



Executive Summary For Firenze

Great Wine Capitals Global
Network® Market Survey

“The Pillars Of Wine Tourism Performance”



2013



This summary report highlights the wine tourism performance of Firenze, 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 Firenze was 34, which was an increase of about 50% in the response rate as compared to the 2012 survey. Still, the relatively small size of the sample does not permit broad generalizable conclusions. Nevertheless, we present some of the key highlights below.



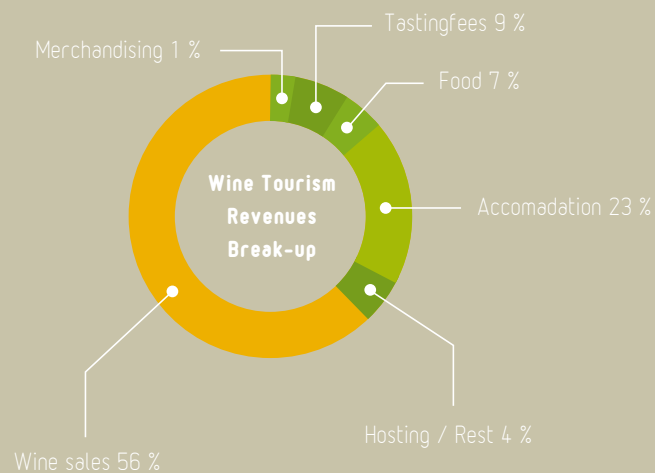
2013



Wine Tourism Revenues and Top Sources of Profits

Wine Tourism Revenues Break-up

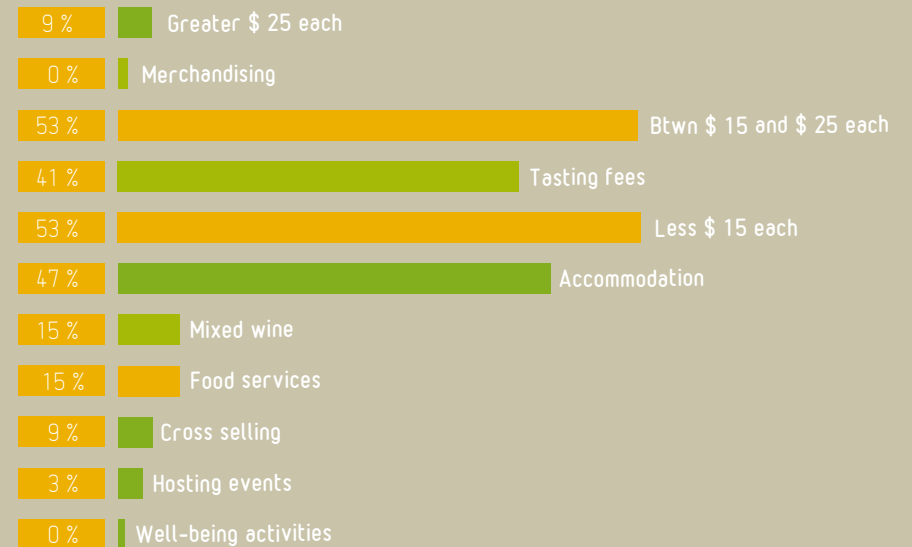
Among all capitals, Firenze has the second largest percentage of revenues that come from Accommodations. Like most other wine capitals, the number one source of revenues remains Wine Sales. From the standpoint of the Firenze wineeries, offering Accommodations is the second most major sources of revenues and Food a distant third.



Top Sources of Wine Tourism Profit

For the 2013 survey, we find that low-end and mid-price wines represent an equally important source of profits in Firenze. In the sample of responses, we find that the next two top sources of profits are Accommodations and Tasting Fees.

Top Sources of Profit



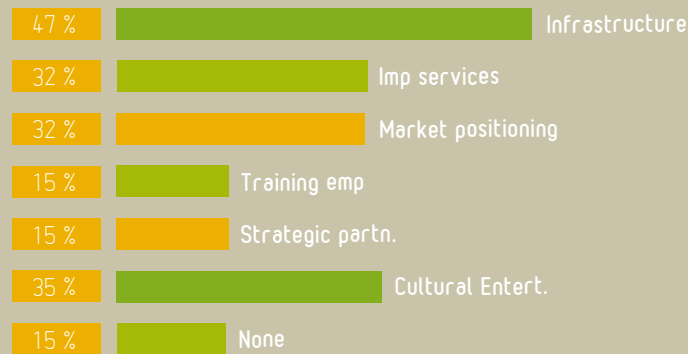


Wine Tourism Investments and Marketing

Investments in Wine Tourism

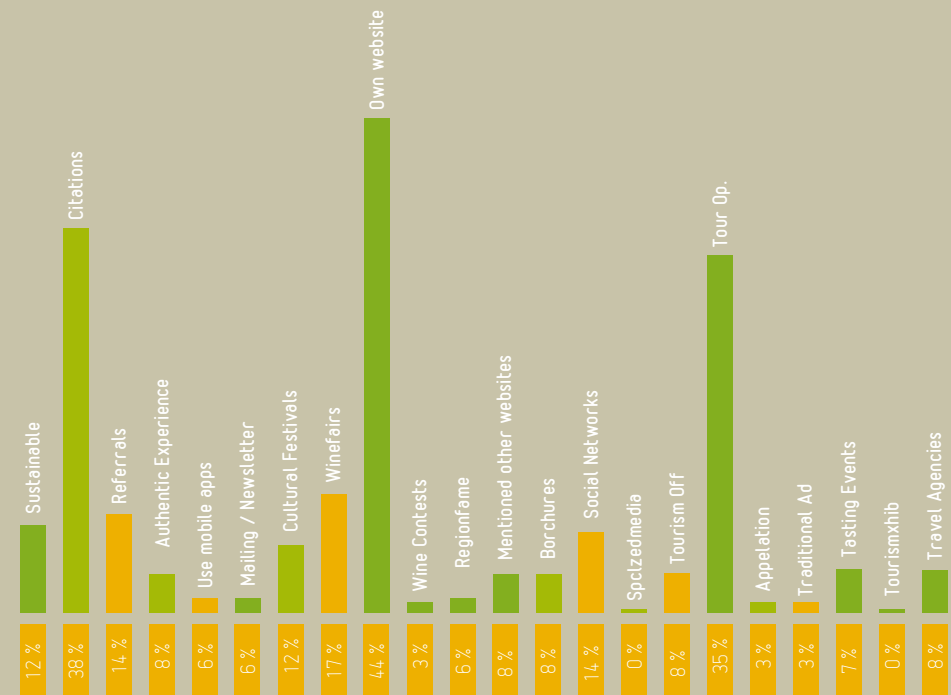
Infrastructure is the top investment category for the 2012-2013 period in Firenze. The next top categories are Cultural Entertainment and in third position Market Positioning on an equal footing with Improving Services.

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 Firenze. For the specific sample of Firenze wineries the next top two categories are Citations in tourism guides and Tour Operators.

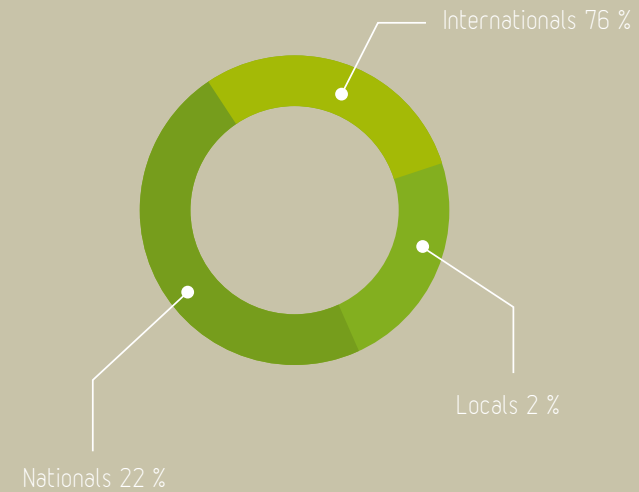




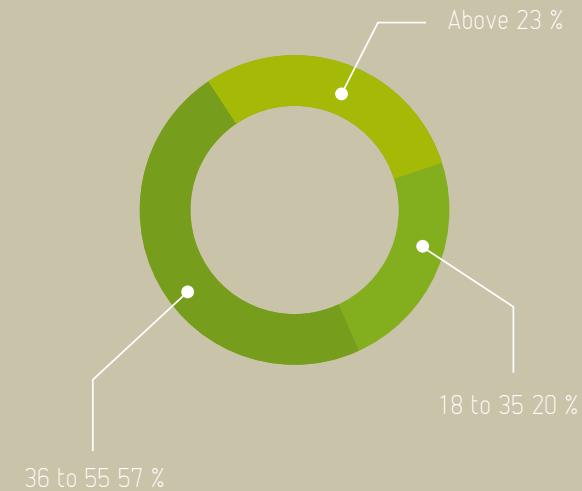
Tourists Characteristics

In terms of Numbers of Visitors per winery, Firenze is in the last place among all great capitals. But it is the highest in terms of Spending per Visitor. In terms of origin, 76% of tourists are internationals (top percentage amongst all great wine capitals), 57% are middle-aged people (highest percentage amongst all great capitals) and about 50% are women (second highest percentage amongst all great capitals).

Tourists per Origin



Tourists per Age Categories



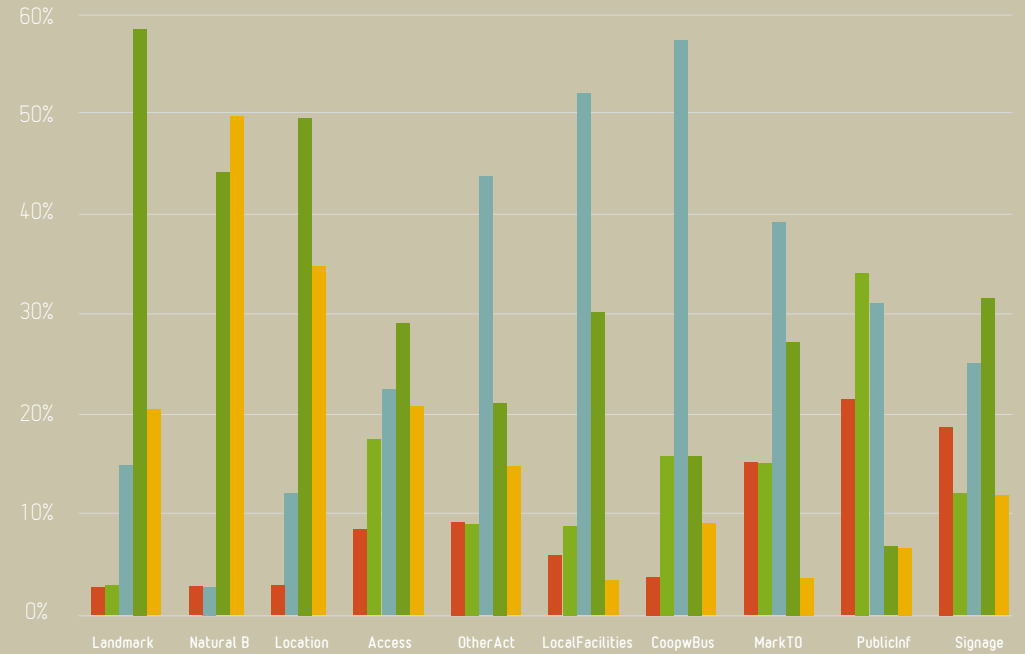


Positive and Negative Factors for Business

In terms of External Factors perceived by wineries to help business or not, Firenze wineries testify that the Natural Beauty of the region is a key positive factor (even though there is some slight disagreement among the wineries). Consistent with the findings of the 2012 survey they report that Public Infrastructures, Signage and to a lesser extent Access and can be factors that impede business. There is an almost even split as to whether or not Tourism Policy and membership to a Chamber or Business Association are positive contributors to business.

- Totally negative
- Somewhat negative
- Neutral
- Somewhat positive
- Totally positive

External Factors - Part 1



External Factors - Part 2





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. Because of the small number of observations, we only show the results for the categories that were statistically significant. In the category Investments in

Wine Tourism, Training Employees is the only investment that is positively associated with more tourists. In the category Activities Offered, Entertainment and Lodging are two positive activities that bring in more visitors. Onsite Shops are also a plus. On the negative side, wineries that are more involved in Hosting Weddings and Tasting Visits appear to have fewer visitors at the margin. It is difficult to find a causal explanation here.

Most Significant and Impactful Factors	Effect	Pseudo R ² and Observations	Factor Categories
Training Employees	+ +	30 % 27	Investments in Wine tourism
Entertainment	+ +	42 % 27	Activities Offered
Hosting Weddings	--		
Lodging	+ +		
Tasting Visits	--		
On Site Shops	+		

Table shows results from Quantile Regressions. Corrected for size effect



Factors Correlated with Higher Spending/Tourist

The factors correlated with higher Spending per Visitor are now analyzed. Again, because of the small number of observations, we only show the results for the categories that are statistically significant. Only one dimension that of Activities Offered, is significant. Among these factors, Gastronomy has the most positive impact. Wineries that use more Onsite Shops, Lodging and do more Entertainment as well as Host Weddings seem to do worse in terms of attracting more Spending per Visitor at the margin.

Most Significant and Impactful Factors	Effect	Pseudo R ² and Observations	Factor Categories
On Site Shops	--	20 % 25	Activities Offered
Lodging	--		
Gastronomy	+ +		
Entertainment	--		
Hosting Weddings	-		

Table shows results from Quantile Regressions. Corrected for size effect.



Managerial Implications and Conclusion

The 2013 edition of the GWC survey has produced some interesting findings for the wineries of Firenze. Firenze attracts a large percentage of middle-aged and international tourists and a large percentage of women by comparison with other great wine capitals.

Firenze wineries demonstrate a commitment to invest in infrastructures. Although it is not one of the top three investments in wine tourism, the category of investments that brings more visitors at the margin is Training Employees. While Accommodations is ranked as one of the top profitable activities, the key activity that brings in more

spending per visitor is Gastronomy. The activities that marginally bring in more visitors are Lodging, Onsite Shops and Entertainment. Nevertheless, the first two of the three activities also bring in lower revenues at the margin.

Overall, Firenze wineries use fairly classical promotional tools such as Citations in tourism guides and Tour Operators.

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 Firenze wineries may need to focus more on strategies that emphasize their strong suit (wine sales), by investing into Training Employees when appropriate, for example.