

IMPACT OF COVID-19 ON GLOBAL WINE TOURISM



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Image: Vineyards of Côtes du Rhône, France

Global Report of Covid-19 Impact on Wine Tourism

WineTourism.com presents the [Global Report](#) of Covid-19 Impact on Wine Tourism. The report is based on a survey that was conducted during the period November 16 – November 23, 2020. The survey was distributed to 10 080 wineries worldwide and answers were collected from 1 203 wineries.

An Overview of the Survey

The main objective of the survey was to evaluate the impact of the covid-19 worldwide pandemic on the supply side of wine tourism (impact on wineries). An online questionnaire was distributed to the wineries to analyze the financial impact the pandemic had on wineries, as well as the wineries' future perspective on wine tourism. Additional questions were asked to smaller groups of wineries to better understand the type of wine tourism they derive income from, the motivation for engaging in wine tourism, and the visitor type the winery caters to.

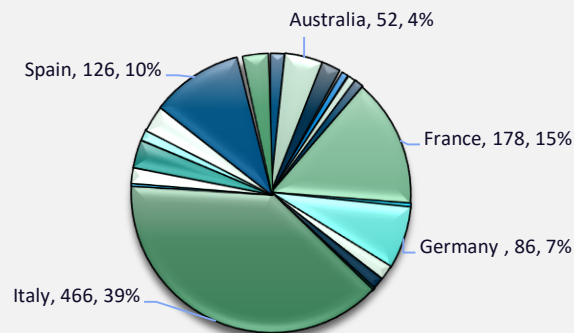
Sample Analysis

Number of Countries Involved - 34

Number of responses – 1203

Response rate – 11.9%

Distribution of Wineries Based on Countries



Argentina	Armenia	Australia	Austria	Belgium
Brazil	Bulgaria	Canada	Chile	Croatia
Denmark	France	Georgia	Germany	Greece
Hungary	Israel	Italy	Lebanon	Moldova
New Zealand	Palestine	Portugal	Russia	Serbia
Slovenia	South Africa	Spain	Sweden	Switzerland
Thailand	UK	USA	Uruguay	Romania

Survey Questions

The survey included 5 questions covering two main aspects. The first part intended to evaluate the impact of covid-19 on the wineries' current operations. The second part of the survey concerned the wineries' future perspectives. The survey questions:

- *What is your winery's turnover in wine tourism during 2020 compared to the previous year?*
- *What is the level of international visitors at your winery during 2020 compared with the previous year?*
- *When will your wine tourism activity return to normal levels?*
- *What will be winery's investment in wine tourism post covid-19?*
- *How do you view the development of wine tourism in your region in the next 10 years?*

Wineries are busy enterprises all year round, especially during harvest times. We have tried to be mindful of the time wineries have available to participate in these types of studies. It is a balance between asking many, complex questions that few wineries may have time to respond to, and asking a few, central questions that can be easily answered. We believe we have struck a good balance with our survey judging by the overwhelming response from the wineries. This report provides us with many interesting answers, but also many questions which we hope to address in future surveys and reports.

Summary of Results

- Covid-19 has had an extremely large impact on the wine tourism business for wineries.
- The majority of wineries expect that wine tourism will return to pre-covid levels no earlier than 2022.
- More than 80 % of wineries expect that wine tourism will grow in their region during the coming 10 years.

The Financial Impact of Covid-19 on Wine Tourism Operations

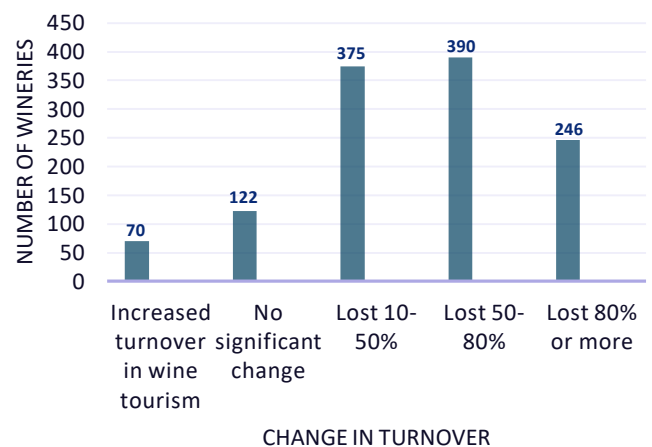
Summary

- Wineries were asked to assess how their turnover from wine tourism and their level of received international visitors have changed in 2020 compared to 2019.
- The vast majority of wineries experienced a significant loss both in turnover and in the level of international visitors received.

Survey question: What was your winery's turnover in wine tourism during 2020 compared to the previous year?

Compared to 2019, the surveyed wineries estimated the following turnover effect on wine tourism 2020:

- 31% of wineries lost 10-50% of their income.
- 53% of wineries lost 50% or more of their income.
- 10% of wineries will not experience a significant change of their income.
- 6% of wineries will increase their income.



*Over 83% of the surveyed wineries have seen their turnover **negatively impacted**, and in most cases, this effect has been drastic, cutting income by over half compared to the previous year.*

10% of the wineries **did not experience any change in revenue** from wine tourism 2020. Interestingly, a further 6% have even experienced an increase in income during 2020. Further

analysis of the data shows that between the countries with robust sampling sizes (country survey sample>50: Italy, France, Spain, Germany, Australia) there was considerable variation in the proportion of wineries that predicted an increase in wine tourism income for 2020:

- Australia - 22% of wineries has increased their income
- Germany - 11% of wineries has increased their income.
- France - 7% of wineries has increased their income.
- Italy - 2% of wineries has increased their income.
- Spain - 1% of wineries has increased their income.

In Australia, every fifth winery saw an improvement in its wine tourism turnover. In contrast, less than 1% of Spanish wineries report a turnover increase in 2020 compared to 2019. Italy also shows a very low proportion of wineries that have managed to capitalize on the ir wine tourism in 2020. France and Germany have fared somewhat better.

Recommendations and Conclusions

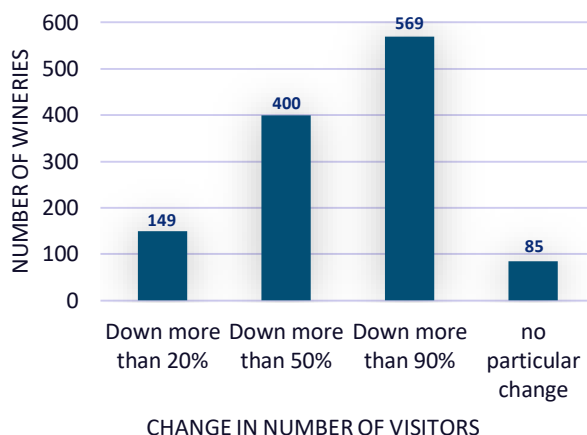
The covid-19 pandemic has undeniably had a substantial, negative effect on global wine tourism revenue. Although this has been the general consensus provided by anecdotal evidence, this claim can now be substantiated by empirical data from over 1000 wineries surveyed. At the same time, we see that a smaller proportion of wineries have come out on top this year, increasing the wine tourism revenue. Why is this?

The recommendation is to look closer at these wineries and understand what factors have allowed them to not only sustain but even escalate their wine tourism activities. Such studies could be used to compile a set of best practices and guidelines to help other wineries both rebuild their wine tourism in the short term, as well as making the wineries less susceptible to external shocks in the long term.

Survey question: What has been the level of international visitors to your winery during 2020 compared with the previous year?

Compared to 2019, the surveyed wineries experienced the following changes to the level of international visitors:

- 47% of wineries saw a decrease of over 90% in international visitors.
- 33% of wineries saw a decrease of over 50% in international visitors.
- 12% of wineries saw a decrease of over 20% in international visitors.
- 7% of wineries saw no noticeable change in international visitors.



Global travel restrictions are the primary explanation to the dramatic decrease in international visitors. Consequentially, those wineries that have built up a wine tourism business model geared toward international wine tourists are particularly vulnerable economically.

Recommendations and Conclusions

The recommendation is to look closer at how wineries in specific countries and regions tend to cater to international vs domestic tourism. A pre-existing base oriented toward domestic tourism will have provided wineries with robustness against the shortfall of international visitors (and missed revenue therefrom).

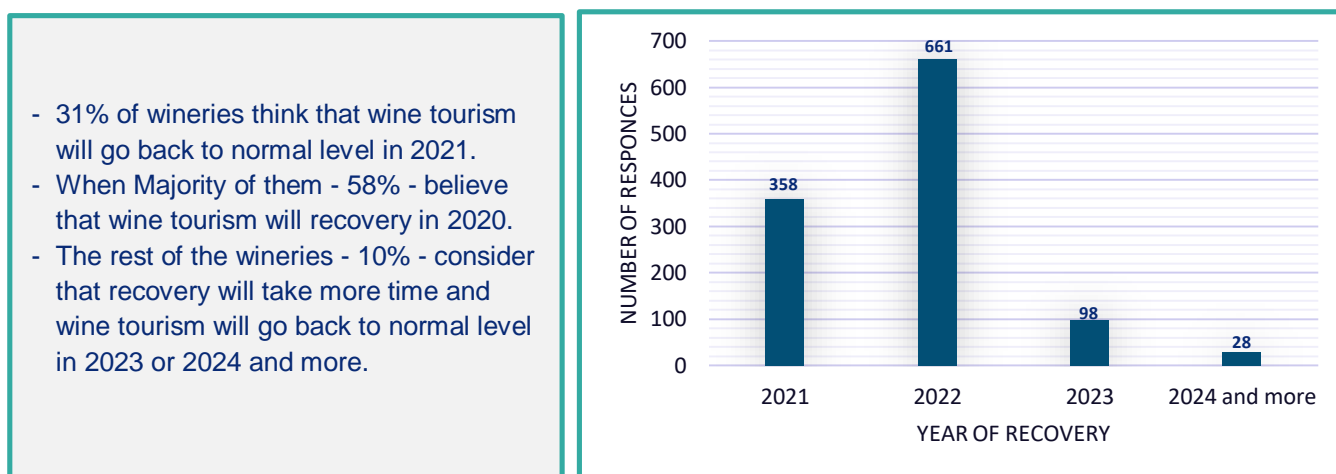
In the absence of such a domestic base, wineries will have to take action to increase the number of domestic visitors they attract. Success in doing so will depend on what type of experiences the winery plans to offer and how these are marketed, as well as other factors outside the winery's control, like geographical proximity, accessibility, customs and tariffs, etc. How have these factors influenced a winery's decision to cater toward either domestic or international tourism?

Future Perspective on Wine Tourism

Summary

- Wineries were asked to estimate when wine tourism activity would return to pre-covid levels, how much they plan to invest in wine tourism post-covid, and how they see the development of wine tourism in the long-term.
- 9 out of 10 wineries believe the wine tourism industry will recover by 2022 at the latest.
- A majority of wineries will sustain or increase their investment in wine tourism post-covid.

Survey question: When will your wine tourism activity return to normal levels?



Closer look at the wineries that have positive approach towards wine tourism recovery, showed us:

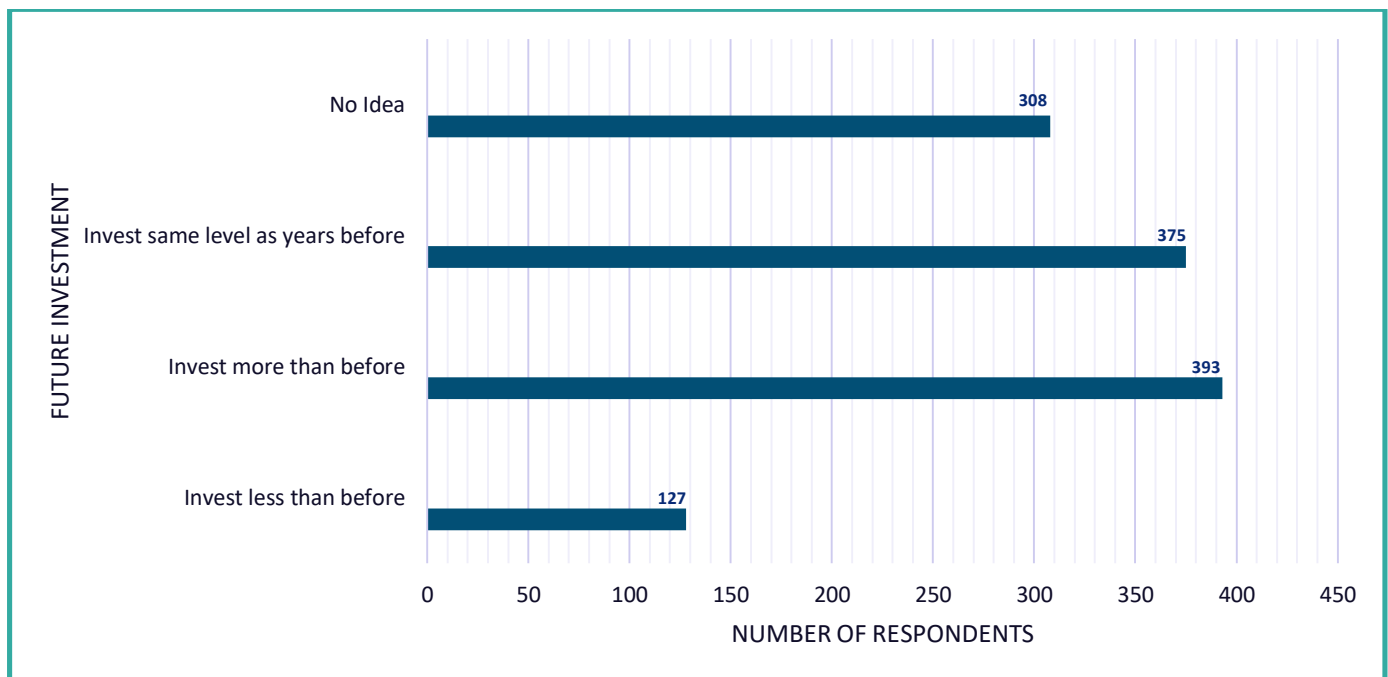
- 31% of Australian wineries
- 41% of French wineries
- 24% of German wineries
- 29% of Italian wineries
- 33% of Spanish wineries

Think that wine tourism will recover in 2021.

Recommendations and Conclusions

Almost 9 out of 10 wineries believe that by 2022 the wine tourism industry will have returned to normal levels. There is no large variation between countries in their answers: about a third is a bit more optimistic and believes the recovery will come under 2021, and about two-thirds say 2022. France stands out as the most optimistic country in this context, with over 40% of respondents believing the industry will recover in 2021. It is possible that this is due to the strong domestic tourism trend that has taken place in France – many French wineries have noted this in the survey comments when answering the questions.

Survey question: What will be your winery's investment in wine tourism post covid-19?



*The majority of the wineries (32%) are planning to **increase investment in wine tourism** in post-pandemic period*

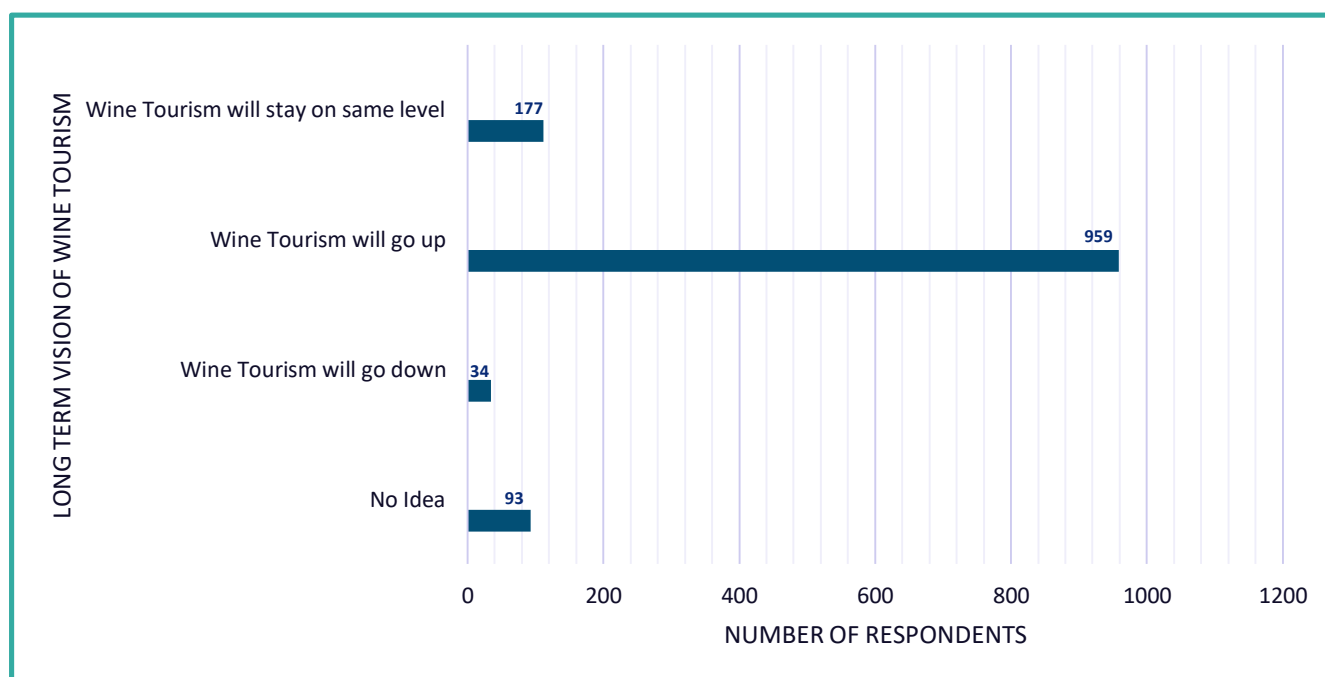
Analyzing data showed that most of the wineries are very positive about future of wine tourism.

- 31% of wineries are planning to keep the same level of investment in wine tourism in the post-pandemic period.
- A minority – 11% – are planning to decrease investment.
- 26% of wineries do not have any clear idea of how they will approach wine tourism investments in the future.

Recommendations and Conclusions

Results of the survey showed us that the majority of the wineries have a positive vision of the future of wine tourism since they are planning to increase or maintain the same level of investment in the post-pandemic period. Besides the positive approach and willingness to invest, wineries should also invest in a more sustainable and stable future, they should diversify their markets, products, and services, to anticipate future external shocks and fluctuations.

Survey question: How do you view the development of wine tourism in your region in the next 10 years?



*Big majority of the wineries (80%) across the world think that **wine tourism will continue growth in long term.***

Following countries has very positive attitude towards the long-term development of wine tourism:

- 78% of Australian wineries
- 75% of French wineries
- 89% of German wineries
- 82% of Italian wineries
- 81% of Portuguese wineries
- 83% of Spanish wineries

Only 3% of respondents have negative idea about long-term perspectives of wine tourism development since they think that this sector **will go down in next 10 years**. 10% of the wineries think that wine tourism will **stay on the same level**. 7% of them do not have clear picture about future growth of the sector.

Recommendations and Conclusions

As most wineries agree that the wine tourism sector will be an essential tool in the future, the recommendation is to look closer at how wineries can develop and improve their wine tourism offerings, in conjunction with their region, to be able to use the full potential of the growing wine tourism sector in the future.

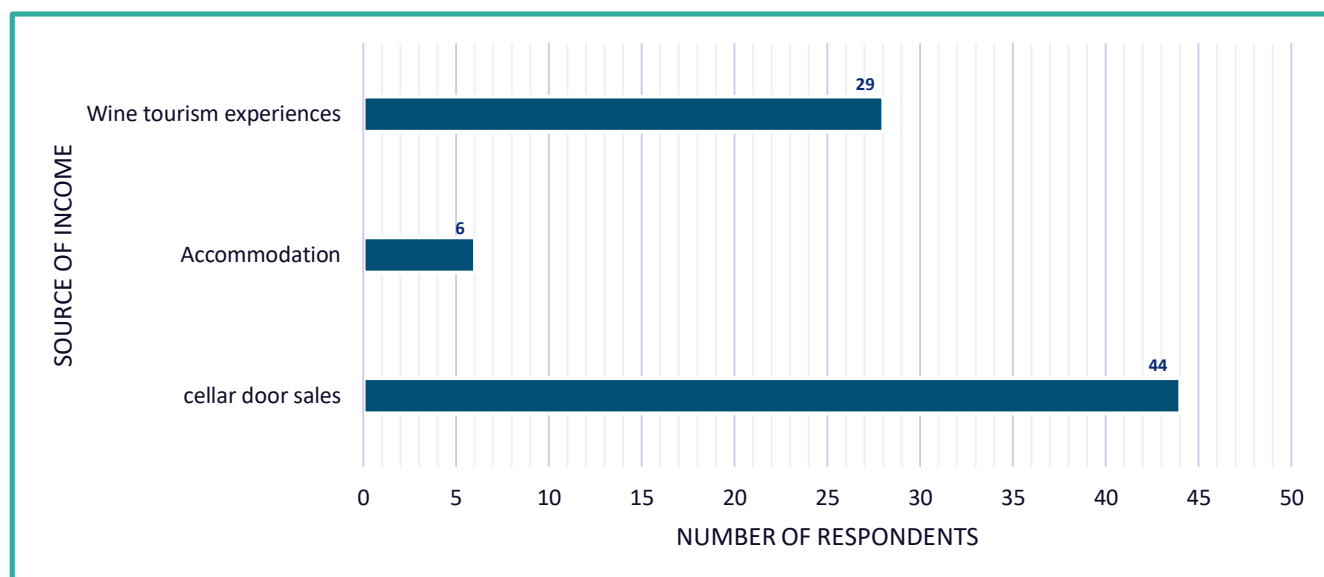
Supplemental Survey – Major Drivers and Characteristics of Wine Tourism Experiences at Wineries

Summary

A supplemental survey was carried out on a subset of the responding wineries. 82 wineries from different parts of the world were asked questions to evaluate their operations in wine tourism. The main objective of the in-depth study was to evaluate:

- The biggest source of income from wine tourism activities.
- The primary motivation for the wineries to engage in wine tourism.
- Typical visitors' profile to the winery.

Survey question: What is the most important source of income for your wine tourism setup?



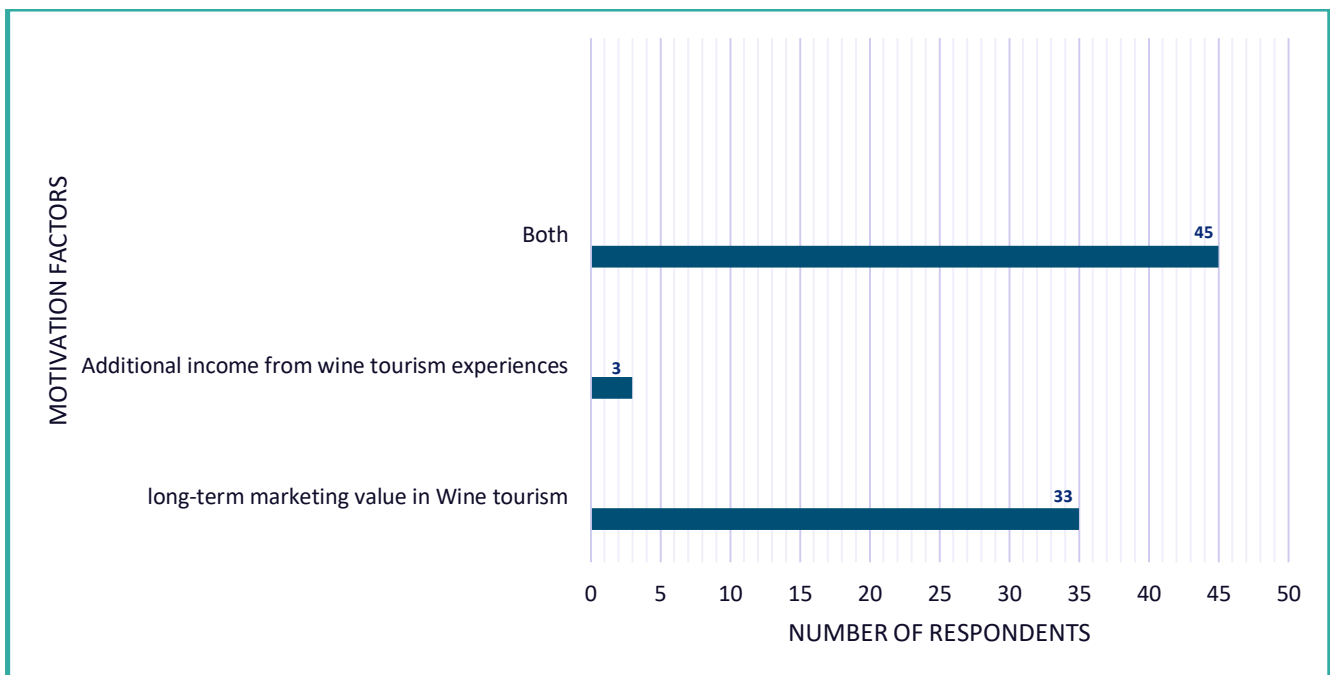
For the majority of the wineries (57%) the main source of income comes from cellar door sales. 36% cited wine tastings and tours and other wine experiences. Only 7% claimed accommodation as their main source of income.

Recommendations and Conclusions

There is a lot of potential in developing the types of wine tourism wineries offer. Wine experiences are most commonly viewed as a catalyst and a natural introduction of the winery's wine to the visitors, boosting cellar door sales in conjunction with the experience. However, over a third of wineries claim that the experiences themselves are a primary income stream. It would be insightful to further explore how experiences are priced and packaged at wineries where they are considered a real income source and not just for marketing or upselling value.

For those wineries able to offer accommodation as an experience, the ability to entertain the visitor for a long time in an immersive environment at the winery provides an opportunity for a strong income stream, as well as leaving a strong bond with the visitor for a long term relationship.

Survey question: Why do you offer wine tourism?



The survey showed that the long-term marketing value of engaging in wine tourism activities is the main motivation factor for 41% of the respondents. A further 55% cited the long-marketing value, in combination with direct income from these activities, as the main motivation for offering wine tourism.

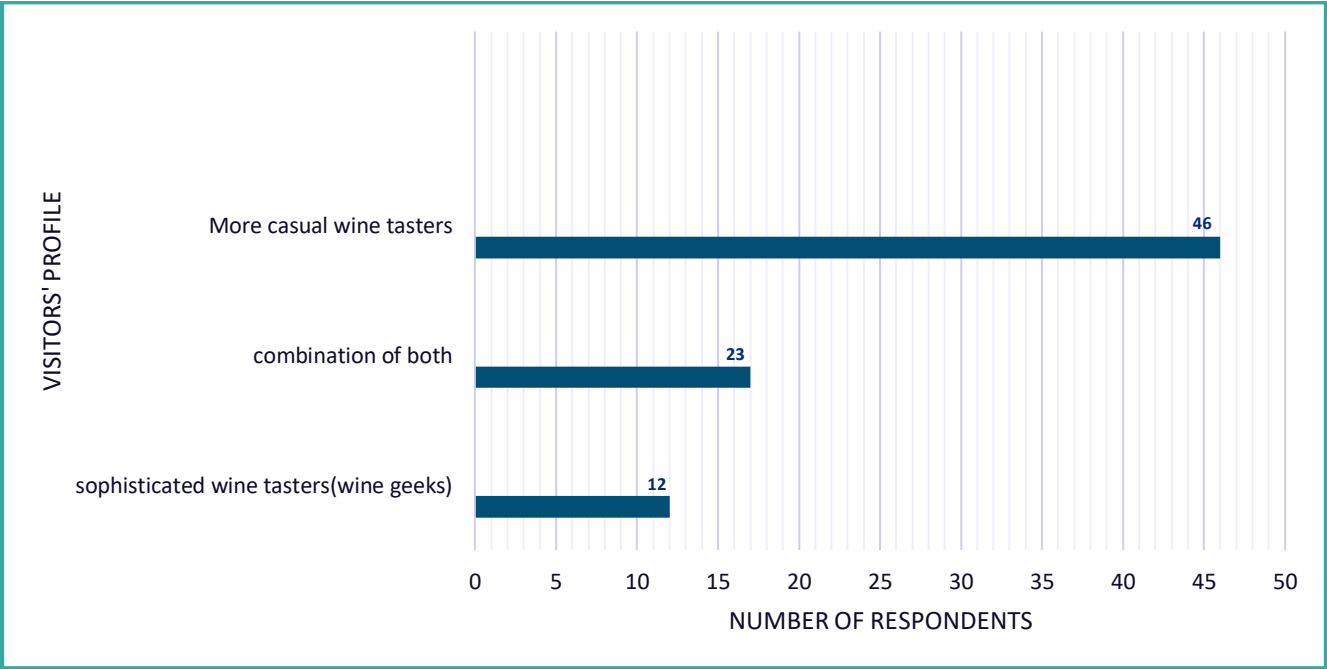
Only 4% of the wineries indicated that additional income from wine tourism experiences is the main motivating factor to be involved in wine tourism, without acknowledging any long-term marketing value of such activities for the winery.

Recommendations and Conclusions

For most wineries, the perceived value of wine tourism activities is often the ability to market the winery, create long-term connections with visitors, and perhaps most immediately inspire them to make cellar door purchases and the end of their experience at the winery.

We would recommend wineries to take a second look at the wine experiences offered. In many cases, the pricing can probably be reviewed without scaring away visitors (wineries tend to underestimate visitors' willingness to pay for an experience, especially a high-quality and unique experience). High-quality experiences also have a long-term marketing value in and of themselves – visitors will likely be more prone to make cellar door purchases after a wine tasting or winery tour, but will likely also keep them as repeat customers in the long-term. These visitors are more likely to recommend the winery to others, to order wine online from the winery, and even come back for repeat visits just for the sake of the experience.

Survey question: Who is the typical visitor to your winery?



*57% of the wineries indicated that the majority of visitors at their cellar door are **more casual wine tasters**.*

15% of wineries receive more sophisticated wine tasters where the quality of the wine experienced weighs more heavily than other aspects of the experience. 28% of wineries had no tendency to attract one or the other of the two types of visitors: both casual and more sophisticated wine tourists frequent their winery.

Recommendations and Conclusions

The majority of wineries receive visitors who are more casual wine tourists. The array of wine experiences that these visitors can appreciate is almost unlimited – for these visitors, the winery and wines function primarily as a backdrop for the ambiance, hospitality, and uniqueness of the experience itself. The quality of the wines or details of the wine production process tends to be less important for these visitors, as long as the experience is delivered with high quality and with friendliness and attentiveness.

The majority of wineries whose main visitors are sophisticated wine tasters indicate that they have cellar-door sales as a main source of income, followed by wine tourism experiences. A hypothesis worth exploring is if professional wine lovers are actively purchasing more expensive or larger volumes of wine when they are visiting wineries compared with casual tasters.

Conclusions and Recommendations

The covid-19 pandemic has undeniably had a substantial, negative effect on global wine tourism. Worldwide pandemics, international and domestic closure of borders had a huge financial impact on the wineries that are operating in wine tourism. However, as the survey showed us, there was a small group of wineries that have come out on top this year, increasing their wine tourism revenues. If we would take a closer look at this group of wineries, we could understand the factors that allowed them to not only sustain but even escalate their wine tourism activities. These wineries could be used as best practice examples to help other wineries both rebuild their wine tourism in the short term, as well as making them less susceptible to external shocks in the long term.

Innovation is the keyword for the wineries to rebuild their operations, as well as to deal with future fluctuations of the market. Being innovative helped wineries to adapt their work to the huge decline of international travel and **maintain revenues**. Judging from the comments to their survey answers we conclude the following:

- Designing innovative wine tourism experiences by implementing digital tools helped them to maintain links to their customers.
- Some wineries had grown their income through an increase in online sales, online wine tastings, and digital tours to wineries.

Covid-19 had an unprecedented impact on **international tourist arrivals**. As UN-WTO states, it declined by an average of 70% in the January-August period.¹ Wineries that had their wine tourism business model based on international visitors turned out to be in a vulnerable situation. However, wineries in certain countries and regions tend to cater to domestic rather than international tourism. A pre-existing base oriented toward domestic tourism will have provided wineries with robustness against the missed revenue from international visitors.

¹ UNWTO, 2020, Impact Assessment of the Covid-19 Outbreak on International Tourism

Wineries may want to take action to increase the number of domestic visitors they attract or at least be aware of the risks associated with being dependent on international tourists. Success will depend on what type of experiences the winery plans to offer and how these are marketed, as well as other factors outside the winery's control, like geographical proximity, accessibility, customs, and tariffs, etc.

Analysis of future perspectives showed us that the majority of the wineries are positive towards the future of wine tourism in both long and short term periods. Moreover, 32% of the respondents are planning to increase investment in the post-pandemic period to support fast recovery. The recovery of wine tourism from the covid-19 pandemic is a good opportunity for wineries to focus more on sustainable ways of production and recover traditional farming practices. An emphasis on local communities and shifting to domestic markets could also be in the recovery plan.



This survey would not have been possible without the time and cooperation of all the hardworking people at the wineries we reached out to. Thank you again for all your help.

Data represented in this report is also published on our website of WineTourism.com. For the in-depth analysis of the impact on particular countries please view the online version of the [report](#).

Contact details more information:

If you have any questions about the report or about [WineTourism.com](https://www.winetourism.com) we are always interested in hearing from you. Please feel free to contact us!

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