

LUXURY CULINARY TOURISM OPPORTUNITIES

Luxury food tourism is a growing market, driven by travellers seeking greater authenticity in the locations they visit through local cuisine and tourism experiences. South Australian businesses could develop an array of offerings with broad appeal to luxury tourists, based on a 4E strategy: entertainment, education, esthetics and escapist.



LUXURY FOODS



This fact sheet presents a summary of the opportunities for South Australia in luxury food and wine tourism and the potential steps needed to develop a luxury culinary tourism experience.

Why Luxury?

Luxury food (including wine and distilled spirits) tourism is a growing market, driven by travellers seeking greater authenticity in the locations they visit through local cuisine and tourism experiences. In 2014, the global luxury market was estimated at AUD1,174 billion, of which luxury foods comprised AUD53.9 billion and luxury wines and spirits, AUD80.1 billion. Estimates indicate that the Asian Pacific region accounts for 30 per cent of the overall luxury market. Selling a product in the luxury market allows Australian produce to be sold not as a commodity, but as a differentiated, unique, and vastly more valuable product. With a coordinated approach, South Australia is well positioned to attract High Net Worth Individuals and aspirational middle income tourists to iconic luxury locations with tailored luxury food and wine experiences.

Research has shown that tourists spend nearly 40 per cent of their budget on food and alcohol when travelling and cuisine has a significant impact on where tourists choose to travel. This market does not just include High Net Worth Individuals. Middle-income earners are also willing to trade-up and purchase luxury products if these are perceived to offer an added experience and higher status among their peers. One potential customer group for luxury tourism and hospitality is middle-income individuals with a desire to experience a once-in-a-lifetime opportunity.

Japan and Australia have traditionally been a source of the highest numbers of luxury tourists in the Asia-Pacific region. More recently, the growth of Chinese and Indian markets have seen increasing numbers from these countries travelling overseas. For wealthy Chinese individuals, travel is the preferred leisure activity with an average 18-22 annual vacation days. Chinese travellers regard wine tasting as among the top ten most popular activities when travelling (preferred by 10 per cent). Other leisure activities which can be combined with tourism include fishing and yachting/sailing (preferred by 8 per cent and 4 per cent respectively). The sports preferred by these visitors are swimming (37 per cent), golf (23 per cent) and yoga (22 per cent).

An essential point to acknowledge is that tourists seeking luxury experiences are not a homogeneous group, except in the sense that they are willing to pay higher premiums for memorable

experiences. This presents an opportunity for South Australian businesses to attract tourists, particularly those who are:

- High Net Worth Individuals from the Asia-Pacific region seeking an authentic Australian experience
- Wine connoisseurs and wine collectors who are looking for authentic wine and food experiences
- Celebrities, business executives, political leaders or other influential people seeking privacy and willing to pay for exclusive leisure services with top class food and wine
- Upper middle-class Chinese travellers, seeking educational food and wine experiences
- Travellers seeking to learn about wine and food through wine and cooking masterclasses
- Honeymoon travellers seeking a unique, once-in-a-lifetime experience.

Opportunities for South Australia

To meet the opportunities for luxury culinary tourism in the future, South Australia should consider ways to:

- increase efforts to overcome the current 'cottage industry' mentality of wine tourism
- improve cooperation between the wine and food industry and the tourism industry
- create an overall tourist experience rather than just a cellar door experience
- develop infrastructure suitable for luxury offerings
- gather specific data and conduct research on the potential inbound tourism markets.

South Australian businesses could develop an array of offerings with broad appeal to luxury tourists including those seeking luxury in a traditional sense (i.e. globally accepted luxury items, and those seeking unique experiences). The development of an experience-based culinary tourism offering could be based on a 4E strategy: entertainment, education, esthetics and escapist.



Entertainment

Tourists are engaged by performance

- Cellar concerts, music in vineyard
- Wine blending demonstrations
- Farm & food demonstrations
- Museum & heritage site visits

Education

Tourists enhance their knowledge or skills

- Wine tasting & seminars
- Culinary-wine pairing events
- Home wine making seminars
- Cooking & craft making classes

Esthetics

Tourists are enriched by sensual environments

- Consuming the “winescape”
- Enjoying unique lodging (B&B) and wines
- Driving rural roads lined with vineyards
- Art & craft fairs at wineries

Escapist

Tourists become engrossed by participating in a different time of place

- Vineyard hiking, cycling tours
- Hot air ballooning over vineyards
- Vineyard tour by horse & carriage
- Harvesting grapes, riding a grape picker

An important aspect to acknowledge is the notion that luxury is primarily based on experience. It means that although the use of certain expensive luxury items could create an ‘aura of luxury’ around a particular product or practice, luxury itself is something that primarily operates at an emotional level. The overall feeling of luxury and uniqueness is more important than exploiting a specific luxury item.

A feeling of luxury must be established through a combination of initiatives. It is not just wine or food that attracts the luxury tourist to a given destination, but a combination of factors such as the local landscape and scenery, people and their hospitality, diversity of culinary destinations, and overall hedonic experiences

available. It is critical that the offerings are unique, memorable and differentiated toward a given region’s local culture and heritage. Collaboration between service providers is required to build this capability.

South Australia currently lacks critical infrastructure in this area, namely luxury hotels and accommodation. Hotels are a critical piece in the luxury experience chain, and it is likely that the current standard of hotels and related services do not currently meet the expectations of the luxury-seeking customer.



Potential steps in developing a luxury culinary experience

Steps an individual producer can take to realise opportunities in luxury culinary tourism include:

1. Identify key experiences in the region that High Net Worth individuals or travellers would pay a premium to undertake.
2. Establish networks of like-minded service providers such as luxury accommodation, fine dining experiences, luxury wines and spirit makers, luxury transport, and high-end recreation services.
3. Create unique offerings of luxury service packages. A commercial entity may be needed to package various services into a single offering and ensure that everything works together smoothly. These include services directly related to travel arrangements, such as concierge services, as well as any emerging personal needs during the trip, such as health services. Well-trained staff, educated in local wines, food, and appropriate service etiquette are essential. Incorporation of regional products throughout the travel experience can add to the service experience.
4. Establish channels to market by creating linkages with luxury travel service providers such as Mr & Mrs Smith.com or Luxury Lodges Australia.
5. Determine how to fund the investments required. This will involve thinking about actions needed, size of investment, and investment range.