

Developing a sparkling wine route in South Africa: benefits to the wine and tourism industry

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Sparkling wine sales have increased steadily over the last few years.

This is the result of the increase spending of current consumers and the addition of new drinkers in the developing countries.



Champagne and sparkling wine

	Current share	Growth potential
Global	5.1%	+2.7%
Australia	7.6%	+1.7%
Brazil	3.5%	+4.2%
China	0.7%	+2.5%
Germany	9.9%	+1.9%
Spain	8.7%	-0.4%
France	12.5%	+2.2%
India	0.4%	+1.9%
Nigeria	3.6%	+5.4%
Netherlands	2.8%	+3.5%
Poland	4.5%	+1.6%
Russia	8.1%	+2.9%
South Africa	2.4%	+4.2%
Turkey	2.8%	+1.8%
UK	5.0%	+4.1%
USA	3.5%	+3.0%

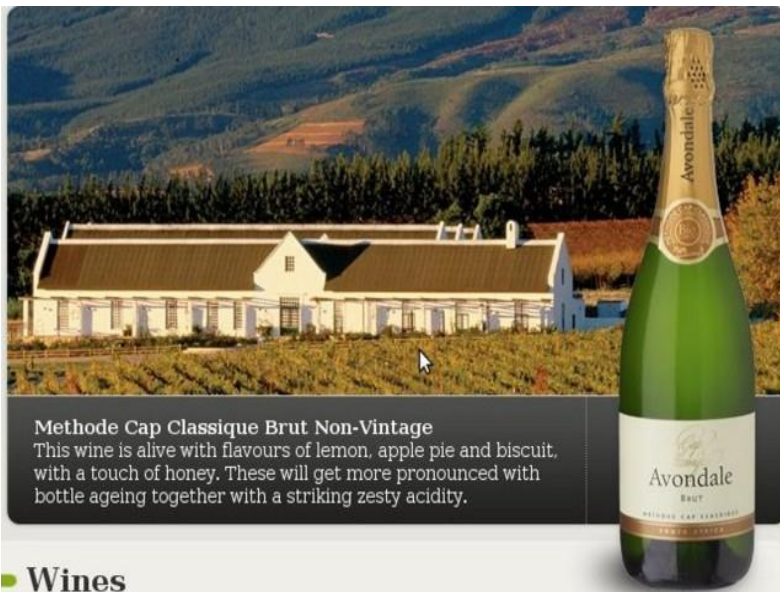
South Africa is one of the worlds' major wine producers.

South Africa produces 3.8% of the world's wine output and ranks as number eight in overall volume production in 2011.

In addition to producing wines, the wine estates form an important component of the South African tourism industry with wine estates providing wine tasting as well as supporting restaurants, guest houses and shops.

2 types of sparkling wines:

1. Method Cap Classique: uses the so called traditional method (areas where most produced are Stellenbosch and Franschoek)

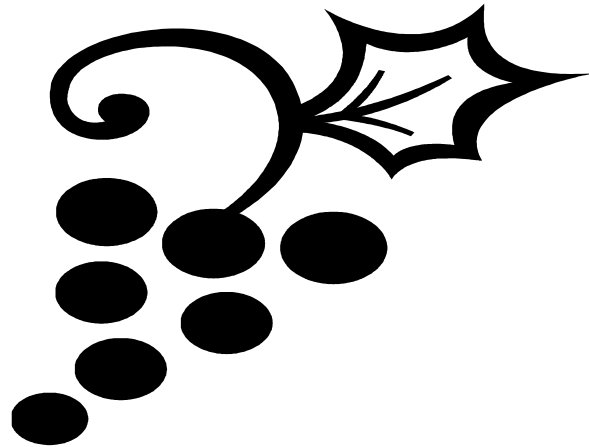


2. Carbonated sparkling wine: introduction of carbon dioxide at high pressure (represent about 70 -80 percent of sparkling wine produced in South Africa). Areas where produced include:



Robertson- Blush
Franschoek-Solms Astor

- While South African traditional wine is well known around the world the sparkling wine variety is less recognised internationally.



- The most popular sparkling wine is Graham Beck, only one mentioned by the International Wine Review in 2008.

The development of the sparkling wine route will represent a specialised example on the already renowned South African wine route. Benefits derived from development of wine routes literature: Bruwer (2002), Rogerson (2007), Donaldson (2009), Charters & Menival (2011),



Objective of the research

The development of a Sparkling Wine route/s with focus on :

- Potential WTP revealed by the respondents
- Potential benefits to the local wine industry by marketing the sparkling wine produced in the area

Methodology

The development of the sparkling wine route concentrated on a number of areas in Western Cape namely:

1. Stellenbosch-Franschoek- Paarl areas
2. Breede River Valley



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Methodology (cont)

A number of routes were identified based on a few criteria:

- The route had to include at least four sparkling wine estates
- The routes were based on the revealed preferences of the respondents

Methodology (cont)

A number of routes were identified and presented to a total of 82 respondents.

The respondents were students and staff of wine studies at Stenden.

Methodology (cont)

Students were given a number of sparkling wines for tasting.

Average total score 7,2.

Routes were chosen based on the respondents' revealed preferences.

Methodology

Profile of the respondents

Age		
21-25	71	86%
25-30	5	6%
30+	6	8%
Country of Origin		
Netherlands	62	76%
Germany	12	15%
SA	8	9%

The fit of the WTP function for a sparkling wine route

Dependent variable WTP

Variable	Coefficient	Standard Error	Z-Stat	p-value
Constant	-43.439	15.,797	-2.777	0.006
Age	19.756	24.181	2.058	0.040
Knowledge of wine	25.130	22.842	1.100	0.271
Distance to accommodation facilities	-2,110	10.710	-1,960	0.050
Availability of Alternative Activities	20.620	11.830	1.400	0.162
Natural Beauty	17.323	15.177	1.880	0.060

Predicted WTP equation for the routes

$$\text{WTP} = -43.439 + 19.756\text{Age} + 25.130\text{Know} - 2.110\text{Dist} + 20.620\text{AvaA} + 17.323\text{Nat}$$

When the median values (obtained from the sample data) are substituted then predicted median WTP = € 129

Route 1

The Franschoek – Paarl Route.

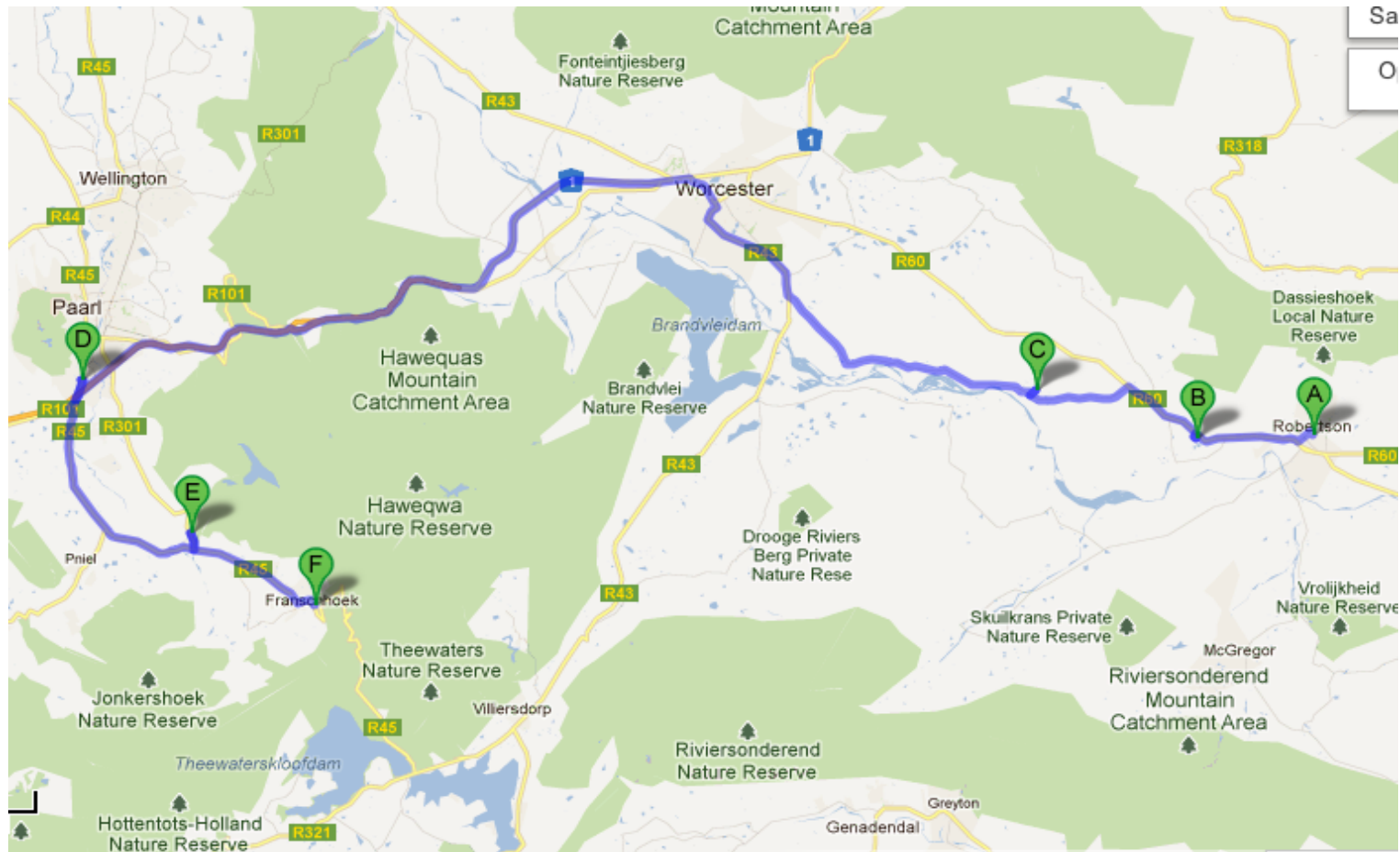
Wine estates to be visited are:

Cabriere,

Colmant Cap Classique and Champagne,

Laborie Estate and

Topiary Wine



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Route 1

Other attractions to be found on a radius of 20 km from the route:

1. Hiking

2. Cycling

3. Mountain biking

4. Golf

5. Horseback riding

Route 2

The Stellenbosch – Constantia Route.

Wine estates to be visited are:

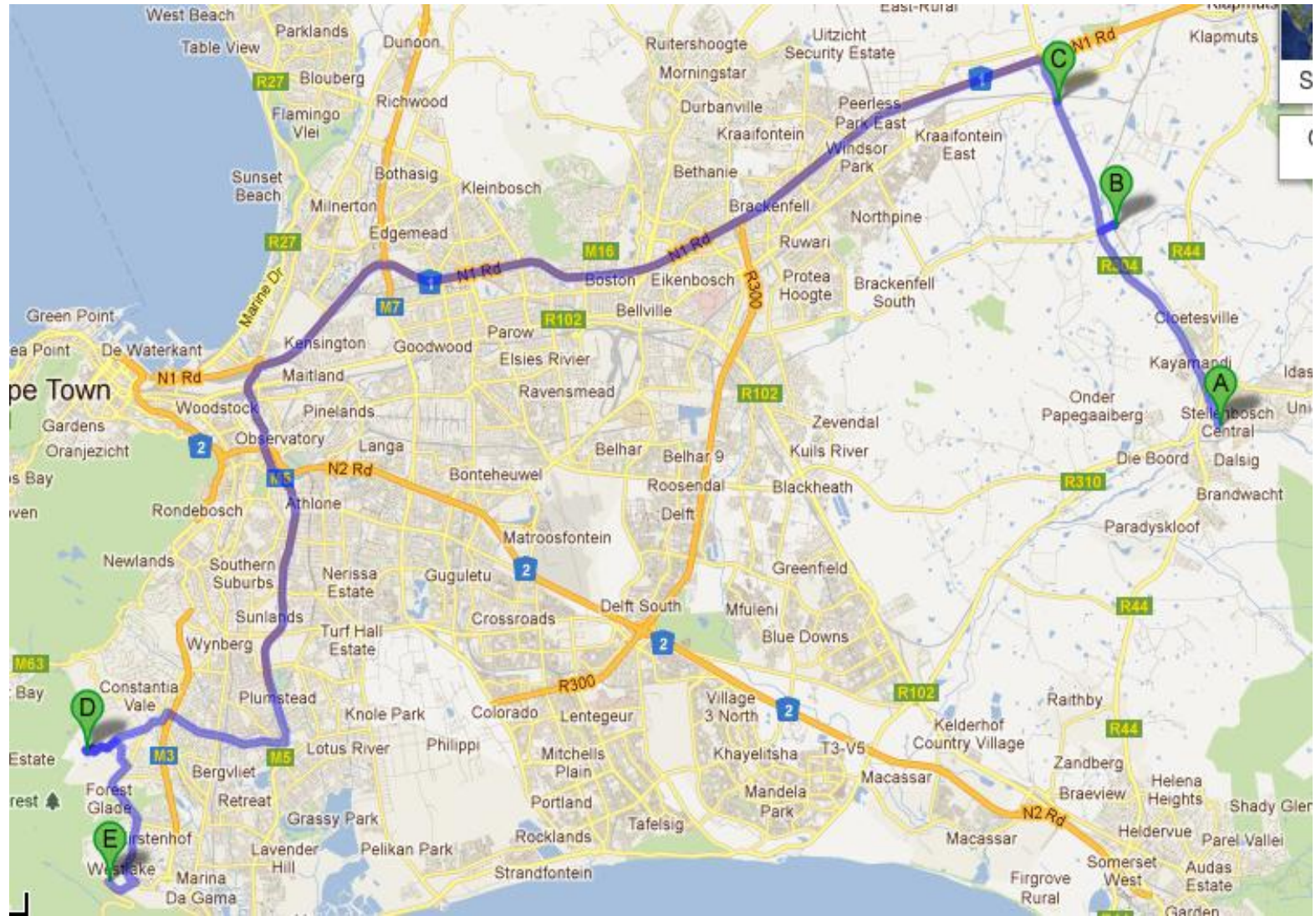
J.C. Le Roux,

Villiera wines,

Simonsig,

Boschendal,

Constantia



Route 2

Other attractions to be found on a radius of 20 km from the route:

1. Golf
2. Cape Town
3. Cape Point
4. Flying Safari

Route 3

The Worcester to Robertson route .

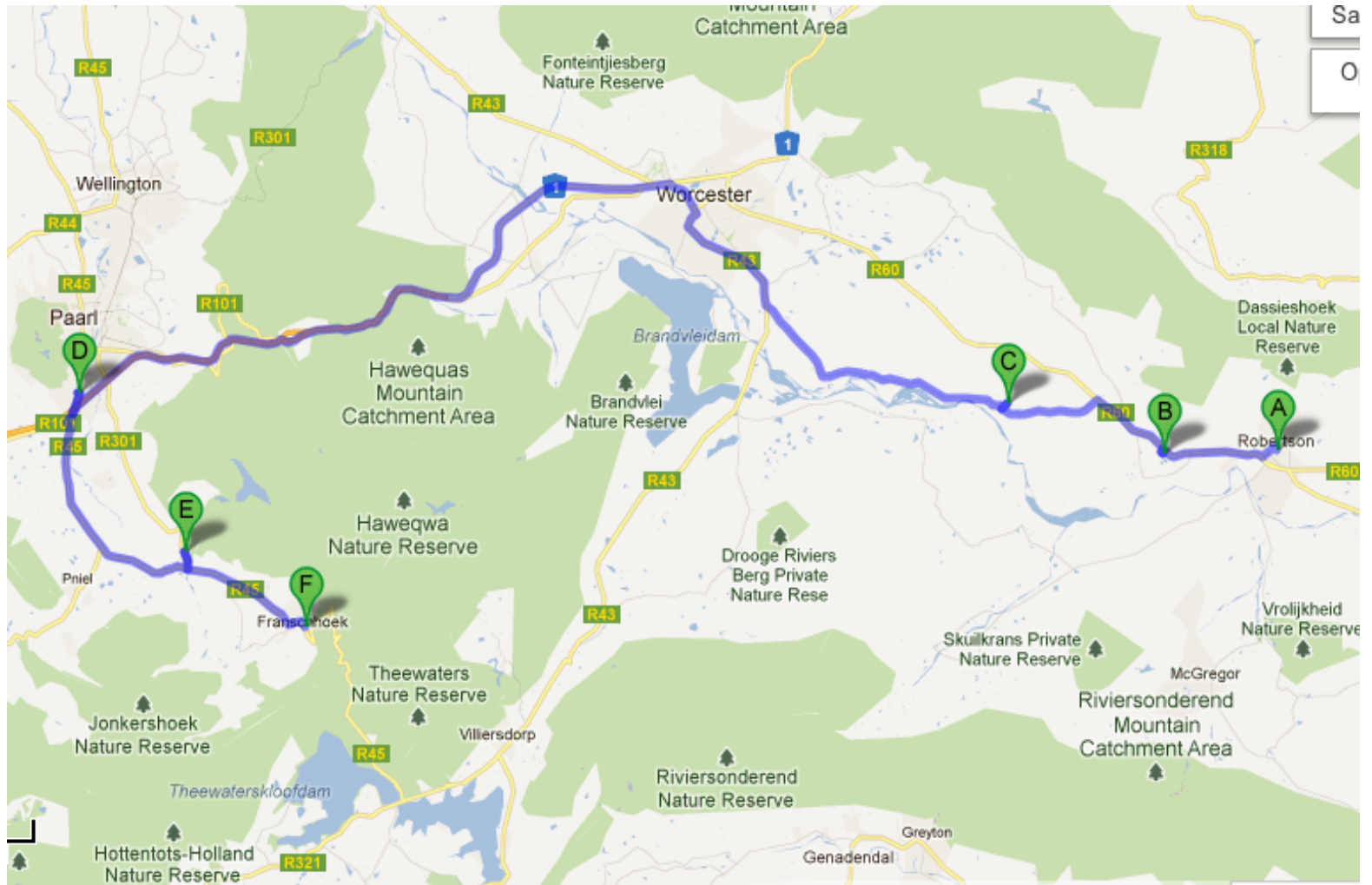
Wine estates to be visited are:

Graham Beck Wines,

Weltevrede wine estate,

Van Loveren wine estate,

Du Toits Kloof wine estate



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Route 3

Other attractions to be found on a radius of 20 km from the route:

- Golf
- Horseback riding
- Canoeing
- Rafting
- Paragliding
- 4x4 trails
- Quad biking
- Skydiving
- River Cruises

Potential benefits to the development of sparkling wine route

1. Increased sales (based on the research it was seen that in 60 % of the cases the respondents bought at least one bottle of sparkling wine)
2. Increase in revenue for the stores, restaurants and the hotels
3. Increase in the perceived quality of sparkling wines (revised average score of 7.7)

Thank You !



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