

FROM THE CELLAR



Volume 1, Issue 2

Summer 2006

Upcoming Events

September 15

Grape Day! at the Raleigh Farmers Market

11:00 am to 1:00 pm featuring an old-fashioned grape stomp competition and free samples of grape desserts, juices and wines.

September 29th and 30th

2nd Annual North Carolina Muscadine Harvest Festival

Kenansville.

www.muscadineharvestfestival.com

October 7th

Great Grapes! Wine, Arts & Food Festival

Symphony Park at Southpark Mall in Charlotte

www.uncorkthefun.com

October 7th

Taste Carolina Wine Festival

Piedmont Triad Farmers Market

www.tastecarolina.com

October 8th

Celebrate NC Wines!

The NCSU Raulston Arboretum in Raleigh

For more information, call or e-mail Anne Porter (919) 513-3463 or anne_porter@ncsu.edu

October 14th and 15th

Annual Harvest Celebration at the Vineyards of Swan Creek

www.swancreekvineyards.com

October 21st

Yadkin Valley Grape Festival

Downtown Yadkinville

www.yvgf.com

Message From the Executive Director, Margo Knight

Dear NC Wine and Grape Industry Professionals,

I am delighted to report that the premium books have been released for this year's NC State Fair Wine Competition. This year promises to be the best competition yet. I have added two new categories this year for blush/rose wines and for sparkling wines. It is my hope that every wine producer in the state will enter this year's contest.

Entries are due September 15. You can download this year's guidelines and forms at www.ncstatefair.org.

Cheers,

Margo Knight
Executive Director
NC Wine & Grape Council



Role of the Distributor from a Retailers Perspective

The issue of direct shipment of wine from wineries to consumers is always a hot topic. It is easy to assume the rationale behind the three-tier distribution system in the wine industry (producers, distributors and retailers) is to control the sale of alcoholic beverages.

But Wine'n Things at Stonehenge Market offers another way to look at it. The other two tiers of the distribution system are designed to provide a convenient and

economic way for the wine consumer to get a variety of products. In reality, this is not only a wine issue. It applies to almost all products used by the consumer.

So why is a distributor needed? A distributor can be a broker, importer or wholesaler, or even all three. Although all have a slightly different function, they basically exist to solve the problems of limited selection, large delivery quantities, high shipping costs and timely delivery. They

provide a very important function in the distribution chain. They store goods near the market they serve, and provide financing for their suppliers by owning the inventory.

For the small wine retailer, this is very important. With the distributors providing their services, the small wine retailer can purchase small quantities of many wines when they need them, thus making a much wider selection available for the consumer.



Did You Know?

There are approximately 44 million bubbles in a bottle of sparkling wine.



Visit us on
the Web!
www.ncwine.org



Sell Your Wine at a State Farmers Market!

The NC Farmers Markets provide a comfortable location for consumers and farmers to buy and sell fruits, vegetables, plants, and other agricultural products. So why not take advantage of the opportunity to display and sell your wine!

The general rules for the five different Farmers Markets in NC are similar :

- To sell wine/value added products, you must produce the grapes yourself.
- To sell wine, you need to submit a Growers Certification Form.
- You are allowed to sell wines for up to 3 other certified wineries.

For more information, go to the Farmers Markets website or contact your local Farmers Market:

<http://www.ncagr.com/markets/facilit/farmark/index.htm>

Local contact info:

Asheville

570 Brevard Road - Asheville, North Carolina 28806

Phone: 828-253-1691 Fax: 828-252-2025

Mike Ferguson, Market Manager - mike.ferguson@ncmail.net

Charlotte

1801 Yorkmont Road, P.O. Box 669184 - Charlotte, North Carolina 28266-9184

Phone: 704-357-1269 Fax: 704-357-0708

Frank Suddreth, Market Manager - frank.suddreth@ncmail.net

Raleigh

1201 Agriculture St. - Raleigh, North Carolina 27603

Phone: 919-733-7417 Fax 919-733-9932

Ronnie Best, Market Manager - ronnie.best@ncmail.net

Piedmont Triad

2914 Sandy Ridge Road – Colfax, North Carolina 27235

Phone: 336-605-9157 Fax: 336-605-9401

Dexter J Hill, Market Manager - dexter.hill@ncmail.net

Lumberton

1027 U.S. Highway 74 East – Lumberton, North Carolina 28358

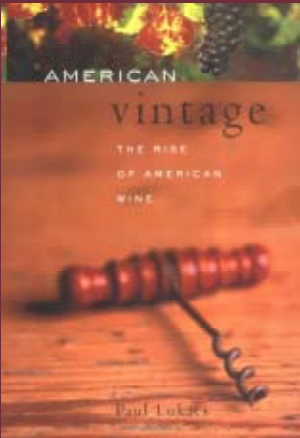
Phone: 910-618-5699 Fax: 910-618-5706

Michael F. Smith, Market Manager - michael.f.smith@ncmail.net

Mark your Calendar

All NC Wine & Grape Council meetings are open to the public. Upcoming meetings are scheduled for October 27 and January 26 at the NC Department of Commerce in Raleigh. Locations and times are subject to change.

“By making this wine vine known to the public, I have rendered my country as great a service as if I had enabled it to pay back the national debt.”
– Thomas Jefferson



Did You Know?

For the first time in recent history, the red wine category edged out white wine by volume in food stores in 2004.

TTB Publishes Final Rule on Vintage Date

On May 2, the U.S. Tax and Trade Bureau published its final rule on vintage date in the Federal Register. The agency ruled in favor of a proposal filed by Wine Institute in 2005.

- The rule takes effect June 1. It states that for vintage-dated wines labeled with state or county appellations, at least 85 percent of the wine must have been derived from grapes harvested in the calendar year shown on the label.
- The current standard of 95 percent of the wine coming from grapes harvested in that year remains in place for wines designated with American Viticultural Areas (AVAs).

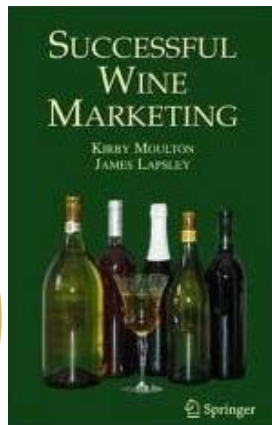
The TTB was not persuaded that a change to the 85 percent standards would be deceiving to consumers or that a dual standard of 85 percent for state and county appellations and 95 percent for AVA labeled wines would confuse consumers.

Recommended Reads

American Vintage: The Rise of American Wine

by Paul Lukacs

A winner of the Clicquot Wine Book of the Year, wine columnist Paul Lukacs takes us on great ride through the history of wine in America. Starting with Thomas Jefferson and the earliest views of wine's role in American society, Lukacs' well-researched volume takes us through the country's movement west, prohibition, the affects of government policies on wine availability, wine as big business and then wine as art. Along the way, we meet agrarian idealists, businessmen, teetotalers, bootleggers, immigrants and a host of factions all weighing in on the role of wine in American life.



Successful Wine Marketing

by James Lapsley, Kirby Moulton

From the basics of understanding the wine consumer, the marketplace, and trends; “Successful Wine Marketing” explains the principles, logistics, and strategies of wine marketing and sales, helping any winery or distributor understand the market, find a niche, and develop a successful plan.

Completely up to date, with information on internet marketing and small winery strategies, the book is a valuable resource for small and large wineries, wine consultants and distributors, enology departments and associations, trade associations and agents, short courses and professional development courses, graduate and undergraduate wine marketing courses, and retail wine outlets.



NC Wine & Grape Council
 NC Department of Commerce
 NC Division of Tourism, Film
 & Sports Development
 4324 Mail Service Center
 Raleigh, NC 27699

Phone: 919-715-WINE
 Fax: 919-733-8582
 Web: www.ncwine.org

**“A bottle of wine begs
 to be shared; I have
 never met a miserly
 wine lover.”**
 - Clifton Fadiman

*The mission of the
 North Carolina Wine
 & Grape Council
 is to facilitate
 development of North
 Carolina's grape
 and wine industries
 by enhancing product
 quality for consumers,
 and encouraging
 economic viability
 and opportunity
 for growers and
 processors through
 education, marketing
 and research.*

Direct Shipping News

Here are some important changes in direct shipping legislation:

Connecticut

This state has issued new direct wine shipping permit forms that help clarify the permit application process.

Florida

Bills regulating shipping did not make it out of the legislature and the state remains open to direct shipping with no permit system in place. Wineries can continue to follow the shipping rules that were posted in the spring. Wineries shipping to Florida consumers must pay excise taxes that amount to \$2.25 per gallon to the Florida Department of Business and Professional Regulation.

Hawaii

The legislature has sent a bill (HB 1968) to the governor that repeals the state's reciprocity statute and creates a direct shipper's permit system.

Kansas

The legislature was persuaded to change from a prohibited state to one that provides an opening to wineries and sets the stage for future revision. The bill, which was sent to the governor, allows in-state and out-of-state wineries to ship wine without a permit to a consumer if the purchase was made on site. Wineries producing less than 100,000 gallons annually can obtain a \$50 permit that allows them to ship directly to a consumer by sending the wine to a licensed retailer designated by the consumer.

Maine

Though the legislature failed to pass a direct shipping bill this session, it did pass a bill that directs the Department of Public Safety to study issues of alcohol deregulation, direct shipping, and self-distribution.

Maryland

The governor signed a new law allowing for limited self-distribution to retail accounts from out-of-state wineries who obtain a permit.

Vermont

The governor signed into law a bill that creates a direct shipper's permit for in and out-of-state wineries and allows a winery to ship up to 12 cases per year per consumer. The permit fee is \$300.

Source: WineAmerica

Young Adult Consumers Switching to Wine

New findings presented by the Wine Market Council indicate that 14 percent of all wine consumers are both drinking less beer and/or less spirits and at the same time drinking more wine. The data came from a survey of about 1,400 wine consumers that was conducted by Merrill Research

The conventional wisdom is that older consumers eventually cut down on beer and spirits consumption while drinking more wine. However, as reported in Wine Business Insider, the research indicates that these are largely younger adult consumers. Fifty-two percent of the “trade-off” consumers making the switch to wine are actually under 42 years of age.

**Do you have
industry
news to report?**

Contact Margo Knight at
mknight@
nccommerce.com



Did You Know?

“Cuvée” means “vat” or “tank.” It is used to refer to a particular batch or blend.

Memberships of Interest

WineAmerica

The only national trade association representing wineries throughout America. It has 800 member wineries in 48 states, and NC already has 12 members.

WineAmerica membership benefits & services:

- Label Facilitation & Regulatory compliance
- WineAmerica FedEx Shipping Program offers members discounted shipping rates
- WineAmerica IDlive Age Verification Program offers members a \$300 discount
- WineAmerica lobbies on wine industry issues at the state, federal and international levels

For more information on WineAmerica, visit www.wineamerica.org or call (202) 783-2756 . Membership dues are based on gallons of wine sold.

North Carolina Restaurant Association

An allied member of the NCRA is considered any business who supplies products or services to the restaurant industry in North Carolina. The NCRA offer the following benefits to its allied members:

- A listing in the Buyer’s Guide, where restaurateurs look to find supplies and service needs.
- Access to membership mailing list of more than 2,000 restaurants.
- Participation opportunities on NCRA Committees
- Networking events with members and Board of Directors
- Sponsorship opportunities (including annual Golf Classic)
- Opportunities to advertise in North Carolina Restaurant News
- *Added winery benefit: As a member of NCRA you will also be listed in the NC Beverage Journal 3 times a year.

For more information about NCRA membership, please visit www.ncra.org or call (919) 844-0098. Allied memberships are \$250 per year.

Goodness Grows in NC

The major emphasis of the program is to heighten awareness and availability of NC products to the consumer, retail and foodservice industries.

Goodness Grows In North Carolina Features:

- Specialized Cooperative Programming with the Retail and Foodservice Industries
- Cooperative and Umbrella Advertising Opportunities Through Television, Radio, Newspaper and Outdoor Advertising
- Comprehensive Marketing and Media Programs Throughout the State
- Consumer-Directed Promotions
- Trade Shows and Food Shows
- Quarterly Goodness Grows Newsletter and Web Site content
- Special Presentations to the Food Industry

For more info, visit <http://www.ncagr.com/markets/gginc> or call (919) 733-7887. Membership is free for qualified applicants.

Did You Know?

The average age of a French oak tree harvested for use in wine barrels is 170 years.



“Reading about wine is nearly as important as drinking it.”
– H.W. Yoxall,
The Enjoyment of Wine

Guest Column**Guarding against charges of national origin discrimination**

Most businesses have long been aware that both federal and state law prohibit discrimination against applicants and employees on the basis of such grounds as race, sex, age, and religion. It is perhaps less well known that employers are also forbidden to discriminate on the basis of national origin. With the increasing reliance upon immigrant labor, it is particularly vital for all businesses to protect themselves against charges of discriminating against applicants and employees on this basis.

Although the issue of national origin discrimination might involve the same pool of workers who are subject to complex federal immigration laws, that issue of eligibility to work is distinguishable from the requirements imposed by Title VII of the Civil Rights Act of 1964.

It is easy to understand the basic rule: it is impermissible for any employer to refuse employment to any applicant or any benefit to any existing employee based solely on that individual's country of origin. Thus, for example, an employer may not, on the basis of the person's national origin, refuse to hire a qualified applicant for an available opening. Nor may a company refuse to promote the most qualified applicant because of national origin. Those circumstances are relatively easy to analyze and apply. What becomes more difficult to understand is the related subject of the choice of language in the workplace.

In order to facilitate understanding in workplaces increasingly populated by employees whose primary language is not English, employers have begun to implement workplace policies that restrict communications in languages other than English. These regulations are often called “English-only rules”. Frequently, employees who disagree with these policies have filed charges with the Equal Employment Opportunity Commission (“EEOC” or “Commission”). Although most employers are skeptical of the EEOC's usual attitudes, the Commission has promulgated guidelines generally favorable to employers who wish to institute an English-only policy. Although the Commission requires that this policy must be adopted for non-discriminatory reasons, one such acceptable circumstance is where an English-only rule is needed to promote for a safe or efficient operation of the employer's business.

The following represent specific situations in which the EEOC has found that business necessity justifies an English-only rule:

- For communications with customers, coworkers, or supervisors who speak only English.
- In emergencies or other situations in which workers must speak a common language to promote safety.
- For cooperative work assignments in which the English-only rule is needed to promote efficiency.
- To enable a supervisor who speaks only English to monitor the performance of an employee whose job duties require communication with coworkers or customers.

Some of these circumstances will probably apply to many aspects of the business realities of the wine industry. If you have questions about particular situations, please feel free to contact the undersigned at my direct line.

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