

AGRITOURISM, VALUE CO-CREATION, AND MARKETING INNOVATION IN THE
SONOITA-ELGIN WINE INDUSTRY

by

Sonora Cubillas

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This thesis has been approved on the date shown below:

Dr. Matthew Mars

June 7, 2016

Date

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ABSTRACT

Customers play an essential role in the growth and success of any business. Wineries and other agricultural-based enterprises that actively engage and/or involve customers in production and other central processes do so for reasons that transcend simple marketing strategies. This qualitative study explores the strategic potential of customer inclusion in the operations of locally and/or regionally-based agricultural enterprises vis-à-vis on-site tourist models. This exploration relies on the theoretical principles of value co-creation to identify and illustrate how agritourism enterprises can more purposefully and strategically engage and embed consumers within their business operations. Atmosphere, compromise, and investment of consumers within the value creation process leads to the transition of such consumers; taking them passive recipients to active participants.

INTRODUCTION

Background & Setting

Regional differences in climate lead to variation in the agricultural enterprise landscape of the American Southwest. As a result, particular agricultural industries have been established within certain regions of this geographical terrain. One such example is the Arizona (AZ) wine industry, which has three primary grape-growing regions: Sonoita-Elgin, Verde Valley, and Willcox (Western Farm Press 2014b). The Sonoita-Elgin area of Southeastern Arizona is both the oldest of these three regions, and the only American Viticultural Area (AVA) found within AZ. This designation means that it has met federal requirements, as set forth by the Alcohol, Tobacco, Tax & Trade Bureau (ATTB), based on quality, reputation, wine characteristics, and so on (ATTB 2013).

Studies on the scale, growth, and harvest rates within the Sonoita-Elgin viticulture region have been conducted. The bulk of current scholarly and practitioner attention in the area is being directed at the increase in the number of vineyard acres, the amount of wine produced, and the recognition of the wine quality statewide (Western Farm Press 2014a).

Scholars have directed particular attention to the marketing strategies pursued across the viticulture industry (Espejel, & Fandos, 2009; Fredrikson, 2001; Hollebeek & Brodie, 2009). The study within this line of inquiry with the most relevance to the current research is Hollebeek and Brodie's 2009 study on wine distribution channels in correlation with customer involvement and target

consumer wine knowledge (objective and subjective) levels. The same authors also briefly consider market branding and value co-creation, as defined by Prahalad and Ramaswamy (2004), across distribution channels, within the industry (Hollebeek & Brodie 2009). That being said, a closer look at *how* wineries, from an agritourism approach, directly include, interact with, and market to their customers, has yet to be explored (Western Farm Press, 2014a). Further research on the inclusion of value co-creation strategies within both the wine and agritourism industries is warranted. I aim to address this gap in the literature through the current exploration of how, if at all, customers are engaged and embedded in the marketing strategies, as well as the creation of value, of two small vineyards in the Sonoita-Elgin region of AZ.

LITERATURE REVIEW

Arizona Wine Industry

Arizona currently has a total of 92 licensed wineries, a number which has grown exponentially since 2006, when there were only 10, and more than doubled since January 1, 2011 (Western Farm Press, 2014b). These 92 wineries, and counting, now grow over 20 varieties of grapes throughout the state, which include “the Rhones' Petite Syrah, Grenache, Viognier, Syrah, Picpoul Blanc, Mouvedra, Roussane, and Marsanne; the Italian varieties Sangiovese, Graciano, and Montepulciano; the Spanish varietals including Tempranillo and Mavasia; the Bordeaux's Cabernet, Sauvignon Blanc, and Merlot; the Burgundy's Chardonnay and Pinot Noir; and one American variety – Zinfandel” (Western Farm Press, 2014b).

The Arizona wine industry itself is broken down into three primary grape-growing regions: the Sonoita-Elgin area, the Verde Valley, and the Willcox area (Western Farm Press 2014b). Of these three regions, the Sonoita-Elgin area, located in Santa Cruz County in Southeastern AZ, is the oldest in the State, having been founded in 1983, when Dr. Gordon Dutt, the “Father of the Arizona Wine Grape Industry,” opened Sonoita Vineyards (Western Farm Press 2014b). It is also the only American Viticultural Area (AVA) in AZ, meaning that it has met federal requirements, as set forth by the ATTB, designating it for, among other traits, quality, reputation, and wine characteristics (ATTB, 2013), which are based on, among other things, the terroir (soil, climate, terrain) of the area (Harvey, White, & Frost, 2014).

Agritourism

Agritourism is a broad term that is applicable to many different activities that “generates supplemental income” and creates a “subset of a larger industry called rural tourism” (Bernardo, Valentine, & Leatherman, 2004, p. 1). Agricultural multifunctionality (the agriculture has one or more additional functions on top of its production as a food or commodity), as well as the development of agritourism, is a growing trend within the U.S., which is lagging when compared to rural economies in other locations, such as Europe and Asia. Agritourism enterprises cover categories such as: outdoor recreation (e.g. fishing, horseback riding), educational experiences (e.g. cannery tours, wine tastings), entertainment (e.g. harvest festivals, barn dances), hospitality services (e.g. farm stays, guided tours), and on-farm direct sales (e.g. you-picks, roadside stand).

Noting the broad scope that the multifunctionality of agritourism offers, and the fact that the industry, as well as the term itself, has “been studied in various ways and contexts,” (Phillip, Hunter, & Blackstock, 2010, p. 754) over the years, it is important to layout parameters for the definition of the concept. In the past, agritourism, in general, has been most associated with a working farm, in which customers have direct contact with farming activities and are thus provided with an authentic agricultural experience (Phillip et al. 2010). Phillip, et al. (2010) unpack agritourism according to five categories that are reflective of the working condition of the farm or agricultural enterprise (e.g., vineyard), the level of consumer interaction, and the authenticity of the activity that is being experienced. The categories are broken down as follows: Type 1 (Non-working farm agritourism – e.g. accommodation in ex-farmhouse property), Type 2 (Working farm, passive contact agritourism – e.g. accommodation in a farmhouse), Type 3 (Working farm, indirect contact agritourism – e.g. farm product served in tourist meals), Type 4 (Working farm, direct contact, staged agritourism – e.g. farming demonstrations) and Type 5 (Working farm, direct contact, direct agritourism – e.g. participation in farm tasks) (Phillip et al. 2010). These types are further described in Table 1.

Table 1. Agritourism Type Breakdown

Type	Description
Type 1	Tourist activity IS NOT based on a working farm/agricultural enterprise (e.g. – accommodation in ex-farmhouse property, very general agricultural connection)
Type 2	Tourist activity IS based on a working farm/agricultural enterprise. Interaction with agricultural activity is PASSIVE. (e.g. – accommodation in a working farmhouse, products based on farm resources)

Type 3	Tourist activity IS based on a working farm/agricultural enterprise. Interaction with agricultural activity is INDIRECT. (e.g. – farm produce served in tourist meals, product or produce is sold to tourists at farm shop, corn mazes)
Type 4	Tourist activity IS based on a working farm/agricultural enterprise. Interaction with agricultural activity is DIRECT. Agricultural activity experience is STAGED (e.g. – farming demonstrations, direct physical contact with farm products, such as produce or animals)
Type 5	Tourist activity IS based on a working farm/agricultural enterprise. Interaction with agricultural activity is DIRECT. Agricultural activity experience is AUTHENTIC. (e.g. – participation in farm tasks, pick-your-own, experience physical agricultural activities first-hand)

Marketing & Value Co-Creation

Marketing and value co-creation are two closely linked concepts that are directly relevant to a firm's business strategy, which continually evolves with the changing market, as new information is revealed. According to Prahalad and Ramaswamy (2004), the traditional concept of a market involves the firm that creates value, the market in which the exchange of value occurs, and the consumers that demand the firm's offerings. In this model, the market and its consumers are distinctly separate from the value creation process. Having identified a large shift in the spectrum, Prahalad and Ramaswamy provide a value co-creation framework composed of four constructs: dialogue, access, risks-benefits and transparency (D.A.R.T). It is "these building blocks of consumer-company interaction that challenge the strong positions managers have traditionally taken on labeling laws, disclosure of risks (as in smoking or genetically modified plants), transparency of financial statements, and open access and dialog with consumers and communities"

(Prahalad & Ramaswamy, 2004, p. 9). Value co-creation, as framed in the D.A.R.T. model, is intended to promote a more individualized customer experience that centers on an overlap between the firm, its consumers, and the market. As a result, the conventional marketplace becomes transformed into a newly converged, co-created market (Prahalad & Ramaswamy, 2004).

Hollebeek and Brodie (2009) also explore the concept of value co-creation through an examination of the different distribution channels (i.e., how products or processes are delivered by businesses to customers) that run through the wine industry. The channels that these researchers observe include supermarket retailing, restaurants, and, specific to my study, wine tourism. Taking the study one step further, Hollebeek and Brodie also explore the effects of value co-creation on different distribution channels, as well as consumer knowledge on both objective and subjective topics within the wine industry.

PURPOSE STATEMENT

Customers play an essential role in the growth and success of any business. Wineries and other agricultural-based enterprises that actively engage and/or involve customers in production and other central processes do so for reasons that transcend simple marketing strategies (Zhang & Chen, 2008). In the current study, I explore the strategic potential of customer inclusion in the operations of locally and/or regionally-based agricultural enterprises vis-à-vis on-site tourist models. My exploration is framed by the theoretical principles of value co-creation (Prahalad & Ramaswamy, 2004) and types of agritourism (Phillip, et al. 2010) that allow for the identification and illustration of the various marketing

models that can be drawn on to more purposefully and strategically engage and embed customers within an agritourism-based business. My study is guided by the following two research questions:

1. How, if at all, do wineries within the Sonoita-Elgin region utilize the principles of value co-creation within their respective agritourism models?
 - a. If yes, how and why?
 - b. If no, why?
2. How, if at all, does the type of agritourism, as defined by Phillip, et al.'s Agritourism Typology, most utilized by the winery effect the value co-creation of the enterprise?

By addressing these two questions, I aim to develop specific recommendations on how the notion and strategy of value co-creation can influence the marketing strategies of wineries that include agritourism activities.

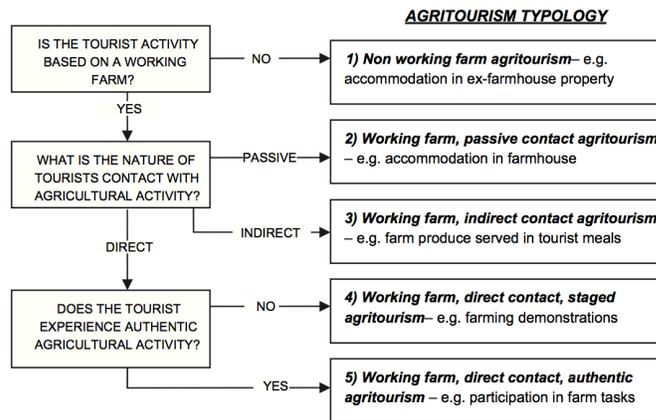
CONCEPTUAL FRAMEWORK

The conceptual framework for this study draws on three theoretical models: Phillip, et al.'s (2010) agritourism typology and Prahalad and Ramaswamy's (2004) value co-creation and firm-to-consumer interaction models.

As seen in Figure 1, Phillip et al. (2010, p. 756) break the definition of agritourism down into five categories, with each category varying on the degree of agricultural experience and consumer interaction. For the purpose of this study, the focus will be on the latter two categories, or types 4 (staged experience) and 5

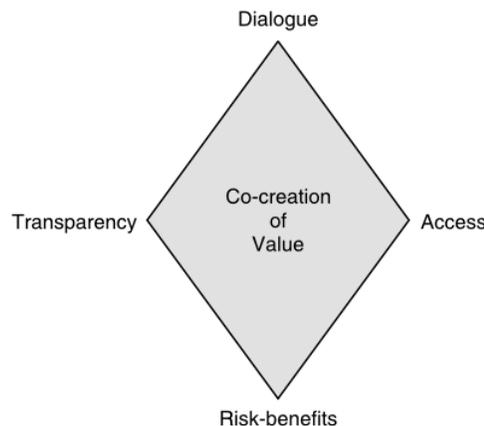
(authentic experience), with particular attention on the noted differences between staged versus authentic experiences.

Figure 1. A Typology for Defining Agritourism



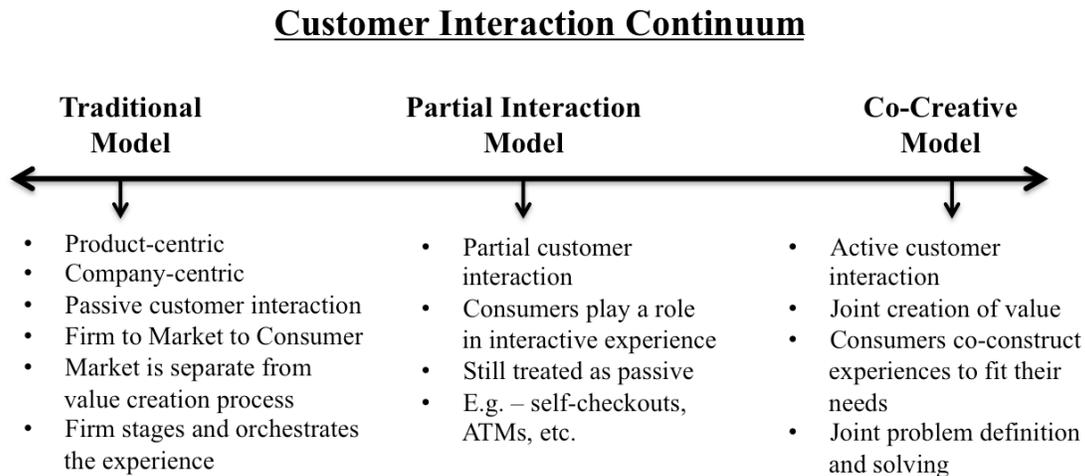
Specific to value co-creation and marketing interactions, Prahalad and Ramaswamy’s 2004 framework, which is based on the four D.A.R.T. constructs that are the basis for value co-creation shown in Figure 2 (2004, p. 9), will be utilized. It is “these building blocks of consumer-company interaction that challenge the strong positions managers have traditionally taken,” and are currently “emerging as the basis for interaction between the consumer and the firm” (Prahalad & Ramaswamy, 2004, p. 9).

Figure 2. Building Blocks of Interactions for Co-Creation of Value



Dialogue is the basis on which the additional three constructs are built, as it implies a willing and engaged interaction of two equal parts (the firm and the consumer) aimed at joint problem solving. *Access* to and *transparency* of information then ensue, as the consumer is “required” to have this knowledge in order for meaningful dialogue to occur. Finally, it is a combination of these three constructs that allow the both the firm *and* the consumer to clearly assess the *risks* and *benefits* of their chosen course of consumption (Prahalad & Ramaswamy, 2004).

Building on the four D.A.R.T. constructs, a ‘consumer to company interaction continuum’ can be constructed (see Figure 3). On one end of the continuum is what is described as a ‘traditional model.’ This model does not utilize the concept of co-creation. Instead focus is place “on consumer experience, but their consumers are basically treated as passive. Such companies disproportionately influence the nature of the experience. They are primarily product-centric, service-centric, and, therefore, company-centric. The focus is clearly on connecting the customer to the company’s offerings” (Prahalad & Ramaswamy, 2004, p. 8). Managers operating under traditional model conditions have, over the past few decades, acted on opportunities to integrate customers into some tasks (e.g., self-checkouts). While consumers still have little to no role in the creation of value through these tasks such advancements do move a company away from the a traditional model toward a more centralized position that is characterized by partial customer interaction. Based on these ideas presented by Prahalad and Ramaswamy, the following Customer Interaction Continuum is derived.

Figure 3. Customer Interaction Continuum

Located on the far right side of the continuum is a ‘co-creative model,’ which centers on customer-company interaction, and the implementation of the four constructs of D.A.R.T. By offering dialogue, access, transparency, and information about risks and benefits, the consumer is better informed, leading to a greater understanding of the company, their product or service, and, overall, their experience. This, in turn, leads to increased company-consumer interactions, making possible the co-creation of value for both the company and the consumer (Prahalad & Ramaswamy, 2004). On the one hand, co-creation prompts the company to offer customers more individualized experiences and opportunities. On the other hand, co-creation also encourages customers to participate in and create such opportunities and experiences for themselves in collaboration with the company. When the previous constructs of value co-creation are applied to a market setting, the roles of the company and the consumer converge. Such convergence

requires that both companies and consumers recognize the interaction between the two, and further build upon it.

METHODS

General Study Design

Here, I qualitatively explore the various ways two wineries within the Sonoita-Elgin wine region of Southern Arizona engage customers in tourist activities as a marketing and value-creation strategy. For privacy purposes, the two wineries at which the research was conducted were given the following pseudonyms: Sky Island Vines and Mustang Vineyards.

Case Selection

This study followed a multi-case study design (Creswell, 2007) that involved the aforementioned wineries in the Sonoita-Elgin area. On one hand, Mustang Vineyards was among the first wineries to open in the region in the 1980s. On the other hand, Sky Island Vines is a relative “new comer,” having only opened in 2012. The principles of theoretical-based sampling, as defined by Onwuegbuzie & Leech (2007), were used to select these two specific locations, as each winery is representative of the two ends of the previously described customer interaction continuum (Prahalad & Ramaswamy, 2004)(see Figure 3). Specifically, Sky Island Vines is oriented toward customer co-creation, while Mustang Vineyards is oriented toward the traditional value creation model. By choosing two distinctly different locations, the intent is to obtain data reflective of the various strategies used by wineries in the Sonoita-Elgin region to engage customers in tourist-based activities.

Sample Selection

Two samples were utilized in this study. The first consisted of three of the respective owners/managers from each winery, making for a total of six owner and managerial participants. The second consisted of 10 customers from Sky Island Vines, and 17 customers from Mustang Vineyards. All customers were purposefully selected on-site, consistent with the parameters of theoretical-sampling strategy (Onwuegbuzie & Leech). The selected customer participants had no prior knowledge of the study. Interviews were conducted until a response trend was found and data saturation was evident. For privacy purposes, all participants were randomly assigned pseudonyms. Table 2 identifies each participant, by their given pseudonym, as well as their role within the study (owner/manager, customer) and associated winery.

Table 2. Study Participants, Roles, & Associated Wineries

Participant Name	Role (within study)	Location (winery)
Ashley	Owner/Manager	Sky Island Vines
Krystal	Owner/Manager	Sky Island Vines
Danielle	Owner/Manager	Sky Island Vines
Emma	Owner/Manager	Mustang Vineyards
Tonya	Owner/Manager	Mustang Vineyards
Sherri	Owner/Manager	Mustang Vineyards
Kayla	Customer	Sky Island Vines
Cassie	Customer	Sky Island Vines
Jacqueline	Customer	Sky Island Vines
Chris	Customer	Sky Island Vines
Alexa	Customer	Sky Island Vines
Leslie	Customer	Sky Island Vines
Tyson	Customer	Sky Island Vines
Cody	Customer	Sky Island Vines
Jason	Customer	Sky Island Vines
Shane	Customer	Sky Island Vines
Todd	Customer	Mustang Vineyards
Lisa	Customer	Mustang Vineyards

Fallon	Customer	Mustang Vineyards
Kevin	Customer	Mustang Vineyards
Heather	Customer	Mustang Vineyards
Travis	Customer	Mustang Vineyards
Brian	Customer	Mustang Vineyards
Leah	Customer	Mustang Vineyards
Shea	Customer	Mustang Vineyards
Cindy	Customer	Mustang Vineyards
Jeff	Customer	Mustang Vineyards
Casey	Customer	Mustang Vineyards
Dylan	Customer	Mustang Vineyards
Michelle	Customer	Mustang Vineyards
Brent	Customer	Mustang Vineyards
Laura	Customer	Mustang Vineyards
Jordan	Customer	Mustang Vineyards

Data Collection

Data was gathered through individual interviews with both sample groups: winery owners/managers and winery customers. The interview protocol was designed to explore the presence of the four constructs of value co-creation (D.A.R.T.), the perception of where the winery fell upon the agritourism typology (Type 4-staged or Type 5-authentic), and where the business itself was perceived to fall on the Customer Interaction Continuum (Traditional-Business Centric or Value Co-Creative-Customer Centric). Furthermore, the protocol was piloted at another local winery that was chosen due to its theoretical position on the Customer Interaction Continuum and its utilization of value co-creation. Both the owner and three customers were interviewed at the pilot location. The insights gained through the pilot were used to refine the final protocol. Owners and managers were informed of and shown Phillip et al.'s Agritourism Typology (Figure 1) prior to their interviews in order to gain a greater understanding of the typology and offer a more

accurate explanation of their winery's perceived agritourism type. All interviews, which lasted between five minutes and 40 minutes, were recorded, then later transcribed, verbatim.

Data Analysis

The data were analyzed both deductively and inductively. Deductively, I utilized a structured coding framework that was consistent with the recommendations of Miles and Huberman (1994). The framework was developed based upon the previously provided conceptualizations of value co-creation and the components of the Customer Interaction Continuum (Traditional, Partial, Value Co-Creative) (Prahalad & Ramaswamy, 2004), as well as the agritourism typology (Phillip et al., 2010). Inductively, I analyzed the data looking for any trends or patterns that occurred relevant to my research questions, but not specific to the constructs composing my conceptual framework. Both the deductive and inductive analyses were conducted at the idiopathic and nomethetic levels, as recommended by Gelo, Braakman and Benetka (2008). Analysis at the idiopathic level revealed patterns and trends specific to the individual participants, while analysis at the nomethetic level, performed a total of seven times (once for each winery's owner/managers, once for each winery's customers, once across each winery location as a whole, and once across all samples) revealed patterns and trends found across participants and between the two winery locations.

Positionality, Trustworthiness, & Limitations

As the qualitative researcher, I was the primary data collection instrument used in this study (Chavez, 2008). Not only have I grown up in the region, but I have

also worked at multiple wineries and wine-related festivals, all of which has furthered my knowledge and understanding of the area's wine industry, as well as the local economy and culture. Accordingly, this allowed for greater insight when collecting data. By utilizing my previously cultivated relationships, I was offered immediate support for my research, both when looking into the way each business operates, as well as when interacting with their customers.

My positionality, while offering me a unique and distinct perspective, also left the opportunity for bias, therefore, I took several steps in order to limit the possibility of bias and in turn, strengthen the trustworthiness of the analysis and overall findings. Data were collected from multiple sources (individual owner interviews, individual customer interviews, naturalistic observations), as well as analyzed at both the idiopathic and nomethetic levels, allowing for triangulation and the establishment of credibility (Berg & Lane, 2014). Additionally, member-checking, involving the sharing of the interpreted data with those that it was gathered from with the request for feedback and clarification, was performed with the winery owners/managers (Lincoln & Guba, 1985).

FINDINGS

Perceived Classification of Agritourism Type

As noted in my theoretical framework, Phillip, et al. (2010) identify a typology that breaks agritourism down into five categories, based on constructs such as location, interaction, and most importantly, if the agricultural experience is staged (Type 4) or authentic (Type 5). When analyzing the perceived classification of each winery, only the owners and managers were asked questions that directly

correlated with this framework. However, there were several customer statements that also correlated and supported this topic.

Beginning with Mustang Vineyards, of the three owners/managers that were interviewed, when asked which category the winery best fits into Emma indicates staged (Type 4), Sherri indicates authentic (Type 5), and Tonya indicates a combination of both types 4 and 5, depending on what the customer appears to want, and what is currently going on in the winery itself (e.g. multiple tastings, a festival, bottling). Emma explains that her reasoning for saying staged (Type 4) includes planned and schedule tours and events:

What we do is the tastings are offered daily from 10am to 4pm. Then the tours need to be scheduled beforehand since we are a working farm, I have to make sure that my winery and production area where I give my winery tours is clean and then my husband would have to make sure that if he sprayed any kind of anything in the vineyard that if it... Sometimes there is an amount of days that people aren't allowed to be in the vineyard after something is sprayed, so something like the tours have to be prepared at least 2 weeks ahead of time that we know of but now, if we're going to do, like you said, we do events, we do 3 big wine festivals a year so we automatically do vineyard tours and winery tours on both those days.

She also mentions that she thinks what the winery does is staged because “we don’t want them [customers] messing with any of the heavy equipment or touching anything that they shouldn’t touch.” Finally, Emma states, “the tasting out there is staged.”

On the contrary, Sherri discusses how she thinks the winery is “definitely authentic” and operates “in the moment.” She goes on to state:

We have no down time. When they come, whatever we're in the middle of is here. We have no time to shut down. We'll get a lot of those marketing people wanting to sell us the pre-recorded tour, and I'm like, we can't have a recorded tour. You know what I mean? Because it's always something different.

Sherri also mentions that usually during the week when it's slower, and they don't have any open wine vats, they will offer to show interested customers the barrel room in a private, spontaneous tour.

Finally, Tonya discusses why she believes Mustang Vineyards offers a combination of both staged and authentic experiences, based primarily on what the customer appears to want. She explains:

So I would say we were staged for the people that are like, "Oh, I love Napa Valley or like, I've been to Europe." So for them, I think that our reactions to them are a little bit more different, we tend to not be as true, or down to earth to ourselves with them that we would be. With people who come in and they're genuinely interested we're like, "Oh yeah we go out, we pick grapes." You know, during harvest season, if they're genuinely interested in it and they're not uppity, we'll bring them back here and like let them look at the processing. You know, like we're more authentic to ourselves.

Of the eight Mustang Vineyards customers that mentioned agritourism in their interview responses, the majority specifically do so in the context of Type 4, staged, experiences. In particular, the customers discuss the major festivals that Emma brought up in her response, all of which consist of primarily staged experiences. Yet, two customers, Kevin and Heather, do mention an authentic, spur-of-the-moment experience, in which the vinification (winemaking) area was opened for people to explore.

When looking at the second site, Sky Island Vines, of the three owners/managers that were interviewed, when asked which category they felt they fell into on the typology, all three, Ashley, Danielle, and Krystal, describe a mix of both staged (4) and authentic (5). All three ladies describe the winery being staged during their monthly festivals, which range from atypical events such as concert

campouts to the more traditional harvest and grape stomp festivals. On one hand, Danielle explains how some of their major events, such as the grape stomp, are staged to provide customers with the experiences they want:

You know, our staged events... Our grape stomp events, those aren't even... Those are table grapes, but it's just giving people the experience. People have this idea about wineries that's romantic and that it's just fun and drinking and all that stuff. That's not quite the case, but we give them that when they come to our events.

On the other hand, Danielle also discusses that when the winery opens up and asks for help harvesting or weeding the vineyard, an authentic and "as real as it gets" experience is provided to customers. Being that she is also the resident vintner, she discusses instances when she has randomly offered samples of wine that she is currently working on blending and bottling to customers in the tasting room. Danielle does so to not only let customers participate in the different steps of the winemaking process, but also to offer them a more authentic experience, and, at times, even consider or utilize their feedback.

Similarly, Ashley also mentions the winery's spontaneous approach to tours and customer involvement:

We had a girl come in this Thursday and it was her birthday and this is her favorite place... While she happened to be here, my sister [Danielle] was pruning out in the vineyard, and I said, "Well if you want to go out and prune with her, you can." So she got to go out and experience that."

Again, in support of these authentic agritourism ideals and comments, Krystal describes how they have "offered days where, if people want to work in the vineyard, just to see how it works, they can."

Overall, both Mustang Vineyards and Sky Island Vines perceive that they offer a mix of both staged and authentic agritourism experiences, creating both in-

the-moment tours and activities, as well as planning larger, staged events that accommodate different experiences for their consumers.

Presence of Value Co-Creation Constructs (D.A.R.T.)

The participants across both sample groups (owners/managers and customers), as well as both case sites (Sky Island Vines and Mustang Vineyards) all conveyed a common understanding of the presence of three of the four constructs of value co-creation. Specifically, *dialogue*, *accessibility* and *transparency* were all observed at both locations. However, there was a noted difference in the level of presence each construct held at each winery.

Being that *dialogue* is the first construct on which the other three constructs are grounded, it is logical that it was the primary theme identified by both the winery managers/owners and customers. As the Southern Arizona wine industry is small in scale, and based primarily on tastings and sales done “in-house,” dialogue between the business and consumers is frequent and direct. It is evident from the service industry nature of tasting rooms that initial dialogue between employees and consumers may seem one-sided, with the winery simply informing and educating their customers on the products they offer. This is noted by Cassie, a customer at Sky Island Vines, who said there was “friendly staff” that were “very knowledgeable” and “knew exactly what was going on.” Similarly, Fallon, a customer of Mustang Vineyards states, “they’re [the staff] very giving with their information and knowledge.”

Tonya, of Mustang Vineyards, says she first connects with her customers by simply engaging them in a discussion, especially on slower days, when there is more one-on-one time available. She states:

So on busy days, I would say we probably don't get any one on one real interaction with them, we're just like pouring wine, giving them a short synopsis and moving on. On other days, if they come in, I call them giving customers because they're open to like telling you where they're from, or like any experiences they've had, and like you can talk about things other than wine with them, and they're very interested in the area and the winery and stuff, those conversations can go on like for hours or more. So it just depends on the customer, but it's always conversation in general.

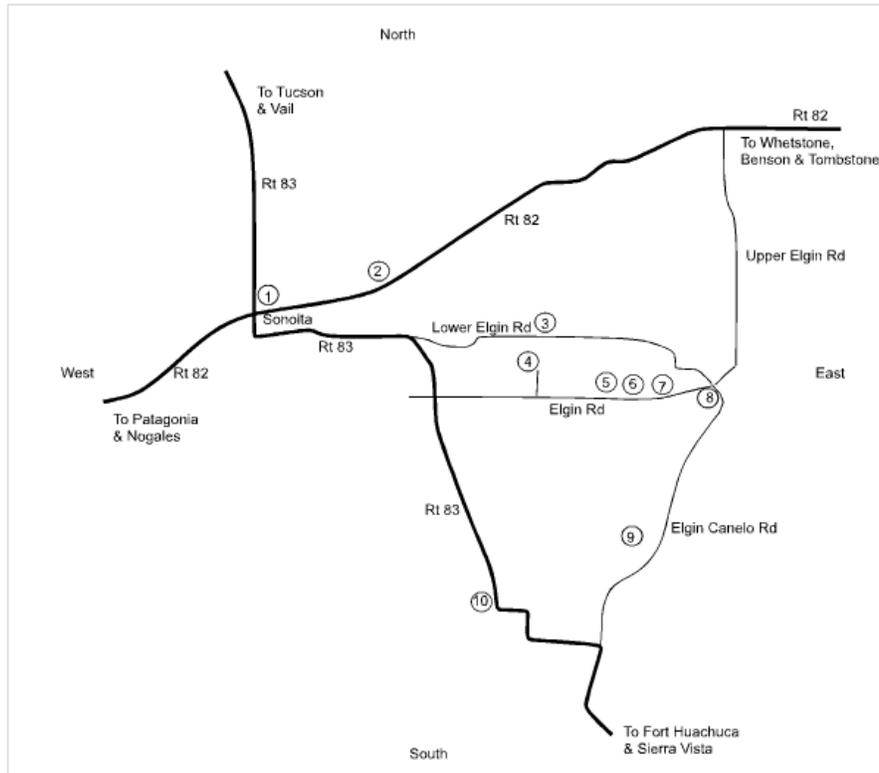
It is this initial engagement that can allow for greater dialogue to occur and trigger the change that takes customers from being passive recipients to active participants within the process. However, as Tonya also points out, the production of such dialogue heavily “depends on the customer.” This notion is also reciprocated by Danielle at Sky Island Vines, who notes, “half the customers are here to just drink and have a good time, but half of them are very interested.” Based on these statements, as well as others from the data, it is apparent that the wineries must contend with different customer types, catering to multiple audiences in a diverse and flexible manner.

Following *dialogue* are the two co-creation constructs of *accessibility* and *transparency*, both of which were identified across both samples and at each winery. *Accessibility* tends to cover both the literal accessibility of the business's location, as well as the accessibility of the business's strategy and product development, to consumers. In the literal sense of physical accessibility, Sky Island Vines, which is located directly off of a major highway in the area, is more conveniently placed than

Mustang Vineyards, which, while being located on a paved road, is not on a major thoroughfare and sits relatively by itself, as seen in Figure 4.

Figure 4. Map of Sonoita-Elgin Wine Tour

- #2 – Sky Island Vines
- #9 – Mustang Vineyards



It is this difference in location that causes a varying response in the ease of physical accessibility between the two enterprises. Emma from Mustang Vineyards says, “the biggest thing is people finding us.” She also explains,

It's very hard to find us and because State Route 83 and State Route 82 have been deemed by the state as scenic byways, we can't put signs out. You can have fold-able signs, but they have to be taken down every night or ADOT will come by and take your sign. They drive right by...and end up in Canelo and then they're like, "There's no cell reception out there," so it's hard. They have no idea. Then for some reason, if people haven't updated their old GPS units, they will take them down some crazy dirt road...and they'll be like, "You've arrived" and they're 3 miles down the road from me.

This is in stark contrast of Sky Island Vines, as Ashley, a previously mentioned employee, states, “we’re right off the highway, on a fairly busy highway.” As Bernardo, Valentine, and Leatherman (2004) have found, “tourists are more likely to travel to a destination if there are several tourist stops to visit” (p. 15). Noting Mustang Vineyards location in contrast to all other wineries in the region, this becomes a viable issue.

Another literal interpretation of accessibility reflects the availability of the wines that each winery produces. Sky Island Vines primarily focuses their sales around its tasting room. Ashley explains wines are sold “for favors, to other places [locally]... But more specifically, I would say 98% of our sales come from our tasting room.” Similarly, Emma of Mustang Vineyards also states, “about between 94 and 95% of our sales are directly from the tasting room.” However, Mustang Vineyards does offer their product throughout the state, as they have not only made connections with multiple boutique liquor stores and wine bars, but they have also penetrated major retail chains such as Whole Foods.

In a more abstract sense, *accessibility* to the business and its information is directly correlated with *transparency*, to which again, the wineries offer varying levels of each. As mentioned previously, both wineries not only produce their own wine, but are also working vineyards, growing their vines on-site, allowing consumers to visibly see the grapes and the fields from which the product originates before they even taste it. This initial *transparency* and *accessibility* sets the stage for each business as customers arrive. Alexa speaking on behalf of herself and Leslie, comparing their experiences at Sky Island Vines to other wineries they had recently

visited, states, “The first place that we went to, we asked questions, like, ‘We live in the desert. Where are the grapes grown?’ But here, there’s vines... It’s just cool to see the vines.” Emma of Mustang Vineyards also adds:

They [customers] can see the vines. Right now everything is budded out, so you can’t really see it unless you’re close, but everything is growing. You can see the grapes during our harvest. We let people go up and they can see them. My husband [the vineyard manager] lets them taste it and then they come up here and they can stomp on them [during the Harvest Festival] and then we make wine.

Both wineries also press, ferment, barrel and bottle their own wines on-site, as well offering tastings and wine by the glass and bottle. When addressing customers *accessibility* to this aspect of the business, Krystal of Sky Island Vines, shares:

They can really see every aspect of the tasting room. We explain how the whole process is. Anytime they have a question, or if they want to see anything, people are always here to help them. Any questions they have, we’ve got them answered. If they ask about where the wine’s made, I’ll even go out, if it’s not too busy or there are multiple people working here. I’ve shown people the barrel room, and if Danielle [the vintner] is here, she’ll do barrel tastings.

These same notions are mutually noted at Mustang Vineyards as well, with all three owners and managers also noting the *availability* and *access* to their barrel room and processes.

In regards to the *transparency* of the business and operations, Sherri, the previously mentioned manager from Mustang Vineyards, explains that the winery shares what information it can about pricing, but “obviously we don’t tell them [customers] our financial woes.” In comparison, Ashley of Sky Island Vines states,

It’s [the business] more transparent than we probably want it to be. Truly. Like, people know everything. They’ll come in and be like, “Oh I heard you and your sister were fighting” Or they’ll see us at our worst, they’ll be like, “You got a dead chicken in your pond.” They know everything. People know

too much about us. I think we need a little more mystery, but we are very transparent.

This preceding discussion with Ashley illuminates a notable trend that surfaced throughout the data that was collected. Specifically, atmosphere and setting were two reoccurring words and trends that continued to populate the interview data. All three of the Sky Island Vines owners/managers discuss the importance of atmosphere and setting, and eight of the ten customers of the same winery also mention and, in some cases, discuss these two features. Interestingly, only one of the Mustang Vineyards owner/managers (Sherri) discussed atmosphere and setting, while only six of the seventeen customers at this winery either mention or discuss these features. These six Mustang Vineyards consumers use descriptors such as fun, friendly, personal, and nice. They also make note of the “beautiful view” and “laid back” setting. Sherri, describes the winery’s perspective on their atmosphere in the following way:

Yeah, like I said, it's staying real. Not trying to be something we're not. We're not "foo foo". We don't try to be snobby. One of the big things, like I said in the tasting room - which they don't understand that that's all part of marketing - is making people feel like they're a part of it and how we talk to people and how we don't have this set flight and I'm listening to you. Even if I'm pouring someone else's wine, I'm listening to what the group, or how they're interacting. What they're saying about the wines they just tasted and it's an art form to listen without people feeling like you're being phony. I'm not. If there's something that I can't redeem, then I just don't go there, but if it's something that they say and I think, well you know it's like that because of this, or touch base on it, or explain it. We try not to use terms that are going to make people feel like they're inferior or that they don't know. We get that all the time.

This same notion is also discussed by all three Sky Island Vines owners/managers, who use phrases such as “not pretentious” and “at ease and comfortable” to describe the atmosphere and setting of their winery.

Customers also share a similar perspective. Kayla, a customer at Sky Island Vines, mentions, “I like the hippie kind of vibe, just relaxed. I don’t feel like it’s stuffy. I feel like I can just come here and be myself.” Alexa, a previously mentioned customer of Sky Island Vines, again speaking on behalf of herself and Leslie, describes the winery as having an “eclectic and comfortable atmosphere,” which led to them remaining at the winery all day, rather than visiting four other wineries, as was initially planned. Finally, in an interesting comparison between both Sky Island Vines and Mustang Vineyards, Jason states,

Mustang Vineyards is great, I've been to events there, like the Blessing of the Vines, and the food pairings, and the wine has been very good. But it's not a fun atmosphere, not like Sky Island Vines. Mustang Vineyards tries too hard to be somewhere like the California Wine Country, where you have the tradition, the infrastructure, and the legacy, whereas Sky Island Vines realizes it's a small vineyard and it's made its niche. It's always been an incredibly fun time and experience to come here, whether it's an event like Bad Decisions, or just a tasting.

It is this comment that illuminates the possible disconnect between the intended atmosphere of an enterprise, and that which is experienced by its consumers.

The final construct of value co-creation, *risks-benefits*, while only mentioned minimally by several participants of the study, is still just as equally important, although usually harder to conceptually grasp. In this specific industry, the assessment of the risks and benefits is relatively generic, based upon the consumption of alcohol, and the consequences it can entail. While each winery checked the I.D. of any consumer that looked as if they could even possibly be underage, and also fully disclosed the alcohol percentages of their wines (viewable on both their tasting sheets and their bottle labels), customers rarely inquired about such information. That said, just as each winery assumes the risks and benefits of

serving and attending to their customers, each customer must consciously accept those same risks and benefits on their behalf, for which they themselves are responsible (Prahalad & Ramaswamy, 2004). For example, risks and benefits can involve something as simple as the serving and consumption of alcohol, to something more complex, like the request that customers freely and honestly rate the winery online, in return for a free cocktail. While the customer assumes the risk of drinking alcohol, which could lead to intoxication, they are also reaping the benefits of a free drink. In turn, the winery is left assuming the risk of serving the drink, while also assuming the risks and/or benefits that the customer could leave excellent feedback, damaging feedback, or no feedback at all. It is this equal assumption of both the risks and benefits of a scenario, by both parties involved, that further invests each in the value co-creation process.

It is this not only this investment, but also the willingness of both the business and the consumer to compromise within this process, that leads to the co-creation of value. The business must be willing to release some control to its customers, to varying degrees, depending on the situation. As noted by the vintners of both Sky Island Vines (Danielle) and Mustang Vineyards (Emma), feedback on their wines is always welcome. However, wherein Emma relies heavily on her personal taste, and that of her staff, Danielle actively incorporates feedback from her customers on new or aging wines, even going so far as to wait on or alter a blend until it meets the suggestions of the consumers. It is this type of equal engagement that has led Sky Island Vines, and their customers, to a mutual investment, and the co-creation of value.

DISCUSSION & IMPLICATIONS

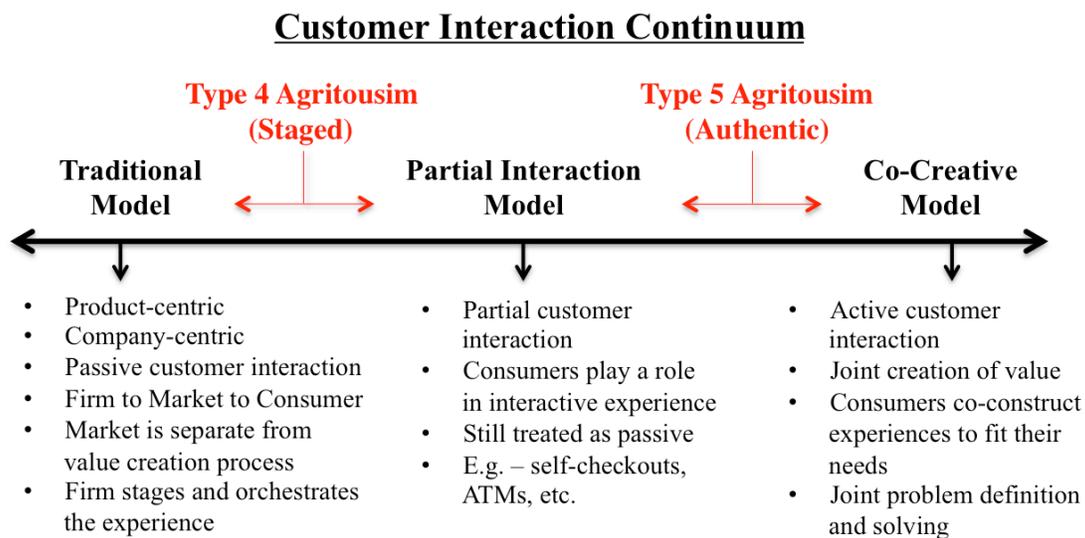
The newly engaged market, as described by Prahalad and Ramaswamy (2004), offers a shift in the paradigm from traditional business and marketing models, to those that are more co-creatively focused. As the market continues to evolve, those businesses that operate within it must also adapt accordingly. It is through the use of emergent strategies, such as value co-creation, that the diverse field of agritourism (Bernardo, et al. 2004; Phillip, et al. 2010) can continue to grow and develop.

While both wineries, Sky Island Vines and Mustang Vineyards, revolve their business strategies around their consumers, there are prevalent differences in the application and execution of such. Mustang Vineyards continues to operate under a more business and product-centric model, “drawing a line” to consumer involvement pertaining to certain aspects of the business, such as input and feedback on the creation of the wine itself. There were instances in which the winery transitioned towards a more co-creative model, allowing consumers to play a larger role within the experience; however, they were still treated as passive, as the focus was still connecting the consumer to the product (Prahalad & Ramaswamy, 2004). Conversely, Sky Island Vines focuses their efforts on “blurring the boundaries” of the value creation process, creating customized experiences with each of their consumers that invest them directly into the winery. In direct correlation with these observations, the two wineries operated under both types 4 (staged) and 5 (authentic) of the agritourism typology (Phillip, et al. 2010). However, Mustang Vineyards gravitated towards type 4 on a regular basis, staging

their operations in a pre-meditated manner, while Sky Island Vines consistently favored an authentic, “in the moment” approach to their tourism activities, grounding them primarily within type 5.

This study indicates the consequences that derive from the conscious decision each winery made within their business strategies. While setting plays a large role in the initial appeal of a location, it is the atmosphere itself that cultivates a desire within the consumer to establish loyalty. Additionally, compromise and release of control have a direct effect on the complete engagement and investment of consumers within the value creation process. Based upon this data, I contend it is the result of initiating such actions that leads to the transition of consumers from being passive recipients to active participants within the process.

Additionally, as previously stated, a direct correlation between the presence of value co-creation, the “location” of a business upon the Customer Interaction Continuum, and the type of agritourism they offer, as defined by Phillip et al.’s agritourism typology, is evident. The more traditionally-based and product-centric the business strategy is, the more the enterprise tends to fall within type 4, offering a majority of staged agritoursim experiences, while the more co-creative and customer-centric the business strategy, the more the enterprise operates within type 5, relying on authentic consumer experiences. Inversely, as an enterprise chooses to operate within the parameters of type 4 (staged) agritoursim, they fall further to the left on the Customer Interaction Continuum in relation to their business strategy, while those that operate under Type 5 (authentic) tend to align further to the right, as illustrated below in Figure 5.

Figure 5. Customer Interaction Continuum – Agritourism Type

While this study is focused on small-scale wineries, these insights are likely transferable to other agritourism enterprises, and highlight the choices which such enterprises need to make. It is with this statement that I argue the importance of value co-creation, as well as the inclusion of authentic agritourism experiences, within an agritourism enterprise's business and marketing strategies in order to further develop and foster individual consumer involvement and investment within the company.

Lastly, this study focused on a qualitative collection of data from the Sonoita-Elgin wine region of Southeastern Arizona, focusing primarily on two wineries. Further research that includes more locations within the region, or examines other wine regions, is encouraged. Additionally, the utilization of mixed methods or the performance of such a study within another type of agritourism setting is also proposed, as to broaden the scope of the study.

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