

CT FARM WINE DEVELOPMENT COUNCIL

STRATEGIC MARKETING PLAN

**Final Report  
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## A. EXECUTIVE SUMMARY

This presents a Strategic Marketing Plan that is designed to increase sales of CT wines by building awareness and enhancing the image of the wines while increasing the number of visitors to the wineries.

### **Great Growth Potential**

The CT wine industry is relatively small, but important. The CT wine industry itself has tremendous growth potential, currently holding less than 1% of the CT wine market. Importantly, CT wines and wineries contribute to the CT tourism industry and have the potential to play a much greater role in developing tourism in CT. Visiting the especially scenic wineries is a pleasing experience in itself, but can also easily be combined with visits to other tourist attractions which enhances overall tourist dollars for the state of Connecticut.

### **Industry Strengths**

The CT wine industry benefits from having a variety of wineries dispersed across the state, thereby having appeal in different regions. The wineries also produce very good quality wines, which generally compare quite favorably with premium wines from California and Europe. The wineries have very attractive show rooms and other facilities for accommodating visitors. Almost everyone visiting the wineries buys wine, and many buy again.

### **Industry Limitations**

However, the CT wine industry also suffers from a lack of awareness and no strong image. Consumers and sellers of wine (distributors, package stores and restaurants) have little awareness or knowledge of CT wines. This makes it extremely difficult for the wineries to gain distribution with distributors, package stores and restaurants. Most of CT wine is sold directly to consumers at the wineries.

Since the industry is so underdeveloped, most individual wineries have limited sales and thus limited funds to spend on marketing. As a result, not enough has been spent over time to build awareness or to create a strong image for CT wines.

### **The Challenge and Opportunity**

The challenge is to begin to invest money in marketing in order to grow the CT wine business, while recognizing that this will take time and will require using the funds in a very strategic, well thought out and prioritized fashion.

The CT Farm Wine Development Council recently received funding from the CT Legislature to find ways to grow the CT vineyard and winery industry. This is very important because it gives the industry "seed money" to begin the process of building sales and awareness for CT wines. Such state funding has been crucial in the development of wineries in other states like New York and Virginia, and tourism in those states benefited enormously from the investments. Continued and increased funding will also be essential in CT if the industry is to achieve its full potential.

### **Planning Process**

The Wine Council retained Albu Consulting, a strategy consulting firm skilled in marketing planning, to aid them in creating a Strategic Marketing Plan for the CT wine industry. A collaborative process was used, which involved holding three work sessions consisting of members of the Wine Council. Albu Consulting facilitated the process. The group met to assess the competitive and business environment, determine challenges and opportunities, review

strengths and core competencies, and develop goals, strategies and tactics, as well as budgets. Interviews were also conducted with winery owners, restaurants, distributors, package stores, industry associations and others to gain a better understanding of the current situation and to develop appropriate strategies and tactics.

Council members and others who helped develop the Strategic Marketing Plan were as follows:

Nick Smith, Stonington Vineyards	Hellen Robbins, CT DECD
Larry McCulloch, Chamard Vineyards	Norm Bender, UCONN Extension
Bill Hopkins, Hopkins Vineyards	
Sherman Haight, Haight Vineyards	Nancy Bull, UCONN
Steve Vollweller, Sharpe Hill Vineyards	John Anderson, CT Ag Experiment Station
Gloria Priam & Gary Crump, Priam Vineyards	Grace Nome, Nome Associates
Paul DeGrazia, DeGrazia Vineyards	
Serge Backes, Heritage Trail Vineyards	

### **Strategic Marketing Plan**

The plan focuses on the achievement of three goals: (1) Build awareness and enhance the image of the CT wine industry, (2) increase the number of visitors to the wineries, and (3) reduce legislative barriers (state and local) to intrastate shipping and sales of CT wines.

The plan recognizes that funds are limited and seeks to target spending in the most effective way possible. The greatest opportunity for CT wineries is to create a very strong working relationship with the CT Office of Tourism to make consumers more aware of the CT wineries and to stimulate visits. This represents an opportunity to help the state build tourism in general, while also increasing CT winery visits and sales.

Additionally, the plan focuses on other activities (most notably a public relations campaign plus website activity, point-of-sale support, and a calendar of activities) to build business. Tactics are prioritized into short, medium and long-term projects. This recognizes that funds are limited, and that all marketing projects cannot be implemented at once. It also recognizes that some activities will be more effective if done sequentially.

The plan also recommends an organization structure for implementing the plan, consisting of a Marketing Advisory Board to set strategy and budgets, and Marketing Project Teams to execute the tactics. The structure assumes that members of the Wine Council will be involved on the Board and Teams, along with marketing professionals and others.

### **The Future**

This plan represents only the beginning, both in terms of spending and of thinking, as it relates to building the CT wine industry and CT tourism. Sustained spending over time will be required to fully develop the industry. At the same time, the Wine Council (and Marketing Advisory Board) will become increasingly more knowledgeable and efficient in the marketing function as the planned marketing projects are executed. As a result, the industry should benefit by realizing its enormous potential.

## B. SITUATION ANALYSIS

### 1. CT Wine Industry Overview

- The CT wine industry is a small, but important and growing part of the CT economy. In addition to actual wine revenues and taxes paid, the industry is potentially an important magnet for tourism, which is the state's second largest industry.
- The CT wine industry is relatively young and still developing, having started in 1978 with the passage of The Farm Winery Act.
- Today, there are 10 commercial wineries operating, with additional ones steadily being added.
- The wineries are vertically integrated from the growing of grapes to the manufacture and sale (at retail and wholesale) of branded wine products. The majority of CT wine is sold at retail from the winery tasting rooms. A minority of sales comes from package stores and restaurants.
- A survey by the Connecticut Vineyard and Winery Association in 1999 provided the following information:
  - Gross sales of \$3 million
  - Gallons of wine sold - 71,000
  - Gallons of wine to be produced from 1999 harvest - 107,000
  - Tons of grapes harvested in 1999 - 325
  - Acres of vineyards owned by wineries - 145
  - Tons of grapes imported into CT in 1999 - 275 valued at \$295,000
  - People employed full or part time - 70
  - Property taxes paid to CT towns - \$70,000
  - Sales and excise taxes paid to the State - \$125,000
- In 1999, CT wineries sold about 45,000 cases of wine, having a retail value of \$5 million. Over the past five years, sales have grown on average 10% a year.
- CT wines compete against a broad spectrum of wines and hold less than a 1% market share in CT. Among CT wineries, there is no dominant player in CT. Of the 10 commercial wineries operating in CT, the five largest are similar in size, producing in the range of 5-7,000 cases annually. One produces around 3,000 cases and two are in the 1-2,000 case range.
- There is little excess production capacity among CT wineries. CT wineries grow about half the grapes needed for production, and purchase the other half from outside the state (upstate New York, Long Island and Massachusetts).
- Traditionally, wines are sold through a three tier system:
  1. Supplier/manufacturer (winery)
  2. Wholesaler/Distributor
  3. Retailer (off premise)/ Restaurant (on premise consumption)

In CT (and most states) licensing regulations do not permit anyone to operate in more than one tier - with the exception of CT wineries. The Farm Winery Act permits a CT farm winery to produce wine, sell it at retail and distribute it at wholesale to package stores and restaurants.

- Historically, CT wineries have spent relatively little on marketing, individually or collectively. The wineries have not been able to afford to spend much given their low sales volume and little funding from the state or other sources.

- The major marketing initiatives have been the development of the CT Wine Trial which involves a brochure, highway signs on state roads by the CT DOT, and more recently a website --- all designed to tell consumers about the wineries and to direct their travel from one winery to another. The individual wineries have also created their own websites as marketing tools.

## 2. Summary of Winery Reports

A recent survey among CT winery owners/managers provides additional insight into the key characteristics of CT wineries.

- CT wines suffer from a lack of awareness and somewhat of a mixed image in terms of quality. Product quality is thought to be generally very good, but this is not fully appreciated by consumers.
- Buyers of CT wines tend to be middle to upper income, wine knowledgeable and interested in trying new things, inclined to support CT products and typically tourists (both in and out of state residents) who visit and purchase at the wineries.
- A few wineries have been successful in establishing their own wholesale salesforce, but most have had little success in working with outside wholesalers given the low level of sales for CT wines.
- The CT wines are typically at a price disadvantage in package stores where competitors offer greater promotion discounts.
- The lack of CT awareness and clear image makes it difficult to get attention and support from most restaurants.
- The CT wineries have tried a number of marketing approaches, mostly supported by low levels of spending and with mixed results.

*Following are more detailed comments from the Winery Reports:*

	FINDINGS	CHALLENGES
<b>Business overview</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> White wines, particularly Chardonnay, are most popular.</li> <li><input type="checkbox"/> Proprietary wines are receiving good acceptance, particularly Sharp Hill's Ballet of Angels.</li> <li><input type="checkbox"/> Quality of CT wine appears to have the ability to command "premium" and "super premium" retail pricing.</li> <li><input type="checkbox"/> Sales at all wineries reporting are trending up</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Capacity for growing grapes in CT is limited. Most wineries, except Hopkins, buy grapes from outside CT in Long Island and Massachusetts.</li> <li><input type="checkbox"/> Cost of producing CT wine high due to lack of critical mass. Difficult to compete against larger, well financed wine growers from CA, Europe and other states.</li> </ul>
<b>Consumers</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> CT wine consumers are probably affluent, upper income, better educated</li> <li><input type="checkbox"/> CT wine consumers are probably wine knowledgeable and willing to explore</li> <li><input type="checkbox"/> Consumers probably buy because of "patriotism" to CT produced wines. Want to support local/state products</li> <li><input type="checkbox"/> Those vineyards located near heavy trafficked CT tourist attractions</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Mixed image of quality. Questionable perception of CT wine in general</li> <li><input type="checkbox"/> CT wines lack credibility primarily because the CT wine industry is relatively young and comparatively small. Awareness and credibility, however, have been on the increase.</li> </ul>

	benefit from their location (e.g., Mystic) <input type="checkbox"/> 95% of visitors buy wine at the winery <input type="checkbox"/> Up to as many as 40,000 visitors per year (average group of 2.5 persons)	
<b>Wholesale</b>	<input type="checkbox"/> CT wineries are unique because they are allowed to participate in all three-tier sales. <input type="checkbox"/> Several wineries have been successful in establishing their own wholesale salesforce.	<input type="checkbox"/> Very little success working with wholesalers because of significant competition from larger, well financed competitors <input type="checkbox"/> Difficult to get the attention of the wholesale salesperson. <input type="checkbox"/> Fairfield county is the greatest challenge to get distribution
<b>Restaurants</b>	<input type="checkbox"/> 2500 restaurants in CT. Wine tasting opportunities. <input type="checkbox"/> Good support from a few restaurants that have some heritage with CT. <input type="checkbox"/> Opportunity to educate and solicit support from waitstaff.	<input type="checkbox"/> Lack of CT wine credibility and awareness makes it difficult to get restaurateurs' attention <input type="checkbox"/> Need to get more restaurants to get customers to try CT wine
<b>Package stores</b>	<input type="checkbox"/> About 750 package stores in CT. <input type="checkbox"/> Package store owners generally supportive of CT wines – want to see the industry successful <input type="checkbox"/> CT origin appears to be a plus <input type="checkbox"/> Opportunity to educate and solicit support from employees	<input type="checkbox"/> Lack of support from CT wineries <input type="checkbox"/> Low level of sales <input type="checkbox"/> CT wines are at a price disadvantage to competition due to low/no post-offs (priced at full markup)

*Following is a summary of past and current marketing efforts by the wineries:*

<b>MEDIA &amp; POS</b>	<b>EVENTS &amp; PROMOTIONS</b>	<b>OTHER FEATURES &amp; BENEFITS</b>
<input type="checkbox"/> CT Wine Trail brochures <input type="checkbox"/> Rack Cards distributed at hotels, restaurants, tourist locations <input type="checkbox"/> Advertising in tourism pamphlets and directories <input type="checkbox"/> Media kits to editors for wine article <input type="checkbox"/> Participate in MYS TV videos in state-wide hotel rooms <input type="checkbox"/> Website <input type="checkbox"/> Print (Newspaper and specialty magazines) <input type="checkbox"/> Cable TV <input type="checkbox"/> Radio	<input type="checkbox"/> Wine Trail participation <input type="checkbox"/> Festivals at the winery with food, music, entertainment <input type="checkbox"/> Off-site wine tasting (Charity & fundraising events, package stores and organizations) <input type="checkbox"/> "Vineyard Express" wine train <input type="checkbox"/> Participate in major state festivals like Norwalk Oyster Festival and Barnum Festival	<input type="checkbox"/> Guided tours of winery <input type="checkbox"/> Wine tasting room (Free wine tasting) <input type="checkbox"/> Retail showroom featuring wine and related items for sale <input type="checkbox"/> Art gallery and sales <input type="checkbox"/> Wedding receptions <input type="checkbox"/> Restaurant or Wine bar <input type="checkbox"/> Picnic facilities  <input type="checkbox"/> Follow up mailings to past customers  <input type="checkbox"/> Discount Clubs offered to existing customers <input type="checkbox"/> Informational Newsletters

*Note: Most wineries stated that print, radio and TV advertising have not proven successful. These are costly and they generally lack funds to create continuity. Marketing effort varies by individual winery. Winery use of these marketing programs is mixed and effectiveness varies.*



### 3. Summary of Interviews

Interviews were conducted among a cross section of restaurants, distributors, package stores and associations to gain additional insight into the opportunities and challenges facing the CT wineries. A list of those interviewed and detailed findings follow the highlights recapped below.

#### *Restaurants*

- Restaurants known to be stocking CT wines were selected to provide interviews with knowledgeable customers. Most typically stocked 1-2 brands of CT wines.
- Attitudes toward the quality of CT wines varied greatly, from "fair" to "excellent."
- Most said their awareness and knowledge of CT wines was limited and they felt the same was true for consumers.
- Most had only occasional calls for CT wine.
- All agreed the waitstaff was a critical group to influence since they typically helped customers select wine.
- The restaurant association did express interest in supporting the CT wineries which may be an opportunity worth pursuing.

#### *Distributors and Package Stores*

- Based on small samples, distributors tend to be more negative about CT wines than do package stores. Distributors typically regard the sales level of CT wines as too small to justify their time or that of their salespeople. Additionally, the CT wineries do not offer the type or level of promotion incentives that the large national wineries do, which further lessens the financial incentive to sell CT wines. Finally, the distributors (who admit they have limited familiarity with CT wines) do not feel the quality is particularly good.
- Package stores tend to believe product quality is reasonably good, and sales and quality have improved over time. Some like the idea of supporting the local wine industry and most believe it makes sense to have a special "CT Wines" section in their stores.
- The CT Package Stores Association expressed interest in working with the CT wineries to promote sales.

*a. Following is a list of those interviewed - December 2000 & January 2001*

	Name	Title	Business	Location
<b>Winery Visits</b>				
	Bill Hopkins	Owner	Hopkins Vineyards	New Preston
	Nick Smith	Owner	Stonington Vineyards	Stonington
	Larry McCulloch	Winemaker	Chamard Vineyards	Clinton
<b>Restaurants &amp; Association</b>				
	Simon Flynn	Executive Director	CT Restaurant Assoc.	Glastonberry
	Bruce Shoemaker	Purchasing Agent	Griswold Inn	Essex
	Shaun Jarvis	Owner	Hot Tomatoes	Hartford
	Modesto Moran	Owner	Moran's	Franklin
	Beth Schober	Owner	Hopkins Inn	New Preston
	Peter Cooper	Owner	The Harvest	Pomfret
	David Forest	General Manager	Dolly Madison Inn	Madison
<b>Distributors &amp; Package Stores</b>				
<b>Package Stores</b>	Tom Barel	President CT Pkg Stores Assoc.	Windsor Spirits/Wine	Windsor
	Merril Grand	Owner	Grand Spirits Pkg Stre	Groton
	Bruce Goldberg/Mike	Owner/Wine Buyer	Crazy Bruce	West Hartford
	Terry Rogers	Owner	Horseneck Wine/Liq.	Greenwich
	Ben Feinn	Owner	Mt. Carmel Wine/Spts	Hamden

Distributors	Don Burke	Account Executive	Allan S. Goodman Dst	East Hartford
	Paul Novak	President	Fordham Distributors	Hartford
	Tom Slocum	President	Slocum & Sons Distr.	North Haven
Other				
	Bob Dombroskas	Director of Tourism	DECD	Hartford
	Norm Bender	Sr Extension Ed.	University of CT	Norwich
	Bob Pelligrino	Bureau Director	CT Dept. of Ag	Hartford

Note: Winery interviews were held in person; all other interviews held by telephone.

**b. Summary of Interviews - Restaurant & Restaurant Association**

	Findings	Opportunities
CT Wine Stocked	<ul style="list-style-type: none"> <li>Typically sell 1-2 CT wines, which they buy direct.</li> <li>Reason for buying based on a pitch by owner or sales rep.</li> <li>Most had not been pitched by a rep. recently</li> </ul>	<ul style="list-style-type: none"> <li>Opportunity for broader distribution.</li> <li>Important to build relationship by making direct sales calls.</li> </ul>
CT Wine Sales	<ul style="list-style-type: none"> <li>Generally, sales of CT wines are "fair" to "good."</li> <li>Some restaurants stocked CT wines as their house wine.</li> </ul>	<ul style="list-style-type: none"> <li>Opportunity to increase sales of top quality wines at restaurants.</li> </ul>
Quality Perception	<ul style="list-style-type: none"> <li>Quality perceptions of CT wines ranged from "fair" to "excellent," depending on person interviewed.</li> <li>Most interviewed had limited experience and knowledge of CT wines.</li> </ul>	<ul style="list-style-type: none"> <li>Opportunity to upgrade the quality of wines stocked.</li> <li>Opportunity to make restaurateurs more familiar with and educated about CT wine.</li> </ul>
Consumer Awareness	<ul style="list-style-type: none"> <li>Most thought awareness of CT wines was very limited.</li> </ul>	<ul style="list-style-type: none"> <li>Critical to increase consumer awareness of CT wines.</li> </ul>
Customer Requests	<ul style="list-style-type: none"> <li>Customer requested CT wines "little" to "some"</li> <li>Generally tourists, if at all request CT wines.</li> </ul>	<ul style="list-style-type: none"> <li>Opportunity to build awareness among tourists.</li> </ul>
Promotion	<ul style="list-style-type: none"> <li>Little to no promotions are offered on any wine list.</li> </ul>	<ul style="list-style-type: none"> <li>Possibly a merchandising opportunity.</li> </ul>
Recommendations	<ul style="list-style-type: none"> <li>Waitstaff are key because they recommend wine to patrons.</li> </ul>	<ul style="list-style-type: none"> <li>Waitstaff are a key target group.</li> </ul>
Overall Needs	<ul style="list-style-type: none"> <li>Restaurants say improvements can be made.</li> <li>Association says they welcome the opportunity to work with the CT wineries.</li> </ul>	<ul style="list-style-type: none"> <li>Awareness building with consumers and the restaurants is critical.</li> <li>Opportunity to promote higher quality wines.</li> <li>Some marketing efforts should be directed toward the waitstaffs.</li> <li>Opportunity to promote CT wines at weddings and other special occasions.</li> <li>There are annual, semi-annual and operations meetings where the wineries could tie in with restaurants.</li> </ul>

*c. Summary of Interviews - Distributor & Package Stores*

	<b>Findings</b>	<b>Opportunities</b>
CT Wine Stocked	<ul style="list-style-type: none"> <li>Typically 0-3 brands of CT wine carried; often positioned together in a designated selection of the store</li> <li>Like to carry CT wines and support local wine industry</li> </ul>	<ul style="list-style-type: none"> <li>Major opportunity to improve distribution</li> <li>Opportunity to create a meaningful CT wine section in the store</li> </ul>
CT Wine Sales	<ul style="list-style-type: none"> <li>Distributors claim that sales of CT wines do not compare to larger, well financed competitors and that the rate of sales of CT wines isn't strong enough</li> <li>Package stores claim that sales of CT wines have grown significantly over the past 5-10 years, and they expect it to continue to increase</li> </ul>	<ul style="list-style-type: none"> <li>Need to develop stronger relationship with package store owners interested in supporting CT wines.</li> </ul>
Quality Perception	<ul style="list-style-type: none"> <li>Distributors generally rated CT wines fair to very good. Most were unsure and had limited knowledge of CT wine</li> <li>Package stores generally believed CT wines have improved their quality over the years and it will continue to improve</li> </ul>	<ul style="list-style-type: none"> <li>Need to build awareness, engage and educate package store owners and employees about CT wine, and compare quality to competition.</li> </ul>
Consumer Awareness	<ul style="list-style-type: none"> <li>Generally, consumer awareness is probably limited</li> <li>Distributors believe CT wine awareness is very limited, which is a major concern.</li> <li>Package stores say that they try to recommend CT wines</li> </ul>	<ul style="list-style-type: none"> <li>Major need to build awareness of and interest in CT wines to increase rate of sales.</li> </ul>
Promotion	<ul style="list-style-type: none"> <li>Some stores have a special CT wine section. Stores interviewed do mention the Wine Trail to customers</li> <li>CT wines unable to compete on a price basis with post-offs offered by large, well-financed wineries.</li> </ul>	<ul style="list-style-type: none"> <li>Opportunity to strive for more in-store promotion, which could encourage more trial.</li> </ul>
Overall Needs	<ul style="list-style-type: none"> <li>While distributors are somewhat negative about the level of sales of CT wine, package stores seem more open to help promote CT wine awareness and sales.</li> </ul>	<ul style="list-style-type: none"> <li>Work together to build to increase awareness of CT wine overall.</li> <li>Develop merchandising program for package stores, e.g., POS, maps, brochures, etc.</li> <li>The CT Packaged Stores Association expressed an interest in working with the CT wineries to promote sales.</li> </ul>

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#### **4. Competition**

The CT winery owners/managers believe they understand who their competition is.

1. At the wineries, CT wines have a captive audience with consumers, willing to explore and enjoy the CT wine experience. About 95% of visitors to the wineries buy product before they leave.
2. CT wines compete against all other wines sold at package stores and restaurants, beginning with California wines, followed by other national brands and international brands. Varietal wines compete directly against all other varietals. Proprietary wines have an opportunity to differentiate themselves from these common name varietals.
3. A secondary competitor is beer, followed by other alcoholic beverages.
4. Wine does, in some way, compete against all beverages for share of the drinking moment.

## C. CT WINE INDUSTRY ASSESSMENT

### 1. Similarities and Differences of CT Wineries

The following chart reflects how the wineries are similar. The goal of this industry marketing plan is to focus on leveraging similarities, while recognizing the diversity of the CT wine industry.

	SIMILARITIES	DIFFERENCES																								
Product & Packaging	<ul style="list-style-type: none"> <li>✓ Mix of varietals and proprietary wines available</li> <li>✓ Majority of white wines grown (but red grape acreage is growing)</li> <li>✓ Proprietary wines sell best at the wineries and at package stores.</li> <li>✓ Varietals wines sell best at restaurants</li> </ul>	<ul style="list-style-type: none"> <li>✓ Only Hopkins Vineyard makes sparkling wines</li> <li>✓ The mix of varietals and proprietary wines varies greatly by vineyard</li> </ul> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th></th> <th>White</th> <th>Red</th> </tr> </thead> <tbody> <tr> <td>Hopkins</td> <td>46</td> <td>54</td> </tr> <tr> <td>Stonington</td> <td>90</td> <td>10</td> </tr> <tr> <td>Sharpe H.</td> <td>80</td> <td>20</td> </tr> <tr> <td>Haight</td> <td>60</td> <td>40</td> </tr> <tr> <td>Chamard</td> <td>60</td> <td>40</td> </tr> <tr> <td>DeGrazia</td> <td>70</td> <td>30</td> </tr> <tr> <td>Priam</td> <td>50</td> <td>50</td> </tr> </tbody> </table>		White	Red	Hopkins	46	54	Stonington	90	10	Sharpe H.	80	20	Haight	60	40	Chamard	60	40	DeGrazia	70	30	Priam	50	50
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Pricing	<ul style="list-style-type: none"> <li>✓ Market driven – all CT wineries play in the “premium and super premium” segments</li> </ul>	NA																								
Marketing	<ul style="list-style-type: none"> <li>✓ Generally, all wineries use similar marketing tools at and away from the wineries, at varying levels</li> <li>✓ About half have new websites and these are working well, as is the Wine Trail website. Wine Trail website averages substantially more “hits” than winery websites</li> <li>✓ All agree that TV, Radio has not worked, due to lack of continuity</li> </ul>	<ul style="list-style-type: none"> <li>✓ There are some unique promotions, but these are minimal</li> </ul>																								
Sales & distribution	<ul style="list-style-type: none"> <li>✓ Outside the winery, all agreed that “personal selling” was the most effective</li> <li>✓ Most have had poor experience selling through wholesalers</li> </ul>	<ul style="list-style-type: none"> <li>✓ Chamard and DeGrazia have their own direct distribution system</li> <li>✓ Stonington uses distributors</li> <li>✓ Sales at and away from the winery varies</li> </ul> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th></th> <th>Winery</th> <th>Outside</th> </tr> </thead> <tbody> <tr> <td>DeGrazia</td> <td>40</td> <td>60</td> </tr> <tr> <td>Stonington</td> <td>70</td> <td>30</td> </tr> <tr> <td>Sharpe H.</td> <td>30</td> <td>70</td> </tr> <tr> <td>Chamard</td> <td>15</td> <td>85</td> </tr> <tr> <td>Haight</td> <td>95</td> <td>2</td> </tr> <tr> <td>Hopkins</td> <td>91</td> <td>9</td> </tr> </tbody> </table>		Winery	Outside	DeGrazia	40	60	Stonington	70	30	Sharpe H.	30	70	Chamard	15	85	Haight	95	2	Hopkins	91	9			
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Winery facilities	<ul style="list-style-type: none"> <li>✓ All offer winery tours</li> <li>✓ All are in rural country setting (esthetics do vary, however)</li> <li>✓ Most sell wine related products</li> </ul>	<ul style="list-style-type: none"> <li>✓ Tours vary – self guided and conducted</li> <li>✓ Restaurant facility at Sharpe Hill</li> <li>✓ Wine bar at Hopkins</li> <li>✓ Art gallery at Stonington</li> </ul>																								



		<ul style="list-style-type: none"> <li>✓ Local zoning laws vary by winery and therefore certain offerings are not allowed</li> <li>✓ Festivals are offered at some wineries</li> <li>✓ Signage varies (again this is related to local zoning regulations)</li> </ul>
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## 2. Strengths and Challenges

The following analysis acknowledges strengths and capabilities, along with the challenges and problems of the CT wine industry. It is focused on market realities and internal capacity. Our goal is to capitalize on strengths, and understand challenges so that we can take action to change or improve, where necessary.

	STRENGTHS	CHALLENGES
<b>CT Wine</b>	<ul style="list-style-type: none"> <li>✓ Quality</li> <li>✓ Good growing conditions</li> <li>✓ Wide variety of wines offered</li> <li>✓ Offer a range of well known varietal wines</li> <li>✓ Participate in the premium wines segment which is experiencing rapid growth</li> <li>✓ CT Chardonnay wines are equal in quality, but different in style (European) to CA chardonnay</li> <li>✓ Gift giving opportunity</li> </ul>	<ul style="list-style-type: none"> <li>✓ Lack identity because of the wide variety of wines offered</li> <li>✓ Lack an image and awareness is low</li> <li>✓ Perception of quality is mixed/negative</li> <li>✓ CA wines considered better than all other wines</li> <li>✓ Wine editors not writing about CT wines</li> <li>✓ Lack "celebrity" status (e.g., Paul Newman brand)</li> <li>✓ CT grape growing acreage needs to increase</li> </ul>
<b>Winery Experience</b>	<ul style="list-style-type: none"> <li>✓ Natural tourism draw; #1 destination</li> <li>✓ CA winery visitors find CT wineries an extension of their interest</li> <li>✓ Educational (curiosity)</li> <li>✓ Positive environmental experience ("Warm and fuzzy") - country beauty</li> <li>✓ Patriotism – state pride</li> <li>✓ CT is located in a high-density population area (between Boston/NY) CT wineries attract affluent demographic</li> </ul>	<ul style="list-style-type: none"> <li>✓ Visibility of wineries weak – Lack of awareness and visibility of the CT wine industry, grape growing, wines themselves</li> <li>✓ Signage lacking overall</li> <li>✓ Wineries are in remote CT geographies</li> <li>✓ Highly seasonal – Limited window of opportunity to attract visitors to winery</li> <li>✓ Highly dependent on tourism; when tourists are on the road, wineries do very well.</li> <li>✓ Lack critical mass as individual wineries and therefore efforts are defused</li> </ul>
<b>Package stores</b>	<ul style="list-style-type: none"> <li>✓ Some wineries market wine directly to the package stores, bypassing wholesalers</li> <li>✓ Potentially good relationships with owners</li> <li>✓ CT wine sections offer good visibility</li> <li>✓ CT Chardonnays compete well against CA Chardonnays</li> </ul>	<ul style="list-style-type: none"> <li>✓ Large well financed competition</li> <li>✓ Lack awareness</li> <li>✓ Employees lack CT wine education</li> <li>✓ Employees do not have incentive to sell CT wine</li> <li>✓ Very difficult to get the attention of wholesaler sales people</li> <li>✓ Many consider CT wine as lower quality</li> </ul>



		✓ Very difficult to sell in Fairfield County
<b>Restaurants</b>	<ul style="list-style-type: none"> <li>✓ Attractive label</li> <li>✓ Do well in restaurants located near wineries</li> <li>✓ Do well in restaurants that have a CT historic theme</li> <li>✓ Proprietary brands are hard to sell</li> </ul>	<ul style="list-style-type: none"> <li>✓ Perception of CT wine is low</li> <li>✓ Waitstaffs are not educated about CT wine</li> <li>✓ Visibility lacking</li> <li>✓ Difficult to compete against wholesalers that "control" the wine list (printing) - Owners are too busy to do it themselves</li> <li>✓ Lack of variety of wines offered</li> </ul>

### 3. Core Competencies

The CT wineries have two key core competencies they need to leverage:

- Quality wine products
- Winery visits which offer a rich experience

These competencies can be summarized in the following statement:

*The total wine experience...quality wine sold in a natural environment for tourism...the winery experience offer visitors high quality wine, a wine education, a beautiful country setting and a friendly atmosphere.*

### 4. Target Audience

Quantitative research is not available on current and potential consumer of CT wines. However, the winery owners/managers have a reasonably good sense of who these consumers are as reflected in the charts below.

#### *Primary Target Audience*

Demographics (Same as all premium/super premium wine consumers)

- ✓ Affluent
- ✓ Better educated (college)
- ✓ Mid to upper income – Ample disposable income (average income of \$50,000)
- ✓ Age 35 to 65 (average age of 52)

Psychographics

- ✓ Independent, curious and adventurous
- ✓ Willing to explore/experience different wines
- ✓ Patriotism to CT made wines (state pride)
- ✓ Food oriented – enjoy good food and wine
- ✓ Take pleasure in the winery "experience"

## D. MARKETNG GOALS

### 1. Marketing Goals

There are three important goals that the CT wineries must achieve in order to be successful:

1. **Build awareness and enhance the image of the CT wine industry.**
  - It is clear that minimal awareness and the lack of a strong, positive image have severely limited the ability of CT wineries to build sales.
2. **Increase visitors to the wineries.**
  - Consumers who visit the wineries appear to almost universally enjoy the experience and almost all purchase wine. The critical need is to get more consumers to visit the wineries.
3. **Reduce legislative state and local barriers to intrastate shipping.**
  - The CT wineries' ability to sell is definitely restricted by state and local regulations. This needs to be addressed to open up new markets for the CT wineries.

### 2. Quantifying Marketing Goals

It is important to measure whether goals are being achieved, and to make any necessary adjustments. We identified several approaches to measuring the above goals as detailed below. Each of the priority ideas now needs to be formalized and standardized to provide feedback on an ongoing basis.

#### *GOAL 1.0.0: BUILD AWARENESS AND ENHANCE THE IMAGE OF THE CT WINE INDUSTRY*

##### *Priority*

- Develop a consumer research system to periodically measure consumer awareness and attitude toward CT wine. This can be done through periodic focus groups (qualitative) and telephone or personal interviews (quantitative).
- Track and report the number of "hits" to individual winery websites. This might be enhanced by asking website visitors to register and answer a survey questionnaire.

##### *Other:*

- Ask winery visitors to complete a survey questionnaire
- Use winery employees to interview winery visitors
- Interview a number of package store and restaurant owners/employees for feedback
- Track and report sales of each winery, although this will most likely be a confidentiality problem.
- Track and report the CT excise tax, but this measure may not be accurate since it includes a number of small wineries in neighboring states that sell in CT.



*GOAL 2.0.0: INCREASE VISTORS TO THE WINERIES*

**Priority**

- Track and report the number of transactions at the winery (assume 2.5 people per transaction)
- Take a physical count of winery visitors
- Count the number of wine tasting glasses used

**Other:**

- Count cars in the parking lots
- Track and report the number of registration cards completed

*GOAL 3.0.0: REDUCE LEGISLATIVE STATE AND LOCAL BARRIERS TO INTRASTATE SALES/SHIPPING*

**Priority:**

- Change legislation to allow intrastate shipping

**Other:**

- Deal with the required \$1000 tax to be paid by UPS
- Find out exactly what the law allows or disallows
- Quantify lost sales and tax revenue
- Deal with the required "adult signature" when delivering wine direct to consumers



## E. MARKETING STRATEGIES & TACTICS

### 1. Summary: Goals/Strategies/Tactics

Summarized below is a recap of recommended goals, strategies and tactics, which form the heart of the marketing plan. These will be discussed in more detail in the following sections.

#### **GOAL 1.0.0: BUILD AWARENESS AND ENHANCE THE IMAGE OF THE CT WINE INDUSTRY**

**STRATEGY 1.1.0:** Achieve greater visibility of wineries throughout the state

- TACTIC 1.1.1: Establish a "CT Wine Month" where CT wine promotions and festivals feature CT wines. Advertise CT wines sold at the wineries, package stores and restaurants. Work with the CT associations (Package Stores and Restaurants) to develop promotion to feature CT wine for the month.
- TACTIC 1.1.2: Significantly improve the signage that directs tourist to the wineries on local, state and federal roads. Work to amend local and state zoning laws to allow for greater opportunities to put up signage around the wineries. Also consider "Billboards," and create an automated response telephone number that provides directions, hours of operations and key information about the wineries. Incorporate the telephone number into other advertising as well.
- TACTIC 1.1.3: Enhance winery websites, Wine Trail website with greater linking to all associated websites
- TACTIC 1.1.4: Annually publish a statewide "Winery Guide and Calendar of Events" to educate and inform the public.

**STRATEGY 1.2.0:** Increase awareness of CT high quality wines grown and produced in the state

- TACTIC 1.2.1: Develop a memorable CT wine industry slogan/logo (possibly the grape vine on CT flag) for CT wine industry (i.e., "Uncork New York")
- TACTIC 1.2.2: Develop and make available free point of sales materials to package stores, restaurants, promoters, food fairs (table tents and menu printing for restaurants; merchandising centers for package stores including header cards, shelf talkers, Wine Trail brochures, etc.)
- TACTIC 1.2.3: Joint together to develop a comprehensive advertising campaign, including print, radio, etc. (Together as an industry, there is greater critical mass to afford a sustainable advertising campaign.)
- TACTIC 1.2.4: Develop a market by market mailing campaign to potential CT wine consumers (mailing target audience, i.e., affluent, better educated, etc.) promoting CT wine quality and offering incentives to experience CT wine and winery visits.
- TACTIC 1.2.5: Develop a planned regional wine tasting program to increase awareness and sampling of CT wines. Involve consumers as well as neighboring restaurants and



package stores to increase their awareness and knowledge of CT wines, and to encourage their on-going support.

**STRATEGY 1.3.0:** Increase the credibility of CT wines as a formidable national competitor in the CT market

- TACTIC 1.3.1: Develop a public relations program with press kit, to educate and inform tourist and CT residents about CT wine quality, location of wineries. Target food/wine editors. (Tie in with programs developed by the DECD Division of Tourism.)
- TACTIC 1.3.2: Subsidize CT wineries that are interested in entering national and international wine competitions.
- TACTIC 1.3.3: Create a state “Governor’s Cup” competition to recognize CT wine quality.
- TACTIC 1.3.4: Develop a relationship with CPTV to create wine workshops and seminars that are more CT wine focused. (Traveling wine show.)

**STRATEGY 1.4.0:** Increase distribution and sales to/through package stores and restaurants

- TACTIC 1.4.1: Develop a relationship and create joint promotions with the CT Package Store Association to increase awareness of and interest in CT wine. (Including education, tasting, and incentives for package store employees; participate in trade show.)
- TACTIC 1.4.2: Develop a relationship and create joint promotions with the CT Restaurants Association to increase awareness of and interest in CT wine. (Including education, tasting, and incentives for waitstaff; participate in trade show.)

## **GOAL 2.0.0: INCREASE VISITORS TO THE WINERIES**

**STRATEGY 2.1.0:** Pursue opportunities to take greater advantage of the work of the DECD, Division of Tourism. Pursue making CT wineries a major CT tourist attraction

- TACTIC 2.1.1: Tie in better with existing programs implemented by the DECD including brochures, website links, separate website page within the Division of Tourism site, tie into DECD media kit, etc. Integrate winery destination marketing with existing DECD tourism brochure. Create a two-way flow of information by having wineries include information about other CT tourist attractions, while DECD includes information about the wineries, to further motivate tourist visits and to enrich the visitor experience.
- (Create a Wine Tourism Task Force and workshops consisting of winery owners/managers and the CT Office of Tourism marketing staff to plan/develop closer, more prominent participation.)

**STRATEGY 2.2.0:** Build continuity of winery visits – encourage multiple winery visits

- TACTIC 2.2.1: Develop a “Passport Program” where visitors to a winery are given a passport card which is stamped at each winery visited and an award is given to the visitors that visit most/all the wineries in the state.
- TACTIC 2.2.2: Develop a contra seasonal “Passport Program” to encourage visitors to the wineries during the months of January to April



- TACTIC 2.2.3: Have trade shows for travel agents to promote general winery visits and develop joint venture with travel agencies to create 3 day bus tours to the wineries, combined with local B&B's. Develop similar relationships with limousine companies.
- TACTIC 2.2.4: Develop relationships with convention centers and corporations from Boston to NYC to visit CT wineries.

**GOAL 3.0.0: REDUCE LEGISLATIVE STATE AND LOCAL BARRIORS TO INTRASTATE SALES/SHIPPING**

**STRATEGY 3.1.0:** Pursue legislation to change intrastate shipping regulations

- TACTIC 3.1.1: Take steps to change legislation

**2. Marketing Strategy Priorities**

It is important to establish strategic priorities. Outlined below is a logical sequence of strategic events that should take place, which builds on achieving the goals.

	Short	Medium	Long
<b>GOAL 1.0.0: BUILD AWARENESS AND ENHANCE THE IMAGE OF THE CT WINE INDUSTRY</b>			
Strategy 1.1.0	Achieve greater "visibility" of wineries	⇒	⇒
Strategy 1.2.0	Increase awareness of CT quality wines	⇒	⇒
Strategy 1.3.0	Increase credibility of CT wines.	⇒	⇒
Strategy 1.4.0		Increase distribution & sales to/through package stores & restaurants	⇒
<b>GOAL 2.0.0: INCREASE VISITORS TO THE WINERIES</b>			
Strategy 2.1.0	Take greater advantage of DECD Tourism work	⇒	⇒
Strategy 2.2.0			Build continuity of winery visits
<b>GOAL 3.0.0: REDUCE LEGISLATIVE STATE AND LOCAL BARRIORS TO INTRASTATE SALES/SHIPPING</b>			
Strategy 3.1.0		Pursue legislation to change intrastate shipping regulations	⇒



### 3. Marketing Tactics Priorities

Priorities also need to be established in terms of marketing tactics. Everything cannot be done at once and some tactics will be more effective if implemented sequentially. The following is the recommended priority order for the marketing tactics.

#### **GOAL 1.0.0: BUILD AWARENESS AND ENHANCE THE IMAGE OF THE CT WINE INDUSTRY**

	Short	Medium	Long
<b>STRATEGY 1.2.0: Increase awareness of CT high quality wines grown and produced in the state</b>			
Tactic 1.2.1	Develop CT wine slogan & logo	⇒	⇒
Tactic 1.2.2	Develop/make avail. Free POS	⇒	⇒
Tactic 1.2.3		Develop comprehensive advertising campaign	
Tactic 1.2.4			Develop market by market Direct Mail campaign
Tactic 1.2.5		Regional wine tasting program	⇒
<b>STRATEGY 1.1.0: Achieve greater visibility of wineries throughout the state</b>			
Tactic 1.1.3	Enhance winery websites	⇒	⇒
Tactic 1.1.4	Publish annual Winery guide & Calendar	⇒	⇒
Tactic 1.1.2		Improve signage to/at wineries	⇒
Tactic 1.1.1			Establish CT Wine Month
<b>STRATEGY 1.3.0: Increase the credibility of CT wines as a formidable national competitor</b>			
Tactic 1.3.1	Develop PR program (including press kit)	⇒	⇒
Tactic 1.3.2	Subsidize CT wine entries in national/inter'l competitions	⇒	⇒
Tactic 1.3.3			Create Governor's Cup competition
Tactic 1.3.4			Develop relationship with CPTV
<b>STRATEGY 1.4.0: Increase distribution and sales to/through package stores and restaurants</b>			
Tactic 1.4.1		Develop JV with Pkg Store Association	⇒
Tactic 1.4.2		Develop JV with Restaurant Association	⇒

**GOAL 2.0.0: INCREASE VISITORS TO THE WINERIES**

	Short	Medium	Long
<b>STRATEGY 2.1.0: Pursue opportunities to take greater advantage of the work of the DECD, Division of Tourism. Pursue making CT wineries a major CT tourist attraction</b>			
Tactic 2.1.1	Significantly improve DECD tie in	⇒	⇒
<b>STRATEGY 2.2.0: Build continuity of winery visits – encourage multiple winery visits</b>			
Tactic 2.2.1			Develop “Passport Program”
Tactic 2.2.2			Develop contra seasonal “Passport Program”
Tactic 2.2.3			Develop JV with travel agencies
Tactic 2.2.4			Develop relationships with convention centers & corporations

**GOAL 3.0.0: REDUCE LEGISLATIVE STATE AND LOCAL BARRIORS TO INTRASTATE SALES/SHIPPING (NEW)**

	Short	Medium	Long
<b>STRATEGY 3.1.0: Pursue legislation to change intrastate shipping regulations</b>			
Tactic 3.1.1		Take steps to change legislation	⇒

## F. SHORT TERM MARKETING TACTICS

### 1. Preliminary Implementation Plans

Outlined below is a recommended preliminary plan of action for each high priority, short-term marketing tactic.

#### *TACTIC 1.1.3: Enhance winery websites, Wine Trail website with greater linking to all associated websites*

##### ACTIONS

- Determine what wineries have websites
- Retain a person to coordinate and update
- Make sure that the winery websites are linked to each other and to tourism sites
- Transfer ownership of the CT Wine Trail website to the CT Farm Wine Development Council

##### RESOURCES

- Maintenance and updating cost will range from \$2k to \$5k per year

##### HURDLES TO OVERCOME

- Some wineries do not have websites and therefore would be excluded from this project

##### MEASUREMENTS

- Track and count the number of hits to the winery websites
- Request information from visitors to the websites (creating a mailing list)
- Enhanced links

#### *TACTIC 1.1.4: Annually publish a statewide "Winery Guide and Calendar of Events" to educate and inform the public*

##### ACTIONS

- Considering the short timeline to the 2001 season, the group agreed that, short term, an insert placed in the CT Wine Trail brochure should be created with a calendar of events
- For 2002, when the existing inventory of brochures run out, a new brochure design can be created incorporating the winery guide and calendar of events. This process will need to begin mid-2001 for the 2002 season.

##### RESOURCES

- Retain the services of a "promotion firm" to create and print
- Cost of design and printing inserts alone - \$4k
- Cost to redesign and print a new brochure for 2002 - \$15,000
- Cost of distribution of brochures in 2001 with insert - \$3k

##### HURDLES TO OVERCOME

- The short timeline to the 2001 season will only allow for an insert with the calendar of events.

#### MEASUREMENTS

- Proper distribution of brochures
- Consider putting an offer in the insert to measure redemption at the wineries

***TACTIC 1.2.1: Develop a memorable CT wine industry slogan/logo (possibly the grape vine on CT flag) for CT wine industry (i.e., "Uncork New York")***

#### ACTIONS

- Brainstorm with the council to collect ideas
- Retain a qualified brand equity designer (Gloria Priam)
- Develop alternative slogans/logos

#### RESOURCES

- Budget of about \$10k to \$20k
- Brand identity development skills

#### HURDLES TO OVERCOME

- Timing will be from 4 to 6 months and demand time from the Council members
- Reaching consensus from the group of peers may be a challenge

#### MEASUREMENTS

- Development of a simple clear logo/slogan
- Ease of use for multiple applications of the logo/slogan

***TACTIC 1.2.2: Develop and make available free point of sales materials to package stores, restaurants, promoters, food fairs (table tents and menu printing for restaurants; merchandising centers for package stores including header cards, shelf talkers, Wine Trail brochures, etc.)***

#### ACTIONS

- Decide which POS materials are important and will be used.
- Determine what quantities are needed (Survey potential use and where it will be used)

#### RESOURCES

- Retain the services of a qualified promotion firm to develop and coordinate production of POS materials.
- Budget of \$30,000

#### HURDLES TO OVERCOME

- Realistically deciding what POS materials to produce and managing the budget.
- The logistics of distribution of POS.

#### MEASUREMENTS

- Audit periodically the locations where the POS is being used.

***TACTIC 1.3.1: Develop a public relations program with press kit, to educate and inform tourist and CT residents about CT wine quality, location of wineries. Target food/wine editors. (Tie in with programs developed by the DECD Division of Tourism.)***

**ACTIONS**

- Retain a qualified Public Relations firm with experience in the Travel and Food industries
- Take an inventory of newsworthy topics to use in PR (PR agency will help with this)
- Develop a year long calendar of PR participation – Proactively pursue both regional and state wide PR opportunities

**RESOURCES**

- A qualified Public Relations firm to coordinate activities
- Budget of \$25k to \$40k

**HURDLES TO OVERCOME**

- Consensus by the group on what to focus PR stories on; who, what to cover and equal time
- Will there be enough to keep food/travel editors interest and enthusiasm?
- Managing the consumer response (calls to the winery to public relations)

**MEASUREMENTS**

- Increase number of inquiries to the wineries
- Increase visitors to wineries
- Increase sales

***TACTIC 2.1.1: Tie in better with existing programs implemented by the DECD including brochures, website links, separate website page within the Division of Tourism site, tie into DECD media kit, etc. Integrate winery destination marketing with existing DECD tourism brochure. Create a two-way flow of information by having wineries include information about other CT tourist attractions, while DECD includes information about the wineries, to further motivate tourist visits and to enrich the visitor experience. (Create a Wine Tourism Task Force and workshops consisting of winery owners/managers and the CT Office of Tourism marketing staff to plan/develop closer, more prominent participation.)***

**ACTIONS**

- Develop a working relationship with DECD, Tourism Division personnel (Who can develop the relationship best?)
- Involve Barbara Cieplak in whatever way possible.
- Arrange a brainstorm meeting with the DECD to think about ways to tie in
- Define “matching grants” opportunities provided by the DECD

**RESOURCES**

- Volunteers from the CT Farm Wine Council and DECD to work together
- Fund the tie in from the DECD budget

**HURDLES TO OVERCOME**

- Timing is important to take advantage of potential grant programs
- However, funding historically has been slow

**MEASUREMENTS**

- Increased activity and participation in DECD programs



## G. MARKETING BUDGET SUMMARY

### 1. Estimated 2001 Marketing Spend Plan

The following is a preliminary estimate of marketing funds required for the initial year of the marketing plan. These rough estimates were developed without any investigation, and real costs will be defined as part of the project implementation plan.

*Program Implementation Budget Summary:*

	<u>(000)</u>
Tactic 1.1.3	\$2.0 - \$5.0
Tactic 1.1.4	\$18.0
Tactic 1.2.0	\$15.0 - \$20.0
Tactic 1.2.2	\$35.0
Tactic 1.3.1	\$30.0 - \$40.0
Tactic 2.1.1	NA
<b>TOTAL</b>	<b>\$100.0 - \$113.0</b>

### 2. Preliminary Budget Forecast

Shown below is a Pro Forma cash flow statement to provide perspective on the marketing spending needed to support the CT wine industry. The numbers are hypothetical to dimensionalize the needs and opportunities versus being firm projections.

The projection calls for wine sales to almost double from \$3.5 million in 2001 to \$6.8 million in 2005. The sales growth depends heavily on continued funding support from the CT Legislature, with funding assumed to grow from \$200,000 in 2001 to \$600,000 by 2005. All of these funds would be used for marketing spending to support the CT wine business.

In addition, the individual wineries would continue to invest in marketing and in supporting the Wine Trail, which collectively would represent spending of \$215,000 in 2001, growing to \$400,000 by 2005.

The wineries also provide the state with sales, use and excise taxes, which are assumed to total \$439,000 in 2001, rising to \$836,000 by 2005.

(See detailed cash flow chart on next page)



**FUNDING - PRO FORMA CASH FLOW**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Total</u>
Sales base (Cases)	40,000	44,000	48,400	53,240	58,564	
Projected growth		10%	10%	10%	10%	
Incremental growth (Marketing)		5%	7.5%	10%	10%	
<b>Projected Sales</b>		<b>46,000</b>	<b>54,050</b>	<b>64,860</b>	<b>77,832</b>	
	<i>(Est. Actual)</i>					
<b>Projected Gross Sales</b>	\$3,500,000	\$4,025,000	\$4,729,375	\$5,675,250	\$6,810,300	\$24,739,925
2000 Average Rate/Case	\$87.50					
<b>SOURCES OF FUNDS:</b>						
Legislature Contribution	\$200,000	\$300,000	\$400,000	\$500,000	\$600,000	\$2,000,000
<b>Total Sources</b>	<b>\$200,000</b>	<b>\$300,000</b>	<b>\$400,000</b>	<b>\$500,000</b>	<b>\$600,000</b>	<b>\$2,000,000</b>
<b>USES OF FUNDS:</b>						
Marketing Tactics & Outside Marketing Services est. cost	\$135,000	\$230,000	\$325,000	\$420,000	\$515,000	\$1,625,000
Marketing Advisory Board Administration	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	
Reserve	\$10,000	\$15,000	\$20,000	\$25,000	\$30,000	
<b>Total Uses</b>	<b>\$200,000</b>	<b>\$300,000</b>	<b>\$400,000</b>	<b>\$500,000</b>	<b>\$600,000</b>	<b>\$2,000,000</b>
<b>Current Marketing Spending of Wineries &amp; Vineyards</b>						
- Consolidated Marketing Spending by All Wineries	\$190,000	\$218,558	\$256,805	\$308,166	\$369,799	\$1,343,328
- Consolidated Marketing spend on Wine Trail (CVWA)	\$25,000	\$26,250	\$27,563	\$28,941	\$30,388	\$138,141
<b>Total Marketing Spending</b>	<b>\$215,000</b>	<b>\$244,850</b>	<b>\$284,360</b>	<b>\$337,140</b>	<b>\$400,190</b>	<b>\$1,481,540</b>
<b>State Taxes collected from Wineries &amp; Vineyards</b>						
Sales & Use Tax	\$210,000	\$241,500	\$283,763	\$340,515	\$408,618	\$1,484,396
Excise Tax	\$14,268	\$16,408	\$19,280	\$23,136	\$27,763	\$100,854
<b>Total Sales and Excise Taxes</b>	<b>\$224,268</b>	<b>\$257,908</b>	<b>\$303,042</b>	<b>\$363,651</b>	<b>\$436,381</b>	<b>\$1,585,250</b>
<b>TOTAL Winery Marketing &amp; State Tax Contribution</b>	<b>\$439,268</b>	<b>\$502,716</b>	<b>\$587,410</b>	<b>\$700,757</b>	<b>\$836,568</b>	<b>\$3,066,718</b>



## H. MARKETING ORGANIZATION STRUCTURE

The marketing organization, responsible to the CT Farm Wine Development Council, is a very important element of the strategic plan. It is the link that translates strategy into action. The spirit of the recommended organization is to focus attention on the specific priority marketing projects by appointing a business leader as champion who will provide leadership and motivation to his/her Project Team.

### *Champion & Project Marketing Team*

Ideally, a business leader that has a personal interest in a priority-marketing project will volunteer for the assignment. Each business leader/champion will be responsible for appointing a Marketing Project Team made up of other wine industry persons, his/her own staff and outside marketing professionals as necessary. (A person from the business leader's staff could act as administrative assistant and the hours spent on the project would be paid for from the marketing budget.) Outside professionals can provide marketing expertise and assure a classical approach to implementing the marketing programs. The Marketing Project Team" is responsible for developing the project timeline, budget proposal and specific action plans.

### *Marketing Advisory Board*

Marketing Project Teams are accountable to the Marketing Advisory Board, which is represented by business leaders, outside marketing professionals and educators. This group should meet periodically (quarterly) to review the status of the priority projects with the marketing project teams. The marketing professionals and educators would also be available to provide advice to the Marketing Project Teams during the course of their work.

The Marketing Advisory Board is responsible for addressing strategic issues associated with the marketing plan. The Board will review and assess the strategic plan annually, make modifications and recommendations based on market place realities, and establish marketing priorities and budgets.

The following diagram summarizes the hierarchy of the organization structure.

