

PENNSSTATE



College of Agricultural Sciences
Cooperative Extension

Establishing a New Wine Region

2011 WIGA Cool Climate Viticulture and Enology Conference



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<http://pawinegrape.com/>



GO CANUCKS!!



Helping to Build Wine Industries: it's Fun!

- Long Island 1983-85
- Oregon 1985-99
- Pennsylvania 1999-2011
- Oregon has been the most successful
- Why??



The One Bad Bottle Conundrum

- In a new wine region the quality of every bottle matters!
- What IS the brand image of Island wines and to whom does Island wine matter?
- Wine labels: international standards
- Wine glasses: make sure your wines are at their best!
- Be A-political: put your best wines forward!
- Soil and climate mapping is critical for improving wine quality
- Taste benchmark wines in all categories from around the globe

Wine Philosophy: what are we doing here?

What are our goals?

- Who are we now in the mind of the consumer?
 - Native/hybrid, semi-sweet/sweet – country wines: Established
 - Dry hybrid/vinifera (dessert)
- What do you want your regional identity to be?
 - Local level – retail
 - Regional – blend of retail and wholesale
 - International – wholesale (Parker and Spectator crowd)
 - Washington and Oregon examples
- How will we get there?
 - Expensive bottles of red wine
 - Fighting varietals
 - Bulk juice and wines
- Viticulture vs. marketing
- Developing the infrastructure to get a place on the world wine map (if that's a goal): consumer base, media connections, wine critics, events, etc.

Which Wines?

- Oregon example: red was easy, whites not so easy.
- Climate: wine varieties for a cool climate:
 - Reds: Pinot Noir, hybrids (Foch, Marquette, etc.)
 - Whites: all of the beautiful aromatic whites
 - Why Ortega?
- Seafood. It's all about coastal cuisine. Oregon, Pinot Noir and salmon.
- Strive for balance in all wines. Blending may be the key to balance
- Quality: establish the highest quality in all types, styles and price points
 - Vineyard: Site selection, variety and rootstock selection, vineyard design, etc.
 - Vineyard and winery professionals
 - How do you evaluate quality? International benchmark wines.
- Find similar BEST examples of island wines then taste and study them closely

Do Not Reinvent the Wheel!

- Okanagan and Ontario
- Oregon (Willamette Valley)
- Washington State
- So successful and so close by



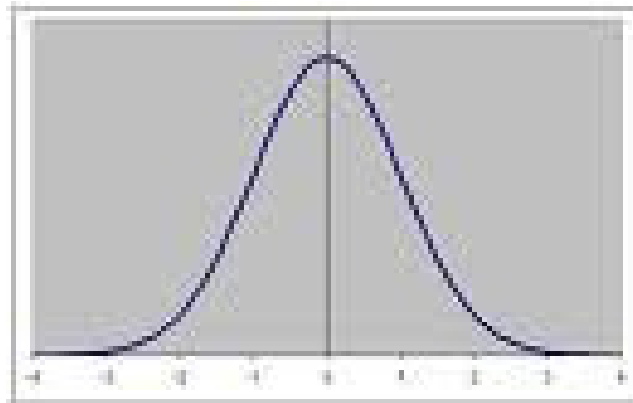
Time to Reach Fine Wines

- France, Italy, Germany – cultivated over centuries
- California – 50 years
- Oregon and Washington – 30 years
- The past 20 years: an even playing field in viticulture and enology knowledge and technology
- A proven formula for developing a new wine region
 - Leadership
 - Communication and cooperation
 - Funding
 - Research and education

Leadership and Partnerships

- The Wine Community
 - Dedicated and activist leadership with vision and experience
 - Strong industry associations
 - Dedicated, PAID individuals to execute the business and objectives of the wine industry
 - A strategic plan that is realistic and can be implemented within the time allotted
 - A voice in Victoria
 - Selflessness, teamwork and cooperation
 - Present a common front and message to all partners
- Government participation at national, state and local levels
 - Champions in the legislature: form a wine caucus
 - The Prime minister's office
 - The Ministry of Agriculture
 - The alcohol beverage regulation agency
 - Travel and tourism
 - Economic and rural development
- Academia and government: research, development, extension, outreach and education
- Services: vendors, retailers, restaurants, sommeliers, etc.
- The wine consumer: who are they, where are they and what exactly do they want?

Coping with the Bell Curve



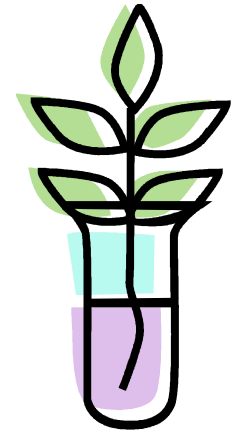
- right side: the progressive, outstanding producers
- hump: the average masses content with the status quo
- left side: those who will never get no matter what happens

Chicken and Egg

- Research and Education
- Marketing and Promotion
- Quality vs. Sales
- Which should come first?



Pushing Wine Quality with R&E



- Identify and prioritize viticulture and enology needs
- Evaluate and assign resources to address them
- Examples: Oregon State in the 80s, WSU now
- How to create new positions
 - Pay to play or hope and pray
- Impact
 - Evaluate programs
 - Evaluate wines!



Oregon: making and selling great Pinot Noir

- From the beginning it was all about Pinot Noir
- Quality first through R&E
 - Barney Watson and Steve Price
 - Solving problems and making better wines
 - PN and Chard clones, trellis systems, ML strains, etc. boron deficiency, cold tolerant
 - Collaboration with Burgundy and California
 - Steamboat PN conference – small group to international event
 - Wine maker technical meetings at Nick's Italian Cafe
- Then marketing...
 - Wholesale market. Hitting the road. Mid-tier and big markets.
 - International Pinot Noir Celebration (IPNC): bring the world to Oregon
 - Pinot Camp: 3 day event for wholesalers and retailers



Next door: Washington State Wine

- Near 700 wineries in 20 years
- Chateau Ste Michelle, the benevolent benefactor (Shelton)
- It helps to have an (almost) ideal climate
- A passion and unrelenting drive for quality
- Great marketing program led by Steve Burns in the 90s
- Parker/Spectator are on board
- Serious wines and good wines but worldwide acclaim and respect



Funding for Research and Marketing

(visit their web sites for information)

- The Best Example: Australia's Grape and Wine Research and Development Corporation (GWRDC) and Australian Wine Research Institute
- The U.S. National Grape and Wine Initiative (NGWI)
- Local marketing orders and industry associations
 - Virginia - \$ 550K > \$1.35M in 2010
 - Missouri - \$1.2M
 - Texas - \$2.3M
 - Oregon \$1.2M
- The American Vineyard Foundation (AVF)
- The USDA Agricultural Research Service (ARS) has 30 scientists working on grape and wine related projects
- USDA Specialty Crops Initiative: established in 2008, \$50M/yr

Marketing vs. Research

- Research: make good wines first then sell
- Marketing: sell wines first and they will get better
 - The allure of marketing: the glamour and glitz
 - The power and ego of the winery owners: they love to sell
- The Virginia example: marketing first
- The Oregon example: R&E first
- Wine marketing orders in the US: the 70-30 ratio

Other Necessities

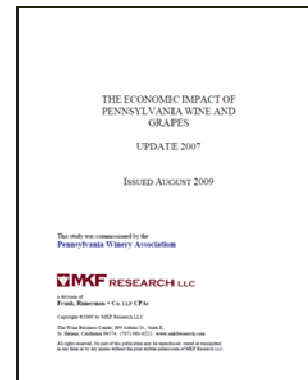
- Infrastructure
 - Vendors: equipment and supplies
 - Services: analysis labs
- VQA? (see Ontario for a successful example)
- Appellations: is it the right time? Oregon and Pennsylvania examples
- Consumer groups
 - Wine organizations: AWS, local groups, sommeliers, etc.
 - Other consumer product associations
- Wine shipping issues
 - Direct shipping
 - The influence of the wholesale industry

Funding to Grow

- Government: the handout, keep pressing for more.
 - State or Provincial Funding
 - Line item funding
 - Excise tax on some or all of wine or alcoholic beverage sales
- Self-assessment: what funding agencies look for
 - Marketing order/commodity board
 - Charge on grapes and/or wine
 - Administered through the department of agriculture
 - Governed by an industry wine board
 - Including members from the wineries and independent vineyards

Show them the Money! Total Economic Impact: Leveraging Value for Funding

- The U.S.
 - Grape and grape products rank #6 in farm gate value (#3 when wine is value-added)
 - \$52 billion dollars in economic benefit
- New York: \$3.6B (2007)
- Pennsylvania: \$2.4B (2009)
- Washington: > \$3B
- North Carolina: > \$1B
- Leverage product value into legislative funding



What Wine Brings to a Rural Community

- Protect endangered farmland from development
- Preserve small family farms and families
- Bring the next generation back to the farm
- Provide stable jobs in rural economies
- Increase local tax base and economic activity
- Promote agri-tourism from within and outside
- Add charm and luster to rural communities
- Attract satellite businesses: B&B, restaurants, shops, etc.
- Provide a healthy, home-grown agricultural product
- Wine is one of the best agricultural value added products

Great Examples

- Oregon
 - Wine Advisory Board and OR Winegrowers Assoc
 - \$25/t + 5¢/gal: about \$1M/yr
 - Amazing growth but good blend of new and old
- Missouri: building a hybrid wine industry
 - Wine advisory board led by Jim Anderson
 - \$850K/yr
 - Outstanding, activist industry with good leadership
- Virginia just increased from \$550K to \$1.32M in 2010: where will it go?

Building an Industry: do not reinvent the wheel

- There is a formula for creating a successful wine industry
- Eyes on the prize: high quality wines at all type, style, price points
- Reach out to others who have built successful wine industries
- Identify and understand your terroir, then seek out the best examples at an international level and learn from them
- Create a regional wine identity: what are your signature varieties?
- Taste and understand benchmark wines: local, domestic, international
- Travel: see what's out there, observe, ask the right questions, learn and translate it to home
- Play to your strengths: tourism, coastal charm, mountains, etc.

Marketing and Promotion: how to create a BUZZZZ?

- Wine Trails: they appear to be successful if well conceived, managed and cooperation among participants
- Information
 - Web sites, social networks, etc.
 - Brochures, maps, etc
- Are festivals a good marketing tool?
- Getting discovered
 - Restaurants are the first adopters and most adventurous. Create wine by the glass programs
- Use your BEST wines!

What No One Talks About

- Capitalization at all levels
- It takes a lot of money to make and market fine wines
- How to attract capital? Make great wine and it will come
- First a lifestyle then an income source but eventually they merge
- Don't let the winery steal from the vineyard. Quality is defined by the grapes

The Vineyard

- You need fully ripe and clean grapes to make fine wines
- Cool climates are challenging but often make the best wines
- Viticulture has to be top notch in this environment
 - Cold winters
 - Short and cool summers
 - Rain and humidity
- The preeminence of site selection in a cool climate
 - A warm place in a cool climate
 - Drainage above all else! Water is the enemy of fine wine
- Establishing and maintaining uniformity in vines and vineyard
- Building a wine industry on mainly hybrids and some vinifera
- Nova Scotia's reputation will be for great aromatic white wines

The Winery

- A great wine maker is necessary in cool, wet climates
- Treat every vintage as the vintage for hell
- Getting every bit of goodness from each berry
- Strive for quality, consistency and balance
- Flexible, quick to think, adapt and adopt new practices, patient, creative
- Cleanliness and sanitation
- Sound and smart but creative and aggressive winemaking practices

Weddings and Wine: what business are you in?

- Linden Vineyards: Wine
- Clover Hill Vineyards: Education
- Lancaster County Winery: Wine-tainment

Another person who can help . . .

- Wine Marketing and Branding . . .
- Steve Burns, O'donnell Lane, LLC, is the man you need
- He put Washington State on the international wine map
- During his 10 years as executive director of the Washington Wine Commission the number of wineries grew from 150 to 600.
- Washington wines are internationally respected and in demand



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Let's get to work!

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