

AGRICULTURAL COMMODITY BOARD

ANNUAL REPORT

for the Virginia Wine Board

Fiscal Year 2020-2021

Date Due: November 1, 2021

- I. Introduction**
- II. Budget**
- III. Projects and Funding**
- IV. Year End Funding Level**
- V. Board Meetings and Attendance**

The Virginia Wine Board

FY 2020 – 2021

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

2020-2021 Budget	
Total Revenues (Base appropriations)	\$2,782,245.00
1/3 minimum to Research and Education	\$927,415.00
2/3 to Marketing and Administration	\$1,854,830.00

III. PROJECTS and FUNDING

Research and Education

Approved Research and Education Projects		Funding
Virginia Winemakers Research Exchange: 2020-2021 Experiments and Sensory Sessions	WRE	\$167,150
Calibrating benchmarks for Virginia grape and wine using historic data sets	WRE	\$25,000
Support for Virginia Vineyards Association Technical Meetings	VVA	\$25,000
VVA Annual Meeting & Conference	VVA	\$25,000
Regulation Round-Ups and VVA Winery Resource Guide	VVA	\$64,000
Governor's Cup Seminars	VVA	\$15,000
Winter & Summer Technical Meetings	VCA	\$7,500
Virginia Commercial Grape Report	SMS Research Advisors	\$35,900
Virginia Winery Tasting Room Education & Training Program	PEAC	\$24,190
Viticulture Training for High-School Students	Revelation Vineyards	\$15,000
Improving Soil Testing to Better Predict Potassium Availability in Vineyard Soils	Virginia Tech	\$13,168
Spotted lanternfly affecting Virginia vineyards: Determination of expansion in vineyard areas, and chemical control agents of egg masses	Virginia Tech	\$56,836
Mealybug species composition and management in Virginia vineyards	Virginia Tech	\$55,742
Maintain fungicide resistance testing capabilities for grape diseases and follow-up tests on cane-infecting fungi	Virginia Tech	\$8,400
Evaluation of alternatives to glyphosate for vineyard weed control	Virginia Tech	\$27,000
Establishment of Virginia sentinel vineyard network for extension and research	Virginia Tech	\$20,000
Validate efficacy of pre-release formulations of <i>Rhizobium vitis</i> ARK-1, a biological agent against crown gall of grape	Virginia Tech	\$52,000
GrapeIPM.org Phase 2: Grape disease management decision support system	Virginia Tech	\$18,000
Grape disease management projects	Virginia Tech	\$18,000
Viticulture Extension and Research Support	Virginia Tech	\$49,238
Virginia Cooperative Extension assistance with identifying commercial vineyards	Virginia Tech	\$18,000
Enabling relationship building and knowledge transfer between industry stakeholders and enology extension personnel through in-person interactions	Virginia Tech	\$4,262
National Grape Research Alliance		\$15,000
		\$755,386

The Virginia Wine Board received 54 pre-proposals. The Board and a technical review committee reviewed full proposal submissions. During the April meeting, applicants were invited to present their proposals and answer Board member questions. The Board approved 22 research and education projects totaling \$755,386. The following universities and organizations received grant funding in FY 2021:

Piedmont Epicurean & Agricultural Center

Revelation Vineyards

SMS Research Advisors

Virginia Cider Association

Virginia Tech

Virginia Vineyards Association

Virginia Wineries Association

Virginia Winemakers Research Exchange

Virginia 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 made from Virginia grapes. 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 commercial scale wine producers in the state of Virginia free of charge.

The WRE began FY 2021 with the following objectives:

- To identify 5-7 themes and design experiments around those themes.

- To support 40-55 practical research projects representing each of the five regions of the state with experimental design, execution, analysis, and reporting of results.
- To host eight sensory sessions around Virginia to analyze results, provide background information and allow discussion of projects.
- To publish newsletters on a monthly or bi-monthly basis to disseminate research results and broaden the impact of experiments.
- To pursue publication venues in trade magazines (Wine Business Monthly, Catalyst)

The 2020 vintage was marked with many difficulties for the completion of experiments. Several spring frosts and a May freeze event severely limited fruit production at some vineyards. Economic and personnel constraints also limited participation this year. Despite these limitations, 50 experiments were planned prior to harvest with an additional four experiments added during or after harvest. Experiments were planned by participants from locations in four of the five regions of the state, including seven winemakers who have not done projects in previous years. Planned experiments clustered around several main topics for which there were at least two experiments per topic, with several experiments including multiple lots of fruit receiving the same experimental protocols, thus allowing for replication of results. After harvest, 33 of the 54 experiments were still ongoing. The main reasons experimenters cited for not completing planned studies were poor quality of fruit and lack of ripening seen in the 2020 vintage. Chemical analysis of all ongoing projects was completed in mid-December, or after the completion of malolactic fermentation (which was late in many varieties in 2020). Sensory sessions began in February and were offered roughly biweekly through the end of May.

Due to restrictions put in place during the COVID-19 pandemic, in-person sensory sessions were not possible. Instead, nine virtual sensory sessions were conducted using pre-registration, shipping of sample wines, and the Zoom platform for presentation of data and group discussion of results. Virtual sensory sessions were planned for 1 hour to prevent fatigue, with one exception (April 16) when a special guest speaker was given additional time (90 minutes). Due to supply, shipping, and time constraints, a

maximum of two experiments were discussed at each session. Each virtual session was recorded and posted on YouTube for participants who were not able to attend at the designated time or for reference at a later date. These videos will also be incorporated into future learning paths posted on the WRE website alongside the finished reports from each experiment presented.

Six newsletters were published during this grant cycle, including one written jointly with Virginia Tech Extension Enologist Dr. Beth Chang. Due to the frequent presentation of information during sensory sessions from February through May, no newsletters were published during this time. WRE trials were also published/accepted in two outside information streams. The October 2020 issue of Wine Business Monthly included a trial by Theo Smith through the WRE as the featured winemaker trial. This trial was poured at Wine IQ in February of 2020. A study of chaptalization in Merlot done by Matthieu Finot was featured in the July 2021 issue. A study conducted by Kirsty Harmon in the 2018 and 2019 vintages was presented as a poster during the 2021 American Society of Enology and Viticulture Conference held June 21-24.

Social media engagement was an area of tremendous growth for the WRE during this grant cycle. Though not originally state as an objective, when restrictions for social gatherings were put in place in March 2020, the WRE realized the need to increase social media engagement in order to keep participants informed about opportunities for experimentation, sensory sessions and newsletters. A social media coordinator was contracted to spend consistent time each week to engage followers and turn existing WRE content into social media posts. Since that time, the number of followers on Instagram has increased from 280 to 539, Facebook followers have increased from 119 to 380 (219%), and Twitter from 48 to 110 followers (110%). Given our primary target audience is relatively small (the number of wine producers in Virginia is less than 500), we feel this has been a great tool to keep people informed during a time of relative isolation.

The efforts of the WRE in FY 2021 serve the Virginia Wine industry in several ways. Several of the experiments completed in 2020-2021 have direct impact on production cost and wine quality. For example, studies exploring the effect of chaptalization in low

Brix red wines (King Family Vineyards, Blenheim Vineyards) stretch the boundaries of when a vineyard block may need to be re-planted or relegated to Rosé production. In another study, simple changes in SO₂ management (Blenheim Vineyards) were shown to lead to 10 times fewer acetic acid bacteria, known to cause spoilage that could ruin a batch of wine. Experiments in this season also included developing protocols that improve quality winemaking for Virginia fruit. One example is a set of protocol development experiments was run at three different wineries (Whitehall Vineyards, Hark Vineyards and Stinson Vineyards) exploring the cost, accuracy, and precision of commonly used SO₂ detection methods. SO₂ measurement is among the most commonly run tests in the winery. Addressing protocols to maximize accuracy and precision and minimize cost has far-reaching impact on wine quality.

The WRE continues to play an important role in workforce development of new and experienced winemakers alike. At the beginning of the 2020-2021 season, 26 different winemakers planned projects. More than 100 different people attended at least one WRE sensory session, with many attending nearly all of these sessions. Newsletters and posted research reports posted on the WRE website (www.winemakersresearchexchange.com) continue to serve as an ongoing reference library for winemakers in Virginia and beyond. The WRE website had 8900 visits from 7000 unique visitors from June 1, 2020 – May 19, 2021, an increase of 48% from the previous year. A redesign of the format and aesthetic of the website is nearly complete, which will further boost results from web searches as well as assist visitors in finding the information they are seeking. There were six newsletters distributed through the email list in the 2020-2021 season, with more prepared from material developed during this grant cycle. The email list currently has 358 subscribers. The email newsletter is also disseminated through social media channels.

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	\$1,402,350
Governor's Cup Competition	\$110,000
Governor's Cup Consumer Event	\$40,000

Virginia Wine Board Marketing Office

The Virginia Wine Board Marketing Office (VWBMO) completed their fourteenth 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 2021 was 1,402,350.00.

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

FY 2021 brought a dramatic shift in business as usual with regard to supporting Virginia Wineries due to COVID 19. COVID 19 upended all aspects of consumer purchasing patterns and Virginia wineries ability to meet those demands. The Virginia Wine Board Marketing Office shifted marketing to be flexible and fast acting to create marketing opportunities and sales for Virginia wineries.

The VWBMO shifted workload to provide three essential objectives to wineries during COVID 19:

1. Grow affinity for Virginia wines and continue to be a resource for information on Virginia wineries in a rapidly changing environment.

2. Expand the Virginia wine audience.
3. Increase access to Virginia wines through educational opportunities and sales information

New Marketing Initiatives Completed in FY 2021

Consumer Personas – The VWBMO continued to invest in industry research to guide larger marketing efforts and those of Virginia wineries. A series of personas was developed to represent different sectors of the wine buying public.

Storytelling/Best Practices Toolkit for Wineries – A comprehensive digital document accessible for all wineries was developed that included guidelines for incorporating relevant messages and crafting their individual brand story. Industry training on developing individual marketing plans was also included.

Local Trade Support Program – the VWBMO launched a broad trade support program to help Virginia and Washington DC retailers with VA wine sales. The program included both targeted brick-and-mortar retailers, e-commerce channels and on premise venues to encourage new placements in September, promotions for October and continued support of our trade partners through the holidays.

Created a Searchable Retailer/Restaurant database within VirginiaWine.org that allows searching our trade partners by location.

Expand access to Virginia Wine sales – Searchable filters on VirginiaWine.org were created so that consumers can find which Virginia wineries ship to their state and which wineries have distribution in their states.

Continued Initiatives

Virginia Wine Month – The October campaign surrounding Virginia Wine Month included numerous facets included a digital campaign that reached over 4.7 million people through Facebook, Google and Hulu. VirginiaWine.org Wine Month and Harvest party landing pages had over 4500 user sessions. In addition, over 27,000 users accessed all areas of the website including winery and event pages. In addition, the

VWBMO reached over 11.5k people through a weekly series of virtual VA Wine classes on a variety of topics.

Governor's Cup Competition Marketing - Due to COVID-19, celebrating the winners of the Governor's Cup Case and gold medal winners was not possible in person. For FY 2021, the VWBMO shifted to pre-tape all the winners accepting their awards and the Governor of Virginia presenting the award and edited the film into a 37-minute reveal that launched on Facebook and YouTube. The Office also launched a "Gold Medal Wine Trail App" that encouraged consumers to visit each of the gold medal wineries on their own. Over 3,400 people downloaded the app and over 4,300 check-ins to wineries.

VA Winery Guide – The annual winery guide was revised and reprinted in June of FY 2021.

Spring Campaign – This year's spring campaign continued efforts to drive visitors to Virginia vineyards and was supported through a spring digital campaign along with support through SevenFifty, the digital online buyers platform. Results included 45,000 web visits to VirginiaWine.org secured and 1.8 million digital ad impressions through Facebook, Instagram and Google.

Website & Digital Marketing – 145,700 users visited VirginiaWine.org. This is a 16.4% increase from the previous fiscal year. In addition, the Virginia Wine email marketing saw a 53% open rate among consumers. That list has approximately 20,000 consumers on it.

Postponed Initiatives Due to COVID 19:

Governor's Cup Competition Gala – The Governor's Cup Celebration usually invites over 700 people to gather together to celebrate the winner of the Virginia Governor's Cup, the additional 11 case winners and all gold medal winners. This was not possible this year, so the VWBMO shifted to an online reveal described above.

Virginia Wine Summit – The Spring of April 2021 was still too uncertain to plan in person gatherings. This event was postponed.

IV. FUNDING LEVEL AT END OF FISCAL YEAR

		<u>Actual Expenditures</u>
1. Cash Balance: June 30, 2020	\$	754,147.11
2. Base appropriations: July 1, 2020 - June 30, 2021	+	2,782,245.00
2a. Prior year expenditure refund	+	-
3. Total Balance and Receipts	=	3,536,392.11
4. Less Total Actual Expenditures	-	<u>2,198,505.14</u>
5. Cash Balance: June 30, 2021	= \$	1,337,886.97

V. BOARD MEETINGS AND ATTENDANCE

	8/18/20	12/15/20	4/16/21	5/17/2021
<u>Members</u>	<u>Afton</u>	<u>Virtual (WebEx)</u>	<u>Charlottesville</u>	<u>Virtual (WebEx)</u>
Kirk Wiles, <i>Chair</i>	Yes	Yes	Yes	Yes
Mitzi Batterson, <i>Treasurer</i>	Yes	Yes	Yes	Yes
Patrick Duffeler II	No	No	Yes	No
Doug Fabboli	Yes	Yes	Yes	Yes
Len Thompson	Yes	Yes	Yes	Yes
Luca Paschina	Yes	Yes	Yes	Yes
Tayloe Dameron	Yes	Yes	Yes	No
Courtney Mailey	Yes	Yes	Yes	Yes
Megan Seibel	Yes	Yes	Yes	Yes
Total	8	8	9	7