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From the President's Desk

At long last the House of Representatives introduced a Specialty Crop bill to address the needs of roughly half of crop agriculture for the next Farm Bill. For the last three years, one of the key policy objectives for WineAmerica has been to develop, and get enacted into law, provisions which will help Specialty Crops be more competitive.

The Equitable Agriculture Today for a Healthy America (EAT Healthy H.R. 6193) bill represents an important milestone in a multiyear effort by a large and cohesive coalition of Specialty Crop producers (fruit, vegetable, nut, floral and nursery growers) to change the paradigm of American farm assistance, which until now has largely focused on providing direct cash payments to commodity crop producers growing a few large scale crops, such as cotton, soybeans, corn, etc.

This new proposal would balance farm policy by providing the tools necessary to preserve and enhance the competitiveness of specialty crop producers. These elements include:

- Additional research directed to needs of Specialty Crops.
- Funding for a clean plant network to ensure that nurseries can supply growers with disease free planting materials.
- Block grants to the states

to Specialty Crop producers (Research, promotion, marketing, nutrition, trade enhancement, food safety, food security, plant health, programs, education, "buy local" programs, increased consumption, increased innovation, improved efficiency and reduced costs of distribution systems, environmental concerns and conservation, product development, and developing cooperatives).

- Availability of value added grants for specialty crops.
- Improved eligibility for disaster assistance.
- Increased limits to replanting aid from the tree assistance program (TAP).
- Exotic pests—strengthening programs for exclusion and eradication.
- Nutrition—moving towards implementation of 2005 Dietary Guidelines.
- Assistance for the preservation of farm land through improved conservation eligibility and increased funding.
- Renewable energy—address availability and provide grants for specialty crop biomass to energy opportunities.

The bill was developed by Congressmen Pombo (R-CA), Cardoza (D-CA), Putnam (R-FL) and Salazar (D-CO) working with a coalition of some 75 industry supporting groups. It was introduced September 27th, 2006 with 50 other origi-

nal cosponsors divided equally between Republicans and Democrats and representing 18 states. It is a critical, comprehensive step in addressing the needs of Specialty Crops in the upcoming farm bill.

All Specialty Crop groups will be pushing to add additional cosponsors when Congress returns after the elections for a lame duck session. I urge you to check if your Representative is a cosponsor. If yes, please send a note of thanks, if not, please request that he or she join the list and let WineAmerica know of your contact. In January, a new Congress begins and we will have to reintroduce the bill and develop committed cosponsors once again. Then the hard work of gaining acceptance as part of the 2007 Farm Bill will begin in earnest. We can be very happy that an excellent bill, meeting many of the needs of America's wineries, has been developed and has terrific momentum going into the time when Congress must develop the necessary laws setting farm policy for 2007-2013.

The bill will be posted shortly on the WineAmerica website in the Federal Issues section.

To see the list of cosponsors please go to: <http://thomas.loc.gov/cgi-bin/bdquery/D?d109:4:./temp/~bdEuwd:@@PI/bss/109search.html>.



The Inn on the Lake, Canandaigua, NY

Time is Running Out to Register for the Fall Meeting

Fall is a busy time for many wineries, but this is an important meeting and we encourage you to attend. From the Farm Bill to Immigration Reform to Direct Shipping/Self-Distribution, there are many critical issues facing the industry and it is important that we work together to create a plan for each of them. The fall meeting is your chance to voice your thoughts and to become involved in shaping a national, industry-wide strategy.

The meeting is not just about creating policy strategies. It is also a time to build relationships with winery representatives from across the country, share experiences on a range of topics, and learn

more about Association business. We will also be visiting the Cornell University Geneva Experiment Station, and the ARS grape genomics facility, as well as sampling fine New York wines.

The Fall Meeting will be held in Canandaigua, New York, November 12-14, 2006 at the Inn on the Lake (www.visitinnonthelake.com) and is open to all members of WineAmerica.

To register for the meeting, go to the website and click on the Meetings tab on the main menu. You can register online or download the forms and mail them in. Click here to go directly to the registration page: <http://www.wineamerica.org/meetings/fall.htm>

For more information about the meeting, questions, or to view a draft agenda, please contact Jenny Mattingley at 202-783-2756 x124 or jmattingley@wineamerica.org.

Important Note from the WineAmerica Insurance Administrators

The holidays are fast approaching and many of you will be opening holiday kiosks.

It is *imperative* that you let our office know the dates that your kiosk will be open, the complete address, the approximate square footage and the value of the wine and/or contents in this location.

Please call the WineAmerica Insurance Administrators – Diana Oshkou, Rhonda Harris or Sue Varnell – at 800-524-4442 if you have any questions.

Current Political Environment Makes Immigration Reform Unlikely; Labor Shortages Reported

With the House of Representatives and Senate unable to bridge differences between their respective positions on immigration and upcoming elections in November, immigration reform is likely on hold. This hot topic continues to be a center piece of political campaigns across the nation, with differing views such as enforcement only (i.e. more border enforcement with no immigration program reform), an enforcement first approach (i.e. secure the border completely before any reform to the immigration system, even if it takes years), and comprehen-

sive reform (i.e. find a balanced solution between enforcement and immigration program reforms). While some hope positive momentum can be made during a lame duck Congress, immigration reform remains a fierce battlefield of opposing opinions.

As labor shortages begin to be reported in areas such as California and Washington, the danger to agriculture is apparent and wineries are no exception. If your winery is experiencing labor shortages or you have concerns about the future of your workforce,

please do not hesitate to contact Kelly Rusk at 202-783-2756 x100 or email krusk@wineamerica.org. Members are also strongly encouraged to contact your Representatives and Senators to express your need for a legal and stable workforce. A sample letter is provided under the "Immigration Reform" title of the "Federal Issues" section of the website (<http://www.wineamerica.org/issues/federal.html>).

From the Grassroots

This section chronicles the state-to-state travel of Jennifer Montgomery, Director of Grassroots and Political Affairs. When not on Capitol Hill, she spends much of her time in the states in an effort to get to know each state industry individually and learn first-hand what issues and challenges they face.

Kentucky

Jennifer was hosted by Tricia Houston, President of the Northern Kentucky Vintners & Grape Growers Association on her summer visit to that

state. During the trip, she stopped in at five wineries between Melbourne and Lexington. Still a fairly young industry, the wineries have made impressive progress in growth (33 wineries), quality and organization.

Indiana

From northern Kentucky, Jennifer's travel took her to southern Indiana where she spent a day and a half with five wineries there. After a tough year in the state legislature, the Indiana industry continues to be cohesive and thrive.

Virginia

Jenny Mattingley accompanied Jennifer for a four-day, comprehensive trip through Virginia. They visited 12 wineries from one end of the state to the other, in an effort to get to better know the face of the state's industry, which now exceeds 110 wineries. While having recently lost self-distribution rights, there remains a great deal of positive energy and a determination to continue to grow.

Reminder:

Need a quick check to make sure your labels meet TTB requirements?

Don't forget to check out the WineAmerica Virtual Label Assistant on the website under the Members Only tab on the Main Menu.

From the COLA to the Shelf: Tips for Getting Your Labels Out the Door

-- FYI --

We are in the process of building new partnerships with consumers groups for the WineAmerica Trailblazers program. With the fall tourist season heating up, you might see Trailblazers at your winery. Don't forget to alert your tasting room staff about this program. To learn more about WineAmerica Trailblazers, visit the section in the Members Only section of the WineAmerica website.

Class and/or Type on Your Label

One of the four main components of mandatory information on the front label of any wine bottle is the class and/or type of wine. Recently we have had some confusion over what the TTB accepts and what they do not accept in terms of class and/or type.

Most wines can be labeled as a table wine. Any 100% grape wine with an alcohol content of 7 to 14% may be designated as a table wine. Table wine may also be used for any fruit wine that has 7 to 14% alcohol content that is not derived from one kind of fruit or berry. If that is the case, the wine must be designated by the word table wine, qualified by the name of the fruit or wine (Ex: fruit table wine or cherry table wine.).

A wine may be labeled as a dessert wine if the alcohol content is between 14 and 24%. This is the case for

grape wines as well as fruit/berry wines. It is important to note that only wines labeled as table wines and dessert wines can use this term in lieu of an alcohol percentage (by volume).

Other acceptable designations for grape wines are grape, light, white, red, pink, amber and rose. All of these particular designations require the word wine to follow them. A fruit wine derived from one fruit may be labeled with the word wine, preceded by the name of that particular fruit (ex: peach wine, apple wine). A fruit wine derived from more than one fruit shall be designated as fruit or berry wine qualified with a statement of composition.

Varietal Labeling

A wine can also be labeled as a varietal. A prime example of a varietal would be Merlot or Pinot Noir. If the wine is of one grape variety the name of the single grape

may be used as the type designation if at least 75% of the wine is derived from grapes of that variety. The entire 75% must be grown in the labeled appellation or origin.

When there is more than one grape variety the names of each particular grape variety must be listed on the label in percentages. If labeled with a multi-county appellation, the percentage of wine derived from each county must be shown on the label. If labeled with a multistate appellation, the percentage of wine derived from each variety from each state must be shown.

For a listing of TTB approved varietal names please go here: <http://www.ttb.gov/wine/faq.shtml#w9>

Coming next month: Appellations

Important News Briefs from the TTB

This month the Alcohol and Tobacco Tax and Trade Bureau issued two industry news briefs.

They are as follows:

New COLA Forms Required

Effective October 1, 2006, all labels must be submitted on the new COLA form. TTB F 5100.31. This form includes a new ITEM 3 where you will indicate whether the product is domestic or imported. All other items on the form are the same. Any label not on the new form will be rejected regardless of the label's compliance with the regulations.

The new form can be accessed and printed from the TTB's website at www.ttb.gov/forms/5000.htm#general.

Current Processing Time

As part of our continued commitment to improved communications with industry, we believe that providing informational updates on our status; is essential and will assist you in managing your bottling dates, label printing and ship dates.

In the past several months we have received and are continuing to receive an exceptionally high volume of label applications. Therefore, please take note that the current turn-around time for E-Apps is between 9 and 15 days and the paper applications are being processed between 30 and 45 days.

We are working diligently to improve this turnaround time. ALFD understands that the holiday sea-

son is fast approaching and that most of you are dependent on your labels for that reason. Every effort is being made to process your applications in a timely manner and assure you that this situation is temporary.

How you may help

In order to utilize all of our resources more effectively we ask that you refrain from submitting status requests to our office unless your submission exceeds the stated turnaround time above.

Thank you for your cooperation and patience during this time.

Dual Bottling Locations: A Clarification

With more and more applications being received each year, the need for the Advertising Labeling and Fermentation Division to communicate and re-communicate our policies to the alcohol beverage industry are crucial. We also believe that it is our responsibility to take a proactive approach in assisting the industry by offering guidance and clarification of our processes. The Wine Labeling Office (WLO) is starting to notice an increased trend in the use of dual bottling locations, and with that; a streaming misguided perception of what is acceptable. We apologize for not offering clarity on the topic in the past.

What is means by the term "Dual Bottling"? Dual Bottling is the use of two bottling addresses on the label. It will read as such:

BOTTLED BY: WLO, WASHINGTON, DC
AND CINCINNATI, OH

Who may apply for and use Dual Bot-

ting? A Corporate entity that has more than one bottling facility and each facility has its own Basic Permit Number.

What is the Benefit? The benefit is; only one label needs to be designed for both locations.

NOTE: Only two addresses may be displayed on a label, Therefore, if a corporation owns three or more facilities, dual bottling may or may not be useful.

What are the requirements for label approval?

- Although two addresses are permitted to appear on the label, a separate application must be submitted for each bottling address. Only the permit number of the bottling location that is applying for the COLA may appear in the permit field of the application. (box 2).
- Only the address of the bottling location that is applying for the COLA may appear in the address field of the application (box 8).
- The permit number of the other bottling location and the serial number of the corresponding label application must be references:
 - On paper applications; **number 19 of the application.**
 - On E-apps in the "Special Wording" section.
- The statement "ink jet coded to distinguish bottling locations" must be referenced:
 - On paper applications, in **number 19 of the application.**
 - On E-apps in the "Special Wording" section.

Looking for engraved glasses for your tasting room through the WineAmerica Glass Program? You can access the program, and other discount programs, by logging on to the Members Only Section. Click on "check on discounted programs" in the Quicklinks.

ReThink: Your Customer

By Jennifer Warrington and Angela Sanchez, Inertia Beverage Group

We realize that you know good customer service is the only way to maintain loyal customers and grow your business. We're not teaching you anything new. We may be preaching to the choir, but understanding your customer not only generates more dollars to your bottom line, but also ensures company sustainability through repeat business. Loyal customers can become evangelists for your brand. A successful brand has the customer-relationship cycle down cold: To capitalize on the e-commerce wine market and take advantage of all available sales, they practice direct-channel marketing. Successful brands bridge the gap between the cold interface of the electronic screen and the warmth customers feel receiving special thanks from the winery – for nothing more than being a customer. That is the key to customer service, the cornerstone of Direct Sales.

So, REthink and remember that regardless of what customer management tool you use, know and understand who your customers are and give them excellent customer service. Here are a few ways to REthink your customer and how to turn that information into creating a better relationship with each one.

Top 50 Customers by Frequency

REthink: Do you know who your best 50 customers are? Figure it out every 3-6 months (or even every month). Block out some time in your schedule. Call each customer and tell them how great it is to have them as a customer. Total cost - your time. Total customer value - PRICELESS! One easy tip for customer retention - people who buy your wine directly want a relationship with YOU, the winery. Otherwise they would have bought from a faceless online retailer. Give them that relationship (especially your best custom-

ers) and allow them access to products exclusively, or at a lower price.

Top 50 Customers by Dollars Spent

REthink: Determine who's buying the higher priced wine or spending more collectively over a time frame. These are the customers you want to reward for making your brand a success. For those who have already shown their loyalty to your brand, show them you are grateful. Free gifts like corkscrews or maybe even a newly-released bottle of wine, will show the customer they are being recognized.

Who has bought which products?

REthink: Pay attention to your customer's purchase trends! Once you are familiar with your customers and their purchase trends, you can customize marketing campaigns encouraging customers to purchase the new release. This targets the customers most likely to buy and decreases costs by eliminating work spent soliciting customers not interested in the product. You are targeting your sales and working smarter, not harder. Even if a customer doesn't purchase, the next time they are ready to buy, they're going to think about your winery.

Where are your customers located?

REthink: Having a winemaker dinner? Pouring your wine at an event? Get a new restaurant placement? Query all of your customers in a certain geographic area and send invitations to them. What better way for them to become familiar with YOU and your wines than sitting down to dinner and talking about your newest varietals?

Recency

REthink: Do you have customers who haven't visited your tasting room or purchased online in a while? Why not reach out to them and find out why they haven't? Most people do not feel a phone call from a winery is a bother – they want a relationship

with the winery! So take a chance, call them up and see if you can't generate some sales or encourage them to visit. This will help you maintain a relationship they'll remember the next time they want a glass of wine! Also, if you just collected names from an off-site event or from your tasting room over the weekend, make sure to reach out to these new customers sooner rather than later. Customers will be impressed to have a message waiting for them after their return from wine country.

Long-life Customers

REthink: Do you have people in your database who have been buying your wine for years? Reward them! Remember their birthday, their anniversary, or the birth of their child. Send them a small item like a branded corkscrew or an invite to a special event that no one else can attend - a small gesture will keep your brand in their minds and make them feel special and recognized. Even more, it will help make them an evangelist.

Who likes what type - Red? White? Vignier or Cab?

REthink: Is the '05 Cabernet ready to be released? Why not research who bought Cab's or red varietals most often from within your customer database? You can do this for any new release. Cross-promote! You can create an email blast or phone campaign to encourage your most interested customers to purchase a new release.

Remember, direct is the best way to Acquire, Communicate with, and Retain your customers.

Inertia Beverage Group is a WineAmerica Supplier Member. To learn more about IBG's products and services, visit their booth in the WineAmerica Virtual Trade Show.

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Legislation Alert:

In just a few short months, state legislatures will start up and again consider many pieces of legislation affecting local wine industries. In many states issues like direct shipping and self-distribution are still in play. Please let us know as soon as legislation becomes active in your state. This helps us keep a handle on what is going on around the country and allows us to share this helpful information with other states considering similar issues.

It is important that state winery groups begin now to think about goals for the next legislative session. Once you have identified a direction, start working with supportive legislators and other industry groups to draft quality legislation and educate lawmakers.

WineAmerica staff has worked with many state winery groups to successfully move pro-winery legislation or stop harmful bills. If you would like any assistance with tips on working with state legislatures or if you need information on what has been successful in other states, please contact WineAmerica.

It is helpful to many wineries to hear about what has worked and what hasn't in other states when considering legislation on issues such as direct shipping or self-distribution. If you would like to share your experiences and insight into these important issues, please contact Jenny Mattingley at jmattingley@wineamerica.org.

Quote of the Month:

“Wine-drinking is no occult art to be practiced only by the gifted few. Indeed, it is not an art at all. It is, or should be, the sober habit of every normal man and woman burdened with normal responsibilities and with a normal desire to keep their problems in perspective and themselves in good health.”

- Allan Sichel (1900-1965), from “The Penguin Book of Wines”