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The challenges of the Canary Islands' wine sector and its implications: A longitudinal study.

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Abstract: News and reports acknowledge the challenges that Spanish wine regions are facing, including the Canary Islands, where wine designations of origin (DOs) have existed for less than two decades. The present study extends from preliminary research conducted on the islands' wine industry to delve into the developments that continue to unfold in the archipelago's wine sector. Winery owners, wine makers and managers of 55 wineries located in the six wine producing islands participated in face-to-face and telephone interviews. The general view among participants is of serious concern, and there appear to be very few short-term solutions for current challenges. Different implications are drawn from the findings, including those concerning the future of the local wine sector, its wine culture, and tradition..

Keywords: Wine; Wine sector; Winery operators; Challenges; Canary Islands.

Título: Los cambios en el sector vinícola de las Islas Canarias y sus implicaciones: un estudio longitudinal.

Resumen: Noticias y reportajes reconocen los retos a los que las regiones vinícolas españolas se enfrentan, incluyendo las Islas Canarias, donde las denominaciones de origen (DO) existen desde hace menos de dos décadas. El presente estudio es una extensión de una investigación previa conducida en la industria vinícola de las islas, y profundiza en los hechos que están ocurriendo en el sector vitivinícola isleño. Dueños, enólogos y gerentes de 55 bodegas de seis islas que producen vinos participaron en entrevistas cara a cara y telefónicas. El sentimiento general entre los participantes es de seria preocupación, y los problemas actuales no parecen tener soluciones a corto plazo. El estudio presenta las posibles repercusiones de los resultados del estudio, incluyendo aquellos pertinentes al futuro del sector vitivinícola local, su cultura vinícola y tradición.

Palabras clave: Vino; Sector vinícola; Operaciones vinícolas; Cambios; Islas Canarias.

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Introduction

Despite the almost unique characteristics of the Canary Islands' wine sector, its very long history and the archipelago's current strategic positioning as a tourist destination, including its potential for marketing wines and wine tourism to the millions of visitors, only recently have academics started to gain interest in the local wine industry and associated themes. While this academic interest has been translated into exploratory investigations, only few studies attempt to follow the evolution and development of the local wine sector using a longitudinal approach. This approach is especially important given the fact that designations of origin (DOs) have been established for less than two decades in the archipelago and the numerous difficulties that the sector is experiencing, with potential implications for the islands' wine culture and tradition.

The present study seeks to build on these previous research efforts to shed light on the ongoing issues affecting the local wine sector. In this context, and several years after the first studies, the perceptions of the local winery owners, managers, and wine makers are gathered to address the following overarching research questions (RQs):

RQ1: In general, what are the major challenges that

- a) The local wine sector, and
- b) Individual wineries face?

RQ3: What are the implications of these challenges for:

- a) The local wine sector?
- b) The local tourism?
- c) The preservation of the islands' landscape, or that of its wine culture?

Given the different crises the local wine sector has experienced since 2007, when the first studies were conducted, but particularly since the global economic downturn in 2008, answers to this question could identify new developments or recurring issues taking place in the last few years. Information from the perspective of those 'wine stakeholders' directly involved in wine production (winery owners, managers, wine makers) could provide useful insights in regards to:

- The implications of those challenges,
- The ways wineries are coping with these issues, and
- The opportunities that might exist despite the current challenges.

Overall, this information could also be very valuable to the wine sector in other regions and countries, as well as other rural sectors that may be facing similar challenges.

Literature Review

The constant dilemma of marketing the wine product. For thousands of years, the wine product has been an important, even a key component around dining tables, in special occasions, or even in rituals. Today, the significant

role, or even the consumption of wine are encountering growing challenges. Some examples of these challenges include the fierce competition of other beverages, changes in consumer tastes and choices, and the massive marketing movement, whereby financial investments are made to raise the appeal and capture consumers' attention about foods and many other products. Wine's role has also been undermined within the wine sector, as thousands of brands, some of which are from the same winery, are competing for space in the shelves of liquor stores, supermarkets and other outlets/businesses.

To counter this situation, several elements, such as brand personality (Boudreaux & Palmer, 2007), emotion marketing, product quality, customer service and fair pricing (Novak et al., 2006), have been considered as useful tools to facilitate wine purchases. Jenster and Jenster (1993, in Felzensztein et al., 2004) identified personal familiarity as the most important criterion for buying wines; they also noticed that curiosity was a factor among some consumer groups. Such curiosity and interest in consuming different wines may also suggest opportunities for wineries, in particular for those located in regions accessible to tourists/visitors. In this context, in the last few decades, the concept of wine tourism (Getz & Brown, 2006; Hall et al., 2000) is presented and discussed as an additional leisure activity (demand side), and as a marketing vehicle facilitating wine sales (supply side), thus, creating long-term winery-consumer relationships, potentially leading to additional sales and consumption.

An existing body of research investigates marketing strategies for wineries to achieve sales, consumer loyalty, and long-term sustainability. However, despite this knowledge, and while arguably today there are fewer barriers to exports wines (Hussain et al., 2008), many wineries are still struggling to sell their product. The current economic downturn, wineries' weak marketing strategies (e.g., lack of consumer knowledge), or consumers' preferences in light of overproduction or wine glut occurring in some regions (Adams, 2010) may all affect consumer choices to purchase certain wines.

Recent information from the International Organisation of Vine and Wine (OIV, 2010) indicates that wine consumption has decreased in seven of the 12 leading wine consuming nations. Ironically, such phenomenon, and even a decrease in wine production, is noticed in Italy, France, and Spain, three of the world's top producers and consumers (OIV, 2010). This situation may force hospitality and other businesses in these countries to adapt to changing consumer demands, that is: offering other beverages at the expense of the wine product, potentially aggravating the problems in the wine sector. At the same time, a decrease in wine production may mean the further 'natural selection' of many wineries, and a much more competitive environment, where increasingly wine quality and value-for-money partly- or entirely- dictate some consumers' preferences.

As is the case of other rural sectors, the wine sector is composed of mainly small and medium wineries and

vineyards owned and operated by only a handful of people. Many of these small businesses lack the resources to invest in promotional and other strategies to reach certain consumer segments, and 'convert' the end consumer. Therefore, as Chaney (2002) indicates, support is critical where the local wine sector is composed of a large number of small wineries. Chaney (2002) also explains that small wineries often act "...without a generic voice", and "...are reliant on members of the distribution chain passing on relevant information" (p. 35). Thus, generic campaigns can be a very important tool to promote many small wine producers and their brands "under a recognisable umbrella" (Chaney, 2002, p. 35). This strategy may greatly depend upon a concerted effort and agreement among wineries and local associations. However, given the many thousands of wine labels in many countries, including traditional wine producers such as Italy, France or Spain, consolidating wine labels under such umbrella may be a very challenging task.

The case of the Canary Island's wine sector

As other archipelagos in other regions, the Canary Islands have for a long time benefitted from its mild weather and relatively low-budget tourist packages geared towards the large tourist market of continental Europe and the British Isles. Accordingly, the image of this archipelago has often been associated to that of a destination of budget and group holidays. Today, with the addition of hundreds of new tourist destinations worldwide, including additional mass-tourism holiday resorts, the once almost undisputed supremacy of the archipelago as a certain choice for millions of European visitors has, if only in part, been challenged. With a weakening tourism sector (El Día, 2009a) as a result of recent global crises, the vulnerability of the Canary archipelago has been exposed in different fronts. The collapse of the construction sector (Bore, 2008) has further dented the prospects of the local workforce that in thousands of cases is dependent on tourism and other service orientated sectors, including jobs in the local hospitality and transportation sectors.

According to news reports (El Día, 2009b), some 20,000 businesses in the archipelago, and 300,000 in all of Spain ceased their operations following the latest economic crisis of 2008. The Canary Islands' geographic isolation and lack of sufficiently large alternative industries have aggravated existing problems, leading to a much more evident deterioration of the job market. Recent reports (Noticias Gran Canaria, 2010) suggest that almost three out of ten individuals from the active population (26.9%) are without work. Problems have also affected many of the archipelago's rural sectors (agriculture) and sub-sectors, including that of wine grape growing. The effects of the current crisis has, for instance, aggravated problems (lower sales, lower consumption) that the wine sector was trying to recover from (see, for example, Scherrer et al., 2009), including devastating heat waves (El Día, 2007) and, more recently, fires in some of the islands' regions (El Día, 2009c).

Amidst all the current problems, there are however reasons suggesting opportunities for many grape growers and winery operators. In fact, the local wine sector has come a long way from simply focusing on growing grapes to make wines for household consumption to being acknowledged internationally (Feo, 2007). In this more traditional process, low-quality, bulk wine was produced to supply local restaurants and bars, including the 'guachinches,' traditionally known as casual (not licensed) bars or eateries, often set up in households (Jolonch, 2007). This 'informal' way of household wine production and consumption continues today in many rural environments of Tenerife Island. The establishment of designations of origin (DOs), the first of which was in the 1990s (Tacoronte-Acentejo, 2010), has also allowed Canary Islands' wine regions, as well as other Spanish wine regions to create new wine labels and therefore a geographical wine identity (Martínez-Carrasco et al., 2005). The establishment of DOs also means rigorous quality, hygiene and safety regulations, or a requirement to grow local grape varieties, clearly contributing to the professionalization of the sector and to its potential future competitiveness. Today, there are ten DOs in six of the seven islands (Pérez-Magariño et al., 2004) that produce wines commercially.

The Canary Islands' wine sector is very unique in several ways, including importance in the form of a long history of wine culture and tradition among members of the local population. For example, arguably because of its ultra-peripheral location, that is, geographically distant from continental Europe, the archipelago was spared from phylloxera, a pest that devastated much of Europe's vines in the 1860s (Bisson et al., 2002; Granett et al., 1991). Escaping or avoiding this unfortunate event has proven crucial for the preservation of grape varieties introduced many centuries ago that today form the bulk of the local wine production of the different islands. Varietals that may be totally unfamiliar to international sophisticated wine connoisseurs such as baboso negro, forastera, Listán blanco, Listán negro, marmajuelo, and negramoll (Tacoronte-Acentejo, 2010; Moreno et al., 2007; López et al., 2003) are either only commercially produced in the Canary Islands, or their production elsewhere is marginal because of their limited commercial viability (Moreno et al., 2007).

While production of Canary wines is very small in comparison to other Spanish wine regions such as Rioja or La Mancha, the special characteristics of wines of this region could nevertheless be targeted and marketed to segments of its large 'audience' of yearly visitors (Alonso et al., 2008; Scherrer et al., 2009). Despite the fact that most tourists may travel to the islands on a low budget, several consumer segments interested in wine consumption may be identified within the approximately nine million yearly visitors (Canary Institute of Statistics, 2009). Furthermore, to a great extent, prices of many of the local wines are affordable, that is, ranging between five and ten Euro (€) per standard bottle at local stores and wineries. The case of the Canary Islands, a territory with a tourism industry

established several decades ago, and an ancient wine industry and tradition, has increasingly drawn the interest among academics investigating different aspects of local tourism and its culture and traditions, including that of its unique wine sector. For example, Alonso et al. (2008a, 2008b), Scherrer et al. (2009) and Sheridan et al. (2009) conducted exploratory studies in 2007 seeking to address those areas, as well as the difficulties local wineries face in light of contemporary issues such as the islands' insularity, or the competition within the global wine sector, resulting in cheap wine imports.

The present study builds upon and follows up on this previous exploratory research, by delving into the challenges that many small and medium sized wineries are facing due to the current crises, the implications of these challenges, and the potential opportunities that might exist despite the ongoing issues.

Methodology

While the main theme of the present study focused on the major challenges winery operators currently face, other areas, including those concerning the environment (climate change), or winery operators' (owners/managers) business philosophy were also studied. An initial contact with several of the Canary Islands' DOs suggested that the approximate number of wineries that have adhered to those DOs nears 200. Using the websites of all ten DOs currently established, in May of 2009 the contact details of 188 wineries were identified. Letters and emails were sent to these operations, briefly summarizing the objectives of the study and asking winery operators to participate via face-to-face, or telephone interviews in the case they could not be reached in person.

Several decisions were then made regarding a) the methodological approach to be used for the data collection, and b) the starting point for the data collection process. First, in line with previous studies conducted on the Canary Island wine sector (e.g., Alonso et al., 2008; Scherrer et al., 2009; Sheridan et al., 2009), it was decided to use face-to-face and, if necessary, telephone interviews to gather data. In addition, given the very scattered nature of several of the archipelago's DOs, it was believed that sending paper questionnaires or gathering responses via online questionnaires may not elicit the number of responses expected.

Instead, because of the large number of wineries (over 120) on Tenerife Island and the existence of five of the archipelago's DOs within its confines, focusing on this island first was believed to allow for maximizing responses without the need to invest more resources (time and/or budget) to travel to all six islands that currently are home to at least one DO. Because of the convenience of easy accessibility to the neighbouring Gomera (13 wineries) and La Palma (18 wineries) it was also decided to approach winery operators face-to-face to gather data in these islands. At the same time, operators from the around 40 existing

wineries in the other three islands (Gran Canaria, Hierro and Lanzarote) were to be interviewed by telephone.

In June of 2009, follow up contact was first established with wineries on Tenerife, Gomera, and La Palma. This contact allowed for a) confirming whether operators had received the preliminary information about the study, and b) inviting operators to take part in the study. All the contacting efforts allowed for the acceptance or agreement from 55 winery operators; 44 of these were interviewed face-to-face, ten over the telephone and one respondent who could not be reached participated by email. On average, face-to-face interviews lasted 45 minutes and telephone interviews lasted 15 minutes. All these interviews were recorded and saved as electronic audio files, then transcribed verbatim and translated from Spanish into English. To analyse the data, content analysis was used. Data management software packages (e.g., NVivo 2.0) were considered; however, Microsoft Word (MW) was used in the process of separating and saving the different threads and themes that were identified in respondents' answers and comments. Finally, respondents' answers were labelled using letters and numbers, for instance, Respondent 1 was referred as 'R1,' Respondent 2 as 'R2' and so forth.

Results

An area that became obvious in respondents' comments relates to the impacts of the economic crisis on the archipelago, including the dramatic increase of unemployment in local businesses and institutions. As a result, this serious issue was having several repercussions in the local population (e.g., less disposable income), and in turn was affecting wineries' efforts to sell their product. Additionally, in the case of several wine grape cooperatives, with hundreds of very small grape growers supplying grapes for a unified wine label, the deteriorating economic climate was preventing growers from cashing in for their hard-earned grape supply:

R1: "We are a cooperative of grape growers and we have been trying to deal with a number of problems we have inherited. For instance, we have accumulated a large debt... when we started managing this winery, we found out that grape growers had gone unpaid for several harvests [i.e. for several years]."

R2: "For the last two years the cooperative's grape growers have not received payment for their crops. The benefits have dramatically decreased and there are consequences for the growers who then are not able to receive any money within the year after they harvested [their grapes]..."

R3: "We took over an entity [council winery] that was heavily indebted, where grape growers had not recei-

ved any money for their crops for years, and with a weak structure for marketing and promoting its wines. We are here to reverse the tide and make the best of this winery. We certainly have the pedigree to do so."

While the current economic downturn was indeed one major concern, in their comments respondents mentioned environmental and other problems that were equally affecting their business. The comments also illustrated the fundamental goal for some operators: essentially, weathering the current difficult economic situation their winery businesses were facing:

R4: "Our challenge this year is to survive. Right now there is a very fragile balance, and any negative situation could tip that balance towards the 'unsustainable.' For example, if we had a heat wave like the one two years ago that destroyed 50% of our harvest we would be in a very dire situation."

R5: "Our main challenge is to stay afloat: keep the market, be able to sell, survive in this competitive environment."

R6: "The current economic crisis is probably the main challenge. We depended too much on the construction sector and now with its collapse there has been a domino effect on banks, loans, etc. Banks are worried because they lack liquidity, and are concerned with recuperating money they lent. And here in the Canaries we do not have large industries or valuable raw materials to cope with these crises..."

In speaking of the impacts of the seriously affected local construction industry, one operator (R7) for instance identified the implications that this event was having for the wine sector, especially because local bars are part of "... a sector related to the construction sector, as many workers have breakfast at bars and may consume wines. Many bars have felt the pinch of the collapse of the construction sector. Before you could see so many bars filled with construction workers and much of the wine now remains unsold. Now bars need to find other segments to consume their wines; it is a challenge to 'convert' new segments of the population." Consequently, the execution of marketing efforts could be critical for wineries' survival. However, as previous studies have identified (e.g., Scherrer et al., 2009; Sheridan et al., 2009), the difficulties of marketing their wines also became obvious for many respondents in the present study:

R8: "Right now it [the challenge] is the economic crisis and wine sales... seeing it here at our winery and at other local wineries that feature award-winning wines, of high quality... we are not selling our wines. People do not have money and there is no predisposition to spend money..."

R9: "Right now selling one's wines is a challenge; it is difficult to sell your wines. Also, the weather is not helping; this year I will not be harvesting 50% of what I was expecting."

R10: "The first challenge is the commercialisation of wines, to continue penetrating the market, trying to consolidate our brand, but in all fairness having owned the winery for less than seven years I do not believe we should be talking about a 'brand' unless we are [the winery is] at least ten years of age."

R11: "The main challenge is to increase our marketing efforts; we want to solidify our presence in segments that we have not fully penetrated yet, and we want to have clients outside the archipelago, exporting wines overseas."

This last comment demonstrates an intention to aim outside the archipelago's boundaries, beyond the local consumer market. This strategy would not be new for the islands. Indeed, there is a very long and well-documented history illustrating the archipelago's background as a wine-exporting region. Already in 1660, vineyards were already part of the Canary Islands' rural landscape, growing alongside other produce such as sugar cane (García Fernández, 1999). In particular, the Malvasía wines became a much-sought product, and in the following three centuries, the Canary archipelago became a wine exporter (García Fernández, 1999). The strategic geographic location of the islands was an additional important factor boosting its wine export capabilities, as the archipelago was an almost mandatory stop for commercial ships, adventurers, and even pirates. These groups then became acquainted with Malvasía wines and spread the word about Malvasía's prestige and fame (García Fernández, 1999). Not surprisingly, for a long time, wine became the main source of wealth for the islands (García Fernández, 1999), clearly demonstrating the very strong links between wine, the archipelago, its history, culture, and economy.

Several centuries later and in different ways, tourism has brought the islands back onto the international stage. However, wine's presence, and that of local vineyards cannot be ignored, as they are a significant element in much of the Canary Islands' landscape. Since the inception of DOs, many local wines have won awards at insular, national, and international level (García Fernández, 1999). Hence, albeit not as splendid as several centuries ago, there is much potential for the local wine sector to make gains in present times, particularly given the long tradition and previous key role of the archipelago as a wine exporter, and its current popularity and important role as one of Europe's main tourist destinations.

According to Martín de la Rosa (2003), culture and tourism are not mutually exclusive; instead, they are "realities that converge in the day-to-day activities of numerous actors" (p. 156, translated from Spanish). Martín

de la Rosa (2003) reflects on the growing importance that learning about other cultures has among some segments of travellers. As a result, some local entities (tourism and government agencies) are promoting the importance of maintaining alive the 'authentic character' of some cultures, including through patrimony, fairs, rituals, gastronomy, handicrafts, or by maintaining traditions (Martín de la Rosa (2003). In the Canary Islands, these aspects are not only featured in many local celebrations and festivities, but also practiced by local groups eager to maintain different local traditions.

Alonso et al. (2009) addressed this aspect of the islands' cultural patrimony and authenticity when they investigated the different hardships experienced by local artisans, food confectioners, and even winery operators in light of contemporary changes. Overall, an argument could be made with regards the potential that the islands' wine culture and tourism provide to form a natural symbiosis that might lead to beneficial outcomes for many of the islands' wineries and other businesses. In turn, these elements are directly related to the islands' local traditions.

In discussing the significance of the 'Silbo Gomero' (La Gomera whistling language), a peculiar ancient practice of some of La Gomera Island's inhabitants, Plasencia Martín (2007) refers to 'tradition' as a set of elements known and practiced through the imitation of customs, models, values and behaviours, and passed on from one generation to the next (p. 32, translated from Spanish). However, Plasencia Martín (2007) explains that 'true tradition' is not only limited to these processes. Indeed, tradition also implies the act in which a community learns about itself and becomes self-conscious of the 'real' continuity of its history and vocation (Plasencia Martín, 2007, p. 32, translated from Spanish). In the context of the islands' wine sector, its culture and tradition, an overall heightened self-consciousness of wine's value, significance, and even commercial potential among members of the local wine sector could also trigger strategies and actions. Such increased self-consciousness could be especially positive in enhancing the currently weak links between the wine product and the islands' burgeoning tourism industry.

Changing consumer trends

Other challenges that respondents mentioned were partly aligned with the few studies conducted in the Canary Islands, especially regarding the decrease in wine consumption among local consumers. Alonso et al. (2008a) for instance identified that several winery operators attributed decreases in sales to anti drink-drive laws that had discouraged winery visitors or restaurant/bar patrons from travelling and consuming wines at cellar doors and local restaurants, respectively. In contrast, in this study only two respondents made direct reference of this issue, while others did not directly refer to the severity of anti drink-drive legislation, but instead to demographic and

preferential changes in the beverages of choice among local consumers:

R12: "Wine consumption is going down and I think it has a lot to do with costs. For example, people can drink several beers for the same price they would pay for a bottle of wine, and they would be consuming less alcohol. I believe restaurants and beer companies are now making more sales than before at the expense of wine. People perceive the price of wine as higher."

R13: "Our main challenge is that the local wine consumption does not decrease any further. The main enemy of our wines is imported wine... We have had some cultural changes that have affected consumption patterns; whereas people in rural areas used to drink wine at the table and eat altogether as a family. Now household members eat on their own and whatever they find to eat and the tradition of wine consumption, apart from the parents or grandparents does not appear to be common among the younger generations. Also, buying wines at restaurants, in view of the mean income on this island, can be very expensive for the average citizen..."

For a different respondent it was more a generational change that was having a serious impact on wine sales and consumption (R14): *"If we had a crisis I would not see so many bars full of people drinking beer because a crisis would be similar for those who drink beer or wine. Thus, I do not believe that the [wine] sector's problems are due to a crisis; it is consumers' mentality that has changed. Something should be done for consumers to return to drinking wine... people are buying beer; hence there is a change in people's [consumers'] mentality."* Together, these problems may threaten the continuation of a wine culture and tradition of wine making; as one respondent noted: R15: *"Wine consumption on this island has dropped dramatically. Therefore, there is little motivation to continue planting, growing, and achieving a good wine production when in the end you cannot sell the wines you produce."*

The quality of the wine product

In order to gain back consumers, several comments were in agreement that producing quality wines was the way to go; this in itself was a key issue, as one participant (R2) indicated: *"One fundamental challenge is to continue producing quality wines in the future"*. In fact, as the following comments demonstrate, the challenge of achieving high quality in the local wines was the second major theme that emerged among participants:

R11: "...we need to continue improving our vineyards; progressively, we are working less at the winery and much more at the vineyards. We need to optimise our work at the vineyards in order to produce better gra-

pes.”

R16: “Our main challenge is to continue maintaining the quality of our wines or even improve it. We recently planted new vines and we want to obtain less quantity at the cost of more quality, and of course: we want to continue maintaining our wine sales, and continue paying our grape suppliers on time year in year out.”

R17: “Definitely, [our challenge is to] continue improving the quality of our wines; continue working towards this goal because there is always room for improvement...”

R18: “We have been working on the quality of our wines; we are introducing new pruning techniques, producing less volume, but focusing on the quality of the grapes. We also invest in barrels and we do not think of a strategy of one, two or three years; you cannot work within these parameters, you need more time to produce consistent quality.”

To some extent, passion a reason for the execution of these efforts (R18): “We want to sell Canary wines varieties, with personality...”, as was pride and interest in preserving the local wine culture (R17): “We are also introducing red varieties that are almost extinct such as *baboso negro*”. For one respondent (R18), these efforts were leading to important achievements (R18): “Our wines are now starting to increase the interest among wine importers: Canada, United States, and even Switzerland.” Thus, provided the quality of the product is maintained and/or improved, arguably the niche market that in many respects Canary wines represents could be a tool facilitating wines’ effective marketing. However, in order for marketing efforts to become more successful, the role of winery operators has to extend from merely growing and producing quality wines to that of directly marketing the product.

This new role of not only growing grapes, or producing quality wines, but also of conducting effective and efficient marketing, promotion, and sale strategies is not without its additional challenges. These challenges are faced by small winery operators that lack the needed funds, resources, and support. For instance, one respondent (R19) perceived major challenges in the improvement of “...the marketing side: exports, food channels (e.g., retailers) and wine tourism”, while another (R20) acknowledged that “the winery operator is not a sales person.” Overall, the approach of being multi-tasked or having multiple roles is not new in the wine sector. One of the researcher’s observations in some of the Canary Islands’ wineries, as well as in wineries in other nations demonstrate that multi-tasking is being embraced among many winery owners/managers, particularly those of small/family wineries. Arguably, such philosophy may be considered in light of small wineries’ lacking financial and other resources.

Untapped potential of islands’ wine tourism

A previous study (Alonso et al., 2008b) identifies winery operators’ concern about the quality of the tourism sector in the Canary Islands; in other words: that budget travellers who visit the islands with almost all stay expenses (accommodation, food, transfers) already pre-paid represent the bulk of visitors. The perception among some respondents, and arguably that of many local business operators, is that, having chosen an all-inclusive holiday package, these tourists may not be prepared, or are unable, to make additional expenses. These expenses may occur when ‘venturing’ to experience local food, wine, or different forms of paid entertainment (fairs, music festivals, theme parks). However, Alonso et al. (2008b) also noticed many winery operators’ acknowledgment that local wines are not sufficiently promoted, and consequently little knowledge exists among outside visitors. Thus, whether millions of visitors travel to the islands on a pre-paid low budget holiday package or not, many might still be drawn to consumption of local foods, beverages, culture, and entertainment.

In the present study, several comments referred to the potential for combining the wine and tourism sectors; as one Tenerife respondent pointed out (R21): “We receive some five million tourists; we have experienced a decrease in tourism and even a decrease in prices. The drop in tourism has also affected the local wine industry. If only a fraction of that tourism was interested in trying a bottle of wine and took one bottle home with them the ‘wine problem’ would be solved.” Overall, only two respondents fully refer to the limited involvement of wineries with wine tourism as a current challenge faced by the local wine sector:

R22: “We are counting on wine tourism taking off in our winery, and thus be able to host tours and so throughout the day. However, right now our volume of business is much lower than our capacity; we are just operating at 20%.”

R23: “We are looking forward to developing our winery, and becoming more involved with wine tourism ... we are also facing financial challenges, and have been investing all our money back into the winery [business]. However, I am optimistic and I believe money is just like energy in the sense that it does not necessarily go wasted, but that it transforms itself.”

According to figures from the Canary Institute of Statistics (2009), of the almost one million occupied vacancies in different Canary Island sectors, some 290,000 or 30.5% of the total number of jobs are directly related to tourism. In addition, thousands of jobs in service and related-sectors are also dependent from tourism, further demonstrating tourism’s significant value for the islands’ economy, as well as its role in providing part-time and full-time employment. Despite this obvious dependency

on tourism, most respondents do not seem to be aware of the associations between local sectors, including the wine sector and tourism. At the same time, there seems to be a lack of vision concerning the potential of using tourism as a tool to market wines, for instance, as researchers have noticed in other wine regions (Brunori & Rossi, 2000; Hall et al., 2000).

All the current issues faced by respondents may have a direct impact on the future generations of grape growers and wine producers (R23): *"Another challenge is the problem of the generational renewal... there are few young grape growers. This year we wanted to buy more grapes but the situation is difficult... I do not know if we would be able to find them"*. The lack of generational renewal could become as serious a problem, or even more serious, than that of wine marketing, or that of achieving consistently high quality in the local wines. The exploratory studies conducted recently (Alonso et al., 2009; Sheridan et al., 2009) already identify the generational renewal problem for Canary Islands' vineyards. The following comment also suggests that this problem may be aggravating rapidly:

R24: *"In my case, I see that because we are a small family operation that my winery will eventually disappear. Hence, right now I am looking for ways to sell the winery, or have someone lease it. However, no one seems to be willing to take it over; people want to have an easy life."*

R25: *"...the generational renewal is the main challenge; in my case, I have stepped forward and faced the challenge, but for the majority of grape growers this will not happen. I observe what others are doing, and [I can] see that entire vineyards are being abandoned, and the vines left to die."*

Observations conducted in the Canary Islands and in other regions confirm that thousands of individuals have small properties planted with vineyards as a weekend hobby or to make their own wine. However, for those interested in an economic return, particularly for wineries, the importance of economic returns appears to be a central aspect that is closely related to the generational renewal of the sector (R23): *"The real challenge is that this operation becomes functional, and if my children one day want to continue the winery with someone else, I would like that the economic impact be beneficial on them, and on that 'someone else'."*

Conclusions, Implications and Future Research

The global wine industry- as other rural sectors- is facing many challenges related to competition, recent global economic downturns, as well as limited resources and time to adapt to changing consumer preferences. The small / family size nature of thousands of winery businesses is a barrier preventing them from investing hea-

vily in marketing and other strategies to penetrate different markets and 'convert' different consumer segments. This problem is also true for entire wine regions that are unable to reach consumer markets that may simply lack knowledge about wine products from those regions. The case of the Canary Islands may arguably be related to one of those less known regions seeking recognition and success, even when producing many wine varieties not found anywhere and even when enjoying a very large tourist 'audience' in the millions of visitors each year. Instead, these elements are critical in creating and exploiting a niche product that not only is unique, but also is an intrinsic part of the islands culture and tradition, and potentially of interest to consumers interested in local cultures, traditions, products, and authenticity.

To date, and while an increasing body of academic research is developing, little is known about Canary Islands' wine sector, its culture, tradition, potential as a niche product, or even its potential to be incorporated to tourism (wine tourism). This study investigated one aspect of the islands' wine sector, that is: the main challenges winery operators face several years after the first wine and wine tourism studies were conducted on several islands. Thus, the study builds upon previous research (Alonso et al., 2008a, 2008b, 2009; Scherrer et al., 2009; Sheridan et al., 2009). In general, the marketing of wines, followed by the need to improve their quality, continue to be the main concerns among the participating winery operators. These challenges, added to an apparent decrease in consumers' wine consumption may have negative implications for the future of the wine sector, especially concerning a seemingly growing problem of a generational renewal in the sector.

In addition, comments and observations also suggest that, despite an ancient history of wine production and exports, and the very close physical proximity to hotels and thousands of tourists, a wine culture orientated towards external markets, as well as a wine tourism culture still appear to be largely missing within the sector. Moreover, consistent with the findings of previous studies (Alonso et al., 2008a, 2008b, Scherrer et al., 2009; Sheridan et al., 2009), many respondents seem to lack the awareness and the vision about the potential to combine tourism and wine as a marketing concept that is already common in many other regions today (see, for example, Brunori & Rossi, 2000; Gatti & Incerti, 1997).

Only a few of the larger wineries in the Canary Islands indicated that they are increasingly becoming involved with wine tourism in several ways, including via tours, hosting groups, events at restaurants, or by organising food and wine tastings. Even some of the very small, family-owned, or individually-owned wineries are starting to become involved with wine tourism. However, most of the wine routes established years ago are still being finalised and developed and for the most part are largely disorganised, whereby some are regularly open, while others are not and still others are very inconsistent in their opening hours/days. In addition, observations

conducted while visiting the islands, particularly at wine events, demonstrated that sometimes the wine tourism experience is rather over-priced and geared towards groups that may not necessarily include the more 'general' or average wine consumers.

This situation became apparent at a wine tasting involving many local wineries; the event was held at a four-star hotel located in the middle of a large capital city, with limited parking alternatives and almost no promotion, especially in foreign languages to draw the attention of international visitors/consumers. Moreover, both the chosen venue and the organisation of the event may have an appeal for a very small group of sophisticated consumers. Primarily, the event appeared to draw individuals from government institutions, DO officials and winery entrepreneurs, but not those individuals that should be the primary targets of local wines: local, national, and international consumers, and/or hospitality business owners and managers that may have a genuine interest in promoting local products.

In recent years and as noted previously, some of the Canary Islands' wines have been recognised internationally; Orth and Krška (2002) refer to wine awards as "a basically promising strategy for producers" (p. 395). Winning recognition illustrates the existing potential for some Canary Island wineries to benefit from gaining exposure and from measuring the quality of their wines to others, especially when taking part in wine fairs and related events outside the archipelago. The commitment to quality and recognition may eventuate in the sale of the wine product at prices that are commensurate or that correspond to its quality, especially in the eyes of wine producers, so that the sector could become more viable and future generations of wine producers might fill the vacuum left by retiring growers/producers. Thus, an argument is made that local wineries should use their very unique wine product and increasingly be present in events to showcase their wines as opportunities to convert visitors to consume Canary wines. Clearly, financial and other shortcomings exist for winery owners/managers to travel outside the archipelago. One way to minimise costs would be to work collaboratively as a group.

Locally, wine tastings at events held at wineries or at other venues easily identifiable or easily reached by consumers could serve the purpose of 'connecting' the wine sector, the local community, and interested national/international visitors. In both scenarios, the wine sector could combine other aspects of Canary Islands' culture and tradition, including food tastings, local folklore, art exhibitions, performances, or as one respondent from Tenerife Island indicated, telling the story of past centuries, when the archipelago had strong commercial relationships with the outside world. Positioning wine beyond the content of the bottle, but more so in the context of its history, culture, and tradition, coupled with the limited volume of production and unique wine varieties could enhance the potential of Canary Islands' wines as a niche product.

In turn, these elements could increase interest among

consumers and provide different avenues and ways to showcase local wines, while at the same time lead to the maximisation of revenues via direct wine sales to attendees. Maximisation of revenues could go far beyond drawing visitors to such events, for instance, by adding value to the wine product, and therefore obtaining higher benefits than selling wines to wine shops and distributors. Indeed, establishing winery-visitor relationships could result in 'converting' part of the national/international visitor contingent into actual consumers, or potentially loyal consumers who could also become 'ambassadors' of local wines by spreading positive word-of-mouth advertising. As some respondents commented during this study, positive word-of-mouth among local and outside visitors is already leading to increased sales at some wineries.

Given the many serious problems that the local economy is facing, the careful execution of initiatives that combine wine, culture, tradition, hospitality, and tourism is suggested, so that a wine culture could be strengthened, and an old wine tradition could be promoted, including among outside visitors to offer local, alternative, and unique products. This approach could also contribute to a more successful marketing of local wine, whereby tradition, authenticity, and the rustic but natural landscape of Canary Islands' vineyards could be drivers of the wine/winery experience.

The very unique nature, culture, and tradition of the Canary Island wine sector, the events concerning the developing and establishment of a wine tourism concept, and ways in which the mass-tourism phenomenon and local food/beverage traditions could be successfully combined are all themes that merit attention in future studies. Thus, it is argued that using a longitudinal approach, that is: building upon previous, current, and future research could be beneficial in various ways, including in helping identify critical challenges and opportunities that may substantially impact the wine sector. Doing so may help implement strategies to minimise existing problems and exploit opportunities, not only in the wine sector, but also in other sectors of the islands (hospitality, tourism) that directly or indirectly have an impact on wine consumption and production. Information gathered longitudinally could also be of assistance to other regions and provinces that are facing similar challenges, and that are seeking to develop their economy while avoiding the loss of their primary industries and while seeking to minimise rural decline. Government and other agencies could also use data from longitudinal studies in the wine sector to develop programs, legislation, and/or policies to assist rural areas in their struggle for survival and preservation of their cultures and traditions.

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