



Executive Summary For Bordeaux

Great Wine Capitals Global
Network® Market Survey

“The Pillars Of Wine Tourism Performance”



2013



This summary report highlights the wine tourism performance of Bordeaux, a member of the GREAT WINE CAPITALS GLOBAL NETWORK® (GWCGN). We collected data from the GWCGN capitals during the summer of 2013. The number of survey responses for Bordeaux was 123, which was an increase of about 25% compared to the 2012 survey.



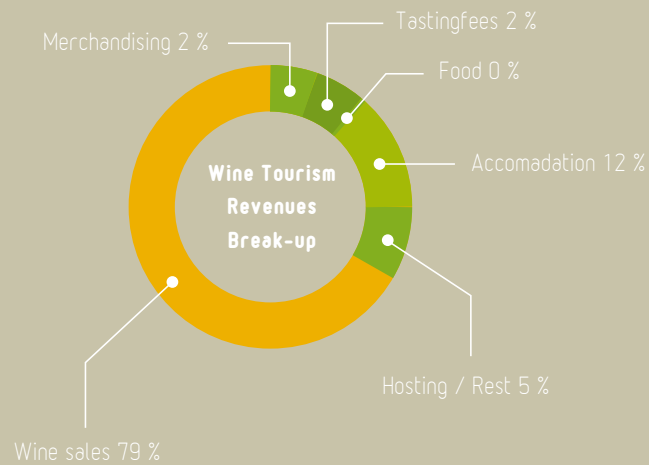
2013



Wine Tourism Revenues and Top Sources of Profits

Wine Tourism Revenues Break-up

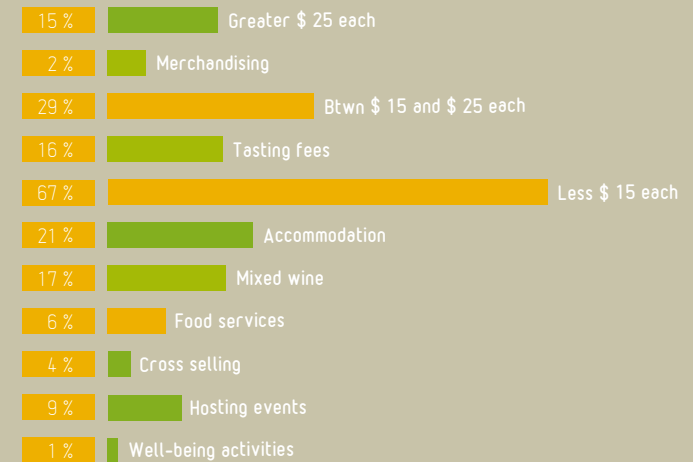
Among all great capitals, Bordeaux has the largest percentage of revenues coming from Wine Sales. From the standpoint of Bordeaux wineries' main activities, Accommodations is the second major source of revenues.



Top Sources of Wine Tourism Profit

For the 2013 survey, we find that low-end wines (price less than \$15/bottle) represent a top source of profits in Bordeaux. The following top two sources of profits are mid-price wines (bottle between 15 and 25 dollars) and Accommodations.

Top Sources of Profit



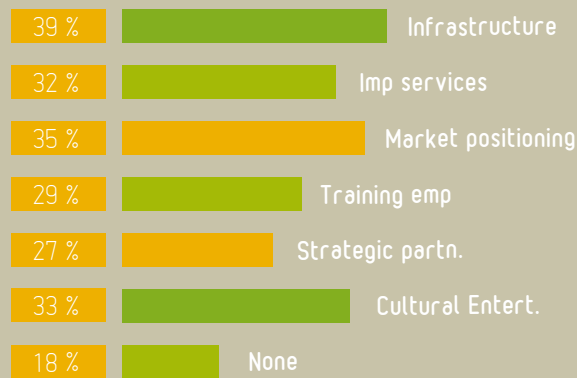


Wine Tourism Investments and Marketing

Investments in Wine Tourism

Infrastructure is the top investment category for the 2012-2013 period in Bordeaux. The next top categories are Market Positioning, Cultural Entertainment and Improving Services.

Top Investments



Top Marketing Tools Used

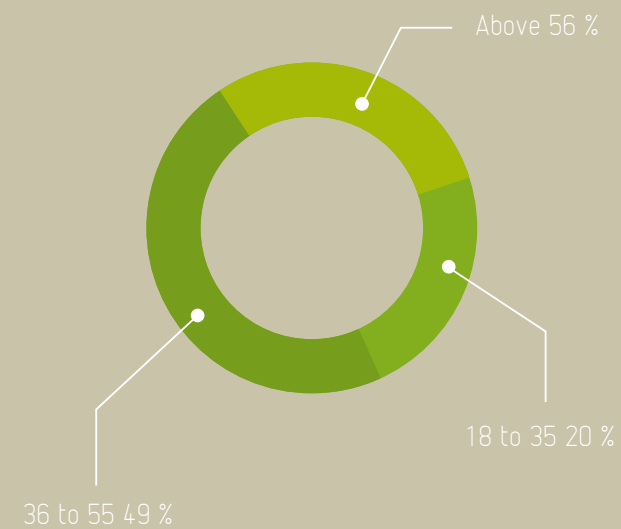
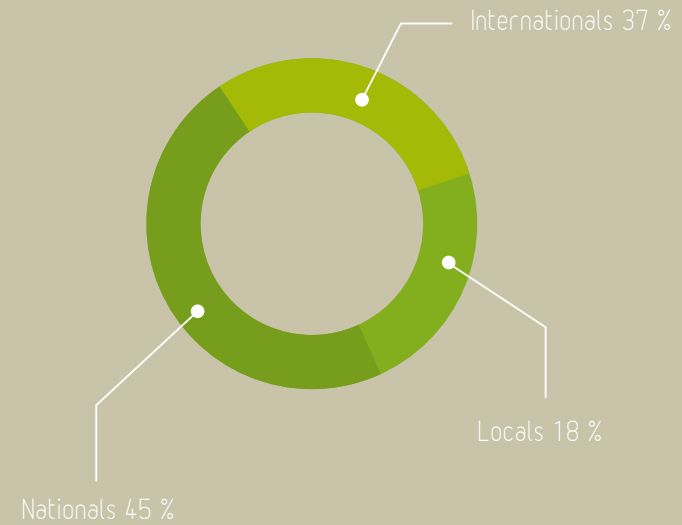
Just like in the 2012 survey, we again find that the top marketing tool used across the sample of all great wine capitals is a winery's Own Website, which is the top category for Bordeaux. For the specific sample of Bordeaux wineries the top two categories closely behind are Tourism Offices and Mailings/Newsletters.





Tourists Characteristics

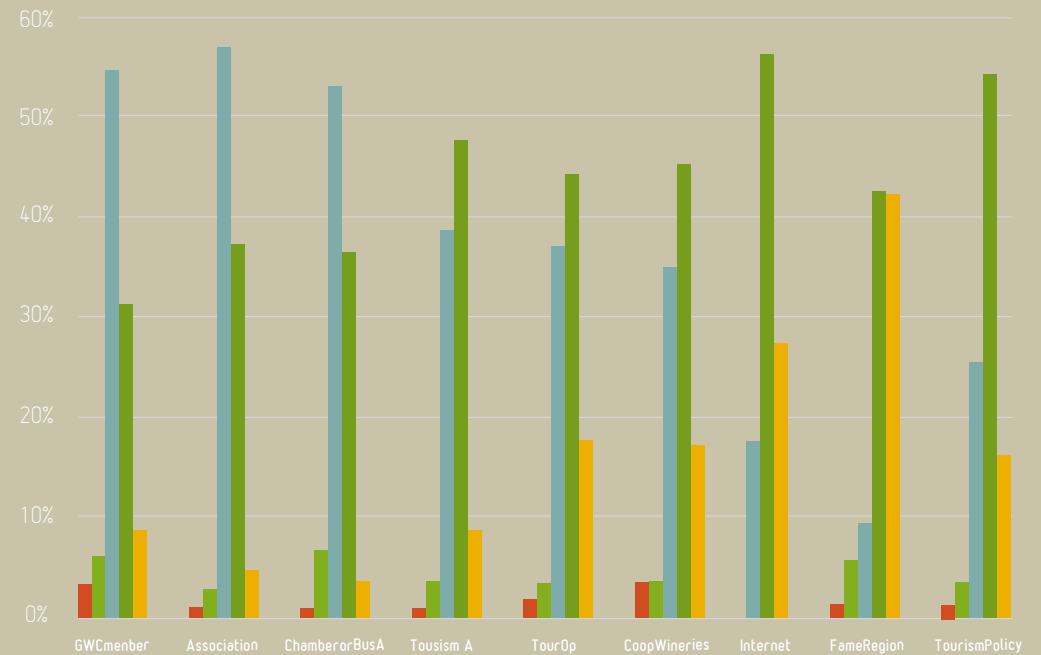
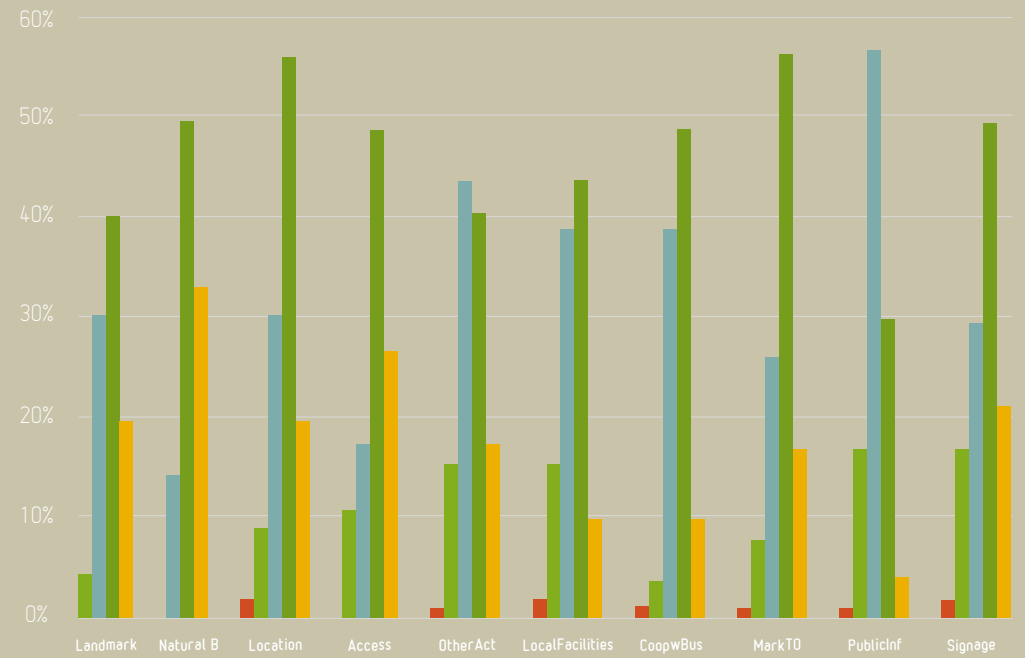
In terms of Numbers of Visitors per winery, Bordeaux is in the middle of the pack among all great capitals. Nevertheless, it ranks as the second highest capital in terms of Spending per Visitor. In terms of origin, 45% of tourists are nationals, almost 50% are middle-aged people and about 45% are women.





Positive and Negative Factors for Business

Regarding the External Factors perceived to help wineries, Bordeaux wineries testify that the Natural Beauty and of the region is a key positive factor, as well as Internet use. Consistent with the findings of the 2012 survey they report that Signage, uneasy Access, lack of Local Facilities and Public Infrastructures can be factors that impede business.





Factors Correlated with Attracting More Tourists

First, we isolate the candidate factors that explain or at least correlate with more tourist visits. The Table below shows the most impactful factors for the overall sample. The variable we try to explain here is the Number of Tourists visiting a given winery. The factors highly correlated with increased number of tourists are shown in the left hand side column. These factors are ranked in descending order of impact. In the category Investments in Wine Tourism, Improved Services is the only significant factor. In the category Activities Offered,

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Most Significant and Impactful Factors	Effect	Pseudo R ² and Observations	Factor Categories
Improved Services	++	2 % 71	Investments in Wine tourism
Sports and Social	++	3 % 78	Activities Offered
Gastronomy	++		
Conferences	+		
Specialized Media	++	4 % 76	Promotional Tools
Sustainably Friendly	--		
Travel Agencies	+		
Tour Operators	+		
Landmark	++	2 % 67	External Factors
Cooperation / other business	--		
GWC Membership	++		
Local Facilities	+		

Table shows results from Quantile Regressions. Corrected for size effect



Factors Correlated with Higher Spending/Tourist

The factors correlated with higher spending per tourist are now analyzed. Amongst the category of Investments in Wine Tourism, Market Positioning has the strongest positive impact. Within the dimension of Activities Offered, Lodging is the only factor having a significant impact.

In the category of Promotional Tools, wineries expressing that they benefit more from Referrals from wholesalers and perhaps importers are also generating higher revenues per visitor. Again, promoting Sustainably Friendly practices is correlated with less spending per tourist.

In the category of External Factors, Location is the most impactful factor. Use of Internet, easier Access and more Local Facilities are all correlated with a better performance in terms of revenues per visitor. Again, surprisingly, wineries that highly rate Cooperation with Other Businesses have also visitors that spend less.

Most Significant and Impactful Factors	Effect	Pseudo R ² and Observations	Factor Categories
Market Positioning	++	6 % 83	Investments in Wine tourism
Lodging	++		Activities Offered
Referrals from Importers / Wholesalers	++		Promotional Tools
Festivals	+		
Brochures in Hotels	+		
Rely on AOC	+	8 % 91	
Wine Contests	+		
Tourism Exhibits	+		
Sustainably Friendly	-		
Location	++		External Factors
Landmark	--		
Cooperation with other Business	--	14 % 79	
Internet	+		
Access	+		
Local Facilities	+		

Table shows results from Quantile Regressions. Corrected for size effect and using capitals dummy variables



Managerial Implications and Conclusion

The 2013 edition of the GWC[®] survey has produced some interesting findings for the wineries of Bordeaux. Bordeaux attracts a majority of older tourists and one third of visitors are foreigners. Bordeaux welcomes a smaller percentage of women than other great wine capitals. Cultural investments remain a strong suit and a specificity of Bordeaux wineries. By comparison to 2012, Bordeaux wineries have demonstrated a continued commitment to invest in Infrastructure. At the margin, we find that investments in Market Positioning bring in more revenues per visitor and Improved

Services more visitors.

Activities that bring in more tourists and spending are strongly complementary to wine tasting and while they seem to be fairly standard in other wine capitals (Gastronomy and Lodging) they may indeed be rare enough in Bordeaux to make a difference at the margin for a number of wineries that use them.

Overall, Bordeaux wineries use fairly traditional promotional tools, and the tools that make the most impact in 2013 are promotional tools with "special access", that is "specialized media" and "referrals from wholesalers". The latter category is a bit of a surprise.



Bordeaux wineries continue to rely enormously on the fame of the region, and testify that Location and the presence of nearby Landmarks can be tourist attractors. But the latter may cannibalize sales linked to wine tourism, as seen in the performance analysis. Paradoxically, wineries that are part of a network of (tourism related) businesses seem to bring in less tourists and revenues per tourist. The latter could be due to fixed (tourist) budgets that get itemized amongst the various trip related activities. This could also be due to an inherent size effect: that is, wineries of a certain size tend to ally with other businesses, to help with promoting their wineries as part of a package.

One must exercise caution when trying to extend managerial implications from a small sample of wineries to the whole the region. Nevertheless, it appears that there is perhaps room for Bordeaux Wineries to adopt strategies that bring in a younger clientele to the Châteaux. The 2013 findings point already to the success that offering diverse social activities has on increasing the number of visitors.