

THE FUTURE OF CANARY ISLANDS WINES: HOW TO SAVE THEM?

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Weinakademiker Thesis Abstract

Introduction

Apart from long-time admirer of Canary Islands and their wines, I also work with them in my retail online shop and specialty-focused distribution portfolio. When talking to the islanders, I have a perception of their concern about the current market situation and the unpredictable future of their businesses in the face of the new climatic conditions. I always had a feeling that their status quo is fragile and something should be done to ignite the change towards a sustainable future.

Having visited those spectacular vineyards personally, spoken to the growers and winemakers, tasted many wines, and now selling them, I voluntarily became their “ambassador”. In order to have a thorough study on the subject I had to limit the scope of this paper only to Lanzarote’s still wines and leave out other islands.

The goal of this thesis is to design strategic marketing guidelines for the stakeholders involved in Lanzarote’s wine scene for sustainably maintaining and improving their business.

Methodology

In order to understand the specifics, an analysis will be carried out of the island, including historical, geographic and climate related matters based on the information collected from various digital sources.

Then the common grape varieties and the resulting wines will be described. Additionally, a personal evaluation of some of the island’s producers will be listed. This part of the study is based on personal experience, private communication with journalists and winemakers, printed and digital sources.

Furthermore, a SWOT Analysis of Lanzarote, as a wine producer, will provide a detailed overview of the current situation, based on the previously covered information.

Additionally, a benchmark success case will be identified to trace similarities and feasibility of the proposed ideas for the marketing strategy applying marketing mix based on 5Ps.

Analysis

Spain’s Lanzarote is the south-easternmost island of the Canary Archipelago, located 1.000 km south of the mainland and only 125 km west of Morocco’s coast. The island covers approximately 845 square kilometres and without big natural barriers (highest peak of 670 m asl) it is rather windy. Average temperature of 20°C and 70% air humidity from the ocean, but extremely low rainfall (less

than 150 mm/year) make these parameters similar to desert environments, becoming the first European area to harvest grapes in July. Wine was produced since the 15th century although it gained importance only after massive volcano eruptions that finished in 1736. Almost the entire island's fertile soil was covered with lava and ash, giving way to creative and unique forms of planting vines: *hoyo* (man-made pit), *zanja* (rows) and *chaboco* (natural cracks in lava). All of them are labour intensive and impossible to mechanize. Due to the island's isolation, the soils are phylloxera-free and most vineyards are very old, averaging of 50 years. Due to low disease pressure it is common to farm organically. Lanzarote focuses on white wine production (from native Malvasía Volcánica (70% of the harvest), Diego, Listán Blanco and Moscatel de Alejandría), and some red wine from Listán Negro.

In the past 8 years wineries' number has doubled to 28, thanks to young winemakers' projects, although the biggest producers and grape buyers are still the classic brands. Due to increasing drought conditions the harvests are becoming unpredictable and with the appearance of boutique wineries the average prices paid for the grapes have increased by about 60% in 5 years, making the wines more expensive.

SWOT Analysis identifies internal factors that can have a positive impact for the strategy, like sustainability, unique landscapes and grape varieties, while Lanzarote's weaknesses show the areas where effort should be put to improve the situation, like generational change, seeking for higher quality, export sales, promotion and marketing. There are many opportunities for brand awareness development, and the threats in many cases are common to other islands or wine producing regions.

Azores Islands are chosen as a benchmark for long term strategy, because they share some common factors: volcanic origin, Atlantic Ocean influence, ancient grape varieties not found elsewhere, specific planting systems. Wine industry is of a smaller scale but their marketing focuses on enhancing their wine's unique qualities, as well as attract investors for rural development.

The marketing strategy should be based on the "new wave" producers' vision, exploring the possibilities of making the wines age-worthy, and focusing on transmitting terroir. It is natural that their prices are higher given the circumstances, but they have to be backed by product's quality. More focus on people involved could help associate with the island and its wines, as personalities may cause bigger impact. Distribution should be specialized as the production volumes are limited, and promotion should be focused only on specific target groups.

Conclusion

In order to create a strong and identifiable brand of "Lanzarote wine" the following steps could be helpful: emphasise the uniqueness of their wines, create a promotional body to support small producers leading the quality increase, gain recognition and preservation of La Geria vineyard site, improve sustainability programs and market them accordingly.