



CWIDB Update, VinCO, 17 January 2018

CO Wine Industry Development Board

Nov. 15 was a very sad day: Two CO Wine Pioneers Lost



- John Lowey, d. Nov. 15, 2017
in Grand Junction
 - the first executive director of the CWIDB, 1994-1999
 - Decorated Vietnam veteran
 - Former president of Llano Estacado Winery, TX
- J.J. "Jim" Gigoux, d. Nov. 15, 2017
in Lone Tree
 - One of 6 early Grand Valley grape-growers who planted vines at the urging of Dr. Gerald Ivancie and Warren Winiarski
 - Co-authored the CO Limited Winery Act, passed in 1971
 - Worked overseas as an economist for UN Food & Ag Organization
 - VP of Club 20



CWIDB FY 2017 and 2018 YTD Revenues and Expenditures



FY	Prod Tax	Wine Tax (all)	Winery Tax (CO)	Misc Rev (Reimb Exp)	Admin	Research	Mktg	Quality	Totals
<u>2017</u>									
Rev	19,612.13	730,713.10	54,673.51	13,019.30 +9,500 grant					\$804,998.74 From Wine Fees
Expend					243,847.80	222,943.34	251,955.19	14,039.79	(\$732,786.12)
% Exp Def Rev					33.28%	30.42%	34.38%	1.92%	\$94,551.92
<u>2018</u>									
Rev	14,580.41	370,590.41	28,916.56	10,125.00 incl accrual					\$414,087.38 From wine fees
Expend Thru Nov					108,703.09	48,199.54	163,466.86	2335.00	(\$322,704.49)
% YTD Exp					33.69%	14.94% Thru Oct	50.66%	0.72%	

CWIDB's Strategic Goals Status Update



- HB17-1189 increased CWIDB terms to no more than two consecutive 4-yr terms to allow more continuity and preservation of institutional knowledge during a multi-year project such as strategic planning
- Economic and Business Development
 - Workshops offered in the AM of Cultivar Camps
 - 3/20: Understanding Financial Statements
 - 5/15: Mktg Workshop with Label Design and PR Tips
 - 11/28: OSHA Compliance Seminar
 - Is there interest in a monthly conference call/webinar on business topics?



CWIDB's Strategic Goals Status Update



- Quality

- FSMA Compliance Workshops in Broomfield (12/1/16) and GJ (1/9/17)
 - Is there interest in repeating in either February or March 2018?
- SCBG projects, funded by USDA awarded by CDA:
 - Cultivar Camp tastings to explore benchmarks for one specific grape variety or style:
 - 3/20 Merlot with Sally Mohr, MS, and Max Ariza
 - 5/15 Syrah with Jeb Dunnuck,
 - 8/14-15 Riesling with Morten Hallgren
 - 11/28 Cab Franc with Ashley Hausman Vaughters, MW
 - 1/18 Malbec with Paul Hobbs
 - Dr. Imed Dami, OSU Viticulture Extension and Faculty, Consulting Viticulturist, visited with 12 grape-growers and presented seminars in Grand Junction (3/29 and 8/11 with Dr. Horst Caspari) and in Fort Collins (4/26)
- Grape-grower conference calls first Monday of each month (2/5/18, 9 AM)
- Exploring winemaker conference calls and "How to" short videos

CWIDB's Strategic Goals cont'd



Worth exploring for its beauty and bounty, this high-altitude wine region is on the rise. Colorado isn't just paradise for outdoor adventurers—it has plenty to offer any wine lover as well. At over 4,000 feet in elevation, Grand Junction and Colorado's Grand Valley AVA should also be high on your must-visit list. Rocky

CWIDB's Strategic Goals cont'd

- Marketing

- Advertising:

- Nov-Dec: Installation in DIA Concourse A & C train stations plus bonus dioramas
18.12 million impressions
- Four panels made available to Gov's Cup Case Wineries for the 1st time this year



CWIDB's Strategic Goals cont'd

- More Marketing

- Advertising:

- *Billboards:* May-Aug in 8 Denver metro locations; 10.4 million impressions
- *Social Media ads, impressions:*
 - June-Aug, 800,000
 - Nov-Dec, 707,000





CWIDB's Strategic Goals cont'd



- Even More Marketing

- Not specifically Advertising:

- Aug 3: Governor's Cup Case Tasting at History Colorado Center drew 245 people
 - shifting event to Nov. 8, 2018 in the hopes of greater attendance; judging to be Sept. 7-9, 2018
- Video of Governor's Cup process made with CTO Statewide Marketing Grant



CWIDB's Strategic Goals cont'd

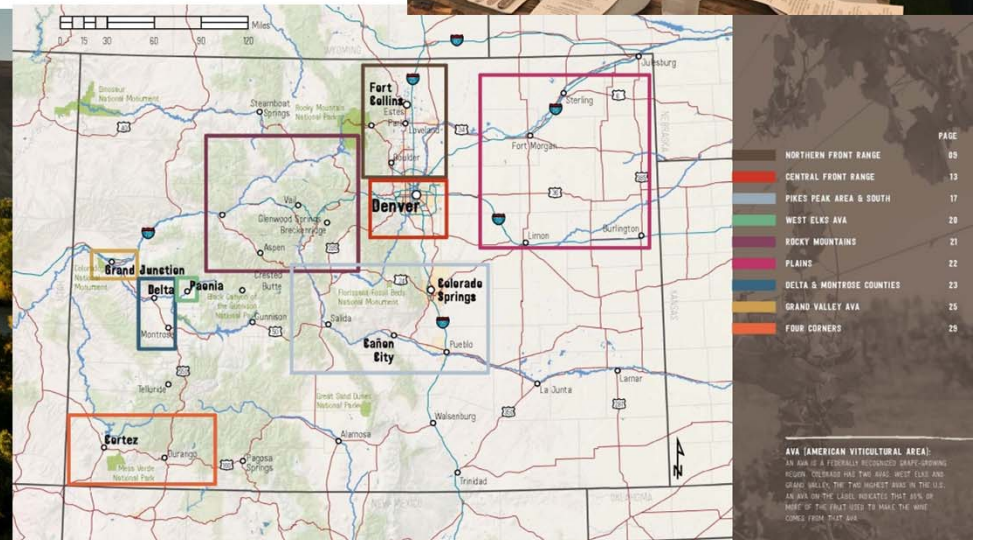


• Marketing, cont'd

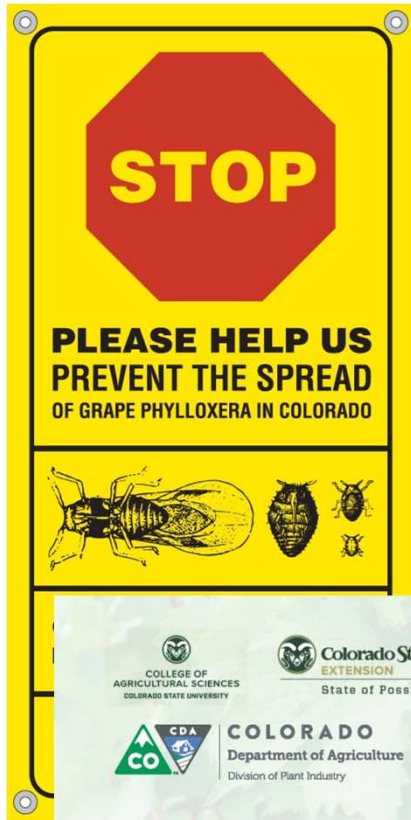
➤ Public Relations:

- Calendar Year 2017 PR earned media: 81.5 million views valued at over \$754,000
- Media trip Aug. 8-11 for 6 writers (3 local, 3 out-of-state):
 - 14 winery experiences in Boulder, Estes Park, Grand Valley
 - 32 social media posts and at least 8 articles

➤ Brochure reprint on hold for tech glitches



CWIDB's Strategic Goals Status Update, cont'd



• Research

➤ Mapping project of Four Corners/ Montezuma County potential vineyard 1st phase completed

- See Viticulture Research Report through June 2017, Pg. 11-30
- “This study provides evidence that nocturnal winter air temperatures stay warmer on the hillsides to the north of Cortez and locations in McElmo Canyon on the coldest of nights than they do in the city of Cortez. ”
- “The hills north of Cortez near Road T between Lebanon Road and Highway 145 may also serve as a potential location for expansion of grape growth. ”

Continuing in 2018 and beginning in Fremont County as well

➤ Phylloxera: 12 positive sites in Mesa, Delta & Montrose counties plus Front Range

- CAPS site surveys extended through Aug 2018. Call:
 - Jeanne Ring, CDA, 303.869.9076 or jeanne.ring@state.co.us
 - Meredith Shrader, Tri-River Extension 970.244.1838 or meredith.shrader@mesacounty.us
- Phylloxera bulletin and vineyard “Stop Signs” available
- More from Horst: SCBG project for drone vineyard surveys in 2018

Phylloxera Bulletin for the Colorado Grape and Wine Industry

BACKGROUND INFORMATION

Colorado scientists have identified and confirmed the presence of grape phylloxera (*Daktulosphara vitifoliae*) in multiple commercial vineyards in Colorado:

- August 2015, during a routine Grape Commodity Survey looking for other grape vine pests, the Cooperative Agricultural Pest Survey (CAPS) identified phylloxera in a Larimer County vineyard on hybrid vines.
- November 2016, in a Mesa County Vitis vinifera vineyard that requested a consultation about a block of vines showing symptoms that mimic nutritional deficiencies.
- December 2016 through spring 2017, additional surveys positively identified additional vineyard infestations on both *vinifera* and hybrid vines in other vineyards in Mesa and Delta counties.



Photos, this page: Shutterstock

Colorado Grape Phylloxera Action Bulletin, 2017

CWIDB's Strategic Goals Status Update, cont'd



- Research
 - Consumer research from Spring 2017:
 - 500 respondents: 21-70, CO Residents who drank wine in the past month
 - Awareness is up:
 - 76% of monthly wine drinkers are aware wine is produced in CO; up from 73% in 2016, vs. 93% CA awareness
 - Metro Denver residents, where billboards have run, were at 78%
 - Consumption:
 - 63% of monthly wine drinkers have consumed CO wine
 - 83% of those aware of CO wine have consumed it
 - 71% of those over 51 as well as hard cider drinkers have tasted CO
 - Future purchase interest
 - 68% express purchase interest in CO wine, vs. 86% for CA and 78% for Europe
 - 23% are undecided
 - Only 9% probably or definitely will not buy CO vs. 3% for CA, 8% for WA and OR, 13% for other US States' wines

CWIDB's Strategic Goals Status Update, cont'd



- Research
 - Consumer research from Spring 2017:
 - Obstacles:
 - where most consumers purchase their wine (neighborhood and large discount stores) do not line up with where they expect to purchase CO wines (winery sales rooms or wine specialty stores) and where they actually purchase CO wines
 - Perceptions of CO wine quality lag well behind perception of CA and European wine quality
 - Opportunities:
 - CO wine drinkers very experimental
 - CO wine thought to be fairly priced by 73%
 - Less gap between awareness and consumption than anywhere else but CA



Where is there distribution opportunity?

Wine purchase locations do not match up to where they'd expect to buy CO wine.

- Wine specialty shops, wine tasting rooms/wineries and Farmer's Markets have a relatively low share of wine purchases.
- However, a larger percent of drinkers expect to find and buy Colorado wine at these locations.
- Neighborhood liquor stores are locations where consumers expect to find Colo. Wines & where Colo. Wine purchasers bought Colo. Wine (31%).
- **Insight:** Meet customer expectations through expanded distribution at Bars, Neighborhood liquor stores and Wine specialty shops.

Among total sample	Share of wine purchase locations 2017 (n=500)	Share of CO Wine purchase locations 2017 (n=313 Colo wine drinkers)	Where you'd expect to buy Co. wine (check all that apply) 2017 (n=500)
Neighborhood liquor store	34%	31%	70%
Large, volume discount liquor store	21%	17%	46%
Restaurants	12%	11%	48%
Wine specialty shop	7%	8%	58%
Grocery store that sells wine	7%	5%	33%
Bars	6%	4%	31%
Winery or wine tasting room	5%	17%	59%
Internet	5%	2%	19%
Farmer's markets	1%	3%	38%
At a sport or concert venue	1%	1%	10%
Other	1%	2%	1%
TOTAL	100%	100%	NA

Recommendations from Focus R&S



Fill the gap between “aware” of Co wine and trial / “future PI” of Colorado wine.

- 73% are aware, but 37% have never consumed CO wine.
- 66% state future purchase interest in CO wine, but this lags California wines purchase interest at 89%.
- Offer tastings, promotions and events for trial – consumers state strong interest in these events.

Increase distribution outlets for CO wine to locations where consumers shop for wine.

- Restaurants, neighborhood liquor stores and discount – volume liquor stores are where consumers shop for wine.
- Colorado wines must have a visible presence in these outlets.

Consider occasion-based advertising to help communicate that CO wine is a “fit” for multiple occasions.

- Restaurant and in-home occasions are top wine consumption occasions that currently do not “fit” for CO wine.
- As with other category advertising, occasion – based messages help “show” where CO wine is consumed.

Improve quality perceptions of Co wine - more in line with California and European wines:

- Impressions of CO wine quality continue to be lower vs. California & Europe.
- To convert consumption from California, Colorado wines must be perceived to have high quality and CO wines must give consumers a reason why to convert from California wines.
- Wine awards, honors, taste reviews in magazines may help. Social media “buzz” may help, as well.

Increase local advertising reach.

- The two ad campaigns in this test made 58% and 62% of respondents more interested in buying CO wine.
- Help consumers understand why Colorado locally grown wines are higher quality – why is local better?
- Let consumers know CO wine fits for multiple occasions.

Recommendations from Focus R&S



Consumers that have had Colorado wine in the past are key target consumers.

- They have already tried CO wine – no barrier to trial.
- The challenge is getting them to repeat purchase.
- Tactics for repeat purchase could be incorporated into the marketing plan. Social media / Internet is an excellent tool to keep in touch with CO wine purchasers.
- Consider a CO wine purchaser panel / club with benefits for members online.

Target younger 21-35 wine drinkers (who are also cider drinkers – 42%)

- 21-35 are least aware of CO wine (62%) and least likely to consume it (57%).
- But they are the most interested in future purchase (79% top 2 box PI).
- Hard cider and younger drinkers are experimental, want to attend wine tasting events and likely access social media often – again, potentially a good tool to increase awareness and trial among this key target.

Target males & appeal to older drinkers with messages.

- Consider younger, male-focused occasions in consumer communications.
- While not a direct target, older drinkers do consume wine frequently. 87% are aware of CO wine – so, getting more of them to consume CO wine more frequently is a logical step.

Consider borrowing from the Colorado craft beer “local” message success.

- Colorado is the “craft beer capital” – and craft beer consumers take pride in their locally produced CO beer.
- Likewise, particularly among younger wine drinkers, buying local, visiting local wine tasting events and visiting local wineries are popular areas of interest.

Other CWIDB Projects



Is your winery listing
up to date on

www.coloradowine.com?

Post winery events, too.

If you need log on help, call:

- Doug, 303.869.9177
- Kyle, 303.869.9178

Other CWIDB Projects



- Legislative Update
 - HB17-1189 Increasing term limits for appointed CWIDB members to serve two consecutive 4-years terms instead of only one
 - SB17-077 Making government agencies with a statutory charge to promote Colorado alcohol products eligible for special events permits and zero invoiced “donations.”
 - Recommendations from the SB16-197 Working Group
 - <https://www.colorado.gov/pacific/enforcement/sb16-197-statutory-working-group-report>
 - Def manufacturing process as ending once product in final, consumer packaging
 - Allow suppliers to pour for in-store tastings



Thank you

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