

Cashing in on the wine tourism experience



By Richard Halstead

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New World wineries, including those in Australia, are increasingly investing in their cellar door operations and maintaining quality interactions with their visitors once they have returned home, whether locally or abroad, underpinning the link between wine and the adjacent lifestyle categories of food and tourism.

It started with a trip.

Over the past few weeks I have been hard at work on a study for a consortium of producers in an Old World region.

Consumer awareness levels for the region are okay, but could be better – it's not one of those marquee names that trip off the tongue. When profiling those consumers in different countries who are aware of the region, there is a strong correlation between those people who currently drink wine from it, and those who have visited the region at some point in the past.

It's obvious, right? If you have memories of a place because you have been there, you are generally more involved than someone who has never visited (unless, perhaps, you had the holiday from hell). One of the recurring themes we see as wine market researchers is the connection that consumers make between places they have been on holiday and the wine they like to drink. This is particularly true of second tier regions or source countries, which have a harder time getting visibility in wine shops and among media influencers.

Let's take this analysis one step further. The wine drinking moment tends to share space in consumers' minds with feelings they get when on holiday: relaxation, indulgence, social pleasure. At the end of a long, rainy day of work and/or caring for children, revisiting this feeling can be an important therapy. Therefore, it could be assumed that the connection between the sense of place, and the feelings that go with it, forms one of the central planks of a brand equity 'house' that the wine category can build in the consumer consciousness.

Here's the thing: if the connection between your love of wine from Region P and the fact that, once upon a time, you had a nice holiday there is so obvious, why aren't wineries with sufficient scale throwing all their resources into developing tourism? Why



Visits to wineries are just as much about the broader lifestyle experience – be it food, socialising, or simply spending time outdoors in a pretty setting – as they are about appreciating wine.

aren't wine regions and tourism promotion bodies acting more in concert?

Clearly, some thinking along these lines is happening already. Wineries in Australia, the US and other parts of the world are investing in their cellar door operations, and making efforts to maintain a connection with their visitors once they have returned home. The link between wine and the adjacent lifestyle categories of food and tourism is also part of the intellectual underpinning of Wine Australia's forthcoming Savour Australia conference, to be held in Adelaide later this year.

Findings from a recent Silicon Valley Bank survey of US cellar door operations also boosts the business case for wine tourism. The study found that the typical US winery got around 14,000 visitors last year, an increase of 8 percent from the year before. Visitors to marquee regions such as Sonoma and Napa spent more than US\$100 per visit on average, which on a back-of-an-envelope calculation gives revenue of around US\$1.5-2 million a year for your typical Sonoma/Napa tasting room.

Perhaps more significant was the 'quality' of the interaction. According to the

Silicon Valley study, 6% of visitors (which, remember, would include a significant proportion of existing members) signed up on the spot to the winery's wine club. Those wine club members then went on to spend US\$448 (Sonoma) or US\$583 (Napa) on average, per year, for the next two years.

Late last year a team of Wine Intelligence researchers started to investigate the business of wine tourism as part of a long-term project to try to get a better grasp of how brand equity is built in the wine category. Our first project was to look in more detail at how wine tourism worked in Australia, which, along with California, has perhaps the most well developed network of cellar door tourism in the wine world.

What we found backs up some of what we suspected: that the winery visit is just as much about the broader lifestyle experience – be it food, socialising, or simple spending time outdoors in a pretty setting – as it is about appreciating (and buying) wine. Spend levels in Australia are not quite at the level seen in Napa, but there is also a different dynamic at work: the 'tourists' are often locals, many of whom come several ▶

WINE TOURISM: THE AUSSIE RULES

Take a cross-section of visitors to an Australian winery on any given Saturday. At first glance, they are who you would expect to see: older, prosperous couples and friendship groups, into their wine and food. Most of them are there to taste and buy wine.

On closer inspection, a few surprises become visible: not many of the visitors are genuine tourists from out of town – aside from the odd tour group, most are locals. Select a visitor at random, and it's likely that they have visited this winery at least once in the past year – probably several times.

As our research team from Wine Intelligence spent more time talking to winery visitors, and finding out more about them (we did an online survey of 1000 Australian adults last November, and followed it up with some interviewing at wineries earlier this year), it became clear that the dynamics of a winery visit go well beyond the straightforward 'taste 'n' buy'.

While most visitors taste, or drink, wine on their visit, 20 percent do not. While most visitors leave with at least one bottle to take home, a quarter of them don't actually buy wine on their visit. Over 40% of visitors eat a meal whilst there, and about a third buy some other food product to take away – perhaps cheese or olive oil.

In the interviews, we started to discover that visitor motivations run far beyond the wine itself. Some go for the beautiful views and memories of previous visits; others are looking for a full gastronomic experience – a decent meal, some good wine, and perhaps some local produce to take home. Some of our interviewees talked about coming simply because it was an enjoyable day out, the staff were pleasant and the food was good.

Is all the effort worth it from the winery's point of view? It would appear so. More than 70% of respondents to the survey said they changed their buying patterns as a result of the visit, and almost the same proportion said they told their friends about the experience.

For more information, see Wine Intelligence's Wine & Tourism Report, available from www.wineintelligence.com

times a year, and often bring friends from out of town (for more details on this study, see 'Wine tourism: the Aussie rules' on this page).

Wine Intelligence has spent a lot of time in China recently on several research and development projects for winery owners and government bodies (including Australia). While there I was struck by another relevant connection to this debate about tourism and brand equity, this time between the rapid economic development of some of

the world's most populous countries, the growing wealth of their vast consumer populations, and their need to start to take on some of the behaviours and cultural trappings of 'Western' consumers.

Exhibit A in this new behaviours list might be the acquisition of high profile consumer goods, such as prestige fashion items (a Louis Vuitton handbag), electronics (an iPhone) and cars (a BMW). Once these milestones have been reached, Asia's newly-minted consumers are setting out as tourists to find things that are more aesthetically rewarding (although still involving a lot of shopping).

Chinese consumers, in particular, have upped the ante in recent years; according to the UN World Tourism Organisation, Chinese tourists are now the biggest single source of tourism income on the planet, spending US\$102 billion in 2012 while travelling abroad.

In some ways, these spectacular spending numbers are a bit of a one-off. Many of these Chinese tourists are venturing abroad for the first time, and have carefully planned shopping lists that involve purchasing all the items that carry a hefty consumption tax at home, plus a long list of gifts for relatives and friends. On future trips, there may not be a pressing need to take home lots of stuff if they already own it.

Instead, the archetypal Chinese tourist will start to seek out experiences, as well as goods. This is where wine, as well as food, other types of drinks, the arts, and other 'experience economy' categories, can really cash in. One of the reasons Wine Intelligence is so interested in tourism is that we strongly believe that Chinese consumers will follow the pattern set by other nationalities when they possess the resources to travel, and the motivations to get more involved in wine.

I will leave you with an anecdote that I hope illustrates, in a small way, how these cellar door connections work on a practical level. Last year, Andrew, one of my colleagues at Wine Intelligence, and his wife visited the Penfolds winery in the Barossa Valley, and participated in one of the blending workshops held there. He brought back with him some great pictures and stories about creating his ideal GSM blend, and about the history of Penfolds and its values.

Despite the fact that I have been working in the wine industry for more than a decade (I know, I am still a relative newbie) I was moved by his experience, and have since gone out of my way to explore the Penfolds range, and try some of its more iconic brands, particularly the Bin 138 GSM. I am looking forward to being able to visit the winery one day, and try my hand at blending. I am sure that other people to whom Andrew related his experience would be similarly motivated. The punchline: of the 12 people who attended the blending workshop, he and his wife were the only non-Chinese in the room.

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