



OREGON
WINE
BOARD



OREGON
WINEGROWERS
ASSOCIATION

OREGON WINE STATE OF THE INDUSTRY

Tom Danowski: Oregon Wine Board

Dan Jarman: CFM Strategic Communications

Doug Tunnell: Brick House Vineyards

Jana McKamey: Oregon Winegrowers Association

Marie Chambers: Oregon Wine Board

April 23, 2015

OWB ESTABLISHMENT AND PURPOSE

The Oregon Wine Board was created in 2003 by HB 3442 and established as a semi-independent state agency.

Charter

“The Oregon Wine Board shall operate for the purpose of supporting enological, viticultural and economic research to develop sustainable business practices for wine grape growing and wine making within Oregon and supporting the promotion of Oregon’s wine grape-growing and wine-making industries.”

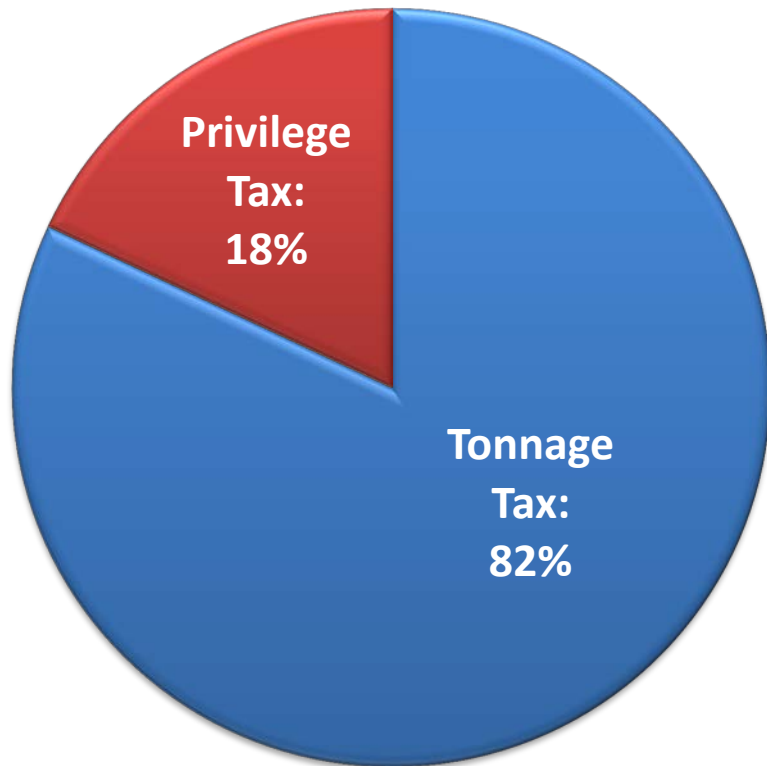


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OREGON WINE BOARD FUNDING



OREGON LIQUOR CONTROL COMMISSION

Where Your Liquor Dollars Go

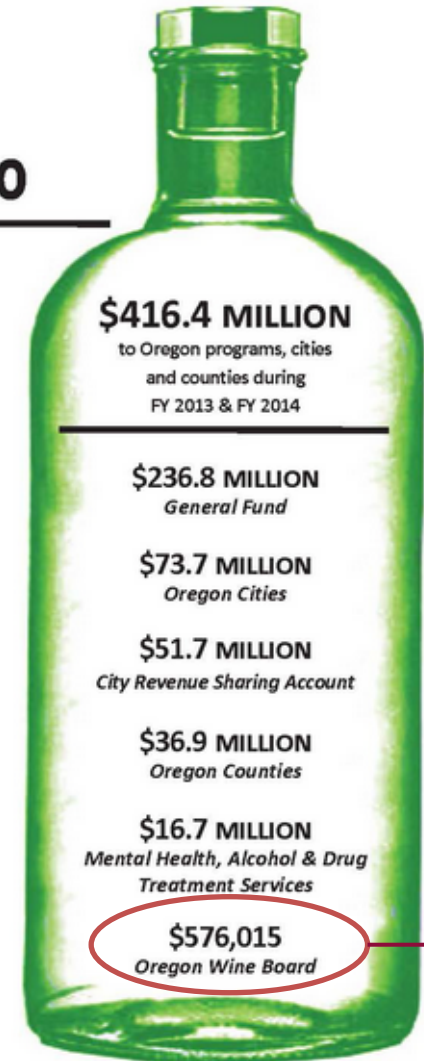
The Oregon Liquor Control Commission (OLCC) contributed more than \$416.4 million to Oregon programs, cities and counties in fiscal years 2013 and 2014. Of that, more than \$236.8 million went to the General Fund to help pay for programs such as schools, police and public health programs.

OLCC revenue is distributed to the General Fund and to other Oregon programs based on a plan created by the state Legislature. OLCC, liquor store agents, alcohol manufacturers and distributors all play a role in creating the revenue.

Mental health, alcohol and drug treatment services benefit from \$16.7 million, which helps to pay for addiction programs across the state. The Oregon Wine Board received \$576,015.

OLCC gave more than \$73.7 million to Oregon cities and \$36.9 million to counties. Local programs that benefit from OLCC revenues include enforcement, alcohol prevention and treatment as well as other public safety initiatives.

Incorporated cities also benefited from OLCC dollars through city revenue sharing, receiving approximately \$51.7 million.



0.1%



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2015-16 BOARD OF DIRECTORS

<u>NAME</u>	<u>BUSINESS</u>	<u>LOCATION</u>
Leigh Bartholomew	Dominio IV Winery	Mosier, OR
Dr. David Beck	Crawford Beck Vineyard	Amity, OR
Ellen Brittan	Brittan Vineyards	Carlton, OR
Michael Donovan	Irvine Vineyards	Ashland, OR
John Pratt	Celestina Vineyard & TesoAria Winery	Medford, OR
William Sweat	Winderlea Vineyard & Winery	Dundee, OR
Steve Thomson	King Estate Winery	Eugene, OR
Doug Tunnell	Brick House Vineyards	Newberg, OR
JP Valot	Silvan Ridge Winery	Eugene, OR



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Over the past six decades, Oregon has built on a foundation of pioneering spirit to achieve a global reputation for exceptional wine quality, responsible farming, collaboration and innovation.

The results have made Oregon the envy of those around the world who follow fine wine. The esteem in which Brand Oregon and our viticultural areas are held is the reason talent and investment capital migrate here and consumers around the world demand Oregon wine.



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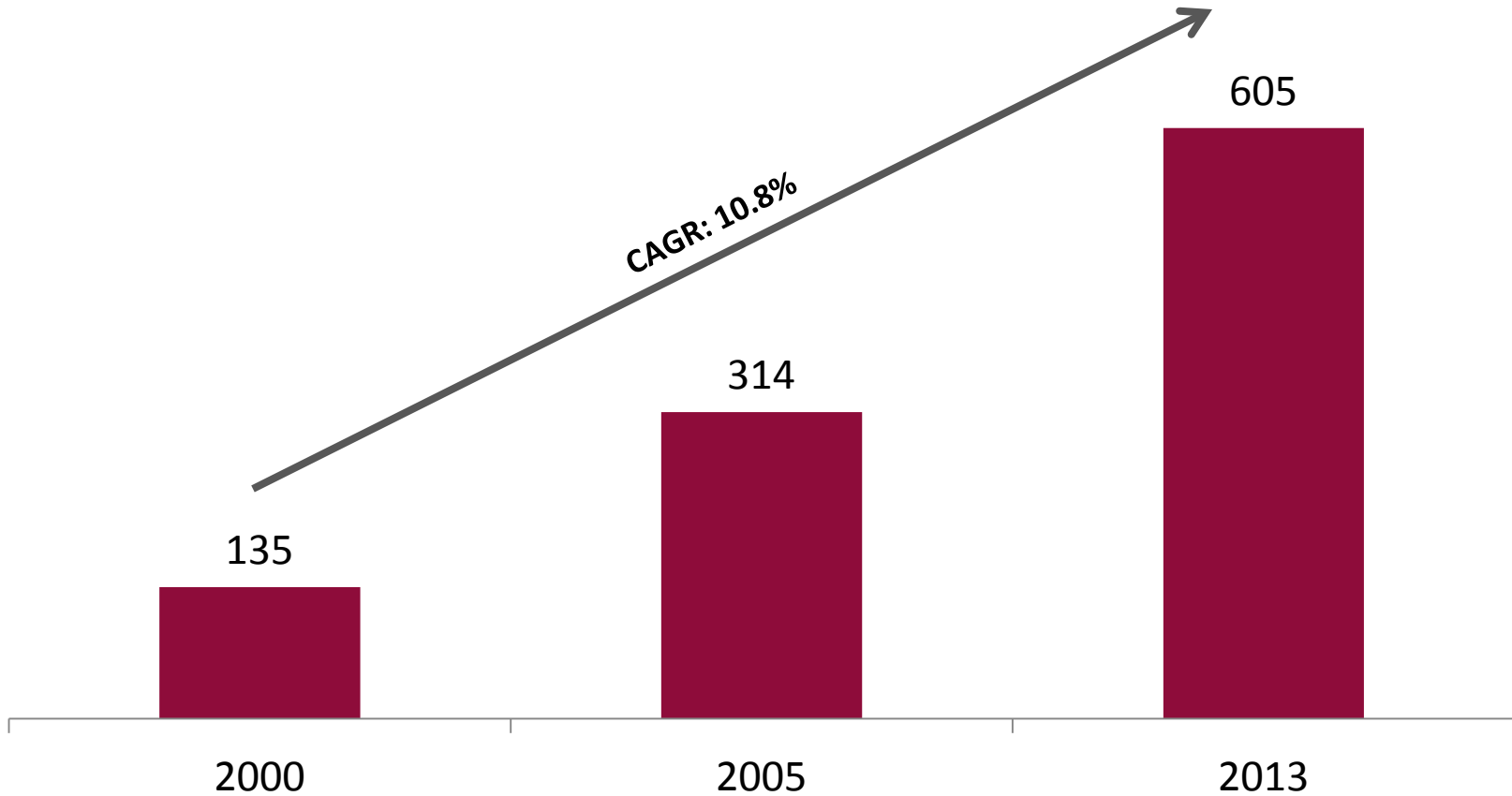


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INDUSTRY OVERVIEW

OREGON WINE BY THE NUMBERS

Oregon Wineries: 2000-2013



Source: *Wines & Vines*, 2013 Oregon Vineyard & Winery Census Report



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OREGON WINE BY THE NUMBERS



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OREGON WINE BY THE NUMBERS

	2003	2013
Vineyards	673	951
Wineries	201	605
Tons of grapes harvested	24,000	56,200
Acres planted	13,400	24,000
Case sales (in millions)	1.2	2.7

Source: Harvest figures – 2013 Oregon Vineyard & Winery Census Report





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OREGON WINE BY THE NUMBERS

	Number of Wineries	2013 Harvest Tonnage	2013 Case Sales (Millions)	Annual Economic Impact (\$Billions)
	605	56,200	2.7	\$3.3
	800	210,000	12.0	\$8.6

Source: Southern Oregon University & Washington State Wine Commission



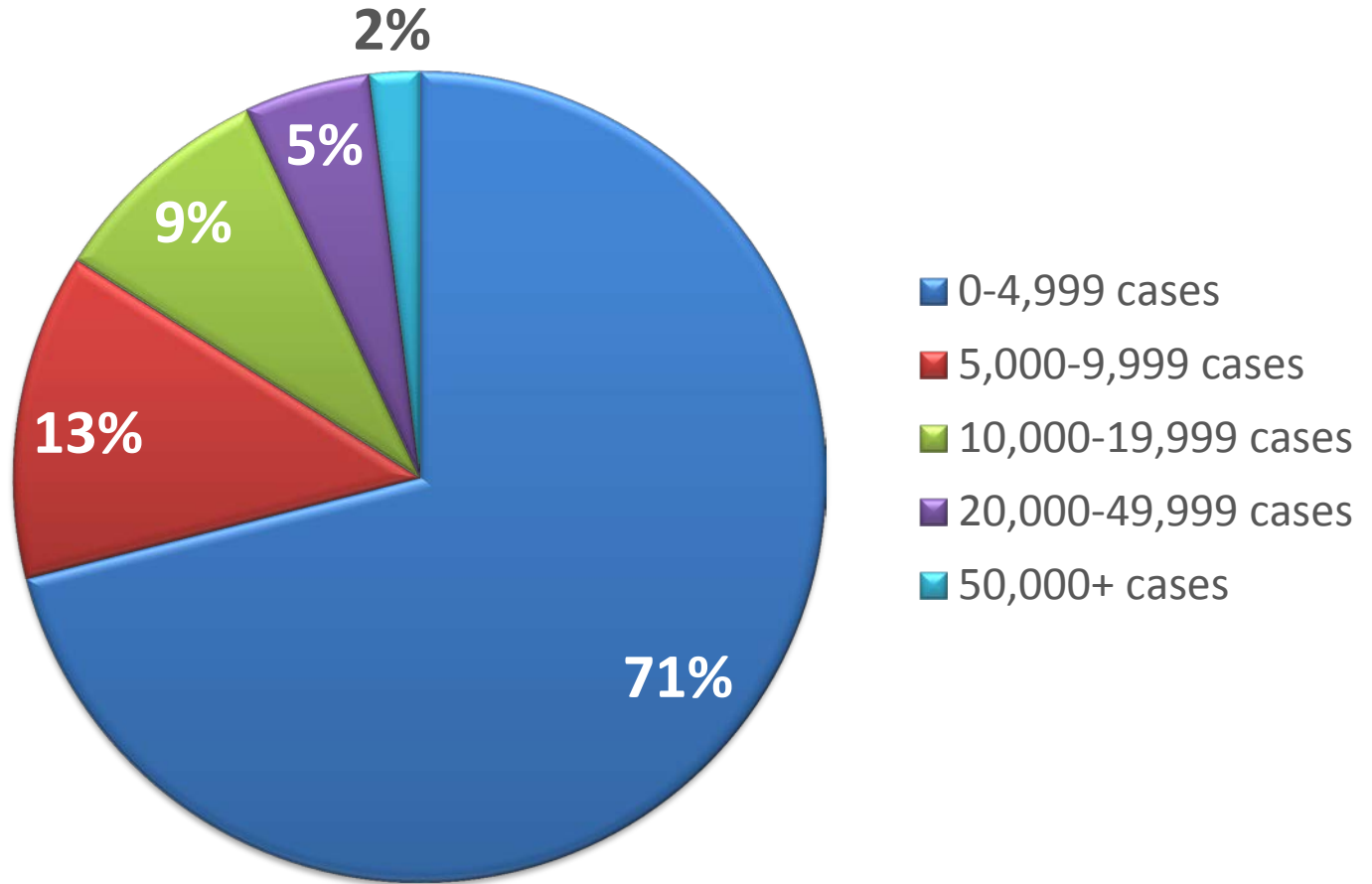
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OREGON WINE BY THE NUMBERS

WINERY SEGMENT BY ANNUAL PRODUCTION VOLUME



Source: Oregon Liquor Control Commission 2013 Harvest Data



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OREGON WINE BY THE NUMBERS

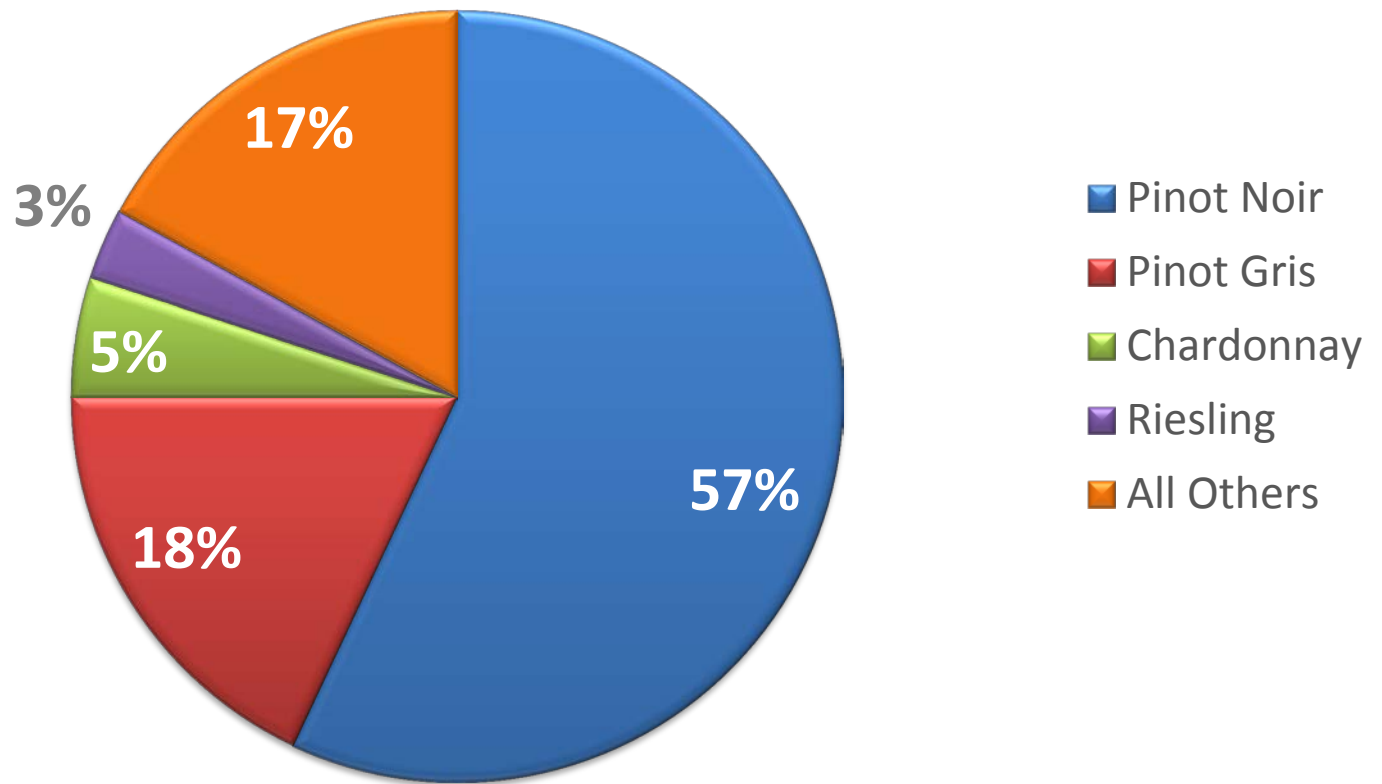
GRAPE PRODUCTION BY REGION

North Willamette Valley	64%
Rogue Valley	13%
South Willamette Valley	8%
Umpqua Valley	8%
Columbia River Valley and North East Oregon	7%



OREGON WINE BY THE NUMBERS

GRAPE PRODUCTION BY VARIETY



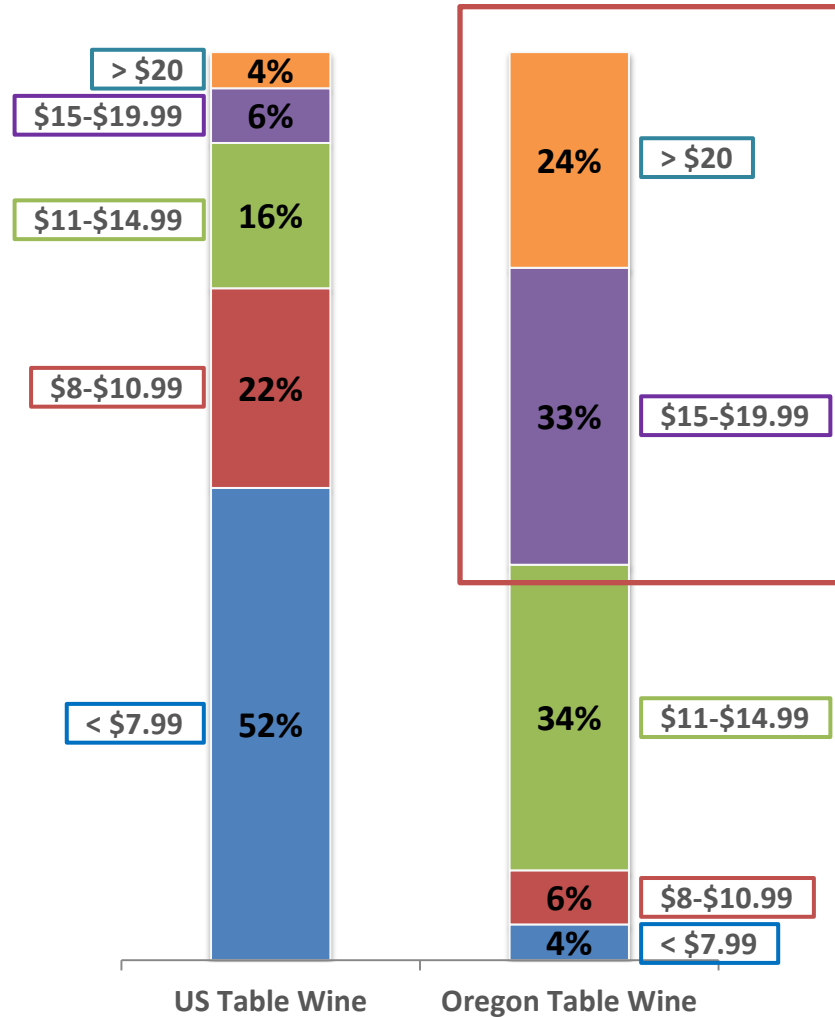
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OREGON WINE BY THE NUMBERS

LANDSCAPE: WE COMPETE AT ULTRA-PREMIUM PRICES



- Over 50% of Oregon wines sold at retail are priced over \$15.00, compared with only 10% of total US table wine
- “Brand Oregon” must be built upon principles that support the **quality perception** and support the value of Oregon wine

OREGON WINE BY THE NUMBERS

2014 DOMESTIC* WINE SALES BY REGION

	Volume Market Share	\$ Market Share	Average Bottle Price	Growth Trend
California	93.7%	90.9%	\$6.36	+4.0%
Washington	3.5%	5.6%	\$9.63	+9.6%
Oregon	0.5%	1.2%	\$15.59	+9.0%

**Imported wines are excluded but represent 27.4% of \$ share*

Source: Nielsen U.S. Total

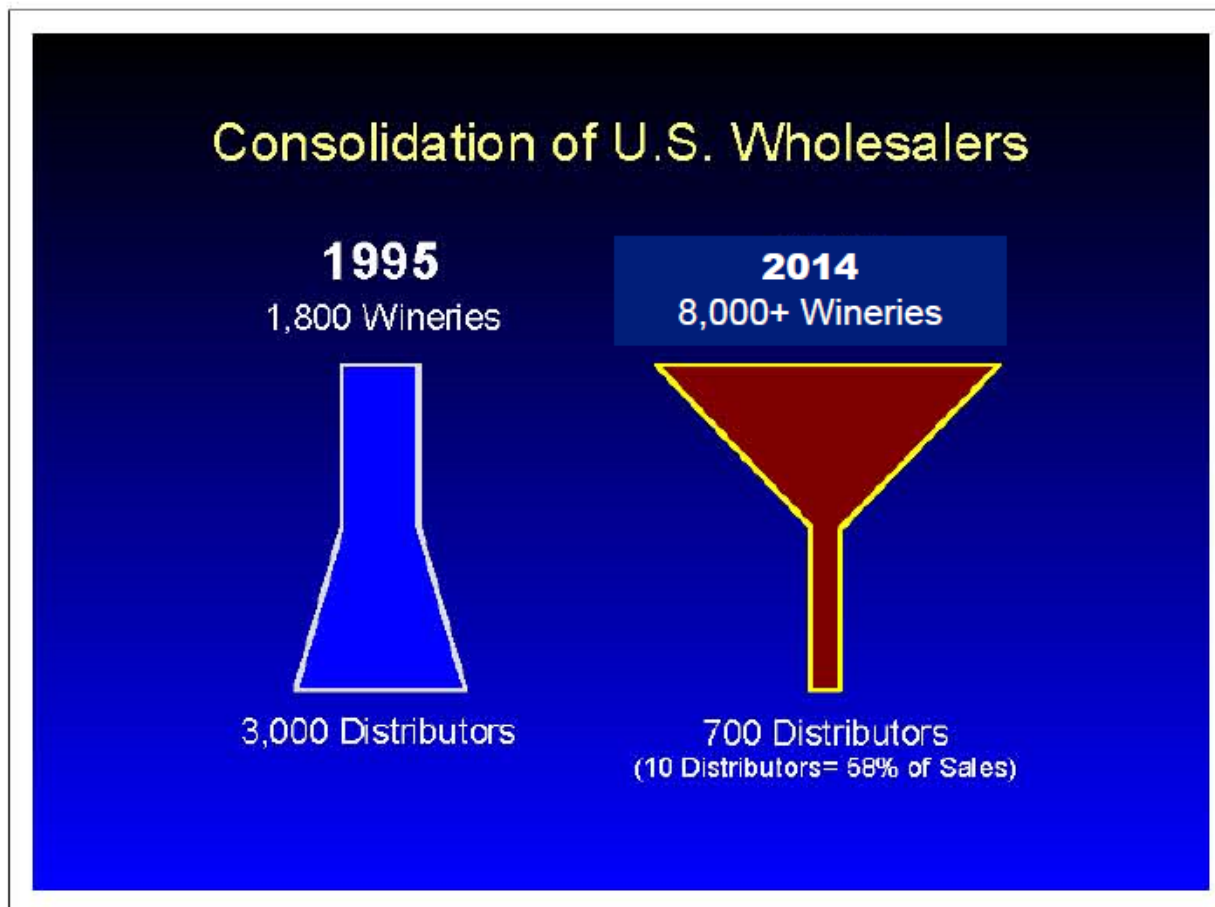


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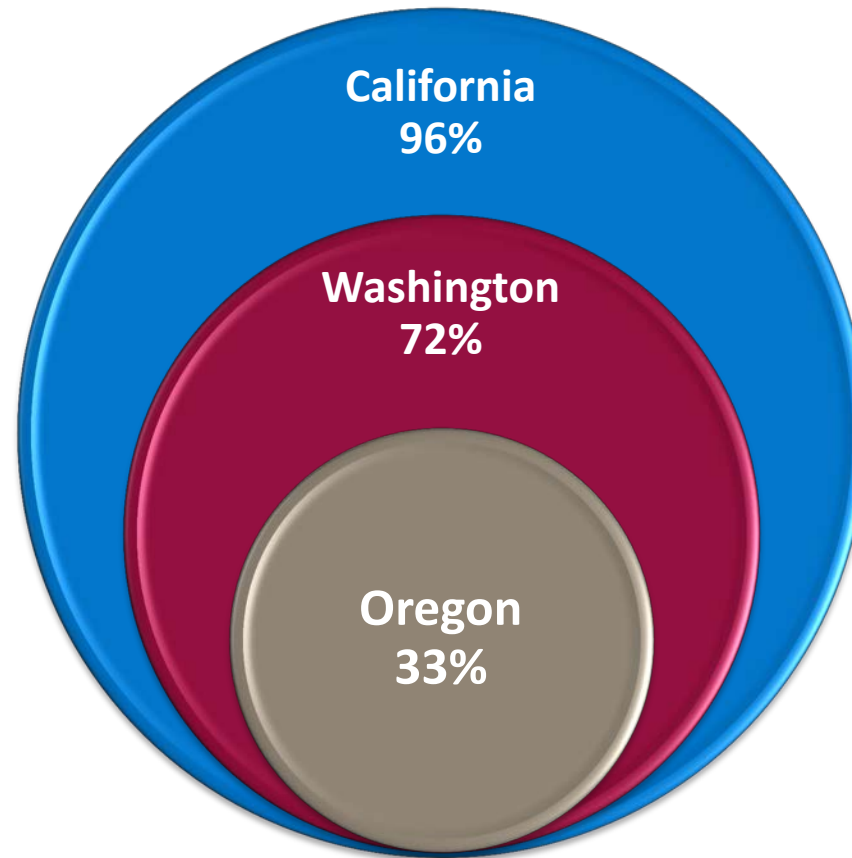
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OREGON WINE BY THE NUMBERS



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AVAILABILITY OF REGION ACROSS THE U.S.



Source: AC Nielsen Total US All Channels ACV 52 w/e 6/16/13



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ECONOMIC IMPACT

OREGON WINE BY THE NUMBERS

\$3.35 billion

17,099 jobs

\$208 million
in tourism
revenue



Wine grapes are now Oregon's #1 fruit crop

OREGON WINE BY THE NUMBERS

1 million of Oregon's overnight visitors
visited a winery.

1.1 million say that “taking a winery
tour” was a trip motivator.

Source: Full Glass Research, 2011 OWB Economic Impact Study

Source: Longwoods International, 2011 Oregon Visitor Report

Source: MMGY Travel Horizons , Wave II, April 2013



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A scenic landscape painting of a vineyard in Oregon. The foreground shows rows of green grapevines in a field. The middle ground features rolling hills with patches of yellow and orange, suggesting autumn. The background has dark, silhouetted hills under a deep blue, cloudy sky. Large white text is overlaid on the image. At the top, 'Oregon' is written in a serif font. Below it, 'W' and 'C' are on the left, and '00000' is in the center, all in a large, bold, sans-serif font. At the bottom, 'WINE COUNTRY' is written in a serif font. In the bottom left corner, a white-bordered box contains the text 'MONTH STICKER'. In the bottom right corner, a white-bordered box contains the text 'YEAR STICKER'.

Oregon

W C 00000

MONTH STICKER

WINE COUNTRY

YEAR STICKER

MONTH
STICKER



YEAR
STICKER



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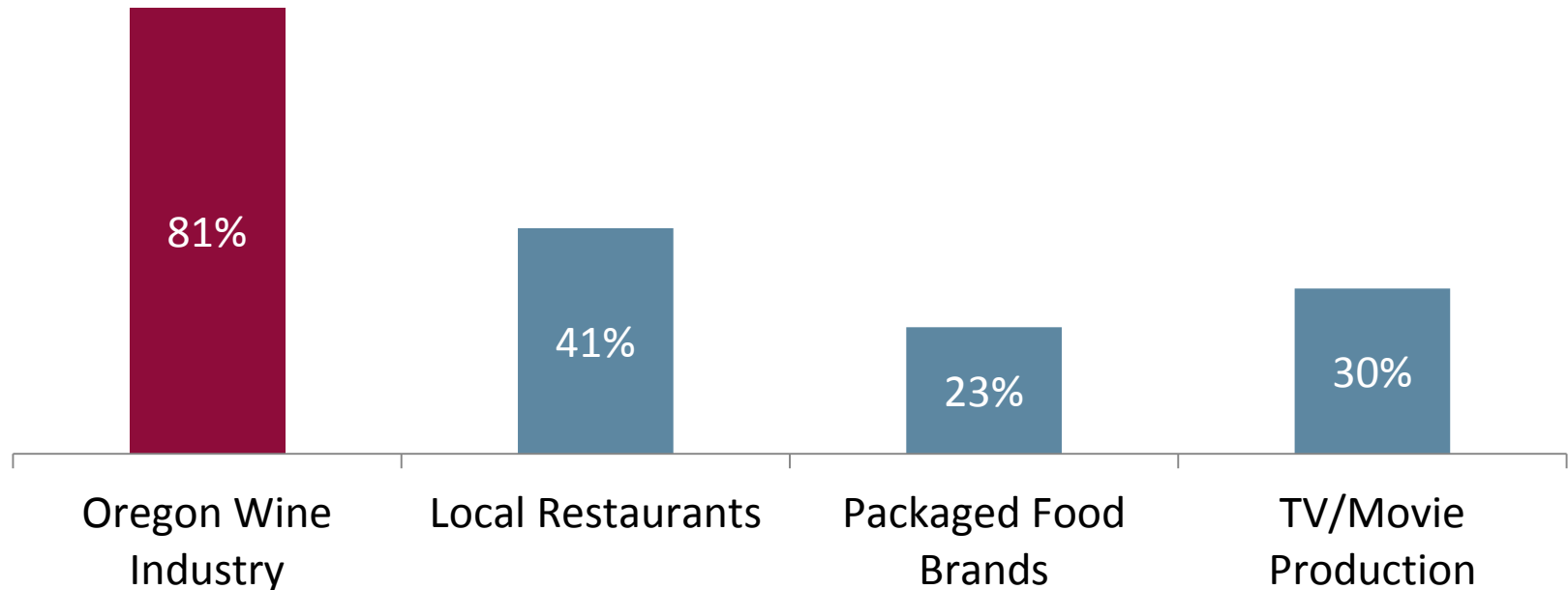


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OREGON WINE BY THE NUMBERS

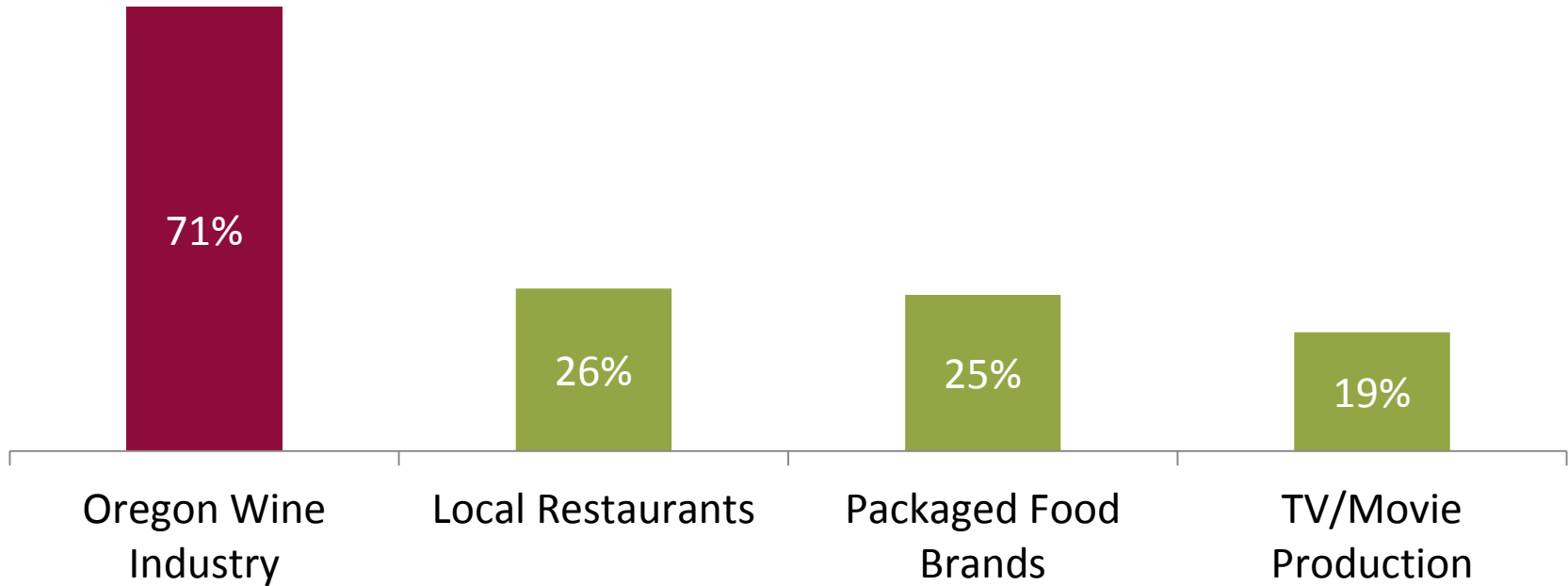
**“THIS INDUSTRY HAS SIGNIFICANTLY IMPROVED
OREGON’S REPUTATION?”**

(% AGREE)



OREGON WINE BY THE NUMBERS

“THIS INDUSTRY HAS A MAJOR IMPACT ON OREGON’S ECONOMY?”
(% AGREE)



MARKETPLACE INSIGHTS

OREGON WINE REPUTATIONAL ATTRIBUTES

Handcrafted, artisan wines

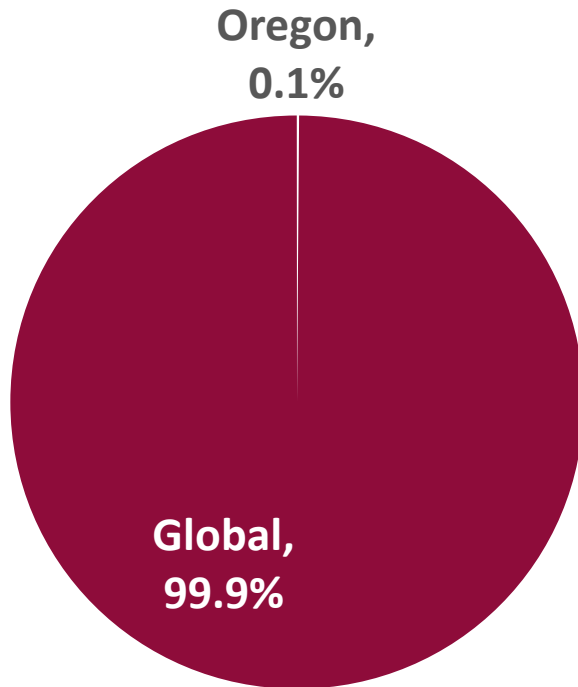
Small, family farms

Organic, sustainably made

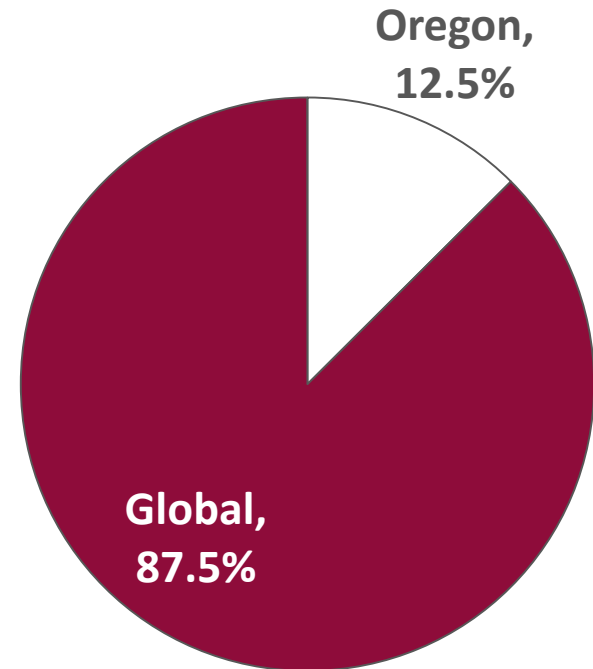


OREGON WINE REPUTATION FOR QUALITY

**GLOBAL WINE PRODUCTION -
2014**



**WINE SPECTATOR 90+ RATED
WINES IN 2014**



Wine Spectator

WineSpectator.com

KEN WRIGHT

A MASTER OF
PINOT NOIR
IN OREGON

CHILE:
EXCITING REDS,
DISTINCTIVE
WHITES

BEAUJOLAIS
RECOVERS ITS
IDENTITY

A CASUAL PARTY
WITH WINE



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“What makes the wines so good? Start with the vines which seem to like Oregon’s combination of soils and climate. Growers and winemakers have climbed a steep learning curve, largely while sharing their expertise with one another. They learned how to coax the character and personality from grapes capable of greatness.”

Harvey Steiman/Wine Spectator Magazine



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“Oregon is finally fulfilling its vast potential...”

“...Oregon has come of age, something that is also reflected in the numerous articles about this idyllic region, which has not yet been spoiled.”

Robert M. Parker, Jr. /Food & Wine Magazine



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2014 Grower of the Year TEMPERANCE HILL



2014 Grower of the Year Temperance Hill

Classifications in Burgundy define vineyards as grand, very good, or worthy, at least, of the village name. New World vineyards, with less history, have no such official levels. But vineyards do rise to the top of our tastings, the quality and distinction of their fruit showing through the winemaking of any number of different producers. This year, when we tallied the vineyard-designated wines from across the US, Temperance Hill came out on top.



ACCOLADES

“... [Oregon's 2012s] have tremendous richness, suppleness and presence without going over the top.”

– HARVEY STEIMAN,
WINE SPECTATOR, OCTOBER
2014

“It's a very exciting time to be a fan of Oregon's Chardonnay. These are bright wines, transparent and driven by terroir. It's a market segment that the new world has been lacking, and Oregon is getting ready to make some big noise here. So get on this boat before it leaves the dock.”

– GREGORY DAL PIAZ, SNOOTH,
AUGUST 2014

“... I believe Oregon will prove to be the best Pinot Noir terroir in the US, especially where age-worthiness is taken into account.”

– CHRISTY CANTERBURY MW,
A TIM ATKINS MW SPECIAL
REPORT,
JULY 2014



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RESEARCH PRIORITIES

Oregon Wine Board has provided **\$1.8 million** in grant funding since its inception to advance scientific **research in viticulture and enology** in the state.

Research Priorities

Develop wine quality

Educate wine grape growers

Improve vineyard and winery economics



OREGON WINES FLY FREE ON ALASKA AIRLINES

- Partnership with Travel Oregon and Alaska Airlines
 - Year-long program commenced April 2014; now extended through spring 2017
- Encourages tasting room visits and, more importantly, purchases
 - Alaska Mileage Plan Members can check a case for free from any Oregon airport (and Walla Walla, WA)
 - Complimentary tastings at >300 participating wineries
- Nearly 5,000 cases checked on Alaska from Oregon since program inception!



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OREGON WINE A-LIST AWARDS



72

**Recognized
Restaurants**

Program Goals:

- Encourage restaurants to feature more Oregon wine on their lists
- Point consumers towards restaurants that support Oregon
- Celebrate those restaurants and restaurant professionals who advocate for Oregon wine through their lists and wine programs

New in 2015:

- First-ever public nominations process
- *Restaurant of the Year* and *Wine Director of the Year* awards given out in February



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MAY IS OREGON WINE MONTH

THREE PART MISSION

**1. TO ENCOURAGE A
SWELL OF TRADE SUPPORT**

**2. TO BUILD THE OREGON WINE BRAND
WITH CONSUMERS**

**3. TO CREATE A PLATFORM FOR
TACTICAL WINERY PROMOTIONS**

— IT'S —
**OREGON
WINE
MONTH!**



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SURROUND THE CONSUMER IN APRIL AND MAY



PAID MEDIA



**WINERY
TASTING
ROOMS**



OFF PREMISE



**KEY
PARTNER
PROGRAM**

**Oregon Wine
Target
Consumer**



SOCIAL MEDIA



**PUBLIC
RELATIONS**



ON PREMISE



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EXPANDED MEDIA PLAN



MULTI-CHANNEL

PRINT, ONLINE, RADIO AND SOCIAL

EXPANDED GEOGRAPHY

PACIFIC NORTHWEST EXPOSURE



GREATER REACH

NEARLY 3 MILLION IMPRESSIONS

UTILIZE MEDIA BUY

IN EXCHANGE FOR RETAILER SUPPORT



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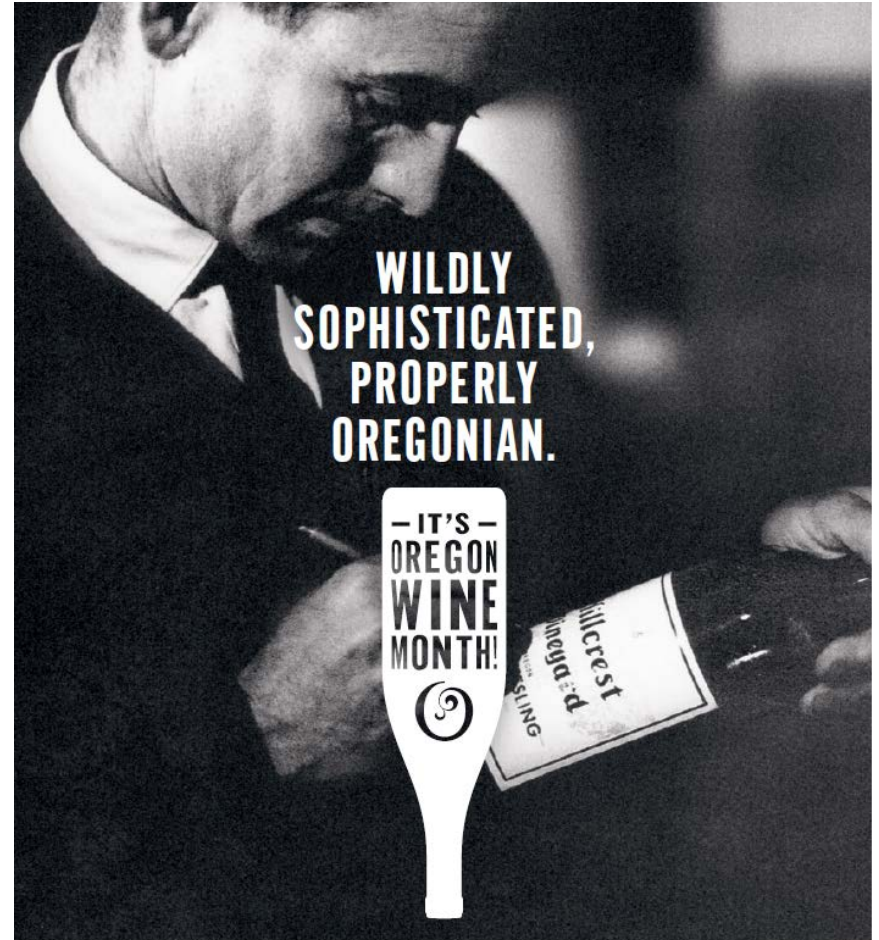
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ADVERTISING



David and Diana Lett's 1975 Pinot noir was the first (but not the last) wine to put Oregon on the international map after competing in Paris and Burgundy. Today, Oregon's diversity of outstanding wines compels wine critics like Robert M. Parker Jr. to agree that Oregon is "fulfilling its vast potential."

GET INTO OREGON WINE THIS MAY AT OREGONWINEMONTH.ORG



In 1961, Richard Sommer defied conventional wisdom and plowed his shovel into the earth to plant Oregon's first wine grapes of the modern era. Today, the hundreds of Oregon vintners who share his pioneering spirit earn widespread acclaim for "coaxing the character and personality from grapes capable of greatness." (Wine Spectator)

GET INTO OREGON WINE THIS MAY AT OREGONWINEMONTH.ORG

OREGON WINEGROWERS ASSOCIATION

OWA ESTABLISHMENT AND PURPOSE

The Oregon Winegrowers Association is the statewide trade group advocating for Oregon's wineries and vineyards to legislators and regulators at the local, state and federal levels. The OWA works to create a favorable business climate for the wine industry. It is funded through voluntary membership dues.

Mission Statement:

“The Oregon Winegrowers Association advances and protects the investments of its members. Harnessing the power of state-wide consensus, the OWA stands as a vital advocate for the health, growth and economic sustainability of Oregon's wine grape growing and wine production community.”



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HERBICIDE DRIFT

Long-standing concern

- Some of the first grapevines brought into Oregon in 1965 by industry pioneer David Lett were damaged by drift from the phenoxy herbicide 2,4-D.
- An ODA communication from 1999 warned about the sensitivity of grapes to phenoxy herbicides.



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HERBICIDE DRIFT

- Herbicide concentrations of **100x below the recommended label rate can cause injury** to grapes affecting vine vigor for 1-3 years.
- Two forms of drift can damage grapevines: **drift of spray droplets and vapor drift**. The latter can travel for miles.
- **Wine grapes are sensitive to phenoxy herbicides** throughout the growing season (mid March-Oct) but most vulnerable from mid March-June.



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HERBICIDE DRIFT



- **Extensive:** A 2010 OSU survey found 2/3 of vineyards saw symptoms of herbicide drift in the past, with 73% seeing damage every few years and 27% yearly.
- **Costly:** Value-added nature of wine makes economic impact far higher than farm gate value. Estimates range from **\$13,000-\$50,000+ per acre** depending on the varietal, growing region and farming practices.



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HERBICIDE DRIFT

OWA Stakeholder Outreach:

- Oregon Dept. of Agriculture
- Oregon Dept. of Transportation
- Governor's Office
- Association of Oregon Counties
- Oregon Farm Bureau
- Oregonians for Food and Shelter
- Oregon Seed Growers League
- Oregon Wheat Growers League
- Oregon Forest Industries Council
- Oregon Small Woodlands Association
- Oregon Blueberry Commission
- Oregon Association of Nurseries
- Oregon State University Extension Service
- Wilco



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HERBICIDE DRIFT

Wine Industry Outreach:

- Oregon Wine Symposium
- OWA Annual Meeting
- Regional winegrower meetings
- Sample letter and issue overview for neighbor communication
- Online resources
- Fence signs



HERBICIDE DRIFT

- Oregon is the only West Coast state that does not place calendar restrictions on the use of synthetic growth regulator herbicides.
- The difficulty of determining who is at fault is an ongoing concern.



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HERBICIDE DRIFT

Spray Drift Investigations:

- ODA's testing lab lacks sufficient funds to analyze samples and provide timely results.
- Detection thresholds are too high for wine grapes and results can take more than 6 months.
- OWA urges the Ways and Means Committee to consider increasing the lab's budget allocation to at least \$2 million.



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THANK YOU