

AGRICULTURAL COMMODITY BOARD

ANNUAL REPORT

for the Virginia Wine Board

Fiscal Year 2019-2020

Date Due: November 1, 2020

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The Virginia Wine Board

FY 2019 – 2020

I. INTRODUCTION

Created by the Virginia General Assembly in 1984 as part of Virginia's Department of Agriculture and Consumer Services, the Virginia Wine Board promotes the interests of vineyards and wineries in the Commonwealth through research, education and marketing. The Board fulfills the following duties:

- Receives funding from the Virginia Wine Promotion Fund and dispenses it for wine-related projects and initiatives.
- Contracts research to improve viticultural and enological practices in the Virginia wine industry.
- Promotes education about and appreciation for Virginia wines.
- Promotes the growing of wine grapes and wine production throughout the Commonwealth.
- Disseminates information on wine and viticultural topics.
- Contracts marketing, advertising and other programs that promote the growth of the state's wine industry and the enjoyment of Virginia wines.
- Collaborates with state, regional, national, and international organizations on their work related to Virginia's wine industry.

The Board consists of 10 members, nine of whom have voting privileges, all appointed by Virginia's governor for four-year terms. Three of the Board members are growers and six of which represent wineries. Approximately two-thirds of the Board's budget goes towards marketing, with the remaining third spent on wine-related research and education.

II. BUDGET

2019-2020 Budget	
Total Revenues (Base appropriations)	\$2,273,692.00
1/3 minimum to Research and Education	\$757,897.33
2/3 to Marketing and Administration	\$1,515,794.67

III. PROJECTS and FUNDING

Research and Education

Approved Research and Education Projects		Funding
Virginia Winemakers Research Exchange	WRE	\$164,700
Support for Virginia Vineyards Association Technical Meetings	VVA	\$25,000
Viticulture Extension and Research Support	Virginia Tech	\$48,360
Regulation Round-Ups and VVA Winery Resource Guide	VVA	\$55,000
VVA Annual Meeting and Conference for 2020	VVA	\$15,000
VACM Summer Meeting and Technical Program for 2019	VACM	\$4,000
Establishment of viticulture and grape pathology research vineyards	Virginia Tech	\$40,312
Validate efficacy of pre-release formulations of <i>Rhizobium vitis</i> ARK-1, a biological agent against crown gall of grape	Virginia Tech	\$49,000
GrapeIPM.org Phase 2: Grape disease management decision support system	Virginia Tech	\$14,000
Causes and potential management tools for Macrophoma rot	Virginia Tech	\$57,992
Grape disease management projects	Virginia Tech	\$18,000
Commercial Grape Report Project	SMS Research Advisors	\$35,900
Workforce Development Program	VVA	\$6,000
Maintain fungicide resistance testing capabilities for grape diseases and follow-up tests on cane-infecting fungi	Virginia Tech	\$17,891
Mealybug species composition and management in Virginia vineyards	Virginia Tech	\$54,911
Virginia-grown Cider: How do Cultivar and Fermentation Strategies affect Cider Chemistry, Flavor and Consumer Valuation of the Product?	Virginia Tech	\$50,406
Green, Designer Enzymes to Eliminate Fungal Pathogens	Lytos Tech, Inc.	\$50,000
Validation of Bacteriophages as Novel Biocontrol Agents for Crown Gall in Grapevines	Whitebarrel Winery	\$35,500
Governor's Cup Seminars 2020	VVA	\$28,000
Developing an Employer's Training Resource for Seasonal and Part Time Cellar Workers	WRE	\$8,000
Training Winemakers in Descriptive Sensory Analysis Using Easily Accessible Standards from the Whine Aroma Wheel	Virginia Tech	\$9,660
Viticulture Training for High-School Students	Revaluation Vineyards	\$8,250
		\$795,882

The Virginia Wine Board received 48 pre-proposals. The Board and a technical review committee reviewed full proposal submissions. During the March meeting, applicants were invited to present their proposals and answer Board member questions. The Board approved 22 research and education projects totaling \$795,882. The following universities and organizations received grant funding in FY 2020:

Lytos Technologies, Inc.

Revelation Vineyards

SMS Research Advisors

Virginia Association of Cider Makers

Virginia Tech

Virginia Vineyards Association

Virginia Wineries Association

Virginia Winemakers Research Exchange

Winemakers Research Exchange

The Winemakers Research Exchange (WRE) is a non-profit cooperative of winemakers funded by the Virginia Wine Board and founded to promote innovation through experimentation and education in the wine industry. The primary focus of the WRE is to enhance wine quality and economic profitability through the evaluation of different vineyard and winemaking practices on the chemical and sensory characteristics of finished wine. The primary activities of the WRE are to design, execute and analyze practitioner-driven production scale experiments in wineries throughout Virginia and to share experimental ideas and results through group blind tastings around the state, in written form on the website, and through conferences. Participation in WRE projects is open to all wine producers in the state of Virginia.

The 2019 harvest yielded excellent quality and quantity of fruit. There were a total of 84 trials planned at the beginning of harvest, including participants from each of the five regions of the state. In all, 49 of these trials were directly part of larger themes with

repeated experiments, and 29 of the trials included planned replication. At the end of harvest, 73 trials had been completed.

Sensory sessions to assess aroma and flavor differences in trial wines began in January of 2020. Originally, there were eight sensory sessions planned at locations around the state, each with 6-8 trials for sensory analysis. Three of these sessions were completed as planned. After restrictions on public gatherings were put in place due to COVID-19 several avenues were pursued to complete the trials for the year and ensure effective dissemination of trial results. Chemical analysis was completed for each trial. Trials for which the chemistry and/or protocol was sufficient for understanding were designated for alternative presentation through newsletters, panel discussions, or video-chats with winemakers using social media platforms. Four virtual sensory sessions were held to allow for full sensory analysis of specified projects. All virtual WRE events have been recorded, posted on a YouTube channel, with links communicated by social media, through email distribution, and on the website. Several additional views have occurred with this ability. Results from these trials included insights into techniques, protocols and equipment to help improve stability, increase perception of ripeness, improve aging capability, manage microbial complexity, and utilize oxygen for increased richness in wine.

In FY 20, there were seven newsletters distributed through the email list. Newsletters provide background information, protocols, and dissemination of trial results. Newsletters were also disseminated through social media channels. The WRE also shared results through conferences (Virginia Vineyards Association, Virginia Wineries Association, Wine IQ), publications (the Grape Press, Wine Business Monthly) and local meetings (Loudoun County Wineries Association). WRE trials included collaborations with industry (Enartis, Scottlabs, Laffort), and academic partners (Dr. Mizuho Nita, Dr. Tony Wolf, Dr. Beth Chang) to bring the resources of these entities to wineries. This included collaborating with Dr. Beth Chang and Dr. Jacob Lahne of the Virginia Tech Food Sciences to present a workshop on descriptive sensory analysis of wine.

In FY 2020, several severe frost events in the spring significantly limited fruit availability and loss of business during COVID-19 limited planned wine production. Despite these

limitations, 50 trials were planned and funded prior to harvest including a large-scale monitoring project in cooperation with the Virginia Cooperative Extension Viticulture and Enology team. Trials were planned from four of the five regions of the state: Central (24), Northern (19), Shenandoah (3), and Peninsular (3). In all, 19 wineries planned trials. FY2020 also includes plans to redesign the WRE website to allow for better dissemination of results as well as compilation of a searchable database for all past experiments. Trials were designed with an emphasis on chemical data rather than sensory analysis in anticipation of continued restrictions on non-essential gatherings. Virtual sessions are planned to share trial results with participants.

The largest impact of the WRE on the Virginia Wine industry lies in harnessing the power of the collective to identify, address and solve problems. Much of the winemaking literature is neither practical nor local. The WRE seeks to take what is known in other areas, or in academic settings, and test its application in our unique Virginia terroir. The cooperative spirit of the project allows the exploration of these topics in multiple places and ways, and the sharing of results amplifies their impact.

Marketing

Approved Marketing Projects	Funding
Virginia Wine Board Marketing Office	\$1,434,575
Governor’s Cup	\$99,500
Rebranding of Cider Week Virginia & Virginia Cider	\$26,500

The Virginia Wine Board Marketing Office completed their twelfth full year of operation. With a staff of four full time employees and one part-time, the VWBMO carried out a wide variety of marketing programs. Below are some of the highlights of their marketing efforts. The total budget for FY 2020 was \$1,434,575.00.

The Wine Marketing Office’s core marketing priorities and objectives include:

- Build brand awareness for Virginia wine
- Increase availability of Virginia wines on wine lists and on store shelves within Virginia

- Drive visitors to Virginia wineries
- Expand Virginia wine sales within additional markets along the East Coast, with an emphasis on Washington DC, Maryland, and the Southeast

The Virginia Wine Board Marketing Office (VWBMO) continued to build on the new branding of Virginia wine that was launched the previous year. This included developing content to tell the Virginia wine story, expand the photography that matched the new messaging, and create original content on social media.

Fiscal Year 2020 marked the 31th anniversary for “October Virginia Wine Month”, which continued to be a major marketing effort. October Virginia Wine continued to promote Harvest Party as a one-day Virginia’s homegrown holiday celebration within the month. The promotions included POS for wineries and trade partners, print advertising and wineries hosting their own harvest parties. The VA Wine Board also launched a significant digital campaign to support the effort and a partnership with VinePair an online magazine. The VinePair article generated 532,325 impressions. A VA Foodie partnership generated 136,875 impressions and the digital campaign yielded 2,418,194 impressions. These campaigns were supported by VA Wine social media, website and blog articles and email campaigns. Website traffic also increased over the same period last year.

Earned media impressions were also strong during FY 2020. The Virginia Wine Board Marketing Office procured 33 major media placements that 142 million impressions. Some of these placements included *Martha Stewart Living*, *Food & Wine*, *The Manual*, *Trip Savvy* and *Decanter Magazine*.

The Virginia Wine Board Marketing Office collaborated with the Virginia Wineries Association to produce and promote the Governor’s Cup Gala. The VWBMO handled the marketing and promotion of the event and over 700 wine industry members attended. The Governor’s Cup generated a tremendous amount of positive media coverage. As a follow up to the event, the VWBMO sent over 65 cases of Governor’s Cup winning wines to the leading industry trade magazines, writers and wine enthusiasts.

The VWBMO participated in the Southern Foodways Symposium, Fire, Flour & Fork and SommCon by promoting Virginia wines to chefs, sommeliers and other wine buyers. Multiple educational tastings and food pairings took place during all three events. At Fire, Flour & Fork and SommCon, the VWBMO organized panels to taste wines with audience members and provide professional feedback. In addition, in November of 2019, the VA Wine Board Marketing Office sponsored a luncheon featuring VA wines for the New York Wine Media Guild.

Other aspects of the VWBMO's integrated marketing strategy included social media, public relations, and content marketing. The VWBMO revamped the industry website, incorporating new features and launched a mobile app as well. In addition to the website, the VWBMO utilizes Facebook, Twitter, and Instagram extensively. Also new for FY 2020 was an integrated Search Engine Marketing program that over 10K clicks to the VirginiaWine.org website and the VA Wine app was downloaded 95k times.

The Virginia Wine Board Marketing Office prepared, published and distributed the annual Winery Guide. The brochure is available at wineries, retail stores, online, and by mail. With the dramatic increase of mobile devices, the VWBMO is preparing for a gradual phase out of the print Winery Guide.

As the Virginia Wine Board Marketing Office was preparing to launch a "Pick One And Go" visit VA Wineries as a spring campaign, COVID-19 hit the US and all VA winery tasting rooms, meetings, weddings and food establishments closed from Mid-March until Virginia went in to Phase 3 with the new FY July 1, 2020.

The VA Wine Board re-appropriated all marketing funds that were to be used for in-person event marketing and other items that had to be placed on hold due to COVID-19 and launched a digital consumer campaign entitled #VAWineTogether that promoted winery information about curbside pick, delivery and shipping during the shutdowns; that later morphed into winery opening information and direct consumer marketing. Approximately \$201,420 was reallocated toward the new efforts that included content creation, video development, digital advertising, and a restaurant and sommelier support program for those establishments that promoted VA wines either through their takeout and delivery or on social media. The results were impressive.

#VAWineTogether had over 85,475 landing page views, 5.3 million digital ad impressions, and #VAWineTogether had over 4,400 hashtag uses on social media.

During April, the VA Wine Board Marketing Office supported VA Wine participation in an “Open That Local Bottle Night” that yielded 88k impressions.

In addition, the Virginia Wine Board Marketing Office along with the Virginia Wine Board Matching Grant Committee reviewed six marketing grant proposals. The committee recommended that the Virginia Wine Board fund five proposals totaling \$39,795. Two and half of these proposals were either cancelled or stopped halfway through due to COVID-19, so unused funds were reallocated into the #VAWineTogether campaign.

The Wine Marketing Office also supported Virginia Cider Week through email marketing reaching 17,026 consumers, social media reaching 8,181 people and a blog promoting the promotion that had 129 views.

Lastly, with Virginia wineries partially opening during Phase Two during late May/early June, the VA Wine Board Marketing Office coordinated an industry wide celebration of National Rosé Day, which was on June 13, 2020. The promotion yielded 2,500k page views on the Virginia Rosé landing page, 2,700 additional website views, 112,000 Rosé Day event impressions and 180 Instagram entries to the VA Rosé Promotion giveaways (Rosé Chill glasses) and 386,000 social media impressions. The campaign launched in June and continued through the remainder of the month. It was supported with content, ads, giveaway, postcards and trade sponsorships.

IV. FUNDING LEVEL AT END OF FISCAL YEAR

	<u>Actual Expenditures</u>
1. Cash Balance: June 30, 2019	\$ 912,887.44
2. Base appropriations: July 1, 2019 - June 30, 2020	+ 2,273,692.00
2a. Prior year expenditure refund	+ 11,641.38
3. Total Balance and Receipts	= 3,198,220.82
4. Less Total Actual Expenditures	- <u>2,444,073.71</u>
5. Cash Balance: June 30, 2020	= \$ 754,147.11

V. BOARD MEETINGS AND ATTENDANCE

<u>Members</u>	5/5/20 <u>Virtual (WebEx)</u>	12/17/19 <u>Clifton</u>	8/20/19 <u>Charlottesville</u>
Kirk Wiles, <i>Chair</i>	Yes	Yes	Yes
Mitzi Batterson, <i>Treasurer</i>	Yes	Yes	Yes
Patrick Duffeler II	Yes	Yes	Yes
Doug Fabboli	Yes	Yes	Yes
Len Thompson	Yes	No	No
Luca Paschina	Yes	Yes	Yes
Tayloe Dameron	Yes	No	Yes
Courtney Mailey	Yes	Yes	Yes
Megan Seibel	Yes	Yes	Yes
Total	9	7	8