

WINE BUSINESS INSIDER

Cyril Penn, Editor

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Code of Sustainability May be Adopted by Other Industries 4
The California Environmental Protection Agency said this week that the Wine Institute could expect a formal proposal within weeks to try to adapt the Code of Sustainable Winegrowing to other farm commodities.

Virginia Wine Industry Economic Impact Estimated at \$95.7 Million 4
The impact results from expenditures of \$69.2 million in the production and sales of wine and \$26.5 million in tourism-related expenditures by out-of-state travelers to wineries and wine-related festivals.

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A wine industry veteran has started a new "for-profit" wine company that will be donating all profits to charity with a focus on homelessness, hunger and illiteracy.

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It's often easy to judge a party by who didn't come. At the first Vinexpo Americas, the no-shows included Robert Mondavi, Beringer, and Canandaigua.

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Insider Analysis



US Wine Imports for August 2002

The over eleven percent year-on-year growth-rate in value for the August MAT (note that the MAT is the total for the 12-months through the end of the given month) was driven by substantial growth in the year-on-year MATs for imports from Italy (August MAT up 17.5 percent for the year), Australia (August MAT up 24.6 percent), Spain (August MAT up 15.6 percent for the year. At the same time, the Australian dollar has gained over 9 percent against the greenback between September 2001 and August 2002 while the Euro has gained 8 percent. If we assume that the reported values were calculated in the home and then converted to US dollars and reported to the US Customs Service, this cuts the real-gains seen by wine companies in these countries in half when they remit their US revenues back to their home currencies.

- The 50 vineyards responding to the survey reported that they had 228 bearing acres as of December 31, 2001 and 48 vineyards indicated that they had 745 non-bearing acres. When considering the acreage that had already been added during 2002, or would be added later this year, the responding vineyards indicated that they would add 20 bearing acres and 168 non-bearing acres in 2002. Vineyards that responded to the survey expected to add 31 bearing and 190 non-bearing acres in 2003.

Table 2. Historical Data on Virginia Wine Production and Sales, 1985 - 2001

Year	No. of Farm Wineries	Cases Produced Using VA Grapes	Case Sales within VA
1985	29	75,000	35,325
1986		112,568	62,645
1987		119,752	69,875
1988	40	131,493	84,258
1989	40	144,900	92,490
1990	40	136,000	89,164
1991	40	150,000	115,022
1992	40	168,000	137,123
1993	40	202,000	165,145
1994	43	176,452	161,806
1995	47	209,225	175,138
1996	47	116,640	191,849
1997	49	205,277	202,847
1998	50	214,340	208,757
1999	60	316,695	212,061
2000	64	293,606	238,203
2001	71	285,927	254,687

Sources: Virginia Wine Marketing Office, Virginia Department of Agriculture and Consumer Services, "Virginia Wine Industry 15 Year History."

- Twenty-nine wineries reported that they purchased 100 grape vines from sellers within Virginia. The total number of grape vines purchased outside of Virginia was 44,353. Vineyards responding to this question indicated that they purchased 13,515 vines within Virginia during 2001 and 21,225 from outside of the state.

Researchers surveyed visitors to four Virginia wineries and one wine festival, as well as sales information from a survey of Virginia's wineries and vineyards, the Center for Public Policy estimated the total state economic impact of wine-related tourism to be about \$26.5 million. Production and sales of Virginia wine are estimated to generate a total economic impact of \$45.8 million to \$69.2 million per year depending upon the industry's overall impact on its distribution channel. It was estimated that the total economic impact of Virginia's wine industry is between \$72.3 million to \$95.7 million per year.

As indicated in Table 2, production and sales by Virginia's wine industry have grown consistently since 1985. The number of wineries has more than doubled and production has almost quadrupled.

Brands to Watch: Humanitas Changing the World One Sip at a Time

Wine industry veteran **Judd Wallenbrock**, currently vice president of sales and marketing at **De Loach Vineyards**, has started a new "for-profit" wine company that will be donating all profits to charity with a focus on homelessness, hunger and illiteracy.

The brand, a "Newman's Own" for the wine category, is known as Humanitas, a Latin word that carries connotations of philanthropy, human nature and character (check out www.humanitaswines.com).

"A lot of people do environmentalism and cancer," Wallenbrock told *Wine Business Insider*. "My feeling was, boy, there are some primary needs that need to be fixed. We have too many homeless, hungry and illiterate people in America. It's shocking that it's so wide spread. If we fixed those problems, so many other things would fall into place. The wine business is so wonderful. Why not use it to actually do some good?"

Wallenbrock said the idea for the brand started a few years ago when he was serving as vice president and general manager of Central Coast Operations for **Robert Mondavi Winery**. With more than two decades of industry experience and global marketing expertise, Wallenbrock came up with the concept of making wine, selling it, and giving the profits away. "We're also just trying to have a good time."

Wallenbrock's home is a "bonded winery" and he is producing the product at **Courtside Cellars** in San Luis Obispo, employing a négociant model that avoids debt service and overhead.

Humanitas has just released a wine that was bottled last December, a 575-case batch of 2000 Santa Lucia Highlands Pinot Noir. Wallenbrock has been selling it direct but expects to move to more conventional distribution channels as production increases. The next release will be 1,000 cases of Edna Valley Chardonnay and 1,000 cases of Monterey Cabernet.

Humanitas will eventually sell three tiers of wine, a Signature Series, an Appellation Series, and a Vinifera Series. The Signature Series, which doesn't exist yet, will involve "cult" winemakers and extremely small quantities.

The Appellation Series will present "great wines from notable wine regions" and the Pinot Noir is the first offering in this category.

The Chardonnay and Cabernet are part of the Vinifera Series, which will retail for \$12 to \$14 per bottle. Noting that there is "a little bit of wine out there right now," Wallenbrock said he sourced the Chardonnay and Cabernet after tasting more than 200 samples.