



Ad for Edible Aspen Magazine during  
Aspen Food and Wine

# CO Wine Industry Development Board, *"New Terroir to Explore"*



Doug Caskey, executive director  
CO Wine Industry Development Board

Overview prepared 20 Feb 2019

# Wine is part of the Jeffersonian Ideal of *Agrarianism*



- *a social or political philosophy which values rural society as superior to urban society, the independent farmer as superior to the paid worker, and sees farming as a way of life that can shape the ideal social values (Wikipedia)*
- Farming “was the employment of our first parents in Eden, the happiest we can follow, and the most important to our country.”
- “Wine should be the natural drink of the temperate yeoman.... It is desirable it should be made [in America].”

A stylized, cursive handwritten signature of Thomas Jefferson in black ink.



# Why is the CWIDB in Title 35?



- Colorado Wine Development Act of 1990,  
35-29.5-101.5 CRS:

"The general assembly hereby finds, determines, and declares

- that Colorado has a substantial interest in promoting the development of a viable and stable wine industry in this state....
- that grape cultivation is closely related to fruit cultivation carried out in various parts of Colorado
- that grape cultivation and wine production are a logical supplement to, and development of, existing agricultural business
- that a viable wine industry can enhance Colorado's tourist industry...."

# Wine Board is in the CO Dept. of Agriculture



- Colorado Wine Development Act of 1990,  
35-29.5-103 CRS:

"There is hereby established a Colorado wine industry development board in the department of agriculture:

- for the purpose of encouraging and promoting viticultural and enological research and experimentation to develop maximum yields and quality from Colorado lands suitable to the production of grapes for commercial wine production
- to promote the marketing of wines and wine grapes produced in Colorado
- to promote the responsible consumption of all wines
- to promote the integration of the Colorado wine industry as a component of the state's tourism program, and to serve as a resource for the entire wine industry of Colorado.

# CWIDB Make-up, 35-29.5-103 (2) CRS



(a) "The board shall consist of nine members appointed by the governor." (4-year terms, max of 2 consecutive terms)

- 1) Five representatives of licensed wineries, one that grows grapes
  - Western Slope, outside the Grand Valley AVA
  - Within the Grand Valley AVA
  - Eastern Slope
  - Two at-large, reflecting the proportion of fees and excise taxes in other regions (FY17 Front Range paid 54.55% of winery fees on 50% of the volume reported)
- 2) Two wholesale wine distributors
- 3) One wine grape grower
- 4) One retail wine distributor
- 5) Ex-officio members (voting): CSU liaison, CTO board, public



## CWIDB Duties, 35-29.5-104 CRS (condensed)



(1) The board may:

- (a) Conduct or contract for scientific research to discover and develop the commercial value of wine, wine-growing, wine-making, grape products, or fruit products;
- (b) Disseminate reliable information founded upon the research undertaken under this article...;
- (c) Study state and federal legislation with respect to tariffs, duties, reciprocal trade agreements, import quotas, and other matters of trade concerning the wine industry;
- (d) Sue and be sued as a board, without individual liability, for acts of the board within the scope of the powers conferred upon it by this article;
- (e) Enter into contracts which it deems appropriate ...;
- (f) Make grants to research agencies for the financing of special or emergency studies or for the purchase or acquisition of facilities ...;

# CWIDB Duties, 35-29.5-104 CRS



(1) The board may: (cont'd)

(g) Appoint subordinate officers and employees of the board and prescribe their duties and fix their compensation;

(h) Cooperate with and enter into contracts with any local, state, or nationwide organization or agency engaged in work or activities similar to those of the board ...;

(i) Act jointly and in cooperation with the federal government or any agency thereof ...;

(j) Adopt, rescind, modify, or amend all proper regulations, orders, and resolutions for the exercise of its powers and duties; and

(k) Enter into contracts for the promotion of wine and for the development of new markets through such promotion.

## CWIDB Duties, 35-29.5-104 CRS (cont'd)



(2) "The board shall promote all wines produced or finished by a licensed Colorado winery."

- Statutory clause added as a result of the 1997 lawsuit by a winery that felt the CWIDB was discriminating against wineries that brought in grapes or fruit from outside the state
- The question of what makes a winery a Colorado winery hangs over marketing efforts today
- "Colorado Grown" vs. American, both legally defined terms on a label
- Rising concern with wineries using concentrate to make wine dragging down the perception of Colorado wine.



# CWIDB Use of Moneys



## 35-29.5-105 CRS

- (1) There is hereby created in the state treasury the Colorado wine industry development fund. The fund shall consist of moneys credited thereto pursuant to section 12-47-503 (1) (b) and (1) (c), C.R.S. All moneys in such fund are hereby continuously appropriated to the board for the expenses of the board in implementing the provisions of this article.
- (2) In any fiscal year, the board shall budget from moneys in the fund
- at least one-third toward research and development and
  - at least one-third toward promotion and marketing of the Colorado wine industry, including any administrative costs associated therewith.

# Colorado Wine Development Fund



## 44-3-503 (1) CRS

(b)(II) Wine Development fee of \$0.01/liter on all wine except hard cider sold in the state; paid by wholesalers or by manufacturers

(b)(III) "excise tax surcharge" paid by Colorado wineries on all wine except hard cider

- \$0.05/liter for first 9,000 liters
- \$0.03/liter for next 36,000 liters
- \$0.01/liter for all additional amounts

(c) Excise tax of \$10/ton on "all grapes of the *vinifera* varieties or other produce used in the production of wine in this state by a licensed Colorado winery or vintner's restaurant, whether true or hybrid."

[CO wineries pay about 7% of CWIDB revenues.]

# CWIDB FY 2018 and 2019 YTD Revenues and Expenditures

[coloradowine.com/trade-resources/colorado-wine-industry-development-board/?fwf\\_trade\\_resource\\_category=financial-documents](http://coloradowine.com/trade-resources/colorado-wine-industry-development-board/?fwf_trade_resource_category=financial-documents)



FY	Prod Tax	Wine Fee (all)	Winery Fee (CO)	Misc Rev (Reimb Exp)	Admin	Research + Quality	Mktg, incl Ads + PR	Totals
<b><u>2018</u></b>								
<b>Rev</b>	18,197.70↓	730,914.18–	48,251.42↓	14,305.00↑				\$797,363.30↓ From Wine Fees
<b>Expend</b>					243,149.02	220,670.76	314,264.18	(\$778,083.96)
<b>% Exp Def Rev</b>					31.25%	28.36%	40.39%	\$19,279.67 deferred revenue
<b><u>2019</u></b>								
<b>Rev</b>	15,828.58↑	375,927.48↑	36,802.69↑	28,570.00 incl CO Uncork tix				\$428,558.75 From wine fees
<b>Expend Thru Nov</b>					101,732.36	58,409.71	122,944.49	(\$283,086.56)
<b>% YTD Exp</b>					35.94%	20.63% Thru Oct	43.43%	

# FY 2019 Budget: \$749,990



## ➤ Admin: \$214,900 (28.66%)

- External appropriations: \$ 46,892 (6.25%)
  - Legal costs FY2018: \$21,433, normally less than \$5000
- Internal administration: \$168,008  
incl DC salary+benefits \$142,758

## ➤ Research & Quality: \$266,000 (35.47%)

- CSU: \$235,000
- Consumer Survey: \$ 13,000
- SCBG (Vit Ext Spec): \$ 15,000
- Phylloxera, Biz Dev, Quality: \$ 3,000

## ➤ Mktg & Events: \$269,000 (35.87%)

- Cultivator (Mktg & PR): \$172,000
- Brochure printing: \$ 25,000
- KS salary+benefits \$ 45,000
- Governor's Cup judging \$ 25,000
- SWAG and misc \$ 2,000

# CWIDB's Strategic Goals

Updated August 12, 2018

coloradowine.com; trade resources; CWIDB; Minutes



- **Mission:**
  - To promote and develop the growth and quality of the Colorado wine industry through marketing, research and education.
- **Vision:**
  - Our long-term ambition is for Colorado to be recognized globally as a premier wine experience.
- **Strategic Priorities:**
  - Foster greater cooperation, communication and participation within the wine industry.
  - Promote the effective relationships with beverage wholesalers, retailers, restaurants and other complementary industry partners.
  - Elevate, develop and energize the Colorado wine brand.
  - Provide appropriate resources and education to Colorado vineyards and wineries so that they may achieve economic viability.

# CWIDB Committee and Program Area Goals



## 1. Business & Economic Development

- To facilitate the financial sustainability of all Colorado wineries and vineyards.
- Insure producers have the skills and resources to develop economically sustainable resilient and adaptable businesses.
- Improve access to market and increase market knowledge.
- Encourage capital investment for wineries and vineyards.



# CWIDB Committee and Program Area Goals, cont'd



## 2. Quality

- Encourage collaboration between winemakers and grape-growers to pursue and identify increased quality standards for wine grapes.
- Educate winemakers and winery staff on where CO wines fit in the global market.
- Measure Wine quality improvement.

## 3. Marketing

- Move more wine

# CWIDB Committee and Program Area Goals, cont'd



## 4. Research

- Identify the right grapes for the right places
- Identify best practices for managing phylloxera
- Maintain vigilance of potential and future pests
- Provide tools to enable growers/wineries to prosper in a high-desert environment
- Effectively communicate the results and applications of research to the industry
- Proving new varieties and techniques with enological research
- Consumer research to identify new ways and opportunities to expand the Colorado wine industry

# CWIDB Projects



PROJECT	Biz & Econ Development	Quality Improvement	Marketing	Research
Monthly grower conference calls	x	x		x
Vit Extension Specialist (SCBG)	x	x		x
Marketing/PR Contractor			x	
CTO Mktg Grant: Wine Enthus Ad			x	
CSU State Viticulturist and Enologist		x		x
TTB & Labeling Seminar, 2/19	x	x		
Gov's Cup Competition & CO Uncorked		x	x	
TODS Hwy Signs	x		x	

# *Marketing:* You sell wine by selling the sense of place



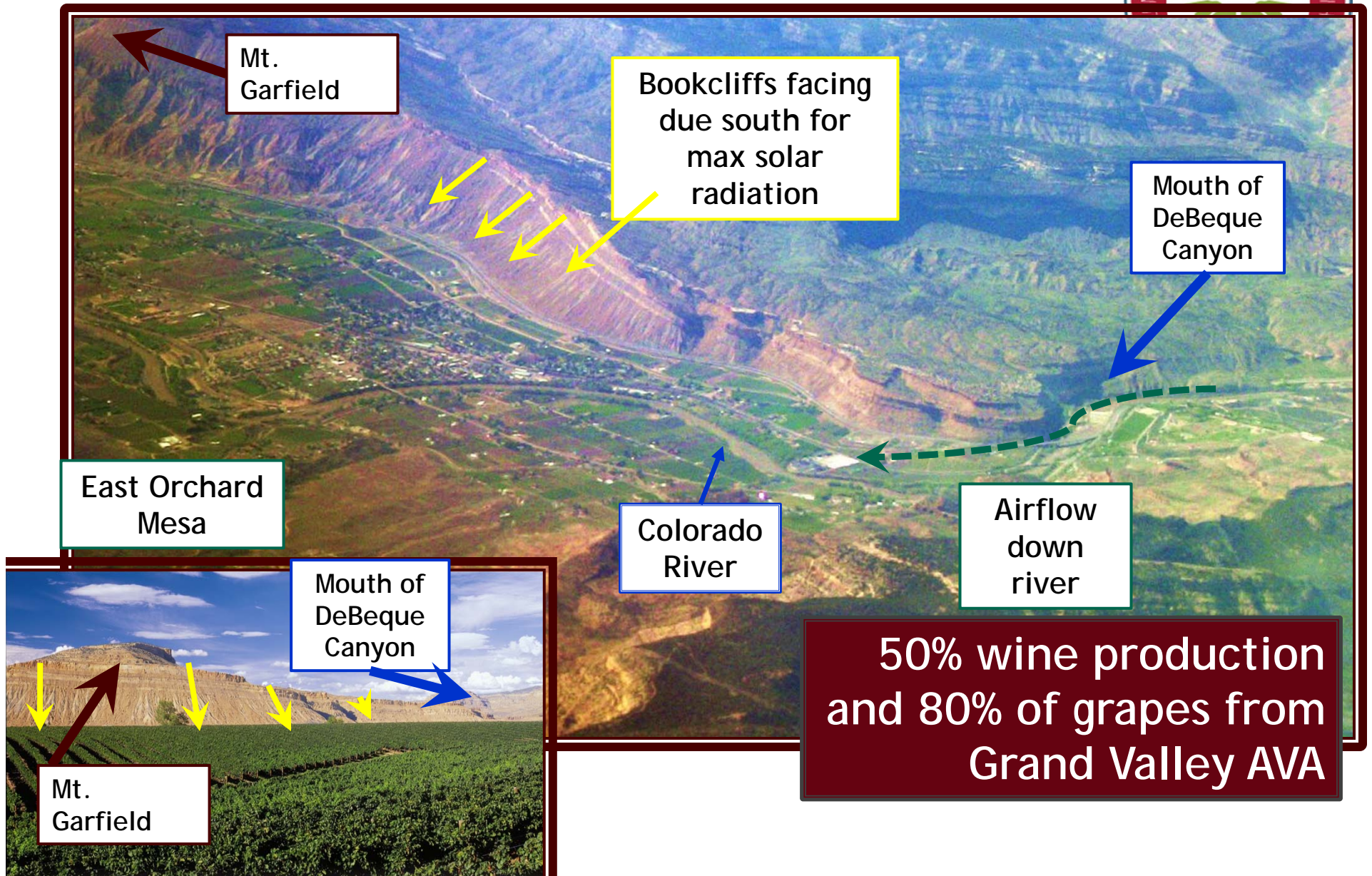
*Terroir*, the taste of place:

- The qualities in a wine determined by its point of origin or *appellation*
- The combined effect of sun exposure, soil conditions, climate, water quality
- The sense of history





# Terroir from 20,000 ft.: Grand Valley's Canyon Wind





# Highest commercial vineyards in Northern Hemisphere



- Up to 7,000 ft. above sea level in Delta, Fremont and Montezuma counties
- Often said to be the upper limit for growing *Vitis vinifera*





# But terroir can be a two-edged marketing sword:



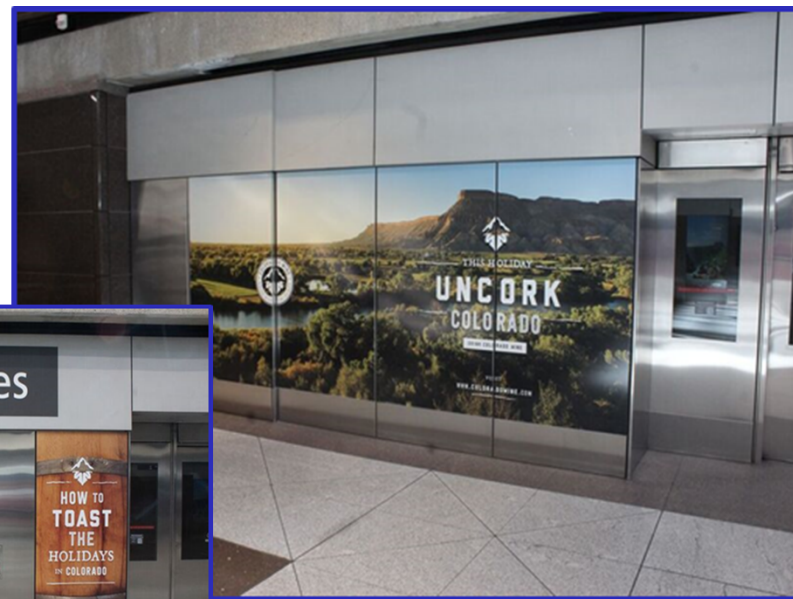
"You can't grow  
Grapes in Colorado!  
The soil is frozen 12 months  
out of the year."

--Wine Spectator Editor

In order to  
move the consumer,  
the critics and the  
media beyond the  
boundaries of  
popular perception,  
(see comment)  
they must taste the  
wines and experience  
the state.

# CWIDB Media Buys FY 2019:

- 2018 Holiday Denver Int'l Airport
  - Nov.5-Dec. 2
  - 18 Million est. impressions
  - \$22,200
- FY19 Outdoor Media Campaign
  - 4 Denver Metro locations
  - May 20-June 16
  - Estimated 4.8 Million est. impressions
  - Cost of \$25,500
- FY19 Social Media Campaign
  - May 20-June 29
  - 2.7 Million estimated impressions for \$11,500





# Governor's Cup Judging

## Sept. 7-9, 2018



- [www.coloradowine.com/uncorked](http://www.coloradowine.com/uncorked)
- Metro State University of Denver, Hospitality Learning Ctr.
- 344 entries from 49 wineries (+5% over 2017)
- 16 judges from Denver metro area (7), Colorado (2) and out-of-state (9): 3 MWs, 2 MS's, and one wine industry legend, Warren Winiarski (*below left in center*)
- Medals: 11 Double Golds (3.2%), 18 Golds (4.94%), 110 Silver (31.98%) and 127 Bronze (36.92%)
- Governor's Collection, 13 wines to represent CO wine industry (*below right*)
- Costs: \$25,850; Entry fees taken in: \$11,840



# Colorado Uncorked, November 8, 2018

- [www.coloradowine.com/uncorked](http://www.coloradowine.com/uncorked)
- History Colorado Center, Denver
- Tickets: 508 including comps/media giveaways (156) and VIPs (86)
- Event Expenses and Revenue
  - Tickets sales revenue: \$17,370
  - Banquet, event & food costs: \$15,202
  - Media “sponsorship” fees: \$14,272
  - Cultivator design work: \$10,000
- PR coverage of this event: 4.6 million impressions valued at \$43,395
- CAVE recognized Rep. Herod as Legislative Friend of the CO Wine Industry
- Best of Show (Governor’s Cup) presented by Ag Commissioner Don Brown to Bookcliff Vineyards of Boulder for their 2015 Colorado Cab Franc Reserve





# This is Why We Work with Media:



## *2018 Best Wine Getaways in the World*



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

# How are we doing?

## 2018 Consumer Survey



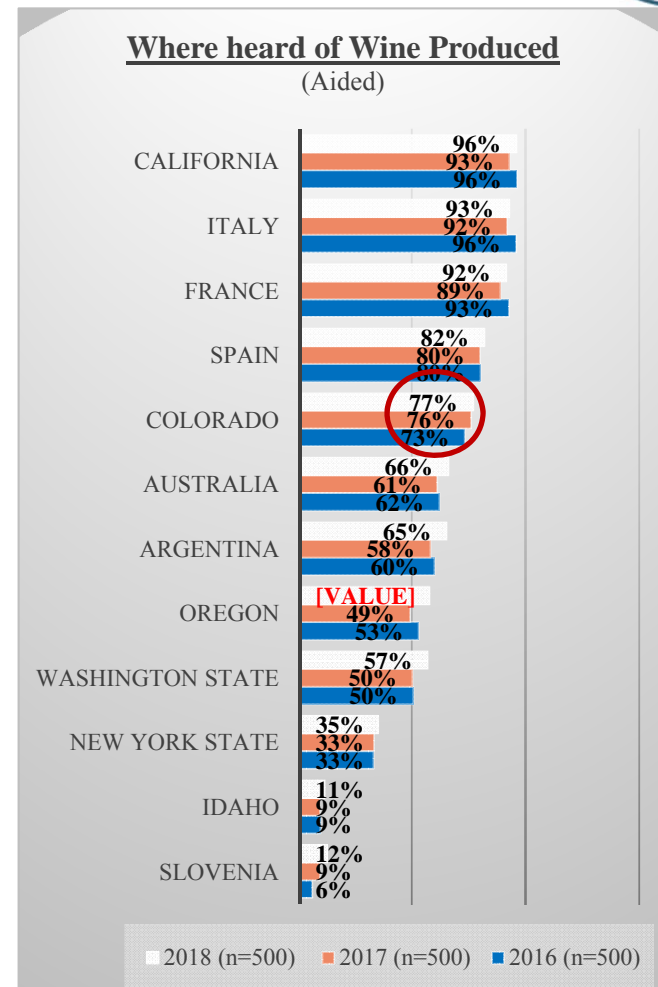
### Colo. Wine Awareness = Strong but Flat:

**Trending up a little - Awareness of Colorado wine is up slightly in 2018 (77%):**

- Up from 73% in 2016 among total (past mo. wine drinkers).
- Conversely, 23% are not aware of CO wines.
- California wine awareness highest (96%); still a large gap vs. Colo. wines.
- Oregon wine improved significantly to 58% in 2018; up from 49% in 2017.

#### **Insight:**

Colorado wines continue to have decent awareness among Colorado wine drinking residents -77% among the total sample.



Q. 2 From which of the following geographic areas have you ever heard of wine being produced?

**NOTE:** significant differences vs. previous year - noted in **Bold red font** at the 95% confidence level.



# Older drinkers higher in Colorado Wine Awareness:



## In Metro Denver – where ad \$'s are spent:

- Awareness is on par to 2017, 77% index at 100. And continues to be lower among 21-35 vs. other ages (index 86).

## Sub groups:

- 84% of 51-70 are aware of CO wines. Index 108 vs. total.
- More Weekly + are aware of Colo. wines vs. the total sample, indexing higher – see chart below – green boxes.

Sub Group awareness of Colo. wines	2018	2017	Index to total 2018
Metro Denver	77%	78%	100
Weekly + (frequent wine drinkers)	80%	78%	104
Age 21 - 35	66%	65%	86
Age 36-50	81%	72%	105
Age 51-70	84%	88%	108
Male	78%	78%	101
Female	76%	74%	99
Hard Cider Drinkers	78%	81%	101

## Insight:

Most subgroups of wine drinkers in Colorado are aware of Colorado wines, though there is room for improvement – recall, California wine awareness is 96%.

Q. 2 From which of the following geographic areas have you ever heard of wine being produced? (check all that apply)

# Colorado Wine consumption up a little, but less than California



**Colo wine consumption is up a little - 66% of drinkers have consumed wine from Colorado.**

- Up from 63% in 2017.
- Wine consumption is up in most geographies, among Colorado residents.
- Oregon is significantly up to 38% vs. 30% in 2017.
- Most geographies are still lagging California wines in consumption.

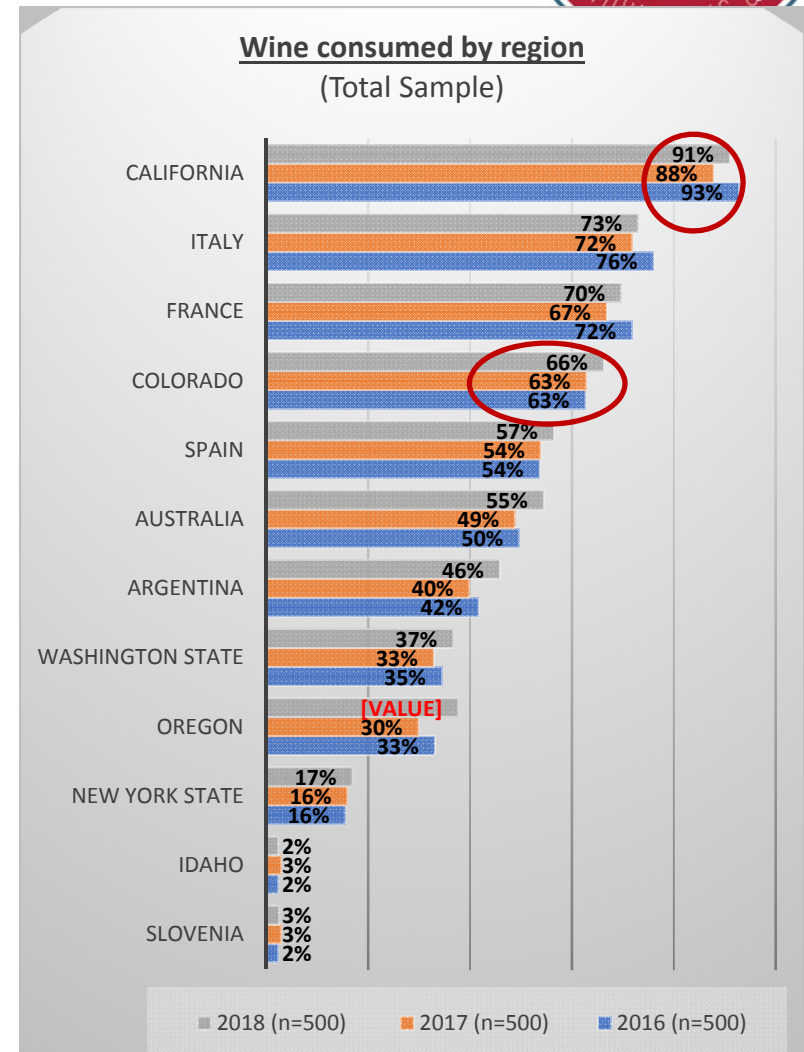
**Among those aware of Colorado wine, 86% have consumed it; this is on par with 2017 (83%).**

- This is notably higher than the total sample 66%.
- Though is still less than California – 95% of those aware of Cali wine have consumed it.

**Insight:** Trial and repeat are the challenge, not awareness.

## 2018- Conversion to consumption among those aware

California (n=481) aware	95%
Australia (n=330) aware	83%
Colorado (n=385) aware	86%
Italy (n=465) aware	79%
France (n=458) aware	76%
Spain (n=385) aware	74%
Argentina (n=326) aware	71%
Oregon (n=288) aware	65%
Washington State (n=284) aware	64%
New York State (n=174) aware	49%
Idaho (n=56) aware	21%
Slovenia (n=61) aware	21%



Q. 3 From which of the following geographic areas have you consumed wine? Check all that apply.

**NOTE:** significant differences vs. previous year - noted in **Bold red** font at the 95% confidence level.

# CWIDB's Strategic Goals Status Update, cont'd



- Other Research

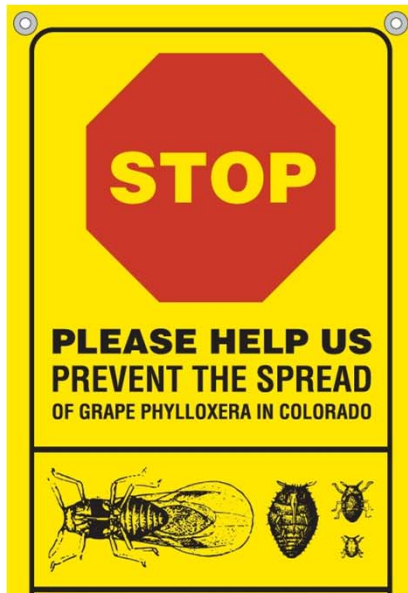
- Mapping project of Four Corners/ Montezuma County potential vineyard 1<sup>st</sup> phase completed

- "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, CDA and USDA.
- Phylloxera bulletin and vineyard "Stop Signs" available
- SCBG awarded to State Viticulturist for drone vineyard surveys during 2018 growing season
- New rootstock trials, graft union protection trials, replanting procedure trials on going at CSU's Western CO Research Center—Orchard Mesa (Grand Junction)



## 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



# Colorado Wine History



- Tourist Isabella Bird comments on the wild grape vines in the St. Vrain Canyon below Estes Park, *A Lady's Life in the Rocky Mountains*, 1873
- 19<sup>th</sup> C: European immigrants bring vines and winemaking
- Grapes are part of the promotional “fruit basket” used to promote settlement in the Grand Valley

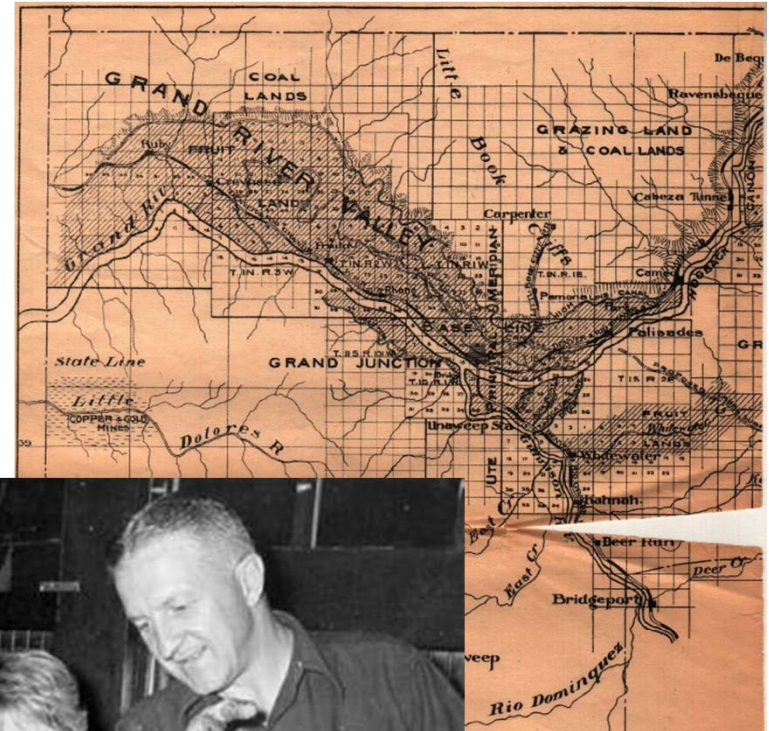
“The finest varieties of European grapes, such as the Black Hamburg, Flame Tokay, Zinfandel, Sultana, Muscat and Malaga grow to perfection in the open, and this is the only valley in the State where it is possible to grow them at all.”

—*The Resources of Mesa County, Colorado and the Advantages and Opportunities it has to Offer*, c. 1897



# More Colorado Wine History

- 1883: grapes first planted in the Grand Valley near Grand Junction
- 1890: Gov. Crawford plants 60 acres of grapes
- 1909: U.S. Dept. of Commerce Census reports more than 1M lbs. of grapes from over 1000 farms
- 1968: Dr. Gerald Ivancie opens Ivancie Winery in his Denver basement and hires a young graduate of Univ. of California at Davis to make wine
- 1973: Federal Four Corners Commission funds grape growing research in the region.
- Colorado Mountain Vineyards opens in 1978
- Plum Creek Cellars opens in 1984



# More Colorado wine history



Courtesy Stag's Leap Wine Cellars

- Warren Winiarski, the UC Davis grad who served as the winemaker for Denver's Ivancie Winery in the 1960s, shown in 1970 planting Stag's Leap Vineyard in Napa Valley before he won the 1976 Judgement of Paris

*Photo courtesy Stag's Leap Wine Cellars*

- Joseph Phelps planted grapes in his Greeley backyard and made wine in his basement
- Ray Duncan's family (Silver Oak) had a wine blending sales room in the Larimer Square area





## More Information

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