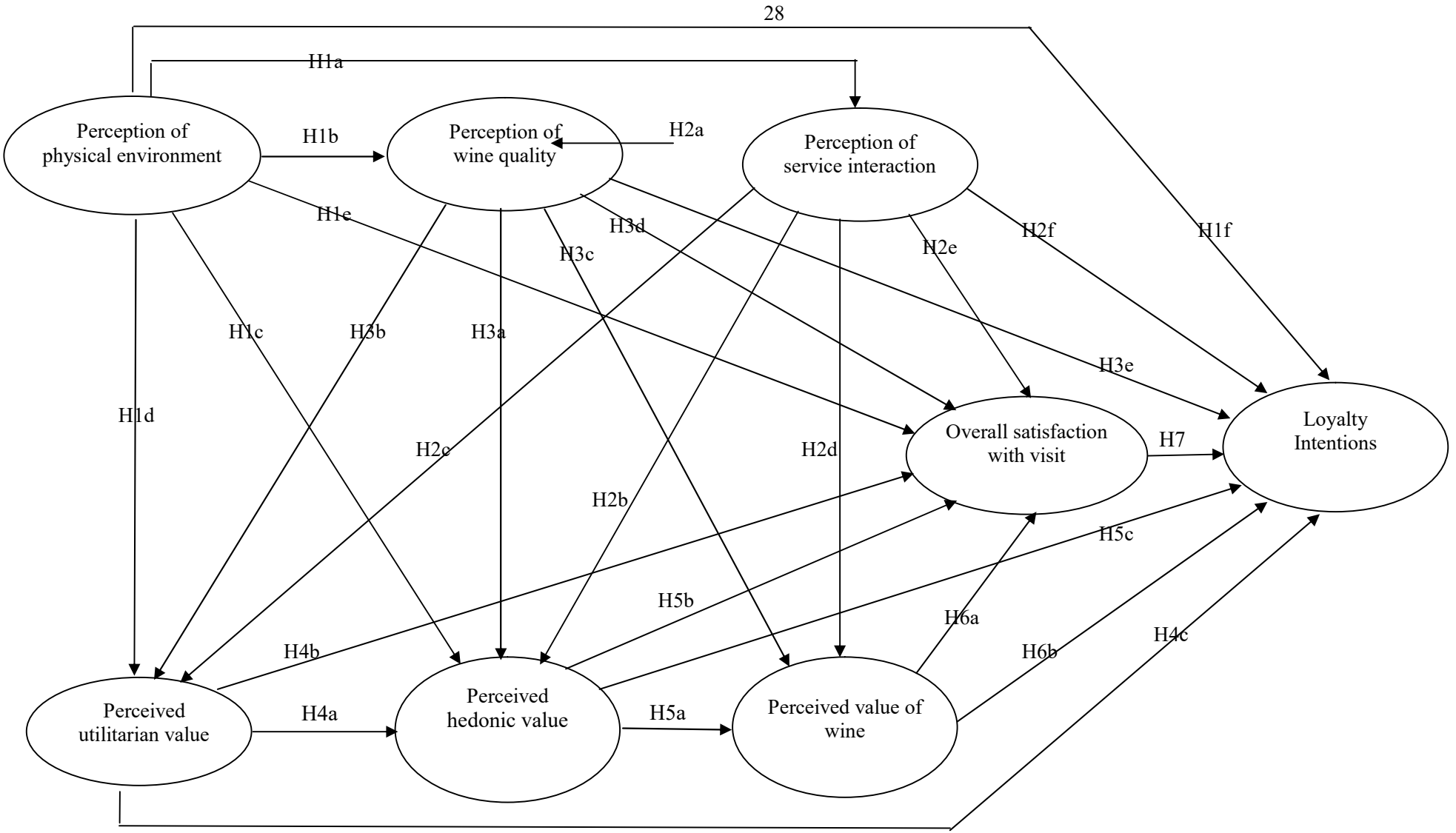

Figure 2.1 Proposed conceptual model

*Note***.** For ease of reading, the individual path from each control variable to behavioural intentions is not indicated here.

2.7 The Research Hypotheses

Table 2.1 consolidates all hypotheses (H1a to H7) for this research.

Table 2.1

Summary of Hypotheses

Hypothesis 1a:	Cellar door visitors' perceptions of a cellar door's servicescape quality positively influence their perceptions of the service encounter quality.
Hypothesis 1b:	Cellar door visitors' perceptions of a cellar door's servicescape quality positively influence their perceptions of wine quality.
Hypothesis 1c:	Cellar door visitors' perceptions of a cellar door's servicescape quality positively influence the perceived hedonic value of cellar door visit.
Hypothesis 1d:	Cellar door visitors' perceptions of a cellar door's servicescape quality positively influence the perceived utilitarian value of cellar door visit.
Hypothesis 1e:	Cellar door visitors' perceptions of a cellar doo's servicescape quality positively influence their overall satisfaction with cellar door visits.
Hypothesis 1f:	Cellar door visitors' perceptions of a cellar door's servicescape quality positively influence their loyalty intentions.
Hypothesis 2a:	Cellar door visitors' perceptions of the service encounter quality of a cellar door positively influence their quality perceptions of wine products.
Hypothesis 2b:	Cellar door visitors' perceptions of the service encounter quality positively influence the perceived hedonic value.
Hypothesis 2c :	Cellar door visitors' perceptions of the service encounter quality positively influence the perceived utilitarian value.
Hypothesis 2d :	Cellar door visitors' perceptions of service encounter quality positively influence their value perception of wine.
Hypothesis 2e :	Cellar door visitors' perceptions of service encounter quality positively influence their overall satisfaction with cellar door visits.
Hypothesis 2f :	Cellar door visitors' perceptions of service encounter quality positively influence their loyalty intentions.
Hypothesis 3a:	Cellar door visitors' perceptions of wine product quality positively influence perceived hedonic value.
Hypothesis 3b:	Cellar door visitors' perceptions of wine product quality positively influence perceived utilitarian value.
Hypothesis 3c:	Cellar door visitors' perceptions of wine product quality positively influence their value perceptions of wine.

Hypothesis 3d:	Cellar door visitors' perceptions of wine product quality positively influence their overall satisfaction with cellar door visits.
Hypothesis 4a:	The utilitarian value derived from cellar door visits positively influences visitors' perceptions of hedonic value.
Hypothesis 4b:	Perceived utilitarian value positively influences visitors' overall satisfaction with cellar door visits.
Hypothesis 4c:	Perceived utilitarian value derived from cellar door visits positively influences visitors' loyalty intentions.
Hypothesis 5a:	Perceived hedonic value derived from cellar door visits positively influences visitors' value perceptions of wine.
Hypothesis 5b:	Perceived hedonic value positively influences visitors' overall satisfaction with cellar door visits.
Hypothesis 5c:	Perceived hedonic value derived from cellar door visits positively influences visitors' loyalty intentions.
Hypothesis 6a:	The value perception of wine products positively influences visitors' overall satisfaction with cellar door visits.
Hypothesis 6b:	Perceived value of wine positively influences visitors' loyalty intentions.
Hypothesis 7:	Visitors' overall satisfaction with cellar door visits positively influences their loyalty intentions.

2.7.1 Inter-relationships between cellar door visitors' quality perceptions.

Reimer and Kuehn (2005) found that consumers' perceptions of the servicescape not only affect their global evaluations of service quality, but also affect their evaluations regarding the intangible sub-dimensions of service quality, including the reliability, responsiveness, assurance and empathy of service staff. In a laboratory experiment designed to simulate consumers' shopping experiences, Baker, Grewal and Parasuraman (1994) manipulated the ambience, design and social elements of a retail store to achieve prestige-image and discount-image conditions. They found that consumers will infer higher service and merchandise quality in a prestige-image, ambient and social environment. In another study, Baker, Parasuraman, Grewal and Voss (2002) showed that elements of store

design (i.e., colour, facility and organisation of merchandise) significantly affect consumer inferences of merchandise quality and service quality. Considering that buying and/or tasting wines is a primary motivation for most wine tourists (Bruwer & Alant, 2009; Bruwer & Lesschaeve, 2012), the visit to a cellar door shares some similarities in its nature with retail shopping activities. Given these findings, it is hypothesised that in the cellar door context:

H1a: *Cellar door visitors' perceptions of a cellar door's servicescape quality positively influence their perceptions of the service encounter quality.*

H1b: *Cellar door visitors' perceptions of a cellar door's servicescape quality positively influence their perceptions of wine quality.*

Research in the retail domain has shown that the service interaction process may affect consumers' perceptions of product quality. For example, Sirohi, McLaughlin and Wittink (1998) demonstrated that the provision of good service on the part of supermarket employees who interact with customers can improve consumers' perceptions of the quality of that supermarket's merchandise. Sweeney, Soutar and Johnson (1997) theorised that this relationship may be attributable to increases in consumer product knowledge that result from these interactions. The empirical findings of their study supported the notion that consumers' perceptions of product quality are positively related to their perceptions of the interactions they experience with employees.

Therefore, we propose the following hypothesis in the context of the cellar door industry:

H2a: *Cellar door visitors' perceptions of the service encounter quality of a cellar door positively influence their quality perceptions of wine products.*

2.7.2 Relationships between cellar door visitors' quality perceptions and value perceptions.

The store environment is an effective tool to create hedonic shopping value. This is because the environment can evoke consumers' affective responses to it (Donovan, Rossiter, Marcoolyn & Nesdale, 1994). When the shopping environment produces more positive affects as opposed to negative affects, consumers will perceive a higher level of hedonic value (Babin & Attaway, 2000). Also, the reassurance provided by the environmental appropriateness of a store may increase the gratification obtained through the shopping experience (Babin, Chebat & Michon, 2004).

In addition to influencing perceived hedonic value, the store environment may also affect consumers' perceptions of utilitarian shopping value. One reason is that the comfort and appeal of the store environment could relieve the perceived stress from crowding or time pressure, thereby facilitating task completion (Rayburn & Voss, 2013). By contrast, an inferior store environment may cause consumers to be less patient and produce the desire to withdraw from the store environment. As a consequence, they may be less likely to fulfil their intended shopping purposes (Babin et al., 2004).

Empirical studies in the marketing literature also provide evidence of the relationship between consumers' perceptions of the store environment and hedonic and utilitarian shopping values. For example, Rayburn and Voss (2013) found that a consumer's overall

evaluation of the comfort and appeal of the retail atmosphere has a direct and positive effect on perceived hedonic and utilitarian shopping value. Shukla and Babin (2013) found that store ambience was positively related to the hedonic and utilitarian shopping value. In the wine tourism literature, a qualitative study conducted by Roberts and Sparks (2006) showed that visitors looked for interesting and attractive settings and surroundings as part of their wine tourism experience. Given the above findings, it is hypothesised, in the cellar door context:

H1c: *Cellar door visitors' perceptions of a cellar door's servicescape quality positively influence the perceived hedonic value of cellar door visits.*

H1d: *Cellar door visitors' perceptions of a cellar door's servicescape quality positively influence the perceived utilitarian value of cellar door visits.*

Just as with the physical environment, research has found that the service encounter between consumers and employees may also function as an important stimulus to enhance consumers' positive emotions (Price, Arnould & Deibler, 1995; Jang & Namkung, 2009). These emotions are factored into a consumer's perception of hedonic experiential value. As well, a good service interaction between the consumer and sales person means better in-store help, making their wine shopping tasks easier to accomplish. For example, the empirical study by Keng, Huang, Zheng and Hsu (2007) found that the personal interaction between consumers and sales staff significantly influenced consumers' perceptions of shopping efficiency.

Given these findings, it is hypothesised that, in the cellar door context:

H2b: *Cellar door visitors' perceptions of service encounter quality positively influence perceived hedonic value.*

H2c: *Cellar door visitors' perceptions of service encounter quality positively influence perceived utilitarian value.*

Babin et al. (2004) found that consumers' pleasurable feelings are associated with their perceptions of merchandise quality. They also found that when perceived product quality increases, utilitarian value increases.

In the cellar door context, tasting and/or buying wines are the most important purpose for visiting a cellar door (Alant & Bruwer, 2004; Bruwer & Alant, 2009). A cellar door offering an excellent variety of high-quality wines will facilitate visitors' intended wine tasting or purchasing purposes and thereby could increase wine purchasing efficiency, increasing the utilitarian value. The higher the quality of the wines a cellar door offers to its visitors, the more likely visitors' sensory pleasure and positive emotional feelings will be elicited during the tasting (Charters & Pettigrew, 2005; Ferrarini et al., 2010), so that more hedonic value could be derived from the cellar door visit.

Therefore, it is hypothesised that, in the cellar door context:

H3a: *Cellar door visitors' perceptions of wine product quality positively influence perceived hedonic value.*

H3b: *Cellar door visitors' perceptions of wine product quality positively influence perceived utilitarian value.*

The assessment of product value involves a cognitive comparison between the benefits and the sacrifices associated with the purchasing of products (Zeithaml, 1988). The

benefits are mainly represented by the quality-related attributes of the product, while the sacrifice from the consumer's perspective can be categorised into two types: the monetary sacrifice in terms of price paid for product and non-monetary sacrifices in terms of waiting time, risk or psychic effort (Snoj, Korda & Mumel, 2004).

Sweeney et al. (1997) and Sweeney, Soutar and Johnson (1999) showed that service interactions in retail shops, particularly those that feature the exhibition of knowledge on the part of salespersons, can affect customers' perceptions of product value. Similarly, Baker et al. (2002) showed that, in the retail context, customer perceptions of merchandise value are largely contingent on their perceptions of merchandise quality and price. Non-monetary costs are not significant determinants of consumers' value perceptions. Cronin et al. (2000) further showed that in the service industries, consumers' value perceptions are more largely defined by their perceptions of service quality than their perceptions of the costs they incur.

Given this, we offer the following hypotheses:

H2d: *Cellar door visitors' perceptions of service encounter quality positively influence their value perception of wine.*

H3c: *Cellar door visitors' perceptions of wine product quality positively influence their value perceptions of wine.*

2.7.3 Relationship between cellar door visitors' quality perceptions and overall satisfaction.

Parasuraman et al. (1994) posited that a customer's overall satisfaction with a transaction can be viewed as a function of his or her assessment of service quality, product

quality and price. Consistent with this view, Bei and Chiao (2001) showed that consumers' perceptions of product quality, perceived service quality and price fairness directly influence consumers' satisfaction and loyalty intentions.

The servicescape theory has informed empirical work related to the effect of environmental elements on consumer satisfaction. Bitner (1992) employed the concept of 'servicescape' to highlight the ability of a service organisation's physical environment to influence customers' service experience. A number of marketing studies have empirically demonstrated this phenomenon. For example, Bloemer and Odekerken-Schroder (2002) showed that consumer perceptions of store image are positively related to their satisfaction with experiences in that store. Han and Ryu (2009) and Ryu and Han (2010) revealed a similar relationship between in-store environment and customer satisfaction in the restaurant industry.

McDougall and Levesque (2000) used the term 'relational quality' to refer to the customer-employee relationship during the service process. They found that relational quality is positively related to consumer satisfaction. Cronin Jr and Taylor (1992) used the SERVQUAL scale to explore the relationship between the quality of the service provided by staff members and consumer satisfaction. Their results indicated that service quality predicts consumer satisfaction. Similarly, Sivadas and Baker-Prewitt (2000) found that within the retail sector, service quality can affect consumers' overall satisfaction with a department store.

Given the existence of these relationships in a variety of contexts, it is hypothesised that, in the cellar door context:

H1e: *Cellar door visitors' perceptions of a cellar door's servicescape quality positively influence their overall satisfaction with cellar door visits.*

H2e: *Cellar door visitors' perceptions of service encounter quality positively influence their overall satisfaction with cellar door visits.*

H3d: *Cellar door visitors' perceptions of wine product quality positively influence their overall satisfaction with cellar door visits.*

2.7.4 Relationships between visitors' quality perceptions and loyalty intentions.

In the service marketing literature, the direct relationship between consumers' quality perceptions and loyalty intentions has been substantiated by a number of studies (Baker & Crompton, 2000; Cronin Jr et al., 2000; Zeithaml, Berry & Parasuraman, 1996). In these studies, quality perception is usually conceptualised as a single construct consisting of consumers' evaluations of tangible servicescape elements and intangible service interaction elements. However, unlike the pure service industry in which the full offering is intangible service, the offering of a cellar door is a mixture of tangible product (wine) and intangible service. For wine tourists, the visit to a cellar door is in fact a blend of a retail shopping trip with buying and/or tasting wines being a primary motivation, and a tourism trip, with the pursuit of hedonic, indulging experience around wine being another motivation (Bruwer & Alant, 2009; Bruwer & Lesschaeve, 2012).

Recent research has shown that when the total offering is a mix of tangible goods and intangible service, the quality perception should be decomposed into perceived product quality, environment quality and service interaction quality, and each could be an antecedent

to visitors' loyalty intentions (Jang & Namkung, 2009; Keillor, Hult & Kandemir, 2004; Ryu & Han, 2010).

Therefore, it is hypothesised that, in the cellar door context:

H1f: *Cellar door visitors' perceptions of a cellar door's servicescape quality positively influence their loyalty intentions.*

H2f: *Cellar door visitors' perceptions of service encounter quality positively influence their loyalty intentions.*

H3e*: Cellar door visitors' perceptions of wine product quality positively influence their loyalty intentions.*

2.7.5 Inter-relationships between visitors' value perceptions.

A key issue that should be addressed is whether the hedonic, utilitarian and perceived product values are inter-related. According to Babin et al. (1994), although the utilitarian value and hedonic value represent two distinct dimensions of the shopping trip value, they are not mutually exclusive. The authors suggested a modest degree of correlation between the two types of value. Later empirical studies by Babin and Babin (2001) and Babin et al. (2004) showed that the evaluations of the task accomplishment could provide personal gratification of the shopping trip which lead to the increased hedonic value. Therefore, it is hypothesised that, in the cellar door context:

H4a: *The utilitarian value derived from cellar door visits positively influences visitors' perceptions of hedonic value.*

Research on consumer psychology has confirmed that consumers' reasoning ability can be affected by emotions. Those consumers who experience positive emotions tend to have a more favourable attitude towards a product (Gorn, Goldberg & Basu, 1993; Howard & Gengler, 2001). Similarly, Grewal, Monroe and Krishnan (1998) found that the psychological pleasure obtained from a good deal could enhance the perceived net gains associated with the product or service acquired. From this point of view, it is reasonable to propose that the gratification of the shopping experience could amplify the pleasurable feelings brought by the product itself, which will in turn transfer to the customer's more favourable evaluation of the product value. Therefore, it is hypothesised that:

H5a: *The perceived hedonic value derived from cellar door visits positively influences visitors' value perceptions of wine.*

2.7.6 Relationship between cellar door visitors value perceptions and overall satisfaction.

Woodruff (1997) asserted that 'customer satisfaction management needs to be backed-up with in-depth learning about customer value' (p. 139). The relationships between consumers' hedonic and utilitarian value perceptions and overall satisfaction are rooted in two theoretical considerations. First, the satisfaction literature has demonstrated that both emotions and cognitions arising from product consumption lead to a consumer's satisfaction response (Mano & Oliver, 1993; Oliver, 1993). Hedonic value captures emotional benefits derived from a shopping trip, whereas utilitarian value represents the consumer's cognitive

evaluation about the completion of the shopping task (Babin & Attaway, 2000). Therefore, both should influence a consumer's overall satisfaction.

Second, according to the theory of needs satisfaction, satisfaction can result from fulfilling the consumer's needs (Oliver, 2010). Taking this perspective, Jones, Reynolds and Arnold (2006) argued that hedonic values can be regarded as 'monovalent satisfiers' that contribute to satisfaction by fulfilling consumers' needs in an affective manner, while utilitarian shopping values can be regarded as the 'bivalent satisfiers' that could contribute to satisfaction or cause dissatisfaction.

Previous research in the hospitality and retailing industries has suggested that both hedonic and utilitarian shopping values could influence customer satisfaction. Empirically, Babin, Lee, Kim and Griffin, (2005) reported that the higher hedonic and utilitarian value customers derived from their dining experiences, the higher their level of customer satisfaction. The restaurant dining experience shares similarities with wine tourists' cellar door experiences due to both experiences involving the tasting/purchasing of food/wine products and the extraction of hedonic feelings from the occasion.

In the retail shopping context, Jones et al. (2006) found that both hedonic and utilitarian shopping values positively affect consumers overall satisfaction with the retailer. Kim, Galliers, Shin, Ryoo and Kim (2012) examined factors affecting consumers' online shopping value perceptions and their subsequent repurchase intentions. Their research showed that both utilitarian and hedonic online shopping values are antecedents of consumers' satisfaction in the prediction of their repurchase intentions.

Given these findings, it is hypothesised that

H4b *Perceived utilitarian value positively influences visitors' overall satisfaction with cellar door visits.*

H5b *Perceived hedonic value positively influences visitors' overall satisfaction with cellar door visits.*

Researchers have confirmed that value-for-money perception and consumer satisfaction are two complementary yet distinct constructs. Overall satisfaction is usually viewed as a mainly affective construct resulting from the consumer's appraisal of the product consumption experience (Babin & Griffin, 1998; Spreng, MacKenzie & Olshavsky, 1996), whereas value-for-money perception is a cognitive construct mainly arising from a consumer's trade-off perception between the quality of product and the sacrifices made during the acquisition and use of the product (Dodds et al., 1991; Grewal et al., 1998; Zeithaml, 1988).

The role of value-for-money perception as a predictor of overall satisfaction has theoretical foundations in the equity theory of satisfaction. The equity judgment refers to a consumer's perception of fairness, rightness or deservingness based on a comparison of outcomes relative to inputs (Oliver, 2010). Bolton and Lemon (1999) used the term 'payment equity' to capture the consumer's fairness perception arising from the trade-off between the economic benefits and economic costs (payment) associated with the use of services. Their research found that the more equitable a consumer perceives the price/usage exchange to be, the more satisfied he or she will be with the service product. Although perceived value-for-money of a product is different from equity perception in that the former focuses on perceived net gain while the latter focuses on perceived fairness, it (the perceived

value-for-money) operates in a fashion similar to equity perception and is viewed as a broader construct than payment equity perception (Bolton & Lemon, 1999; Olsen & Johnson, 2003). In this sense, the value-for-money perception of a product could work as a direct antecedent of overall satisfaction. In the marketing literature, a number of studies have provided empirical evidence of the direct relationship between value-for-money perception and the consumer satisfaction across leisure, service and tourism contexts (e.g., Cronin et al., 2000; Gallarza & Saura, 2006; McDougall & Levesque, 2000; Williams & Soutar, 2009; Yang &Peterson, 2004). However, as none of these studies were specific to wine tourism, this present study is useful to extend our knowledge in this field. Given this, it is hypothesised that, in the cellar door context:

H6a: *The value perception of wine products positively influences visitors' overall satisfaction with cellar door visits.*

2.7.7 Relationship between visitors value perceptions and loyalty intentions.

Holbrook (1994) asserts that 'customer value is the fundamental basis for all marketing activity' (p. 32). This is because consumers always tend to pursue maximal value from the marketing exchange (Kotler, 2009). The role of value as a major driver of loyalty intentions can find its theoretical foundations in goal and action identification theories that posit that consumers regulate their behaviour to ensure the attainment of superordinate goals at the highest level (Sirdeshmukh, Singh & Sabol, 2002). Taking this perspective, Sirdeshmukh et al. (2002) and Yang and Peterson (2004) suggested that cost/sacrifice-based value can be viewed as a superordinate goal at a higher level, whereas loyalty intentions are

subordinate goals at a lower level. As long as consumers can obtain superior value from the marketing exchange, they will show loyalty to their partners of the exchange.

Meanwhile, considering that 'consumers purchase goods and services and perform consumption behaviour for two basic reasons: (1) consummatory affective (hedonic) gratification (from sensory attributes), and (2) instrumental, utilitarian reasons' (Batra & Ahtola, 1991, p. 159), the concept of value as a superordinate consumer goal should extend beyond the value-for-money perception to encompass the hedonic and utilitarian values of the shopping trip itself (Chiu, Wang, Fang & Huang, 2012). Therefore, taking both hedonic and utilitarian values into account provides a more comprehensive picture of the value consumers derive from their shopping trips. Empirical studies have also revealed that hedonic and utilitarian shopping values were antecedents of consumers' loyalty intentions such as positive WOM, re-patronage and store switching intentions. (e.g., Demangeot & Broderick, 2007; Jones et al., 2006; Shukla & Babin, 2013; Stoel, Wickliffe & Lee, 2004).

In light of this discussion, it is hypothesised that, in the cellar door context:

H5c: *The perceived hedonic value derived from cellar door visits positively influences visitors' loyalty intentions.*

H4c: *The perceived utilitarian value derived from cellar door visits positively influences visitors' loyalty intentions;*

H6b: *The perceived value of wine positively influences visitors' loyalty intentions.*

2.7.8 Relationship between cellar door visitors' overall satisfaction and loyalty intentions.

Since consumer satisfaction is primarily an affective/emotional response in its nature (Petrick, 2004), the satisfaction-loyalty relationship is in accordance with the cognition → affect → conation loyalty phase framework proposed by Oliver (1999). Similarly, Cronin et al. (2000) have suggested that overall satisfaction as an emotional construct can mediate the influence of value perceptions on consumers' behavioural intentions. The retailing and service marketing literature has consistently recognised that satisfaction directly influences consumers' behavioural intentions (Baker & Crompton, 2000; Petrick & Backman, 2002; Sweeney, Soutar & Johnson, 1999; Yang & Peterson, 2004).

Therefore, it is hypothesised that in the cellar door context:

H7: *Visitors' overall satisfaction with cellar door visits positively influences their loyalty intentions.*

2.8 Summary

This chapter established the research boundary of the thesis by reviewing previous literature. It started with a review of literature relevant to the conceptualisation of consumer experience in the cellar door context. Then it reviewed factors highly related to visitors' cellar door experiences. These factors were identified as a cellar door's inputs to servicescape, service encounter and wine product quality. Both the definitions and importance of these factors were reviewed in this chapter.

The chapter also discussed the consumer outcomes of the cellar door visit in terms value perceptions, consumer satisfaction and loyalty intentions. The discussion of these concepts offers the background for the understanding of visitors' experiences and loyalty intentions in the cellar door context.

To address the research objectives and questions presented in Chapter 1, the next section of this chapter proposed a conceptual model. A specific discussion of the relationships hypothesised in the model was then made by reviewing previous empirical and theoretical studies in the marketing area.

In reviewing the literature, it should be noted that some of the hypothesised relationships have been studied in other research contexts. However, considering that wine tourism is a relatively young and evolving tourism research field not yet endowed with a richness of theory (Bruwer & Lesschaeve, 2012), it is justifiable to replicate these relationships and test them in the cellar door context because 'replications are an important component of scientific method in that they convert tentative belief to accepted knowledge' (Berthon, Pitt, Ewing & Carr, 2002, p. 416). This is exactly what our study purports to contribute in the specific context of wine tourism, the Australian environment and making use of a different combination of test variables to other studies.

More importantly, no previous study has examined all of the constructs (namely, servicescape quality, service encounter quality, wine product quality, monetary value, hedonic and utilitarian value, overall satisfaction and loyalty intentions) presented in this thesis in an integrated model. As such, it is believed that this study provides new insight and

a more nuanced perspective concerning the dynamics relating to cellar door visitors' post-visit behavioural intentions.

Chapter 3: Methodology

3.1 Chapter Introduction

This chapter consists of five sections: The first section (Section 3.2) discusses the rationale for adopting the positivist (quantitative) research paradigm and using an online questionnaire as the survey instrument for this thesis. The second section (Section 3.3) provides justification for the items used to measure the latent constructs of the proposed model and outlines the structure of the survey instrument. The third section (Section 3.4) presents a detailed description of the data collection process and the determination of the sample size. The fourth section (Section 3.5) addresses the statistical methods used to examine the hypothesised relationships of the proposed model.

3.2 Justification of the Research Paradigm and Instrument

According to Collis and Hussey (2009), the research philosophies guiding social science research can be divided into two main paradigms: the interpretive and positivist. The interpretive paradigm is founded on the belief that:

> social reality is not objective but highly subjective because it is shaped by our perceptions. The researcher interacts with that being researched because it is impossible to separate what exists in the social world from what is in the researcher's mind. (Collis & Hussey, 2009, p. 57)

Interpretivist researchers view reality as 'becoming' instead of 'being'. Their focus is to understand the complexity of social phenomena through the researcher's subjective translation of the feelings expressed by people. Therefore, the researchers themselves are

involved in the social phenomena being studied. The phenomenological (qualitative) approach is usually adopted within the interpretive paradigm and the research process is inductive in its nature, which means the reasoning begins by assembling the common elements of specific situations and ends by reaching a broader generalisation of theories or ideas (Collis & Hussey, 2009).

Conversely, positivism is based on the belief that 'social reality is singular and objective, and is not affected by the act of investigating it' (Collis & Hussey, 2009, p. 56). Within this paradigm, the research focuses on describing social phenomena in a manner that can be measured and a rational explanation can be provided. Within this paradigm, a quantitative approach is usually adopted. The research process is deductive in its nature, which means that the reasoning moves from general theories to specific situations. Under the positivist paradigm, the research questions are elaborated based on previous studies and theoretical propositions. The explanations of social phenomena consist of specifying the causal links among different variables. Therefore, the formulation of the hypothesis is essential in a positivist study, and quantitative data are needed to ensure all of the key variables are identified and evaluated in a precise and specific way (Collis & Hussey, 2009).

In the present study, the positivist (quantitative) paradigm was deemed to be more appropriate to the present research context. There are two reasons for choosing this paradigm: First, the objective of the present study is to understand the effects of visitors' cellar door experiences on their loyalty intentions. To achieve this objective, an integrated behavioural model needs to be developed by specifying the determinants of customer loyalty revealed in the consumer behaviour literature. Therefore, the research process of the present

study is deductive as it involves applying general consumer behaviour theories in exploring the specific relationships that may exist in the cellar door context. This research process is consistent with the philosophy of positivistic paradigm. Second, compared to qualitative interpretive studies, the research findings of quantitative positivistic studies have higher reliability and are less biased by the researcher's personal values (Collis & Hussey, 2009). In the marketing literature, the quantitative approach has been widely and successfully applied when studying the determinants of consumer loyalty in a variety of settings (e.g., Cronin et al., 2000; Sirohi, McLaughlin & Wittink, 1998; Yüksel & Yüksel, 2007; Zeithaml, Berry & Parasuraman, 1996).

To collect the data in the present study, a self-administered online questionnaire was used. As one of the most commonly used survey methods, the online questionnaire is an effective data collection tool with a number of advantages: First, the questionnaire survey deals more directly with the nature of participants' opinions, thoughts and feelings and is particularly effective when the research is concerned with causal relationships (Shammout, 2007, p. 91). Second, the online questionnaire enables the researchers to gain access to respondents who are reluctant to take a face-to-face interview or telephone survey and their opinions can be expressed more openly (Wright, 2005). Third, the online questionnaire survey is more quick and economical compared to traditional survey distribution methods (Wright, 2005).

There are also practical reasons for choosing an online questionnaire as the data collection method for the present study: First, most cellar door visitors do not have adequate time to fill in a paper-based questionnaire when they finish their cellar door visit, because

they usually have friends or family members outside the cellar door waiting to leave. On the contrary, the online questionnaire survey provides flexibility for cellar door visitors by allowing them to complete the survey at their own pace and in their own time. Second, the present study requires a relatively large sample size. It is possible to distribute an online questionnaire to a vast number of respondents in different geographic locations and the data are automatically input into the computer with almost no risk of data entry mistakes. Third, research comparing the equivalence of web-based surveys with traditional paper-and-pencil based surveys provides encouraging evidence for the usefulness and quality of data collected over the Internet. For instance, Stanton (1998) showed that in terms of item variability and the internal covariance patterns, data collected by web-based surveys have similar psychometric qualities as data collected by more traditional methods. Similarly, Yun and Trumbo (2000) found that the influences of survey mode on the results of their substantive analyses was not significant. Davidov and Depner (2011) further found that there was measurement equivalence across online and paper-and-pencil surveys. With all of the above considerations, the online questionnaire is deemed to be more efficient and cost-effective than the tradition distribution methods such as mail post or on-site questionnaire surveys.

3.3 Designing the Research Instrument

According to Neuman (2007), the development of the survey instrument in a quantitative study should follow two general processes. The first process is the *conceptualisation of latent constructs.* This involves taking a marketing construct and giving it a clear, explicit and specific meaning. Similarly, Churchill (1979) suggests that it is

important to specify the domains of the latent constructs before developing the measurement items for the constructs. The specifying process involves reviewing the previous literature to delineate what should be included in the marketing constructs and what should be excluded. The second process is the *operationalisation of latent constructs.* During this process, the conceptual or theoretical definition of a latent construct is linked to a specific set of concrete measures. According to Churchill (1979), the operationalisation process involves several steps, including the generation of multiple measurement items from the literature, the purification of data and the assessment of the reliability and validity of measurement items.

In the present study, the process in creating the research instrument will follow the steps recommended by Churchill (1979) and Neuman (2007). First, each latent construct is conceptually defined in Section 3.3.1. Second, the measurement items used for each latent construct are justified in Section 3.3.2. The other necessary steps (data purification, assessing the reliability and validity of measurement items) will be discussed in later sections of Chapter 4.

3.3.1 Conceptual definition of latent constructs.

Conceptually defining the constructs of research interest is important as it enables the researcher to distinguish the constructs they are interested in from other things (Neuman, 2007), and this is particular necessary when there is no consensus definition for a construct from the literature (Giese & Cote, 2000). The conceptual model proposed in the current study consists of eight key constructs, namely Perceived servicescape quality (SCA), Perceived service encounter quality (ENT), Perceived wine quality (WINE), Perceived

hedonic shopping value (HV), Perceived utilitarian shopping value (UV), Perceived product value (PV), Overall satisfaction (SAT), Loyalty intentions (LTY). As discussed in Chapter 2, some constructs lack unified conceptual definitions. Therefore, it is necessary to provide a conceptual definition of each latent construct for the present research. Table 3.1 presents the conceptual definition of each latent construct based on its theoretical domain discussed in Chapter 2.

Table 3.1

Conceptual Definitions of Latent Constructs Developed for Present Research

Name of the latent Constructs	**Conceptual definition**
Perceived servicescape quality (SCA)	A visitor's overall evaluation of the superiority or excellence of a cellar door's physical environment after his or her visit(s). It is a primarily cognitive construct reflecting a visitor's perception of the performances of a cellar door's environmental inputs (cf. Zeithaml, 1988; Lin, 2004).
Perceived service encounter quality (ENT)	A visitor's overall evaluation of the superiority or excellence of the service interaction between him/her and a cellar door's employees. It is a construct reflecting the visitor's cognitive evaluation of the behaviours, attitudes and expertise of the cellar door's employees during the interaction process (cf. Brady & Cronin Jr, 2001; Giese & Cote, 2000; Zeithaml, 1988).
Perceived wine quality (WINE)	The visitor's overall cognitive judgment about the superiority or excellence of a cellar door wine products (cf. Zeithaml, 1988).
Perceived hedonic value of cellar door visits (HV)	A visitor's assessment of the emotional worth of his or her visit(s) to a cellar door. It is an affective construct reflecting the experiential benefits derived from the cellar door visit (cf. Babin, Darden & Griffin, 1994).
Perceive utilitarian value of cellar door visits (UV)	A visitor's assessment of the functional benefits derived from the cellar door visit(s). It is a primarily cognitive construct originating from the fulfilment of the cellar door visitor's task-related needs (cf. Babin et al., 1994; Sánchez-Fernández & Iniesta-Bonillo, 2007).
Perceived value of wine product (PV)	The visitor's overall assessment of the worth of a cellar door's wine products after visiting its cellar door. It is a cognitive evaluation based on the visitor's trade-off perception of the benefits and monetary sacrifice associated with the acquisition of its wine products (cf. Oliver, 2010; Sánchez-Fernández & Iniesta-Bonillo, 2007; Zeithaml, 1988).

Name of the latent Constructs	Conceptual definition
Overall satisfaction with cellar door visit (SAT)	Overall satisfaction is a visitor's feeling of fulfilment after visiting a cellar door. It is both an affective and a cognitive judgment of how the total cellar door experience (e.g., experience of the wine product, service interaction, environment, wine-related activities) provides visitors with a pleasurable level of fulfilment (c.f. Oliver, 2010).
Loyalty intentions (LTY)	A deeply held commitment to recommend, repatronise a preferred cellar door and/or rebuy its wine products in the future (Oliver, 1999).

3.3.2 Measurement items of the latent constructs.

In the present study, multi-item measures rather than a single-item measure were used for each latent construct in the proposed model. There are several reasons for choosing multi-item measures: First, compared to the single-item measures for constructs, multi-item measures tend to have increased reliability and reduced measurement error (Churchill Jr, 1979). Second, multi-item measures can capture more information than single-item measures because 'a greater number of observed measures is more likely to tap all facets of the constructs' (Baumgartner & Homburg, 1996, p. 143). Third, multi-item measures can provide a more discriminating response scale than a single-item measure, which makes it possible to offer relatively good distinctions between respondents (Baumgartner & Homburg, 1996; Churchill, 1979).

To operationalise the latent constructs of the present study, the items were developed by reviewing existing marketing literature. The following considerations were undertaken to develop the most appropriate measurement items.

First, the items chosen for the present research should be from studies that represent a business-to-consumer context rather than business-to-business. Second, the items chosen

should show good validity and reliability of corresponding constructs across various business-to-consumer settings in previous marketing studies. Third, following Churchill's (1979) recommendation, the original measurement items developed for the constructs of research interest should try to 'include items with slightly different shades of meaning because the original list will be refined to produce the final measure' (p. 68). In sum, a total of 37 items were initially developed to measure the latent constructs in the proposed model. Table 3.2 lists a summary of the measurement items and the literature sources. A detailed description of the items used for each construct is discussed later in this section.

Table 3.2

Original Number of Measurement Items and Literature Sources

Constructs	**Number of items**	**Literature sources**
Perceived servicescape quality (SCA)	5 items	Brady & Cronin Jr, 2001
Perceived service encounter quality (ENT)	4 items	Brady & Cronin Jr, 2001; O'Neill, Palmer & Charters, 2002; Parasuraman, Zeithaml & Berry, 1988, 1991
Perceived wine quality (WINE)	4 items	Charters & Pettigrew, 2006
Perceived hedonic value of cellar door visit (HV)	8 items	Babin & Attaway, 2000; Babin et al. 1994; Griffin, Babin & Modianos, 2000; Jones, Reynolds & Arnold, 2006; Overby & Lee, 2006
Perceived utilitarian value of cellar door visit (UV)	4 items	
Perceived value of wine (PV)	3 items	Dodds, Monroe & Grewal, 1991; Ruiz, Gremler, Washburn & Carrión, 2008; Wu & Liang, 2009; Yang & Peterson, 2004
The overall satisfaction with cellar door visit (SAT)	2 items	Bigne, Sanchez & Sanchez, 2001; Mittal, Ross Jr & Baldasare, 1998; Oliver, 2010
The loyalty intentions (LTY)	7 items	Fullerton, 2005a; Rundle-Thiele, 2005; Yüksel, Yüksel & Bilim, 2010; Zeithaml et al., 1996

3.3.2.1 Perceived servicescape quality.

The items used to measure the perceived physical environment quality are based on the scale items developed by Brady and Cronin Jr (2001). Their scale items are based on a comprehensive review of previous marketing studies and the items are tested in a well-established qualitative study across eight industries. These measurement items have been applied by other researchers and shown good reliability and validity (e.g., Fullerton, 2005b; McCabe, Rosenbaum & Yurchisin, 2007; Pollack, 2009).

In Brady and Cronin Jr's (2001) study, the consumer's quality perception of physical environment is conceptualised as a second-order construct and consists of three sub-dimensions: ambient conditions, design factors and social factors. Each factor is measured using three items. In total, there are nine items for the three dimensions. Conceptualising these sub-factors might be useful for researchers to have a more detailed understanding of how different environmental cues are perceived and abstracted by consumers to form their servicescape perceptions at higher levels of abstraction.

However, the stability of these sub-factors and the utility of developing second-order constructs have been deeply questioned by Martínez (2010). Hayduk, Ratner, Johnson and Bottorff (1995) assert that 'The higher-order factors are no more nor less sophisticated than the first-order factor … Any additional "worth" of the higher-order factors is purchased at the price of admitting that they make smaller contributions to the behaviour of the observed items' (p. 485). It is common practice for researchers to drop or add relevant dimensions and to adjust the items appropriately for the purpose of context customisation (Carman, 1990).

Based on the above rationale, only five out of the nine scale items developed by Brady and Cronin Jr (2001) are adopted in the present study, after a discussion with a senior wine business researcher. These five items reflect a cellar door's ambience, design and social conditions. They could be treated as direct measures of the visitor's perception of physical environment quality. Table 3.3 lists all of the five items adapted from Brady and Cronin Jr (2001) for the current study.

Table 3.3

Measurement Items for Visitor's Perception of Physical Environment Quality

Perceived servicescape quality	**Conceptual basis**
SCA1: You can rely on there being a good atmosphere at this cellar door.	Ambience
SCA2: Its ambience was what I was looking for in a cellar door.	Ambience
SCA3: Its layout never failed to impress me.	Design
SCA4: Its layout served my purposes.	Design
SCA5: Other customers at the cellar door did not affect its ability to provide me with good experience.	Social

3.3.2.2 Perceived service interaction quality (INT).

The items used to measure Perceived service encounter (interaction) quality were developed from the SERVQUAL scale developed by Parasuraman et al. (1988, 1991). In the original SERVQUAL scale, there are 22 items measuring five dimensions of service quality: Tangible (T), Reliability (R), Responsive (R), Assurance (A) and Empathy (E). As discussed in Chapter 2, researchers have found that the five dimensions of the SERVQUAL scale were not stable across industries (e.g., Carman, 1990). In fact, except for the tangible dimension of the SERVQUAL model, all of the remaining four dimensions can be combined together and classified as a latent construct reflecting service encounter (interaction) quality. To

achieve the best fit in their studies, previous researchers have usually adopted two common practices: First, some of the original SERVQUAL items can be eliminated to keep the items to a manageable number (e.g., Lee, Lee & Yoo, 2000). Second, these shortened SERVQUAL items can be treated as a direct reflective measurement of the overall service quality construct (e.g., Brady et al., 2005).

In accordance with the above rationale, four of the original SERVQUAL items were selected and adapted to measure the service encounter (interaction) quality in the cellar door context. The selection of the four items was based on a well-established cellar door service quality study by O'Neill et al. (2002). In their study, the authors conducted an importance-performance analysis of the 22 SERVQUAL items. The results showed that in the cellar door context there were four SERVQUAL items showing statistically significant lower performance scores than their importance scores. The statistically significant negative performance-minus-importance differences suggested that these four items should be of the highest priority for a cellar door to improve and these four items probably have the greatest potential to represent the quality of service interaction quality. Therefore, in the present study, these four items (Table 3.4) were chosen as the measurement items of service interaction quality. Similarly, in the study of Brady and Cronin Jr (2001), these four SERVQUAL items are also adopted and identified as the reflective measurement items of the service interaction quality in various service contexts.

Table 3.4

The Measurement Items for Visitor's Perception of Service Encounter Quality

Service encounter quality (ENT)	**Conceptual basis**
ENT1: The employees gave me individual attention.	Empathy
ENT2: The employees understood my specific needs.	Empathy
ENT3: The employees were never too busy to respond to my questions.	Responsiveness/reliability
ENT4: The employees were knowledgeable enough to answer my questions.	Expertise/assurance

3.3.2.3 Perceived wine quality (WINE).

Four items were used to measure the cellar door visitor's perceptions of wine product quality. The items were developed from a qualitative study by Charters and Pettigrew (2006) who investigated how the wine product quality is conceptualised and evaluated by wine drinkers. Their research revealed four themes of quality perceptions expressed by consumers: The first theme is *subjective wine quality,* which relates to whether wine products can meet consumers' personal tastes. The second theme is *objective wine quality* which is 'considered to be intrinsic in the product itself, rather than part of the individual's response, and assessed by external criteria' (Charters & Pettigrew, 2006, p. 473). The objective wine quality is formed when consumers evaluate the inherent characteristics of a wine product, such as production method, the excellence of the grape varieties, the balance, intensity and complexity of flavours. However, the objective quality does not always transform to consumers' personal preference (subjective quality). The third theme is *relative quality* which is formed when consumers relate the tastes of wine to other factors such as price, fashion (popularity) or consumption situations. The fourth theme is named *absolute*

quality which is perceived by consumers to 'inhere in the wine and to have no relationship to the drinker, nor to other external factors. It is unchanging whatever the situation of consumption' (Charters & Pettigrew, 2006, p. 476).

Although wine consumers expressed all of the above four themes when talking about the quality of wine, only the subjective (personal preference) and objective quality perceptions are deemed as appropriate in the present study to operationalise cellar door visitors' overall quality perception of wine. The items of visitors' quality perception did not cover the themes of relative quality and absolute quality that were discussed in Charters and Pettigrew's (2006) study. There are two reasons for doing so: First, the relative quality discussed in the work of Charters and Pettigrew (2006) in fact reflects how external factors (e.g., price, popularity and consumption situation) influence visitors' quality perception of wine and is not consistent with the concept of perceived wine quality defined in Section 3.3.1. For instance, when the relative quality of wine is expressed as the relationship of tastes to price by consumers (in Charters & Pettigrew's (2006) study), it is in fact a reflection of the perceived value of wine, not the quality of wine. Second, to ensure the construct equivalence, it is important to ensure the measurement items developed are applicable across visitors having different levels of wine involvement. Charters and Pettigrew (2006) found that 'The absolute view of quality was held by a few medium- and high-involvement drinkers, with hardly any low-involvement drinkers giving any indication that quality exists as a fixed point outside their consumption experience' (p. 475). Therefore, absolute quality perception should also be excluded.

Based on the above considerations, it is suggested that, in the cellar door context, visitors tend to perceive a cellar door's wine products of higher quality when:

more of its wines can meet visitors' personal taste preferences

they have more favourable perceptions of the technical standard of the cellar doors wine products.

Table 3.5 lists the items developed to measure visitors' overall quality perceptions of wine.

Table 3.5

Measurement Items for Perceived Wine Quality

Perceived wine quality (WINE)	**Conceptual basis**
WINE1: Overall, its wines had an acceptable standard of quality.	Objective quality perception
WINE2: Overall, its wines were well made.	Objective quality perception
WINE3: Overall, its wines tasted good to me.	Subjective quality perception
WINE4: Overall, the characteristics of its wines met my personal preference.	Subjective quality perceptions

3.3.2.4 Perceived hedonic (HV) and utilitarian (UV) value.

The items used to measure the perceived hedonic and utilitarian value of cellar door visits were sourced from the work of Babin et al. (1994). The hedonic and utilitarian shopping value scale was based on a review of marketing literature and a wide range of focus group studies. Their scale items were developed by following a rigorous scale development procedure, and they have been included in a handbook of marketing scale (Bearden &

Netemeyer, 1999). Their scale consists of eleven items measuring hedonic shopping value and four items measuring utilitarian value.

When applying the hedonic and utilitarian shopping scale, the number of items can be reduced in an effort to minimise the length of the questionnaire (e.g., Babin & Attaway, 2000; Jones et al., 2006; Overby & Lee, 2006). In the present study, to reduce the measurement items to a manageable number, a cross-check of the items that were dropped or commonly used in previous studies was conducted (these studies include Babin & Attaway, 2000; Babin et al., 1994; Griffin et al., 2000; Jones et al., 2006; Overby & Lee, 2006). Three of the original scale items were dropped because previous empirical results indicated that these items did not correspond very well with the underlying hedonic shopping value perception. These three items were: 'I continued to shop, not because I had to, but because I wanted to'; 'I had a good time because I was able to act on the spur-of-the-moment' and 'While shopping, I was able to forget my problems'. The remaining items have been commonly used by these studies and have shown high reliability and validity.

Table 3.6 lists the items used to measure the perceived hedonic and utilitarian values of the cellar door visit.

Table 3.6

Measurement Items for Perceived Hedonic and Utilitarian Value of the Cellar Door Visit

Perceived hedonic value of cellar door visit (HV)	**Conceptual basis**
HV1: Visiting this cellar door was truly a joy.	Experiential benefits of the cellar door visit
HV2: Visiting this cellar door truly felt like an escape.	
HV3: Compared to other things I could have done, the time spent at this cellar door was truly enjoyable.	
HV4: I enjoyed being immersed at this cellar door.	

Perceived hedonic value of cellar door visit (HV)	Conceptual basis
HV5: I enjoyed visiting this cellar door for its own sake, not just for the items I may have.	Experiential benefits of the cellar door visit
HV6: During the trip, I felt the excitement of the hunt.	
HV7: While visiting this cellar door, I felt a sense of adventure.	
HV8: Visiting this cellar door was not a very nice time out (reversed).	
Perceived utilitarian value of cellar door visit (UV)	**Conceptual basis**
UV1: I accomplished just what I wanted to while I was at this cellar door.	Functional benefits of the cellar door visit
UV2: I couldn't get what I really needed at this cellar door.	
UV3: While visiting this cellar door, I found just the wine I was looking for.	
UV4: I was disappointed because I had to go to another cellar door to complete my wine purchasing.	

3.3.2.5 Perceived value of wine (PV).

Items measuring visitors' perceived value of wine were sourced from the works of Dodds et al., (1991), Wu & Liang, (2009), Yang & Peterson(2004) and Ruiz et al.(2008). The scale items developed by these researchers are based on extensive reviews of previous studies and showed good reliability and validity. As discussed in Chapter 2 and conceptually defined in Section 3.2.1, the formation of perceived product value involves two comparison processes: comparing the benefits brought by the products with the monetary sacrifice needed to obtain the products, and then comparing the value of the products with alternative companies' products. A close examination of the items developed by the above mentioned researchers showed that the number and wording of scale items used by these different researchers were slightly different, and they can be divided into three categories:

ii. Items reflecting the intra-product comparison between benefits and sacrifice. For example, ‘At the price shown the product is: (very economical to very uneconomical)’ (Dodds et al., 1991, p. 318); ‘The restaurant offers a good service that is worth its price’ (Wu & Liang, 2009, p. 590); ‘This company offers good services for the price’ (Ruiz et al., 2008, p. 13).

iii. Items reflecting the inter-product comparison of the value of product between companies. For example, ‘Comparing what I pay to what I might get from other competitive companies, I think the company provided me with good value’ (Yang & Peterson, 2004, p. 811); ‘The value of this company’s services compares favourably to other service providers’ (Ruiz et al., 2008, p. 13).

iv. Items serving as a direct anchor for consumers’ value-for-money perception. For example, ‘The product is considered to be a good buy’ (Dodds et al., 1991, p. 318).

In selecting the most appropriate items, a cross-check of the factor loadings of these scales items was undertaken, any items showing factor loadings lower than 0.7 in the original studies were dropped for the present research. Besides, where the two items indicated similar meaning, the more concise item was retained. Finally, three items were retained and adapted to measure perceived value of wine to cellar door visitors (Table 3.7).

Table 3.7

Measurement Items for Perceived Value of Wine

Perceived value of wine (PV)	**Conceptual basis**
PV1: Overall, this cellar door offers wines that are worth their prices.	Intra-product comparison

Perceived value of wine (PV)	Conceptual basis
PV2: Overall, the value of its wines compares favourably to other wineries.	Inter-object comparison
PV3: Overall, I consider its wines to be a good buy.	Value-for-money anchor

3.3.2.6 Overall satisfaction with cellar door visits (SAT).

Visitors' overall satisfaction with cellar door experience was measured using two commonly used global measurement items. The first item requires cellar door visitors to state how satisfied they were with the cellar door experience. This item is commonly used as a single-item measure of overall satisfaction by researchers and was deemed as adequate for measuring overall satisfaction (e.g., Bigne et al., 2001; Mittal et al., 1998). Another item is sourced from Oliver's (2010) consumer satisfaction scale. In his scale, a satisfaction anchor item was designed which requires visitors to indicate their level of agreement with the statement 'overall I'm satisfied with my experience at XXX'. While the remaining eleven items in Oliver's (2010) consumer satisfaction scale may also be useful for measuring overall satisfaction, each of these items focuses on only a particular basis of satisfaction such as disconfirmation, affect, success or failure attribution. For the present study, there are simply too many items to be included in the questionnaire, because the quality of satisfaction measurement may be decreased rather than enhanced by multi-item scales in large scale surveys (Mittal et al., 1998). Therefore, it is believed that the two global measure items of overall satisfaction should be adequate for measuring the cellar door visitors' overall satisfaction. Table 3.8 lists the two items used for measuring overall satisfaction.

Table 3.8

Measurement Items for Overall Satisfaction

Overall satisfaction (SAT)	**Conceptual basis**
SAT1: Overall, how would you describe your experience at this cellar door?	Global measurement of Satisfaction
SAT2: I am satisfied with my experience at this cellar door.	Satisfaction anchor

3.3.2.7 Loyalty intentions of cellar door visitors (LTY).

It is a difficult and lengthy process to examine visitors' actual loyalty behaviours in the cellar door context, so the present study has focused on cellar door visitors' conative loyalty—the stated behavioural intentions (Oliver, 1999). In the marketing literature, the intention to spread positive information to others (WOM effect), the re-patronage intention and the intention to repurchase are most commonly used by researchers as reflective indicators of conative loyalty (e.g., Fullerton, 2005a; Rundle-Thiele, 2005; Yüksel et al., 2010; Zeithaml et al., 1996). Although these indicators are potentially distinct behavioural intentions, they have shown a high correlation across samples in previous marketing studies and good internal consistency. Therefore, they are usually modelled as reflective measures of the consumer's conative loyalty construct. For example, in the study of store loyalty conducted by Sirohi et al. (1998), the items measuring the three kinds of intentions showed a reliability of 0.87 and an Average Variance Extracted (AVE) of 0.70.

Therefore, in the cellar door context, visitors' conative loyalty can be measured using the items developed by these well-established consumer loyalty studies (Table 3.9).

Table 3.9

Measurement Items for Loyalty Intentions

Loyalty intentions (LTY)	**Conceptual basis**

Loyalty intentions (LTY)	Conceptual basis
LTY 1: I will revisit this cellar door when travelling to the same wine region.	Revisit intention
LTY 2: I probably will revisit this cellar door the next time I travel to this region.	
LTY 3: I will continue to purchase wines made by this winery in the future.	Repurchase intention
LTY 4: This cellar door's wines are considered as one of my first choice to buy.	
LTY 5: I will recommend this cellar door to my friends or relatives.	Recommend intention
LTY 6: I will say positive things about this cellar door to other people.	
LTY 7: I will continue to be a loyal customer of this cellar door.	Loyalty anchor

3.3.3 Pre-test and finalising the organisation of the research instrument.

A pre-test of the questionnaire was conducted to ensure all the questions could be clearly understood and to determine whether there were any serious problems with the survey instrument. The draft questionnaire was handed out to several PhD students in the School of Agriculture, Food and Wine. All of these had a research background on wine and frequently visited cellar doors. They were invited to highlight any weakness of the questionnaire upon their completion of it. After this, the draft questionnaire was further examined by one senior wine tourism researcher and the researcher's principal supervisor. Both of them had specialised expertise in the wine marketing and tourism areas. A series of discussion meetings was held between the researcher and the senior wine tourism researcher, and also between the researcher and the researcher's primary supervisor. Careful attention was paid to the attractiveness of the questionnaire's layout (e.g., the title, size, margins and length) and avoiding leading and loaded questions, double barrelled items and burdensome questions. Considering that these marketing professionals/PhD students are also wine

tourists / consumers who are very familiar with cellar door experiences, it is believed that the pre-testing procedure is adequate and it is unnecessary to pilot testing the questionnaire with actual cellar door visitors.

The pre-test procedure showed that increasing the space between each group of questions and modifying the font size would make the questionnaire easier to read. The pre-test also showed a need for additional reduction or modification of some measurement items to increase the effectiveness and appropriateness of the survey instrument. Table 3.10 lists the final items used to measure the latent constructs of the model.

Table 3.10

Final Measurement Items for Latent Constructs

Perceived servicescape quality (SCA) —five items
SCA1: There was a good atmosphere at this cellar door.
SCA2: Its ambience was what I was looking for in a cellar door.
SCA3: Its layout impressed me.
SCA4: Its layout served my purposes.
SCA5: Other customers at the cellar door did not affect its ability to provide me with a good experience.
Perceived service encounter quality (ENT)—five items
ENT1: The employees gave me individual attention.
ENT2: The employees understood my specific needs.
ENT3: The employees were never too busy to respond to my requests.
ENT4: The employees were knowledgeable enough to answer my questions.
ENT5: The employees were friendly and welcoming.
Perceived wine quality (WINE)—three items
WINE1: Overall, its wines had an acceptable standard of quality.
WINE2: Overall, its wines tasted good to me.
WINE3: Overall, the characteristics of its wines met my personal preference.
Perceived hedonic value of cellar door visits (HV)—six items
HV1: Visiting this cellar door gave me pleasure.
HV2: Visiting this cellar door truly felt like an escape.

HV3: The time spent at this cellar door was truly enjoyable.
HV4: I enjoyed visiting this cellar door for its own sake, not just for the items I may have purchased.
HV5: Visiting this cellar door was something I felt relaxed about.
HV6: Visiting this cellar door was not a very nice time out (reversed).
Perceived utilitarian value of cellar door visits (UV) —four items
UV1: I accomplished just what I wanted to while I was at this cellar door.
UV2: I couldn't get what I really needed at this cellar door (reversed).
UV3: While visiting this cellar door, I found just the wine I was looking for.
UV4: I was disappointed because I had to go to another cellar door to complete my wine purchasing (reversed).
Perceived value of wine (PV)—three items
PV1: Overall, this cellar door offers wines that are worth their prices.
PV2: Overall, the value of its wines compares favourably to other wineries.
PV3: Overall, I consider its wines to be a good buy.
Overall satisfaction (SAT)—two items
SAT1: Overall how would you describe your experience at this cellar door?
SAT2: I am satisfied with my experience at this cellar door.
Loyalty intentions (LTY)—eight items
LTY1: I will revisit this cellar door when travelling to the same wine region.
LTY2: I probably will revisit this cellar door the next time I travel to this region.
LTY3: I will continue to purchase wines made by this winery in the future.
LTY4: This cellar door's wines are considered as one of my first choice to buy.
LTY5: I will recommend this cellar door to my friends or relatives.
LTY 6: I will say positive things about this cellar door to other people.
LTY 7: I will continue to be a loyal customer of this cellar door.

According to Weijters, Cabooter and Schillewaert (2010), the selection of an optimal scale format should take into consideration two factors: the study objective and the study population. Specifically, Weijters et al. (2010) suggested that:

> if a researcher wants to relate variables and estimate linear relations using, for example, correlations, regression models and structural equation models, a 5- (or 7-) point scale with endpoint labels is the best choice. Respondents seem to use this

format in a way that better conforms to linear models, thus providing higher criterion validity. (p. 245)

Meanwhile, considering that the general population may have less experience with questionnaires and lower cognitive ability and verbal skills, Weijters et al. (2010) suggested that 'for studies among the general population, it may be safer to stick to 5-point scales' (Weijters et al. 2010, p. 245). Based on the above considerations, the present study adopts the five point Likert-type rating scale with the endpoints labelled (see Figure 3.1 for an example of the rating scale).

Strongly disagree				**Strongly agree**
1	2	3	4	5

Figure 3.1 Five point rating scale with endpoints

The questionnaire was divided into three sections (see Appendix I). The first section consists of three parts: The first part was a letter inviting visitors to participate in the survey. The invitation letter briefly introduced the incentive (a prize draw) provided for taking the survey and the ethical approval status of the survey. The second part stipulated the terms and conditions for the prize draw. The third part was the participation information sheet, which gave a detailed explanation of the research purpose, survey procedure, benefits brought by the survey, and gave the contacts for information on project and independent complaints.

The second section was designed to establish respondents' socio-demographic characteristics, including their gender, age group, household's total annual income, education status, wine drinking frequency, household expenditure on wine in a typical month, whether the respondents is an Australia citizenas well as their cellar door visit frequency.

The third section included questions covering the cellar door visitor's quality perceptions, overall satisfaction, value perceptions and loyalty intentions. To minimise the carry-over effects caused by question order, the global questions such as overall satisfaction value perceptions were placed before the specific questions (cf. Olsen, 2002). To mitigate the distorted influence brought by the elapse of time on visitors' recall of cellar door experience and help them to evaluate the performance of a cellar door more accurately, two actions were adopted: First, a screening question was designed to exclude the respondents who had not visited the cellar door in the last 12 months. The 12-month criterion was borrowed from Brady and Cronin Jr's (2001) study of consumers' service quality perceptions. Second, pictures of the cellar door and its wines were presented in the questionnaire before asking specific questions about the subjects' experiences. A similar practice was used by Altschwager, Habel and Goodman, (2011) in their study of cellar door visitors' responses to servicescape. The third section also includes an open question asking visitors to make free comment on the cellar door or the survey itself, which aims at gaining insights for future study.

3.4 Data Collection Process

Two cellar doors participated in the survey. One is located in the wine region of Adelaide Hills, which is about 26 kilometres from the city of Adelaide. The other one is located in the Barossa wine region, which is about 80 kilometres from the city of Adelaide. A URL link and a short introduction to the online survey were included in the two cellar

doors' newsletters, which were then emailed to customers through each cellar door's email database. The survey lasted from June to August 2013.

An incentive was provided to encourage responses. The incentive offered respondents an opportunity to win a case of premium wine valued about $400 upon their completion of the questionnaire.

The online survey system showed that a total 859 respondents participated in the survey. After the data screening process (see Chapter 4 for a detail description), 450 valid questionnaires were retained for the final data analysis.

For robust estimation of PSL-SEM, Barclay, Higgins and Thompson (1995) suggest that the sample size should be at least 10 times the greater of the following: i) the number of indicators of the most complex formative construct; ii) the largest number of structural paths directed at a particular latent construct. Thus, the PLS-SEM path modelling for the present study requires a minimum sample size of 80. Our data collection process produced a valid sample size of 450 which is well above the minimum sample size. Therefore, the sample size in the present study was considered adequate for the implementation of PLS-SEM.

3.5 Data Analysis Procedure

The data analysis process involves two general stages. The first stage was the data preparation process. During this process, missing data were analysed and remedies (deleting individual cases or imputing missing data) were made according to the extent of the missing data. Then outliers were identified using both the univariate and multivariate detection methods. A further examination of these outliers was executed to determine whether they

should be retained or deleted. The guidelines instructing the data screening procedure and the detail results of the data screening procedure will be discussed in Chapter 4.

As well, a descriptive statistical analysis was conducted that aimed at profiling the demographic characteristics of respondents and the basic statistical characteristics of all indicator variables. PASW Statistics 18.0 software was used to conduct the data analysis during this stage.

The second stage of the data analysis procedure involved the assessment of the proposed model using a PLS-SEM technique. In marketing literature, structural equation modelling (SEM) techniques have been widely applied by researchers. They are regarded as a quasi-standard to test theoretical models that explain causal relationships among a set of variables (Hair, Sarstedt, Ringle & Mena, 2012).

According to Chin (1998a), SEM, as a second generation technique, has at least four obvious advantages over the first generation multivariate techniques such as multiple regression analysis and logistic regression: First, unlike the first generation techniques which 'analyse only one layer of linkages between independent and dependent variables at the same time' (Haenlein & Kaplan, 2004, p. 285), SEM allows the simultaneous estimation of multiple relationships among a set of variables.

Second, unlike first generation techniques which assume that all variables are observable, SEM has the ability 'to assess the latent variables at observation level (outer or measurement model) and test relationships between latent variables on the theoretical level (inner or structural model)' (Haenlein & Kaplan, 2004, p. 414).

Third, unlike first generation techniques which assume that all variables are measured without error (Haenlein & Kaplan, 2004), SEM allows measurement errors for observed variables.

Fourth, SEM gives the researcher greater flexibility to 'statistically test a priori substantive/theoretical and measurement assumptions against empirical data (i.e., confirmatory analysis)' (Chin, 1998a, p. vii).

While applying the SEM technique, there are generally two approaches: covariance-based SEM (CB-SEM) and PLS-SEM. The CB-SEM technique estimates the model parameters by minimising the difference between the estimated and sample covariance matrices. The PLS-SEM, by contrast, focuses on maximising the variance of the endogenous variables explained by exogenous variables and the estimation process is based on an iterative sequence of ordinary least squares regressions (Hair et al., 2012). Hair, Ringle & Sarstedt (2011) suggest that the PLS-SEM approach is regarded as more appropriate than CB-SEM approach when:

i. The research is exploratory and the goal is predicting key target constructs or identifying the key 'driver' constructs.
ii. The sample size is relatively small and the data are to some extent non-normal.
iii. The structural model is complex (many constructs and indicators).

In the present study, the primary focus is to understand the effects of visitors' cellar door experiences on the development of their loyalty intentions. This research process involves an exploratory study of the relationships that might exist among the various latent variables. The behavioural model is developed by integrating the various research findings

in marketing literature. The key target is to explain the variance of visitors' loyalty intentions and to identify the key factors influencing their loyalty intentions.

Although the present sample size is adequate for both CB-SEM and PLS-SEM, the results of the normality test (as shown in Chapter 4) indicated a non-normal data distribution, which violates the data distribution assumption underlying the CB-SEM approach. Further, the number of latent constructs included in the proposed model is eight, which is much higher than the average number of 4.7 reported by Shah and Goldstein (2006) in their review of the CB-SEM studies, but similar to the average number 7.94 reported by Hair et al. (2012) in their review of the PLS-SEM studies.

In summary, the research goal, data characteristics and model complexity all have suggested that the PLS-SEM method is more appropriate than the CB-SEM in analysing the data collected for the present study. For the above reasons, the PLS-SEM technique was preferred in the present study and the data were then analysed using the software package SmartPLS 2.0.M3.

3.6 Summary

This chapter first justified the need for taking a quantitative research approach and using an online questionnaire as the instrument to address the research objectives of the present study. It then explained the sequence of steps involved in designing the research instrument, which included defining the latent constructs, developing measurement items, pre-testing and finalising the organisation of the questionnaire. In the next section, a

description of the data collection process was presented, followed by a detailed explanation of the data analysis procedure.

Chapter 4: Data Analysis and Results

4.1 Chapter Introduction

This chapter presents the results of the data analysis. The first section (Section 4.2) describes the preliminary data analysis. Specifically, the missing data and outliers are identified with some remedies being adopted (Section 4.2.1). The normality of the indicator variables are then examined (Section 4.2.2). To gain a general idea of the participants, their demographic profiles are depicted (Section 4.2.3).

After cleaning and editing the dataset, the next stage is to evaluate the reliability and validity of the measurement model (Section 4.3). In Section 4.4, the structural model was applied. In Section 4.5, results relating to the hypothesised relationships are reported. A summary of this chapter is presented in Section 4.6.

4.2 Preliminary Analysis

The data collected by the Qualtrics online survey system are automatically entered into a CSV or SPSS File format where they can be downloaded. The scores of the reversed items were recoded manually by the researcher. A preliminary analysis of the data was then performed using PASW Statistics 18.0 software.

The preliminary analysis serves two purposes: First, it helps to reduce the distorted influences brought by the presence of missing data and outliers (Baumgartner & Homburg, 1996). Second, it gives the researcher a basic understanding of the statistical characteristics of the data and a demographic profiling of the respondents. The detailed results of the preliminary analysis are presented in the following sections.

4.2.1 Data screening and examination.

In total, 859 participants responded to the online survey. As previously discussed in Section 3.3.3, an initial screen was performed to ensure that all the respondents who completed the questionnaire had visited the cellar door during the previous 12 months. As a result, 240 participants were excluded and the questionnaires filled by the remaining 619 respondents were collected.

These 619 responses were further screened and examined by analysing the missing data and taking appropriate remedies. According to Hertel (1976) 'estimates of parameters for samples of varying degrees of completeness do not differ significantly once the completion level reaches about 85 per cent' (p. 461). Borrowing from this finding, Hair, Black, Babin, Anderson and Tatham (2010, p. 56) suggest that any cases or variables with more than 15 per cent of missing data are candidates for deletion. There were 59 questions in total in the questionnaire, so on this basis a low quality sample warranting deletion will have at least nine responses missing ($59 \times 15\% \approx 9$). An examination of the data showed that 160 questionnaires had more than nine questions unanswered and they were therefore deleted. After this step, 459 questionnaires were retained.

A detailed examination of the 459 questionnaires showed that there were still 42 questionnaires containing missing values, however, the percentage of missing data in each case was less than 8.5 per cent (fewer than five questions unanswered). According to Hair et al. (2010, p. 64), when the percentage of missing data is under 10 per cent, any standard imputation methods for missing data can be applied. For the present study, the mean substitution method was used to replace the missing values. This was deemed appropriate

because of the low levels of missing data and strong relations among variables (Hair et al., 2010, p. 63).

The existence of outliers may bias the SEM technique (Hair et al., 2006), and so the identification and handling of outliers was an important step in purifying measurement variables. Both the univariate and multivariate methods were adopted to detect outliers. The univariate method detects outliers by calculating the standardised Z score of each variable. According to Hair et al. (2010, p. 75), when the sample size is relatively large (80 or more cases), univariate outliers can be defined as cases that have standardised Z scores greater than 4.0 in one or more variables. The univariate outlier analysis of the data showed that there were 31 cases with standard Z scores exceeding ±4.0 (Table 4.1).

In addition to the univariate method, the multivariate method was also adopted to detect observations that are 'not particularly high or low on the variables, but are unique in their combination of values across the variables' (Hair et al., 2010, p. 74). The detection of multivariate outliers was based on the calculation of D^2/df: the Mahalanobis D^2 measure divided by the number of variables involved. According to Hair et al. (2010, p. 75), for large sample size, the cases with a D^2/df value exceeding 3 can be treated as possible multivariate outliers. Multivariate outlier analysis of the data showed that there were nine cases with standard D^2/df value exceeding 3 (Table 4.2). Eight out of these nine multivariate cases were already univariate outliers, leaving one solely multivariate outlier. Therefore, the total number of cases identified either as univariate or multivariate outliers are 32 (31 univariate outliers + 1 multivariate outlier = 32 outliers).

Once the potential outliers were identified, the next step was to decide whether they should be retained or deleted. Hair et al. (2010) suggested that 'the researcher must refrain from designating too many observations as outliers and not succumb to the temptation of eliminating those cases not consistent with the remaining cases just because they are different' (p. 76). The re-examination of the 32 cases identified as potential outliers showed that seven of them (#27, #65, #71, #80, #177, #229, #278) could be identified as potential outliers by both the univariate and multivariate detection method. Another two cases (#59, #77) were found to have extreme values on a number of variables (more than six). Therefore, these nine cases were deleted because they are obviously different from the other cases.

Although the remaining 23 cases were identified as potential outliers by either the univariate or multivariate method, they do not have extreme values on a sufficient number of variables. These cases were therefore retained as valid data. After the deletion of outliers, 450 valid questionnaires were retained for further analysis.

Table 4.1

Univariate Outliers

Cases with standardised Z scores exceeding ±4.0			
Variable	**Case ID**	**Variable**	**Case ID**
SCA1	#59, #415	HV6	#59, #65, #71, #162, #203, #202, #278, #361,
SCA2	No cases	UV1	No cases
SCA3	#8	UV2	No cases
SCA4	#8	UV3	No cases
SCA5	No cases	UV4	#54, #110, #307
ENT1	#59, #456,	PV1	No cases
ENT2	#59, #65,	PV2	No cases
ENT3	No cases	PV3	No cases
ENT4	#59	SAT1	#59
ENT5	#59, #278, #456,	SAT2	#77, #177, #278
WINE1	#77, #329	LTY1	#41, #177,
WINE2	#77, #329,	LTY2	#23, #41, #220
WINE3	No cases	LTY3	#177
HV1	#27, #80	LTY4	No cases
HV2	No cases	LTY5	#56, #77, #177, #256,
HV3	#59 ，#85, #229, #278, #203	LTY6	#77
HV4	#55, #80, #229, #435	LTY7	#77
HV5	#27, #129, #68, #371	LTY8	No cases

Table 4.2

Multivariate Outliers

Cases with a value of D^2/df greater than 3 (df=36)[a]		
Case ID	**D^2**	**D^2/df**
#65	154.64	4.30
#177	153.65	4.27
#256	136.14	3.78
#27	132.39	3.68
#80	129.33	3.59
#71	127.02	3.53
#325	122.49	3.40
#229	120.91	3.36
#278	114.69	3.19

Note. a) The Mahalanobis D^2 value is calculated based on the 36 measurement items

4.2.2 Descriptive statistics of indicator variables.

In the present study, a total of 36 indicator variables were developed to operationalise the eight latent constructs that compose the proposed model. The descriptive statistics—mean, standard deviation, skewness and kurtosis—of each of these indicator variables are presented in Table 4.3 and Table 4.4.

As shown by Table 4.3, HV2 ‘Visiting this cellar door truly felt like an escape’ and LTY4 ‘This cellar door’s wines are considered as one of my first choice to buy’ have mean scores lower than 4 but greater than 3. However, the mean scores of all the other indicator variables are above 4. These mean scores suggest that visitors generally had positive experiences during their visits to a cellar door and they tended to hold favourable post-visit

intentions. An examination of the standard deviations of indicator variables suggests that there is sufficient variation in the data (cf. Dabholkar, Thorpe & Rentz, 1996, pp. 14–15).

The skewness and kurtosis of each indicator variable was checked to understand how each variable deviated from the normal distribution. First, the statistical significance of each variable's skewness and kurtosis is calculated by converting both the skewness and kurtosis values to standard Z scores. An absolute Z score greater than 1.96 indicates a significance level 0.05, above 2.58 indicates a significance level 0.01 for skewness/kurtosis and absolute Z scores greater than 3.29 indicate a significance level of 0.001 for skewness/kurtosis (Field, 2009; Hair et al., 2010). In the present study, as shown by Table 4.4, the Z scores for skewness for all the indicator variables were negative and exceeded -3.29, indicating a significant ($p<0.001$) asymmetric distribution with all the scores bunched up on the higher end of the scale. Meanwhile, most Z scores for the kurtosis were positive and exceeded +1.96, suggesting a significant ($p<0.05$) leptokurtic distribution of most indicator variables.

Although the Z test for the significance of skewness and kurtosis can be used to detect whether there is a severe deviation from the normal distribution, the results of the Z test may not be useful in large samples (N=200 or more), because 'Large samples will give rise to small standard errors and so when sample sizes are big, significant (Z) values arise from even small deviations from normality' (Field, 2009, p. 139). Similarly, Tabachnick, Fidell and Osterlind (2007) maintain that 'in a large sample, a variable with statistically significant skewness and kurtosis often does not deviate enough from normality to make a substantive difference in the analysis' (p. 80).

As an alternative, inspecting absolute values of skewness and kurtosis is suggested to be more important and appropriate when the sample size is greater than 200 (Field, 2009). As a conservative rule of thumb, Kline (2011) suggests that the absolute values of skewness greater than 3.0 and kurtosis greater than 10.0 may suggest an obvious deviation from the normal distribution. An examination of the skewness and kurtosis of the indicator variables showed that the only one indicator variable (HV6, skewness: -4.51, kurtosis: 24.63) had absolute skewness and kurtosis values exceeding the critical values of 3 and 10, the absolute skewness and kurtosis values for all the other indicator variables were lower than the suggested critical values.

Given the above findings, the indicator variables can be regarded as showing a minor deviation from the normal distribution. Therefore, the PLS-SEM is preferred over CB-SEM in testing the relationships among the latent constructs because 'PLS-SEM is suitable for applications where strong (multivariate statistical) assumptions cannot be fully met and is often referred to as a distribution-free 'soft modelling approach' (Hair et al., 2012).

Table 4.3

Descriptive Statistics of Indicator Variables

	Mean	Standard Deviation
Perceived servicescape quality (SCA)		
SCA1: There was a good atmosphere at this cellar door.	4.56	0.61
SCA2: Its ambience was what I was looking for in a cellar door.	4.36	0.74
SCA3: Its layout impressed me.	4.32	0.76
SCA4: Its layout served my purposes.	4.43	0.66
SCA5: Other customers at the cellar door did not affect its ability to provide me with good experience.	4.24	0.87
Perceived service encounter quality (ENT)		
ENT1: The employees gave me individual attention.	4.62	0.62
ENT2: The employees understood my specific needs.	4.51	0.63
ENT3: The employees were never too busy to respond to my request.	4.34	0.86
ENT4: The employees were knowledgeable enough to answer my questions.	4.73	0.49
ENT5: The employees were friendly and welcoming.	4.73	0.49
Perceived wine quality (WINE)		
WINE1: Overall, its wines had an acceptable standard of quality.	4.61	0.54
WINE2: Overall, its wines tasted good to me.	4.56	0.57
WINE3: Overall, the characteristics of its wines met my personal preference.	4.41	0.65
Perceived hedonic value of cellar door visit (HV)		
HV1: Visiting this cellar door gave me pleasure.	4.52	0.62
HV2: Visiting this cellar door truly felt like an escape.	3.90	0.92
HV3: The time spent at this cellar door was truly enjoyable.	4.60	0.59
HV4: I enjoyed visiting this cellar door for its own sake, not just for the items I may have purchased.	4.40	0.75
HV5: Visiting this cellar door was something I felt relaxed about.	4.52	0.68
HV6: Visiting this cellar door was not a very nice time out (reversed).	4.92	0.32

	Mean	Standard Deviation
Perceived utilitarian value of cellar door visit (UV)		
UV1: I accomplished just what I wanted to while I was at this cellar door.	4.27	0.86
UV2: I couldn't get what I really needed at this cellar door (reversed).	4.34	1.04
UV3: While visiting this cellar door, I found just the wine I was looking for.	4.08	0.93
UV4: I was disappointed because I had to go to another cellar door to complete my wine purchasing (reversed).	4.57	0.77
Perceived value of wine (PV)		
PV1: Overall, this cellar door offers wines that are worth their prices.	4.35	0.68
PV2: Overall, the value of its wines compares favourably to other wineries.	4.34	0.67
PV3: Overall, I consider its wines to be a good buy.	4.36	0.67
Overall satisfaction (SAT)		
SAT1: Overall how would you describe your experience at this cellar door?	4.72	0.51
SAT2: I am satisfied with my experience at this cellar door.	4.66	0.54
Loyalty intentions (LTY)		
LTY 1: I will revisit this cellar door when travelling to the same wine region.	4.64	0.59
LTY 2: I probably will revisit this cellar door the next time I travel to this region.	4.56	0.63
LTY 3: I will continue to purchase wines made by this winery in the future.	4.59	0.62
LTY 4: This cellar door's wines are considered as one of my first choice to buy.	3.77	0.97
LTY 5: I will recommend this cellar door to my friends or relatives.	4.73	0.53
LTY 6: I will say positive things about this cellar door to other people.	4.61	0.58
LTY 7: I will continue to be a loyal customer of this cellar door.	4.41	0.70

Note. Sample size N=450

Table 4.4

Skewness and Kurtosis of Indicator Variables

	Skewness	Z score	Kurtosis	Z score
Perceived servicescape quality (SCA)				
SCA1	-1.10	-9.54	0.47	2.06
SCA 2	-0.91	-7.95	0.21	0.91
SCA 3	-0.88	-7.61	0.32	1.39
SCA 4	-0.94	-8.13	0.82	3.55
SCA 5	-1.20	-10.47	1.55	6.73
Perceived service encounter quality (ENT)				
ENT1	-1.69	-14.72	3.29	14.30
ENT 2	-.97	-8.44	0.14	0.59
ENT 3	-1.53	-13.30	2.73	11.85
ENT 4	-1.57	-13.61	1.52	6.63
ENT 5	-1.67	-14.55	2.66	11.58
Perceived wine quality (WINE)				
WINE1	-1.06	-9.21	0.59	2.58
WINE2	-0.96	-8.38	0.33	1.458
WINE3	-0.80	-6.94	0.23	0.98
Perceived hedonic value of cellar door visit (HV)				
HV1	-1.04	-9.01	0.57	2.50
HV2	-0.51	-4.39	-0.09	-0.42
HV3	-1.51	-13.11	3.38	14.70
HV4	-1.31	-11.36	2.08	9.03
HV5	-1.69	-14.69	4.35	18.91
HV6	-4.51	-39.25	24.63	107.10
Perceived utilitarian value of cellar door visit (UV)				0
UV1	-1.24	-10.78	1.48	6.45
UV2	-1.76	-15.30	2.45	10.67
UV3	-0.93	-8.08	0.56	2.43

	Skewness	Z score	Kurtosis	Z score
UV4	-2.02	-17.56	4.16	18.07
Perceived value of wine (PV)				0
PV1	-0.65	-5.63	-0.29	-1.27
PV2	-0.57	-4.97	-0.50	-2.17
PV3	-0.71	-6.13	0.002	0.01
Overall satisfaction (SAT)				0
SAT1	-1.57	-13.69	1.58	6.85
SAT2	-1.32	-11.43	0.77	3.33
Loyalty intentions (LTY)				0
LTY 1	-1.45	-12.63	1.42	6.17
LTY2	-1.31	-11.36	1.32	5.76
LTY3	-1.24	-10.77	0.43	1.88
LTY4	-0.24	-2.10	-0.86	-3.74
LTY5	-2.02	-17.57	4.16	18.10
LTY6	-1.18	-10.26	0.40	1.74
LTY7	-0.83	-7.17	-0.22	-0.96

Note. Sample size N=450

4.2.3 Demographic profile of respondents.

The demographic characteristics of respondents are summarised in Table 4.5. The responses show that the number of male respondents (241) is slightly higher than female respondents (209), representing a proportion of 53.6 per cent and 46.6 per cent respectively. This gender distribution is similar to that of Bruwer, Saliba and Muller's (2011) study of Australian cellar door visitors, in which males account for 52 per cent and females account for 48 per cent. The majority of respondents were over 35 years old (N=326), with 23.6 per cent between 35–45, 20 per cent between 46–54, 20.9 per cent were between 55–65, eight per cent older than 65.

The analysis of education status revealed that most respondents (85.6 per cent) had some form of tertiary degree, of which 23.1 per cent had a TAFE (Technical and Further Education) certificate/diploma, 26.2 per cent had a Bachelor's degree, 17.8 per cent had a Graduate/Postgraduate diploma, 12.7 per cent had a Master's degree and 5.7 per cent had higher than a Master's degree (PhD or other). In terms of their annual household incomes, more than half of the respondents had relatively high levels of household income, with 27.6 per cent earning $100,001 to $150,000 annually, 14.0 per cent earning $150,001 to $200,000 annually and 16.2 per cent earning more than $200,000. These characteristics are also largely consistent with those reported by Bruwer et al. (2011).

The analysis also revealed that most respondents were frequent wine drinkers. Specifically, more than half (58.2 per cent) of the respondents consumed wine several times a week, 22.4 per cent of the respondents consumed wine on a daily basis and 14.2 per cent of the respondents consumed wine at least once a week. Only 13.3 per cent of the respondents were occasional wine consumers who drank wine either once a year or less than once a year.

The majority of respondents were frequent cellar door visitors, with 60.9 per cent of the respondents visiting cellar doors several times a year, 16 per cent visiting cellar doors once a month and 9.8 per cent visiting cellar doors a few times a month. All the respondents had visited the cellar door under survey at least once within the last 12 months. About 70 per cent had visited the cellar door more than two times. This indicated that these respondents should be familiar with the product, service and environment offered by the particular cellar doors and the other competitive cellar doors.

Table 4.5

Demographic Characteristics of Respondents

Demographic characteristics	**Number of respondents (N=450)**	**Valid percentage (%)**
Gender		
Male	241	53.6
Female	209	46.6
Age Group		
18–24	14	3.1
25–34	110	24.4
35–45	106	23.6
46–54	90	20.0
55–65	94	20.9
65+	36	8.0
Education Status		%
School Leaver's Certificate (15 yrs+)	33	7.3
HSC (High School)	32	7.1
TAFE certificate/diploma	104	23.1
Bachelor's degree	118	26.2
Graduate/Postgraduate diploma	80	17.8
Master's degree	57	12.7
Doctorate degree	15	3.3
Other	11	2.4
Household annual income (pre-tax)		
less than $25,000	4	0.9%
$25,001 to $50,000	31	6.9%
$50,001 to $75,000	66	14.7%
$75,001 to $100,000	89	19.8%
$100,001 to $150,000	124	27.6%
$150,001 to $200,000	63	14.0%
$200,000 plus	73	16.2%

Demographic characteristics	Number of respondents (N=450)	Valid percentage (%)
Household monthly spend on wine		
AU $100 or less	182	40.5
AU $101–200	148	32.9
AU $201–300	57	12.6
AU $301–400	20	4.4
AU $400+	43	9.6
Wine drinking Frequency		
Every day	101	22.4
A few times a week	262	58.2
Once a week	64	14.2
Once a fortnight	15	3.3
Once a month	4	0.9%
Less often than once a month	4	0.9%
Cellar door visit frequency		
A few times a month	44	9.8
Once a month	72	16
A few times a year	274	60.9
Once a year	45	10
Less than once a year	15	3.3
Number of visits to the cellar door under survey		
One time	135	30.0
2 – 3 times	133	29.6
4–5 times	89	19.8
6–10 times	47	10.4
More than 10 times	46	10.2

4.3 Measurement Model Assessment

The measurement model specifies the relationships between the observed indicator variables and the latent constructs. Considering that all the constructs are operationalised as reflective and there is no formative construct in the present research, the reliability and validity of the measurement model can be assessed in terms of indicator reliability, internal consistency reliability, convergent validity and discriminant validity as suggested by Hair et al. (2011, 2012).

4.3.1 Indicator reliability.

Indicator reliability specifies the degree of correspondence between an indicator variable and the latent constructs (Hair et al., 2010). It is usually assessed by examining the absolute standardised factor loading of each indicator on its corresponding construct. The higher the factor loading on a latent construct, the more representative of the latent construct the indicator is. In marketing research, a rule of thumb is that the absolute standardised factor loading should be higher than 0.707 ($0.707^2 \approx 0.50$) to ensure that at least 50 per cent of the variance of the indicator variable is due to the underlying latent construct (Hulland, 1999). In the first run of PLS-SEM, the results showed that all but three of the measurement items had a factor loading above 0.707. The exceptions were the reversed measurement item HV6 for the perceived hedonic value, the reversed measurement item UV4 for the perceived utilitarian value and the measurement item SCA5 for the perceived physical environment quality. The variables HV6 and UV4 had a factor loading of 0.501 and 0.539 respectively, which were much lower than the criterion of 0.707. SCA5 had a factor loading of 0.701, only

marginally lower than the reliability criterion of 0.707. Therefore, the two reversed items HV6 and UV4 were eliminated, whereas SCA5 was retained. The refined measurement model was tested again. As shown in Table 4.3, all the items had the factor loadings higher than 0.70 (Table 4.6) and were significant at $p<0.001$.

4.3.2 Internal consistency reliability.

Internal consistency reliability specifies the consistency level of the multiple measurement items for a latent construct (Hair et al., 2010). It is usually evaluated by calculating the composite reliability, which is deemed as more suitable than Cronbach's alpha in PLS-SEM (Hair et al., 2012). In the present study, the results (Table 4.6) showed that the composite reliabilities of the latent constructs varied from 0.860 for perceived utilitarian value (UV) to 0.933 for both the perceived value of wine (PV) and perceived quality of wine (WINE). The composite reliabilities for all the latent constructs were higher than the recommended threshold of 0.70 (Hair et al., 2011). Therefore, the refined measurement model showed good internal consistency reliability.

4.3.3 Convergent validity.

Convergent validity specifies to what extent the multiple items converge to the corresponding latent constructs (Hair et al., 2010). It can be assessed by checking the AVE for each latent construct. According to Fornell and Larcker (1981), the AVE should be greater than 0.5 to suggest adequate convergent validity. As shown in Table 4.6, the AVE varied from 56.3 per cent for the perceived hedonic value of a cellar door visit (HV) to 82.3

per cent for the perceived quality of wine (WINE). All were above the criterion of 0.5. Therefore, the measurement model showed adequate convergent validity.

Table 4.6

Factor Loadings, Composite Reliability and AVE

Constructs and Items	Factor Loading	Composite Reliability	AVE
Perceived servicescape quality (SCA)			
SCA1	0.852	0.914	0.682
SCA2	0.867		
SCA3	0.852		
SCA4	0.845		
SCA5	0.701		
Perceived service encounter quality (ENT)			
ENT1	0.895	0.916	0.687
ENT2	0.826		
ENT3	0.826		
ENT4	0.840		
ENT5	0.846		
Perceived wine quality (WINE)			
WINE1	0.915	0.933	0.823
WINE2	0.925		
WINE3	0.882		
Perceived value of wine (PV)			
PV1	0.932	0.933	0.822
PV2	0.911		
PV3	0.875		
Perceived hedonic value of cellar door visit (HV)			
HV1	0.835	0.865	0.563
HV2	0.706		
HV3	0.798		

Constructs and Items	Factor Loading	Composite Reliability	AVE
HV4	0.688		
HV5	0.714		
HV6*	-		
Perceived utilitarian value of cellar door visit (UV)			
UV1	0.855	0.860	0.673
UV2	0.714		
UV3	0.882		
UV4*	-		
Overall satisfaction with cellar door visit (SAT)		0.878	0.783
SAT1	0.869		
SAT2	0.900		
Loyalty intentions (LTY)			
LOTY 1	0.761		
LTY 2	0.779		
LTY 3	0.767	0.914	0.605
LTY 4	0.743		
LTY 5	0.780		
LTY 6	0.793		
LTY 7	0.818		

Note. * indicates dropped items; All remaining items were significant at the $p<0.001$ level;

4.3.4 Discriminant validity.

Discriminant validity refers to the level of distinctiveness between any two latent constructs. A high discriminant validity indicates that a latent construct is unique and captures some phenomena that other latent constructs cannot (Hair et al., 2010). A commonly used criterion for the evaluation of discriminant validity is the Fornell–Larcker

criterion, which requires the square root of the AVE for a latent construct to be higher than the correlations between this construct and any of the other constructs of the measurement model (Fornell & Larcker, 1981). For the present study, as shown in Table 4.7, the square root of AVE of each construct is higher than its correlations with any other constructs. Therefore the Fornell–Larcker criterion is met.

To evaluate the discriminant validity, it is also necessary to check the cross loadings to ensure all the items have the highest factor loading on their responding construct (Hair et al., 2011; Henseler, Ringle & Sinkovics, 2009). The results (see Table 4.8) showed that all measurement items had the highest factor loading on their intended constructs. Therefore, the measurement model demonstrated discriminant validity among constructs.

Table 4.7

Discriminant Validity

Variable	**SCA**	**ENT**	**WINE**	**UV**	**HV**	**PV**	**SAT**	**LTY**
SCA	(0.826)							
ENT	0.576	(0.829)						
WINE	0.560	0.515	(0.907)					
UV	0.392	0.379	0.504	(0.820)				
HV	0.688	0.574	0.574	0.488	(0.750)			
PV	0.519	0.472	0.673	0.540	0.553	(0.907)		
SAT	0.511	0.566	0.611	0.473	0.652	0.644	(0.885)	
LTY	0.560	0.531	0.674	0.526	0.667	0.655	0.688	(0.778)

Note. The numbers in the brackets are the square root of AVE for each construct.
The correlations between constructs are presented in the lower triangle of the matrix; SCA: Perceived servicescape quality; ENT: Perceived service encounter quality; WINE: perceived quality of wine; UV: Perceived utilitarian value; HV: Perceived hedonic value; PV: Perceived product value; SAT: Overall satisfaction; LTY: Loyalty intentions.

Table 4.8

Loadings and Cross Loadings Matrix

	SCA	**ENT**	**WINE**	**HV**	**UV**	**PV**	**SAT**	**LTY**
SCA1	0.852	0.502	0.537	0.601	0.337	0.481	0.500	0.542
SCA2	0.867	0.469	0.454	0.593	0.324	0.402	0.398	0.446
SCA3	0.852	0.424	0.445	0.568	0.312	0.407	0.406	0.462
SCA4	0.845	0.508	0.476	0.579	0.336	0.443	0.437	0.474
SCA5	0.701	0.471	0.383	0.494	0.307	0.404	0.355	0.370
ENT1	0.475	0.895	0.426	0.533	0.304	0.402	0.496	0.435
ENT2	0.559	0.826	0.495	0.485	0.333	0.435	0.465	0.507
ENT3	0.412	0.726	0.314	0.355	0.260	0.338	0.341	0.308
ENT4	0.481	0.840	0.461	0.483	0.344	0.381	0.506	0.478
ENT5	0.445	0.846	0.412	0.501	0.319	0.391	0.514	0.443
WINE1	0.504	0.464	0.915	0.544	0.441	0.600	0.554	0.617
WINE2	0.521	0.494	0.925	0.540	0.449	0.604	0.578	0.611
WINE3	0.499	0.443	0.882	0.477	0.482	0.629	0.530	0.608
HV1	0.560	0.456	0.490	0.835	0.384	0.465	0.576	0.558
HV2	0.532	0.372	0.397	0.706	0.400	0.431	0.428	0.480
HV3	0.534	0.531	0.475	0.798	0.371	0.413	0.589	0.564
HV4	0.477	0.383	0.353	0.688	0.299	0.340	0.411	0.391
HV5	0.478	0.397	0.422	0.714	0.373	0.420	0.416	0.490
UV1	0.351	0.392	0.406	0.464	0.855	0.432	0.425	0.469
UV2	0.234	0.173	0.304	0.244	0.714	0.337	0.273	0.243
UV3	0.356	0.322	0.498	0.442	0.882	0.531	0.433	0.518
PV1	0.477	0.438	0.581	0.536	0.496	0.932	0.633	0.604
PV2	0.449	0.403	0.582	0.483	0.464	0.911	0.574	0.575
PV3	0.485	0.442	0.667	0.483	0.507	0.875	0.542	0.602
SAT1	0.472	0.533	0.499	0.613	0.400	0.478	0.869	0.543
SAT2	0.437	0.473	0.578	0.547	0.435	0.651	0.900	0.668
LTY1	0.420	0.404	0.481	0.498	0.353	0.448	0.541	0.761
LTY2	0.405	0.391	0.505	0.506	0.476	0.471	0.537	0.779
LTY3	0.386	0.380	0.517	0.475	0.393	0.510	0.492	0.767

	SCA	ENT	WINE	HV	UV	PV	SAT	LTY
LTY4	0.425	0.398	0.554	0.484	0.458	0.529	0.457	0.743
LTY5	0.446	0.399	0.518	0.558	0.382	0.551	0.607	0.780
LTY6	0.510	0.484	0.528	0.582	0.377	0.517	0.573	0.793
LTY7	0.448	0.430	0.564	0.520	0.427	0.535	0.531	0.818

Note. SCA: Perceived servicescape quality; ENT: Perceived service encounter quality; WINE: perceived quality of wine; UV: Perceived utilitarian value; HV: Perceived hedonic value; PV: Perceived product value; SAT: Overall satisfaction; LTY: Loyalty intentions.

4.4 Evaluation of the Structural Model

The reliability and validity of the structural model permit its use in testing our hypotheses. Following the guidelines of Hair et al. (2011) and Hair et al. (2012), the following criteria were used to evaluate the structural model: the variance explained (R^2) for each endogenous latent construct and the predictive relevance Q^2. In addition, the Goodness-of-Fit index recommended by Tenenhaus, Vinzi, Chatelin and Lauro (2005) was calculated to evaluate the global validity of the PLS-SEM structural model.

4.4.1 Explained variance (R^2).

The *explained variance (R^2)* of endogenous latent constructs is the primary criterion for the evaluation of PLS-SEM structural models. Chin (1998b) suggests that the R^2 values of 0.19, 0.33 and 0.67 for endogenous latent variables can be considered respectively as having weak, moderate and substantial explanatory power. Hair et al. (2011) suggest stricter R^2 values of 0.25, 0.50 and 0.75 to denote weak, moderate and substantial. They also indicate that in disciplines such as consumer behaviour, an R^2 value of 0.20 is considered high. In the present study, the results in Table 4.9 show that the model explains 33.1 per cent

of the variance of the perceived service encounter quality (ENT), 36.9 per cent of the variance of the perceived quality of wine (WINE), 28.0 per cent of the variance of the perceived utilitarian value (UV), 57.3 per cent of variance of perceived hedonic value (HV), 50.0 per cent of the variance of perceived product value (PV), 58.0 per cent of the variance of visitors' overall satisfaction (SAT) and 63.9 per cent of the variance of the visitors' loyalty intentions (VI). All of these R^2 values are considerably larger than the minimum requirement of 0.2. The relative high proportion of variance (63.9 per cent) explained for the target construct, visitors' loyalty intentions, means that the structural model can be viewed as having adequate explanatory power.

4.4.2 Predictive relevance.

The *predictive relevance* of the structural model may be assessed by examining Stone–Geisser's Q^2 value (Geisser, 1974; Stone, 1974). In PLS-SEM, the Q^2 value can be obtained by calculating the cross-validated redundancy and it should be greater than zero to indicate predictive validity of the structural model (Hair et al., 2011). In the present study, using an omission distance of seven, the redundancy Q^2 values obtained for the endogenous variables varied from 0.182 for perceived utilitarian value (UV) to 0.448 for overall satisfaction (SAT), demonstrating that all the constructs in the proposed structural model have predictive relevance.

4.4.3 Goodness-of-Fit

The *Goodness-of-Fit* (GoF) index is proposed by Tenenhaus et al. (2005) as an index to measure the global validity of the PLS model. It is defined as the geometric mean of the average communality and average R^2 and ranges from 0 to 1. Although Hair et al. (2012) argued that 'the proposed GoF is conceptually inappropriate whenever outer models are formative, or when single indicator constructs are involved' (p. 427), no constructs in the present study were formative, neither did any of the constructs measure a single indicator. Theorefore, the calculation of the GoF index could provide an extra evaluation of the structural model. As noted by Wetzels, Odekerken-Schroder and Van Oppen (2009), in PLS-SEM path modelling, the community for each latent construct is equal to the corresponding AVE. Thus, the calculation of GoF becomes a geometric mean of the average AVE and average R^2. Wetzels et al. (2009) suggested that a GoF value of 0.1, 0.25 and 0.36 could be viewed as representing small, medium and large effect size. In the present study, the GoF value for the model was 0.567, which is well above the baseline value of 0.36 for large effect size and allows us to conclude that the proposed model performs well in modelling cellar door visitors' behavioural intentions.

Table 4.9

Variance Explained, Predictive Relevance and GoF

Endogenous latent constructs	**R^2**	**Q^2 (in terms of cross-validated Redundancy)**
Perceived service encounter quality(ENT)	33.1%	0.385
Quality perception of wine (WINE)	26.9%	0.301
Perceived hedonic value (HV)	57.3%	0.319

Endogenous latent constructs	R^2	Q^2 (in terms of cross-validated Redundancy)
Perceived utilitarian value (UV)	28.0%	0.182
Perceived value of wine (PV)	50.0%	0.408
Overall satisfaction (SAT)	58.0%	0.448
Behavioural intentions(BI)	63.9%	0.385
GoF index= $\sqrt{\overline{AVE} * \overline{R^2}} = 0.567$		

Note. The omission distance for blindfolding procedure: seven.

4.5 Results of Hypothesis Testing

To test the hypothesised relationships among latent constructs, the path coefficients were estimated and the significance of all paths were assessed using a nonparametric bootstrap re-sampling procedure with 5000 sub-subsamples and individual sign change (Hair et al., 2011; Henseler et al., 2009). Table 4.10 shows the results of hypothesis testing. The analysis revealed that 21 out of the 26 hypothesised relationships were statistically significant. Among the significant hypothesised paths, three were significant at the level of $p<0.05$, two were at the level of $p<0.01$ and the remaining sixteen paths were at the level of $p<0.001$.

The first six hypotheses in Chapter 2 deal with the effects of a cellar door's servicescape quality on visitors' perceptions of service encounter quality, wine product quality, value perceptions, overall satisfaction and loyalty intentions. The path from visitors' perceptions of a cellar door's servicescape quality to service encounter quality was found to be positive ($\beta=0.576$) and statistically significant at the level of $p<0.001$. Hypothesis H1a was therefore supported. The path from visitors' perceptions of a cellar door's servicescape

quality to the visitor's overall quality perception of wine was also found be positive ($\beta=0.394$) and significant at the level of $p<0.001$. Hypothesis H1b was therefore supported. The results also showed that visitors' perceptions of cellar door servicescape quality had positive and statistical significant effect on the perceived hedonic ($\beta=0.431, p<0.001$) and utilitarian value ($\beta=0.110, p<0.05$) of cellar door visits. Hypothesis H1c and H1d were therefore supported. The direct influence of cellar door visitors' perceptions of servicescape quality on their overall satisfaction and loyalty intentions were not significant. Hence, hypotheses H1e and H1f were not supported.

The second group of hypotheses in Chapter 2 concerned the effects of service encounter quality on cellar door visitors' quality perceptions of wine, value perceptions, overall satisfaction and their loyalty intentions. Cellar door visitors' perceptions of service encounter quality was found to have a positive ($\beta=0.288$) and significant ($p<0.001$) effect on their quality perception of wine. Hypothesis H2a was supported. The path from cellar door visitors' perceptions of service encounter quality to their perceptions of hedonic value was found to be positive ($\beta=0.288$) and significant at the level of $p<0.001$. Hypothesis H2b was therefore supported. The path from cellar door visitors' perceptions of service encounter quality to their perceptions of utilitarian value was found to be non-significant. Thus, hypothesis H2c was not supported. The path from cellar door visitors' perceptions of service encounter quality to their perceptions of product value was found to be positive ($\beta=0.09$) and significant at the level of $p<0.001$. Hypothesis H2d was therefore supported. The path from cellar door visitors' perceptions of service encounter quality to their overall satisfaction was found to be positive ($\beta=0.191$) and significant at the level of $p<0.001$. Hypothesis H2e was

therefore supported. The path from cellar door visitors' perceptions of service encounter quality to their perceptions of loyalty intentions was found to non-significant. Hence, hypothesis H2f was not supported.

The third group of hypotheses concerned the effects of wine product quality on cellar door visitors' value perceptions, overall satisfaction and their loyalty intentions. The path from cellar door visitors' perceptions of wine product quality to the perceived hedonic value of cellar door visit was found to be positive ($\beta=0.152$) and significant at the level of $p<0.01$. Hypothesis H3a was therefore supported. The path from cellar door visitors' perceptions of wine product quality to the perceived utilitarian value was found to be positive ($\beta=0.380$) and significant at the level of $p<0.001$. Hence, hypothesis H3b was supported. The path from cellar door visitors' perceptions of wine product quality to the perceived value of wine was found to be positive ($\beta=0.586$) and significant at the level of $p<0.001$. Hence, hypothesis H3c was supported. The path from cellar door visitors' perceptions of wine product quality to their overall satisfaction was found to be positive ($\beta=0.153$) and significant at the level of $p<0.01$. Hypothesis H3d was therefore supported. The path from cellar door visitors' perceptions of wine product quality to their loyalty intentions was found to be positive ($\beta=0.223$) and significant at the level of $p<0.001$. Thus, hypothesis H3e was supported.

The fourth group of hypotheses concerned the effects of perceived utilitarian value on cellar door visitors' hedonic value perception, overall satisfaction and their loyalty intentions. The path from cellar door visitors' perceptions of utilitarian value to the perceived hedonic value of cellar door visit was found to be positive ($\beta=0.173$) and

significant at the level of $p<0.001$. Hypothesis H4a was supported. The path from cellar door visitors' perceptions of utilitarian value to their overall satisfaction with cellar door visit was found to be non-significant. Hence, hypothesis H4b was not supported. The path from cellar door visitors' perceptions of utilitarian value to their loyalty intentions was found to be positive ($\beta=0.088$) and significant at the level of $p<0.05$. Hypothesis H4c was therefore (weakly) supported.

The fifth group of hypotheses dealt with the effects of perceived hedonic value on cellar door visitors' value of perception of wine, overall satisfaction as and their loyalty intentions. As shown in Table 4.6, the path from cellar door visitors' perceptions of hedonic value to the perceived value of wine was found to be positive ($\beta=0.211$) and significant at the level of $p<0.001$. Therefore, hypothesis 5a was supported. The path from cellar door visitors' perceptions of hedonic value to overall satisfaction was found to be positive ($\beta=0.0.329$) and significant at the level of $p<0.001$. Therefore, hypothesis 5b was supported. The path from cellar door visitors' perceptions of hedonic value to loyalty was found to be positive ($\beta=0.329$) and significant at the level of $p<0.001$. Therefore, hypothesis 5c was supported.

The sixth group of hypotheses dealt with the effects of cellar door visitors' value-for-money perception of wine product on their overall satisfaction with cellar door visit and loyalty intentions. As shown in Table 4.6, the path from cellar door visitors' perceptions of value perception of wine to overall satisfaction was found to be positive ($\beta=0.287$) and significant at the level of $p<0.001$. Therefore, hypothesis 6a was supported. The path from cellar door visitors' perceptions of value perception of wine to loyalty

intentions was found to be positive ($\beta=0.154$) and significant at the level of $p<0.001$. Therefore, hypothesis 6b was supported.

The last hypothesis concerned the relationship between cellar door visitors' overall satisfaction and loyalty intentions. The results showed that overall satisfaction had a positive ($\beta=0.233$) and statistically significant ($p<0.001$) effect on cellar door visitors' loyalty intentions. As a summary, Table 4.10 and Figure 4.1 list the complete results of the hypothesis testing.

4.6 Summary

This chapter first gave a detailed description of the criteria used to identify invalid data, missing data and outliers, and discussed the necessary remedies employed in the data screening process. Then it presented descriptive statistics characteristics of data items in terms of mean, standard deviation, skewness and kurtosis. Considering that the data have a minor deviation from the normal distribution, PLS-SEM modelling was preferred over CB-SEM in testing the proposed relationships in the model. The next section presented the demographic characteristics of respondents, followed by the evaluation of the measurement model and the structural model. The results support the overall validity and reliability of the proposed model. In the last section, the testing of hypotheses was conducted with results supporting most of the hypothesised relationships.

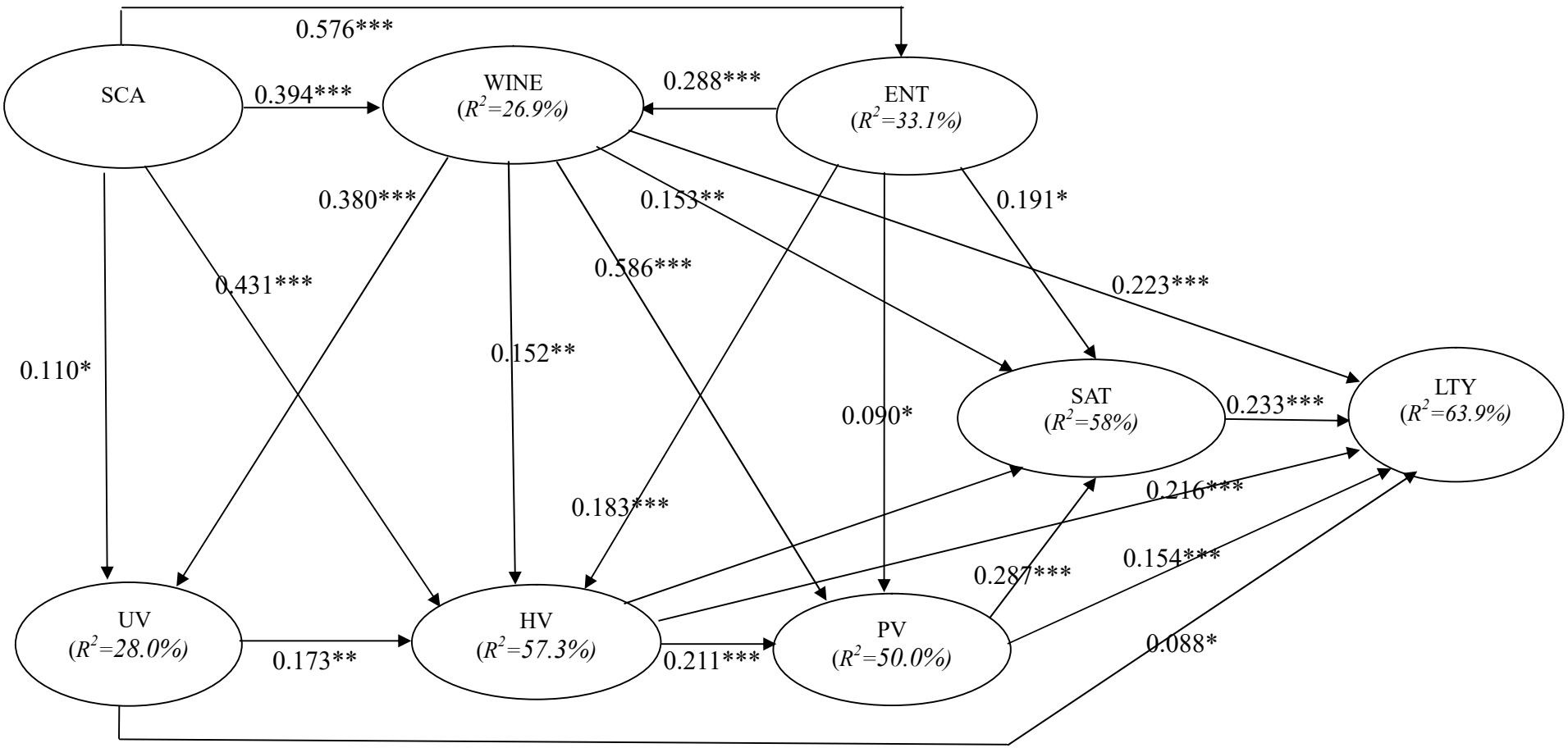

Figure 4.1 *PLS results of the structural model*

Note. * indicates $p<0.05$, ** indicates $p<0.01$, ***indicates $p<0.001$; non-significant path coefficients were not presented.
Constructs SCA: Perceived servicescape quality; WINE: Perceived wine product quality; ENT: Perceived service encounter quality; PV: Perceived value of wine; HV: Perceived hedonic value of cellar door visit; UV: Perceived utilitarian value of cellar door visit; SAT: Overall satisfaction; LTY: Loyalty intentions.

Table 4.10

Results of Hypothesis Testing

Hypothesis	**Path coefficients (standardised)**	**t values**	**Supported or not**
H1a: SCA→ENT	0.576***	13.113	Yes
H1b: SCA→WINE	0.394***	8.072	Yes
H1c: SCA→HV	0.431***	7.939	Yes
H1d: SCA→UV	0.110*	2.010	Yes
H1e: SCA→SAT	-0.075	1.614	Not supported
H1f: SCA→LTY	0.032	0.983	Not supported
H2a: ENT→ WINE	0.288***	6.082	Yes
H2b: ENT → HV	0.183***	3.773	Yes
H2c: ENT → UV	0.119	0.119	Not supported
H2d: ENT → PV	0.090*	2.123	Yes
H2e: ENT → SAT	0.191***	3.749	Yes
H2f: ENT → LTY	0.036	1.089	Not supported
H3a: WINE → HV	0.152**	3.043	Yes
H3b: WINE → UV	0.380***	6.300	Yes
H3c: WINE → PV	0.586***	10.773	Yes
H3d: WINE → SAT	0.153**	2.580	Yes
H3e: WINE → LTY	0.223***	4.248	Yes
H4a: UV → HV	0.173***	3.391	Yes
H4b: UV → SAT	0.037	1.023	Not supported
H4c: UV → LTY	0.088*	2.119	Yes
H5a: HV → PV	0.211***	4.559	Yes
H5b: HV → SAT	0.329***	6.037	Yes
H5c: HV → LTY	0.216***	3.941	Yes
H6a: PV → SAT	0.287***	5.781	Yes
H6b: PV → LTY	0.154***	3.576	Yes
H7: SAT → LTY	0.233***	4.561	Yes

Note. * indicates $p<0.05$, ** indicates $p<0.01$, *** indicates $p<0.001$. Bootstrap sample=5000, individual sign change;
Constructs SCA: Perceived servicescape quality; WINE: Perceived wine product quality; ENT: Perceived service encounter quality; PV: Perceived value of wine; HV: -Perceived hedonic value of cellar door visit; UV: Perceived utilitarian value of cellar door visit; SAT: Overall satisfaction; LTY: loyalty intentions.

Chapter 5: Discussion and Conclusions

5.1 Chapter Introduction

In this chapter, the key research findings are presented in Section 5.2. The theoretical and managerial implications of the findings follow in Sections 5.3 and 5.4, followed by an overall conclusion for the study in Section 5.5. Limitations of the study and future research direction are discussed in Section 5.6.

5.2 Key Research Findings

The key findings are presented by answering the research questions raised in Section 1.4:

RQ1: What are the relationships between a visitor's quality perception of a cellar door's environmental, service and wine product inputs?

Research finding 1.1:

The empirical results of the present study shows that the environmental components of a cellar door are very important aspects of the total cellar door experience because the servicescape has a major influence on cellar door visitors' judgments of the quality of wine products and the service encounter. This finding is logically reasonable because the cellar door environment is immediately evident to visitors and it is at this very first stage that visitors are likely to mould their expectations of what level of product quality and personal service they are about to receive. This finding corroborates the empirical evidence in the retail and hospitality management area, which suggests that consumers utilise the physical environment as a cue to make inferences about the quality of product or service (Baker et al., 1994, 2002; Ha & Jang, 2012; Michon, Chebat & Turley, 2005; Spangenberg, Crowley & Henderson, 1996)

Research finding 1.2:

The results also indicate that the service interaction between visitors and cellar door staff could influence visitors' quality perceptions of wine products. In the cellar door context, a good service interaction between employees and visitors can provide more wine knowledge and can enable the tasting characteristics of a cellar door's wine products to be recognised by consumers more easily. As a result, visitors' quality perceptions of wine will increase when they have better interaction with cellar door staff. Similarly, O'Neill et al. (2002)) stated that 'the attitude and behaviour of cellar door staff is perceived by many consumers as being representative of the quality of both the winery and its products' (p. 344). The present study supports this opinion by finding a positive linkage between visitors' quality perceptions of service interaction and wine products.

RQ2: How do visitors' quality perceptions of a cellar door's environmental, service and wine product inputs facilitate the creation of their value perceptions?

Research finding 2.1

The results suggest that both the perception of service interaction quality and wine product quality were antecedents of visitors' value perceptions of a cellar door's wine product. However, the effect of servicescape quality on visitors' value perception of wine is indirect (mediated by service encounter quality and wine product quality). Particular attention should be paid to the direct effect of service encounter quality on visitors' value-for-money perception of wine. Although the direct effect is small, the existence of this effect does indicate that a favourable perception of the service delivered by cellar door staff could add to visitors' monetary value perception of a cellar door's wine product. Similarly, in the context of retail businesses, Sweeney et al. (1999) find that service, in terms of manner

and knowledge exhibited by sales persons, has a direct effect on consumers' value-for-money perceptions of the electrical appliances they purchase.

Research finding 2.2:

The results demonstrate that all of the three types of performance perceptions (servicescape quality, service encounter quality and wine product quality) directly contribute to the perceived hedonic value of cellar door visits. In particular, the servicescape of a cellar door has the largest direct influence on the hedonic value derived from visiting a cellar door, followed by the service encounter and perceived quality of wine.

With regard to the antecedents of perceived utilitarian value, the results show that both the cellar door environment and wine product quality can work as sources of perceived utilitarian value derived from cellar door visits. Regarding service encounter quality, its role as an antecedent of perceived utilitarian value is not supported by the present study. Instead, it is more likely to facilitate the creation of hedonic value than the creation of utilitarian value.

A further comparison of the effects of visitors' various quality perceptions on their hedonic and utilitarian value perceptions suggests that the quality of wine products is more important in generating utilitarian value, but less important in creating hedonic value. The different effects may be because a cellar door offering high quality and excellent variety of wines will facilitate visitors' intended wine tasting or purchasing purposes, which could increase wine purchasing efficiency and increased utilitarian value. In contrast, the cellar door environment quality is more important in facilitating the creation of hedonic value than utilitarian value. This finding corroborates the empirical evidence reported by recent studies that suggests that the comfort and appeal of a store's environment could evoke consumers' emotional gratification through the shopping experience itself (e.g., Babin et al., 2004; Kincaid, Baloglu, Mao & Busser, 2010; Rayburn & Voss, 2013).

Research finding 2.3:

The results show that increasing the perceived utilitarian value of cellar door visits could enhance visitors' perceptions of hedonic value, which will in turn positively increase their value-for-money perception of wine. This finding means that by improving shopping efficiency and fulfilling visitors' intended purposes (e.g., tasting and buying wine, novelty seeking, learning about wine), the hedonic value obtained from cellar door visits will increase, and this increased hedonic value will in turn lead to a more favourable evaluation of the monetary value of a cellar door's wine products. Similarly, in a qualitative study of the factors enhancing wine tourism experience, Roberts and Sparks (2006) noticed that visitors may be willing to pay an extra amount of money for the cellar door's wine products as long as they are having fun at the cellar door, or if the cellar door provides something extra that facilitates their task accomplishment, such as a complementary tasting, reasonable shipping costs or a 'cooler pack'.

RQ3: How do visitors' quality and value perceptions work together to influence their overall satisfaction with a visit and loyalty intentions towards a cellar door?

Research finding 3.1:

The results show that a cellar door's physical environment (servicescape quality) does not have a direct influence on visitors' overall satisfaction. Instead, its effect on satisfaction is mediated by the perceived wine product quality, service encounter quality and perceived hedonic value. In contrast, both the service encounter quality and wine product quality are found to have a direct influence on visitor satisfaction. This indicates that both service encounter and wine products can serve as independent sources of visitor satisfaction, unlike perceived servicescape quality.

Among the three kinds of quality perceptions (servicescape quality, service encounter quality and wine product quality), only the perception of wine product quality was found to have a direct influence on customer loyalty, whereas the other two types of quality perceptions indirectly influence visitors' loyalty intentions through overall satisfaction and value perceptions. This finding highlights the fact that the quality of wine tasted at a cellar door is an core antecedents of visitors' loyalty intentions._

Research finding 3.2: Visitors' various value perceptions influence their overall satisfaction with cellar door visits and their loyalty intentions towards a cellar door.

The results of the present study show that both hedonic value and value-for-money perception of wine have a direct influence on visitors' overall satisfaction. The perceived utilitarian value, in contrast, does not directly affect visitors' satisfaction. Instead, its influence on visitor satisfaction is mediated by perceived hedonic value. Meanwhile, perceived utilitarian value does have a direct effect on visitor loyalty intentions. These findings mean that although a negative effect on visitor satisfaction from failing to meet visitors' task-related needs can be reimbursed by increasing visitors' hedonic feelings, this failure may still cause a direct decrease in visitors' loyalty intentions towards the cellar door.

The results also indicate that, in the cellar door context, satisfaction alone is not always sufficient to lock visitors into a repurchase, revisit or WOM intention. The value perceptions derived from the cellar door visit may serve as direct antecedents of visitors' loyalty intentions. Among the three types of value perceptions (hedonic value, utilitarian value and wine product value), perceived hedonic value has the biggest direct effect on both visitors' overall satisfaction and their loyalty intentions, followed by value-for-money perception of wine and utilitarian value. These findings indicate the experiential and hedonic nature of the cellar door visit (Bruwer & Alant, 2009; Quadri-Felitti & Fiore, 2010). They also support Dodd (1995), who asserted that 'The very nature of the wine industry lends

itself to a marriage with tourism' (p. 5), because the tourism elements offered by the cellar door visitor may enhance visitors' hedonic feeling from cellar door visits. Roberts and Sparks (2006, p. 53) also found that indulgent feelings such as 'relaxing', 'decadence', 'cosy' derived from cellar door visits were important to visitors.

5.3 Theoretical Implications

An interest in cellar door visitors' decision-making processes forms the basis for the present study. Given the limited theoretical developments in understanding cellar door visitors' behavioural intentions, the present study makes several important contributions to the understanding of wine tourist behaviour in the cellar door context.

First, the present study is one of the few attempting to unravel how a combination of inputs of a winery's cellar door environment, service and wine influence visitors' loyalty intentions. Previous researchers have noticed that visits to cellar doors provide wineries an opportunity to generate brand loyalty among their visitors (Fountain, Fish & Charters, 2008; Nowak & Newton, 2006). However, the extant wine marketing and tourism literature offers little insights into how and to what extent the performance of a cellar door's various inputs influence cellar door visitors' loyalty intentions. The present research constitutes a modest beginning in terms of filling this void in the literature.

The second theoretical contribution of the study is the refinement of the relationships between visitors' perceptions of cellar door environment, service interaction and wine product quality. To date, no study has explored whether visitors' quality inference of wine in the cellar door context is influenced by environmental and service elements. The interplay between cellar door environment, service interaction and wine quality revealed by the present study provides a relatively new and rich portrayal of the dynamics surrounding cellar door visitors' quality perceptions.

This research also contributes to the wine marketing and tourism literature on cellar door visitors' value perceptions. Previous research noticed that cellar doors should provide 'added value' to visitors, however, few studies have explained on what kind of 'added value' cellar doors managers should focus. The present study is among the first to broaden cellar door visitors' value perceptions from the narrowly defined value-for-money perception of wine to encompassing hedonic and utilitarian experiential values. Further, the strong effect of hedonic value on visitors' overall satisfaction and loyalty intentions revealed by the present study provides an explanation as to what makes wine purchasing behaviour at the cellar door context different from wine purchasing behaviour in a liquor store, and why the managers should focus on the tourism aspects of the cellar door experience.

Fourth, the present study expands knowledge regarding cellar door visitors' quality and value perceptions, and how these perceptions work together to influence visitors' loyalty intentions. This should hopefully open new avenues of inquiry for researchers interested in wine tourism behaviour.

5.4 Managerial Implications

Several managerial implications can be drawn from the key research findings of the study. The findings on the inter-relationships between visitors' perceptions of a cellar door's servicescape, service encounter and wine product quality can remind cellar door managers and operators that before spending an large amount of money to strengthen the technical quality of their wine products, they need to determine in advance if design changes to their cellar door environments and improvement of service interaction quality will contribute to their marketing objectives, including attracting more visitors and repeat wine purchasing.

The findings on the the relationship between visitors' quality perceptions and their value perceptions indicate that simply placing emphasis on the quality of their wine products

may not be enough to establish a competitive advantage. Service encounter is a critical aspect enabling a cellar door to induce customer loyalty. As suggested by O'Neill et al. (2002), the favourable memories of the service encounter are equally as important as the wine tasted and/or purchased at the cellar door, as both are a means to create brand loyalty. Gill, Byslma & Ouschan (2007) also suggest that improving cellar door staff's interpersonal skills could enhance customers' overall experience at a cellar door, which may consequently lead to better purchase and recommendation outcomes. In particular, managers need to realise that the improvement of a cellar door's physical environment may be a more effective way to generate hedonic experiences for visitors than the effort of producing better wine products and/or training additional professional staff.

The findings concerning the relationships between visitors' value-for-money perception of wine, overall satisfaction and loyalty intentions indicates that cellar door managers should not count on visitor satisfaction alone to induce visitors' favourable behavioural intentions. They should try to devise more competitive pricing strategies which captures and communicates value to their visitors. This is because shortcomings in wine product performance could be offset by perceived reductions in price. In other words, visitors may still be satisfied even though the quality of wine does not meet their expectations, as long as the wine is reasonably priced.

However, they could still be dissatisfied despite their perception of high quality wine offered by a cellar door, because the price is out of their acceptable range or does not compare favourably with other competitive wineries. Therefore, the promotional message should emphasise the quality of wine products relative to their costs rather than simply educating visitors to recognise the absolute quality (e.g., tasting characteristics) of their wine products. As stated by Mazumdar (1993):

> Today's value-conscious customers are neither impressed by the best product nor persuaded by the lowest price alone. Instead, customer purchase decisions are often guided by a careful assessment of what benefits they obtain in exchange for the costs they incur to acquire and consume the product. (p. 29)

The findings regarding the relationships between visitors' hedonic and utilitarian shopping values, overall satisfaction and loyalty intentions highlight the importance of making a cellar door visit into a tourism trip characterised by fun, fantasy, excitement and relaxation. Similarly, Bruwer and Alant (2009) indicate that in addition to the principal purpose of tasting and buying wine, the visitor could also be 'indulging in the atmosphere' (p. 249) for a pleasure-seeking and self-gratifying experience.

Cellar door managers need to pay attention to improving their venue's ability to meet consumers' task-related needs. In the cellar door context, it can be postulated that the sources of utilitarian value may include but are not limited to facilitating visitors to make the right assessment of wine, providing needed wine-related information and appropriate service support, improving visitors' wine purchasing in an efficient and convenient manner and providing good delivery of the product (cf. Smith & Colgate, 2007).

As visitors pursue diversified value during their cellar door visit, the scales adopted in the present study may serve as an instrument for cellar door managers to investigate the comparative performances of their cellar door environment, service encounter and wine products. They may assist in establishing the strength of each kind of value they deliver to and co-create with visitors. By doing so, cellar door managers may be able to analyse their customers' cellar door experiences more accurately, and develop more practical strategies. As asserted by Charters and Ali-Knight (2000):

> the ability of the winery to differentiate their product is often assessed on their provision-rather than just the "taste" of the wine on offer … By adding value to the

visitors' experience and thus building a closer relationship with them they may be adding value for their own organisation. (p. 75)

5.5 Overall Conclusion

In summary, the extant literature on wine tourism and marketing has largely failed to produce empirical findings that consider the synergistic effects of a cellar door's various inputs on visitors' monetary and experiential value perceptions, overall satisfaction and loyalty intentions. The results of this study provide preliminary evidence that an integrated approach is needed to understand cellar door visitors' post-visit decision-making processes regarding repeat wine purchasing, WOM and revisit intentions.

Further, the results of the present study indicate that cellar door visitors are oriented towards the experiential aspects of the visit itself as much as towards pragmatic considerations in purchasing wine. In fact, the wine marketing environment is hyper-competitive with a huge number of wine producers and products. A cellar door's advantage based on wine quality alone can be quickly imitated by competitors. It is clear that a memorable cellar door experience encompasses not only the selection of the core wine product but also other components including the appreciation of the cellar door environment and the face-to-face interaction with front-line employees that facilitate the visit.

For cellar door managers, their marketing strategy needs to extend beyond the boundary of a product focus to facilitate the creation of experience-based value. The experiential value generated during cellar door visits can provide extra competitive advantages allowing a cellar door to differentiate itself from its competitors. Therefore, cellar door operators cannot solely rely on good-quality wine to maintain their business. Their marketing differentiation strategy needs to shift from a goods-based offering to include the delivery of the total experience that accommodates visitors' needs and wants.

Particularly, cellar doors should strive to facilitate the creation of hedonic experiential value on a consistent basis to maintain visitor satisfaction and enhance customer loyalty.

5.6 Limitations of Research and Future Research Directions

The present study exhibits some limitations that should be considered. First, due to budget limitations, the study was conducted in wine regions near Adelaide in South Australia. Therefore, the study was exploratory in its nature and caution should be exercised when generalising these findings. It is recommended that the present study be replicated and extended in other wine tourist areas in different social and cultural contexts like Europe, South America and the U.S. Also it could be replicated in areas that have 'poorer' wine tourism experiences. In essence, replication will mean reproducibility or stability of research results in this field of study. Future studies may reveal whether cultural and social differences may influence the strength of the relationships revealed in the present study.

Second, as the main purpose has been to explore the linkages between the identified variables (various quality perceptions, value-for-money perception of wine, hedonic and utilitarian value, satisfaction and loyalty intentions) in the cellar door context, other moderating factors were not included in the study. Specifically, future research should considering the moderating effect of wine involvement and brand commitment on the relationships assumed in the model.

Third, because of the difficulty in tracking visitors' post-visit behaviour, the current study uses behavioural intentions as a proxy for visitors' actual behaviour. Future research would benefit from testing the degree to which the model is valid in predicting visitors' actual post-visit behaviours.

Last but not least, the present study does not take into consideration the heterogeneity of wine tourists. Hall (1996), cited in Mitchell and Hall (2006, p. 319),

suggests that cellar door visitors can be segmented into three categories: ‘Curious Tourist’, ‘Wine Interested’ and ‘Wine Lover’. They proposed that wine tourists should be segmented by taking account of their visiting purposes and their relationship with other tourism activities.

Alant and Bruwer (2004) found that both similarities and marked differences exist between the motivations of first-time and repeat visitors. These differences can be regarded as a reflection of visitors’ emphasis on different aspects of the wine tourism experience. Charters and Fountain (2006) revealed that younger wine tourists are more concerned with service experience, while older wine tourists pay greater attention to the wine tasting experience. As discussed above, it can be postulated that cellar door visitors in different segments may approach a cellar door with different expectations and requirements, and therefore may have varying perceptions of the different aspects of the total cellar door experience. Although the current study collects data on age, gender, income, education, wine drinking frequency and cellar visit frequency, how to utilise such data in PLS-SEM model to reveal consumer heterogeneity remain under study among methodology researchers of PLS-SEM (e.g. Becker, Rai, Ringle & Völckner, 2013). Therefore, no further analysis was done in the present study to identify heterogeneity. To deal with the heterogeneity of wine tourists, it is necessary for future studies to utilise an appropriate method to segment wine tourists into several subgroups, within which similar or homogeneous perceptions of the cellar door experience and their effects on visitors’ loyalty intentions can be revealed.

Appendix 1- Sample Survey Questionnaire

Dear Sir or Madam:

Many thanks for taking time to participate in this survey **(it takes about 5~10minutes)**. By completing this survey you are:

- Helping us to understand your needs;
- Helping a University of Adelaide student in an important data collection stage of his thesis;

Completing this survey will also give you **an opportunity to win a case of premium wine valued about AU$ 400** (free delivery within Australia). **There are no right or wrong answers**—all we are interested in is a number that best shows your feelings and opinions about your cellar door visit. Please be assured that all information will be kept strictly confidential. This survey has been approved by the University of Adelaide Human Research Ethics Approval Committee (Project No.: H-2012-028).

Terms and Conditions of the Prize Draw

Method of entry: Entry is open to respondents who complete the online survey.

Duration of entry period: The entry period for inclusion is from the 29th, May, 2013 until 11.59 PM (Adelaide local time), 31st July, 2013.

Details of Prizes and prize values: A case of premium wines made by Hahndorf Hill Winery will be provided to the winner, the total value will be around AU$ 400, the prize is free delivery within Australia.

Date and place of draw: The Prize Draw will be conducted on 5th, August, 2013 at the Room 10, Level 9, Business School, 10 Pulteney St., The University of Australia, SA 5005. The winner will be identified through a random computer aided draw.

Notification of the winner: The winner will be notified by telephone or email.

Unclaimed Prize Draw: If the prize is unclaimed within 14 days from the date of notification, an unclaimed prize draw will take place and the winner will be notified by telephone or email. Meanwhile, a new winner will be selected through a random computer aided draw and the new winner will be notified to claim the prize draw.

Participant Information Sheet

Introduction

The research aims to ascertain certain aspects of visitors' cellar door experience and its relationship with visitor satisfaction and future behavioural intentions.

Participation

Participation in this research study is completely voluntary. You have the right to withdraw at anytime or refuse to participate entirely without affecting your status now or in the future. If you desire to withdraw, please close your Internet browser.

Procedures

You will be asked to complete a questionnaire about your experience at the cellar door and it will take approximately 10 minutes or less. Questions are based on your past experience at this cellar door. The questionnaire will be conducted with an online Qualtrics-created survey.

Benefits

This information will be of great value and enable us to understand your needs and provide you with an even better experience in the future. Besides, it is hoped that through your participation, researchers will learn more about the relationship between the cellar door experience and visitors future wine-related behaviour.

Confidentiality

All data obtained from participants will be kept confidential and will only be reported in an aggregate format (by reporting only combined results and never reporting individual ones). All questionnaires will be concealed, and no one other than the primary investigator and his supervisors listed below will have access to them. The data collected will be stored in the Qualtrics-secure database until it has been deleted by the primary investigator.

Compensation

There is no direct compensation, however, participants who complete the questionnaires will be input into a lottery draw to win a case of premium wine (Valued about AU$ 400, Free delivery within Australia).

Risks/Discomforts

Risks are minimal for involvement in this study. However, you may feel emotionally uneasy when asked to make judgments based on your previous experience. Although we do not expect any harm to come upon any participants due to electronic malfunction of the computer, it is possible though extremely rare and uncommon.

Contacts for information on project and independent complaints

The study has been reviewed and approved by the University of Adelaide Human Research Ethics Committee **(Project No.: H-2012-028)**.
If you have questions or problems associated with the practical aspects of your participation in the project, or wish to raise a concern or complaint about the project, then you should consult the following researchers who are involved in this research project:
Name: Dr. Steve Goodman
Phone: +61 8 8313 4368

Name: Dr. Elton Li
Phone: +61 8 8313 6766
Name: Mr. Xiaoyu Chen
Phone: +61 4 2440 9931
If you wish to discuss with an independent person matters related to:
►Making a complaint, or
►Raising concerns on the conduct of the project, or
►The University policy on research involving human participants or Your rights as a participant
Please contact the University's Human Research Ethics Committee's Secretary on phone (08) 8303 6028

I have read and understood the above consent form and desire of my own free will to participate in this study：

○ Yes

○ No

Appendix 1- Sample Survey Questionnaire

1. Your gender

○ Male ○ Female

2. Your age group

○ 18-24 ○ 25-34 ○ 35-40 ○ 41-45

○ 46-54 ○ 55-65

○ 65+

3. Please indicate you household's approximate total annual income (before tax)

○ <=$25,000 ○ $25,001-$50,000

○ $50,001-$75,000 ○ $75,001-$100,000

○ $100,001-$150,000 ○ $150,001-$200,000

○ $200,000 plus

4. Please indicate your education status

○ School Leaver's certificate (15 yrs+

○ HSC

○ TAFE certificate/diploma

○ Bachelor's degree

○ Graduate/Postgraduate diploma

○ Masters degree

○ Doctorate degree

○ Other

5. How often do you drink wine?

○ Every day

○ A few times a week

○ Once a week

○ Once a fortnight

○ Once a month

○ Once every two months

○ Once every three months

○ Less often than once every three months

6. Approximately how much does <u>YOUR HOUSEHOLD SPEND</u> on wine in total in a <u>typical month</u>? (Please write down here)

7. Are you a permanent citizen of Australia?

○ Yes ○ No

Appendix 1- Sample Survey Questionnaire

8. Which country are you from? (Please write down your country name)

9. How often do you visit cellar doors?

- A few times a month
- Once a month
- A few times a year
- Once a year
- Less often than once a year

10. Here are some pictures of XXX (name of the cellar door) please recall your experience at this winery and answer the following questions:

(Pictures of the cellar door displayed here)

11. Have you ever visited XXX (name of the cellar door) in the last 12 months?

- Yes
- No

12. Until now, how many times in total have you visited XXX (name of the cellar door)?

- 1 time
- 2-3 times
- 4-5 times
- 6-10 times
- More than ten times

13. Overall, how would you describe your experience at XXX (name of the cellar door)?

Not at all Satisfactory				Very much Satisfactory
1	**2**	**3**	**4**	**5**

14. Based on your previous experiences at XXX (name of the cellar door), please circle the number that best represents your response to each statement:

	Strongly Disagree				Strongly Agree
	1	**2**	**3**	**4**	**5**
I will revisit this cellar door when travelling to the same wine region;					
I will continue to buy wines made by this winery;					
I will recommend this cellar door to my friends or relatives;					
Overall, this cellar door offers wines that are worth their prices;					
Overall, the value of its wine compares favourably to other cellar doors;					
Overall, I am satisfied with my visit to this cellar door;					

Appendix 1- Sample Survey Questionnaire

15. Please recall your experience at XXX (name of the cellar door) and circle the number that best represents your response to each statement:

	Strongly Disagree 1	2	3	4	Strongly Agree 5
Visiting this cellar door truly felt like an escape;	○	○	○	○	○
I enjoyed visiting this cellar door for its own sake, not just for the items I may have purchased;	○	○	○	○	○
Visiting this cellar door gave me pleasure;	○	○	○	○	○
The time spent at this cellar door was enjoyable;	○	○	○	○	○
Visiting this cellar door was something I felt relaxed about;	○	○	○	○	○
I was disappointed because I had to go to another cellar door to complete my wine purchasing;	○	○	○	○	○
Visiting this cellar door was not a very nice time out;	○	○	○	○	○
I accomplished just what I wanted to while I was at this cellar door;	○	○	○	○	○
I couldn't get what I needed at this cellar door;	○	○	○	○	○
While visiting this cellar door, I found the wine I was looking for;	○	○	○	○	○

17. Please recall your experience of service interaction at XXX (name of the cellar door) and circle the number that best represents your response to each statement.

	Strongly Disagree 1	2	3	4	Strongly Agree 5
The employees were friendly and welcoming;	○	○	○	○	○
The employees gave me individualised attention;	○	○	○	○	○
The employees were knowledgeable enough to answer my questions;	○	○	○	○	○
The employees understood my specific needs;	○	○	○	○	○
The employees were never too busy to respond my request;	○	○	○	○	○

Appendix 1- Sample Survey Questionnaire

18. Please circle the number that best represents your experience of the physical environment of XXX (name of the cellar door).

	Strongly Disagree 1	2	3	4	Strongly Agree 5
There was a good atmosphere at this cellar door;	○	○	○	○	○
Its ambience was what I'm looking for in a cellar door;	○	○	○	○	○
Its layout impressed me;	○	○	○	○	○
Its layout served my purposes;	○	○	○	○	○
The other customers at the cellar door did not affect its ability to provide me with good experience;	○	○	○	○	○

19. Based on your tasting experience at XXX (name of the cellar door), how would you rate its wines?

	Strongly Disagree 1	2	3	4	Strongly Agree 5
Overall, Its wines tasted good to me;	○	○	○	○	○
Overall, its wines had a good standard of quality;	○	○	○	○	○
Overall, I considered its wines to be a good buy;	○	○	○	○	○
Overall, its wines met my personal taste preference;	○	○	○	○	○

20. Please circle the number that best represents your response to the following statements about XXX (name of the cellar door)

	Strongly Disagree 1	2	3	4	Strongly Agree 5
I will say positive things about this cellar door to other people;	○	○	○	○	○
I will continue to be a customer of this cellar door;	○	○	○	○	○
I will recommend this cellar door to someone who seek my advice;	○	○	○	○	○
I probably will revisit this cellar door the next time I travel to this region;	○	○	○	○	○

21. Please leave us either your phone number or your email address if you wish us to input you into the prize draw to win a case of premium wine.

Appendix 1- Sample Survey Questionnaire

23. If any other comment about this cellar door or this survey, please write down here;

We thank you for your time spent taking this survey
Your response has been recorded

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