

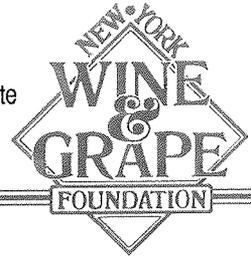
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GRAPE RESEARCH NEWS



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Strategic Marketing Plan for Small Wineries

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A study of the marketing programs of Finger Lakes small wineries was conducted in 1990 by Takaaki Yamashita, a Department of Agricultural Economics graduate student from Japan. Results of that study have implications for the management of small wineries, as wineries develop more effective marketing strategies. Sixteen wineries responded to a questionnaire that formed the basis for the analysis. The implications of this research, and four marketing recommendations for small wineries, are discussed below.

Wineries need marketing plans with a clearer focus on who is the target customer.

Marketers speak of planning the marketing mix, or discovering the unique blend of pricing, promotion, products, and place (distribution channels) designed to reach a specific group of customers. Once it is decided who the customer is, then a plan can be developed that will help in determining product offerings...that is, a plan for the more expensive wines (usually vinifera), medium-priced wines, and popular-priced products.

Promotion plans involve decisions about which of these products to emphasize in promotion, and where to aim promotional activity – at the winery, at restaurants, or at liquor stores. Keeping in mind who the target customer is will aid in deciding which distribution channel to emphasize and what kind of materials will appeal to that customer. There is currently too little information to adequately support retailers. Wineries should provide the retailer with news or magazine articles written about their successful wines. "Shelf-takers" or point-of-promotion materials are also helpful.

A uniform look to labels that appeal to your target customer and give the appearance of branding are necessary. Well-coordinated and designed materials promoting the wines of a region, such as some Wine Trails have developed, are also helpful.

The planning and marketing mix will become more effective once the winery decides on who the target customer is.

Many wineries have too many products for a focused marketing strategy.

Yamashita found that six of the 16 wineries studied had from 11 to 16 products. In order to have an effective, focused strategy, a winery probably should have no more than two to three vinifera varieties, two to three French-American varieties, and one to two popular-priced products. This would imply a total of five to eight products for a winery.

The number of products is not as crucial if all sales are direct to the consumer, but

there is a cost in both time and money handling so many products. It is very difficult to effectively represent 11 to 15 products to restaurants and liquor stores, and retail stores are already faced with a proliferation of wine brands which makes hoped-for shelf space problematic. Wineries could economize on advertising, promotional expenditure, and the design and purchase of labels by a focused strategy emphasizing fewer products. Some wineries have designated a few wines as "tasting room wines" which are not marketed off-premise.

The retailer often isn't sure which of a winery's products are doing best with customers. The wine that the retailer may personally like may not be the wine that the customers at the winery like, and it may not be the wine that the winery is supporting with promotional efforts. Fewer products would make it easier to coordinate the marketing plan with wholesalers, restaurants and retail stores. It is important to gain control of the marketing plan so that everyone is "in the same boat" in terms of what products are to be emphasized.

Wineries which need to grow (financially, net worth, profits, etc.) need to increase penetration into distribution channels other than direct sales at the winery.

Yamashita found that nearly 100 percent of the wine sold by the 16 studied wineries was sold in New York State.

About two-thirds of the volume was sold at the winery and about one-fifth was sold to restaurants. Only four of the wineries sold to wholesalers.

There is an upper limit on growth of sales at the winery. This limit is largely out of the winery's control because it depends upon the number of tourists visiting the area, the number of people living in the market area, and the demographics of those potential customers – age, income, educational level, etc.

Most wineries will need to increase sales in order to grow financially. This would permit a winery to attain its own financial goals, a more comfortable style of living, and perhaps enable it to bring a son or daughter and his or her family into the business.

Branching out with wholesalers, retailers, and restaurants gives access to potential markets that would otherwise be impossible. Developing markets in these channels also permits more targeting of the customers that the winery wants to serve.

Some wineries are putting too much emphasis on the idea that “a good wine sells itself.”

Several wineries responded to Yamashita's survey with respect to promotional activities with words to the effect that what is necessary is a quality product. A typical quote from the survey was the response that “a good wine sells itself.” It is obvious that having a quality product is essential, but that is not enough. Although a “good wine” sells itself better than does a “bad wine”, the sales of even a “good wine” can be substantially increased by a properly focused marketing strategy.

Respondents to the survey revealed much disillusionment with various media for advertising. TV, radio and newspapers were rarely used even for the most successful

products sold by the wineries responding to the survey. This may be appropriate given that it is more difficult to target a specific group of customers using mass media. Instead, some wineries have targeted their customers by using, for example, public radio (which has listeners more likely to be in a higher income group, and more highly educated – demographic characteristics of wine drinkers) or by advertising in specialty publications.

Many wineries may be disillusioned with mass media and other more expensive forms of advertising because there isn't a clear focus on which few wines to promote, which customers to target, and which distribution channels to emphasize. Once these decisions are made, choice of media or other advertising and promotional activities will become much clearer.

Reference: Yamashita, Takaaki. 1990. A Descriptive Study of Small Wineries in the Finger Lakes Region from the Marketing Viewpoint. MPS Project Report, Department of Agricultural Economics, Cornell University, 115pp. ■

Cornell and Penn State to Establish Regional Grape Center

Cornell and Penn State Universities have joined forces to create the Lake Erie Regional Center for Grape Research and Extension.

“With public funding of existing research and extension programs continuing to decline, the formation of a multi-state research and extension center offers greater efficiency and capacity in the development and delivery of new information and programs,” says Dr. David L. Call, dean of Cornell's College of Agriculture and Life Sciences.

“If the Lake Erie grape industry is to remain competitive with other grape-growing regions, growers need aggressive research and extension programs that result in maximizing yield and profit,” added Dr. Lamartine F. Hood, dean of Penn State's College of Agricultural Sciences.

The Lake Erie grape-growing region encompasses about 20,000 acres in western New York, 11,000 acres in Erie County, Pennsylvania, and 1,500 acres in northern Ohio. Most grapes grown in the region are native varieties such as Concord or Niagara that are used predominantly for non-fermented juices, concentrates and jams. Many aspects of vine management, soils, climate and markets are similar across this grape belt.

The region's growers face significant challenges, including the limited availability and increased regulation of farm labor. In addition, the region has stiff competition from growers in Washington state and from foreign countries that have an abundance of inexpensive labor.

The Lake Erie Regional Center for Grape Research and Extension is the result of nearly a year of discussions among industry and academic representatives from New York, Pennsylvania, and Ohio. Although Ohio may become part of the Center in the future, it has chosen not to formally participate at this time.

A 17-member committee of growers, processors, and university representatives was appointed in May 1991 by Deans Call and Hood. The committee, chaired by Patrick O'Donnell, General Manager of the National Grape Cooperative, held four public meetings in New York and Pennsylvania to define the needed extension and research programs. Subsequently, they developed analyses of Cornell's and Penn State's capabilities in the Lake Erie region and prepared a series of recommendations. All of the committee's recommendations have been accepted by the two deans, and an implementation plan is being developed by faculty and staff

at the two universities. The Center will be officially established on July 1, 1992.

Specific recommendations of the committee include:

- Establish a single, centrally located facility to house both research and extension activities.
- Develop a coordinated research effort with existing faculty from Cornell and Penn State that is carried out by on-site research staff.
- Establish an extension team to carry out educational programming in the combined production area. The recommendation favors the addition of an Extension Farm Management Specialist to meet the changing needs of the industry.
- Funding for the combined program should approximate current acreage from participating states, i.e., two-thirds from New York and one-third from Pennsylvania.
- Increased industry support of research and extension.
- Establish a multi-state industry advisory committee to develop, coordinate, and allocate funding for viticulture research and technology transfer programs aimed at addressing industry needs and priorities. ■

In this issue of Grape Research News, Jerry White, Department of Agricultural Economics, Cornell-Ithaca, presents views on marketing strategies for small wineries. Roger Pearson, Department of Plant Pathology at the Geneva Experiment Station describes a five-year, multi-disciplinary field trial on the conversion of conventional management techniques to one of organic methods.

Our New York growers in the Lake Erie grape belt are advised that there is a new regional plan for grape research and extension that includes Erie County, Pennsylvania. This Penn State-Cornell University cooperative effort is explained in my reworking of the official press release for the joint plan. A significant recommendation of the committee developing the plan is that industry dollars are going to become more important than ever in funding the research necessary for keeping our industry competitive and profitable at the lowest environmental cost.

Along this line of research funding, I think it is critical that our New York readers know about the breadth of research on grapevines and grape products that come out of Cornell research programs and which are funded by both the New York grape industry and by state dollars. The New York State Wine and Grape Foundation continues to match state dollars to those generated by industry, for example by the Grape Production Research Fund. Although researchers generate monies for research through a variety of sources, the above-named organizations

consistently provide significant support for studies important to the New York grape industry. The table below summarizes Cornell's grape research projects funded by these two organizations for 1992. Project titles are reworded to save space.

Dollars from the Wine & Grape Foundation also support the Wine Analytical Laboratory and the New York Wine Data Bank in the Department of Food Science & Technology at Geneva. The wine lab is supported by service fees submitted by users, with the actual cost subsidized by the Foundation. While on funding, I remind you that Grape Research News is itself financially supported by Foundation dollars to get research on grapes explained to the industry. ■

TABLE 1. Cornell grape-related research projects funded for 1992 by the New York Grape Production Research Fund and the New York Wine and Grape Foundation.

Researcher	Cornell Department	Projects
Christopher Becker and Roger Pearson	Plant Pathology, Geneva	Epidemiology and control of black rot in grapevines
Thomas Burr	Plant Pathology, Geneva	Cultural and biological controls for crown gall
Timothy Dennehy	Entomology, Geneva	Managing leaf hoppers with minimal use of insecticides
Richard Derksen	Agricultural & Biological Engineering, Ithaca	Vineyard spray application systems
David Gadoury	Plant Pathology, Geneva	Ultraviolet light as nonchemical control of grape disease
David Gadoury	Plant Pathology, Geneva	Integration of grape disease management programs
Martin Goffinet	Horticultural Sciences, Geneva	Effects of irrigation and pruning on bud/crop potential
Dennis Gonsalves	Plant Pathology, Geneva	Virus elimination via tissue culture and chemotherapy
Wesley Gunkel	Agricultural & Biological Engineering, Ithaca	Robotic grapevine pruning
Thomas Henick-Kling	Food Science & Technology, Geneva	Malolactic fermentation and vegetative aromas in wine
Alan Lakso	Horticultural Sciences, Geneva	Irrigation and pruning effects on vine performance
Robert Pool	Horticultural Sciences, Geneva	Increasing the competitiveness of New York vineyards
Robert Pool	Horticultural Sciences, Geneva	Testing vinifera clones for NY and rootstock evaluation
Bruce Reisch	Horticultural Sciences, Geneva	Statewide evaluation of new grapevine varieties
Bruce Reisch	Horticultural Sciences, Geneva	Genetic technology for improving disease resistance
Gilbert Stoewsand	Food Science & Technology, Geneva	Wine components inhibiting ethyl carbamate-induced cancers

Cornell Study of the Conversion of Vineyards from Conventional Management to Organic Management Practices

Roger C. Pearson
Department of Plant Pathology
New York State Agricultural Experiment Station
Cornell University
Geneva

Grape researchers at Cornell University, in cooperation with personnel at Vintner's International Company, Inc. (formerly Taylor Wine Co.), are conducting a long-term study on the impact of converting vineyards to organic management practices. The study, now in its third year, was initiated in 1990 and is being funded by the USDA's Northeast Region Sustainable Agriculture Program (LISA). The title of the project is "Whole farm impact of converting conventionally managed eastern vineyards to organic management practices". Funding for the project has been approved through the 1993 growing season. Funding beyond 1993 will depend on continuance of this Federal program and satisfactory progress of the project.

The researchers are trying to document all aspects of the conversion process such as the impact on diseases, insects, weeds, vine vigor and yield, fruit, juice and wine quality, as well as the impact on economics. The key players in this multidisciplinary study are the following individuals:

Tom Mitchell and Bill Dunn of Vintner's International - daily vineyard operations
Tim Johnson, Department of Plant Pathology - project coordinator
Tim Dennehy and Tim Martinson, Department of Entomology - insect management
Bob Pool, Department of Horticultural Sciences - ground cover management
Alan Lakso, Department of Horticultural Sciences - photosynthesis and water relations
Roger Pearson and Dave Gadoury, Department of Plant Pathology - disease management
Dave Peterson, Cornell Cooperative Extension - nutrition management
Thomas Henick-Kling, Department of Food Science and Technology - juice and wine quality
Gerry White, Department of Agricultural Economics - economic analysis

The main part of the study is being conducted in 10-acre blocks of Concord, Elvira, and Seyval blanc. In each 10-acre block, five acres are managed conventionally and five acres are managed organically. The organic practices are conducted following the guidelines of the Natural Organic Farmers' Association of

New York. Scott Smith of Four Chimneys Farm Winery and Ken Farnam of Buzzard Crest Vineyards are consultants on the project regarding organic practices.

It was understood at the outset of this study that several years would be necessary to obtain a fair comparison of the vines under organic management with the conventionally managed vines. Prior to this study, vines in the organic blocks were managed for many years in a conventional manner where diseases, insects and weeds had been under strict control, hence pathogen inoculum levels were very low, as were levels of other pests. It may take a number of years for various factors such as vine size and yield and various pest levels to stabilize.

In addition to the main study, sub-projects on related topics are being conducted in various locations. For example, studies on biological control of diseases and insects are being conducted at Geneva and in surrounding vineyards, as are studies on dormant sprays. Studies on ground cover management and the effects of sulfur and copper on Concord vines are being conducted at Cornell's Vineyard Research Laboratory at Fredonia, NY.

As results of the studies become available, the grape industry will be informed through meetings, field tours, and various publications. ■

Rootstock Seminar — A Worldwide Perspective will be presented by the American Society for Enology and Viticulture on June 24, 1992, at Bally's Casino Resort, Reno, Nevada. Contact ASEV, P.O. Box 1855, Davis, CA 95617 (Phone 916-753-3142; FAX 916-753-3318).

Annual Meeting of the American Society for Enology and Viticulture takes place June 25–27, 1992, at Bally's Casino Resort, Reno, Nevada. Contact ASEV, P.O. Box 1855, Davis, CA 95617 (Phone 916-753-3142; FAX 916-753-3318).

Annual Meeting of the Eastern Section, American Society for Enology and Viticulture will be held in Corning, New York on 15–17 JULY 1992, at the Corning Hilton Hotel. The meeting brings together researchers and wine industry personnel and is an excellent opportunity to exchange views across disciplines and to gain in-depth information in basic and applied research. The program includes a trade show, a regional wine tasting, the "Regional Wine Showcase" and a banquet with featured wines. This year there will also be a pre-conference **Workshop on Wine Aroma Defects** – reduced sulfur odors, cork off-odor, and aromas from spoilage yeast and bacteria. For a program and registration information contact Thomas Henick-Kling (Program Chairman), Department Food Science & Technology, New York State Agriculture Experiment Station., Geneva, NY 14456 (Phone 315-787-2277; FAX 315-787-2397).

International Pinot Noir Celebration, July 24–26, 1992, at Linfield College, McMinnville, Oregon. Contact the International Pinot Noir Celebration, P.O. Box 1310, McMinnville, OR 97128 (Phone 503-472-8964).

Richard Derksen Awarded Science and Technology Grant

The New York State Science and Technology Foundation has awarded a grant of \$42,000 to Dr. Richard Derksen, Department of Agricultural & Biological Engineering, Cornell University, for the project "A spray containment and automatic recovery system for application of vineyard pest control materials". Friend Manufacturing (Gasport, NY) is an industry cooperator on the study. Friend and Dr. Derksen will be working through June 1993 on developing an over-the-row grape spraying system that can potentially recover and reuse spray material that does not deposit on the crop. In 1991, Dr. Derksen and his research technician, Ray DeMond, found that they could recover over 30% of the spray material in an early season spray with relatively simple modifications to the sprayer borrowed from Cameron Hosmer, Hosmer Wineries. Production of their test machine will begin later this summer. Dr. Derksen will examine the potential benefits of over-the-row spraying, such as reduced drift and operator exposure, as well as spray coverage within the grape canopy.

Update on 1992 Pest Management Recommendations for

Grapes Each year there are ongoing changes to the published version of the annual pest management recommendations for grapes. Each grower should be using this publication, either in its printed form or in its computerized format on

CENET, the on-line information system operated by Cornell Cooperative Extension. The CENET version is flexible in that it is updated throughout the year. Corrections recently made to the CENET version, which you might want to note in your printed version, include the following new restrictions for maneb, mancozeb and captan products:

- 1) Maximum allowance for Dithane DF, Dithane M45, Manzate 200DF, Penncozeb 75DF, and Penncozeb 80WP is 24 lb product /acre/season.
- 2) Maximum allowance for Dithane F-45, Manex II, and Maneb Plus Zinc F4 is 19.2 quarts/acre/season.
- 3) Days to harvest restriction for Maneb Plus Zinc F4 is 66 days.
- 4) Days to harvest restriction for captan is 14 days.

Nelson J. Shaulis Viticulture Scholar Named

Mr. John Brahm III, chair of the Nelson J. Shaulis Advancement of Viticulture Committee, announced the award of the 1992 N. J. Shaulis summer scholarship to Robert H. Smith of Brocton, New York. The annual award allows a Cornell viticulture student to have an enriched viticulture experience during summer vacation. Students work directly with Cornell grape research and extension faculty, and conduct an independent research project. The award is presented by the New York Grape Production Research Fund.

Rob, who grew up on a 50-acre grape farm in Brocton, has just completed his freshman year as a pomology major in Cornell's department of fruit and vegetable sciences. He will spend the summer working with the staff at the Vineyard Laboratory in Fredonia.

Spray Drift Studies at the Fredonia Vineyard Laboratory

Studies on spray drift were conducted at Cornell's Vineyard Laboratory in Fredonia, NY on May 22, by Dr. Richard Derksen of the Department of Agricultural & Biological Engineering, in cooperation with Mr. Richard Dunst and his staff at the lab. Derksen and his crew tested three different spraying systems: an electrostatic boom sprayer (12 gal. per acre), a Berthoud air blast sprayer (50 gpa), and the Friend shielded over-the-row sprayer (90 gpa). Ground collectors were set out 300 ft downwind from the spray site. Preliminary results indicate that the shielded over-the-row sprayer produced significantly less spray drift than either of the other spraying systems. The over-the-row sprayer operator also appeared to receive much less exposure than operators of either of the other two machines. The air blast and the electrostatic boom sprayers produced air-borne drift that was collected 250 ft downwind from the spray site. More information on potential environmental contamination and operator exposure produced by these machines will be available later this summer. Information on spray collected within the canopy will also be available later. ■

Help Keep



This newsletter and the extensive grape research it is based on are made possible by funding from the **New York Wine & Grape Foundation**. The Foundation's budget depends totally on private sector contributions which are matched by the State of New York. And now extensive cuts in State funding have made these private sector contributions more vital than ever.

If the Foundation's research and promotional programs are to continue, we need your support through modest dues—a rate schedule and membership application are below. (Wineries and juice manufacturers have already made financial contributions of up to \$15,000 each to support the effort.) Please join your neighbors and industry associates in forging a more productive and profitable future.

APPLICATION FOR GRAPE GROWER MEMBERSHIP New York Wine & Grape Foundation

Please *print* all information legibly

NAME _____
 NAME OF VINEYARD (If applicable) _____
 STREET, P.O. OR R.D. ADDRESS _____
 COUNTY _____
 CITY (Town) _____ ZIP _____
 TELEPHONE (_____) _____
 TOTAL GRAPE ACREAGE (Optional) _____ ACRES

ANNUAL DUES (Circle Appropriate Amount)

Dues (circle)
 \$25
 \$50
 \$100

Acres (circle)
 0-30
 31-60
 Over 60



After completing this form, please send it and a check for the appropriate amount payable to the New York Wine & Grape Foundation, 350 Elm St., Penn Yan, NY 14527. THANK YOU!

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Question:

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Gratitude is expressed to those organizations whose support makes possible ongoing and valuable research activities for the benefit of the State's grape industry. Major funding is provided by the **New York State Wine & Grape Foundation; the Grape Production Research Fund, Inc.; and, the J.M. Kaplan Vineyard Research Program.**

New York Wine & Grape Foundation
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Got A Question? We are trying to address the many questions from grape growers and processors that come to Cornell's grape research community. We invite you to write to us at *Grape Research News* to bring to our attention any questions you have about grapes. We will see to it that those questions are answered by someone knowledgeable in the area of your concern.
Save yourself a long distance phone call. Put it in writing on the back of form below, cut it out, and send it to us.

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Name

Address

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Mail to:

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