



Virginia Wineries Association Newsletter

www.vawine.org

September 2010

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Table of Contents

The Compliance Corner

[Cork Supply USA - Discount](#)

[Legislative News](#)

Thank You

to all that participated in the survey regarding establishing a Co-op to benefit the industry.

Your information has lead the Association to pursue starting an Agriculture Cooperative and we have begun by funding a feasibility study and business plan to determine its structure.

We are excited to pursue this project given the very positive response we received. It's not too late to complete the brief survey and give your feedback on the idea.

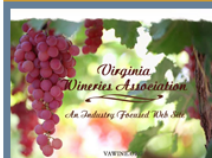
Complete Survey



Mark your Calendar And Register!

November 15
Annual Membership Meeting with Seminars
[Register Now](#)
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See the Registration form for a tentative agenda.



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Governor's Cup Event

Congratulations to the 2010 Governor's Cup - White winners! The wines were very well received by the panel of judges, which included wine writers, educators, sommeliers, restaurateurs, retailers, and wholesalers from as far away as San Francisco.



The Governor's Cup - White will be announced and the cup presented on Wednesday evening, September 29th at Monticello to kick-off

[Virginia Wine Month 2010](#). First

Lady Maureen McDonnell and Secretary of Agriculture Todd Haymore will join the industry and Press on the West Lawn at Monticello for the award ceremony and celebration. Additional information about the event will be provided separately. The VVA and the Wine Marketing Office look forward to seeing representatives from the medal winning wineries at the event.

Two hundred white wines were entered in the 2010 White competition from 58 wineries throughout the Commonwealth. A total of 131 medals were awarded - 16 Gold, 51 Silver and 64 Bronze.

After the competition concluded, judges commented on the fine quality of the wines presented, especially the chardonnays and viogniers. This was reflected in their judging results. We are hopeful that the wine writers will write about their observations and experiences in their respective geographic areas.

The Compliance Corner

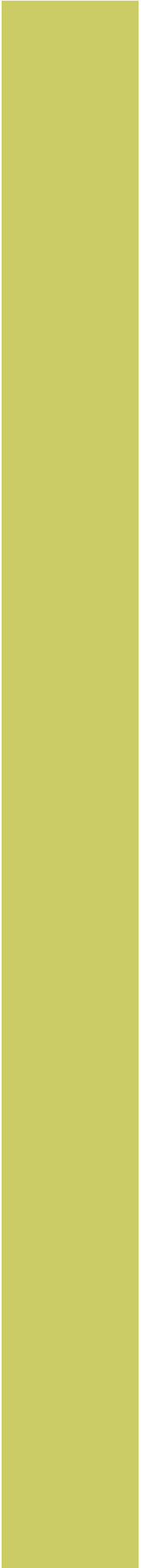
By Mary Beth Williams

Christmas is Coming, the Goose is Getting Fat

It's hard to believe that summer is over and we're moving into the holiday season. With harvest coming early this year, it's a perfect opportunity to spend a little more time focusing on making the most of your holiday sales. Understandably, the last quarter of the year (Oct-Dec) is the highest quarter for direct to consumer sales of wine. November alone accounts for 12% of all direct ship sales in a year. A new nationwide study by Wines and Vines Magazine and Ship Compliant was recently released showing some very interesting data about direct ship sales. The top 10 states into which wine is shipped make up 76% of all direct ship shipments across the US. The good news is that you don't need to hold direct ship licenses in every state in order to capitalize on your online and direct ship sales. In fact, if you have direct ship licenses in these states, you'll be hitting the states where the most wine is purchased and shipped. If you combine this with the states from which you see the most tourist traffic, you'll have your bases covered. The Top 10 states, in order, are: CA, TX, NY, FL, IL, WA, VA, CO, OR, and NC.

Many wineries believe that they are too small to ship outside of their own state. One of the most interesting facts revealed by this study is the fact that wineries with a production of less than 5,000 cases per year make up about 24% of all direct ship sales in the United States. That's a tremendous amount of product being moved by the lower-production wineries. It's exciting to know also that NY residents were willing to pay \$10 more per bottle being shipped to them than VA residents!

There has also been a lot of talk about the impact on direct ship sales if NY 50% passes. If NY 50% passes, states



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direct ship sales in the 2004 passes. In the 2004 passes, states could have the ability to limit out-of-state wineries from shipping wine directly to their consumers. With these potential issues on the horizon, a good plan is to go ahead and obtain your desired direct ship licenses, and to understand how to be in compliance with reporting, taxes and renewals. In an effort to help VA wineries be proactive in this area, Williams Compliance is happy to discount our fees for obtaining direct ship licenses for wineries by 40% through the end of November. Let us help you get your licenses in place now so that you can be ready to capitalize on this growing sector of business and start shipping in time for the holiday rush.

Mary Beth Williams is the President of Williams Compliance, a compliance services provider based in Hanover County, Virginia. For more information, contact Mary Beth at Marybeth@williamscompliance.com or (804) 445-2924.



Cork Supply USA

VWA just endorsed Cork Supply which was founded in 1981 by Jochen Michalski in Northern California's renowned wine region. Cork Supply is one of the wine industry's largest providers of natural corks, and is the leading natural cork supplier in North America. They serve all of Virginia.

VWA Silver and Gold members receive a 5% discount for cork or capsule order or a 7% discount for multi-product order. Call or email Gina Shay at 585-705-7500 or gshay@corksupplyusa.com.



Legislative News

By Legislative Chair, Ann Heidig

ABC Privatization

As you know, Governor McDonnell has made ABC Privatization a top priority of his administration. His goals are to get out of a monopoly state-controlled system into a free market system; generate money for transportation; and encourage entrepreneurship in order to create jobs and economic development. There have been several meetings of stakeholders both together and separately. The Governor wants to ensure that all equities have a voice in the decision-making process. The plan is to privatize both the retail and wholesale processes. For the wineries, it would create constitutional issues if private retailers were directed to continue the ABC practice of having only Virginia wines in their stores. We have, however, recommended that the Virginia Wine Wholesale Corporation (VWDC) be a wholesaler for these new venues so that wineries which are in ABC stores and which do not have an independent wholesaler can continue to have access to the new retailers. The proposal has been briefed to a sub-committee of the Government Reform Commission. It is a starting point to allow for discussion prior to legislation being drafted. The briefings to the committee can be found at: <http://www.reform.virginia.gov/>.

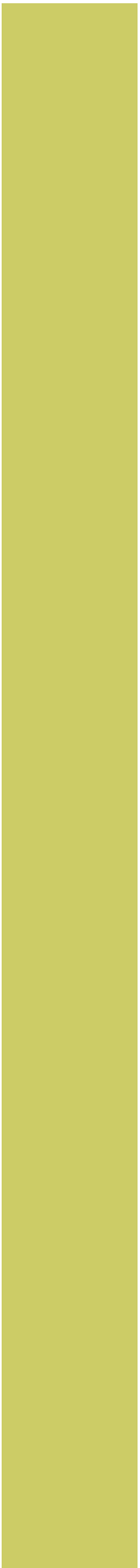


Federal Issue

The Virginia Wine Council is drafting a letter to go to Virginia Federal Legislators on the adverse impact of HR 5034 the Comprehensive Alcohol Regulatory Effectiveness (CARE) act which would exempt alcohol from Commerce Clause and Antitrust challenges. This letter is planned to be signed by the Wine Council, the Wineries Association, and other allied groups. Right now, the legislation is on hold, but we are unsure of what is happening behind the scenes. It is our understanding that the wholesalers are trying to rewrite the legislation to make it more acceptable. WineAmerica and the Wine Institute are keeping track of the legislation and helping organize our opposition to the Act. I have talked to legislators and staff members as part of this effort. We have also organized OpEds in areas to present our position on this act.

National Grape and Wine Initiative

NGWI is a nationwide coalition of grape and grape products sectors representing grape growers, processors, wineries, and representatives of academic institutions and cooperative extension organizations committed to improving our industry. It was formed in order to improve wine and



grape production in the United States. In order to do this NGWI created an integrated plan based on specific needs for technology development and strong outreach education programs that will provide technology to grape producers, processors and wineries. Key areas of research focus include:

- Understanding and improving quality
- Providing good consumer value
- Providing healthy and nutritious grape products
- Developing and implementing sustainable vineyard practices
- Improving processing efficiency

NGWI supported Dr. Tony Wolf's grant proposal for research on ways to reduce costs and maintain quality in vineyards on the East Coast. More information on this organization can be found on their website: www.ngwi.org.

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