

## **GO Virginia Wine Cluster Up Implementation Grant Application**

### **Executive Summary**

Virginia's wine industry stands at a pivotal moment. Over the past two decades, Virginia wineries have faced immense growth and numerous challenges. Region 9 exemplifies Virginia wine's potential. In 2024, it was named Wine Region of the Year by Wine Enthusiast magazine. That same year, GO Virginia Region 9 Council granted a Wine Industry Planning Grant to identify and overcome barriers to expanding out-of-state exports. [To review 2024 Wine Industry Report go to: <https://www.govirginia9.org/about/reports/> the Action Plan is included with this proposal]

The planning grant included a robust survey, regional and statewide stakeholder engagement that was welcomed by the industry. The report findings and action plan was validated by the survey respondents. This implementation grant will implement some of the recommendations and the action plan items published in the report. It should be noted that some of the report recommendations and activities will be advanced through other organizations and with other identified non-GO Virginia funds. The report notes that currently, only 22% of Region 9 wineries sell out of state, with only 3% of their sales in the traded sector.

A defining moment during the planning grant occurred at a meeting with leadership from the CvilleBioHub at Oakencroft Winery. Due to the exemplary work of the CvilleBioHub, the coalition concept was validated for this project. A partnership was formed to help create the framework for a successful model for Region 9 that can be deployed in other regions and eventually statewide. The proposed vision for the Coalition and its work is to advance the productivity and profitability of Virginia's internationally celebrated wine region and industry via a collaborative network of wine industry professionals and support organizations with access to education and credentials in best practices, wine-specific technical resources, and existing support resources offered in the region and in the Commonwealth. The goal is to innovate and strengthen the Region 9 wine industry to drive exports. Like the CvilleBioHub, this can be a transformative process to align all wine initiatives starting with Region 9, then reaching multi-regions and finally deployed statewide. By accelerating strategic business support, consumer engagement, and innovative sales channels, Go Virginia 9 Region and Virginia wine will expand its reach and economic impact in the traded sector.

This Wine Industry Implementation proposal will be a two-year Cluster Scale Up project targeting the wine sector of the Food & Beverage Manufacturing Industry in Region 9. The project is requesting \$353,120 of GO Virginia funds to address the recommendations identified in the report and implement the action plan. The project will be led by Nelson County in collaboration with all 10 other regional localities. Committed match for the project totals \$209,784 with \$191,534 of that committed by local government.

The Region 9 footprint currently includes over 104 wineries and vineyards. These businesses span Central Virginia and parts of the Northern Virginia Wine Region. These wineries are an integral part of the Food and Beverage Manufacturing Cluster in the region. In 2023 wineries employed over 1,266 people with a location quotient of 10.47. Of note, the 2022 Commercial Wine Grape Report indicates that of the 5,000 acres of vineyards planted in Virginia, a minimum of 2,186 acres are located within 7 of the 10 counties in GO Virginia Region 9. As an important traded sector also connected to the maturing agriculture industry and the region's top hospitality industry, this implementation grant will create solutions to moving wine into the traded sector.

This proposal links directly to the Region 9 Growth & Diversification Plan by targeting the Wine industry within the Food & Beverage Manufacturing target sector. This project will advance at least two of the grant opportunities identified in this plan including: *"Support implementation grants form gaps identified through planning grants or other regional reports such as the CEDS Plans..."* and *"Support sector led verticals to address business-identified and validated sector gaps to traded sector growth."*

The funds will be used to establish a private sector-led coalition of industry professionals and organizations to coordinate and oversee the initiatives outlined in the Wine Cluster Up Planning Grant report and catalyze coordination between private sector needs and public/private resources. Funding will also support a contract professional to support the coalition and implementation efforts. The funds will be used to create programs that assist the wineries with specialized business assistance and best practices, as well as create a credentialed Wine Ambassador Program that can be used to educate and train workforce, wine trade professionals, and consumers, to drive demand for Virginia wine outside of Virginia. Collectively, it is expected that this grant effort could also catalyze a model that could be used in multi-regions and statewide.

The key component of the implementation grant is the creation of a coalition for the Region 9's wine industry. Led by private sector leadership, the coalition will convene, connect and support the efforts of organizations involved in the wine trade, meeting regularly to drive the initiatives and outcomes as reported in the planning grant report. The overarching goal is communication and collaboration for all wine stakeholders and support organizations to move Virginia wine into the traded sector, thus expanding the industry and increasing efficiencies. The coalition will include representatives from the wineries, vineyards, consumer groups, retail and wholesale trade. Already there are winery owners, retail and wholesalers and other support organizations who have agreed to serve. This program will serve as a pilot for a multi-region and statewide initiative. The long-range goal is a space or stand-alone organization in which these activities are organized and executed as needed after the grant period ends.

A credentialed Wine Ambassador Network will educate wine industry professionals, thus adding and improving workforce, resulting in increased wages. The program of work will include an accessible, online wine certification program available to tasting room staff, the wine trade, and consumers, with targeted outreach to Washington DC, New York City, Maryland and California. The connection to wine critics/professionals is paramount to this effort. The planning grant survey results and interviews with the wine trade identified a strong appetite for a Virginia focused-wine education program that provides consistent messaging, a broad understanding of the region, and provide embedded talking points for front-line hospitality and beverage staff who serve as goodwill ambassadors for Virginia wines as well as an extended sales force.

Winery respondents acknowledged in the survey responses that key business planning, financial, legal and other very specialized wine industry needs are lacking. This also includes customer discovery and client experience, cost of goods and production modeling, pricing and marketing strategies. This work will be done in concert with regional organizations to maximize efficiencies and avoid duplication of effort.

In order to successfully implement these components, a very knowledgeable consultant will need to be employed. Hired by the grant applicant, Nelson County, the consultant will work with the Coalition and

be responsible for completion of all project goals. The Planning Grant Advisory Board will continue to support the effort, with its own meeting schedule, goals and objectives.

Led by the private sector, supported by economic development professionals and organizations with knowledge, capacity and the willingness to collaborate, the project will address the barriers identified in the Wine Cluster Up Planning Grant to begin to move Virginia wine into the traded sector, with Region 9 as the model. The information and programs will be shared with other GO Virginia regions, with the goal of a model that can be used statewide and even be a model for other craft beverage sectors.