

The economic impact of the Wacky Wine Festival

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This was one chapter in life that I thought would be without any torn out pages, but the pages got torn out at rewritten time and again. Today, this chapter is finally finished and, looking back, I realise that the torn out pages were worth the effort.

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Abstract



Abstract: Literature indicates that events like a wine festival have many role players involved that need each other for them to be successful. The more role players there are, the more complex the event becomes, as in the case of the Wacky Wine Festival which is spread over 48 wine farms. The most important role players are the visitors and wine farmers that represent the demand and supply side of the festival. Local enterprises, wine farmers and the festival organisers put a lot of effort into the event, such as their time, money and skills. It is essential for these role players to know that they will get a return on their investment and for the host community to know that the festival will make a contribution to their local economy. Furthermore, literature indicates that the festival can improve the economic position of the role players by targeting the high spending market through intensive marketing that focuses on this particular segment.

Therefore, the purpose of this study was to determine the contribution of the Wacky Wine Festival to the local economy and to compile a profile of the heavy spender. To achieve the latter, a quantitative study was carried out by means of two surveys via questionnaires that were handed out to both the visitor and wine farmer. The data was then captured in Microsoft® Excel®. In Article 1 (Chapter 2) the sales multiplier effect and an analytical framework were used to determine the contribution of the festival to the host community. In Article 2 (Chapter 3) different tests and analyses were used to compile a profile of the heavy spender such as the K-means clustering, Chi-Squared, the Mann-Whitney non-parametric test and an ANOVA analysis.

The results from Article 1 (Chapter 2) showed that the Wacky Wine Festival had a positive economic contribution of an estimated R29.9 million to the host community's economy. From a demand and supply point of view, the visitors contributed R15.4 million and the wine farmers R6 million. From the results, it could be derived that the festival had low leakages in comparison with other festivals.

The results from Article 2 (Chapter 3) indicated that the heavy and low spenders differ in terms of gender, language, age, occupation, number of people paying for in travelling group, residence and number of days spent at the festival. It was clear from the results that if the festival organisers and wine farmers focus marketing strategies on the high spending segment, this can lead to a R10 million increase in the Wacky Wine Festival's revenue, thus improving the economic contribution of the event to the local economy of Robertson.

Keywords: wine tourism, wine festivals, economic contribution, Robertson Wine route, market segmentation, tourist expenditures, high-spenders.





Opsomming



Die literatuur dui aan dat gebeurtenisse soos wynfeeste 'n groot aantal rolspelers het, wat mekaar nodig het om suksesvol te wees. Hoe meer rolspelers daar is hoe meer gekompliseerd raak dit, soos in die geval van die Wacky Wynfees wat versprei is oor 48 wynplase. Die belangrikste rolspelers is die besoekers en wynboere omdat hulle die vraag en aanbod kant van die fees verteenwoordig. Plaaslike besighede, wynboere en die feesorganiseerders lewer baie insette met die fees soos hul tyd, geld en vaardighede. Dit is belangrik vir hierdie rolspelers om te weet dat hul 'n opbrengs op hul belegging sal ontvang en so ook die plaaslike gemeenskap. Die plaaslike gemeenskap het nodig om te weet dat die fees 'n bydrae lewer tot hul plaaslike ekonomie. Die literatuur dui verder aan dat die fees hul ekonomiese posisie kan verbeter deur die hoë spanderingsmark te teiken met meer intense bemerking wat gefokus is op die spesifieke mark.

Dus is die doel van die studie om die bydrae wat die Wacky Wynfees aan die plaaslike ekonomie lewer te bepaal, asook 'n profiel op te trek van die hoë spandeerder. 'n Kwantitatiewe studie was gedoen om die doel te bereik deur vraelyste uit te deel aan beide die besoeker en wynboere. Die data is in Microsoft® Excel® ingelees. In Artikel 1 (Hoofstuk 2) is die verkoop vermenigvuldiger en 'n analitiese raamwerk gebruik om die bydrae te bereken wat die fees lewer aan die gasheergemeenskap. In Artikel 2 (Hoofstuk 3) is verskillende toetse en analises gebruik om die profiel van die hoë spandeerder saam te stel soos byvoorbeeld: K-gemiddeld groepering, Chi-Squared en Mann-Whitney nie-parametriese toets en 'n ANOVA analise.

Artikel 1 (Hoofstuk 2) se resultate het getoon dat die Wacky Wynfees 'n positiewe ekonomiese bydrae van ongeveer R29.9 miljoen tot die gasheergemeenskap se ekonomie gelewer het. Vanuit 'n vraag en aanbod oogpunt het die besoekers R15.4 miljoen en die wynboere R6 miljoen bygedra. Uit die resultate kan afgelei word dat die fees baie min lekkasies gehad het in vergelyking met ander feeste.

Die resultate in Artikel 2 (Hoofstuk 3) het aangedui dat die hoë en lae spandeerder van mekaar verskil in terme van geslag, taal, ouderdom, beroep, aantal mense waarvoor betaal word in reisgroep, waar toeris woonagtig is en aantal dae wat spandeer word by die fees. Uit die resultate was dit duidelik dat die feesorganiseerders en wynplase die Wacky Wynfees se inkomste met R10 miljoen kan verhoog indien hulle die bemarkingstrategieë fokus op die hoë spandering segment. Dus kan die ekonomiese bydrae wat die fees aan die plaaslike gemeenskap van Robertson gelewer word verbeter.

Sleutelwoorde: *wyntoerisme, wynfeeste, ekonomiese bydra, Robertson Wynroete, marksegmentering, toeris spandering, hoë spandeerders.*



Index



CHAPTER 1: Problem statement, objectives and method of research
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1.1	INTRODUCTION	1
1.2	PROBLEM STATEMENT	2
1.3	GOALS AND OBJECTIVES	6
1.3.1	Main goal	6
1.3.2	Objectives	6
1.4	METHOD OF RESEARCH	6
1.4.1	Survey 1: The visitors	7
1.4.2	Survey 2: Wine farms	8
1.5	CONCEPT CLARIFICATION	9
1.5.1	Wine tourism	9
1.5.2	Economic contribution	9
1.5.3	Wacky Wine Festival	9
1.6	CHAPTER CLASSIFICATION	9

CHAPTER 2:
**The contribution of the Wacky Wine Festival to the local
economy**

2.1	INTRODUCTION	10
2.2	LITERATURE REVIEW	15
2.3	METHOD OF RESEARCH	18
2.3.1	Survey 1: The visitors	19
2.3.1.1	Sampling	19
2.3.1.2	Questionnaire	19
2.3.2	Survey 2: Wine farmers	19
2.3.2.1	Sampling	19
2.3.2.2	Questionnaire	20
2.3.3	Analytical framework	20
2.4	RESULTS	22
2.4.1	Direct contribution	23
2.4.2	Indirect and total contribution	26
2.4.3	Other benefits and costs	27
2.5	FINDINGS AND IMPLICATIONS	28
2.6	CONCLUSION AND RECOMMENDATIONS	29

CHAPTER 3:
The expenditure based segment of the Wacky Wine Festival

3.1	INTRODUCTION	32
3.2	LITERATURE REVIEW	34
3.3	METHOD OF RESEARCH	38
3.3.1	Sampling	38
3.3.2	Questionnaire	38
3.3.3	Data analysis	39
3.4	RESULTS	39
3.4.1	General profile of clusters	40
3.4.2	Wine buying and tasting behaviour of clusters	42
3.4.3	Motivational factors	43
3.5	FINDINGS AND IMPLICATIONS	45
3.6	CONCLUSION AND RECOMMENDATIONS	47

CHAPTER 4:
Conclusion and Recommendations

4.1	INTRODUCTION	49
4.2	CONCLUSIONS	50
4.2.1	Conclusions with regard to the economic contribution of the Wacky Wine Festival	50

4.2.2	Conclusion with regard to the expenditure based segmentation of the Wacky Wine Festival	51
4.3	RECOMMENDATIONS	52
4.3.1	Recommendations with regard to the economic contribution and expenditure based segment of the festival	52
4.3.2	Recommendations for future research	53
4.4	LIMITATIONS OF STUDY	53

LIST OF TABLES

1	Positive and Negative economic contributions	4
2.1	Equation description for determining the local economic impact of the Wacky Wine Festival	21
2.2	Visitor Profile	22
2.3	Average spending per group	24
2.4	Average spending per wine cellar	25
2.5	The economic contribution of the Wacky Wine Festival 2010	27
3.1	Average spending and percentage respondents per cluster	40
3.2	Characteristics of each cluster	41
3.3	Significance of differences in clusters	42
3.4	Wine buying and tasting behaviour of clusters	42
3.5	Kaiser-Meyer-Olkin and Bartlett`s Test	43

3.6	Motivation Factors	44
3.7	Profile of high spender compared to other research	46

LIST OF FIGURES

1	Role players at the Wacky Wine Festival	3
2.1	Map with the 48 wine farms	14
2.2	Economic relationship between role players	16

REFERENCES

54

APPENDIXES

1	Wine regions	60
2	Visitor questionnaire	61
3	Wine farms questionnaire	65



Chapter 1:



Problem statement, objectives and method of research

1.1 INTRODUCTION

The Western Cape Province became the wine capital of South Africa since the first South African Wine was produced on the 2 February 1659 by Jan van Riebeeck (CWA, 2010:34). The Western Cape consist of five different wine regions, one of them is the Breede River Valley region (SA-venues, 2010). (See appendix 1 for map of the wine regions). In this region one will find The Robertson Wine Valley in the heart of Route 62 where the annual Wacky Wine Festival is hosted (Route 62: 2010).

Robertson has hosted the Wacky Wine Festival since 2004 and it is now considered the biggest regional wine festival in South Africa with 16 000 visitors (Saayman & Krugell, 2009:3, Route 62:2010). What makes this festival different to other festivals in the province such as The Stellenbosch Wine Festival and the Spier Harvest Festival (SA-venues, 2010) is that the festival is spread over 48 wine farms where each one is having their own entertainment program.

There appear to be more role players due to the wide extent of the festival. There are direct and indirect role players acting from a demand and supply side, the wine product owners, visitors, organising committee, local community, suppliers, local restaurants and other tourism product owners. These role players form an important component of the festival's economic contribution (Saayman, 2000:98). The festival as well as the role players can make a positive or negative contribution to each other's economic wellbeing.

Page and Connell (2006:343) as well as O`Neil and Charter (as cited by Galloway, Mitchell, Getz, Crouch & Ong, 2008:950) state that festivals have a positive economic

contribution as they generate jobs, contribute to the gross geographic product, generate wealth and promote economic growth. The purpose of this chapter is to state the research problem of this study and indicating how the problem will be approached.

1.2 PROBLEM STATEMENT

Wineries, as stated by Getz and Brown (2006:147) are the focal point of a wine festival but cannot reach their full potential as individual products and need the different role players to function effectively. Stynes (1999:1) confirms this statement by stating that “tourism businesses depend extensively on each other as well as other businesses, government and residents of the local community”. This interdependence is mainly of economic importance since all of them add value to the final product being offered to the visitor.

According to Hall and Lew (2009:87) the tourism sectors, in this case the festival, help other business to develop by supporting enterprises in and outside the tourism industry as well as providing an appealing milieu for them to function in. Therefore it can be derived that the Wacky Wine Festival need the organising committee, local residents, and local tourism enterprises such as lodges, petrol stations, wine cellars, the government and especially the wine tourist, to be successful. In this regard, Getz and Brown (2006:148) focus on three key developments that should be integrated:

- 🍷 Number and quality of wineries
- 🍷 Number and quality of restaurants together with their use of local produce
- 🍷 Basic tourism infrastructure, for instance accommodation and customer service

These different areas and interdependency are illustrated in Figure 1.

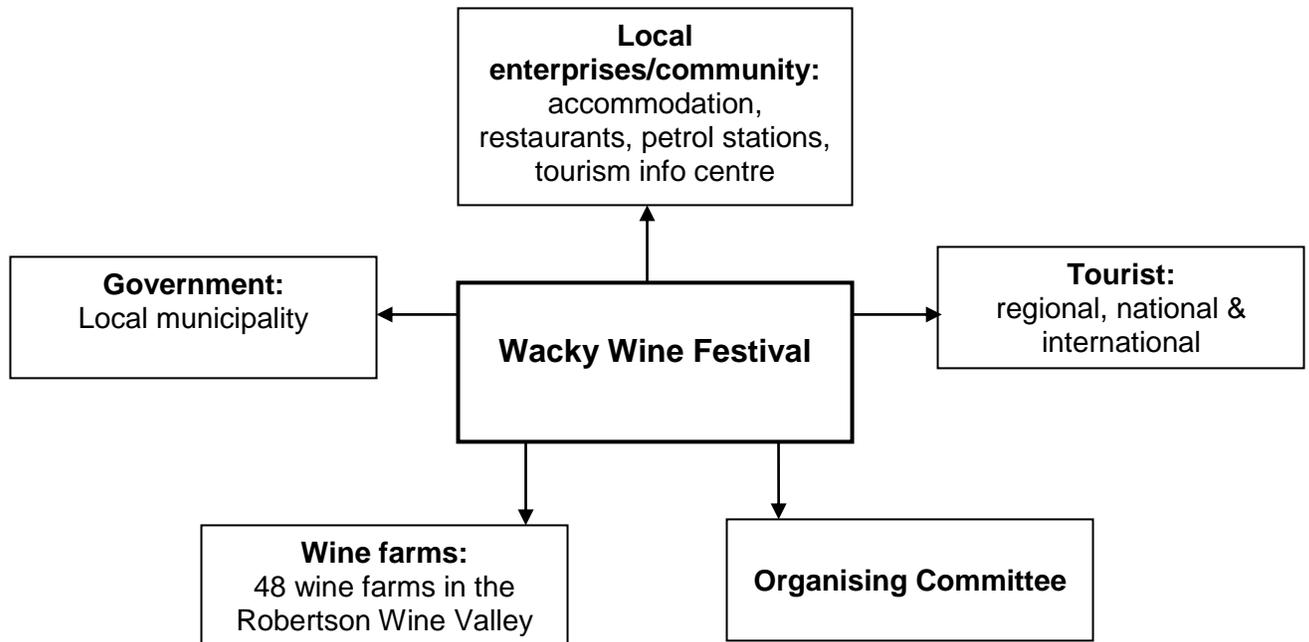


Figure 1: Role players at the Wacky Wine Festival (adapted from Saayman, 2000:98)

Figure 1 can also be used to indicate the flow of money between the different role players. For example:

- 🍷 The tourist spends money at the local grocery store, Spar.
- 🍷 Spar uses that money from the tourist to pay their employees
- 🍷 The employees use their salary to buy a pass from the Wacky Wine Festival
- 🍷 The festival organisers use the money gained from passes to pay for the wine glasses that each visitor receives.

The above phenomenon is called the multiplier effect, also referred to as the spillover effect by Saayman and Krugell (2009:4). The effect indicates the number of cycles that the money completes in the local economy and especially the money that is spilled over to the host community (Hall & Lew, 2009:103, Saayman & Krugell, 2009:4). The multiplier effect emphasises the fact that the role players need each other in order to gain financial wealth and therefore providing an economic contribution to the host economy. The total economic contribution includes the direct and indirect contribution

of the festival and measures the magnitude as well as the worth of the festival within the Robertson economy (Dwyer, Forsyth & Dwyer, 2010:11)

According to Mathieson and Wall (as cited by Page & Connell, 2006:343) the following factors determine whether the economic contribution will be positive or negative:

- 🍷 Type of the tourism attraction
- 🍷 Tourist expenditures
- 🍷 Economic growth in the host community
- 🍷 Level that tourist expenditures are sustained and re-spent in the host community
- 🍷 Seasonality of the tourism product in the local region

Table 1: Positive and Negative economic contributions

Positive economic contributions (Swarbrooke & Horner, 2001:76)	Negative economic contributions (Swarbrooke & Horner, 2001:76, Tribe, 2005:268)
<ul style="list-style-type: none"> 🍷 Generating income for the region 🍷 Creating job opportunities 🍷 Generating tax revenue for local government 🍷 Stimulating the multiplier effect within the local economy 🍷 Promoting potential investment in the wine industry 🍷 Creating the opportunity for foreign visitors to spend money in South Africa 	<ul style="list-style-type: none"> 🍷 Public funding for development 🍷 Opportunity cost lost to festival rather than health and training 🍷 Possible costs due to overcrowding 🍷 Economic leakages: money that is spent outside the local economy of the host community

The reason for doing an economic analysis is to trace the flow of spending associated with the festival in the Robertson region and to identify the changes in income and job opportunities due to the Wacky Wine Festival (Stynes, 1999:2). In other words the purpose is to determine the economic contribution of the festival to the host community.

The level of contribution in terms of rand value is what makes the festival a success and gives it a competitive advantage in the events industry.

The role players involved need to be aware of this contribution for them to realise that the event generates additional income for them and that they can benefit monetarily from the festival. This way one can assure them that their input and time spent at the festival was worth their while. It will result more positive attitudes towards the festival; role players will put more of their time and money into the event which will lead to a stronger economic contribution. Mason (2008:55) stated that countries perceive positive economic benefits as the major type of tourism impact and hence are supportive of tourism development.

The literature review revealed that a variety of topics in the wine tourism industry have been researched. These include management and quality of life topics, that include: Key success factors of managing a wine festival by Marais (2009); Tourism management in the Cape Winelands with a strategic focus on selected key establishments contributing to tourism growth in Wellington Western Cape, South Africa by Nel (2008); The influence of a wine festival on tourists life satisfaction by Rootenberg (2009); Investigating the wine industry`s attitude towards wine tourism in the Stellenbosch region of South Africa by Kirkman (2009) and a model of wine tourist behavior: a festival approach by Jingxue, Morrison, Cai and Linton (2008).

Other researchers focused on economic and marketing issues, such as: Determinants of visitor spending at the Wacky Wine Festival by Saayman & Krugell (2009); Critical success factors for wine tourism regions: a demand analysis by Getz and Brown (2006); Selling wine or a good time: tourism by Boom (2002); and Wine tourism – nothing wacky in the Robertson`s strong regional branding building by Bruwer (2009), to name but a few.

However no research has been found in the literature review concerning the Wacky Wine Festival`s economic contribution from a demand and supply point of view.

Therefore the research question that this study will attempt to address is: What is the economic contribution of the Wacky Wine Festival to the local economy? By answering this question the host community, wine farmers and other role players will note how important the festival is to the Robertson economy.

1.3 GOALS AND OBJECTIVES

The following goal and objectives will direct the study:

1.3.1 Main goal

The main goal of this study is to determine the economic contribution of the Wacky Wine Festival to the local community of Robertson.

1.3.2 Objectives

- 🍷 Objective 1: To analyse concepts such as the economic contribution of tourism, tourist spending, economic cycle, multiplier effect, expenditure base segmentation and wine tourism by means of a literature review.

- 🍷 Objective 2: To determine the economic contribution of the Wacky Wine Festival to the hosting community by conducting separate surveys on the visitors (demand) and wine farmers (supply).

- 🍷 Objective 3: To determine the profile of the high spender at the Wacky Wine Festival by means of a visitor's survey and making use of expenditure based segmentation.

- 🍷 Objective 4: To draw conclusions regarding the Wacky Wine Festival's economic contribution and make recommendations on how to increase their economic contribution by focusing on the high spender.

1.4 METHOD OF RESEARCH

To determine the economic contribution of the festival, this research will focus on two key players, the wine farms and the visitors. Therefore two surveys will be conducted.

The researcher will undertake a quantitative research study in both the cases. Maree (2007:145) defines quantitative research “as a process that is systematic and objective in its ways of using numerical data from only a selected subgroup of a population to generalise the findings that are being studied”.

1.4.1 Survey 1: The visitors

A non-probability sampling method was used, because the researcher predicts or controls the choice of units of analysis, a sampling frame cannot be compiled and every unit in the population does not have an equal and therefore probable chance of being selected as part of the sample (Du Plooy, 2006:113). Convenience sampling was also implemented. This refers to situations when population elements are selected based on the fact that they are easily and conveniently available (Maree, 2007:177), for example the visitors of the Wacky Wine Festival were easily researched as they were present in the specific area where the survey took place.

Firstly, the researcher undertook a quantitative survey by means of 400 questionnaires, which were handed out to visitors at the Wacky Wine Festival at the 48 wine farms. The reason for the number of questionnaires was to validate the results and to make the results representative of the expected 16 000 visitors at the Wacky Wine Festival for 2010 (Cooper & Emory, 1995). The 400 questionnaires were distributed over the two busiest days at the festival. 200 questionnaires were handed out on 4 June 2010 and the other 200 questionnaires on 5 June 2010 by the researcher and other field workers.

The questionnaire comprised of three sections: Section A: Demographics such as age and gender; Section B: Motivation factors for example for what reasons did you visit the festival and Section C: Spending behaviour. Typical questions in Section C were:

- 🍷 How much did you spend on accommodation during the festival?
- 🍷 How much did you spend on wine purchases?
- 🍷 How long did you stay?

The majority of the questions were completed by choosing the most appropriate answer, rather than writing the answers down (see appendix 2). It makes the questionnaire more appealing to complete and saves the respondent's time.

All data derived from the questionnaires was then captured on a Microsoft© Excel© program for processing, to help determine the visitors expenditure patterns. Tribe (1995:118) describes consumer expenditure as the total spending for direct consumption on merchandise and services. Thus, it is the money that gets spent on a tourism product by the tourist, as well as money spend on supportive industries such as restaurants and petrol stations.

1.4.2 Survey 2: Wine farms

Firstly, the 48 wine farmers` consent was obtained to conduct the survey by means of e-mails and telephone calls. After gaining their permission, the farmers were approached after the event, via e-mail to get information on their festival expenditures. A questionnaire was send electronically to all 48 wine farmers for completion (see appendix 3). It contained questions such as

-  How much did you spend on entertainment for the visitors?
-  Did you make use of local entertainment?
-  How many additional workers did you employ to help you out during the festival?

The wine farmers had two weeks to complete the questionnaire and send the completed questionnaires back via e-mail. The researcher needed to take all expenses into account, therefore the questionnaire were send after the festival to make sure all costs are covered because there will always be additional costs during and after the event. All data was then be captured on a Microsoft© Excel© spreadsheet for processing.

The result of both questionnaires verified the methods that were the most appropriate to determine the statistics on the economic contribution and the expenditure base segment of the Wacky Wine Festival. The sales multiplier equation was used to analyse the

economic contribution and the ANOVA regression analysis to determine the expenditure base segment.

1.5 CONCEPT CLARIFICATION

The following concepts are used throughout the dissertation:

1.5.1 Wine tourism

Hall (as cited by Galloway et al., 2008:950) defined wine tourism by referring to the attendance of tourist at vineyards, wineries, wine festivals and wine shows, with the primary motivating factors being grape wine tasting and experiencing the attributes of a grape wine region.

1.5.2. Economic contribution

The economic contribution is concerned with the direct effect of spending by tourists and the contribution of enterprises that sell tourism services/products to the tourist and re-spend that money at other firms to provide the services/products to the tourist (Dwyer, Forsyth & Dwyer, 2010:11).

1.5.2 Wacky Wine Festival

The Wacky Wine Festival is a wine festival that takes place annually during the month of June. The Robinson Wine Valley in the Western Cape is the host region of the festival, which consists of 48 wine farms (Route 62:2010).

1.6 CHAPTER CLASSIFICATION

In the following two chapters the researcher will take a closer look at the economic contribution of wine festivals, especially the Wacky Wine Festival and the expenditure base segment of this particular festival. In the final chapter the results that have been derived from the captured data, will be taken into account to make recommendations and conclusions concerning to the economic contribution of the Wacky Wine Festival. Recommendations will be made on how to improve economic growth and gain a stronger economic position in the local economy.



Chapter 2:



The contribution of the Wacky Wine Festival to the local economy

Abstract: The Wacky Wine Festival in Robertson is one of a kind, because that there are 48 wine farms on an existing wine route that participate in the festival. Each one of these farms is offering its own unique products and entertainment programme as part of the festival in general. This article aims to determine the contribution of the Wacky Wine Festival to the local economy by assessing the expenditures of the tourists as well as the wine farmers, as they are the key role players. To achieve the latter two surveys were conducted in June 2010, where 400 questionnaires were handed out to the visitors and 48 questionnaires to the wine farmers. The multiplier effect was applied to determine the economic contribution. The results indicate that the festival has a positive economic contribution of an estimated R29.9 million from a demand and supply point of view. The wine farmers contribute R6 million within the Robertson area and the visitors R15.4 million. It is clear that the festival has low leakages in relation to the contribution it makes to the host community and in comparison with other festivals.

Keywords: Wine tourism, wine festivals, tourism impact, economic contribution, Robertson Wine route, South Africa

2.1 INTRODUCTION

South Africa, especially the Western Cape with its wine culture and heritage, is becoming increasingly popular for its wine festivals. According to the Cape Wine Academy (CWA, 2010:34), Jan van Riebeeck, the first South African wine farmer, imported vines from France, the Rhineland and Spain in 1655, and produced the first South African Wine in the Cape on 2 February, 1659. He was soon followed by other successful wine producers such as Simon van der Stel. Subsequently, the industry bloomed, and the Western Cape is acknowledged as the wine Mecca of South Africa that comprises five different wine regions. These regions are the Overberg, the Coastal

Region, the Olifants River Valley, the Breede River Valley, and the Klein Karoo Wine Region (SA-venues, 2010). Due to the different regions a large number of wine festivals are hosted in the Western Cape such as the Stellenbosch Wine Festival, the Calitzdorp Port Wine Festival, the Crush on Constantia Food & Wine Festival, the Franschoek Oesfees, the Hands-on Harvest Food and Wine Robertson Festival, the McGregor Food and Wine Festival, the Spier Harvest Festival, the Wacky Wine Festival, and the Wellington Harvest Festival, to name but a few (SA-venues, 2010). This article will, however, focus on the Wacky Wine Festival for the reasons explained below.

The Wacky Wine Festival started in 2004 in the Robertson Wine Valley which is situated in the Breede River Region. The Robertson Wine Valley consists of 48 wine farmers (see Figure 2.1). What makes this festival unique is that all of these wine farmers participate in the festival and have their own entertainment programme. Therefore the festival represents the wider region. Six years after its inception in 2010 the Wacky Wine Festival has been cited as being the largest regional wine festival in South Africa (Route 62, 2010). According to an investigation undertaken by Saayman and Krugell (2009:3), the festival has grown substantially with visitor numbers that increased from 2 400 in 2004 to 16 076 visitors in 2009. Therefore, due to its size, the Wacky Wine Festival has the potential to make a contribution to the local community of Robertson. Robertson is a small town with no other major attractions besides the wine farms, which is the main attraction in this area. It is therefore of great importance for Robertson to get a return on their investment from the Wacky Wine Festival. This investment refers to the community who invest their time and money in their enterprises to make it more appealing to tourists. The result of the festival's economic contribution will be an indication as to whether the community's investment was worth their while. The economic contribution of tourism refers to spending on tourism-related products or services that contribute to the Gross Regional Product, household income and employment in the region (Dwyer, Forsyth & Dwyer, 2010: 213-214).

There are many reasons for hosting a wine festival and these include the following (Hall & Sharples, 2008: 6, Page & Connell, 2006:343, O`Neil & Charter as cited by Galloway Mitchell, Getz, Crouch & Ong, 2008:950, Swarbrooke & Horner, 2001:76 and Lickorish as cited by Mason, 2008:45):

- 🍷 To generate income for the region.
- 🍷 To create job opportunities in the region.
- 🍷 To generate tax revenue for local and central government.
- 🍷 To stimulate prospective investment in the wine industry.
- 🍷 To stimulate wine purchases in the area.
- 🍷 To contribute to regional development.
- 🍷 To increase the number of visits to the region.
- 🍷 To position the area.

From the above it is apparent that the economic aspects of festivals are key drivers for introducing such events and the potential economic contribution that these events generate is often cited as a reason for hosting festivals. According to Dwyer, Forsyth and Dwyer, (2010:11) the indirect and direct economic contribution of tourism measures the size and overall importance of the tourism activity, in this case a festival, within an economy.

The level of the economic contribution not only determines a region`s success, but also its competitive advantage in the tourism industry and the image of the destination. The role players are therefore keen to know the benefit that the event will generate for them. For example the local enterprises need to know how they can benefit from this festival in terms of profit. If they realise that business is much better during the festival than at other times, they will support the festival by allocating more of their time and money towards the event. This is identified by Dwyer, Forsyth and Dwyer (2010:441) as part of the new injected expenditure: the expenditure that takes place in a host community due to the festival that takes place. The same goes for the wine farmers; they need to know that the effort and money they spend to participate in the festival will show a return on their investment. This will result in more positive attitudes towards the festival, and role

players will put more of their time and money into the event, which will lead to a stronger economic contribution. Mason (2008:55) stated that perceived positive economic benefits due to tourism create support for tourism development.

Hall, Johnson and Mitchell (2000:271) mentioned that as wine tourism continues to grow, further research needs to be done to keep up with the change in customer profiles and the impact a wine event has on a destination. In this regard a variety of topics on wine tourism have been investigated in South Africa, such as key success factors of managing a wine festival (see Marais, 2009), tourism management in the Cape Winelands (see Nel, 2008), the influence of a wine festival on tourists life satisfaction (see Rootenberg, 2009), an investigation into the wine industry's attitude towards wine tourism (see Kirkman, 2009), determinants of visitor spending at the Wacky Wine Festival (see Saayman & Krugell, 2009), Selling wine or a good time: tourism by Boom (2002) and Wine tourism and regional brand building (see Bruwer, 2009).

Based on the above it is evident that no known research in South Africa on the contribution of a wine festival to the local economy has yet been undertaken. In terms of events in general, various economic impact studies have been conducted in South Africa. These include amongst others: economic impact studies of the Klein Karoo National Arts Festival in Oudtshoorn (see van Schalkwyk, 2004), of the Cricket World Cup on the local economy of Potchefstroom (see du Plessis, 2004), of the Aardklop National Arts Festival in Potchefstroom (see van Heerden, 2003), of the Cape Argus Pick `n Pay Cycle Tour (see Saayman, Saayman and Rossouw, 2008) and the FIFA 2010 Soccer World Cup (Saayman & Rossouw, 2010). Most research of this topic only focuses on the demand side. Therefore the main aim of this research is to determine the contribution of the Wacky Wine Festival to the local economy from a demand and a supply side.

The remainder of this article will consist of a literature review on wine tourism, spending, role players and economic relationships. The literature review will be followed by an explanation of the methods that were used and a discussion of the results of the data

2.2 LITERATURE REVIEW

Hall, Sharples, Cambourne and Macionis (2000:1) argue that there has been a special relationship between wine and tourism for many years; however it is only recently that researchers, government and industries themselves have become aware of this connection. Hall (as cited by Galloway, Mitchell, Getz, Crouch & Ong, 2008:950) define wine tourism as tourists who visit vineyards, wineries, wine festivals and wine shows, with the primary motivating factors being grape wine tasting and experiencing the attributes of a grape wine region. Wine festivals create the opportunity to generate wealth for the host community and the success of the festival often depends on the contribution that it makes to the local economy.

The reason for determining the contribution to the local economy is to trace the flows of spending at this wine festival (Stynes, 1999:2). Money at any event usually gets spent in three different ways (Page & Connell, 2006:353):

- 🍷 *Direct spending:* tourists that spend money on services they need during the festival for example accommodation, food and activities.
- 🍷 *Indirect spending:* the tourism businesses that spend money on goods and services such as entertainment for the visitors and food for their staff.
- 🍷 *Induced spending:* for instance residents in the community that re-spend the income they received from local tourism businesses and tourists during the festival on goods and services in the local economy.

According to Mathieson and Wall (as cited by Page & Connell, 2006:343) as well as Saayman (2000:114), the size and scope of the economic benefit that an event creates are influenced by a number of factors:

- 🍷 Type of tourism facility and attraction of tourism.
- 🍷 Volume and level of tourist spending.
- 🍷 Level of economic development in the region.
- 🍷 Extent to which tourist spending is maintained and circulated in the region.
- 🍷 Extent of seasonality in the region.
- 🍷 Number of tourists.

🍷 Length of stay of tourists

From this it is evident that there are various role players involved during the spending process which all revolve around the wineries. Wineries are the core attraction of a wine festival although they cannot stand alone – the different role players need each other to function effectively (Getz & Brown, 2006:147, Hall & Lew, 2009:87, Stynes 1999:1). The Wacky Wine Festival has direct role players the wine farmers and the tourists/visitors. The festival also has a number of indirect role players such as the organising committee, the local community, suppliers, local restaurants and other service providers. This interdependence is mainly of an economic nature since all the role players add value to the visitor experience being offered. Hall and Sharples (2008:11) state that all festivals, in this case the Wacky Wine Festival, have an economic element to the event as parties involved can gain financially from the festival in some other way.

This economic relationship between the different role players is shown in Figure 2.2 which it indicates the interdependencies of the role players as they spend money. The figure also shows the impact of the tourism product – in this case the festival – on the different role players, and this impact can be either positive or negative. The most important spending is that of the visitors and the wine farmers, which determine whether the overall contribution will be positive or negative.

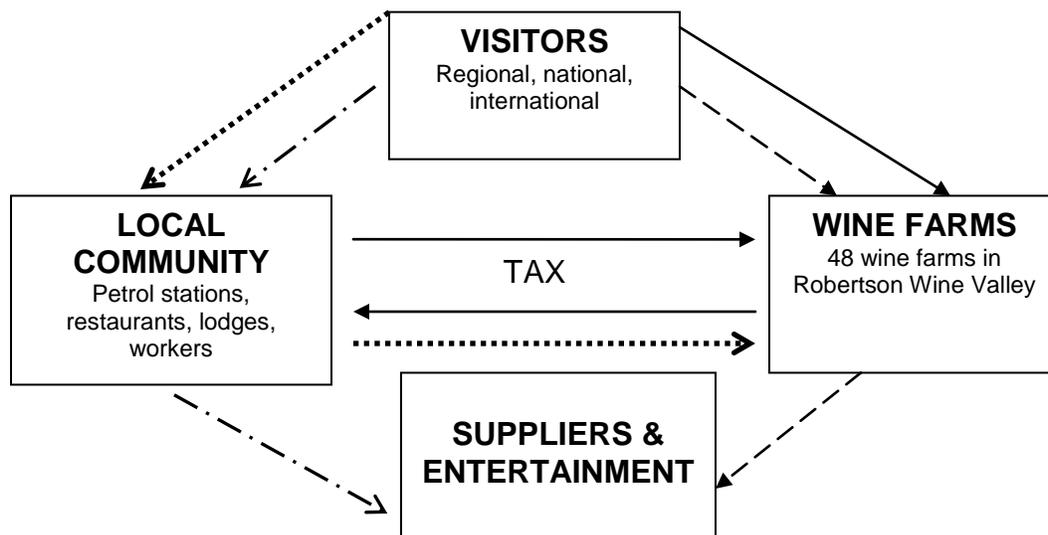


Figure 2.2: Economic relationship between role players (adapted from Saayman, 2000:98)

Figure 2.2 depicts how money flows from one role player to another in return for a product or a service rendered at the Wacky Wine Festival. For example visitors spend money on wine purchases at a wine farm. The money starts a cycle of spending, which then circulates repeatedly thereafter, forming cycles of spending which diminishes in size based on the extent of leakages from the local economy. For example:

- 🍷 Visitors spend money on wine purchases at wine farm (direct spending).
- 🍷 Wine farmers use that money to pay the additional workers during the festival (indirect spending).
- 🍷 The workers use that money to buy groceries at the local grocery store (induced spending).
- 🍷 The local grocery store uses the money to pay its workers and suppliers and the second cycle starts.

These cycles create what is known as the multiplier effect. The multiplier effect describes “the number of times that each rand, or portion of a rand, is re-spent within a community before it moves completely out of the community” (Hall & Lew, 2009:103). Saayman and Krugell (2009:4) also refer to the multiplier effect as the spillover effect by stating that “the aim of a wine festival is to increase the revenues of the wine producers in both short and long term, while the spillover effects benefit the community in the area.” Again it shows that the role players are interdependent on one another and other industries that complement tourism will be affected as their business will increase (Dwyer, Forsyth & Dwyer, 2010:220). Hall *et al.* (2000:197) state that wine tourism is mostly concentrated outside metropolitan areas; hence they play a critical role in regional development, employment generation, business growth, tourism and corporate investments, thereby making a contribution to the local economy.

The magnitude of the multiplier depends on the leakage that occurs during the spending process. In this case the leakage would be of an economic and expenditure nature. Economic leakages occur when money immediately leaves the local economy, for example spending on imported goods (Tribe, 2005:268). Expenditure leakages include potential visitors to a region like Robertson which decided not to visit the region due to

the festival, locals that visit other attractions in a different region or spend less in a region due to the festival (Dwyer, Forsyth & Dwyer, 2010:414-415). According to Leeworthy, Wiley, English and Kriesel (2001:94) the estimated amount of direct spending by tourists is not equivalent to its total contribution to the economy. Some portion of this spending leaks immediately from the local economy, for example the wine farmers that rent décor from enterprises that are situated outside of the Robertson Valley. Dwyer, Forsyth and Dwyer (2010:220) stated that regions such as Robertson that are smaller have greater leakages due to their limited industrial industry.

Other issues that negatively affect the contribution to the local economy of Robertson can be summarised as follows:

- ✎ Opportunity cost: the community spends money on facilities and services to attract festival visitors, instead of using the money for other purposes, for example training and health. Therefore the issue is the return on their investments.
- ✎ Possible costs caused by congestion if there are too many visitors for the area to carry (capacity) (Swarbrooke & Horner, 2001:76).
- ✎ Inflation: food and accommodation rates that increase when tourists place more demand on these services during an event (Mason, 2008:46).
- ✎ Over-dependence on tourism that occurs in small communities where the local government sees tourism as the core resource for development and income (Mason, 2008:46).

From the literature review it is clear that tourism can make a contribution to a local community, whether it is positive or negative. The most important factor that determines the contribution is the spending of the different role players that leads to a multiplier effect. Research methods will be used to determine whether the Wacky Wine Festival made a contribution to the local economy of Robertson.

2.3 METHOD OF RESEARCH

The research focuses on two key players, wine farmers and visitors, to determine the economic contribution of the festival. Without the wine farmers there would be no

product to offer to the visitors. Therefore two surveys were conducted, one for each role player on both the demand and supply side.

2.3.1 Survey 1: The visitors

2.3.1.1 Sampling

A non-probability sampling method was used, where the researcher and fieldworkers approached the visitors that were attending the festival (Du Plooy, 2006:113). 400 questionnaires were handed out to visitors at the Wacky Wine Festival at the 48 wine farms. Most of the questionnaires were handed out at the Arabella, Graham Beck and Van Loveren wine farms as it seemed that these farms had the most visitors. The reason for this number of questionnaires is to validate the results and to make the results representative of the estimated 16 000 visitors at the Wacky Wine Festival for 2010 (Cooper & Emory, 1995). The field workers distributed 400 questionnaires over two days. 200 questionnaires on 4 June 2010, and the other 200 questionnaires on 5 June 2010. These form the two most important days of the event.

2.3.1.2 Questionnaire

The questionnaire used in this research was based on previous research by van Schalkwyk (2004), du Plessis (2004) and Saayman, Kruger, Slabbert, Saayman and Rootenberg (2009). The questionnaire consists of three sections: Section A: Demographics such as age and gender; Section B: Motivation factors, for example asking visitors their reasons for visiting the festival, and Section C: Spending behaviour. For the purpose of this research, the information contained in Sections A and C are used in the analysis. The majority of the questions were completed by choosing the most appropriate answer, rather than writing down the answers. This way it saves time and makes it more appealing to the tourists to complete the questionnaire.

2.3.2 Survey 2: Wine farmers

2.3.2.1 Sampling

The wine farmers form part of the sampling as they are the key role players on the supply side of the festival. Firstly, the 48 wine farmers' consent was obtained to

conduct the survey by means of electronic mail and telephonic calls. After gaining their permission, the farmers were approached after the festival via e-mail to obtain the necessary information with regard to their expenses during the festival.

2.3.2.2 Questionnaire

A questionnaire was electronically forwarded to all 48 wine farmers for completion. The purpose of the questionnaire was to determine how much money was spent by the wine farmers inside and outside the local community of Robertson and if more jobs were generated due to the festival.

The wine farmers were given two weeks to complete the questionnaire and then send the completed questionnaires back via e-mail. The reason for the questionnaire being sent after the festival, was to obtain the total amount spent during the festival, because there will always be extra costs during and after the festival that need to be covered. The researcher needs to take all amounts into account to validate the article. 25% of the questionnaires were returned, which is still enough to validate the data (Cooper & Emory, 1995).

2.3.3 Analytical framework

All data derived from the questionnaires were captured on a Microsoft© Excel© spreadsheet for processing to assist in determining the visitors' and wine farmers' expenditure patterns. Tribe (1995:118) defines consumer expenditure as the total expenditure on goods and services for direct consumption. An analytical framework adapted from Saayman and Saayman (2004:633) was used to determine the contribution of the Wacky Wine Festival to the local economy (see Table 2.1). The framework captures the main economic elements and seems to be the best to use since Robertson has a small economy and does not have sufficient economic data available to use more detailed models.

Table 2.1: Equation description for determining the local economic impact of the Wacky Wine Festival

Equation Description		Equation Number
Φ	Ratio of non-local visitors = 87%	-
	Indicate the percentage assigned to each category i	-
	Average expenditure of a member on expenditure category i	-
	Expenditures by the wine farmers	-
$= V$	Number of non-residence as a proportion of the total visitors	1
$=$	Total expenditures on category i	2
$=$	Percentage of expenditure on category i that remains in the local community	3
$S= \quad +$	Total expenditures	4
$DS=\Phi V \quad +$	Total direct expenditure	5
$TS=(\Phi V$ $+ \quad)$	Total indirect and induced expenditures	6

(adapted from Saayman & Saayman, 2004:633)

represents the number of non-residents that attend the festival as a portion of the total visitors and the ratio of non-residents is given by Φ , in this case representing 87% (equation 1). Only non-residents were included in this article because that it could not be determined whether the residents of Robertson increased their spending due to the festival. By not including the local community's expenditures, it was possible to verify the total amount of money that is injected into the Robertson economy.

S indicates the total expenditures of the visitors and S_i denotes the total expenditures on category i and the average expenditure of a visitor on expenditure category i, is represented by \bar{S}_i (equation 2). The percentage of expenditure on category i that remains in the Robertson community is indicated by the symbol P_i and P_i^* symbolises this percentage assigned to each category i (equation 3).

S_i^* is used to specify the expenditures of the wine farmers, as their spending was also included in this article and S_i^* has to be multiplied by the adaption factor (equation 4). The total direct expenditure is calculated (DS – equation 5) by substituting equations 1 to 3 into the equation for total spending (equation 4). The total spending (TS – equation 6) is calculated by multiplying the DS with the multiplier, which is given by M . M is used to bring indirect and induced spending into calculation (Saayman & Saayman, 2004:633). The different equations are used to deliver results concerning to the economic contribution from the captured data.

2.4. RESULTS

The results were derived from the data that were captured on Microsoft© Excel© and calculated according to the equations in the previous section. The profile of the visitor, as seen in Table 2.2, gives one a more specific idea of the type of tourist that visits this event and why they visit.

Table 2.2: Visitor profile

Description	Results
Gender	56% female, 44% male
Age	Average of 35 years
Language	72% Afrikaans, 27% English
Occupation	Professional (29%), Students (18%)
Province of origin	Western Cape (84%), Gauteng (8%)
Size of travelling group	Average of 5 persons
Persons paid for in group	Average of 2 people
Number of days attended	Average of 2 days
Nights spend in Robertson	Average of 1.5 nights

Accommodation	Day visitors (27%), Bed & Breakfast /Guesthouses (24%) & Friends and family (20%)
Number of visits to the festival	Average of 2 times
Next year's attendance	91% will definitely attend the festival again

The majority of visitors originate from the Western Cape Province which explains why most tourists are day visitors since the Wacky Wine festival is located in the same province. This could also be the reason why the visitors indicate that they buy wines from the wine farmers. Visitors that travel fairly long distances to get to the festival such as visitors from Gauteng, would most likely stay more than one day. This could also be due to the fact that the festival is taking place across 48 wine farms.

2.4.1 Direct contribution

Dwyer, Forsyth and Dwyer (2010:11) stated that the direct contribution of an event focuses only on the immediate effect of spending made by visitors and role players. As previously mentioned the visitor spending depends on the number of tourists that attend the event, (i) and (ii) the magnitude of their spending (iii). This information will be used to determine the total direct contribution (iii). These items will now be described.

i.) The number of tourists

Wacky Wine “passports” were sold to gain entrance to the 48 wine farms for the duration of the festival and all visitors needed to obtain such a passport. The number of passports sold is used as an indication of the number of visitors that attend the festival. In total 16 870 Wacky wine passports were sold for the 2010 Festival, indicating the total number of visitors. The survey showed that 87% of these visitors are not residents of Robertson and 13% are situated in Robertson. Since the survey can be regarded as random, this distribution of visitors is used to split the total visitor numbers between locals and non-locals. Therefore a total number of 14 677 visitors (are viewed as non-locals and are used in this article for more accurate results. The reason for excluding locals is based on the assumption that the residents would have spent the same amount of money on goods and services whether or not the festival had taken place (Dwyer, Forsyth & Dwyer, 2010:412).

ii.) The magnitude of spending

The magnitude of spending per visitor represents the additional spending that creates a local economic contribution. Table 2.3 indicates the average spending per visitor group to the Festival.

It is important to know on which items the visitors spend money, in order to determine which sectors also gain financially from the event. In Table 2.3 the expenditures of residents and non-residents were split and only non-residents were taken into account. The reason for excluding the residents of Robertson is because it was not possible to define whether they spend more in the local economy due to the Wacky Wine Festival. As the analytical framework stipulates is used to calculate the total expenditures on a category. Table 2.3 indicates that respondents mostly spend money on wine sales (R503.27) as expected. Other expenditures include food and beverages (R464.20) and accommodation (R499.83), since these are basic needs. The “Other” category (R225.34) mainly refers to expenses on recreation in the region. The average spending per group (non-residents) at the Festival is R2 499.85. The average spending for residents and non-residents differs by R1338.89, as seen in Table 2.3. In the survey the respondents indicated that they are paying for an average of 2 persons during the festival. Spending per person is calculated by taking the total average spending per group (non-residents), and dividing it by 2. Therefore, based on the survey, one can derive that a Wacky Wine Festival visitor spends an average of R1 249.95 during the festival (S).

Table 2.3: Average spending per group

ITEM	2010: Resident of Robertson	2010: Non-resident of Robertson
Wine Passport	R137.60	R122.57
Accommodation	R0.00	R499.83
Food and Beverage	R298.28	R464.20
Shopping at stalls	R136.20	R165.08
Retail shopping (Excluding food &	R113.93	R114.25

beverages)		
Transport to Wacky Wine (Home-Robertson, Robertson-Home)	R137.59	R405.31
Wine sales	R283.79	R503.27
Other	R53.57	R225.34
TOTAL	R1 160.96	R2 499.85

Table 2.4: Average spending per wine cellar

ITEMS	AVERAGE SPEND	% SPENT IN ROBERTSON
Entertainment	R27 961.11	29%
Décor & decorations	R264 087.80	5%
Souvenirs/Free gifts for visitors	R7 321.50	28%
Salaries (additional staff)	R46 565.00	53%
Marketing	R6 810.93	39%
Other	R11 657.93	53%
Total	R364 403.70	34.48%

The expenditures of the wine farmers forms the second component of spending used to determine the economic impact of the festival. Table 2.4 shows that the wine farmers spend the most money on additional salaries, décor, decorations and entertainment, as this is used to attract and impress the visitors. The category “Other” refers to merchandise, meals for staff, security and cutlery. A total average of **R364 403.70** was being spent per wine cellar, which, if multiplied by the 48 wine farmers, leads to a total amount of **R17 million**, with 34.48% of that amount being spent in the Robertson region. Therefore it is estimated that more than **R6 million** is spent in the local community by wine farmers, which result in a positive economic contribution.

iii.) Total direct contribution

The total direct spending of visitors can be calculated by multiplying the average of spending (R1 249.95) by the number of visitors (14 677). This amounts to R18.3 million. As mentioned earlier, there are leakages to reckon with as not all spending takes place in the Robertson area and therefore adjustments needs to be

made to validate the amount of total direct spending. The adjustments were applied to transport, since it can be assumed that visitors fill their vehicles before departing to the festival in Robertson and again before returning to their place of residence. The analytical framework stipulates that α indicates the percentage of expenditure on a category, in this case transport, which remains in the local community. Thus they only spend 50% of their transport costs in Robertson and the amount spent on transport was adjusted according. Taking this into account the total direct contribution of visitor spending is estimated on R15.4 million.

The second source of direct spending is the wine farmers spending. As indicated in Table 2.4, the average spending per wine farmer was R364 403, 70. However, only 34.48% of that amount was spent in the Robertson region. Therefore an average of R125 646, 40 was spent per wine farmer. The total direct contribution of wine farmers spending in the local economy is thus estimated as R6 million.

As a result of the festival the spending in the local economy of Robertson increased by an estimated total of R21.4 million. This is then also the direct contribution of the festival to the local economy indicated as DS in the analytical framework.

2.4.2 Indirect and total contribution

As mentioned earlier money spent in an economy creates cycles of the additional spending, which leads to further spending in an area; this is referred to as the indirect and induced contribution of spending and is measured by means of a multiplier. There are five types of multipliers identified by Cooper, Fletcher, Fyall, Gilbert and Wanhill (2005:151-166) as well as Vanhove (2005:185-187):

-  Tourism income multiplier.
-  Employment multiplier.
-  Output multiplier.
-  Government revenue multiplier.
-  Sales multiplier (transactions).

In this article the sales multiplier will be used because that it focuses on the sales that result from the direct and indirect spending of tourists (Vanhove, 2005: 187). Robertson is a very small economy and there is no formal economic model available. Therefore an estimated size of the multiplier is set based on previous research done for the National Arts Festival in Grahamstown with a multiplier of 1.15, the Klein Karoo National Arts Festival in Oudtshoorn with a multiplier of 1.43 and the Aardklop in Potchefstroom with a multiplier of 1.52 (Saayman & Saayman, 2006:579). The average of these multipliers of 1.4 was used. Therefore the direct contribution was multiplied by 1.4 to calculate the total contribution.

Table 2.5: The economic contribution of the Wacky Wine Festival 2010

	RAND	Analytical Framework
Total visitor spending	15 371 075	
Total wine farmer`s spending	6 031 027	
Direct contribution	21 402 102	$DS=\phi V$ +
Indirect contribution	8 560 841	$TS=(\phi V$ +)
TOTAL CONTRIBUTION	29 962 943	

As seen in Table 2.5 it is estimated that the total (direct and indirect) contribution for the local economy is R29.9 million.

2.4.3 Other benefits and costs

Dwyer, Forsyth and Dwyer (2010:222) stated that the benefits from tourist consumption cannot always be measured in terms of monetary value. An example of the positive impact of the Wacky Wine Festival is job creation. Given the information from the wine farmers an average of 5 additional job opportunities were created per wine farm. Therefore taking the average per wine farmer and multiplying it by the 48 wine farmers, an average of 240 job opportunities were created during the festival. One should note that even though these jobs are only temporary they make a difference in income. According to Stabler, Papatheodorou and Sinclair (2010:205) tourism creates employment and this employment is generated from tourist expenditures. Employment

also comes with a cost as Laws (1995: 89) explains that: employment during a tourism event such as a festival can be seasonal and people from outside the local community fill the vacancies.

As discussed earlier the wine farmers need to know what difference the event can make in their annual income. Forty-four percent (44%) of the wine farmers pointed out that the festival has led to a slight increase in their annual income, followed by 25% who showed that it leads to a significant increase and the other 22% that the festival has no impact on their annual income. This means that the wine farmers see the festival making a positive contribution to their annual income and will therefore keep participating in the festival.

2.5 FINDINGS AND IMPLICATIONS

To determine the economic contribution the following elements were used as a guide: the spending of visitors and wine farmers, the length of stay, the multiplier effect and the number of visitors. The economic contribution article entails three major findings:

- 🍷 The festival made a positive economic contribution to the local economy of Robertson.
- 🍷 In relation to its economic contribution the festival had low leakages.
- 🍷 The local residents of Robertson spend less than non-residents.

Due to the lack of research studies on the economic contribution of wine festivals the Wacky Wine Festival was compared to other festivals such as art festivals. Firstly, the Wacky Wine Festival made a positive economic contribution to the local economy of Robertson as it contributes R29.9 million. This result is good if taking into account that this was the festival's sixth year compared to an art festival such as Aardklop National Arts Festival who had a total economic contribution of R18.3 million in 2003 and running for its fifth year (Van Heerden, 2003). This result also compares favourably to South Africa's largest arts festival: the Klein Karoo National Arts Festival in Oudtshoorn (Van Schalkwyk, 2004: iii) whom had a total economic impact of R76.72 million, but was already running for its ninth year and is well known by tourists.

Secondly, in relation to the festivals` economic contribution it has low leakages. Tribe (2005:268) stated that economic leakages are one of the negative aspects of tourism. The main reason for leakages at the festival is that there are a variety of role players involved that are spread over a wide region. However the Wacky Wine Festival has a lower percentage of leakages compared to other festivals. The festival had 37.55% leakages where the Klein Karoo National Arts Festival had a 59.7% (van Schalkwyk, 2004) and the Aardklop Arts Festival a 46.92% leakage. Although the festival has a low percentage of leakages compared to other festivals, that amount of money is still lost by the local enterprises and community to their competitors in other regions. The money is giving other regions an economic injection, which could have been used in the Robertson Valley for the benefit of the local community. On the bright sight the leakage is still low compared to the total economic contribution of the festival.

The residents of Robertson spend less money at the Wacky Wine Festival than non-residents. With 46.44% less spent by residents it implies that they are used to the festival and do not spend a lot of money on accommodation, transport and wine purchases as they can purchase wine at any time during the year. Therefore they do not make a significant economic contribution in terms of spending at the festival.

2.6 CONCLUSION AND RECOMMENDATIONS

The purpose of this article was to determine the contribution of the Wacky Wine Festival to the local economy. To answer this research question a quantitative study was conducted by means of questionnaires handed out to the tourists and wine farmers participating in the festival. The multiplier effect and an analytical framework were applied to determine the results.

This article contributed to the wine festival industry with regard to its economic contribution on the host community. Before this recording little was known about the impact of a wine festival on the local economy and, in particular , about the impact of

the Wacky Wine Festival in Robertson. The following knowledge was gathered that contributes to the wine tourism literature:

Firstly wine festivals have a positive economic contribution on a host community as the Wacky Wine Festival has an impact of R29.9 million on the community of Robertson. Secondly leakages can be kept to a minimum even if there are more role players involved, for example the festival had a leakage of R13.9 million (R11 million from the wine farmers and R2.9 million from the visitors) which is very little in comparison to other festivals.

Thirdly if a festival is spread over a wider area, the economic benefits will be gained by more local enterprises, therefore the advantages will be divided more evenly within a community making the multiplier effect more efficient. This factor is what made the festival one of a kind in the Western Cape due to its wide region that is spread over 48 wine farms. Fourthly it showed that local residents spend less than non-residents at a festival, because that they are used to the event and do not have additional expenses during the festival such as accommodation and transport. Finally the article indicate that is better to approach a economic contribution study from a demand and supply point of view to get more accurate and effective results than studies only focusing on the demand side.

Recommendations can be made based on the knowledge that has been gathered from this study. To improve the economic contribution of the Wacky Wine festival the local community of Robertson can provide more accommodation in the Robertson region or at the various wine farms and offering a promotion for example stay one night and get the second night for half price. This will motivate visitors to stay for longer and spend more money in the local area and improve the economic contribution of the festival. Furthermore the festival can improve their marketing strategies in order to make the festival better known and to attract more visitors by doing market segmentation.

It is further recommended that wine farmers should try to minimise the leakages that they cause in the economic cycle of Robertson. Making use of more local enterprises for décor and entertainment, as well as trying to employ more of the local community will make a difference to the amount of leakages.

It is clear that the role players involved in the festival play a crucial role in its success. Thus it is of great importance that the role players know the impact of the Wacky Wine Festival on the host community's economy and realise that they would have been R29.9 million poorer if it had not been for this successful event. As soon as they realise the important part they play in the festival's success, they will put in extra effort and money to deliver a quality service, which will provide great support and an add-on to the event. Role players can be informed by placing a statement in the local newspapers or even mentioning it at a regional tourism meeting.

For further research it is recommended that surveys be carried out at other wine festivals such as the Stellenbosch Wine festival (eWine: 2010) and the results compared with the Wacky Wine Festival with regard to the contribution to the local economy from a demand and supply point of view. Besides other festivals one could compare the economic contribution of the 2011 festival could be compared to the 2010 festival to see how the festival has grown in rand value. It would also be of great value to identify the low and high spenders to facilitate target marketing that will lead to a better economic income for the region. With regard to literature it is recommended that there be greater distinction between economic impact and economic contribution of an event to the local economy.



Chapter 3:



The expenditure based segment of the Wacky Wine Festival

Abstract: The Wacky Wine Festival is a unique event because 48 different wine farms in the Robertson Valley participate in the festival. Furthermore it has been cited as the largest wine festival in the country with 16 870 visitors. Expenditure based segmentation was done to compile a profile for the low and high spenders that visit the festival. It is more important to attract the high spender than a lot of low spenders. Therefore the purpose of this article was to identify the high spender. In order to achieve the latter a survey were conducted in June 2010, where 400 questionnaires was handed out to visitors at the 48 wine farms. K-means clustering was used to distinguish the high spender from the low spenders. The Chi-Squared and Mann-Whitney non-parametric tests were used to determine whether the difference between the two clusters is significant. The ANOVA analysis was used to indicate whether there is a difference in the two clusters' motives for visiting the festival. It was found that if the festival's organisers focus marketing strategies on the high spending group it can lead to an R10 million increase in revenue and improve the festivals economic growth and contribution to the local economy.

Keywords: wine tourism, market segmentation, tourist expenditures, high-spenders, Robertson Wine Route

3.1 INTRODUCTION

The Western Cape is acknowledged as the wine Mecca of South Africa with wine regions such as the Overberg, the Coastal Region, the Olifants River Valley, the Breede River Valley, and the Klein Karoo Wine Region (CWA, 2010:53). These regions host annual festivals for example The Stellenbosch Wine Festival, Crush on Constantia Food & Wine Festival, Franschoek Oesfees, Hands-on Harvest Food and Wine Robertson Festival, McGregor Food and Wine Festival, Spier Harvest Festival and Wacky Wine Festival to name but a few (SA-venues: 2010). All of these wine festivals are in strong

competition with one another, because they are located in the same province and offer a similar product to the visitor. Not only the product but also the purpose of wine festivals is alike. They are being used as a product that is promoted across the country to draw visitors, promote the region and the consumption of wine products (Hall & Sharples, 2008:11).

This article will, however, focus on the Wacky Wine Festival. The largest wine festival in South Africa (route62:2010) started in 2004 and is still growing in numbers with 16 870 visitors and a total direct economic contribution of R29.9 million in 2010. Each year the Robertson Wine Valley is playing host to this successful event, which is situated in the Breede River Valley Region. The Robertson Wine Valley consists of 48 wine farms. This festival is one of a kind because that all 48 wine farms participate in the festival, where each one has its own entertainment and feast to form part of the Wacky Wine Festival as a whole.

Wine festivals, like the Wacky Wine Festival, form part of the tourism industry and this is known as wine tourism. Hall and Sharples (2008:5) defined wine tourism as a visit to vineyards, wineries, wine festivals and wine shows to taste grape wine and to experience the attributes of a grape wine region. Wine tourism is an up-and-coming concept which has become increasingly significant in wine regions throughout the globe (Hall, Sharples, Cambourne & Macionis: 2000:22). According to Hall and Sharples (2008:6) food events like wine festivals are dependent on tourism because of the benefits gained from tourism.

The following advantages can be gained from wine festivals:

- 🍷 Increased margins through direct sales to the visitor, because it cuts out the middle man, minimise distribution costs and functions as an additional sales outlet (Hall, Sharples, Cambourne & Macionis: 2000:11).
- 🍷 Attracts visitors to wine destinations like Robertson, at off-peak seasons of wine production (Hall, 2003:28).

- ✎ Support the awareness of other tourism services and attractions in the area (Hall, 2003:28).

As tourists visit the festival, they tend to spend money on products and services. Some of them spend a lot of money and others less. This spending leads to an economic contribution that is affecting Robertson and influences the hosting community (Saayman & Saayman, 2006:299). Slabbert (2002:44) explains that tourist spending at a destination reflects the value of tourism to an economy. Therefore the most important reason for hosting a festival is the economic advantages the local community can gain from the festival due to visitor expenditures (Thrane, 2002:281). Tourists that spend more will have a greater affect on a festival`s income than tourists that spends less (Saayman, van der Merwe & Pienaar, 2008:7). Expenditure based segmentation can be used to identify high and low spenders at the festival (Saayman, van der Merwe & Pienaar, 2008:7). This means that visitors are placed in groups according to their expenditure (spending). Other reasons why expenditure based segmentation is used to develop marketing policies towards the high spender (Gokovali, Bahar & Kozak, 2007:737), to determine the profitability of the festival in the tourism sector (Frechtling, 2006:1) and to use it as a alternative approach towards segmentation (Spotts & Mahoney, 1991:24).

To apply the expenditure-based segmentation to the visitors of the Wacky Wine Festival, in order to identify who the high and low spender is. To achieve the latter, the article will consist of the following: the explanation of the problem by means of a literature review, the method of research used, followed by a discussion of the results, implications together with recommendations and in conclusion the final remarks.

3.2 LITERATURE REVIEW

To improve the economic contribution of the Wacky Wine Festival it is important to know who the visitors is, especially the high spenders as they will have a greater financial effect. To determine the profile of the visitor to the festival, market segmentation is necessary. According to Fill (2006:328) market segmentation means to divide the entire market into different groups, where each group has its own unique characteristics and

desires that are the same within the group and respond alike to marketing actions. Segmentation bases can consist of demographic, geographic, psychographic, socio-economic and behavioural segmentation bases (McDonald & Dunbar, 2004:158). Saayman, van der Merwe and Pienaar (2008:7) added a sixth approach that can be used to determine a target market: expenditure based segmentation. The reasons for using expenditure as a basis for segmentation are as follows (Saayman, van der Merwe & Pienaar, 2008:7).

- 🍷 To understand tourist spending behaviour.
- 🍷 To understand the factors affecting spending behaviour.

According to Saayman, van der Merwe and Pienaar (2008:7) research indicated that in a competitive event environment as explained earlier, the organising committee need to expand market share and the focus is on tourist who spend more, since they provide a greater economic contribution.

Other advantages that The Wacky Wine Festival will gain from focusing on the high spender:

- 🍷 Robertson Valley can formulate a marketing strategy to attract more high spenders and increase tourist expenditures in the area (Mok & Iverson, 2000:304).
- 🍷 Expand market share in the wine tourism industry (Mok & Iverson, 2000:299).
- 🍷 Maximise profit potential (Burke & Resnick, 2000:73).

Jang, Bai, Hong and O`leary (2004:339) added that to seek more economic earnings, tourism destinations need to understand who the high spending wine tourist are and which of the wine tourist` characteristics contributes to explaining more travel spending. They added that destination marketers can formulate such characteristics, such as length of stay, place of origin etcetera, as part of the marketing strategies to draw potential high spenders for higher profits.

Long and Perdue (as cited in Mehmetoglu, 2007:201) found in their article on measuring the economic impact of a rural festival that repeat visitation, household-income, and travel distance all had an effect on the spending behaviour of visitors. In particular, high-income and long-term wine tourists tended to have a higher total expenditure at the festival.

Spotts and Mahoney (as cited in Mehmetoglu, 2007:201) used tourist expenditure based segmentation by segmenting their respondents into high, medium and light spenders. They found that household income did not have an effect on tourist spending in these three groups, but that there was a difference in the size of the travel party, duration of travel and purpose of their travel. As Hall et al. (2000:96) stated, festivals for instance the Jazz in the Vines Festival encourages visitors to stay for longer at the wineries and therefore increases the opportunities to spend more money in the area. Seiler, Seiler and Hsieh (2002:47) and Thrane (2002:282) confirm this report by stating that the longer visitors stay at the festival, the more money they will spend. Furthermore, authors like Kruger (2009:30) and Letho, Cai, O'Leary and Huan (2004:293) found in their studies that female tourists spend more than male visitors.

Jang et al. (2004:331) stated that travel expenditure patterns are vital to travel organisers and destination marketers and travel expenditure normally includes the expenditure on transport, lodging, food and beverage, gifts and souvenirs, entertainment and recreation. They added that it also leads to the identification of attributes influencing travel expenditure characteristics among market segments. According to Mehmetoglu (2007:214) destinations that only want to attract big spenders, can de-market the small spenders by particularly gearing their promotional activities towards the high spender market.

Mitchell and Hall (as cited by Getz & Brown, 2006:149) stated that most researchers suggest that tourists are in general middle-aged, highly educated, professional or managerial with above average income. In the case of the Breedekloof Outdoor Wine Festival (Tasslopoulos & Haydam, 2006) as cited by Hall and Mitchell (2008:213) the

results showed that the majority of visitors were between 36 and 50 years of age, more than half of the respondents tend to be female and Afrikaans-speaking. Furthermore the research indicates that most of the visitors are situated in Cape Town, with a travelling party consisting of two persons with a majority that only visited the festival for one day and most of them stayed with friends and family or camped in the area.

Saayman and Krugell (2009:13, 16) used the Wacky Wine festival as a case study to identify the determinants of visitor spending. They found that English speaking visitors spend more than Afrikaans speaking visitors and that visitors that are in management positions as well as housewives spend more than visitors in other occupations. Authors such as Cannon and Ford (2002:264), Mehmetoglu (2007:213) and Thrane (2002:281) confirms these finding by stating that tourist in managerial positions that earns a high income, spend more tourist destinations. With regard to age Cai, Hong and Morrison (1995:36) and Kruger (2009:30) found in their study that older tourist spend more than younger ones.

From the literature review it is clear that there are various variables that have an impact on the level of tourists' expenditures. The expenditure level will increase as the variable gets higher. For example the longer the tourist stay, the higher their expenditures will be as they have to pay one night more for accommodation and buy food and beverages for a extra day. Besides the number of nights there are other variables such as the number of tourist in the travelling party, income levels, occupation, travel distance and age.

It can also be derived from the literature review that most research has been done on the general profile of a tourist or a tourist visiting a festival and the factors that influence the tourist to spend more. However, no research could be found concerning the expenditure based segment of the Wacky Wine Festival. Therefore the main research question this article will seek to address is: Who is the high spender that visits the Wacky Wine Festival?

3.3 METHOD OF RESEARCH

This research focused on the visitors, to determine their expenditures so as to identify the high and low spenders. A survey was conducted by means of a questionnaire. The researcher had undertaken a quantitative research article in this case.

3.3.1 Sampling

A non-probability sampling method was used, was used where 400 questionnaires were handed out by the researcher and fieldworkers to the visitors sitting at the tables at the 48 different farms (Du Plooy, 2006:113). The reason for this number of questionnaires is to validate the results and to make the results representative of the estimated 16 000 visitors at the Wacky Wine Festival for 2010 (Cooper & Emory, 1995). Questionnaires were distributed over an extent of two days. 200 questionnaires were handed out on the 4th and the other 200 questionnaires on the 5th of June 2010. These form the two most important days of the event. Since previous researchers found that it is difficult to conduct the survey within all 48 farms (Saayman & Krugell, 2009), an attempt were made to place the field workers more strategically in order to incorporate all 48 wine farms. The majority of questionnaires were handed out at the Arabella, Graham Beck and Van Loveren wine farms since most of the visitors seemed to spend time at these wine farms.

3.3.2 Questionnaire

A quantitative survey was done by means of a questionnaire. The questionnaire used in this research was based on the findings of van Schalkwyk (2004), du Plessis (2004) and Saayman, Kruger, Slabbert, Saayman and Rootenberg (2009). The questionnaire consists of three sections: Section A: Demographics such as age and gender; Section B: Motivation factors, for example asking visitors their reasons for visiting the festival, and Section C: Spending behaviour. The majority of the questions were completed by choosing the most appropriate answer, rather than writing down the answers. This saves time and makes it more appealing to the tourists to participate in the study.

3.3.3 Data analysis

All data derived from the questionnaires were captured on a Microsoft© Excel© spreadsheet for processing and to assist in determining the visitors' expenditure patterns. Tribe (1995:118) defines consumer expenditure as the total expenditure on goods and services for direct consumption. Thus it is the money that is spent on a tourism product by the tourist, as well as money spent on supportive industries such as restaurants and petrol stations.

The data that were captured in Microsoft© Excel© were used in various tests to determine the different results required to identify the high spender. K-means clustering were used to separate the high spender from the low spender in terms of money being spent. Using a Chi-Squared and Mann-Whitney non-parametric test helped to describe the differences of each cluster according to the data provided in Microsoft© Excel©.

The Chi-squared test was used again to explore the respondents' wine behaviour in terms of their favourite wine, how often they purchase wine, where they purchase wine, how often do they drink wine, how did they hear about the Wacky Wine Festival and what knowledge they have with regard to wine.

Factors that motivate tourist to visit the festival were also determined by making use of a factor analysis which is the principal component method with the Promax rotation test. These factor scores were computed according to the Anderson-Rubin method that distributes scores. Finally the SPSS 15.0 program's ANOVA (SPSS inc, 2007) method was used to determine whether there is a difference in the motivation factors of the high and low spender.

3.4 RESULTS

The results were derived from the data that were captured on Microsoft© Excel© and recorded in the different test and analysis as mentioned in the previous section. The results were used to compile a profile for two clusters: the low and high spender and their motives for visiting the festival.

3.4.1 General profile of clusters

The K-means clustering method defined two clusters, namely the low spender in cluster 1 spending R824.14 and the high spender in cluster 2 spending R4 269.90, as seen in Table 3.1. The results showed that the majority (86%) of respondents are low spenders and that only 14% are high spenders.

Table 3.2: Average spending and percentage respondents per cluster

Final Cluster Centres		
	Cluster	
	1	2
Average spending per person in cluster	R824.1406	R4269.9042
	= Low Spender	=High Spender
% Respondents	86%	14%

Table 3.2 below indicates the characteristics of the tourist in each cluster and how they differ from one another. It is clear that Cluster 2 has more females than Cluster 1 and speaks mostly English where Cluster 1 speaks Afrikaans. The respondents in Cluster 2 are older and in managerial positions, where Cluster 1 are younger and are college students. There were more visitors from Gauteng in Cluster 2 than in Cluster 1 and they stayed at paid accommodation. Cluster 1 had more day visitors, local residents and tourists who stayed with family and friends than was the case for Cluster 2. The results also showed that Cluster 2 paid for fewer people in their travelling group than Cluster 1, but spent more days at the festival and stayed for more nights in Robertson than Cluster 1. From Table 3.2 it can be derived that the two clusters differ significantly in terms of gender, language, occupation, province, type of accommodation and day visitors.

Table 3.3: Characteristics of each cluster

Characteristic	Low-spender	High-spender	Chi Square Value	DF	Sig. Level
Gender:			8.326	1	.004*
Male	46%	26%			
Female	54%	74%			
Language:			18.740	2	.001*
Afrikaans	76%	48%			
English	23%	50%			

Occupation:			27.196	13	.012*
Professional	27%	35%			
Self-employed	15%	26%			
Management	10%	21%			
Student	21%	2%			
Province:			93.117	8	.000*
Western Cape	89%	50%			
Gauteng	4%	29%			
Eastern Cape	3%	5%			
Mpumalanga	1%	5%			
Northern Cape	1%	9%			
Foreigner	1%	0%			
Type of accommodation:					
Local resident	Yes=15%;No=82%	Yes=3%;No=93%	5.474	1	.019*
Family	Yes=22%;No=75%	Yes= 5%;No=91%	8.619	1	.003*
Paid accommodation	Yes=46%;No=54%	Yes=85%;No=15%	29.290	1	.000*
Day visitor:	Yes=19%;No=78%	Yes=3%;No=93%	8.347	1	.004*
Advertising medium:					
TV	Yes=5%;No=81%	Yes=1%;No=14%	1.688	1	.194
Radio	Yes=6%;No=79%	Yes=1%;No=14%	2.363	1	.124
Website	Yes=10%;No=75%	Yes=1%;No=13%	.462	1	.497
E-mail	Yes=8%;No=78%	Yes=1%;No=14%	.958	1	.328
Newsletter	Yes=3%;No=82%	Yes=1%;No=14%	1.179	1	.278
Magazines	Yes=6%;No=79%	Yes=1%;No=92%	.127	1	.722
Newspaper	Yes=14%;No=72%	Yes=1%;No=14%	8.265	1	.004*
Word of mouth	Yes=72%;No=14%	Yes=12%;No=2%	.010	1	.920

*Significant level < 0.05.

Table 3.3 indicates the significance of differences in the two clusters. The Mann-Whitney test is used for the continuous variables to determine if the description of the cluster members is significantly different from one another. The test shows that the distributions of the data in the samples are not equal. Using non-parametric median test shows the significant differences in the cluster members. From Table 3.3 it is evident that there are significant differences with regard to age, travel group size, number of people paid for, days and nights spend at Robertson.

Table 3.4: Significance of differences in clusters

Variables	Low Spenders			High Spenders			p : Mann-Whitney	p : Median
	Mean	Std.Dev	N	Mean	Std.Dev	N		
Age	33.54	12.640	336	40.96	11.268	57	.000	.000
Travel group size	7.24	5.556	348	6.19	3.615	58	.363	.454
Number of people paid for	2.03	1.598	349	1.72	2.323	58	.003	.056

Days at Robertson	2.25	.939	342	2.97	.725	58	.000	.00
Nights at Robertson	1.53	1.114	330	1.81	1.206	58	.051	.009

3.4.2 Wine buying and tasting behaviour of clusters

Table 3.4 shows that there is no significant difference between the low and high spender with regard to their favourite wine and both prefer Sauvignon Blanc, Merlot and Cabaret Sauvignon. High spenders seem to purchase wine at liquor stores where the low spenders purchase wine at cellars. The table further indicates that purchases in Robertson takes place monthly as well as annually by low spenders. High spenders tend to purchase wine on a monthly and quarterly base in Robertson. Therefore it can be derived that high spenders purchase wine more often than low spenders. For the category variables, the Chi-square test was done.

Table 3.5: Wine buying and tasting behaviour of clusters

Characteristic	Low-spender	High-spender	Chi Square Value	DF	Sig. Level
Favourite Wine:					
Riesling	Yes=7%;No=79%	Yes=1%;No=14%	1.461	1	.227
Chenin Blanc	Yes=26%;No=60%	Yes=5%;No=10%	.163	1	.686
Chardonnay	Yes=24%;No=62%	Yes=5%;No=10%	.366	1	.545
Rose	Yes=30%;No=55%	Yes=3%;No=12%	5.719	1	0.17
Shiraz	Yes=34%;No=52%	Yes=6%;No=8%	.371	1	.543
Pinotage	Yes=33%;No=52%	Yes=5%;No=10%	.619	1	.431
Sauvignon Blanc	Yes=45%;No=41%	Yes=8%;No=6%	.661	1	.416
Merlot	Yes=40%;No=46%	Yes=8%;No=7%	.791	1	.374
Cabaret Sauvignon	Yes=39%;No=46%	Yes=8%;No=7%	.905	1	.342
Port	Yes=26%;No=59%	Yes=4%;No=10%	.154	1	.695
Wine purchases:					
Supermarket	Yes=34%;No=52%	Yes=6%;No=8%	.079	1	.779
Liquor store	Yes=40%;No=45%	Yes=8%;No=7%	1.043	1	.307
Cellars	Yes=41%;No=44%	Yes=6%;No=9%	1.312	1	.252
Wine purchases in Robertson Region:					
Weekly	Yes=12%;No=74%	Yes=1%;No=13%	1.492	1	.222
Monthly	Yes=27%;No=59%	Yes=5%;No=9%	.129	1	.719
Quarterly	Yes=21%;No=65%	Yes=5%;No=9%	4.362	1	.037*
Annually	Yes=27%;No=59%	Yes=3%;No=11%	2.317	1	.128

*Significant level < 0.05.

3.4.3 Motivational factors

Tourists that visit festivals like the Wacky Wine Festival differ in their unique ways and therefore different factors motivate them to attend the festival. These factors were

determined by a factor analysis. As seen in Table 3.5 the Kaiser-Meyer-Olkin measure of sampling adequacy of 0.91 also specifies that the sample is quite compact and that distinctive and trustworthy factors were delivered (Field, 2005:640). Bartlett's test of sphericity also reached statistical significance with a p value smaller than 0.001, which supports the factorability of the sample as affirmed by Pallant (2007:197). There was also a determinant of .028 that indicates that the data were suitable for a factor analysis.

Table 3.5: Kaiser-Meyer-Olkin and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.914
Bartlett's Test of Sphericity	Approx. Chi-Square	2967.757
	Df	190
	Sig.	.000

The pattern matrix of the principal factor analysis using the Promax rotation with Kaiser normalisation respectively identified five motivational factors. These factors were labelled as follows according to similar characteristics and accounted for 63.5% of the total variance:

- 🍷 **Wine products:** tourists who visit the festival because that there is a variety of wines, quality products, wine tasting and that they get value for their money spent at the festival.
- 🍷 **Learning experience:** tourists who want to explore the environment, increase knowledge and get new ideas with regard to wines and the fact that there is a combination of cheese, wine and entertainment attracts them to the festival.
- 🍷 **Escape and relaxation:** tourists who visit the festival because they want to get away from their usual routines, relax and spend some time with their family.
- 🍷 **Uniqueness:** the fact that the festival is different and more unique than other festivals and furthermore their favourite wines originate from Robertson and they are loyal to the festival therefore they attend the festival annually.

 **Family socialising:** tourists who visit the festival to meet new people and because they think it is beneficial for their children.

Items loaded on a factor with a loading greater than 0.1 and the relatively high factor loadings indicate reasonably high correlation between the factors and their component items as seen in Table 3.6:

Table 3.6: Motivation Factors

Motivation factors and items	Factor loading	Mean value	ANOVA Sig.	Robust Brown-Forsythe Sig.
Factor 1: Wine products		2.000	.151	.122
The festival offers a variety of wines	.820			
The festival offers quality products	.847			
It is a sociable festival	.548			
The festival is value for money	.503			
The festival offers me the opportunity to taste new wines	.745			
An opportunity to taste wine	.830			
Attend the festival to buy wines from this region	.595			
Factor 2: Learning experience		1.908	.161	.144
To explore the environment	.843			
To increase knowledge of wine	.705			
The festival combines cheese/ wine and entertainment in a useful way	.761			
To obtain new ideas regarding cheese and wine	.855			
Factor 3: Escape and relaxation		3.280	.066 **	.038*
To get away from my routine	.672			
To relax	.685			
To spend time with family and friends	.653			
Factor 4: Uniqueness		2.559	.104	.074
Wacky Wine Festival is different to other festivals	.333			

It is an annual commitment	.947			
This festival is a unique experience	.267			
My favourite wines come from the Robertson region	.468			
Factor 5: Family socialising		.604	.431	.435
To meet new people	.882			
It is for the benefit of my children	.735			

* indicates insignificance at a 5% level and ** indicate significance at a 10% level.

The ANOVA analysis was used to determine whether there is a difference between the two clusters' motivational factors means value (Eiselen, Uys & Potgieter, 2005:119). As Table 3.6 indicates Factor 3: Escape and relaxation has a significance level of 10%. The Brown-Forsythe test was used to test the robustness of the ANOVA analysis and one can derive from Table 3.6 that Factor 3: Escape and relaxation, with a significance level of 5% differs between the two clusters. In both cases Factor 5: Family socialising, had a high score meaning that there is no significant difference with regard to socialising between the two clusters whereas Factor 3: Escape and relaxation, showed a significant difference.

3.5 FINDINGS AND IMPLICATIONS

The outcome of determining the expenditure based segment of the Wacky Wine Festival is to compile a profile of the high spender that visits the festival. This article yields two major findings with regard to the high spending segment:

- 🍷 The profile of the high spender differs from that of the low spender.
- 🍷 Focusing marketing strategies on the high spender increases the economic growth of the host community.

The differences between the high and low spender lie in gender, language, age, occupation, people paying for in travelling group, residence and number of days. It can be derived that because the high spender is older, they are in managerial positions since they had time to grow in their careers and can earn a greater income. Therefore they have more money available to spend at the festival. The fact that the high spender is travelling from the Gauteng Province to the Western Cape Province means that they will spend more on travelling cost and have to stay over and longer in Robertson as

they cannot travel the distance for only one day. This implies that the high spender spend money on accommodation, food and beverages, petrol etc. daily at the festival. The more days they stay, the more they are likely to spend. The results further showed that the high spender is female.

These findings are similar to other studies in the tourism industry and are summarised in Table 3.7:

Table 3.7: Profile of high spender compared to other research

Profile of high spender	Researchers` studies that confirm findings
Mostly Female	Kruger (2009) Letho, Cai, O`Leary and Huan (2004).
English speaking	Saayman and Krugell (2009).
Older: 41 years of age	Cai, Hong and Morrison (1995); Kruger (2009).
Managerial positions (high income level)	Cannon and Ford (2002); Mehmetoglu (2007); Thrane (2002); Kruger (2002); Saayman and Krugell (2009).
Smaller travelling group and paying for 2 persons in group	Saayman and Saayman (2008); Thrane (2002).
Resident of Gauteng	Saayman and Saayman (2008); Kruger (2009).
Staying longer – 2nights and 3 days	Seiler, Seiler and Hsieh (2002); Hall et al. (2000); Thrane (2002).

The reason for segmenting a market and to compiling a profile of that market is to apply the most effective marketing strategies to the group. Marketing helps to attract new visitors and keep old ones at the festival. If the 14% of high spenders can be expanded to 30% by doing intensive marketing, the implication on the festival`s economic growth will be remarkable. The high spenders can contribute R18 million to the event

(14 677 non-local visitors x 30% x R4 269.90), which then will lead to a R10 million increase in income. It can be seen that this growth will have an impact on the local businesses of Robertson and its residents, as more high spenders will be attracted to the festival and spend more in the host community.

3.6 CONCLUSION AND RECOMMENDATIONS

The purpose of this article was to segment the Wacky Wine market according to their expenditures so as to identify who the high spender. The differences in spending on goods and services are of importance when one determines different profiles of tourists (Perez & Sampol, 2000:624). To answer this research question a quantitative study was carried out by means of questionnaires that were handed out to tourists at the festival.

Different tests and methods were applied to determine the results: the K-means clustering method, the Chi-Squared and Mann-Whitney non-parametric test, Factor analysis with Promax rotation test and Anderson-Rubin method and, finally, an ANOVA analysis.

This article contributed to the wine festival industry with regard to the expenditure based segment of such an event. Before this research little was known about the high spender that visits the Wacky Wine Festival and how this can affect the economic contribution of the festival. The following knowledge was gathered that contributes to the wine tourism literature:

Firstly wine festivals' economic growth can increase significantly if the organisers focus their marketing strategies on the high spenders. As in the case with the Wacky Wine Festival, they can increase their income by an estimated R10 million. Secondly the profile that was compiled for the high spender should be used as a guideline to develop marketing strategies to make sure that the high spending market gets attracted. It is recommended that the organisers of the festival consider the following ideas for marketing:

- 🍷 Place Wacky Wine posters with English description at liquor stores in Gauteng – more specifically Pretoria and Johannesburg.
- 🍷 Promote overnight packages to encourage visitors to stay for longer and spend more money.
- 🍷 Use more striking words in advertising which should place emphasis on the relaxation factor of the festival, words such as “relax”, “break away”, “time out with friends and family” etc.

Thirdly a festival can expand its current market share, by attracting new high spenders to the festival with effective marketing approaches. With all of these findings it is clear that if event organisers make use of expenditure based segmentation and focus on the high spenders that their return on investment will increase as well as their economic growth and contribution to the economy of the host community.

For further research it is recommended that a survey be carried out at other wine festivals such as the Franschoek Oesfees (eWine: 2010) and compare the profile of the high spenders with that for the Wacky Wine festival. Besides other festivals the expenditure bases segments of a wine festival could be compared with those of a resort like Forever Resorts.



Chapter 4:



Conclusions and Recommendations

4.1 INTRODUCTION

The main goal of this study was to determine the economic contribution of the Wacky Wine Festival to the local community of Robertson. To achieve the latter four objectives were set in Chapter 1 and achieved in the chapters that followed:

-  The first objective focused on analyses of concepts and literature concerning economics in the tourism industry. The first part of the objective was to analyse concepts such as the economic contribution of tourism, tourist spending, the economic cycle and the multiplier effect was accomplished in Chapter 2 by means of a literature review. The second part of the objective was achieved in Chapter 3 by conducting a literature analysis regarding expenditure based segmentation and wine tourism.
-  The second objective was to determine the economic contribution of the Wacky Wine Festival to the host community by undertaking separate surveys on the visitors and the wine farms, therefore the demand and supply side. This was accomplished in Chapter 2 (Article 1). The results indicate that the festival contributed a total of R29.9 million to the Robertson community.
-  The third objective was achieved in Chapter 3 (Article 2). The objective was to determine the profile of the high spender at the Wacky Wine Festival by means of a visitor`s survey and to make use of expenditure based segmentation. The results showed significant differences between the low and high spender. A profile of the high spender was compiled and results further indicate that the high spender spends an average of R4 269.90 during the festival.
-  The last objective was to draw conclusions from the results in Chapter 2 and Chapter 3 regarding the Wacky Wine Festival`s economic contribution and the expenditure based segments so as to be able to make recommendations on how

to increase the economic contribution by focusing on the high spender. These conclusions and recommendations will be conducted in Chapter 4.

This chapter seeks to draw conclusions and make recommendations with regard to the festival's economic contribution and target market, as well as recommendations for future research studies.

4.2 CONCLUSIONS

The following conclusions were drawn based on the literature reviews, results and findings reported in Chapter 2 and Chapter 3.

4.2.1 Conclusions with regard to the economic contribution of the Wacky Wine Festival

The sales multiplier effect and an analytical framework were used in Chapter 2, to determine the economic contribution of the Wacky Wine Festival to the local economy.

The results showed the following:

- 🍷 The general visitor is a 35-year-old female who resides in the Western Cape and visits the festival for one day (c.f.2.4).
- 🍷 Of the 16 870 visitors, 14 677 are non-local residents (c.f.2.4.1.i) and it seems that local residents spend less than non-locals (c.f.2.4.1.ii).
- 🍷 The visitors spend an average of R 2 499.85 with the most money spent on accommodation, food and beverage and wine purchases. This leads to an economic contribution of R15 million (c.f.2.4.1.ii).
- 🍷 The wine farmers spend an average of R364 403.70 with the most money spent on providing entertainment, décor and additional salaries. This leads to an economic contribution of R6 million (c.f.2.4.1.ii).
- 🍷 The festival has a multiplier effect of R8 million (c.f.1.4.2).
- 🍷 The Wacky Wine Festival made a positive economic contribution of R29.9 million to the local economy of Robertson (c.f.2.4.2).
- 🍷 Compared to other festivals the Wacky Wine Festival has low leakages, although the festival is spread over a wide region (c.f.2.5).

- 🍷 240 Additional job opportunities were generated during the festival (c.f.2.4.3).
- 🍷 The host community is financially stronger due to the festival and therefore they can improve their quality of life (c.f.2.5).

4.2.2 Conclusions with regard to the expenditure segmentation of the Wacky

Wine Festival

The data that were captured in Microsoft© Excel© were used in different tests and analyses to identify the high spenders and how they differ from the low spenders. Furthermore expenditure based segmentation was used to compile a profile for the low and high spenders that visit the festival. The results showed the following:

- 🍷 The high spenders make up 14% of the market with an average spending of R4269.90 (c.f.3.4.1).
- 🍷 The low spenders make up 86% of the market with an average spending of R824.14 (c.f.3.4.1).
- 🍷 The two clusters, low and high spenders, differ in terms of gender, language, occupation, province, type of accommodation and days visiting the festival (c.f.3.4.1).
- 🍷 High spenders tend to be older English speaking female visitors, situated in Gauteng, which is in managerial positions and visits the festival for more than one day and staying at paid accommodation (c.f.3.4.1).
- 🍷 Furthermore the high spenders purchase wine more often than low spenders and prefer to buy wines at the liquor store (c.f.3.4.2).
- 🍷 There is no difference in wine preferences between the low and high spenders (c.f.3.4.2).
- 🍷 The main motivation for high spenders to attend the festival is to relax and escape from their daily routine (c.f.3.4.3).
- 🍷 Attracting more high spenders by performing more effective and suitable marketing can lead to a R10 million increase in the festival's revenue (c.f.3.5).

4.3 RECOMMENDATIONS

The following recommendations were drawn based on the findings reported in Chapter 2 and Chapter 3.

4.3.1 Recommendations with regard to the economic contribution and expenditure based segment of the festival

Suggestions are made with regard to the Wacky Wine Festival's economic growth and expenditure based segments, to help the role players to improve their economic position.

Based on the results and conclusions made in Chapter 2 (article 1) the following recommendations can be made in order to improve the economic growth of the festival:

- 🍷 Wine farmers should try to keep the leakages to a minimum by making use of local entertainment and employing more additional workers from the local community.
- 🍷 The host community and wine farmers can increase their income by providing more accommodation during the festival.
- 🍷 By having promotions such as “stay one night get one night free”, visitors will be encouraged to stay longer and therefore spend more money.
- 🍷 Keep the role players informed via newspapers or at provincial tourism meetings about the contribution they made to the festival and the local economy. As soon as they realise that they received a return on their investment they will be motivated to participate in the next festival and to put in more effort and money.

Based on the results and conclusions made in Chapter 3 (article 2) the following recommendations can be made with regard to the expenditure base segment of the Wacky Wine Festival:

- 🍷 Focusing marketing strategies on the high spending visitor in order to improve economic growth.
- 🍷 Place advertisements at liquor stores in the Gauteng province.
- 🍷 Offering overnight promotional packages to convince the visitor to stay for longer.

4.3.2 Recommendations for future research

Based on the results of this study, the following aspects need further research:

- 🍷 Compare the contribution that the Wacky Wine Festival made to the host community to other wine festivals like the Stellenbosch Wine festival.
- 🍷 From a literature point of view one should try to differentiate between the economic impact and contribution of an event.
- 🍷 Economic contribution studies should be performed from a demand and supply point of view for the results more effective.
- 🍷 Compare the high spender profile of the Wacky Wine Festival to that of other festivals and events to determine whether there are any similarities.

4.4 LIMITATIONS OF THE STUDY

One limitation of this study was the difficulty in defining the different roles of the event organisers and the wine farmers. This implies that the expenditure that might have been made by the event organisers was not always included in the study for example the marketing of the event.



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Appendixes



Appendix 1: Wine regions



Appendix 2: Visitor questionnaire

Appendix 3: Wine Farmers questionnaire

ROBERTSON VALLEI 2010 - WYNPLASE ROBERTSON VALLEY - WINE FARMS

1. Het u addisionele werknemers indiens geneem vir die fees?/ *Did you employ additional workers for the festival?*

Ja/ Yes		1
Nee/ No		2

2. Hoeveel addisionele werksgeleenthede is in u onderneming geskep a.g.v. die fees? / *How many additional job opportunities were created in your business due to the festival?*

3. Hoeveel het u **gemiddeld bestee** in terme van die volgende? Dui ook aan **watter persentasie** daarvan in die Robertson Vallei bestee is. / *What was the **average** that you have **spent** on the following and also indicate what **percentage** of each expenditure was made in the Robertson Valley.*

	Bedrag Amount	%
a) Vermaak/ <i>Entertainment</i>		
b) Dekor & versierings/ Décor & decorations		
c) Aandenkings/Gratis geskenke vir besoekers / <i>Souvenirs/ Free gifts for Visitors</i>		
d) Salarisse (addisionele werknemers) / <i>Salaries (additional staff)</i>		
e) Bemarking/ <i>Marketing</i>		
f) Ander/ <i>Other</i> Spesifiseer/ <i>Specify</i>		

4. Het u onderneming skade gely tydens die fees?/ *Did your business suffer any losses during the festival?*

5. Indien **ja**, was die skade in terme van.../ *If **yes**, were these losses in terms of...*

Diefstal/ <i>Theft</i>		1
Breëskade/ <i>Breakage</i>		2
Voorraadafskrywing/ <i>Stock written off</i>		3
N.v.t./ <i>N/a</i>		4

6. Indien **ja**, was die skade... as in die verlede?/ *If **yes**, were the losses... than in previous years?*

Meer/ <i>More</i>		1
Minder/ <i>Less</i>		2
Dieselfde/ <i>The same</i>		3
N.v.t - geen/ <i>N/a - no losses</i>		4

7. Wat is die impak van die fees op u besigheid se jaarlikse inkomste? / *What impact does the festival have on the yearly income of your business?*

Lei tot 'n beduidende styging (10%+)/ <i>Leads to a significant increase (10%+)</i>		1
Lei tot 'n geringe styging (1-5%)/ <i>Leads to a slight increase (1-5%)</i>		2
Geen impak/ <i>No impact</i>		3
Lei tot 'n geringe afname (1-5%)/ <i>Leads to a slight decrease (1-5%)</i>		4
Lei tot 'n beduidende afname (10%+)/ <i>Leads to a significant decrease(10%+)</i>		5

8. Het u enige voorstelle van hoe die Wacky Wine fees groter bydrae tot die ekonomiese ontwikkeling van die Robertson Vallei kan maak?/ *Do you have any suggestions how the Wacky Wine Festival could contribute more to the economic development of the Robertson Valley?*

Ja/ Yes		1
Nee/ No		2
Onseker/ <i>Uncertain</i>		3

Dankie vir u ondersteuning!
Thank you for your co-operation!

**WACKY WINE FESTIVAL BESOEKERSPROFIEL 2010 /
WACKY WINE FESTIVAL VISITOR SURVEY 2010
AFDELING A / SECTION A**

**Kontaknommer (om in aanmerking te kom vir prys):/
Contact number (to be considered for prize):**

1. Geslag / **Gender?**

M	1
V/F	2

2. Watter jaar is u gebore? /
What year were you born?

19

3. Huistaal? / **Home language?**

Afrikaans	1
Engels / English	2
Ander (Spesifiseer) / Other (Specify):	3

4. Beroep / **Occupation?**

Professioneel / Professional	1
Bestuur / Management	2
Self-werkgewend / Self-employed	3
Tegniese personeel / Technical	4
Verkoopspersoneel / Sales	5
Boer / Farmer	6
Werk in mynongewing / Work at mine	7
Administratief / Administrative	8
Staatsdienswerknemer / Civil service	9
Opvoedkundige / Educator	10
Huisvrou / Housewife	11
Pensionaris / Pensioner	12
Student	13
Werkloos / Unemployed	14
Ander (Spesifiseer) / Other (Specify):	15

5. **Insluitend uself**, hoeveel persone is in u reis-geselskap? / **Including yourself, how many people are travelling in your group?**

Aantal / Number

--

6. **Insluitend uself**, vir hoeveel persone betaal u tydens die fees? / **Including yourself, how many people are you paying for at the festival?**

Aantal / Number

--

7a. Hoeveel **dae** spandeer u by die fees? / **How many days are you staying at the festival?**

Aantal / Number

--

7b. Hoeveel **nagte** bly u in Robertson? / **How many nights do you stay over in Robertson?**

Aantal / Number

--

8. Provinsie / **Province?**

Wes-Kaap / Western Cape	1
Gauteng	2
Oos-Kaap / Eastern Cape	3
Vrystaat / Free State	4
Noordwes / North West	5
Mpumalanga	6
Noord-Kaap / Northern Cape	7
KwaZulu-Natal	8
Limpopo	9
Buite RSA-grense / Outside RSA borders	10

9. In watter dorp of stad woon u permanent? / **In which town or city do you live permanently?**

10. Naastenby hoeveel Rand bestee u gedurende u besoek aan die Wacky Wine-fees op die volgende items? / **Estimate how much you spend on the following items during your visit to the Wacky Wine Festival?**

Wynpaspoort / Wine passport	R
Akkommodasie / Accommodation	R
Voedsel en restaurante / Food and restaurants	R
Inkopies by stalletjies / Shopping at stalls	R
Inkopies by kleinhandelwinkels (Voedsel & drank uitgesluit) / Retail shopping (Excluding food & drinks)	R
Vervoer na Wacky Wine (Retoeer) / Transport to Wacky Wine (Return)	R
Wynaankope / Wine sales	R
Ander (Spesifiseer) / Other (Specify):	R

11. Watter tipe verblyf gebruik u? / **What type of accommodation do you use during your stay?**

Dagbesoeker / Day visitor	Ja/Yes	Nee/No
Plaaslike inwoner/ Local resident	Ja/Yes	Nee/No
Familie of vriende / Family or friends	Ja/Yes	Nee/No
Gastehuis of B&B / Guesthouse or B&B	Ja/Yes	Nee/No
Hotel	Ja/Yes	Nee/No
Lodge	Ja/Yes	Nee/No
Huur 'n woning / Rent a house	Ja/Yes	Nee/No
Ander (Spesifiseer) / Other (Specify):	Ja/Yes	Nee/No

12. Insluitend 2010, hoeveel jare van te vore het u al Wacky Wine bygewoon? / **Including 2010, how many years have you previously been at the Wacky Wine Festival?**

Aantal / Number

13. Spesifiseer watter ander feeste u die afgelope 3 jaar bygewoon het? / **Which other festivals have you attended in the past 3 years?**

Cultivaria	Ja/Yes	Nee/No
Knysna Oesterfees / Oyster festival	Ja/Yes	Nee/No
Stellenbosch wynfees / wine festival	Ja/Yes	Nee/No
Ander (spesifiseer) / Other (specify)	Ja/Yes	Nee/No

14. Sal u Wacky Wine weer besoek? / **Would you visit the Wacky Wine again?**

Ja, beslis / Yes, definitely	1
Nee, beslis nie / No, definitely not	2
Miskien / Perhaps	3

15. Hoe het u van die Wacky Wine verneem? / **How did you hear about the Wacky Wine?**

Televisie / Television	Ja/Yes	Nee/No
Radio	Ja/Yes	Nee/No
Webwerf / Website	Ja/Yes	Nee/No
E-pos / Email	Ja/Yes	Nee/No
Nuusbrief / Newsletter	Ja/Yes	Nee/No
Tydskrifte / Magazines	Ja/Yes	Nee/No
Koerante / Newspapers	Ja/Yes	Nee/No
Hoorsê / Word-of-mouth	Ja/Yes	Nee/No
Ander (Spesifiseer) / Other (Specify):	Ja/Yes	Nee/No

16. Watter van die volgende wyne drink u graag? / **Which of the following wines do you drink regularly?**

Riesling	Ja/Yes	Nee/No
Chenin Blanc	Ja/Yes	Nee/No
Chardonnay	Ja/Yes	Nee/No
Rose	Ja/Yes	Nee/No
Shiraz	Ja/Yes	Nee/No
Pinotage	Ja/Yes	Nee/No
Souvignon Blanc	Ja/Yes	Nee/No
Merlot	Ja/Yes	Nee/No
Cabaret Sauvignon	Ja/Yes	Nee/No
Port	Ja/Yes	Nee/No
Ander, spesifiseer / Other, specify	Ja/Yes	Nee/No

17. Waar koop u gewoonlik meeste van u wyne aan? / **Where do you buy most of your wines at?**

Supermarkte / Super markets	Ja/Yes	Nee/No
Plaaslike drankwinkel / Local liquor store	Ja/Yes	Nee/No
Direk vanaf kelders / Directly from the cellars	Ja/Yes	Nee/No
Ander, spesifiseer / Other, specify	Ja/Yes	Nee/No

18. Wat is u gunsteling wyn van die Robertson streek? / **What is your favourite wine from the Robertson region?**

19a. As gevolg van die fees koop ek meer gereeld wyn van die Robertson streek. / **Because of the festival, I tend to buy more wines from the Robertson region.**

Ja / Yes	1
Nee / No	2

19b. Indien nee, hoekom nie? / **If no, why not?**

20. Hoe gereeld koop u wyn van die Robertson streek? / **How regularly do you buy wine from the Robertson region?**

Weekliks / Weekly	Ja/Yes	Nee/No
Maandeliks / Monthly	Ja/Yes	Nee/No
Kwartaalliks / Quarterly	Ja/Yes	Nee/No
Jaarliks / Annually	Ja/Yes	Nee/No

AFDELING B / SECTION B

21. Beoordeel volgens die skaal waarom u die Wacky Wine-fees besoek / *Rate on the scale of importance why you visit the Wacky Wine Festival*

	Uiters belangrik / <i>Extremely important</i>				
	Baie belangrik / <i>Very important</i>				
	Belangrik / <i>Important</i>				
	Minder belangrik / <i>Less important</i>				
	Glad nie belangrik / <i>Not at all important</i>				
1. Om weg te kom van my normale roetine / <i>To get away from my routine</i>	1	2	3	4	5
2. Om te ontspan / <i>To relax</i>	1	2	3	4	5
3. Om tyd saam met familie en vriende te spandeer / <i>To spend time with family and friends</i>	1	2	3	4	5
4. Om nuwe mense te ontmoet / <i>To meet new people</i>	1	2	3	4	5
5. Wacky Wine is anders as ander feeste / <i>Wacky Wine Festival is different to other festivals</i>	1	2	3	4	5
6. Die fees bied 'n verskeidenheid wyne / <i>The festival offers a variety of wines</i>	1	2	3	4	5
7. Die fees bied kwaliteit produkte / <i>The festival offers quality products</i>	1	2	3	4	5
8. Dit is 'n lekker sosiale fees / <i>It is a sociable festival</i>	1	2	3	4	5
9. Die fees is waarde vir geld / <i>The festival is value for money</i>	1	2	3	4	5
10. Dit is tot voordeel van my kinders / <i>It is for the benefit of my children</i>	1	2	3	4	5
11. 'n Geleentheid om wyn te proe / <i>An opportunity to taste wine</i>	1	2	3	4	5
12. Ek beskou dit as 'n jaarlikse instelling / <i>It is an annual commitment</i>	1	2	3	4	5
13. Om die omgewing te verken / <i>To explore the environment</i>	1	2	3	4	5
14. Om my kennis rakende wyn te verbreed / <i>To increase my knowledge of wine</i>	1	2	3	4	5
15. Die fees kombineer kaas, wyn en vermaak sinvol / <i>The festival combines cheese/ wine and entertainment in a useful way</i>	1	2	3	4	5
16. Om nuwe idees rakende kaas en wyn te kry / <i>To obtain new ideas regarding cheese and wine</i>	1	2	3	4	5
17. Hierdie fees bied vir my 'n unieke ervaring / <i>This festival is a unique experience</i>	1	2	3	4	5
18. Die fees bied my die geleentheid om nuwe wyne te proe / <i>The festival offers me the opportunity to taste new wines</i>	1	2	3	4	5
19. Ek woon die fees by om wyne van die streek te koop / <i>I attend the festival to buy wines from this region</i>	1	2	3	4	5
20. My gunsteling wyne kom van die Robertson omgewing / <i>My favorite wines come from the Robertson region</i>	1	2	3	4	5

22. Hoe vergelyk die wyne van die Robertson streek met ander wynstreke op grond van die volgende aspekte? / *How do wines of the Robertson region compare to other wine regions based on the following aspects?*

	Baie beter / <i>Much better</i>				
	Beter / <i>Better</i>				
	Dieselfde / <i>Same</i>				
	Swakker / <i>Poor</i>				
	Baie swakker / <i>Very poor</i>				
1. Kwaliteit / <i>Quality</i>	1	2	3	4	5
2. Besikbaarheid / <i>Availability</i>	1	2	3	4	5
3. Verskeidenheid / <i>Variety</i>	1	2	3	4	5
4. Waarde vir geld / <i>Value for money</i>	1	2	3	4	5
5. Maklik identifiseerbaar / <i>Easily identifiable</i>	1	2	3	4	5

21. Hoe gereeld drink u wyn? / **How often do you drink wine?**

Elke dag / Every day	Ja/Yes	Nee/No
Ten minste een keer 'n week / At least once a week	Ja/Yes	Nee/No
Paar keer 'n week / Few times a week	Ja/Yes	Nee/No
Slegs by geleenthede / Only at events and functions	Ja/Yes	Nee/No
Ander, spesifiseer / Other, specify	Ja/Yes	Nee/No

22. Is u lid van 'n wynklub? / **Are you a member of a wine club?**

Ja / Yes	1
Nee / No	2
Oorweeg dit / Considering	2

23. Hoe sal u, u wynkennis beskryf/ / **How would you describe your knowledge of wine?**

Basies / Basic	Ja/Yes	Nee/No
Redelik / Intermediate	Ja/Yes	Nee/No
Gevorderd / Advanced	Ja/Yes	Nee/No

24. Hoeveel bottels hou u aan vir gebruiksdoeleindes (met ander woorde nie vir versameldoel-eindes nie)? / **How many bottles of wine do you keep for drinking purposes (in other words not for collecting purposes)?**

Aantal / **Number**

25. Sou u bereid wees om 10% meer vir die wynpaspoort te betaal om te verseker dat die fees meer omgewingsvriendelike praktyke implementeer? / **Would you be willing to pay 10% more for the wine passport if it will ensure that the festival implements environmentally friendly practices?**

Ja / Yes	1
Nee / No	2
Miskien / Perhaps	2

26. Enige aanbevelings? / **Any recommendations?**

Dankie vir u samewerking! / Thank you for you co-operation!