

Fiscal Year 2017-2018 Report

North Carolina Wine and Grape Growers Council

Pursuant to G.S. 106-755.1



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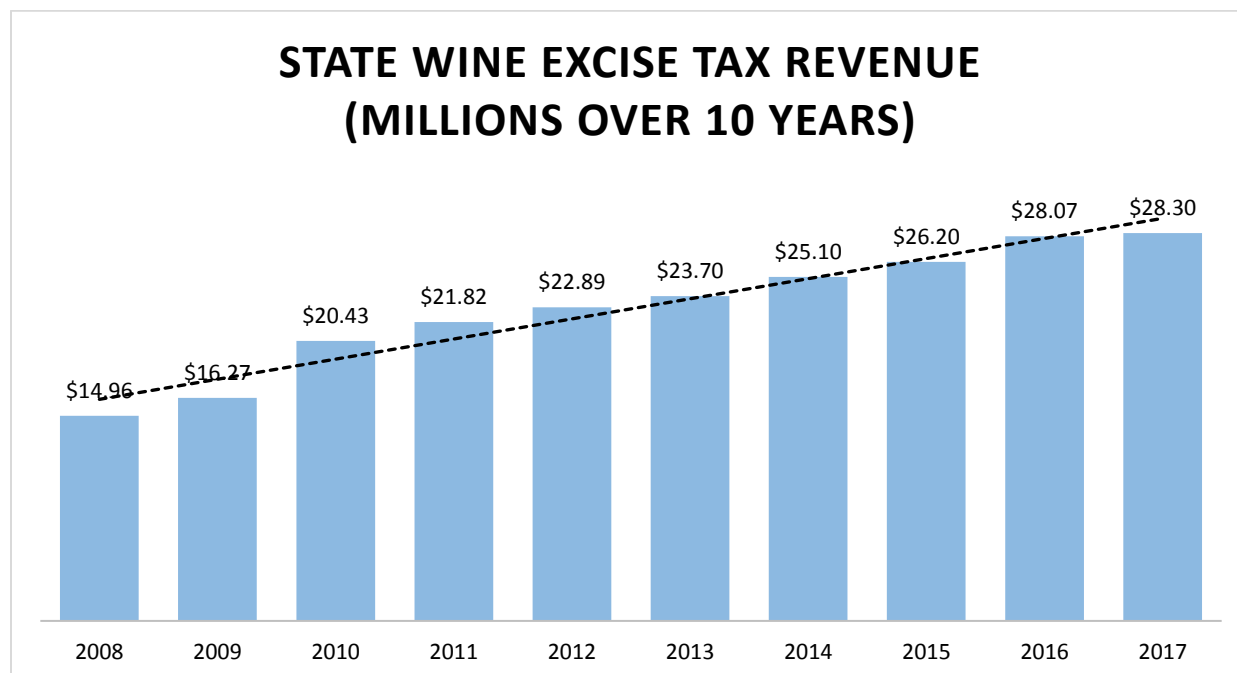
NC WINE AND GRAPE INDUSTRY

From the mountains to the coast, North Carolina boasts a unique variety of grapes and wine. Ranking as a top destination for wine travelers and enthusiasts, visitors can enjoy 186 wineries and 525 vineyards.

The North Carolina wine and grape industry has experienced incredible growth in recent years, rising from just 21 wineries in 2000 to nearly 200 today according to the NC ABC Board. Wineries are now located in 71 counties across the state, and North Carolina sees new wineries opening every year, adding nearly 60 since 2013. North Carolina ranks 10th in wine production and 10th in grape production nationally, per the USDA Non-Citrus Fruit and Nuts Report. The state is also home to the most-visited winery in the United States, Biltmore Estate Winery, and boasts the world's largest muscadine winery, Duplin Winery.

The North Carolina wine and grape industry accounts for an annual economic impact of more than \$1.97 billion and supports 10,296 jobs across the state, according to a 2016 report of industry data by Frank, Rimerman, + Co.

Wine excise tax collections in North Carolina also continue to rise annually. According to the North Carolina Beer and Wine Wholesalers Association, state excise tax revenue on wine grew to more than \$26.2 million in 2015, an increase of 4.41 percent from the previous year. The graph below shows the growth in NC wine excise taxes over the last 10 years – the trend line shows excise tax revenue from wine increasing by an average of \$1.6 million per year.



The North Carolina Wine and Grape Growers Council was established in 1986 to stimulate the growth of the wine and grape industry in North Carolina. North Carolina is the home of our nation's first cultivated

wine grape, and the industry has been revived from zero wineries in 1968 to 186 wineries today. This report encompasses work done during fiscal year 2017-2018 pursuant to G.S. 106-755.1.

With continued growth of wineries and vineyards in North Carolina, and the promising forecasts for wine sales and consumption, North Carolina must continue to focus on developing, growing, and promoting its industry to gain market share in the global wine market. The state expects to benefit from further investment and development of the North Carolina grape and wine industries.

MISSION STATEMENT

The mission of the North Carolina Wine and Grape Growers Council is to facilitate development of the North Carolina grape and wine industries by enhancing product quality for consumers; encouraging economic viability and opportunity for growers and processors through education, marketing and research; and improving awareness of North Carolina wineries and wines, thereby generating more visitation and sales to increase tax revenue for the state.

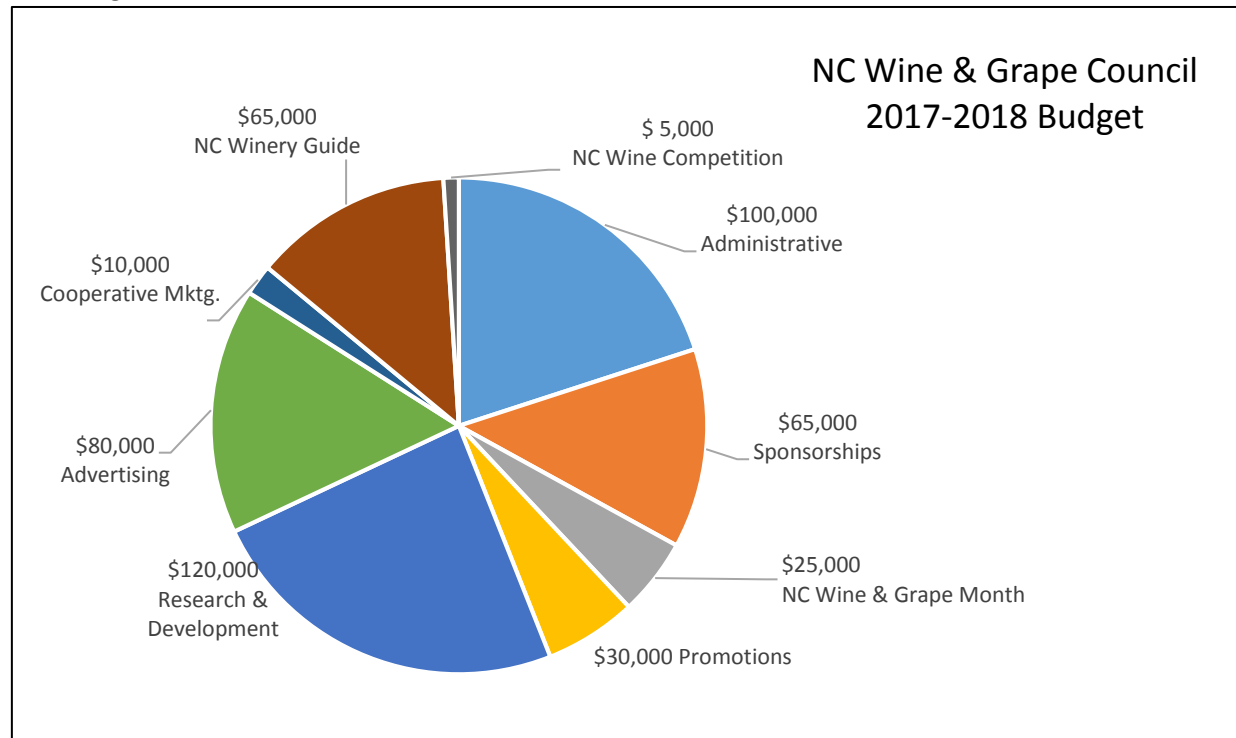
COUNCIL ADMINISTRATION

The North Carolina Wine and Grape Growers Council operates within the NC Department of Agriculture and Consumer Services (NCDA&CS). The Commissioner of Agriculture appoints 10 members to serve as the Wine and Grape Growers Council; five members are appointed to represent the Vinifera group and five members represent the Muscadine group. The focus of the two groups is to promote the wine and grape industry in North Carolina. By partnering with existing programs within NCDA&CS, the Council is able to capitalize upon existing knowledge and strategies, allowing it to address multiple industry needs.

The North Carolina Wine and Grape Growers Council consists of two advisory committees, with five industry members each. While the legislation outlines two separate committees, the Council voted to hold the Muscadine and Vinifera Advisory Committee meetings together and to work as a cohesive group. Each committee has an elected chairman, and they take turns conducting the meetings. The committee members are:

Muscadine Committee Member:	Business:	Current Term:
Quincy Adams, Chair (Resigned)	Adams Vineyards	9/1/16 – 8/31/18
William Yost, Chair	Cauble Creek Vineyard	9/1/17 – 8/31/19
Jason Bryan	Duplin Winery	9/1/16 – 8/31/18
Denise Taylor-Bridgers	LuMil Vineyard	9/1/17 – 8/31/19
Tina Smith	Cypress Bend Vineyards	9/1/17 – 8/31/19
Vinifera Committee Member:	Business:	Current Term:
Chuck Johnson, Chair	Shadow Springs Vineyard	9/1/15 – 8/31/17
John Wright	Sanctuary Vineyards	9/1/16 – 8/31/18
Jerry Douglas	Biltmore Wine Company	9/1/16 – 8/31/18
Gill Giese	Shelton Vineyards	9/1/16 – 8/31/18
Ian Taplin	Wake Forest University	9/1/17 – 8/31/19

The Council's advisory committees met six times during the 2017-2018 fiscal year (though only mandated to meet twice per fiscal year) to develop and review plans and industry issues. The meetings were open to the public and included industry involvement and activities. The Council's budget was \$500,000 via appropriation from the state's general fund, including staffing for one full-time position. The Council distributed the allocation as outlined below, and activities for the year are detailed in the following sections.



RESEARCH AND DEVELOPMENT

The Council assists viticulture and enology research across the state focused on improving the North Carolina wine and grape industry. The Council utilized \$120,000 to fund eight research and development projects during Fiscal Year 2017-2018 as follows:

Interactive Workshops/Seminars

REQUESTING AGENCY – The NC Winegrowers Association

SUMMARY – The NC Winegrowers Association is proposing to offer 4 workshops/seminars:

April – TIPS Training Workshop \$2000.00

May – Vineyard Establishment Seminar \$2500.00

June – Business Valuation/ Transition \$2500.00

July – Pre-Harvest Seminar \$2000

EXPECTED OUTCOME – These all-encompassing workshops/seminars involve vitis vinifera, vitis rotundifolia (muscadine), hybrid fruit and honey winemaking. The workshops cover various topics that all vineyard and winery owner need to know.

Quality Alliance Program (QAP)

REQUESTING AGENCY - The NC Winegrowers Association/Surry Community College

SUMMARY – This is a three-year ongoing project to ensure the commercial viability of North Carolina wines by providing a voluntary, objective screening system to establish standards of consistency and quality for commercial NC wines with the short-term goal of educating the public on NC wine quality and the winegrowers on quality assurance strategies. The long-term goal is to increase regional wine sales and gain traction in the national and international marketplace. Through this program North Carolina wineries will be able to submit monthly wine samples for quality analysis to determine presence or absence of faults.

EXPECTED OUTCOME – The SCC–QAP program’s purpose is to educate to the NC consumer on quality wine products by providing simple, direct and clear communication of quality from producer to consumer. The program will serve to educate wine-producers on quality assurance strategies and fault determination and educate the public by way of increasing the visibility for NC products in the local, regional and national industry

Establishment of Grape Virus Diagnostic Tools at NCSU

REQUESTING AGENCY – North Carolina State University, Horticultural Science

SUMMARY – The impact of viruses on grapes (Vinifera and Muscadine) is very similar to the impact viruses have on animals and humans. Viruses can cause disease symptoms such as lower berry quality parameters, decreased vine growth, etc. If unchecked they can cause severe damage or even die-off of the plants. About 60 different viruses are known to effect grapes. There are no detection services currently in NC or Georgia to detect these viruses. An alarming number of virus-like symptoms were observed in NC in 2017. NC State in collaboration with USDA & UC Davis established molecular virus tests in 2017 with their own funds. They now want to continue establishing molecular diagnostic tools for Grapevine Leaf Roll Disease and Grape Red Blotch. The main objective is to establish virus detection methods

EXPECTED OUTCOME – Basic diagnostic service for grape virus in NC and a basis overview of virus distribution in certain regions of NC & GA. If viruses can be detected, then prevention and sanitary measures can be used to manage the disease. This will have a positive impact on grape productivity and grape quality. This will also further enable research on virus management and eventually enable access to clean plant material through the Micro propagation and Repository Unit at NCSU.

Educational Sessions on Bunch Grape and Muscadine Production in 2018

REQUESTING AGENCY –North Carolina State University, Horticultural Science

SUMMARY – NC Extension service faces two challenges: #1 - Lack in knowledge transfer between grower community and extension service. #2 – the rapidly rising numbers of new wineries and vineyard operations and a high diversification of markets. Current Markets reach from beer/wine blends on one side of the spectrum and fresh-market Muscadines on the other. With the most diverse grape industries in the country in NC & GA there is a need for team building and educational programs in both states by the Extension Specialists.

By teaming together, they feel they can create continuous education efforts and develop grape core teams of cooperative extension and growers. Two extension and new grower educational meetings will be held in summer/fall 2018. Also, extension personnel will be engaged in grape and Muscadine

production to build a core NC viticulture team. They are asking NCGWC to subsidize their plans to establish these educational sessions for pre and post-harvest.

EXPECTED OUTCOME – Intensify collaboration between NC Cooperative Extension Service and the grower community and educate new extension agents and growers about bunch grape and Muscadine growing, adding long term value for NC Grape and Wine Industry.

North Carolina Grape Census & Research Project

REQUESTING AGENCY –Clinneam LLC

SUMMARY – Submission is based on the intrinsic need for grape census data for proper functioning of our industry. Infrastructure, policies, plans and trends depend upon the empirical data collected to provide decision makers information to make educated decisions with their resources. The collection of census data would provide a mechanism for grape growers to share information on productivity, reliability, hardiness and disease resistance. Establishing an accurate census of grape vines growing, bearing, nonbearing, challenges, heartiness, locations, root stock, clones etc., Researchers will be better equipped to study the industry. By utilizing NC's listing of 525 vineyards, CLINNEAM LLC will create a web portal for the farming community to enter their information online as well as by paper submission. Data will be collected by several methods including the use of incentives to encourage participation. Vineyards will be contacted by mass emailing, mass mailings, and follow up phone calls to request the submission of information.

EXPECTED OUTCOME - A complete set of documents of the census results will be submitted to NCGWC in electronic and PDF format. This information can then be disseminated to the members and the industry. This data base will allow a broad scale view of what is growing successfully, what is not and provide producers with valuable information necessary to make informed decisions. A successful industry is one that knows their strengths and shortcomings.

North Carolina's Wine and Grape Summit

REQUESTING AGENCY – UNC Greensboro, Bryan School of Business & Economics

SUMMARY – To assist the NCWGC logistically with their annual one-day conference titled "NC Wine Summit". The UNCG Center for Industry Research and Engagement in the Bryan School of Business proposes to serve as the event organizers and day of event managers.

EXPECTED OUTCOME – UNCG Center for Industry Research and Engagement will be responsible for all marketing, program development, signage, staffing for registration and cleanup and general logistics for the event.

Strategic Plan for the NC Wine and Grape Industry

REQUESTING AGENCY – UNC Greensboro, Bryan School of Business & Economics

SUMMARY – 2019 is the last year covered in the current 5-year strategic industry plan. With continued growth year over year in the grape industry, there is a need for a review of the current plan and the development of a new plan that will guide the industry for the next five years 2020 to 2025. Assessment will be made of the current plan, achievement of goals and objectives, review of critical issues facing the vinifera, Muscadine, hybrid, fruit and honey and grape related business and production centers in NC.

EXPECTED OUTCOME – Development of a new 5-year Strategic Plan utilizing SWOT Analysis, Industry research interviews and focus group input and NCGWC and NCDA & CS input.

Marketing North Carolina's Winegrowers Associations' Quality Alliance Program (QAP)

REQUESTING AGENCY – UNC Greensboro, Bryan School of Business & Economics

SUMMARY – To be successful in the long term the QAP not only has to serve the NC wineries, it needs also to become the vehicle to drive awareness of the quality of NC wines to the broader distribution, retail, and consumer segments. To do this a strong marketing and awareness campaign and process needs to be developed that targets these segments. UNCG students from the Bryan School MBA team will develop the marketing program.

EXPECTED OUTCOME – The MBA team with additional support from Dr. Boyd and Sam Troy will create a platform to identify the key attributes necessary to develop the marketing plan for the QAP program.

MARKETING AND EDUCATION

The Council promotes the North Carolina wine and grape industry with multifaceted marketing, public relations and education programs. Upon the completion of each project, these programs were evaluated to identify opportunities for improvement so adjustments could be implemented for their continued success.

Got to Be NC Wine



The North Carolina wine and grape industry continues to be included in the promotion of Got to Be NC products, the official marketing program for NCDA&CS. For the promotion of the Got to Be NC marketing campaign, the logos above are registered with the NC Department of the Secretary of State Trademarks Section. NCDA&CS promotes NC wine through programs such as Flavors of Carolina and the Got to Be NC Festival. The Got to Be NC marketing program has become a symbol of quality products grown, raised, caught or made right here in North Carolina.

Advertising, Public Relations and Social Media

Strategies utilized this fiscal year include an integrated mix of advertising and public relations activities to promote wine and grape sales, as well as wine tourism. This included increasing awareness of the industry, interest in NC wines and visitation to wineries and wine growing regions of the state.

Advertising was placed with local and regional media including UNC-TV, North Carolina Public Radio, and digitally through Pandora Radio and the Weather Channel app, and many others.

Two years ago, the NC Wine and Grape Council was the lead sponsor on a new series being developed for UNC-TV, *From the Vineyard in North Carolina*. This show was wildly successful and achieved exactly what we had hoped, more people statewide were finding out about the wineries near them and going to visit their tasting rooms. The series can be found archived on the UNC-TV website at: <http://video.unctv.org/show/vineyard>. Due to the success of this series, the Council decided to support the program once again. The second season will feature a slightly different format because it will merge with the popular long running series *Flavor NC*. This new season of *Flavor NC Presents: From the Vineyard in North Carolina* is still in production and will begin airing in January 2018. This series will be viewable across all UNC-TV platforms and archived on their website.

The Council also worked with various media outlets across the state to produce quality stories and editorials about the NC wine and grape industry. Whenever a story is being written or produced about the NC wine and grape industry, the Council contributes to the journalistic efforts by providing information, facts and resources to better promote the industry. Official press releases were also issued for activities of statewide interest.

Social media has been an increasingly useful tool to connect with consumers and promote the industry on platforms such as Facebook, Twitter and Instagram. The Council educates the public, collects feedback and discusses ideas with wine lovers around the world. Followers continue to grow each year and statistics as of August 1, 2017, are as follows:

Facebook: 11,499 Likes

Twitter: 5,602 Followers

Instagram: 1,776 Followers

Websites

The Council operates both a consumer-focused site and an industry focused site for the North Carolina wine and grape industry.

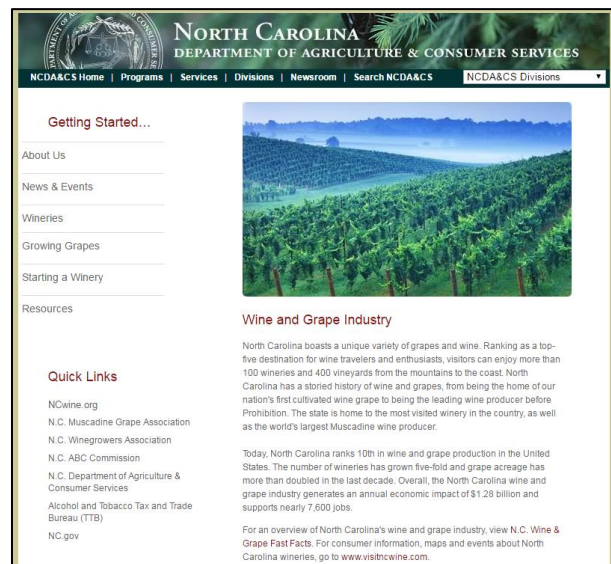
The consumer-focused website, www.ncwine.org, offers information ranging from tasting tips and information about the NC wine industry to an interactive winery map and list of statewide wine related events. This site is included in all Council marketing and advertising efforts. The Council aligned with a Charlotte-based agency to redesign the site for optimum consumer performance and enhanced capability. With a new streamlined structure and increased content, the site will be better suited to support the needs of the consumer. The newly redesigned website continues to feature all wineries across the state.

The newly redesigned consumer site also features information from the industry site, giving the industry and the public one cohesive source for all their informational needs. The site also features a media page to serve the dual purpose of providing a quick and comprehensive resource for any media outlets seeking information and a page to highlight stories about the industry.

The Council also hosts an industry focused website, www.ncagr.gov/markets/ncwine, filled with a wide range of information to ensure that the North Carolina wine industry continues to be successful and grow. This site holds marketing information, grape growing tips, industry resources, guides to follow to establish a new winery, and contact information for all permitting offices wineries will need to ensure compliance with state and federal laws.



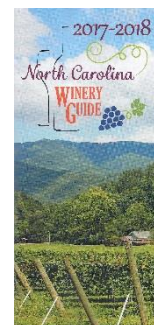
Consumer Site – www.ncwine.org



Industry Site – www.ncagr.gov/markets/ncwine

NC Winery Guide

The Council produces the *North Carolina Winery Guide*, the only statewide guide and map of North Carolina wineries in print. The guide was updated in 2018 and includes new wineries, regional fold out maps, breakouts on grape varieties, history of the industry, amenities available at each winery and photos. There were 118,000 copies produced and distributed to travelers, tourism authorities, welcome centers, wineries and retail locations across the state, nation, and world. The NCDA&CS has partnered with the NC Department of Commerce's call center to maintain a constant distribution source. The call center distributes guides every month across the US and Canada. Industry members and organizations utilize the brochure to proudly market the state's wineries.



Organizational Meetings

The Council was involved and worked cooperatively with local grape and wine organizations, including the North Carolina Winegrowers Association and the North Carolina Muscadine Grape Association. This included multiple seminars and workshops across the state for wineries, grape growers, winemakers, affiliated businesses and industry newcomers.



The Council also was involved with national organizations including WineAmerica and the Wine Institute. These organizations regularly shared industry information, research, issues, activities and opportunities with the Council.



Wine Festivals

Wine festivals in North Carolina have grown from one event in 2000 to more than 30 festivals today. From Asheville to Morehead City, festivals featuring North Carolina wines attract more than 100,000 visitors annually. The Council distributes the *North Carolina Winery Guide* at many of these festivals. Council members also regularly assist with festival planning to help guide their direction to include wine education and the promotion of North Carolina wines.



North Carolina Wine Competition

The Council hosts and conducts the annual North Carolina Wine Competition. The competition includes amateur and commercial divisions from across the state. In 2017 there were 310 commercial wine entries representing 46 wineries and 95 amateur wine entries prepared by 26 amateur wine makers.

Awards from the competition attract local and national recognition as well as media attention for North Carolina Wineries. The Council also displays the competition winners in the Education Building at the annual NC State Fair.



NC State Fair

The Council has hosted the Got to Be NC Wine Tasting Area at the NC State Fair since 2013. Each year, the attraction has seen an increase in attendance. Beginning in 2014, the NC Brewers Guild has been invited to participate in these tasting activities. At the 2017 NC State Fair, the Got to Be NC Wine and Tasting Area hosted six wineries participating each day.



NC Wine & Beer Tasting Area

2pm - 8pm Everyday



For the first time in 2017 the NC Wine and Grape Council joined forces with the NC Craft Brewers Guild and Our State Magazine to host the Public House at the NC State Fair. The Public House saw 20,000 customers come through its gates to sample wines and beers from all over NC. This was the first year of the Public House which now has a permanent home at the NC State Fair.



North Carolina Wine and Grape Month

September is North Carolina Wine and Grape Month, recognizing the importance of the wine and grape industry to the state and encouraging the support of local wine. Restaurants and retailers were urged to help the industry by promoting North Carolina wines. Additional special events included harvest festivals and Grape Day at the State Farmers Market. In 2017, the Council increased the promotion of this recognition through targeted advertising, a cohesive digital marketing package, and point of sale materials for the wineries to host their own promotions throughout the month.

One of the promotions the Council engages in during NC Wine and Grape Month is a retail focused sales promotion. The Council works with multiple retail chains statewide to coordinate in-store specials and advertising during September. The image to the right shows the graphic used on the shelf tag at several of the participating retail chains including Food Lion, Harris Teeter, Lowes Foods and Publix.



Each September the Council hosts Grape Day at the State Farmers Market in Raleigh. Fresh market grape varieties are highlighted during the event. The Muscadine grape is the predominant category of fresh market grape in North Carolina and is readily available throughout the state.



CONCLUSION

The NC Wine and Grape Growers Council works diligently to continue advancing their goal of growing the industry they serve in size and quality. The Council raises the bar for the NC wine and grape industry using the allocated funds effectively, engaging in the projects that will have the greatest impact for the growers and producers of North Carolina, and educating the consumer on the value of choosing local products, year after year.

Next year, the Council will continue with some of the more effective projects they have completed in the past and continue to explore new opportunities for the growth of the wine and grape industry in North Carolina.