

## OREGON WINE BOARD MEETING MINUTES

DECEMBER 3, 2013 <<FINAL>>

LOCATION: AQUARIVA RESTAURANT, PORTLAND, OREGON

### Attendance

**Board:** Leigh Bartholomew (Chairwoman), Michael Donovan (Chairman Emeritus), Bill Sweat (Vice Chairman), Ellen Brittan (Treasurer), David Beck, JP Valot, Sam Tannahill and Steve Thomson

**Staff:** Tom Danowski, Rose Cervenak, Charles Humble, Dewey Weddington, Margaret Bray, Karen Walsh, Marie Chambers and Michelle Kaufmann

**Absent:** Doug Tunnell (Ellen Brittan designated as Tunnell's proxy)

---

### Call to Order

Bartholomew called the OWB Board meeting to order at 9:03 a.m.

### Board Minutes (Attachment)

Tannahill moved for approval of the September 10, 2013 Board Meeting minutes. Thomson seconded and the motion carried unanimously.

Beck moved for approval of the September 18, 2013 Special Meeting minutes called to approve the Research Committee's request for applications. Brittan seconded and the motion carried unanimously.

### 2014-16 OWB Director Appointments/Re-Appointments

- Danowski reminded the Board of the nominating process.
  - The OWA Nominating Committee reviews all applications and makes formal recommendations for appointments to the Governor.
- There is expected to be one new director named for 2014-16 replacing Sam Tannahill whose second term ends on December 31, 2013. Tannahill however will serve until a successor is appointed.
- David Beck and Bill Sweat have re-applied for a second 3-year term.
- The Executive Director expects to hear from the Governor's office in December.

### Symposium Committee Report

- Weddington and Bray gave an update on the exhibitors and sponsors for the 2014 trade show.
  - Three exhibitor booths and four sponsorships are still available.
  - We have collected \$40k more in exhibitor/sponsor revenue over last year.
  - There are 20 new (those who have never exhibited at OWS in the past) exhibitors.
    - Bray explained that we sourced new exhibitors and sponsors through networking, industry outreach and direct mailers.
- Weddington read the Industry Partner award nominations:
  - Kurt Wittman/Northwest Farm Credit Services
  - Matt Novak, OVS/Results Partners
  - Chris Noud/Now Design

- There was some discussion about what/how each nominee had “assisted in the growth and success of the industry.”
- Bartholomew asked if there was any more discussion of possible nominees and a few names were put forth as worthy recipients of such recognition.
- Donovan asked what the criteria are for the Industry Partner Award.
  - **ACTION: Weddington will send the criteria to the Board.**

Brittan moved that the Board recognize Kurt Wittman and Matt Novak as 2014 Industry Partner Award recipients. Beck seconded and the motion carried unanimously.

#### 2014 Executive Committee

- Sweat noted that the Board should discuss how to manage the nominations/appointment of future Executive Committee members, in the next Executive Session.

Sweat nominated David Beck as Treasurer and thus part of the Executive Committee for 2014. Brittan seconded and the motion carried unanimously.

- Bartholomew asked for a vote on the rest of the Executive Committee slate for 2014:
  - Bill Sweat/Chairman
  - Leigh Bartholomew/Chair Emeritus
  - Ellen Brittan/Vice Chair
  - David Beck/Treasurer

Tannahill moved to approve the slate of Executive Committee members, as presented. Donovan seconded and the motion carried unanimously.

#### 2014 Committee Chairs – Marketing, Finance & Education

- Sweat opened by stating that he had the opportunity to talk with most of the Board members directly.
  - He went on to say that David Beck has agreed to continue to chair the Research Committee and, pending re-appointment by the Governor (to a second term), will also take over the Finance Committee (as Treasurer).
  - Leigh Bartholomew has agreed to be the 2014 Education Committee Chair.
  - Steve Thomson will continue to chair the Marketing Committee, the scope of which will expand to include Export, going forward.
- Tannahill mentioned that the Board Chair shall appoint Committee Chairs each January, so Sweat will do so after the first of year, pending re-appointment to the Board by the Governor.
- Sweat mentioned that consideration must still be given to the Chair, and composition of, the new Oregon Wine Standing Committee on Research (OWSCR), advising Oregon State University and the OWRI.
  - **ACTION: Beck and Bartholomew will discuss before bringing their recommendation to the Board. They are still in discussions with OSU regarding the structure of the committee and how much oversight the committee will have on OSU research funds.**
- Tannahill asked if OWB had ever recognized OSU for an Industry Partner Award because of their long-term/ongoing partnership under challenging circumstances over the past few years.

- Bray said that OSU researchers will be recognized for their service to the industry, at Symposium.

#### Finance Committee Report (Attachment)

- Treasurer, Ellen Brittan gave the committee report and reviewed the 2013-14 financials through October.

Sweat moved that the October 2013 financials be approved as submitted. Tannahill seconded and the motion carried unanimously.

- Danowski mentioned a mid-year review at the Jan. 14 meeting at which a revised 2013-14 budget will be presented for the Board approval.

#### Strategic Review of Export Activity (Attachment)

- Danowski began by suggesting that in the August 2013 board retreat, time did not permit the Board to engage in an in-depth discussion about export – so we are revisiting this topic now.
- He also noted that the recent Winery and Vineyard Census report had provoked some questions (about OWB export program) from a few industry members.
- Weddington presented a slide deck to inform the discussion.
  - In reference to slide #2, he indicated that 100 Oregon wineries (18.5%) are impacted by OWB export activities, according to the 2012 Winery and Vineyard Census.
  - He went on to describe the variety of export activities supported by the OWB on behalf of the industry.
  - Thomson asked what percentage of the 100 wineries are consistent exporters
    - Weddington replied that 40-50 wineries have a consistent export program.
    - Tannahill clarified, stating that it was roughly 10% of the industry.
- Bartholomew asked what the year-over-year increase was in participating wineries.
  - Weddington said he did not have that information, but suggested that the Winery and Vineyard Census report excludes a number of wineries, because the response rate for the census is roughly 40%.
- There was some discussion about slide #6 “Largest Markets”
  - Thomson gave an explanation about how OWB defines “mature” markets and “growth” markets.
    - He went on to say that Canada, UK (predominantly London) and Japan have been considered “growth” markets in the past few years and they are moving into the “mature” market status, so we will be considering three new “growth” markets – Europe, greater Asia and likely Latin America which may include the Caribbean as well.
  - Tannahill asked for clarification of OWB export activity in some of the countries listed on slide #6, such as India, Mexico and Costa Rica.
    - Weddington explained that there is interest from industry members in the markets listed, but OWB will plan activities around more strategic markets, such as Europe, greater Asia and Latin America.
  - Bartholomew agreed that Tannahill’s point (about OWB focus on markets that are important to the majority) is important, but that it is also important for industry members to know that there is interest all over the world for Oregon wine.

- There was some discussion about separating export research/reporting out from the general Winery and Vineyard Census reporting.
- Brittan asked if the committee had a feel for where export sales have increased in 2013.
  - Weddington commented the data will show that Japan and Scandinavia were the key markets in 2013.
  - He went on to say that the potential for Korea growth in 2014 is also there. Korea may be one of the emerging markets in “greater Asia.”
- There was discussion of the outcomes of the recent Export Committee meeting
  - A question was raised about why OWB is refocusing on the new growth markets and pulling back from those markets that appear to be on their way to becoming more “mature” markets.
    - Thomson commented on the interest in Oregon Wine in China – particularly at the recent Shanghai event (ProWein).
      - Weddington suggested that coming together with WA for that event, projected a “team” effort between the states.
    - Thomson commented that Oregon was able to take advantage of Washington’s advance work (their governor was there and there was a lot of support from the ATO and US Consulate) in this market.
    - He went on to say that Washington seems to be much further advanced in diplomatic aspect of working with the trade office. They have been doing it longer and understand the pitfalls better. That being said, OR is a stronger brand but is not growing as fast as Washington in these markets.
  - Donovan brought up a letter sent to the Board about OWB’s spending on international marketing programs and suggested that the Board discuss how to respond to concerns expressed by many in the industry.
    - Brittan asked how does OWB collaborate (with Washington) at a macro level but still focus on a micro level to get the most for our industry?
      - As an example of this, Weddington commented that the day before ProWein China, Oregon hosted a Pinot Noir seminar, highlighting a specific Oregon industry advantage.
    - Brittan questioned what Brand Oregon’s leverage is when partnering with Washington on these large events – “our story is so different than theirs.”
    - She cautioned that we should be careful not to cross the line and be lumped into a “NW wine” approach because Brand Oregon will lose.
    - Valot commented that Southern Oregon region needs to get more involved in these events to show wines that directly compare to all WA and CA varieties.
    - Thomson commented that Jeff Renshaw (ORCA Wine Importers in Tokyo) commented that Oregon has far more quality presentations than the WA or CA brands exported to Japan.
  - Thomson wondered whether or not there will be any more growth in export activity since there isn’t likely to be many more Oregon wineries even capable of exporting.
    - Tannahill commented that there was more “low hanging fruit” in U.S. markets and quoted the significant overinvestment in marketing funds per case internationally vs. domestic markets and asked if the perceived reward is worth this skew in spending?
    - Thomson asked what role does OWB wants to play and should play in the export arena.

- Weddington commented that the role of the wine board is not to sell wine it's to provide a role in a point of access for export activities.
- Tannahill asked, "What's your ideal export program? What kind of role should the OWB play and do you (staff) have the time to do it?"
  - Weddington commented that with the amount of time he and Margaret Bray spend on export, they'd have to reduce staff, if it weren't for the MAP grant.
  - He estimated that he spends approximately 35-40% of his time on export activities and Margaret Bays spends about the same amount of her time, but on reverse-trade missions such as OPC and IPNC.
  - Donovan asked what the committee decided, with regard for criteria of staff time allocated to export activities.
    - Thomson replied that the committee recognized that the UK market has stagnated and has not helped wineries grow.
    - The committee also recommends that there be more focus on better trade information on the OWB website, which would better educate, inform wineries about what's involved, the costs associated, etc. in exporting.
  - Tannahill suggested more focus (of grant money) internally rather than externally.
    - Weddington confirmed that OWB could focus grant dollars internally, as long as they are focused and associated with export marketing.
    - He went on to say that the committee also recommends more focus on getting people here than going out to them, (i.e. media, sommeliers, buyers, restaurateurs, etc.)
  - Tannahill commented that if it were his staff spending 40% of their time chasing 3% of sales, they'd have to show how that focus would eventually create an increase in sales. So a focus on bringing more people here, rather than the other way around, is more palpable because one writer can reach thousands.
- Bartholomew agreed and commented that if OWB is connecting people to importers and import markets, we have to close the loop to help them build the bridge.
- Sweat commented that OWB should provide the same sort of educational materials for local markets as well, stating that if we can support both (export and import) in a similar manner that would be easier to communicate to the industry.
- Thomson went further commenting that he would like to see OWB bring representation from the entire state to a few local market events nationally.
- Danowski summarized his perspective on the role of the OWB,:
  - The sole and primary focus that everyone talks about with respect to OWB marketing needs to be Brand Oregon – we

cannot build that unless you have some export marketing. The common question is not unusual, “what are we doing internationally and why?” We have not answered that question. Our sole purpose is to create intersections – wineries/international importers and media.

- Danowski continued that perhaps OWB needs to rescale headcount to focus more export support at a coordinator level rather than the manager/director levels – and much of what OWB does is event and reverse trade mission logistics.
- **ACTION:** For discussion at the January 14 OWB Board Meeting, a dashboard that presents suggested 2014-17 metrics for OWB’s international marketing and promotion activity.
- Donovan agreed with Thomson that OWB’s goal should be to increase the value of Oregon Wines throughout the world so that it benefits even those wineries that do not export.
- Brittan commented that OWB must be strategic on what we focus on and how we leverage that both domestically and internationally.
- Sweat commented that OWB should not consider export in a vacuum and suggested that OWB think about how to spend our marketing dollars where the greatest opportunity exists.
- **ACTION:** Weddington and Danowski to provide a first assessment on export at the Jan. 14 Board Meeting discussion of the OWB Strategic Plan.
  - Brittan provided some guidance that there has to be some underlying assumptions that have to be communicated – but Brand Oregon has to be a global brand.
    - Danowski commented that sometimes there is an assumption that “global” indicates ubiquity.
  - Brittan contended that there also needs to be clear communication about what OWB priorities are.
  - Sweat commented that OWB needs to consider the limited resources that most Oregon wineries have, (in designing the online tools/education materials). (i.e. if you say something like, “are you willing to allocate \$5k/person/market,” people can decide if the investment is worth it for them.)
- Tannahill thanked the Export Committee for all the work they have done this year and tackling the thorny issue of export.
- Donovan suggests that a representative of OWB respond directly to the inquiry that in some ways prompted this discussion.
  - **ACTION:** Danowski to acknowledge Deb Hatcher’s letter.

### **2013 Harvest Report**

- Humble reported that he is working on a 2013 Harvest Report, commenting that it had been produced in the past by the OWB staff. However, there was no harvest report done in 2011-12. He went on to say that OWB continues to get more and more media requests wanting some guidance on both the harvest outlook/status.
  - The source (region) of the report will be anonymous, but will draw from all parts of the state.

- The goal of a harvest report is to create a positive, accurate, state-wide narrative that OWB can point the media to that positively reflects the complicated 2013 crush.
- The picture is emerging as a great summer, difficult fall – some choices on when to pick, some thought on the wine.
- This report is not about the vintage, it's about the harvest.
- Sweat added that he spoke with Tony Rynders who wanted to discuss the ongoing issue about press talking to winemakers and winery owners and how sometimes our own industry shoots itself in the foot and how OWB might manage the messaging and education of the industry a little better.
  - Sweat suggested that OWB support some media training, except those who might attend are those that need these skills the least.
  - Humble commented that the harvest report would pre-empt some of the questions and present the vintage in more of a forward-looking fashion and get people to recognize that it's not a binary thing for the industry, every vintage is different.
  - Tannahill acknowledged the talking points that OWB sent out mid-harvest and suggested that kind of support is important to continue.
  - Humble commented that it is a great idea to start a regular dialogue (with media) that continues beyond the harvest, with regular updates, specifically targeted to the press.
  - Someone commented that romancing the vintage differences is a great idea and it also serves to set us apart from other regions like California.
  - Donovan suggested that OWB office have a list of winemakers who they can give to the press and then take the time to educate/prep them for the future inquiries from the press.

Bartholomew adjourned the OWB Board Meeting at 11:35 a.m.