

MEDIA ADVISORY

Contact:

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TOPIC: California's Wine Industry In Trouble? —Industry Experts Predict Impacts on State's Economy

Synopsis: According to a recent poll taken over the last four weeks, wine drinkers in California are drinking less expensive wine and less wine overall, a disturbing downward trend for the state's wine industry, and potential trend for the entire country. The economic impact of this downturn for California's wine industry could spell distress for the state's grape growers, wineries, tourism, retailers and related industries.

The full economic impact of California's wine industry is worth \$33 billion to the state economy, (including revenues to the wine industry, direct, indirect and induced economic benefits)¹. The wine industry employs 145,000 people throughout the state. With \$33 billion at stake, the wine industry is crucial to California, and the people whose lives are integrally tied to it.

Media Opportunity:

Location and Photo Ops: Interviews with key industry spokespersons conducted in the vineyards and at winery production sites during the crush in the Napa Valley.

Storyline: Survey patterns reveal consumers are seriously downsizing their wine budgets and will purchase wines in the \$4 to \$8 range. Also, they will switch to inexpensive foreign wines which are currently flooding the US market if their favorite brands are not "on sale." Impact on the state's wine industry could be severe. To counter this threat, several groups are working to make wine an acceptable and regular mealtime beverage on the American table.

Who: (Julie, these are potentials on camera sources, not all confirmed but here's the list)

1. **Mark Russo, speaker at last weeks' Wine Industry Financial Symposium,** author of "Getting A Seat At The Table," and partner, Clarity Public Relations, regarding Clarity's wine consumer's poll of 1,000 wine drinkers in California. The survey was conducted on site in the "wine aisles" of supermarkets, discount stores, warehouse clubs and wine shops in both southern and northern California. Survey results show a sharp decrease in wine purchases overall, and heavy pressure on bottom tier price points.
2. **Karen Ross, President, CAWG (California Association Of WineGrape Growers)**
Speaking on this year's wine crop, grape prices, and wine production.

"Life as a winegrape grower is nothing if not unpredictable. The challenges we face range from bad weather and disease to uncertain markets and regulations. CAWG is the only statewide organization that focuses exclusively on the needs of winegrape growers. We have the unique ability to advocate public policy, research and trade positions that enhance the business of growing winegrapes. This year we reviewed our mission statement, organizational values, objectives,

and specific strategies to achieve our goals. We have also participated in WineVision, a strategic planning process for the wine community. Much of the fine-tuning in CAWG's plan reflects our desire to be more proactive, visionary, in our mission to "provide industry leadership to position the California wine and wine grape community as an integral part of the state's economy, landscape and culture."

3. Mary Ann Tsai, President, Luna Winery, Silverado Trail, Napa,

4. Bob Turrentine, President **Turrentine Wine Brokerage**, one of the largest grape brokerages in California, speaking on the manic /depressive boom and bust grape cycle in California. Having sold hundreds of millions of grapes and wine in bulk over the past 24 years, Mr. Turpentine is recognized as an expert in the marketing of wine and wine grapes.

5. Joel Quigley, co founder and director of **Wine Brats**, a national non-profit organization, whose purpose is to attract a whole new generation of adults to the wonders of life with wine. Wine Brats take pride in breaking down the cultural walls that for too long have mystified wine as a beverage. Joel has been the "keeper of the sacred bung" since Wine Brats went national back in 1996. Though his palate is nothing short of less-than-impressive, and he consistently butchers the French language, he remains committed to all efforts at integrating wine into the American lifestyle. In his defense on the "Pronunciation Issue," Joel endlessly points out that most of the French-speaking industry leaders consistently butcher English. Obviously, this is a sensitive subject with Joel. His staff wishes he'd just get over it.

5. Tim Hanni, President and founder of **WINEQUEST, LLC**. The mission of WINEQUEST is to promote the unconditional enjoyment of wine by empowering consumers with ways to simplify the wine selection process and a wine and food philosophy that ensures a pleasurable experience whenever someone chooses to dine with wine. This perspective, combined with highly endorsed and credible information in the food and sensory sciences, is creating a revolution in the wine and food community.

Tim has been professionally involved with food and wine for over thirty years. In 1990 he successfully completed the Master of Wine examination in London, England becoming one of the first of two resident Americans ever to achieve what is regarded as the highest accolade in the international wine industry. He trained and worked as a professional chef, and has also worked in the retail, importing, brokering and production end of fine wines. He was granted a Lifetime Membership in the National Registry of Who's Who in America.

Tim has a unique perspective on classical food and wine relationships combined with modern and innovative approaches to the subject. His philosophies for creating wine lists and balancing food to be delicious with wine are employed by hundreds of restaurants and hotels from Beijing to Zurich. The marketing, sensory and food science aspects of the WINEQUEST educational program are being incorporated into various educational curriculums for wine producers, retailers, promotional organizations and distributors, as well as hotels and restaurants, cruise lines and educational institutions, including California Polytechnic State University in San Luis Obispo, California.

6. Congressman George Radonovich, cho chair, Congressional Wine Caucus
7. Senator Mike Thompson, co-chair, Congressional Wine Caucus
8. Mary Ann Tsai, Luna Vineyards

Quotable: Russo: “In the US 10% of the population buys 86% of the wine, so you know there’s something wrong with that equation. Considering that half the population doesn’t even drink wine--and now we’re in a serious recession--the wine industry needs a huge public relations push to get consumers to put wine on the table.”

“The wine industry has to come to grips --they’re pushing a 19th century product to 21st century consumers, and the same old snob appeal just ain’t gonna work anymore.”

Quigley : “Say you go out to an informal dinner with your friends. You’d like to order a bottle of wine. They start making remarks about “snobs” and “this ain’t the right occasion” and you end up saying “don’t order a bottle just for me.” Half of them don’t even want to peek at the wine list for fear of looking stupid. Then they all order a pitcher of beer or margaritas. Don’t get us wrong, we like our beer and ales and spirits, too. We just believe there’s more to life than grain and hops and distilled elixirs. And that’s why we were organized as a nonprofit group, to go into the trenches to fight against the cultural barriers that have been built up around wine.

Hanni “quote goes here”

California Wine Industry Facts:

Americans spent over \$20 billion on wine in 1999. California accounts for 91% of all wine produced in the US and 72% of all wines sold.

California is a world powerhouse for grape production, account for 90% of the US production and 9% of global output—fourth largest after Italy, France and Spain.

Wine is California’s number 1 finished agricultural product.

If California were a nation it would be the fourth largest wine producing nation in the world.

847 California wineries produce 2.6 billion bottles of wine each year.

Over 4,400 grape growers in the state generate \$1.6 billion in wine grape revenues.

Net value of wine on state tourism: \$1.2 billion

Number of wine country visitors annually: 2.5 million people

Wine wages paid: \$4.3 billion

Retail value of California wine sold in the US \$12.3 billion

Retail value of California wine sold in California \$2.2 billion

Wages paid, including those in allied industries, exceed \$4 billion.

Taxes paid in California total: \$1 billion.

Wine Industry Charitable contributions: \$62 million

Over 428,000 acres in California are planted with wine grapes—or 55% of the surface area of Rhode Island.

As an agricultural product, wine grapes rank third (\$1.757 billion) in value behind milk and cream (\$3.626 billion) and nursery products (\$1.758 billion).

Worldwide and California Wine Production (in thousands of gallons).

Country	1995	1996	1997
France	1,435,924	1,507,068	1,416,322
Italy	1,471,535	1,552,639	1,343,276
Spain	551,502	818,958	895,227
California	397,042	418,376	442,560
Argentina	434,391	355,007	356,643

Source: MWF Wine Stats International Report and BATF

California Agricultural 1998 Commodity Exports (in millions)

Rank	Commodity	1998 California Export value
1	Almonds	\$795.5
2	Cotton	\$733.7
3	Wine	\$505.7
4	Oranges	\$320.2
5	Milk and Cream	\$275.1
6	Table Grapes	\$259.7
7	Beef and Products	\$252.7
8	Tomatoes, Processed	\$224.4
9	Raisins	\$194.6
10	Walnuts	\$150.5

Source: California Department of Food and Agriculture

1. source, MFK WineStats US Wine Report (1999) St. Helena, California