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# **Strategic Plan North Carolina Wine and Grape Industry (2014 - 2019)**

**A Taste for Everyone**



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**Funding Provided by  
North Carolina Wine and Grape Growers Council  
North Carolina Department of Agriculture and Consumer Services**

# Strategic Plan North Carolina Wine and Grape Industry (2014 - 2019)

## A Taste for Everyone

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# I. EXECUTIVE SUMMARY

## 1. Trends in the North Carolina Wine and Grape Industry

The growth of large and small-scale investment in both grape growing and wine production in North Carolina has led to the industry's increased importance as a contributor to state revenues. According to the most recent economic impact study conducted in 2009, the annual economic impact of the North Carolina wine and grape industry is \$1.28 billion and supports nearly 7600 North Carolina jobs. The economic impact of the industry grew by 58% from 2005 to 2009. Wine revenue trends include increased bottle sales through direct distribution in tasting rooms and through winery initiatives such as wine clubs, wine trails, and wine and agricultural events. Consumer trends such as buying local and increasing domestic and regional travel and tourism has benefitted the industry. The expansion of wine tourism is also leading to the creation of spin-off businesses such as hotels, restaurants and tour companies. The number of wineries has more than quadrupled over the last decade with emerging opportunities for commodity brokering between grape growers and winemakers.

## 2. Core Findings from Industry Stakeholders (see Appendix A for full list)

### A. Core Strengths of the North Carolina Wine and Grape Industry Are:

- Diversity of North Carolina grape and wine products—broad taste appeal
- Fresh market grapes (high quality and strong demand)
- Centralized marketing through state and regional efforts grows visibility
- Regulatory environment supports multiple methods of distribution/sales
- Increasing recognition of NC wine and grapes

### B. Core Weaknesses of the North Carolina Wine and Grape Industry Are:

- Fresh market grape production capacity (limited supply and short season)
- Lack of a strong positive image or brand for NC wine
- Inconsistent quality of NC wine and tasting room experiences
- Fragmented trade association network with no formal lobbyist efforts
- Limited access to distribution through retail and other third-party outlets

### C. The North Carolina Wine and Grape Industry Is Threatened By:

- Increasing compliance or certification costs impacting growers/producers
- Peer states advancing in marketplace and in funding/leveraging research
- Negative perceptions of alcohol restricting consumption and funding
- Shrinking sources of investment capital/cash flow for small wineries
- Competing consumer interest in microbreweries and alternative beverages

*D. The Opportunities for the North Carolina Wine and Grape Industry Are To:*

- Improve quality of grapes and wines through formal quality programs
- Apply funded research to innovate products and product extensions
- Leverage “buy/drink local” to increase per capita sales within North Carolina
- Educate the NC consumer and other publics about NC wine and grapes
- Advocate increased funding from government and industry sources

**3. Summary of Strategic Directions (in no priority order; full detail in report)**

- A. ***Quality Assurance and Product Enhancement***—Quality assurance and product enhancement are seen as core determinants of future industry success in driving sales and increasing positive brand recognition and consumer confidence in NC grapes and wine.
- B. ***Marketing and Stakeholder Education***—A continued effort to inform the media and assorted publics about the positive nature and benefits of the NC wine and grape industry and its products is critical. This strategy involves planning and partnerships across a number of involved parties, including government agencies, local commerce, community and tourism groups, grape growers, winemakers, trade associations, and marketing researchers, marketers, advertisers, and allied promoters of the industry.
- C. ***Impactful Research and Business Intelligence***—A strong recommendation is made for continued funding and sharing of research in the four areas identified by the NC Wine and Grape Growers Council (in no particular order): enology, marketing, viticulture, and wine/grape business, through allocation of state resources and funding partnerships.
- D. ***Wine Tourism***—In light of solid consumer interest in wine tourism, there is a defined opportunity to drive wine and grape sales and to generate additional sources of revenue through agricultural tourism and further development and marketing of grapes and wine as part of the NC tourism product.
- E. ***Regulatory Environment***—To combat peer state advantages, to decrease costs and increase sales for wineries and grape growers, it is recommended that the industry research regulatory challenges and formalize its advocacy at the local and state levels.

**4. Conclusion**

No strategic planning process can bear fruit until the core action steps laid out in the proposed strategic action plan are assigned to key actors and implemented within a timely manner. The NC Wine and Grape Growers Council and the NC Department of Agriculture and Consumer Services have taken the initiative to sponsor the development of this strategic plan. In order to assist with the implementation of the strategic plan, this report provides a table (**Appendix E**) that qualifies each objective by its expected impact and cost. This table will help the NC Wine and Grape Growers Council prioritize the objectives for implementation. It will be now incumbent upon these leadership organizations in conjunction with other agencies, associations, and members of the business community to actively support, implement, and measure the objectives presented in this plan. Only by doing so, can North Carolina strive for excellence in the NC wine and grape industry, and increase returns to both the business community and state tax payers, as well as ultimately enhance the sustainability of the industry itself.

## II. INTRODUCTION

“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.” (As provided by the NCDA&CS)

North Carolina has 125 wineries (2/2014) with tasting rooms and more than 400 grape vineyards. While wineries and vineyards exist across the entire state, most are located in rural areas. According to the most recent economic impact study conducted in 2009, the annual economic impact of the North Carolina wine and grape industry is \$1.28 billion and supports nearly 7600 North Carolina jobs. The economic impact of the industry grew by 58% from 2005-2009. Overall, the state now ranks ninth in the United States in terms of wine and grape production.

North Carolina has been cited as one of the top five state destinations for wine and culinary tourism. Particularly noteworthy is the fact that NC’s wine tourism grew 27% between 2005 and 2009, with 2009 data indicating 1.26 million wine tourist visits and \$156 million in wine tourism revenue. Wine tourism adds a unique and differentiated type of activity to NC’s tourism product mix and therefore permits the state to expand its portfolio of tourism assets and lessen its dependence on any single tourism driver. As the wine tourism industry continues to grow, it becomes increasingly important for tourists to easily find wineries and related businesses.

The growth in the NC wine and grape industry has led to a need for increased support systems and sharing of critical business intelligence at the industry level. Partnerships are being strengthened among state and county governments, universities and community colleges, trade and allied associations, and members of the business community working together to solve local problems in the wine and grape sector. Advances in agricultural research and lessons learned from maturing vineyards are assisting growers in the planting and propagation of hardy and disease resistant grape cultivars. New technologies are moving the wine and grape industry to explore more social media and cloud-based applications to sustain consumer interest and to manage and circulate business data in an increasingly 24/7 environment.

The authors were involved in strategic planning for the North Carolina wine and grape sector, a process that began in the summer of 2013. The idea of conducting the strategic planning process was prompted by the NC Wine and Grape Growers Council (NCWGGC) in conjunction with the NC Department of Agriculture and Consumer Services (NCDA&CS) in response to a standing legislative requirement that such a strategic plan be formulated for the wine and grape industry and ideally used to drive industry-related decisions and guide NCWGGC activity in future.

The Bryan School of Business and Economics at the University of North Carolina Greensboro (UNCG) was contracted to conduct the associated data collection and subsequent analysis of data from the period of June 2013 through February 2014. Oversight was provided by the members of the NCWGGC and delegated administrative staff from the NCDA&CS.

### III. METHODOLOGY

#### 1. Data Collection

Primary data collection was guided by the use of Strengths, Weaknesses, Opportunities, and Threats (SWOT) methodology whereby guided discussion with industry stakeholders yielded insights into the most critical issues facing the NC wine and grape industry now and in the future. **Appendix A** provides an overview of the SWOT methods used and describes all issues raised by stakeholders, subsequently organized by the research team (with help of the participants) under the headings of strengths, weaknesses, opportunities and threats. Additional forums, email surveys, and stakeholder interviews were used to broaden the base of industry concerns facing wineries and grape growers across the state, to provide depth into issues, and to generate ideas for potential solutions or strategic action steps that the industry might take. **Appendix B** provides a list of organizations or persons participating in one or more of the following stages of the strategic planning process.

##### A. SWOT sessions:

An initial SWOT session was held on June 12, 2013 in Raleigh, NC. In attendance were the members of the NCWGGC or their designated representatives, administrative staff from the NCDA&CS, and the research team from the Bryan School at UNCG. A second SWOT session was conducted in July, 2013 by conference call with fresh market grape growers identified through the NCDA&CS.

##### B. NC Wine Stakeholder Information Session:

An open forum (NC Wine Stakeholder Information Session) for wine and grape industry representatives and business persons was held on July 29, in conjunction with a regularly scheduled meeting of the NCWGGC. This open forum was advertised through the membership of the NC Winegrowers Association (NCWA) and was designed to solicit the broadest level of input from across the industry and the state.

##### C. Electronic surveys to wineries and vineyards listed with the NCDA&CS:

An email survey was sent to 193 emails representing 130 NC wineries and vineyards; winery names and emails were provided by the NCDA&CS. Nonfunctional emails were logged and personal calls made to wineries to secure appropriate contact emails for the wineries. Current *VisitNC* wine marketing collateral was cross-checked for winery emails.

##### D. Stakeholder interviews:

From October 2013 through February 2014, additional stakeholder interview invitations were issued and face to face, phone, or online interviews were conducted by the Bryan School research team with members of the industry as well as with individuals in allied sectors vital to the growth and success of the industry. These interviews were important

in that they helped to build ownership for the process among various segments of the industry, including wine marketing and distribution and tourism planning and marketing.

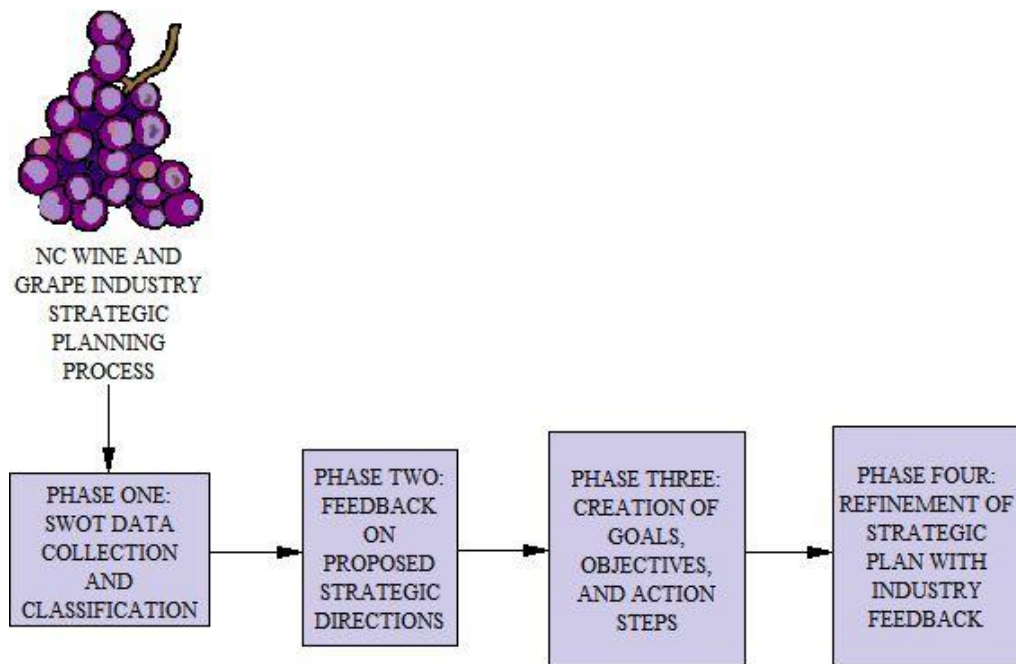
E. **Data gathering at industry meetings:**

The research team was available for communication with winemakers and grape growers during two annual meetings: the NCWA meeting on February 1, 2014 in Winston Salem, NC and the North Carolina Muscadine Growers Association (NCMGA) on February 21, 2014 in Kannapolis, NC.

F. **Regular update meetings with NCWGGC:**

The research team met regularly with the NCWGGC at each of its scheduled meetings that fell within the research project time period.

*Phases of strategic plan development*





## 2. Instrument development

The research team employed a consensus checking technique (modified Delphi) to verify the importance of the issues identified by stakeholders during the SWOT sessions in June and July of 2013. At a later stage, the research team invited members of the wine and grape industry across the state who were listed with the NCDA&CS to support, delete, further detail, or add to initial action steps that were created in response to the critical issues that were communicated during the SWOT sessions. **Appendix C** provides template copies of the surveys used to collect SWOT data and validate emergent strategic goals, objectives, and action steps.

## 3. Data analysis and plan development

The research team applied an initial rule of thumb to examine every issue brought to light during SWOT sessions; the master list of SWOT issues in **Appendix A** represents all ideas that were communicated from the NC wine and grape industry during the SWOT sessions. The subsequent strategic planning process started by looking at all of these SWOT issues, and with feedback and insights gained from the subsequent email surveys and the stakeholder interviews, the team aimed to describe a plausible set of action steps for a five year time period. Action steps included in the strategic plan are those that are viewed as most critical or of immediate concern and surfaced repeatedly across multiple respondents.

## 4. Secondary research

Another technique used to support the development of action steps in the strategic plan was to identify best practices in other wine and grape-producing regions within the United States. The research team examined the fullest set of documents available, including other states' strategic plans, marketing plans, and related agricultural and legislative information. Section V presents a list of annotated references using in identifying best practice action steps during this phase of the research.

## IV. PROPOSED GOALS, OBJECTIVES, AND ACTION STEPS

Based on analysis of the gathered responses of stakeholders contributing to this strategic planning effort, the research team presents a set of proposed goals, objectives, and action steps for this first five-year strategic plan for the wine and grape industry in North Carolina. Readers are advised that this section does not present items in any particular order of priority or importance. Action steps included in the strategic plan are those that are viewed as most critical or of immediate concern and surfaced repeatedly across multiple respondents. Finally, a table that qualifies each objective by its expected impact and cost is provided in **Appendix E**.

Key: W= wine industry; G= grape sector

### Strategic Direction 1: Quality Assurance & Product Enhancement

**Goal:** Enhance the reputation of North Carolina as a producer of high quality wines and grapes, in order to support price points, increase market share and profitability of North Carolina wines and grapes in the state marketplace and beyond.

**Objective 1.1** (W & G) Increase the tangible quality of NC wines and grapes through agricultural and other scientific studies, at a limited or net zero increase in cost to producers.

**Action Item** (W & G) **1.1.1** In coordination with partner universities and colleges in the state, work with the NCDA&CS to continue to track the diverse wine and grape varieties in NC and determine through periodic surveys what cultivars and genotypes are successful.

**Action Item** (G) **1.1.2** Investigate ways to extend the growing season and increase the availability and shelf-life of NC fresh grapes in the retail marketplace.

**Action Item** (W & G) **1.1.3** Working with stakeholders (i.e. North Carolina Cooperative Extension Service) to increase the availability and quality of NC grapes and NC wine.

**Action Item** (W & G) **1.1.4** In coordination with partner universities and colleges in the state, encourage and support the use of vines that are pathogen and pest free.

**Objective 1.2** (W & G) Support innovation through sharing of production methods that can lead to improved quality of NC wine and fresh grapes.

**Action Item** (W & G) **1.2.1** Compile and publish information about cost-effective vineyard production systems that increase the quality of wine and grapes.

**Action Item** (W & G) **1.2.2** Fund or support community workshops or other training activities on best practices in agricultural processes specific to wine and grapes, e.g., spray technologies, soil and crop management, water management, waste management, energy use, and food safety.

**Action Item** (W & G) **1.2.3** Educate wine and grape producers on strategies to achieve zero negative impact on the environment or other positive sustainability outcomes.

<b>Action Item</b> (W & G)	<b>1.2.4</b>	Further educate and motivate county extension agents to serve as resources on best practices in growing grapes and producing wine for commercial sale.
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### **Strategic Direction 1: Quality Assurance & Product Enhancement**

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**Objective 1.3** (W & G) Increase stakeholder understanding of industry standards and practices useful for evaluating NC wine and grapes.

<b>Action Item</b> (W)	<b>1.3.1</b>	Educate winery operators on core quality targets for different types of wine, e.g., color, flavor, aroma, mouthfeel, and to reduce common wine flaws and faults.
<b>Action Item</b> (W & G)	<b>1.3.2</b>	Continue efforts to convey to the public what the NC label on wine and grape products means in terms of product quality, authenticity, and/or as an “appellation of origin”.

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**Objective 1.4** (W & G) Partner with North Carolina Winegrower's Association (NCWA), North Carolina Muscadine Grape Association (NCMGA), other trade associations and the educational community to educate wine and grape producers about wine and grape quality in North Carolina in addition to supporting NCWA’s existing efforts in quality testing.

<b>Action Item</b> (W)	<b>1.4.1</b>	Promote and support NCWA’s existing efforts in quality testing consistent with the urgent nature of product quality on the NC brand.
<b>Action Item</b> (W & G)	<b>1.4.2</b>	Help promote industry membership in the NCWA and/or NCMGA (and other trade associations) to increase attendance at association meetings and conferences where best practices and information about wine and grape quality are shared.
<b>Action Item</b> (W)	<b>1.4.3</b>	Promote and support NCWA’s existing efforts in quality testing consistent with the urgent nature of product quality on the NC brand.
<b>Action Item</b> (W & G)	<b>1.4.4</b>	Include [subsidized/discounted] pre-conference certification workshops for winery operators and grape growers at the beginning of selected industry association conferences.
<b>Action Item</b> (W & G)	<b>1.4.5</b>	Partner with local educational institutions to offer fee-based industry training and educational programs ranging in topics (i.e., growing, certifications, regulations, customer service, tasting room experience, marketing, business planning and management, distribution).

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## Strategic Direction 2: Marketing & Stakeholder Education

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**Goal:** Enhance the brand image and profitability of NC wines and grapes and the NC Wine and Grape Industry by focusing on product diversity and increased product quality.

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**Objective 2.1** (W & G) Develop a marketing plan that is aligned with the goal of enhancing brand and that promotes sales and per capita consumption of NC products through the effective use of relevant consumer research data.

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| <b>Action Item</b><br>(W & G) | <b>2.1.1</b> | <p>Develop a consistent brand message that highlights the diversity of NC wine and grape products and that can be used to create targeted spin off campaigns.</p> <p>Example: Brand slogan – <i>NC Wine: A Taste for Everyone</i><br/> Spin offs for - <i>NC Wine: A Taste for Everyone – Sweet, NC Wine: A Taste for Everyone – Dry, NC Wine: A Taste for Everyone – Red, NC Wine: A Taste for Everyone – Grapes, NC Grapes: A Taste for Everyone – Mountains, NC Wine: A Taste for Everyone – Beaches, NC Wine: A Taste for Everyone – Local, NC Wine: A Taste for Everyone – Dinner, NC Wine: A Taste for Everyone – Dessert</i></p> |
| <b>Action Item</b><br>(W & G) | <b>2.1.2</b> | <p>In coordination with other state agencies and organizations, develop an annual promotional calendar (covering activities at regional, state, national, and international levels) to promote NC grapes, wine, and wineries and track ROI of state marketing investment dollars.</p>   |
| <b>Action Item</b><br>(W)     | <b>2.1.3</b> | <p>Using the results of state-specific consumer research, focus marketing efforts on identified target wine consumer markets (i.e., top states that visit NC wineries – NC, SC, VA, TN, GA, FL).</p>  |
| <b>Action Item</b><br>(G)     | <b>2.1.4</b> | <p>Using the results of research, focus marketing efforts on viable target markets for fresh grapes.</p>  |
| <b>Action Item</b><br>(W & G) | <b>2.1.5</b> | <p>Working with marketing experts, evaluate current outdoor advertising endeavors and develop a plan for the strategic placement of all outdoor advertising for wine and grapes.</p>  |
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**Strategic Direction 2: Marketing & Stakeholder Education**


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**Objective 2.2** Create a plan to steer media attention to positive aspects of the North Carolina wine and grape industry.  
(W & G)

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<b>Action Item</b> (W & G)	<b>2.2.1</b>	Enhance digital video and image inventory in order to supply ready to print visual collateral for media professionals.
<b>Action Item</b> (W & G)	<b>2.2.2</b>	Develop a digital press kit with pre-prepared story ideas, images, and contact information.
<b>Action Item</b> (W & G)	<b>2.2.3</b>	Identify key wine and grape publications and writers by wine and grape market segment and target these for reviews.
<b>Action Item</b> (W & G)	<b>2.2.4</b>	Tell the great/success stories that are a part of NC wine through local, regional, and national media, e.g., highlight some of the great wine makers in the state, wineries with a unique history, etc.
<b>Action Item</b> (W & G)	<b>2.2.5</b>	In coordination with other state agencies and organizations, host travel writer familiarization (FAM) tours in the three defined regions of the state (mountains, piedmont, coast). Target writers/media (magazines, websites, TV, blogs) that fit the unique blend of product produced in that region.
<b>Action Item</b> (W & G)	<b>2.2.6</b>	Investigate the use of the following site <i>www.helpareporter.com</i> to pitch story ideas to the media.

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**Objective 2.3** Recognize superior achievements in the production of high quality NC wine through an additional major award and celebratory event with critical participation of high-ranking state officials (during wine month - existing month might have to change).  
(W)

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<b>Action Item</b> (W)	<b>2.3.1</b>	Create in conjunction with partners a major award and celebratory event, (similar to the Virginia Governor's Cup). Should be separate from the NC State Fair or any other event that could overshadow the wine event.
<b>Action Item</b> (W)	<b>2.3.2</b>	Research what the best name would be for maximum benefit—for example, test the possibility of calling it the Governor's Cup (as does VA with participation of Governor).
<b>Action Item</b> (W)	<b>2.3.3</b>	Implement the major award and celebratory event, adopting NC State Fair or similar blind tasting procedures.
<b>Action Item</b> (W)	<b>2.3.4</b>	Develop and promote follow-up to the major award event with post-event activities, e.g., special event dinners at local restaurants featuring winners.

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**Strategic Direction 2: Marketing & Stakeholder Education**


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<b>Objective 2.4</b> (W & G)		Further strategies to make the NC wine and grape industry more visible through internet websites and social media applications, i.e., Facebook and Twitter.
<b>Action Item</b> (W & G)	<b>2.4.1</b>	Continue and enhance the website <i>visitncwine.org</i> and coordinate the regular updating of winery information.
<b>Action Item</b> (W & G)	<b>2.4.2</b>	Educate individual wineries and growers in the use of social media tools and mobile devices, as well as related applications, e.g., QR codes.
<b>Action Item</b> (W & G)	<b>2.4.3</b>	Identify types and sources of critical content for social media audiences, e.g., specific information describing NC wine and grapes and events (i.e., announcement of harvest of fresh grapes, announcements of new wines, food pairing suggestions, recipes using NC wine and grapes, etc.)
<b>Action Item</b> (W & G)	<b>2.4.4</b>	Track and revise (where needed) current social media efforts (including Facebook, Twitter, Pinterest, YouTube, Snapchat) based on accepted measures of social media performance and relevant state-specific consumer data.
<b>Objective 2.5</b> (W & G)		Develop and implement a four-pronged public awareness campaign (for the general public, consumers, buyers and local and state government officials) about the benefits NC wine and grapes offer the rural communities and the state.
<b>Action Item</b> (W & G)	<b>2.5.1</b>	Educate stakeholders about the direct link between buying NC wine and grapes and supporting the buy local movement in the state. Provide information about grape sources and differentiate between types of wineries, e.g., tasting room only or onsite winery with tasting room.
<b>Action Item</b> (W & G)	<b>2.5.2</b>	Create targeted advertising messages that can be sent to media and government officials to convey the positive impacts wine and grapes have on their community in order to develop a strong sense of local and state pride in NC wine and grapes – “this is our wine; these are our grapes”.
<b>Action Item</b> (W)	<b>2.5.3</b>	Educate consumers about the NC wine experience including production and the industry’s commitment to, and successes in, producing high quality wines.
<b>Action Item</b> (W & G)	<b>2.5.4</b>	Develop promotional literature and web copy that demonstrate the different ways NC wine and grapes can be used in cooking and entertaining, highlighting the added health benefits of wine and local fresh grapes.
<b>Action Item</b> (W & G)	<b>2.5.5</b>	Educate the public at large and would-be investors about the core agricultural realities and responsibilities of grape-growing and wine production in order to ensure that new entrepreneurs are well-informed prior to joining this sector.

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**Strategic Direction 2: Marketing & Stakeholder Education**


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**Objective 2.6** Entice more retail establishments, including restaurants, to sell NC wine and grapes.  
(W & G)

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| <b>Action Item</b><br>(W & G) | <b>2.6.1</b> | Collaborate with distributors to increase the number of retail locations selling NC wine and grapes.  |
| <b>Action Item</b><br>(W & G) | <b>2.6.2</b> | Host familiarization (FAM) tours for chefs, sommeliers and/or wine buyers in each of the three defined regions of the state (mountain, piedmont, and coast), focusing on matching buyers to the unique products produced in that region.  |
| <b>Action Item</b><br>(W & G) | <b>2.6.3</b> | Encourage (or possibly seek legislation to require) all NC state government functions to serve NC wine and fresh grapes.  |
| <b>Action Item</b><br>(W & G) | <b>2.6.4</b> | Develop and implement marketing activities, training and educational programs to encourage more restaurants to serve NC wines and grapes and increase server familiarity with NC wine.  |
| <b>Action Item</b><br>(W & G) | <b>2.6.5</b> | Collaborate with culinary programs within the state (e.g., Guilford Technical Community College and other Community Colleges; Johnson & Wales University-Charlotte; The Art Institute of Raleigh-Durham) to educate future chefs about NC wine and grapes.  |
| <b>Action Item</b><br>(G)     | <b>2.6.6</b> | Encourage fresh grape growers to expand the use of best practices in direct marketing of fresh grapes, i.e., sales through outlets such as: produce stands, farmers markets, community supported agriculture, customer orders, and pick-your-own operations. Add value to unsold grapes, i.e. drying into other forms, such as raisins. |
| <b>Action Item</b><br>(G)     | <b>2.6.7</b> | Actively promote existing or additional organized grape brokering processes, e.g., open session at the NCWA annual conference, to increase the viability of grape growers finding regular outlets for their crops.  |
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**Objective 2.7** Coordinate with other state agencies and organizations to strategically deploy promotional collateral.  
(W & G)

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|-------------------------------|--------------|---|
| <b>Action Item</b><br>(W)     | <b>2.7.1</b> | Continue to produce NC Wine guide and maintain website, updating guide yearly and website content frequently.   |
| <b>Action Item</b><br>(W & G) | <b>2.7.2</b> | Develop cooperative advertising and sales missions with related organizations and sectors, e.g., NC breweries, distilleries, and/or Convention and Visitor's Bureaus. |
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### Strategic Direction 3: Impactful Research and Business Intelligence

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**Goal:** Address industry needs for productivity, efficiency, and profitability through the application of research, science, and innovative technology.

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**Objective 3.1** (W & G) Prioritize, communicate requests for proposals and fund research.

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**Action Item** (W & G) **3.1.1** Set criteria and make research funding decisions based on the goals and objectives in the current strategic plan and research needs assessments.

**Action Item** (W & G) **3.1.2** Create a position statement that clarifies the need for objectivity of NCWGGC members when voting on allocations of research funds.

**Action Item** (W & G) **3.1.3** Supplement NCWGGC funding through strategic partnerships to increase the research depth and impact.

**Action Item** (W & G) **3.1.4** Send out calls for research proposals on an annual cycle (based on the NCWGGC's fiscal year) through appropriate channels, e.g., to associations, industry groups, and academic institutions that have the skills to contribute to North Carolina's grape and wine industry.

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**Objective 3.2** (W & G) Conduct regular fact-finding to identify research needs and in the four research areas funded by the NCWGGC: marketing, business, viticulture, and enology.

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**Action Item** (W & G) **3.2.1** In coordination with partner universities and colleges in the state, assess any new and ongoing research needs of grape growers and winemakers.

**Action Item** (W & G) **3.2.2** Establish a research advisory group of NC-based wine and grape researchers to support the research needs assessment process.

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**Objective 3.3** (W & G) Conduct evaluations of industry and NCWGGC performance at regular intervals and use positive results to garner continued/increased support.

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**Action Item** (W & G) **3.3.1** Conduct economic impact studies at regular intervals to track progress and trends of the North Carolina wine and grape industry.

**Action Item** (W & G) **3.3.2** Develop an evaluation plan to evaluate NCWGGC-funded projects from one year to the next in terms of achieving the goals of the existing strategic plan.

**Action Item** (W & G) **3.3.3** Continue building financial support for the wine and grape industry by communicating the results of impact studies and implementations of the Strategic Plan to government leaders, legislators and the public.

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### **Strategic Direction 3: Impactful Research and Business Intelligence**

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**Objective 3.4** Disseminate research findings and recommendations in a timely manner through a variety of media and communication channels.  
(W & G)

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<b>Action Item</b> (W & G)	<b>3.4.1</b>	Expand existing NCDA&CS repository systems to be able to share research funded by the NCWGGC.
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<b>Action Item</b> (W & G)	<b>3.4.2</b>	Continue to share results and experiences stemming from funded research studies with grape growers and winemakers through professional association websites, meetings and conferences.
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## Strategic Direction 4: Wine Tourism

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**Goal:** Increase visitation to NC wineries and vineyards, and sales of NC wine and grapes by strategically partnering with state and local tourism and hospitality organizations and efforts.

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<b>Objective 4.1 (W &amp; G)</b>	Establish a formal alliance with the North Carolina Department of Commerce Division of Tourism, Film and Sports Development (NCDTFSD) to promote grapes, wine vineyards, and wineries as part of the NC tourism product.	
<b>Action Item (W &amp; G)</b>	<b>4.1.1</b>	Develop and coordinate marketing activities with NCDTFSD with significant dedicated funding.
<b>Action Item (W &amp; G)</b>	<b>4.1.2</b>	Establish a permanent NCDTFSD representative position on the NCWGGC to provide regular tourism updates to the NCWGGC.
<b>Action Item (W)</b>	<b>4.1.3</b>	Work with NCDTFSD to develop a special promotional campaign targeted at wine tourists during “wine month”.
<b>Action Item (W &amp; G)</b>	<b>4.1.4</b>	Work with NC wine and grape businesses to provide high quality NC wine and grapes for key socials, sales missions, familiarization (FAM) tours and events that NCDTFSD sponsors.
<b>Action Item (W &amp; G)</b>	<b>4.1.5</b>	Make yearly presentations at the NC Governor’s Conference on Tourism about the NC grape and wine industry and its linkages to tourism.
<b>Objective 4.2 (W &amp; G)</b>	Develop strategic partnerships with local and statewide tourism industry associations and organizations.	
<b>Action Item (W &amp; G)</b>	<b>4.2.1</b>	Continue to distribute promotional material (i.e. guide) to state welcome centers and local visitor centers.
<b>Action Item (W &amp; G)</b>	<b>4.2.2</b>	Develop a formal partnership with the Destination Marketing Association of North Carolina
<b>Action Item (W &amp; G)</b>	<b>4.2.3</b>	Develop a formal partnership with the North Carolina Restaurant and Lodging Association (NCRLA)
<b>Action Item (W &amp; G)</b>	<b>4.2.4</b>	Assist vineyards and wineries in partnering with local destination marketing organizations to promote wine, grapes, and events. Identify any barriers to cooperation and develop strategies to overcome these barriers.

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**Strategic Direction 4: Wine Tourism**


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<b>Objective</b> <b>4.3</b> <b>(W &amp; G)</b>	Enhance linkages that connect wine and grapes with the concept of tourism in North Carolina and with local tourism attractions and hospitality related businesses.
<b>Action Item</b> <b>(W &amp; G)</b>	<b>4.3.1</b> Identify ways to incorporate grape and wine into the total North Carolina tourism experience, i.e., u-pick, onsite grape sales, tastings, landscape, dining, history, unique stories, strategically designed events that drive sales of wine and grapes.
<b>Action Item</b> <b>(W &amp; G)</b>	<b>4.3.2</b> Develop best practice examples for how growers, vineyards, and wineries can partner with tourism businesses, such as local attractions, lodging facilities, and restaurants in design of joint tourism packages, services, or products.
<b>Action Item</b> <b>(W)</b>	<b>4.3.3</b> Support consumer research that helps to identify attractions and services that would increase wine tourists' motivation to visit or revisit the wine region.
<b>Action Item</b> <b>(W)</b>	<b>4.3.4</b> Develop enhanced website functionality and wine trail maps for print and online promotion by indicating or linking to relevant tourism attractions, lodging facilities, restaurants, and other services (similar to <a href="http://www.fingerlakeswinecountry.com/">http://www.fingerlakeswinecountry.com/</a> )
<b>Action Item</b> <b>(W &amp; G)</b>	<b>4.3.5</b> Leverage the tourism associated with all local craft products (i.e. wineries, breweries, chocolate, cheese makers, artisan food and beverages) to expand and promote 1 to 3-day travel itineraries that include tastings, local attractions, dining and overnight stay in grape and wine tourism regions of North Carolina.

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## Strategic Direction 5: Regulatory Environment

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**Goal:** Increase the competitiveness of the NC wine and grape industry by advocating for a regulatory environment in North Carolina that provides a level playing field in comparison to peer and competing states.

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**Objective 5.1** (W & G) Examine targeted regulations affecting the North Carolina wine and grape industry to see how these regulations compare with those in peer states and to evaluate how these regulations impact the competitiveness of the NC wine and grape industry.

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**Action Item** (W) **5.1.1** Conduct a benchmarking study of the NCDOT Agritourism Highway Signage Program.

**Action Item** (W) **5.1.2** Conduct a benchmarking study of the regulations that govern the sale and distribution of North Carolina wine.

**Action Item** (W & G) **5.1.3** Conduct a study that assesses the impact of recently enacted food safety regulations, e.g., the Bioterrorism Act of 2002, upon North Carolina wineries and grape growers and develop recommendations on how wineries and grape growers can best respond to the requirements.

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**Objective 5.2** (W & G) Use the information obtained from formal research on targeted regulatory issues to increase the competitiveness of the NC wine and grape industry.

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**Action Item** (W & G) **5.2.1** Focus on a relatively narrow, manageable group of issues, to create a strategy and advocacy plan to change or overcome obstacles that inhibit competitiveness in the NC wine and grape industry. (Many industry stakeholders recommend the exploration of formalized lobbying activity by trade associations on the part of the wine and grape industry).

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## V. ANNOTATED REFERENCES

In addition to general SWOT information collected from industry stakeholders, a benchmark appraisal was made of opportunities mentioned in other states' published strategic or marketing plans for their wine and grape sectors. The majority of findings have been useful in that they support the action steps that the NC stakeholders have indicated most critical for the future of the industry. The research team also provide additional commentary in this section, where any additional findings might be of value to the industry in North Carolina.

**Albu Consulting. (2005). *CT Farm Wine Development Council, Strategic Marketing Plan*. Retrieved from CT Department of Agriculture Website:**  
[http://www.ct.gov/doag/lib/doag/boards\\_commissions\\_councils/ct\\_farm\\_wine\\_develp\\_council/strategic\\_marketing\\_plan.pdf](http://www.ct.gov/doag/lib/doag/boards_commissions_councils/ct_farm_wine_develp_council/strategic_marketing_plan.pdf)

This source is included due to the comparability between the strategic goals and the needs of the North Carolina Wine and Grape Industry. Specifically, the breakdown of goals into strategies and tactics provides a useful organizational paradigm to adopt and modify. Additionally, the plan provides several marketing goals which are consistent with the goals that our plan considers, such as: build awareness and enhance the image of the CT wine industry, Increase Visitors to the Wineries, etc.

**Dawson, Evan. (2013). *NY Wine Spotting*. Retrieved from New York Cork Report:**  
<http://newyorkcorkreport.com/blog/2013/07/26/ny-wine-spotting-is-this-the-campaign-that-finally-gets-more-ny-wine-into-local-restaurants/>

This source provides a real world example of a restaurant incentive program. Specifically, it provides a best practice with which to compare any ideas pertaining to this proposed action item. Furthermore, it demonstrates the way that such a program can be used as a marketing initiative in and of itself to the public at large, highlighting the quality of local wine as well as restaurants that carry it.

**Finger Lakes Tourism Alliance . (n.d.). *2013 Marketing Plan*. Retrieved from Finger Lakes Tourism Website:**  
<http://www.fingerlakes.org/uploads/pages/pdf/Marketing%20Plan%202014%20web%20AMMENDUM.pdf>

This source was used given the input of various stakeholders. During stakeholder interviews the research team was repeatedly referred to the Finger Lakes Tourism Plan. This plan is of particular importance to this project given the Winemaker for a Week part of the overall social media plan. This in particular shows the compatibility of social media with the promotion of the Grape and Wine Industry. Furthermore, it provides useful ideas in terms of wine tourism promotion which is one of the five strategic directions present in our plan.

**Governor's Wine Study Work Group. (2004). *Vision 2015*. Retrieved from Virginia Wine Board Website:**  
<http://virginiawine.createsend4.com/t/r-l-bxukkt-jkzddtllk-r/>

This source was included given the similarities between the North Carolina and the Virginia Wine and Grape Industries. Including, but not limited to: climate, geographic region, varieties offered, etc. Furthermore, as Virginia is further along in the development and implementation of its strategic plan regarding the Wine and Grape Industry it provides a useful blueprint to consider. Finally, the organizational structure of goals being broken down into structures and objectives is again a useful guide.

**Kentucky Department of Agriculture. (n.d.). *Winery Cost-Share Program & Wholesaler Reimbursement Program*. Retrieved from Kentucky Department of Agriculture Website: <http://www.kyagr.com/marketing/grants.html>**

This source is useful in its approach to restaurant rewards, the marketing cost-share program, and the wholesaler reimbursement program. Each of these items is directly reflected within the action items in the North Carolina strategic plan. As such, this source provides not only support for the inclusions of these ideas in the North Carolina strategic plan but a useful guide to their construction and operation as well.

**Michigan Grape & Wine Industry Council. (2012). *Michigan Grape & Wine Industry Council Strategic Plan*. Retrieved from Michigan Wine Industry Website: [http://www.michiganwines.com/docs/Industry/strategic\\_plan\\_summary\\_2011.pdf](http://www.michiganwines.com/docs/Industry/strategic_plan_summary_2011.pdf)**

This plan provides support for, and a guide to, the implementation of partnerships in branding. And, the establishment of a state wine brand. Pure Michigan is a well known brand and the decision to attach the Michigan Wine and Grape brand to it provides an example that could be useful for North Carolina given its “got to be NC” initiatives. Additionally, this source provides a good example of establishing research priorities and partnering with universities.

**Nebraska Grape & Winery Board. (n.d.). *Board Strategic Plan*. Retrieved from Nebraska Grape & Winery Board Website: [http://www.grapeandwineryboard.nebraska.gov/strategic\\_plan.html](http://www.grapeandwineryboard.nebraska.gov/strategic_plan.html)**

This source provides a good example of the structure of the overall strategic goals needed for a Wine and Grape Industry strategic plan. In particular it provides support for the need to establish premium quality grapes and wine, to educate the public regarding the Grape and Wine Industry, and the encouragement of wine tourism.

**New Hampshire Made Organization. (2009). *NH Made Strategic Plan Policy Priorities*. Retrieved from New Hampshire Made Website: <http://www.nhmade.com/FINAL%20Version%20for%20approval%20of%20NH%20Made%20Strategic%20Plan%202009-20142.doc>**

This plan is most useful in establishing the need for a link between a state’s product image and branding, and the marketing efforts of the Wine and Grape Industry. It acknowledges the fact that each of its products is responsible for the revenue that it can produce and therefore seeks to gain input from each industry. This provides a frame of reference for North Carolina. Furthermore some of the strategic goals support those proposed in the North Carolina plan. Specifically, the need to “increase visibility & awareness” is synonymous with the need to establish a positive brand image that is proposed in the NC plan.

**North Dakota Grape Growers Association. (2011). *North Dakota's Grape and Wine Industry*. Retrieved from North Dakota Grape Growers Association: <http://www.ndgga.org/userfiles/file/ND%27s%20Grape%20and%20Wine%20Industry%20-%20Strategic%20Vision%20and%20Direction.pdf>**

This plan is useful in acknowledging the current situation within the state and providing a historical framework within which to consider that situation. Furthermore, it establishes the need for marketing to focus not just on the product itself, be it wine or grape, but to promote wine tourism. This notion is extremely useful given the emphasis placed on wine tourism in the North Carolina plan. Therefore, this source provides a useful structure to consider and provides support to a key proposed strategic direction

### **Additional Commentary on Peer States 1: Export Opportunities**

While not consistently perceived by NC stakeholders as a critical avenue for the immediate strategic plan, the importance of exports as a distribution method for selling grapes and wine did appear sporadically in other states' plans. Several states (Michigan, Virginia and New York) included definitive goals to promote wines to international markets through marketing and through international trade show involvement; New York also indicated efforts to actively pursue answers to negative impacts of Canadian wine tariffs on New York produced wine.

Governor Cuomo Announces New Tourism Campaign and Regulatory Reforms at New York's First Wine, Beer and Spirits Summit. (2012, October 24). Retrieved from Gover Andrew M. Cuomo Website: <https://www.governor.ny.gov/press/10242012-Beer-Wine-Spirits-Summit>

Governor's Wine Study Work Group. (2004, June). Vision 2015: A Strategic Direction for the Virginia Wine Industry. Retrieved from Virginia Department of Agriculture and Consumer Services Website: [http://www.virginiawine.org/system/docs/98/original/Vision\\_2015.pdf?1371487663](http://www.virginiawine.org/system/docs/98/original/Vision_2015.pdf?1371487663)

Michigan Grape & Wine Industry Council. (2011, December). Michigan Grape & Wine Industry Council Strategic Plan: Summary Report. Retrieved from Michigan Grape & Wine Industry Council Website: [http://www.michiganwines.com/docs/Industry/strategic\\_plan\\_summary\\_2011.pdf](http://www.michiganwines.com/docs/Industry/strategic_plan_summary_2011.pdf)

### **Additional Commentary on Peer States 2: Peer State Funding Mechanisms**

Following is a summary listing of the types of funding made available to the wine and grape industries in peer states. Data is provided as per state source material and will not be consistent across states, but rather are described as originally captured from state data sources.

#### California:

- The Wine Institute (990)- Total Revenue: \$10,321,278
  - 2013 Statement of Revenue- Government Grants: \$8,025,423; Membership Dues: \$12,235,732; Market Program Fee: \$983,410; Trade Shows: \$76,713

#### Michigan:

- Michigan Grape and Wine Industry Council (Budget Bill)
  - 2011 Appropriations, Agriculture Development, Grape and Wine Program: \$16,600

## Missouri:

- Missouri Wine and Grape Board
  - "there shall be paid to and collected by the director of revenue for the privilege of selling wine, an additional charge of six cents per gallon or fraction thereof"
  - "the revenue derived from the additional charge imposed by subsection 1 shall be deposited by the state treasurer to the credit of a separate account in the marketing development fund created by section 261.035. Beginning July 1, 2006, the revenue derived from such additional charge shall be deposited by the state treasurer in the Missouri wine and grape fund created by this section. Moneys to the credit of both the marketing development fund and the Missouri wine and grape fund shall be used only for market development in developing programs for growing, selling, and marketing of grapes and grape products grown in Missouri, including all necessary funding for the employment of experts in the fields of viticulture and enology as deemed necessary, and programs aimed at improving marketing of all varieties of grapes grown in Missouri; and shall be appropriated and used for no other purpose"

## New York:

- New York Wine and Grape Foundation (990)- Total Revenue: \$1,139,978
  - 2012 Statement of Revenue- Government Grants: \$1,108,227; Membership Dues: \$132,295; Various Promo Programs: \$635,533; Research Programs: \$372,150

## Ohio:

- Ohio Wine Producers Association (990)- Total Revenue: \$555,644
  - 2011 Statement of Revenue- Government Grants: \$10,081; Membership Dues: \$98,226; Advertising Income: \$21,010; Event Income: \$426,327

## Oregon:

- Oregon Wine Advisory Board (Budget Bill)
  - "Moneys received on behalf of the Oregon Wine Board pursuant to ORS 473.030 (4) and 473.045 shall be deposited into the account created by the board under ORS 182.470 and are continuously appropriated exclusively for use by the board in carrying out the provisions of ORS 576.750 to 576.765"
  - "The unexpended balances of amounts authorized to be expended by the Wine Advisory Board for the biennium beginning July 1, 2003, from revenues dedicated, continuously appropriated, appropriated or otherwise made available for the purpose of administering and enforcing the duties, functions and powers of the Wine Advisory Board transferred by section 12 of this 2003 Act, all moneys in the Wine Advisory Board Account on the operative date of the repeal of ORS 576.765 by section 28 of this 2003 Act and all moneys received by the Wine Advisory Board or placed to the credit of the board and remaining unobligated and unexpended on the operative date of the repeal of ORS 576.765, shall be deposited in the account established by the Oregon Wine Board pursuant to ORS 182.470"
  - Amendments- "A tax is imposed upon the privilege of engaging in business as a manufacturer or as an importing distributor of wines at the rate of 65 cents per gallon on all such beverages"



- “In addition to the tax imposed by subsection (2) of this section, a manufacturer or an importing distributor of wines containing more than 14 percent alcohol by volume shall be taxed at the rate of 10 cents per gallon”
- “In addition to the taxes imposed by subsections (2) and (3) of this section, a manufacturer or an importing distributor of wines shall be taxed at the rate of two cents per gallon”
- Oregon Wine Advocacy Council (990)- Total Revenue: \$321,791
  - 2012 Statement of Revenue- Other Contributions, gifts, grants: \$23,490; Membership Dues: \$233,301; Symposium Income: \$65,000

#### Pennsylvania:

- Pennsylvania Winery Association (990)- Total Revenue: \$391,207
  - 2012 Statement of Revenue- Government Grants: \$199,448; Membership Dues: \$66,650; Other Contributions, Gifts, Grants: \$13,816; Festival: \$87,456; Annual Meeting: \$12,317; Wine Competition: \$11,520
- Pennsylvania Wine and Spirits Association (990)- Total Revenue: \$49,225
  - 2012 Statement of Revenue- Dues Collected: \$49,225

#### Texas:

- Texas Wine and Grape Growers Association (990)- Total Revenue: \$390,524
  - 2012 Statement of Revenue- Government Grants: \$24,996; Membership Dues: \$68,680; Conferences and Events: \$296,848

#### Virginia:

- Virginia Wine Council (990)- Total Revenue: \$83,795
  - 2013 Statement of Revenue- Contributions, gifts, grants: \$81,824; Net Income from Gaming and Fundraising Events: \$1,975
- Virginia Wineries Association (990)- Total Revenue: \$349,080
  - 2013 Statement of Revenue- Contributions and Grants: \$69,900; Program Service Revenue: \$272,815; Other Revenue: \$6,365

#### Washington:

- Washington State Wine Commission (Budget Bill)
  - "The assessment rate for vinifera grapes grown in this state shall not be less than three dollars per ton nor more than twelve dollars per ton. The assessment rate for wine producers shall not be less than \$.02 per gallon nor more than \$.08 per gallon. The Washington Wine Commission may adjust the assessment amount levied on wine producers and grape growers as needed to fund necessary commission activities"
- Washington State Wine Industry Foundation (990)- Total Revenue: \$158,513
  - 2012 Statement of Revenue- Government Grants: \$107,402; Other Contributions, gifts, grants: \$46,042; Program Revenue: \$5,069
- Washington Association of Wine Grape Growers (990)- Total Revenue: \$592,656
  - 2012 Statement of Revenue- Membership Dues: \$226,853; Program Revenue: \$365,803

**Peer State Funding Information Sources:**

Top Producer List

<http://www.nccommerce.com/Portals/8/Documents/Research/Other/NorthCarolinaWineEconomicImpactStudy2009.pdf>

California

<http://www.guidestar.org/FinDocuments/2013/940/987/201394098702009b893e890.pdf>

Michigan

<http://www.legislature.mi.gov/documents/20112012/publicact/pdf/2012PA0064.pdf>

Missouri

<http://www.moga.mo.gov/statutesearch/stathtml/3110000554.htm>

New York

<http://www.guidestar.org/FinDocuments/2012/161/264/20121612643840894c78b90.pdf>

Ohio

<http://www.guidestar.org/FinDocuments/2011/310/885/20113108850090899d50590.pdf>

Oregon

[http://www.oregonlegislature.gov/bills\\_laws/lawsstatutes/2003orLaw0797ses.html](http://www.oregonlegislature.gov/bills_laws/lawsstatutes/2003orLaw0797ses.html)  
<http://www.guidestar.org/FinDocuments/2012/930/911/201293091119808ec0d6d90.pdf>

Pennsylvania

<http://www.guidestar.org/FinDocuments/2012/232/696/20122326965680919f7d890.pdf>  
<http://www.guidestar.org/FinDocuments/2012/232/951/20122329516760965b48190.pdf>

Texas

<http://www.guidestar.org/FinDocuments/2012/741/918/2012741918274095baebd90.pdf>

Virginia

<http://www.guidestar.org/FinDocuments/2013/270/917/2013270917152099ed0f3ZO.pdf>  
<http://www.guidestar.org/FinDocuments/2012/541/269/2012541269360096c3c6f90.pdf>

Washington

<http://www.leg.wa.gov/CodeReviser/WACArchive/Documents/2012/WAC16575CHAPTER.pdf>  
<http://www.guidestar.org/FinDocuments/2012/912/138/201291213833009166d769.pdf>  
<http://www.guidestar.org/FinDocuments/2012/911/247/20129112470120910c31b90.pdf>

## **APPENDIX A: SWOT Methods and Results**

The SWOT method incorporates asking stakeholders a series of provocative questions meant to identify their impressions of strengths, weaknesses, opportunities, and threats in their industry.

### **SWOT TOOL 1: Key SWOT questions**

#### Strengths (internal focus)

- What is your strongest business advantage?
- Do you consider your industry strong? Explain.
- What does your industry or state offer that makes you stand out from the rest?
- What unique resources do you have in North Carolina?
- Do you have any specific marketing expertise to drive sales or brand?
- Do you have a broad customer base?
- Additional strengths

#### Weaknesses (internal focus)

- What (within your control) can be improved?
- In what areas do your competitors, e.g., peer states, have the edge?
- What necessary expertise or resources do you currently lack?
- Are you relying primarily on just a few clients or types of customers?
- Additional weaknesses

#### Opportunities (external focus)

- What trends do you see in your industry right now?
- What trends do you foresee based on other regions or industries?
- What trends might impact your industry in particular?
- What external changes present interesting opportunities?
- What have you seen in the news recently that might offer an opportunity?
- Additional opportunities

#### Threats (external focus)

- What obstacles do you face in doing business?
- What is the competition, e.g., peer states, doing that you're not?
- What challenges you are facing can be turned into opportunities?
- Are external environmental forces affecting your bottom line?
- How would you measure success of your industry as a whole?
- What comparative benchmark indicators would you use to compare NC wine and grape sector performance to that of other states?
- Additional threats

**SWOT TOOL 2: Environmental Analysis to hone in on opportunities and threats**

<b>Type of factor</b>	<b>How might these factors affect your organization?</b>
Political	
Legal	
Economic	
Social	
Technological	

*Political*

Direct funding; Indirect funding; Lobbying by ?; Wars; Political trends; Governmental leadership; and so forth

*Legal*

State legislation (including taxation, employment, environmental, etc.); Federal legislation (including tariffs, excise taxes, farm subsidies, etc.); County legislation; Trading bloc legislation/agreements; and so forth

*Economic*

NC economy (including disposable income, job growth, interest rates, borrowing/funding climate; consumer confidence, etc.); Economy of adjacent/corridor states; Economies of international markets; Changing seasonal variations; Monetary issues;

*Social*

Consumer attitudes and opinions; Consumer buying trends, including fads; Ethnic factors; Religious factors; Ethical issues; Population shifts (national, regional, local); Attitudes toward your type of work; Changes in leisure activities; Education; Diversity; Living standards; Media treatment of the industry and its products; Health trends and research; and so forth

*Technological*

Research funding; Maturity of technology; Replacement technology solutions; Intellectual property issues; Alternative energy sources; Alternative water sources; Transportation; Waste; Social media/web

## **Wine and Grape SWOT results**

### **Strengths**

- Centralized marketing (brochure, website (<http://www.ncwine.org/>), maps, social media)
- Product diversity (muscadine, vinifera, etc.)
- AVAs (American Viticulture Areas)
- Fresh market grapes (Quality and Demand)
- Existing local wineries and their attributes: Growing reputation of local wineries and NC wine
- Many wineries in close regional proximity of each other
- Wine tourism visitation growing
- Economic impact of the wine and grape industry to North Carolina (\$1.28 billion in 2009)
- Volume of sales increasing
- Ability to conduct multiple avenues of sales including direct sales, tasting room, self-distribute, and shipping (out of state)
- Fresh market produce through regional distributors
- State funding for the wine council(possible recurring funds)
- Strong commitment from NC Department of Agriculture
- Research produced by universities in NC (NC A&T, UNCG, NCSU, Surry Community College, ASU)
- Industry growth trends over the past few years show that the industry is growing and healthy (currently 120 wineries in NC – growth rate of 5 wineries per year)
- Customer service has been shown as one of the major factors for repeat visitation to the wineries
- Most people who have tried NC wine feel that it is a quality product

### **Weaknesses**

- Lack of clarity and focus on NC brand development (identity and image to the consumer) – Currently there is not a strong image or brand for NC wine (i.e. what is the NC Wine Brand).
- Reputation (Lack of perception of NC being a “Good Wine” state)
- Inconsistent quality of NC wine
- Wineries without vineyards (tasting rooms only)
- Public perception of wineries vs. local breweries
- Lack of large trade association (underdeveloped association relationships)
- Public relations including media attention, need for a non-governmental organization industry spokesperson – in a paid position
- Very limited distribution through restaurants
- Geographic issues (for tourism-wineries may seem dispersed, lack of geographic connection, some wineries are hard to locate, geographical spread of market is high)
- Diversity
- NC regulatory environment
- 3 tier regulatory system (very complex way for consumers to buy wine)
- Distributor pricing
- Pricing
- Market prices for growers
- Interest and attention margin
- Incentives for distribution, promotion, and retailers
- Certification costs are high for wineries and grape growers

**Weaknesses (continued)**

- Costs of cold storage
- Transportation costs
- Cost of road signage (Policy and pricing regarding NCDOT Signage)
- State funding maybe non-recurring (lack of recurring funds and dedicated excise tax)
- Budget relative to economic impact
- Non-commitment to industry from NC Governors office
- NC Wineries are financially fragile
- Research has been primarily for agriculture and not market and economic based
- Lack of fact finding research
- Lack of funding and commitment for industry research
- Lack of funding prioritization for research
- Research on viticulture diversity
- Research is low on budget priorities
- Lack of knowledge of available funds for research such as grants, etc.
- Lack of unification in research
- Lack of central focus for funding research
- Lack of research on wine drinkers in NC
- Fresh market grape production (limited supply and short season)
- Newer and smaller wineries suffer due to inexperience of terminology, practices, etc.

**Opportunities**

- Recovering economy
- The buy local movement
- Increased awareness of diverse wines
- Changing demographics through in-migration; NC is an attractive place to retire or relocate
- Quality initiative
- Link local wine with local food movement
- Green energy
- Liberalization of regulations
- Local branding as NC grapes and wines; improving quality of grapes and wines from NC
- Opportunities for new products and product extensions in keeping with other food and beverage producers
- Slowly rising prices
- Interest in health as a promotional opportunity
- Relatively untapped potential for social media as a promotional opportunity
- Increasing opportunity for export and Internet sales
- Increasing opportunity to attract a younger demographic
- China market as well as other overseas markets
- Work with local restaurants
- NC wine consumer (in general) is a novice to wine
- Population base
- Proclamation – File 13

**Threats**

- Wine caucus, funding
- Weather can damage/ destroy crops
- Weather can decrease visitation to winery in heavy tourism areas
- Defining what NC stands behind
- Existing purchase limits
- Existing transportation limit
- Possible stricter drinking limit
- NC leadership
- Region (Bible belt)
- Misconceptions
- Neo-prohibition
- Lower than national average of percentage of population that consumes wine
- Wastewater
- Over-regulation of waste
- Breweries seem to have captured the local movement, while local wines seem not to resonate
- Calorie count and other labeling regulations
- Negative perceptions of NC wine continues
- Lack of definition of the NC brand (what is the brand promise and how do we communicate it?)
- NC wine from non-NC grapes/concentrate

**Fresh Market Grapegrowers Supplemental SWOT results****Strengths**

- Quality (freshness, taste, sweetness, ripe, flavor, appearance)
- Knowledgeable growers committed to high quality (unlike growers in competing states)
- Diversified climate allows us to grow many different types of grapes
- NC State
- Strong political/governmental support (Muscadine was named state fruit; grape council)
- Benefit from our location access to many markets; close to retailers, wholesalers, and buying public)
- Muscadines have been recognized as a superfood
- NC grapes have lower sulfite levels than grapes in other states
- Exceptional grape research at NC State

**Weaknesses**

- Many growers are not involved with the various organizations that can and do support them. (Action: Need to reach out to other NC growers)
- Lack of publicity; not effectively getting the word out about product
- Lack of cooperative planning among growers and wineries
- Better marketing exists for the wine side of the market
- NC grapes come to market after Georgia grapes, which limits “shelf” space
- The market window for NC fresh product lasts only six weeks before the harvest peters out and product begins to spoil

**Weaknesses (cont.)**

- Have yet to find the right message to resonate with the market
- Some varieties of grapes cannot withstand our winter temperatures (temperature swings)

**Opportunities**

- Create a year-round market for product (not as subject to flooded market and depressed prices at harvest time)
- Develop new technology that can extend the shelf life of grapes
- Develop new products that expand use of grapes
- Can grow other fruit crops and get efficiencies from machinery and equipment; also provides access to marketing channels that are the same
- Health aspects of muscadines (Dr. Oz, nutraceuticals; the seed and skin)
- The consuming public and retail buyers know little about NC grapes and muscadines, specifically; we can educate them
- Educate school children about grapes
- Create a positive brand image for muscadines (e.g., The NEW NC Muscadine; Genuine NC Muscadines; The REAL Muscadines, etc.)
- Capitalize on variety; NC can grow nearly every type of grape in the world given its geographic diversity
- Growers can sell to local school systems in NC by law
- Greater interest in buying locally
- Market whole frozen fruit
- Provide food pairings and recipes
- Need new technology to extend the storage life of the muscadine
- Market grapes or by-products as an animal feed additive (based on NCSU research)
- Develop and provide stories to local PBS and cable stations; give them a story about a week in advance of harvest (how to use the grapes,
- Market food safety certification programs that are widely available to growers (Council funded two workshops this year and had about 20 attendees; need to reach more growers)
- Explore new markets, such as China
- Conduct ongoing research (NCSU-technical, UNCG-market and consumer)
- Explore potential foundation funding for the educational/promotional campaign; potential proposal ties include: nutrition, children, health, economic development, rural

**Threats**

- Consumers and buyers, especially those outside the southeast, do not know of muscadines or think of muscadine as a redneck fruit
- If cannot educate the rest of the country, will not be able to expand market (80% of produce buyers did not know what they were!)
- Seeds versus seedless; parents do not want kids to eat seeds
- Nutritional labeling
- Food safety certification required by some of the larger retailers
- Increasing urban concentration means many people grow up having knowledge of grapes framed by their supermarkets



## **APPENDIX B: List of Responding Organizations**

*Responding Wineries (from survey sent to 130 wineries—emails provided by NCDA&CS)*

Benjamin Vineyards  
Biltmore Estate\*  
Cauble Creek Winery  
Chatham Hill Winery  
Cherokee Cellars  
Childress Vineyards\*  
Duplin Winery\*  
Grandfather Vineyard  
Grove Winery  
Hanover Park Vineyard\*  
Hinnant Family Vineyards\*  
Horizon Cellars  
Hutton Vineyards  
Jones von Drehle Vineyards  
Junius Lindsay Vineyard  
Kildeer Farm\*  
Laurel Gray Vineyards  
Lu Mil Vineyard\*  
Raffaldini Vineyards\*  
RagApple Lassie Vineyards  
RayLen Vineyards  
Shadow Springs Vineyard  
Shelton Vineyards\*  
Silver Fork Winery  
Spirit Winds Winery  
Stonefield Cellars  
Stony Mountain Winery  
Thistle Meadow Winery  
Treehouse Vineyards  
Weant Patria Vineyards  
Weathervane Winery  
Windsor Run Cellars  
WoodMill Winery\*

\*Current Member of North Carolina Wine and Grape Growers Council

## **Appendix B continued: Supplemental information sources<sup>a</sup>**

Anne Ashley, Biltmore Estate

Dr. Seth Cohen, Director, Viticulture Program, College of Arts and Sciences, Appalachian State University

Ron Cottle, Cottle Strawberry Nursery and Farms

Dr. Kathryn Dobie, Director, Transportation Institute, School of Business and Economics, North Carolina A&T State University

Susan Dosier, Co-owner, DK Communications Group

Justin Furr, Former Director, Wine Marketing , North Carolina Department of Commerce

Richard Geiger, President, Visit Winston-Salem

Ken Gulaian, Owner, Round Peak Vineyards

Rick Harbaugh, Owner, Southern Vintage Wines

Lenna Hobson, RagApple Lassie Vineyards

Marcheta Keefer, Director of Marketing and Communications, Visit Winston-Salem

Paul Jones, Media Marketing Specialist, NCDA&CS Marketing Division

Whit Jones, Cottle Strawberry Nursery and Farms

Max Lloyd, Grove Winery

Margo Metzger, Public Relations Director, Division of Tourism, NC Department of Commerce (Former Director, Wine Marketing for NCDOC)

Ashley Myers, Chairperson, Science Division, Shelton-Badgett NC Center of Viticulture and Enology, Surry Community College

Kim Myers, Laurel Gray Vineyards

Tammy O’Kelly, Director, Heart of North Carolina Visitors Bureau; Chair, NC Tourism Advisory Council

Ashley Graham Phipps, Van Poole Marketing, North Carolina Muscadine Growers Association

Jessica Roberts, Director of Tourism and Marketing, Mt. Airy Visitors Bureau; Member, NC Tourism Advisory Council

Dr. Sara Spayd, Professor, Department of Horticultural Science North Carolina State University

Dennis Sutton, Viticulture Instructor, Viticulture and Enology Technology Program, James Sprunt Community College

Bobby Todd, Executive Director, Yadkin County Chamber of Commerce

Marion Venable, Executive Director, SCC Foundation, Surry Community College

Dr. Osei Yeboah, Assistant Professor, School of Agriculture, North Carolina A&T State University

William Yost, President, North Carolina Muscadine Growers Association, Cauble Creek Winery

<sup>a</sup> Input received via statewide open invitation surveys, forums, and/or interviews

## **APPENDIX C: Survey Instruments**

### **SURVEY TOOL 1: Email questionnaire sent to 130 wineries (sample page)**

Qualtrics Survey Software

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#### Default Question Block

**PLEASE ENTER YOUR NAME AND THE NAME OF YOUR WINERY**

**Listed below are six proposed strategic directions for a five year plan. Under each of the proposed strategic directions, possible action items are listed for your review. These items are derived from various SWOT sessions with stakeholders and an open forum.**

**Please rank each action item in terms of its importance to the success of the North Carolina Wine Industry**

#### Strategic Direction: QUALITY ASSURANCE & PRODUCT ENHANCEMENT

	Unimportant	Marginally Important	Somewhat Important	Important	Critically Important
Share and promote innovative production processes that lead to a higher quality product, e.g., create an educational series in cooperation with local experts.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Work cooperatively with the NCWGA's efforts to ensure improved product quality.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Establish a recognition program for wineries that participate in the quality assurance program.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Create a formal mentoring program for new or struggling wineries to help them grow their business by producing quality wines and assist them in providing a great customer tasting room experience.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Establish cost-sharing initiatives to engage new wineries in quality-related programs, certifications, training, etc.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Within ABC regulations, define what the NC label stands behind in terms of wine content/production.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

#### Strategic Direction: MARKETING PLAN & STAKEHOLDER EDUCATION

**SURVEY TOOL 2: Interview questionnaire used in supplemental data collection**



Discussion Questions:

1. What do you see as the major opportunities and problems facing the NC wine and grape sector today?
2. As we look to the future, where do you see the NC wine and grape industry in 5 years?
3. What are your thoughts regarding continuing efforts to develop a wine quality assurance program in NC [so far it looks like a voluntary program where wines can get evaluated via lab and sampling] and what are your expectations for a program like this?
4. What type of formal research is most needed by the NC wine and grape industry?
5. Let's talk for a moment about marketing NC wine. In your opinion, what is the best and most effective way to achieve a positive brand image? How about to increase actual sales?
6. How important is social media in promoting and selling NC wine?
7. Would you support an awards program for the industry that would recognize superior achievements in the production of NC wine? What would you like it to look like?
8. How can wineries and the wine industry better link with tourism and tourism resources in a community?
9. What other thoughts/ideas do you have for expanding wine tourism in North Carolina?
10. What are the major regulatory issues that confront the industry?
11. Finally, if you had the ultimate power to make one change that would most impact the industry in a positive way, what change would you make?

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## **APPENDIX D: Glossary of Acronyms and Abbreviations**

AVA	American Viticultural Area
NCDA&CS	North Carolina Department of Agriculture and Consumer Services
NCDOC	North Carolina Department of Commerce
NCDOT	North Carolina Department of Transportation
NCDTFSD	North Carolina Department of Commerce Division of Tourism, Film and Sports Development
NCMGA	North Carolina Muscadine Growers Association
NCRLA	North Carolina Restaurant and Lodging Association
NCWA	North Carolina Winegrowers Association
NCWGGC	North Carolina Wine and Grape Growers Council
SWOT	Strengths Weaknesses Opportunities Threats
UNCG	University of North Carolina Greensboro

## **APPENDIX E: Criteria Matrix for Decision Making**

### **Definition of Terms Used in the Prioritization Grid**

#### **Urgency**

Identifies the order in which objectives should be addressed.

- (I) Immediate - Objectives that need to be addressed immediately so that other objectives can build on the outcomes.
- (P) Pending – Objectives that should be addressed after outcomes of the relevant immediate objectives have begun to be realized.
- (H) Hold – Objectives that should be addressed after the outcomes of the relevant immediate objectives and pending objectives have begun to be realized.

#### **Impact**

Identifies the estimated level (scale and longevity) of effect the objective will have on the NC wine and grape industry.

- (H) High – Will have immediate impact and long lasting effect on all stakeholders involved in the NC wine and grape industry.
- (M) Moderate - Will have gradual impact and some lasting effect on some stakeholders involved in the NC wine and grape industry.

#### **Cost**

Identifies the level of cost (financial, time, and other resources) needed to achieve the objective. Because of the multiple variables that are involved with cost specific dollar amounts cannot be reliably given.

- \$ - Low cost
- \$\$ - Moderate cost
- \$\$\$ - High cost

#### **Time Frame**

Identifies the estimated amount of time it would take to accomplish the objective, from start to finish.

- <1 – Less than one year
- 1-3 – One to three years
- 3-5 – Three to five years

<b>Strategic Direction 1: Quality Assurance &amp; Product Enhancement</b>		<b>Urgency</b>	<b>Impact</b>	<b>Time</b>	<b>Cost</b>
<b>Goal:</b>	Enhance the reputation of North Carolina as a producer of high quality wines and grapes, in order to support price points, increase market share and profitability of North Carolina wines and grapes in the state marketplace and beyond.				
<b>Objective 1.1</b> (W & G)	Increase the tangible quality of NC wines and grapes through agricultural and other scientific studies, at a limited or net zero increase in cost to producers.	I	H	>3	\$\$\$
<b>Objective 1.2</b> (W & G)	Support innovation through sharing of production methods that can lead to improved quality of NC wine and fresh grapes.	I	H	>3	\$
<b>Objective 1.3</b> (W & G)	Increase stakeholder understanding of industry standards and practices useful for evaluating NC wine and grapes.	I	H	1-3	\$
<b>Objective 1.4</b> (W & G)	Partner with North Carolina Winegrower's Association (NCWA), North Carolina Muscadine Grape Association (NCMGA), other trade associations and the educational community to educate wine and grape producers about wine and grape quality in North Carolina in addition to supporting NCWA's existing efforts in quality testing.	I	H	>3	\$
<b>Strategic Direction 2: Marketing &amp; Stakeholder Education</b>		<b>Urgency</b>	<b>Impact</b>	<b>Time</b>	<b>Cost</b>
<b>Goal:</b>	Enhance the brand image and profitability of NC wines and grapes and the NC Wine and Grape Industry by focusing on product diversity and increased product quality.				
<b>Objective 2.1</b> (W & G)	Develop a marketing plan that is aligned with the goal of enhancing brand and that promotes sales and per capita consumption of NC products through the effective use of relevant consumer research data.	I	H	<1	\$\$
<b>Objective 2.2</b> (W & G)	Create a plan to steer media attention to positive aspects of the North Carolina wine and grape industry.	P	M	1-3	\$
<b>Objective 2.3</b> (W)	Recognize superior achievements in the production of high quality NC wine through an additional major award and celebratory event with critical participation of high-ranking state officials (during wine month - existing month might have to change).	H	M	1-3	\$\$
<b>Objective 2.4</b> (W & G)	Further strategies to make the NC wine and grape industry more visible through internet websites and social media applications, i.e., Facebook and Twitter.	I	H	1-3	\$\$

<b>Strategic Direction 2: Marketing &amp; Stakeholder Education (cont)</b>		<b>Urgency</b>	<b>Impact</b>	<b>Time</b>	<b>Cost</b>
<b>Objective 2.5</b> (W & G)	Develop and implement a three-pronged public awareness campaign (one for the general public, one for the consumer and one for local and state government officials) about the benefits NC wine and grapes offer the rural communities and the state.	H	H	>3	\$\$\$
<b>Objective 2.6</b> (W & G)	Entice more retail establishments, including restaurants, to sell NC wine and grapes.	H	M	1-3	\$
<b>Objective 2.7</b> (W & G)	Coordinate with other state agencies and organizations to strategically deploy promotional collateral.	I	H	<1	\$\$\$
<b>Strategic Direction 3: Impactful Research and Business Intelligence</b>		<b>Urgency</b>	<b>Impact</b>	<b>Time</b>	<b>Cost</b>
<b>Goal:</b>	Address industry needs for productivity, efficiency, and profitability through the application of research, science, and innovative technology.				
<b>Objective 3.1</b> (W & G)	Prioritize, communicate requests for proposals and fund research.	I	H	<1	\$\$\$
<b>Objective 3.2</b> (W & G)	Conduct regular fact-finding to identify research needs and in the four research areas funded by the NCWGGC: marketing, business, viticulture, and enology.	I	H	<1	\$
<b>Objective 3.3</b> (W & G)	Conduct evaluations of industry and Council performance at regular intervals and use positive results to garner continued/increased support.	I	M	1-3	\$\$
<b>Objective 3.4</b> (W & G)	Disseminate research findings and recommendations in a timely manner through a variety of media and communication channels.	I	M	<1	\$
<b>Strategic Direction 4: Wine Tourism</b>		<b>Urgency</b>	<b>Impact</b>	<b>Time</b>	<b>Cost</b>
<b>Goal:</b>	Increase visitation to NC wineries and vineyards, and sales of NC wine and grapes by strategically partnering with state and local tourism and hospitality organizations and efforts.				
<b>Objective 4.1</b> (W & G)	Establish a formal alliance with the North Carolina Department of Commerce Division of Tourism, Film and Sports Development (NCDTFSD) to promote grapes, wine vineyards, and wineries as part of the NC tourism product.	I	H	<1	\$\$\$
<b>Objective 4.2</b> (W & G)	Develop strategic partnerships with local and statewide tourism industry associations and organizations.	H	M	>3	\$
<b>Objective 4.3</b> (W & G)	Enhance linkages that connect wine and grapes with the concept of tourism in North Carolina and with local tourism attractions and hospitality related businesses.	P	H	>3	\$\$



<b>Strategic Direction 5: Regulatory Environment</b>		<b>Urgency</b>	<b>Impact</b>	<b>Time</b>	<b>Cost</b>
<b>Goal:</b>	Increase the competitiveness of the NC wine and grape industry by advocating for a regulatory environment in North Carolina that provides a level playing field in comparison to peer and competing states.				
<b>Objective 5.1</b> (W & G)	Examine targeted regulations affecting the North Carolina wine and grape industry to see how these regulations compare with those in peer states and to evaluate how these regulations impact the competitiveness of the NC wine and grape industry.	I	H	1-3	\$\$
<b>Objective 5.2</b> (W & G)	Use the information obtained from formal research on targeted regulatory issues to increase the competitiveness of the NC wine and grape industry.	I	M	1-3	\$