

Hunter Valley Wine Country Tourism Monitor 2012 Annual Report

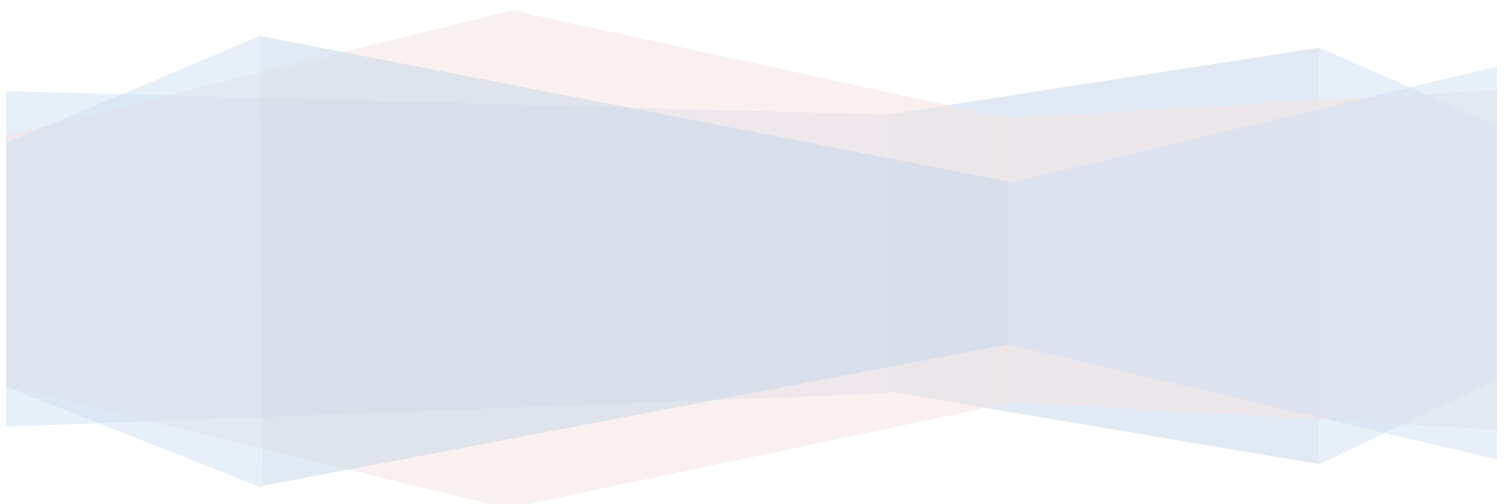
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A joint initiative of Hunter Valley Wine Country Tourism and Cessnock City Council

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Executive Summary

Since 2000 the Tourism Monitor has been providing a rich and detailed picture of the tourism industry in Hunter Valley Wine Country. This report presents findings for year ending December 2012. As per previous years, this annual report collates and analyses data that has been collected monthly over the past year and interprets the results in light of broader trends within and beyond the tourism industry.

The 2012 monitor collected data from the accommodation, cellar door, conference and wedding sectors. The restaurant and cafe sector was omitted for the year following a poor response to the January-June survey (it was also omitted from 2011 monitor). The key findings for the four sector scan be summarised as follows:

(i) Accommodation:

- Overall, the aggregate daily occupancy rate for 2012 was 56.7%, a 9% increase from the equivalent figure in 2011.
- March (62.6%) and September (63.1%) recorded the highest aggregate daily occupancy rates
- By comparison the average daily occupancy rate for all accommodation in 2012 was 51.2%
- The average RevPAR (Revenue Per Available Room) for 2012 was \$107.01 (resort accommodation only)
- Survey sample sizes varied from 26-38 members per month, approximately 10-20 members less than the sample sizes published in the 2011 monthly reports.

(ii) Cellar Doors:

- Weighted average cellar door sales (combined wine and non-wine sales) per month increased from 2011 (\$80,000) to 2012 (\$85,724).
- The growth in 2012 monthly sales averaged 16.8% across the year; 10 months in 2012 recorded an increase in monthly sales while only 2 months recorded a (small) decrease.
- From year to year in the period 2005-2012, the weighted average cellar door sales per month statistic has either increased or remained equivalent (\$59, 935-\$85,724).
- Survey sample sizes varied from 14-20 members per month, approximately 15-20 members less than sample sizes estimated in the 2011 monthly reports.

(iii) Weddings:

- Members hosted 524 wedding receptions with a total of 44,240 wedding guests during 2012, at an average of 84 guests per reception. This is a substantial increase of approximately 30% (in terms of both receptions and guests) from the 2011 data.
- March recorded the highest volume of receptions (76) and guests (6997).
- Survey sample sizes varied from 9-15 members per month, somewhat below the sample size of 20 members claimed in the 2011 December report

(iv) Conferences:

- Conference delegate numbers recorded positive growth of 1.1% from 2011 to 2012; however there was significant variability in the level of growth from one month to the next.

- 2012 conference delegate nights decreased by approximately 50% when compared with 2011 figures. In 2011, conference delegate nights averaged 26.9% of available rooms/units, whereas in 2012 this proportion fell to 13.7%.
- Survey sample sizes varied from 6-10 members per month, equivalent to the sample sizes claimed in the 2011 reports.

In 2012 an important change was made to the management of the Tourism Monitor. A new contractor, The University of Newcastle, under the leadership of Associate Professor Kevin Lyons was appointed to replace the incumbent contractor, BA Surveys. The introduction of a new contractor led to other changes within the research methods and processes. The most notable developments during the year included:

- The design and implementation of a fully electronic system of monthly survey and report distribution to members, including a bespoke online survey for each sector, updated on a monthly basis
- The reporting of sample sizes and population sizes in the monthly sector reports, in order to demonstrate the representativeness of findings
- The creation of a new, specialist monthly report for the resort accommodation sector based on the Revenue per Available Room (RevPAR) indicator

1 An Overview of the Australian Tourism Economy 2011-2012

The Visitor Economy Taskforce Report (2012)¹ indicated that Australia's tourism industry performed well during 2011-2012, with an 8% growth in total visitor expenditure over the previous year. A large proportion of this growth was attributed to the domestic market, which demonstrated a substantial increase from recent years.

There was a small overall increase in inbound tourism during 2011-2012 (+1.2% in international visitor arrivals) compared to 2010-2011. Inbound tourism from Asia recorded a strong performance, in particular inbound tourism from China. More specifically, in 2011-2012 the Chinese market recorded increases both in terms of arrivals (+16.7%) and expenditure (+9.1%) compared to 2010-2011. These gains more than offset the drop in inbound tourism numbers attributed to some of Australia's more traditional markets in Europe and North America.

The 2007-2008 Global Financial Crisis (GFC) continued to have a negative impact on the global economy in 2012. Recovery in the world's largest economy, the United States, remained muted. In Europe the on-going sovereign risk crisis, and return to recessionary conditions in key economies, also had a dampening effect on discretionary spending, particularly for long-haul travel.

The Australian dollar remained at or near record cross-rates with most of Australia's main tourism partners, including the United States (US dollar) and Europe (Euro). Moreover, the high Australian dollar had a negative impact on visitor numbers from traditional markets such as the UK (a 6.6% decrease). On the other hand, the high Australian dollar encouraged record numbers of Australians to travel overseas. In 2011-2012 there were 8 million outbound trips by Australians, an increase of 8.0% on the previous year.

Spending on leisure travel in Australia also increased, particularly for travel to visit friends and relatives (VFR). An increase of 13.7% was reported, bringing the estimated total of VFR travel expenditure to AU\$16.8 billion. The latest Tourism Forecasting Committee² forecasts predicted that tourism expenditure will increase by 2.1% in real terms to \$97 billion in 2012-2013, and then by a further 2.0% to \$99 billion in 2013-2014.

1.1 The New South Wales Visitor Economy

Tourism contributes AU\$11.1 billion to the Gross State Product of New South Wales, which in terms of economic significance, places it above agriculture, forestry and fishing, and just below mining. The New South Wales Visitor Economy Taskforce Report, released in August 2012, emphasised the need for a broader understanding of the extent and impact of the visitor economy – it is much broader than “tourism” and “events” – it includes a wide range of businesses that benefit from the direct and indirect economic activity generated to provide goods and services to overnight visitors.

Furthermore, the report outlined seven *Strategic Imperatives* to stimulate NSW tourism destinations:

1. Increase visitation
2. Grow physical capacity
3. Renew and revitalise NSW destinations
4. Improve the visitor experience
5. Increase visitor spend
6. Make NSW more competitive
7. Change of mindset

The application of these *Imperatives* is discussed in this report in relation to the HVWCT Tourism Monitor.

2 Introduction to the Hunter Valley Wine Country Tourism Monitor

Tourism is an important industry in the Hunter, with domestic and international visitors contributing \$1.5 billion to the regional economy in 2009/10.³ A key tourism resource for the Hunter is its wine regions, particularly within the Cessnock, Maitland and Singleton local government areas. In 2009 there were 1.5 million wine visitors to NSW, with the Hunter Valley regarded as the foremost wine region in Australia in terms of wine tasting activities for domestic overnight visitors.⁴

Across the Hunter Valley wine tourism relies on a well-established network of businesses. The network incorporates sectors such as winery cellar doors, accommodation, restaurants, weddings and conference/events. Approximately 500 of these businesses are members of the local tourism association, HVWCT.

As part of its strategic marketing role, Hunter Valley Wine Country Tourism (HVWCT) assumes coordination responsibility for the 'Tourism Monitor' project. The project commenced in 2000, and is a joint initiative of HVWCT and Cessnock City Council (CCC). During this time the major elements of the project work have remained the same, namely the collection, analysis and reporting of key performance data for wine tourism sectors in Hunter Valley.

Given that destination management organisations in Australia like HVWCT frequently make decisions that reference 'top-down' data sourced from state or federal government tourism agencies⁵, the Tourism Monitor is a prime example of what can be achieved when tourism stakeholders work collaboratively to improve the quality and relevance of market intelligence available to them. The Tourism Monitor, then, is a valuable research program in terms of quantifying activities or projects in the Hunter Valley, aligned with at least six of the strategic goals outlined above in the Visitor Economy Taskforce Report (2012).

2.1 Strategic Objectives

The Tourism Monitor has three aims:

- (i) Provide a regular, detailed snapshot of key performance indicators for five sectors of wine tourism activity in Hunter Valley Wine Country;
- (ii) Analyse the performance indicator data to identify market opportunities and/or deficiencies specific to Hunter Valley Wine Country, and evaluate the implications for local tourism resources; and
- (iii) Develop a template for regional tourism business monitoring and reporting with the potential to be adapted to the needs of other regional tourism organisations in Australia.

2.2 Value and Significance

The Tourism Monitor offers multiple levels of value to a range of stakeholders, including businesses, industry groups, and local government. In particular, the Monitor generates crucial ongoing market intelligence for HVWCT in its role as a membership-based association. The Monitor also helps to redress the lack of fine-grained market data being reported by regional tourism bodies in Australia.

Moreover, the research findings reported in the Monitor constitute a key source of evidence for HVWCT to demonstrate impact to potential funders and partner organisations, including local government and regional and state tourism bodies.

From a member perspective, having access to a monthly overview of regional business activity in a defined wine tourism sector is a valuable tool for contextualising the performance of their business.

3 Overview of Changes to the Tourism Monitor

The Tourism Monitor experienced several changes in 2012. The most conspicuous change was the appointment of The University of Newcastle as the managing contractor for the Tourism Monitor, replacing BA Market Surveys. The handover of management responsibility to a new contractor presented a number of initial challenges to the Tourism Monitor; however the appointment also offered opportunities to introduce new methods and processes to the monthly survey and reporting process.

3.1 Challenges

- A full and detailed handover from the previous contractor was not forthcoming and as a result the methods, data collection processes and analytical approaches previously employed had to be gleaned from previous annual reports and from anecdotal input from members of the Tourism Monitor Steering Committee.
- The challenges associated with the transition phase between contractors meant that the implementation of regular monthly data collection, analysis and reporting was delayed as the new contractor set about establishing protocols that would render comparable data to those furnished in Annual Reports from previous years by the previous contractor. As a result data collection from members was not undertaken on a monthly basis during the first half of 2012. Members were advised to keep track of their monthly reportable data during this period. In June 2012, the new contractor had completed the process of establishing the necessary protocols to ensure as best as possible that valid data could be collected. This necessitated a once-off survey to be distributed to members designed to capture data for the period January to June 2012. Some members found this onerous and cited the length of the first survey as a reason for not participating in the Tourism Monitor.
- Not all the members who were previously involved with the Tourism Monitor committed to participating in 2012. Indeed, the sample sizes in some sectors (such as accommodation) did not, at any time in the year, reach the levels reported in 2011. Based on advice from the Tourism Monitor Steering Committee, the reduced participation might be attributed to a number of factors including a change of contractors, delay in the implementation of the Monitor and concern about the representativeness of the data.

3.2 Opportunities

- In 2012 the monthly surveys associated with data collection for the Tourism Monitor moved into a fully online system, including correspondence by email, data collection through an Internet survey and reporting using Adobe PDF files. Electronic hyperlinks to the monthly surveys were distributed to participating members via email, and surveys were both filled out and submitted online.
- A commitment to more transparent reporting of sample sizes for sectors was introduced to help ascertain the representativeness of the Tourism Monitor data. It was felt that this would put both members and HVWCT in a better position to make judgements about the how to best use findings from the Monitor, and (where necessary) encourage participation so as to make the data as valid and reliable as possible.
- The shift to The University of Newcastle as the managing contractor brought with it access to the resources of the University's tourism researchers. Among other things, these resources include Internet survey tools, specialist data analysis software and professional support and advice from academic colleagues at the Newcastle Business School.

- 2012 was a year of transitional challenges (as noted above) and the corresponding reduction in participation in the Tourism Monitor from members should be considered a unique event. It is reasonable to expect that members' familiarity with the new contractor and new data collection processes, will lead to greater participation in the Monitor in the future.

4 The Tourism Monitor: Design Process and Participation

4.1 Research Design

To collect the necessary data from members, since its inception the Tourism Monitor has relied on a monthly survey process. In 2012 the survey was run entirely as an online questionnaire (although paper copies were available on request). Members were emailed survey links and reminders on a monthly basis.

A different version of the questionnaire was employed for the five wine tourism sectors (winery cellar doors, accommodation, restaurants, weddings and conferences). However, in 2012 the restaurant sector survey was suspended due to poor response rates.

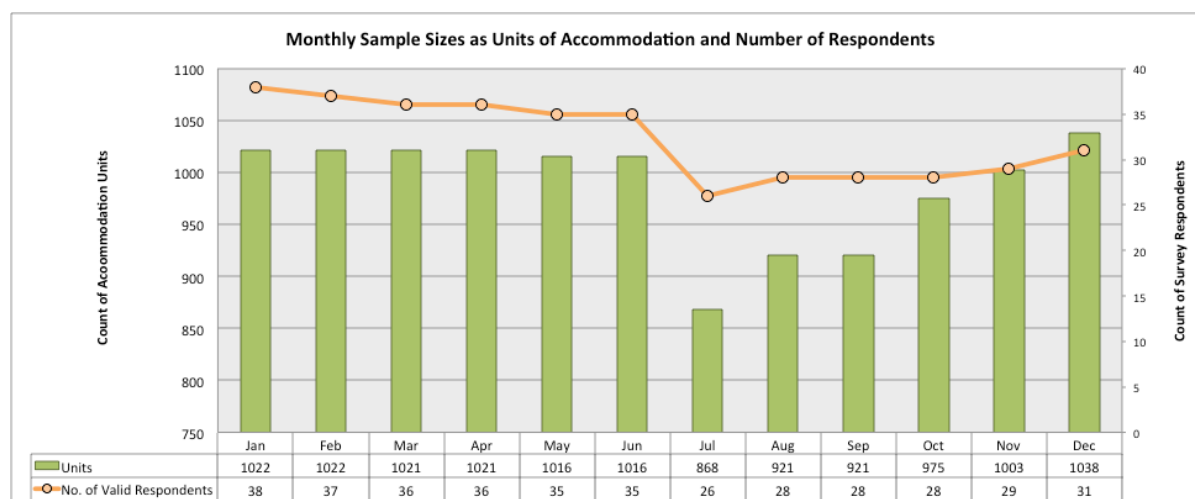
Monthly summary reports were prepared and distributed to HVWCT and members. All data in the reports was de-identified and presented in aggregate, summary form and represented a selection of key indicators for each sector.

4.2 Accommodation Sector Sampling

According to HVWCT membership records, in 2012 there were 124 members offering accommodation services. As at December 2012, 47 of these 124 members (or approx. 38%) had consented to participate in the Tourism Monitor on an ongoing basis. Collectively these 47 members managed 1278 units/rooms of accommodation.

Chart 4.1 displays the monthly response rates to the Tourism Monitor surveys from the 47 consenting accommodation members. The orange-coloured line graph plots the response rate in terms of the number of members responding per month, while green-coloured columns show the response rates in terms of the number of units/rooms represented

Chart 4.1



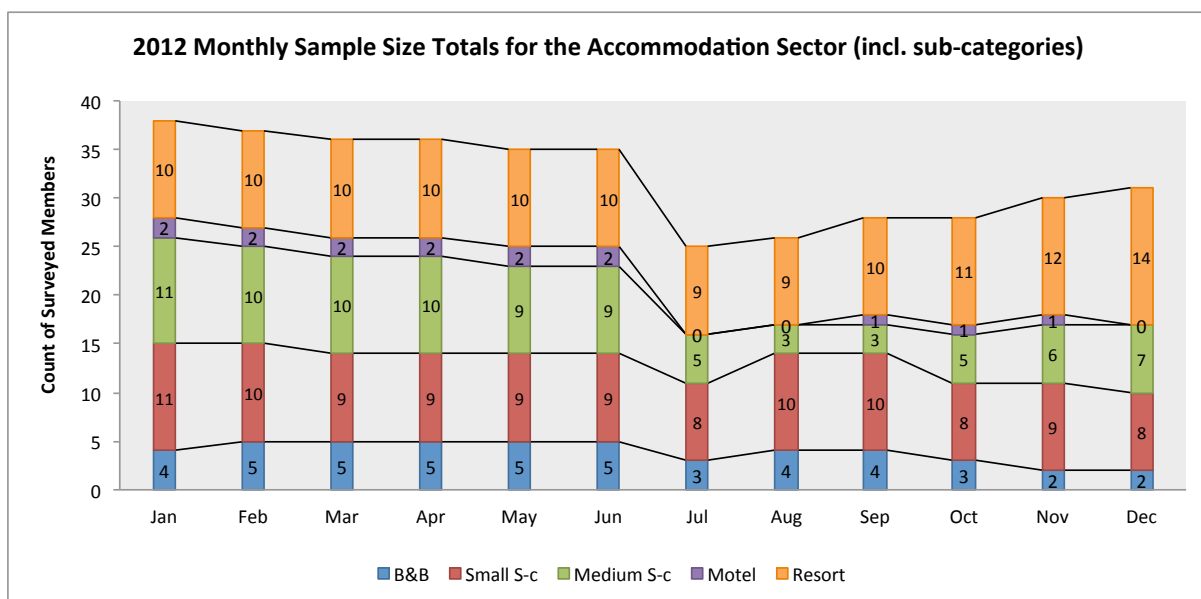
Response rates for the first six months (January-June) were very similar, as the initial survey required respondents to submit data for all these months in one process. However, when the distribution of the survey shifted to a monthly format there was an immediate decrease in respondent numbers – from 35 in June to 26 in July. This decrease can be observed in Chart 4.1, where the orange-coloured line graph falls sharply between June and July.

Two cellar doors did not submit any monthly data for 2012 following the initial January-June data collection process, whilst a further two cellar doors started to participate only after the initial process had finished (and have submitted data ever month thereafter)

From July to December, the response rate recovered and increased slowly each month, finishing the year close to the January 2012 level. The number of responses received per month (orange line in Chart 1) increased from 26 to 31 (approx. 19%), and the number of units/rooms (green columns) increased from 868 to 1038.

The monthly composition of the accommodation sample for 2012 is displayed in Chart 4.2 (see below). The chart comprises a series of stacked columns for each month of 2012, with each coloured stack representing the total number of respondents from the Bed & Breakfast, Small Self-Contained, Medium Self-Contained, Motel and Resort accommodation sub-categories.

Chart 4.2

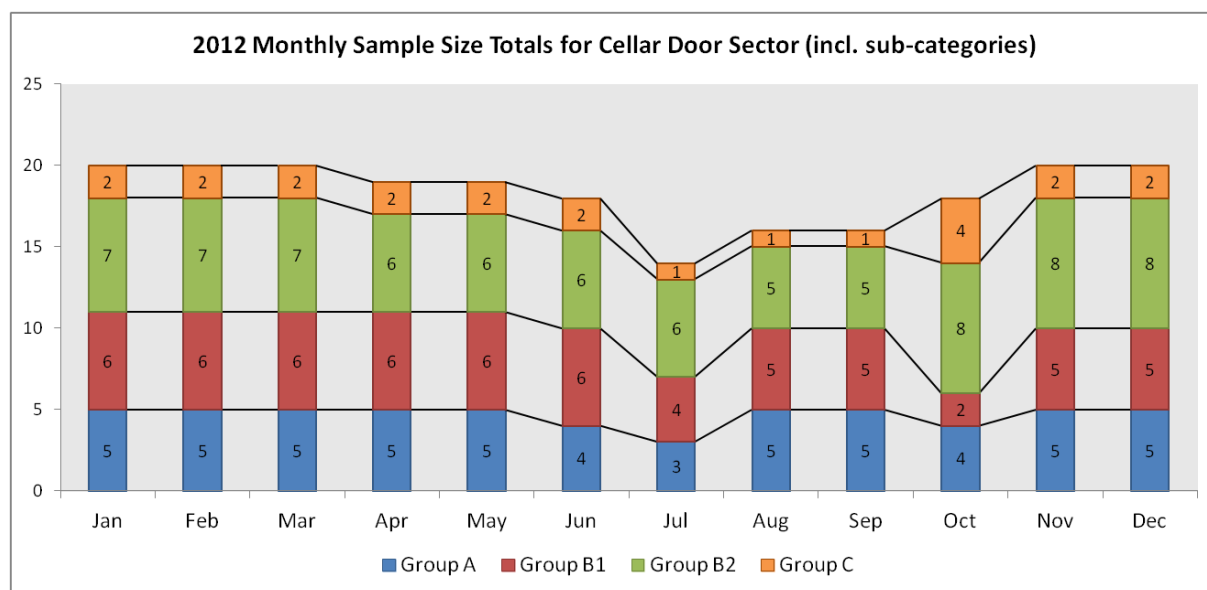


4.3 Cellar Door Sector Sampling

In 2012 there were 97 cellar doors registered as HVWCT members. As at December 2012, 42 of these cellar doors (or approx. 43%) had consented to participate in the Tourism Monitor. Chart 4.3 (see following page) shows the sample sizes recorded for each month in 2012. The composition of each monthly sample is portrayed using a series of stacked columns, where each coloured stack represents the number of respondents from the cellar door categories of A, B1, B2 and C.

In similar fashion to the accommodation sample, a noticeable drop in sample size occurred from June to July. By November, however, the sample size had recovered to a level equivalent to the sample sizes recorded in January, February and March (n=20) – albeit with a slightly different composition. Overall 8 cellar doors submitted data every month of 2012, while another 8 cellar doors consented to participate yet submitted no data whatsoever.

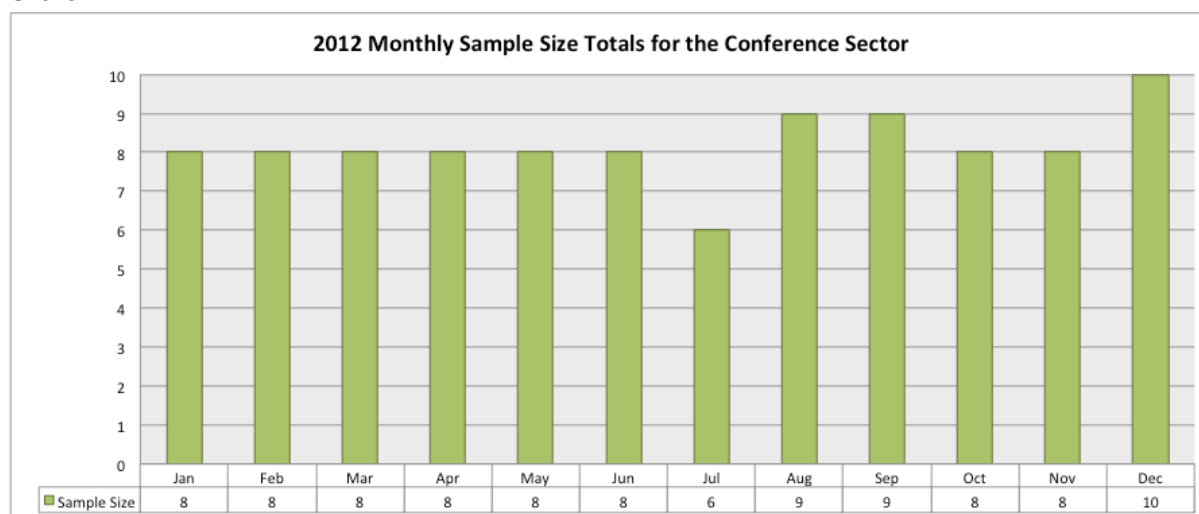
Chart 4.3



4.4 Conference Sector Sampling

The conference sector is made up of HWVCT members with the facilities to host conferences and provide accommodation for conference delegates. In 2012, there were 10 HWVCT members in the conference sector, all of whom consented to participate in the Tourism Monitor. The monthly sample size of conference sector members is displayed in Chart 4.4 below.

Chart 4.4



With the exception of July, in 2012 the sample sizes obtained in the conference sector constituted 80% or more of the total population of conference venues. In December a 100% response rate was achieved. The high participation rate means the conference sector is the only HWVCT sector where the data collected can confidently be considered representative of the member population.

4.5 Wedding Sector Sampling

In 2012 the wedding sector comprised 25 HWVCT members, of which 17 (68%) consented to participate in the Tourism Monitor. The sector is inclusive of wedding reception venues and wedding catering & management businesses, but not wedding ceremony venues and other ancillary services (such as florists, suit hire etc.).

The green columns in Chart 4.5 (see below) measure the size of the wedding sector sample for each month in 2012. The initial six-month January to June survey recorded a sample of 12 members; thereafter the response rate fluctuated from month to month. Between July and October the sample size fell below 12 members, with a minimum size of 9 members in July. By November the sample size increased to 14, and then December recorded the largest sample size for the year (15 members).

Chart 4.5



In summary, the response rates across all sectors reported in the monitor show an improved participation rate towards the end of 2012. This suggests the transitional disruptions noted earlier in this report were gradually diminishing as the year progressed.

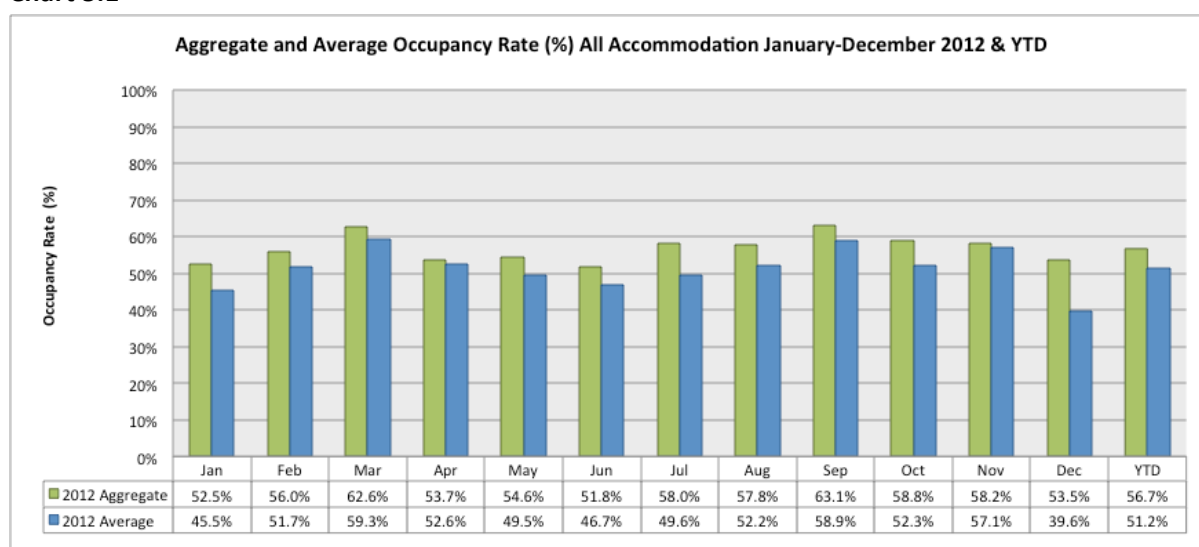
5 Key Findings for 2012 by Sector

5.1 Accommodation

The accommodation sector comprises five categories of business: bed & breakfast, small self-contained, medium self-contained, motel, and resort.

Chart 5.1 (below) displays the aggregate occupancy rate, and average occupancy rate, across all accommodation types for each month in 2012. March and September recorded the highest aggregate occupancy rates, with 62.6% and 63.1% respectively. This result is not surprising, given that March and September are in autumn and spring – these seasons are typically popular with visitors to Wine Country. Indeed many events, concerts and weddings are deliberately scheduled to occur in either autumn or spring (see Section 6.5 for wedding data and Chart 5.3, page 14 of this section for event data).

Chart 5.1



Box 1: Aggregate versus Average Occupancy Rates. What's the difference?

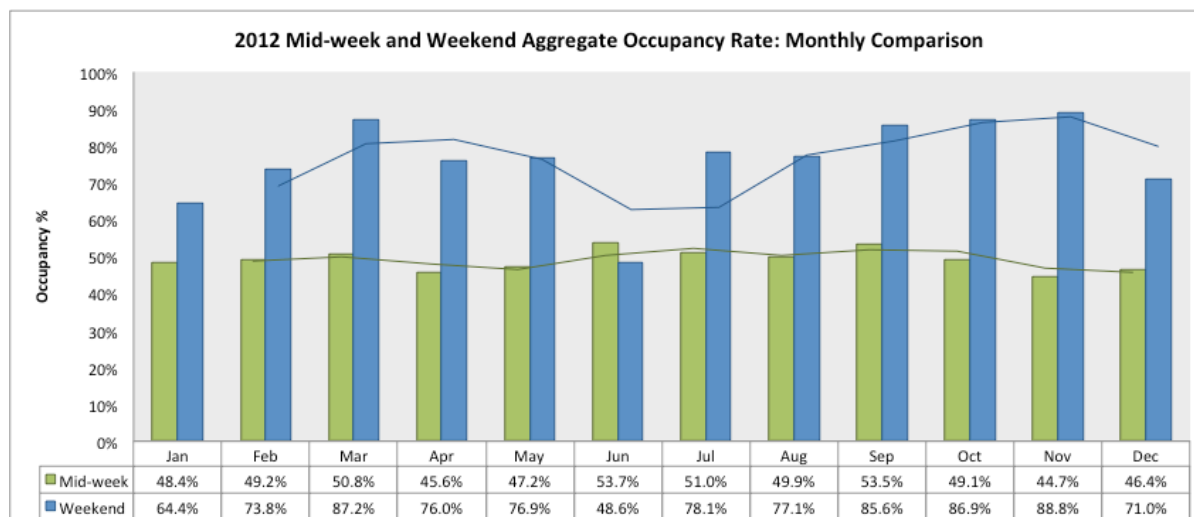
It is useful to understand the difference between how aggregate and average occupancy rates are calculated. The determination of aggregate occupancy sums *all* the room capacities of businesses that have submitted data. Aggregate occupancy rates for each day are therefore calculated by comparing the summed daily total of units/rooms sold against the total capacity of units/rooms.

For example, the January accommodation data represented 1022 rooms/units of member accommodation. The total number of occupied rooms on the 1st of January was 680 (i.e. the collective sum of all member responses for that day). Therefore the aggregate occupancy rate for that day was 66.5% (680/1022).

Using an aggregate approach generates a somewhat different occupancy rate than if an average of all the daily occupancy rates reported by all participating businesses were calculated, for each day of the month.

To continue with the example in the previous paragraph, the average occupancy rate for the 1st of January was 49.1% - much lower than the aggregate measure. The difference can be explained by the big variation in actual occupancy rates reported by individual businesses, and the subsequent impact that a very low or very high rate has on an average figure

Chart 5.2



Aggregate occupancy rate per month is divided into weekend and mid-week data in Chart 5.2 (above). In addition to the two sets of columns in the chart, two-point moving averages have been plotted for each data series so as to help identify any trends or patterns. Note that the data used to represent the weekend period was defined as Friday and Saturday night occupancy rates, with the mid-week period inclusive of Sunday to Thursday night occupancy rates.

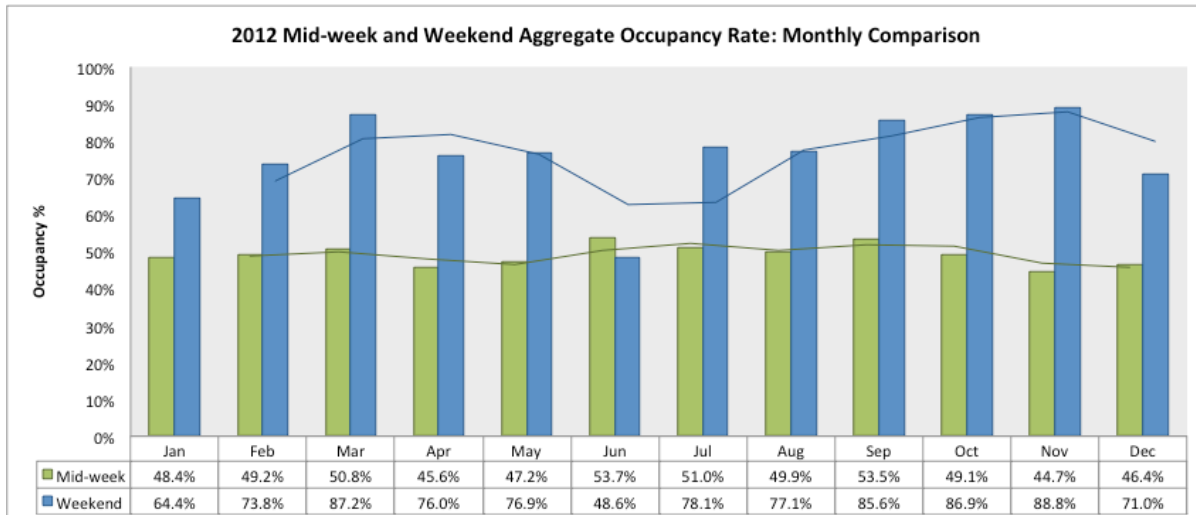
Aside from the consistent difference between occupancy levels during these two times of the week, the chart illustrates that – at least for 2012 – there is greater fluctuation in weekend occupancy rates compared to mid-week. These fluctuations can be linked to certain times of the year. The moving average line graph for weekend occupancy displays a distinct trough (low-point) in mid-year, around June and July. The valley is flanked by higher periods in March-April and September-October-November. There are also low occupancy rates at the start of the year (January) and end of the year (December).

By contrast, the mid-week occupancy rates remained relatively stable throughout 2012. The highest month for mid-week occupancy was June. This was the only month where the mid-week occupancy rate exceeded the weekend occupancy rate. The largest gap between weekend and mid-week rates was reported in November (88.8% for weekend and 44.7% for mid-week).

One factor likely to have an effect on mid-week versus weekend occupancy levels is holiday periods. The NSW school holidays (December/January, April, July and September/October) could have redistributed some of the spread of visitation away from the weekend peak periods, with some visitor markets having more time available to visit during the week. Public holiday long weekends, such as Easter, Queens Birthday (June) and Labour Day (October) helped to raise both weekend and mid-week occupancy levels.

The contents of Chart 5.2 are reprinted in Chart 5.3 on the next page, but overlaid with scheduling of public holidays and major events and festivals in Wine Country.

Chart 5.3



January

No Major Events

February

Rod Stewart
Il Divo

March

A DOTG: Noiseworks
CMC Rocks the Hunter
Kurri Nostalgia
Duran Duran
A Little Bit of Italy in Broke

April

Easter
Anzac Day

May

Lovedale Long Lunch

June

Hunter Valley Wine & Food Mont
Queen's Birthday Weekend

July

Snow-time at HVG
HVG Chocolate Festival

December

A DOTG: Simple
Minds
Xmas Lights @
HVG

November

Matchbox Twenty
A DOTG: Hoodoo
Gurus
Sculpture in the
Vineyards

October

Opera in the Vineyards
Jazz in the Vines
Long Weekend

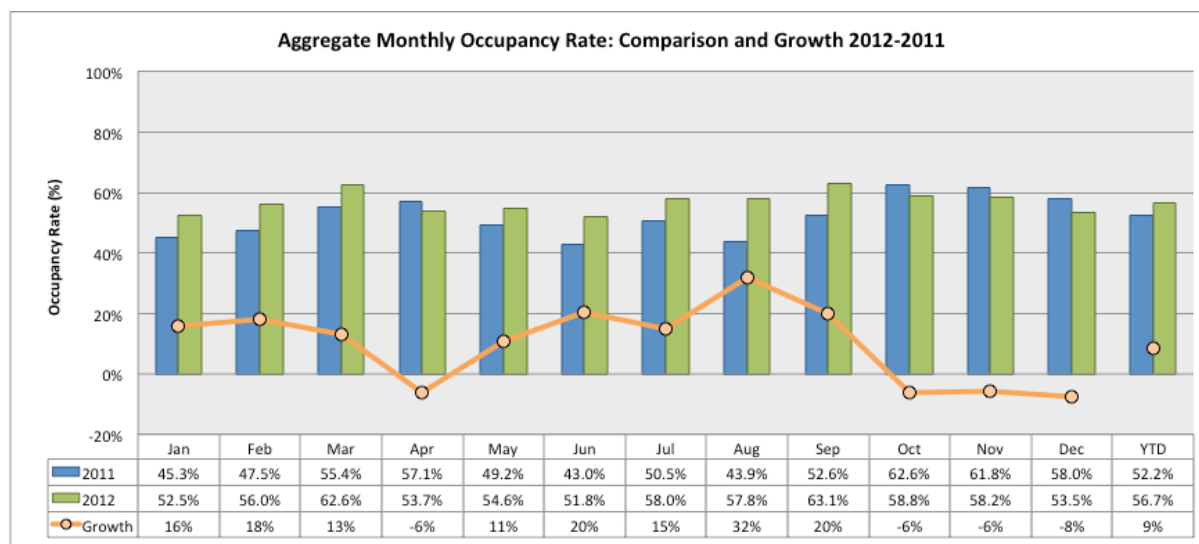
September

No Major Events

August

No Major Events

Chart 5.4



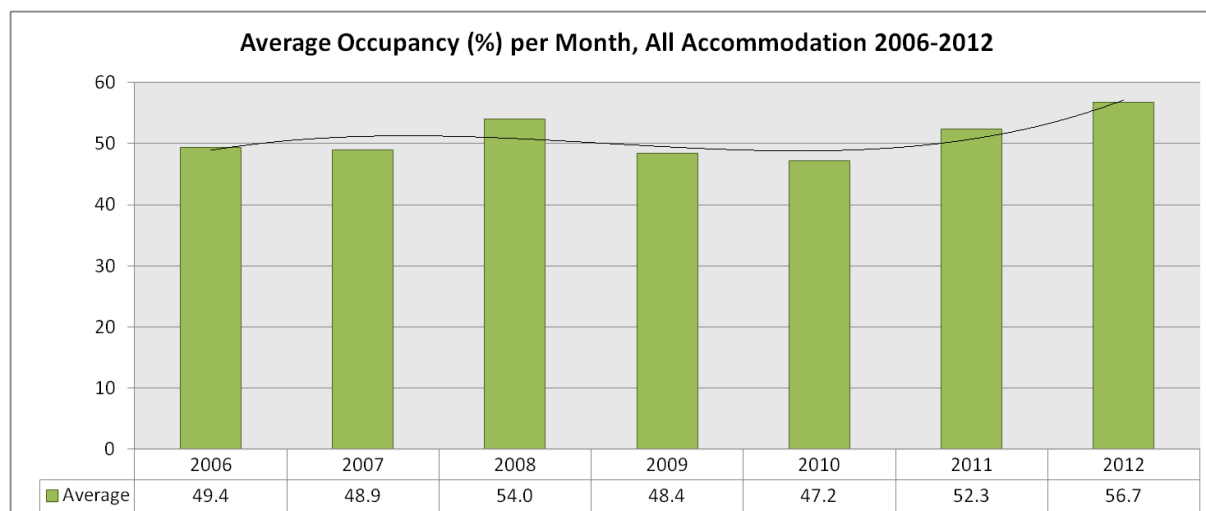
The data in Chart 5.4 provides a comparison between 2012 (green columns) and 2011 (blue columns) aggregate occupancy rate data. The orange line graph plots the growth (%) from 2011 to 2012 in positive or negative terms.

Overall, the comparison indicates that occupancy rates grew an average of 9% from 2011 to 2012. The most substantial increases occurred in the winter period, with the months of June (20%), July (15%) and August (32%) performing strongly. September (20%) also recorded considerably higher occupancy rates than in 2011. However, there was negative growth recorded for each of the last 3 months of 2012.

Because this chart compares data that was collected by two different consultants, the findings should be interpreted with care. There are several key differences between the two sets of data. First, the sample sizes, and the composition of the sample, differ. For example, the 2011 accommodation data was drawn from larger samples (46-51 respondents compared to 26-38), with higher numbers of 'medium self-contained' and 'motel' category accommodation, than the 2012 data. Second, the specific methods used to calculate the 2011 occupancy rates are not known. As they are not average occupancy rates, it is assumed they are aggregate rates, but this is not certain.

Chart 5.5 on the following page builds on data published by the previous contractor to compile a 7 year timeline of average aggregate occupancy rates per month, from 2006 to 2012. A polynomial trendline has been added to assist with interpretation of the data. A polynomial trendline has been used rather than a lineal trendline because it better illustrates the peaks and troughs in the data series. Using the 50% occupancy rate as a benchmark, the data follows a rolling profile. In 2006 and 2007 the average aggregate occupancy rate is just below 50%, before peaking at 54% in 2008. Then follows a two year trough (2009-2010; only 7 of 24 months above 50%) before steadily increasing in 2011 (7 of 12 months above 50%) and 2012 (all 12 months above 50%).

Chart 5.5



5.1.1 Occupancy Rates by Accommodation Category

The remainder of the Accommodation section of this report contains a series of charts relating to the five specific categories of accommodation (B&B, Small Self-Contained, Medium Self-Contained, Motels and Resorts). The charts report the same two sets of data for each category, namely Mid-week and Weekend Occupancy Rates and 2012-2011 Average Monthly Occupancy Rates. Two-point rolling averages have been included (plotted as line graphs) for the 2012-2011 comparison charts.

Chart 5.6

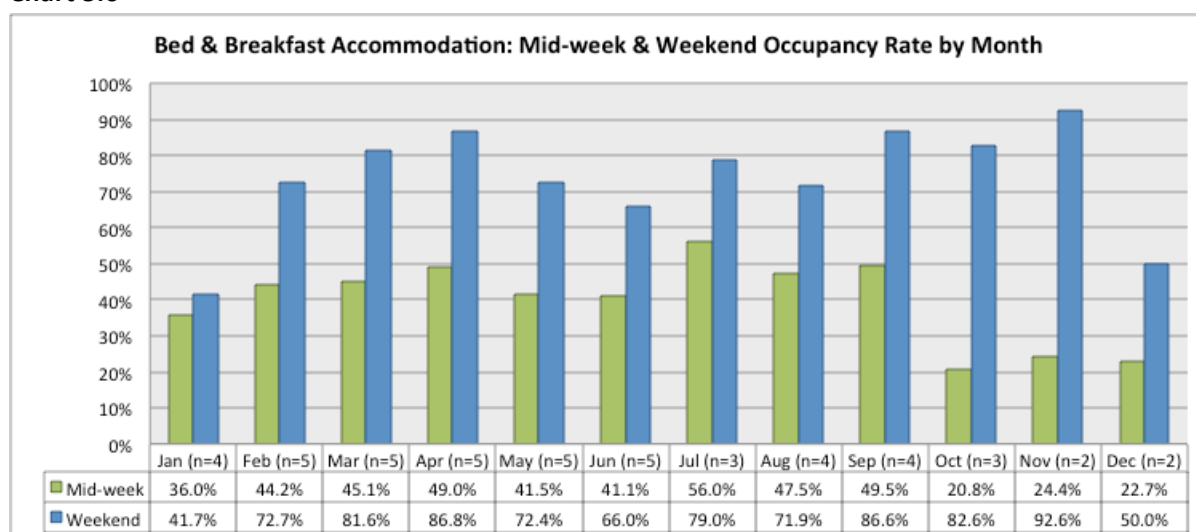


Chart 5.7

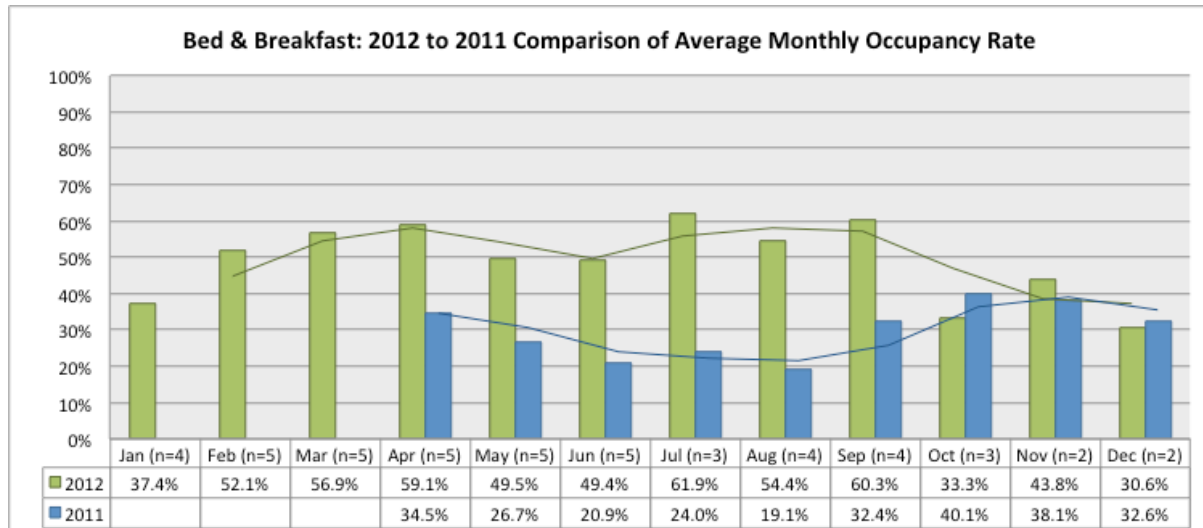


Chart 5.8

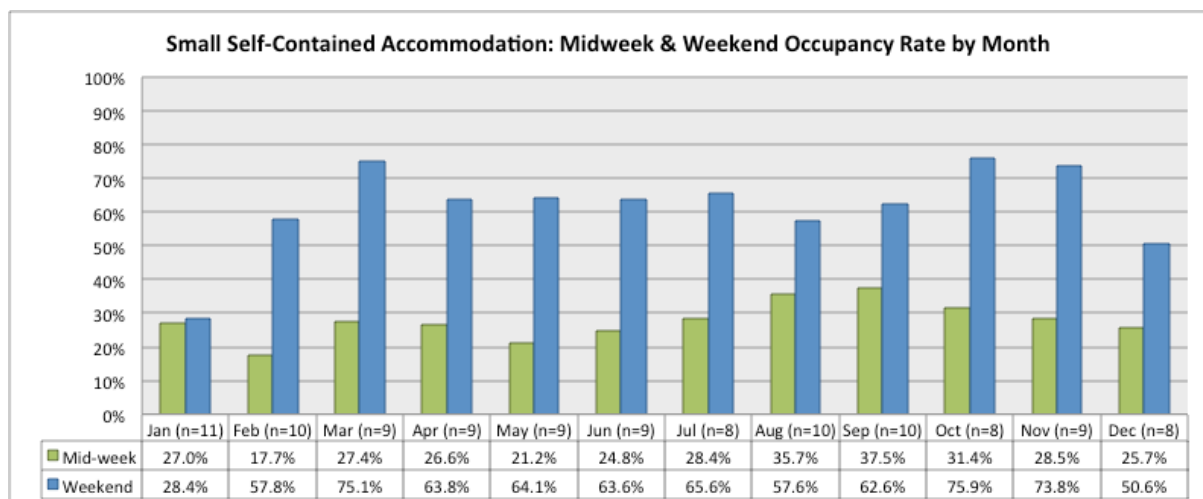


Chart 5.9

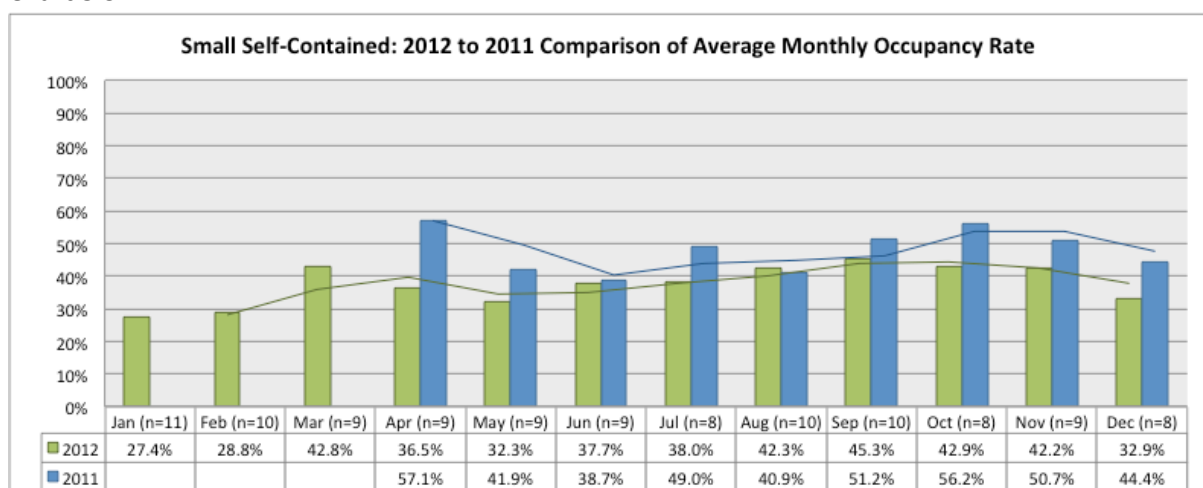


Chart 5.10

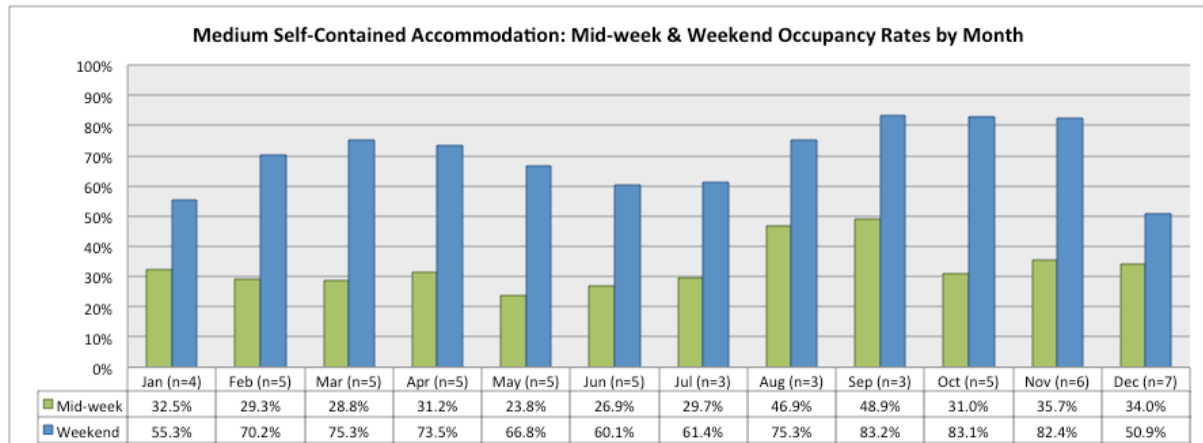


Chart 5.11

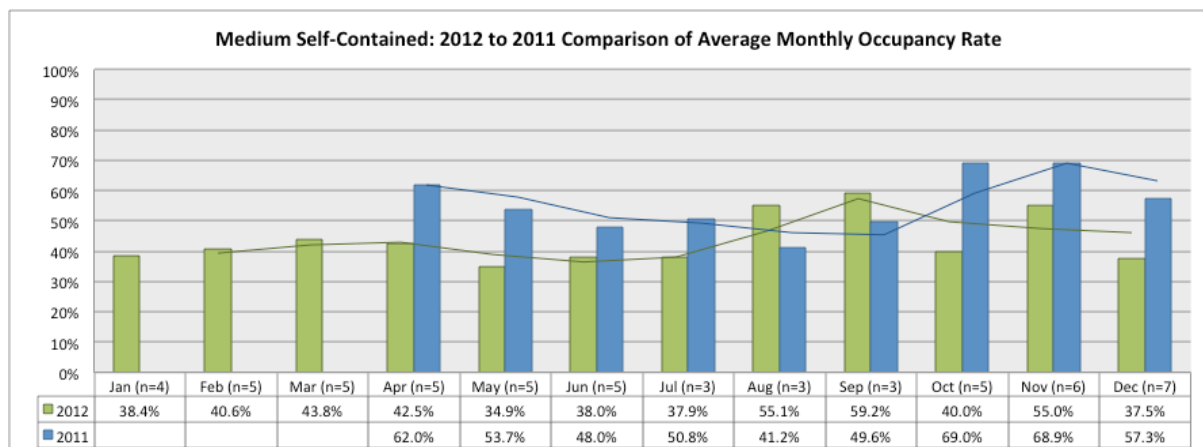


Chart 5.12

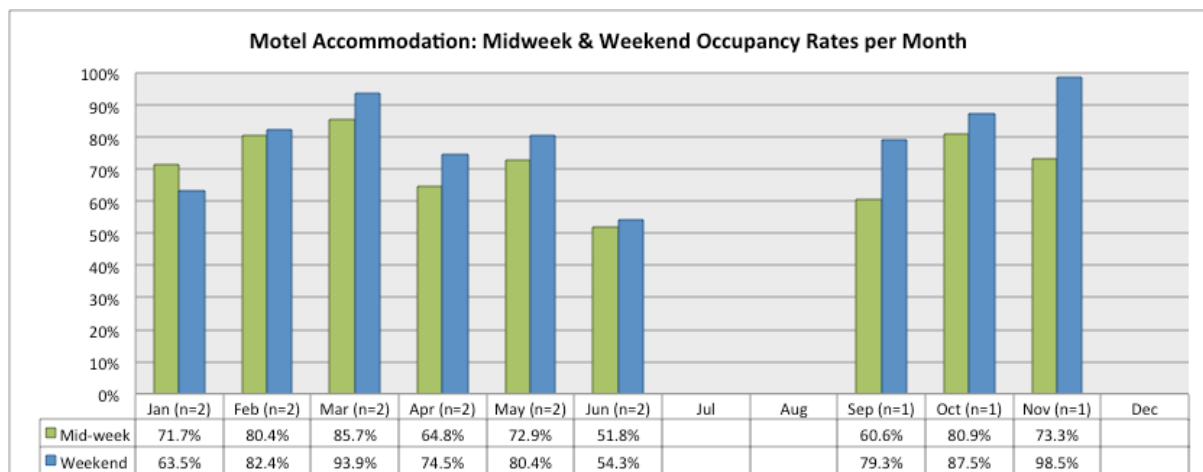


Chart 5.13

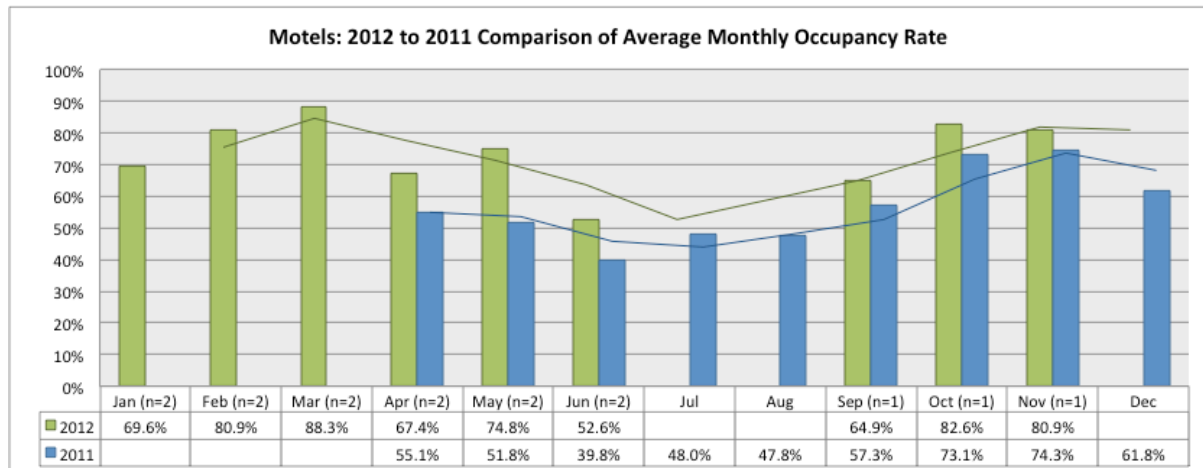


Chart 5.14

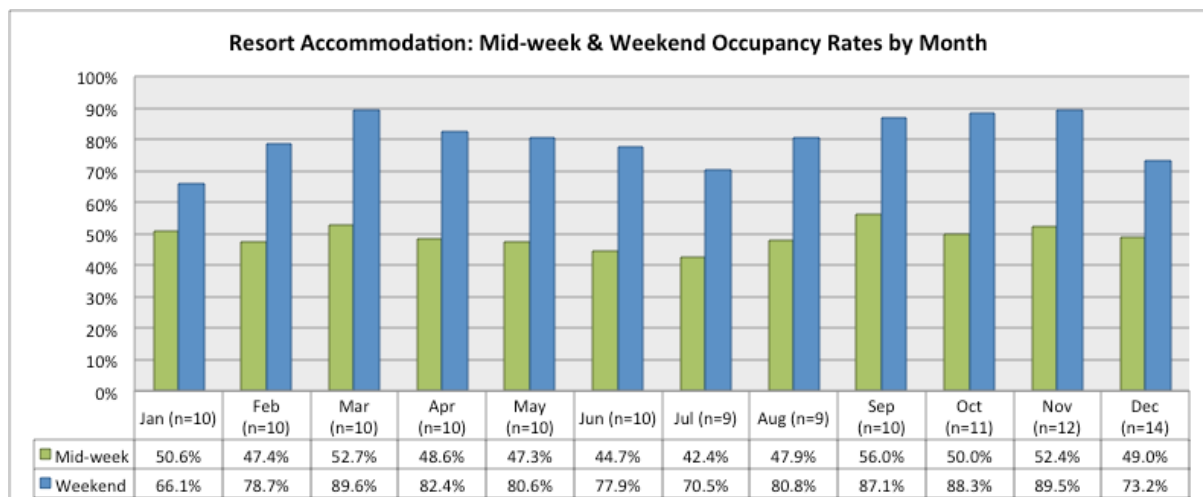
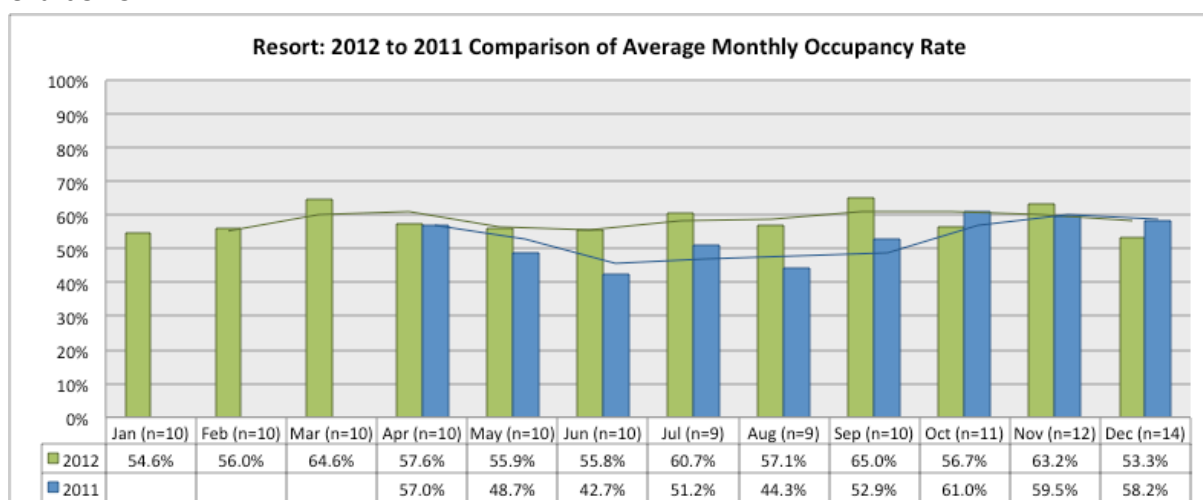


Chart 5.15



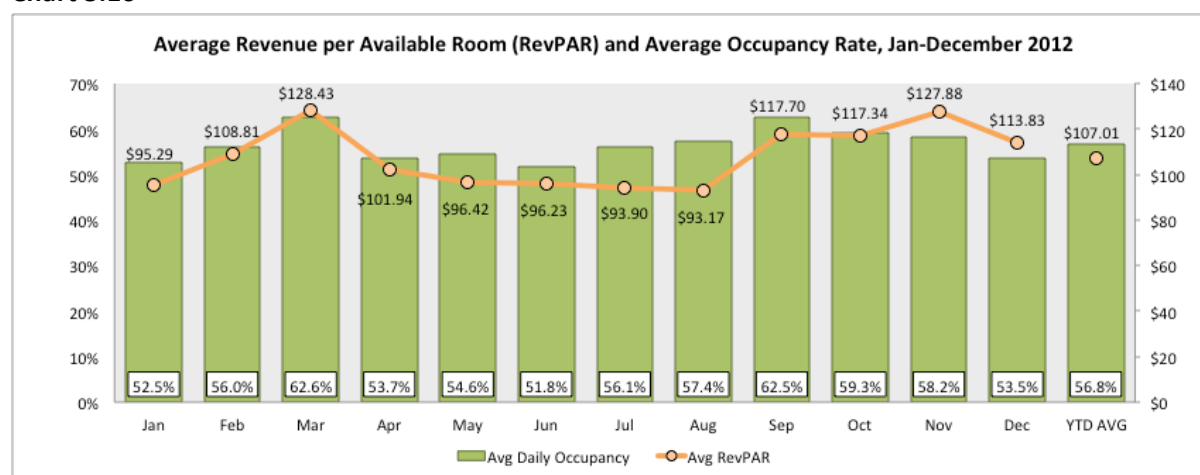
5.1.2 Revenue per Available Room (RevPAR)

In 2012 a new performance indicator for accommodation – RevPAR – was included in the Tourism Monitor at the request of members. For an individual business, RevPAR is calculated by dividing the total daily room revenue received by the total number of available rooms offered by that business.

Because the calculation of RevPAR requires daily sales figures in dollar terms, an additional question designed to collect this data was added to monthly surveys. The decision to apply the RevPAR indicator only to resort accommodation was based on a number of reasons, including (i) the widespread applicability of RevPAR to the pricing strategies pursued by larger accommodation providers; and (ii) the generally consistent provision of room revenue data by resort members.

Average monthly RevPAR figures and occupancy rates for 2012 are plotted in Chart 5.16 (see below). The highest average RevPAR (\$128.43) and occupancy rate (62.6%) both occurred in March, although the average RevPAR for November was almost equal in value (at \$127.88) and was generated from a lower occupancy rate (58.2%), suggesting a greater yield per room sold. The lowest RevPAR (\$93.17) was recorded in August.

Chart 5.16



5.2 Cellar Door

The Tourism Monitor collects sales data from winery cellar doors as a way of measuring visitor expenditure. Sales data is recorded in both dollar terms and the number of bottles sold.

In accordance with the practice of previous years, in 2012 the responses of participating cellar doors are organised into four categories: Group A, Group B1, Group B2 and Group C. The criteria for the groups are as follows:

- Group A: Large; Established over 10 years; 5 or more full time cellar door staff
- Group B1: Medium; Established over 10 years; 3 or 4 full time cellar door staff
- Group B2: Small/Medium; Established over 10 years; 1 or 2 full time cellar door staff
- Group C: Small/Medium; Established less than 10 years; New branding

The main reporting measure used for cellar doors is weighted average sales, expressed as a daily or monthly figure. A weighted average is used specifically for aggregated (combined) data that represents all participating cellar doors; however, when reports focus on a single cellar door category, simple averages are used (See Box 2 below for a more detailed overview of weighted averages). All sales data includes both wine and non-wine components.

BOX 2: Why use a weighted average?

A weighted average is used to account for the different sample sizes recorded on a month-by-month basis by the four categories of cellar door. The use of a weighted average, as opposed to a 'simple' average*, produces an average figure that is more numerically representative of the sample composition (i.e. the types of cellar doors that have submitted data). A weighted average is also not as susceptible to the influence of an extreme value (i.e. extremely high or low value) when compared to a simple average. The actual sample sizes of the cellar door categories correspond to the 'weight' assigned to that category.

For example, in the case of December 2012, the weights (the number in parentheses) for the cellar door categories were as follows: Group A (5); Group B1 (5); Group B2 (8); and Group C (2). This is because there were 5 responses received from Group A cellar doors, 5 responses received from Group B1 cellar doors, 8 responses received by Group B2 cellar doors and 2 responses received from Group C cellar doors. With this approach the weights are likely change from month to month, depending on how many cellar doors from each cellar door category actually respond to the monthly survey.

How is the weighted average calculated?

To arrive at a weighted average for all cellar doors, the combined (wine + non-wine) daily average sales of each cellar door category is multiplied by the weight of that category (e.g. for Group A in December, it was 5 x \$4,900.08 = \$24,500.16). All the equivalent sub-totals for each of the four categories are then added together. This total is divided by the sum of all the category weights, to arrive at the final weighted average figure.

As a formula, the weighted average looks something like this:

$$\frac{((\text{Group A Combined Daily Avg} \times 5) + (\text{Group B1 Combined Daily Avg} \times 5) + (\text{Group B2 Combined Daily Avg} \times 8) + (\text{Group C Combined Daily Avg} \times 2))}{(5+5+8+2)}$$

*The simple average for daily sales in December was \$3,226.07, i.e. approximately \$170 less than the weighted average.

Chart 5.17

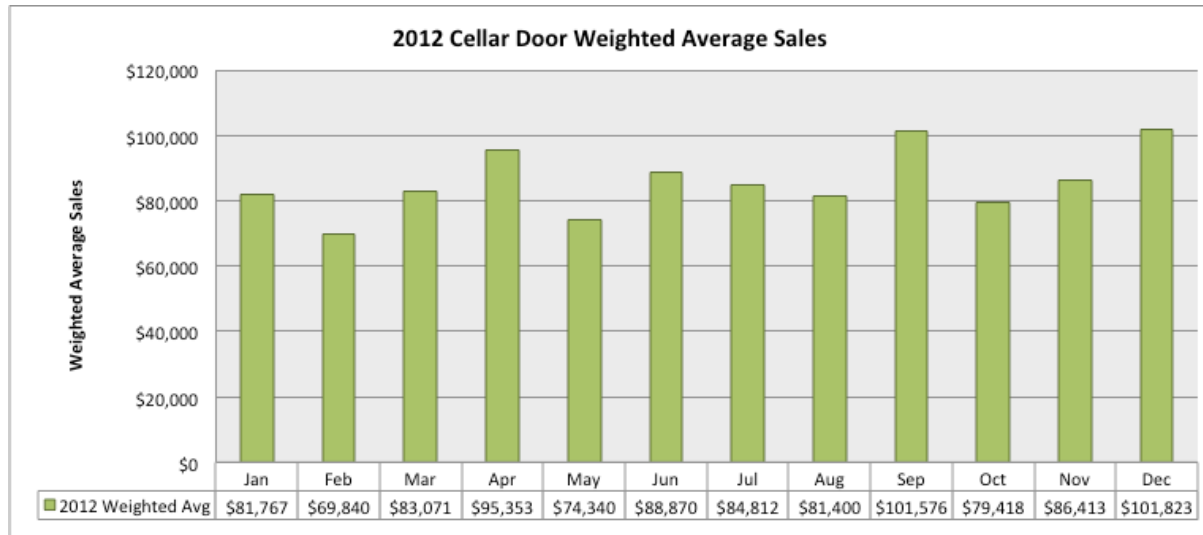


Chart 5.17 (above) presents combined monthly cellar door sales totals from 2012. This data represents all cellar door categories and is inclusive of both wine and non-wine sales.

One feature of the chart that is quickly apparent is lack of seasonal influence on the distribution of sales. This is a rather unexpected outcome, as visitation to Wine Country is widely considered as having seasonal variation. December and September recorded the highest sales totals – average sales exceeded \$101,000 for both months – and April also had high sales (average of approximately \$95,000). February had the lowest total, with an average sales figure of just under \$70,000.

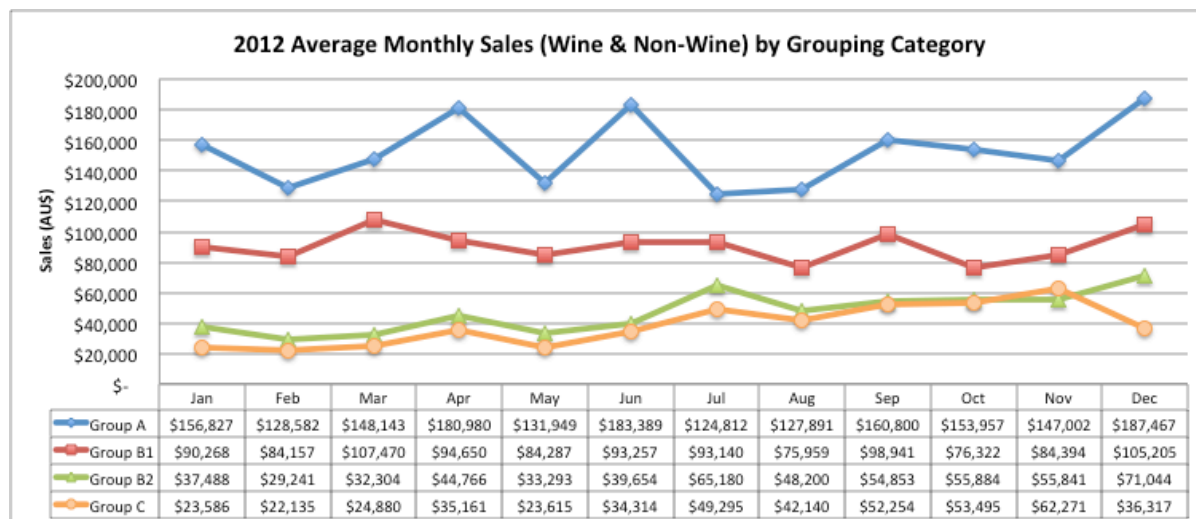
When the 2012 weighted average sales figures are compared with those from 2011, the results indicate that 2012 experienced particularly strong growth in cellar door sales. Chart 5.18 (see below) uses a line graph to plot the level of growth from 2011 to 2012 sales figures, and graphically illustrates the positive growth in sales in 2012. Ten months in 2012 recorded positive growth, whereas only two months recorded (small) negative growth. The overall average growth figure for the year was 16.8%, and September recorded the highest level of sales growth for the year (an approx. 50% increase from 2011 figures).

Chart 5.18



The data reported in Chart 5.18 should, however, be interpreted with care. The concerns raised earlier in this report regarding the comparative analysis of 2011 and 2012 data from the accommodation sector are equally valid here. In particular, likely differences in sample sizes and sample compositions must be acknowledged. Concerns also exist about the integrity of sales data supplied both this year and in previous years – for example, it is unclear as to whether all members supplied sales data that was inclusive of GST, and exclusive of trade generated by other means (such as wine clubs sales)- an issue that needs to be clarified in 2013 surveys. Furthermore, without access to the analytical methods used in 2011, the approach used in 2012 to calculate the weighted average sales figures could vary from that employed in previous years.

Chart 5.19



Average monthly sales data according to the four cellar door groupings (A, B1, B2 and C) is displayed in Chart 5.19 (above). From the chart, it can be observed that Groups A, B2 and C displayed a trend of (moderately) increasingly sales as the year progressed. Group A did, however, record some large variations in monthly sales totals, while Group C sales fell away noticeably in December. Average sales for Group B1 remained constant throughout 2012.

More detailed charts specific to each cellar door category appear below as Charts 4, 5, 6 and 7. Linear trend lines have been included to demonstrate the direction of sales growth through the 2012 calendar year.

Chart 5.20

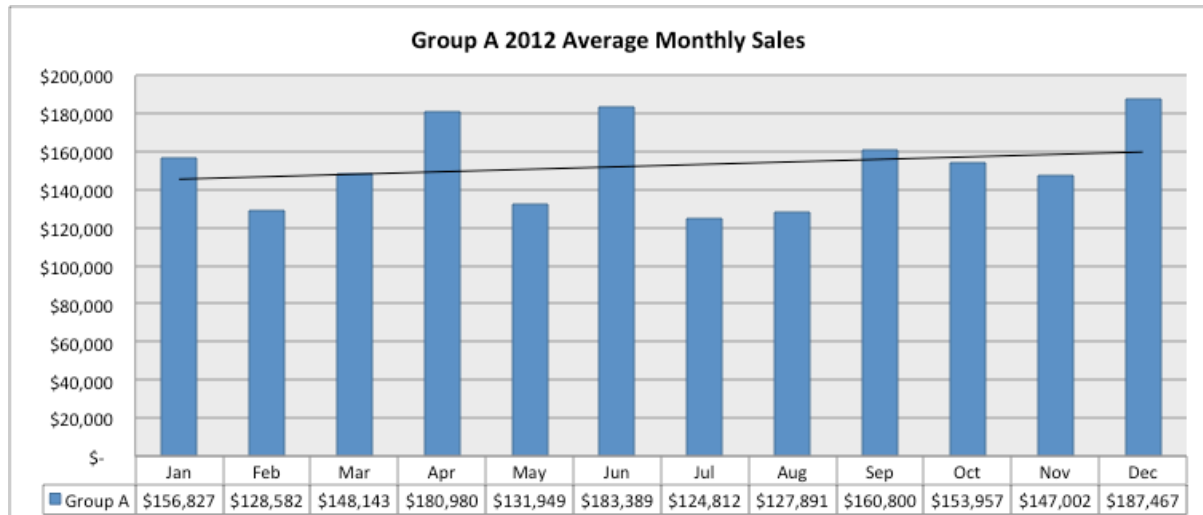


Chart 5.21

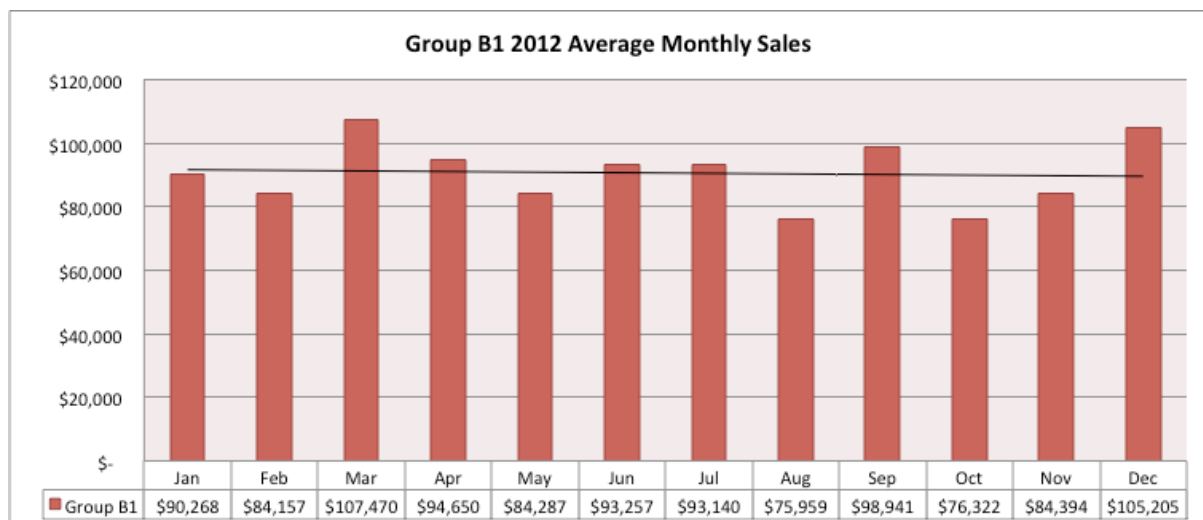


Chart 5.22

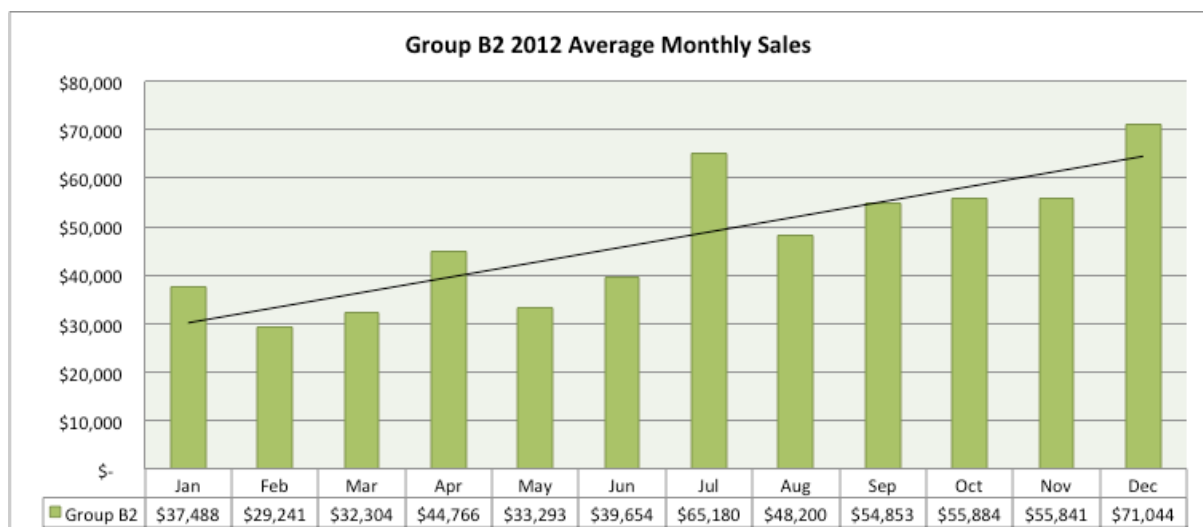
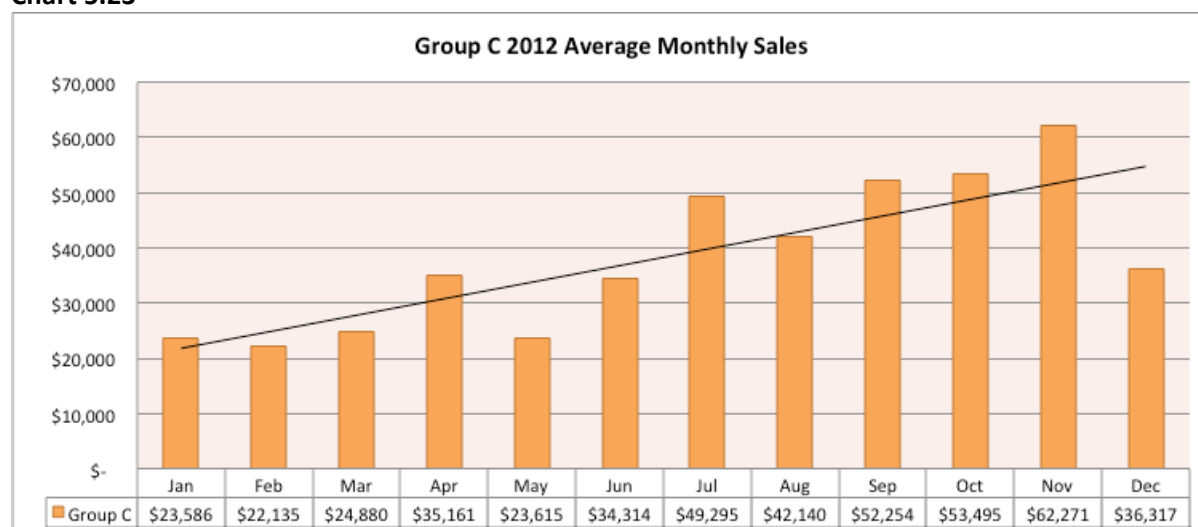
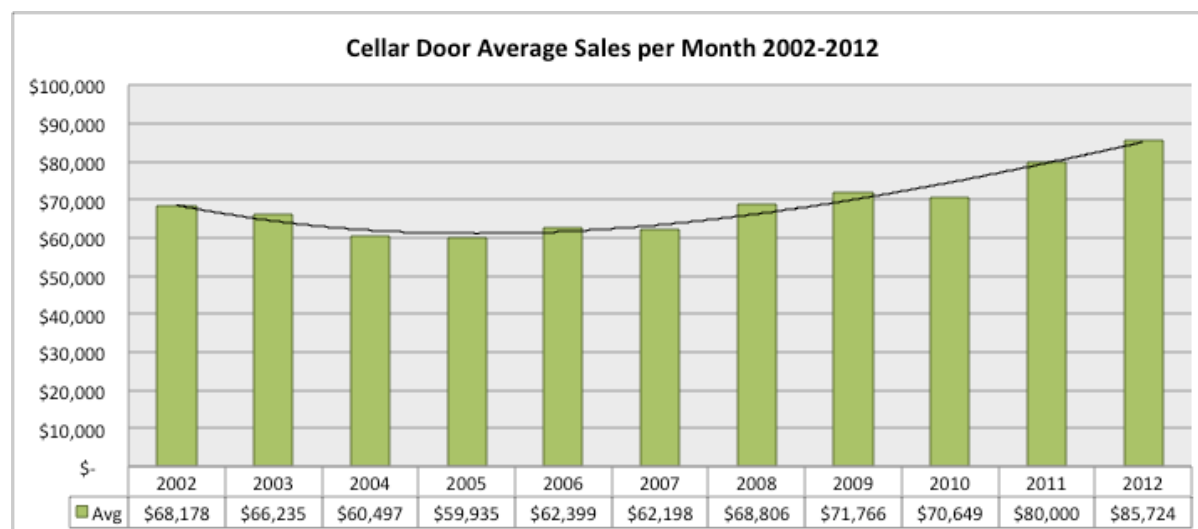


Chart 5.23

Using average monthly sales per calendar year data, Chart 5.24 displays the trend in cellar door sales from 2002 to 2012. A polynomial trend line has been included in the chart to draw attention to the 'shallow arc' pattern of the plotted data. In more specific terms, the average monthly sales per calendar year figure decreased each year from 2002 to 2005, dropping from \$68,178 to a minimum value of \$59,935. From 2006 onwards, however, the average monthly sales figure increased steadily to reach the current maximum value of \$85,724 in 2012.

Chart 5.24

5.3 Wedding Reception

The Tourism Monitor has been collecting data about wedding receptions since 2006. Members who supply data are businesses in the Wine Country region that manage wedding receptions and offer either in-house or contract catering.

Based on the data reported by participating wedding sector members, Hunter Valley Wine Country hosted 524 wedding receptions and 44240 wedding guests in 2012, at an average of 84 guests per reception. This is an increase of approximately 30% on reported data from 2011.

Chart 5.25 below displays a month-by-month summary of wedding receptions for 2012, including total counts of wedding receptions and wedding guests. The orange line represents the average number of guests per wedding reception. The highest number of receptions (76) and guests (6997) were recorded in March, while the highest average number of guests per reception (114) was recorded in January.

Chart 5.25

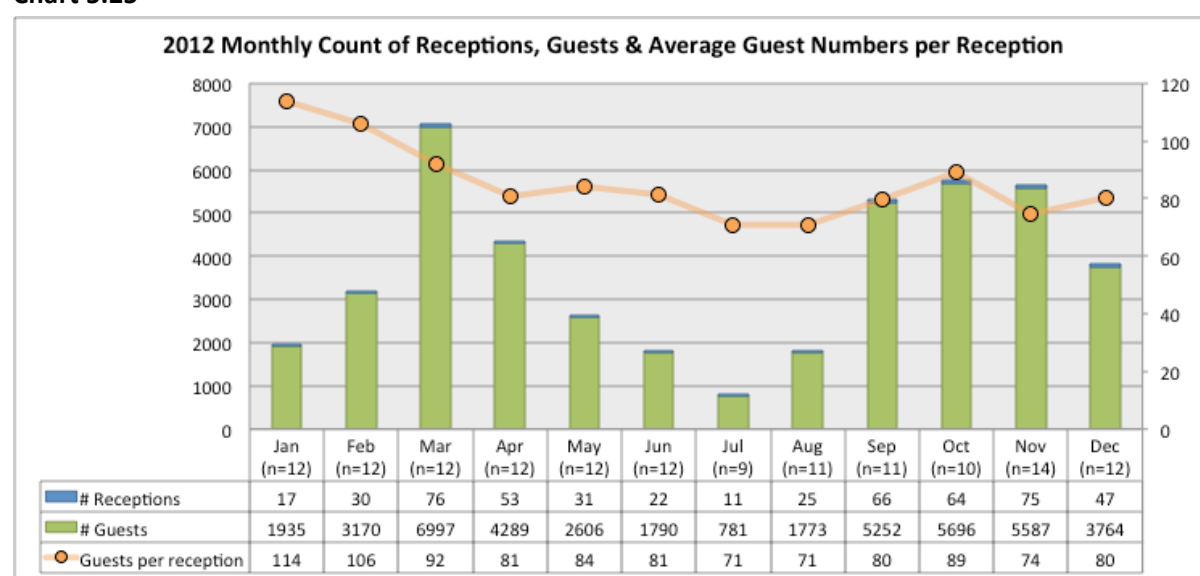
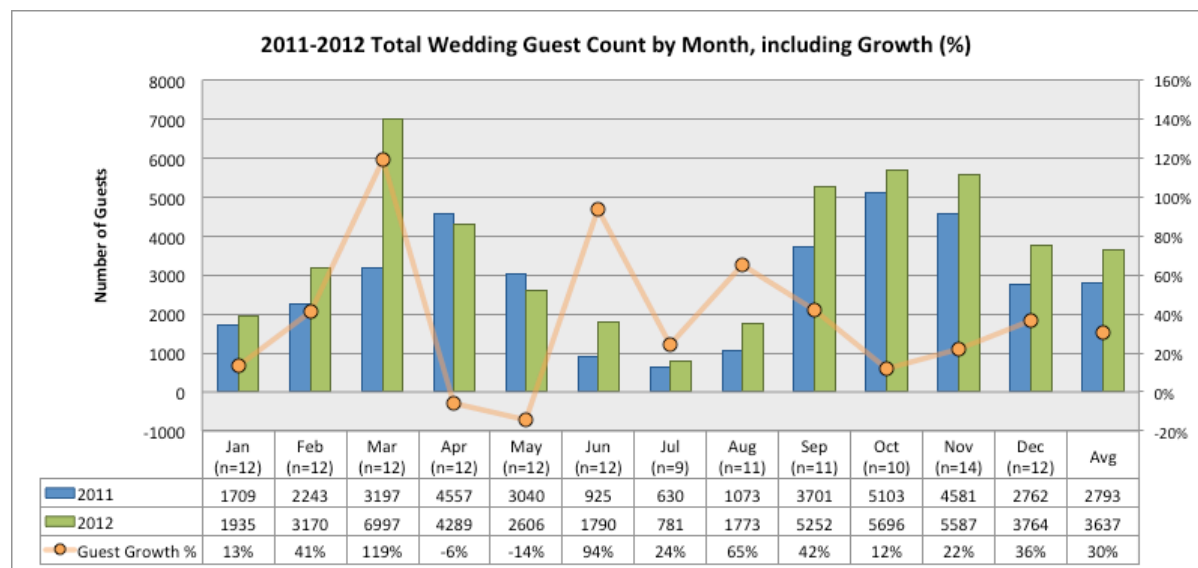


Chart 5.26 (see following page) contains a monthly breakdown of wedding guest counts for 2012, with 2011 data presented alongside for comparative purposes. The orange line represents growth from 2011 to 2012 data (in either positive or negative terms). The chart shows that average guest numbers per month increased 30% from 2011. A total of ten months in 2012 recorded positive growth in guest numbers, from a minimum of 12% (October) to a maximum of 119% (March).

Because the Chart 5.26 results draw on total counts, and not averages or percentages, any meaningful comparison between the two years requires details of the sample size and composition. Unfortunately, sample sizes were not available for weddings reported in 2011.

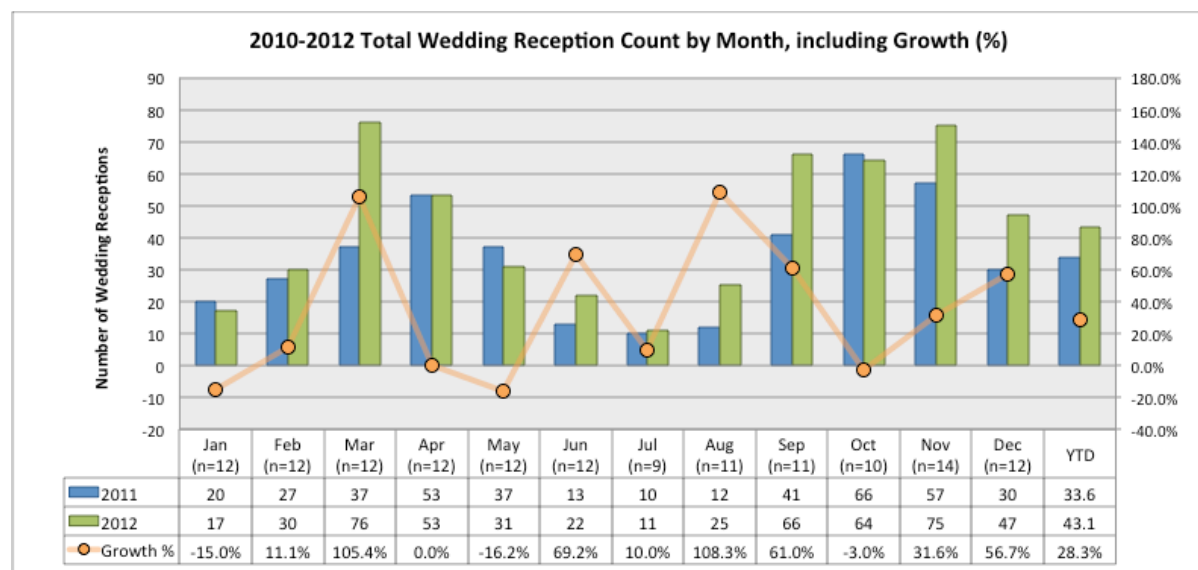
Chart 5.26



Using the same format as Chart 2 (including 2011 data for comparison), Chart 5.27 displays the monthly totals of wedding receptions for 2012.

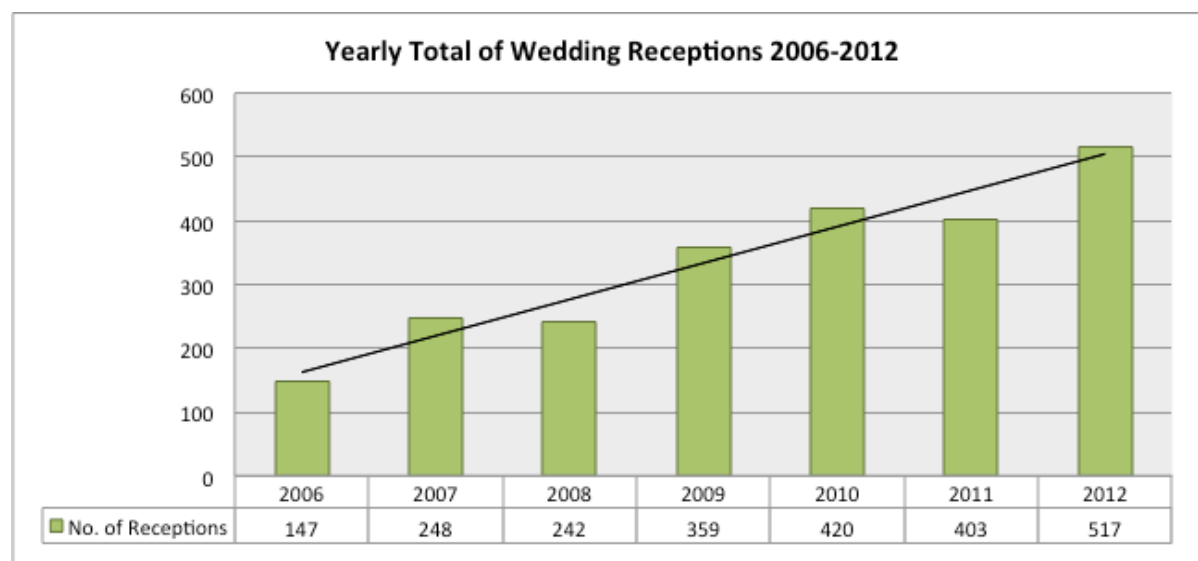
In summary, the number of wedding receptions increased approximately 28%, although there were 3 months that recorded negative growth (January, May and October) and one month with no changes (April).

Chart 5.27



The strong growth in the wedding reception indicators for 2012, as depicted above in Charts 5.26 and 5.27, is consistent with the recent trend of growth experienced by this sector in Wine Country. Chart 5.28 uses wedding reception data from the last seven years (2006 to 2012) to illustrate the pattern of growth. A linear trend line has been drawn on the chart to illustrate the extent of growth during the seven-year period of analysis.

Chart 5.28



Further to the data presented in Chart 5.28, the table below summarises the major indicators for the wedding sector from the 2006 to 2012 period.

Indicator	2006	2007	2008	2009	2010	2011	2012
No. of Guests	10559	18922	19584	28392	34279	33521	43640
No. of Receptions	147	248	242	359	420	403	517
Cases of Wine	601	1135	1216	1988	2265	2175	2676
Total Bottles	7212	13616	14596	23848	27185	26101	32108
Hunter Bottles	6189	12899	13970	21507	23665	23669	27255
% Hunter Wine	86%	95%	96%	90%	87%	91%	85%
Avg Guests	72	76	81	79	82	83	84
Avg Cases	4.1	4.6	5.0	5.5	5.4	5.4	5.2
Avg Bottles	0.7	0.7	0.7	0.8	0.8	0.8	0.8

5.4 Conferences

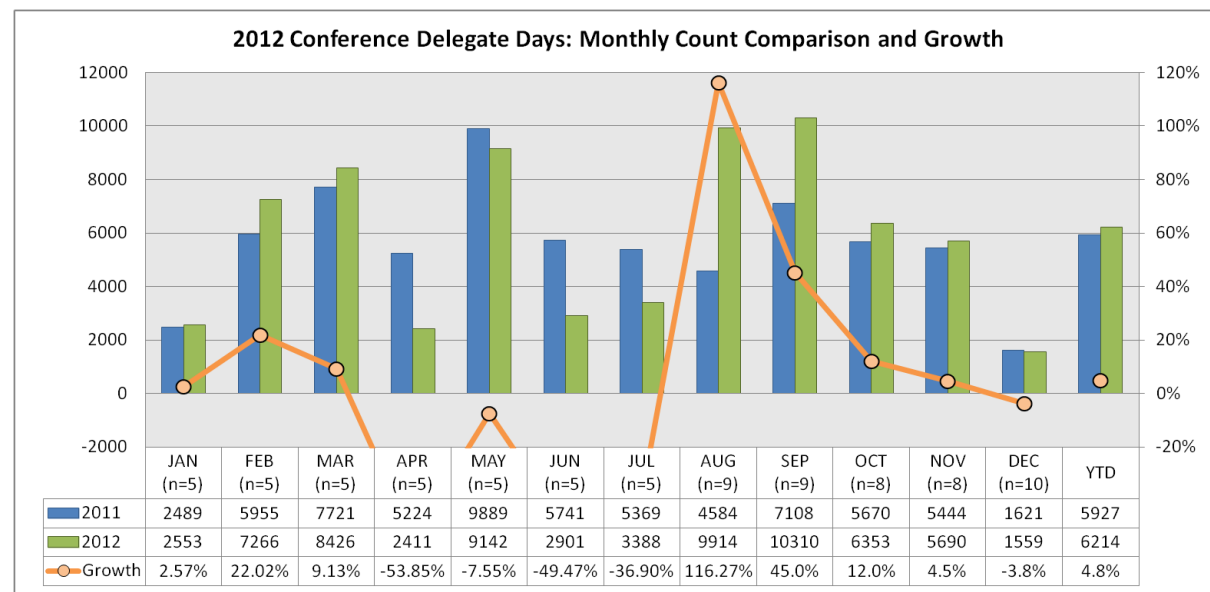
The Tourism Monitor began collecting conference data in 2008. Members who contribute data are almost exclusively resort properties that have the facilities to support the various requirements necessary to host conferences.

In 2012, the collection of conference data was disadvantaged by the use of an incomplete survey instrument for the first data collection process (January-June). Consequently, the data for this period is not as complete as would be preferred for the conference event and conference delegate numbers.

Total conference delegate days per month for 2012 are displayed in Chart 5.29. Note that the term 'delegate days' is used rather than total delegate count or total delegate numbers – the statistic used is a cumulative total of delegates per day, and does not differentiate between single and multiple day events. While the overall results report a minimal level of positive growth of 4.8% from 2011 to 2012, the most noticeable feature of the chart is the variability in growth levels from month-

to-month. For example, delegate day numbers from July 2011 to July 2012 fell by more than a third (36.9%), yet from August 2011 to August 2012 delegate numbers more than doubled (116.3%).

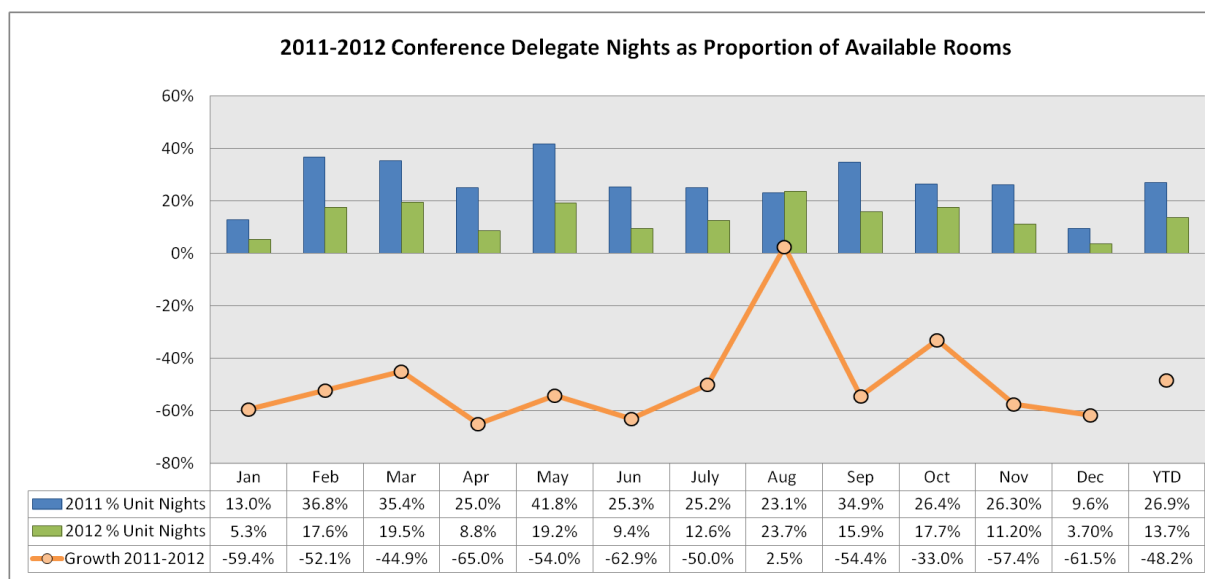
Chart 5.29



The variation from month to month in Chart 5.29 might be partially explained by the difference in response rates to this question (compare January-July to August-December). More data for the January to July period may have yielded a consistently higher total for 2012 figures. Different methodologies used by the 2011 and 2012 contractors might also explain the variation. For example, it is not known if the 2011 data represents delegate counts per meeting or delegate counts per day. Without such knowledge, the value of comparing the 2012 data with the 2011 data is limited.

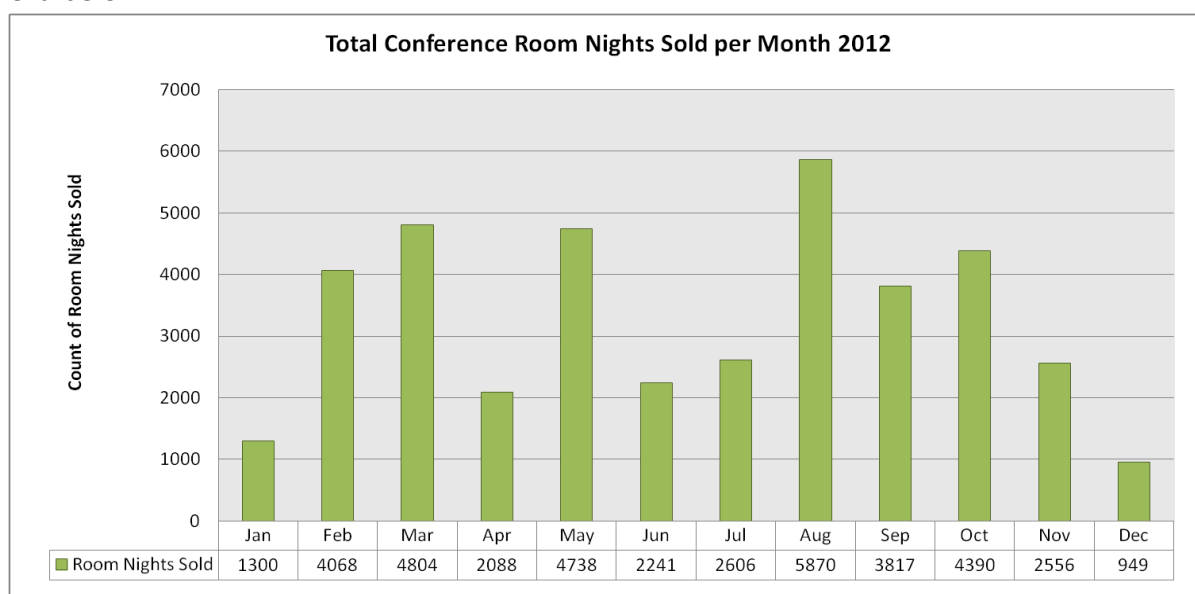
The capacity of MICE businesses to circulate economic benefits more widely through the host community (i.e. not just to the conference host venue) is sometimes measured through delegate overnight stays. Conference delegate nights (expressed as a % of available rooms) are the standard indicator used by the Tourism Monitor for this purpose. Chart 5.30 (below) displays the results from 2012 data.

Chart 5.30



The overall outcome for 2012 compared to 2011 is negative growth in conference delegate nights of approximately 50%. In 2011, conference delegate nights averaged 26.9% of available rooms/units, whereas in 2012 this proportion fell to 13.7%. Only one month in 2012 – August – recorded positive growth (2.5%).

Chart 5.31



Finally, Chart 5.31 above displays the total number of conference accommodation units sold per month in 2012. August recorded the highest total, with 5870 units/rooms sold, and December had the lowest total with 949 units/rooms sold. The obvious feature of this chart is the inconsistency of the monthly totals. Aside from June and July, there is no discernible pattern or seasonality to the data.

6 Summary of Major Findings

Accommodation:

- Overall, the aggregate daily occupancy rate for 2012 was 56.7%, a 9% increase from the equivalent figure in 2011.
- March (62.6%) and September (63.1%) recorded the highest aggregate daily occupancy rates
- The average RevPAR for 2012 was \$107.01 (resort accommodation only)
- Survey sample sizes varied from 26-38 members per month, approximately 10-20 members less than the sample sizes published in the 2011 monthly reports.

Cellar Door:

- Weighted average cellar door sales (combined wine and non-wine sales) per month increased from 2011 (\$80,000) to 2012 (\$85,724).
- The growth in 2012 monthly sales averaged 16.8% across the year; 10 months in 2012 recorded an increase in monthly sales while only 2 months recorded a (small) decrease.
- From year to year in the period 2005-2012, the weighted average cellar door sales per month statistic has either increased or remained equivalent (\$59, 935-\$85,724).
- Survey sample sizes varied from 14-20 members per month, approximately 15-20 members less than sample sizes estimated in the 2011 monthly reports.

Weddings:

- Members hosted at least 524 wedding receptions and 44,240 wedding guests during 2012, at an average of 84 guests per reception. This is a substantial increase of approximately 30% (in terms of both receptions and guests) from the 2011 data.
- March recorded the highest volume of receptions (76) and guests (6997).
- Survey sample sizes varied from 9-15 members per month, equivalent to the sample sizes claimed in the 2011 reports

Conferences:

- Conference delegate day numbers recorded positive growth of 1.1% from 2011 to 2012; however there was significant variability in the level of growth from one month to the next.
- 2012 conference delegate nights decreased by approximately 50% when compared with 2011 figures. In 2011, conference delegate nights averaged 26.9% of available rooms/units, whereas in 2012 this proportion fell to 13.7%.
- Survey sample sizes varied from 6-10 members per month, equivalent to the sample sizes claimed in the 2011 reports.

7 Conclusions, Limitations and Recommendations

- Conferences aside, the statistics appear to show that 2012 was a year of solid growth for the visitor economy of Hunter Valley Wine Country. However, the low sample sizes in some sectors, and the lack of access to the 2011 data and research methodology, mean that it would be unwise to credit such a result as being representative of all businesses/sectors in Wine Country.
- Comparative assessments of Tourism Monitor data, e.g. comparing March data from one year to March data from the year previous, will become much more meaningful from 2013 onwards because the data will be collected and analysed using (essentially) the same approach.
- Member participation rates for the Tourism Monitor were uneven, insofar as they were dominated by more established and larger businesses. This outcome was to some degree expected, but reinforces the need for professional development that links market intelligence to business practices and to participation in the Monitor. In other words, small to medium businesses may need some mentoring/assistance in order to realise the true value of the Monitor.
- Members who are currently not contributing to the Monitor need to be given a reason as to why they should get involved. In 2013 the challenge for participating members in each sector is to champion the Tourism Monitor as an essential component of business planning and performance evaluation.
- The re-introduction of the restaurant & café sector to the Tourism Monitor in 2013 will help capture the full range of visitor expenditure in Wine Country
- At a more strategic level, the Tourism Monitor provides Hunter Valley Wine Country with an invaluable resource to respond to the planning and marketing challenges set out by the NSW Visitor Economy Taskforce.

8 References

- ¹ Tourism Research Australia (2012) *NSW Visitor Economy Taskforce Report*.
- ² Tourism Research Australia (2012) *State of the Industry Report*.
- ³ Tourism Research Australia (2011) *Regional Tourism Profiles 2009/2010: New South Wales – Hunter Region*.
- ⁴ Destination NSW (2011) *Food & wine tourism to NSW: Year ended December 2009*. http://archive.tourism.nsw.gov.au/Food_and_Wine_Tourism_p729.aspx, accessed 2nd February 2013
- ⁵ Dredge and Jenkins (2007) *Tourism Policy and Planning*. Milton, Qld.: John Wiley & Sons