

OREGON WINE BOARD MEETING MINUTES
OCTOBER 28, 2014 <<FINAL>>
LOCATION: WEB CONFERENCE ONLY

Attendance

Board: Bill Sweat (Chairman), Ellen Brittan (Vice Chairwoman), David Beck (Treasurer), John Pratt, Doug Tunnell, JP Valot, Steve Thomson and Leigh Bartholomew (Chair Emeritus)

Staff: Tom Danowski, Rose Cervenak, Jessica Willey, Marie Chambers, Michelle Kaufmann, Margaret Bray and Philip Carnahan

Guest: Page Knudsen Cowles/Knudsen Vineyards

Absent: Michael Donovan

Call to Order

- Sweat called the OWB Board meeting to order at 10:04 a.m.

Board Minutes (Attachment)

Beck moved for approval of the Jul. 31, 2014 Board Meeting minutes as presented. Tunnell seconded and the motion carried.

Finance Committee Report (Attachments)

- Beck gave the Finance Committee report.

Pratt moved that the Balance Sheet and P&L through Sept. 2014 be approved as submitted. Bartholomew seconded and the motion carried.

Marketing Committee Report (Attachment/Presentation)

- Oregon A-List Awards
 - Willey recapped the newly re-branded Oregon Wine A-List Awards, (based on what was formerly the Superior Cellar program).
 - Bartholomew asked if the name was trademarked by Archery Summit.
 - Danowski reached out to Chris Mazepink at Archery Summit to assure him that we are not attempting to co-opt their program and do not expect any consumer confusion between the Wine Board's program and the winery's.
- 2015 Oregon Wine Symposium On-Premise Seminar: *"Inside the Head of a Sommelier"*
 - There was an explanation of this session in which Doug Frost, MS MW will lead a panel discussion around "actionable insights for engaging with on-premise influencers."
 - The intent of the seminar is to advise Oregon wineries about approaches to increase their success on premise and expand the number of Oregon wines on local wine lists initially, ultimately leading to more placements across the Northwest and the country.
 - Thomson added that Frost was also working on potential MS and MW events in Portland around the Symposium.
- Oregon Wine Experience App

- Willey announced that OWB received notification of grant approval for \$66,140 from the USDA's *Specialty Crop Block Grant Program*.
- She went on to recap a few criteria of the grant:
 - Funds are to be used over the next two years (three fiscal years).
 - Allows for work on expansion of the App to new platforms and development of additional content.
 - Also covers communications, promotion and industry training on the App.
- OR Wines Fly Free Program
 - Willey gave a brief recap of recent activity and next steps with the program.
 - An online toolkit was launched in September.
 - New POS materials have been shipped to participating wineries.
 - In October the toolkit was refreshed with holiday programming ideas and sweepstakes promotion.
 - There was some discussion about whether or not there are special shipping guidelines that tasting room staff should be aware of. Willey reiterated that Alaska Airlines' (Oregon Wines Fly Free partner) checked baggage policy is posted on the OWB website for everyone's convenience.

Communications Report

- Kaufmann gave a brief update on *The Wine Advocate* tasting occurring in London in December. Neal Martin is replacing David Shildknecht who reviewed Oregon wines for *The Wine Advocate* since 2012. Martin's report will be published in February, 2015.
 - Martin requested that wines be sent to London to be tasted in December. This allows him to get familiar with producers and determine who he wants to meet with when he is in Oregon in January.
- Wines are due at the Abbey Wine Warehouse by Nov. 10 – more details in the most recent OWB Grapevine newsletter.
- Thomson asked how well the OWB vets the many calls for wine? He is concerned that OWB may be communicating with the wrong person at a given winery and some requests may get lost in translation. He also thought that designating a point person at each winery might help response rates for the Economic Impact Study and other critical surveys.
 - Kaufmann responded that OWB's approach to calls-for-wine is to blast to every contact at every winery in our database.
 - Thomson suggested a communications protocol – based on determining who is the right contact for various data needed or disseminated by OWB and others communicating with the industry on its behalf.

2013 Winery and Vineyard Census

- Danowski reported that the 2013 Winery and Vineyard Census report has been released by Southern Oregon University's Research Center.
- The report contains a few unanticipated data, specifically the planted acreage and harvested acreage totals for the state both show declines.
- There was also some discussion about whether this decline was an effect of inaccurate data from 2012 or 2013.
 - Danowski reported that the research team at SOU exposed some double counting which inflated 2012 numbers – so 2013 is being compared to inflated base figures.

- Beck commented that this is problematic and that there will be distortions in other numbers like price per ton.
 - Danowski suggested that it is possible to amend the 2012 report, but SOU advises against it because it's a significant undertaking.
 - The discussion then focused on whether or not to release the report and/or push it out to industry members.
 - Tunnell asked if OWB could add some sort of disclaimer on the report that would brief the industry on the situation and known problems with the 2012 data.
 - Tunnell recommended the 2013 report be presented without the comparison data from 2012, if possible. The board generally agreed.
 - Beck commented that it would only work if OWB has some confidence in the 2013 data.
 - Sweat commented that after a discussion with SOU, the impression he got was that they had a much higher confidence in the 2013 data.
 - The group considered whether there was a way the data could be validated against OLCC data.
 - Danowski added that OWB has had a discussion with OLCC and even sent the Winery and Vineyard Census survey to them with suggested questions to be included when wineries fill out their annual tax assessment form.
 - He went on to say that OLCC is open to that arrangement, with some limitations. Danowski is working with Renee Neidermeyer at OLCC.
 - Bartholomew suggested that going into the next year, OWB needs to find a way to make sure that participation is higher and the data is more comprehensive. She also agreed with the idea of including the most basic info with the OLCC tax assessment inquiry to wineries.
 - **ACTION: Danowski will ask SOU what would be involved in cleaning up the data for 2012.**
 - **ACTION: OWB will not yet post the entire 2013 report on the website. It will instead have SOU amend the report with the 2012 comparison data stripped out and will provide some additional detail about participation rates and the impact those lower participation rates have on data for 2013. There will be no press release announcing the data is available.**

Education Committee Report (Attachment)

- 2015 Oregon Wine Symposium
 - Bray gave a brief update to the Board and announced the formation of another Education Sub-Committee working on development of the business track sessions. This parallels the existing sub-committee developing Viticulture and Enology seminar content.
 - Business track sessions will have an overarching theme on *Brand Building for Competitive Advantage* that is woven throughout the sessions.
 - Bray further commented on a few ideas that will be implemented to improve traffic for exhibitors during the trade show, such as staggered breaks for sessions.
- Northwest Distribution Workshop
 - Bray gave a brief recap of the Sept. 9 Northwest Distribution workshop held in Salem.
 - Speakers included Sarah Graves/Young's Market Oregon, Bob Liner/Galaxy Wine Co. Oregon, Kathy Byrd/Young's Market Washington and Rick Steckler/Click Distributing Washington.

- She reported that there were 69 attendees and 82% of those who responded to the survey, rated the workshop 8 or higher on a scale of 1-10.
- The video recording from both of the distribution workshops can be found on the OWB YouTube page.

Research Committee Report (Attachments)

- Beck highlighted the minor changes to the viticulture priorities section of the 2015-16 RFA.

Bartholomew moved that the Board adopt the 2015-16 RFA as presented by the OWB Research Committee. Brittan seconded and the motion carried.

- Research ROI Analysis
 - Chambers gave a brief recap of the proposal presented by Ted Casteel and other industry members to increase current OWB research funding from 23% of the grape assessment revenue to 40%.
 - That increase would mean translate from \$270,000/yr. today, to approximately \$480,000 in the short term.
 - She walked the Board through her analysis stating that both revenue and research funding had increased through 2008. However, both were somewhat stagnant from 2009-2012.
 - Thomson suggested that perhaps the best way to increase OWB research funding was to increase revenue and wondered if introducing the idea of increasing the tonnage tax allocation in the 2015 legislative session might resonate.
 - Tunnell commented that if OWB decided to introduce such an idea, we would need to have broad industry support.
- There was lengthy discussion regarding program costs and whether to somehow include admin costs for research in order to get at a more useful ROI.
- Brittan brought up the point that larger wineries have marketing staff and marketing budget (one of OWB's three focus areas), so naturally they are looking for a higher percentage of their tax dollars to be allocated to research. However, a majority of wineries/vineyards in the state don't have the benefit of a marketing budget and are looking to OWB to provide tools and support for Brand Oregon.
 - Danowski commented that the most recent industry survey shows that most wineries prefer money be allocated first to marketing. However, the 17 growers who responded acknowledge marketing as important, but rank research as a slightly higher priority.
- The Board debated another survey to gain information from the industry on where they place the highest priority.
 - **ACTION: OWB to survey the industry on how best to allocate tonnage tax revenue across its Research, Marketing and Education programs. OWB will also include a statement about why this information is critical and gauge industry reactions to a range of potential increases in the annual assessment.**

Sweat adjourned the OWB meeting at 11:59 a.m.