



Wine Institute Export Program Update *For the Month of September 2014*



United Kingdom

- **Independent Retailers' Promotion:** The final stage of our 2014 activity with the independent retail sector, in partnership with Off Licence News, is the judging of the eight participating retailers' California promotions, which have taken place in September as part of California Wine Month. This phase takes advantage of generous contributions from the Wines By the Glass tasting machine company and Riedel Glasses. All the promotions have now been assessed, and the final judges' panel meeting at the end of October will decide and announce the winning retailer, with extensive coverage to follow in Off Licence News. The level of involvement, creativity, and resulting sales has been most impressive, and underlines the current enthusiasm for California wines within this sector.



- **Scotland:** The vote to decide the future of Scotland as an independent nation distinct from the rest of the United Kingdom temporarily threatened the economy generally, with a sharp drop in the value of the pound and a dip in the stock market, and alcoholic drinks specifically, with the likelihood of raised duties in the new state and higher prices from the major national retailers active in Scotland. As it turned out, the vote was a clear victory for the 'no' lobby, and a return to the status quo. The pound surged once more, the stock market returned to its former high, and the economy, which has shown considerable growth since the recession, returned to its positive trend.
- **UK Drinks Market Trends:** According to the Wilson Report for the Wine and Spirit Trades Association, the UK off-trade drinks sector has shown slight growth in the last 12 months, perhaps gaining from the on-trade sector's hard times. The off-trade grew by a modest but encouraging 1%, both across the last 12 months and over the summer. Even more promisingly for California, wines over £10 (\$16+) grew by 16% by value and volume. By

country the greatest increases were posted by South Africa and Argentina, following losses for both in the last two years, and the varietal which continues to show gains is Sauvignon Blanc, which put on 10%, seemingly at the expense of Pinot Grigio. The on-trade sector suffered further from the trend for consumers to drink at home, with the everyday, family-style restaurant taking the brunt. Fine dining and premium casual dining (gastropubs, etc.) are less affected, particularly in London, and California's premium offering is finding new opportunities here.



Continental Europe

- **2015 European Spring Tour Registration:** The deadline for signing up for the European Spring tour, including Prowein, and Vinexpo has passed and winery interest has been high. We will start allocating table/booth space to wineries shortly. Wineries that want to participate and have not registered yet should do so a.s.a.p.
- **Outreach in Europe:** We sent news releases about the Napa Valley earthquake and about the availability of the new California Wines PowerPoint presentation to our database of nearly 1,500 European trade and media contacts.
- **Swedish Monopoly Tenders:** Swedish monopoly Systembolaget has tenders out for various US wines including a 3 liter BIB organic Zinfandel at minimum retail price SEK 200, (250,000 liter), a Cab in PET bottle at SEK70-79 and a Chard in PET bottle at SEK70-79. Last month we reported on the issue of Italian "Zinfandels" posing as California wines. We have now also seen the first organic "Zinfandel" from Puglia available in Sweden. This exacerbates the problem as the differences between the definitions of organic wine from the US and Europe mean that only very few California wineries can fulfill tenders for organic wine. Systembolaget buyer David Jean is in California during the first 2 weeks of October.



- **Zinfandel Programming:** Our "California Zinfandel – The Real Deal" table at the Nordics Sommelier Championships held in Stockholm in October will feature wines from 10 California producers.
- **Finland Monopoly Buyer in California:** Ms. Anu Hedman, buyer for Finnish monopoly Alko visited wineries in Santa Cruz, Monterey, Livermore, Napa, Mendocino and Sonoma in

September. This was her first visit to our wine regions. We are hopeful this will lead to an increase in tenders.

- **Finland Consumer Show:** The California Wine Bar at the Wine, Food & Good Living show in Helsinki in October will feature 18 California brands.
- **Seminars in Germany:** On September 20th, our Education Ambassador Claudia Shutz-Schug and Constellation's Mark DeVere, MW conducted two seminars for MWs and MW students at the Geisenheim University in Germany. One program was about AVAs and the other about Pinot Noir in California.
- **California Wines European Strategy Meeting:** Ten wineries attended the California Wines European Strategy meeting in Frankfurt in early September. Programs for '13/14 were evaluated and plans for '14/15 were announced and discussed.
- **US Embassy Tasting – Germany:** Over 200 trade and media guests attended the California wine, US food and tourism event at U.S. Ambassador John Emerson's Berlin residence in September. 15 California wine brands were represented.



Vivien Gay (Silver Oak) pouring to a discerning audience

- **German Media Coverage:** As a result of a press visit a year ago, German wine magazine Weinwelt (circulation 51,000) published a 4-page article about sustainable programs in California. It briefly also lists the programs of other new world wine producers, giving the article the title "Green new world".



- **Event in Denmark:** Team California Wines Denmark (Pia and Ruth) poured a wide range of California wines during the Sommelier Association's 25 year anniversary celebration. Almost 200 people attended and sampled our wines. In addition to the tasting bar, our wines were also served during the dinner program.



- Moscow Tasting:** We conducted a Zinfandel tasting at the Moscow Cigar Club in August. Almost 50 members including business owners, wine trade and wine lovers enjoyed a Zin & Cigar pairing tasting.



- BC Liquor Stores Promotion:** California Wines were featured in 60 BC Liquor stores during the month of September. The promotion included 16 California wines, several in-store tastings, a two-day Food & Wine special event at the 39th & Cambie store, special pricing by ½ of the featured brands and strong visibility on the liquor board’s website. Results are pending.



Michael Parr of Wente Vineyards visited one of the BC Liquor stores during the Discover California Wines promotion.

- Port of Wines Festival:** 20 wines from 10 wineries were featured at the annual Port of Wine Festival in Halifax during September, organized by the NSLC. More than 4,000 people

attended the three day event including a gala dinner and Grand Tastings. France was the featured region this year.



- Quebec Sales Trends:** Canada-wide sales results for September are not yet available but the SAQ shared some recent trends for U.S. wines which show the category is still outperforming the market which is only +3%. It is very interesting that U.S. white wine trends are outperforming U.S. red sales. In the Quebec market, red wine outsells white wine by more than 2 to 1. The U.S. white wine growth is coming equally from new and existing listings.

% Change vs. LY	California Red	California White
Period 5, August	+ 12.6%	+ 32.2%
Period 5 YTD	+ 7.4%	+ 15.9%
Period 6, September	+ 7.8%	+ 28.4%
Period 6 YTD	+ 11.4%	+ 16.9%

- Drinks Ontario Annual Awards Luncheon:** California has been selected by the Drinks Ontario Board of Directors as the host region for the 36th Annual Drinks Ontario Awards Dinner. This gala event will take place on Friday, February 6, 2015 at the National Club in downtown Toronto. The Awards Dinner is the premier event on Drinks Ontario's social calendar. The event attracts a broad cross-section of industry stakeholders and invited guests, including media, key government representatives and numerous LCBO Senior Team executives. In fact, it is one of the few industry events that LCBO executives are permitted to attend under the government's conflict of interest policy. Up to 150 guests are expected. Ontario agents have been asked to propose wines for this prestigious event.
- California Cruisin':** California Wines will once again sponsor a California Cruisin' event on February 25th during the annual Vancouver International Wine Festival. This casual walk-around tasting will feature 14 of the 21 California wineries registered for the festival.



Japan

- Japanese Trade Visit in September (Retail Buyers):** Ken-ichi Hori traveled to California coastal regions with 14 trade buyers and a journalist during the week of September 8th. The group visited Santa Barbara, Paso Robles, Monterey, Livermore Valley, Napa and Sonoma during their stay. Many participants are showing their experience in California on their

Facebook pages or blogs and attracting interest from their friends in the wine trade. Participants are conducting California wine sales promotions following the trip.



- PR Program - Coast Line:** A popular quarterly lifestyle magazine for men, *Coast Line* (circulation: 80,000 copies) recently published its Summer 2014 issue with a 10-page California wine feature article. The article was published as a result of a Wine Institute sponsored editorial visit to California that took place in June. Eight California export program member wineries are introduced in the article. A 10-page featured article in *Coast Line* has advertising value of \$130,000. <http://www.bunkasha.co.jp/book/b181197.html>





- Meeting with California Wine Importers:** On September 1st, Ken-ichi and Kaori attended a meeting with a group of nine small-to-medium-sized importers that are specialized in California wine business. We discussed Wine Institute's generic programs and how we can improve them. The importer representatives requested to hold the importer buyers' tour to California again. These independent importers are not members of the Japan Wine & Spirits Importers Association due to the high member fee therefore they tend to lack legal & legislative updates. Ken-ichi educated them about wine additives issue.
- Wine Additives:** On Monday, September 22nd, Ken-ichi participated in an international conference call for the wine additives issue in Japan. This conference call was requested by Tommy Han (Pernod Ricard) and Christy Chu (Moët Hennessey), both based in Hong Kong and works for Public Affairs particularly for FTA between Japan and EU. Ken-ichi updated the wine additives issue. Tommy Han mentioned that they are working hard to push European GI system to the Government of Japan through the FTA negotiations.
- California Wine Grand Tasting in Tokyo:** Wine Institute's office in Japan will conduct the California Wine Grand Tasting in Tokyo on Tuesday October 7th at the Cerulean Tower Tokyu Hotel. This event is organized as a part of Wine Institute's Trade Mission to Asia. We anticipate hosting 1,000 buyers and 200 consumers.
 - 13:00 - 17:00 Trade Tasting at Cerulean Tower Ball Room
 - 17:00 - 18:30 Consumer Tasting (same venue)
 - 15:00 - 16:30 Santa Barbara Seminar by Morgen McLaughlin, Santa Barbara Vintners



GRAND TASTING INVITATION TO TRADE BUYERS

- Japan Sommelier Association's Shikoku Branch Conference:** The Japan Sommelier Association has invited Ken-ichi to present a two hour-long California wine seminar for their Shikoku branch members at their annual conference, which takes place on November 18th.



Emerging Markets

- **Fall Asia Tour:** Wine Institute's two-week 2014 Fall Asia Tour kicked off on Monday, September 30th with a full day of promotional activities in Singapore. The tour continued with further stops in Ho Chi Minh City, Vietnam on Wednesday, October 1st and in Taipei, Taiwan on Friday, October 3rd.
 - **Singapore:** Our Singapore events comprised a trade/media seminar, and respective trade and consumer tastings. The seminar and trade tastings took place at the venerable Raffles Hotel while the consumer tasting was held at White Rabbit restaurant on Dempsey Hill. We were pleased to feature Paso Robles as the focus region for the seminars during this first week of the tour. This was Paso's first participation on one of Wine Institute's Asia Tours which served to attract significant interest among the very knowledgeable and curious Singapore wine community. Chris Taranto, Paso Robles Wine Country Alliance Director of Communications made the trip to Asia to deliver the seminar presentation.
 - In the pictures below, local trade assemble before the Paso Robles seminar and exchange business cards (left) while Chris Taranto illustrates Paso Robles geographic location between San Francisco and Los Angeles while Wine Institute local rep Richard Lieu holds the California map.



- **Vietnam:** Our events in Ho Chi Minh City, Vietnam were also very well attended this year and there was a noticeable increase in attendance at the trade tasting. Several importers were already in discussions with winery delegates regarding local representation in the Vietnam market. In the photos below, Wine Institute's International Programs Committee chair Brent Shortridge (left) exchanges name cards with a local importer while Harrison and Neena Heitz (right) discuss the Vietnam market with a local importer.



- **ATP Shenzhen Open Tennis Tournament Sponsorship:** In China, California wines were a title sponsor at the ATP's inaugural Shenzhen Open tennis tournament. The event concluded with the final match on Sunday, September 28th with Andy Murray outlasting Tommy Robredo. In the left photo below, Andy Murray enters the court for the final in front of the Discover California Wines logo. Our sponsorship included stadium signage, use of our logo in the tournament's promotional materials and product displays in designated areas around the tournament facility.



Upcoming Events and Promotions

- 2014 ProWine China Trade Show
 - November 12-14, 2014, Shanghai
- Discover California Wines Hong Kong Holiday Consumer Tasting
 - December 4, 2014 – Brasserie on 8, Conrad Hotel
- 2015 Latin America Mini-Tour
 - February 17, 2015 – Mexico City, Mexico
 - February 19, 2015 – Bogota, Colombia
- Discover California Wines Retail Promotion in Mexico
 - March 6 – 22, 2015 – H.E.B. Mexico



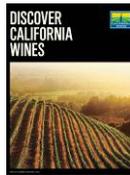
California Trade & Media Visits

- We are currently working on California trip programming for the following media and trade groups:
 - **Systembolaget Sweden Buyer, David Jean:** September 29th – October 10th
 - **Germany Trade Group:** week of October 6th
 - **China Media Group:** week of November 3rd



Market Access Program / USDA Foreign Agriculture Service / US-AEDC

- **Country Progress Reports:** As part of our annual reporting requirement to the USDA's Foreign Agriculture Service for our MAP funds, we recently completed the year end "Country Progress Reports" for each of the 27 countries in which we conducted California Wines activities during the previous program year (July 2013 through June 2014).



San Francisco Office & International Department Administration

- **California Wines Summit 2.0 Planning:** We will hold the next California Wines Summit during the week of May 3rd, 2015. This activity will include intensive tasting programs on California Chardonnay, Zinfandel, Pinot Noir, Cabernet Sauvignon, Next Generation, California Sustainable Winegrowing, Then & Now, California Undiscovered, New Pioneers, and California Wine Families. As with the initial Summit program, each tasting will feature wines from throughout the state. We will once again invite a select group of global wine influencers to attend the program as guests and will engage leading US wine media as faculty members to lead each tasting program. We have confirmed Karen MacNeil, Jon Bonné, Leslie Sbrocco, Evan Goldstein and Anthony Gismondi as faculty program leaders. We will also work with the Guild of Sommeliers to oversee wine service throughout the event, led by Geoff Kruth and Matt Stamp.
- **Annual Export Seminar:** We are planning for our annual California Wine Export Program seminar which will be held on Tuesday, January 27, 2015 at the former Copia facility in Napa. The program will be expanded to a full day format, featuring a general session in the morning including a vintner panel and keynote address, followed by afternoon break-out sessions with our Wine Institute international representatives.

- **Zinfandel Challenges in Sweden:** We met with Wine Institute's Continental Europe Director, Paul Molleman and ZAP Executive Director, Rebecca Robinson in our San Francisco office on September 17th to discuss the Zinfandel business in Sweden. Italy has recently begun to label their Primitivo as Zinfandel, utilizing labels that mimic California Zinfandel packaging and being offered at significant price discounts. This has resulted in significant declines for California's Zinfandel business and related gains to Italy's Primitivo business in Sweden. We are developing our California Wines action plan to help member wineries regain market share of the Zinfandel category in Sweden as well as to prevent a similar situation occurring in other markets in Europe and beyond. Key components will be on-line advertising and awareness building, California Zinfandel tastings at several events, and a media visit to California in April 2015.
- **Global Branding Campaign**
 - **Website Translation Project:** We worked with the Wine Institute Communications team to issue a press release on September 16th announcing the translation and localization of our consumer website (www.DiscoverCaliforniaWines.com) for nine countries. Our new websites for Japan, Korea, Hong Kong, Taiwan, Mexico, Germany and Quebec, as well as the UK and English Canada are now available throughout the world. Our site for the mainland China market was previously launched and is available at www.DiscoverCaliforniaWines.com.CN The press release received 280 postings on news websites in the U.S. The release is posted at: <http://www.discovercaliforniawines.com/media-trade/news>



- **Global Social Media Campaign:** Our campaign continues in 16 countries, and has nearly 25,000 Facebook followers, in addition to 50,000+ followers of our Weibo and WeChat initiatives in China. We held a training webinar for our team in Europe, Canada and Mexico on September 4th and another webinar for our team in Asia on September 17th, ahead of the busy event schedule associated with our upcoming Fall Asia Tour.
- **Sustainable Winegrowing Program – Ambassador Course:** We continue to work with the Wine Institute Communications and Environmental Affairs teams to create a sustainable winegrowing on-line ambassador certificate course for members, wine professionals and other global partners. This new educational module will be launched in October. We also recently updated and enhanced the Sustainability section of our website at: <http://www.discovercaliforniawines.com/sustainable-winegrowing/>
- **Fall 2014 eNewsletter:** We are currently drafting the Fall 2014 eNewsletter that will be distributed to our trade, media and consumer databases throughout the world.

