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The Wine Islands, British Columbia: 
An Exploration of Wine Tourism Network Relationships

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ABSTRACT

Despite recognition of the potential benefits of wine tourism development for businesses and regions, the wine and tourism industries are characterised by a substantial lack of cohesion, understanding and integration. If the potential benefits of wine tourism are to be realised, it becomes critical to understand how the wine and tourism industries can be integrated. Studies examining wine tourism integration are disparate in approach and technique and the linkages between these two industries are not well understood. Wine tourism networks are therefore at the forefront of this study.

Network linkages can be understood in terms of both positions of the individual units in relation to one another and the shared interactions which they engage in. This study of the Wine Islands region (British Columbia) adopted a blended approach to network analysis that embeds network maps (illustrating structural characteristics) within a qualitative understanding of the interactional nature and transactional contents of emerging regional wine tourism networks. This approach allowed for analysis of multiple levels of winery and tourism relationships in an attempt to more fully understand the complexity of wine tourism networks within the case study region.

Many forms of networks were found to be present in the case study region, but no formal organisational networks were present. Rather, this study found predominantly informal dyadic relationships between wineries and between wineries and SMTEs, with few formal dyadic relationships, spanning communicative, exchange and social transactional contents. The region supports formalised vertical organisation sets, however, these tend to be tourism driven rather than winery driven. Regional level wine industry organisations constitute the region’s horizontal action sets, with the regional wine industry marketing organisation having a central coordinating role in the network structure. However, it is not the mere presence of a formal organisational network structure that prompts vertical and diagonal linkages, but the social relationships embedded within these institutional arrangements and the development of more densely connected networks. Several impediments to inter- and intra-industry relationship development were also identified, including: proximity, both spatial and non spatial such as actor similarity; perceptions of asymmetric benefits between the industries; resource scarcity; product quantity and quality; lack of infrastructure; relevancy of wine tourism to some businesses; business goal (in)congruency; the lack of a champion; lack of trust; and the stability of the region’s actors.
As one of the first comprehensive studies of wine tourism networks and their characteristics, this study makes a significant methodological contribution to the tourism and wine tourism literature by applying a blended approach to network analysis to gain a holistic, in-depth understanding of the structure and qualitative nature of wine and tourism industry networks. An understanding of the structural weaknesses and centrality in the network, as well as those barriers to the development of networks allow for policy and management responses. Further, this study's findings allows for benchmarking and comparison across other wine tourism destination networks, and provides the basis for the development of best practice in wine region network development.
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Finally, thank you to journal reviewers and conference attendees for their feedback. This feedback has contributed to the shape of this research and work emanating from this research, including:


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<td>Vintners’ Quality Assurance</td>
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<tr>
<td>WIVA</td>
<td>Wine Islands Vintners Association</td>
<td></td>
</tr>
<tr>
<td>WIGA</td>
<td>Wine Islands Growers Association</td>
<td></td>
</tr>
</tbody>
</table>
Chapter 1: Introduction

1.1 Introduction
The overlap of the wine and tourism industries, not only creates significant benefits for each industry (Hall, Johnson & Mitchell 2000b), but has the potential to contribute to rural regional development and create strong competitive advantage (Cambourne, Macionis, Hall & Sharples 2000; Northwood 2000; Carmichael 2001). Despite the recognition of the potential benefits of wine tourism development, the wine and tourism industries are characterised by a substantial lack of cohesion, understanding and integration, impeding the successful development of wine tourism (Hall & Macionis 1998; Hall et al. 2000b; Williams & Dossa 2003; Getz & Brown 2006b; Mitchell & Schreiber 2007). If the potential benefits of wine tourism are to be realised, it becomes critical to understand how these industries can be integrated.

Evident from a review of the literature is a need for theoretically informed, in-depth wine tourism research into the structure and the nature of the relationships and alliances between the wine and tourism industries (Carlsen 2004; Mitchell & Hall 2006; Sparks & Malady 2006). Network analysis, widely adopted by other disciplines (Araujo & Easton 1996), is argued as particularly suited to the examination of tourism linkages (Scott & Cooper 2007) given the fragmented nature of tourism and the necessity of collaboration, cooperation and networks in the development of tourism products (Bramwell & Lane 2000; Tinsley & Lynch 2001; Scott & Cooper 2007; Hall 2008). Despite this, the network analysis approach has received little attention in the tourism literature (Tinsley & Lynch 2001; Saxena 2002; Dredge 2005; Novelli, Schmitz & Spencer 2006; Scott, Baggio & Cooper 2008a). While several studies have examined industry and inter-industry collaboration, alliances and networks (Jamal & Getz 1995; Telfer 2001b; Tinsley & Lynch 2001; Hall 2003b; Pavlovich 2003; Verbole 2003; Schreiber 2004; Dredge 2005; Hall 2005b; Saxena 2005; Mitchell & Schreiber 2007; Wang & Fesenmaier 2007), few have applied network analysis to tourism. Further, at the time of this research no study had applied network analysis to examine wine and tourism industry relationships. Thus, this study adopts a network analysis approach as a framework to examine relationships between the wine and tourism industries.
It is within the context of wine tourism network analysis that this research has been undertaken. The context for this research is further developed in Chapter 2, and provides justification for the research problem and conceptual framework outlined in this chapter. This chapter also demonstrates the significance of this study and concludes with a discussion of the structure of this thesis.

1.2 Research Problem

Inter-sectoral relationships and network creation are integral to regional tourism development and contribute to improved regional competitive advantage (Hall 2005b). Indeed, it is well established that wine tourism has the potential to create significant benefits for each industry (Hall et al. 2000b) and contribute to regional economies and tourism development (e.g. Winemakers Federation of Australia 1996; Agri Food and Agriculture Canada 2006; Beech 2008; Franson 2008; Associated Press 2009), and is particularly important given increasing competition among tourism destinations (Ritchie & Crouch 2000). Despite the recognition of the potential linkages and economic contributions that wine tourism can make to regional development (Hall & Macionis 1998; Dowling & Getz 2000; Gammack 2006) considerable gaps exist in our knowledge of the wine tourism system and the inter-relationships between the wine and tourism industries (Dowling & Getz 2000). These gaps are outlined in Chapter 2 in order to demonstrate the theoretical context for this study.

The wine and tourism industries are often characterised by a lack of cohesion and integration (Hall et al. 2000b; Beames 2003). This is not surprising, given the two industries are different in several ways that may impact integration (Carlsen 2004; Taylor, McRae-Williams & Lowe 2007). The wine industry is primarily focused on the production of a homogenous product and characterised as having major barriers to entry and exit whereas the tourism industry has few barriers to entry and exit, and is a service focused, heterogeneous sector (§2.2.1 refer to Table 2.2) (Carlsen 2004; Taylor et al. 2007). It is in this context that “wine tourism networks are critical as there is a need to create linkages between businesses which have previously identified themselves as being in separate industries with separate business foci” (Hall et al. 2000b, p.208). It is linkages and convergence of these two industries that are not well understood (Mitchell & Hall 2006) and therefore at the forefront of this study.

Researchers argue that wine tourism provides a fertile ground for examining industry convergence (Carlsen 2004; Carlsen & Charters 2006) and network development. Nonetheless, with the exception of a very small number of studies examining wine and
tourism industry integration (Hall, Cambourne, Macionis & Johnson 1997; Johnson 1998; Telfer 2001a, b; Schreiber 2004; Mitchell & Schreiber 2007), the examination of wine tourism networks or their activities remains under researched (Mitchell & Hall 2006) and lacking in theoretical underpinning (Carlsen 2004). Thus, a gap exists in understanding wine tourism networks (Mitchell & Hall 2006) and this is particularly salient in emerging wine regions (Sparks & Malady 2006).

Studies examining wine tourism integration are disparate in approach and technique, revealing a need for the examination of wine and tourism linkages within the conceptual frameworks of clusters and networks (Hall et al. 1997; Hall 2004; Mitchell & Hall 2006). Therefore, building on the work of Hall et al. (1997), Johnson (1998), Telfer (2001a, b), Schreiber (2004) and Mitchell and Schreiber (2007), this research adopts network analysis to examine the structure and nature of relationships between and among the wine and tourism industries within an emerging wine region in Canada. Canada’s wine tourism industry is emerging and under researched (Getz & Brown 2006a) with existing research centered on the more established areas of the Okanagan wine region in British Columbia (BC) and the Niagara wine region in Canada. In order to add a different geographic dimension and allow certain comparisons, this research focuses on the emerging Wine Islands region, Vancouver and Gulf Islands, BC (see Chapter 4). Wine tourism studies have focused on more mature wine producing regions in California, Australia, and New Zealand. Examination of network linkages within the context of an emerging wine region is considered critical and identified as a research gap in the literature (Sparks & Malady 2006). Consequently, a study of the Wine Islands region early in its development will contribute to a greater understanding of network interaction at early stages of wine tourism development.

1.2.1 Problem Statement

Within the context of the research problem, this research is guided by the following problem statement and sub-questions:

1. What is the significance of networks and clusters in the development of wine tourism from the perspective of the winery?
   1.1 How are wineries and SMTEs linked?
   1.2 To what extent are wineries linked with other wineries?
   1.3 What prevents the development of linkages among wineries and between wineries and SMTEs?
   1.4 What are the benefits to wineries of networking with SMTEs in marketing wine?
1.3 Conceptual Framework

The complex relationship between the wine and tourism industries and its contributions to regional development needs to be understood within the broader context of contemporary business research on clusters and networks, drawing on well established techniques and concepts from other fields (Hall 2004; Mitchell & Hall 2006). Adopted widely in several disciplines (Araujo & Easton 1996), the application of network analysis has been rarely applied to the study of tourism and particularly wine tourism networks, despite arguments that the network approach is particularly suited to tourism (Tremblay 1998; Tinsley & Lynch 2001; Pavlovich 2003; Dredge 2006a; Scott, Cooper & Baggio 2007; Scott et al. 2008a).

Network analysis provides an important analytic framework (Cooke & Morgan 1993; LeCompte & Schensul 1999) suited to understanding collaborative interaction within the tourism context (Tremblay 1998; Pavlovich 2003; Dredge 2006a; Scott et al. 2008a). Network analysis allows for the investigation of exchanges between individuals, businesses and/or organisations (Haythomthwaite 1996) and the influencing factors of and barriers to exchange, assisting the researcher to build an understanding of the complexity of the relationships individuals are embedded in (LeCompte & Schensul 1999). Within a network analysis approach, individuals or firms and their actions are viewed as interdependent with the structural-relational patterns created by ties between actors, rather than the attributes of the actors, influencing the actor’s behaviour (Wasserman & Faust 1994). Network linkages can be understood in terms of both positions of the individual units in relation to one another, the shared interactions and the consequences of the interactions in which they engage in (Mitchell 1969; Granovetter 1973; Mitchell 1973; Tichy, Tushman & Fombrun 1979; Knoke & Kuklinski 1982; Knoke & Yang 2008). Consequently, relations among actors have several dimensions: the structural characteristics of the links; the interactional nature of the links; and the transactional content or resources exchanged (Mitchell 1969; Tichy et al. 1979; Knoke & Kuklinski 1982).

Research in other disciplines has been criticised as over-reliant on quantitative approaches (Curran, Jarvis, Blackburn & Black 1993; Borch & Arthur 1995; O'Donnell & Cummins 1999; Shaw 1999; Hoang & Antoncic 2003), leaving a gap in understanding the developmental processes of networks (Aldrich & Whetten 1981). Quantitative network approaches with a focus on network structure through mapping and frequency of contact, rather than content, character or significance of relationships (Aldrich & Whetten 1981; Curran et al. 1993; O'Donnell 2004), oversimplifies network analysis (Coviello 2005), leaving
the interactional character of the relationships among firms less well understood (Rosenfeld 1997; O'Donnell 2004). Within tourism specifically, a very small number of studies (Pforr 2006; Shih 2006; Costa, Breda, Costa & Miguéns 2008) quantify industry linkages and structural characteristics of the network under study but provide limited explanations of the qualitative nature of the relationships, the contents exchanged, and the dynamics of the networks under study. Conversely, the few qualitative tourism (Tinsley & Lynch 2001; Pavlovich 2003; Dredge 2005; Dredge 2006b; Tinsley & Lynch 2007; Wang & Fesenmaier 2007; Bhat & Milne 2008; Pavlovich 2008; Wilkinson & March 2008) and wine tourism (Telfer 2001a; Schreiber 2004; Simpson & Bretherton 2004) studies that exist tends to describe linkages, processes and dynamics of networks. However, this body of research does not attempt to illustrate network structure and actor linkages through mapping. If network maps are included, these often lack the sophistication of software generated maps. Indeed, a research gap exists in identifying appropriate quantitative and qualitative methods to better understand network interrelations more broadly (Aldrich & Whetten 1981; Dredge 2006a).

No single approach to the study of networks can address both structural and qualitative interactional nature of networks (Scott, Cooper & Baggio 2008b). Yet, several authors argue for the simultaneous exploration of network structure and interactional nature to more fully understand small firm networks and networking and the complexity between network structure and process (Hoang & Antoncic 2003; Coviello 2005; Shaw 2006). Thus, guided by calls for exploration of both structure and process within network relationships, this study adopts a blended approach to network analysis as described by Coviello (2005). This blended approach embeds network maps within a qualitative understanding of the interactional dimensions to simultaneously examine both the structure and the nature of wine and tourism network relationships. Network mapping as an analysis tool supplements the qualitative analysis of the contents and nature of the interactions. It is anticipated that this approach will allow for the development of a more complete understanding of the complexity of wine and tourism networks in the case study region.

1.4 Study Purpose and Objectives
The overall aim of this research is to explore, from the wineries’ perspective, those relationships between the wine and tourism industries within the emerging Wine Islands wine region located in the Vancouver Island and Gulf Islands viticulture areas of BC. Consequently, to achieve its overall aim five research objectives guide this study:
Objective 1: To gain an understanding of existing formal or informal networks between the wine and tourism industries.

Objective 2: To explore the structure of wine and tourism network relationships.

Objective 3: To explore the interactional nature and transactional content of wine and tourism network relationships.

Objective 4: To identify barriers preventing wine and tourism network development.

Objective 5: To explore the benefits of network development for the focal firms, i.e., the wineries.

1.5 Significance of the Study

This study makes several contributions to tourism and wine tourism literature. Sparse research exists that examines business networks and networking within a wine tourism context (Carlsen 2004; Mitchell & Hall 2006). Further, at the time of this study, network analysis has – as yet – not been employed in researching wine tourism networks. Widely adopted in a range of disciplines, the potential of network analysis in the tourism literature has not been fully explored (Saxena 2002; Scott et al. 2007; Scott et al. 2008a), yet is an appropriate approach to examine small firm economic and non-economic relationships, particularly within the wine and tourism industries. The adoption of the network analysis approach addresses Carlsen’s (2004) appeal to strengthen theoretical application in tourism literature and Mitchell and Hall’s (2006) call to examine tourism networks applying concepts and techniques well established in other disciplines. This study attempts to examine both the structure and the qualitative interactional nature of wine tourism linkages within a network analysis approach.

Further, a blended network analysis approach and in particular the use of qualitative methods (Chapter 5) supports several authors’ arguments (Rosenfeld 1997; Shaw & Conway 2000; O’Donnell 2004; Lynch & Morrison 2007) that an adequate assessment of the interactional nature of networks demands an in-depth approach. A thorough understanding of the complexity of networks may be achieved through simultaneous examination of network structure and interactional nature (Coviello 2005). Consequently, this study makes a significant methodological contribution to the tourism and wine tourism literature by applying a blended network analysis approach (§3.6.2) to gain a comprehensive and detailed understanding of the nature of wine and tourism industry networks.
Findings of this study may hold value for wineries and wine tourism businesses, wine and tourism industry associations and organisations and wine regions in BC and elsewhere. This study contributes practically in several ways by: raising awareness of the important role of networks and networking within a wine tourism region; highlighting the interdependence of wine region actors and benefits arising from collaborative relationships; identifying areas of structural weaknesses and areas of centrality and cluster development in the network structure; and exposing barriers to developing wine tourism networks.

1.6 Thesis Organisation
This thesis is organised into ten chapters. Chapter 1 provides an introduction to the study, an overview of the purpose and objectives of the study, the setting and conceptual framework. Chapter 2 builds on this problem statement and conceptual framework and provides a review of the relevant wine tourism and network literature and illuminates gaps in our understanding of wine and tourism network research. Chapter 3 presents the assumptions and principle concepts of network analysis as the conceptual framework for this study. Chapter 4 introduces the case study context and Chapter 5 discusses the methods adopted in this study. Chapters 6 through 9 focus on results with Chapter 6 presenting a profile of the case study’s actors to provide context for the remaining results chapters. The remaining results chapters disaggregate the findings into layers of the various actor relationships: Chapter 7 presents findings of winery to winery relationships; Chapter 8 focuses on winery to small to medium sized tourism enterprise (SMTE) relationships and Chapter 9 briefly examines relationships between wine and tourism industry organisations before presenting findings on winery to organisation relationships. Finally, Chapter 10 summarises general and specific findings and provides conclusions.
Chapter 2: Literature Review

2.1 Introduction
For the past three decades, rural areas have witnessed a restructuring process as a result of economic, political, social and technological change (Butler, Hall & Jenkins 1998; Jenkins, Hall & Troughton 1998; Hall, Mitchell & Roberts 2003b). Declining traditional resource based activities, increasing demand for outdoor recreation and rural tourism experiences, and growth in acquisition of second homes have resulted in population shifts with emigration of youth, the immigration of an aging demographic, and rising unemployment levels (Jenkins, Hall & Troughton 1998; Wilson, Fesenmaier, Fesenmaier & van Es 2001; Gartner 2004; Hall 2005c). Of the possible development engines, rural tourism is increasingly viewed as an effective catalyst for economic growth and diversification (Jenkins et al. 1998; Sharpley 2002; Briedenhann & Wickens 2004; Beshiri 2005). Increasingly, some rural regions are utilising locally produced food and beverages, and particularly wine tourism, to strengthen tourism products, enhance visitors' experiences and help maintain and enhance economic viability (Bessière 1998; Boyne, Williams & Hall 2002; Hall, Mitchell & Sharples 2003; Hall & Mitchell 2006). These initiatives recognise the potential economic contributions that linkages between wine and tourism can make to rural communities (Hall & Macionis 1998; Brunori & Rossi 2000; Dowling & Getz 2000; Briedenhann & Wickens 2004). However, wine tourism has often been characterised as lacking in industry linkages and cooperation (Macionis & Cambourne 2000). This lack of integration is a function of several barriers and information gaps (Hall & Johnson 1997; Hall 2005b). Lack of cohesion, understanding and integration between the wine and tourism industries impacts the successful development of wine tourism (Hall & Macionis 1998), yet significant gaps exist in our knowledge of wine tourism linkages (Dowling & Getz 2000; Mitchell & Hall 2006). These gaps will be outlined in this literature review in order to provide the context of this thesis.

To justify the research direction of this thesis, this chapter first defines wine tourism (§2.2), briefly summarises the state of wine tourism research to identify research gaps (§2.2.1), and discusses the role of wine tourism in regional development (§2.2.2) and as a catalyst network development (§2.2.3). Wine and tourism linkages are discussed within the concepts of clusters and networks (§2.3). These concepts are defined (§2.3.1 and §2.3.2), and the benefits
(§2.3.2.2) and barriers (§2.3.2.3) to network participation are presented. An assessment of the application of the network research in tourism (§2.4.1), wine industry (§2.4.2) and wine tourism (§2.4.3) studies concludes this chapter.

2.2 Wine Tourism

The definition and conceptualisation of “wine tourism” has not resulted in a uniform approach to the study of wine tourism (Getz & Brown 2006b). Several definitions are consumer oriented and relate to motivations and experiences (e.g. Hall & Macionis 1998; Johnson 1998) (Carlsen & Dowling 2001). For example, wine tourism, as defined by Hall and Macionis (1998, p.197), is “visitation to vineyards, wineries, wine festivals and wine shows for which grape tasting and/or experiencing the attributes of a grape wine region are the prime motivating factors for visitors”. This particular definition focuses on tourism experiences located in “winescapes” or those agricultural landscapes incorporating vineyards, wineries and wine production (Peters 1997).

Although such consumer focused definitions feature the tourist experience, they have been criticised for not extending to broader regional contexts. Wine tourism is more than just visiting wineries and purchasing wine (Cambourne et al. 2000). Indeed, “it is the culmination of a number of unique experiences: the ambience, atmosphere, surrounding environment, regional culture and cuisine, local wine styles and varieties” (Williams 2001, p.9), all of which are encompassed in what Hall et al. (2000a, p.9) refer to as “wine tourist terroir”.

Acknowledging that wine tourism also occurs away from wineries such as at restaurants and other tourism attractions, Cambourne et al. (2000) suggest that the definition of wine tourism should be extended to include private and public sector tourism activities influenced by the winescapes and the broader region. Thus, these authors suggest that “wine tourism becomes a tourism activity influenced by the physical, social and cultural dimensions of the winescapes and its components” (Cambourne et al. 2000, p.312, emphasis in original). Several authors suggest that wine tourism definitions must also encompass destination level planning and marketing, as well as firm level marketing and sales strategies (Getz, Dowling, Carlsen & Anderson 1999; Getz 2000; Carlsen & Dowling 2001). For example, Getz (2000, p.4) argues that wine tourism encompasses three major perspectives: wine producers; tourism agencies representing the destination, as well as the consumer, and defines wine tourism as a “form of consumer behaviour, a strategy by which destinations develop and market wine-related attractions and imagery, and a marketing opportunity for wineries to educate, and to sell their
products, directly to consumers”. Carlsen and Dowling (2001) list several characteristics and features that encompass this broader definition of wine tourism (Table 2.1).

**Table 2.1 Characteristics and Features of Wine Tourism**

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Features</th>
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<tbody>
<tr>
<td>It is a lifestyle experience;</td>
<td>Events, festivals and vintage celebrations;</td>
</tr>
<tr>
<td>It takes into account both supply and (the wineries and tourism operators) and demand (consumer behaviour) factors;</td>
<td>Restaurants and fine dining;</td>
</tr>
<tr>
<td>It can be part of a broader tourism experience;</td>
<td>Education and interpretation;</td>
</tr>
<tr>
<td>It has an educational component;</td>
<td>Hospitality and accommodation;</td>
</tr>
<tr>
<td>Wine may be one of the many attractions of a region;</td>
<td>Wine touring;</td>
</tr>
<tr>
<td>There are linkages to food, accommodation, arts and crafts and the environment;</td>
<td>Travelling around a region including wine trails;</td>
</tr>
<tr>
<td>It is a marketing opportunity;</td>
<td>Information centres;</td>
</tr>
<tr>
<td>It enhances the economic, social and cultural values of the wine region;</td>
<td>The provision of information about wine including verbal details and written documentation;</td>
</tr>
<tr>
<td>It should form part of the national and international tourism image of the region.</td>
<td>Tasting and cellar door sales;</td>
</tr>
</tbody>
</table>

Building on this, wine tourism can be viewed as a collective of several core components: destination appeal encompassing features such as scenery, accommodation, information and sign posted wine trails; wine product encompassing for example, wineries, festivals, and education, and the cultural product encompassing hospitality, accommodation, dining and traditional wine villages (Getz & Brown 2006b). These broader perspectives of wine tourism recognise the influence of the various elements of the winescape and the wider region, and acknowledge the importance of linkages between wine and tourism and the inherent role of stakeholders in identifying opportunities for wine tourism development (Cambourne et al. 2000). Such a perspective supports an examination of network linkages between and among wine and tourism industry and regional wine tourism development. Thus, this study adopts the definition of Cambourne et al. (2000) which recognises the multi-faceted nature of wine tourism occurring within the wider regional context. Using this definition, wine tourism
development issues are broadened to the physical, social and cultural dimensions of the wine tourism experience and its components.

This holistic approach to wine tourism is necessary as the benefits of wine tourism can extend beyond the cellar door to the broader region, through the provision of wine tourism products (Cambourne et al. 2000; Carlsen 2004). Despite recognition of the contributions to rural communities, there has been “relatively little systematic study of the development of wine tourism, the manner in which it is managed and marketed, and the people who visit wine regions and experience the wine tourism product” (Cambourne et al. 2000, p.320). Although the sentiment expressed by Cambourne et al. (2000) is still valid, there has been an increasing volume of research in the field of wine tourism since 2000 with several major publications including texts by Hall et al. (2000d), Getz (2000), Hall (2003c), Carlsen and Charters (2006), Wagner et al. (2007) and Hall and Mitchell (2008), as well as chapters in major texts (Hall & Mitchell 2002; Hall 2003b; Hall et al. 2003; Hall 2004, 2005b; Hall & Mitchell 2006).

Further, the field of research is supported through the International Journal of Wine Business Research, formerly International Journal of Wine Marketing, Australian and New Zealand Wine Industry Journal, Journal of Wine Economics and the Journal of Wine Research, as well as several special issues in established tourism journals (e.g. Tourism Recreation Research and Journal of Travel and Tourism Marketing). Several conferences with wine tourism foci have been developed since the first Australian Wine Tourism Conference held in 1998, including the first New Zealand Wine Tourism Conference in 2000, the first Iberoamerican Seminar held in 1999, the first European Wine Tourism Conference in 1999, the First International Wine Tourism Conference in 2004, the First International Culinary Tourism Conference in 2004 (Mitchell 2004). Despite this rapid growth in the literature, wine tourism research remains uneven and generic in nature with several notable gaps in the literature (Mitchell & Hall 2006).

2.2.1 Wine Tourism Research

Wine tourism growth and development has been documented in both Old World (i.e. Europe) and New World (i.e. South Africa, North America, Australia and New Zealand) wine regions. However, as noted in Table 2.2, wine tourism research is predominantly focused on New World wine regions (see Mitchell & Hall 2006).
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<td>Europe</td>
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<tr>
<td>New World Wine Tourism Research</td>
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<td>South America</td>
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<td>South Africa</td>
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<td>United States</td>
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<td>Australia and New Zealand</td>
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12
While much of the wine tourism research is focused in Australia and New Zealand (Mitchell & Hall 2006 list over 100 New Zealand and Australia wine tourism studies), outside of Australasia wine tourism research is relatively limited and is based primarily on regional case studies from North America (Mitchell & Hall 2006). In Canada, there is a small, but growing body of wine tourism related research. Recent attention on wine tourism development in Canada has predominantly focused regionally on Ontario’s Niagara region and British Columbia’s Okanagan region, neglecting emerging wine areas outside of these regions (Table 2.3).

Table 2.3 Wine Tourism Research in Canada

<table>
<thead>
<tr>
<th>Location</th>
<th>Author /Year</th>
<th>Foci</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada generally</td>
<td></td>
<td>Development, issues, Culinary tourism, segmentation, Culinary tourist segmentation, Wine, beer and food travel segments, activity markets</td>
</tr>
<tr>
<td>Ontario</td>
<td></td>
<td>Development, government legislation, Strategy, wine and culinary tourism segmentation, product development, Role in economic development, Assess visitor experience, destination development, sustainability, competitiveness</td>
</tr>
<tr>
<td>Ontario</td>
<td>Telfer (2000)</td>
<td>Clusters, industry development, competitive advantage, Strategic alliances, wine route, Visitor profiles</td>
</tr>
<tr>
<td>Ontario</td>
<td>Economic Planning Group (2001b)</td>
<td>Visitor profiles, wine marketing strategies, Visitor profiles, assessment of experience</td>
</tr>
<tr>
<td>Niagara</td>
<td>Telfer (2001a)</td>
<td>Wine tourism impacts of agriculture, institutional arrangements</td>
</tr>
<tr>
<td>Niagara</td>
<td>Telfer (2001b)</td>
<td>Wine tourism impacts of agriculture, institutional arrangements</td>
</tr>
<tr>
<td>British Columbia (BC)</td>
<td></td>
<td>Non resident wine tourist markets, market segmentation, Analysis of domestic wine tourists, product development, wine tourism experience, SWOT analysis, regional development, Destination image, attributes, product development, Regional development, value chain assessment, Policy, implications, value chain, Clusters, mapping, social capital, Social capital, linkages, Business associations, role in wine industry restructuring, cooperation, Benchmarking development, Wine industry business associations, cooperation, Strategic planning, sustainability, stakeholder approach to planning, Land use policy, wine tourism development</td>
</tr>
<tr>
<td>BC</td>
<td>Williams &amp; Dossa (2003)</td>
<td>Non resident wine tourist markets, market segmentation, Analysis of domestic wine tourists, product development, wine tourism experience, SWOT analysis, regional development, Destination image, attributes, product development, Regional development, value chain assessment, Policy, implications, value chain, Clusters, mapping, social capital, Social capital, linkages, Business associations, role in wine industry restructuring, cooperation, Benchmarking development, Wine industry business associations, cooperation, Strategic planning, sustainability, stakeholder approach to planning, Land use policy, wine tourism development</td>
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<tr>
<td>BC</td>
<td>Williams &amp; Kelly (2001)</td>
<td>Analysis of domestic wine tourists, product development, wine tourism experience, SWOT analysis, regional development, Destination image, attributes, product development, Regional development, value chain assessment, Policy, implications, value chain, Clusters, mapping, social capital, Social capital, linkages, Business associations, role in wine industry restructuring, cooperation, Benchmarking development, Wine industry business associations, cooperation, Strategic planning, sustainability, stakeholder approach to planning, Land use policy, wine tourism development</td>
</tr>
<tr>
<td>Okanagan</td>
<td>Wilkins &amp; Hall (2001)</td>
<td>Analysis of domestic wine tourists, product development, wine tourism experience, SWOT analysis, regional development, Destination image, attributes, product development, Regional development, value chain assessment, Policy, implications, value chain, Clusters, mapping, social capital, Social capital, linkages, Business associations, role in wine industry restructuring, cooperation, Benchmarking development, Wine industry business associations, cooperation, Strategic planning, sustainability, stakeholder approach to planning, Land use policy, wine tourism development</td>
</tr>
<tr>
<td>Okanagan</td>
<td>Dumais (2002)</td>
<td>Analysis of domestic wine tourists, product development, wine tourism experience, SWOT analysis, regional development, Destination image, attributes, product development, Regional development, value chain assessment, Policy, implications, value chain, Clusters, mapping, social capital, Social capital, linkages, Business associations, role in wine industry restructuring, cooperation, Benchmarking development, Wine industry business associations, cooperation, Strategic planning, sustainability, stakeholder approach to planning, Land use policy, wine tourism development</td>
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<tr>
<td>Okanagan</td>
<td>Martin (2002)</td>
<td>Analysis of domestic wine tourists, product development, wine tourism experience, SWOT analysis, regional development, Destination image, attributes, product development, Regional development, value chain assessment, Policy, implications, value chain, Clusters, mapping, social capital, Social capital, linkages, Business associations, role in wine industry restructuring, cooperation, Benchmarking development, Wine industry business associations, cooperation, Strategic planning, sustainability, stakeholder approach to planning, Land use policy, wine tourism development</td>
</tr>
<tr>
<td>Okanagan</td>
<td>Martin &amp; Williams (2003)</td>
<td>Analysis of domestic wine tourists, product development, wine tourism experience, SWOT analysis, regional development, Destination image, attributes, product development, Regional development, value chain assessment, Policy, implications, value chain, Clusters, mapping, social capital, Social capital, linkages, Business associations, role in wine industry restructuring, cooperation, Benchmarking development, Wine industry business associations, cooperation, Strategic planning, sustainability, stakeholder approach to planning, Land use policy, wine tourism development</td>
</tr>
<tr>
<td>Okanagan</td>
<td>Padmore &amp; Hickton (2003)</td>
<td>Analysis of domestic wine tourists, product development, wine tourism experience, SWOT analysis, regional development, Destination image, attributes, product development, Regional development, value chain assessment, Policy, implications, value chain, Clusters, mapping, social capital, Social capital, linkages, Business associations, role in wine industry restructuring, cooperation, Benchmarking development, Wine industry business associations, cooperation, Strategic planning, sustainability, stakeholder approach to planning, Land use policy, wine tourism development</td>
</tr>
<tr>
<td>Okanagan</td>
<td>Poitras (2003)</td>
<td>Analysis of domestic wine tourists, product development, wine tourism experience, SWOT analysis, regional development, Destination image, attributes, product development, Regional development, value chain assessment, Policy, implications, value chain, Clusters, mapping, social capital, Social capital, linkages, Business associations, role in wine industry restructuring, cooperation, Benchmarking development, Wine industry business associations, cooperation, Strategic planning, sustainability, stakeholder approach to planning, Land use policy, wine tourism development</td>
</tr>
<tr>
<td>Okanagan</td>
<td>Hickton (2004)</td>
<td>Analysis of domestic wine tourists, product development, wine tourism experience, SWOT analysis, regional development, Destination image, attributes, product development, Regional development, value chain assessment, Policy, implications, value chain, Clusters, mapping, social capital, Social capital, linkages, Business associations, role in wine industry restructuring, cooperation, Benchmarking development, Wine industry business associations, cooperation, Strategic planning, sustainability, stakeholder approach to planning, Land use policy, wine tourism development</td>
</tr>
<tr>
<td>Okanagan</td>
<td>Kingsbury (2004)</td>
<td>Analysis of domestic wine tourists, product development, wine tourism experience, SWOT analysis, regional development, Destination image, attributes, product development, Regional development, value chain assessment, Policy, implications, value chain, Clusters, mapping, social capital, Social capital, linkages, Business associations, role in wine industry restructuring, cooperation, Benchmarking development, Wine industry business associations, cooperation, Strategic planning, sustainability, stakeholder approach to planning, Land use policy, wine tourism development</td>
</tr>
<tr>
<td>Okanagan</td>
<td>Getz &amp; Brown (2006a)</td>
<td>Analysis of domestic wine tourists, product development, wine tourism experience, SWOT analysis, regional development, Destination image, attributes, product development, Regional development, value chain assessment, Policy, implications, value chain, Clusters, mapping, social capital, Social capital, linkages, Business associations, role in wine industry restructuring, cooperation, Benchmarking development, Wine industry business associations, cooperation, Strategic planning, sustainability, stakeholder approach to planning, Land use policy, wine tourism development</td>
</tr>
<tr>
<td>Okanagan</td>
<td>Kingsbury &amp; Hayter (2006)</td>
<td>Analysis of domestic wine tourists, product development, wine tourism experience, SWOT analysis, regional development, Destination image, attributes, product development, Regional development, value chain assessment, Policy, implications, value chain, Clusters, mapping, social capital, Social capital, linkages, Business associations, role in wine industry restructuring, cooperation, Benchmarking development, Wine industry business associations, cooperation, Strategic planning, sustainability, stakeholder approach to planning, Land use policy, wine tourism development</td>
</tr>
<tr>
<td>Okanagan</td>
<td>Poitras &amp; Getz (2006)</td>
<td>Analysis of domestic wine tourists, product development, wine tourism experience, SWOT analysis, regional development, Destination image, attributes, product development, Regional development, value chain assessment, Policy, implications, value chain, Clusters, mapping, social capital, Social capital, linkages, Business associations, role in wine industry restructuring, cooperation, Benchmarking development, Wine industry business associations, cooperation, Strategic planning, sustainability, stakeholder approach to planning, Land use policy, wine tourism development</td>
</tr>
<tr>
<td>Okanagan</td>
<td>Williams, Graham &amp; Mathias (2006)</td>
<td>Analysis of domestic wine tourists, product development, wine tourism experience, SWOT analysis, regional development, Destination image, attributes, product development, Regional development, value chain assessment, Policy, implications, value chain, Clusters, mapping, social capital, Social capital, linkages, Business associations, role in wine industry restructuring, cooperation, Benchmarking development, Wine industry business associations, cooperation, Strategic planning, sustainability, stakeholder approach to planning, Land use policy, wine tourism development</td>
</tr>
<tr>
<td>Alberta</td>
<td></td>
<td>Wine consumers, wine travel preferences, Special interest wine markets, consumer behaviour, wine involvement scale, Assess demand for long-distance wine tourism travel, features of wine tourism</td>
</tr>
<tr>
<td>Calgary</td>
<td>Brown &amp; Getz (2005)</td>
<td>Wine consumers, wine travel preferences, Special interest wine markets, consumer behaviour, wine involvement scale, Assess demand for long-distance wine tourism travel, features of wine tourism</td>
</tr>
<tr>
<td>Calgary</td>
<td>Brown, Havitz &amp; Getz (2006)</td>
<td>Wine consumers, wine travel preferences, Special interest wine markets, consumer behaviour, wine involvement scale, Assess demand for long-distance wine tourism travel, features of wine tourism</td>
</tr>
<tr>
<td>Calgary</td>
<td>Getz &amp; Brown (2006b)</td>
<td>Wine consumers, wine travel preferences, Special interest wine markets, consumer behaviour, wine involvement scale, Assess demand for long-distance wine tourism travel, features of wine tourism</td>
</tr>
</tbody>
</table>
The foci of wine tourism research emanating from Canada is wide ranging and includes the study of winery visitor profiles and consumer behaviour, product development, destination image, policy implications, destination development, mapping clusters and examining social capital, and strategic alliances and cluster development in the Niagara wine region. Consequently, wine tourism research in Canada, while developing, remains sparse and topically and regionally diverse.

More broadly, substantial literature reviews of the state of wine tourism research (Carlsen 2004; Mitchell & Hall 2006) and recent major texts (as noted in §2.2) reveal wine tourism research concentration and gaps. Carlsen’s (2004) review of the wine tourism literature points out that most wine tourism work is applied and practical, and he criticises wine tourism studies as lacking in theoretical underpinnings or conceptual frameworks. Carlsen (2004, p.8) argues that tourism and wine production can be considered at “opposite ends of the industrial spectrum”, and provides a wine tourism research framework (Table 2.4) emphasising the need for incorporating the characteristics of both the wine industry and the tourism industry given the polarised positions of these industries.

Table 2.4 A Framework for Wine Tourism Research

<table>
<thead>
<tr>
<th>Primary Industry</th>
<th>Secondary Industry</th>
<th>Tertiary Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wine Industry</strong></td>
<td><strong>Tourism Industry</strong></td>
<td></td>
</tr>
<tr>
<td>Supply-led, subject to seasonal, temporal, global, technical and agricultural factors that set the supply of grapes and wine.</td>
<td>Demand driven – subject to economic, consumption-led, competitive, demonstrative and demographic forces that determine demand for wine tourism.</td>
<td></td>
</tr>
<tr>
<td>Price takers – single price is determined by wine producers, global wine prices, price of other alcoholic beverages (substitutes).</td>
<td>Price-makers – price range is determined by nature of product/service offered, seasonal demand, value –adding to experiences.</td>
<td></td>
</tr>
<tr>
<td>Homogeneous product – highest quality standard varietals or blends, long lead times for changes in production, consistent over time.</td>
<td>Heterogeneous product/service – a range of options and offerings and short lead times to develop new products, changing over time.</td>
<td></td>
</tr>
<tr>
<td>Cost minimisers – seek more efficient production methods, technology intensive, innovate to maximize yield.</td>
<td>Profit maximisers – seek maximum returns through extensive marketing, labour intensive, imitate, renovate or renew rather than innovate.</td>
<td></td>
</tr>
<tr>
<td>Wealth creation through capital project growth in value of land and buildings in the long term.</td>
<td>Wealth creation through profits and return on investment in the short-term.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Carlsen (2004, p.9)

As suggested by this framework, tourism is a service industry in contrast to the production orientation of the wine industry. Wineries often view tourism as a secondary or tertiary
activity given the dominant product focus of winemakers (Hall et al. 1997; Macionis 1998a; Carlsen & Charters 2006). The production versus service orientation not only impedes integration, but compels a research perspective that acknowledges these differences. Continued research is necessary in order to understand how the wine and tourism industries converge and diverge (Carlsen 2004).

Wine tourism research has been developed in several areas: the wine tourism product; the nature of winery visitation; consumer behaviour; biosecurity; and wine tourism and regional development (Mitchell & Hall 2006). Within these themes, several under-researched areas exist including wine festivals, wine trails and wine attractions, an uneven approach to quantifying winery visitation, little consistency in applying typologies to understand visitor segments or behaviour of visitors, and a predominance of quantitative methods to understand the winery experience. Relevant to the regional development theme, a gap exists in understanding linkages between the wine and tourism industry within the framework of networks and clusters (Mitchell & Hall 2006).

2.2.2 Wine Tourism and Regional Development
Rural areas have undergone significant economic transformation as a result of declining activity in traditional resource based industries, restructuring of the agricultural sector, and population shifts due to emigration of youth and immigration of an aging demographic (Butler, Hall & Jenkins 1998; Jenkins et al. 1998; Wilson et al. 2001; Gartner 2004; Hall 2005c). In response, many rural areas have embraced tourism as an alternative development strategy for economic and social regeneration (Jenkins et al. 1998; Sharpley 2002; Briedenhann & Wickens 2004; Beshiri 2005). Increasingly, rural tourism development initiatives look to create tourism linkages with other industries such as food and wine (Bessière 1998; Boyne et al. 2002; Hall 2006).

The wine industry plays a critical role in regional development through employment generation, business growth, tourism and corporate investment (Morris & King 1997; Northwood 2000). The wine industry is a natural resource based sector requiring site specific characteristics (Mytelka & Goertzen 2003; Hall 2005c; Aylward & Glynn 2006), often located in rural areas. The nature and prevalence of the wine industry in rural locations provides the tourism industry with complementary destination attractions potentially adding value to regional tourism (McRae-Williams 2004). In this way, both the wine and tourism industries can be viewed as place specific and as “spatially fixed” (Hall et al. 1997, p.7). Indeed, this
interrelationship between the tourism and wine industry is recognised in Australia’s Wine Industry Strategy 2025, as these industries “share a major common goal in capturing and presenting a unique sense of place to consumers, whether they be wine drinkers or tourists” (Winemaker’s Federation of Australia 1996a, p.7). Hall (1996, p.114) argues that “there is a direct impact on tourism in the identification of wine regions because of the inter-relationships that may exist in the overlap of wine and destination region promotion and the accompanying set of economic and social linkages”. Consequently, wine tourism is a significant factor in rural development, as each industry can be used to leverage the other in an attempt to revitalise rural economies (Hall et al. 2000b; Mitchell & Hall 2006).

The value of the wine industry and wine tourism activity to national and regional economies has been well documented (Winemaker’s Federation of Australia 1996a; Economic Planning Group 2001; Agri Food and Agriculture Canada 2006; Beech 2008; Franson 2008; Stoneridge Research 2008; Wilson 2008; Agriculture and Agri-Food Canada n.d.). Within Australia, the direct economic impact of wine tourism in 1996 was valued at AUS$ 400 - $500 million per year and is projected to grow to AUS$1.1 billion by 2025 (Winemaker’s Federation of Australia 1996a). In the United States, Napa Valley’s wine industry consisting of over 540 wineries, makes a significant impact creating nearly 40,000 full time equivalent jobs in the county, contributing US$10.9 billion to the regional economy and generating US$714 million in wine tourism related expenditures (Franson 2008; Stoneridge Research 2008). Within the Finger Lakes wine region in New York, wine sales along the Keuka Wine Trail, consisting of just eight wineries, soared from US$2.7 million in 1995 to US$15.9 million in 2007 (Wilson 2008).

With fewer wineries than Napa Valley, the wine industry in Canada significantly contributes to the national economy as this sector directly employs more than 3,000 people, has retail sales of approximately CA$2 billion and generates at least CA$400 million a year in related tourism to Canada’s wine-producing regions (Agri Food and Agriculture Canada 2006). The economic contributions of the domestic Canadian wine industry has been shown to contribute CA$4.29 in added value from the sale of every litre of domestic wine compared to CA$0.56 from the sale of a litre of imported wine (KPMG 2002 in St. Catharines - Thorold Chamber of Commerce n.d.). In 2007 the wine industry was worth approximately CA$529 million to the Ontario economy, more than doubling its 1997 value of CA$202 million (Beech 2008). The value of tourism to British Columbia’s Okanagan wine region was estimated to be CA$835

There is recognition that the overlap of the wine and tourism industries has the potential to create significant benefits (Table 2.5) for each industry (Hall et al. 2000b), particularly in terms of rural regional development and the potential to create strong competitive advantage (Cambourne et al. 2000). This is particularly important given an environment of increasing competition among tourism destinations (Ritchie & Crouch 2000).

Table 2.5 Benefits and Costs of Wine Tourism for Wine and Tourism Industries

<table>
<thead>
<tr>
<th>Potential</th>
<th>Tourism</th>
<th>Wine</th>
</tr>
</thead>
</table>
| Benefits | • Increased regional attractions  
  • Regional brand-building  
  • Complementarity with wine and export  
  • Growth area  
  • Attracts high-spend visitors | • Increased sales  
  • Market research  
  • Increased customer base  
  • Cost-effective distribution |
| Costs | • Niche activity  
  • Limited expansion  
  • Ownership of resource in other’s hands  
  • Lack of tourism expertise in wine industry | • Tourism “freeloads” on wine  
  • Backlash from wholesale/retail distributors  
  • Distracts from export focus  
  • Conflicting resource demands  
  • Lack of wine understanding in tourism industry |

Source: Johnson (1998 after Dodd and Bigottte 1997)

However, several costs have been associated with wine tourism within each industry (Table 2.5), potentially impeding benefits arising from wine tourism activities. Despite these costs, wine tourism has been shown to contribute to regional development through job creation, sale of local products and services and creating vibrant tourism destinations (Morris & King 1997; Mitchell & Hall 2006). However, this potential largely remained unrealised (Winemaker's Federation of Australia 1996b), mainly due to lack of inter-industry integration (Macionis 1998a). Further, this potential continues to increase, with growing consumer demand for rural, winery experiences (Mitchell, Hall & Mcintosh 2000; Mitchell & Hall 2001).

In Canada, half of all Canadian tourists visit rural regions (Beshiri 2005). In 2004 and 2005, 15.4 million Canadians participated in at least one wine and cuisine associated activity while on an out-of-town overnight trip representing 74% of all adult Canadian travelers (Government of Ontario 2007). Over the last two years, 17.7% of adult Canadians and the
same percentage of adult Americans participated in a wine, beer or food tasting while on an out-of-town, overnight trip of one or more nights, with a tasting at a winery being the most popular (Lang Research Inc. 2009a, b). This interest in wine and cuisine-related activities has been found to be highest in British Columbia (Government of Ontario 2007).

Over a two-year period, British Columbia (BC) attracted approximately 588,000 wine and culinary tourists out of a possible 1.8 million travelers in this activity-based segment across Canada and this is expected to increase overall by approximately 12.5% to 2026 (Research Resolutions & Consulting Ltd. 2004). However, the resident BC market for wine/culinary tourists is expected to grow by 50% by 2026 due to a higher than average expected provincial population growth and the higher propensity for residents to travel within their own province (Research Resolutions & Consulting Ltd. 2004). Nonetheless, Canadians, particularly BC wine and culinary tourists, travel widely to other provinces, the U.S.A., Europe and other wine destinations, creating a highly diverse competitive environment for BC’s wine and culinary tourism experiences (Research Resolutions & Consulting Ltd. 2004).

In Canada, and other New World wine regions (e.g. Australia, New Zealand, South Africa and the United States) the increase in demand for wine tourism parallels the growth of small-scale boutique producers, or those producing less than 200,000 litres of wine per annum (Hall et al. 2000a). Boutique wineries often do not have large distribution networks (Hall et al, 2000) or sufficient production to distribute through wholesale/retail channels (Winemaker’s Federation of Australia 1996a), and rely on cellar door sales as an integral part of the wine distribution network (Dowling & Getz 2000; Mitchell & Hall 2001). Further, cellar door sales are seen as a relationship building tool and an opportunity to enhance brand image (O’Neill & Charters 2000; Barber et al. 2008; Hall & Mitchell 2008).

Wine tourism, therefore, is seen as an important marketing and product distribution strategy through cellar door sales, particularly for smaller, boutique wineries, which often do not have the volumes to distribute through wholesale/retail distribution channels (Hall et al. 2000a; Hall & Mitchell 2008). Studies have identified a number of advantages and disadvantages to wineries incorporating cellar door sales (Table 2.6) (Dodd 1995).
Table 2.6 Advantages and Disadvantages of Wine Tourism for Wineries

**Advantages:**
- *Increased customer exposure* to product and increased opportunities to sample product.
- *Brand awareness* and loyalty built through establishing links between producers and consumer, and purchase of company-branded merchandise.
- *Increased margins* through the direct sale to consumer, where the absence of distributor costs is not carried over entirely to the consumer.
- An *additional sales outlet* or, for smaller wine producers who cannot guarantee volume or constancy of supply, the only feasible sales outlet.
- *Marketing intelligence on products.* Wine producers can gain instant and valuable feedback on the consumer reaction to their existing products, and are able to trial new additional to their product range.
- *Marketing intelligence on customers.* Visitors to the winery can be added to a mailing list which can be developed as a customer database to both target and inform customers.
- *Educational opportunities.* Visits to wineries help to create awareness and appreciation of wine and the wine industry, the knowledge and interest generated by this can be expected to result in increased consumption.

**Disadvantages:**
- *Increased costs and management time.* The operation of a tasting room may be costly, particularly when it requires paid staff. While the profitability gap is higher on direct sales to the consumer, profit may be reduced if wineries do not charge for tasting.
- *Capital required.* Suitable facilities for hosting visitors may be prohibitively expensive, especially as wine-making is a capital intensive business.
- *Inability to substantially increase sales.* The number of visitors a winery can attract is limited and if a winery cannot sell all of its stock it will eventually need to use other distribution outlets.

Source: Hall *et al.* (2000a, p.11, after Dodd & Bigotte 1997 and Day 1997)

Wine tourism is an important niche market with significant growth potential and benefits for the region and individual wineries (Cambourne 1999; Hall & Mitchell 2006). However, as noted by King and Morris (1999, p.244) wineries need to “capitalise on the opportunities to maximise sales while tourists are visiting the cellar door” and suggest that wineries develop a total wine tourism product consisting of other tourism sector services and products such as restaurants, galleries, local produce and merchandise that could be sold as a bundle of benefits (Charters & Ali-Knight 2002) to maximise tourist yield to wineries, tourism related businesses and the broader region. As found by Hall *et al.* (2000b) despite the potential advantages of wine tourism to the winery, New Zealand wineries have been reluctant to invest in wine tourism infrastructure at the cellar door level and/or in regional wine tourism networks. Williams and Dossa (2003, p.26) suggest that “for the most part, such product development opportunities reach well beyond the capabilities of individual wineries and extend into the realm of many tourism and hospitality providers”. In their study of wine
tourist markets in BC, Williams and Dossa (2003) note that product development and partnership knowledge is limited amongst tourism and wine industry service providers. While the tourism and wine industries have much to gain from collaborating and forming strategic alliances to facilitate the tourism experience efforts to develop such inter-industry alliances are limited (Hall et al. 2000b; Williams & Dossa 2003; Getz & Brown 2006b). One such approach that builds on the complementary activity of wine tourism (McRae-Williams 2004) are wine routes.

2.2.3 Wine Routes as Catalysts for Network Development
Mitchell and Hall (2006) suggest little research on wine trails and routes exists, despite the wine route being considered an important wine tourism product. Of this small pool of research, studies of wine routes in Israel (Jaffe & Pasternak 2004), South Africa (Preston-Whyte 2000; Bruwer 2003; Meyer 2004), and Portugal (Correia, Ascençao & Charters 2004) primarily focus on the structure and management of the wine route. The study of wine routes in Canada primarily focus on the Niagara Wine Route and include examining competitive advantage of embedded clusters of wineries (Telfer 2001a), strategic alliances (Telfer 2001b), differences in visitor profiles (Hashimoto & Telfer 2003) and influence of government legislation (Telfer 2000).

Wine routes have been used as a framework within which to analyse rural development processes (Brunori & Rossi 2000). Wine routes have also been acknowledged as instruments for rural development as suggested by Gatti and Incerti (1997) in their analysis of Southern European wine routes. Gatti and Incerti (1997, p. 222) conclude that successful case studies exhibit “a balanced development of entrepreneurial effort” in wine production and tourism thereby capitalising on the geographic synergies suitable to both wine production and tourism attraction and call for more research on exploiting these opportunities. Briedenhann and Wickens (2004, p. 71) in a study of South African wine routes, argue that “the clustering of activities and attractions and the development of rural tourism routes stimulates co-operation and partnerships in less developed areas”. Their findings suggest that while wine routes may spur cooperation, such activity is hampered by slow stakeholder buy-in of the wine route project. Hall et al. (2000b) suggest that wine routes aid the creation of wine tourism linkages between businesses that may perceive themselves as being in separate industries, and as such act as catalysts for network development (Figure 2.1).
Hall et al. (2000b) conceptualise wine tourism network development as a staged process. Linkages may initially consist simply of wine roads or trails comprising of local wineries with little internal coordination or promotion. Over time, with the inclusion of tourism attractions and amenities as these roads, progress into more coordinated routes through joint promotion and ultimately advancing into highly cooperative network relationships providing opportunities for inter-sectoral and vertical linkages.

Similarly, Brunori and Rossi (2000) suggest the wine route is a “network established around a theme: the landscape of wine”, but is also a form of “collective action … in which a constructed environment, institutions, symbols and routines facilitate the activities of small firms by giving them access to resources that could not be accessed by individual action alone” (p.409). Using the theoretical concept of collective action, Brunori and Rossi (2000) adopt the Tuscan Costa degli Etruschi wine route as a framework to examine synergies, or the linkages among the network actors (wine farms, agri-tourist farms, producers of other typical products, restaurants and local authorities) and coherence, or the quality of the social
Brunori and Rossi (2000) suggest that wine routes “interconnect[s] tourists, producers and the area itself and becomes part of the process through which an identity is created” (Castells 1998 in Brunori & Rossi, p.419), thereby contributing to regional branding. Benefits reported include a localisation effect where existing businesses experience increased profitability and a synergy effect via opening of up new opportunities (Brunori & Rossi 2000).

However, access to these benefits is impeded not only by industry differences (Carlsen 2004; Taylor et al. 2007) but also by several barriers that impact the development of effective cross-sector linkages (§2.3.2.3). Hall and Macionis (1998, p.219) state that the “substantial lack of cohesion, understanding and integration between the wine and tourism industries” is of considerable concern to the successful development of wine tourism. Lack of industry linkages and cooperation (Macionis & Cambourne 2000) and information gaps (Hall & Johnson 1997) make network development, and the bridging of these two industries difficult. Understanding how the wine and tourism industries can be integrated is critical to realising the potential benefits of wine tourism, particularly in emerging wine regions (Hall et al. 2000b; Sparks & Malady 2006; Hall & Mitchell 2008). As Hall et al. (2000a, p.3) states:

> Wine tourism embraces two industries which each have substantial implications for regional economies. … However, the establishment of formal relationships between the two industries has only recently been recognised in some quarters and there remains substantial mistrust and, perhaps more significantly, misunderstanding over how tourism and wine can provide positive contributions to each other and to the regions within which they coexist.

Gibson et al. (2005) suggest that tourism networks are an increasingly important tool for economic development. In their study of community and commercial values and relationships within a tourism network in Edinburgh, Gibson et al. (2005) concluded that networks can bridge disparate values and entities. Relevant to wine tourism, Cambourne et al. (2000, p.318) echo this opinion:

> Networks lie at the heart of wine tourism. A winescape is not just a static artefact – it is the representation of a particular set of social, environmental and economic relationships that adapt and change over time according to both internal and external factors. To make wine tourism work, not just for the customer, but also for the businesses and individuals which contribute to the development and production of the winescape, these relationships have to be encouraged and nurtured over time.

Wine tourism networks have been the focus of a sparse number of studies (§2.4.3) (Hall et al. 1997; Telfer 2001a; Schreiber 2004; Mitchell & Schreiber 2007), revealing a gap in our understanding of wine tourism network relationships. Further, few studies examine wine tourism networks from the theoretical underpinning of clusters and networks, prompting a call
for research into wine tourism using network and cluster concepts from more established research spheres (Mitchell & Hall 2006).

2.3 Clusters and Networks

Some authors suggest that the purpose of tourism clusters and networks is to "highlight the availability of certain activities in one destination or region and to get small to medium size enterprises that would normally work in isolation to cooperate and build a successful tourism product in the locality" (Novelli et al. 2006, p.1143). As noted earlier, this is particularly salient in regions supporting wine production and tourism, as both industries are "spatially fixed" (Hall et al. 1997, p.7), yet inherently polarised (Carlsen 2004). This complex relationship between the wine and tourism industries and its contributions to regional development needs to be understood within the broader context of contemporary business research on clusters and networks, drawing on well established techniques and concepts from other fields (Hall 2004; Mitchell & Hall 2006).

2.3.1 Clusters

Multiple definitions exist for the notion of clusters often confusing and blurring cluster and network concepts (Rosenfeld 1997; Martin & Sunley 2003; Lynch & Morrison 2007; Erkus-Oztilrk 2009). Typically viewed as separate constructs (Braun & Lowe 2005), Rosenfeld (1997) distinguishes between networks and clusters (Table 2.7). However, this conceptualisation of networks is criticised as restricted and that it emphasises the definitional difficulties between the concepts of networks and clusters (refer to §2.3.2) (Lynch & Morrison 2007).

**Table 2.7 Networks and Clusters Distinguished**

<table>
<thead>
<tr>
<th>Networks</th>
<th>Clusters</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Networks allow firms access to specialised services at lower cost</td>
<td>• Clusters attract needed specialised services to a region</td>
</tr>
<tr>
<td>• Networks have restricted membership</td>
<td>• Clusters have open ‘membership’</td>
</tr>
<tr>
<td>• Networks are based on contractual agreements</td>
<td>• Clusters area based on social values that foster trust and encourage reciprocity</td>
</tr>
<tr>
<td>• Networks make it easier for firms to engage in complex business</td>
<td>• Clusters generate demand for more firms with similar and related capabilities</td>
</tr>
<tr>
<td>• Networks are based on cooperation</td>
<td>• Clusters take both cooperation and competition</td>
</tr>
<tr>
<td>• Networks have common business goals</td>
<td>• Clusters have collective visions</td>
</tr>
</tbody>
</table>

Source: Rosenfeld (1997, p.83)
Porter’s (1990, p.154) widely accepted cluster model emphasises the importance of co-location and proximity and defines clusters as a “concentration of companies and industries in a geographic region that are interconnected by the markets they serve and the products they produce, as well as by the suppliers, trade association and educational initiations with which they interact”. However, Porter’s (1990) definition has been criticised as vague and as clusters vary in size, scope, structure, organisation and dynamics there is no one cluster type (Martin & Sunley 2003). Nonetheless, Michael (2003, 2007b) points out that the general assumption behind clustering is that the co-location of like firms with similar production processes or common markets is presumed to produce a range of synergies in the supply of resources and infrastructure, marketing, information and the pooling of labour skills and distribution systems. It is these synergies which serve to lower costs and improve the competitive advantage of clustered firms that enhance the growth of markets, employment and products. Enright and Roberts (2001) suggest industry clusters “exist where there is loose geographic concentrated grouping of firms and organisations involved in a value chain producing goods and services” (p.66). Cluster models have traditionally focused on two distinct types of formation: horizontal and vertical integration “based loosely around the analogy that a production process is likened to a series of links in a chain – where each link adds value in a sequence of steps to produce a final product for consumer use” (Michael 2007a, p.24).

Horizontal clustering occurs where similar competing firms “from the stage in the value chain for the same industry co-locate in a geographic area” (Michael 2007a, p.25). Potential advantages arising out of horizontal clustering include the pooling of the customer base as well as cost reductions and economies of scale associated with information and infrastructure sharing (Michael 2007a). Vertical clustering is the “co-location of firms operating at different stages in an industry’s supply chain” (Michael 2007a, p.26), consisting of a integrated production chain from production to consumer. Potential advantages and economies of scale arise from the proximity of the firms in the value chain such as reduced transportation and distribution costs and sharing of market information. Michael (2007a, p.26) proposes a more tourism appropriate model include a third cluster type, diagonal clustering, where the co-location of firms “provides dissimilar but complementary products and services that expand the scope of the cluster’s outputs”. Advantages of economies of scope arise when firms add value to other’s activities by working together to provide a bundle of complementary services or products, rather than producing each separately (Poon 1989, 1994; Buhalis & Cooper 1998; Michael 2007a). Table 2.8 summarises cluster forms, characteristics, benefits and examples.
Table 2.8 Forms of Clustering/Integration and Characteristics

<table>
<thead>
<tr>
<th>Cluster / Integration Forms</th>
<th>Characteristics</th>
<th>Benefits</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horizontal</td>
<td>• Co-location of like firms in a geographically given area</td>
<td>• Pools potential customer base to increase sales</td>
<td>• Retail or manufacturing “hub” in a sizable city</td>
</tr>
<tr>
<td></td>
<td>• Firms are viewed as competitors, ie. Sell similar products using similar productive resources</td>
<td>• Product availability, labour supply, shared information and infrastructure, thereby decreasing some externalities</td>
<td>• A series of similar retail stores in a geographical area</td>
</tr>
<tr>
<td></td>
<td>• Economies of scale</td>
<td></td>
<td>• A shopping centre</td>
</tr>
<tr>
<td>Vertical</td>
<td>• Long held concept</td>
<td>• Geographical proximity decreases logistics and distribution costs</td>
<td>• Food cannery</td>
</tr>
<tr>
<td></td>
<td>• Relative co-location of an industry’s supply chain</td>
<td>• Enhances production specialization</td>
<td>• Links between retail/product production / warehouse</td>
</tr>
<tr>
<td></td>
<td>• Integrated linkage between production stages and consumers</td>
<td>• Concentrated labour pool</td>
<td>distribution/trucking firms/farm</td>
</tr>
<tr>
<td></td>
<td>• Economies of scale</td>
<td>• Concentrated market information</td>
<td></td>
</tr>
<tr>
<td>Diagonal</td>
<td>• Expands on vertical</td>
<td>• Creates a “bundle” that will be consumed as if it were one product</td>
<td>• Tourism industry where a tourism destination requires firms to supply activity, accommodation, transportation, food and beverage</td>
</tr>
<tr>
<td></td>
<td>• Concentration of complementary (or symbiotic) firms</td>
<td>• Each additional firm adds value to the products and services produced by existing firms</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Each add value to activities of other firms even if products are distinct</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Brings together firms that supply separate products and services</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Economies of scope</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Adapted from Michael (2007a)

As noted above, vertical and horizontal clustering benefit from economies of scale, such as sharing of suppliers, customers and resources. Greffe (1994) argues that in the context of rural tourism, a shift from an often poorly realised search for economies of scale to the search for economies of scope, would provide increased opportunities thus maximising visitor expenditures. Michael’s (2003) notion of micro-clustering, argued as more suited to the tourism industry, builds on diagonal clustering where co-located, complementary firms supply separate products and services that each add value to create a regionally distinct, bundle of benefits that can be consumed by visitors as if it were one product, or one experience (Poon 1989; Tremblay 1998; Michael 2007b). Brandeburger and Nalebuff (1996) suggest complementary products or services add value to other products by making them more
attractive to the consumer. Indeed, Brandeburger and Nalebuff (1996, p.14) argue that firms that provide complementary services or products should not be regarded as competitors, rather as value adding activities that may increase market size:

Thinking complements is a different way of thinking about business. It’s about finding ways to make the pie bigger rather than fighting with competitors over a fixed pie. To benefit from this insight, think about how to expand the pie by developing new complements or making existing complements more affordable.

This cooperative competition, termed co-opetition, is the relationship nexus of businesses both cooperating to create a larger pie, yet competing to capture the benefits (Brandeburger & Nalebuff 1996). However, criticism of the traditional cluster concept suggests that while co-location implies some level of interaction between firms, this in itself may not translate to any recognisable benefit for those firms, giving rise to the question of how firms access the alleged benefits from clustering (Michael 2007b). Several authors suggest realising the benefits of clusters is not based solely on co-location (Rosenfeld 1997; Hall 2005c; Michael 2007b). Rather it is communicative relationships (Hall 2005b) and “the structure of the cluster, and the way it brings firms and their host communities together, for it is this interaction that generates the synthesis to enhance production synergies and to increase the collective market size” (Michael 2007b, p.25), and the “ability to exploit [linkages] that drives the emergence of a sustainable competitive advantage” (Michael 2003, p.142).

More than simply co-location, it is the social interaction and inter-firm relational dynamics housed in networks that provides the “social oil” that stimulates cluster synergies that benefit firms and regions more broadly (Hall, Lynch, Michael & Mitchell 2007, p.144). Tremblay (1998, p.850) argues “networks allow firms to find a balance between cooperation and competition” where advancements are promoted by network relationships through improved interaction and communication among firms. Porter’s (1998) cluster theory argues for the existence of networks and importance of social dimensions in cluster development; however, as criticised by Martin and Sunley (2003), Porter under-theorises these social processes. Rosenfeld (1997, p.9) concurs, and argues scale and geographic proximity only partially explain why clusters and regions prosper:

Equally important to the circuitry of the system is the ‘current’ or flow of information, technological advances, innovations, skills, people, and capital into, out of and within the cluster. [...] The ‘current’ of a working production system is even less easily detected, often embedded in professional, trade and civic associations and in informal socialisation patterns. [...] The ‘current’ depends on norms of reciprocity and
sufficient levels of trust to encourage professional interaction and collaborative behaviour.

Recognising the importance of active channels and social infrastructure or capital to the activation of clusters, Rosenfeld (1996 in Rosenfeld 1997, p.10) redefined clusters as “A geographically bounded concentration of interdependent businesses with active channels for business transactions, dialogue and communications and that collectively shares common opportunities and threats”. As traditional cluster models fail to “adequately capture and describe the underlying dynamics of clusters” Rosenfeld (1997, p.9) developed a cluster typology that embodies the concept of active channels and cluster dynamics (Table 2.9). Rosenfeld (1997) argues that to evolve from potential to working clusters requires the development of a social infrastructure characterised by information flows, innovation and learning, driven by vision and capitalising on synergistic opportunities.

Table 2.9 Cluster Types and Characteristics

<table>
<thead>
<tr>
<th>Cluster Type</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working (overachieving cluster)</td>
<td>Self aware, realise full potential, synergistic. Consist of social infrastructure, information flows, innovation, learning.</td>
</tr>
<tr>
<td>Latent (underachieving cluster)</td>
<td>Weak social infrastructure, lack of vision, synergies not realised, unexploited opportunities.</td>
</tr>
<tr>
<td>Potential (wannabe cluster)</td>
<td>Some elements of working cluster, critical mass or key conditions, inputs missing.</td>
</tr>
</tbody>
</table>

Source: Adapted from Rosenfeld (1997)

However, cluster conceptualisations are subject to measurement issues (Rosenfeld 1997; Martin & Sunley 2003). Several authors argue that measurement approaches using input-output tables, employment and business data to construct illustrations of clusters are inadequate to reveal the benefits of clustering or the character and nature of the inter-firm linkages and social networks (Rosenfeld 1997; Martin & Sunley 2003). Indeed, as noted by Rosenfeld (1997, p.9) such approaches “cannot distinguish a simple industry concentration from a working cluster”. Michael (2007b, p.3) concurs, and argues that while clustering is well understood in strategic planning, a gap exists in our understanding of the “forces that initiate and enhance the process of clustering in micro–environments … [and] arguably, even
less is known about the nature and scale of the costs and benefits that successful clustering might impose on regional communities”. Therefore, there is a need to focus research on how firms interact and clusters actually work, to contribute to understanding the factors of new cluster development particularly in rural areas (Hall 2004). However, within tourism literature, application of the cluster concept and, in particular, the underlying interactions within a cluster, are neglected areas of research (Nordin 2003; Hall 2005c).

Telfer’s (2001a) study of Niagara region wineries found extensive network activity and, using nearest neighbour analysis, geographically embedded clusters within this wine region. Blandy (2000) and Porter (1990) point to examples of clusters within the wine industries of Australia and California respectively; however, Hall (2005c) suggests that these analyses fail to take into account the winery and family social relationships that have occurred over the time the wineries had developed in the region and the nature of geographic dependence of viticulture. Indeed, Martin and Sunley (2003, p.17) critique Porter’s case studies, suggesting that there is “little explicit empirical investigation into social and knowledge networks, which are more often than not simply inferred from the presence of particular formal and informal institutions within a cluster”. Further, Hall (2005c) argues that few cluster studies “adequately capture and describe the underlying dynamics of clusters...how they actually work, or answer questions of whether and how firms interact and produce synergy” (p.179). One approach to understanding firm interaction may be found in contemporary network theory (Michael 2007b).

2.3.2 Networks

Typically the network and networking constructs have been applied in technology and manufacturing-based industries (Novelli et al. 2006; Erkus-Öztürk 2009), and widely adopted by a range of disciplines and subdisciplines including sociology, political science, transaction economics, industrial marketing and purchasing, economic geography, organisational behaviour, entrepreneurial and small business enterprise (Araujo & Easton 1996; Shaw 1998). The wide application of the network approach is neither homogenous nor coherent (Araujo & Easton 1996), with the term ‘network’ applied without definitional precision (Wellman 1988; Scott et al. 2007). Further, existing literature has been criticised as loose in application and conceptualisation, with confusion between the terms network and networking (Curran et al. 1993; Araujo & Easton 1996; Shaw 1998; O'Donnell, Gilmore, Cummins & Carson 2001; Lynch & Morrison 2006). Consequently, terminology and definitions are still under debate within the literature (Wellman 1988; Araujo & Easton 1996; Shaw 1998; Provan, Fish & Sydow 2007).
2.3.2.1 Definitions of Networks and Networking

Networking may be viewed as an activity that varies according to the individual and with whom the interaction takes place (O'Donnell 2004). Others view networking as a multi-faceted process, as noted by Jack (2005, p.1251) in her research on Scottish Highland entrepreneurs:

[Networking is] a process, taking place over time, a dynamic relationship that involves shifting latent contacts to manifest ties, transferring relationships to the entrepreneurial situation, identifying entrepreneurial requirements and locating an individual within the network who can help with the actual need. It also involves a two way process of give and take, a degree of exchange, the trading of information and resources ...

Capturing Jack's (2005) view and building on the work of O'Donnell (2004), Lynch and Morrison (2007, p.47) define the process of networking as the “activation of actors, relationships, ties, inter-connections, conduits and content that has been framed within a network structure”. Despite diverse perspectives, Lynch and Morrison (2007, p.47) suggest that there seems to be agreement that it is “not the existence of a network that in itself has the potential to generate benefits, but rather it is the use of that network through the process of networking that actually brings about the gains for the network’s membership” (see also Shaw 1998; Jack 2005).

Less agreement surrounds the application or misapplication of the term network (Araujo & Easton 1996; Ebers 1997; Shaw & Conway 2000; Gibson et al. 2005; Scott et al. 2007). Wide and varied application of the term network as a metaphor, paradigm and method (Wellman 1988) (see also §3.6) has resulted in a diverse literature (Araujo & Easton 1996; Scott et al. 2007) with multiple definitions, a “tangle of meanings” and no common lexicon for the study of networks (Provan et al. 2007, p.581). Generally, networks can represent a “complex set of inter-relationships in a social system” (Mitchell 1969, p.1). Networks exist in diverse forms and can consist of relationships or arrangements between people and/or organisations, range from local and small scale to national and large scale, and can exist simply as informal relationships or formally structured contractual obligations (Hall et al. 2000b; Scott et al. 2008a; Wilkinson & March 2008). This range of different types of networks can be identified and categorised in several ways. For example, networks have been identified as intangible “imaginary organisations” comprised of moveable social constructs among people, activities and thoughts (Gummesson 1994, p.10) and tangible unique organisational forms of governance (Podolny & Page 1998). Networks have been more commonly categorised into
inter-organisational and social/personal networks within the entrepreneurial and small firm literature (O'Donnell et al. 2001).

Myriad definitions exist to describe inter-organisational networks. Hall et al. (1997, p.9) define organisational networks as “specific arrangements of inter-organisational cooperation and collaboration”. Podolny and Page (1998, p.59) broadly define inter-organisational networks as “any collection of actors (N ≥ 2) that pursue repeated, enduring exchange relations with one another and, at the same time, lack a legitimate organisational authority to arbitrate and resolve disputes that may arise during the exchange”. Within the inter-organisational stream of network literature several terms are often used to describe organisational cooperation (Provan et al. 2007) including joint ventures, strategic alliances, business groups, franchises, research consortia, relational contracts, and outsourcing agreements (Podolny & Page 1998). These typically formal cooperative arrangements have been often regarded as “manifestations of network forms of organisation” (Podolny & Page 1998, p.60).

Network forms of organisation can be categorised using different types of inter-organisational linkages (Aldrich & Whetten 1981; Halme 2001) and, as in clusters, may exist as horizontal, vertical and diagonal relationships (Tremblay 1998; O'Donnell et al. 2001). Further, inter-organisational linkages may range from the linkage of two organisations to several organisations as illustrated in Table 2.10 using examples from wine tourism (Hall et al. 2000b).

These linkages range from dyadic linkages consisting of two organisations; organisation sets consisting of groups or clusters of dyadic relationships with a central coordinating organisation; action sets consisting of a coalition of organisations working towards a common purpose; and networks consisting of a group of organisations that can be recognised as a bounded system (Aldrich & Whetten 1981). It is argued that to capitalise on the potential contribution of network development, relationships must move from dyadic linkages and organisation sets to action sets and formal networks (Hall et al. 1997). For example, the 900 member Movimento del Turismo del Vino is a formal network supporting wine tourism in Italy and is mandated to increase the quantity and quality of tourist flows to the country’s wineries. This is achieved through education, research, communication and marketing activities (Movimento del Turismo del Vino 2008).
Table 2.10 Inter-Organisational Network Categorisations

<table>
<thead>
<tr>
<th>Inter-organisational relationship</th>
<th>Example within wine tourism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dyadic linkage</td>
<td>The collaboration of two organisations for mutual benefit. Joint venture between a winery and a tour company to promote winery visitation.</td>
</tr>
<tr>
<td>Organisation sets</td>
<td>Inter-organisational linkages that refer to the clusters of dyadic relationships maintained by a focal organisation. A visitor information centre or a wine tourism organisation develops individual relationships with wineries so as to provide tourists with information on each winery.</td>
</tr>
<tr>
<td>Action Sets</td>
<td>Coalition of interacting organisations that work together in order to achieve a specific purpose. A visitor information centre and the wineries in a region come together to produce a regional wine tourism promotional campaign.</td>
</tr>
<tr>
<td>Networks</td>
<td>Used here in a narrow, formal sense refers to a group of organisations that share common organisational ties and can be recognised as a bounded inter-organisational system. A federation or association of wine tourism organisations, e.g. the Movimento del Turismo del Vino; and the European Council of Wine Regions.</td>
</tr>
</tbody>
</table>

Source: Hall et al. (2000b, p.208 after Harper 1993)

Rosenfeld’s (1997) definitional approach to networks (§2.3.1) has been criticised as too restricted and, given the inter-organisational orientation of his definition, ignores the concept of social networks (Lynch & Morrison 2007). Social networks, also referred to as personal networks or personal contact networks have been broadly defined in the literature (O’Donnell et al. 2001). Social networks consist of informal personal and family relationships (Shaw & Conway 2000) imbued with an expectation of some form of reciprocation (Mitchell 1969). Lynch and Morrison (2007, p.46) identify networks as the structure that supports networking, but which definition may not adequately convey the “social meaning, texture and the relationships involved in the process of networking”. Curran et al. (1993, p.13) concur, and argue that networks are best seen as “primarily cultural phenomena” that is “as sets of meanings, norms and expectations usually linked with behavioural correlates of various kinds”. This interpretation of social networks parallels social network theory (Lynch & Morrison 2007) and the concept that small firms are embedded in social networks of relationships that have important outcomes for the small firm (§3.5.2) (Granovetter 1985; Gulati 1998; O’Donnell et al. 2001).
While a “shared language with definite, concrete meanings of the study of networks has not been developed” (Provan et al. 2007, p.481), social and inter-organisational networks may be categorised by the resources exchanged and formality of linkages i.e. inter-organisational networks contain formal linkages and social or personal networks contain informal links (Table 2.11).

Table 2.11 Organisational and Personal Dimensions of the Network Construct in Tourism

<table>
<thead>
<tr>
<th>Network Dimension</th>
<th>Inter-organisational</th>
<th>Personal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actors</td>
<td>Organisations: private (e.g. firm), public (e.g. tourism ministry), public-private (e.g. tourism promotion board), non-government organisation (e.g. environmental group)</td>
<td>Individuals, copreneurs, entrepreneurs</td>
</tr>
<tr>
<td>Type of link</td>
<td>Formal</td>
<td>Informal</td>
</tr>
<tr>
<td>Common categorizations</td>
<td>Economic transactions, economic network, marketing network, vertical network, horizontal network</td>
<td>Social network, social relationships, communication</td>
</tr>
</tbody>
</table>

Source: Hall (2005c, p.182)

While Hall’s (2005b) model may be useful for conceptualising networks, it is limited by its rather fixed notion of networks. Indeed, authors have noted that the borders of these network types are in fact blurred, and that the informal, personal network often flows into the more formal, organisational network linkage, particularly for small tourism enterprises (Hall 2005c; Dredge 2006b). Furthermore, it is argued that social networks are not necessarily distinct from organisational and that the difference between social and organisational networks is a matter of the level of abstraction where conceptualisation of the network should be informed by the content of the relationships (Mitchell 1973). Moreover, O’Donnell (2001, p.750) suggests that inter-organisational and personal networks “are often subsumed into one general ‘network’ construct”.

Thus, Mitchell’s (1969, p.1) definition of a network as a “complex set of inter-relationships in a social system” is adopted for the purposes of this study of wine and tourism networks.
term network is differentiated from the term networking defined as the "activation of actors, relationships, ties, inter-connections, conduits and content that has been framed within a network structure" (Lynch & Morrison 2007, p.47). It is the activity of networking and participation in networks that derive benefits.

2.3.2.2 Benefits of Network Participation

Studies have found that entrepreneurs may engage in networking and utilise different networks at various stages of business development to access diverse benefits (Birley 1985; Butler & Hansen 1991; Larson & Starr 1993; Dodd & Beverland 2001). Larson and Starr's (1993) network model demonstrates entrepreneurs in early business development stages accessing social networks for information, resources and support, converting these exchanges into socioeconomic exchanges as the business develops and finally layering all these exchanges into a more complex business network as the business evolved. Social networks have been found to be important in pre-start up stages, providing information, opportunity, advice, resources and support benefits (Birley 1985; Butler & Hansen 1991), with limited development of business focused networks in business development stages, and growing importance of organisational and strategic networks as the enterprise evolved (Butler & Hansen 1991). In contrast, Dodd and Beverland (2001) examined network development within a five stage winery tourism life cycle (winery establishment, recognition, regional prominence, maturity and decline). Findings indicated little network development in the establishment stage, whereas network linkages and cooperation peaked at the regional prominence stage and waned in the maturity and decline stages (Dodd & Beverland 2001). However, this study was based on relatively young wineries and may have resulted in different findings if more mature wineries were included.

It is only just recently that the benefits arising from participation in tourism destination networks have been explored (Morrison, Lynch & Johns 2004; Gibson & Lynch 2007; Costa et al. 2008). In addition to potential tourist flows (Hall 2005c), networks facilitate access to knowledge, resources, markets and technology (Costa et al. 2008). Small to medium tourism enterprises (SMTEs) benefit from network participation as collaboration allows them to pool resources to increase competitiveness, draw up strategic marketing plans, reduce operating costs and increase know-how (Buhalıs and Cooper 1998). Participation in formal, inter-organisational networks qualitatively and quantitatively benefits businesses, communities and destinations (Morrison et al. 2004). Gibson and Lynch (2007) identify that network
participation stimulates a range of benefits (Table 2.12) and classified these into learning and exchange, business activity and community.

Table 2.12 Benefits of Networks for Building Profitable Tourism Destinations

<table>
<thead>
<tr>
<th>Benefit Category</th>
<th>Identified Network Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learning and Exchange</td>
<td>Knowledge transfer</td>
</tr>
<tr>
<td></td>
<td>Tourism education process</td>
</tr>
<tr>
<td></td>
<td>Communication</td>
</tr>
<tr>
<td></td>
<td>Development of new cultural values</td>
</tr>
<tr>
<td></td>
<td>Accelerating speed of implementation of support agency initiatives</td>
</tr>
<tr>
<td></td>
<td>Facilitation of development stage of small enterprises</td>
</tr>
<tr>
<td>Business Activity</td>
<td>Co-operative activities (i.e. example, marketing, purchasing, production)</td>
</tr>
<tr>
<td></td>
<td>Enhanced cross-referral</td>
</tr>
<tr>
<td></td>
<td>Encouraging needs-based approaches (i.e. staff development)</td>
</tr>
<tr>
<td></td>
<td>Increased visitor numbers</td>
</tr>
<tr>
<td></td>
<td>Best use of small enterprise and support agency resources</td>
</tr>
<tr>
<td></td>
<td>Extension to visitor season</td>
</tr>
<tr>
<td></td>
<td>Increased entrepreneurial activity</td>
</tr>
<tr>
<td></td>
<td>Inter-trading within network</td>
</tr>
<tr>
<td></td>
<td>Enhanced product quality and visitor experience</td>
</tr>
<tr>
<td></td>
<td>Opportunities for business development interventions</td>
</tr>
<tr>
<td></td>
<td>More repeat business</td>
</tr>
<tr>
<td>Community</td>
<td>Fostering common purpose and focus</td>
</tr>
<tr>
<td></td>
<td>Community support for destination development</td>
</tr>
<tr>
<td></td>
<td>Increases or reinvests a sense of community</td>
</tr>
<tr>
<td></td>
<td>Engagement of small enterprises in destination development</td>
</tr>
<tr>
<td></td>
<td>More income staying locally</td>
</tr>
</tbody>
</table>

Source: Gibson and Lynch (2007, p.109, adapted from Lynch et al. 2000)

The benefits of engaging in wine tourism for both the wine and tourism industries have been identified in the literature (see §2.2.2) (Dodd 1995; Johnson 1998; Hall et al. 2000b). However, few studies have examined the benefits arising out of network activity between the two industries. Further, access to benefits arising from network participation is impeded by several barriers that impact the development of effective sector and cross-sector linkages.

2.3.2.3 Barriers to Network Development

There is a growing understanding of barriers to network development within network studies generally and more specifically related to wine tourism studies (Table 2.13). Barriers impeding network development generally include time constraints, realisation of benefits, lack of communication, coordination, and continuity of staff, and lack of trust (Grandori & Soda 1995; Rosenfeld 1996). While several of these barriers have also been found in tourism network studies (Saxena 2002; Braun & Lowe 2005; Yuksel & Yuksel 2005; Petrou, Pantziou, Dimara & Skuras 2007), findings also point to goal incompatibility and lack of
shared vision as impediments to network development (Saxena 2002; Braun & Lowe 2005). Further, several studies have identified geographic fragmentation, distance and intra-regional competition as impediments to network development (Yuksel & Yuksel 2005; Dredge 2006b; Petrou et al. 2007). Of the few studies to differentiate between formal and informal network barriers, Petrou et al.'s (2007) study found that the attitudinal barriers and perceptions of ‘old v. newcomers’ impacted network development.

Attitudinal barriers have also been identified as an impediment to wine tourism integration. Several studies have found that attitudes vary by sector (Johnson 1997; Hall et al. 2000b; Schreiber 2004; Mitchell & Schreiber 2007). The tourism sector may hold more favourable attitudes towards wine tourism, whereas the wine industry tends to have a lower level of support for tourism and tourism organisations (Johnson 1997, 1998; Hall et al. 2000b). Strong relationships have been found to exist within the wine industry; however, less formal relationships exist between the wine and tourism industries (Mitchell & Schreiber 2007). This may be partially due to the wine industry’s perceptions that tourism is a secondary or tertiary activity and that the partnership between the industries is asymmetric with the advantage accruing to tourism firms (Hall et al. 1997; Johnson 1998; Macionis 1998a; Hall 2005b). Fuller (1997) points out that the economic benefits of wine tourism have often been captured by tourism operators with the wineries bearing the cost of providing the experience.
Table 2.13 Barriers to Network Development

<table>
<thead>
<tr>
<th>Foci</th>
<th>Study</th>
<th>Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>SME Networks</td>
<td>Rosenfeld (1996)</td>
<td>Time constraints, timely realisation of benefits</td>
</tr>
<tr>
<td>Inter-Firm Networks</td>
<td>Grandori &amp; Soda (1995)</td>
<td>Lack of repeated communications, social coordination, structure, common staff, lack of trust</td>
</tr>
<tr>
<td>Policy Networks</td>
<td>Dredge (2006)</td>
<td>Manipulation of power, absence of network structure, personal characteristics, imbalance in member activity, voluntary nature of members, geographical fragmentation</td>
</tr>
<tr>
<td>Tourism Networks</td>
<td>Saxena (2002)</td>
<td>Lack of experience, personal interaction, time, goal incompatibility</td>
</tr>
<tr>
<td></td>
<td>Braun &amp; Lowe (2005)</td>
<td>Lack of shared vision, drive, trust</td>
</tr>
<tr>
<td></td>
<td>Gibson et al. (2005)</td>
<td>Funding</td>
</tr>
<tr>
<td></td>
<td>Yuksel &amp; Yuksel (2005)</td>
<td>Distance, limited resources, meeting venue and location, lack of information sharing, experience and institutional capacity, administrative culture, language, staff continuity, level of representation, short-range time span, inter-organisational relations (i.e. institutional jealousy, mistrust and skepticism)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Formal network: time, member characteristics, scale of operation, real involvement, intra-regional competition, lack of trust, old v. newcomers</td>
</tr>
<tr>
<td>Wine Tourism Networks</td>
<td>Fuller (1997)</td>
<td>Asymmetries in distribution of benefits</td>
</tr>
<tr>
<td></td>
<td>Hall et al. (1997)</td>
<td>Secondary and tertiary nature of tourism by wine industry, dominant product focus of wine industry, lack of experience and understanding of the tourism industry, lack of marketing and product development skills</td>
</tr>
<tr>
<td></td>
<td>Johnson (1997, 1998)</td>
<td>Attitudinal barriers, lack of understanding, low levels of inter-industry support</td>
</tr>
<tr>
<td></td>
<td>Macionis (1998)</td>
<td>Lack of information, market research, dominant product focus, tourism is tertiary activity for wine industry</td>
</tr>
<tr>
<td></td>
<td>Beames (2003)</td>
<td>Product focus of the wine industry, the current cottage-industry mentality of wine tourism, lack of inter-industry cooperation, lack of overall tourist experience, administrative separation, lack funds, lack of available data, information and research on wine tourism</td>
</tr>
<tr>
<td></td>
<td>Simpson &amp; Bretherton (2004)</td>
<td>Horizontal integration impeded by personality, perceptions of hobbyist v. business, scale of operation, range of goals, old and new comers, internal communication, emerging industry</td>
</tr>
<tr>
<td></td>
<td>Hall (2003b, 2004, 2005b)</td>
<td>Spatial separation, administrative separation, lack of champion, lack of meetings</td>
</tr>
<tr>
<td></td>
<td>Schreiber (2003);Mitchell &amp; Schreiber (2007)</td>
<td>Perception wineries not part of tourism industry, perceived lack of cohesion within tourism industry, administrative and political boundaries, area differences in stages of development</td>
</tr>
<tr>
<td></td>
<td>Sparks &amp; Malady (2006)</td>
<td>Geographical dispersion, lack of training, lack of awareness, lack of product, scale of operation, lack of commitment of tourism industry, lack of promotional information, self-interest</td>
</tr>
</tbody>
</table>

Thus, network development between the wine and tourism industries in these study areas may be characterised as uneven, as attitudinal barriers and perceptions of asymmetries reduce the capacity to establish inter-firm cooperation and effective cross-sector linkages (Hall, 2003).
Another important factor in vertical integration may be Leiper’s (1990) notion of partial industrialisation of the tourism industry. Partial industrialisation is defined as the “condition by which only certain firms and agencies that provide goods and services directly to tourists are regarded as part of the tourism industry” (Hall 2005c, p.170-171). Indeed, the coordination, marketing and development of tourism, and specifically network development, can be significantly impacted by partial industrialisation (Hall 2000).

Only those agencies/firms that perceive a direct relationship to tourists and tourism producers that become actively involved in fostering tourism development [...]. However, there are many other organisations, such as food suppliers, petrol stations and retailers, sometimes described as ‘allied industries’ which also benefit from tourists which are not readily identified as part of the tourism industry. Therefore, in most circumstances, businesses which regard themselves as non tourism businesses will often not create linkages with tourism businesses for regional promotion unless there is a clear financial reward (Hall 2005c, p.171).

In addition to attitudinal barriers, several impediments have been identified that impact vertically integrated network development (Table 2.13) (Hall et al. 1997; Macionis 1998a; Beames 2003; Schreiber 2004; Hall 2005b; Sparks & Malady 2006; Mitchell & Schreiber 2007). These barriers may be critical to understanding wine tourism integration and are highlighted here:

- dominant product focus of wineries;
- cottage-industry mentality often associated with wine tourism;
- lack of winery experience and understanding of the tourism industry;
- lack of winery training and education related to the marketing and service product development;
- lack of institutional structures to foster networking;
- administrative separation or the existence of multiple public administrative agencies within a region;
- physical spatial separation; and
- lack of a champion to promote network development.

Wine tourism network development involves integration both vertically (between the two industries) and horizontally (within the wine industry or the tourism industry) (Mitchell 2004), compelling an understanding of the barriers impeding single sector as well cross-sector integration. Of the small number of studies that have examined horizontal integration and cluster development within the wine industry (Butler & Hansen 1991; Porter 1998; Blandy 2000; Aylward 2004b; Brito 2006; Fensterseifer 2007; Giuliani 2007), few have discussed
barriers to horizontal integration. Simpson and Bretherton's (2004) study of a small number of wineries (n=5) in the emerging Matakana region of New Zealand identified several barriers (Table 2.13), and include: personality considerations, perceptions of hobbyists versus business people, variation in scope and scale of operations, a wide range of goals, ineffective internal communication, a young industry's insecurity and growing pains, and a guarded approach towards new entrants impeded cooperation among wineries.

While these studies have provided insights, research into understanding barriers to network development is still somewhat limited. Studies have suggested a need for greater understanding of both real and perceived barriers to both vertical and horizontal integration in wine tourism network research (Schreiber 2004; Mitchell & Schreiber 2007).

2.4 Network Research in Tourism

The application of the network approach within the context of tourism is receiving increasing attention. This is demonstrated by the presence of this topic as conference sub-themes (Andreu, Gnoth & Kozak 2007) and the development of texts on the topic (Scott et al. 2008a). Further, a small but steadily increasing number of studies have broadly examined networks within the tourism context; but application of the concept varies widely. Few studies apply the structural concepts of network analysis to examine tourism networks and fewer still describe the interactional nature or the contents of relationships. Further, at the time of this study, network analysis had not been applied to examine inter-sectoral relationships within the wine and tourism context. This section examines relevant network studies in tourism, wine and wine tourism and reviews their foci, approach, and findings to identify limitations and gaps.

2.4.1 Network Studies in Tourism

Scott et al. (2007) identify dominant traditions in network analysis literature and overlay these streams in an investigation of tourism network studies. These traditions include studies of:

- personal or social network analysis focusing on network structure and the implications for behaviour and outcomes;
- organisational and inter-organisational networks focusing on network performance, network type, effects of competition and cooperation; and
- policy networks focusing on policy actors' roles and the influence on policy outcomes (Scott et al. 2007).
As summarised in Table 2.14, of the tourism network studies, few focus on social networks (e.g. Stokowski 1992; Murphy 2001; Larsen, Urry & Axhausen 2007) and, those that do, apply several different approaches. For example, Verbole's (2003) study adopted an actor oriented approach to identify and map various types of networks to gain insights into decision-making for rural tourism development in Slovenia. Meanwhile, Lynch (2000) adopted a multi-level network analysis to examine the social and business networks of the homestay sector. However, in both of these studies application of the network analysis concepts of density and centrality were limited or non existent. Further, mapping, if used, lacked the sophistication of software generated network maps produced from computational formulae (see §5.6.1).
<table>
<thead>
<tr>
<th>Study</th>
<th>Purpose</th>
<th>Tradition</th>
<th>Concept</th>
<th>Methodology</th>
<th>Findings</th>
<th>Limitations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stokowski (1992)</td>
<td>To analyse the application of social network analysis to determine tourist behaviour</td>
<td>Social networks</td>
<td>Networks; networking and behavioural outcomes</td>
<td>Theoretical paper</td>
<td>Social network analysis an valid approach to examine tourist behaviour</td>
<td>n/a</td>
</tr>
<tr>
<td>Lynch (2000)</td>
<td>To examine social and business networks of homestay sector</td>
<td>Social and business networks</td>
<td>Networks; networking, network analysis, and density</td>
<td>Qualitative case study, cultural approach to understanding meanings, norms, values</td>
<td>Existence of family, neighborhood and organisational networks and tie content</td>
<td>No analysis of structure to examine relationship of networks, limited application of density concept</td>
</tr>
<tr>
<td>Murphy (2001)</td>
<td>To examine the nature of interactions among backpackers to understand their informal networks of information dissemination</td>
<td>Social networks</td>
<td>Networking</td>
<td>Social situation analysis</td>
<td>Gathering information on destinations / businesses is a motivation for backpackers to interact with one another.</td>
<td>No structural analysis of backpacker networks</td>
</tr>
<tr>
<td>Larsen, Urry &amp; Axhausen (2007)</td>
<td>Examines the role of tourism in connecting social networks and mobility among young English employees</td>
<td>Personal social networks</td>
<td>Uses network as a metaphor to examine personal ties and influence on tourism decisions</td>
<td>Qualitative interviews</td>
<td>Tourism patterns are relational and embedded within social networks and their obligations</td>
<td>No application of structural characteristics, no mapping of individual networks</td>
</tr>
<tr>
<td>Verbole (2003)</td>
<td>To identify and networks to understand decision making for rural development</td>
<td>Social and organisational networks</td>
<td>Networks; social networks, networking, power</td>
<td>Ethnography</td>
<td>Actors social networks and power relations play an important role in regulating participation in the process.</td>
<td>Mapping application lacks sophistication of software generated maps, no application of concept of centrality to frame discussion of power</td>
</tr>
<tr>
<td>Shih (2006)</td>
<td>Investigate network characteristics of drive tourism destinations</td>
<td>Social network analysis used to determine destinations of drive tourists</td>
<td>Total network of drive destination development – centrality and structural holes</td>
<td>Quantitative survey of drive tourists</td>
<td>Revealed structural characteristics of tourist destinations and drive routes</td>
<td>Does not address the physical aspects or condition of the network</td>
</tr>
<tr>
<td>Pforr (2002, 2006)</td>
<td>To describe, analyze, and explain the dynamics of the tourism policy domain</td>
<td>Policy networks</td>
<td>Networks – structure, subgroups, intensity and density</td>
<td>Quantitative survey</td>
<td>Able to identify the key policy actors and the establishment of their influence and map relational intensity</td>
<td>Low response rate is a limitation to the findings of this study. Study does not address qualitative nature of</td>
</tr>
<tr>
<td>Author(s)</td>
<td>Study Title</td>
<td>Methodology</td>
<td>Findings</td>
<td>Limitations</td>
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<tr>
<td>Dredge (2005; 2006b)</td>
<td>Role of networks in public-private partnership building</td>
<td>Policy networks, Networks, partnerships</td>
<td>Qualitative, ethnographic case study with interviews and participant observation</td>
<td>Detailed understanding of network dynamics and network influence; Limited understanding of the network structure and position of network actors</td>
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<tr>
<td>Halme (2001)</td>
<td>Investigates learning toward sustainable development in multi-stakeholder public-private networks</td>
<td>Organisational networks, Networks - sustainability, learning</td>
<td>Qualitative investigation</td>
<td>Achievements regarding sustainable tourism more than network structure influence cooperation; No application of structural or interactional network concepts in analysis</td>
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<tr>
<td>Gibson, Lynch &amp; Morrison (2005)</td>
<td>Understand different value systems among membership in a young local destination tourism network</td>
<td>Organisational network, Tourism network</td>
<td>Qualitative case study with documentary analysis, observation and membership interviews</td>
<td>Examine values and benefits from multiple angles; triangulation; Single network study, no application of structural analysis</td>
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<tr>
<td>Novelli, Schmitz &amp; Spencer (2006)</td>
<td>To examine the process and implication of tourism network and cluster development using Healthy Lifestyle Tourism Cluster cooperative project</td>
<td>Organisational network, Organisational network – innovation</td>
<td>Cooperative project with characteristics of action / participatory research</td>
<td>Active participation and co-operative development of project; Descriptive of process of network development, no application of structural or interactional analysis</td>
<td></td>
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<tr>
<td>Braun &amp; Lowe (2005)</td>
<td>To understand role of trust in business innovation, processes and sustainability in a regional and rural networks</td>
<td>Organisational network and cluster formation</td>
<td>Case study comparison</td>
<td>Social network cohesion, commitment, shared vision, drive and passion present in the grains community were absent in the tourism community; Limited discussion on measurement of information flows and no application of structural or interactional network concepts</td>
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<tr>
<td>Palmer (1996)</td>
<td>To examine why public and private sector organizations collaborate to market a local tourism destination and the benefits obtained</td>
<td>Organisational network, Destination networks, networking, collaboration</td>
<td>Qualitative case study</td>
<td>Organizations studied had developed structures and processes which had the characteristics of an emerging network organization; No application of network analysis or structural or interactional nature</td>
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<tr>
<td>Lynch, Halco, Johns &amp; Buick</td>
<td>To examine the influences on networks</td>
<td>Inter-organisational, Networks, networking</td>
<td>Qualitative, Self Defined Incident</td>
<td>Inherited networks; varying use of networks between successful and</td>
<td>Single sector analysis, no analysis of inter-</td>
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<tr>
<td>Year</td>
<td>Authors</td>
<td>Research Questions</td>
<td>Methodology</td>
<td>Findings and Implications</td>
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<tr>
<td>1999</td>
<td>Copp &amp; Ivy</td>
<td>To examine networking within the small hotel business sector</td>
<td>Critical Incident Technique</td>
<td>Technique a modified Critical Incident Technique for falling businesses, evolutionary nature of networks and networking, organisational structure or interactional nature.</td>
<td></td>
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<tr>
<td>2001</td>
<td>Tinsley &amp; Lynch</td>
<td>To examine small tourism business networks and their contribution to the overall tourist destination</td>
<td>Inter-organisational and social networks</td>
<td>Networking - cultural understanding and impact on destination networks, differences in horizontal and vertical networking partially explained by destination size and network density. Further research needed on the nature of network ties.</td>
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<tr>
<td>2002</td>
<td>Braun</td>
<td>To understand the adoption of e-commerce in a tourism network</td>
<td>ICT diffusion within a tourism network</td>
<td>Low ICT diffusion throughout network. Network composition and position, cohesion and actor trust impacted ICT diffusion.</td>
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<tr>
<td>2003, 2007</td>
<td>Pavlovich</td>
<td>To examine and explain evolution and formation of a destination network</td>
<td>Ethnographic, longitudinal case study</td>
<td>Network approach illustrated groupings of small firms within interdependent systems as self-governing and how the process assisted the destination in building tacit knowledge for competitive advantage that resides in the network structure.</td>
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<tr>
<td>2004</td>
<td>Blumberg</td>
<td>To explore levels of cooperation and the patterns of cooperation within a destination-marketing network</td>
<td>Ego-centric network approach - cooperation</td>
<td>Application of network analysis to create structural maps to investigate ties and tie strength.</td>
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<tr>
<td>2005</td>
<td>Saxena</td>
<td>To examine the nature of the exchange structure in learning regions</td>
<td>Networks - learning and innovation</td>
<td>Determined types of information exchange and networks of information flow, networks facilitating learning.</td>
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<tr>
<td>2005</td>
<td>Yuksel &amp; Yuksel</td>
<td>To understand correlates of and barriers to forming effective study relations between</td>
<td>Qualitative case study</td>
<td>Identified several barriers to forming networks: distance, delay, limited resources, language, time span, mistrust, staff continuity.</td>
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<tr>
<td>Authors</td>
<td>Methodology/Approach</td>
<td>Findings/Analysis</td>
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<tr>
<td>Plummer, Telfer &amp; Hashimoto (2006)</td>
<td>To examine tourism partnerships along the Waterloo-Wellington Ale Trail located in south central Ontario, Canada</td>
<td>Inter-organisational networks; Networks, partnerships and collaboration; Qualitative case study with interviews and observation; Findings revealed initiation of collaboration, benefits and consequences of participation and factors influencing demise of trail.</td>
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<tr>
<td>Woods &amp; Deegan (2006)</td>
<td>To examine the role of training on inter-firm dynamics within members of a tourism brand network</td>
<td>Inter-organisational networks; Organisational network, destination quality, brand and networking; Qualitative case study using interviews; Compulsory training instilled a sense of confidence in the brand and fostered networking.</td>
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<tr>
<td>Wang &amp; Fesenmaier (2007)</td>
<td>To understand the nature and dynamics of collaborative tourism marketing networks</td>
<td>Inter-organisational networks; Networks - collaborative destination marketing; Qualitative case study with interviews; Revealed preconditions for, stages and outcomes of, and motivations for entering into destination marketing alliances.</td>
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<tr>
<td>Petrou, Pantziou, Dimara &amp; Skuras (2007)</td>
<td>How the role of business networks, and formal and informal interactions shape the tourist product</td>
<td>Inter-organisational networks; Networks and networking; Qualitative case study; Revealed the importance of social relationships in both formal and informal networks, barriers to participation.</td>
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<tr>
<td>Scott &amp; Cooper (2007)</td>
<td>Examine the relationships between key members of regional tourism organizations in Australia</td>
<td>Inter-organisational networks; Networks, social network analysis of destination level structure and linkages; Qualitative case study of three event networks; Different event networks experience different dynamics in terms of joint organising of the event.</td>
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<tr>
<td>Larson (2007; 2009)</td>
<td>To understand the interactions and the dynamics going on in event networks</td>
<td>Inter-organisational, event networks; Network as a metaphor - explain and categorise actor interactions and dynamics; Qualitative case study of three event networks; Different event networks experience different dynamics in terms of joint organising of the event.</td>
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<tr>
<td>Bhat &amp; Milne (2008)</td>
<td>Investigate the dynamics of inter-organisational cooperation in destination marketing</td>
<td>Inter-organisational networks; Networks - collaborative destination marketing, embeddedness,; Qualitative case study using interviews across several sectors and analysis of websites; Network dimensions revealed member number and diversity; central organisations established network communication and interaction channels and the.</td>
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<tr>
<td>Authors</td>
<td>Methodology</td>
<td>Networks</td>
<td>Centrality and Density</td>
<td>Climate of Embedded Relationships</td>
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<tr>
<td>Costa, Breda, Costa &amp; Miguens (2008)</td>
<td>To identify advantages of network participation by tourism SMEs</td>
<td>Networking and collaboration</td>
<td>Mail questionnaire</td>
<td>Revealed type, characteristics and quantification of contacts, reasons for and advantages of networking</td>
<td></td>
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<tr>
<td>Timur &amp; Getz (2008)</td>
<td>Examine the network of inter-relationships of urban tourism stakeholders</td>
<td>Structural analysis of urban tourism stakeholders - cooperation, centrality, power</td>
<td>Structural mapping approach to network analysis approach and stakeholder analysis</td>
<td>DMOs and stakeholders with access to or possession of critical resources have the highest centrality in urban destinations.</td>
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<tr>
<td>Wilkinson &amp; March (2008)</td>
<td>To investigate a model for organization of destination stakeholder relationships</td>
<td>Networks – collaborative marketing</td>
<td>Qualitative case study with in depth interviews across several sectors</td>
<td>Identification of classes of partnership and activity types</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daskalopoulou &amp; Petrou (2009)</td>
<td>To analyse effect of social networks and interfirm networks in performance of urban tourism firms</td>
<td>Networks as an independent variable in assessing firm competitive advantage</td>
<td>Quantitative questionnaire and two-stage data envelopment analysis (DEA) model to measure productive efficiency and related factors</td>
<td>Co-operation among businesses has a positive effect on local business performance.</td>
<td></td>
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</tr>
<tr>
<td>Erkis-Öztürk (2009)</td>
<td>To examine the role of local and global networking in tourism firms of different sizes and of differentiated cluster types</td>
<td>Networking behaviour among small tourism firms</td>
<td>Survey and quantitative analysis</td>
<td>Firm size influences the level of networking of that cluster, rather than specialization and agglomeration of firms</td>
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</tbody>
</table>

Small sample sizes, critical missing data, modified approach neither an ego-centric or total network approach, no statistical measures.
A growing number of studies have applied network analysis concepts to the study of tourism policy networks with diverse methodologies. Pforr (2002, 2006), for example, mapped policy actors and incorporated concepts of intensity and density to study the dynamics of planning decision making in the Northern Territory of Australia. However, his study did not address the interactional nature of the dynamics of the policy process and his findings were limited by a low response rate. Dredge’s (2005; 2006b) work on tourism policy networks, on the other hand, adopted a qualitative, ethnographic network approach encompassing structural and interactional concepts to provide a detailed understanding of network dynamics and influence in public-private policy networks. This too had limitations, as it did not illustrate the network structure or actor positions within the network.

Several studies have examined the role of network forms of organisation in contributing to tourism sustainability, enhanced marketing, learning and innovation in developing destinations (Palmer 1996; Halme 2001; Gibson et al. 2005; Novelli et al. 2006). There is a growing body of research examining inter-organisational networks from diverse conceptual frameworks and methodological approaches. For example, studies have examined interactions and dynamics in event networks (Larson 2009), ICT diffusion within a tourism network (Braun 2004); barriers to and consequences of network participation (Yuksel & Yuksel 2005; Plummer et al. 2006) and networking behaviour of small firms (Lynch et al. 1999; Copp & Ivy 2001; Petrou et al. 2007; Costa et al. 2008; Daskalopoulou & Petrou 2009; Erkus-Öztürk 2009). These studies have revealed the existence and relevance of social and business networks to the small firm.

Destination marketing networks have been the foci of several tourism network studies. For example, Woods and Deegan (2006) found that compulsory training fostered networking within a tourism brand network. In another study, Wang and Fesenmaier (2007) revealed the outcomes and motivations for entering destination marketing alliances. Few studies have applied network concepts such as embeddedness, density and centrality, with the exception of Bhat and Milne (2008), who applied these concepts to understand cooperation in destination marketing. However, this study’s primary limitation was the lack of sophisticated mapping software to illustrate the concepts of density and centrality.

Only a very small number of studies adopt social network analysis and related software generated mapping to examine destination networks (e.g. Blumberg 2004; Timur & Getz 2008). In a slightly different approach, Scott and Cooper (2007) revealed several different
clusters, including tourism, wine and accommodation, in their study of an Australian tourism destination, and the presence of isolate organisations not connected to the network. They found that few geographically specific state-wide sectoral organisation linkages to local tourism organisations, and suggested that the failure in the network has led to difficulties in the ability to strategically manage tourism across the state. While these studies reveal the appropriateness of social network analysis and mapping to illustrate concepts such as density, they are sensitive to sampling issues and provide limited, if any, understanding of the qualitative nature of the relationships.

In addition to the few destination marketing network studies that have applied network analysis, several other frameworks have been applied to destination development studies. For example, March and Wilkinson’s (2009) case study of the Hunter Valley wine region examine tourism related organisation networks with the purpose not to map the complete regional tourist business network, but to identify the actors and types of activities engaged in. Nonetheless, these authors develop an overview of the tourism business network structure illustrating weak links among organisations, and in particular, strong links between wineries, tourism operators and industry organisations; however determinations of tie strength were not incorporated into the discussion. March and Wilkinson’s (2009) primary argument however, is the lack of a managerial application to network research in tourism and posit the use of four conceptual tools to evaluate tourism partnerships: value nets, partnership-activity matrix, ecological approach to classifying relationships and resource scarcity. These approaches appear useful in identifying types of actor interactions, where interactions may add value to the focal actor’s activities, activity types, and where collaboration exists and may be valuable to communicate findings in a managerial application. However, not only do these approaches not disclose the structure of the destination network in any comprehensive way; these approaches provide limited insight into the quality or nature of the relationships between the actors.

Other studies have applied network concepts to examine tourism destination networks. Of particular interest is Tinsley and Lynch’s (2001, 2007) study of destination development and networking between SMTEs in small rural tourism destinations in Scotland and India. These authors found differences in horizontal and vertical networking partially explained by destination size and network density. These authors did not explore network structure, and suggest more research is needed in understanding network ties. Meanwhile, Pavlovich’s (2003) qualitative study of the development of a rural New Zealand tourism destination
applied the concepts of centrality, density, strong and weak ties and structural optimisation to reveal the historical and current structure of relational patterns. Pavlovich (2003) mapped the network structure over time, and found the use of network concepts useful in illustrating how (limited) relational ties contributed to (limited) resource and information dissemination. However, like other studies that have adopted a network perspective, the concepts of centrality and density were examined without the aid of software generated mapping (§5.6.1).

The role of trust and social capital has only recently been explored in tourism network studies (e.g. Braun & Lowe 2005; Saxena 2005; von Friedrichs Grängsjö 2007). In Braun and Lowe’s (2005) study of the grains and tourism networks in Australia, findings suggest that the presence of a shared vision, drive, and network cohesion of the grains network are indicative of higher levels of trust, which were absent from the tourism network. Trust and member history have been found to play an important role in social capital development and network integration of new members from diverse backgrounds (von Friedrichs Grängsjö 2007). Further, social capital has been found to be a catalyst for enhanced cooperation across different sectors (Saxena 2005).

2.4.2 Network Studies in the Wine Industry

Diverse foci and methodologies characterise the few studies that examine network behaviour in the wine industry (Table 2.15). Of these, only Giuliani (2007) adopts network analysis to explore network structure. Findings reveal structural differences across three wine clusters and the selective diffusion of knowledge despite geographic proximity and the existence of local business networks. Competing Australian wineries were found to engage in more formal collaboration than French wineries (Jordan, Zidda & Lockshin 2007), and a greater level of collaboration was found in innovative clusters moreso than less developed clusters (Aylward 2004a). Further, other studies have adopted descriptive case studies to explore cooperation among actors in wine clusters and reveal key actors and cooperative relationships (Brito 2006; Fensterseifer 2007), with little analysis into relationship quality or content.
<table>
<thead>
<tr>
<th>Study</th>
<th>Purpose</th>
<th>Tradition</th>
<th>Concept</th>
<th>Methodology</th>
<th>Findings</th>
<th>Limitations</th>
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</thead>
<tbody>
<tr>
<td>Butler &amp; Hansen (1991)</td>
<td>Examines the roles and evolution of social and business networks, and their impact on the entrepreneur</td>
<td>Inter-organisational networks</td>
<td>Networks, collaboration</td>
<td>Qualitative case study using semi-structured interviews of winery entrepreneurs</td>
<td>Social and inter-organisational strategic networks important to startup and ongoing competitive advantage</td>
<td>Call for more detailed descriptions of social networks, empirical measurement of linkages</td>
</tr>
<tr>
<td>Brown &amp; Butler (1995)</td>
<td>Examination of importance of building stakeholder and competitor networks in achieving profitability and market share within the wine industry</td>
<td>Inter-organisational networks</td>
<td>Networks, competitor networks</td>
<td>Interviews, quantitative analysis</td>
<td>Investment spent building competitor networks associated with higher growth in sales but not profitability, complexity of networks</td>
<td>Does not reveal the qualitative nature of the networks, the complexities and multidimensional manner in which they operate</td>
</tr>
<tr>
<td>Padmore &amp; Hickton (2003)</td>
<td>To map social relationships in Okanagan Wine Industry to identify information flow and impediments</td>
<td>Inter-organisational networks</td>
<td>Networks, collaboration, clusters</td>
<td>Interviews</td>
<td>Importance of family, social networks, existence of unnetworked firms, internal linkages better developed than external</td>
<td>Coarse grain mapping, lack of fine grain information</td>
</tr>
<tr>
<td>Aylward (2004b)</td>
<td>Examines innovation and export linkages within wine cluster development</td>
<td>Clusters</td>
<td>Clusters, innovation, competitive advantage</td>
<td>Survey, quantitative analysis</td>
<td>Innovative clusters housed greater collaboration among competing wineries than less developed clusters</td>
<td>Limited exploration of indicators of innovation and no examination of analysis of nature of relationships</td>
</tr>
<tr>
<td>Brito (2006)</td>
<td>To describe the relationships established among economic and non economic actors within the port wine sector</td>
<td>Inter-organisational networks</td>
<td>Networks, IMP approach</td>
<td>Qualitative case study with semi structured interviews</td>
<td>Descriptive of current eliminate, identification of key actors in value chain</td>
<td>Macro approach, no analysis of relationship content</td>
</tr>
<tr>
<td>Fensterseifer (2007)</td>
<td>To describe an emerging Brazilian wine cluster and analyse the factors associated with sustained competitiveness</td>
<td>Organisational networks and clusters</td>
<td>Networks, cooperation, learning and innovation</td>
<td>Descriptive case study</td>
<td>Intensifying cooperative relations among the actors. Geographic proximity contributes to the generation of positive externalities</td>
<td>Small sample size, stable relations without analysis of relationship strength or intensity. No insights into relationship quality</td>
</tr>
<tr>
<td>Jordan et al. (2007)</td>
<td>To investigate the external environment in France and Australia wine sector</td>
<td>Inter-organisational networks</td>
<td>Intra-industry collaboration</td>
<td>On line survey of wineries</td>
<td>Australian wineries engage in more formal collaboration with a higher number of wineries</td>
<td>Low response rate, no qualitative data on nature of relationships</td>
</tr>
<tr>
<td>Giuliani (2007)</td>
<td>To explore the structural properties of knowledge diffusion in networks in three wine clusters in Italy and Chile.</td>
<td>Inter-organisational networks, clusters</td>
<td>Networks, Social network analysis, structure, density</td>
<td>Quantitative survey</td>
<td>Structural differences among clusters; knowledge diffusion selective and uneven despite proximity and existence of local business networks</td>
<td>Single sector analysis, study does not examine contents</td>
</tr>
</tbody>
</table>
In a study of industry cluster linkages in the Okanagan wine region of BC, Padmore and Hickton's (2003) findings revealed the importance of social networks, the presence of non-networked small firms, and stronger internal rather than external linkages. While they mapped coarse grain linkages, these maps lacked more fine grained linkage information such as firm to firm content. More detailed information on relationship ties was found in Hickton’s (2004) work that revealed several informal linkages in the wine industry and a high level of trust and openness facilitated sharing of problems, solutions, materials, and equipment. She also concluded that history and location played an important role in social capital development, and found that those with a longer history, such as neighbours had built trusting relationships with each other. However, at the organisational level, Kingsbury (2004) and Kingsbury and Hayter (2006) examined the role of wine industry associations in fostering cooperation among Okanagan wineries and found fragmentation and limited cooperation amongst industry associations. However, they did not examine winery firm level cooperation. In addition to these studies, others have examined the impact of networks on wine industry entrepreneurs, and found networks were important to successful start-up and ongoing competitive advantage (Butler & Hansen 1991) and that winery entrepreneurs that had built networks experienced higher product sales (Brown & Butler 1995). In both studies, authors concluded that winery networks were complex, and called for more detailed descriptions of social networks and measurement of linkages.

2.4.3 Network Studies in Wine Tourism
There is a small, but growing number of network studies within the context of wine tourism (Table 2.16). Of these, McRae-Williams (2004) examined the interaction and degree of complementarity between co-located wine and tourism clusters in several Australian regions. She concluded that any wine tourism development emanated from the wine cluster rather than the tourism cluster, and that for lesser developed clusters, complementarity is not actively sought, rather is a function of co-location (McRae-Williams 2004). Evidence indicates cluster type plays a role in how co-located clusters interact but more importantly, McRae-Williams (2004, p.242) notes that “social dimensions play a significant part in the development of cluster complementarity”. However, these social dimensions were not addressed in her study. Related to this, Scott and Cooper’s (2007) study (§2.4.1) found that key industry organisations play important, influential gatekeeper functions, facilitating the flow of information between different clusters.
Table 2.16 Wine Tourism Network Studies

<table>
<thead>
<tr>
<th>Study</th>
<th>Purpose</th>
<th>Tradition</th>
<th>Concept</th>
<th>Methodological Approach</th>
<th>Findings</th>
<th>Limitations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hall, Cambourne, Macionis &amp; Johnson (1997)</td>
<td>To examine nature, value, types and difficulties of wine tourism network development</td>
<td>Inter-organisational networks</td>
<td>Networks, networking</td>
<td>Case Studies</td>
<td>New Zealand formal wine tourism networks underdeveloped in comparison to Australia, greater horizontal than vertical integration</td>
<td>Focus primarily on formal level of network development</td>
</tr>
<tr>
<td>Johnson (1997, 1998) Hall and Johnson (1997)</td>
<td>To examine to what extent of tourism and wine alliances and partnerships</td>
<td>Inter-organisational networks</td>
<td>Networks, partnerships</td>
<td>Quantitative Survey</td>
<td>Quantification of alliances and memberships between industries; low national level of winery membership with tourism, increased local level membership</td>
<td>Study is a snap shot of linkages, does not examine the nature, content or quality of these relationships, provides no structural analysis of network</td>
</tr>
<tr>
<td>Telfer (2001a)</td>
<td>To investigate competitive advantages of embedded clusters along the Niagara Wine Route</td>
<td>Inter-organisational networks</td>
<td>Networks, clusters, cooperation</td>
<td>Qualitative case study, application of nearest neighbor analysis to determine geographical clustering effect</td>
<td>Descriptive account of three scales of wine tourism, village, town and wineries; evidence of spatial clustering</td>
<td>No application of network analysis, no structural analysis of linkages, no in depth analysis of social infrastructure or contents of relationships between and among wineries</td>
</tr>
<tr>
<td>Telfer, (2001b)</td>
<td>To investigate the nature of strategic alliances, level of development and their role in wine tourism in Niagara</td>
<td>Inter-organisational networks</td>
<td>Networks, alliances</td>
<td>Qualitative case study with 25 winery interviews;</td>
<td>Description of alliances between wineries, between wine and food and between wineries and tour operators</td>
<td>No application of network analysis, no structural analysis or quantification of linkages, no analysis of contents of exchange or social networks, need for further investigation</td>
</tr>
<tr>
<td>McRae-Williams (2002, 2004)</td>
<td>Examination of how wine and tourism clusters interact or complement one another</td>
<td>Inter-organisational networks</td>
<td>Networks, clusters, complementarity</td>
<td>Case study (3 comparative) with semi-structured interviews and mail and online questionnaires</td>
<td>Descriptive of types of clusters and levels of complementarity, greater cluster development and complementarity in wine industry</td>
<td>Limited explanation of influential social factors of complementarity, and nature of interaction and relationships between the two industries</td>
</tr>
<tr>
<td>Hall (2003b, 2004, 2005b)</td>
<td>To examine wine and tourism network and cluster development in New Zealand</td>
<td>Networks, inter-organisational</td>
<td>Networks, clusters</td>
<td>Case study</td>
<td>Examines barriers and posits role of champions, organisational arrangements, meetings as factors towards success</td>
<td>Descriptive, no examination of relationship content, ties, need for understanding social mechanisms</td>
</tr>
<tr>
<td>Simpson &amp; Bretherton (2004)</td>
<td>Examine the ways in which small wine and tourism firms cooperate in establishing a regional image and branding</td>
<td>Inter-organisational networks</td>
<td>Networks, horizontal, cooperation</td>
<td>Case study with semi-structured interviews</td>
<td>Descriptive, why relationships developed, difficulties, provides historical perspective</td>
<td>Small sample size, no application of social network analysis, no structural analysis</td>
</tr>
<tr>
<td>Schreiber (2004)</td>
<td>Explores existing and developing networks</td>
<td>Inter-organisational</td>
<td>Networks, inter-sectoral</td>
<td>Qualitative case study with semi-structured interviews</td>
<td>Identified formal and informal vertical and horizontal networks</td>
<td>Limited number of interviews, limited exploration of</td>
</tr>
<tr>
<td>Mitchell &amp; Schreiber (2007)</td>
<td>within and between the wine and tourism industries in Central Otago, New Zealand</td>
<td>networks</td>
<td>cooperation, networking</td>
<td>with variation in form and intensity, lack of inter-sectoral cooperation, revealed barriers to relationship development</td>
<td>relationship content, no social network analysis</td>
<td></td>
</tr>
<tr>
<td>Wargenau &amp; Che (2006)</td>
<td>To discover motivations, expectations and success of Southwest Michigan Wine Trail member wineries in developing horizontal and vertical alliances</td>
<td>Inter-organisational networks</td>
<td>Networks, alliances, marketing</td>
<td>Semi-structured, in depth interview</td>
<td>Descriptive of type of cooperative relationships</td>
<td>Limited application of conceptual framework, no structural analysis of linkages, no quantification of linkages</td>
</tr>
</tbody>
</table>
Set within the context of a wine tourism cluster in Matakana, New Zealand, Simpson and Bretherton (2004) explored winery perceptions of a cooperative branding exercise. Findings indicated that wineries perceived advantages to participation such as increased regional branding and cellar door sales, but the need for coordinated leadership and several other barriers to collaboration (§2.3.2.3). This study was limited by the small number of interviews and no examination of structure or nature of linkages. Meanwhile, Johnson’s (1998) survey of New Zealand winery development and industry linkages, found that wineries had more ties to wine industry organisations rather than tourism organisations. This study also revealed greater linkages at the local level rather than the national level. Taking a slightly broader approach, Schreiber’s (2004) study adopted semi-structured interviews of seven wine and tourism industry representatives to examine the existence and nature of relationships between tourism and wine industries within the Central Otago wine region of New Zealand. This study found strong formal regional horizontal network relationships, and some evidence to support informal vertical linkages between wine and tourism industries (Mitchell & Schreiber 2007).

Conversely, Telfer (2001b) interviewed 25 wine industry representatives in a study of food and wine tourism alliances within the Niagara region and found formal and informal horizontal integration between wineries and extensive vertical collaboration among the wine and tourism industry. Building on this, Telfer (2001a) examined wine cluster development within the Niagara region, and applied nearest neighbour analysis to determine spatial relationships between wineries. Results indicated a trend towards geographic clustering of the region’s wineries, to which the author partly attributes the micro-climatic growing conditions. This study provides evidence of spatial relationships, but does not examine the social relationships between the region’s wineries, however acknowledges that horizontal and vertical linkages among and between wineries and tourism are needed to grow the cluster.

This review of the literature has demonstrated the use of a range of methodologies and no consistent framework to examine the structural and interactional characteristics of networks. Several studies have described the nature of network linkages and few have examined network structure, although some have attempted to incorporate network concepts such as density and centrality to explain destination networks. In doing so, many of these studies have utilised less sophisticated mapping techniques that may not adequately represent such network concepts. Several authors argue for the investigation of the nature of inter-organisational ties (Telfer 2001b; Hall 2005b; Wilkinson & March 2008) and an understanding of the structural characteristics of tourism networks (Butler & Hansen 1991; Scott & Cooper 2007) to provide
a comprehensive perspective of network behaviour. However, within wine tourism studies, the predominant approach to understanding network relationships has been qualitative in nature, with no study attempting to understand and analyse the structure and the nature of the linkages simultaneously.

2.5 Summary
The potential of wine tourism to contribute to regional economies is significant. However, wine tourism is often characterised as lacking in industry linkages and cooperation (Macionis & Cambourne 2000), due to several barriers and information gaps (Hall & Johnson 1997; Hall 2005b). One such gap is the need to understand, in depth, the social, cultural and communicative as well as economic elements which enhance inter-industry collaboration (Hall 2004), within a theoretically informed framework (Dowling & Getz 2000; Mitchell & Hall 2006). Specifically, research examining the structure and more importantly, the interactional nature of network relationships and what actually occurs at the firm level between the wine and tourism industries remains unexplored (Carlsen 2004; Mitchell & Hall 2006). Network analysis is an approach highly suitable to understanding firm interaction, particularly within the tourism context (Scott et al. 2008a)

Of the rising number of tourism related studies that have examined networks and networking behaviour, few examine wine and tourism relationships. Further, no attempt has been made to adopt network analysis to simultaneously examine the structure and nature of wine tourism networks. Network analysis is both an approach and a technique (Haythornthwaite 1996). As an approach, network analysis is based on the premise that relations among actors and the location of actors within networks have important behavioural, perceptual and attitudinal consequences for the actors and the system as a whole (Knoke & Kuklinski 1982). As a technique, network analysis provides a mechanism by which to examine both the structure of relationships within the wine and tourism industry, but also the interactional nature of those relationships. Widely adopted by other disciplines, network analysis has received limited attention in the tourism literature, despite its suitability (Tinsley & Lynch 2001; Saxena 2002; Novelli et al. 2006; Scott et al. 2008a). Thus, this research adopts network analysis to simultaneously examine the structure and interactional nature of relationships among and between the wine and tourism industries located within the emerging Wine Islands region, British Columbia. Network analysis forms the basis of the conceptual framework presented in Chapter 3.
Chapter 3: Conceptual Framework

3.1 Introduction

To further our understanding of the complex relationship between the tourism and wine industries, Mitchell and Hall (2006) argue for the adoption of concepts from research into networks in other disciplines. Adopted widely in several disciplines (Araujo & Easton 1996), the application of network analysis to tourism studies has not been fully explored (Tremblay 1998; Saxena 2002; Scott et al. 2008a). Network analysis has rarely been applied to the study of tourism and particularly wine tourism networks, despite arguments that the approach is particularly suited to tourism (Tremblay 1998; Tinsley & Lynch 2001; Pavlovich 2003; Dredge 2006a; Scott et al. 2007; Scott et al. 2008a).

Network analysis is argued to “fit naturally with the study of tourism and tourism destinations as destinations naturally lend themselves to be conceptualised as networks” (Scott et al. 2008a, p.222). Within a complex and multi-sectoral view of tourism (Leiper 1990), tourism destinations comprise multiple suppliers and organisations from a range of businesses and sectors that both compete and cooperate in the delivery of tourism products (Tinsley & Lynch 2001; Pavlovich 2003; Scott & Cooper 2007; Wilkinson & March 2008). It is these complex interrelationships and linkages across various sectors and organisations that comprise a tourism destination, and give rise to their conceptualisation as networks (Pavlovich 2003; Scott & Cooper 2007; Scott et al. 2008a). Further, network analysis is seen as a useful tool to examine linkages between tourism and other economic sectors to “diagnose where linkages between actors may be enhanced” (Scott et al. 2008a, p.220), yet it is rarely applied to examine more than one industry or sector.

Network analysis is particularly suited to tourism, and provides a means of conceptualising and analysing a complex set of relationships (Scott et al. 2007; Scott et al. 2008a). Thus, this study adopts network analysis as the conceptual framework to examine wine tourism networks. This chapter first presents the underlying principles and assumptions (§3.2.1) of network analysis, followed by network concepts (§3.3) and dimensions (§3.4). This is followed by a discussion of the theoretical influences in the analysis of networks (§3.5). The chapter concludes with a discussion of the quantitative and qualitative approaches to network
analysis (§3.6) and inherent limitations (§3.6.1) to build the rationale for a blended network approach (§3.6.2).

3.2 Network Analysis

Network analysis provides an important analytic framework and organising concept for social science researchers (Cooke & Morgan 1993; LeCompte & Schensul 1999), in particular for understanding collaborative interaction within the tourism context (Tremblay 1998; Pavlovich 2003; Dredge 2006a; Scott et al. 2008a). As an approach, network analysis situates individuals within cultural settings and institutions while providing the researcher an opportunity to observe and document exchanges among individuals, location of exchanges and factors influencing exchanges, thus helping the researcher to build an understanding of the relationships and associations that individuals are embedded in (LeCompte & Schensul 1999). Further, Lynch (2000) argues that such an approach has utility as a mechanism to explore both the “nature and function of social business networks, as well as the meanings, norms and expectations supporting those relationships” (p.112), and is grounded in several key principles and assumptions.

3.2.1 Assumptions of a Network Analysis


Actors and their actions are viewed as interdependent with the structural-relational patterns created by ties between actors, rather than the attributes of the actors, influencing the actor’s behaviour (Wasserman & Faust 1994). It is the relational structure or ties “among actors and the location of individual actors in the network [that] have important behavioural, perceptual and attitudinal consequences both for the individual units and for the system as a whole” (Knoke & Kuklinski 1982, p.13), constraining actor activities or providing opportunities. This leads to the assumption that these relational ties or linkages between actors are channels for flow of material or non material resources (Wellman 1988; Wasserman & Faust 1994). For example, greater interaction may dispose an actor to more information, and an actor’s centralised position within a network may imply an influential or coordination role or quicker access to resources (Rowley 1997; Buoncore & Metallo 2005). Thus, network analysis is based on an “assumption of the importance of relationships among interacting units”, and the
structural patterns arising from these linkages that influence behaviour (Wasserman & Faust 1994, p.4).

<table>
<thead>
<tr>
<th>Table 3.1 Principles and Assumptions of Network Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Principles</strong></td>
</tr>
<tr>
<td>Behaviour is interpreted in terms of structural constraints on activity rather than in terms of inner forces within units.</td>
</tr>
<tr>
<td>Analyses focus on the relations between units.</td>
</tr>
<tr>
<td>A central consideration is how the pattern of relationships among multiple (actors) jointly affects network members' behaviour.</td>
</tr>
<tr>
<td>Analytical methods deal directly with the patterned relational nature of social structure.</td>
</tr>
</tbody>
</table>


It is this social structural context that differentiates a network analysis approach from a non-network approach (i.e. attribute approach) to understanding social phenomena (Knoke & Kuklinski 1982; Wellman 1988; Wasserman & Faust 1994). An attribute approach aims to explain behaviour based on classifying people, objects, or events according to characteristics such as gender or socioeconomics, often ignoring relational aspects (Wellman 1988; Wasserman & Faust 1994). Wellman (1988, p.32) argues that “people belong to networks as well as categories”. The approach of categorising and aggregating actor’s attributes treats actors as independent rather than interdependent, and fails to consider the structure of relationships in which actors’ are embedded (Wellman 1988). However, where Wellman (1988, p.31) argues that a social structural explanation is a “more powerful source of sociological explanation than personal attributes”, Knoke and Kuklinski (1982, p.12) point out that, while a “purely attribute-based analysis loses much of the explanatory potential that a relational analysis can offer”, relational and attribute data are not mutually exclusive and the combination of both types of data are valuable for explaining social phenomena. Thus this study incorporates both relational and attribute data to explore wine tourism networks, and specifically applies attribute data to develop profiles of actors (Chapter 6) and to assist in explaining network structure (Chapters 7, 8 and 9).
3.3 Concepts of Network Analysis

Network analysis is premised on the importance of relationships among interacting units (Wasserman & Faust 1994) and is defined as an “approach and set of techniques used to study the exchange of resources among actors such as individuals, groups or organisations” (Haythornthwaite 1996, p.3). The concept of a network and this set of techniques, provide a means of conceptualising and analysing, simplifying and communicating complex sets of relationships (Scott et al. 2008a). Network analysis allows examination of relationships at multiple levels of analysis, thus we are able to understand the extent to which actors are connected to other actors and the extent to which the network as a whole is integrated (Hanneman & Riddle 2005). Differences in connections among actors relates to the constraints and opportunities that arise from how they are embedded in networks (Hanneman & Riddle 2005), revealed through fundamental properties of a social network and concepts of social network analysis. Several key concepts are fundamental to understanding network analysis, and include: actor, tie, relation, ego-centric and whole networks, dyad, triad, subgroup, group and social network (Table 3.2).

<table>
<thead>
<tr>
<th>Concept</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actor</td>
<td>Nodes representing individual, corporate or collective units</td>
</tr>
<tr>
<td>Tie</td>
<td>Relational ties and linkages between and among actors</td>
</tr>
<tr>
<td>Ego-centric Network</td>
<td>Personal network level of analysis</td>
</tr>
<tr>
<td>Whole Network</td>
<td>Complete network level of analysis</td>
</tr>
<tr>
<td>Dyad</td>
<td>Relational ties between pairs of actors</td>
</tr>
<tr>
<td>Triad</td>
<td>Relational ties between three actors</td>
</tr>
<tr>
<td>Subgroup</td>
<td>Relational ties among subset of actors</td>
</tr>
<tr>
<td>Group</td>
<td>Collection of ties amongst a bounded group of actors</td>
</tr>
<tr>
<td>Social Network</td>
<td>Structure composed of actors connected by ties</td>
</tr>
</tbody>
</table>

Source: Adapted from Wasserman & Faust (1994); Knoke & Yang (2008)

A network is a set of actors connected by a set of ties (Borgatti & Foster 2003). Actors, often called nodes (Borgatti & Foster 2003) are the social entities comprised of “discrete individual, corporate or collective social units” (Wasserman & Faust 1994, p.17). These social entities can be formal and informal (Knoke & Yang 2008), and can include but are not limited to, persons, teams, groups, classes, organisations, communities, nations or concepts (Borgatti & Foster 2003; Scott & Cooper 2007). Actors are linked to one another by relational ties such as, but no limited to, friendship, business transactions, membership affiliation, physical connection and kinship (Wasserman & Faust 1994). A relation then is a specific kind of connection or tie between a pair of actors or a dyad (Knoke & Yang 2008). The exploration of
Network characteristics may be studied at a number of levels of analysis (Scott & Cooper 2007). The whole network (Figure 3.1) involves study of a given set of actors that make up the network and the ways they are linked, where ties to actors outside the network boundary are usually excluded (Knoke & Yang 2008). Alternatively an ego-centric network (Figure 3.1) may be studied to identify the links between one focal node and all the others to which it is joined. Analysis of dyads, triads and larger subsets (such as groups) lie between the ego-centric and the whole network approach (Scott et al. 2008a).

**Figure 3.1 Levels of Network Analysis**

Whole Network          Ego-centric Network

In addition to fundamental concepts in network analysis, network analysis aims to reveal several dimensions of network relationships. These dimensions include structural characteristics, interactional nature of the relations and transaction content.
3.4 Dimensions of Network Analysis

Individual and organisational action and behaviour can be understood in terms of both the location of individuals and organisations in the network structure and the consequences of the interactions that they engage in (Mitchell 1969; Granovetter 1973; Mitchell 1973; Tichy et al. 1979; Knoke & Kuklinski 1982; Knoke & Yang 2008). Consequently, relations among actors have several dimensions: the structural characteristics of the links; the interactional nature of the links; and the transactional content (Mitchell 1969; Tichy et al. 1979; Knoke & Kuklinski 1982). Structural characteristics or morphological criteria (Mitchell 1969; Knoke & Kuklinski 1982) refer to the overall patterning of the links or relationships between actors including: network size, anchorage, clustering, range, isolates and cohesion as measured by density and centrality (Mitchell 1969; Tichy et al. 1979; Haythornthwaite 1996). The interactional nature of the links refers to the “strength and qualitative nature” of the relation between the actors (Tichy et al. 1979, p.509), and includes intensity, direction or reciprocity, multiplexity, durability, intensity and frequency of interaction (Mitchell 1969; Tichy et al. 1979). Also considered an interaction characteristic (Mitchell 1969), transactional content refers to the substantive type of relation represented in the connections, what is exchanged or what flows between the actors (Tichy et al. 1979; Knoke & Kuklinski 1982; Wellman 1988).

3.4.1 Transactional Content

Relationships can incorporate the sharing and exchange of a variety of resources, and thus can be characterised by their content (Wellman 1988; Haythornthwaite 1996). Content is defined as the “interests, purposes, drives, or motives of individuals in an interaction” (Knoke & Yang 2008, p.11). Considered a most important interactional aspect within an actor’s network, the content of links between actors hold the meanings and purposes for which relationships are established (Mitchell 1969). However, as Shaw and Conway (2000) suggest, transaction content may not be explicitly observable and interpretation of content may be best understood by the resources exchanged. Resources exchanged may focus on both tangible and intangible resources (Hoang & Antoncic 2003) and several content types have been identified in the literature (Table 3.3).
While several studies have identified several different contents, information and communication, normative/kinship and economic exchange of goods and services are common across several studies. Building on the work of Mitchell (1969), Szarka’s (1990) typology embodies the economic and social dimensions of small firm networks based on the resources exchanged between the actors: exchange networks consisting of commercial transactions, communication networks based on non-trading links that inform the business, and social networks based on friendship and kinship ties (Table 3.4).

### Table 3.4 Network Typology Based On Resources Exchanged

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Information</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Communication</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Normative / Affect</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Kinship</td>
<td></td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Influence/Power</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Goods &amp; Services</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Overlapping Membership</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Instrumental</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bartering/Exchange</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

A limitation with the use of this construct is that contents are inherently multiplex (§3.4.2) (Mitchell 1973). Tinsley and Lynch (2001, p.369, after Mitchell 1973), caution that these communication, exchange or normative networks are ways of...
abstracting analytically meaningful aspects of behaviour from social reality for the purpose of establishing regular connections among them. Communication, exchange and normative contents of the linkages in social networks are all intermingled in real social situations. [...] Whichever aspect we choose to emphasise in our analysis will depend upon the sort of problems we are interested in.

Thus the type of tie or particular content to be examined is dependent upon what is being studied, and requires consideration about which relationships to focus on (Haythornthwaite 1996; Knoke & Yang 2008). However, the selection of one type of tie to be studied may be restrictive (Mitchell 1969), and when it is not known what type of tie is most relevant, and where little research exists on the network relationships, as in the present study, it may be necessary to examine relationship content more broadly (Haythornthwaite 1996; Scott et al. 2008a). Nonetheless, Szarka’s (1990) construct has been adopted by Tinsley and Lynch (2007, 2008) and proven useful to examine tourism destination networks.

Building on the discussion of network contents, Hall et al. (2000b, p.209) argue that networks, not only “represent flows of business information, e.g. research and promotion, but from a tourism perspective, they may also represent flows of tourists on the ground”. Hall (2005c) conceptualises the different forms of network relationships ranging from firm co-location, economic transactions, social relations, cooperative marketing memberships and communicative relationships and tourist movement (Figure 3.2).

This model purports that the flow of tourists throughout the network parallel the economic and social characteristics of the network, and may be particularly influenced by the communicative relationships or the development of cooperative promotions (Hall 2005c). This may be expressed through referrals or carrying brochures of other network actors. Thus, network relationships may contain several contents and resource flows, including relationships, economic transactions, communication and, within a tourism context, tourists. While scholars have argued that network analysis considers both the structure and the process of the relationships that join individuals, groups and organisations (Granovetter 1973), it is the content of those relations that actually captures the meanings people attach to the relationships that are formed (Mitchell, 1969). Curran et al. (1993) suggest that it is these meanings that incorporate the individual’s motivations, expectations and the outcomes they anticipate from participation in a network, and warrants more research attention. Further, several authors suggest that there is a relative neglect in understanding the dimensions of interaction between network actors (Aldrich & Whetten 1981; Halme 2001; Van Laere & Heene 2003), and in this regard, research examining content domains remains sparse (O'Donnell et al. 2001; Jack
2005; Shaw 2006; Knoke & Yang 2008). With a small number of exceptions (e.g. Lynch 2000; Tinsley & Lynch 2007) few studies in tourism have examined network type, while studies explicitly examining relationship contents within the context of wine tourism are non-existent. Thus, this study adopts the network typology developed by Szarka (1990) as a way to conceptualise and organise content and relationship type.

**Figure 3.2 Interrelationships of Different Forms of Network Relationships**

Source: Hall (2005c, p. 183)

### 3.4.2 Interactional Characteristics

The analysis of contents is further complicated by the reality that interactions are not necessarily uniplex or single stranded but multiplex containing more than one content (Mitchell 1969, 1973; Shaw & Conway 2000). Multiplex relationships have been found to be important to small firms, as small firm owner/managers access multiplex relationships to
assist firm development (Shaw 2006). Further, relationships with multiple contents may be mobilised for support before those with uniplex ties (Mitchell 1969). The existence of multiple contents within a relationship may also be an indicator of tie strength, such that if one link dissolves other links remain, and the relationship tie is still sustained (Mitchell 1969; Provan et al. 2007) and, in this sense, the presence of multiple linkages may also contribute to network stability (Aldrich & Whetten 1981). Further, the presence of strong, multiplex relationships may be indicative of the presence of trust, the bond that supports inter-firm cooperation (Buoncore & Metallo 2005). Thus, as argued by Aldrich and Whetton (1981), research should investigate the existence of multiple linkages such as the exchange of multiple resources, communication, information, friendship or kinship ties and overlapping boards of directors.

Another important interactional aspect of relationship ties is the direction of the flow of resources, or the degree to which they are mutual or reciprocal (Scott 2000). Relationship ties can be described as either directed or nondirected (Scott 2000). With nondirected relational data, the initiators and recipients, (or senders and receivers) are indistinguishable, such as co-membership on a board, two employees of the same company, or a marriage (Knoke & Yang 2008). Directed relationship ties occur when an actor initiates a relation that is not necessarily reciprocated; for example, Actor A may give money, advice, or equipment to Actor B, but Actor B does not give money, advice, or equipment to Actor A (Knoke & Yang 2008). Knoke and Yang (2008) argue for the collection of directed tie data, rather than assuming that a reciprocal relationship exists between actors. Further, the knowledge of tie direction supports analysis of reciprocity and the strength of the relationship, where a single tie linking two actors signifies a weak link whereas a reciprocated tie may indicate stronger relationships (Granovetter 1973; Knoke & Yang 2008).

Reciprocity is the “degree to which individuals report the same or similar intensities with others for a content area” (Tichy et al. 1979, p.509). Reciprocal flows (Granovetter 1985) require two-way flow between nodes (Pavlovich & Kearins 2004). Reciprocity fosters cooperation, promotes solidarity, and can be considered as a “non-contractual device that promotes high levels of cooperation” (Marques 2005, p.17). Consequently, reciprocity is central to the discussion of networks (Powell 1990), as reciprocal knowledge intensive exchange and collaboration based on sharing is vital to network organisation and success (McRae-Williams, Lowe & Taylor 2007; Pavlovich 2008). Further, an assessment of the
reciprocity of goods and services (Mitchell 1969) and information (Pavlovich 2008) is important in understanding the social action of networks (Mitchell 1969).

Intensity is also a significant measure of interaction and this refers to the strength of the relationship (Mitchell 1969; Tichy et al. 1979; Haythornthwaite 1996; Scott et al. 2008a), and is indicated by the degree to which individuals honour obligations or forego personal costs to carry out obligations (Mitchell 1969; Tichy et al. 1979). Although intensity is difficult to observe (Mitchell 1969), measures such as closeness, intimacy, frequency and durability have been used as indicators to examine intensity (Marsden 1990). Intimacy and closeness have been found to be useful to examine ties among best friends (Marsden 1990), however are not appropriate or relevant in examining inter-firm relationships. Thus, it is considered appropriate to use frequency and durability as indicators of inter-firm relationship intensity (Shaw & Conway 2000).

Frequency of interaction refers to the amount of time actors interact with other actors (Granovetter 1973; Shaw & Conway 2000), and lends itself easily to quantification (Mitchell 1969). Assessment of frequency is aided through the use of Granovetter’s (1973) categories: interaction at least twice a week is considered often; interaction less than twice a week but more than once a year may be considered occasional; and interaction occurring less than once a year is considered rare. Thus, intensity may refer to the number of contacts in a unit of time (Tichy et al. 1979), where, for example, a large number of goods are exchanged, or where actors meet frequently. These ties may be considered more intense, or stronger, than a relationship where fewer goods are exchanged, or the actors meet infrequently (Haythornthwaite 1996; Scott et al. 2008a). However, frequency may not always be appropriate as an indicator for intensity, as high frequency may not translate to high intensity (Mitchell 1969). This may be particularly salient for normative contents where, for example, a strong relationship exists but for several reasons contact may be infrequent (Shaw & Conway 2000). Consequently, an assessment of frequency may be best conducted within the context of other interactional indicators. Nonetheless, in one of the few tourism studies to have examined intensity or frequency of relationships, Costa et al. (2008) examined tourism small to medium sized enterprise network behaviour and measured levels of contact among Portuguese sport and adventure SMTE stakeholders. They found a high frequency of contact, particularly with other private sector companies, and concluded that the greater levels of contact reflected the degree of importance in establishing partnerships with other tourism sector businesses (Costa et al. 2008).
Durability, or the length of time over which a relationship continues, may also be used as an indicator of relationship intensity (Shaw & Conway 2000). Durable relationships can be viewed as those that are frequently activated while less durable relationships are those that “persist for one or two activities [and] are highly transient” (Scott 2000, p.32). Mitchell (1969) suggests that transient relationships may develop to achieve some specific purpose or objective and then dissolve once the purpose or objective has been met. Consequently, the durability of relationships is affected by its content, where for example, economic exchange contents may be one-off transactions and considered transient, while normative contents may be more long standing and therefore considered more durable. Thus, intensity as measured by frequency and durability is an important indicator of the complexity of relationships and the influence relationships may have on social behaviour (Shaw & Conway 2000). Despite this, many studies tend to forego intensity analysis and measure links only as present or absent (Haythornthwaite 1996).

Related to intensity is the concept of tie strength, which may be important in assessing cohesion of actors and the probability of the flow of resources from actor to actor (Haythornthwaite 1996). Pavlovich (2003) suggests strong ties encourage conformity, acceptable action and inclusion ultimately enhancing destination network cohesion. Further, Pavlovich (2003) argues that strong ties within a network structure provide support and may be catalysts for knowledge building. However, while strong ties may promote the flow of group norms and information, Granovetter (1973) suggests that strong ties within homogenous environments promote the circulation of redundant information (i.e. the actors in the group know each other and the same information is recycled). Granovetter’s (1973) study of information flow regarding job opportunities revealed that valuable information emanated from occasional contacts (i.e. weak ties) and led him to conclude that those “to whom we are weakly tied are more likely to move in circles different from our own”, therefore providing diverse information (p.1371). Thus, Granovetter’s (1973) conception of strength of weak ties acknowledges the value of weak ties in accessing new and diverse resources that emerge from the external environment and provide contacts in more distant networks (Buoncore & Metallo 2005).

Burt’s (1992) proposition of structural holes is complementary to the notion of strength of weak ties. Burt (1992) posits that it is not the weakness of the tie but the spanning of otherwise unconnected actors in the external environment that provides access to diverse and new resources. However, there is debate in the literature on the relative value of strong versus
weak ties (Hoang and Antoncic 2003; Jack 2005). Further, recent studies in the
derntrepreneurship literature suggest that strong ties are critical for business activity (Jack 2005;Shaw 2006). Nonetheless, Granovetter (1973) and Burt (1992) argue that a network should consist of both strong and weak ties as the nature of these ties influence the operation and structure of networks, where weak ties may provide access to a diverse range of resources and strong ties may enhance the diffusion of group norms and the sharing of information within the network (Haythornthwaite 1996). Uzzi (1997) suggests that the optimal network structure is this collection of strong and weak ties, which Pavlovich (2003) refers to as structural optimisation. This configuration of ties is viewed as important to the competitive advantage of the network, as it facilitates access to new information and resources and the absorption and embedding of this information into the network structure (Pavlovich 2003).

3.4.3 Structural Characteristics

The patterns of the relationship ties among actors create a network structure where the structure and the location of the individuals actors have “important behavioural, perceptual and attitudinal consequences for both the individual units and for the system as a whole” (Knoke & Kuklinski 1982, p.13). Characteristics of the pattern and structure of the network impact the behaviour of actors and may include network size, clustering, range, isolates and cohesion as measured by density and centrality (Mitchell 1969; Tichy et al. 1979; Haythornthwaite 1996). The least complicated of the properties is network size which measures the number of direct ties in the network structure, and is a basic indicator of the number of actors participating in the network (Tichy et al. 1979; Scott et al. 2008a). Range indicates the extent of an actor’s network (Scott et al. 2008a) where some actors have many contacts and others have few (Mitchell 1969). Range can be measured by the number of direct and indirect ties an actor has. An actor with a broad range of ties and connections within the network is likely to have access to a greater number and diversity of resources (Burt 1992; Haythornthwaite 1996). Conversely, isolates are those actors with no outgoing or incoming ties to other actors, and have become uncoupled from the rest of the network (Tichy et al. 1979).

Network cohesion describes attributes of a whole network and is an indicator of strong relationships and actors’ access to information and resources (Haythornthwaite 1996; Scott et al. 2008a). Density and centrality, as measures of cohesion, provide an indication of the degree of interaction among network members (Scott et al. 2008a). Centrality refers to individual actor positions relative to others in the network (Rowley 1997), where a
“prominent actor has high involvement in many relations” (Knoke & Yang 2008, p. 62).

Centrality can be illustrated in network diagrams “where a central point is the ‘hub’ of a series of radiating ‘spokes’ which connect it to the more peripheral points” (Scott 2000, p. 146). The concept of centrality is highlighted through the use of a hypothetical example (Figure 3.3) illustrating that the actor with the most ties holds a central position within the network, with those actors having fewer ties positioned peripherally to the centralised actor. Those with only one or a relatively small number of ties are likely to be located at the periphery of the network.

**Figure 3.3 Example of Centrality within a Network**

![Network Diagram](image)

Actors differ in the number of connections they have, with those actors with more ties having advantaged positions (Hanneman & Riddle 2005). Central positions, or the well connected actors within a network (Scott 2000), imply a position of status with access to many sources of information and resources (Rowley 1997). Consequently, centrality highlights how resources are managed and a more central position may imply a greater coordination function (Pavlovich 2003). In a tourism destination network study, Pavlovich (2003) found that, as the destination developed, structural changes within the destination network occurred. She found long standing organisations holding central positions in the network decentralised as the destination developed, thus reducing their control of information distribution. Further, well connected actors may have quicker information flows and greater access to resources than the surrounding peripheral actors that are much less connected (Brass & Burkhardt 1993; Rowley 1997). Thus, as Pavlovich (2003) suggests, a central position is advantageous as it improves reputation and visibility and prompts more peripheral network actors to try to establish ties with well connected actors in an attempt to obtain access to resources (Baum & Oliver 1991; Timur & Getz 2008).
Density, also referred to as connectedness (Marsden 1990), completeness (Mitchell 1969), complexity or social cohesiveness of a network (Shaw & Conway 2000) represents the “extent to which all members of a population interact with all other members” (Scott et al. 2008a, p.150). Density is the number of ties in a network that link actors together in relation to the number of ties that potentially would be created if every person in a social network were directly connected to every other person (Granovetter 1976; Tichy et al. 1979; Rowley 1997; Scott et al. 2008a). Network density can be illustrated hypothetically using two examples from Borgatti (2002a) (see Figure 3.4) who demonstrates sparse and dense connections within communities during harvest. Figure 3.4 reflects a sparsely connected community network resulting in a low density and is contrasted with a much more highly connected or dense community network. Borgatti (2002) asks the question: which village is likely to survive during harvest?; suggesting that the more connected, visually dense community network will likely generate more community effort due to its high number of linkages between actors.

**Figure 3.4 Network Density**

Sparse Network

Dense Network

Source: Borgatti (2002a, n.p.)

Although density measures are widely used (Marsden 1990; Scott 2000), there are limitations to density measures that must be acknowledged. Measures of density are dependent upon network size, and thus are not comparable across networks of different size (Scott et al. 2008a). As well, there may be realistic thresholds in the number of relationships that actors can sustain due to time constraints that an actor may face in developing relationships so that the density measure for larger networks may be smaller than with smaller networks (Scott 2000). Further, density measures are static; yet relationships change and networks are fluid (Pavlovich 2008) and as such the measures are only a ‘snapshot’ of one instant in time.
Despite these limitations, network density remains an important indicator of the impact that network structure may have on the activities and behaviours of its actors (Rowley 1997; Shaw & Conway 2000). An understanding of density provides indications of the level of networking within the network and network compactness “where the relationships among a set of persons are dense, that is, where a large proportion know one another, then the network as a whole is relatively compact and relatively few links between the persons need to be used to reach the majority” (Mitchell 1969, p.18). Increasing density signals increasing efficiency of communication amongst network actors. Dense networks facilitate exchange of information throughout all regions; whereas, sparsely connected networks may be indicative of isolated actors with restricted communication (Rowley 1997; Dredge 2006b). Dense networks can therefore offer “greater opportunities for information exchange and shared responsibility” (Dredge 2006b, p.272), and in this sense, dense networks encourage the diffusion of group norms across the network (Mitchell 1969; Rowley 1997). Buoncore and Metallo (2005, p.381) agree that it is these denser communication channels that “ensure the circulation of institutional norms within the network and produce shared behavioural expectations”. This relates to Hall’s (2004) notion of network thickness as an indicator of increasing destination competitiveness where destinations with low competitive advantage tend to contain thin or sparsely connected networks and those more highly competitive destinations house thick or more dense networks supporting exchange of knowledge, people and resources (refer to Figure 3.5). Therefore, density may be an important indicator of efficient communication channels and the diffusion of knowledge, norms and shared behavioural expectations among network actors, and potentially enhanced competitive advantage.

Related to density is the network concept of clusters. Areas of high degrees of density are revealed as clusters in network analysis (Tichy et al. 1979). Clusters represent subgroups of highly interconnected actors that are more closely linked to each other than the rest of the network (Tichy et al. 1979; Scott 2000). Network clusters are differentiated from geographic clusters as network clusters are a measure of dense relationship ties among actors within a network, whereas geographic clustering is based on locational proximity. However, where areas of network clustering are evident those actors may or may not be located within geographic proximity.

It is accepted that network linkages be understood in terms of both the positions of actors in relation to one another and the shared interactions (Granovetter 1973; Mitchell 1973; Granovetter 1983; Burt 1992; Shaw & Conway 2000; Dredge 2006a). Thus, structural and
interactional network characteristics, as described above are summarised and adapted to provide a conceptual framework for this study (Table 3.5).

<table>
<thead>
<tr>
<th>Network Characteristics</th>
<th>Description / Purpose</th>
<th>Potential Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Structural</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Network Size</td>
<td>Indicator of network interest.</td>
<td>Count of actors in the network.</td>
</tr>
<tr>
<td>Cohesion</td>
<td>Indication of the strong relationships among network members and the likelihood of having access to the same information or resources.</td>
<td>Density and centrality are frequently used as indicators for cohesion.</td>
</tr>
<tr>
<td>Density</td>
<td>A measure of cohesion, also known as connectedness and complexity provides a measure of the degree of interaction among network actors.</td>
<td>Calculated by percentage of lines that actually exist in relation to the number that potentially would be created if every actor in a social network were directly connected to every other actor.</td>
</tr>
<tr>
<td>Centrality</td>
<td>The actor with the most ties holds a central position within the network with those actors having fewer ties positioned peripherally to the centralised actor.</td>
<td>Enumerating the number of ties to the actor and visual inspection of network map.</td>
</tr>
<tr>
<td>Clusters</td>
<td>Clusters represent subgroups of highly interconnected actors that are more closely linked to each other than the rest of the network</td>
<td>Visual inspection of network map to identify areas of high density and interconnection.</td>
</tr>
<tr>
<td>Isolate</td>
<td>An actor with no ties</td>
<td>Absence of ties to others</td>
</tr>
<tr>
<td>Range</td>
<td>Refers to range refers to the extent and diversity of an actors network.</td>
<td>Number of actors in direct contact with focal actor and sameness / difference of actors to focal actor.</td>
</tr>
<tr>
<td><strong>Interactional Characteristics or Relational Dimensions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Content</td>
<td>Meanings which people attach to relationships and the understandings they have about the implications which they their involvement in particular relationships have for their actions and behaviours in respect of those relationships.</td>
<td>How do individuals define their relationships? Can be interpreted in terms of exchange, communication, and social networks.</td>
</tr>
<tr>
<td>Intensity</td>
<td>‘Degree to which individuals are prepared to honour obligations, or feel free to exercise the rights implied in their link to some other person’ (Mitchell 1969, p. 27).</td>
<td>Frequency and durability are indicators for intensity.</td>
</tr>
<tr>
<td>Frequency</td>
<td>Refers to amount of time actors spend interacting in relationship.</td>
<td>Frequency of interaction or number of interactions in a unit of time.</td>
</tr>
<tr>
<td>Durability</td>
<td>Used as an indicator of intensity as networks are voluntary and participation changes over time.</td>
<td>Length of time over which a relationship continues.</td>
</tr>
<tr>
<td>Direction</td>
<td>Mutuality and reciprocity in turn dependent on direction.</td>
<td>Direction of relationship.</td>
</tr>
</tbody>
</table>

Source: Adapted from Shaw and Conway (2000)
In addition to identifying structural and interactional properties of the networks, Gibson et al. (2005) suggest three additional categories for analysis of networks: formal, semi-formal and informal network. These are described by Gibson et al. (2005, p.88), as follows:

- **Formal:** a formalised set of actors who interact in the context of identified aims, for example, a regional tourism organisation. While social interactions may be valued, these are subordinate to the formalised aims.

- **Semi-formal:** a formalised set of actors who interact in the context of identified aims, for example, a local business marketing consortium. Social interactions may be perceived as of equal importance to the formalised aims.

- **Informal:** a set of actors who meet mainly for social purposes but also exchange information which has instrumental (business) value. No formal membership or clear goals exist, as occurs, for example, in a neighbourhood host families’ network.

Relationships are deemed formal when specified formal aims exit (Gibson et al. 2005) such as joint ventures, licensing agreements and supply chain linkages (Shaw & Conway 2000). Gibson et al. (2005) identify semi-formal relationships as consisting of social interactions and formalised aims. Informal relationships involve personal friendships and family relationships (Shaw & Conway 2000), but may also consist of communication and information exchange purposes (Gibson et al. 2005; Hall 2005c). While the formal and informal categories parallel inter-organisational and social networks respectively (§2.3.2.1) (Shaw & Conway 2000; Hall 2005c), there is less support found in the literature to support semi-formal classifications. Lynch and Morrison (2007) in a review of five tourism network case studies found predominately formal and informal linkages and one semi-formal linkage. However, how this semi-formal linkage was assessed is not described.

Further, caution must be noted in applying such classifications as the boundaries between levels of formality and network type may be blurred (Hall 2005c). Dredge (2006b, p.272) applying the formal-informal criteria to examine local tourism policy networks, found that “none of the networks could be considered exclusively formal or informal since formal structures (e.g. council committees and associations) were frequently supplemented with informal relations between some members”. Nonetheless, the use of formal and informal categories as an organising concept assists in defining inter-organisational and social networks (Shaw & Conway 2000; Hall 2005c) and has been usefully applied to examine tourism network studies (Lynch & Morrison 2007; Mitchell & Schreiber 2007).
Conway’s (1998 in Shaw & Conway 2000) classification of SME networks (Table 3.6) highlights the various classifications of networks available incorporating possible structural and interactional properties. However, as noted by Lynch and Morrison (2007), this classification omits the concept of the virtual network (e.g. Braun 2004). Notably, this classification also ignores the concept of integration horizontally (e.g., within the wine industry or the tourism industry), vertically (e.g., along a supply chain between different industries) or diagonally (e.g., complementary or symbiotic firms add value to the activities of others) (Poon 1989; Tremblay 1998; Michael 2003, 2007a). Thus, this network conceptualisation and analysis tool has been adapted as a framework to aid the investigation of wine tourism networks in this study.

Table 3.6 Network Conceptualisation and Analysis Tool

<table>
<thead>
<tr>
<th>Classification</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network membership</td>
<td>Diversity of actors (organisational, social networks)</td>
</tr>
<tr>
<td>Nature of linkages</td>
<td>Formal to informal</td>
</tr>
<tr>
<td>Interactional Characteristics</td>
<td>Intensity, frequency, durability, direction of linkages</td>
</tr>
<tr>
<td>Network dimensions</td>
<td>Exchange, communication, social</td>
</tr>
<tr>
<td>Types of content</td>
<td>e.g. information, goods, friendship, marketing, advice</td>
</tr>
<tr>
<td>Network integration</td>
<td>Horizontal, vertical, diagonal</td>
</tr>
<tr>
<td>Structure of the network</td>
<td>Size, density, centrality, clusters, isolates, range</td>
</tr>
</tbody>
</table>

Source: Adapted from Conway (1998 in Shaw & Conway 2000)

3.5 Theoretical Influences in the Analysis of Networks

In addition to describing the structure and the interactional characteristics of networks, it is important to determine what Szarka (1990) refers to as the constituents or influences in networks. Hall (2003b, 2004, 2005b) concurs arguing more broadly that geographic co-location is not sufficient in and of itself to realise the potential synergies between the wine and tourism industry. Rather, it is the network based relationships that facilitate the flow of information, knowledge and resources throughout the network. Thus, in order to understand the processes of cluster and network development, the “recognition of social capital and the relative efficiency of channels of social exchange becomes a vital component of the research process” (Hall 2004, p.173). Several influences have been found in the literature that impact network development and social exchange including proximity (Maskell & Malmberg 1999; Doloreux 2004; Gossling 2004; Fensterseifer 2007), firm embeddedness (Uzzi 1996;
Pavlovich 2003), and social capital and trust (Leana & Van Buren 1999; Onyx & Bullen 2000; Inkpen & Tsang 2005).

3.5.1 Proximity
Implied within the concepts of clusters and networks, is a sense of co-operative exchange between geographically co-located firms and the community within which they are located (Michael 2007b). Geographic proximity is presumed to heighten face-to-face communication, strengthen relational ties, improve cooperation, and increase knowledge acquisition and productivity (Porter 1998; Bengtsson & Kock 2000; Lorentzen 2007). However, common location necessarily implies some level of interaction between firms, but as stated previously, in and of itself this may not translate to any recognisable benefit for those co-located firms (Michael 2007b).

Several perspectives have been developed around the notion of proximity (Lorentzen 2007). Torre and Rallet (2005) differentiate between geographic proximity related to actual distance and organisational proximity related to the ability of an organisation to make its members interact, and which may exist without spatial proximity (Torre & Rallet 2005, p.51). These definitions distinguish between spatial and non-spatial dimensions of proximity (Lublinski 2003). Gossling (2004), drawing on the work of Vetlesen (1993), differentiates between spatial and non-spatial proximity, suggesting that spatial proximity is a physical closeness and the opposite of distance and that non-spatial proximity has a social and psychological dimension based on knowledge of another and similarity. Actors that share some similarities or non-spatial proximity find it easier to relate to each other (Lorentzen 2007).

While there appears to be little research on the construct of non-spatial proximity and networking, spatial proximity has been shown to impact cluster and network development. For example, in a study of an emerging wine industry cluster in Brazil, Fensterseifer (2007) found that geographic proximity within the cluster encouraged cooperative relations with associations, other grapegrowers, clients and universities, which, in turn, generated positive externalities and prompted wineries to continue their interactions with the other actors in the cluster. Meanwhile, Doloreux (2004) found that the networking activities of regional SMEs were influenced by proximity; especially cooperative relationships focused on information exchange of knowledge, while R&D collaboration and technology transfer types of collaboration were less sensitive to proximity. This parallels a study by Bengtsson and Kock (2000) who found that Danish firms in close proximity engaged in increased face-to-face
communication, but this communication had little effect on the acquisition of the types of knowledge that led to enhanced new product outcomes. Maskell and Malmberg (1999) concur, suggesting that certain types of information, and particularly tacit knowledge requires face to face contact.

Inkpen and Tsang (2005, p.156) suggest that firms “benefit from spatial proximity in that proximity helps the formation of network ties and facilitates interfirm and especially interpersonal interactions through which knowledge is exchanged”. Further, they argue that those firms centrally located within the cluster benefit to a greater extent than those located at the periphery of the cluster (Inkpen & Tsang 2005). These findings are suggestive of two points: firstly, the importance of proximity in person to person communication as an information channel (Rosenfeld 1997; Lorenzen 1998 in Doloreux 2004); and secondly, the implied relative time and cost constraints in maintaining person to person contact for those firms not within geographic proximity and located on the periphery of the cluster (Torre & Rallet 2005).

Gossling (2004) further argues that spatial proximity systematically increases trust, as trust is more likely to develop in long term, repeated interactions rather than in more transient relationships. Thus, proximity facilitates trust, and in turn, trust is seen as both an “antecedent to and a result of successful” interaction (Leana & Van Buren 1999, p.542). However, it is worth noting that wineries tend to be co-located in groups and sub-groups within a region due to site specific and geographic determinants (e.g. soil, climate, slope), and therefore, the influence of proximity is particularly salient to this study.

3.5.2 Trust and Social Capital

Trust, defined as “confident positive expectations regarding another’s conduct” (Lewicki, McAllister & Bies 1998, p.439) entails a “willingness to take risks in a social context based on a sense of confidence that others will respond as expected and will act in mutually supportive ways” (Onyx & Bullen 2000, p.24). Mitchell (1999, p.174) argues that “an outcome of trust building is a reduction in the perceived risk of the transaction or relationship. As relationships develop and trust builds, risk will decrease”. Trust then plays a vital role in the willingness of network actors to interact (Inkpen & Tsang 2005), where people in high trust relationships are willing to engage in cooperative interaction (Fukuyama 1995; Putnam 1995). Conversely, co-located firms lacking in trust may lead to rivalry and “competitive confusion” (Inkpen & Tsang 2005, p.154) about whether network firms are allies or not,
ultimately working against cluster and network development (Powell, Koput & Smith-Doerr 1996; Hall 2004). Several authors have highlighted conditions that may facilitate and/or increase trust within small firm networks (Perrow 1992; Van Laere & Heene 2003; Lynch & Morrison 2007). These include:

- sharing and discussing information;
- similarity in processes, techniques and firm size;
- experience of getting helped by another firm;
- long term relationships which may have intermittent contact;
- collective experiencing of economic advantages;
- an awareness of a bounded community created by the existence of professional associations;
- person familiarity;
- frequency of communication;
- geographic isolation;
- high social density; and
- co-location within a locality.

Several of these trust building conditions (i.e. similarity in processes, techniques and firm size, existence of professional associations, and co-location) are likely to be present within the wine industry (Carlsen 2004; Taylor et al. 2007). However, these conditions are not as likely to be present within tourism given its fragmented nature (Wang & Fesenmaier 2007) consisting of numerous suppliers from diverse businesses (Tinsley & Lynch 2001; Pavlovich 2003; Scott & Cooper 2007; Wilkinson & March 2008). In a study of the presence and determinants of trust in rural grain and tourism networks in Victoria, Australia, Braun and Lowe (2005) found weak network ties and social structure, low levels of networking and clustering in the tourism network in contrast to the strong network ties and social structure, and high levels of networking in the grains network. Braun and Lowe (2005) concluded that the grains network displayed higher levels of trust, closer communication ties and the commitment to exchange tacit knowledge as a function of industry type and the higher levels of specialisation required of the grains industry. However, they did not take into consideration those conditions for building trust, and were not explicit about how levels of networking and tie strength were assessed. In Saxena’s (2006) study of networking within diverse tourism businesses in the Peak District, trust was very important and it was key to the exchange of market intelligence and knowledge. Trust was found to have accumulated from past working
relationships, access to each other’s resources (e.g. time and skills) and open communication (Saxena 2006). These findings indicate the importance of trust as well as social capital derived from social relations in fostering cooperation.

Trust is embodied within the concept of social capital (Putnam 1995; Onyx & Bullen 2000). Koniordos (2005b, p.4) suggests that trust, as a part of social capital, is understood “as the glue in the bond of group members [and a] bridge between external social networks, supporting and aiding their interrelationship”. This bonding and bridging reflects the respective internal and external relational focus when defining social capital (Adler & Kwon 2002). The bridging view focuses on those external relations that are a source of social capital and posits that the actions of individuals are influenced by links to other actors in social networks (Adler & Kwon 2002). This focus is reflected in the ego-centric network approach (§3.3) (Adler & Kwon 2002). The bonding view focuses on internal collective relations, and conceives social capital as residing in the internal structure and linkages of the organisation, association, or group and its cohesiveness (Adler & Kwon 2002). This view of social capital is more generally reflected in the whole or complete network approach (§3.3) (Adler & Kwon 2002).

As a result, several definitions exist to explain social capital from an internal or external focus. However, Adler and Kwon (2002) argue for a more neutral definition of social capital as internal and external views are not mutually exclusive. Several authors suggest that firms are influenced by both the external ties to other firms and the nature of its internal ties (Adler & Kwon 2002; Inkpen & Tsang 2005) and propose a definition that encompasses both views and that attributes social capital as a valuable resource to both individual and collective actors. Thus, social capital is defined here as “the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit. Social capital thus comprises both the network and the assets that may be mobilised through the network” (Nahapiet & Ghoshal 1998, p.243), and is the definition adopted by Inkpen and Tsang (2005).

It is understood that social capital arises from social relations (Adler & Kwon 2002). In a study measuring social capital in communities, Onyx and Bullen (2000) found several elements central to the development of social capital, including: participation in networks; trust; and the active and willing engagement of actors in a setting. Onyx and Bullen argue that social capital can be “generated anywhere when the conditions for its production are satisfied,
that is, wherever there are dense, lateral networks involving voluntary engagement, trust, and mutual benefit" (2000, p.39). Thus, an “actor’s network of social ties creates opportunities for social capital transactions” (Adler & Kwon 2002, p.24) and, as Burt (2000, p.347) argues, these advantages accrue to individuals or groups as a function of their location in social structures as “better connected people enjoy higher returns”.

Within the context of network analysis, social capital can be examined via the quality of the ties and tie content, and the structural configuration of the ties, such as frequency, intensity and multiplexity (Adler & Kwon 2002). It is suggested that the “rate of networking generally reflects the levels of social capital and trust that exists” Rosenfeld (1997, p.15), with high trust relationships leading to higher levels of social exchange and cooperative behaviours (Buoncore & Metallo 2005). Burt (1992) and Coleman (1988) argue that the degree of network openness or closure reflects the social capital available to the network actors. Coleman (1988) suggests that network closure (i.e. the extent to which actors are connected and the relative density of the network) is a source of social capital. As noted in Burt (2000, p.351) Coleman (1988) argues that dense networks, where “everyone is connected such that no one can escape the notice of others”, facilitate the circulation of information, and facilitate sanctions that make it less risky for people in the network to trust one another. In this way, network closure facilitates trust through the emergence and observation of group norms, thus strengthening social capital. Conversely, in more open or sparsely connected network structures, norms may not be heeded thus weakening trust and social capital (Adler & Kwon 2002). However, Burt (1992) argues that greater social capital benefits arise from sparsely connected networks with few redundant ties and linkages to groups not otherwise connected (Adler & Kwon 2002). It is Burt’s (1992) theory of structural holes (§3.4.2) that posits that new and diverse information enters the network through weak ties to otherwise unconnected groups. As suggested by Adler and Kwon (2002), these positions are reflective of the internal/external foci discussed above, where network closure provides group cohesion benefits and structural holes provide benefits in terms of access to resources housed in external linkages. Several other benefits arise from social capital. At the individual level benefits include access to quality, relevant and timely information (Adler & Kwon 2002). At an organisational level benefits include privileged access to knowledge and information, preferential opportunities for new business, firm reputation, influence and enhanced understanding of network norms (Inkpen & Tsang 2005).
Thus, if social capital resides in networks, networks can be viewed as a mechanism for trust (Lynch & Morrison 2007). It is in this understanding that trust and social capital, housed in networks and communicative relationships, is considered central to cooperation between otherwise competing firms (Szarka 1990; Hall 2005c; Inkpen & Tsang 2005) and critical to the development of wine and tourism networks to link sectoral divides and enhance regional development (Hall 2003b).

3.5.3 Firm Embeddedness

Strongly related to trust is the concept of embeddedness (Granovetter 1985). Granovetter (1985) argues that most interactions are embedded in networks of social relationships, and that these relationships are important to firm interaction and behaviour. Uzzi (1997) differentiates between market relationships characterised by one-off transactions and lack of reciprocity and social content, and embedded relationships consisting of trust, strategic and tacit knowledge, or what he terms fine-grained information transfer and joint problem solving (Uzzi 1996; Van Laere & Heene 2003). Uzzi’s (1996; 1997) study of apparel firms revealed that firms organised in networks have higher survival chances than do firms which maintain arm's-length market relationships, as embedded ties produce competitive advantages that arm's length ties cannot replicate. Embedded ties were found to facilitate access to exchanges that benefited the firm in terms of reducing search costs, enhanced decision-making, and improved firm learning and adaptation. These benefits were found to accrue to the individual firms and across the network as a whole (Uzzi 1996).

High levels of networking and trust create embeddedness, strong ties and dependable behaviour (Braun & Lowe 2005). Lynch and Morrison (2007) agree that it is trust that engenders cooperation, providing individual and general benefits. Further, Lynch and Morrison (2007, p.51) argue that networks manifest from the networking process, and in turn it is “the coalescence of organisational networks within a locality that leads to the creation of a business cluster", suggesting some evolutionary process. To build on this idea, Hall (2005b) argues that network evolution may be characterised by density and the openness or closure of the network. Figure 3.5 illustrates how enhanced regional competitiveness is a function of increasing density and thickness of networks, resulting from the removal of barriers and conversion of intangible assets to intangible capital (Hall 2003b).
Hall’s (2004) concept relates to the network property of density where network thickness is an indicator of increasing destination competitiveness. Hall’s (2004) premise is that destinations with low competitive advantage tend to contain thin or sparsely connected networks, while highly competitive destinations house thick or dense networks supporting exchange of
knowledge, people and resources. Density may be a determinant of communication channels and the diffusion of knowledge, norms and shared behavioural expectations among network actors, and potentially enhanced competitive advantage. This model, however, is limited, in that it does not take into consideration Burt’s (1992) theory of structural holes (§3.4.2) and the circulation of redundant information in a dense or closed network. Nonetheless, this, yet untested, model may be useful in examining wine tourism network relationships via the several indicators provided (i.e. the presence of a champion, development of trust, spatial proximity). This chapter now discusses the approaches to the analysis of networks.

3.6 Approaches to the Analysis of Networks
Approaches to network research have been differentiated based on methodological practice (Araujo & Easton 1996). Approaches range from highly technical quantitative models (i.e. structural approach) to the metaphorical use of the term network embedded within qualitative descriptions of groups and associations (Araujo & Easton 1996; Schensul, LeCompte, Trotter, Cromley & Singer 1999; Scott et al. 2007). Scott et al. (2008a) state that both theoretical approaches, i.e. the structural approach and the use of the network as a metaphor, view the behaviour of actors as a function of their varying positions within a social network (Mizruchi 1994). However, each approach entails different research traditions (Wellman 1998).

While studies in both traditions may be concerned with understanding the nature of the relationships, structural characteristics and transaction content, the approach varies (Scott et al. 2008a). Within the structural approach to network analysis, the value of network analysis lies in its ability to “uncover patterns of order underlying empirical observations” (Knoke & Kuklinski 1982. p.8), and allows the structures and groups to emerge by being connected within the network (Wasserman & Faust 1994; Scott et al. 2008a). This approach has a prescribed way of collecting and analysing data (Wellman 1988; Wasserman & Faust 1994) relying on sociometric techniques based in graph theory and matrix algebra to explain network structures (Araujo & Easton 1996; Schensul et al. 1999). On the other hand, the network as an illustrative metaphor uses the image of a “network of social relations to represent a complex set of inter-relationships” (Mitchell 1969, p.1). This image is used to “describe and explain network structures and processes” with a focus on social processes (Araujo & Easton, p.67). Qualitative network studies have adopted techniques based in anthropology and ethnography traditions with thick description to describe characteristics of a priori defined groups within the network (Scott et al. 2008a).
While the approach chosen for any particular network study is guided by the research questions (Araujo & Easton 1996), each approach has its own limitations and strengths. Limitations specific to each approach and those general to network analysis are discussed below.

3.6.1 Limitations of a Network Analysis Approach

Network literature has grown exponentially (Borgatti & Foster 2003) with application of the network approach across several disciplines and paradigms (Grandori & Soda 1995; Araujo & Easton 1996). This wide usage has imbued the term ‘network’ with different meanings (Alajoutsijärvi, Eriksson & Tikkanen 2001; Gibson & Lynch 2007), with the term used as a metaphor, paradigm or method (Wellman & Berkowitz 1988). For some, the proliferation and “loose application” of the network approach dilutes the concept “relegating it to the status of an evocative metaphor” (Nohria 1992, p.3). However, Araujo and Easton (1996) argue the network as metaphor is not perceived as a limitation. The metaphorical use of the term network allows for powerful insight into organisational life (Morgan 1980) and is an accepted and versatile concept in network literature (Mitchell 1969; Johannisson & Monsted 1997; Tell 2000; Alajoutsijärvi et al. 2001; Dredge 2006a). Networks have also been criticised as difficult to define operationally (Dredge 2006a), with much debate around the application or misapplication of the term network (Wellman 1988; Araujo & Easton 1996; Ebers 1997; Shaw & Conway 2000; Gibson et al. 2005; Scott et al. 2007).

Beyond general limitations of the network approach, both the qualitative and quantitative approach to network analysis is subject to inherent strengths and limitations (Borch & Arthur 1995). Quantitative structural analysis (Wellman 1988) allows for explanation, structural knowledge, internal validity, and generalisability (Borch & Arthur 1995; Scott et al. 2008a). However, this approach has been criticised as static and limited in its ability to describe the dynamic nature of networks (Aldrich & Whetten 1981; Curran et al. 1993; O'Donnell & Cummins 1999; Shaw & Conway 2000; Dredge 2006b). As well, quantitative procedures may produce mathematical descriptions of social structures, yet the outcomes of such structures have often been left unaddressed (Mizruchi 1994). Finally quantitative network analysis may require access to large and complete data sets involving firms and their linkages. Access to these data sets and all actor linkages may be limited, boundary setting may be complex and primary data collection of all nodes required is expensive and time consuming (Wellman 1988; Araujo & Easton 1996; Scott et al. 2008a).
On the other hand, the qualitative network approach (Araujo & Easton 1996) may have the potential to reveal network processes, provide for understanding, richness, and practical relevance (Borch & Arthur 1995). The use of qualitative research into, for example, entrepreneurial networks, has been argued to stimulate theoretical ideas (Hoang & Antoncic 2003). However, qualitative network studies may be time consuming, costly, and have been criticised as lacking in generalisability (Borch & Arthur 1995; Araujo & Easton 1996). Nonetheless, Hoang and Antoncic (2003) point out that the potential for qualitative studies to contribute to the knowledge of network development outweighs its limitations. The aim of this thesis is therefore not to generate data which is generalisable, but rather to explore the relationships between the wine and tourism industries specifically within the emerging Wine Islands wine region located in the Vancouver Island and Gulf Islands viticulture areas of BC.

Looking to approaches used in other research spheres, organisational, entrepreneurial and small firm networks research have been criticised for an over-reliance on quantitative approaches (Curran et al. 1993; Borch & Arthur 1995; O'Donnell & Cummins 1999; Shaw 1999; Hoang & Antoncic 2003). Aldrich and Whetten (1981, p.402) argue that quantitative studies have resulted in a body of knowledge about the form of inter-organisational relations rather than their content suggesting that the “greatest need in the area of research design is for more information about the developmental processes of networks”. Such a focus on network structure and frequency of contact, rather than content, character or significance of relationships (Aldrich & Whetten 1981; Curran et al. 1993; O'Donnell 2004), oversimplifies network analysis (Coviello 2005), and leaves the cultural aspects of networks inadequately analysed, and less well understood (O'Donnell 2004). These criticisms have prompted a move away from traditional quantitative methodologies (Jagd 2005) in these research spheres.

A review of the small number of network studies adopting a quantitative approach within tourism (Pforr 2006; Shih 2006; Costa et al. 2008) and a study of wine tourism linkages (Johnson 1998) (§2.4) reveals a quantification of industry linkages and structural characteristics of the network under study and limited explanations of the qualitative nature of the relationships, the contents exchanged, and the dynamics of the networks under study. On the other hand, the few qualitative tourism (Tinsley & Lynch 2001; Pavlovich 2003; Dredge 2005; Dredge 2006b; Tinsley & Lynch 2007; Wang & Fesenmaier 2007; Bhat & Milne 2008; Pavlovich 2008; Wilkinson & March 2008) and wine tourism (Telfer 2001a; Schreiber 2004; Simpson & Bretherton 2004) network studies describe linkages, processes and dynamics of networks but often do not attempt to illustrate network structure and linkages between and
among actors. If maps are included, these are often illustrative of pre-existing, *a priori* defined relationships (Scott *et al.* 2008a), and lack in the sophistication of software generated maps. Indeed, as acknowledged earlier by Aldrich and Whetten (1981) that while the network as a metaphor in qualitative studies assists to "build complex understandings of dynamic relations over time and space [...] further work needs to be done in identifying appropriate methods of inquiry to better understand network interrelations" (Dredge 2006a, p.579).

No single approach to the study of networks, quantitative or qualitative is sufficient to "provide all the answers" (Scott *et al.* 2008b, p.4), and Scott *et al.* (2008b) encourage the development of a new, ‘blended’ approach to examine tourism networks. By adopting a blended approach to understanding network structure and relational aspects of wine and tourism networks, this study attempts to develop a more complete picture of the interactions and complexity within the network. Further, a blended approach attempts to address the limitations inherent in adopting a single approach to the study of tourism networks.

### 3.6.2 A Blended Network Approach

As noted above, an emphasis is placed on quantitative analysis to map network structure in the small firm literature (Shaw & Conway 2000). However quantitative, structural data cannot describe the social ecology nor the interactional character of the relationships among firms (Rosenfeld 1997). Consequently, several authors argue for a qualitative approach and a focus on dynamic processes with the aim of explaining, rather than predicting, phenomena to understand the nature of the social fabric of networks (Curran *et al.* 1993; Borch & Arthur 1995; Shaw 1999; O'Donnell 2004). Lynch *et al.* (2000, p.117) claim that investigating networks from this approach allows the investigator to focus on the values, attitudes and beliefs determining the network behaviours, where “mapping alone would only describe networks rather than leading to an understanding from an actor’s perspective”. Indeed, Aldrich and Whetten (1981, p.387) argue that “only when an investigator is able to understand the process that brought the network to its current state” that the network patterns achieve theoretical importance.

Shaw (2006, p.21) argues, as do others (Borch & Arthur 1995; Hoang & Antoncic 2003; Coviello 2005; Provan *et al.* 2007), that “research that simultaneously explores both network structures and interactions will be beneficial in developing a fuller picture of small firm networking and the complex interplay between network structure and processes”. One approach to simultaneous exploration of structure and interaction is to balance the structural
illustrations with qualitative analysis of the content and interactional dimensions of the network (Coviello 2005). Coviello (2005, p.57) argues that “that understanding network dynamics is best achieved when the structural patterns generated by [the software] are used to provide a framework for discussion […] and] become just one piece of the story of a firm's network, and are balanced by qualitative interpretation of the interactional dimensions of that network”, adding richness to the understanding provided by the structural illustrations.

Thus, guided by calls for exploration of both structure and process within network relationships, this study adopts a blended network approach to the analysis of wine tourism networks as described by Coviello (2005). This blended approach embeds network maps within a qualitative understanding of the interactional dimensions to simultaneously examine both the structure and the nature of wine and tourism network relationships. Network mapping as an analysis tool (§5.6) supplements the qualitative analysis of the contents and nature of the interactions. It is anticipated that this approach will allow for the development of a more complete understanding of the complexity of wine and tourism networks in the case study region. As the first study to apply network analysis to examine wine and tourism industry linkages, findings will fill the gap in our knowledge of the structure of wine and tourism industry linkages while simultaneously providing an in-depth understanding of the interactional nature of what actually occurs between wine and tourism firms.

This blended network approach is embedded within a case study strategy. This strategy allows for a heightened awareness of contextual insights and provides a rich, and in-depth understanding of the phenomena in question (Creswell 1998; O'Donnell & Cummins 1999). The case study strategy and case selection are examined in Chapter 4.
Chapter 4: Case Study: The Wine Islands

4.1 Case Study as Research Strategy

The case study strategy within a network perspective frames this inquiry to allow the empirical investigation of phenomena within a natural setting using multiple sources of evidence (Saunders et al., 2003). Case studies are ideal for exploring processes and performing contextual analyses of actions that take place in social or organisational contexts that may not be well understood (Hartley 1994; Yin 2003), and is well suited to the examination of actor relations within networks (Borch & Arthur 1995; Dredge 2006b) and particularly for wine regions (Carlsen & Charters 2006). Stake’s (2005, p.445) definition of case study as an “interest in an individual case, not by the methods of inquiry used” is adopted to investigate the relationships between wine and tourism industries in an emerging wine region on Southern Vancouver Island and Gulf Islands viticulture areas of British Columbia. This chapter discusses the assumptions and rationale for the case study strategy (§4.1.1), followed by the criteria for case study selection (§4.2). This discussion situates and frames the case region (§4.2.1), and then defines network boundaries (§4.2.2), and unit and level of analysis (§4.2.3 and §4.2.4). This chapter concludes with a discussion of case study limitations (§4.3).

4.1.1 Case Study Rationale and Assumptions

Case studies are fit for exploring processes or behaviours not well understood (Hartley 1994). Gummesson (2000, p.86) argues the advantage of the case study lies in the opportunity for an holistic view that enable us to “study many different aspects, examine them in relation to each other, view the process within its total environment and also use the researchers’ capacity for verstehen”. This capacity for verstehen, defined as the “understanding of the ‘meaning’ of social phenomena” (Schwandt 1994, p.119), is captured by Stake’s (2005, p.445) characterisation of the case study researcher as one who “spend[s] substantial time, on site, personally in contact with activities and operations of the case, reflecting, revising meanings of what is going on”.

The case study is considered by some, not as a method, but as a research strategy (Hartley 1994) to create a rich contextual understanding of the dynamics within a setting through
detailed, in-depth data collection using multiple methods (Eisenhardt 1989; Creswell 1998). This perspective is captured in Yin’s (2003) definition of the case study as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context” (p.13). Yin (2003) prescribes an approach to case study inquiry encompassing design logic, data collection techniques and approaches to data analysis, treating the case study approach as a comprehensive research strategy (Xiao & Smith 2006). Further, Stake (2000, 2005) argues that the case study is a choice of what is to be studied defined by the interest in an individual case, freeing the researcher to adopt methods best suited to the research questions.

Various methods may be employed within the case study strategy (Saunders, Lewis & Thornhill 2003). The researcher, as primary tool for data collection (LeCompte & Schensul 1999), entails methods of human interaction including observation and face to face interviewing. However, the researcher is not limited to these methods (LeCompte & Schensul 1999; Gill & Johnson 2002) and the use of documentary and survey data may be used in case studies. Several of these methods were employed in this study, including: observation, semi-structured interviews and documentary review, and these are examined in detail in Chapter 5.

The case study approach is considered an appropriate approach to the examination of networks as it generates insight into social dynamics of firm relationships (Borch & Arthur 1995; Shaw 1999; Coviello 2005). Case studies are useful and much needed in tourism research (Xiao & Smith 2006, p.747), small business research (Perren & Ram 2004), and specifically suited to gain insights into wine region development (Carlsen & Charters 2006). Therefore, the case study strategy is adopted to frame this inquiry and focus the study on emerging wine tourism networks within the “Wine Islands” region, British Columbia allowing the investigation of the phenomena of wine tourism networks within its real life context. Case study selection was based on several criteria and considerations that overlap both case study and network research.

4.2 Case Study Selection

Stake (2005) points out that case selection entails choosing an interest or a focus in the case: either intrinsic or instrumental. Intrinsic case studies typically are those cases prespecified, and are of intrinsic interest; the purpose is not to come to understand a construct or phenomenon, but rather the case itself is of interest (Stake 2005). An instrumental case study provides “insight into an issue … and it facilitates our understanding of something else” (Stake 2005, p.445), where a well chosen case increases the opportunity for maximum
understanding of the phenomenon (Patton 2002; Stake 2005). The Wine Islands region was chosen as the instrumental case to provide a “supporting role” (Stake 2005, p.445) or backdrop to advance our understanding of the phenomenon of wine tourism networks within an emerging wine region. Situating and framing the study is one of several considerations necessary in case selection.

4.2.1 Situating and Framing the Study
Framing a study’s boundaries is a useful way of specifying the case and may be imposed by boundaries of time, resources and/or geography (Yin 2003; Beeton 2005). Of these, this case study is defined by geographic boundaries which overlaps with, and complements, network boundary definition. A description of the national and regional wine context precedes the discussion of the case study area situated within the geographic boundaries of the Wine Islands region.

4.2.1.1 National and Regional Wine Context
Canada is home to over 500 grape, cider, mead and fruit wineries (Bell 2007; Wines of Canada n.d.). Wineries typically refer to “the facility where grapes are made into wine” (Hall et al. 2000a, p.5). However, for the purposes of this study, wineries are defined as: “establishments primarily engaged in manufacturing wine […] from grapes or other fruit. Establishments primarily engaged in growing grapes and manufacturing wine; manufacturing wine from purchased grapes and other fruit, blending wines […]” (Industry Canada 2008, n.p.). This definition recognises the importance of fruit wine to the Canadian wine industry (Korstrom 2006a), and encompasses those wineries producing fruit wine products within the case study region.

Within Canada’s wine producing regions, 95 percent of Canada’s wineries are located in three provinces: British Columbia (BC), Ontario and Quebec (British Columbia Ministry of Agriculture Food and Fisheries 2004; Tinney 2008). BC, nicknamed “Napa of the North” (Tsui 2006), is considered the fastest growing new world wine region (Government of British Columbia 2006a) and has the largest number of wineries with approximately 171 licensed wineries and several pending licenses at the time of this study (British Columbia Wine Institute 2006b; BC Liquor Distribution Branch 2008). With the exception of five large commercial wineries, most wineries are small to medium sized and produce a range of products including table, sparkling, cider and dessert wines (Carew 1998).
BC’s wine industry is witnessing rapid growth with $6.8 million in domestic wine sales increasing to $151 million in 2006-2007 (Korstrom 2006b). The industry has grown from 17 wineries in 1990 (British Columbia Wine Institute 2006b), and an almost doubling of grapes planted in the last four years. In 2005, 5,506 acres (2,228 hectares) of grapes were planted in BC, in 2008 there were 9,066 acres (3,626 hectares) of wine grapes under grape cultivation in BC and potentially another 1,500 acres (607 hectares) of plantings estimated for 2010 (British Columbia Wine Institute 2008). Within BC, there are five distinct viticulture areas (VAs) located in two distinct wine-growing regions: the Interior region: Okanagan and Similkameen valleys; and the Coastal region: the Fraser Valley, Vancouver Island and Gulf Islands (Figure 4.1) (British Columbia Wine Institute 2006b).

**Figure 4.1 Designated Viticulture Areas (VAs) in BC**

![Designated Viticulture Areas in BC](image)

Source: British Columbia Wine Institute (2006a)

While the Interior region is the oldest and largest grape growing region in BC, with 90% of the grape acreage and producing an estimated 95 percent of the province’s wine (British Columbia Ministry of Agriculture Food and Fisheries 2004; British Columbia Wine Institute 2008), the Coastal growing region is the youngest. The Coastal region is considered the newest wine region in BC (British Columbia Wine Institute 2006a) and the fastest growing in Canada (Wine Islands Vintners’ Association 2006b).

### 4.2.1.2 Wine Islands

Within the Coastal wine producing region is the Vancouver Island and the outer Gulf Islands VAs (Figure 4.2). These two VAs are branded as the Wine Islands and, at the time of this study, home to 33 grape, fruit and mead wineries (British Columbia Liquor Distribution Branch 2008), up from five in 1995 (Schreiner 2005). The wine industry in this region is
considered in its infancy with the first winery of the region opening in 1992 (Schreiner 2005). The Wine Islands region is small compared with other BC wine regions, with approximately 462 acres (190 hectares) under cultivation accounting for approximately five percent of BC's grape acreage (British Columbia Wine Institute 2008). The region employs approximately 150 full time equivalents in wine production related jobs, and contributes an estimated $2.5 million to the regional economy through wine sales (Duffy 2006).

Figure 4.2 Vancouver Island and Gulf Island Viticulture Areas

Several organisations and associations with wide ranging mandates support the wine and tourism industries provincially and regionally (§9.2.1 and §9.2.2). Regional wine tourism initiatives include the development of food and wine festivals (such as the Cowichan Wine and Culinary Festival) and the Wine Islands project, a collaborative marketing exercise producing wine route maps linking wineries and SMTEs throughout the Wine Islands region (Figure 4.3). This latter initiative was the result of an alliance of the Wine Island Vintner's Association, the BC Agritourism Alliance, the Canadian Tourism Commission and the Cowichan Region Economic Development office. This project, described as an integrated approach to wine tourism, promised newly developed regional wine tourism initiatives (Cowichan Valley Citizen 2006) as an attempt to draw Vancouver Island tourists to the wineries and the supporting SMTE infrastructure. Vancouver Island tourism is well supported with SMTEs including: over 600 nature based businesses; 232 arts and crafts; 250 cultural
events; 39 golfing venues; 28 museums; 132 sports facilities; and 646 fixed-roof accommodation facilities (Tourism British Columbia 2008b).

Figure 4.3 The Wine Islands Region

![Map of Vancouver Island](image)

Source: Wine Islands Vintners’ Association (2006b)

The Vancouver Island tourism region, characterised by coastline, a temperate climate, and arable agricultural valleys (Tourism British Columbia 2008b), is a leading island tourist destination receiving international acclaim (Tourism British Columbia 2008a). Of the 30.6 million visitors to British Columbia in 1996, Vancouver Island received approximately one third or ten million resident and non-resident visitors generating approximately 2.5 billion dollars in tourism revenue (Tourism British Columbia 1998). Wine tourism is a rapidly expanding component of Vancouver Island’s tourism industry (Canadian Tourism Commission 2004). Recent research suggests that British Columbia is one of three top destinations for the 17.7% of United States and equal number of Canadians engaging in wine, food or beer tastings while travelling (Lang Research Inc. 2009a, b).

This case study is geographically focused on the “Wine Islands” region encompassing all wineries located within the Vancouver Island and Gulf Islands region and the wine tourism networks contained within this geographic region. Selection of the Wine Islands region as the case study provided a study site that met the researcher’s capacity and resource constraints, as
the researcher lives and works on Vancouver Island. Further, selection of this site met criteria of importance and relevance (Meyer 2001). This case selection within a known tourism destination allowed for the examination of wine and tourism networks within a newly developing wine region, meeting the importance and relevance criteria. As well, the relatively small area encompassing the Vancouver Island and Gulf Islands VAs provides clear, natural case study boundaries (Yin 2003), allowing the researcher to focus on the research purpose (Beeton 2005). Organisational network structures within this case study boundary, i.e. the Wine Islands Vintners Association and the Cowichan Wine and Culinary Festival, allowed for immersion in and the study of wine tourism networks. This industry infrastructure coupled with the existence of over thirty wineries and several diverse SMTEs provided opportunities for the study of wine tourism networks in a natural setting. Finally, the availability of local contacts, access to wine and tourism organisations and key informants allowed for the full exploration of the nature of wine tourism networks within the Wine Islands region. Therefore, situating and framing the case study within the geographic boundaries of Wine Islands region addresses the study criteria and the research aims to explore the phenomenon of wine tourism networks within an emerging wine region. The exploration of networks within this geographic area necessitates the establishment of network boundaries.

4.2.2 Network Boundaries
Establishing network boundaries raises a significant question of what limits are set for collecting data on social networks (Knoke & Kuklinski 1982). Prior to collecting data, a decision must be made about “what is the most relevant type of social organisation to be studied and the units within that social organisation that comprise the network nodes” (Scott et al. 2008a, p.146), necessitating the delimitation of the relevant population (Laumann, Galaskiewicz & Marsden 1978). Delimitation of the network to be studied can be addressed by adopting a ‘realist’ or ‘nominalist’ view of social phenomenon as a way to establish boundaries (Laumann, Marsden & Prensky 1992). In a ‘realist’ approach, boundaries are established through the “presumed subjective perceptions of the system actors themselves, defining the boundaries of a social entity as the limits that are consciously experienced by all or most of the actors that are members of the entity (e.g. a family, corporation, social movement)” (Knoke & Kuklinski 1982, p.22). In other words, the boundary is constructed by those in the network itself (Conway & Steward 1998). Limiting the sphere of actors with this approach is problematic (Knoke & Kuklinski 1982) and may be expensive and time consuming (Scott et al. 2008a). In the nominalist approach, on the other hand, boundaries are defined by a study’s conceptual framework such as classrooms or organisational units as
criterion for boundary closure (Laumann et al. 1992). Similarly, this present study geographically focuses the network boundaries and parallels a geographic approach to network boundary setting, where the focus is on actors within a geographically defined area (Laumann et al. 1978). As suggested by Scott et al. (2008a), the geographic basis to this approach naturally overlaps with the study of tourism destinations.

Boundary selection using a nominalist approach may pose limitations such as the resulting small size of the setting under study and the potential to exclude influential networks outside of the boundary in the analysis (Knoke & Kuklinski 1982). While these limitations are acknowledged, it is argued here that qualitative network studies are typically characterised by a priori definition of groups and structures (Scott et al. 2008a) based on the aims of the study. The network boundary is delimited by the geographic boundaries of the Wine Islands region to address the aims and objectives of this study to understand wine tourism networks in an emerging wine producing region, and places the focus on those actors within the geographic area, including those regional and national organisations that may have a supporting role within the defined Wine Islands region. Identification of actors and units of analysis requires selection criteria within this geographically defined area.

4.2.3 Unit of Analysis

The definition and selection of the unit and level of analysis are additional methodological issues inherent in the network approach. Before collecting data, the network researcher must decide on the type of social organisation to be studied and the units within that social organisation that will comprise the network nodes or actors (Scott & Cooper 2007). Node or ‘anchorage’ (Shaw & Conway 2000) is used to identify the focus of social network enquiries, and may include individuals, aggregates of individuals, organisations, classes, communities and nations (Scott & Cooper 2007). Most studies within the small firm and entrepreneurship literature select the entrepreneur as the focal point in relation to how the actor’s social network impacts the establishment of small firms (Shaw & Conway 2000). Few studies have examined the small firm as the unit of analysis (Shaw & Conway 2000). A study with the small firm as the unit of analysis would fill a gap in small firm literature and tourism literature in particular (Tinsley & Lynch 2008). The focus of this case study entails a local level of understanding of wine and tourism networks and will therefore treat the firm’s owner/managers as the unit of analysis and examine the structure and nature of relationships external to the firm.
Prior to discussing selection criteria, the perspective of the firm adopted in this study is briefly addressed. Taylor (2004) and Taylor and Asheim (2001) identify and critique several perspectives of the nature of the firm, generally classified under the umbrellas of rationalist and socioeconomic perspectives. Under the rationalist perspective, the firm is generally regarded as an anonymous and autonomous black box concerned with “efficiency as the determinant of a firm’s fitness for purpose” (Taylor 2004, p.2). The rationalist perspective is perceived as an under-socialised view of the firm that ignores the importance of the local social conditions within which the firm operates (Taylor 2004). Arising from this critique is the socioeconomic perspective of the firm emphasising social processes within and between firms (Taylor 2004). This perspective is, in part, based on Granovetter’s (1985) observations that firm transactions consist of social connections, and embodies firms as “bundles of unique competencies that are the emergent products of social interaction” (Taylor 2004, p.5).

Of the several interrelated concepts within the socioeconomic perspective (Taylor & Asheim 2001), the networks and embeddedness concept views the firm as being embedded in socially constructed networks of reciprocity and interdependence (Grabher 1993; Taylor & Asheim 2001). Central to this view is that economic exchange is seen as embedded in a social context (Powell 1990) and that the “nature of economic action is contingent upon cognition, culture, social structure, and political institutions” (Taylor & Asheim 2001, p.320). Particularly relevant to the small firm, the embedded networks view of the firm concerns the way relationships are expressed and developed into networks as avenues of market exchange within a social context (Taylor & Asheim 2001), and is the perspective of the firm adopted in this study to examine wine network relationships with SMTEs and industry organisations. Despite this socioeconomic view of the firm, a complete analysis of relationships of all actors encompassing the different wineries is not feasible for this regional analysis. The emphasis of this study and the unit of analysis have therefore been placed on the networks of the winery owner/managers.

Selection criteria to identify the firms or actors within the case study region are based on the positional method, where actors are identified based on their attributes or membership within a social structure (Scott 2000; Knoke & Yang 2008). This approach allows the researcher to select cases rich in information (Shaw 1999) and that address the study objectives (Saunders et al. 2003). Using this approach, wine and tourism industry associations were selected on the basis of their supporting role in developing the wine and/or tourism industry within the case study region although the organisations may actually be physically located outside the Wine
Islands region. As a result, nine key industry organisations were identified and invited to participate in this study to provide study context and information of inter- and intra-industry organisational linkages (§5.2.2).

Further, case study area wineries were selected as the key focal node to examine wine and tourism networks. The availability of a comprehensive list of licensed wineries provided a complete population of regional wineries; whereas no complete listing exists for SMTEs that are involved in wine tourism. This complete population of wineries allowed for the development of an understanding of wine and tourism network relationships from the winery perspective. As a result, thirty-three licensed wineries were identified as operating in the case study area (BC Liquor Distribution Branch 2008). All of these wineries were contacted, the purpose of the study was explained, and interviews granted by twenty-eight wineries (§5.2.3).

Selection of perspective is a limitation within the network approach (Tinsley & Lynch 2008). Given resource and capacity constraints, it is impossible to understand wine tourism networks from all the different perspectives. For example, in the study of a whole network that describes the ties of all members of a domain, the number of possible ties is equal to the size of the population \( n \times n-1 \) (Scott et al. 2008a). Thus, researchers are limited by the number of actors to include and the number of relationships to study. In this study, winery perceptions are critical to understanding wine tourism linkages with SMTEs; however, the SMTEs identified by wineries were not interviewed. While this may be perceived as a limitation, the selection of one perspective over another is an approach adopted in other studies (Tinsley & Lynch 2001, 2008).

Acknowledging this positionality and its potential limitations, this study attempts to broaden the understanding of wine and tourism network development by examining multiple layers of relationships: winery to winery, winery to SMTEs, winery to industry organisations and inter- and intra-organisations. This approach is similar to the one adopted by Scott and Cooper (2007) in their study of inter-organisational networks in Australian tourism destinations. Scott and Cooper (2007) interviewed a random sample of tourism operators selected from the members of regional tourism organisations, as well as key stakeholder organisations, which in turn identified organisations from outside the region that were not interviewed, but yet were considered to be important to the analysis.
4.2.4 Level of Analysis

Two conditions must be met in order to operationalise the network concept: firstly, the identification and description of the network structure in terms of membership; and secondly, describing the nature of the relationship between the members (Szarka 1990). However, one of the challenges associated with network analysis is the determination of the level of analysis to explain the various relationship structures (McQuaid 1996). As suggested by McQuaid (1996) the most important level of analysis is that of the whole network. This level of analysis provides a full picture of all actor positions, the nature of these positions and the patterning among all actors (Knoke & Kuklinski 1982), which information may not emerge from network analysis at lower levels of analysis, i.e. the ego-centric, dyad, or triad level (§3.3). The whole network approach may consist of an infinite set of individuals, requiring responses from all members of a particular domain and therefore may be expensive and time consuming (Hanneman & Riddle 2005; Scott et al. 2008a).

Limited by resource and capacity constraints, this study adopts a modified approach to understanding wine tourism networks. In this study the data were collected and analysed at a modified whole networks level where layers of the network are examined, including: interaction among and between a finite set of wineries (group); winery to wine and tourism industry organisations (modified ego-centric); and winery and SMTEs (modified ego-centric). The modified ego-centric approach entailed gaining the perspective of the wineries on their alters, (i.e. winery linkages to SMTEs and organisations). However, this approach did not in turn gather the perspectives of the alters, either SMTEs linkages or industry organisations insofar as winery membership was concerned. As previously stated, the selection of one perspective may be interpreted as a limitation with this study. However, it is argued that this modified ego-centric approach provides valuable information on the actors’ structural position and relationship ties, thus building an understanding of the social structure within which the actor is embedded (Hanneman & Riddle 2005). Further, this approach meets the aims of this study, allowing the building of a picture of regional wine tourism networks in several ways. Analysis of data distinguishes network types (§3.4.1) as well as examines the nature of the relationships between the actors using qualitative data to determine the content and interactional nature of the relationships. This analysis is supplemented with network mapping to illustrate types of actors, ties and structural characteristics of the network as set out in the conceptual framework (see Table 3.5).
4.3 Limitations

Several limitations are inherent in the case study strategy. This strategy has been criticised as reflecting the bias of the researcher as the primary instrument of data collection; however, bias may be found in other research modalities such as questionnaires and experiments and is not restricted to case studies (Yin 2003; Beeton 2005). Several strategies to minimise bias (§5.2.1; §5.4.1) have been incorporated into this study. Further, the single case study design may be limited by misrepresentation (Yin 2003). The misrepresentation of findings was minimised by the triangulation and the researcher’s access to a wide range of wine and tourism organisations, information and key informants, allowing for a prolonged exposure in the field and multiple sources of data.

Lack of generalisability is also considered to be a limitation of case study research (Eisenhardt 1989). However, the aim of case study research is analytic generalisation, rather than statistical generalisation to broader populations (Yin 2003; Decrop 2004). Yin (2003, p.33) describes analytic generalisation as the use of “previously developed theory as a template with which to compare the empirical results of the case study”. In response to criticisms surrounding generalisability (see §5.7), this study is conceptually framed within a blended network approach, allowing for the development of a rich, in-depth understanding of wine tourism networks. Further, analysis of the structure and nature of network interaction allows for the integration of existing literature on network structure and nature.

4.4 Summary

The case study strategy is appropriate for an examination of actor relations within networks (Borch & Arthur 1995; Dredge 2006b) and, in particular, those networks within wine regions (Carlsen & Charters 2006). Guided by Stake’s (2005) definition, the case study strategy was adopted to investigate the relationships between wine and tourism industries in the Wine Islands region, British Columbia. Situating the study in the Wine Islands addresses the study aims, and meets several criteria and considerations that overlap both case study and network research. This case selection provides clear, natural geographic boundaries, and allowed access to key informants within an existing wine and tourism infrastructure within this boundary. This chapter addressed case study and network boundaries, unit and level of analysis. Building on this, Chapter 5 presents the data collection methods used in this study.
Chapter 5: Methods

5.1 Introduction

A blended network approach within the case study strategy entails the use of multiple methods. The use of multiple methods, often referred to as triangulation (Denzin & Lincoln 2005), is considered a major strength (Yin 2003) allowing for in-depth understanding of the phenomenon under study (Denzin & Lincoln 2003), from multiple perspectives (Jick 1979) and examination of a broader range of issues (Yin 2003). Triangulation provides, not only a validity check, but adds “depth to the description of the social meanings involved in the setting” (Hammersley & Atkinson 1995, p.231) by capturing a more complete contextual portrayal (Jick 1979). Triangulation is also thought to overcome bias inherent in a single method (Jick 1979; Creswell 1994) and contribute to the development of “converging lines of inquiry”, providing for more convincing and accurate conclusions within a case study (Yin 2003, p.98). Related to this study, combining methods is considered a powerful approach to examine networks (Schensul et al. 1999). This approach addresses the criticisms of the static nature of quantitative network analysis (O’Donnell & Cummins 1999; Shaw & Conway 2000; Dredge 2005) by supplementing the quantitative description of the network structure with in-depth understandings of the qualitative nature of wine tourism network relationships.

Thus this study adopts rigorous data collection procedures by collecting multiple forms of data through multiple methods, including: semi-structured interviews, secondary document review and participant and non-participant observation. Table 5.1 summarises the methods, data forms, and time spent in the field for this study. Method definition, strengths and weaknesses of and rationale for adopting each method are discussed in Sections 5.2 to 5.4, and followed by an examination of ethical considerations in Section 5.5. The chapter concludes with a discussion of data analysis procedures (§5.6) and verification of data (§5.7).
Table 5.1 Case Study Methods and Data Form

<table>
<thead>
<tr>
<th>Method</th>
<th>Focus of Method</th>
<th>Data Form</th>
<th>Details about Data</th>
<th>Time Spent in the Field</th>
</tr>
</thead>
<tbody>
<tr>
<td>Semi-structured depth</td>
<td>To obtain data on the structure and nature of wine tourism network relationships</td>
<td>Interview text developed from taped interviews with wineries, tourism and wine industry organisations</td>
<td>Transcribed interviews from audio tapes of 28 winery interviews and 9 industry association interviews</td>
<td>March 2007 to June 2008</td>
</tr>
<tr>
<td>interviews</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary document</td>
<td>To build an holistic understanding of regional context</td>
<td>Newspaper and magazine articles, meeting minutes, emails, website content</td>
<td>Summaries of key articles</td>
<td>March 2006 to January 2009</td>
</tr>
<tr>
<td>review</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participant observation</td>
<td>Participant observation with industry organisations to examine the social infrastructure within wine tourism networks and develop context</td>
<td>Field notes taken at meetings and participation in association projects</td>
<td>Summaries of observations of behaviours, conversations, events and the development of research reports</td>
<td>August 2006 to June 2008</td>
</tr>
<tr>
<td>Non-participant</td>
<td>Observational visits to wineries</td>
<td>Field notes taken as a visitor to wineries to scan for evidence of cooperative partnerships (i.e., business cards, brochures, cross promotion)</td>
<td>Summaries of observations of co-marketing materials</td>
<td>August 2006 to June 2008</td>
</tr>
<tr>
<td>observation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5.2 Semi-Structured Interviews

The interview is “one of the most common and powerful ways in which we try to understand our fellow human beings” (Fontana & Frey 2000, p.645) and may take a face-to-face or voice-to-voice form (Jennings 2005). A semi-structured interview approach was chosen, where a list of topic areas focused the interview, yet permitted enough flexibility to allow for conversation and important insights to emerge (Jennings 2005). The face to face semi-structured interviews of wineries were implemented to secure an in-depth examination of the structure and nature of the social infrastructure and relationships of wine tourism networks within the case study region. In addition, semi-structured telephone interviews with key regional and provincial
wine and tourism organisations were implemented to develop a holistic contextual understanding of their role in wine tourism development within the case study region.

5.2.1 Advantages and Limitations of Semi-Structured Interviews

The interview is essential to capture participant perspectives and give a voice to those studied (Hammersley 2006). In combination with participant observation, the interview provides a “source of witness accounts about settings and events in the social world, that the [researcher] may or may not have been able to observe” (Hammersley 2006, p.9), thus illuminating observational data (Hammersley & Atkinson 1995). In addition to contextualising the researcher’s observations (Fetterman 1998) several other advantages of the semi-structured interview are highlighted in Table 5.2.

Table 5.2 Advantages and Limitations of Semi-Structured Interviewing

<table>
<thead>
<tr>
<th>Advantages:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• An adaptable technique enabling probing of specific themes;</td>
</tr>
<tr>
<td>• The personal nature of interviews may enable the researcher to develop empathy with participants;</td>
</tr>
<tr>
<td>• Little equipment is required, so the location can be varied;</td>
</tr>
<tr>
<td>• Possible interconnections between experiences and views can be explored;</td>
</tr>
<tr>
<td>• The technique is useful for generating experiential data that can then be theorised;</td>
</tr>
<tr>
<td>• It can provide contextual background for studies using multiple methods;</td>
</tr>
<tr>
<td>• Semi-structured interviews also allow for comparability across interviews;</td>
</tr>
<tr>
<td>• They can provide rich, descriptive data with many colourful and illustrative examples of different experiences;</td>
</tr>
<tr>
<td>• The technique has high validity, as interviewers can ensure that questions are understood by the interviewees by adapting the wording, or probe to elicit more in-depth responses.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Limitations:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Misinterpretation of views by the researcher and/or the participant is possible;</td>
</tr>
<tr>
<td>• It can be difficult to replicate, i.e. it has lower reliability. This is not necessarily a disadvantage in qualitative research, as what you sacrifice in reliability you gain in validity;</td>
</tr>
<tr>
<td>• The method requires training and confidence to be fully effective in data-gathering, and some theoretical insight to be able to probe for more detail on valuable ideas as an interview is conducted;</td>
</tr>
<tr>
<td>• The technique relies on interviewees to volunteer to participate in what can be a time-intensive process.</td>
</tr>
</tbody>
</table>

Adapted from Jordan & Gibson (2004)

Several advantages are inherent in the semi-structured interview method as listed in Table 5.2. Most notably, the semi-structured interview allows for the securing of rich, descriptive data and the clarification and exploration of ideas and themes through probing questions.
facilitating a high level of validity. Despite this, there are some limitations with the method, and how these were managed is addressed here. Regarding interviewer and interviewee bias, this was minimised by employing several tactics (Saunders et al. 2003; Jennings 2005). Preparation for the interviews included reviewing organisational websites and maintaining a professional appearance (Fontana & Frey 2000) in order to convey a professional character (Saunders et al. 2003). Further, an interview opening protocol was implemented that thanked participants, revealed the research purpose, gained informed consent, stated research outputs and time allotted for the interview. This protocol helped to gain credibility and establish a rapport (Fontana & Frey 2000; Saunders et al. 2003). To further reduce bias (Saunders et al. 2003) and build trust (Fontana & Frey 2000), clearly phrased, non leading questions were delivered in a neutral tone. Lastly, through active listening skills and probing questions (Saunders et al. 2003; Jennings 2005) the interview was monitored and clarification sought when needed to minimise misinterpretation. For this study, permission to use a tape recorder was gained from the interviewee and supplemented with note taking, providing an accurate, permanent record that allowed for further review of the actual interview. These strategies were adopted to minimise disadvantages of the interview method, while enhancing validity and reliability.

5.2.2 Key Industry Organisation Semi-Structured Interviews

Wine and tourism industry associations were selected on the basis of their supporting role in the wine and or tourism industry within the case study region using the positional approach (§4.2.3). As a result, nine key industry organisations were interviewed for this study. The purpose of conducting key wine and tourism industry organisation interviews was to gain an understanding of organisational roles in wine tourism development and collect data on the structure and nature of inter and intra-industry network relationships. Provincial and regional wine industry and tourism associations (Table 5.3) were selected for interviewing based on organisational roles in relation to wine and tourism development within the case study area.

<table>
<thead>
<tr>
<th>Wine Industry Organisations</th>
<th>Tourism Industry Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Wine Islands Growers Association(^1)</td>
<td>• Canadian Tourism Commission(^3)</td>
</tr>
<tr>
<td>• British Columbia Wine Institute(^2)</td>
<td>• Tourism British Columbia(^2)</td>
</tr>
<tr>
<td>• British Columbia Grape Growers Association(^2)</td>
<td>• Tourism Association of Vancouver Island(^2)</td>
</tr>
<tr>
<td>• Association of BC Winegrowers(^2)</td>
<td>• British Columbia AgriTourism Association(^2)</td>
</tr>
<tr>
<td>• British Columbia Grape Council(^2)</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\)Regional Association; \(^2\)Provincial Association; \(^3\)National Association
Semi-structured interview questions were partially informed by, and built on, the preliminary work of Schreiber's (2004) study of wine and tourism organisations in Central Otago, New Zealand. The semi-structured interview schedule (Appendix A) built on three thematic question areas: the presence of organisational relationships; the nature of these relationships; and the organisation's role in wine tourism development. Given the geographically dispersed nature of the key organisations, interviews were conducted by telephone and varied in length from thirty minutes to one hour. Data was captured by handwritten notes and later transcribed.

### 5.2.3 Winery Semi-Structured Interviews

The semi-structured interviewing method was used to gain an in-depth understanding of the structure and the nature of wine and tourism industry network relationships from the winery's perspective. The winery semi-structured interview schedule (Appendix B) consisted of several topic areas: winery characteristics; winery cooperation with other wineries; cooperation with tourism and other businesses; industry memberships; benefits and impediments to relationship development; and leadership. An open ended format with probing questions was designed to elicit data on the nature and quality of relationships. To glean data on the structure of the network a roster or fixed list approach was incorporated into the interview schedule (Stork & Richards 1992; Wasserman & Faust 1994; Knoke & Yang 2008). This approach is useful and can be constructed when the members in a population are known (Wasserman & Faust 1994), and in this study a current list of licensed, provincial wineries was available (British Columbia Liquor Distribution Branch 2008). The fixed list contained the names of wineries in the case study region as a cue for interviewees, which, in other studies at least, has enhanced informant recall and contributed to improved reliability and validity (Stork & Richards 1992; Knoke & Yang 2008). This approach proved particularly valuable for this study, prompting in depth discussion as several wineries were not aware of new wineries in this emerging wine region. Wineries were asked to identify which wineries on the list they had a relationship with. This was followed by an open question format approach to explore the relationships with industry organisations, SMTEs, as well as the nature, type and content of interaction between and among wineries, organisations and SMTEs.

### 5.3 Documentary Secondary Data

Case study research involves linking observations within the context in which they occur (Palmer 2001) and being attentive to potentially important organisational events (Hughes 1997). To gain insights into organisational events and processes (Gill & Johnson 2002) and build context (Saunders et al. 2003), secondary data or document review was adopted as a
supplement to the primary data gathered in this study. Documentary secondary data may include, but are not limited to, correspondence, minutes of meetings, memos, emails and annual reports as well as books, journals, magazine articles, newspaper clippings and websites (Gill & Johnson 2002; Saunders et al. 2003), all of which were reviewed for this study.

5.3.1 Advantages and Limitations of Documentary Secondary Data
Several advantages accompany the review of documentary secondary data. An advantage relevant to this study is that these data can build general context within which to place or triangulate findings (Palmer 2001; Saunders et al. 2003). As an unobtrusive method (Hughes 1997; Saunders et al. 2003), secondary data analysis provides an opportunity for comparison of what the researcher has been told and observed, and for checking truthfulness and accuracy (Hughes 1997; Saunders et al. 2003). Despite the advantages of secondary data, caution must be taken when interpreting the meaning of these data. Data sources should be scrutinised for their ability to answer the research questions and the context within which the secondary data was generated (Gill & Johnson 2002). However, the multiple method design of this study minimises misinterpretation of secondary data by allowing for the checking of data against other data sources.

5.4 Participant Observation
Participant observation refers to the “process in which an investigator establishes and sustains a many-sided and relatively long-term relationship with a human association in its natural setting for the purpose of developing a scientific understanding of that association” (Lofland & Lofland 1984, p.12), and is particularly suited to understanding the complexity and dynamic nature of networks (Borch & Arthur 1995; LeCompte & Schensul 1999). In wine tourism networks research, participant observation may allow the researcher to “separate the images of interrelationships conveyed in media stories and promotion from the reality of interfirm and interpersonal networks” (Hall 2005b, p.158). Participant observation allowed for an understanding of networks grounded in reality, as confirmed by the comments of this particular winery interviewee: “Visitors come and say ‘look how organised and friendly you are’. If only they really knew” (Morris, M Winery). For this study, systematic observation, recording, description, analysis and interpretation of behaviour was undertaken as a way to fully understand the complexity of the setting (Patton 2002; Saunders et al. 2003).

A researcher may engage in participant observation in a number of roles that vary by degrees of participation or observation along a continuum extending to either extreme (Evans 1988).
These roles as examined by Gold (1958) are identified as complete participant, participant as observer, observer as participant and complete observer. Further, the role and involvement of the researcher in the research setting may vary during the course of the study (Lofland & Lofland 1984; Adler & Adler 1994; Patton 2002). Flick (2006, p.119) states the researcher can gain an understanding of the inside of a different world by “taking an insider’s perspective - to understand the individual’s viewpoint or the organisational principles of social groups from a member’s perspective”. A framework within which to examine the membership role of the researcher is provided by Adler and Adler (1987):

- **Peripheral membership role**: entails an overt or covert stance, with the researcher adopting an insider’s stance without participating in the core activities the group;
- **Active membership role**: entails an overt stance, with the researcher becoming more involved in the setting’s central activities, assuming responsibilities that advance the group, without fully committing themselves to members’ values and goals;
- **Complete membership role**: entails an overt or covert stance in a group that the researcher is already a member of, or becomes converted to membership during the course of their research.

For this study, the observation method consisted of two levels of participation (Table 5.1). A participant observation or complete membership role was adopted with two organisational networks: the Cowichan Wine and Culinary Festival Committee and the Wine Islands Vintners Association. This approach allowed for the building of study context and an understanding of organisational involvement in wine tourism network development (§5.4.2). In addition, a non-participat observation role was adopted for winery visitation. Visits to case study wineries allowed for the examination of co-marketing materials enabling the triangulation with winery interview data (§5.4.2).

Immersion into a natural setting allows for the observation of routine practices of members and access to information that may otherwise not be accessible (Adler & Adler 1987). Such engagement and observation in the natural setting allows for the examination of the complexity of networks, and is one of several advantages of participant observation.

### 5.4.1 Advantages and Limitations of Participant Observation

Evans (1988, p.199) suggests that the “essential advantage of participant observation remains that the researcher as a member of society has access to participation in social phenomena”. Several other advantages, summarised in Table 5.4, make participant observation a suitable
method for the observation of relationships and the social infrastructure of wine tourism networks within their natural setting.

Table 5.4 Advantages and Limitations of Participant Observation

<table>
<thead>
<tr>
<th>Advantages:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Can be used to gain an in-depth understanding of a natural situation;</td>
</tr>
<tr>
<td>• Acknowledges the subjectivity of researchers;</td>
</tr>
<tr>
<td>• Permits interpretation through subjects' perspectives;</td>
</tr>
<tr>
<td>• Facilitates dialogue with research subjects;</td>
</tr>
<tr>
<td>• Heightens researcher's awareness of significant social processes;</td>
</tr>
<tr>
<td>• Maintains flexibility to shift the focus as events unfold;</td>
</tr>
<tr>
<td>• Contributes to theory discovery, generation, modification;</td>
</tr>
<tr>
<td>• Can be combined with other data collecting methods;</td>
</tr>
<tr>
<td>• Virtually all data collected are useful.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Limitations:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• It can be time consuming;</td>
</tr>
<tr>
<td>• Data recording can be difficult;</td>
</tr>
<tr>
<td>• Distortion of results when people know they are being observed;</td>
</tr>
<tr>
<td>• It is susceptible to researcher bias;</td>
</tr>
<tr>
<td>• Can pose difficult ethical dilemmas for the researcher;</td>
</tr>
<tr>
<td>• There can be high levels of role conflict for the researcher (colleague versus researcher);</td>
</tr>
<tr>
<td>• Potential loss of detachment by researcher;</td>
</tr>
<tr>
<td>• Limits to generalisation.</td>
</tr>
</tbody>
</table>

Source: Gill & Johnson (2002); Saunders et al. (2003); Belsky (2004)

Several advantages accompany the participant observation method; however, there are limitations with the method (Table 5.4) that must be addressed. The primary criticisms of observational research (Adler & Adler 1994) include: issues of validity; the accuracy of the findings and reliability; and the extent to which the results can be duplicated (Saunders et al. 2003). How these limitations were minimised in this study are addressed below. However, an assessment of validity and reliability as it relates to this study are more fully discussed under Section 5.7.

The researcher as methodological tool (Evans 1988; LeCompte & Schensul 1999) may "impact the phenomena under investigation in some way" (Gill & Johnson 2002, p.146); however some authors question the degree to which the researcher influences the research setting (Smith 1988; Gill & Johnson 2002). Others emphasise the importance of researcher awareness of "how his or her presence may have shaped the data" (Hammersley & Atkinson 1995, p.223), requiring reflexivity on the part of the researcher to understand his or her effect upon, and role in, the research setting (Hammersley & Atkinson 1983, 1995; Fetterman 1998).
A reflexive stance (see LeCompte, Schensul, Weeks & Singer 1999) was adopted in this study that included reflecting on the effects of the various field roles adopted during data collection and a critical inspection of the researcher's opinions and conclusions in relation to the research setting. Reflexive activities included the entering of observations and accounts of thoughts and reactions of field occurrences into a field journal and monitoring researcher behaviour, responses and communication with participants as a way to maintain the researcher role. These activities serve as a check on misinterpretation and aids in the validity of findings (LeCompte et al. 1999). Further, these activities helped to monitor the balance between involvement and detachment as a way to keep in check the potential loss of detachment as a result of being closely involved with a group (Evans 1988; Hammersley & Atkinson 1995).

A further limitation of participant observation is that, due to the in-depth nature and closeness to unique events (Gill & Johnson 2002), sample sizes are small, and therefore the question as to the extent of generalisation is raised (Dowler 2001, p.158). Participant observation occurred over a large number of meetings and winery visits, which Gill and Johnson (2002, p. 133) have suggested may reduce the "possibility of generalising from an unrepresentative event". With respect to generalisation of broader findings, it is not possible, nor is it the goal of this research to generalise to the broader population. Yin (2003) clearly states that the goal in case study is analytic generalisation, or the expansion and generalisation of theories. Generalisation is more fully discussed in Section 5.7.

Reliability of study conclusions may be threatened by observer bias, a limitation of participant observation (Saunders et al. 2003). While some may argue that past experience and inherent observer bias may flavour the interpretation of data to such an extent as to render conclusions unreliable, several authors suggest that to undertake value free research is unrealistic (Evans 1988; Creswell 1994; Fetterman 1998; Patton 2002) and to set aside all biases is impossible (LeCompte et al. 1999). Delbridge and Kirkpatrick (1994, p.43) suggest that "because we are part of the social world we are studying we cannot detach ourselves from it, or for that matter avoid relying on our common sense knowledge and life experiences when we try to interpret it". Thus, observer bias cannot necessarily be avoided (Saunders et al. 2003), rather strategies to manage the threat to reliability can be employed. Several strategies to minimise observer bias include questioning outcomes and searching for alternative interpretations, contextualisation, multiple data sources, and the use of triangulation (Fetterman 1998; Patton 2002; Saunders et al. 2003) and have been incorporated into several phases of this study. The strategy of questioning outcomes and searching for alternative interpretations occurred within
the analysis phase of this study, a multi-phased approach where conclusions were drawn only after undertaking multiple readings of the data and referral back to the literature (§5.6.3). Contextualisation occurred through repeated observations that allowed for the understanding of the case study context, the provision of case study detail (§4.3) and the development of actor profiles (Chapter 6). Finally, this study adopted multiple methods and multiple data sources (Table 5.1) to provide an understanding of the case study from several perspectives.

Participant observation is highly suitable for study populations in natural settings; however, it is subject to validity and reliability criticisms (Adler & Adler 1994). These limitations were managed to minimise threats to reliability and validity in the practice of participant observation. Further, these limitations are counter balanced by the method’s advantages (Adler & Adler 1994; Gill & Johnson 2002).

5.4.2 The Practice of Participant Observation

Areas of consideration within the practice of participant observation include research setting, access, time span, and field relationships (Evans 1988). Finding a site that allows the researcher to conduct an in-depth, open-ended investigation is a critical aspect to the method (Evans 1988; Hughes 1997). In addition to serving the research questions, the ideal site is one to which entry is possible; the processes, people, structures, programs that may be a part of the research question are present; and an appropriate role can be devised to maintain presence as long as is necessary (Hughes 1997). Observation occurred from approximately August 2006 to June 2008 and encompassed peripheral observation at the wineries located within the Wine Islands region and participation observation with key industry organisations central to the development of regional wine tourism networks.

Observation at wineries within the case study region allowed for the observation and recording of wine tourism developments and the linkages between and among wineries and SMTEs at the winery level. Winery sites were scanned to determine what linkages or communicative relationships they may have with other firms in the form of the brochures that they carry or referrals provided as suggested by Hall (2005c). Further, observation provided opportunities to examine cellar door facilities, merchandise sales, picnic areas, food sales and any other wine tourism related developments. Evidence was collected by taking samples of displayed business cards and brochures and making field notes of observed cooperative linkages. Observation notes were recorded and descriptions of the setting developed. A major strength of this method is its unobtrusive format and the reality that the researcher does not
need to interact with the participants (Adler & Adler 1994). However, in the context of this study, this method is limited by the collection of data at a certain point in time. More specifically, that at the time of the site visit and direct observation brochures or cards may be unavailable or out of supply and not necessarily indicative of all existing relationships. This limitation was minimised by a series of two observations at each winery completed over a two year period. Observations varied in length at each winery, and ranged from fifteen minutes to less than one hour, depending on the size of the winery and facilities within the winery. Further, data from site visits provides a point of triangulation to be compared, contrasted and converged with interview data thus enhancing validity and reliability (Yin 2003).

Participant observation with key organisations, the Cowichan Wine and Culinary Festival (CWCF) committee and the Wine Islands Vintners Association (WIVA) involved issues of access to gatekeepers and developing a rapport with these individuals in order to gain access to the community under study (Evans 1988; Fetterman 1998). Existing relationships were utilised to introduce and gain access to gatekeepers, eventually leading to membership in both key organisations. These membership roles provided opportunities for greater involvement with the organisations under study and evolved into active membership roles, assuming responsibilities that advanced the group (Adler & Adler 1994).

Activities engaged in, as an overt participant observer and committee member with the CWCF, included attending regular meetings focused on the planning and implementing the annual Cowichan Wine and Culinary Festival. This led to associate membership and work with WIVA executive in creating an evaluation of Wine Islands Project in November 2006, allowing for attendance at special meetings and access to conversations and activities central to the organisation. However, this active membership role ceased with the change of the incoming 2007 board at WIVA’s annual general meeting, due to two reasons. First, the evaluation of the Wine Islands project was complete; and second, the personal relationships developed with the members of the outgoing WIVA board did not transfer to the incoming WIVA board. Nonetheless, through associate membership in WIVA, a peripheral membership role continued providing participant observation opportunities through attendance at annual general meetings and access to minutes.

Membership roles within these key industry organisations provided observations regarding organisational membership, interaction between members at meetings, access to minutes and critical organisational insights into mandates and the organisational decisions impacting wine
tourism network development. Organisation membership allowed for the closeness to the subject of study and the maintenance of relationships for a sufficient length of time in order to collect the richest possible data and acquire an in-depth understanding of the nature of wine tourism network development within the case study region. Prior to implementing these methods, several ethical considerations were addressed.

5.5 Ethical Considerations
Ethical issues arise from the nature of the relationship between researcher and the organisations and subjects studied (Gill & Johnson 2002). An overt stance eliminated ethical issues related to deception. However, issues of dissemination of results, anonymity, and informed consent remained and were addressed. Ethical approval to conduct this study was approved by the University of Otago, Department of Tourism, Ethics Committee. Prior to participation in the study, participants were provided with project information sheets (Appendix C) which highlighted the potential for dissemination of results and the preservation of respondent anonymity achieved through the use of pseudonyms (Fetterman 1998; Gill & Johnson 2002). Participants indicated their consent by voluntarily signing informed consent forms (Appendix D). With respect to participation with CWCF and WIVA, each organisation passed a motion approving the researcher’s participation as researcher and participant-observer (Appendices E and F).

5.6 Data Analysis
Guided by the objectives of this study, data were analysed through two processes. First, quantitative data were analysed using software that generated network maps enabling the examination of the network structure (§5.6.1). Important to the structural analysis of networks is the treatment of missing data. Often overlooked in network studies, the procedure for treating missing data is discussed in Section 5.6.2. Secondly, qualitative data was thematically analysed guided by procedures of Miles and Huberman (1994) to understand the interactional nature of the network relationships (§5.6.3).

5.6.1 Network Mapping as Analysis Tool
Visual analysis of the network structure augments the qualitative data on the nature of network relationships, and facilitates the exploration and the communication of data (Brandes, Kenis, Raab, Schneider & Wagner 1999; Coviello 2005; Scott et al. 2007). Illustration of structural connections helps to answer such questions as: who is in the network?; are all the actors connected?; are there many or few relationships among the actors?; do some actors...
have many ties and others have few ties?; in what direction does information flow?; and do actors of similar demographic background communicate more? (Brandes et al. 1999; Hanneman & Riddle 2005; Pavlovich 2008; Scott et al. 2008a). Visualisation of social network data reveals cohesive subgroups and how these groups may be related to one another (Knoke & Yang 2008), and “offers insights into the diversity and density of connections within the network [...] thus indicating [...] whether it is under, over or effectively connected” (Pavlovich 2008, p.94).

The “sociogram” or network diagram is considered a crucial tool in illustrating social network concepts (Scott 2000). The power of a visual network diagram lies in its ability to compactly display the relevant actors (or nodes) in a network, how they relate to each other (as indicated by ties between the nodes) and the overall structure of the network (Brandes et al. 1999). Despite the network diagram being one of the “earliest techniques for formalising social network analysis” (Scott 2000, p.146), it is considered to be a relatively new and underutilised technique in the context of tourism studies (Scott et al. 2008a). Within tourism, network diagrams and visual analysis have been applied to examine key tourism organisations and destination networks (Pforr 2002; Blumberg 2004; Scott et al. 2008a), evolution of tourist destinations (Pavlovich 2003) and drive tourism destinations (Shih 2006). Thus, network diagrams are incorporated as a communication tool and as an analysis aid to visually examine the actors and their links, the complexity and overall structure of the network (Brandes et al. 1999; Scott et al. 2008a).

Several options exist for visually presenting networks (Scott et al. 2008a), including hand drawn maps using aids such as network positioning templates (Conway & Steward 1998) and several software packages such as Pajek (de Nooy, Mrvar & Batagelj 2005) and UCINET 6 (Borgatti, Everett & Freeman 1999) and its companion drawing software Netdraw (Borgatti 2002b). While no standard approach to visualising network data exists (Hanneman & Riddle 2005; Scott et al. 2008a), Scott (2000) suggests that hand construction of network maps may be accomplished working with few actors, yet network maps for larger data sets become much more difficult, making it critical to use computer software programs to construct network maps consisting of ten or more actors. Thus, visual network analysis was undertaken using the network program UCINET 6 Version 1.0 (Borgatti et al. 1999) and Graph Visualisation Software Netdraw (Borgatti 2002b), as adopted in recent tourism network studies (Scott et al. 2008b).
Several steps were undertaken prior to developing and analysing the network maps. Relationship data were extracted from the fixed list (§5.3.3) and those related responses were input into spreadsheets containing all the actors. Each spreadsheet represented the focal linkages (i.e. winery to winery, winery to SMTEs, winery to organisations) and resulted in several spreadsheets. Relationships were coded as “1” indicating an existing relationship tie or “0” indicating an absent relationship tie (see Scott 2000; Coviello 2005; Hanneman & Riddle 2005). Where analysis of relationships was concerned with the identification of formal and informal ties in, for example, the relationships between wineries, SMTEs and industry organisations, these relationships were coded in the spreadsheet as “1” as formal and “2” as informal to distinguish the type of relationship. When transformed into a structural network map, characteristics were further differentiated where, for example, a mutual or reciprocal tie between actors can be illustrated through different line styles or line thickness (see Coviello 2005; Scott et al. 2008a). Further, where actors’ characteristics or attributes helped to shape interpretation, these characteristics were distinguished through node shape (see Coviello 2005; Scott et al. 2008a). Finally, to ensure confidentiality (see Clark 2006), winery and SMTE nodes were anonymised, and labeled with letters.

Of the several methods available within the Netdraw software to produce a network map, data was visualised using the Spring Embedder technique (Hanneman & Riddle 2005). The Spring Embedder technique is a form of multi-dimensional scaling (see Scott 2000) with a built in algorithm option assigning “locations [for] the nodes in multi-dimensional space such that nodes that are ‘more similar’ are closer together […] where two nodes are ‘similar’ to the extent that they have similar shortest paths (geodesic distances) to all other nodes” (Hanneman & Riddle 2005, n.p.). Application of the Spring Embedder technique generates more meaningful renderings of maps than random, non-mathematically derived layout options, allowing for interpretation such as closeness of the actors (Hanneman & Riddle 2005). Using the method of Scott et al. (2008), the network maps were produced using Spring Embedder technique with no intervention by the analyst. The resulting position of each actor is derived from the links with other actors.

Network maps are amenable to both visual and statistical analysis (Scott et al. 2008a). With its dual focus on structural and interactional properties of wine and tourism networks, it is not the aim of this study to produce complex, statistical computations of the structural properties of the network. Rather, the purpose of the analysis is to embed illustrative network maps within the qualitative analysis of the interactional nature of the relationships (Coviello 2005).
Consequently, while several structural properties are derived from graph theory and provided as outputs from network software programs (Scott et al. 2008a), several properties are intuitive, and may be identifiable from visual examination of the network maps and simple calculations (e.g. network size, isolates, centrality, density and clustering) (§3.4.3).

Network size provides an indication of the number of actors participating in the network and is measured by counting the number of direct ties in the network structure (Tichy et al. 1979; Scott et al. 2008a). Isolates are those actors with no ties to any other actors in the network and can be easily identified visually (Tichy et al. 1979). There are three measures of centrality available: closeness; betweenness; and degree (Brass & Burkhardt 1993; Rowley 1997). Degree centrality is the number of nodes linked to a given node; closeness centrality is the sum of geodesic distances or path length to all other nodes; and betweenness centrality is the number of times that a node lies along the shortest path between two others (Borgatti 2002a). Degree centrality is adopted for this study because, as Rowley (1997) points out, it is intuitive and does not necessarily rely on statistical analysis. Degree centrality can be assessed visually using the network map or by counting the number of an actor’s inward and outward ties (Haythornthwaite 1996; Rowley 1997; Scott 2000).

Density measures are widely used and can be applied to whole or ego-centric networks (Scott 2000). However, tourism network studies have tended to assess network density visually without providing a discussion of the calculation of the density measure (e.g. Pavlovich 2003; Lynch & Morrison 2007). Visually assessing density may be appropriate for small sparsely connected networks. However, it becomes much more difficult to assess density in larger, more highly connected networks such as in this study. While the qualitative nature of this study does not necessitate mathematically derived equations to understand structural properties of the network, the calculation for density is simple (Scott 2000) and can be usefully applied here. The formula for density of a network of directed ties is expressed as $l / n(n-1)$, where $l$ is the number of lines or ties present and where $n$ is number of nodes (Scott 2000). The measure can vary from 0-1, where 0 is a measure of a totally disconnected network and 1 is a measure of a completely connected network where all possible ties exist (Rowley 1997; Scott 2000; Pforr 2002). Clusters are subgroups of highly connected actors, and represented by an “area of relatively high density” within the network map, and apparent from simple visual analysis (§3.4.3) (Scott 2000, p.127). While this approach to identifying clusters may be viewed as somewhat arbitrary, greater precision in identifying clusters requires the adoption of cluster analysis (Scott 2000). However, as the purpose of this study it
not to compute statistical equations to examine network structure, visual analysis to identify network clusters is adopted, and is the approach adopted in Scott and Cooper (2007).

Visualisation of large networks is often difficult due to the large amount of information being presented (Scott et al. 2008a). In this study, the spreadsheets contained relationship information at many levels: winery to winery, winery to SMTEs, key winery organisation to key tourism organisation, and winery to organisation. The data were simplified by creating separate matrices for each of the relationship layers (i.e. winery to winery, winery to SMTEs, key winery organisation to key tourism organisation, and winery to organisation), allowing for the examination of one type of node or level at one time (Scott et al. 2008a).

5.6.2 Missing Data
Quantitative analysis of a total network relies on the responses from all members of a population (Stork & Richards 1992; Scott et al. 2008a). In this study twenty-eight wineries out of thirty-three were successfully interviewed. Two primary options are available for the analysis of incomplete network data sets for networks, including the reconstruction of the data and complete case approach (Stork & Richards 1992). Reconstruction of data involves ascribing the description supplied by the respondent actor to the link between the respondent actor and the non respondent actor (Stork & Richards 1992). This approach makes an assumption that if one actor has a link with a non respondent actor, then the non respondent actor is likely to report a link with the respondent actor (Stork & Richards 1992). However, this assumption may not be entirely reliable, as findings in this study suggest actors do not necessarily report a reciprocal link between actors that have identified a relationship. Nonetheless, to use this approach, criteria must be met that the respondents and non respondents must not be different from one another (Stork & Richards 1992). While all non respondents and respondents are licensed wineries in the case study region, wineries varied in age of business and type of production, and thus respondents and non respondents vary from one another. Thus, this study adopts the complete case approach that discards all incomplete, or partially described links (Stork & Richards 1992).

While it is difficult to estimate the effects of missing network data (Kossinets 2006), missing data is considered a serious problem particularly at the total networks level of analysis (Stork & Richards 1992). In total network studies, it is desired to identify and collect data from as many network members as possible to achieve redundancy "where high redundancy implies that as new interaction contexts emerge, they will likely link already connected actors" (Kossinets 2006, p. 258). While Kossinets (2006, p.259) suggests non response effect may be
"tolerated for response rates of 70% or better", network studies have reported response rates ranging from 90% to 25% (see Stork & Richards 1992 and Timur 2005). Timur (2005, p.295) studied three destination networks achieving an overall response rate of 30% and suggests that "a larger number of respondents would result in a more intricate network but it would not necessarily present a more valid or useful network pattern, but even a more complex network relationship". Nonetheless, Scott (2000) suggests tactics to deal with total network data collection problems including: foregoing the total network approach in favour of an ego-centric level of analysis, snowball sampling and focusing on the qualitative features of the network. Recognizing these (and other) constraints, this study adopted the group and modified ego-centric level of analysis (§4.2.4). However, "no foolproof post facto remedy to the missing data problem exists", other than to elicit higher response rates (Knoke and Yang 2008, p.44 emphasis in original). Using the nodal response rate formula (Knoke and Yang 2008), this study achieved an 85% nodal response rate:

\[
(1-M/N) \text{ where } M \text{ is missing nodes (M=5) and } N \text{ is nodes (N=33)}
\]

While the inclusion of the five non respondents would have contributed to the intricacy and complexity of the group and ego-centric network maps, the influence of these non respondents in this regard is negligible. This is surmised by the few (< 10) ties respondents indicated existed with these non respondents. It is acknowledged that the primary limitations with missing data and the complete case approach is that the group network map used to describe the structure of winery to winery relationships may not represent a complete portrait of the network with the exclusion of five wineries. Nevertheless, the findings of this study are strengthened by the use of multiple methods where qualitative analyses of the nature of relationships within the network augment the structural findings.

**5.6.3 Qualitative Data Analysis Procedures**

Several approaches and little consensus exist for the analysis of qualitative data (Creswell 1998; Marshall & Rossman 1999; Yin 2003). Within case study strategies specifically, analysis may include the following phases: data managing, reading and memoing, describing, classifying and interpreting (Creswell 1998). While useful as broad, general analysis phases, this process does not specify procedures for doing qualitative data analysis. Thus, based on Miles and Huberman (1994), a detailed set of data collection and analysis procedures (Figure 5.1), guides the analysis of this study.

Referred to by some authors as an audit trail (Lynch 2003), this set of procedures allows others to identify and trace the analysis steps. This study adopted an iterative, phased process...
To qualitative data analysis: the first phase analysed participant and site observation data, providing preliminary themes followed by second phase semi-structured interviewing. Data resulting from this second phase of field work was treated with a more intensive and focused analysis, revealing the core elements of the social infrastructure of the wine tourism network under study. The process and coding procedures used to analyse, interpret and build an understanding of the structure and the qualitative nature of wine tourism networks follows.

**Figure 5.1 Qualitative Data Collection and Analysis Procedures**

<table>
<thead>
<tr>
<th>Activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Field Work (Phase 1 Data Collection)</strong></td>
<td>Participant observation with key organisations and site visits.</td>
</tr>
<tr>
<td><strong>Data Management</strong></td>
<td>Near simultaneous note taking followed by transcription of hand written field notes into computerised files containing summary notes and spreadsheets.</td>
</tr>
<tr>
<td><strong>Initial Data Analysis</strong></td>
<td>Close reading of text while memoing and note taking in the margins. Data reduction via initial analysis, identifying and creating broad emergent category or thematic labels with assigned text segments. Referral and comparison to initial objectives, conceptual framework and literature. Identify relationships, first cut of network maps.</td>
</tr>
<tr>
<td><strong>Describing</strong></td>
<td>Describe case setting, actors, events.</td>
</tr>
<tr>
<td><strong>Field Work (Phase 2 Data Collection)</strong></td>
<td>Interviews to further explore context and themes.</td>
</tr>
<tr>
<td><strong>Data Management</strong></td>
<td>Transcription of raw hand written notes or tape recordings into computerised summary notes and files.</td>
</tr>
<tr>
<td><strong>Focused Analysis</strong></td>
<td>Close reading of new text, identify and label specific text segments related to objectives to create multiple categories. Compare with existing categories and themes, link similarities. Identify relationships and quality. Frequency counts to develop actor profiles. Link qualitative data to network maps, and begin conclusion drawing.</td>
</tr>
<tr>
<td><strong>Develop data displays</strong></td>
<td>Refine network mapping and link to qualitative categories.</td>
</tr>
<tr>
<td><strong>Deepened Analysis</strong></td>
<td>Reduce overlap and redundancy among the categories through pattern coding via multiple, close readings, creating sublevel categories and collapsing of others. Refer to conceptual framework and literature to link findings to objectives. Refine network maps, and verify conclusions.</td>
</tr>
<tr>
<td><strong>Write up thesis</strong></td>
<td></td>
</tr>
</tbody>
</table>
Coding is central in summarising raw data to capture key categories of themes and processes (Thomas 2006). Codes are "tags or labels for assigning units of meaning to the descriptive or inferential information compiled during a study" (Miles & Huberman 1994, p.56), and are attached to segments of text of varying sizes. Codes can be created \textit{a priori} or inductively where the former entails the creation of an interim start list from research objectives, questions and conceptual framework providing a starting point for analysis (Miles & Huberman 1994). This study adopted \textit{a priori} categories informed by Szarka's (1990) network dimensions to examine network type, levels of formality and interactional characteristics adapted from Shaw and Conway (2000) (§3.4). The coding process entailed several steps (Figure 5.2) to reduce text and attach to relevant and important categories.

**Figure 5.2 Coding Process in Analysis**

<table>
<thead>
<tr>
<th>Initial close reading of text data</th>
<th>Identify specific text segments related to objectives</th>
<th>First level coding to label the segments of text to create categories</th>
<th>Pattern coding to reduce overlap and redundancy among the categories</th>
<th>Create a model incorporating the most important categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Many pages of text</td>
<td>Many segments of text</td>
<td>30 to 40 categories</td>
<td>15 to 20 categories</td>
<td>3 to 8 categories</td>
</tr>
</tbody>
</table>

Source: Adapted from Thomas (2006 after Creswell 2002)

These steps were woven through all analysis phases involving initial, focused and deepened analysis (Figure 5.1). Initial data analysis involved close and multiple readings of the transcribed field notes from the participant observation and site visit. This allowed for a degree of familiarity with, and an understanding of, the content of the data collected from phase one of the study. This heightened awareness of patterns and themes was a way to start the structuring of data into categories. First level coding (see Miles and Huberman 1994) involved attaching descriptive, first level codes to text segments that appeared to be important to the understanding of the structure and social infrastructure of wine tourism networks. A preliminary list of codes was developed containing the broader, general categories, individual codes and descriptive labels for tracking, organisation and easy retrieval during the analysis process.
A contextual understanding was developed from this initial analysis, and themes deemed relevant to the study were incorporated into the phase two data collection using the semi-structured interviews to further explore these themes. As part of this preliminary analysis, and in keeping with the objectives of the study to understand the structure and nature of wine tourism networks, the first cut of network maps was developed.

Data gleaned from the semi-structured interviews was treated to a focused analysis involving reading and rereading the data closely to identify text segments relevant to existing categories and creating additional first level codes. This continued until no new themes emerged and the coded sections became saturated. As in the initial analysis phase, these text segments were organised into categorised, computerised files identified by the codes. Referral and comparison to the research questions and objectives helped to focus and link the analysis to the study’s objectives. To develop actor profiles (Chapter 6), the researcher undertook a frequency count of codes (Miles & Huberman, 1994). This enabled the development of display tables that enumerated characteristics of wineries and the frequency of linkages of wineries with key organisations. As noted by Curran et al. (1993), the inclusion of quantitative data to describe, in this study, linkages with organisations is considered helpful to provide context and an understanding of the proportion of firms involved in wine tourism activities and assessing network development.

Miles and Huberman (1994) suggest that data display and conclusion drawing are ongoing activities of data analysis. At this point in this analysis the codes and text segments were initially examined for links and relationships which were fed into the preliminary network maps as a way of continually building these structural maps and helped to construct initial conclusions from the findings. At this stage, analysis deepened and focused on reducing overlap and redundancy among categories to create a smaller number of categories through pattern coding. Pattern coding reduces many, separate pieces of descriptively coded segments into a smaller number of themes through multiple readings of previously coded text segments and the searching for patterns and relationships that tie the codes together (Miles & Huberman 1994). Coded sections were then grouped together into families with overarching themes effectively reducing overlapping, redundant codes.

To interpret the meaning and nature of the relationships evident in the codes and text segments, the analysis was deepened by engaging in a search for similarities and differences between the codes and text segments and concepts and theories in the literature. Referring
back to the literature at this point was useful in evaluating the categories, that is, how these
categories differed or not from the literature. Secondly, the literature revealed the extent to
which this study had contributed to the understanding of wine tourism networks. This
deepened analysis resulted in an expanded understanding of how the qualitative data fit with
the structural network maps and conclusions were drawn.

5.7 Verification

Verification can be viewed as a process enhancing the quality of a study that occurs through
all phases of a study (Creswell 1998). Little consensus exists among qualitative researchers on
defining or addressing verification of a study (Creswell 1994, 1998; Meyer 2001), with
different verification procedures accompanying different inquiry strategies. Several
verification procedures in qualitative research and specifically case study enquiry may be used
to enhance validity and reliability, and include: prolonged engagement and persistent
observation; triangulation; the use of audit trails (Creswell 1998; Meyer 2001; Yin 2003).

This study adopted several tactics to enhance validity. The use of multiple methods and
multiple sources of data create rich interpretations contributing to the study’s accuracy and
credibility (Yin 2003; Decrop 2004). Triangulating methods and data sources (§5.1) allows
for corroboration evidence (Creswell 1998). Prolonged engagement and persistent observation
(Creswell 1998) in the field from August 2006 through to June 2008 in the form of attending
regular meetings, conducting a series of site observations, and ongoing membership in key
industry organisations helped to build trust with participants, understand the study context and
check information (Creswell 1998).

The test of reliability, as argued by Yin (2003, p.37), is not to “replicate” a case study’s
results, but to minimise errors and biases enough so that the same case could be conducted
again. This study’s reliability was improved through the development of an audit trail and a
case study database. For this study, the audit trail consisted of computerised databases and
transcripts of the series of site observations, field notes on participant observations, participant
interviews, and methodological notes as the study progressed. Further, a detailed description
of analysis procedures (§5.6) allows for the replication.

Several authors argue that the aim of case study research is analytic rather than statistical
generalisation to broader populations (Yin 2003; Decrop 2004). Further, Decrop (2004, p.159)
argues that transferability of findings to other settings is more appropriate than
generalisability and possible "provided the researcher knows and gives details about the context of the study, integrates findings with existent literature and describes how related objects are similar". Thus, this study allows for some level of transferability by incorporating a detailed description of characteristics of the actors, setting and processes used to collect data, and relates study findings to existing literature in order to assist readers to compare this study with other studies (Miles & Huberman 1994; Creswell 1998). By employing several strategies the quality and verification of this study has been addressed and enhanced.

5.8 Summary

Multiple methods were adopted to address the case study objectives, and included: participant and non participant observation, semi-structured interviews and secondary document review. Application of participant observation provided access to industry organisations and materials, critical to the understanding of the development wine tourism networks within the regional case study. Non participant observation allowed for observation at winery sites to glean information on cross promotion and marketing. Participant and non participant observation data was triangulated with data gleaned from nine key industry organisation and twenty-eight winery semi-structured interviews. Finally, documentary secondary data provided additional context and aided in cross checking the validity of data collected from the other methods. Data analysis incorporated firstly, quantitative analysis to produce network maps and secondly, qualitative analysis to supplement the quantitative data and provide an understanding of the interactional nature of the relationships between and among the wineries, SMTEs and industry organisations. The use of multiple methods is a powerful approach to gaining an in depth understanding of network structure and interactional nature of wine tourism networks. This thesis now moves to presentation of study results starting with the preliminary findings and development of actor profiles in Chapter 6.
Chapter 6: Actor Profile and Case Study Context

6.1 Introduction
To provide the context in which to examine network structure and nature of networks, it is necessary to consider the characteristics or attributes specific to the studied destination actors (Scott et al. 2008a) as in this study of wine and tourism networks. The combination of attribute data with relational data is valuable in the analysis of social phenomena (Knoke & Kuklinski 1982). Thus, this chapter presents findings of the characteristics of interviewed wineries (§6.2) as well as enumerates the winery linkages with SMTEs (§6.3) and key wine and tourism industry organisations (§6.4). The findings presented in this chapter serve to contextualise the case study and aid analysis in subsequent results chapters, specifically network relationships between and among wineries (Chapter 7); winery relationships with SMTEs (Chapter 8) and winery linkages with wine and tourism industry organisations (Chapter 9).

6.2 Wine Islands Wineries
This section develops a profile of the wineries interviewed for this study and presents results on winery characteristics, and wine tourism products, services and amenities. Data was collected using semi-structured interviews, participant observation and secondary document analysis as outlined in the methods chapter.

6.2.1 Winery Characteristics
Of the thirty three open, licensed wineries located within the “Wine Islands” (at the time of the study), twenty-eight were interviewed. As highlighted in Table 6.1, the region’s first wineries were developed in the 1990’s with 39.2% of wineries emerging between 1990 and 1999. The majority of wineries (60.7%) however, were established subsequent to 1999 with 42.8% developed since 2003. Adopting the winery life stages identified by Beverland and Lockshin (2001), this region can be considered young and emerging with the majority of wineries in early start-up phases of business. This area is relatively young compared to other wine regions in Canada, where rapid growth of wineries has occurred in the 1990s (Hashimoto & Telfer 2003; Getz & Brown 2006b).
Wineries in this study are mostly family owned and operated (89.2%) with acreages of ten acres or less (60.7%). The vast majority of wineries (92.8%) produce less than 100,000 litres (Table 6.1). However, this figure obscures the true pattern of production for this region. Measured in cases of twelve 750 ml bottles, 28.6% of wineries produce fewer than 1,000 cases or less than 9,000 litres and just over half produce between 1,001 to 5,000 cases, or the equivalent of 9,000 to 45,000 litres (Table 6.1). Getz and Brown (2006a) found in their study of Okanagan wineries, slightly less than 40% of wineries produced more than 100,000 litres, the equivalent of approximately 11,000 cases. Story et al. (2005) found an average production of 24,000 cases (approximately 216,000 litres) in a study of Niagara VQA wineries. Globally, Canada’s overall wine production remains modest (Madill, Riding & Haines 2002);
nonetheless, production volume of wineries located within the case study region is small even relative to other Canadian wine regions.

Production is small yet diverse in the case study region. For example, over half (53.6%) of the wineries in the region produce grape wine only (Table 6.1), of which 25.0% produce estate grown grape wine exclusively. Meanwhile, around one in four wineries produce grape and fruit wine and 17.9% produce only fruit wines (Table 6.1).

Three out of four wineries employ one to four full time equivalents (FTEs) (Table 6.2) and of these, 42.8% of wineries employ one or two FTEs, suggesting that these might be categorised as 'mom and pop' operations. The majority of wineries (60.7%) employ no permanent part-time employees and around one in four do not hire any seasonal part-time employees (28.6%). However, the majority of wineries (60.7%) employ five or more seasonal part-time workers to assist at critical times such as harvest. Average full time positions equal 2.9 FTEs, which compares to findings of Getz and Brown (2006a) who found Okanagan wineries reported an average of 3.7 FTEs, but are considerably smaller than the 7 FTEs reported for Niagara wineries (Story et al. 2005). Defining business size by employment levels suggests these wineries can be characterised as micro (one to four employees) and small (5 to 99 employees) enterprises (Industry Canada 2008), with no medium sized enterprises. These results generally reflect the overall Canadian wine industry which consists of more than 98% micro and small enterprises, and very few medium (1.8%) enterprises (Industry Canada 2008).

Table 6.2 Wine Islands Wineries' Employment

<table>
<thead>
<tr>
<th>Employment</th>
<th>Frequency</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employees</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full Time</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>3</td>
<td>10.7</td>
</tr>
<tr>
<td>1-4</td>
<td>21</td>
<td>75.0</td>
</tr>
<tr>
<td>5-10</td>
<td>3</td>
<td>10.7</td>
</tr>
<tr>
<td>More than 10</td>
<td>1</td>
<td>3.6</td>
</tr>
<tr>
<td>Permanent Part Time</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>17</td>
<td>60.7</td>
</tr>
<tr>
<td>1-4</td>
<td>9</td>
<td>32.1</td>
</tr>
<tr>
<td>5-10</td>
<td>2</td>
<td>7.1</td>
</tr>
<tr>
<td>More than 10</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Seasonal Part Time</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>8</td>
<td>28.6</td>
</tr>
<tr>
<td>1-4</td>
<td>3</td>
<td>10.7</td>
</tr>
<tr>
<td>5-10</td>
<td>12</td>
<td>42.8</td>
</tr>
<tr>
<td>More than 10</td>
<td>5</td>
<td>17.9</td>
</tr>
</tbody>
</table>

N = 28
To summarise, with 60.7% of wineries developed since 2000, wineries in the region can be characterised as young, even by Canadian standards. Family owned and operated, these micro and small enterprises produce small volumes of diverse product, potentially contributing a unique and diverse product offering to this emerging wine region. Literature has shown the degree to which wineries develop wine tourism is dependent upon their life cycle (Dodd & Beverland 2001), with emerging wine regions slow to develop wine tourism amenities and services. However, wine tourism plays a critical role in attracting visitors to wine regions (Hall et al. 2000a), and this is particularly important for emerging wine regions given the reliance of young and smaller wineries on cellar door sales to distribute their wine product (Cambourne et al. 2000; Dodd & Beverland 2001). Thus, the extent to which the wineries within this region have developed wine tourism products, service and amenities is discussed here.

6.2.2 Wine Tourism Amenities

Generally, the link between wine and tourism has led to a wide range of wine tourism product and service development around the world including wine tours, wine trails, cellar door wine tasting, wine and food festivals and winery tours (Mitchell & Hall 2006). However, the degree to which wineries develop these amenities varies (Aloysius & Lee 2001; Dodd & Beverland 2001; Getz & Brown 2006a) in part due to scarce financial, personnel and time resources (Dodd 1995), poor understanding of the consumer and broader benefits wine tourism (Hall & Johnson 1997; Hall et al. 2000c) life course of the winery (Dodd & Beverland 2001) and product versus tourism orientation (Macionis 1998b). This section presents data on opening hours, amenities, annual visitors, cellar door sales and tasting fees, data gathering and future plans as a way to examine the case study wineries’ orientation to tourism.

An essential requirement to winery tourism is being open to visitation (Johnson 1998). Very few wineries in this case study region are open year round. Three wineries (10.7%) are open every day of the year and 21.4% are open less than seven days a week year round (Table 6.3). This contrasts with Getz (2002) who found in a study comparing regional winery attributes that 89.0% of Niagara and 48.0% of Okanagan wineries remain open year round. Meanwhile, in the Wine Islands, the majority of wineries (64.2%) are open seasonally or by appointment only.
Table 6.3 Wine Islands Wineries’ Opening Hours

<table>
<thead>
<tr>
<th>Hours Open</th>
<th>Frequency</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year round</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 days a week</td>
<td>3</td>
<td>10.7</td>
</tr>
<tr>
<td>Less than 7 days a week</td>
<td>6</td>
<td>21.4</td>
</tr>
<tr>
<td>Seasonally Open</td>
<td></td>
<td></td>
</tr>
<tr>
<td>April/May – October/November</td>
<td>16</td>
<td>57.1</td>
</tr>
<tr>
<td>By Appointment Only</td>
<td>2</td>
<td>7.1</td>
</tr>
<tr>
<td>Missing</td>
<td>1</td>
<td>3.6</td>
</tr>
</tbody>
</table>

N=28

All case study wineries engage in cellar door sales and wine tasting (Table 6.4). This may be considered high compared to Getz and Brown (2006a) who found 91.3% of Okanagan wineries and Johnson (1998) who found 83% of New Zealand wineries engaged in cellar door sales. Nonetheless, this finding is not surprising given the young emerging nature of the wine region and the reliance on cellar door sales for survival at such a point in the wine tourism life course (Dodd & Beverland 2001).

Further, wineries may develop wine tourism amenities and products (King & Morris 1999; Dodd & Beverland 2001) such as restaurants, galleries, souvenir shops and events. This study found that while all wineries engage in cellar door sales, amenities have not been developed to the same extent (Table 6.4).

Table 6.4 Wine Islands Wineries’ Products and Amenities

<table>
<thead>
<tr>
<th>Product/Amenity</th>
<th>Frequency</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cellar door sales</td>
<td>28</td>
<td>100.0</td>
</tr>
<tr>
<td>Wine tasting</td>
<td>28</td>
<td>100.0</td>
</tr>
<tr>
<td>Retail merchandise</td>
<td>18</td>
<td>64.3</td>
</tr>
<tr>
<td>Picnic area / picnic license</td>
<td>14</td>
<td>50.0</td>
</tr>
<tr>
<td>Private functions</td>
<td>11</td>
<td>39.3</td>
</tr>
<tr>
<td>Special events open to public</td>
<td>11</td>
<td>39.3</td>
</tr>
<tr>
<td>Sale of picnic food items</td>
<td>9</td>
<td>32.1</td>
</tr>
<tr>
<td>Self guided tour</td>
<td>9</td>
<td>32.1</td>
</tr>
<tr>
<td>Guided tour</td>
<td>5</td>
<td>18.5</td>
</tr>
<tr>
<td>Restaurant/Café</td>
<td>5</td>
<td>17.9</td>
</tr>
<tr>
<td>Tour By Appointment Only</td>
<td>3</td>
<td>10.7</td>
</tr>
</tbody>
</table>

N=28
Less than half of the wineries charge a wine tasting fee (46.4%) (Table 6.5). This finding aligns with the number of wineries who charge tasting fees in other regions globally. Studies have found that 52% of New Zealand wineries (Johnson 1998) and 41% of South African wineries (Bruwer 2003) charge tasting fees. Tasting fees range from $2.00 to $8.00 where approximately 44.5% charge less than $5.00 and 55.5% charge $5.00 or more. Of the wineries that do charge a tasting fee, six refund the fee upon purchase. Charging a tasting fee is a dilemma for winery managers who want to provide a service affordable to the winery yet meet visitor expectations (King & Morris 1997a). Several wineries in this study recognise inherent costs in providing wine tasting such as staffing, product and location previously identified by King and Morris (1997a). In light of these costs, 25.0% of wineries in this study plan to implement future tastings fees. This would increase the number of Wine Island wineries charging a tasting fee to 71.0%.

Table 6.5 Wine Islands Wineries' Tasting Fees

<table>
<thead>
<tr>
<th>Fee Charged</th>
<th>Frequency</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tasting fee charged</td>
<td>13</td>
<td>46.4</td>
</tr>
<tr>
<td>Refundable on purchase</td>
<td>6</td>
<td>21.4</td>
</tr>
<tr>
<td>Charge tour groups only</td>
<td>3</td>
<td>10.7</td>
</tr>
<tr>
<td>No tasting fee charged</td>
<td>15</td>
<td>53.6</td>
</tr>
<tr>
<td>Future plans to charge a tasting fee</td>
<td>7</td>
<td>25.0</td>
</tr>
</tbody>
</table>

N = 28

Wineeries report cellar door sales ranging from 20% to 85% of total wine sales (Figure 6.1). The majority of wineries distribute a minimum of 50% of their product through the cellar door, echoing the findings of Getz and Brown (2006a). The extent of cellar door sales varies from region to region, as some studies have found cellar door sales account for an average of 15-20% of wine sales in New Zealand and upwards of 65% for English wineries (Mitchell 2004). Several factors may account for this variation; larger wineries may not rely on cellar door sales to the same extent as smaller wineries (Getz & Brown 2006a), and as previously stated, wineries in early, start up phases tend to rely on cellar door sales more heavily than more mature wineries (Dodd & Beverland 2001). Results here suggest that the cellar door is an important distribution channel for Wine Islands wineries.
The majority of wineries in this study (53.6%) estimate that they receive 5,000 or fewer annual visitors (Table 6.6). These estimates are very small compared to Okanagan wineries where 82.6% of wineries host more than 10,000 visitors annually (Getz & Brown 2006a) and several Niagara wineries that estimate 150,000 to 300,000 yearly (Telfer 2001b). Four wineries in this study could not estimate visitor numbers at all, partially due to recent openings and not having visitor data. This finding is similar to other studies that found few wineries collect information about visitors (Telfer 2001b; Getz & Brown 2006a), despite such data being considered critical to understanding the customer (Hall & Mitchell 2008).

Table 6.6 Wine Islands Wineries’ Annual Winery Visitors

<table>
<thead>
<tr>
<th>Visitor Numbers</th>
<th>Frequency</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,000 and under</td>
<td>5</td>
<td>17.9</td>
</tr>
<tr>
<td>1,001 – 5,000</td>
<td>10</td>
<td>35.7</td>
</tr>
<tr>
<td>5,001 – 10,000</td>
<td>2</td>
<td>7.1</td>
</tr>
<tr>
<td>10,000 plus</td>
<td>4</td>
<td>14.3</td>
</tr>
<tr>
<td>Unknown¹</td>
<td>4</td>
<td>14.3</td>
</tr>
<tr>
<td>Missing</td>
<td>3</td>
<td>10.7</td>
</tr>
</tbody>
</table>

N = 28

¹Unknown includes three wineries that have just opened

Several winery managers/owners noted that their visitor estimates were best guesses, as many do not collect or retain customer information. However, almost 40% indicated that they had a guest book available that visitors could voluntarily sign and the same number of
wineries maintained a customer mailing list (Table 6.7). These methods are notoriously inaccurate and tend to understate the total number of visitors as not all groups complete these (including repeat visitors) and not all members of groups are listed (i.e. one person in one couple).

In terms of communicating with customers (Table 6.7), most wineries maintained a website however, few wineries developed other tools beyond this. At the time of this study, just four wineries (14.3%) offered newsletters or case club programs as communication, education and marketing tools. Overall, few wineries in this region have engaged in visitor data gathering or the development of communication tools, with the exception of websites, despite the view that the cellar door is a valuable opportunity to gain market intelligence as well as build brand and relationships (Dodd 1995; King & Morris 1997a; Hall & Mitchell 2008).

<table>
<thead>
<tr>
<th>Data Gathering/Communication Tools</th>
<th>Frequency</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website</td>
<td>25</td>
<td>89.3</td>
</tr>
<tr>
<td>Voluntary Guest Book</td>
<td>11</td>
<td>39.2</td>
</tr>
<tr>
<td>Customer mailing list</td>
<td>11</td>
<td>39.2</td>
</tr>
<tr>
<td>Case Club</td>
<td>4</td>
<td>14.3</td>
</tr>
<tr>
<td>Newsletter</td>
<td>4</td>
<td>14.3</td>
</tr>
</tbody>
</table>

N = 28

Wineries were asked about future plans for business development and fewer than half of the winery owner/managers (42.9%) indicated that they were planning future developments (Figure 6.2). The majority of responses focused on expansion of vineyards (n=8), with the remaining wineries expanding or developing new tasting rooms (n=1), expanding product lines (n=1), producing distilled products (n=1) and expanding food service (n=1).

Figure 6.2 Wine Islands Wineries’ Future Plans for Development
6.3 Winery and Tourism Integration

Linkages between the wine and tourism industries are critical to the further development of wine tourism (Johnson 1998; Hall et al. 2000b). Examining the level of packaging and partnership development identifies the linkages between key wine and tourism stakeholders as well as revealing the tourism orientation of the wineries (Getz & Brown 2006a). This section provides a preliminary examination of the level of packaging and partnership with SMTEs to provide context for analysis of winery and tourism relationships in Chapter 8.

The extent to which Wine Islands' wineries have developed formal, contractual relationships and informal, non contractual relationships with SMTEs, and engaged in marketing opportunities is illustrated in Table 6.8. Wineries tended to develop relationships to a greater extent with tour operators; 57.1% of wineries indicated they had informal partnerships and 10.7% of wineries indicated they formal relationships with tour operators. Nonetheless, this is still comparatively low where 47.8% of wineries Okanagan have formalised packages with tour companies (Getz & Brown 2006a). Few formal arrangements (i.e. providing wine products as gifts for accommodation guests and hosting tastings) exist with accommodation suppliers, with more wineries (35.7%) indicating they had developed informal relationships (i.e. referrals). Despite Vancouver Island’s prominent position as a golf destination and the presence of a ski resort, no wineries had developed formal relationships and only four had developed informal relationships with the adventure tourism and recreation sector. Getz and Brown (2006a) also found low levels of winery relationship development with recreational providers, with 17.4% of wineries packaging with golf courses and 8.7% packaging with ski resorts.

Several wineries are formally involved in wine and culinary festivals; 28.6% of wineries participate in the Cowichan Wine & Culinary Festival where only those wineries within the Cowichan region are invited to take advantage of this marketing tool. However, the majority of wineries (82.1%) participate in the regionally focused Wine Islands Guide, a brochure of regional touring maps. These marketing tools, the Cowichan Wine and Culinary Festival and the Wine Islands Guide co-marketing brochure are discussed in greater detail in Sections 9.2.3 and 9.2.4.
Table 6.8 Wine Islands Wineries' Tourism Partnerships

<table>
<thead>
<tr>
<th>Partners</th>
<th>Formal Partnerships (%)</th>
<th>Informal Partnerships (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tour operators¹</td>
<td>10.7</td>
<td>57.1</td>
</tr>
<tr>
<td>Accommodation</td>
<td>10.7</td>
<td>35.7</td>
</tr>
<tr>
<td>Adventure Tourism and Recreation</td>
<td>--</td>
<td>14.3</td>
</tr>
<tr>
<td>Attractions</td>
<td>3.5</td>
<td>10.7</td>
</tr>
<tr>
<td>Transportation</td>
<td>--</td>
<td>3.5</td>
</tr>
<tr>
<td>Tourism Services</td>
<td>--</td>
<td>3.5</td>
</tr>
<tr>
<td>Food and Beverage</td>
<td>10.7</td>
<td>3.5</td>
</tr>
<tr>
<td>Festival and Events²</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cowichan Wine &amp; Culinary Festival (2008)</td>
<td>28.6</td>
<td>--</td>
</tr>
<tr>
<td>Feast of Fields Festival (2008)</td>
<td>14.3</td>
<td>--</td>
</tr>
<tr>
<td>Other festivals</td>
<td>17.9</td>
<td>--</td>
</tr>
<tr>
<td>Wine Islands co-marketing brochure (2008)</td>
<td>82.1</td>
<td>--</td>
</tr>
</tbody>
</table>

N = 28
¹ Three of the wineries that have formal partnerships with tour operators also have informal partnerships
² May join more than one festival and event

6.4 Winery and Key Industry Organisation Integration

Table 6.9 illustrates the level of winery membership in key wine and tourism industry organisations. A greater number of wineries have linkages to wine industry organisations than with tourism organisations. However, these wine industry linkages are highly variable across provincial and regional level associations. Wineries have greater integration with regional associations, whereas linkages are relatively sparse in provincially focused wine industry organisations. For example, wineries have no membership links with the BC Wine Grape Council and only one in four wineries hold membership with the Association of BC Winegrowers, both provincial associations. However, winery membership is intensified at the regional level with the majority of wineries holding memberships in Wine Islands Growers Association (53.6%) and Wine Islands Vintners Association (78.5%).
Further, wineries tended to have a low level of membership in tourism organisations. Membership in tourism organisations ranged from 3.6% to 25.0% (Table 6.9). These findings are not surprising and correspond to findings in other studies in other parts of the world (Johnson 1998; Mitchell & Schreiber 2007). Higher levels of membership are found within community and business associations. Several wineries (53.6%) are members of chambers of commerce and 21.4% are members of business associations not directly related to the wine and tourism industries, such as Rotary, Women’s Business Network, Retail Merchants Association and fewer still belong to local economic development commissions.

These results (Table 6.8 and 6.9) echo findings of low levels of networking behaviour, bundling of winery visitation with other tourism sectors and membership with tourism industry associations, but a greater degree of membership within the wine industry itself, and in particular regionally focused associations which is consistent with other studies (e.g. Johnson 1998; Getz & Brown 2006a; Mitchell & Schreiber 2007). This suggests a greater degree of horizontal integration within the wine industry and a lesser degree of vertical and diagonal integration between the wine and tourism industries in the case study region.
6.5 Summary

The purpose of this chapter was to present findings to contextualise the case study and aid analysis in subsequent results Chapters 7, 8 and 9. Initial findings reveal a young, emerging wine region consisting of small, family owned and operated wineries producing small volumes of diverse products. All wineries in this study rely on cellar door sales as an important distribution channel; however, wineries have developed wine tourism products and services to a much lesser extent.

Examination of intra and inter-industry integration reveals a low level of linkages with the tourism sector, and sparse integration with tourism organisations. However, wineries are regionally horizontally integrated, yet membership of the broader, provincial and national wine industry organisations remains sparse which leaves gaps in links to critical functions and roles. These initial findings build a contextual understanding to aid analysis of intra- and inter-industry relationships explored in detail in the results chapters, with Chapter 7 examining the structure and nature of winery to winery relationships.
Chapter 7: Winery to Winery Relationships

7.1 Introduction
The examination of winery to winery relationships in a wine tourism network study is undertaken for several reasons. First, this is a winery centric study of the wine tourism network in the case study region (§4.2.3). Secondly, wine is the defining feature that binds the case study region, and an understanding of winery to winery cooperation sets the basis of an understanding of cooperation in the wine region. Finally, effective wine tourism destinations will see cooperation occurring horizontally (among wineries) and vertically (among SMTEs and wineries) (Telfer 2001b; Mitchell 2004; Sparks & Malady 2006; Hall & Mitchell 2008). This chapter represents the horizontal piece of the story.

This study aims to understand the structural and qualitative nature of winery and tourism industry relationships through a blended network approach. Chapters 7, 8, and 9 explore, in depth, the nature of the relationships between and among the key actors, building on the contextual introduction to key actors within the case study region provided in Chapter 6. Within each chapter, relationships are analysed in two ways: first, by mapping the overall structure of the network and, second, by providing a qualitative description of the interactional characteristics or relational dimensions of the actors.

Mapping, using visual network diagrams, is incorporated as an analysis aid and as a communication tool to visually examine the actors and their links, the complexity and overall structure of the network (Brandes et al. 1999; Scott et al. 2008a). Mapping the structural elements of the network provides information on the structural properties by visually displaying how actors relate to one another (Brandes et al. 1999; Scott et al. 2008a), and complements the qualitative description of the relational dimensions of the network (Scott et al. 2008a). The relational dimensions and nature of the linkages amongst the actors are explored through thematic analysis that results in a complexity of multiple layers of interaction among wineries (Chapter 7), wineries and SMTEs (Chapter 8), and wineries and key industry organisations (Chapter 9). This complexity of relational information can be simplified and better understood through the segmentation of the sub-sets of nodes or layers, which is considered to be a powerful approach for the analysis of networks (Scott et al. 2008a).
Consequently, the results chapters focus on the structural and relational characteristics for each relationship layer: Chapter 7 explores the relationships existing between the wineries.

The remainder of Chapter 7 provides a visual analysis of the winery to winery relationships using network maps to illustrate the structural connectivity of the network (§7.2) and this precedes a discussion of the relational properties of the relationships between the wineries (§7.3); including network dimensions and transaction content (§7.3.1) and nature of the linkages (§7.3.2). The chapter concludes with analyses of the mechanisms for interaction (§7.4), impediments to inter-firm cooperation (§7.5) and attitudes to competition, cooperation and perceptions of benefits (§7.6).

7.2 Winery to Winery Relationship Structure

To address the study objectives, and specifically to understand the structural characteristics of the winery to winery relationships, wineries were asked to identify other wineries that they cooperate with. The resulting data allows for the mapping of the structural connectivity of winery to winery relationships, illustrated through network maps (§5.6.1). Visual analysis (§5.6.1) is adopted to analyse the structural characteristics of the winery to winery linkages.

7.2.1 Network Diagram Analysis

Using a directed tie approach each of the winery respondents was asked to indicate relationships with other regional wineries. The resulting linkages can be described in several ways, one of which is the direction of the relationship (Scott et al. 2008a). Mapping the structure of the network using the visual network diagram illustrated in Figure 7.1 shows a number of nodes representing the interviewed wineries within the case study region, and the lines between each node represents a relationship or tie. The direction of the relationship from one actor to another is indicated with the use of arrow tipped lines (Scott 2000). A line with a single arrow tip indicates that the tie is a one way tie from one actor to another. Lines with arrow tips at each end specify a reciprocal tie where, for example, Winery A has indicated a relationship with Winery B and Winery B has indicated a relationship with Winery A. These mutual, reciprocated relationships are identified by a bold line with arrow tips at each end. This approach supports analysis of reciprocity and the strength of the relationship, where a single tie linking two actors signifies a weak link whereas a reciprocated tie may indicate stronger relationships (Granovetter 1973; Knoke & Yang 2008). Several additional structural
qualities indicating the overall cohesion of the whole network are identifiable upon visual analysis of Figure 7.1.

Cohesiveness describes the presence of relationships among network members and the “likelihood of their having access to the same information or resources” (Scott et al. 2008a, p.150). Overall indications of network cohesion include density and centrality which indicate the extent to which members of the network interact (Scott et al. 2008a). Identification of areas of highly connected actors indicates the presence of clusters, or subgroups (Scott et al. 2008a). This exploration of the structural connectivity of the winery to winery network will examine node connection, reciprocity and centrality (§7.2.1.1), density (§7.2.1.2) and clustering (§7.2.1.3).

Figure 7.1 Winery to Winery Network Map

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= Reciprocal relationships
= Non reciprocal relationships
7.2.1.1 Nodal Connections

Figure 7.1 illustrates that all 28 nodes are connected to one or more nodes (i.e. all wineries have a relationship with at least one other winery). The network has no isolates, or nodes with no lines connecting to any other node in the network. However, the extent of this connectedness varies considerably between the wineries as some wineries have multiple ties and others few ties. While the degree of connectedness is visually represented in Figure 7.1, variation can also be explained through an examination of indegree and outdegree connectedness (Scott 2000). As described by Scott (2000), indegree connectedness refers to the total number of other ties directed towards the node. That is, the number of other wineries who indicated that they had a relationship with, for example, Winery A, are indicated by lines with the arrow pointing towards Winery A. Outdegree ties are the total number of ties directed out from the node (Scott 2000). For example, all those wineries that Winery A indicated it had a relationship with are indicated by the arrow pointing away from Winery A and towards those wineries it has ties with. To supplement Figure 7.1, and aid in this discussion of variation of ties, Table 7.1 shows relationships between wineries using “1”. Following the approach of Scott (2000) indegree total for each winery is represented by the column sum and outdegree total for each winery is indicated by row sum.
Table 7.1 Matrix of Indegree and Outdegree Ties for Winery Relationships

| Winery | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q | R | S | T | U | V | W | X | Y | Z | AA | BB |
| A      | 1 | 1 | 1 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 10|
| B      | 1 | 1 | 1 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 1 | 9 |
| C      | 1 | 1 | 1 |   |   |   |   | 1 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 17|
| D      | 1 |   |   | 1 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 1 | 9 |
| E      |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 1 | 4 |
| F      |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 3 |
| G      |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 3 |
| H      |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 2 |
| I      |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 0 |
| J      | 1 | 1 | 1 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 1 | 7 |
| K      | 1 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 7 |
| L      | 1 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 4 |
| M      | 1 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 5 |
| N      | 1 |   |   |   | 1 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 18|
| O      | 1 |   |   |   | 1 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 23|
| P      | 1 |   |   | 1 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 26|
| Q      |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 6 |
| R      |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 19|
| S      |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 12|
| T      |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 1 |
| U      |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 8 |
| V      |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 9 |
| W      |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 2 |
| X      |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 9 |
| Y      |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 9 |
| Z      |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 6 |
| AA     |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 18|
| BB     |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 2 |

| Total  | Indegree | 13 | 12 | 6  | 15 | 4  | 6  | 17 | 7  | 4  | 8  | 3  | 10 | 10 | 12 | 7  | 14 | 4  | 5  | 13 | 9  | 4  | 6  | 12 | 4  | 6  | 14 | 10 | 13 |
Table 7.1 shows that five wineries have no or few outdegree ties: Winery I has no outdegree ties; T Winery has one, and H, W and BB Wineries each have two outdegree ties. These wineries are therefore peripherally located in the network (Figure 7.1). By contrast, those wineries that have more than twenty directed ties out to other wineries, such as O and P Winery, are located more centrally within the network. Variation also exists in the number of indegree ties with six wineries having four or less incoming ties from other wineries (E, I, K, Q, U and X wineries). This relative lack of connectivity is also indicated by the winery’s placement within the network as all of these wineries are located peripherally around the edges of the network (Figure 7.1). In contrast, wineries G and P have fifteen or more indegree ties placing these wineries centrally within the network. However, one difference between G and P wineries is the number of outdegree ties. Indeed, G Winery has three outdegree ties while P Winery has twenty-six outdegree ties. This finding suggests that while G and P Winery may be viewed as useful or as resource gatekeepers within the network, G Winery in particular does not actively seek out many relationships. Clearly, indegree and outdegree ties vary among the wineries, suggesting that the majority of relationships are asymmetric and that not all relationships are mutual or reciprocal.

Centrality refers to individual actor positions relative to others in the network (Rowley 1997). Assessing Figure 7.1 for the presence of hub and spoke patterns (see Scott 2000) reveals central positions held by P, N, and O Wineries. This suggests that these well-connected wineries may have quicker information flows and greater access to resources than the surrounding peripheral wineries that are much less connected, supporting previous findings in other sectors as reported by Brass and Burkhardt (1993) and Rowley (1997). Additionally, Pavlovich (2003) suggests that a central position is advantageous as it improves reputation and visibility, prompting more peripheral network organisations to try to establish ties with well connected organisations to obtain access to resources (Baum & Oliver 1991). This finding is supported by qualitative evidence where one winery owner was asked to indicate who she interacts with, she responded: “[we talk to] P Winery just because they seem to be in charge of everything” (Quincy, Q Winery).

7.2.1.2 Density
Density or the social cohesiveness of a network (Shaw & Conway 2000) is an indication of the extent of interaction within a network (Scott et al. 2008a). Density measures can vary from 0 (a totally disconnected network) to 1 (a completely connected network) (Rowley 1997; Scott 2000) (see §5.6.1). For winery to winery ties, density is calculated as:
Density for this network is calculated as .326. Visual assessment of the density of the network (Figure 7.1) reveals a moderate density as suggested by the lack of complete ties between the actors. This visual assessment is supported with the calculated density of .326, indicating that the winery actors have established 32.6% of all potential ties that could be present. Visual and calculated assessments indicate that this is a moderately dense network; where greater information flows are likely impeded by the lack of relationship development (Rowley 1997). This lack of full relationship development or cooperation is supported by analysis of the qualitative data where several barriers (§7.5) emerged from the data impeding broader relationship development and access to network knowledge.

7.2.1.3 Clusters
Related to density, clusters are visually perceptible on the network map and are represented by areas of high density (Scott 2000) (§3.4.3 and §5.6.1). This network has a core concentration of wineries linked by a greater number of relationships and several individual peripheral wineries having fewer relationship connections with the core concentration of wineries (Figure 7.1). This is more clearly evident when reciprocal ties are examined. Relationship mutuality and reciprocity is thickest within a primary cluster consisting of thirteen wineries (Z, AA, J, D, C, P, O, R, G, N, S, A, and B wineries) and located more centrally within the network structure (Figure 7.2). Two secondary, peripheral clusters with reciprocal relationships are also identified: one cluster containing BB, WW and V wineries and the other consisting of Q, E and O wineries (refer to Figure 7.5). The remaining wineries tend to lie peripherally to these clusters with fewer reciprocal relationships.
Winery to winery relationship structure, and particularly the concept of clusters, can be further analysed by comparing the network structure to the geographic location of the wineries in the case study region, a method adopted by Scott et al. (2008a). As highlighted in Figure 7.3, the geographic location of each licensed, open winery located within the Wine Islands region is identified with a black dot. Figure 7.3 indicates that wineries appear to geographically concentrate in two main areas: the Cowichan Valley area (identified with a dashed line) and to a lesser extent in the Saanich Peninsula area (identified with a solid line).
Of the interviewed wineries within the case study region, thirteen wineries are located within the Cowichan Valley region (A, B, D, G, I, J, M, N, P, S, X, Z, AA Wineries); four wineries are located in the Saanich Peninsula area (H, V, W, BB Wineries); and eleven wineries are located peripheral to these concentrations and spread throughout central/southern Vancouver Island and in the outer islands (C, E, F, K, L, O, Q, R, T, U, Y Wineries). When compared to the network diagram (Figures 7.1 and 7.2), the geographic positioning of the wineries tends to reflect the structural connectivity of the network. For example, the primary cluster of thirteen wineries reflects the geographic location of the Cowichan Valley region wineries with the exception of three wineries (I, M and X). This parallel is also evident in the majority of those Saanich Peninsula region wineries where BB, WW, and V wineries comprise a secondary and lesser connected peripheral cluster. This pattern of structural connectivity is suggestive of a geographic influence. Wineries develop relationships with those in closer proximity but also, geographic factors such as island locations may influence relationship development. Findings that spatial separation and physical barriers may lead to a lack of broader regional integration are examined in depth in Section 7.5.
7.2.1.4 Winery Life Stage Considerations

While geography and proximity may be factors in relationship development, examination of network structure based on the business demographics of the actors is revealing. Earlier findings (§6.2.1) emphasised that this wine region can be considered an emerging region, with the majority of wineries developing since 2000. The life stage of wineries is an important concept, particularly in relation to network development, as Dodd and Beverland (2001) have shown that network development and, by implication, the importance of relationships varies according to the life stage of wineries. On this basis, the network nodes were configured to represent those wineries established in and subsequent to 2000 (newer entrants) and those established in and prior to 1999 (older entrants) (§6.2.1) and these are reflected in the different nodal shapes in Figure 7.4. The network map reveals that older entrants tend to establish relationships with similarly aged wineries, and the newer entrants tend to establish relationships with newer entrant wineries. Newer entrant wineries tend to have peripheral network positions, while older entrants are more centrally located within the network, suggesting that older entrants may be better connected than newer entrants. There are exceptions to this, as new entrants such as B Winery and S Winery have clearly established reciprocal relationships with older entrant wineries and are contained within the core cluster of wineries and in the Cowichan Valley region. This finding suggests that life stage of the wineries may influence networking patterns, and therefore may impact network development. These findings are further examined qualitatively in Section §7.3.2 which discusses the intensity and reciprocal nature of the linkages.
7.2.2 Summary

Analysis of the network map of winery to winery relationships reveals several structural characteristics of the network. Overall, network density is assessed as moderately low, with one third of the total potential number of relationships having been developed. Individually, all wineries are connected to one another, however these connections vary in terms of the number of links to one another and the reciprocal nature of the relationships. Three wineries (O, P and N wineries) are more densely linked and central to the network, implying quicker information flows and greater access to resources than those wineries located peripherally within the network (Brass & Burkhardt 1993; Rowley 1997). This network is characterised by a core concentration or cluster of wineries containing primarily older entrant wineries, and
two peripheral and much smaller clusters of new entrant wineries. The remaining wineries, consisting of both old and new entrants, lie in the outer reaches of the network. This points to the influence of winery life stage on network development and that wineries with similar business demographics may develop relationships. Further, network development appears to be influenced by the geographic positioning of the wineries, suggesting that proximity and geographic features such as outer island locations may act as important factors in establishing or inhibiting winery to winery relationships.

Examination of the structural dimensions of the social network, in isolation from other dimensions, while informative, has been criticised for restricting our understanding of the interactional dimensions of networks (Curran et al. 1993; Shaw & Conway 2000; O'Donnell 2004). Thus, visual analysis of winery to winery relationship structure is augmented by the qualitative analysis of the nature of the relationships. The following section explores the network type and dimensions, transactional content exchanged between the actors, and nature of the linkages between the actors.

7.3 The Nature of Winery to Winery Relationships

To operationalise the network approach, network membership and type as well as the interactions within the network must be identified (Szarka 1990; Shaw & Conway 2000). The nature of the interactions and connections between the actors is the “critical dimension in understanding how organisation occurs” in complex inter-dependent layers of networks (Pavlovich 2008, p.82). The interactional characteristics of these linkages can be understood in several ways: the content exchanged between the actors, the intensity or frequency of the interactions, durability of the relationships and reciprocal nature of the interactions (Mitchell 1969; Shaw & Conway 2000; Scott et al. 2008a). These characteristics form the basis for the qualitative analysis. Section 7.3.1 examines different types of exchange flowing through the network identified and organised by the type and transactional content of the exchange (Szarka 1990; Shaw & Conway 2000) and Section 7.3.2 analyses the interactional nature of the linkages, using intensity, durability and reciprocity as indicators.

7.3.1 Network Dimensions and Transaction Content

Analysis of network type and flow of exchange between the actors is based on Szarka’s (1990) three categories that embody the economic and social dimensions of small firm networks: exchange networks, based on commercial transactions; communication networks, based on non-trading links that inform the business; and social networks that incorporate
friendship. Szarka (1990) points out that the value of this typology is the simultaneous consideration of all network dimensions rather than one dimension in isolation, as these dimensions influence and interact with each other. Within this framework, the level of formality of the network is assessed (§3.4). Relationships are deemed formal, when specified formal aims exist (Gibson et al. 2005) such as joint ventures, licensing agreements and supply chain linkages (Shaw & Conway 2000). Informal relationships consist of actors meeting for mainly personal reasons (Gibson et al. 2005) involving personal friendships and family relationships (Shaw & Conway 2000), but may also consist of communication and information exchange purposes (Gibson et al. 2005; Hall 2005c).

As well as types of exchange and level of formality, the contents of the interactions between the actors are examined. Interactions can be understood in terms of content areas such as information, communication, normative or friendship, transactional, instrumental and cognitive contents (Mitchell 1969; Tichy et al. 1979; Knoke & Yang 2008). These pre-existing categories were used as *a priori* categories for thematic analysis. However, in this thesis a conscious effort is also made to allow content themes to emerge freely out of the data as much as possible and not to force the data into these pre-existing contents constructs. Thus, interactions were analysed for content, adopting Szarka’s (1990) typology of network dimensions and levels of formality as organising constructs.

Thematic analysis of these data reveals winery to winery relationships consisting of formal and informal relationships spanning communication, social and exchange dimensions. Specifically, informal relationships are found in communicative and social dimensions, while formal relationships are found in exchange dimensions of the network. Several relationship contents are present across Szarka’s (1990) dimensions and formality levels and these are examined in detail: information advice (§7.3.1.1); technology and equipment (§7.3.1.2) economic transactions (§7.3.1.3); tourist referrals (§7.3.1.4); promotion and marketing (§7.3.1.5); and normative expressions (§7.3.1.6). Examples supporting the various transaction contents spanning dimensions and formality levels are summarised in Table 7.2.
7.3.1.1 Information and Advice

Information and advice emerged as the most frequent form of content exchange between the wineries. Information and advice content is informally accessed by the majority of wineries, with the exception of three wineries that clearly indicated they did not engage in information or advice exchange with other wineries. Perceptions of open exchange of information by most of the region’s wineries are captured by one newer entrant who describes the region as the most cooperative in her business experience.

Everyone […] is so open about winemaking or viticulture, and I have never seen a business that is so cooperative in that way. Most all of the people on this list are happy to tell you whatever, what worked well for them, what didn’t. There are two wineries on this list who told me exactly how they made their blackberry port so that’s an amazing atmosphere within this business. (Carrie, C Winery)

Carrie describes the regional wine industry as cooperative and open to information sharing. This finding is supported by respondents who indicated that they are actively open to information exchange, and willingly and freely provide advice and help when asked. Bob, a new winery entrant, supports open and free information exchange with regional wineries and through his efforts is attempting to model collaborative behaviours. “I am very happy to tell anybody anything they want to know. If they want to come out and find out about how to

### Table 7.2 Winery to Winery Network Dimensions and Transaction Content

<table>
<thead>
<tr>
<th>Level of Formality</th>
<th>Network Dimensions</th>
<th>Content</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informal</td>
<td>Communication</td>
<td>Information and Advice</td>
<td>Grapegrowing and winemaking advice, politics, supplies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Technology and Equipment</td>
<td>Equipment borrowing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tourist Referrals</td>
<td>Referral of tourists</td>
</tr>
<tr>
<td>Social</td>
<td>Normative Expressions</td>
<td>Friendship</td>
<td>Providing moral support</td>
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<td></td>
<td></td>
<td>Economic Transactions</td>
<td>Joint equipment purchase</td>
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<td></td>
<td></td>
<td></td>
<td>Supplier relationships</td>
</tr>
<tr>
<td>Formal</td>
<td>Exchange</td>
<td>Promotion and Marketing</td>
<td>Joint promotional activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Technology and Equipment</td>
<td>Wine route development</td>
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<tr>
<td></td>
<td></td>
<td>Economic Transactions</td>
<td>Shared bulk ordering</td>
</tr>
</tbody>
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plant grapes or make wine whatever, I am happy to divulge that information to them. And
that’s not been the practice of the past” (Bob, B Winery). That cooperative information
sharing has not been the practice in the past is supported by the perceptions of one older
entrant who characterises collaboration among the wineries as fractured: “it seems like a
very, […] a very fractured organisation of wineries. [Can you elaborate?] That’s, I don’t
know, I don’t know. It seems to me that there would be a lot more sharing over time, but there
hasn’t been” (Albert, A Winery). While perceptions of open cooperation exist amongst some
wineries, this perception appears to vary with newer entrants perceiving and as in Bob’s
experience potentially contributing to more open environment than in the past.

Within this environment, analysis of the nature of this information and advice revealed a
range of topics exchanged. Several wineries engage in informal problem solving for issues
ranging from equipment, viticulture, fruit production, winemaking, marketing, staffing issues,
politics and local governance. While much of the problem solving incorporated one to one
winery discussions, some wineries would form small, informal groups consisting of other
wineries in close geographic proximity to address problems. This was particularly salient for
local governance and political issues as illustrated by the following response:

I would share with myself [Bob, Albert, Zoe, and David], if there was a major issue,
say something major to all of us, we would all sit down and talk about it. We haven’t
yet,... but insofar as rules and regulations go, like the new BCWA coming into play, a
few of us sat down about six months ago and sort of threw around some ideas about
what to do when registration time comes, do we just register and fight some of the
ideas from within, or do we just not register and sort of protest it that way. Yeah, we
got together. In the last few years, a lot of the get togethers have been more political
based, not really to do with any major catastrophes. (Morris, M Winery)

The development of this small group is the exception rather than the rule; indeed, other than
the infrequent gatherings of Morris’ group, there is very little organised problem solving
between wineries. Indeed, according to Norman (N Winery): “There is almost no joint
problem solving in any large scale way”. Rather, any problem solving that occurs within the
region’s wineries appears to be dealt with in an ad hoc manner, reactionary rather than
proactive, and on an individual winery to winery basis rather than cohesively through groups
or organisations. As noted by this winery located at the periphery of the network:

I am not even aware of people in this region, where people getting together and talk
about wine making or share information on wine making. Not even in WIGA – No ...
although in WIGA, I don’t know, I don’t think so. Where you sit down and talk about
problems you encounter as a winemaker and how you deal with them, rather than
general stuff. (Larry, L Winery)
Outside of infrequent problem solving, wineries engaged in sharing of information and advice on several topics including exchange of supplier information. Supplier information is informally, yet regularly exchanged between the wineries: “We all talk with one another – where are you getting your shrink from?; where are you getting your corks from?; where are you getting your bottles from, your industrial tanks?; it is very much an informal structure that is out there” (Penny, P Winery). In addition to supplier information, wineries regularly exchange information related to oenology, viticulture, and marketing. While information sharing is common practice, not all information is treated the same way by all wineries. As an example, Gary restricts information supplied regarding marketing knowledge. “Wineries are welcome to come and ask questions about the vineyard. Beyond that we do not share any marketing knowledge anymore. We limit now what, who – we don’t say what our client base is anymore, we don’t allow anyone to seize the opportunity we have worked very hard to make” (Gary, G Winery). Information and advice content is the most frequent form of content exchanged between the wineries. To a lesser extent, wineries also engaged in formal and informal technology and equipment exchange.

7.3.1.2 Technology and Equipment

Technology and equipment content is exchanged informally and formally amongst the wineries. Informally, physical equipment sharing is exchanged amongst the wineries, as noted by Brad: “We [W and BB Winery] share equipment from time to time and, we all know that if somebody’s pump breaks and it is an emergency that the other will lend it” (Brad, BB Winery). The practice of equipment sharing was most prevalent among wineries in close proximity to each other, with more remote, yet co-located wineries exhibiting more intensified, reciprocal equipment sharing relationships:

We have certain instruments that [E Winery] doesn’t have and so he brings wine over to test it here; sometimes they run out of bottles, or we run out of this. We have had filters go back and forth. Sometimes we pick up stuff for them when we are in the city, sometimes they pick up stuff for us. Yeah, all those different things. 

(Quincy, Q Winery)

These particular wineries (Q and E Wineries) are co-located with O winery (see also §7.3.1.3) within five kilometers of each other but 55 kilometers away from the next closest winery, making contact with other wineries less frequent and the opportunity for chance meetings
unlikely. This distance reinforces local relationships and weakens the possibility for others to develop, as has been observed in other studies (Mitchell & Schreiber 2007).

Further, sharing among co-located wineries, and particularly for those located remotely, may result in reducing costs for each of the cooperating wineries. For example, Q and E Winery share transportation costs. Although proximity and, for some wineries, the remoteness of island locations appear to influence the level of cooperation between wineries, this was not always the case. In particular, Tara was clear that the relationship that existed with L Winery was purely focused on emergency use of equipment and that there was no other type of interaction between them. Tara suggests that this is because “We have very different philosophies, values in how we treat people, they charge, we don’t, doesn’t seem to work. We don’t share. We would share equipment in emergencies, sure, that hasn’t happened” (Tara, T Winery). Despite the close proximity of T and L Wineries, philosophical and value differences prevent these winery owners from pursuing anything more than an understood, reciprocal emergency equipment arrangement.

In addition to informal equipment sharing, more formal cooperative arrangements for shared bulk equipment and supply orders exist between some of the wineries: “Yeast and fermentation products we ship together, do a joint order at the same time, it is shipped together to save costs. Boxes, yes, combined with [Z Winery] on the boxes. Some things where we can” (Bob, B Winery). This winery owner recognises the economies of scale of shared equipment and supply purchase orders, and arranges shared supply orders where feasible. However, despite the acknowledgment of the cost reducing benefit of such arrangements, generally, this type of cooperation was infrequent and loosely organised.

We have ordered bottles, with [N Winery] and I guess caps. We do do things like that, it is more ‘hey, by the way we have this coming’. Actually, come to think of it then, [Zoe] bought a bunch of boxes… we got in on it. It is really loose, if somebody has something they will call you if they have extra, or if they need something and they know that others need it, then they might […] you don’t want to go through a lot of red tape. (Alice, AA Winery)

The degree to which wineries engage in cooperative supply sharing varies, as some wineries are more proactive in this regard than others. What is interesting is that, in response to these questions on cooperative behaviours, several wineries indicated that they either got in on Zoe’s box deal, or were supportive of Zoe’s efforts to arrange a cooperative box arrangement. Despite many wineries suggesting that there should be more of this type of activity,
cooperative arrangements may be stymied by the lack of an organising body to drive such cooperative arrangements and, at present, it relies on the good will and foresight of individuals to include others in bulk purchasing.

Formal technology and equipment cooperation also exists between the wineries. Wineries will provide services for other wineries such as testing and bottling, and this again, appears to be spurred on by proximity: “Because of the [...] proximity, we share equipment together, and [AA Winery] does our bottling for us” (John, J Winery). A cooperative equipment sharing and service relationship exists between AA and J Winery and is illustrated in Figure 7.1. Other forms of formalised cooperation involve joint equipment purchase and wineries as suppliers for other wineries and these forms are subsequently examined under economic transactions.

7.3.1.3 Economic Transactions
The broader winery network consists of few formal exchange interactions. Economic transactions between the wineries include supplier relationships for wine, bulk juice, grapes and equipment. Examples include one winery that purchases wine from local wineries for their adjoining restaurant: “They are my suppliers. I try very hard to have most of their wines here in my bistro and promote Island wines.” (Penny, P Winery). This arrangement is viewed positively by one of the suppliers as a beneficial form of cooperation. “One of the neat things, about cooperation, I just thought it was great, [Penny] has the [restaurant] there, and buys our wine and our wine is there – it’s not even cross marketing – we don’t do anything other than have our wine there. It was nice to see that someone could order a glass of wine.” (Zoe, Z Winery). As Zoe indicates, this relationship is clearly one way, with P Winery supporting and marketing the region through this supplier relationship.

Another form of supplier relationship is evident as wineries will, occasionally, purchase equipment such as barrels or bottle caps from other wineries. For some wineries, these relationships are purely exchange and do not incorporate other relationship contents: “[BB Winery], we bought barrels from him, but that’s about it, we don’t have much to do with him otherwise” (John, J Winery). This is further exemplified by Carrie who has purchased bulk wine from H Winery: “The only thing we have done with [H Winery], we have been to their site and visited a couple of times, we bought bulk wine from them this year because our reds won’t be ready until next year [...]. So we have some relationship, not a strong one” (Carrie, C Winery). As indicated by Carrie, these types of relationships are neither strong nor reciprocal, but are merely based on economic transaction contents. In both of these
illustrations, the wineries are not located within proximity to one another. This suggests that proximity may not be an important factor in purely economic relationships.

Unlike the supplier relationships which tend to be non-reciprocal and weak relationships, wineries engage in reciprocal joint purchase of equipment with other wineries. These transactions appear to be spurred by geographic proximity and, to some extent, isolation and manifest in perceived economic advantages to participating wineries.

We bought an e-bolometer together, so we share that between the three wineries […]. It is a piece of equipment that you only need a short period of time with. We discussed getting into more things that might be something in the future; again being on the same island it makes a lot of sense economically doing it that way. (Eric, E Winery)

As alluded to by Eric, these participating wineries capitalise on their co-location to create economic advantages manifesting from joint equipment purchase; yet surprisingly, there is little evidence to support similar economic transactions throughout the region. Further, what distinguishes this relationship between E, O and Q Wineries and the purely economic supplier transactions between J and C Wineries, is the former relationship contains several contents in addition to joint equipment purchase, including information and knowledge exchange and tourist referrals, and the latter is a potentially one-off, purely economic transaction.

7.3.1.4 Tourist Referrals

Networks may not only represent information flows, but also may prompt the flow of tourists from winery to winery (Hall et al. 2000b). Extensive informal tourist referral content was found; with some wineries creating their own informal wine tour within their sub-region. For example, Eric (E Winery) states: “But for us on [Arch] Island we have brochures in their winery, they have brochures in my winery, we promote each other and again making it a bit of a wine tour. […] Referrals back and forth”. As illustrated by Eric, wineries refer tourists among themselves in an effort to create a value added wine tour in an attempt to hold visitors in the area. This practice is also evident in other areas of the Wine Islands region where wineries refer tourists primarily to wineries within their sub-region:

So basically our main relationships are with the other Saanich wineries. We have friendly relationships with just about everybody; when people ask ‘we have toured Saanich now where do we go’ – we point out that there’s wineries in Cowichan and point out the old wine route map, which sorely needs to be updated. So we are always referring people to other wineries – but our main promotional efforts are in the Saanich area. (Brad, BB Winery)
Wineries in close proximity tend to refer tourists to wineries inside their immediate region, before referring tourists to wineries within the broader Wine Islands region. Wineries will also refer to other wineries on the basis of service standards and product quality, as suggested by Gary (G Winery) who restricts referrals to only one other winery with similar service standards:

[P Winery] owner is a business person like me, we want the almighty customer to come to our facilities, but we are also selling a different product, so we will recommend [P Winery], so if someone is going to come in and ask where else they can go, they are limited to one other place, and that is [P Winery]. That’s what all of our staff will refer to, because they have similar service standards, are open all the time, and can count on [P Winery] delivering a guest experience, we can’t anywhere else; not that I am aware of anyways. [...] if we recommend, that puts our quality assurance on somebody else. (Gary, G Winery)

Wineries not only restrict referrals to other wineries based on service standards and guest experiences, but also restrict referrals based on product quality. As suggested by Zoe (Z Winery), referrals to other wineries are based on trust in the quality of the product: “And then some of them- we feel really comfortable referring people to their places because we like their products”. These illustrations are suggestive of the role of trust in relationship building. There is further evidence to support that, not only do some wineries limit referrals to select wineries with a perceived product quality, but that wineries may differentiate between customers and refer only certain customers to a particular type of winery:

In terms of referring customers to other wineries, if it is a sophisticated wine customer, the people who know wine really well; there are only two to three wineries that we would refer them to. [...] because the thing is what you have here, you have the wineries focused on agri-tourism and the wineries focused on product, and we are focused on product. And, you can go through all these wineries on your list, and the ones that are focused on product are the ones we talk to mostly in terms of wine. (Larry, L Winery)

Referrals at L Winery appear to occur on two levels: that the winery distinguishes sophisticated from less sophisticated consumers, and then refers the sophisticated wine consumer to a few selected wineries with a similar product focus and quality. This builds on the finding of the role of trust in relationship building (Hall & Mitchell 2008), as Larry suggests that by only sending sophisticated customers to product focused wineries reduces the risk, not only for the customer, but also for the receiving winery. That is, by referring a product focused consumer to a product focused winery reduces the risk of an unsatisfactory referral that may occur if Larry was to refer a consumer seeking a tourism experience to a product focused winery. Clearly, Larry discriminates between product and tourism focused
consumers and wineries, preferring to refer product focused consumers to product focused wineries with which he has existing relationships. Further, this practice may enhance L Winery’s reputation by recommending others visit good ‘quality’ wineries, potentially reinforcing inter-winery trust. This may also result in referrals from the other ‘quality’ wineries, thus increasing the number of visiting quality conscious clients to L Winery.

7.3.1.5 Promotion and Marketing

Formal promotion and marketing content is exchanged between wineries in the form of actual marketing activities such as joint signage efforts, wine route development, joint ads in local newspapers, and organising wine submissions to wine competitions. Proximity clearly influences exchange interactions in joint promotional activities and localised wine route development. For example, the Saanich Wine Route comprises a group of wineries located on the Saanich Peninsula who have organised and developed a rack card (i.e. specially sized brochures placed in rack displays as a marketing tool) mapping the locations of each of the participating wineries within this sub-region:

We created the Saanich Wine Route — collectively. [...] That was a very successful micro promotion, because it was very cheap and effective because what we were finding that people didn’t necessarily want to take a whole day to drive up to Cowichan or go to [Evening Island], but in a couple of hours, coming out of Victoria, they could do this quick Saanich route. We also find that to draw people out of town or to rent a car for the day when they get off a cruise ship, they want to do more than one thing, so we have created this itinerary, that’s what we have done.

(Brad, BB Winery)

This collective promotion and marketing action, involving three of the interviewed wineries (BB Winery, W Winery and V Winery), supports the structural connectivity and reciprocal nature of these relationships as illustrated in Figure 7.1. For some wineries, cooperative promotional activities are driven less by geographic proximity and more by product quality perceptions:

And the possibility of marketing with people who are likeminded, [...], because they are 100% grow their own. We are starting to do this, we are organising right now a joint tasting with the press with a top selection of Vancouver Island wines.

(Zoe, Z Winery)

A product quality focus appears to be a significant factor influencing interaction with particular types of wineries. This is evident not only in tourist referrals, but also in promotion and marketing activities.
7.3.1.6 Normative Expressions

Normative expressions of friendship or kinship (Mitchell 1969; Shaw 2006) were found to exist informally between wineries as indicated by this illustration: “And just moral support – you know [the winemaker] from [D Winery] - a lot of times he’ll just come over to shoot the breeze about things that are bothering him” (Zoe, Z Winery). Few relationships were purely based on normative expressions of friendship; rather many relationships containing normative expressions also contained several contents. As indicated here by E Winery, he relies on Brad of BB Winery for friendship and information and advice: “So I can’t say enough about [Brad’s] help for me and he is a good friend too. It is a situation where if I have any questions, I will call him no problem” (Eric, E Winery). Multiplex relationships, or those containing normative and other contents (Shaw & Conway 2000), are perceived by wineries as close: “Well [AA Winery], we very much share equipment, we buy fruit from them, we have a very close relationship with [AA Winery]. We buy our Pinot Gris [from them], and they do our pressing for us” (Kevin, K Winery). Multiplex relationships have been found to be important to small firms (Shaw 2006), and may signifying strong relationships (Provan et al. 2007). The presence of multiplex, strong relationships suggests that wineries may have access to a greater amount and variety of resources through strong ties rather than weak ties and this supports Shaw (1996) who found that strong ties were important for small creative firms in accessing a wide range of resources.

However, as will be shown when examining the nature of linkages (§7.3.2), not all wineries engage in regular interaction, several barriers exist to information sharing (§7.3.4) and not all wineries hold cooperative attitudes (§7.3.5). Analysis of interactional characteristics of network content, intensity, frequency, durability, and direction adds to our understanding of the complexity and nature of network (Shaw & Conway 2000; Pavlovich 2008). This chapter continues by examining the quality or nature of the linkages as a way to further understand the relational dimensions between the wineries

7.3.2 The Nature of Linkages

Critical to an understanding of the complexity of the layers of networks, is an understanding of the interactional or relational characteristics of the actors. The nature or quality of the linkages between the wineries is analysed through the relational aspects of interaction intensity, the direction of the relationships and reciprocity (Mitchell 1969; Shaw & Conway 2000; Knoke & Yang 2008).
7.3.2.1 The Intensity of Winery to Winery Relationships

As discussed in Section 3.4.2, intensity in social networks refers to the “degree to which individuals are prepared to honour obligations, or feel free to exercise the rights implied in their link to some other person” (Mitchell 1969, p.27). As intensity of a relationship is difficult to observe, frequency and durability are suggested indicators of intensity (Mitchell 1969; Shaw & Conway 2000). Frequency refers to the amount of time spent interacting in relationships (Shaw & Conway 2000). Assessment of frequency is aided through the use of Granovetter’s (1973, p.1371) categories, where “often = twice a week; where occasionally = more than once a year but less than twice a week; and rarely = once a year or less”. Strength is closely tied to intensity (Mitchell 1969), where relationships in which actors exchange information or communicate often or frequently can be considered stronger than a relationship in which few resources are exchanged or the actors exchange information infrequently (Scott et al. 2008a).

Analysis revealed that frequency of interaction varies between the wineries and varied according to the strength of the relationship. Several wineries discussed how some relationships were stronger than others with more intense interaction; particularly winery to winery interaction was more intense and frequent for strong relationships than weak relationships. This is illustrated by Norman who indicates that interaction rates fluctuate according to the strength of the relationship: “Stronger – almost monthly, less strong – 2-3 times a year” (Norman, N Winery). For some wineries with weak ties to other wineries, interaction with others was rare or occasional, as illustrated by Halle:

I was talking with the winemaker at [D Winery], he came in the other day and asked about the Pinot Gris and our success with it. We are friendly but have only seen him once in three years. It is unusual to see him. I likely won’t recognise other winemakers if they visited. (Halle, H Winery)

This particular winery admittedly had few relationships, naming only two other wineries that she had weak relationships with, one a supplier relationship and the other a weak relationship based on information sharing (See H Winery Figure 7.1).

Wineries within close proximity generally tended to have stronger relationships with more intense interaction. These wineries communicated more frequently than with others not as geographically close, as suggested by Walter who has a “Stronger relationship with [BB Winery] because we are so close, in terms of proximity” (Walter, W Winery). Proximity appears to enable the frequency of interaction, reinforcing the relationship strength, as
illustrated by Quincy: “A lot of them are a couple of times a year most of them; except for [E Winery], it is almost weekly that we communicate with them. We are back in forth with [Eric] all the time” (Quincy, Q Winery). These findings support the findings of structural connectivity for proximally close wineries, as BB Winery, W and V and E, Q and O Winery share strong relationships as highlighted in Figure 7.5.

Figure 7.5 Relationships of Proximal Wineries E, O, Q and BB, V, W

Several new entrants discussed how they sought out information advice during start up phases of their businesses, suggesting winery life cycle influences the frequency of interaction. Newer entrants will seek information from older entrants, as indicated by Valerie: “[Norman] from [N Winery] was early on, looking at winery layout and [Norman] was very helpful in terms of talking about the business, labeling” (Valerie, V Winery). Newer wineries engaged in relationships to access start up information, tend to perceive them as less strong. As described by Carrie, these relationships are not reciprocal, but rather one way information relationships:
[A Winery] – been to his winery … he is such a fine winemaker, and he gave us advice around presses and barrel storage, and growing varieties, we have participated in conferences and [my partner] participated in a course where they went to his vineyard, we have had a fair bit of information coming from [Albert] to us, but we haven’t been giving information back. (Carrie, C Winery)

Those relationships consisting of start up information contents appear to be influenced by the knowledge possessed by wineries A and N more so than proximity. Referring to Figure 7.1 A and N Winery are both located within the core cluster of wineries and N Winery in particular is located centrally within the network (§7.2.1.3). This suggests that wineries may want to align themselves with these particular wineries to access resources (Baum & Oliver 1991; Pavlovich 2003). The intensity of the relationships may lessen or even terminate once the winery has the information they seek as indicated by Eric: “I don’t communicate with [N Winery] anymore as I got through the initial phase he was helping with” (Eric, E Winery). This lends support to the structural findings of a lack of reciprocity between E and N Wineries, as they do not have strong, reciprocated relationships.

Newer entrants seek advice and information from older entrants during start up phases and this finding supports Birley (1985). However, unlike Birley’s (1985) findings, the frequency of interaction between newer entrants and older entrants in this study is more intense early on and newer entrants may not continue the relationship. This is recognised by Mitchell (1969) as an issue of durability, that is, relationships may develop to achieve a specific purpose and end once that purpose has been fulfilled. Durable relationships are frequently activated while those that are activated for one or two activities are considered transient (Scott 2000). Durability appears to have an important influence on the level of interaction between wineries in this study. Data reveals that within this emerging wine region 60% of wineries have been developed since 2000 (§6.2.1). With this influx, newer entrants are not known by both older and newer entrant wineries. This was highlighted when wineries were shown the fixed list of winery names during the interviews, and several respondents indicated that they did not know or were not even aware of all the wineries in the region as illustrated by Albert’s comment: “I haven’t even heard of some of these” (Albert, A Winery). While this reaction came from both newer and older entrants, older entrant wineries developed prior to 2000 may experience stronger relationships with other older entrants than with the new entrant wineries developed since 2000. For example, Albert, an older entrant, captured this well:

Others friendly, some are casual and some I don’t know at all. Some people I have known a long time, like [Alice and her partner] at [AA Winery] they are real nice people, and I have always got along with them. If I wanted to talk to them about
anything in the industry, I could certainly feel free to phone them and say anything. Same as [Zoe at Z Winery], no problem there. Some people you just know. Being one of the older people here as far as being in the business, there's that four or five that are somewhat closer that are still together and somewhat closer than others.

(Albert, A Winery)

Albert speaks of a group of wineries that are closer than others, where closer is interpreted to mean both spatial and non-spatial proximity as discussed by Gossling (2004). Albert refers to these four or five wineries as an 'original' group, spatially proximal, but also linked through similarity and early 'pioneering' beginnings. This sentiment of a closer group of wineries is not an isolated finding, but is reflected in comments from other older entrant wineries. Not only do some respondents suggest that there is a closer group of wineries, but compounding this is the finding that older entrants may not know the newer entrants, and therefore, have little interaction with them. “Several years ago it was different, we had a nice group of the original wineries, but now there are so many in this group here, as you see the long list, I don't even know all of them. I know maybe 50% of them. And the others I have absolutely nothing to do with them” (David, D Winery). Spatial proximity and similarity factors appear to influence levels of interaction, creating a structural concentration of AA, A, Z and D wineries referred to above, and as illustrated in Figure 7.6.

**Figure 7.6 Relationships of Proximal Wineries AA, A, D and Z**

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_Reciprocal relationships
Non-reciprocal relationships_
The above comments indicate that while this original group of wineries may have been social and interactive, the environment has changed with growth of the region, and the appearance of new wineries in the region.

I think it is a very rocky time, I think at first it was all lovely, this is where we are going, this is what we are doing, and we have come to a time where we have a lot of new people, and they have to find comfortable relationships with them, and what I find very hard about the industry here now, is when people and new people come, it is constantly in that you are trying to find your... I am a very down to earth person and I like to know the people around me and have no hard feelings with anyone by any means [...] but when things are changing [...].

(Alice, AA Winery)

This emerging wine region may be faced with changing group dynamics, as the arrival of new wineries appears to impact relationship development. Further compounding the impact of the influx of new entrants is that at the time of the study six wineries were for sale in the region. As Albert commented: “[T Winery], they are going through change, they are listed for sale now. The industry is in a bit of turmoil; a lot of new players and [H Winery] is for sale again” (Albert, A Winery). This turnover in wineries has a direct impact on the durability of the relationships. Several wineries indicated that they had established relationships with wineries that were now either for sale, or recently sold, and were uncertain as to the status of their relationship with the new owners.

An understanding of the interactional characteristics is important to the comprehension of the complexity of the layers of network. Analysis of the intensity and durability of the relationships reveals that interaction frequency is influenced by spatial and non-spatial proximity, with those closer geographically and, in terms of similarities, (i.e., the ‘original’ group), tending to interact more frequently. Business life stage characteristics appear to also influence interaction, with evidence supporting newer entrants developing relationships with older entrants early on in the business phase to gather information. However, these relationships appear to be transient rather than durable in nature. Further, the emergent nature of this particular wine region, with an influx of new entrants and the sale of existing wineries appears to be influencing the stability of relationships. Findings that the influx of new entrants and new owners impacts the intensity of the relationships and ultimately network development supports Hall’s (2008, p.218) view that “influxes of new people – the tourists and the people who serve them – can serve to dramatically alter the web of relations”. The relationships within this group of wineries are undergoing change with the arrival of new wineries and new owners, and this aligns with Simpson and Bretherton’s (2004, p.116).
finding of a "residue of resentment" among older entrants, who found it difficult to discern between constructive and destructive competition. In addition to understanding intensity and durability, analysis of the nature of the relationships involves an understanding of the direction of the relationships or reciprocity (Mitchell 1969; Shaw & Conway 2000; Knoke & Yang 2008), discussed below.

7.3.2.2 Reciprocity
Reciprocity of goods and services (Mitchell 1969) and information (Pavlovich 2008) is important in understanding social action of networks (Mitchell 1969). It is these contents that influence the direction of the relationship, or the orientation of the relationship from one actor to another (Mitchell 1969; Shaw & Conway 2000). In this study relationships consist of economic exchanges, equipment, promotion and marketing, people, friendship, tourist referrals, and information exchange (§7.3.1). The level of reciprocal relationships within the network of wineries appears to vary depending upon the actors and content; however, information/advice and, to a lesser extent, equipment/technology contents, appear to be most commonly shared between wineries. Some wineries share equipment and supplies, as illustrated by Bob: "[Albert] and I go back and forth, if I have run out of a certain chemical that I can't get for a week, and that sort of thing" (Bob, B Winery). The reciprocal relationship between A and B Winery is illustrated in Figure 7.1. However, what is not shown in Figure 7.1 are the multiple contents of reciprocated relationships. Carrie discusses her, strong, reciprocal relationship with S Winery involving several contents: "[S Winery], that's a very big tick. We have exchanged equipment, those plastic totes in the driveway he just brought those by yesterday, we exchange information on wine making, growing, marketing, they are tremendous relationships. That's a really nice relationship" (Carrie, C Winery). In this study, strong, reciprocated relationships appear to involve several contents, including equipment sharing and knowledge exchange. As suggested by Pavlovich (2008), these reciprocal knowledge-intensive relationships contribute to a vital and sustainable network.

However, similar to the findings around interaction frequency, new entrants tended to access older entrants to gain advice early on in the business. New entrants acknowledged that the information exchange was one way, and not reciprocal: "When [T Winery] opened, we sought out [Albert at A Winery] and [Zoe at Z Winery] to help us, they were very helpful, but it was one way from [T Winery] to them" (Tara, T Winery). This early relationship is currently not reciprocated as illustrated by the lack of reciprocal ties T Winery has with A and Z Wineries in Figure 7.3.
In summary reciprocity appears to be content specific, that is, reciprocal relationships tend to focus on information/advice and equipment/technology. New entrants recognise the non-reciprocal nature of information access with more established wineries, yet there is a desire to be able to reciprocate. However, despite evidence to suggest reciprocity occurs in some contents, the network consists of sparse reciprocal relationships relative to the potential number of relationships within the network (Figure 7.1). Durable relationships appear to exist between some of the older entrants, however relationships between older and newer entrants may be considered less durable, and more transient at this point, with cessation of the relationship once the information sought is obtained, which is characteristic of transient relationships (Scott 2000). Frequency of interaction appears to be influenced by the influx of new wineries and proximity. Intensity of interaction is heightened for those wineries in early life stages seeking information and advice, while proximity influences the development of stronger relationships. The finding of a close group of original wineries that may not interact as intensely with the newer entrants triangulates with the findings of the visual analysis of the network data (§7.2.1.4). This finding suggests that proximity, both spatial and non-spatial, assists the formation of network ties and facilitates interactions as found with other studies (Gossling 2004; Inkpen & Tsang 2005).

7.4 Mechanisms for Interaction
Several wineries, particularly those that were members of industry associations, indicated that the main mechanisms for winery to winery interaction were the industry associations, primarily the Wine Islands Vintners Association (WIVA) and Wine Islands Growers Association (WIGA) and, to a lesser extent, the Association of BC Winegrowers (ABCW). As Susan suggests: "The two associations really. If it wasn’t for them, we would probably be a lot more unsure of who the wine vintners are, or the wineries – the WIVA and the WIGA" (Susan, S Winery). These associations acted as networking mechanisms, and served to establish relationships amongst the wineries that attended these meetings. It is perceived by some wineries that outside of these associations, little cooperation occurs: “Other than being in WIVA, there is no cooperation with a lot of them” (John, J Winery). These associations are a mechanism for interaction, however, as these organisations do not compel winery membership, not all wineries are members and this inhibits interaction. Further, with some associations membership is restricted and not open to all wineries and growers in the region. These impediments to cooperation with industry organisations are examined in Section 9.6.
Further, as one winery has expressed, members may prefer to interact with other members rather than non members.

We tend to share information - there is another association – ABCW - some of these people are part of that, and some of these people are not, the better wine makers tend to be a member of ABCW. We do a lot of information sharing there, if I need to find out how to get x done I would be more likely to phone someone from there than local.

(Norman, N Winery)

This connectivity is illustrated in Figure 7.1, where N Winery is highly connected within the network with ties to other ABCW members including A, D, BB, G, and R Wineries (see winery membership in wine organisations in §9.3.2, Figure 9.2). This finding supports O'Donnell (2004, p.214) who found that businesses will engage “in extensive and proactive networking with competitors in the home market if they belong to a trade or professional association, and this propensity increases further if the association meets at locations within the owner-manager’s home market”. Industry associations play an important role in facilitating networking and hence developing cooperative behaviours between the wineries particularly within an emerging region.

Winerys not as embedded in industry organisations perceive few mechanisms for interaction or networking between the wineries. For example, Morris (M Winery) says: “I don’t know, pick up the phone, email… that’s about it really. I don’t know how else you would connect with people”. While there are a few informal mechanisms such as social gatherings or wine tastings to prompt interaction and networking, these are infrequent and often tied to industry associations. As John (J Winery) put it:

Other mechanisms... there’s social gatherings, which is usually with WIVA AGM, things like that. Other than that there’s not much going on in terms of social gatherings. Obviously anybody can interact with whomever they please whenever they want, but there is nothing formally set up as such, except for meetings, for the festival committee that gets together a few times to try to get people organised, and sometimes you go out for coffee afterwards.

Thus, membership in industry associations provides formal and informal networking mechanisms for those wineries that are members. Further, alluded to above by John, some wineries use festival participation as mechanisms for interaction. As suggested by Usher, wineries benefit from festivals as networking mechanisms: “One thing that all wineries do and benefit from are celebrations and festivals. Wine festivals - you are there side by side with other wineries at the same table. We have a harvest celebration, and we invite each other, share people, press” (Usher, U Winery). However, less than 20% of wineries participate in
different festivals (§6.2.3) and approximately 28% participate in the Cowichan Wine and Culinary Festival (CWCF). This major wine festival is focused on the Cowichan region, restricting participation to those wineries located in the Cowichan region: “They won’t let us go, because it is only Cowichan wineries that can go. I have asked, and they don’t want us. If allowed, we would probably go” (Robert, R. Winery). This annual fall festival promotes Cowichan winery interaction via the few meetings that are organised prior to its implementation, however, as recognised by others, the format of the festival does not celebrate all regional wineries, nor promote cooperation among all wineries. As suggested by Penny, this is of some concern:

Being just the South Cowichan – its – I am not sure, we are really just focused on wineries in this area – we are not bringing in the other wineries, and that is kind of contrary to what I believe in. I believe that we are young, that we need to have some kind of festival that celebrates all of us, in a central spot that you can come and taste the island wines. We are not doing that, and I think we need to do that.

(Penny, P Winery)

Analysis of the mechanisms for interaction suggests that the industry associations, and to a much lesser extent, festivals, are perceived as the primary, formal means of winery to winery interaction. The importance of this cannot be understated, as identified by Marsh and Shaw (2000, p.30) in their study of the Australian wine industry, “industry associations provide the context within which collaboration is germinated”. Several issues are raised however, one being that not all wineries belong to all associations (§6.2.3), and restricted membership of some associations and festival involvement prevent participation by the wineries. As well as having limited access to a broad range of industry information, those wineries belonging to the same industry associations may prefer to interact with one another rather than more broadly. These findings while identifying means of interaction also point to impediments to winery cooperation with other wineries.

7.5 Impediments to Cooperation

Several impediments exist that impede winery cooperation including physical factors such as geography and social factors such as time, goal incompatibility, philosophical and personality differences (called ‘generational waves’ here) and trust. Many of these are consistent with the existing wine tourism literature (Hall et al. 2003; Schreiber 2004; Simpson & Bretherton 2004; Braun & Lowe 2005; Mitchell & Schreiber 2007); however several barriers to cooperation are reflective of the characteristics of the geographic region and the contextual nature of the case study.
7.5.1 Spatial Separation

Geographic layout of the Wine Islands region presents physical factors that impede winery to winery cooperation. Wineries located in outer islands (see Figure 7.3) consistently reported geographic distance, travel costs and ferry transportation as significant barriers to developing relationships with other wineries, problem solving, attending meetings and generally feeling connected. As suggested by Robert geographic isolation impedes the development of close relationships and collaboration:

Physical, you have to get on a ferry to go anywhere. Geography – hugely geographically isolated, and it is like the water stretches out there, they are your neighbors, you are that far away. If you can hop in your car and drive over and see them, you have far better closer relationships but because it is a day’s trip to any other vineyard, that makes collaboration very difficult. It is our unique obstacle but it is true for [Evening and Beacher Islands] as well. (Robert, R Winery)

Inherent within geographic isolation are the monetary and time costs of travel, which further impede relationship development. As Eric suggests, these factors impede his ability to attend meetings: “Being secluded, it is really hard. I did go on the board this year, of course I missed the first meeting, I couldn’t make it down to that. The costs for me, it is a whole day, it is probably $200 to go to a meeting. So it is quite difficult for me” (Eric, E Winery). While close proximity was shown to enhance communication (§7.3.2.1), lack of proximity inhibited attending meetings and networking and impeded interaction within existing and close relationships:

We were going there and participating in bringing wine, and tasting wine with him, doing critique and sharing information that way. We found it too difficult to go there on a regular basis because of the ferry. That was too bad, he has a lot of knowledge, and it was interesting sitting down with them at the table and taste wine and do a critique of it […] about 4 times a year, but less now. (Larry, L Winery)

Related to the spatial separation of individual wineries, is sub-regional separation. Some wineries perceive a lack of cohesion within the Wine Islands region, and that the Wine Islands is comprised of distinct areas with no geographic connection:

As much as a lot of these wineries are in the Cowichan Valley, that’s perceived as a different area than the Peninsula. Most people, as a tourist function, either do the Peninsula or the Cowichan Valley, to do both the distance is a lot. I can see why the relationship isn’t as strong with the Cowichan Valley I encourage people to visit, and it’s a nice trip up the mountain. But I don’t talk to anybody that is up there. (Halle, H Winery)

Regional geography appears to be a significant impediment to winery cooperation as wineries identified distance, ferry transportation and costs as barriers to individual collaboration. Geography serves to disconnect more peripheral areas within the Wine Islands, potentially
creating isolated sub-regions. These findings both contrast and support Mitchell and Schreiber (2007) who suggest that topography on its own may not impede effective networking, but may reinforce other psychological and administrative barriers. In this study, geography or topographical constraints appear to act as significant barriers to effective networking, but may also contribute to perceptions of separate distinct sub-regions within the Wine Islands.

7.5.2 Time Constraints
Time constraints emerged as a significant barrier for several wineries located both centrally and peripherally. Wineries located within the concentration of regional wineries (Figure 7.3) were as likely to report time as a constraint to networking as more remotely located wineries. Many wineries indicated that time constraints inherent to the business of farming, having young families, and for those more remotely located, the distance to travel impeded relationship development. Quincy illustrates this best:

> We don't talk to [Y Winery] a lot; because both of us are run off our feet I think is the answer. I would love to go visit again, and keep more in touch, but that's the reason we don't get involved with most of these other wineries, we are too busy, it's too far away, and we don't have the time to make those trips, you know we have kids, can't travel easily, to pack and go for a visit with somebody. (Quincy, Q Winery)

Time constraints were viewed as a constraint to relationship development, and this echoes the findings of Saxena (2005). This, coupled with the geographic distance between some wineries impedes interaction with other wineries, despite a desire to develop and maintain relationships.

7.5.3 Goal Congruence
Wineries indicated an array of impediments to cooperation that relate to a larger theme of goal incompatibility. Conflicting business goals have been found to influence tourism network development such as opening hours and service quality (Hall & Rusher 2004) and tourism versus product focus of the wineries (Macionis 1998b), all of which were also found in this study. Due to philosophical and business model differences, Tara from T Winery has no relationship with Larry of L Winery except for emergency equipment use (§7.3.1.2). In contrast, Larry of L Winery indicates that he chooses to interact with those wineries that he considers product focused, rather than those who have a tourism focus (§7.3.1.3).

Most prominent was a tension between estate growers who produce wine with their own vineyard grown grapes and those who produce wine using imported grapes and/or juice, and
related to this, perceptions of labeling quality and regional reputation. Valerie discusses her perceptions of different business practices adopted by the wineries:

There are some real fundamental, philosophical and business model differences in terms of where you source your grapes, and whether that constitutes a Vancouver Island product or not, and the industry as a whole, which direction it should go on Vancouver Island. As you probably have heard, differences of opinion on that. (Valerie, V Winery)

One aspect of these differing business models is the practice of importing grapes from outside of the region. As Robert (R Winery) put it: “There’s real resistance to the idea of people importing grapes from the Okanagan and selling in the wine island area. Some people do and some people don’t. The people who don’t, don’t think the people who do should”. Resistance to sourcing grapes from outside the region is compounded by the practice of misleading labeling, which further divides the wineries as David suggests:

There’s a lot of things we don’t agree with. Well, for instance, if you write on your bottle labels something that is not in the bottle you know. Or if you say, for instance, you have grown these varieties, and every insider knows that you brought in your grapes or your juice from the Okanagan or the States. No not only this, I mean, I just don’t have anything to do with them. (David, D Winery)

However, as Zoe discussed, they have nothing against wineries that make wine using grapes from other regions: “I would like this to go on record that we have nothing against wineries [...] who make wine from grapes from other regions” (Zoe, Z Winery). It is the larger issue of promoting a local, regional product that is important to the region’s survival.

We strongly feel the need for clear labeling, otherwise it is misleading, when you import grapes from dubious sources and unclear labeling where grapes are from other areas in B.C. But the region needs to attract tourists via a local, unique product. Labels can lie, and can be misleading by omitting information. We are determined to grow our own grapes. Survival of the region needs to provide local experience, and misleading labels create consumer confusion. (Zoe, Z Winery)

Goal congruence as a potential barrier to cooperation supports Simpson and Bretherton’s (2004) findings that a broad spectrum of goals held by the various winery owners impedes collaboration. Further, tensions around grape importation and truthful labeling emerged as an issue related to product quality and projection of a regional image, further supporting the findings of Simpson and Bretherton (2004).

7.5.4 Generational Waves

Related to the discussion of new and old entrants (§7.2.1.4), is the theme of generational waves and change as the region matures. “Well, because we have been at it so long, it has
changed a lot, and it has become more difficult, because we are coming from very different places now. There are the grassroots wine cellars, and there is the corporate ownership and it becomes a little more difficult” (Alice, AA Winery). There may be differences between older entrants and new entrants, as Brad, a newer entrant, perceives that newer entrants may have a greater appreciation for the value of collaborative marketing and cooperation.

I came into this five years ago. I came into what I consider the second wave of winemakers. The first wave were the Cowichan people, [David], the old-timers, they were very independent, stubborn, iconoclastic, great wonderful people, but they were not joiners, they were too busy farming. Now there’s a new generation coming in, who have benefited from the experience of the first generation, but are more marketing conscious, more conscious about the needs to promote the region as a whole, and sometimes we get ... heads butt, but generally it is very cordial. I can’t think of anybody that’s not getting along. (Brad, BB Winery)

The theme of generational waves with accompanying diversity in personality and business models supports Simpson and Bretherton’s (2004) finding that new entrants may be regarded with suspicion, with deliberate or even involuntary barriers created between well established operators and more recent arrivals.

7.5.5 Lack of Trust

Although trust was found to influence tourist referral contents and the development of multiplex relationships (§7.3.1.4), wineries perceive that inter-firm cooperation was impeded by a lack of trust to some extent. While no wineries spoke of high trust relationships, some suggested distrust and lack of sharing varies among the wineries, with some wineries being more trusting than others. “There is probably a little distrust in the industry so some businesses are more willing to share information more than others, others are not so willing to share information” (Valerie, V Winery). Cooperative engagement varies among the wineries; however overall, some wineries felt they were on their own at the end of the day, and that there was not a collaborative, supportive environment. One winery suggested that the lack of trust and sharing stemmed from a misdirected fear of competition. “Fear. Fear of competition. They don’t realise that their competition is further afield and it is not here on the island. So they don’t want to share information” (Penny, P Winery). Another speculated that it was a sign of the maturity of the region.

In terms of getting together with people to share information, there isn’t a lot of that that happens in the Wine Islands; and I think that is more of a sign of the maturity of the industry, and there are few people that we feel we can probably approach and get into discussions with. There are a few people I know I could approach, [Albert and Zoe] these are people that I can have good discussions with, in terms of what we are doing, and exchange information. That’s pretty well it. (Larry, L Winery)
Two winemakers were particularly forthcoming about their own level of trust within the network. One winemaker’s experience supported the guarded nature of the industry: “The way I feel about it, when I give [Albert] information I don’t expect him to give it out to everybody else. Because most of the information I have has been through testing and things like that; and vice versa, you don’t give everybody information you have been given by somebody else” (Morris, M Winery). While the other winery clearly recognised that she needed to relax her suspicions:

The winemaker calls and says ‘I want to know about this particular wine. Well, what do you want to know - specific details... you go, no...’ but you are not going to mislead somebody, but you might say I am not comfortable giving that information. I did, but it was one of those things ‘like why am I a little suspicious?’ There’s no reason, it doesn’t matter, they can’t recreate exactly what you did, and you have to get over yourself. And, you have to make yourself get over yourself. (Zoe, Z Winery)

Finally, one winemaker speculates that this lack of trust within the broader region is a function of distance, time and not knowing all the players in the industry:

We cooperate with very nice people. It is typical farming level of cooperation, mainly that. Everybody is suspicious of everybody else. I don’t think the average wine maker in this region spends very much time thinking about other winemakers. It is a tough business, most of them don’t have enough time to do all the things themselves. I don’t know where that comes from, they are very spread out, it is not like it is in Kettle Valley area, some of them are 3-4 hours drive from others. They don’t see them, they don’t know them. (Norman, N. Winery)

It is not surprising that inter-firm cooperation is impeded by a lack of trust. As suggested by Buoncore and Metallo (2005), competitive businesses that cooperate require trust as a relationship glue, requiring conditions related to the building of trust such as personal familiarity and frequency of communication (Van Laere & Heene 2003). However, these factors are highly variable throughout the network; potentially hindering trust building opportunities among wineries within the region.

7.6 Attitudes to Competition, Cooperation and Perceptions of Benefits

Attitudes to competition and cooperation vary between the wineries, and appear to emulate the emerging nature of the region. A lack of trust between wineries (§7.5.5) impedes cooperation; however, it appears that this may be changing. As Larry discusses, older wineries initially perceived new entrants as competition, but he acknowledges wineries are realising this may not be a legitimate concern.
I remember when we started, I know that some of the people on Vancouver Island who had been at it longer were worried about all the wineries, and so they saw it as competition, and that there wouldn’t be enough market. I think they are being shown that is not a legitimate concern or worry. I come from an industry where you work to make the pie bigger and not happy with a small pie, eat from a bigger pie, because that little piece is going to be bigger than a big piece from a small pie. I think some of these guys are pleasantly surprised, recognise that the wineries working together there is something to be gained - it is getting there. (Larry, L Winery)

Some wineries acknowledged that at this time in the region, relationships were perceived as less competitive and more cooperative in nature, however, some speculated that competition may increase with increased growth in wineries. “[Winery relationships] are more cooperative than competitive. It remains to be seen as the number of wineries increases if there will start to be more competition. In general though, we all feel like we are in the same boat, new region, we want what’s best for the region because of the rising tide in a small boat” (Brad, BB Winery). Several wineries recognised that promotion and tourist referrals to otherwise competing wineries ultimately benefits all wineries by working together to grow the size of the market. Many wineries acknowledged that the unique wines, diversity and individuality of the winemakers added to destination attractiveness and destination competitiveness. Some wineries used analogies to describe their perceptions of cooperation and competition; Walter uses the analogy of the auto mall to describe coopetition among the wineries:

I think everyone has realised that nobody is going to go on a wine tour of one winery. Everybody realises that and recognises the strength in numbers, and promoting the fact that there is more than one winery and encouraging people to visit the wineries. People often talk about the Richmond Auto Mall, they are all competitors but have a common interest. This could be an analogy for the Wine Islands Region; competitors with a common interest drawing all kinds of car buyers. You have to attract more people and increase the size of the pie. (Walter, W Winery)

This emerging spirit of cooperation is spurred on by those wineries that recognise the benefits of regional promotion and appear to be catalysts for cooperation and network development to capture benefits of cooperative marketing. In this case, Bob recognises the value of attending an international wine festival as a cohesive region rather than individually:

We are developing cooperative strategies with other wineries; next year we hope to do the Playhouse Wine Festival in Vancouver. Next year the theme is BC wines, this year was Italy, next year is BC. Now what I would like to see us do - we have not had any initial discussions about this - is to go as Wine Islands Group – have a bunch of tables, but they’ll all be the Wine Islands. There won’t be a [B Winery] table, or an [A Winery], there’ll be a range of wines from the Wine islands. I think we will have a much better marketing approach by doing that. It is that kind of thing. (Bob, B Winery)
Several wineries presented positive attitudes towards cooperation with otherwise competing firms and recognised the value of network cooperation. These wineries recognised the potential of developing a larger marketplace by exploiting their competitive advantage of different products and unique styles, and building wine tourism through cooperation. However, as Tara illustrates, not all wineries hold this belief:

My personal belief is this, that some people believe in scarcity and some people believe in abundance. Those that believe in abundance share information and that only makes the industry better. And this may not be a conscious decision, but those that believe in scarcity and act as though information is a scarce resource believe that by giving it away they lose their competitive advantage. (Tara, T Winery)

7.7 Summary

Analysis of the winery network structure through the use of network diagrams reveals a moderately dense network. While all wineries are connected to at least one other winery, the number of ties wineries have vary, with several wineries with few ties located peripherally in the network. The network is further characterised by a concentration of primarily older entrant wineries and two peripheral clusters of wineries consisting mainly of newer entrants. Structural insights into network composition are supported by qualitative analysis of the nature of the relationships, particularly the nature of the transactions between the wineries and intensity and reciprocal quality of the linkages.

This network consists of interaction spanning all levels of formality and all dimensions: communication, social and exchange. Several types of content are exchanged between the wineries: information and advice, technology and equipment, tourist referrals, promotion and marketing, economic transactions and normative exchanges. Not all wineries engage in all relationship contents and spatial and non-spatial proximity play a significant role in stimulating interaction, particularly involving technology and equipment, promotion and marketing, and tourist referral exchanges. Analysis of intensity reveals that newer entrants’ relationships incorporated information in the form of advice seeking in the early stages of business development. These relationships tended to be one way and transient rather than durable, ending once the objective of the interaction was accomplished. More durable relationships could be said to occur between older entrants and particularly those within close proximity. Positive attitudes to winery cooperation were apparent, with many of the wineries recognising the regional benefits of cooperative ventures. Despite this, several impediments to winery cooperation emerged from the data. Of these, the lack of trust may be the largest factor
impeding network development. Lack of trust appears to be as a result of not all wineries knowing each other. Spatial separation and time constraints hamper networking and impede winery attendance at meetings further impeding relationship development and access broader network knowledge.

The foregoing exploration provides insights into the network structure and nature of the relationships between and among wineries. Chapter 8 explores the structure and nature wine and tourism industry relationships to provide insights into the level of vertical integration and barriers impeding inter-industry cooperation.
Chapter 8: Winery to Tourism Firm Relationships

8.1 Introduction

Imperative to regional wine tourism development is, not only the horizontal integration within the wine industry as explored in Chapter 7, but the vertical integration between the tourism and wine industries (Johnson 1998; Hall et al. 2000b; Mitchell 2004). Wine tourism bridges two industries which each have substantial implications for regional economies, however, to realise the potential benefits of wine tourism it is critical to understand how these industries are and can be integrated (Hall, Johnson, Cambourne, Macionis, Mitchell & Sharples 2002). It is these tourism and wine industry linkages that are the focus of this chapter.

To determine the level of integration between wineries and SMTEs, wineries were asked to identify tourism businesses they cooperate with. Wineries were asked to describe the nature of the relationships with SMTEs. This line of questioning was repeated until the wineries had revealed formal and informal relationships with tourism providers and the quality of the relationships. Frequencies of the formal and informal relationships between wineries and SMTEs were highlighted in Chapter 6 (§6.3, Table 6.8). Building on this contextual understanding, Chapter 8 addresses the structure of the winery and SMTE network and the qualitative nature of these relationships. Thus, the focus of this chapter is the exploration of winery and SMTE relationships utilising a network map to examine the structural properties as introduced in Chapter 7 alongside qualitative analysis of transaction content and the nature of the linkages. The chapter concludes with an exploration of the mechanisms which induce tourism and winery interaction, attitudes toward and benefits of such interaction and barriers that impede interaction.

8.2 Winery and SMTE Relationship Structure

To illustrate the structural connectivity of winery and SMTE linkages a network map was constructed and analysed using the techniques described in Chapter 5 (§5.6.1). Unlike the total network approach that focused on linkages among wineries, the exploration of winery and SMTE relationships adopts a modified ego-centric method focused on winery’s linkages with SMTEs. However, where ego-centric approaches explore the interconnections among alters (Hanneman & Riddle 2005), this part of the study focused on the winery’s (ego)
connections to SMTEs (alters), and not the connections among SMTEs. This allows for an understanding of how the wine industry is connected to the tourism industry, but not the interactions and interconnections within the tourism industry. Data collection from all actors, including SMTEs was limited by resource constraints of the researcher (§4.2.3), and may be viewed as a limitation of this study, however, the approach adopted in this study meets the study aims and provides an understanding of the network relationships between wineries and SMTEs from the wineries’ perspective.

This data cannot be treated in the same manner as a complete network or an ego-centric network that examines interconnections among alters, and therefore concepts of centrality and density cannot be applied (Hanneman & Riddle 2005). However, as Hanneman and Riddle (2005, p.9) argue, this data is still valuable as the value lies in revealing variations in connections that helps to understand “actors’ places in the social structure and make some predictions about how these locations constrain their behaviour”. If connections to ego can be identified researchers can begin to understand and build a picture of the social structure within which ego is embedded (Hanneman & Riddle 2005). Visual analysis of the network diagram focuses on the winery connections to SMTEs and variation in these connections to explore the level of vertical integration between the industries and the degree to which wineries engage in wine tourism development.

Figure 8.1 illustrates the winery and SMTE linkages using nodal shapes and colours to distinguish the various sectors and line thickness to distinguish formal from informal relationship ties. Analysis of the data reveals structural characteristics of SMTE relationships within which wineries are embedded. Wineries have formal and informal linkages with several SMTEs within key tourism sectors (§6.3), including: accommodation, attractions, food and beverage, tourism services, transportation, adventure tourism and recreation, events and tourism operators. Variation in SMTE linkages is apparent as some wineries have several SMTE linkages and others have few or no linkages to SMTEs.
Those wineries having relationships with SMTEs have linkages primarily with accommodation, food and beverage and tour operator businesses. Winery relationships with attractions, tourism services and adventure tourism and recreation are present but not as well represented. The number of relationships that wineries have tends to vary, yet little variation is apparent in the number of relationships developed by older and new entrants. To illustrate
this, C, G, H and T wineries are an equal mix of newer and older entrant wineries and each have a minimum of eight different SMTE linkages. This suggests that relationship development may not be influenced by business life stage, but potentially influenced by the geographic co-location of wineries and SMTEs, winery attitudes towards tourism (§8.6) and impediments to cooperation (§8.8). A distinct concentration of SMTEs and wineries with shared linkages is apparent (Figure 8.2).

**Figure 8.2 Concentrations of Wineries with Shared SMTE Linkages**

Several wineries appear connected or bridged by individual tour operators (i.e. T0-1, T0-2, T0-3, T0-6, T0-9 and T0-10), indicating numerous tour operators operate between several wineries. Pavlovich (2008) suggests that it is this type of grouping which contributes to understanding how movement and flow organises cohesive networks. These linkages may not only represent the flow of information (Pavlovich 2008; Scott *et al.* 2008b), but also the flow of tourists (Hall 2005c). As tour operators are involved with the movement of tourists, structural findings indicate that this cluster of wineries is connected by those tour operators that move tourists through this geographically concentrated area. It is this “co-location of complementary providers that adds value to the tourism experience” (Michael 2007a, p.26) potentially providing benefits to both tourism and winery firms (§8.7).

Five wineries (A, E, I, O, Q) are isolates, having no relationships, formal or otherwise, with SMTEs. Of these wineries, A and I wineries are older entrants whereas E, O and Q wineries...
are newer entrants, suggesting that business life stage may not be a significant factor in winery linkages with SMTEs in this study. On the other hand, geographic location may be an influential factor, as three of the respondents with no linkages to SMTEs (E, O, and Q) are remotely located (§7.2.1.3) relative to other wineries and thus, not within close proximity of those wineries and SMTEs (and in particular the tour operators) that compose the core cluster in this network (Figure 8.2). Moreover, these remotely located wineries face several other impediments that contribute to the lack of SMTE linkages (§8.8).

Several wineries and SMTEs are structurally unconnected to this core network cluster, with several isolated satellite groupings of linked wineries and SMTEs (Figure 8.3). Wineries on the network periphery have established relationships with businesses other than tour operators and therefore may not potentially benefit from the movement of tourists through tour operators as indicated in the core concentration. With the exception of B Winery, all of these structurally peripheral wineries are located more remotely and isolated from the core concentration of wineries. The existence of a concentration of wineries and linked SMTEs with several unlinked peripherally located groupings aligns with the findings in Chapter 7 which revealed a core cluster of wineries with several wineries located peripherally to the cluster. Proximity and co-location not only influences winery to winery linkages but also impacts winery to SMTE relationship development. Impediments to inter-sectoral linkages are explored in more depth in Section 8.8.

Figure 8.3 Peripherally Located Wineries and SMTE Linkages
Further analysis of Figure 8.1 reveals that the majority of relationships are informal, with few wineries engaged in formal relationships with tour operators, accommodation and food and beverage sectors with the exception of restaurants discussed later in this section. The presence of primarily informal relationships may be reflective of what Pavlovich (2008, p.92) terms a "collaborative dynamic", or the organisation’s collaborative or alternatively competitive objective that motivates firms to create more formal or intense relationships. Intensity of the relationships and impetus for creating more formal relationships is explored further in Section 8.4.

At this juncture, limitations with this approach to examining winery and SMTEs need to be addressed. One limitation is that there may be the presence of other relationships which are not included within Figure 8.1. This is primarily a function of an open question format and respondent recall as some winery managers/owners could not remember the names of the firms with whom they had informal relationships. As Walter indicates, he recalls names of those operators who frequently visit his winery: “[these relationships are] informal there would be a number of small tourism operators in town [...] four or five come by our winery with visitors. [Tourism Operator-3], [Tourism Operator-2], a couple of others, I can’t recall the names” (Walter, W Winery). Recognising this limitation with the open question format, and the difficulty of some respondents in recalling tourism relationships, a repeated question format was employed to assist respondents in identification of relationships. Further, additional secondary document analysis of tour operator and accommodation websites was undertaken to ascertain as many winery relationships with SMTEs as possible. While it could be argued that those relationships the winery could not recall are insignificant, it is, nonetheless, acknowledged that full recall of relationships is a limitation in this study and with the recall method in network analysis more generally (Scott 2000).

Further, some winery managers/owners indicated that they cooperated with restaurants, with the restaurants acting as a key sales outlet for their wine. As suggested by Hall and Mitchell (2008), restaurant relationships were found to play a critical role in the distribution, branding and positioning of the wine product, but individual restaurants are not included in the network diagram for several reasons. As one winery indicated, they work with up to eighty different restaurants, adding a complexity to the network map that would render it nearly impossible to decipher. Further, several wineries would not or could not provide the restaurant names with whom they have a retailer-supplier relationship due to the number of restaurants and the time it would take to recall them all, a further limitation of the open question format in network...
studies (Scott 2000). However, it remains important to note here that restaurants are considered to be a key sales outlet. Thus, these relationships with restaurants may be perceived as primarily one way economic transactions which, for the purposes of this analysis, are encompassed under Szarka’s (1990) exchange dimensions of network behaviour. Further, these relationships were also found to lead to relationship building between the winery and the wine consumer as identified by Hall and Mitchell (2008). Thus, winery relationships with restaurants are included in the following discussion on the nature of the linkages between wineries and SMTEs.

8.3 Winery to SMTE Relationship Content

Winery to SMTE linkages consist of formal and informal relationships across communication, social and exchange dimensions. Not surprisingly, formal arrangements were found to be important in exchange dimensions and informal arrangements were evident in communication and social dimensions. Several relationship contents were found to exist between wineries and SMTEs, including economic transactions, normative expressions of friendship and kinship, promotion and marketing and tourist referrals. Relationship contents within Szarka’s (1990) dimensions and level of formality are illustrated in Table 8.1 with supporting evidence revealed through thematic analysis of the data and examined in detail below.
8.3.1 Information and Knowledge

Informal information and knowledge exchange occurs between wineries and SMTEs. Unlike winery to winery relationships, where information and advice were frequently exchanged, information and knowledge exchange with SMTEs is sporadic, but not insignificant. Some wineries recognise the value of relationships with SMTEs and are aware of the need to develop relationships, particularly with tour operators. One winery hosted familiarisation trips, referred to as ‘fams’ by Canadian wineries, but understood as ‘famils’ in New Zealand and Australia. G Winery recently implemented a wine tasting fee and hosted a fam for tour operators in an effort to work through any challenges arising from a newly installed fee. “So now with this tasting charge; we don’t know how the tour companies are going to deal with this. That is why we are doing these fams. We are willing to spend the extra time and money and actually answer questions, and work through challenges” (Gary, G Winery). Another illustration provides evidence of information sharing with tour and transport operators to
ensure the operators understand when the winery is open and expectations of the experience at this particular winery.

We are hoping to build on those relationships to make sure the various tour operators know when we are open, the various limousine companies that have to turn around, that we are communicating with them a little clearer to let them know when we are open and what people can expect when they get here. (Halle, H Winery)

Few other wineries engage in information exchange: Susan from S Winery indicated that she has approached select local restauranteurs to solicit an opinion of her wine products; and Carrie from C Winery has invited local establishments for tastings. While few wineries engage in information exchange with SMTEs, these illustrations provide support that there are wineries within the case study region that understand the value of SMTE relationships and will create opportunities for information exchange and further relationship development.

8.3.2 Promotion and Marketing

Informal and formal promotion and marketing contents were found across the winery and SMTE network. Various forms of promotional activity were evident, ranging from carrying of SMTE brochures and business cards, cross promotion, and cooperating with an industry promoter. As observed, not all wineries carried SMTE brochures in the winery tasting room, several wineries carried various destination management organisation vacation planning guides, while others had extensive displays containing more than fifty different SMTE brochures.

One winery had an area within the winery tasting room set aside for promotional materials filled with brochures, cards and guides. However, providing space for SMTE brochures was not necessarily viewed as an endorsement for these businesses, rather as an opportunity for local SMTEs to self-promote, as illustrated by Gary:

If you look at the corner where we have all the brochures – that doesn’t say that we love the place or think it is great – it is just that those people came and put in their brochures. We see so many people; and people are being smart. Good on you, if you want to come and approach us and put your rack in this, that’s no problem. (Gary, W Winery)

While G Winery provides a service to SMTEs and carries their business cards and brochures, this does not necessarily mean that Gary actively endorses or refers tourists to any particular SMTE. However, if tourists pick up the brochures and cards, this promotional service may translate into tourist flows on the ground (Hall 2005c). Nonetheless, the extent to which these
promotional activities result in tourist flows and benefit SMTEs remains a question and subject for further research.

Cross promotion with the accommodation sector is evident with accommodation websites listing wineries and wineries listing accommodation providers on their websites. “B&B’s have approached us; and we have talked with them. Several B&B’s mention us on their websites, and talk about sending customers over” (Kevin, K Winery). Relationships also appear multiplex, in that these linkages are not focused solely on cross promotion, but also incorporate information sharing by way of tastings and economic exchanges through the purchase of the wine for the rooms. As indicated by Carrie:

B&B’s, there’s a couple listed there. We have developed a good link with [Adventure Tourism and Recreation-3], and we have talked about our wine being featured in their quarter ownership places that are rented out, they have a bottle of red and white in the rooms, we have talked to them about that being our wine in the room and in their restaurant. We have had them over for tastings. So you will see them on the accommodation places to stay list. [Accommodation-13], we are on their wine list, but they are on places to stay and places to eat. (Carrie, C Winery)

This illustration suggests that C Winery’s relationships with these particular SMTEs are leveraged to add value to the tourism product, promote and position the wine product and may ultimately encourage visitation to the winery. Further, another informal, yet powerful form of promotion and marketing content emerged from the data. One particular winery has formed an informal relationship with a tour operator that does not regularly bring tourists to the winery. The value of this relationship resides in the advocacy activities of the tour operator. As described by Valerie, the tour operator is an “industry promoter” and assists in developing linkages with other tourism sector SMEs:

[Tourism Operator-2] is interesting, I am not sure if they have come in before. [Tourism Operator-2] is such an industry promoter, she has gone to great lengths to tell other people about us. We have worked with her and a catering company [Food and Beverage-1] on getting the attention of destination management companies, incentive travel companies. She goes to Vancouver and talks to people there, and they decide to bring people to Victoria for the weekend, and as a result have booked events through her. It is not just the tour coming in, it is more the background stuff that is happening. (Valerie, V Winery)

Again, this informal linkage is leveraged into a formal relationship with other SMTE sectors, benefiting, not only the winery through bookings, but the broader community hosting the tourists.
As well as informal promotion, more formal promotion and marketing cooperation exists between wineries and SMTEs. Wineries engage in various forms of formal joint promotion and marketing activities, including placing advertisements in accommodation sector marketing collateral, as well as hosting tastings for events. Again, these relationships appear multiplex, in that there are several contents exchanged between the winery and SMTEs. As suggested by the illustration below, this particular winery owner recognises the winery as being an area attraction and is willing to cooperate with local B&Bs by, not only placing an advertisement in their promotional material, but also remaining open for the summer.

On the island here, we cooperate with the B&B people, generally they put a book together and we put a page in their book – if you have guests at your B&B, here’s something to do on [Beacher] Island. We keep the store open for the summer as well, because they (visitors) go to the B&B, restaurants, they want to come and visit.

(Larry, L Winery)

Several wineries have relationships in place with restaurants acting as a key distribution channel for their product (§8.3.5). Wineries recognise the importance of the restaurant as a key sales outlet, but also that these relationships bear other important roles for the winery, as illustrated by Quincy: “Restaurants are a good way to sell your product. They educate people; for me education is nice because most people don’t even know what it is. So in restaurants, if you have a well versed waiter talking to customers” (Quincy, Q Winery). Linkages with restaurants, and in particular, the role of restaurant staff may also result in increased brand awareness and ultimately product purchases, as Albert has found:

A really good link between the winery and tourist is in the place where the tourist is going to buy dinner, that is a really good starting link. […] – the server has a lot of sway, when you sit down, ‘tonight we have, and the wine I would suggest is’. […] and they could say, ‘if you don’t like it we can take it back, no risk to you’. Chances are they will be happy. I get calls all the time, ‘we had your wine at the restaurant, ‘can we get some’. We may not have any product and have to say ‘well come back next year’. […] I think that is a real good linkage. Every one of those tourists needs to have dinner or lunch; two meals a day that they could have wine. (Albert, A Winery)

An understanding of the winery product by the restaurant is also seen as critical. One winery recalled an experience with a restaurant selling the winery’s products where the restaurant did not understand the wine product. “I won’t sell to [A Restaurant] any more [of this product], because [A Restaurant] didn’t know what to do with it… [A Restaurant] asked what blend it was - it’s a variety. I sell it to [B Restaurant] who know how to explain it and pair it well. I won’t sell to a retailer when they don’t know what to do with my wines” (Albert, A Winery).
As previously stated restaurants are considered a key sales outlet, and a significant relationship builder with the wine consumer (Hall & Mitchell 2008). Evidence from this case study suggests that some wineries view the restaurant relationship as a key link to the consumer. Some wineries recognise the value added to the wine through education of the restaurant staff as critical in supporting restaurant consumer and wine product relationships. Further, and equally important, is the need to carefully select the restaurant or retailer to ensure that the brand values are supported (Hall & Mitchell 2008). Therefore, in some cases at least, this moves the relationship between wineries and restaurants beyond simply one-way transactional relationships to more reciprocal relationships consisting of promotion and marketing and tourists referrals.

8.3.3 Tourist Referrals

Informal tourist referral contents are exchanged within the SMTE and wineries network. There is limited evidence to suggest wineries will refer tourists to other SMTEs, yet several referral relationships emanate from SMTEs to the wineries. The majority of SMTE relationships related to tourist referrals exist with the accommodation sector and tour operators. Wineries perceive that tour operators utilise wineries as attractions to add value to their business by developing tours around a circuit of wineries. Wineries recognise that tour operators use wineries as a stop along the way, as suggested by Halle:

There’s a couple of tour companies on the Peninsula. There’s two or three basically a lady with a mini van who takes up to six people around to the wineries – we are one of their stops. [Tourism Operator-6], [and] there’s another one as well. I wouldn’t say it is a formal relationship, we are a stop on the tour. (Halle, H Winery)

The use of wineries as an area attraction is also evident in several informal relationships with accommodation providers who will refer their customers to the wineries as suggested by Bob: “We have some very informal relationships with the local B&B type operators – say they have a group of six – can they come up for a tour. Yes of course” (Bob, B Winery). Larger SMTEs with accommodation facilities may actually physically transport small groups of tourists to visit, using the winery as an attraction amenity, as illustrated by Carrie:

Maybe a loose one is [Adventure Tourism and Recreation-3], they would like to do, or have available to do private tours here, so we have talked to them about it and had their concierge and two marketing people over, and because they have a van they could bring over a van load of people, but that’s it. (Carrie, C Winery)

Not surprisingly given the transportation barriers revealed in Chapter 7 (§7.5.1), one outer island winery had developed informal relationships with transport companies that brought
tourists to the winery as part of sight-seeing tours and cruises. However, there is limited
evidence to support that this occurs more broadly, and this may be more prevalent with those
outer island wineries that are not well connected by ferry transportation services. It is apparent
that accommodation, transport providers and tour operators use wineries as an attraction to
add value to their tourism product. However, with less than one third of wineries charging
tasting fees (§6.2.2, Figure 6.5), the extent to which these informal relationships add monetary
value to the winery product and the degree to which wineries extract value and benefit from
these relationships these are important questions and are explored more fully in Section 8.7.

Tourist referrals originate not only from SMTEs to wineries, but there is evidence to support
that wineries will refer tourists to tour operators, attractions, and restaurants. This is illustrated
by Halle (H Winery) who stated: “Definitely lots, with the volume of people through here, we
have a tasting bar people sit at, with a bar like atmosphere where people ask where should we
go to dinner, what should we go to see. We refer people to different locations”. Those
wineries who are not well connected to SMTEs, and do not accept tours, may also refer
tourists, as indicated by Albert who commented:

    People do phone me, from Toronto or whatever and I’ll put them in touch with tour
    operators and say ‘if you want to do this, try this number’. I would refer to [Tourism
    Operator-3] – I have sent a number of people to her, as an example. She doesn’t bring
tours because we are not open for that type of business, as far as wine to sell, it is
really difficult for people to come in when we don’t have wine to sell.

    (Albert, A Winery)

Relationships with restaurants are considered particularly important as both distribution
channels and links to the wine consumer. Restaurants are also an important source of tourist
referrals for wineries. As illustrated previously (§8.3.2), restaurants not only expose potential
wine consumers to their wines, but servers and restaurant owners recommend that the
consumer go and visit the winery.

    Goes back to the importance of relationships with restaurants – we do get casual
    people who come down the road or has picked up the brochure, but our ideal for us, is
    somebody who knows our wine already. We have a great relationship with the [C
    Restaurant] - we get a lot of folks from the [C Restaurant]. The servers there suggest
    they should go out and check them out. We make a big effort to have restaurants not
    just sell the wine, but also pour the wine... and have staff out to visit. Once they are ok,
    they tell their salespeople. [C Restaurant] does a great job of selling our wine and
    sending people out here.

    (Brad, BB Winery)

These relationships are extremely important for small, boutique wineries with limited
distribution channels (Hall & Mitchell 2008). Investing in these relationships and educating
staff about their wine products translates into wine sales and winery tasting room visits for this particular winery.

8.3.4 Normative Expressions

Informal normative expressions of friendship and kinship are exchanged between wineries and SMTEs. While normative expressions were not found across all wineries, two discrete examples of this content exist for newer entrants, where friendship has led to cooperation. Newer entrants may utilise their personal social networks informally in earlier life stages to leverage relationships into more formal value adding activities with SMTEs. For example, Kevin (K Winery) states: “[Accommodation-15] is a friend of ours, and he talks about pulling together possible package type things”. In addition to accommodation packaging, normative expressions of kinship may also lead to more formal exchanges such as potential suppliers of tasting room merchandise, and in this example, the provision of wine to be incorporated into guest amenity packages: “Not yet, not formal. [Accommodation-12] are good friends of ours, have a high end B&B south of town are going to have our wine as gifts for guests. Right now they have a Mission Hill and are going to replace that with ours” (Carrie, C Winery).

New entrant wineries access personal social networks to develop more formal, cooperative relationships with SMTEs, resulting in potential future economic linkages, promotion and branding for these particular wineries. Additionally, some wineries transition informal normative expressions to more formal, economic exchange relationships, ultimately adding value to the wine tourist experience. These findings support Shaw’s (2006) conclusion that multiplex relationships containing normative expressions of friendship may significantly impact the development of a business. Building on this idea, these informal networks might be viewed as “potential formal networks-in-waiting as they contain the social glue of communication patterns and norms of behaviour that could form the foundations for more formal networks” (Gibson et al. 2005, p.57), potentially contributing to enhanced wine tourism development.

8.3.5 Economic Transactions

While the majority of linkages consist of informal relationships, approximately one third of the wineries interviewed have developed formal relationships with SMTEs. Wineries have vertically integrated primarily with accommodation, tour operators, food and beverage and, to a lesser degree, attraction sectors. These exchange relationships encompass working with food and beverage suppliers for cellar door goods and merchandise, wineries as suppliers for guest
room amenities, winery facility rental, restaurants as wine retailers, and developing customised wine tourism experiences for tour operators.

Formal exchange relationships with tour operators involving economic transactions differ from informal tourist referral relationships in that the former relationships tend to be scheduled, require advance planning, are customised and may involve payment from the tour operator to the winery. As exemplified below, this particular relationship is a spin off from the cruise ship industry in Victoria, where local tour operators arrange tours for cruise ship guests:

We have a schedule of the tours, it’s a massive program for us, we hire additional staff for just this program. We already know how many people are expected to come this year, when they are going to come, and they do a wine and chocolate program. They pay us x per head from the cruise operator, and then they charge whatever to their people. (Halle, H Winery)

Customised tour programs, such as this, are not ubiquitous, but rather, are atypical in this emerging wine region. While not all formalised relationships with tour operators have cruise ship connections, these particular types of programs, reliant on the cruise ship industry, are geographically specific, with the bulk of cruise ship traffic landing in Victoria. Thus, wineries north of Victoria may not be able to benefit from such arrangements to the same extent as those in close proximity to Victoria.

Programs of this nature require a minimum capacity in terms of space, staff, time and administration that are likely to be beyond the means of the small, boutique winery prevalent in this region. Nonetheless, one smaller winery, that has a similar program to the one described above, manages the relationship by scheduling these tours outside of normal opening hours, thus reducing the need for additional staff and removing conflict with non-tour customers.

Formalised relationships with accommodation providers vary from organised tastings with food for special groups to more complex relationships consisting of several different types of exchange. The example below highlights the multiplexity of one formal relationship:

Our relationship with [AC-9] works in several different ways. They send guests here when they want to do something. We sell [our product] to them for their guest’s amenity package, when they get guests in and they want to give them a gift. They are an account for our [product] for their restaurants; but they also buy our vinegar and red pepper jelly. Potential for working together on packages is enormous. (Valerie, V Winery)
Another type of formalised relationship with SMTEs includes local food producers acting as suppliers for goods in winery tasting rooms. Approximately one third of wineries provide picnic food items for sale and on site consumption. However only three wineries discussed the importance of providing locally sourced products. One winery sources local chocolate products for a customised tour, while another two wineries have capitalised on the synergistic relationships between food and wine by supplying local food samples with tastings and selling local food products as merchandise in the winery tasting room: “Tastings are done with local island products, cheese, chocolate, smoked oysters” (Tara, T Winery).

Finally, informal restaurant linkages have been shown to be important for education, referrals and brand awareness (§8.3.2). However, restaurants are a key retailer for the wineries within this region. As Carrie (C Winery) suggests, they plan to use restaurants as a primary distribution channel for their product: “[...] we are going to push hard on restaurants and I don’t know how much that will constitute, but there has been tremendous interest from local restaurants. We are anticipating 70% [...]”.

This section has revealed that informal relationships within communication and social dimensions predominate, but that fewer formal arrangements exist within exchange dimensions. Relationship contents found to exist between wineries and SMTEs incorporate economic transactions, normative expressions of friendship and kinship, promotion and marketing and tourist referrals. This chapter now explores the nature of these winery and SMTE relationships.

8.4 Nature of Winery and SMTE Relationships

Adopting the approach in Chapter 7, interaction intensity and reciprocity (Mitchell 1969; Shaw & Conway 2000) are explored as a way to assess the quality or nature of relationships. In this section, frequency and durability are adopted as indicators to examine the intensity (Mitchell 1969; Shaw & Conway 2000) of winery and SMTE relationships (§8.4.1), followed by an examination of the level of reciprocity of these relationships (§8.4.2).

8.4.1 Intensity of Winery and SMTE Relationships

Assessment of the frequency of interaction of winery and SMTE relationships indicates that informal relationships are characterised by periodic interaction, whereas more formal relationships exhibit frequent and ongoing interaction. Formal relationships are, not only more active, but persist over longer periods of time than informal relationships. As noted by Halle
Few wineries actively pursue relationships with SMTEs as Quincy (Q Winery) highlights: “I do not go out and actively solicit that’s for sure”. Rather, there is the perception that SMTEs pursue relationships with wineries as wineries are perceived as regional attractions, as indicated by Halle (H Winery): “We are just a winery, so that’s how we became a relationship. We are starting to get to know them better. It is a relationship that built up over time, them just coming by, their guests enjoy the wines and they come by next time”. Informal relationships tend to be *ad hoc* and initiated by SMTEs, and in the example below sometimes develop inadvertently:

We have had tour groups come through. One time last year there was a mystery tour group came by. They thought we were on Vancouver Island; when they found out we were on [Arch] Island, they said oh my god that wasn’t what we were expecting. That was seniors, so I said you know seniors travel for free [on the ferry] during the week, and I suggested they go to the [D Restaurant] for a lunch, they did. They came here, went to [D Restaurant] for a special lunch and they contacted us and said they wanted to continue to do a few more of those. (Quincy, Q Winery)

Informal relationships tend to be initiated by SMTEs on a casual basis however, over time, these initial casual connections may translate into more enduring and potentially formal relationships. The quote below emphasises this potential for more formal relationships consisting of regular visits to the winery: “Just by word, they came here for quite a while, and then [Tourism Operator-1] said they would like to do this on a regular basis with you” (Xavier, X Winery). However, not all wineries are ready and willing to pursue these relationships. Most regional wineries are smaller boutique wineries, with scarce human and financial resources to actively pursue tourism relationships. However, once approached by SMTEs the winery retains the authority to pursue the relationship or not. As noted by Zoe (Z Winery): “We don’t go looking for people, we don’t have that built in and they will come and when they come, you decide it is something you want to pursue”.

The decision to pursue a relationship with a particular SMTE appears related to issues of fit and trust. Several wineries indicated that “fit” was an important element in working with any particular SMTE. In the following example, this winery found a fit with a tour operator whose clientele matched the winery’s target market. “[Tourism Operator-2] and [Tourism Operator-3] are wine people, so they are going after the culinary tourist which we like, and it is a fit for
us. Most people will tend to buy; but people off the cruise ships are not interested in buying” (Brad, BB Winery).

Related to fit is the emergent theme of trust. As an example, for this particular winery trust is not spontaneous rather is built over time: “Just starting to do a bit [of cooperation] with the tour operators. We used to have one [relationship] with [A Tours] until [Allan] retired. It takes us a long time to be able to trust that people are going to be able to understand the type of person that we need here” (Zoe, Z Winery). This supports Gossling’s (2004) argument that trust manifests from long term interaction rather than intermittent, ad hoc relationships. Further, trust has been found to be an essential component to facilitate cooperative business linkages for mutual benefit (Håkansson & Snehota 1995; Leana & Van Buren 1999; Gibson & Lynch 2007; Hall 2008). Not only is trust an antecedent to cooperative behaviour (Leana & Van Buren 1999), but trust, for the winery in the above illustration, may reduce the risk of an inappropriate fit and facilitate a mutually satisfying relationship (Hall 2008).

In summary, winery and SMTE relationships consist of stronger, longer term formal relationships with more scheduled interaction, such as set arrival times and appointments. Less formal relationships tend to be intermittent and spontaneous; but not insignificant, as there is some evidence to suggest that these informal relationships may lead to formal relationships. Critical in the development of these relationships is fit and therefore trust that the SMTEs business goals correspond to the business goals of the winery.

8.4.2 Reciprocity

Reciprocity, or shared relationship intensities between actors (Tichy et al. 1979), is considered to be essential in understanding the nature of social action of networks. Relationships between wineries and SMTEs appear to be primarily one-way relationships as the majority of wineries indicated that relationships with SMTEs were driven by tourism. Despite this, a small number of reciprocal relationships do exist between wineries and SMTEs. This example illustrates one type of reciprocal relationship with a tourism operator: “With [Tourism Operator-2] she is active in wine and culinary industry, so she will often purchase our wines for events. So that is a mutual relationship there” (Valerie, V Winery).

While the majority of relationships are tourism driven, some evidence exists for the existence of winery driven relationships and how these might be developed into reciprocal relationships, as indicated by Carrie (C Winery):
We contacted their food and beverage manager and went to a chef’s table and introduced ourselves to their chef. We pushed that one I think. Out of the blue they phoned and said they wanted to feature our wines on their wine list. It is a bit of a two-way, but we started it.

The few reciprocal arrangements that exist within this wine and SMTE network are often linkages with food and beverage and accommodation providers where these sectors will purchase product for events or rent facilities. These relationships are often multiplex, and appear to have the potential to expand into what one winery called ‘interlocking relationships’ as described below:

We have been meeting quite with [Attraction-I] a bit, they will do some of our catering here. We can refer people there, and they will refer people here. They also own the [E Restaurant], and will carry our wine in their restaurant [and] carry our wine for their catering business. It is very reciprocal. They will have access to our facility to hold events. It is just working out a lot of interlocking relationships, with all the different entities. (Halle, H Winery)

Winery and SMTE relationships are primarily tourism driven with limited evidence to suggest that wineries initiate and maintain this relationship. With the exception of a small number of synergistic, multiplex relationships between the two industries, there is little evidence to suggest that these have developed into reciprocal relationships.

8.5 Mechanisms for Winery and SMTE Interaction
Several wineries perceive few or no mechanisms available to stimulate inter-industry interaction. Those wineries that engaged in networking behaviour distinguished between formal and informal mechanisms. Tara, a winery owner that values and has close relationships with SMTEs, suggests that no formal means exist, rather it is the informal opportunities that occur that provide networking opportunities: “It just is. There are no real mechanisms, we go to the same events, have similar philosophies, social networking we enjoy, we don’t do it because it is going to result in this, it just happens” (Tara, T Winery). Like T Winery, a small number of wineries focus on working individual relationships through informal networking opportunities such as dinner at local restaurants or, as illustrated by Valerie, a women’s social network: “[...] the informal networks like the wine ladies’ group that meets once a month. [Tourism Operator-2] is a member, Z Winery is a member and other women involved in public relations, communications, food, wine and hospitality” (Valerie, V Winery).
As well as informal social networking, more formal mechanisms were found to be important to a small number of wineries. Tourism Victoria, the local municipal destination management organisation, was a common networking catalyst as illustrated by Brad (BB Winery):

“Tourism Victoria is sort of a meeting place, if you have the time and make the effort to go to the mixers – not really a mechanism per se, but a network – you just network. It is not the main one, but one of the avenues”.

Several other winery owners/managers indicated that the local chambers of commerce were a mechanism, yet few attend Chamber meetings. One example highlights that one winery owner uses her personal social network as a conduit to access Chamber of Commerce information.

“[We] don’t go to Chamber meetings, one of the Association of Women’s Entrepreneur members is on the Chamber and is an information conduit for [us]” (Yasim, Y Winery).

Congruent goals, or the lack thereof, emerged as a theme related to winery non-participation in Chamber meetings. The following exemplifies how organisational goal congruency is critical to developing networked relationships:

The Chamber of Commerce – the main advantage would be to have people sent to your door, and I looked into the Chamber of Commerce years ago, and I went to one meeting but I felt very uncomfortable, because it was a lot of rah rah you scratch my back and I’ll scratch yours, and to me it wasn’t dependent upon the quality of what you were offering – it was just membership – you scratch my back, I’ll scratch yours, and I felt that there wasn’t that many people there whose backs I wanted to scratch.

(Zoe, Z Winery)

Congruous goals, or fit, appears to influence wineries’ willingness to pursue relationships with SMTEs and also appears to influence wineries’ utilisation of available networking mechanisms. For example, chambers of commerce may attract a wide array of businesses, and these member businesses may or may not provide a tourism product that suits the winery’s business goals. When these networking organisations fail to narrow the winery’s search for complementary businesses, wineries may engage in a broader search for mechanisms to link them with SMTEs as indicated in the following quote.

Yeah, we attended a Home Based Business Association meeting, but we just didn’t feel like we fit in. We tried that avenue, we tried the Farmer’s Institute, the agri-tourism side, again we are farmers, but didn’t feel like we fit in there. The Economic Development office has done a nice job of linking people together; we get advertising and do marketing together in brochures, we get linked that way. I don’t think that there’s anyone else.

(Carrie, C Winery)

Analysis of mechanisms supporting interaction between wineries SMTEs reveals wineries perceive few mechanisms, formal or otherwise, to associate with SMTEs. Several wineries
engage in social networking and rely on personal social networks to associate with and gain information related to SMTEs. Further, while some wineries consider more formal mechanisms are available to them as a means to interact, goal congruency, or fit has emerged as an important element in sustaining contact with these mechanisms, thereby potentially limiting opportunities for wineries and SMTEs to interact. More formal networking mechanisms may be facilitated through wine and tourism industry associations (§9.4).

8.6 Attitudes Towards Cooperation with SMTEs

Studies have found attitudes to inter-industry cooperation can vary by sector, geographic region and business development stage (Hall et al. 2000b; Mitchell & Schreiber 2007). In the New Zealand and Australian context, Hall et al. (2000b) found the tourism industry held stronger positive attitudes than the wine industry towards wine tourism. Telfer (2001b), however, found that Niagara region wineries recognised the importance of working with other sectors of the tourism industry.

In this study, wineries hold a variety of attitudes towards cooperation with tourism, ranging from no desire to engage in tourism to fully embracing cooperation with SMTEs. Within this continuum, the theme of congruent goals, or fit, once again appears to influence wineries, as several expressed that they only desire a specific type of tourism. This range of attitudes and the supporting examples are highlighted in Table 8.2.

<table>
<thead>
<tr>
<th>Attitude Towards Tourism</th>
<th>Supporting Example</th>
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<tr>
<td>No Desire for Tourism</td>
<td>Time consuming</td>
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<td></td>
<td>Poor perception of tourism</td>
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<tr>
<td>Do Not Need Tourism</td>
<td>Limited product</td>
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<td></td>
<td>Sales through retail outlets</td>
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<tr>
<td>Tourism Fit</td>
<td>Quality v. quantity consumer</td>
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<td></td>
<td>Balanced approach to tourism</td>
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<tr>
<td>Fully Embrace Tourism</td>
<td>Winery is part of agri-tourism movement</td>
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<tr>
<td></td>
<td>Tourism is built into the business plan</td>
</tr>
</tbody>
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While the majority of wineries expressed favourable attitudes towards tourism, a small number of wineries indicated that they do not want tourism or do not need tourism. Distinguished from those wineries that do not need tourism, those wineries that do not want tourism had few if any amenities and often reduced hours for cellar door sales or by
appointment only sales, reputedly to accommodate the repeat and local consumer sales.

Further, as illustrated by Albert, there are costs associated with tourism:

Here [tourism]... no. Quite frankly no. Because it is very very time consuming, it really is. [The] people [who] come by to buy our wine now, we know very well. [...] That's a lot to work on, it is a very expensive way to do it... to be open costs time and we want time off. (Albert, A Winery)

This particular winery has developed a business strategy that does not engage in wine tourism due to lifestyle factors. In addition to lifestyle choice, the lack of desire to engage in wine tourism appears driven by a perception that tourists from further afield create no benefit. As Ian angrily suggests:

Tourists are fine... local movement – Vancouver, Interior, Island fine, that's my focus, tourists from further afield, I would not provide such favors as a cheap meal. Why do I care about a tourist from Texas? [...] I have no use for tourists – they go around and taste wine because they have nothing else to do with their time. They mean nothing to me; the majority who come to the winery don’t even like me. Tourists are a waste of my time... there is zero relationship between wine and tourism – what do they have to do with each other. This is what I think about people... [he then points to the sign beside his fridge which says – Jesus loves you, everybody else thinks you are an asshole]. (Ian, I Winery)

These findings correspond with the theme in Fraser and Alonso’s (2006) study that wine tourism interferes with lifestyles by reducing already scarce time. Further, it is apparent that these wineries do not necessarily perceive their customers as tourists, and therefore do not readily identify themselves as part of the tourism industry (Hall et al. 2000a; Hall & Mitchell 2008). Further, these findings support the network map (Figure 8.1) indicating that these particular wineries (A and I Winery) are isolates and have not developed cooperative relationships with SMTEs.

Differentiated from those wineries that do not want tourism, are a small number of wineries that indicated they do not need tourism. Underlying this attitude was their ability to sell their entire wine product through other retailers. As Norman suggests: “Basically we can sell our wine, easily – we are in a better position than most, where we don’t need tourism to sell our wine. We could sell all our wine here; or sell it all at restaurants and wine stores” (Norman, N Winery). Conversely, David, like several other wineries in the region, does not produce enough product to satisfy all of the distribution channels:

Sure, you can be a member of all sorts of tourist organisations, you have meetings and so on, they send you emails, send you newsletters. It is all in place, if you are interested you just go out there and contact them, and do things if you want. [But you choose not to?] Yes, I don’t have much to do [with tourism] because I can sell much
more of my product that I can produce here anyway, I don't need to bring tourists in, or have a restaurant here to promote the business or souvenir shop or all those things, like larger wineries. It is just a way to attract people and market your product. We are not producing enough to supply the interested parties who are asking for our product: the restaurants, private liquor stores, and of course, our many customers. In April/May these days you know, we are sold out of our last vintage. The new one will come out in probably August/September so there are always a few months, and these are always the busiest months of summer where we have not enough product.

(David, D Winery)

Despite somewhat less favourable attitudes towards tourism than those wineries who embrace tourism, these wineries apparently perceive some benefit from creating linkages with SMTEs as both D and N Wineries engage in wine tourism and have developed cooperative relationships and linkages with tour operators (see Figure 8.2).

The fit of tourist type to the business and a balanced approach of tourism emerged clearly as an underlying attitude towards cooperation with SMTEs. A number of wineries pointed to a desire for a particular type of tourist, revealing a quantity versus quality question. One winery owner, Larry of L Winery, suggested that tourism was a "double edged sword" and not all tourists arriving at his winery were the type of customer he wanted. He stated that there were some tourists that he wanted and others that he did not want, and these other tourists were not the serious, connoisseur, wine-lover types, rather just wine curious tourists. While this particular winery owner differentiated between curious tourists and connoisseurs, another winery owner expressed similar sentiments, this time differentiating between wine and culinary tourists and the more casual tourists that may take bus tours.

Yes, [we want wine tourism], but we don’t want just anybody. Ideally we want people who want to taste and buy wine. I think the ... I hate to say the bus people, generally we don’t want bus people, casual tourists, we want wine tourists, culinary tourists. We are nice to everybody – there are some people who show up here, we know as soon as they walk in the door, they are not going to like the wine - they are just here because we are there. The folks who come off the cruise ships they always want sweet wine – they are all disappointed when they come by. We are targeting a particular clientele – a lot of people who come through the door have heard about us, had our wine, and that’s the ideal customer someone who has had a bottle of our wine in a nice restaurant and now they are excited about it. (Brad, BB Winery)

This theme is related to the relationship marketing stance where wineries are focused on the cultivation of customers to develop loyal and repeat purchase behaviour as noted by others (Dodd 2000; Hall & Mitchell 2008). Further, to support this theme, it is these wineries who have cultivated relationships with a limited number of SMTEs (see Figure 8.1) that identify with and meet particular business goals (§8.4.1). Nonetheless these wineries recognise the
synergism, value and benefit of relationships with SMTEs, as illustrated by Brad (BB Winery): “They need us as much as we need them”.

There is also a related underlying drive to find a balanced approach to tourism. Several wineries indicated that winery size plays an important element in the winery’s ability to accommodate tourism. Smaller wineries tend to be family run, with few staff, and smaller tasting rooms, limiting the ability of the winery to support large volumes of tourism traffic as stated by Susan:

As a small, family run business, yes we do want tourism but we also need to direct tourism so that it meets the needs of where we are. We are not able to handle the traffic of a [G Winery] or [P Winery]; but that doesn’t mean we don’t want tourism. Yes, just on a scale that meets with our winery…it’s a balancing act.  
(Susan, S Winery)

Finally, several wineries expressed favourable, supportive attitudes towards cooperation with tourism. In contrast to sentiments illustrated earlier, Gary acknowledges that G Winery’s approach to tourism may vary from the approach taken by others:

We don’t think and refer to people as riff raff coming for free wine. And we are not afraid of it; we are ok with people coming and sampling our wine and leaving. Because ultimately we know, that down the road they might remember our brand, and say you know I had this wine, I didn’t feel like purchasing it, it wasn’t in our budget, I had already spent a zillion dollars already that day travelling. But I know it, I have tasted it, I want that wine, and remember it, and ultimately purchase it from us either from a cold beer and wine store or restaurant. It’s a win for us anyways.  
(Gary, G Winery)

Unlike some wineries, Gary is focused on attracting larger numbers of visitors and maximising sales through the provision of value-added winery attractions and activities such as tours and merchandise sales. However, this winery owner clearly recognises that not all visitors are initial purchasers, but recognises, correctly, the potential of post-visit purchases, as Mitchell and Hall (2004) found 46.4% of visitors made a wine product purchase after visiting New Zealand wineries.

Cooperative attitudes towards tourism are further evidenced by winery owners who have developed a business philosophy that recognises that they are not simply a winery, but part of agri-tourism. As Tara (T Winery) suggests: “Our philosophy – we are agri-tourism, not just a winery, more than that. Cooperating with tourism businesses is fabulous”. This winery owner recognises the value added to the winery business through cooperative and synergistic
relationships with tourism. Cooperative relationships and wine tourism are seen to be incorporated into winery business plans and guide Robert’s approach to developing winery events and promotion:

Yes, it’s very important to our business plan. I think of wine tourism as cellar door sales and events here, so yes, visits to the winery are about one third of the revenue and we would like to have more with improved events planning and promotion and stuff like that because we have a good facility for things like that. We do weddings, private winemaker dinners, rent it and have your friends for dinner, gathering of boat owners, music festival, plays and artist shows. (Robert, R Winery)

Wineries embracing a wine tourism strategy tend to have more linkages with SMTEs and, in particular, have forged more formal relationships with SMTEs. The illustrations above reinforce the network map structure where, for example, G, T, and R (as well as C, F, H, V wineries) have developed formal relationships with attractions, tour operators, food and beverage, accommodation, and adventure tourism and recreation sectors to extract the benefits of wine tourism.

8.7 Benefits of Winery and SMTE Cooperation

A range of benefits accrue to those wineries engaged in cooperative relationships with SMTEs. Benefits were seen to accumulate primarily to the individual businesses with some perceived spillover effects to the local community, including referrals, promotion and marketing, consumer education, extension of the visitor season and economic benefits. Informal referrals were found to exist between SMTEs and wineries (§8.3.3), potentially translating into economic benefits for the winery. There was also recognition that cross-referrals benefit the broader community and the winery, as indicated by Larry:

There’s referrals here; it is a symbiotic thing, we benefit and they benefit. The community benefits, because you get a lot of people who live here year round and their families come out to visit. The island is very much a culinary island, a sophisticated island in terms of food, grow your own, people feel good about being able to bring their visitors and show off the wineries, and then they buy wine, and we get the lip service. (Larry, L Winery)

Several wineries recognised the marketing and promotion value that key relationships can bring to the winery. Analysis revealed that relationships with tour operators, accommodation and food and beverage businesses were not necessarily seen to benefit all wineries economically, but wineries benefit by way of media attention and promotion, as indicated by Gary (G Winery) “[Tourism Operator-2] has treated us very well, she doesn’t bring in a lot of
revenue, but she brings in writers”. Valerie (V Winery) also suggests that they gain both
economically and in terms of promotion: “Without them we would be nowhere. They are
important from a direct sales perspective, but even just as important from a promotion
perspective, it is that word of mouth that is travelling that improves those relationships”.

Winnies also appear to be strategic in their alignment and association with key SMTEs. A
small number of wineries indicated that key relationships provide favourable exposure and
enhance winery branding. As such, Walter said:

I think what we benefit from in terms of that relationship is exposure in being
associated with a nice hotel and restaurants. […] They have played a role in exposing
our wines to a broader range of people. For example, [Tourism Operator-2] goes to
events in Vancouver of tourism operators and restaurants, and hotels there, and got one
of our wines featured there. The thing I learned is that in this business that the
branding is huge and that branding, as I am learning, and the people who are a part of
this are an important part of the brand. The relationships that are formed are linked to
that brand. Especially since we are such a tiny winery, our market is primarily
Victoria, it is basically a small town, and our relationships are important.
(Walter, W Winery)

As Walter suggests, relationships are considered critical to the communication of brand values
and are an important contribution to the overall success of the winery (Hall & Mitchell 2008).
As well as the more indirect benefits that promotion and marketing may deliver, wineries
perceive several direct economic benefits associated with SMTE relationships. A small
number of wineries indicated that cooperation with tour operators addresses issues of
seasonality. By bringing visitors year round to the winery, tour operators account for a
substantial amount of off peak business as for Norman this meant: “A good week in the
summer may be five to seven percent of your business; while in the winter sometimes the
tours might be 40%” (Norman, N Winery). Accommodating tour groups may help to address
seasonality issues while providing substantial economic return for the winery, as experienced
by this particularly small winery: “Tour groups are great, they come, usually in the off season
in the fall or the spring, and they don’t come in the middle of summer. […] You get 40-50
people there, and $800 of sales in 45 minutes is pretty good. We make sales on these tours”
(Quincy, Q Winery). Unlike smaller wineries with limited space and staff, larger wineries are
able to capitalise on substantial wine tourism programs. These programs draw larger groups
on set schedules, translating into substantial revenue for the winery. As Halle (H Winery)
points out: “They have about 10,000 people they bring to the winery based on that program
[…] and we get paid”.

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Nonetheless, several issues emerged from the data regarding winery benefits emanating from relationships with tour operators and not all winery owners perceive relationships with SMTEs, particularly tour operators, as beneficial. One of the issues raised was that not all wineries charge a tasting fee and not all tour operators pay wineries for the experience of tasting. Several wineries employ a stratified approach to extracting value from winery visitors, preferring not to charge the casual visitor, but leveling a small fee ranging from $2.50 to $8.00 per tour group member. However, other wineries have not implemented such policies. As illustrated in the example below, John does not charge a tasting fee, and has engaged in conversation with other wineries about how to manage the situation.

No [I don’t get paid by the tour operators], in fact that was the discussion we had last year with [Alice] and [Norman] how to change that. Because they bring people here, sometimes they bring 20 people, and they all come and drink wine and rarely buy a single bottle. Rarely do they buy anything at all. Because these people pay quite a lot to get on these tours, about $100 a person, they feel they have paid their dues and everything else should be free. [Alice] has always charged $3 if it’s a group of ten or more, so it has been very hard for them to recoup the money, so [Alice] said that they have to pay up front. The driver needs to bring the money before they taste, and if they don’t have the money they can leave. (John, J Winery)

This winery, along with several others, holds the perception that the benefits of cooperation with tour operators is asymmetric, that it is the tour operator who extracts a greater benefit from the relationship. This finding is echoed in the literature, as Fuller (1997, p.35) points out “economic benefits of tourism have often been captured by tourism operators and other non-wine businesses while wineries bear the costs of providing the experience”. This corresponds to the findings here, as wineries stated few groups actually purchased much product, yet there were expectations and costs associated with hosting tour groups including time, product, and staff. For example, when asked if he thought the winery benefitted from tourism, David stated:

It is hard to say. These wine tours are usually high maintenance, they phone and they say they arrange a certain time, well some of them, they are coming and expect us to kick everyone out and be just there for themselves. Basically we have to be clear about promoting their business not our business, and they use the wineries to do this, promote their business. If you think about it, you know, you have a bus load of people, and some of these are big bus loads, I am talking fifty people, you have a hard time to accommodate this... you have to have a lot of glasses, pour a lot of wine, and have washroom facilities. When they leave, you are lucky if they buy half a dozen bottles, they leave a mess and it keeps you busy for two hours to get back on track again. That is not what we promote or what we want. The other things that they want are not only tastings but also tours through the vineyard and tours through the winery and we just don’t have the staff to do this. In the early years, when we were first starting out, I of course had taken the time to take groups through the vineyard to explain things, how
this is done, how the wines are grown, how the trellis system works, when we pick the different varieties, of course everything is very interesting but we are not doing this anymore, we just don’t have the time to do it. The bigger, larger wineries employ someone special for that, in the Okanagan, during the summer months and they have times a day a tour, like at Mission Hill. That’s fine for them, but not in a place like this where we have to do everything ourselves. (David, D Winery)

A few wineries have developed policies to help offset the costs of hosting tour groups and extract some of the immediate economic value from the tour groups. Morris indicates he has made arrangements with the tour operators that they have lunch at the winery restaurant. “The thing is – [...] they make money on us, that’s the other issue with tour companies they are the ones making the money all the time and that is why we said you have to have lunch, because we have to make money too. None of this comes cheap” (Morris, M Winery). Another winery, Z Winery, recently implemented a new business strategy to host select tour groups and developed a policy that the tour group pays for the product that is opened during the tour.

We will probably do more of those [tours] now that we finally just in the last week decided on our philosophy behind doing tours, and that is never doing it for free. We are going to charge people if someone wants to organise a tour here; they buy the wine that is opened. That’s not much, but at least it’s a mindset - our product is valuable, our time is valuable, we’ll donate our time but you pick up the product. (Zoe, Z Winery)

Several benefits accrue to those winery owners that cooperate with SMTEs, including referrals, promotion and marketing, addressing seasonality issues and economic benefits. Despite these findings, numerous wineries perceive that benefits are asymmetrical when cooperating with tour operators in particular. Asymmetric benefits is just one of several barriers to cooperation between the industries that has emerged from the data, and these impediments to winery and SMTE cooperation are discussed in Section 8.8.

8.8 Impediments to Winery and SMTE Cooperation

Studies examining wine and tourism cooperation have revealed impediments to cooperation, and the development of networks and ultimately clusters (Schreiber 2004; Simpson & Bretherton 2004; Hall 2005b; Mitchell & Schreiber 2007). In this case study, several barriers impede inter-industry cooperation, corroborating findings of earlier studies but also revealing impediments relevant to this emerging wine region. Barriers were identified in five key theme areas: lack of infrastructure, product, attitude towards tourism, resource scarcity and fit. These, and supporting examples from the data, are illustrated in Table 8.3.
Table 8.3 Barriers to Winery and SMTE Cooperation

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<td></td>
<td>Lack of product</td>
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<td>State of readiness</td>
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8.8.1 Lack of Infrastructure

Lack of infrastructure emerged as an impediment to cooperation with SMTEs, and this consisted of several sub-themes, including: island isolation; cost of transportation; seasonal tourism business; and a lack of a networking forum. These barriers were identified as particularly salient to wineries located in more remote outer islands. Quincy captured this well, suggesting that the future of tourism on this particular island was tenuous.

Our market is captured. We have a local tourism industry, we are all over the place in that, and the rest of the year absolutely nobody steps foot on the island. Nobody will, there’s nowhere to eat, nowhere to stay, there’s nothing to support a tourism industry here in the off season. The locals are trying to address that. But if you take a business here, it has a two month season; yet it has phenomenally high real estate values, very high taxes, and very high transportation costs. Is it even practical to imagine that there will continue to be a tourist industry here? I would question whether there is much of a future there because even if people love to come to [Arch] Island, and stay here for a week in the summer, are people prepared to pay a million dollars to buy a business that only earns them that tiny bit in that tiny little season? Businesses are closing up on [Arch] Island for that reason. (Quincy, Q Winery)
In terms of transportation costs, some wineries, particularly more remote wineries, have seen a decrease in tourism due to the rising costs of ferry transportation to outer islands, ultimately impacting cellar door sales.

[Creating tourism relationships is] very, very difficult because of the vastly increased cost of transportation to [Arch] Island. There used to be, for example, tour buses out of the [Accommodation-13] for day trips, and that has come to an end, which is why if one wanted to reinstate that and create a package deal they would have to negotiate with BC Ferries to create an extra sailing full of tourist buses, small ones, to get to the wineries and maybe that would work. But these are ideas that are only at very early stages as to how to solve the high cost of transportation. (Oliver, O Winery)

The magnitude of these challenges may impede cooperative relationships with SMTEs and ultimately the development of wine tourism. As one winery indicated developing strategies to encourage tourism may not be a top priority for smaller wineries but that distributing wine through mail order may be a more appropriate route than building wine tourism.

Creating tourism partnerships was also impeded by a lack of a networking forum. A small number of wineries concurred with Robert who states: “the vehicles are not there ... There is just no venue for tourism operators on the island to get together and talk about their problems” (Robert, R Winery). While this theme did not emerge as strongly as the other infrastructure impediments it could be considered critical, as a networking forum may help to navigate around barriers and assist in the coordination of small business cooperation.

Isolation, cost of transportation and seasonality help to explain the lack of development with SMTEs. Three of the five wineries (E, O, Q) that have no relationships with SMTEs (Figure 8.1) are located remotely, suggesting that geographic proximity and the accompanying barriers considerably impact cooperative arrangements with SMTEs.

8.8.2 Product

The theme of product consists of two distinct barriers that impede cooperation with SMTEs, including the lack of product quantity and a reputation for poor quality wine. As articulated by Bob:

I also think we need a critical mass of us making the right kind of product. Got to have the product. There were two obstacles before. One was the volume of wine being made – and all the good stuff was bought locally and never left the island, and two, there must be a larger volume of good wine. (Bob, B Winery)
Low product volume impedes the sustainability of cellar door sales, but is also seen to impede cooperation with SMTEs. Several wineries suggested that limited product restricts business expansion, further cooperation with SMTEs and development of wine tourism, as illustrated by Valerie of V Winery: “Also a lot of places, I am included, we are running out of product and so we can’t really expand, and we can’t push too far when you don’t think you can meet the expectations”.

Furthermore, a past, and some would argue a current, reputation for poor wine quality in the Wine Islands region acts as a barrier to relationship development. However, as exemplified below, there is the perception that the quality of wine within the region is improving, leading to increased referrals and stronger cooperative arrangements with SMTEs.

I think in general - and us included [...] - the wine was perceived as poor quality on the island. So, I think the local restaurants, tourism places, weren’t super excited to refer people to the wineries. But now that the wine quality is improving I know that we are making inroads in restaurants, where they would never have carried or even talked to us before ...where now they are saying you actually have good wine. The relationships are building, and becoming stronger. We are seeing more referrals from other areas, mainly because the wine is getting better and better and becoming recognised. (Robert, R Winery)

That quality and lack of product is an impediment to cooperation with SMTEs, and the development of wine tourism, corresponds with Fraser and Alonso’s (2006) finding that 14.3% of wineries reported that insufficient wine supply was a reason to not join a wine trail. Further, these findings support Simpson and Bretherton’s (2004) findings that limited wine production may inhibit the development of new products or markets.

8.8.3 Attitude Towards Cooperation

A broad range of winery attitudes towards cooperation with tourism were identified in Section 8.6. While the majority of wineries tend to hold favorable attitudes towards tourism, analysis reveals that, more broadly, attitude emerged as an obstacle to cooperative relationships and destination development. This is illustrated by Valerie:

I think there is a little bit of an attitude problem at times. It [tourism] is necessary, it is part of the business, but not everybody accepts it I guess. So there is reluctance to work together as an industry as a whole. I think we have to work together as an industry to create that critical mass that says yes, we are a destination, whether it is the island as a whole... I wouldn’t even call it a necessary evil – it’s a fact of life. If we don’t work together we don’t get seen as a region, so then everybody... the upside is huge. (Valerie, V Winery)
Within this theme, several underlying sub-themes were revealed that assist in explaining this resistance to work together as an industry as a whole. These sub-themes include: product focus of wineries, perceptions of complementarity, perceptions of asymmetric benefits, and community resistance. Studies have revealed that winemakers may be predominantly product focused, neglecting the “benefit and service dimensions of the product” (Hall 2005b, p.158). While several wineries engage in cooperative marketing, cellar door sales and wine tourism development, a small number of wineries appear to hold a product dominant focus. The following winery owner has no problem selling wine, and therefore, does not see the need to establish new relationships or maintain existing ones:

We have established a lot of long term [relationships] and we don’t have to reinvent the wheel every year when new wines come up. You asked if we charge for tastings, we don’t really do tastings, we might do a little bit once in a while, for whatever, all our wines come out in March and they are never tasted. [The wines] are just gone, there is a customer list. Same with restaurants, we sell to a lot of restaurants, there are restaurants and resorts I have never been to. They have bought for a number of years; the cheque is in the mail, they are happy we are happy. We did a tasting last week, and are going to Victoria to see a few people this Thursday. To touch base again. If people buy our wine year after year we should go and say ‘hi’ once a while. Here we are, here’s our new wines, reinvigorate the staff… we just don’t do that very often.

(Albert, A Winery)

A related sub-theme is the view of complementarity. There is the perception that tourism businesses understand and view themselves as complementary to the wine industry, but wineries do not see themselves as complementary to the tourism industry. As the following winery owner suggests, it is an issue of “scarcity and abundance” and that, generally speaking the region’s wineries view resources as scarce, while the tourism industry views resources as more abundant, prompting tourism businesses to pursue cooperative arrangements with wineries to add value to the tourism product.

Looking at basic philosophical issues of scarcity and abundance, exclusively for wineries, but for other tourism businesses issues don’t come up, they see themselves as complementary. I guess we are all competing for tourism dollars, and sometimes they [tourists] buy wine and sometimes they buy cheese.

(Tara, T Winery)

It is clear in the above example, however, that this winery acknowledges that within these competitive, yet cooperative relationships, the benefits are not always distributed equally. As one winery owner sees it, the tourism industry wants to add value to their tourism product, by capitalising on the wine industry’s image with disproportionate benefit to the wine industry. “The wine industry has not really a lot of mass, a lot of image, but not a lot of mass, so there’s
a lot of people who use the wine industry to sell their product, but that don’t help the wine industry very much” (Norman, N Winery).

Unlike the attitudinal barriers held by wineries of asymmetrical benefits, product focus and perceptions of complementarity, community resistance to tourism is an attitude emanating from the surrounding community towards the wineries, particularly with respect to potential wine tourism and business development. With very few economic generators on these islands, tourism can play an important role in island economies, as captured by one winery:

Gulf Islands for example, small islands, tourism plays an important role in sustaining the island – if we can have major attractions, like [U Winery] – get boaters in, filling up the lodges, eating at restaurants, and not just ours, but the pub, it benefits everyone. More tourists – the better off financially. (Usher, U Winery)

Despite the potential contributions that wineries and wine tourism can make to the local island economy as attractions, findings indicate outer island wineries are particularly susceptible to an anti-tourism sentiment: “That is another issue we have, we have to be a lot more community aware than I think some of the Vancouver Island wineries do, although they get hassled too, being on an island, everyone knows your business” (Kevin, K Winery).

Community attitudes to tourism appear to have an impact on business development. Several wineries indicated that they had experienced community resistance when planning outdoor patios with food service, securing dock space for incoming marine based tours and inviting tour groups to visit. Indeed, one winery owner indicated that she was hesitant to develop cooperative tourism relationships due to the community resistance to tourism:

Part of me resisted it because there is this thing on [Arch] Island that is anti-tourism. I remember when the first wineries were starting to talk about opening, and people were complaining, ‘next thing you know there will be tour buses’. Forget it, only one tour bus. It was great for [D Restaurant], those are people who get no business in the off season. So any business in the off season, everyone should be thrilled to get it. (Quincy, Q Winery)

One outer island winery acknowledges that wineries need to be cognisant of the groups and issues that may be present. However, as they are dependent upon wine tourism and community support, they forego active involvement with local community organisations and becoming drawn into issues.

You have to be careful in dealing with these issues and fringe groups - we keep our neighbours informed of what we are doing. It is the type of thing, that we are dependent on wine tourism, and that is probably one of the reasons we are not actively involved in the Chamber of Commerce and some of the more visible issues on the
island, because if we do become involved we draw attention to ourselves, and so we can’t become involved. (Larry, L Winery)

Despite the potential community benefits, community resistance potentially inhibits the development of inter-industry cooperative relationships and winery business development to encourage increased wine tourism. Compounding this, and related to community resistance, are political entanglements which impact the coordination of small island businesses.

Frankly all businesses on the island should be communicating together to coordinate and that’s not happening. That’s because it is politically fraught. Mainly because of [...] political interference. Islands Trust in and of itself not being in favour of small business, small agricultural development. (Oliver, O Winery)

Several wineries indicated that the outer islands suffer from political barriers put up by regulating bodies such as Islands Trust which control land use on many of the smaller outer islands, currently home to eight wineries. Islands Trust a “a federation of independent local governments …which plans land use and regulates development in the trust area”, is guided by a mandate “to preserve and protect the area and its environment for the benefit of residents and the province” (Islands Trust 2008, n.p.). Several wineries leveled sentiments that Islands Trust and its policies may actually work against small business.

We have issues with business development versus Islands Trust and trying to maintain the island, and they are at odds. I think Islands Trust is a little unrealistic, because growth is inevitable it would be better to control it, rather than saying no to everything… they are horrible. They are on the border of not fulfilling their charter; they are supposed to be supporters of agriculture, and I find them to be a barrier to success. (Larry, L Winery)

This is supported by other wineries who believe that political interference from Islands Trust prevents the development of business ideas and Kevin (K Winery) goes so far as saying: “It seems futile, some ideas that we have we can’t develop”. Political impediments appear to be a significant barrier to wineries in more remote island locations, potentially preventing business coordination, cooperation and ultimately wine tourism development. Community resistance and politics, as well as the attitudinal barriers held by winery owners such as product focus, asymmetric benefits and perceptions of complementarity help to explain impediments to relationship development with SMTEs.

8.8.4 Resource Scarcity

Several impediments related to scarce resources such as time, marketing skills, staff and capital emerged in this study and correspond to the findings of other studies (Macionis 1998b; Cambourne et al. 2000; Aloysius & Lee 2001; Hall 2003b). While most winery owners
indicated scarce financial and human resources acted as barriers, marketing skills and capital specifically were shown to impede cooperation with SMTEs and more so for smaller wineries than larger wineries.

We are very small, most of the wineries, and I am talking specifically the islands, are mom and pop operations, so because of that they don't have money to spend on marketing, they can't get over that next leap because, again, it is all about economy, and because of that they don't have the time of day to actually be looking at 'if I did this it might bring in this much more money to me'. They can't even get there.

(Penny, P Winery)

Findings in this study suggest that it is not only the small, family owned and operated wineries that indicated that time and staffing issues were significant impediments to developing relationships with SMTEs, but these issues are relevant to larger regional wineries. Personnel in larger wineries may play multiple roles which leaves little time and few staff to dedicate to marketing and the development of relationships as illustrated by Halle.

We are pretty poor at that [developing cooperative relationships with SMTEs]. I find on a negative side, we get so buried in our world. We are working towards that – we just brought someone on to do the books, because I used to do the books as well, and the marketing... and... It was all falling on one or two people. So we are trying to put more bodies in place so that we can build on more events, or more tour operators.

(Halley, H Winery)

In addition to these impediments, a small number of wineries suggested that the development of cooperative relationships demand certain personality characteristics. These particular wineries perceive characteristics such as an outgoing personality and communication skills as necessary to successful networking and relationship development and recognised that they were lacking in these skills, as illustrated by Quincy:

The winery industry is a very schmoozy business. A lot of people that are attracted to it are naturally that kind of person. But I am sort of a farmer, it is not really my big attraction. I am sure that having that personality, or having someone work for you that has that personality, you could probably link up with anything out there you wanted.

(Quiney, Q Winery)

Scarce resources were found to impede the development of case study winery and SMTE cooperative relationships for both large and small wineries. In addition to lack of time, marketing skills, staff and capital impediments found in other studies (Macionis 1998b; Cambourne et al. 2000; Aloysius & Lee 2001; Hall 2003b), personality characteristics emerged in this study as an impediment. Some wineries perceive themselves primarily as
farmers focused on growing grapes and making wine, and not comfortable actively networking.

8.8.5 Lack of Readiness

As suggested in the discussion of attitudes to cooperation (§8.6), the theme of fit, or goal congruency, emerged in relation to compatibility of target market with some wineries’ strategic direction and preference for a balanced approach to tourism. In the context of impediments, fit relates to a state of readiness both in terms of the readiness of the tourism industry and the readiness of the wine industry to develop cooperative relationships. A small number of wineries perceive some SMTEs as being unprepared to cooperate with wineries on a formal basis, prompting Penny to develop loose ties, as indicated below:

I used to make a strong effort of going out and trying to package things up, and I stopped because [...] It was like pulling teeth trying to get them to do things - they aren't ready yet - so when they are ready we will package with them. So we package with them on a loose perspective and I have things on my website where I will – I have a package of [...] tours - and if anyone comes to me in terms of accommodation or transportation I can fit that into my package. I am ready any time they are ready to go. 

(Penny, P Winery)

Conversely, some wineries were not ready to cooperate with SMTEs because of product limitations (§8.8.2), but also because of business readiness: “We could go out and join, and go out and knock on doors, but we are not ready to” (Zoe, Z Winery). The perception of the readiness of SMTEs to cooperate with wineries and wineries’ readiness to engage in cooperative arrangements with SMTEs may result in more loose, informal ties rather than formal relationships.

Readiness, lack of infrastructure, product, attitudes towards tourism, and resource scarcity and their associated sub-themes have emerged as barriers to wine and SMTE cooperation for this case study region. The impediments ultimately inhibit network development, the development of more formalised relationships, and impede the potential benefits arising from the integration of the wine and tourism industries.

8.9 Summary

Analysis of the network maps (Figure 8.1) has assisted in the exploration of the geographic interpretation of the social structures and the embeddedness of wineries. The presence of a more highly connected group of wineries and SMTEs and isolated groupings has several implications for network development. The more highly connected grouping of wineries and
SMTEs indicates greater connections with tour operators, operating in what appears to be a geographically contained area. Isolated peripheral groupings not only could be geographically cut off, but may not benefit in the same way that more connected wineries might from relationships with tour operators and other tourism sectors. The absence of linkages with tour operators, specifically, in these isolated groupings suggests that tourism operators do not operate within isolated regions and potentially inhibiting the movement of tourists. Several barriers were found to exist that impede vertical integration between wineries and tour operators and other tourism sectors including lack of infrastructure, product related issues, attitudes towards tourism, resource scarcity and fit.

Integration between the two industries is primarily of an informal nature and broad in scope consisting of tourist referrals, promotion and marketing, information and knowledge, and normative expressions. Several wineries have developed strong formal relationships with SMTEs, translating into benefits for wineries. However, several sectors use these relationships with wineries to add value to their tourism product, raising the question ‘do wineries convert these relationships with tourism sectors into value adding activities that benefit the wineries?’.

Hall et al. (2007) state that it is the potential growth in the local market’s size and consequent multiplier effects derived from the integration of complementary businesses that ultimately benefit the region and its members, however, these benefits may not be distributed evenly. Michael (2007, p.150-151) states that a necessary component in the clustering process is that all cluster members understand and participate in the process; yet recognises that “business survival forces them to accept only those choices that lead to cost reductions or revenue growth... and that their willingness to participate is conditioned by the value of the outcomes it can achieve”. This study suggests that, while a few wineries engage in cooperative arrangements despite potentially asymmetric benefits, others do not. Indeed, asymmetrical benefits were seen to be a barrier to relationship development with tour operators specifically, with several wineries developing strategies to extract the value from these activities.

A range of attitudes towards tourism exist within this group of wineries, ranging from no desire for tourism to fully supportive attitudes entrenched in business strategies and philosophies. Wineries that do not want to cooperate can be differentiated from those that do not need to cooperate, and this echos the findings of Simpson and Bretherton (2004). In contrast to these attitudes, a number of wineries emphasised the need for a marketing fit. These wineries were seeking a particular type of tourism or a balanced approach to tourism. Further, these attitudes appear to correspond with the individual levels of SMTE relationship
development. As indicated in previous studies, attitudes towards tourism may vary by business development stage or winery size. In this study, both small and large wineries engage in wine tourism to varying degrees. However, there is limited evidence to support that some older entrants may hold less favourable attitudes towards tourism than newer entrants, supporting the generational waves theme developed in Chapter 7 (§7.5.4). Nonetheless, this is not to say that older entrants do not embrace tourism, as several wineries initiated in the 1990's have developed significant wine tourism amenities.

This chapter and the previous Chapter 7 have examined the structure and nature of dyadic relationships between wineries and amongst wineries and SMTEs. However, as Hall et al. (1997) argue cooperative arrangements must move beyond dyadic linkages to action sets and networks if the potential contributions of network development and cooperative arrangements are to be realised. Thus, the following chapter explores the structure and nature of inter-and intra-industry organisational linkages to determine the extent of network development between and among industry organisations and between wineries and industry organisations and what benefits emerge as a result of network activities.
Chapter 9: Winery and Industry Organisation Relationships

9.1 Introduction

Recent attention has focused on the importance of the role played by firms in shaping business networks (Kingsbury & Hayter 2006; Giuliani 2007). As Kingsbury and Hayter (2006, p.596) argue, business associations are “highly contingent on local circumstances, and are frequently (but not invariably) strongly shaped by the imperatives, functions and attitudes of small and medium-sized enterprises”. This is related to social network analysis as Hanneman and Riddle suggest that “one of the major continuing themes of social network analysis is the way in which individual actors ‘make’ larger social structures by their patterns of interaction while, at the same time, institutional patterns shape the choices made by the individuals who are embedded within structures” (2005, n.p., original emphasis). Within social network analysis, how individuals or firms interact with organisations is referred to as affiliation or two mode data as they describe one mode (i.e. an actor’s) affiliation or membership with a second mode (i.e. organisations) (Wasserman & Faust 1994; Hanneman & Riddle 2005). Collecting and visualising two mode data allows for the greater understanding of firm to organisation relationships, resulting in patterns of affiliation and an understanding of the level of embeddedness of actors within larger institutional structures (Hanneman & Riddle 2005, n.p.). Therefore this chapter analyses winery membership in community, tourism and wine industry organisations as a way to explore the patterns of affiliation and level of embeddedness of wineries within institutional structures. Incorporating community and business organisations into the analysis recognises Rosenfeld’s (1997) argument that the social infrastructure or ‘current’ is often embedded in professional, trade and civic associations. Further, incorporating community organisations allows for the potential comparison with Johnson (1998) who examined winery association with broader regional organisations in New Zealand.

To determine winery affiliation with industry organisations, winery owners/managers were asked to identify those wine, tourism and community organisations they are currently members of. To gain a better understanding of the nature of these affiliations, they were also asked to describe the nature of the memberships and the benefits of and barriers to holding organisational memberships. While the extent to which wineries hold memberships in industry organisations was enumerated in Chapter 6 (§6.3, Table 6.9), this chapter builds on these initial findings and delves into the network structure and nature of these firm to
organisation relationships. Network maps facilitate the exploration of the structural connectivity and level of embeddedness between wineries and organisations in Section 9.3 of this chapter. Qualitative analysis of the contents exchanged between firms and organisations (§9.4.1) and the intensity and reciprocal nature of the linkages (§9.4.2) supplements the visualisation of these relationships. This chapter concludes with an exploration of the benefits (§9.5) and barriers (§9.6) that impede organisational and winery to organisational interaction.

Before presenting findings on the structural and qualitative nature of the winery and key organisation networks, Section 9.2 identifies and summarises the role of key wine and tourism industry organisations to provide context for analysis of inter- and intra-industry relationships.

9.2 Key Industry Organisations

9.2.1 Key Wine Industry Organisations

Seven key industry organisations, which coordinate a range of functions for the wine industry in British Columbia, and more specifically Vancouver and Gulf Islands, have been identified as relevant in the context of this case study. Organisational involvement in the Wine Islands region and membership by the Wine Islands wineries varies highly among the organisations. Generally, the national and, to a large extent, the provincially focused organisations appear to have no or minimal involvement in the Wine Islands region. Organisation involvement in the Wine Islands is concentrated at the regional level where the Wine Islands Vintners Association and Wine Islands Growers Association play critical marketing and educational roles, and garner the greatest level of Wine Island winery membership. Membership to these organisations, as well as organisational roles and structure, is summarised in Table 9.1.
Table 9.1  Key British Columbia and Canadian Wine Industry Associations in 2008

<table>
<thead>
<tr>
<th></th>
<th>Canadian Vintners Association (CVA)</th>
<th>BC Wine Authority (BCWA)</th>
<th>BC Wine Grape Council (BCWGGC)</th>
<th>BC Wine Institute (BCWI)</th>
<th>BC Grape Growers Association (BCGGA)</th>
<th>Association of BC Winegrowers (ABCW)</th>
<th>Wine Islands Vintners Association (WIVA)</th>
<th>Wine Island Growers Association (WIGA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Role</td>
<td>To encourage the growth and development of a vibrant, competitive, and economically viable Canadian wine industry through focused leadership</td>
<td>To implement Wines of Marked Quality Regulation</td>
<td>To coordinate and facilitate research and education on viticulture and enology to broadly benefit the BC Wine grape industry</td>
<td>To represent the interests of BC wine producers (BC VQA) in the marketing, communication and advocacy of their products to all stakeholders</td>
<td>Represent, promote and advance the interest of grape growers in British Columbia</td>
<td>To present position of small independent wineries to government and to make them aware of their interest</td>
<td>A marketing association for Vancouver Island and surrounding islands wineries</td>
<td>To provide an educational forum on growing wine grapes and wine making with grapes from the region</td>
</tr>
<tr>
<td>Base</td>
<td>Canadian wineries</td>
<td>BC wine industry</td>
<td>BC wine grape industry</td>
<td>BC VQA wine producers</td>
<td>BC grape growers</td>
<td>BC small independent wineries</td>
<td>Vancouver Island and Gulf Island wineries, cideries and meaderies</td>
<td>Vancouver Island and Gulf Island grape growers</td>
</tr>
<tr>
<td>Funding</td>
<td>Voluntary member subscription and market share assessment</td>
<td>Mandatory registration; voluntary participation in optional levels of quality standards</td>
<td>Mandatory membership for mainland BC wine grape producers with levies of $10.00 per ton of grapes produced</td>
<td>Voluntary membership; fees of $0.10 per litre of VQA wine sold in BC and 4% of total sales from BC's VQA stores</td>
<td>Voluntary member subscription</td>
<td>Voluntary member subscription</td>
<td>Voluntary member subscription</td>
<td>Voluntary member subscription</td>
</tr>
<tr>
<td>Governance</td>
<td>Elected board</td>
<td>Appointed board</td>
<td>Elected board</td>
<td>Elected board</td>
<td>Elected board</td>
<td>Elected board</td>
<td>Elected board</td>
<td>Elected board</td>
</tr>
<tr>
<td>Paid Staff</td>
<td>*</td>
<td>1.0</td>
<td>7.0</td>
<td>1.0</td>
<td>0</td>
<td>0.5</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Outreach</td>
<td>*</td>
<td>Annual conference; workshops; newsletters</td>
<td>Annual report; media outreach, communications bulletins</td>
<td>Annual &quot;growers&quot; day, newsletters</td>
<td>Wine podcasts; quarterly newsletters</td>
<td>Newsletter</td>
<td>Bi-annual outreach event; annual conference; workshops</td>
<td></td>
</tr>
<tr>
<td>Wine Islands Winery Membership</td>
<td>0 members</td>
<td>1 (Advisory)</td>
<td>0 members</td>
<td>5 members</td>
<td>1 member</td>
<td>7 members</td>
<td>22 members</td>
<td>15 members</td>
</tr>
</tbody>
</table>

* not available

Sources: B.C. Ministry of Agriculture and Lands (2005); Canadian Vintners’ Association (2005); British Columbia Wine Institute (BCWI) (2006); Wine Islands Vintners’ Association (2006); Association of British Columbia Winegrowers (2007); BC Grape Growers Association (2007); British Columbia Wine Institute (BCWI) (2007); Wine Islands Growers Association (2008); BC Wine Grape Council (n.d.); Wine Islands Vintners’ Association (n.d.)
Unlike institutional arrangements in more developed wine regions such as those in Australia (Marsh & Shaw 2000), there is no umbrella organisation in British Columbia to unite provincial and regional industry associations, nor an overall wine industry strategy. On the face of it, interests appear to be largely mutually exclusive and fragmented among the several associations representing the wine industry. Those producing Vintners’ Quality Assurance (VQA) products, a voluntary wine standards program where products meet defined quality markers, are distinct from those that do not; the interests of small wineries appear distinct from large; the interests of growers and producers of wine are separate; and regional interests seem divided but are all driven by voluntary membership. This fragmented nature is compounded by the lack of overlapping winery membership. Few Wine Islands wineries have overlapping memberships in these key wine industry organisations potentially creating information gaps in the Wine Islands wine industry organisation network (§9.3.2). These organisations seem to lack unification and advance different and, what would appear to be, uncoordinated roles.

This section has served to elucidate the respective roles of wine industry organisations and provide context for analysis of relationships between the organisations themselves and between these organisations and the wineries. Section 9.2.2 provides a brief examination of key tourism industry organisations in British Columbia follows.

### 9.2.2 Key Tourism Industry Organisations

Six key organisations coordinate a range of functions for the tourism industry relevant to the case study region. Overall, there is no provincial or regional wine tourism strategy. At the individual organisation level, wine tourism is not encompassed in the mandates of these key tourism organisations, and involvement in wine tourism varies. For those organisations that are membership driven, Wine Islands’ winery membership is low. Membership to these key organisations, as well as organisational roles and structure, is summarised in Table 9.2.
| **Table 9.2** Key British Columbia and Canadian Tourism Industry Associations in 2008 |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| **Canadian Tourism Commission (CTC)** | **Tourism British Columbia (TBC)** | **Tourism Vancouver Island (TVI)** | **Tourism Victoria (TVIC)** | **Tourism Cowichan (TC)** | **BC AgriTourism Alliance (BCATA)** |
| **Role** | Canada’s national tourism marketing organization markets Canada to the world as the destination of choice | To promote development and growth in the tourism industry, to increase provincial revenues and employment, to increase economic benefits | To position Vancouver Islands as a premier all season destination by delivering marketing initiatives in the Vancouver Island region | To increase the economic impact of tourism for Greater Victoria by marketing the destination and servicing visitor needs | To represent all businesses in the region and to promote “the Cowichan” to domestic and international travelers | To facilitate the development of an inclusive and viable provincial agritourism sector |
| **Base** | The Canadian tourism sector via collaboration and partnerships with the private sector, and federal, provincial and territorial governments | British Columbia tourism industry | Vancouver Island tourism stakeholders | Greater Victoria and Vancouver Island tourism and non-tourism businesses and suppliers | Cowichan Valley businesses | British Columbia agritourism sector businesses |
| **Funding** | | | | | | |
| **Source** | Federal government appropriations; industry partnership contributions | Percentage of provincial hotel room tax, provincial grant and contributions, program income | Contract funding with Tourism BC; pay to play marketing program | Member subscription; municipality funding; Tourism BC and BCT funding, percentage provincial hotel room tax | Local regional district government funding; stakeholder model with pay to play marketing programs | Voluntary membership; pay to play marketing and quality assurance programs |
| **Governance** | Appointed board | Appointed board | Elected board with additional appointed members | Elected board | Appointed committee | Elected board |
| **Paid Staff** | 161 | 143 | 15 | 30 | 0 | 0 |
| **Outreach** | Tourism Daily Newsletter, Tourism Magazine, annual media event | News releases; newsletter; BC Magazine; vacation planners | Newsletter; annual conference; annual general meeting; community full tours; travel planner; sector guides | Newsletter, annual marketing launch; mixers; workshops; golf tournament; annual general meeting; official travel planner; meeting planners guide, vacation guide | Newsletter, travel planner | Newsletter, conference, workshops |
| **Wine Tourism** | | | | | | |
| **Role** | Provides market research and product development strategies. Until 2005 implemented Tourism Industry Partnership Program and partnered with WIVA to develop Wine Islands Guide | As of 2006, three to five year funding commitment to wine tourism consumer marketing campaign | Regional arm of TBC to assist with product development and enhance market readiness. As of 2007, coordinates development and distribution of Wine Islands Guide. | Wine tourism not encompassed in TVIC mandate, but TVIC promotes culinary tourism through marketing campaigns that promote local food and wine. | Involved in implementing and planning annual Cowichan Wine and Culinary Festival | In 2005 involved in two wine tourism initiatives. Partnered with BCWI to commission a wine tourism strategy and partnered with WIVA to partially fund Wine Islands Guide. |
| **Wine Islands** | n/a | 7 members | 5 members participate in pay to play programs | 6 members | n/a | 1 member |
| **Winery** | | | | | | |
| **Membership** | | | | | | |

Sources: BC AgriTourism Alliance (2007); Canadian Tourism Commission (2007); Tourism British Columbia (2007); Tourism Cowichan (2008); Tourism Vancouver Island (2008); Tourism Victoria (2008)
At the organisational level, several of the tourism organisations cooperate or have cooperated with wine industry organisations on wine tourism initiatives such as tourist marketing campaigns, wine route development and festival organisation (§9.3.1). However, these activities appear fragmented and ad hoc in the absence of an overall guiding wine tourism strategy and voluntary membership driven organisations. Further, at the winery level, individual wineries exhibit a low level of networking behaviour with these tourism organisations (§9.3.3).

At the local level, two key networks, the Cowichan Wine and Culinary Festival and the Wine Islands Project, assist the development of intra- and inter-industry collaboration and are central to regional wine tourism network development in the case study region. These key, vertically integrated networks received regional, provincial and national government support and funding to develop wine tourism within the Wine Islands. Further, these networks served as the backdrop for this study’s participant observation through key committee membership (§5.2.2), and are the focus of Sections 9.2.3 and 9.2.4.

9.2.3 Cowichan Wine and Culinary Festival

Several Wine Islands' wineries are formally involved in wine festivals (§6.2.3, Table 6.8). Just under one third participate in the Cowichan Wine & Culinary Festival (CWCF), as only those wineries within the Cowichan region are invited to take advantage of this marketing tool. This local, community festival is organised to highlight the area’s food and wine assets, promote shoulder season visitation to area wineries and other culinary attractions, and encourage new wine consumers. This section briefly describes the CWCF, the actors involved with the organisation of the festival, and summarises key findings from the participant observation activities with the organisation. This serves to contextualise the case study and aid analysis in examining winery and organisational relationships (§9.3).

The first CWCF was organised in 1999 by the Vancouver Island Vintners Association (now WIVA) (Anon. 1999), and early festivals struggled and eventually folded. In 2005, however, this festival was reinvigorated with a major local sponsor and a volunteer community board consisting of representation from local private, public and not for profit sectors: Tourism Cowichan; Cowichan Regional Economic Development Commission; local Chambers of Commerce; Duncan Visitor Information Centre; the major sponsor; two wineries; and a contracted event manager.
Participant observation provided several insights into this vertically integrated network. Little winery participation was evident at the committee level, not all regional wineries are festival participants, and those that are involved have various attitudes towards the festival and benefits accruing to the wineries and the destination itself. Further, at the time of this study, this event network was characterised by dwindling festival resources (lack of committee commitment and involvement) and a potentially short term sponsorship contract. These findings support Getz’s (2007) argument that non-profit event networks, such as this, have varying degrees of collaboration, compete with public and private event networks, and are hobbled by sponsors that often make only short-term commitments. Further, as noted by Getz (2007), varying levels of collaboration and limited involvement, as found in this study, potentially impede the diffusion of tourism knowledge and innovative product development benefits that may accrue to the participants.

Participation in the CWCF potentially benefits the destination and may assist in the development of more formalised, vertically integrated wine and tourism networks. However, not all wineries participate in this network, and not all wineries perceive that participation benefits the wineries or the destination (§9.5.3). Like the CWCF, the Wine Islands Project, is a vertically integrated co-marketing network that aims to build the Wine Islands brand and destination awareness (§9.2.4).

9.2.4 Wine Islands Co-Marketing Alliance

Almost four out of five wineries in this case study (§6.2.3, Table 6.8) are formally involved in the Wine Islands co-marketing alliance, commonly understood as the ‘Wine Islands Project’. Guided by its marketing and promotion mandate, WIVA initiated the Wine Islands Project, a co-operative marketing alliance designed to promote wineries and other related tourism businesses and enhance awareness of the Wine Islands destination branding (Smith 2006b).

In 2006, 80 partner organisations took part in the Wine Islands Project, including firms from within accommodation, food and beverage, tourism services, transportation and the arts and culture sectors. Several major public and private sector funding partners have also been instrumental in its development, including: British Columbia AgriTourism Alliance (BCATA); Investment Agriculture Foundation; Canadian Tourism Commission (CTC); the Cowichan Region Economic Office; Tourism Vancouver Island; Tourism BC; while the Wine Islands Vintners Association (WIVA) acted as the lead coordinating body for the project.
(Randall & Mitchell 2008). The project focused on creating ten wine touring routes that indicate the location of regional tourism sector partners. These touring maps resulted in two major project deliverables: a comprehensive project web site (www.wineislands.ca); and, the Wine Islands Guide.

At the request of WIVA, an objective evaluation of the project was implemented to meet the requirements of its federal funding partner, the CTC (§5.2.2). Guided by the executive, an online survey was developed and implemented to seventy-five participating partners (n=38) and five non-participant wineries were interviewed in November 2006. Findings of this evaluation were compiled and developed into a report provided to WIVA (Randall 2007) and subsequently published as a journal article (Randall & Mitchell 2008).

Results of the evaluation indicate that participants perceive the Wine Islands project as an example of cooperation, professionalism and partnership providing benefits to individuals and the broader region (Randall 2007; Randall & Mitchell 2008). While the Wine Islands Project appears to be meeting its regional promotion and development goals, those benefits accruing to the individual businesses may be asymmetrical, with many individual businesses, particularly the non-winery businesses, yet to realise the individual benefits stemming from this project. As one respondent put it: “As a peripheral business [gallery] not specifically tied to viticulture I appreciated the exposure but it is perhaps too altruistic to support [the project] solely for promotion of my region” (Randall & Mitchell 2008, p.298).

Further, findings indicated that improving business partnerships appears to be less important for wineries than non-wineries (Randall & Mitchell 2008). This suggests that non-winery SMTEs in this evaluation may have a greater appreciation of the importance of packaging and partnerships, while wineries may not yet perceive the value of these partnerships. This is perhaps reflective of previous studies that have indicated that wineries tend to have a general lack of understanding of tourism and often perceive tourism as secondary and tertiary activities (Macionis 1998b; Hall 2005b; Fraser & Alonso 2006; Mitchell & Schreiber 2007). These findings also corroborate the low level of winery networking with tourism sectors (§6.2.3, Table 6.8) illustrated in a more detailed analysis of winery and tourism industry relationships (§9.3.3). Non-participant interviews provided insights into why those particular wineries did not participate in the 2006 Wine Islands Project (Randall 2007). Scarce financial resources, lack of information and evaluation of benefits of such marketing exercises, and
regional differentiation contributed to those wineries not participating in the Wine Islands Project (Randall 2007). These findings can be added to the factors impeding network development previously identified in the literature (§2.3.2.3).

Participant observation and involvement with WIVA, the Wine Islands Project and the CWCF provided valuable insights into key regional vertically integrated networks and generated an understanding of regional network development, winery involvement with tourism and barriers to integration, providing context for more detailed analysis of winery and organisation relationships.

9.3 Winery and Organisation Relationship Structure

Following the approach adopted in the previous two chapters, network maps illustrate the structural connectivity of two sets of nodes or actors: winery linkages with winery, tourism and community organisations. Two mode affiliation data is not treated in the same manner as a one mode complete network data (Wasserman & Faust 1994; Hanneman & Riddle 2005). Where one mode data explores the interconnections, and hence reciprocity, among one set of actors (i.e. winery to winery), two mode data explores the affiliation of one set of actors with another set of actors or events (i.e. actor membership with associations or clubs) (Wasserman & Faust 1994; Hanneman & Riddle 2005), and hence are considered unidirectional (Wasserman & Faust 1994). Thus, affiliation data is treated differently than complete and ego-centric network data where the latter is amenable to the concept of cohesion that describes the extent to which all members of a population interact with all other members (Scott et al. 2008a). Thus measures of cohesion, (i.e. density and centrality), are not applied to this affiliation data. Nonetheless, the visualisation of affiliation patterns constructs a valuable image of the social structure within which the wineries are embedded (Hanneman & Riddle 2005).

Winery embeddedness, or linkages with tourism and wine industry organisations, will be examined in layers, as the segmentation of sub-sets of nodes is a powerful analysis tool (Scott et al. 2008a). Consequently, network maps are produced for winery-organisation linkages within and between each industry as a way to explore the level and variation of winery integration in vertical (tourism) and horizontal (wine) networks: wineries and wine organisations (§9.3.2); wineries and tourism industry organisations (§9.3.3); and, wineries and all organisations, including community organisations (§9.3.4 and §9.3.5). Prior to examining
winyer affiliation with industry organisations, a brief analysis of the wine and tourism industry organisation structure is presented (§9.3.1) in order to provide context for the discussions related to winery embeddedness with the various organisations.

9.3.1 Wine and Tourism Industry Organisation Relationship Structure
This analysis of industry organisation relationships builds on the organisational profiles (§9.2.1 and §9.2.2), to examine where and how wine and tourism industry organisations are linking. This examination of industry organisation linkages provides, not only information on the network structure, but also the level of institutional integration within and between industries. Although, not the primary focus of this thesis, this brief analysis provides a contextual understanding within which winery to organisational linkages can be understood and examines both the structure and the impediments to cooperation. Wine and tourism industry organisation linkages are illustrated in the network map (Figure 9.1).

Figure 9.1 Wine and Tourism Organisation Network Map

<table>
<thead>
<tr>
<th>LEGEND: Key Organisations</th>
<th>Symbol / Colour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism Organisations (TO)</td>
<td>○</td>
</tr>
<tr>
<td>Winery Organisations (WO)</td>
<td>○</td>
</tr>
</tbody>
</table>

= Formal Relationship
= Informal Relationship
Examining wine industry organisation linkages first, all organisations are formally and informally connected within the wine industry, with the exception of the Wine Islands Vintner’s Association (WIVA). Formal linkages exist by virtue of BC Wine Institute’s (BCWI) membership with the Canadian Vintners’ Association (CVA). The BCWI also has formal linkages with the BC Grape Growers Association (BCGGA) and the BC Wine Grape Council (BCWGC):

BCWGC fits in with BCGGA and BCWI because those three represent basically what happens in BC, and these are more formal structures. [...] Our president meets with the executive directors four times a year, and talks about what is happening with starting programs, labour, upcoming issues, certain industry issues to make sure there is no overlap or duplication. Want to be viewed by government as unified, so go with three caps in hand. There is strength in presenting issues to government, a unified approach. (BCGGA representative)

As suggested above, this formal linkage between the BCGGA, BCWI and BCWGC attempts to unify industry interests, with the remainder of wine industry linkages perceived as less formal. It is noted that of the Wine Islands region organisations, only WIGA has an informal relationship with BCGGA, consisting of an occasional phone call or rare attendance at one or the other’s meetings. This relationship has not been actively developed due to regional differences, as the WIGA representative states: “the Okanagan growing areas are quite different than Vancouver Island” (WIGA representative) prompting WIGA to develop an informal relationship with Washington State, USA based Puget Sound Grape Growers Association (PSGGA), which has a growing climate similar to the Wine Islands. Further, WIGA has not developed a relationship with the BCWGC, whose mandate is to conduct research (§9.2.1) despite BCWGC attempts to establish a link with WIGA:

BCWGC is trying to develop a relationship with WIGA, but WIGA doesn’t belong to BCWGC because this group is dominated by the Okanagan industry and they pay tariffs on grape tonnage for R&D with research largely focused on and in the Okanagan – and largely not useful to Vancouver Island growers. We don’t belong but they would like us to belong, WIGA is the only group that doesn’t belong. This is interesting how we are allowed not to belong because this is mandated by provincial law - all of BC mainland belongs yet WIGA was allowed to opt out because we have this body of water between us. (WIGA representative)

No organisation is conducting research on WIGA’s behalf; growers are conducting their own research and are encouraged to share this research with others at WIGA meetings. WIGA had one intra-wine industry linkage and no linkages with WIVA (Figure 9.1). Indeed, WIVA had
no intra-wine industry linkages at the time of this study. While WIVA’s mandate may focus on linkages outside of the wine industry, relationship gaps within the wine industry are a concern:

> You know there is the BCWI that you will hear from a lot of the other wineries, they really have not been big fans of it and it is servicing more of the larger wineries. So what is happening on the Wine Islands, you are seeing more of a connection with the culinary side of things, things that are not necessarily just a grape, and I think that’s how we distinguish ourselves from the Okanagan, it is just a different experience. But those organisations have not really adapted themselves for that kind of function per se, and I think that is where you are going to see more of stepping up of, hopefully, of WIVA and acknowledging that those guys are there and making sure we have a relationship with them. (WIVA representative)

As suggested above, WIVA’s linkages are a function of a culinary tourism focus, which, while potentially leading to a lack of intra-wine industry linkages, may foster formal and informal linkages with the tourism industry. This focus has resulted in WIVA’s enhanced winery linkages with tourism (§9.5.2) and the development of the Wine Islands Project, a vertically integrated marketing exercise (§9.2.4 and §9.5.3). However, as noted in Chapters 6 (Table 6.8) and Chapter 8 (§8.2), this organisational focus does not necessarily translate into all individual wineries having connections with tourism or culinary tourism in particular. Indeed, individual wineries have very few formal linkages with tourism or culinary tourism, and five wineries have no tourism linkages at all.

Overall, Figure 9.1 reveals a sparsely integrated network of intra and inter-industry organisation linkages. Qualitative data reveals several impediments to industry organisation cooperation, including: historical attitude; organisational barriers; administrative and spatial separation; and, lack of a sector champion. The industry is plagued by a non-cooperative history as illustrated here:

> There is a history of the groups not working together. There has also been the claim by different groups that they are responsible for wine tourism development. [...] The BC wine industry is a young industry, and winery associations are trying to protect what they see as their turf – this changes with time as the industry matures. (BCWI representative)

This historical lack of cooperation may be due in part to turf wars, as well as several other factors such as maturity of the industry and spatial and administrative separation. Further, distance between regions has been cited as an obstacle to cooperation. While distance may act as a barrier for organisations in different regions to work together, it is less of an obstacle for
regionally based organisations to work together, and may account for the development of more formalised relationships between Okanagan based BCGGA, BCWI and BCWGC and Vancouver Island based WIVA, Tourism BC (TBC), Tourism Vancouver Island (TVI) and Tourism Victoria (TVIC). Nonetheless, administrative separation and lack of shared goals is perceived as an impediment to regional cooperation, as suggested the WIVA representative:

I think we are not quite at sharing goals, because I think each organisation is working on their own goals. We are trying to slowly, through Tourism BC and Tourism Vancouver Island, they are tying in with us. We are slowly working towards the same goal and they are helping because they can organise it for us. I think eventually we will get there. It is getting close.  
(WIVA representative)

Further, the voluntary nature of several of these organisations presents several challenges to cooperation, including limited staff and financial resources. WIGA’s representative states that:

Volunteers are maxed out – at this point we can’t further grow organisation to address wine tourism even if we wanted to until we change the structure of the organisation. If we are to grow further and take on wine tourism and other projects – structure would need to change and we would need to hire someone to manage, dedicate time to grow organisation.  
(WIGA representative)

Further, organisations that do have a wine tourism focus, such as BCWI, are challenged in other ways: “BCWI does not have the funds to instigate wine tourism programs per se, but it is now a part of our focus” (BCWI representative). As part of this focus, a wine tourism strategy had been commissioned by the BCWI and BC Agritourism Association (BCATA); however, it has yet to be widely available or implemented. This is suggestive of other impediments including lack of a sector champion, as pointed out by the ABCW representative:

They [industry organisations] are co-operative in saying they are interested but in follow through they leave something to be desired. I really begin to wonder if they really understand the idea of wine tourism, what it involves and the millions of little things that make it work. Given the diversity of the operations it is a bit like herding cats. That is why I urge a champion for the sector and there does not seem to be one.  
(ABCW representative)

Several barriers impede intra-and inter-industry cooperation, including lack of champion, administrative and spatial separation, organisational barriers and historical attitudes and turf wars, leading to a sparsely integrated network within and between the wine and tourism industries within the case study area. Of the existing linkages, the Okanagan based industry organisations appears to have developed cooperative linkages, however the regional WIGA
and WIVA associations are peripheral to these linkages, instead linking to organisations in the USA and tourism organisations to meet organisational aims and mandates. This supports, in part, Kingsbury and Hayter's (2006) findings of limited cooperation and fragmentation among Okanagan wine industry organisations and extends the findings to the broader region of the Wine Islands. This section has sought to provide some contextual background on institutional cooperation and frame the remaining discussions on winery affiliation with wine and tourism industry organisations.

9.3.2 Winery and Wine Industry Organisation Relationship Structure
Examination of the affiliation network of wineries with wine industry organisations provides not only information on the network structure, but also the level of horizontal integration and embeddedness of wineries within the wine industry. Further, the network approach identifies areas of structural weakness and where information gaps are likely (Scott & Cooper 2007). The network map (Figure 9.2) illustrates winery and wine organisation linkages and analysis reveals that, while most wineries are linked to at least one wine industry organisation, isolates exist.

Two wineries have no ties to wine organisations (W-I and W-Q) and two wine organisations, the CVA and the BCWGC, have no Wine Islands winery members. Related to the former, an isolated position implies that these particular wineries are unlikely to receive information or access to resources in the same way as other more connected firms (Brass & Burkhardt 1993; Rowley 1997). With respect to the organisational isolates, this finding is not surprising. The CVA's mandate is partially export focused, and Wine Islands' wineries do not engage in export due to limited quantities of product. With regard to the BCWGC, membership is mandatory for all mainland BC wine grape producers, yet voluntary for producers on Vancouver Island and Gulf Islands (Government of British Columbia 2006b; British Columbia Grapegrowers Association 2007). However, since the BCWGC has a mandate to coordinate and facilitate research and education on viticulture and oenology to broadly benefit the BC wine grape industry, lack of membership may present a gap in access to research and education by Wine Islands' wineries.

The network diagram (Figure 9.2) reveals variation in winery membership with wine organisations. Wineries have the least number of ties to BCGGA, BCWI and ABCW. The greatest number of winery ties are to WIGA and more so with WIVA creating a hub and
spoke pattern characteristic of centralised firms (Provan & Sebastian 1998). Further, the higher the number of network relations an organisation has, the greater its coordination role within the network (Buoncore & Metallo 2005).

Figure 9.2 Winery and Wine Organisation Network Map

Isolates

LEGEND: Winery and Key Organisations
Winery and Key Organisations | Symbol / Colour
-----------------------------|------------------
WIV A has played a central coordinating role in developing the Wine Islands Project (§9.2.4). Indeed, wineries may establish ties with WIVA to access these resources and benefits associated with these activities. Further, WIVA’s central position may in part be due to WIVA’s less restricted membership criteria, allowing any land based or commercial winery producing wine from 100% BC grown agricultural product and located on Vancouver Island and the Gulf Islands (Wine Islands Vintners’ Association 2007). For instance, WIVA’s
membership criteria allows fruit only wineries (includes meaderies, cideries and fruit wineries) as members, accounting for 17.9% of this study’s interviewed wineries (see §6.2.1). This allows fruit wineries to join this particular organisational network and access information and resources that otherwise would not be available. Whereas the remaining organisations have restricted membership limited to grape wineries and/or grape growers. The perceptions of benefits arising from promotional activities of WIVA are further discussed in Section 9.5.

Thus, the central position of WIVA, and to a lesser degree WIGA, implies an increased coordination role within the network, allowing greater access to and potential control over information (Brass & Burkhardt 1993; Buoncore & Metallo 2005). As Pavlovich (2003) argues, this central position and inherent advantages drive other firms and organisations in the network to establish ties with the more central organisation to obtain legitimacy, status, and access to resources. These centralised positions of WIVA and WIGA may impel individual wineries to join to access information and marketing resources. However, as found in Section 9.3.1, WIVA has formed several formal ties with tourism industry organisations; yet has not established ties with wine industry organisations.

While belonging to the same organisation may provide opportunities for interaction among the actors during organisational meetings and events, overlapping memberships in organisations “allows for the flow of information between groups and perhaps coordination of the group’s actions” (Wasserman & Faust 1994, p.293). Those wineries that have ties with only one organisation are located peripherally in the network diagram (Figure 9.2) suggesting that they may not be privileged to the variety of organisational information that wineries holding membership in two or more organisations may access. For example, M Winery holds a membership with the BCWI and no other organisation, potentially limiting M Winery’s access to broader organisational information, and conversely limiting the flow of BCWI specific information throughout the network. This effect may be compounded as M Winery, and several other wineries (I, Q, X, L, V, E, Y Wineries), that hold one or no membership in wine industry organisations also lie at the peripheral in the winery to winery network (§7.2.1).

Analysis of membership overlap (Figure 9.3) reveals that the majority of wineries belong to one or two wine industry organisations, about one fifth of wineries belong to three or four organisations, and no wineries belong to five or more of the organisations. This finding suggests that, while some overlap in membership exists, information sharing and access to
organisational and mandate specific resources may be restricted, particularly amongst organisations that have few ties such as BCGGA and BCWI.

Figure 9.3 Wine Islands’ Wineries Membership Overlap in Wine Organisations

However, as the findings of the nature of linkages will demonstrate (§9.4.2), not all individuals attend all meetings, thus inhibiting the potential benefits of overlapping memberships. Additional insights into membership overlap can be gleaned from an analysis of the director positions held with organisations and the extent to which those positions are interlocking. An interlock exists where, for example in this study a winery owner holds a director position with two or more organisations; the presence of a directorate position in two organisations establishes a relationship between the organisations (Wasserman & Faust 1994; Scott 2000). Interlocks have been shown to have consequences for the behaviour of firms facilitating communication and functioning as mechanisms for political unity and influence (Mizruchi 1996).

Analysis of interlocks (as illustrated by bolded lines in Figure 9.2) reveals twelve different wineries hold director positions in three of the organisations: WIVA (B, E, G, H, P, R, S, W, Y, and Z Wineries); WIGA (B Winery) and ABCW (A and N Winery). Of these, N and P Wineries, and to a lesser extent A and B Wineries, hold central positions in the winery to winery network (§7.2.1.1) which may facilitate information flow throughout the network. However, only one interlocking directorate position is evident: B Winery holds a directorate position in WIVA and WIGA. Further, as noted by the advisory board tie, B Winery also holds one of five advisory positions with the BCWA, the newly formed body mandated to implement the recently enacted Wines of Marked Quality Regulation for B.C.’s wine industry.
(Gismondi 2007; Mitham 2008). This interlocking tie provides access to information pertaining to policies, marketing, viticulture and oenology that flows through the network, endowing this particular winery with a form of social capital. Figure 9.2 also shows that ABCW does not have any director interlocks with another organisation; indeed A and N Wineries hold directorate positions with ABCW and hold regular memberships with WIGA, but do not hold any membership with WIVA. This finding suggests that the flow of politically imbued information emanating from ABCW throughout the network may be restricted due to lack of interlocks and overlapping memberships.

Building on this idea, analysis of organisational membership by winery characteristics indicates that membership may vary according to business stage of the winery. Figure 9.2 further illustrates that members of ABCW tend to be older entrants rather than new entrants as five of eleven (45%) older entrants hold memberships with ABCW, compared to two of seventeen (11%) newer entrants. Notably, all but three newer entrants are members of WIVA, whereas older wineries are not as well represented. This finding may be indicative of older entrants having memberships in more established organisations such as ABCW. Alternatively, newer and older entrants may seek different information and knowledge from each organisation; however, this may potentially result in gaps in information and knowledge sharing related to ABCW’s political mandate or WIVA’s marketing mandate. As suggested in the quote below, when WIVA’s mandate changed to a strictly promotion and marketing mandate, those who recognised the need to stay politically linked joined ABCW. As argued by Oliver, small wineries in an emerging wine region need to stay politically involved. However due to the lack of maturity of the region and the youth of the firms, wineries may not recognise the need to stay politically linked.

There was basically a palace revolt in the organisation. Where the newly elected president categorically declared that the organisation would only be involved in marketing and nothing else; and unfortunately being in a small winery in a new region, if you are not involved politically at the provincial level and even at the federal level, you are not doing yourselves any favours. This again relates to maturity; immature organisations think they can do it on their own. The ones that get a bit more savvy, when for example the BC Liquor Distribution Branch decides to mark up the BC wines to a certain point, these things all happen under the guise of politicians or policy people and these policy people have to be informed and be kept apprised that there is a new industry developing in the Wine Islands, and if they are not informed that is to our disadvantage. I think the individuals that are members of WIVA that understand that they need to be politically active all joined ABCW. (Oliver, O Winery)
This suggests that WIVA’s lack of organisational links to ABCW, demonstrated by the limited number of overlapping memberships as well as the absence of interlocks between WIVA and ABCW, has impeded the flow of political information. These findings identify a gap in the linkage to political contents and the potential limiting of the flow of political information throughout the network.

To summarise, visual analysis of winery integration with wine industry organisations reveals a moderate degree of horizontal integration. All but two wineries are tied to wine industry organisations and all wine industry organisations are tied to regional wineries with the exception of the BCWGC and the CVA. These findings imply restricted access to information by winery isolates and restricted flow through the network of organisational specific resources pertinent to these organisations. Further, there is variation in membership to organisations as not all wineries are integrated with all industry organisations. Over one third of wineries belong to only one organisation, and another third belong to two organisations. Within these overlapping relationships, one interlock relationship exists suggesting that Bob of B Winery may be in a position to facilitate information flow through the network related to BCWA related political contents, oenology, viticulture and marketing that may otherwise may be inhibited.

WIVA, and to a lesser extent WIGA, hold centralised positions within this network implying a greater coordination role within the region. However, unlike the wine industry organisations in more developed wine regions where membership is mandatory to coordinating organisations such as the Wine Institute of New Zealand (WINZ) (Johnson 1998), compulsory membership to one coordinating organisation does not exist, and therefore, coordinating activities may fall to those organisations with the larger memberships, and may be ad hoc and fragmented.

9.3.3 Winery and Tourism Industry Organisation Relationship Structure
Examination of the affiliation network of wineries with tourism industry organisations provides information on the level of vertical integration and embeddedness of wineries with tourism industry organisations, and structure of these vertical networks. The structural connectivity of wineries with tourism industry organisations is illustrated in Figure 9.4. Visual analysis reveals that very few wineries have ties to tourism industry organisations. The
majority of wineries (60.7% see §6.4, Table 6.9) have not established ties to any tourism organisations and appear as isolates (Figure 9.4).

Of those wineries with ties, TBC, followed by TVIC, and TVI have the greatest number of linkages, with the least amount of ties at the local tourism destination management level (DMOs) and BCATA. With respect to overlapping memberships, five wineries have one linkage to tourism organisations; six wineries have two or more ties. While there are no director positions held by wineries, one winery (P Winery) holds a committee position with the TVI. This committee position, and P Winery’s central position in the winery to winery network (§7.2.1.1), are suggestive of P Winery’s potential to facilitate tourism related information flow and coordinate and influence group action.

Figure 9.4 Winery and Tourism Organisation Network Map
Isolates

LEGEND: Winery and Tourism Organisations
Wineries: Older Entrants
Wineries: Newer Entrants
Tourism Organisations (TO)

Symbol / Colour

--- = Committee Position
The network diagram has a small core of connected wineries and tourism organisations with peripheral dyadic relationships located externally to the core. The lack of integration creates a sparse network with few connections between the wineries and tourism organisations which may be described as 'loose-knit' (Granovetter 1973). There is no vertical integration between the majority of wineries and tourism organisations, yet, of the eleven wineries that have developed linkages with tourism organisations six have memberships with at least two tourism organisations. This finding suggests that, although the majority of wineries are not vertically integrated with tourism organisations, a small core of wineries within the Wine Islands region are embedded with tourism organisations, potentially benefiting these particular wineries in terms of flow of tourism related information. Further, several of the wineries with tourism organisation linkages are also directors of WIVA (Wineries E, G, H, P, R and Y) (Figure 9.2), which may facilitate tourism related information flow throughout the network.

9.3.4 Winery and Key Industry Organisation Relationship Structure

Combining the relationship layers of winery organisations with both wine and tourism industry organisations clearly illustrates wineries are integrated to a greater degree with wine industry organisations than tourism industry organisations (Figure 9.5). These findings correspond with other studies that have found greater horizontal integration within the wine industry than vertical integration between the wine and tourism industries (Hall et al. 1997; Simpson & Bretherton 2004; Mitchell & Schreiber 2007).

While the tourism industry organisations are visibly located on the periphery of the network, the wine industry organisations, WIVA and WIGA, hold central positions in this network. These central positions imply a coordinating role, however, Section 9.3.1 reveals that WIGA and WIVA are not organisationally tied, suggesting that coordination may be ad hoc. Despite this, overlapping membership and interlocks indicate that approximately one third of the wineries have overlapping membership in both WIGA and WIVA and one interlock (B Winery) connecting WIVA to WIGA (Figure 9.2). This and the presence of a TVI committee member (P Winery) (Figure 9.4) suggest that these wineries (Wineries B and P) may play critical roles in facilitating information throughout a network that is moderately integrated horizontally, and sparsely integrated vertically.
9.3.5 Winery and Community Organisation Relationship Structure

Findings of winery membership in regional community organisations indicated that over half of the wineries have membership in Chambers of Commerce, one in five wineries have ties with business associations such as Rotary and B&B associations, and one in ten wineries have ties with economic development commissions (see §6.4, Table 6.9). In an attempt to provide a holistic overview of winery linkages to organisations, Figure 9.6 illustrates winery ties with wine and tourism industry organisations, the Wine Islands Project (WIP), the Cowichan Wine and Culinary Festival (CWCF), and broader community organisations.
What is apparent from this analysis is that all wineries have linkages to organisations with the exception of three isolates (I Winery, BCWGC, CVA), and the peripherally located dyadic relationship between Chamber of Commerce 4 (C-4) and Q Winery which is not connected to the larger concentration of wineries. The central positions held by the Wine Islands Project...
(WIP) and WIVA suggest the potential to act as coordinating forces for the network. Linkages to the CWCF suggest that this festival may act as a regional coordinating force, as most wineries within the Cowichan Valley region have linkages to this festival network. Analysis of the structural connectivity to community organisations reveals that overall wineries tend not to belong to the same community organisations with the exception of Chambers of Commerce 1, 2, 3 and 5 (C-1, C-2, C-3, C-5). Rather most wineries hold membership in several different community organisations, characterising this network as containing several ties to a heterogeneous community of organisations. Pavlovich (2008) argues that it is the heterogeneity of linkages to external institutions that enables network growth, depth and texture. Further, according to Burt's (1992) structural holes proposition (§3.4.2), such heterogeneous linkages that span otherwise unconnected actors may allow for the entry of new and diverse information into the network.

This analysis indicates several wineries have ties to broader community networks, including chambers of commerce and business associations. Such linkages are viewed by Granovetter (1973) as important, as such ties, particularly if they are deemed weak ties, are seen as indispensable to individual opportunity and integration into community. Weak ties are likely to link members of different small groups (Granovetter 1973), acting as bridges to different groups and potentially creating several opportunities for new information to flow through the network (Burt 2001) (§3.4.2). However, as noted by Granovetter (1973), focusing on tie strength negates the importance of tie content. According to Uzzi (1996) it is embedded ties, those containing trust, fine grained information and problem solving that promote and enable organisational learning with flow on effects to the network as a whole. Further, as Jack (2005) argues, it is the activation of these ties that will allow firms to draw information and access resources. Thus the following section analyses the content and nature of the linkages to determine the level of firm to organisation activity to assess embeddedness of wineries, the contents of winery to organisation exchange and the activation or the intensity of the ties.

9.4 Winery and Organisation Relationship Nature
Analysis of the nature of interactions within the network augments the previous discussion of the structural properties of the network (Szarka 1990; Shaw & Conway 2000). As Pavlovich (2008) argues, an understanding of the interactions of the inter-dependent layers within a network is essential to understanding network complexity. Further, Lynch and Morrison (2007) state that it is the content and nature of the interactional relationships that contributes
to an improved understanding of socially embedded relationships, entailing a differentiation
of the intensity of the social embeddedness within the different layers or network structures.
The following section examines the nature of the wine and organisational relationships
through an identification of network type and the contents found within the interactions
(§9.4.1), followed by the intensity and reciprocity of the linkages (§9.4.2).

9.4.1 Network Type and Transaction Content
Network type and contents are analysed using Szarka’s (1990) network typology are
organised according to integration, horizontal (winery and wine industry organisations) or
vertical (winery and tourism organisations), within which the interactions occur. Vertical and
horizontal relationships, across informal and formal relationships, spanning communication,
social and exchange dimensions are present in the Wine Islands region. Specifically, informal
sources are found to be important predominantly in communication, and to a lesser extent,
social dimensions, while formal sources are important in exchange and communication
dimensions of the network. Particular contents of the three dimensions include information
and knowledge, promotion and marketing, normative expressions and tourist referrals.
Findings of the relationship contents within Szarka’s (1990) dimensions and level of formality
are illustrated in Table 9.3. The following section presents the supporting evidence revealed
through thematic analysis of the data and organised by the contents: promotion and marketing,
information and knowledge, tourist referrals and normative expressions.
Table 9.3 Winery and Key Organisation Network Dimensions and Transaction Content

<table>
<thead>
<tr>
<th>Level of Integration</th>
<th>Network Dimensions</th>
<th>Content</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informal Vertical</td>
<td>Communication</td>
<td>Information and Knowledge</td>
<td>- Tourism organisations provide strategic information</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Promotion and Marketing</td>
<td>- Wineries host fam tours</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Tourism organisations send out media to non-members</td>
</tr>
<tr>
<td></td>
<td>Social Horizontal</td>
<td>Normative Expressions</td>
<td>- Networking opportunities and developing friendships</td>
</tr>
<tr>
<td>Formal Vertical</td>
<td>Exchange</td>
<td>Promotion and Marketing</td>
<td>- Participation in Wine Islands Project</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Participation in Cowichan Wine and Culinary Festival</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>- Rack brochure with Chambers of Commerce</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Participate in tourism association programs</td>
</tr>
<tr>
<td></td>
<td>Communication</td>
<td>Tourist Referrals</td>
<td>- Tourism and community organisation referrals to wineries</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Horizontal</td>
<td>Information and Knowledge</td>
<td>- WIGA educational forum, shared research</td>
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<td></td>
<td></td>
<td></td>
<td>- WIVA increases awareness of tourism associations</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>- ABCW political lobbying</td>
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<tr>
<td></td>
<td>Vertical / Horizontal</td>
<td>Communication</td>
<td>Promotion and Marketing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Wine, tourism and economic development organisations send out media</td>
</tr>
</tbody>
</table>

9.4.1.1 Promotion and Marketing

Promotion and marketing comprise the predominant content exchanged between wineries and industry organisations and were found in communication dimensions across horizontally and vertically integrated relationships and formally within exchange dimensions. Addressing informal promotion and marketing contents first, there is limited evidence to suggest that tourism organisations will send media to non members. While this activity is rare, Bob of B Winery tells of Tourism Victoria specifically sending out media for familiarisation tours,
which is particularly interesting given that this particular winery is not embedded within tourism:

I certainly have a lot of admiration for the local Tourism Vancouver Island, and Tourism BC [...] and even though we are not members of Tourism Victoria, they do often arrange for media tours who come to visit us, whether we are members or not. We try to do our best to meet their requests for a fam, if we can, we’ll do it.

(Bob, B Winery)

In this example tourism is driving the development of vertical relationships, and appears to be reaching out to incorporate non member wineries in their destination marketing.

Formal promotion and marketing contents were also found to be exchanged between wineries and wine, tourism and community organisations. Those wineries that are more embedded within community and tourism organisations tend to experience a greater amount of promotion and marketing contents with those organisations within which they are embedded. For example, organisations send writers, media and organise familiarisation trips to member wineries. As noted below, Carrie (C Winery) was invited to participate prominently in media attracting activities led by a local economic development office, providing C Winery with substantial promotion and marketing opportunities.

They have arranged [television coverage], they do promos of the Valley in hard copy, go to Edmonton and profile things going on in the Valley, they are pushing agriculture so there is a tremendous link there, and this is their key focus area, and they just love wineries starting in the Valley. They also got us involved in that [A Air] media event held in Vancouver; they had a picture of [the Minister of Agriculture and Lands] and the mayor standing their holding a bottle of our wine.

(Carrie, C Winery)

Additionally, wine industry organisations will organise and funnel media and writers to member wineries. As illustrated here, T Winery, as a member of BCWI, WIGA and WIVA, considers BCWI critical to her business: “BCWI is most important to us. They all put out wine tourism maps, but BCWI has a media department that sends people, they talk to me and they have me call them, and we put people up. Right now we have someone from the Empress, the food and beverage manager” (Tara, T Winery). From this example, BCWI connects wine and tourism by sending tourism enterprises to the winery and sending out writers.

More prevalent promotion and marketing contents are found formally in exchange dimensions, where wineries engage in “pay to play” marketing programs and exercises.
Vertically integrated formal promotion and marketing contents include membership with Chambers of Commerce to rack winery brochures and wineries that join tourism associations (Figure 9.5) to take advantage of pay to play programs such as visitor guides and website listings. WIVA has had a central role in connecting wineries to tourism in this regard, opening doors and arranging for reduced marketing costs for wineries who engage in tourism association listings. As in this example, this winery has, for the first time, taken advantage of Tourism BC’s “Hello BC” listings due to WIVA’s efforts to reduce the cost to the wineries: “This is the first year because [Penny from P Winery] managed to wangle getting us a listing - individual WIVA members get individual listings – a $75 value listing for a basic listing if we are WIVA members, because WIVA has paid that for us” (Zoe, Z Winery). In addition to individual marketing opportunities with community and tourism associations, cooperative vertically integrated destination marketing schemes such as the Cowichan Wine and Culinary Festival (CWCF) (§9.2.3) and the Wine Islands Project (WIP) (§9.2.4) provide wineries with the opportunity to collaborate with tourism businesses in destination development.

The WIP (§9.2.4), which develops a website and a map of wine routes highlighting participating members, is perceived as unifying the individual wineries (§9.5.3). Its vertical integration is viewed as a call to action and a durable marketing effort where wineries work together towards building synergies, rather than individually. This is well illustrated below, and Penny (P Winery) believes in working collaboratively to build the region:

To me it is huge and people ask me all the time, when I am doing advertising they will say well, for me to do an ad on my own, in a piece of paper, and not within a specific call to action, is a waste of my marketing dollars. For me, it is about I want to work with a group, I want to work with ones that are close at hand as well, if they are game to work with me because it can bring up the specific area so again, my philosophy is I want to work for the whole, and then I will work within the whole to market [my winery].

(Penny, P Winery)

Unlike the WIP, where any winery or SMTE can participate whether or not they are members of WIVA, less than 30% of wineries participate in the CWCF (§9.2.3). As a result, the CWCF is positioned less centrally than the WIP (Figure 9.5), yet is perceived as a unifying promotion and marketing tool for the Cowichan region manifesting in several benefits broadly and to individual wineries (§9.5.3).

Findings show that tourism and community organisations drive promotion and marketing opportunities by funneling media and writers to both member and non member wineries, as
well as providing pay to play services such as card racking and website listings. As well, wine industry organisations, such as WIVA and to a lesser extent BCWI, coordinate vertically integrated marketing and promotion opportunities. Clearly when members are involved, these actions constitute more formalised aims; however, when organisations send out media to non members this, according to Gibson et al. (2005), may constitute informal interaction. This may be considered informal, particularly from the perspective of the winery, yet may fulfill formal aims of the organisation, blurring the levels of formality. This finding echoes Dredge’s (2006b) result that networks could not be distinguished as exclusively formal or informal networks. In addition to promotion and marketing contents found extensively throughout the network; information and knowledge contents also are present in the network.

9.4.1.2 Information and Knowledge

Information and knowledge contents are contained within vertically and horizontally integrated relationships, and span formal and informal levels. Information and knowledge exchange occurred informally between wineries and tourism organisations when wineries hosted fam tours for tourism and community organisations and more formally, when tourism organisations provided strategic information to its broader membership. Formal information flow through local chambers of commerce allowed Susan (S Winery) to merge information about visitors to Vancouver Island into her strategic sales plan:

I went to a talk [...] were Tourism BC actually gave numbers, and by them doing that gave the people a wealth of information. I think that’s great, that a study can show you what really happens as to what they have researched. It helps to give direction to the person, either good or bad. Doing things like that are fantastic – people could go to these and get a wealth of information, and say ok, this is the direction. Because I was told that Asian’s love Blackberry port, and some of the wineries just off the cuff, when they first started in the industry were talking about getting focused on that. Well, we are not really getting a lot of Asian visitors, and we won’t, so don’t worry about having to charge x dollars for this bottle of wine to have them flood your wine tasting room is not probable based on what Tourism BC sees. (Susan, S Winery)

This information was considered valuable and useful to S Winery’s strategic direction and competitive position. Despite this, there is limited evidence to suggest that this type of transaction is exchanged broadly throughout the wine industry, or that wineries actively access this kind of information from tourism organisations. This is supported by the analysis of the structural connectivity indicating the loose knit characteristics of the wine and tourism industry organisation network, with very few wineries linked to tourism organisations (see Figure 9.4).
Information exchange emanated from wineries to organisations in an effort to educate and inform organisations and dispel misconceptions. Those wineries that had linkages to tourism industry organisations and were more embedded tended to host fam trips as an educational tool. B Winery hosted a fam trip for the local Chamber of Commerce and used the opportunity to dispel misconceptions and build relationships and understanding with volunteer staff:

Last week they did a fam tour, [the Chamber personnel] came by and saw the facility and cleaned up some misconceptions, about who we were, where we were. [...] it was some of the people who were volunteers would say ‘oh, you are burning out there’ we’d say, ‘no, we weren’t’. ‘You used to have the Llama farm’ – ‘No...’. This helped to understand what we do and who we are. (Bob, B Winery)

However, given that relatively few wineries are linked to tourism organisations, limited evidence exists to support that wineries use these relationships to help organisations build an understanding of the wine business. Yet these relationships are considered extremely valuable from a tourism industry organisation perspective, as DMOs perform destination marketing functions as well as provide information for strategic business development (Bolton 2008). Despite these critical functions, relationship development with DMOs is often overlooked (Bolton 2008).

Formal information and knowledge contents were evident horizontally, within winery and wine industry organisations. This is not surprising, given that the information and knowledge contents exchanged correspond to the formalised aims of the wine industry organisations. As one winery owner indicated, the relationship contents included: “WIVA would be a marketing relationship; ABCW is political to keep in the loop. WIGA is technical information, educational, grape growing” (Brad, B Winery). Related to WIGA specifically, contents evidence supports their educational mandate with active exchange of information and knowledge with its membership. Wineries who were members of WIGA indicated that WIGA provided an educational platform to share research on viticulture and oenology through regular meetings, conferences and outreach. As noted by Albert (A Winery): “WIGA was more to get an understanding of knowledge of operations - they have put on some conferences - one day of vineyard management and one day of winery operations – quite informative – they have been a very informative group”. This active information exchange is valued by its membership, influencing one winery in their strategic planning and business development, as Carrie (C Winery) states: “WIGA did a reach out session here in 2005, we attended that and that is what actually convinced us we could do a business in winemaking”.

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Information and knowledge contents that parallel WIVA’s marketing focus, with several members indicating that WIVA is the primary organisation that connects the wine industry to the tourism industry. Several wineries suggested that the information exchanged encouraged wineries to connect with tourism associations, and credited WIVA with this relationship building, benefiting the winery and the broader region: “WIVA liaise between me and government tourism associations provincial, federal, regional levels to encourage those organisations to promote the region and bring travellers from afar into our regions and winery” (Robert, R Winery). Further evidence of relationship building occurred while the researcher was attending the 2008 WIVA AGM as a participant observer. At this AGM, the afternoon program consisted of presentations by representatives of CTC, TBC and TVI, providing wineries in attendance with an overview of each organisation’s role and mandate, information on services provided and future contacts. Furthermore, WIVA has endeavoured to forge relationships with tourism organisations through membership (§9.3.1). WIVA members recognise the value of these newly established relationships and the role that WIVA has played in developing such relationships.

9.4.1.3 Tourist Referrals

Formal tourist referral contents exist between wineries and tourism and community organisations where wineries held membership. That is, these wineries pay a membership fee with tourism and community organisations for card racking purposes, website listings, and an invitation to attend meetings and mixers. Wineries that are embedded within tourism through membership tend to receive tourist referrals from organisations in which they are members. Some wineries take advantage of additional marketing tools offered by tourism organisations, such as welcome banners offered by TVIC, resulting in tourist referrals as in this case: “I know with Tourism Victoria, we have a huge banner right above their desk, so they are referring people to come up here for tastings” (Halle, H Winery). Other wineries that are members of tourism organisations that have website listings through the organisation portal also receive tourist referrals from the website, as noted here: “We also get referrals from their website” (Valerie, V Winery). At the community organisation level, there is evidence to support that community organisations may account for a significant amount of referral business to wineries as noted by Gary (G Winery):

The Cowichan Bay Improvement Association, there are a tremendous number of people that go to Cowichan Bay, go along the board walk and tiny shops. We don’t sell our wine down there, but you would not believe the amount of people we get to
the farm from that area. Lots of referral from there and all over the island.

(Gary, G Winery)

Formal tourist referral content is evident between the wineries and tourism industry organisations, particularly with those wineries that are more highly vertically linked (see Figure 9.4) and thus, embedded within the tourism industry. Finally, less formal interactions containing normative expression contents occur predominately between wineries and wine industry organisations.

9.4.1.4 Normative Expressions

Evidence of social dimension contents was apparent for wineries belonging to wine industry associations, yet less apparent for wineries belonging to tourism associations as John (J Winery) states: “WIVA is a great group to be with, wonderful friendly people, I have never had any bad feelings with anybody, and always a cordial atmosphere. That’s what makes this industry so pleasant to be in as well”. Several wineries indicated that networking activities through wine industry organisations provided opportunities for the development of friendships, as illustrated by Carrie:

WIGA is amazing, they have been tremendous support, we have great friendships and technical exchange, and the past and I would say the current president have been just fantastic in laying out an educational program that got us to where we are. I recommend them to everyone who phones and wants to talk about grapes that they join. It is a tremendous value and a tremendous source of technical and moral support.

(Carrie, C Winery)

Industry organisations were identified as a mechanism to interact with other wineries (§7.4), and evidence above supports that wineries utilise organisations for networking opportunities. However, normative expressions were the least represented of all the contents found in winery and organisational relationships, with tourist referrals, and, to a greater extent, information and knowledge and promotion and marketing contents found throughout the network. Formal and informal contents were found to exist vertically between tourism organisations and wineries and horizontally between wine organisations and wineries; however, levels of formality were not always mutually exclusive. Nonetheless, informal relationships spanned communicative and social network dimensions, while formal relationships were found to a greater degree in exchange and communicative dimensions. Understanding network type and contents allows for the exploration the nature of the relationships, and is augmented with an analysis of the intensity and reciprocity of the linkages.
9.4.2 Nature of Linkages

Frequency and durability are adopted as a gauge for intensity (§9.4.2.1) followed by an examination of the reciprocity or mutuality of the linkages (§9.4.2.2).

9.4.2.1 Intensity

The frequency of interaction of winery and industry organisations reveals varying interaction influenced by three key factors: wineries interacted more frequently with wine industry organisations than tourism organisations in which they had linkages; membership position influenced interaction, where directors interacted more frequently than the regular membership; and, interaction varied by location of organisation, as wineries interacted less frequently with less proximal organisations.

Variation exists in winery interaction with tourism organisations with some wineries interacting regularly and others not interacting at all. Of those wineries with no interaction, several wineries see the relationship with tourism organisations as a pay to play relationship requiring little interaction: “We don’t do a lot of day to day interaction – take part in advertising materials, Hello BC website [...] more pay to play relationships” (Bob, B Winery). Further, Zoe (Z Winery) perceives few wineries interact with tourism organisations on an individual basis, but that industry organisation relationships exist at the executive level: “The interaction would be through the executive that is where the relationships really is - is through the executive of WIVA and Vancouver Island Tourism, CTC – I don’t think anyone is dealing with these organisations individually”. Those wineries not well linked to tourism tend to have less intense relationships, partaking in more distant pay to play relationships.

Those wineries that are more linked with tourism organisations tend to have more intense, regular interaction, and view the relationships with tourism organisations as an investment, as illustrated by Brad (BB Winery): “Like any relationship we have to be there to begin with. We have to attend Tourism Victoria meetings, events, we have to make sure the Tourism Centre folks know who we are. We visit the office and we try to do fam trips with Tourism Victoria. We meet monthly”. A clear distinction is evident between those wineries who invest in their tourism organisation relationships and those that do not, with the former activating their network ties and interacting more frequently and regularly.
In contrast, wineries interacted more frequently with wine organisations, yet this interaction varied according to the organisation. Some wineries perceive intensity of interaction with WIGA superior to WIVA: “WIGA – is probably the best – it has monthly meetings and always has, by far they do the best in terms of information exchange” (Norman, N Winery). However, WIVA has just recently adopted a quarterly meeting structure:

Last year it [number of WIVA meetings] wasn’t enough, it was our transition year. The directors met a lot last year, but I don’t think there was a single industry meeting other than our AGM last year. But that is on our agenda now to hold at least quarterly meetings. If it is more than quarterly, people aren’t going to show up, they are too busy.  

(Zoe, Z Winery)

WIVA has been criticised for this lack of communication, and as indicated, an effort has been made by the executive to change the structure to improve communication flow with increased number of meetings. Further, interaction varies according to membership position within the organisations. Regarding WIVA, several wineries indicated that as directors they meet much more regularly than the regular membership. Director positions with ABCW also intensified interaction, albeit via telephone conferences, as this ABCW director suggests: “ABCW meets at least once a month and sometimes once every two months, and most of them maybe meet once a year and most are conference calls. Maybe 6-8 conference calls a year” (Albert, A Winery). While holding director positions intensifies interaction frequency, stepping away from director positions has an adverse effect, as illustrated by Larry (L Winery):

Because I was involved with WIVA on the board, I would be in contact with people more often, and although meetings were mostly WIVA related, we would have coffee after and talk, but because I am not so much involved anymore we don’t get to see people that often.  

(Larry, L Winery)

This interaction suggests the blurring of formal and informal interaction, and as this particular past director of WIVA notes that the intensity of relationships with WIVA and the general membership is intimately tied with his involvement as a director. Networking opportunities have decreased now that he is no longer a director.

Interaction intensity with wine industry organisations is also influenced by proximity of the meetings. Those few Wine Islands’ wineries that have memberships in organisations located in the Okanagan rarely, if ever, attend meetings as these are often located in the Okanagan area. Further, these organisations seldom hold meetings on Vancouver Island to facilitate participation by island members. Despite structural connectivity of wineries in organisations located in the Okanagan, such as BCWI and ABCW (Figure 9.2) very few winery owners
actually attend these meetings, limiting interaction, networking and the flow of information and knowledge.

Examination of durability suggests that wineries with ties to broader community groups tend to have less persistent relationships. These relationships were often viewed, by those less embedded in tourism organisations, as a way to rack cards or access financial incentives. When Q Winery was asked to describe the one relationship Quincy had developed with her local Chamber of Commerce, she stated: “Very low key, I never go to their meetings either. The reason we joined we get a really good rate on financial services by being a member, like Visa, they have a good rate for members, that’s why we wanted to join” (Quincy, Q Winery). These types of relationships may be viewed as unidirectional, and transient as they do not persist beyond meeting the immediate objective that is of racking cards or the provision of a financial incentive.

Those wineries that are more embedded with tourism organisations had clearly more durable relationships, persisting over many years. One particularly embedded winery has had a relationship with one of the tourism organisations for eight years, while other wineries had established relationships with tourism organisations in the years ranging from 2004 to 2007. These relationships may be seen as relatively durable particularly given the emerging nature of the region, with over 60.0% of wineries having been established only since 2000 in this region.

Winery to wine organisation relationships tended to be more durable than with tourism organisations. Regarding WIVA membership, approximately half of the members have held memberships in the years before 2004, and several wineries indicated they had been with WIVA since it started up:

Since the very beginning. It has changed its face and name several times, it started in the 90’s sometime, and the reason was that we had to form an association to get a little bit of funding for the first wine festival, I don’t remember when it was, 1996, or 1997, but it had four or five members at the time. We were right there at the beginning.

(David, D Winery)

This finding of durable, original relationships supports the findings in Chapter 7 (§7.2.1.3) that revealed the presence of a central cluster of older entrant wineries, that may be considered as the original pioneers in this wine region.
Similar membership patterns were found with WIGA, with three wineries indicating they had been with WIGA since it started in 1999. However, less durable relationships are evident with ABCW, and particularly BCWI. Regarding the latter, several wineries lapsed their BCWI relationship due to the politicised nature of the organisation:

It’s funny, every Island wine member who has served on the Board of Directors for the BCWI – once they have finished, they quit. So they quit, disgusted, wanting nothing to do with them. There has always been a small winery rep on the board, and all the island ones have always quit, there have been three of them, board members.

(Albert, A Winery)

While these particular relationships are transient, it is important to note that currently five island wineries are members of BCWI (see Figure 9.2). Of these, one winery has been a member for ten years and one winery for five years, and two have rejoined, suggesting that historically transient relationships with BCWI may be changing.

9.4.2.2 Reciprocity

The majority of relationships are one way relationships, particularly winery relationships with tourism organisations as wineries tend to join tourism organisations for card racking purposes (§9.4.2.1). However, as noted below, Susan (S Winery) would prefer more from her relationships with tourism and community organisations:

I didn’t really get a lot of support – it was basically an activity to rack the cards. Some tourism organisations still see that as pay the annual fee, rack the cards and get invited to the business after business thing. [...] there’s a few that I have been to and participated in and got some interest, but a lot of times, it’s the same people over and over again.

(Susan, S Winery)

There is some evidence to suggest that wineries that are embedded in tourism to a greater extent, engage in reciprocal information sharing relationships with tourism organisations, and broader community organisations. These reciprocal relationships involve information exchange and reciprocal visits between organisations to familiarise the organisations with the winery and its product. One winery, for instance, states that:

We look after those places, we invite them out, try to educate the volunteers, they are truly volunteers, and are truly in our demographic. So those places, in those facilities, they support us, we are obligated, we wouldn’t not be as successful and have a 75% ratio if we didn’t belong to all of these, get the word out, and support these associations. If you are not supportive of the B&B Association and [the chamber], you are not supporting them, and they aren’t going to support you. It’s kind of scratch each others’ back.

(Gary, G Winery)
Gary recognises that the reciprocal nature of these relationships benefit both the winery and organisations, resulting in substantial referrals for the winery and support for the organisations. The value of these relationships is apparent, as this winery owner actively nurtures these linkages through familiarisation trips and volunteer education.

Some wineries who were members of both WIGA and WIVA perceive WIGA as superior in information exchange (§9.4.2.1). While there was limited evidence to support that wineries engaged in reciprocal information exchange with WIVA on matters relating to upcoming hospitality events, there was some evidence to suggest that wineries perceive little information emanating from WIVA. As this winery suggests, this lack of information exchange is a function of the volunteer nature of WIVA executive: “[WIVA] information doesn’t flow back whether this is deliberate or non deliberate I can’t say. No one is accountable, how can you challenge a president who puts in all the time and energy as a volunteer. Need to represent all of us; however accountability is lacking” (Tara, T Winery). Further, there is evidence to support that board positions potentially privilege directors with regular communication that non board members may not be privy to: “Participating on the Board of Directors allows us to be plugged into what the current developments are, and the current issues” (Walter, W Winery).

In summary, analyses of the frequency and durability as indicators for the intensity of the linkages reveal more wineries have intensified relationships with wine organisations than with tourism and community organisations. Some wineries tend to view tourism and community organisations as service relationships and never attend meetings. This is in contrast to those wineries that are more embedded within tourism organisations. The frequency of winery interaction with wine industry organisations appears to be influenced by membership role, where directors interact more frequently than the general membership. Proximity also influences attendance, particularly with Okanagan based organisations as several wineries do not attend meetings in the Okanagan. However, ABCW supplants telephone conferences with face to face meetings as a way to interact, particularly with its directors. Historically less durable, transient relationships were found with BCWI, and more durable relationships were found within WIGA and WIGA. With respect to WIVA, a core cluster of long term, original group members was revealed, that supports the findings reported in Chapter 7 (§7.2.1.4). The analysis of relationship reciprocity suggests of the few wineries embedded with tourism organisations, a very small number of wineries engage in more intense, reciprocal
relationships. Similarly, few view these relationships as investments ultimately benefiting the winery.

9.5 Benefits of Winery Integration With Industry Organisations

Benefits of winery integration with tourism and wine industry organisations will be examined in two distinct areas: benefits arising from membership to wine and tourism industry organisations and those benefits arising from joining vertically integrated networks, including CWCF and the WIP. These benefits span learning and exchange, business activities and community benefits (§2.3.2.2) and are illustrated in Table 9.4.

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<th>Network</th>
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<td>Vertically Integrated Networks</td>
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<td>Catalyst for wine route development</td>
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9.5.1 Tourism Industry Organisation Membership Benefits

A range of benefits accrue to the wineries holding memberships with wine and tourism industry organisations. Some wineries indicated that benefits manifest from a perceived "service" relationship with card racking services and financial incentives as noted in the
nature of the relationships (§9.4.2.1). However, as noted by Larry (L Winery), the service relationship exists, but he views relationships with chambers of commerce as delivering more benefits than tourism industry organisations:

Chamber of Commerce [provides a] service as well [as tourism organisations], but they do a bit more. [...] they are a medium to communicate with a wider body of businesses here on the island, and have different forums, allows us to keep a finger on what is happening - they provide the members with quite a bit of information.

(Larry, L Winery)

Tourism organisation membership allows some wineries access to a network of diverse actors. This finding corresponds to and builds on the winery and broader organisation network structure (see Figure 9.6) suggesting that wineries have several weak ties to a heterogeneous community of organisations. Granovetter (1973) views these micro-macro linkages as important for providing opportunities and community integration. As L Winery illustrates above, it is these links to a wider body of businesses and different groups that creates several opportunities for new information to flow through the network thus supporting Burt's (2001) structural holes proposition (§3.4.2). Wineries may not only access information from a broader forum that organisational membership provides, but will also exploit relationships with tourism organisation and chambers of commerce to impart information about the winery business. As illustrated in Section 9.4.2.1, wineries will host familiarisation tours to dispel misconceptions and build understanding with organisations.

Finally, those more embedded within tourism organisations realise promotion and marketing benefits, as stronger relationships with tourism organisations often resulted in having writers sent out to wineries, referrals, and greater promotion and marketing benefits than those less embedded as highlighted below:

They send writers our way, we did a mixer for them, and planning another mixer for them. Yes, it has been good, we have nothing but positive to say. We also get referrals from their website. I know some people question the benefit of belonging, but simply by the numbers, we receive Google analytics on our website every week, and every week we get referrals from their website. The writers come in, it is really good promotion.

(Valerie, V Winery)

Linkages with tourism organisations and the broader community were seen to benefit wineries practically through services such as racking cards, but also as information sources and access to a broader network of businesses. However, in addition to these benefits, embedded wineries
perceived other benefits such as referrals, media, promotion and marketing. In addition to those benefits emanating from linkages with tourism organisations, several benefits accrue to wineries arising from wine industry organisation membership, and addressed in the next section.

### 9.5.2 Wine Industry Organisation Membership Benefits

Several benefits accrue to the wineries holding memberships with wine organisations spanning learning, community and business activity benefits (§2.3.2.2) and these benefits varied according to the organisational focus. Common amongst all organisations, but particularly WIVA and WIGA, was the benefit of networking and the learning inherent in networking as illustrated by Eric (W Winery): “[WIVA/WIGA] are great for information; again networking with people there on topics that I like to bring up, people are pretty open on discussion on it, and they are quite helpful”.

Several members felt that the organisations imbued the membership with a position of strength with which to approach other organisations. As illustrated below, this benefit may be particularly salient to WIVA members through its connection to the various provincial and regional tourism organisations:

> The benefits of a collective voice to deal with different levels of government because government needs somebody to speak to, as the individual approach is not expedient for government but requires a collective voice. That’s the biggest contribution of WIVA.  
>  
> (Bob, B Winery)

This is particularly relevant to WIVA, as WIVA collaborated with the CTC and most recently TVI in production of the Wine Islands Project brochure, as a function of WIVA’s marketing focus.

WIVA’s marketing focus was seen to benefit wineries in several ways, most prominent of which is WIVA’s collaborative marketing and coordination efforts with the Wine Islands Project and the production of a wine route map and website as noted by Bob: “The map that unifies us so people can go from winery to winery is a huge benefit” (Bob, B Winery). Wineries also benefit through linking and listing WIVA through the Tourism BC programs and paying the racking fee to place the Wine Islands wine route brochure with Tourism Victoria. Further, WIVA’s connections to tourism were seen to have more enduring benefits to wineries, as several winery owners found that WIVA was a forum within which to remove
barriers, develop relationships, and assist wineries in connecting to tourism organisations for future marketing options.

Just attending meetings and then they give me their business card, now I feel comfortable phoning Tourism BC and Tourism Vancouver Island. And especially after that AGM meeting, they said phone us, we don’t mind – we want to help you. As a small winery you don’t think of that unless you attend the meetings. So I think that having them come talk helped us, because we just see them as the big Tourism BC as we see on TV, and why would they want to talk to me. (Susan, S Winery)

While the majority of wineries are members of WIVA, a small minority belong to BCWI. Limited evidence supports BCWI connects wineries to tourism as noted by Tara: “BCWI puts out a wine tourism map, but BCWI has a media department that sends people, they talk to me and they have me call them” (Tara, T Winery).

Membership with BCWI and WIVA provide several benefits to member wineries. While these organisations focus on connecting the wineries to tourism and delivering marketing benefits to its members, evidence suggested that WIGA’s primary benefit to its members lies in its education program providing information on oenology and viticulture to its members as shown in Section 9.4.1.2. Not only do member wineries receive an educational benefit from WIGA, but wineries gain technical as well as moral support and friendship (§9.4.1.4). However, as will be shown (§9.6), not all members perceive these benefits that flow from WIGA membership.

9.5.3 Benefits of Vertically Integrated Alliances

Given that wineries perceive substantial marketing benefits from WIVA membership, a brief synopsis of the benefits to joining vertically integrated alliances, in particular the Wine Islands Project (WIP) and the Cowichan Wine and Culinary Festival (CWCF) are presented here (§9.2.3 and §9.2.4). A membership role was adopted with both WIVA and the CWCF to investigate the value of these vertically integrated alliances for their members (§5.2.2). As part of the evaluation process, benefits of winery participation in these alliances were explored. Findings of these evaluations (Randall 2007; Randall & Mitchell 2008) (§9.2.4) are briefly presented to add to the understanding of benefits of joining vertically integrated alliances.

Both vertical networks delivered promotional benefits to the wineries and more broadly to the region. Both networks were viewed as unifying, with the festival promoting the Cowichan
region as a wine and culinary destination and the WIP bringing the wineries together. One winery who participates in both exercises finds the festival to be particularly unifying for the destination: “It brings us together as a unit as the Cowichan Valley, having common products and to develop us as a destination” (Bob, B Winery). These exercises may also bridge wineries: “The Wine Islands brochure is actually addressing a lot of these communicative issues, even though it is in a rudimentary form, it is just a brochure. [...] I think those little things that you have never had before, are actually being addressed” (Morris, M Winery).

Several participating wineries indicated economic benefits resulting from participation in both networks, with many suggesting that the wine route maps produced by the WIP translate into visitors at their door. Evaluation of the economic benefit of the 2006 WIP revealed a range of estimated revenue and visitor increases. Although revenue estimates ranged from -2.5% to 50%, the average revenue increase was 19.43%. In terms of visitors, participating businesses reported visitor attendance ranging from -10.0% to 40.0%, with an average estimated visitor increase of 12.5% (Randall 2007).

Participation in the festival also reaps economic benefits, as noted by John (J Winery): “It has been great benefit to us every year we have been part of it. It is the busiest weekend of the year, and sales are the highest”. In addition to increased visitors and economic benefits, several wineries perceive that the wine route maps provide a broader regional benefit through raising destination awareness, as illustrated here: “We do get people coming with guide in hand. Even if we can say it benefitted our firm a small percentage, it was worth it. Also, interest in raising awareness of the region helps” (Bob, B Winery). This particular winery suggests that, although the benefit for his winery may be small, the enhanced destination awareness achieved by the project is worthwhile.

Despite these benefits, not all wineries realise the advantage of participating in these vertically integrated networks, and suggesting that the Wine Islands Project and resulting maps may not translate into increased visitor numbers and sales for all wineries. More remote wineries questioned whether the wine route maps actually draw people from the central wine regions to the outer regions:

It is fairly costly advertising; and being on an island so secluded, we don’t have people dropping in. It costs a lot to get here; down in the Cowichan Valley I am sure it is very good for their business. But for ours, I don’t see a huge increase in population of
people coming because of the brochure. It does have exposure and exposure is really important, and I do want to support WIVA, that’s really important.  

(Eric, E Winery)

Despite this reservation about the network, this winery recognises the exposure value of the project. Similarly, Robert (R Winery) suggests that the wine route maps may actually draw people away from the outer islands. He argues that visitors will be drawn to the central cluster, and may begin to question the need to travel to outer islands to visit remote wineries when visitors can visit a large number of wineries centrally:

Part of me thinks that the whole initiative of participating with the Wine Islands Vintners Association might actually be drawing people away from my tasting room, because the wine tourists get the package and they say, well there’s 14 wineries in Duncan, and there’s [only one or two on my Island] – where am I going to go? Well, part of me is resistant to the idea of participating in a regional marketing scheme, because I wonder whether it is actually bringing people to my winery.

(Robert, R Winery)

While several Cowichan region wineries indicated that they benefit economically from the CWCF, there was evidence to suggest that wineries weigh out economic gain over costs of implementation of the event: “We had more sales of course, but on the other hand it is a lot of extra work” (David, D Winery). Further, there was evidence to suggest that the CWCF as a promotional tool could be improved with a shift in focus from quantity visitor to quality products and experiences:

That’s really the part, the only thing for us is longer term investments, so the only way joint action could improve on the situation is if it really improves the quality image of the region. So it has to be very quality driven, and if it is not, you are better off promoting your own quality individually. There’s a danger is that the emphasis is on attracting tourists who might buy product as opposed to making great products and having a great experience, a shift in emphasis to quality experiences and quality wine.

(Norman, N Winery)

Despite the several benefits evidenced with these vertically integrated marketing networks, such as destination building, increased visitors and increased revenue, not all wineries perceive benefits from participating. Indeed some wineries perceive that the WIP in particular may not be bringing visitors to the door, but may actually be deflecting visitors away from more remote wineries. As well, wineries participating in the CWCF perceive that the work involved may outstrip the economic gains. Further, there is some evidence to suggest that the focus of these vertically integrated marketing schemes should shift away from visitor quantity to focus on providing quality experiences. Despite these concerns, overall wineries perceive numerous benefits to joining wine and tourism organisations as well as vertically integrated
networks as summarised in Table 9.4. While several benefits exist, the emergent theme of lack of perceived benefit to network participation is one of several impediments to vertical and horizontal integration and discussed below.

9.6 Impediments to Winery Cooperation with Industry Organisations

Several impediments to the vertical and horizontal integration of wineries exist. While some of these impediments such as time, membership cost and issues related to proximity span both linkages to tourism and wine industry organisations, barriers unique to creating linkages with each industry also emerged from the data and are highlighted in Table 9.5.

<table>
<thead>
<tr>
<th>Integration</th>
<th>Barrier</th>
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<tbody>
<tr>
<td>Across Vertical and Horizontal Networks</td>
<td>Time, Membership Cost, Proximity, Politics, Perceived Lack of Benefit</td>
</tr>
<tr>
<td>Vertical Networks</td>
<td>Fit / Philosophical Differences, Tourism Lacks Understanding, Winery Infrastructure, Winery Lifecycle, Winery Attitude</td>
</tr>
<tr>
<td>Horizontal Networks</td>
<td>Relevancy of Information, Perceived Lack of Benefit, Organisational Focus</td>
</tr>
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</table>

9.6.1 Impediments to Horizontal and Vertical Integration

Resource scarcity and proximity were found as substantial impediments to developing cooperative relationships between wineries and SMTEs (§8.8.4), and these have emerged as pertinent obstacles to integrating with both wine and tourism industry organisations. Winery owners indicated that time to attend meetings, costs of membership in both wine and tourism organisations, and distance to travel to meetings were real barriers to joining industry networks. Several wineries had indicated that they did not join, or let their membership lapse due to cost, as suggested by Walter (W Winery): “Pulled out [of Tourism Victoria] after two years, didn’t think it was worth it, it was expensive $700 we didn’t think we were getting that amount of benefit” (Walter, W Winery).
This also held true for memberships in winery organisations, as several wineries indicated time and transportation issues were major impediments to attending meetings, prompting wineries to consider lapsing wine organisation memberships. The illustration below suggests that Eric (E Winery), who has held a WIGA membership for years, is considering lapsing the membership due to proximity issues, despite finding WIGA a valuable information source:

Let it [WIGA membership] slide, hard to network because they are in Victoria. The biggest problem is transportation, time. We were members for 5 years, and this year is the first year we haven’t thrown in our dues yet. We probably will, because I do appreciate what they do, and I go to all their seminars, except this year, workshops and things. Again the travel aspect it is difficult for us, and we get so busy.

(Eric, E Winery)

As noted previously (§9.4.2.1) these impediments also emerged for those wineries with membership to Okanagan located organisations such as ABCW, BCGGA and BCWI as well as for more remotely located wineries. This deepens the understanding of the winery to wine organisation analysis (§9.3.2 Figure 9.2), where structural connectivity is evident; however the degree to which these ties are activated is dependent upon proximity related issues, among others.

Politics emerged as an issue that impeded integration across community, wine and tourism industry organisations. Wineries indicated that they were not interested in getting ‘bogged down’ in politics associated with some community based organisations, as illustrated here: “We don’t [go to Chamber meetings]. We know the members, we talk to them, we actually try to avoid it, there’s a lot of politicking and positioning of individuals, and it is not productive” (Kevin, K Winery). Politics within tourism and wine industry associations (§9.4.2.1) was also perceived as an impediment, with several wineries lapsing memberships.

Several barriers including politics, membership cost versus value, time and proximity related issues influence the integration of wineries with industry, impeding organisational membership and attendance at meetings. In addition, several other impediments specific to vertical integration were revealed.

9.6.2 Impediments to Vertical Integration

Several barriers internal but also external to the winery impede vertical integration with tourism. Barriers internal to the winery include winery infrastructure, attitude, and life stage.
Barriers external to the winery encompass fit or philosophical differences between organisations and a perceived lack of understanding of the wine industry by tourism organisations. Regarding the latter, wineries perceive that tourism organisations and broader community organisations do not have a full understanding of the wine industry as stated here: “We do participate, but I think it is more than paying an annual fee and racking your cards – taking the next step and inviting them to give a talk, like our AGM. Having them come and give a talk - this is what we are about, rather than someday - a few years down the road – oh, we do have a wine industry here” (Susan, S Winery). This may be attributable to the diverse membership of community and tourism associations, and that integrating the wine industry into an organisation focus that comprises a diverse membership may prove difficult. One winery captures this point, suggesting that a diverse membership may not understand how their own business focus fits with the food and wine industry:

I think part of the issue there is their diverse membership. What I am trying to say is that with the CTC, their approach is that wine and food are a magnet for tourists, and when tourists are in the area they do other things. As soon as you say wine and food - then if you try – if you have a membership there that are not part of the wine and food industry they may object to having that kind of focus, and I think Tourism Victoria struggles with that. (Walter, W Winery)

Conversely, an internal barrier to integration is the lack of winery understanding of complementarity with tourism businesses. Although some wineries perceive a fit and potential for synergistic relationships between tourism and the wine industry (§8.6), there remain those wineries that do not perceive a benefit from collaborative, vertically integrated marketing exercises. For instance, David (D Winery) does not see a fit between tourism businesses and wine within the WIP project: “With this brochure, there are so many in there now which are not in the wine business, which are not even related to the wine business. We always had our own brochures, every winery had their own, so we had just a small one for the just the wineries and it worked quite well” (David, D Winery).

These findings are not surprising, but rather support Leiper’s (1990) view of the partial industrialised nature of tourism. Leiper (1990) argues that SMTEs may not recognise that they are indeed part of the tourism industry by virtue of the diversity of tourism businesses and that SMTEs may or may not be directly servicing tourists. Further, several authors have attributed partial industrialisation as an impediment to vertical integration between the wine and tourism industries, where winery owners may not perceive themselves as part of the tourism industry.
(Hall et al. 1997; Mitchell & Schreiber 2007; Hall 2008). This is supported by David of D Winery’s comment above that he does not perceive the complementarity or potential synergies between wine and tourism businesses, suggesting that businesses in the WIP are not related to the wine industry. However, this is contrasted with Walter of W Winery, who clearly sees his winery as part of the tourism industry. This winery owner suggests that a lack of understanding of the wine industry’s relationship to tourism is manifested from Tourism Victoria’s diverse membership. These findings provide support for Leiper’s (1990) concept of partial industrialisation where both tourism and wine industry perceptions impede vertical integration.

Fit and philosophical differences were revealed as an impediment to wineries developing relationships with SMTEs via membership with tourism and community organisations (§8.8). As one winery owner suggests, differences may exist as a function of the farming aspects of the winery business and the retailing focus of, for example, Chamber of Commerce members. Floyd (F Winery) believes that these differences lead to a lack of embeddedness with the tourism sector as illustrated here:

We are mavericks you know. We don’t see ourselves embedded. Tourism, I think, they are doing everything they can. You know the officials, the tourism bureau and the Chamber of Commerce, they are doing what they can. But, we don’t belong to the Chamber of Commerce. [Why not?] We don’t have the time, but also that’s dealing with retailers, and we are not retailers, my saying is, the general manager is always covered in dirt, the executive director is always covered in diesel, that’s how you can tell us apart if you have never met us. I am not very dirty today, but we don’t have the same schedule or the same priorities as retailers. We think that our new person might be able to bridge that gap. (Floyd, F Winery)

In this study, evidence supports that small family run wineries tend to lack the staff and time to focus on attending meetings with tourism industry organisations. As the above quote alludes to, additional staffing may help to ‘bridge the gap’ between wineries and tourism organisations. Other winery owners attributed the winery business lifecycle to their decision not to cultivate tourism industry memberships. In particular, newer entrants, felt that they may not have enough product or were not product ready to warrant developing tourism association memberships, as illustrated here:

I get invited to a lot of different meetings and dinner meetings with tourism associations and I honestly … it is so hard to pull it off to get to them. Down the road, I think I will. I don’t know, how to exactly explain it, the state that we are at with this business, there is a lot of internal stuff to sort out before I really go out and push it. If
you are going to create markets for yourself, you better damn well be ready to fill those markets. (Quincy, Q Winery)

These findings correspond with other studies that have found stages of development and business life stage may influence winery network development (Butler & Hansen 1991; Dodd & Beverland 2001; Schreiber 2004). Studies suggest that wineries develop and use networks at different stages of their lifecycle, and in particular wineries tend not to focus on network and relationship development in the earlier life cycle stages (Dodd & Beverland 2001) waiting until business start up details were complete before engaging in inter-organisational networks (Butler & Hansen 1991).

Several impediments to vertical integration are evident from this study, including lack of understanding by tourism, philosophical differences, infrastructure and winery lifecycle. These barriers appear to be distinct from impediments to horizontal integration discussed below.

9.6.3 Impediments to Horizontal Integration

Wine tourism literature has unearthed several impediments to inter-industry cooperation and integration (§2.3.2.3)(Hall et al. 1997; Beames 2003; Getz & Brown 2006b; Sparks & Malady 2006; Mitchell & Schreiber 2007). However, Mitchell (2004) argues true wine tourism development will see integration, not only vertically, but horizontally as well. Several themes emerged that point to impediments to horizontal integration, including the relevancy of information, lack of perceived benefit and organisational focus. Organisational focus impedes non-grape wineries from joining industry organisations and attending meetings and wineries from joining Okanagan based organisations. Related to the latter, findings supports that wineries find the organisational focus of the BCWI and the BCGGA to be Okanagan centred, with little significance to island wineries (§9.3.1).

Mandate restrictions of winery organisations are a further impediment to horizontal integration. The restricted membership of organisations impedes, for example, non-grape wineries from participating in wine industry organisation, as illustrated in this quote. “There are some other associations such as WIGA, but we don’t participate because we aren’t grape” (Penny, P Winery). However, as discussed in Chapter 6 (§6.2.1) the region supports a diversity of grape and fruit wineries, including meaderies, cideries, and this diversity is increasingly being recognised as a significant economic contributor (Korstrom 2006a). WIVA
does not restrict membership, and is open to all regional wineries, grape and non-grape.

However, as noted below, Quincy perceives that WIVA meetings she has attended have not necessarily encompassed the needs of non-grape wineries:

I went to some meetings initially but they were pretty concerned mostly about the wine institute, VQA stuff, that doesn't apply to us, there is no VQA for anything but grape wines. The industry is really focused on grape wine, all this institutionalised stuff is really focused on grape wine. The Wine Islands wineries probably have the most diverse varieties of wines of any wine district in North America, because we have meaderies, cideries, grape wine, fruit wine, in significant amounts.

(Quincy, Q Winery)

Building on this, the theme of relevancy emerged as pertinent to both grape and non-grape wineries. Some older entrant wineries perceived information exchanged through organisations may be no longer relevant, resulting in some wineries lapsing their memberships, as illustrated below:

I can start with WIGA, we were members since way back when, but we have not been actively involved with WIGA for a long time now, part of the problem was, we were finding that the problems they were really dealing with in WIGA, were the same problems we were dealing with 10 years ago. And, we haven't really noticed, there's been a change in the last couple of years, but we have not seen a lot of benefit from it in that perspective. I am being candid here. In terms of talking about what are the best grapes to grow, arguing about grapes and arguing about degree days. You know, we are little past that. To us it hasn't been as sophisticated in its discussions, technology, technical discussions.

(Larry, L Winery)

Other wineries lapsed memberships in wine organisations when the organisation focus was no longer relevant to them, as illustrated in this quote: "This year I decided not to be involved with WIVA, because they have changed their focus from general focus to marketing focus, and the marketing focus has no direct value to me" (Oliver, O Winery). While a few wineries did not renew memberships to WIVA, others questioned the benefit of membership with WIVA:

WIVA on the other hand, is strictly a marketing thing, and I don't find much use for them except for the Wine Island Brochure and the discounts that come with it for signing up for the different websites. The meetings are ineffective; there seems to be a lot of hot air at these meetings that I don't find much value in. They are not doing any talking about winemaking or improving wine making, it is strictly about marketing, and I have not seen any big advantage of coming to the meetings. (Carrie, C Winery)

Relevancy and perceived lack of benefit impede horizontal integration as wineries will lapse wine organisation memberships and not attend meetings. Nonetheless organisational memberships and attendance at meetings prompt relationship building and ultimately network
development (Hall 2004, 2005b). However, there is recognition that wineries are reluctant to join organisations and marketing alliances unless they perceive a benefit, as suggested by this WIVA member:

It is a tough audience; these are all small wineries and are not going to get involved in anything or spend money on anything unless they can see a direct benefit. As soon as they can see the brochure and website; they can see the benefit. Not all are members, but we are working on them... not all members are in the Wine Islands guide. But we are working on that.

(Walter, W Winery)

This has significant implications for organisational executive and network managers who must demonstrate to wineries the benefits of membership and participation, and challenges organisations to develop relevant, meaningful meetings to encourage participation.

Several barriers impede vertical and horizontal integration. Scarce resources of wineries, as well as proximity to and the politicised nature of organisations impede winery participation across all organisations. Several impediments unique to vertical integration were revealed including philosophical differences, lack of understanding by the tourism industry, winery infrastructure and lifecycle. These impediments differ from those found related to horizontal integration, including organisational focus, lack of perceived benefit and relevancy barriers. Indeed, winery organisations may not be meeting the needs of some of their members, both older and newer entrants, grape and non-grape, and those located in regions outside of the organisational focus. Further, several barriers impact winery attendance at industry organisation meetings, and ultimately membership renewal, impacting horizontal and vertical integration.

9.7 Summary

The focus of this chapter has been the examination of winery and institutional structure relationships. Specifically, the structural connectivity and qualitative nature of relationships between wineries and key wine, tourism and community organisations and amongst these organisations were explored through visual analysis of a series of network diagrams, augmented with the qualitative analysis of the nature of these relationships. The complexity of the network necessitated a layered approach to examine structural connectivity of wineries to the various organisations.
The Wine Islands region is characterised by a greater degree of horizontal integration within the wine industry than vertical integration with the tourism industry. Structural linkages between wineries and tourism industry organisations suggest that the majority of wineries have no linkages creating a loose knit, sparsely connected network. Despite this, of the eleven wineries that do have linkages, several have multiple ties with tourism industry linkages suggesting that these particular wineries are embedded within tourism organisations. The network is characterised by few overlapping memberships and no interlocks, with one winery holding a tourism committee position. This embedded winery (P Winery) is particularly important in facilitating the flow of tourism related information to the broader network, and holds a central position in the winery to winery network (§7.2.1.1).

Structural connectivity within the wine industry indicates that not all wineries are linked to all organisations. No membership links to BCWGC and few membership links to BCGGA and ABCW imply potentially restricted information flow concerning research and political contents. Limited overlapping memberships and few interlocks may play a critical role in information exchange between organisations. Analysis reveals one interlock between WIVA and WIGA, with an advisory link to BCWA which may play an important role in information transfer. However, there is little membership overlap and no interlocks with BCWGC, BCGGA and ABCW, suggesting a gap in the linkage to political contents and the limited flow of political information throughout the network. WIVA, and to a lesser degree WIGA, are centrally positioned within the network suggesting these organisations hold coordinating roles. Analysis of the transaction contents supports this finding as promotion and marketing and information and knowledge contents were most prevalently exchanged within the network.

Using intensity and durability to examine the nature of linkages, reveals that frequency of interaction varies according to organisational type, membership position and proximity. Wineries tend to interact more frequently with wine organisations than tourism organisations. For the most part winery relationships with wine organisations tend to be more durable, whereas winery relationships with tourism organisations tend to be more transient. However, those few wineries embedded within tourism organisations tended to have relationships that could be characterised as intense and reciprocal, providing the wineries with tourist referrals, promotion and market benefits. Other less embedded wineries tended to view relationships with community organisations and tourism associations as service relationships.
Despite the degree of integration with industry organisations, it is the activation of these ties that appears to be important. Analysis of the nature of the relationships reveals wineries may not attend regular meetings due to proximity related issues, politics and lack of perceived benefit. Further, some wineries have become disenchanted with organisations that they perceive no longer provide a benefit or relevant information often lapsing memberships. The challenge for organisations and network managers is to educate wineries on those benefits of network participation revealed in this study, to facilitate networking, information exchange and long term network development.
Chapter 10: Conclusion

10.1 Introduction

This study is the first in-depth examination of both the structure and interactional nature of wine and tourism network relationships to address the following problem statement and sub-questions:

1. What is the significance of networks and clusters in the development of wine tourism from the perspective of the winery?

   1.1 How are wineries and SMTEs linked?

   1.2 To what extent are wineries linked with other wineries?

   1.3 What prevents the development of linkages among wineries and between wineries and SMTEs?

   1.4 What are the benefits to wineries of networking with SMTEs in marketing wine?

While several studies have examined tourism and wine industry and inter-industry collaboration and networks (Jamal & Getz 1995; Telfer 2001b; Tinsley & Lynch 2001; Hall 2003b; Pavlovich 2003; Verbole 2003; Schreiber 2004; Dredge 2005; Hall 2005b; Saxena 2005; Mitchell & Schreiber 2007; Wang & Fesenmaier 2007), no study has applied network analysis to examine wine and tourism industry relationships. Adopting a blended approach to network analysis and embedding network maps within a qualitative understanding of the interactional dimensions allowed for the simultaneous examination of the structural ties and interactional nature and transactional content of wine and tourism network relationships. Analysis of these relationships was approached from the perspective of the winery given that wine is the defining feature that binds the case study region. Such an approach allowed for a more complete understanding, from the wineries' perspective, of the complexity of wine and tourism networks to achieve this study's overall aim to explore the relationships between the wine and tourism industries within the emerging Wine Islands wine region located in the Vancouver Island and Gulf Islands viticulture areas of BC. Further, this approach was particularly suited to meet this study's objectives:
Objective 1: To gain an understanding of existing formal or informal networks between the wine and tourism industries.

Objective 2: To explore the structure of wine and tourism network relationships.

Objective 3: To explore the interactional nature and transactional content of wine and tourism network relationships.

Objective 4: To identify barriers preventing wine and tourism network development.

Objective 5: To explore the benefits of network development for the focal firms, i.e. the wineries.

Chapter 10 first summarises and discusses the relevant findings for each of the network layers: winery to winery (§10.2); winery to SMTEs (§10.3); and winery to industry organisations (§10.4). Section 10.5 integrates these findings to provide a holistic understanding of the complexity of the case study's wine and tourism networks (§10.5). The implication and significance of these findings is demonstrated through the use of an example winery in Section 10.6. A discussion of this study's limitations and delimitations (§10.7), future research (§10.8) and contributions (§10.9) concludes this chapter.

10.2 Winery to Winery Relationships Summary and Discussion

Networks and clusters may be identified as being integrated horizontally, vertically or diagonally (§2.3.1) (Poon 1994; Michael 2003, 2007b). Several authors argue that true wine tourism network development will see integration both horizontally and vertically (Telfer 2001b; Mitchell 2004; Sparks & Malady 2006; Hall & Mitchell 2008). This section summarises the findings of Chapter 7, which examined the horizontal, winery to winery, relationships.

At the time of this study, all Wine Islands wineries were connected to at least one other winery (Objective 1 and 2). Density measures suggest that approximately one-third of the total potential number of relationships had been developed resulting in a moderately low density for this winery to winery network (§7.2.1.2). Connections among the wineries vary in terms of the number of links to one another and the reciprocal nature of the relationships. Three wineries (O, P and N wineries) are more densely linked and central to the network (§7.2.1.3), implying a coordinating role within the network, and quicker information flows and greater access to resources than those wineries located peripherally within the network.
(Brass & Burkhardt 1993; Rowley 1997). Further, this network is characterised by a cluster of primarily older entrant wineries and two much smaller, peripheral clusters of primarily newer entrant wineries (§7.2.1.4), with the remaining wineries, consisting of both old and new entrants, comprising the outer boundary of the network. These findings are suggestive of three potential influences that may hinder or prompt network relationships: winery life stage, proximity and geographic features such as outer island locations (Objective 4).

Perceptions of cooperation may be influenced by the business life stage of the winery, that is, whether the winery is an older or newer entrant. From Carrie’s (C Winery) experience (a newer entrant), the region is perceived as open in information exchange. Evidence from Bob (B Winery) (another new entrant), suggests it is behaviours such as his that are contributing to the opening up of information exchange between the wineries, as open exchange has not always occurred between the region’s wineries (§7.3.1.1). This historically closed exchange of information is echoed by Albert (an older entrant), who perceives regional wineries typically do not share, but are fractured rather than cohesive in their approach to cooperation (§7.3.1.1).

The findings of collaboration between otherwise competing firms is consistent with the findings of Shaw (2006) who found that competitive creative firms did engage in networks for the purposes of acquiring information and advice. As Shaw (2006) indicates, this may not be consistent with findings of a reluctance to collaborate and share information with competitors in other studies. Indeed, in the wine industry, the level of collaboration may be related to the maturity of the wineries and the region. For example, Brown and Butler’s (1995) survey of United States wineries (which averaged twelve years in business) found that wineries accessed horizontal networks, or what they called “competitor networks” to source industry-specific viticulture and oenology information. Jordan et al. (2007) also found variation in levels and purposes of collaboration between New World and Old World wineries, with a greater level of collaboration among New World (Australian) wineries, cooperating primarily for purposes of promotion and information exchange, while Old World (French) wineries collaborated for purposes of logistics support and promotion. However, as suggested by the findings in this study, perceptions of the levels of cooperation vary between wineries, and may be influenced by business life stage (i.e. time in operation).

Cooperation spanned formal and informal levels of formality and incorporated Szarka’s (1990) communicative, social and exchange dimensions (Objective 1 and 3). Dyadic, winery
to winery relationships are dominated by informal communication dimensions and to a lesser extent formal exchange dimensions. Several contents were found across the network: information and advice, technology and equipment, promotion and marketing, economic transactions, normative expressions and tourist referrals (§7.3.1). Information and advice was found to be the dominant content exchanged between the wineries. A broad range of information topics were found to be exchanged individually, however problem solving, in particular, was not engaged in a cohesive or formal manner with some wineries forming, small informal *ad hoc* groups to discuss primarily political and governance issues. These structural linkages may be influenced by geographic proximity, as this study found geographically co-located wineries A, B, D, M and Z wineries are structurally linked through strong, reciprocal relationships (see Figure 7.1).

Relationships were found to be multiplex consisting of normative expressions of friendship that were intertwined with information and advice, technology and equipment contents. These multiplex relationships signified the presence of strong relationships between some of the wineries. Multiplex ties are considered an indicator of tie strength, such that if one link dissolves the tie is still sustained (Provan *et al.* 2007). The presence of multiplex, strong relationships suggests that wineries may have access to a greater amount and variety of resources through strong ties rather than weak ties and this supports Shaw (1996) who found that strong ties were important for small creative firms in accessing a wide range of resources. However, this does not refute Granovetter’s (1973) concept of the strength of weak ties in providing access to resources that would otherwise not be available through an actor’s strong ties. Rather, this study suggests that wineries have strong and weak ties, and that they may be used for different purposes. Wineries tended to access different ties according to content: early start up advice, purely one-off economic transactions and supplier relationships may be accessed through weak ties; while equipment sharing, tourist referrals and promotional and marketing contents are accessed through stronger ties. Proximity influences content exchange, particularly tourist referrals and equipment sharing, supporting Granovetter’s (1983, p.209) notion that, while weak ties provide information beyond one’s own social circle, “strong ties may have greater motivation to be of assistance and are typically more easily available”.

Cooperative exchange may be proximity motivated, so that those in close geographic proximity may develop stronger ties, with multiplex contents. Proximity may not be an important factor in purely economic relationships, but has been established as an important
factor in the exchange of several contents, including equipment sharing, supporting the reciprocal relationship patterns and geographic concentrations among wineries, (e.g. E, Q, and O Wineries and BB, W and V Wineries in Figure 7.1). Proximity plays an important role in promotion and marketing and tourist referral contents, with evidence suggesting co-located wineries actively develop sub-regional wine routes and refer tourists within these. Not only does geographic proximity influence interactions, but perceptions of similar service standards and product quality focus influences collective marketing and promotion and referral activity (Objective 4). As Gossling (2004) argues, proximity has spatial and non-spatial dimensions, and drawing on the work of Vetlesen (1993) suggests that non-spatial proximity may be rooted in perceptions of similarity and knowledge, which may influence interaction. Knowledge of, and trust in other wineries’ product quality and the delivery of similar service standards was found to have an influence on referral and marketing contents. Trust reduces perceived risk (Mitchell 1999) and, as found in this study, trust in another winery’s product or services, plays a vital role in the willingness of network actors to interact (Inkpen & Tsang 2005) as suggested in other studies (Buoncore & Metallo 2005; Koniordos 2005a). Further, trust assists relationship building not only between the wineries but between the consumer and the referring winery as noted by others (Hall & Mitchell 2008).

These findings support the role of trust in prompting cooperative interaction (Fukuyama 1995; Putnam 1995) and development of embedded network relations (Granovetter 1983). If trust is seen as “both an antecedent to and a result of successful collective action” (Leana & Van Buren 1999, p. 542), the presence of strong, multiplex relationships may be indicative of the presence of trust that supports inter firm cooperation (Buoncore & Metallo 2005) within this network. Geographic and philosophical proximity appear to influence trust building in this study, and support Gossling’s (2004) argument that proximity increases trust. Further, these findings align with those of Provan and Sebastian (1998) who argue that strong, multiplex, reciprocal ties among small network subgroups may be particularly effective at minimising their transaction costs and establishing working relationships built on norms of cooperation and trust. While regional wineries are, on the surface, open to information exchange, not all wineries share all information with others. There may be an understanding that sharing oenology and viticulture information may lead to improvement in quality, potentially improving the reputation of the region and benefiting all wineries (Objective 5). However, wineries may restrict sharing marketing intelligence perceived as critical to maintaining an individual competitive advantage.
10.3 Winery to SMTE Relationships Summary and Discussion

Examination of vertical linkages reveals that all but five Wine Islands wineries have dyadic linkages with SMTEs within all tourism sectors, but predominately with accommodation, food and beverage and tour operator businesses (§8.2) (Objective 1 and 2). A distinct concentration of SMTEs and co-located wineries with shared linkages is apparent (Figure 8.2), with several wineries bridged by individual tour operators (i.e. TO-1, TO-2, TO-3, TO-4, TO-6, TO-9 and TO-10).

Wineries situated on the periphery of the network have established relationships with SMTEs other than tour operators (Figure 8.3). With the exception of one winery, all of these structurally peripheral wineries are located more remotely and isolated from the core concentration of wineries referred to above, suggesting proximity and geographic co-location may play an important role in SMTE linkages with wineries. The absence of linkages with tour operators, specifically, in these isolated groupings suggests that tourism operators do not operate within these isolated regions and potentially inhibiting the movement of tourists. Peripheral groupings not only appear to be geographically isolated, but may not benefit in the same way from relationships with tour operators as more connected wineries might (Objective 4). Tour operators are involved with the movement of tourists, suggesting that these structural linkages may not only represent a flow of information (Pavlovich 2008; Scott et al. 2008b) but the flow of tourists as well (Hall 2005c). It is these structural linkages among co-located complementary providers that potentially adds value to the tourism experience (Michael 2007a), delivering potential benefits to both tourism and winery firms (Objective 5).

Primarily informal, one way relationships characterise the integration between the two industries with only eight individual wineries engaged in more formal and reciprocal relationships with SMTEs. Informal relationships encompass tourist referrals, promotion and marketing, information and knowledge, and normative expressions while more formal relationships consist of economic transactions and joint promotional activities (§8.3) (Objective 1 and 3). The presence of primarily informal relationships may be reflective of a lack of a “collaborative dynamic”, or the organisation’s reservations towards creating more formal or intense relationships (Pavlovich 2008, p.92). Those wineries that have developed strong formal relationships with SMTEs recognise the benefits of such linkages. However, several wineries noted that SMTEs use wineries to add value to their tourism product and that benefits arising out of such relationships may be asymmetrical, with the SMTE ultimately
benefiting more than the winery (Objective 5). While some wineries recognised that integration of complementary businesses potentially enhances the local market’s size and benefits the region and its members (Objective 5), the majority of wineries have not developed more formalised vertical relationships with SMTEs. Further, there is no evidence to support that wineries are actively developing diagonal relationships with SMTEs (i.e. bundling of complementary products for consumption as one product) (§2.3.1).

These findings can be discussed in relation to Hall et al.’s (200b) stages of wine tourism network development (§2.2.3). While the existence of a co-marketing alliance (the Wine Islands Project) may act as a coordinating force for the region (§9.3.4), there does not exist those highly cooperative, vertical relationships characteristic of a more highly developed network. Indeed, asymmetrical benefits were evident as a barrier in the development of vertical and diagonal relationships with SMTEs, and tour operators specifically. This is not unique to networks as noted by Hall et al. (2007) the distribution of benefits will be uneven. However, it is the role of formal networks to encourage interaction, build social relationships and communicate the benefits of such interaction. This study found the presence of two formal vertical actions sets (§10.5), but the absence of a formal wine tourism network. A lack of formal network structures and the mechanisms to promote and encourage vertical networking appears to have a profound impact on the development of more formal vertical linkages between the wineries and SMTEs. Several other barriers impeded winery to SMTE cooperation, including: lack of infrastructure, product limitations, resource scarcity, marketing fit, and attitude towards tourism (Objective 4).

Although the majority of wineries held favourable attitudes towards tourism, a range of attitudes towards tourism exist within this group of wineries, from no desire for tourism to fully supportive attitudes entrenched in business strategies and philosophies (Objective 4 and 5). A small number of wineries did not want to cooperate with SMTEs and these wineries were differentiated from those that did not need to cooperate due to lack of product or already established distribution channels and markets. Several wineries emphasised the need for a tourism fit where, for example, the product and tourist match was important or the business goals of the SMTE fit the business goals of the winery, driving wineries to cultivate relationships with carefully selected SMTEs. Finally, some wineries demonstrated cooperative attitudes that fully embrace tourism by embedding cooperative philosophies and wine tourism goals into business plans. This range of attitudes appears to correspond with the individual
levels of SMTE structural relationship patterns disclosed in the network maps (§8.2). Wineries holding negative attitudes towards SMTE cooperation were either isolates or had few informal relationships, whereas wineries that fully embraced tourism tended to have more, formalised linkages with SMTEs.

10.4 Winery to Organisational Relationships Summary and Discussion
Examination of wine and tourism industry organisation ties revealed a sparsely integrated network of intra and inter-industry organisation linkages (Objective 2). Within the wine industry specifically, all wine industry organisations were formally or informally connected with the exception of WIVA (Objective 2). For the most part, the Okanagan based industry organisations appeared to have developed formal linkages, with WIGA and WIVA peripheral to these wine industry linkages. Indeed, WIVA and WIGA are not linked, with WIVA linking to several tourism organisations to meet organisational aims and mandates. Structurally, several weaknesses and information gaps are apparent, with the Wine Islands organisations not linked to organisations with political or research mandates (Objective 2). Several barriers were found to impede intra-and inter-industry cooperation, including lack of champion, administrative and spatial separation, organisational barriers, history of fragmentation and turf wars, leading to a sparsely integrated network within and between the wine and tourism industries in the case study area (Objective 4).

These organisational gaps were not entirely closed by individual winery membership in winery and tourism organisations. Greater horizontal integration was evident with all but two wineries members of a wine industry organisation (§9.3.2). The majority of wineries have wine organisation linkages at the local level rather than the provincial or national level (Objective 1 and 2), echoing the findings of Johnson (1998). Indeed, 72% of wineries only hold one or two memberships in wine organisations (Figure 9.3), suggesting that while some overlap exists (i.e. twelve wineries hold membership in both WIGA and WIVA), sharing of organisational resources and information may be restricted, particularly for those organisations that have no or few ties such as CVA, BCWGC, BCGCA and BCWI. Director interlocks, which may provide a link between organisations and allow for resource and information sharing (Wasserman & Faust 1994), were few in the Wine Islands region as only one winery, B Winery, is a director of both WIGA and WIVA. Vertical integration with the tourism industry however was even less dense, with the majority of wineries having no membership with tourism organisations (Figure 9.4). Linkages with tourism organisations,
however are not necessarily indicative of active network involvement, as several wineries perceive the relationship with tourism organisations and chambers of commerce as a service relationship to access benefits such as card racking. Nonetheless, those wineries linked to tourism organisations perceived benefits in addition to those service benefits, such as referrals, media, promotion and marketing (Objective 5). Of those wineries that have embedded relationships with tourism organisations, P Winery may be in an influential position to facilitate information flow, or coordinate group action due to several tourism linkages and a central position in the winery to winery network.

Wineries interacted more frequently with wine industry organisations than tourism or community organisations to access networking opportunities, information and knowledge and promotion and marketing contents. Heightened intensity and greater horizontal integration places WIVA and, to a lesser degree, WIGA centrally within the network structure (Figure 9.5), implying an influential and potential coordination role for these organisations (Objective 3). Indeed, a perceived benefit of WIVA membership was the removal of barriers and assistance to wineries to connect with tourism organisations (Objective 5).

Peripheral to the network structure lie several heterogeneous linkages to diverse community organisations such as chambers of commerce and business associations (Figure 9.6) (Objective 1 and 2). While these structural linkages are viewed as important to span otherwise unconnected actors to provide new and diverse information into the network (Granovetter 1973; Burt 1992), it is the activation of these ties that may provide access to the information (Jack 2005). However, several barriers were found to impede winery attendance at meetings and access to organisational information, including: scarce resources, proximity, politics, winery attitude, relevancy, fit, and organisational focus. Some wineries who perceived meetings and organisations were no longer relevant did not attend organisational meetings, and consequently lapsed their membership. Such action further impedes horizontal and vertical integration (Objective 4). This has significant implications for organisational executive and network managers who must demonstrate to wineries the benefits of membership and participation, and challenges organisations to develop relevant, meaningful agendas to encourage participation.
10.5 Wine Islands Network Development

While the contributions of wine tourism activity to national and regional economies have been documented (§2.2.2), the potential of wine tourism often remains unrealised as a result of several barriers that impede inter-industry integration (§2.3.2.2). As noted by Hall et al. (1997), to capitalise on the potential contributions of wine tourism network development to regional economies, relationships must move from dyadic linkages and organisation sets to action sets and formal networks. The inter-organisational linkages found in the Wine Islands region are summarised in Table 10.1 (Objective 1 and 2). All forms of network categorisations were present in the case study region, with the exception of a formal organisational network. This study found predominantly informal dyadic relationships between wineries and between wineries and SMTEs, with few formal dyadic relationships. The region supports formalised vertical organisation sets, however, these may be tourism driven rather than winery driven. WIVA and WIGA constitute the region’s horizontal action sets, with WIVA having a central, coordinating role in the network structure. In support of this structural finding, WIVA was critical in the implementation of the Wine Islands Project (WIP), a vertical action set. This, together with the Cowichan Wine and Culinary Festival, constitute the two action sets for the region.
<table>
<thead>
<tr>
<th>Inter-organisational relationships</th>
<th>Relationships in Wine Islands Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informal Horizontal Dyadic Linkages</td>
<td>Winery to winery cooperation, referrals, equipment borrowing, information and advice, friendship</td>
</tr>
<tr>
<td>Vertical Dyadic Linkages</td>
<td>Winery and SMTE referrals, information and advice, friendship, promotion and marketing</td>
</tr>
<tr>
<td></td>
<td>Winery provides fam trips to chamber of commerce</td>
</tr>
<tr>
<td>Formal Horizontal Dyadic Linkages</td>
<td>Winery to winery cooperation, joint purchase equipment, shared ordering, joint promotional activities</td>
</tr>
<tr>
<td>Action Sets</td>
<td>WIVA</td>
</tr>
<tr>
<td></td>
<td>WIGA</td>
</tr>
<tr>
<td>Vertical Dyadic Linkages</td>
<td>Winery to winery supplier relationship</td>
</tr>
<tr>
<td></td>
<td>Winery to restaurants to promote and sell product</td>
</tr>
<tr>
<td></td>
<td>Winery to SMTE cooperation, supplier relationship, joint promotional activities, charge for tours; develop customised winery tours</td>
</tr>
<tr>
<td>Organisation sets</td>
<td>Chambers of commerce rack individual winery cards</td>
</tr>
<tr>
<td></td>
<td>Tourism organisation sends media to individual wineries</td>
</tr>
<tr>
<td></td>
<td>Tourism organisations and community groups referrals to wineries</td>
</tr>
<tr>
<td></td>
<td>Wineries participate in tourism association marketing programs</td>
</tr>
<tr>
<td>Action sets</td>
<td>Wine Islands Project</td>
</tr>
<tr>
<td></td>
<td>Cowichan Wine and Culinary Festival</td>
</tr>
</tbody>
</table>

There is an absence of a wine tourism strategy and a formal, umbrella organisational network, unlike institutional arrangements in more developed wine regions such as those in Australia (Marsh & Shaw 2000). Organisational interests appear to be largely fragmented among the several associations representing the wine industry, with the Wine Islands region organisations in particular not well connected to the broader wine industry. This fragmented
nature is compounded by the lack of overlapping winery membership, creating information gaps in the Wine Islands network (§9.3.2).

However, it is not the mere presence of a formal organisational network structure that prompts vertical and diagonal linkages, but the social relationships embedded within these institutional arrangements. Hall’s (2003) model (§3.5.3) highlights several factors influential in network density that must be understood in order to enhance linkages and remove information gaps. Findings in this study revealed several impediments to inter and intra-industry relationship development that hinder the building of dense networks, including: lack of proximity both spatial and non spatial; perceptions of asymmetrical benefits; resource scarcity; product quantity and quality; lack of infrastructure; relevancy; goal congruency; the lack of a champion; lack of trust; and the stability of the region’s actors (Objective 4). Given the winery centric nature of this study, the implications of network development and the significance of these findings are discussed using an example winery.

10.6 Implications and Significance of Network Development for Wineries
Using an example winery, this section will demonstrate the significance and implications of winery to winery, winery to SMTE and winery to organisation relationships. J Winery is a typical winery in the case study area, and a newer entrant winery that produces approximately 1000 cases per year. J Winery distributes 50% of its product through cellar door sales and does not charge a tasting fee. As illustrated in Table 10.2, J Winery has eight indegree relationships and seven outdegree relationships (§7.2.1.1), and is located within the core cluster of wineries within the network structure and geographically (§7.2.1.3). J Winery has three reciprocated relationships and self-identified AA and N winery as strong relationships. These relationships were significant to J Winery as they represented wineries, in geographic proximity, that engaged in equipment exchange, information and advice, marketing cross promotion, and friendship (§7.3.1). Other relationships were viewed as purely economic and/or advisory providing information and advice on a much more casual basis.
### Table 10.2 Relationship Structure and Significance for J Winery

<table>
<thead>
<tr>
<th>Relationship Layer</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>J Winery to Winery Relationships</strong></td>
<td></td>
</tr>
<tr>
<td><strong>OutDegree (n=7)</strong></td>
<td></td>
</tr>
<tr>
<td>B Winery</td>
<td>AA and N Wineries strong linkages</td>
</tr>
<tr>
<td>D Winery</td>
<td>Geographic proximity prompts</td>
</tr>
<tr>
<td>G Winery</td>
<td>working together physically, joint</td>
</tr>
<tr>
<td>N Winery *</td>
<td>problem solving, cross promotion,</td>
</tr>
<tr>
<td>S Winery</td>
<td>equipment borrowing and sharing</td>
</tr>
<tr>
<td>Z Winery</td>
<td>with AA, N and S Wineries.</td>
</tr>
<tr>
<td>AA Winery *</td>
<td>Friendship transaction content with</td>
</tr>
<tr>
<td><strong>Indegree (n=8)</strong></td>
<td></td>
</tr>
<tr>
<td>N Winery *</td>
<td>AA Winery. Transaction content of</td>
</tr>
<tr>
<td>O Winery</td>
<td>remaining wineries include advice</td>
</tr>
<tr>
<td>P Winery</td>
<td>and information and/or economic</td>
</tr>
<tr>
<td>R Winery</td>
<td>exchange</td>
</tr>
<tr>
<td>S Winery</td>
<td></td>
</tr>
<tr>
<td>X Winery</td>
<td></td>
</tr>
<tr>
<td>AA Winery *</td>
<td></td>
</tr>
</tbody>
</table>

| **J Winery to SMTEs** | |
| Tour Operator – 6 | Informal linkages with tour |
| Tour Operator - 12 | operators and accommodation |
| Accommodation – 7 | providers. Perceives little benefit |
| Accommodation - 8 | financial or otherwise. |

| **J Winery to Wine Industry Organisations** | |
| WIVA | Mechanism to interact. |

| **J Winery and Community Organisations** | |
| CWCF | Financially beneficial. Opportunity |
| WIP | to present wine region to the world. |

* Identified as a strong relationship
Bolded wineries indicate reciprocal relationships

Formal vertical, dyadic linkages, i.e. linkages with SMTEs were non existent; rather J Winery had four informal linkages with tour operators and accommodation providers (§8.2). These linkages comprise a concentration of wineries with shared SMTE linkages bridged by tour operators (refer to Figure 8.2). While these linkages may support flow of information (Pavlovich 2008) and tourists (Hall 2005b), for J Winery these linkages were of no significant benefit. J Winery indicated that these groups “drank wine, but rarely purchased wine” which practice has caused J Winery to reconsider its no tasting fee policy to recoup its losses.

Regarding industry organisation relationships, J Winery is a member of WIVA only (§9.3.2),
and currently has no tourism organisation memberships (§9.3.3). WIVA provides a mechanism for J Winery to associate and interact with other wineries. Further, John of J Winery views WIVA as the driving, central force to develop the region’s wine tourism potential. However, interaction through WIVA is limited due to the organisation’s reduced meeting schedule. Linkages with CWCF and WIP (§9.3.5) are important to J Winery. The WIP puts J Winery on the local wine route map and the CWCF weekend is the busiest weekend of the year with the highest sales creating a significant financial benefit for J Winery.

J Winery supports a positive attitude towards tourism, and expressed his understanding of co-opetition (§2.3.1) by stating:

You are not really in competition with anyone, everyone makes their own style of wine – so you are not really competing. It’s not like two gas stations that compete with the same product – they have the same gasoline. With wine, because everyone makes such different wine in their own style, you are not really in competition with each other. You can tell the tourists to go to all the other wineries, and everybody benefits in the end.

(John, J Winery)

However, despite a supportive attitude towards tourism and an understanding of co-opetition, J Winery faces several obstacles that impede its ability to interact and develop relationships, most notably resource scarcity (§8.8).

This example has illustrated several implications of network development for wineries. Co-location, in this case study, plays a significant role in horizontal, dyadic relationship development. However, authors have suggested that it is more than simply co-location that stimulates interaction, but rather networks that house social interaction and inter-firm relational dynamics (Hall et al. 2007). These findings suggest that while, for example WIVA does stimulate horizontal interaction and is a critical force in the development of the WIP, the vertically integrated action set, it may not be functioning optimally to foster social interaction and stimulate cluster synergies. Further, while J Winery may be in a position to benefit from SMTE linkages, he does not due primarily to internal tasting fee policies and a lack of impetus to interact with SMTEs. Participation in vertically integrated actions sets WIP and CWCF are viewed as critically important to J Winery, both financially and from a regional development perspective.
10.7 Limitations and Delimitations

Network analysis has been criticised as static and presenting a snap shot of a network at one point in time (Coviello 2005; Dredge 2005), while networks are fluid and dynamic (Pavlovich 2008). This limitation is recognised but mitigated by balancing the structural network analysis with qualitative understanding of the processes and interactional nature of wine and tourism networks.

Further, the network approach compels the establishing of a network boundary and applying criteria in selecting the units to be analysed. This study adopts an approach to network boundary setting where the focus is on actors within a geographically defined area (Laumann et al. 1978), and overlaps with the study of destinations (Scott et al. 2008a). Limitations with this approach include the establishing of boundaries that result in relatively small scale settings and the potential to exclude influential networks outside of the boundary in the analysis (Knoke & Kuklinski 1982). Nonetheless, qualitative network studies are typically characterised by a priori definition of groups and structures (Scott et al. 2008a) based on the aims of the study. In this study, the network boundary is delimited by the geographic boundaries of the Wine Islands region to address the aims and objectives of this study to understand wine tourism networks in an emerging wine producing region, and therefore places the focus on those actors within this geographic area (Laumann et al. 1978; Scott et al. 2008a).

A third limitation with this study is that the examination of linkages of all wineries, SMTEs and industry organisations within the case study area requires substantial time and financial resources (Knoke & Yang 2008; Scott et al. 2008a). It is not feasible given the resource and capacity constraints of the researcher to understand wine tourism networks from all the different perspectives. Given these constraints, selection of a perspective is necessary and a limitation within the network approach (Tinsley & Lynch 2008). In this regard, a winery centric study of the wine tourism network in the case study region is reasonable given that wine is the defining feature that binds the case study region and winery perceptions were deemed critical to understanding wine tourism linkages with SMTEs. Further, a complete regional winery population listing was available. Consequently, wineries were selected for interviews in this study. Those SMTEs identified as having linkages to the wineries were not interviewed. While this may be perceived as a limitation, the selection of one perspective over another is an approach adopted in other studies (Tinsley & Lynch 2001, 2008). Further, this
approach allowed the researcher to select cases rich in information (Shaw 1999) and that address the study objectives (Saunders et al. 2003).

Finally, the single case study approach is considered appropriate to examine networks, generating insight into social dynamics of firm relationships (Borch & Arthur 1995; Shaw 1999; Coviello 2005), and is suited to understanding wine tourism development (Carlsen & Charters 2006). However, the lack of generalisability of a single case study may be seen as a limitation with this study (Eisenhardt 1989). Nonetheless, the aim of case study research is argued to be analytic rather than statistical generalisation to broader populations (Yin 2003; Decrop 2004). Decrop (2004, p.159) argues that more appropriate than generalisability is the transferability of findings to other settings and this is made possible with a description of the study context, and the integration of existing literature with study findings. Further, adopting a qualitative case study contributes to the understanding of network development outweighing its limitations (Hoang & Antoncic 2003).

10.8 Future Research
An understanding of the limitations of this study highlights opportunities for future research. As noted in section 10.7, this is a winery centric study that did not interview those SMTE linkages identified by the wineries. Future research could examine the wine tourism linkages and benefits arising from these linkages as well as constraints to relationship development from a SMTE perspective. These findings could be compared and contrasted to the findings arising from this winery centric study.

Findings revealed the existence of tourist referral content exchanged between wineries and SMTEs (§7.3.1.4) and that tour operators operate among and link several wineries (§8.2; §8.3.3). These findings are suggestive of the movement of tourists within the wine region destination and potentially within this linked group of wineries. However, this study did not examine the movement of tourists across the region as a function of these tourist referrals and tour operator linkages. Future research could examine tourist movement and consumption in a wine region destination over time to determine the flow of tourists and role of tourist referrals and tour operators in this flow and movement of tourists.

Finally, this study examined network development within an emerging wine tourism region with evidence supporting the influence of not only business life stage, but destination life
stage in network development. Future research could examine more mature New World and Old World wine regions to compare and contrast the network structure and the transactional content and qualitative characteristics. Such a study would provide further insights into the influence of life stage in network development, as well as barriers and constraints to network development in more mature wine destinations.

10.9 Contributions
This study makes several contributions to the tourism and wine tourism literature. First, this study makes a methodological contribution. A blended approach and, in particular, the use of qualitative methods supports several authors' arguments (Shaw & Conway 2000; O'Donnell 2004; Lynch & Morrison 2007) that an adequate assessment of the interactional nature of networks (Rosenfeld 1997) demands an in-depth approach. Application of a blended approach incorporates qualitative analysis to understand the interactional nature and transactional content of the relationships and supplements the structural mapping of wine tourism networks. This approach supports a simultaneous examination of network structure and interactional nature providing an in-depth understanding of the complexity of networks (Coviello 2005).

The few studies in tourism that have adopted a network approach have typically explored either the structural linkages (Pforr 2002; Blumberg 2004; Scott & Cooper 2007; Timur & Getz 2008) or the qualitative nature of the linkages (Dredge 2006b; Tinsley & Lynch 2007), and not both. Those that have embedded network mapping and concepts such as centrality and density in a qualitative understanding of destination linkages (Pavlovich 2003; Bhat & Milne 2008) have done so without the aid of software generated mapping. This study makes a significant methodological contribution to the tourism and wine tourism literature by applying a blended approach to network analysis to gain a holistic, in-depth understanding of the structure and qualitative nature of wine and tourism industry networks. Such an approach allowed for the simultaneous examination of structural linkages among wineries, SMTEs and industry organisations with the transactional content and qualitative characteristics of the relationships such as intensity and durability. These findings provide a comprehensive picture of the interactions and complexity within this wine tourism network and addresses the limitations inherent in adopting a single approach to the study of tourism networks.

Secondly, this study makes a significant academic contribution to the wine tourism literature. Wine tourism networks have been criticised as under researched (Mitchell & Hall 2006) and lacking in theoretical underpinning (Carlsen 2004). Up until this study, a gap existed in our
understanding of how wine and tourism industries converge and interact (Carlsen 2004; Mitchell & Hall, 2006), particularly in emerging wine regions (Sparks & Malady 2006). This study contributes to a greater understanding of the structure and qualitative characteristics of wine tourism networks within the Wine Islands region, a wine region in the early stages of wine tourism network development.

Thirdly, this study makes a practical contribution. As noted by Scott and Cooper (2007) the network approach identifies areas of structural weakness and information gaps. Likewise, identification of areas of centrality and cluster development in the network structure provides an understanding of the role of key actors and organisations, such as WIVA and WIGA in this study, that may facilitate access to resources and information flows. Further, this study’s approach builds an understanding of the benefits, but also the barriers to developing wine tourism networks within the various relationship layers. These areas of structural weaknesses and centrality in the network, in addition to exposing barriers to network development may be addressed by policy and management responses.

Finally, this study, as one of the first comprehensive studies of wine tourism networks and their characteristics, allows for benchmarking and comparison across other wine tourism destination networks. This knowledge provides the basis for the development of best practices in wine region network development.


Carlsen, J. (2002). Regional wine festival and event research: The case of the Margaret River Wine Region. *Ten Years of Tourism Research CAUTHE conference proceedings 1993 to 2002*, Gold Coast: Co-operative Research Centre for Sustainable Tourism


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promotional effects of a wine festival. *Global Wine Tourism: Research, Management 
and Marketing.* Carlsen, J. & Charters, S. (eds). Wallingford, CAB International: 196-
208.

destinations in need of assistance into contact with good practice." Tourism 

love?" *Journal of Wine Research* 18(2): 121 - 123.
Appendix A: Key Organisation Semi-Structure Interview Schedule

Key Wine and Tourism Industry Organization
Semi Structured Interview Schedule

What formal and informal relationships currently exist?

➢ Could you describe what your organization and its role? How long have you been involved in the wine industry?
➢ Who is your membership?
➢ Does your organisation encompass wine tourism within its overall purpose or mission?
➢ Does your organisation play a role in regional tourism or wine/tourism development?
➢ Could you identify relationships (both formal and informal) you have with other organizations in the wine and tourism industry? Other industries? Are these formalised relationships or informal?
➢ What is the purpose of these relationships?

Are these relationships cooperative in nature? Are there any barriers hindering development?

➢ How would you describe the relationships between the wine organization and tourism organization? Do they cooperate? If yes, how do they cooperate?
➢ If there is no cooperation, why do they not cooperate?
➢ What are the obstacles to better cooperation?

Is there potential to develop wine tourism in the future?

➢ Do you see potential to develop stronger ties between the wine and tourism industries? If yes, how might this occur?
➢ Who should take the lead and drive cooperative activities?
➢ Should these initiatives be arranged from a national or regional/local level?

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Appendix B: Winery Semi-Structure Interview Schedule

Winery Interview Schedule

1. Winery Characteristics:
   - How long in business
   - How many cases per year do you produce
   - How many acres? Under vine? Plans for expansion?
   - Do you produce estate grown wines
   - How many employees?
   - Do you have cellar door sales? What is % of cellar door sales?
   - Do you charge for tastings?
   - Do you track your customers?
   - # of visitors

2. Winery Cooperation:
   - Please indicate which wineries you have a relationship with on the attached sheet (roster)
   - How do you cooperate with these wineries?
   - How often and to what degree?
   - Do you share information resources?
   - Do they participate in joint production, marketing or problem solving? How often and to what degree?
   - How would you describe these relationships?
   - What mechanisms are in place for you to associate with other wineries
   - What are the obstacles to improved cooperation – winery to winery?

3. Winery Cooperation with Other Businesses
   - Do wineries within the Wine Islands cooperate with businesses other than wineries? Why or why not.
   - Are your primary suppliers located nearby
   - To what degree do you do business with local suppliers
   - Do you share supplies with other wineries?

4. Wine industry memberships:
   - Which wine industry organizations are you a member of:
     - Organization | No | Yes | From when to when
     - Wine Islands Vintners Association
     - Association of BC Winegrowers
     - Wine Islands Growers Association
     - BC Grapegrowers Association
     - BC Wine Institute
     - Others?
   - How would you describe these relationships?
   - Do these organizations help to connect the wine and tourism industry? How?
   - How often do you meet and interact?

5. Tourism Industry memberships:
   - Which tourism industry organizations are you a member or belong to?
     - Organization | No | Yes | From when to when
     - Tourism BC – programs
     - Tourism Vancouver Island
     - Tourism Victoria
     - Others
Business Associations?
Chambers of Commerce
Other associations?

How would you describe these relationships?
How often do you meet or interact with others in these organizations?

6. Tourism Businesses relationships/cooperation:

- Do you have any formal relationships with tourism providers - such as packages?
- Do you have any less formal relationships or cooperation with tourism operators?
- How would you describe these relationships?
- How did these relationships form?
- What mechanisms are in place for you to associate with other tourism businesses?
- Have these relationships benefited your firm? How?
- What are the obstacles to improved cooperation -between wineries and tourism?
- Do you want wine tourism

7. Leadership:

- Do Wine Islands wineries think of themselves as a system?
- Do they plan for and share goals?
- Do they have a vision for the future?
- Do they have leaders who can maintain their collective competitiveness and keep them together?
- Is there a champion?

8. Relationship Development:

- How has network/alliance/relationship development benefited the firm
  - Benefits to joining WIVA
  - Benefits of joining Wine Islands Project
  - Benefits of joining Cowichan Wine and Culinary Festival?
- Do you see potential to develop stronger ties between the wine and tourism industries?
  - If yes, how might this occur?
- Who should take the lead and drive cooperative activities?
- What barriers or obstacles prevent wine tourism network development
- What are the broader regional contributions of network development between the wine and tourism industries
Appendix C: Project Information Sheet

[Interviewee Name]

[DATE]

School of Business
Department of Tourism

Wine Tourism in British Columbia:
An examination of the issues, opportunities
and relationships between the wine and tourism industries

INFORMATION SHEET FOR SEMI STRUCTURED FACE TO FACE INTERVIEW PARTICIPANTS

Dear Sir/Madam:

Thank you for showing an interest in this project. Please read this information sheet carefully before deciding whether or not to participate. If you decide to participate we thank you. If you decide not to take part there will be no disadvantage to you of any kind and we thank you for considering our request. You are being invited to participate in a study entitled WINE TOURISM IN BRITISH COLUMBIA: AN EXAMINATION OF RELATIONSHIPS BETWEEN THE WINE AND TOURISM INDUSTRIES that is being conducted by the writer, Carleigh Randall, who is currently completing PhD studies with the Department of Tourism University of Otago, Dunedin, New Zealand.

Working under the supervision of Dr. Richard Mitchell, I am conducting a research study on the development of wine tourism in British Columbia as the dissertation component of my degree requirements.

The purpose of this study is to examine the extent wineries within the Vancouver Island ("Wine Islands") region of British Columbia participate in tourism activities, existing opportunities for wine tourism, barriers impeding wine tourism development, and the extent and nature of relationships between the wine and tourism industry.

This research is important because there is currently no or little research on the nature of relationships between wine and tourism industries. The results of this study will contribute to an improved understanding of the issues and opportunities for wine tourism development potentially benefiting both the wine and tourism industry.

You are being invited to participate in this study because the opinions and perceptions of winery owners/managers are very important in our study. If you agree to voluntarily participate and assist me in this study, your participation will include a one-to-one in person interview that will last about one to one and one half hours. Should you wish to participate, I
will contact you to arrange a mutually convenient time for this telephone interview. The interview will focus on your personal experience, your thoughts on various aspects and opportunities of wine tourism development, and the nature and structure of your wine tourism relationships in British Columbia.

The interviews involve an open-questioning technique where the precise nature of the questions which will be asked have not been determined in advance, but will depend on the way in which the interview develops. Consequently, although the University of Otago Human Ethics Committee is aware of the general areas to be explored in the interview, the Committee has not been able to review the precise questions to be used. In the event that the line of questioning does develop in such a way that you feel hesitant or uncomfortable you can decline to answer any particular question(s) and you can also withdraw from the project at any stage without disadvantage to yourself of any kind. The names of the individuals questioned will not be revealed or be published within the study.

With your permission, the interview will be taped. The data collected will be securely stored in such a way that only those mentioned above will be able to gain access to it. At the end of the project any personal information will be destroyed immediately except that, as required by the University's research policy, any raw data on which the results of the project depend will be retained in secure storage for five years, after which it will be destroyed.

There are no known or anticipated risks to you by participating in this research, however the interview is expected to take approximately one hour of your time to complete. Ultimately, I believe that the potential benefits of your participation in this research include contributions to an increased understanding of wine tourism development in Canada, and the nature of the relationships between the wine and tourism industry. I appreciate that your time is valuable and would like to provide you with the opportunity to receive a copy of the study results.

Sincerely

Carleigh Randall

If you have any questions about the project, either now or in the future, please feel free to raise questions or concerns with either myself, or Dr. Richard Mitchell.

Carleigh Randall  
Department of Tourism  
University of Otago  
Email: ranbr227@student.otago.ac.nz  
Telephone: 1-250-245-4399

Dr. Richard Mitchell  
Department of Tourism  
University of Otago  
Email: RDMitchell@business.otago.ac.nz  
Telephone: +64 3 479 8428
Appendix D: Informed Consent Form

[Interviewee]

Wine Tourism in British Columbia:
An examination of the issues, opportunities
and relationships between the wine and tourism

School of Business
Department of Tourism

CONSENT FORM FOR PARTICIPANTS

I have read the Information Sheet concerning this project and understand what it is about. All my questions have been answered to my satisfaction. I understand that I am free to request further information at any stage.
I know that:-

1. My participation in the project is entirely voluntary.

2. I am free to withdraw from the project at any time without any disadvantage.

3. Any data identifying individuals and organisations will be destroyed at the conclusion of the project but any raw data on which the results of the project depend will be retained in secure storage for five years, after which it will be destroyed.

4. This project involves an open-questioning technique where the precise nature of the questions which will be asked have not been determined in advance, but will depend on the way in which the interview develops and that in the event that the line of questioning develops in such a way that I feel hesitant or uncomfortable I may decline to answer any particular question(s) and/or may withdraw from the project without any disadvantage of any kind.

5. There are no known or anticipated risks to you by participating in this research, however the interview is expected to take approximately one hour of your time to complete.

6. I may request a copy of the results.

7. The results of the project may be published but my anonymity will be preserved.

I agree to take part in this project and have indicated my consent by signing below

..............................................................
(Signature of participant) .............................

..............................................................
(Date)
Appendix E: Cowichan Wine and Culinary Festival Consent and Motion

November 9, 2006

Carleigh Randall
11780 Fairtide Road
Ladysmith, BC V9G 1K5

Dear Carleigh

RE: Study of Wine Tourism in British Columbia: An examination of the issues, opportunities and relationships between the wine and tourism industries

Further to the information letter and consent letter provided to the committee outlining your project, The Cowichan Wine & Culinary Festival Committee provides this letter of support, and by so doing, is aware of your project and your dual role of participant observer and committee member and have passed a motion approving of your participation in this regard.

The Cowichan Wine & Festival Committee

[Signature]
CHAIR

[Signature]
COORDINATOR

[Name]

[Name]

Date: 19 Nov 06

Cowichan Wine & Culinary Festival Committee
c/o Tanya Smith
Echo Media Productions
November 20, 2006

Carleigh Randall
11760 Fairtide Road
Ladysmith, BC V9G 1K5

Dear Carleigh

RE: Study of Wine Tourism in British Columbia: An examination of the issues, opportunities and relationships between the wine and tourism industries

Further to the information letter and consent letter provided to the committee outlining your project, The Wine Islands Vintners Association provides this letter of support, and by so doing, is aware of your project and your dual role of participant observer and consultant/researcher and have passed a motion approving of your participation in this regard.

Wine Islands Vintners Association

c/o Dave Godfrey
Godfrey Brownell Wineries

Per: [Signature]
Authorized Signatory

Print name of authorized signatory

Date: Jan 11, 2007