

Fiscal Year 2019-2020 Report

North Carolina Wine and Grape Growers Council

Pursuant to G.S. 106-755.1



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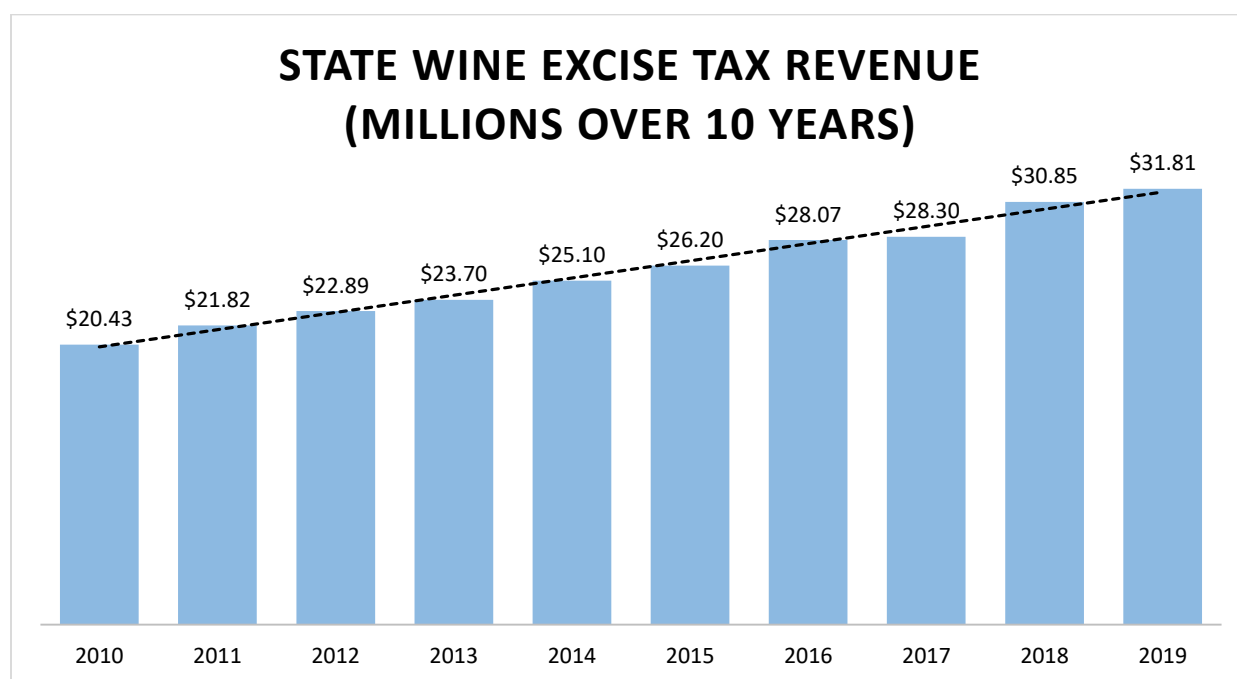
NC WINE AND GRAPE INDUSTRY

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 more than 200 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 more than 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 more than 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 \$31.81 million in 2019, an increase of 3.11 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 \$1.14 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 200 wineries today. This report encompasses work done during fiscal year 2019-2020 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.

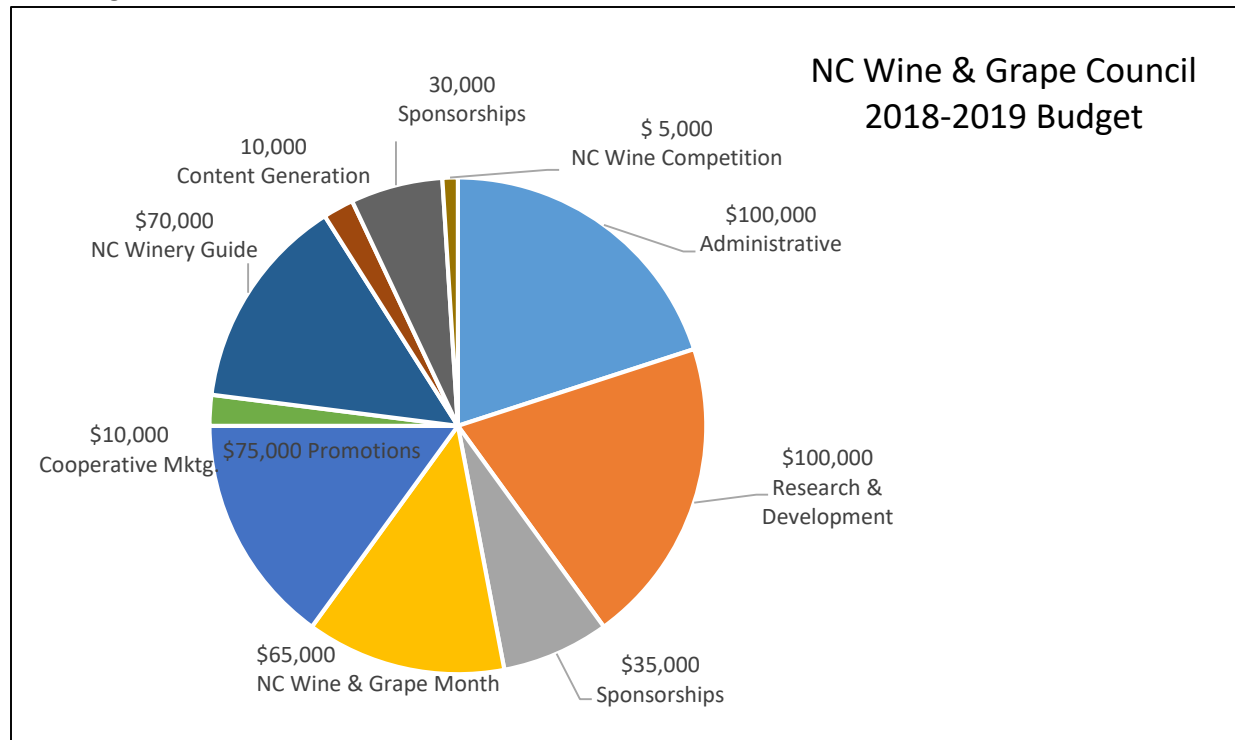
COUNCIL ADMINISTRATION

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:
William Yost, Chair	Cauble Creek Vineyard	9/1/19 – 8/31/21
Mark Friszolowski	Childress Vineyards	9/1/18 – 8/31/20
Bill Hatcher	Duplin Winery	9/1/18 – 8/31/20
Ron Taylor	LuMil Vineyard	9/1/19 – 8/31/21
Tina Smith	Cypress Bend Vineyards	9/1/19 – 8/31/21
Vinifera Committee Member:	Business:	Current Term:
Ethan Brown, Chair	Shelton Vineyard	9/1/19 – 8/31/21
John Wright	Sanctuary Vineyards	9/1/18 – 8/31/20
Jerry Douglas	Biltmore Wine Company	9/1/18 – 8/31/20
Ethan Brown	Shelton Vineyards	9/1/18 – 8/31/20
Ian Taplin	Wake Forest University	9/1/19 – 8/31/21

The Council's advisory committees met six times during the 2019-2020 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 2018-2019 as follows:

Identify Funding Sources and Ways to Further Current Research into Health Benefits of Muscadine Grapes

REQUESTING AGENCY – CLIEAM, LLC

SUMMARY – Project to identify funding sources and make recommendations for options to support the furtherance of research into health benefits of Muscadine grapes, including Muscadine Grape Extract (MGE) research where Phase I and Phase II trials are currently underway at Wake Forest University's biotech center. Recommendations to include strategy and project plan for implementation.

EXPECTED OUTCOME – Report of available funding sources and an action plan with recommendations for implementation.

NC Wine and Grape Industry Enhancement and Collaboration with FTCC Viticulture Programs and Research

REQUESTING AGENCY – Fayetteville Technical Community College

SUMMARY – The project will enhance the fledgling Viticulture Certification Program at Fayetteville Tech Com College through collaboration with local vineyards and wineries. FTCC is in its second year offering a Viticulture program training students as viable workers for the grape industry of NC.

EXPECTED OUTCOME – Increase enrollment in the Viticulture Certificate Program and to develop and continue collaborative relations with the local vineyards. Prepare and train qualified workers for the grape and wine industry in NC.

How much can early season pesticide treatments reduce insect-vectored disease pressure in NC vineyards?

REQUESTING AGENCY – NC State University

SUMMARY – In high PD risk areas, vector management is the primary means of control. Insecticides that reduce feeding and kill vectors can be applied either as soil applications that taken up through the roots or a foliar spray. Soil treatments are applied early in the spring, prior to bud break and provide long term (4 or more weeks) of control. Foliar applications provide shorter term control and may result in greater impacts on beneficial insects. These insecticides are also effective at suppressing transmission of other insect vectored pathogens in grapes, including those that cause Grape Leaf Roll Virus and Grapevine Red Blotch Virus.

EXPECTED OUTCOME – We expect to provide growers with information on how much they can expect a soil insecticide application to reduce PD infection and whether a well-timed foliar insecticide application can provide a similar reduction. We will use this information to develop insecticide timing.

Grape Trunk disease survey in North Carolina

REQUESTING AGENCY – NC State University

SUMMARY – Survey selected Muscadine and Vinifera/Hybrid wine grape vineyards in North Carolina for the presence and severity of trunk disease organisms, to identify those organisms via molecular methods, and to establish a field trial for the initial investigation of cultural and chemical methods to control trunk diseases under our regional high precipitation viticulture conditions.

EXPECTED OUTCOME – Identification of the presence and severity of trunk disease organisms in NC Muscadine and Vinifera/Hybrid wine grape vineyards. Assessment and Documentation of the severity and abundance of trunk disease damage in NC. Development of a field trial to assess trunk disease management methods.

NC Wine Marketing Outreach #NCWINE Bloggers Summit 2020

REQUESTING AGENCY – NC Wine Guys & Free Run, LLC

SUMMARY – The project will assist with developing marketing materials for the #NCWINE Blogger Summit to reach a wider audience and increase attendance to at least 100 bloggers from NC, VA, SC.

EXPECTED OUTCOME – With increased numbers of attendees this year the expectations are to have a total follower count of 700,000. Posts throughout the event will have the potential to reach all of these followers and increase the awareness of North Carolina Wine.

Student Sponsorship

REQUESTING AGENCY – North Carolina Winegrower's Association

SUMMARY – Proposed funding for ten (10) students for admission to NCWA Annual Conference, Meeting, and Trade Show. This will cover the fee for all sessions, meals, accommodations and their membership into the NCWA.

EXPECTED OUTCOME – Instructors from each of the Educational Institutions will select the students that will attend. Over the course of the two-day conference the students will take away a wealth of valuable information.

Website Developing

REQUESTING AGENCY – North Carolina Winegrower's Association

SUMMARY – The NC Winegrower's Association has built a website that is dynamic, graphically compelling, user-friendly and easily navigable – and where our Members can clearly “see” where he or she is within the NCWA structure at any time with easy-to-edit and post features. We want to better serve the NCWA's Member's needs by making necessary changes that would effectively help the industry's ability to coordinate across the buying and selling of grapes, equipment, wineries, etc. We would also like to open this feature to the general public.

EXPECTED OUTCOME – To have a place for the NC Industry to buy and sell NC grapes (to include Vinifera, Hybrid, and Muscadine), equipment, wineries, etc.

Workshop Series

REQUESTING AGENCY – North Carolina Winegrower's Association

SUMMARY – Four (4) Interactive Workshops that are planned and executed by the *North Carolina Winegrower's Association* encompassing the major areas of interest for the grape and wine industry. Topics include Viticulture, Enology, Marketing and Business Compliance.

EXPECTED OUTCOME – Maximize the number of participants through invitations to all of our members as well as members of the *North Carolina Muscadine Association*. We will also ask the Executive Director of the *North Carolina Grape and Wine Council* to send out an invitation to all on his mailing list as well as the list from NCSU, SCC, FTCC, ASU and any other Educational Institutions. Any and all handouts or Power Point Presentations will be posted on our Website for those interested parties that are unable to attend.

Cost-benefit Comparison of Animal Depredation Control Methods in a Vineyard System REQUESTING

AGENCY – Surry Community College

This project will evaluate and compare the impact of permanent physical and temporary chemical animal depredation control methods on grapevine fruit zone microclimate, yield and juice quality, and each method's economic investment required in two wine grape varieties, Cabernet franc and Petit Manseng, trained to Vertical Shoot Position trellis and established in Surry Cellars Vineyard. The goal of this project is to produce economically sustainable recommendations for grape growers to manage yield loss due to bird and mammal depredation while maintaining fruit quality.

EXPECTED OUTCOME – The Viticulture and Enology program at Surry Community College aims to share and incorporate the information gained from this proposed applied research with the industry at large through our involvement with numerous educational events, and into our Viticulture and Enology program tours, degree and certificate offerings and continuing education course content. The Viticulture and Enology students and Grape Extension Team members exposed to this new information and learning experience will serve as trained workforce and educators for the industry. This training, demonstration, gathering and sharing of information supports the long-term, sustainable growth and recognition of the Viticulture and Enology program at Surry Community College and North Carolina State Extension; thus, the solidification of North Carolina as a viable grape growing community that supports economic development, environmental stewardship, and high-quality wine production.

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 Our State Magazine, KIX-FM Radio, various print media outlets statewide, and digitally through Pandora Radio and the Weather Channel app, and many others.

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: 13,345 Likes

Twitter: 5,326 Followers

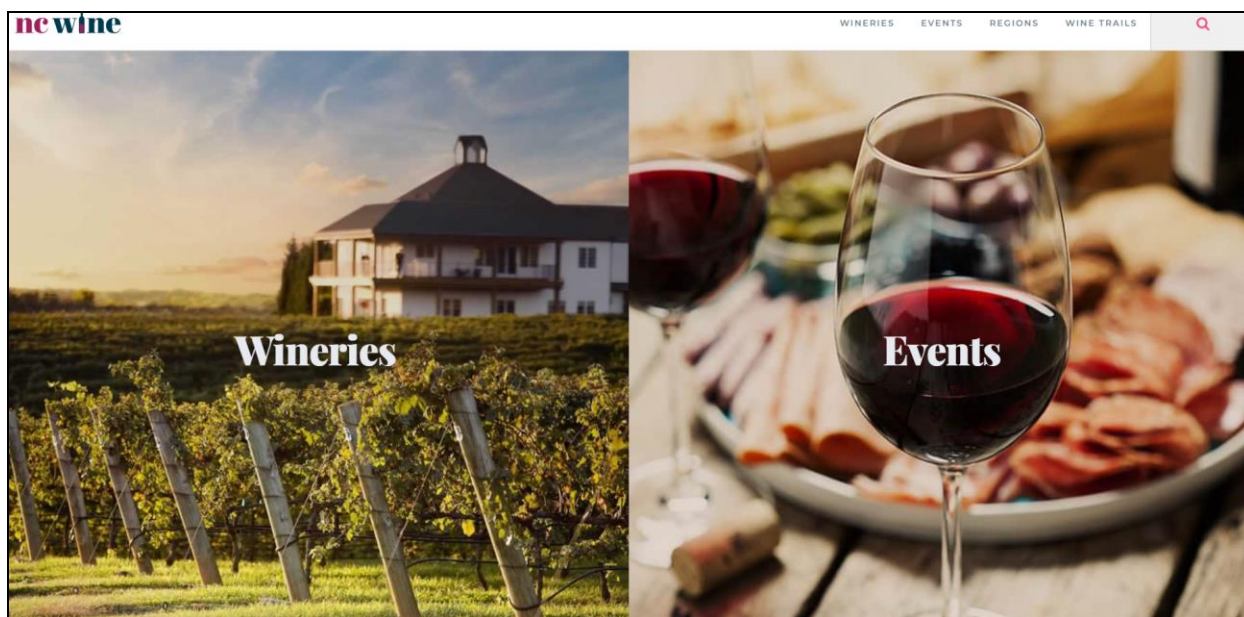
Instagram: 4,016 Followers

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.



Consumer Site – www.ncwine.org

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 2020 and includes new wineries, regional maps, breakouts on grape varieties, and history of the industry. Winery Guides 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 2019 there were 268 commercial wine entries and 66 amateur wine entries. 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.



North Carolina Wine and Grape Month

Historically, September has been 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 2019, the Council decided, at the behest of the industry, to split this promotion into two parts. Beginning in 2020, NC Wine Month

was held in May to allow wineries to more effectively celebrate with their patrons and NC Grape Month was moved to August when the majority of fresh grapes statewide are harvested. These events are promoted through targeted advertising, a cohesive digital marketing package, and collaboration with major retail outlets statewide to promote NC wines and fresh grapes.

One of the promotions the Council engages in during NC Wine 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.