



Steven W. Troxler  
Commissioner

## North Carolina Department of Agriculture and Consumer Services

August 21, 2013

Dear Members of the General Assembly:

Thank you for your ongoing support of North Carolina agriculture and agribusiness. As you know, agriculture is the top industry in the state and contributes \$77 billion to its economy. From the mountains to the coast, our farmers and agribusinesses produce an enormous variety of agricultural products.

You also may know that the wine and grape industry represents an important part of the state's agricultural landscape. The industry continues to show strong growth, and North Carolina is now the 10th-largest producer of wine and grapes in the nation. This is even more impressive when you consider there were no wineries in the state in 1968.

During the 2012 Legislative Session, the General Assembly moved the Wine and Grape Growers Council back to the Department of Agriculture and Consumer Services. I have thoroughly enjoyed working with the council over this past year. The move has proven to be very successful, and I believe it is because our missions are so closely aligned.

The department has a long history of supporting grape growers and wineries, but now the council is more able to capitalize on the extensive knowledge of our marketing staff, research stations and other agricultural programs. This report outlines some of the accomplishments of our strategic partnership in the past year. Through this partnership, I know we can grow the state's wine and grape industry even further in the years to come.

Sincerely,

Steven W. Troxler  
Commissioner

## OVERVIEW

The North Carolina Wine and Grape Growers Council was established in 1986 to stimulate the growth of the wine and grape industry in North Carolina. North Carolina has a storied history of wine and grapes, from being the home of our nation's first cultivated wine grape to reviving an industry from zero wineries in 1968 to over 100 wineries today. This report encompasses work during fiscal year 2012-2013.

The North Carolina Wine and Grape Growers Council operates within the Department of Agriculture and Consumer Services (NCDA&CS). A change in legislation in 2012 transferred the program from the Department of Commerce's Division of Tourism, Film and Sports Development to the Department of Agriculture and Consumer Services' Division of Marketing. As part of this transfer, the Commissioner of Agriculture appointed 10 members to serve as the Wine and Grape Growers Council; five members appointed to represent the Vinifera Group and five to represent the Muscadine Group. The focus of the two committees is to promote the wine and grape industry in North Carolina, operating on a one-year, nonrecurring appropriation of \$500,000 from the state's general fund. The transfer of the program to NCDA&CS allowed the council to partner with existing programs within NCDA&CS. The council capitalized upon existing knowledge and strategy, allowing it to address multiple industry needs.

## MISSION STATEMENT

The mission of the North Carolina Wine and Grape Growers Council is to facilitate development of the North Carolina grape and wine industries by enhancing product quality for consumers, encouraging economic viability and opportunity for growers and processors through education, marketing, and research, and improving awareness of North Carolina wineries and wines, thereby generating more visitation and sales to increase tax revenue for the state.

## Council Administration

The council consists of two advisory committees, with five industry members each appointed by the Commissioner of Agriculture. While the legislation outlines two separate committees, the council voted to hold the muscadine and vinifera committee meetings together and to work as a cohesive group. Each committee has an elected chair, and they take turns conducting the meetings. The committees' members are:

### Muscadine Committee

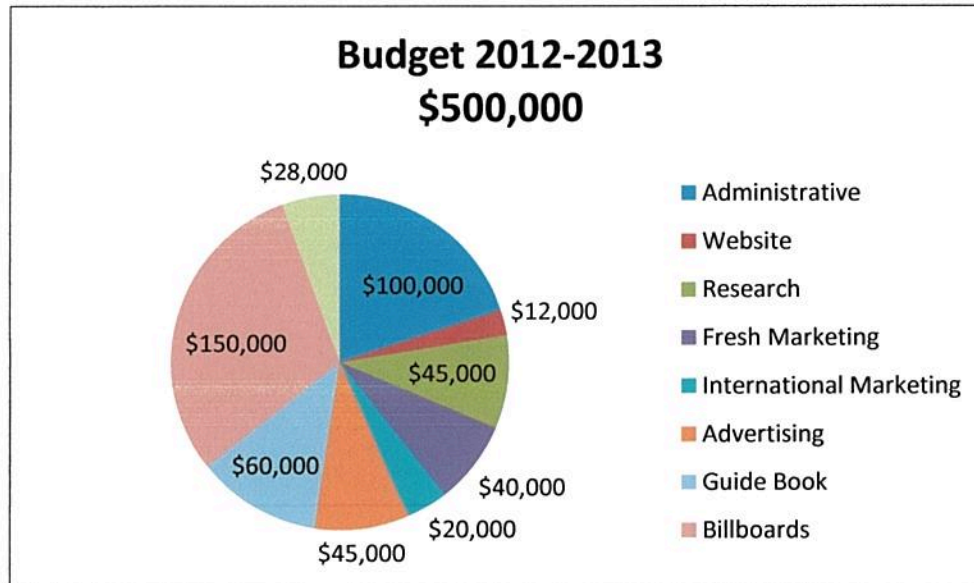
Larry Cagle, WoodMill Winery  
Bill Hatcher, Duplin Winery  
Bob Hinnant (vice chair), Hinnant Family Vineyards  
Ervin Lineberger (chair), Kildeer Farm  
Ron Taylor, Lu Mil Vineyard

### Vinifera Committee

Mark Friszolowski (chair), Childress Vineyards  
Amy Helton, Hanover Park Vineyard  
Frank Hobson, RagApple Lassie Vineyards & Winery  
Buddy Norwood, Shelton Vineyards  
Chuck Pickering (vice chair), Biltmore Estate



The council's advisory committee met five times during the fiscal year (though only mandated to meet twice a year) to develop and review plans and industry issues. The meetings were open to the public, were well attended, and included industry involvement on activities. The council directed the use of the annual appropriated funds utilizing well-rounded research, marketing, and education programs to promote and improve the North Carolina wine and grape industry. The council's budget was a \$500,000 nonrecurring appropriation from the state's general fund for fiscal year 2012-2013, including staffing one position. The council distributed the allocation as outlined below, and activities for the year are detailed in the following sections.



## RESEARCH

The Wine and Grape Growers Council assists viticulture and enology research at universities across the state focused on improving the North Carolina wine and grape industry. This fiscal year the council funded three projects: "Developing Improved Muscadine Grape Varieties for North Carolina," "Evaluation of Grape Cultivars and Cones for North Carolina," and "WINESTRAT." In addition to these three funded projects the council also assisted in gathering data and disseminating results in two other projects.

The "Developing Improved Muscadine Grape Varieties for North Carolina" project with North Carolina State University focuses on developing muscadine grape varieties with superior characteristics for both the fresh and processing markets. There is a widely recognized need for improved varieties of muscadine grapes to further expand market opportunities and sustainability. Some of the improved characteristics sought through this study include: cold hardiness, high vigor and productivity, extended ripening season, adaptation to mechanical harvest, and improved pigment profile, quality and stability for processing.

The "Evaluation of Grape Cultivars and Clones for North Carolina" continues support to a North Carolina State University project started in 2008 to characterize the viticultural, grape and wine quality potential of economically significant and emerging cultivars, scion, and rootstock. Long-term studies are needed to assess the suitability of grape cultivars and their clones to specific regions. Although some cultivars

and cones have been evaluated under North Carolina conditions, further evaluation is needed to sort out from hundreds of possibilities those cultivars that will produce optional quality wine within the state's climate. Identifying those optimal cultivars and clones most suited for North Carolina will help increase the competitiveness of North Carolina wine in the marketplace.

The "WINESTAT" project is a collaboration between the University of North Carolina Greensboro and the council to conduct a Strengths, Weaknesses, Opportunities and Threats analysis of the North Carolina wine and grape industry, and assist in developing recommendations for a five-year strategic plan for the industry. This study will help the council to have a better understanding of where funding should be directed to enhance the competitiveness and growth of the industry.

In conjunction with the 2012 State Fair Wine Competition, red wine samples were collected for a project conducted by North Carolina State University that tested and analyzed these wines for a number of variables. These samples will be used to determine where North Carolina wines fit within the spectrum of wines made from the same varieties in other regions of the United States and the world. The analysis examines compounds that impact sensory aspects of wine including color, flavor (bitterness) and mouthfeel (astringency). Examining these compounds will provide a better understanding of N.C. wines and provide valuable data for improving wine quality.

In 2012, the council and the Division of Tourism supported a Winery Visitor Profile Study with the University of North Carolina at Greensboro. The study was conducted to help better understand wine traveler decision making, interests, spending habits, demographics and more. The results of the study were shared with the council and distributed throughout the industry, including a presentation at the North Carolina Winegrowers Association annual meeting.

## MARKETING AND EDUCATION

The council promotes the North Carolina wine and grape industry with multifaceted marketing, public relations, and education programs. With the transfer of the Wine and Grape Growers Council to NCDA&CS, the focus of the program is shifting from being more visitor/tourism focused to a broader view of the industry and its needs. Programs and strategies developed by the Division of Tourism were still maintained and expanded, but at the same time new strategies were pursued and the department's existing program knowledge and strategies were utilized. Capitalizing on the knowledge and experience of the Marketing Division staff, opportunities were explored through collaborations with Marketing's international, retail and horticulture programs. Activities include:

### Got to Be NC Wine



North Carolina wine has always been under the promotion of "Got to Be NC" products, and NCDA&CS has a long ongoing partnership with promoting N.C. wine and wineries through its many programs such as Flavors and the Got to Be NC Festival. The development of the "Got to Be NC" Wine logo was a way to recognize the move of the council to NCDA&CS and further align the marketing strategy for the wine industry with the "Got to Be NC" campaign. "Got to Be NC" is a successful marketing initiative designed



to raise awareness of the variety of food products, excellent growers and quality meat, produce, seafood, grocery and green industry products grown and processed in North Carolina.

### **International Marketing**

The international marketing program collaborated with the council to offer two wine-specific marketing opportunities, both focused on the growing Asian market. The first opportunity invited buyers to tour a number of N.C. wineries, exposing them to the diverse and rich varieties of wine offered by North Carolina. These inbound trade missions resulted in a shipment of one full container of North Carolina wine to China, and further negotiations are in place for more. The second opportunity is participation in the Hong Kong International Wine & Spirits Fair, which exposes participating wineries to over 19,000 buyers representing 71 countries from around the world.

### **Fresh Market Grapes**

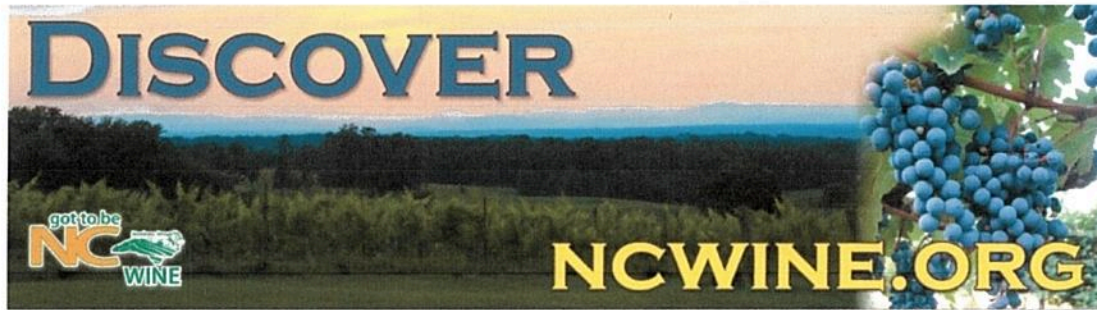
The horticulture program conducted two workshops focused on Global GAP (Good Agricultural Practices) certification for muscadine growers. These workshops introduce growers to certifications that have the potential to increase salability of fresh market grapes, leading to increased market opportunities. The workshops on February 25 and March 11 were attended by 20 growers from across the state with the intent to increase the acreage of muscadine grapes for fresh market. The workshops not only provided basic information concerning Global GAP requirements, but they also provided a step-by-step method to ready a farm for compliance and thereby opening a broader world of opportunities for shipment of grapes to markets requiring Global Gap certification. The workshops allowed for plenty of Q and A from the growers and effectively allowed growers to leave with a majority of the tools needed for success. Assistance was also provided to the N.C. Muscadine Grape Association to increase current marketing efforts and increase knowledge and consumer awareness of the muscadine fresh market.

### **Marketing, Public Relations and Social Media**

Strategies utilized include an integrated mix of media, publications and public relations to promote visitation to North Carolina wineries and regions. This includes increasing awareness, interest and visitation through, print, radio, TV and online advertising. The overall campaign improves awareness of North Carolina wine and drives visitation to the wineries. Advertising was placed with local and regional media, including UNC TV, *Our State*, *Edible Piedmont*, North Carolina Public Radio and *Charlotte Epicurean*.

Social media has been an increasingly useful tool recently to connect with consumers and promote the industry on Facebook and Twitter. It helps the council to educate the public, collect feedback and discuss ideas with wine lovers around the world. Followers continue to grow each year; the North Carolina Wine Facebook page has over 1,500 likes.

## Outdoor Advertising



The council attracts travelers and tourists by strategically placing billboards across the state. New billboards were updated with creative messaging to provide statewide exposure for wineries and the ncwine.org website. Outdoor boards were placed on key corridor highways throughout the state to reach North Carolina residents and out-of-state travelers looking for a stopover destination or activity. Images of attractive vineyard landscapes are paired with inviting headlines to encourage visitation to the wineries and experience North Carolina wine country. In 2012-2013, 41 billboards were funded across the state for \$150,000.

## Websites

The council operates consumer and industry websites for the North Carolina wine and grape industry, as outlined in detail below. These sites were redeveloped in 2011-2012 by the Department of Commerce for \$100,000. Given the expense and time put into these websites, NCDA&CS maintained the theme and information with the transfer. The prior visitnc.com utilized by the Department of Commerce was updated to ncwine.org (the site previously maintained by NCDA&CS before the transfer to the Department of Commerce).

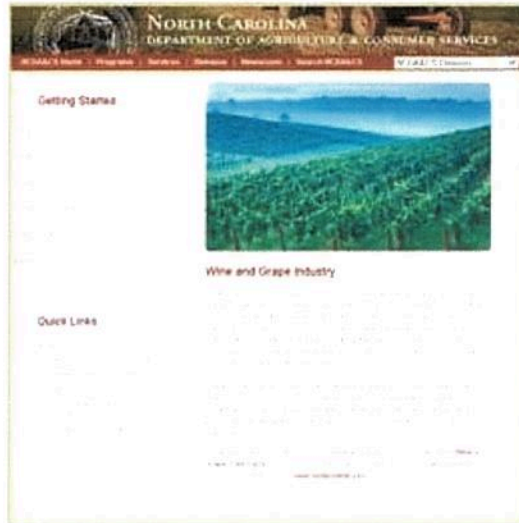
Consumer Website: [www.ncwine.org](http://www.ncwine.org)





The council promotes and educates the public with the official North Carolina wine consumer website, [www.ncwine.org](http://www.ncwine.org). The site includes an interactive map, details of all wineries, an events calendar and information about the industry. It also pushes downstream traffic referrals directly to winery partner websites, and features a media page filled with industry facts, images, press releases and story ideas for journalists. The site received several new enhancements in 2011 to improve mapping, events, filtering and search capability. There has been continuous growth in traffic since the site's launch, and it receives more than 15,000 visitors per month.

Industry Website: [www.ncagr.gov/markets/ncwine](http://www.ncagr.gov/markets/ncwine)



The council educates grape and wine professionals, as well as those looking to get into the industry, with its industry website, [www.ncagr.gov/markets/ncwine](http://www.ncagr.gov/markets/ncwine). The site offers a wealth of information, contacts and resources on growing grapes and starting a winery in North Carolina. It also includes information and tools for those in the industry, including marketing resources, industry events, and educational seminars and workshops. The industry site received a complete redesign in 2011 and continuous updates throughout the year to improve navigation, functionality and content.

### Guide Book

The council produces the *North Carolina Winery Guide*, the state guide and map to North Carolina wineries. The 58-page booklet was updated this year with an additional nine wineries and features maps, breakouts on grape varieties, history, amenities and photos. There were 200,000 copies produced and distributed to travelers, tourism authorities, welcome centers, wineries and retailers across the state, nation and world. The NCDA&CS has partnered with the Division of Tourism's call center to maintain that distribution source. The call center distributes guides every month across the U.S. and Canada. Industry members and organizations utilize the brochure to proudly market the state's wineries to all visitors and travelers.

### Organizational Meetings

The council was involved and worked cooperatively with local grape and wine organizations, including the North Carolina Winegrowers Association and North Carolina Muscadine Grape Association. This

included multiple seminars and workshops across the state for wineries, grape growers, winemakers, affiliated businesses and industry newcomers. The council was also involved with national organizations, such as WineAmerica and Wine Institute. The local and national organizations and the council regularly shared industry information, research, issues, activities and opportunities.

### **Wine Festivals**

Wine festivals in North Carolina have grown from one event in 2000 to more than 30 festivals today. From Asheville to Morehead City, festivals feature North Carolina wines and attract more than 100,000 visitors annually. The council distributes the *North Carolina Winery Guide* at many of these festivals. Council members are also directly involved on festival boards to help guide their direction to include wine education and promotion of North Carolina wines.

### **State Fair**

The council hosts and conducts the annual North Carolina State Fair Wine Competition in October. The competition includes amateur and commercial divisions from across the state. There were a record 471 commercial entries and 104 amateur entries in the 2012 competition. Awards from the competition attract local and national recognition and media attention for North Carolina wineries. The council also displays at the State Fair and distributes wine brochures to the public. North Carolina wines also were featured at the Got to Be NC Festival at the State Fairgrounds in May.

### **North Carolina Wine Appreciation Month**

As in previous years, September was proclaimed Wine Appreciation Month in North Carolina. Wine Appreciation Month recognizes the importance of the wine and grape industry to the state and encourages the public to support our local wines during the month. Restaurants and retailers were urged to help the industry by promoting North Carolina wines. North Carolina wineries celebrate the month with special events and promotions, including harvest festivals and Grape Day at the State Farmers Market, to promote the growing industry to the public.

## **The Wine and Grape Industry**

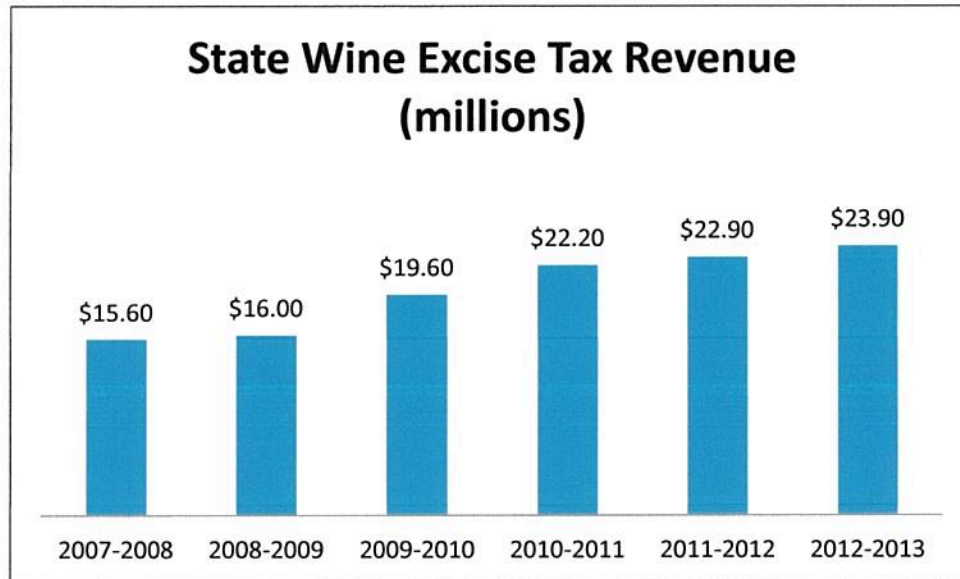
From the mountains to the coast, North Carolina boasts a unique variety of grapes and wine. Ranking as a top destination for wine travelers and enthusiasts, visitors can enjoy more than 100 wineries and 400 vineyards.

The North Carolina wine and grape industry has experienced incredible growth in recent years, rising from just 21 wineries in 2000 to 140 currently, according to the North Carolina ABC board. Wineries are located in 50 counties across the state, and North Carolina sees new wineries every year, adding 40 since 2011. Grape acreage has also doubled in North Carolina from 900 acres in 2001 to nearly 2,000 acres in 2012. North Carolina currently ranks 10<sup>th</sup> in wine production and grape production in the United States, according to the United States Department of Agriculture Non-Citrus Fruits and Nuts report. The state is home to the most-visited winery in the country (Biltmore Estate Winery), and boasts the world's largest muscadine wine producer and largest grape producer in the Southeast (Duplin Winery). The council operates on a nonrecurring one-year budget of \$500,000 from the state's general fund. However, our closest competitor, Virginia, has made its wine industry a high priority recently and increased its wine promotion budget to nearly \$1.6 million annually from Virginia wine excise tax collections.



The North Carolina wine and grape industry accounts for an annual economic impact of more than \$1.28 billion and supports 7,600 jobs across the state, according to Frank, Rimerman + Co. research of 2009 industry data.

Wine excise tax collections in North Carolina also continue to rise annually. According to the Department of Revenue, state excise tax revenue on wine grew to nearly \$23.9 million for fiscal year 2012-2013, an increase of 4 percent from 2011-2012. Wine excise tax collections have seen steady growth every year.



Consumption and sales of wine in the United States continue to grow despite the recession. America is currently the largest wine market, and sales have grown every year since 1990. Wine consumption also rose by 2 percent, marking the 19th consecutive year of growth. Overall, wine ranks second among preferred drinks for consumers and is the first choice for females and adults over 55 years old. With these rising trends, wine consumption and sales are expected to grow over the next five years.

With such continued growth of wineries and vineyards, and promising forecasts for wine sales and consumption, North Carolina must continue to focus on developing, growing and promoting its industry to gain market share in the global wine market. The state will only continue to benefit from further investment and development of North Carolina grapes and wines.