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For Twenty Successful Years: "We Sharpen Your Competitive Edge"®

Date: March 28, 2007

To: Tim Weigle,
IPM Manager
Lake Erie Grape Laboratory
Fredonia NY

From: Les Malcovitch

Subject: Focus Group Session #2
Niagara Growers and Winery Proprietors
Niagara Landing Winery
Tuesday, March 13, 2007 – 5:00 p.m. – 7:00 p.m.

Participants: 20

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Tim Martinson, Cornell Geneva
Tim Weigle, IPM Cornell Cooperative Extension
Myrna (?), Niagara Landing Winery

Moderator: Les Malcovitch

1. Situation Appraisal: What's Going On In Your Industry?

a. No labor

- b. No workers
- c. No money
- d. Lack of capital
- e. Cost of running the business is going up, sharply
 - i. Prices we get coming down, sharply
- f. Difficult to get crop insurance
- g. Increased regulations
- h. Have to drive too far to get fruit
- i. Residential building
 - i. This is bad
 - 1. That takes away land
 - 2. Homeowners complain about noise and chemicals
 - 3. Sets our assessment high with all new building
- j. This has affected land prices
 - i. Driven them up
- k. We need a local supplier for vineyard supplies
 - i. For posts
 - ii. For wire
- l. The overlap of State and Federal regulations and forms
 - i. Causes double the work
- m. Impossible to sell to Canadians
 - i. They have to pay a 100 percent duty on wine
 - 1. We can buy Canadian wine and bring it back with no US duty
 - a. They get whacked
 - ii. NAFTA didn't cover the province of Ontario
- n. Consolidation in distribution of wine
 - i. This limits the channels we can sell to
- o. Good news
 - i. Whole lot of wineries opening up in the area
 - 1. Lots of buzz
 - 2. Lots of positive media attention
- p. Wine Trail expanding
 - i. Was 2 wineries
 - 1. Then 9
 - a. Now, 12 or more
- q. International competition

2. S.W.O.T. Analysis: Strengths, Weaknesses, Opportunities, Threats

- a. **Strengths:**
 - i. The whole area is getting known as a grape-growing region
 - ii. Excellent quality of grapes we grow
 - iii. People are making the connection that what was a great fruit growing region is now great for grapes
 - iv. Local government is becoming supportive
 - v. They're still a pain in the ass

- vi. Wine enthusiasts don't have to travel to the Finger Lakes to find great wines any more
- vii. Also, great wine makers
- viii. We have a lot of access to Southern Ontario
- ix. Partway between Brock University and Cornell University and Niagara College
- x. Work for us
- xi. Opportunity for increased revenue for value-added product
- xii. Get away from commodities
- xiii. Five cents in, 104 percent the other way

b. **Weaknesses:**

- i. Since we are emerging wineries, we can set the tone for what we'll be
 - 1. Either good
 - 2. Or poor
 - ii. Because we're emerging, there needs to be a higher level set at once
 - 1. The Mid-West is the fastest growing wine region
 - 2. Consumers will go where the quality is best
 - iii. Quality is a personal preference
 - 1. Can be said for juice
 - 2. Our juice is different than the West Coast's
 - iv. New York can't ship to California
 - 1. California can ship here
 - a. That's by the case
 - i. Also in bulk
 - 1. It's prohibitive to ship to California
 - 2. It's cheap to ship from California
- v. State DEC
 - 1. They are reluctant and slow to approve crop protectants
 - a. Even if these are OK in other states
- vi. Licensing – tough to deal with
 - 1. 10 months to get a New York license
 - a. 21 days to get a Federal license
 - i. The New York State Liquor Authority is broken
- vii. Weather
 - 1. If you have winter (damage) and go out for certain varieties, re-license commercial
- viii. New York State Ag. and Markets has most bizarre rules on varieties for plants
 - 1. Import license
 - a. It's easier to import from Canada than from California
- ix. Incredible tourism base to Niagara Falls
 - 1. How do we get them to come to this Wine Trail?

- x. Problem for someone to fly back with a bottle
- xi. Lack action of New York state to promote own agriculture industry
 - 1. Either juice or wine
 - 2. NY State Ag and Markets
 - a. Starting to get interested in wine and grapes
- xii. Lack of New York state restaurants that handle New York wine
- xiii. In a local Kitchen Display center
 - 1. Not a New York wine on display
 - a. A California wine
- xiv. No New York grape juice in prisons

c. **Opportunities:**

- i. Niagara Falls Tourism
 - 1. 4 million to the US side
 - 2. 9 million to the Canadian side
- ii. Just get 3 or 4 percent of them here
- iii. The Falls is run by New York State Parks
 - 1. Convince the Commissioner of Parks
 - a. Buy a ticket for the Falls
 - i. And you get a ticket for the Wine Trail
- iv. Now, there are rack cards
 - 1. Now, Wine Trail signs
- v. What if we offered a picnic lunch, or rent a bicycle
 - 1. A bike tour
 - 2. Or horseback, a bridle path
- vi. There's a general increase in wine consumption
- vii. Also culinary tourism
 - 1. That's an emerging trend
- viii. More wineries are being created
 - 1. They need more grapes
 - a. There is plenty of area here to plant grapes
 - b. We have a favorable microclimate
 - i. Niagara is Number Two in New York state
 - ii. Long Island is Number One
- ix. Land is cheap
- x. All vinifera
 - 1. So does Europe
- xi. We can grow a variety (of vinifera varieties)
- xii. More wineries also helps hops and apples
 - 1. Other agriculture
 - a. Encourages education of the consumer
- xiii. Pete: Here, we grow 90 percent juice; 10 percent wine
 - 1. Tim: In the Finger Lakes, 60 percent of crop is labrusca
 - a. 85% goes into wine
- xiv. In the Niagara Peninsula, lots of wine was grown in past years.
 - 1. A significant decision was taken

- a. Make this a world-class winery
 - i. And the Canadians funded the pull-out of native grapes
- xv. Economic leverage that comes from wineries
 - 1. Big spill-over in the area
 - a. Bed and Breakfast
 - b. Restaurants
 - c. Vegetable sellers
- xvi. Equipment sellers
- xvii. Story of why government should help fund build-up

d. **Threats:**

- i. Winter cold
- ii. Spring frost
- iii. Labor shortage
- iv. California
- v. Apathy on the part of growers
- vi. Age of growers
- vii. Taxes
 - 1. More so for new growers
 - 2. We are the highest tax spot in the USA
- viii. Unwillingness of farmers to change
 - 1. To progress
 - 2. To modernize

3. What Will The Industry Look Like in 2 – 5 – 10 Years?

- a. It's going to grow
 - i. Lots more vineyards
- b. Varietal mix
 - i. Will it change?
 - 1. More hybrids
 - a. But not so much
 - 2. Far more vinifera
- c. There will not be juice grape growth until Welch's promotes
- d. Wine industry expands until you get more vinifera
 - i. I'm planting all three
- e. Plugs about Riesling as "the New York grape"
- f. Proliferation of lots of small wineries
- g. Dominic: Varietal wines started to be made in New York (in the 60's)
 - i. 30 years later, Labrusca is still a big seller
 - 1. As long as the consumers drink sweet wines, labrusca will still be grown
 - 2. Unless you can guarantee vinifera (vines) won't die every 8 years
 - ii. Vinifera will not be grown at the loss of other varieties
- h. The big question to know is what grower should plant

- i. What will the consumer be drinking?
 - 1. Plant a variety of wines
 - a. Of gates
 - i. Cover every palate
- i. We offer the gamut
 - i. Half of our sales are labrusca varieties
- j. Larbusca is legislated out of wines in Canada
- k. Be able to buy wine in a grocery store
 - i. You won't be able to do that in New York state
 - 1. Not unless you change the gene pool in the New York state legislature
- l. The customer wants
 - i. High quality at low prices
 - ii. Choice
 - 1. Either one
- m. Eating or table grapes is a small market
 - i. We can't compete with seedless
 - 1. There is a limited season
 - a. They don't keep

4. What Can We do To Promote the Region?

- a. November 11 election day
 - i. Word of mouth
 - 1. Tell everyone you know
- b. Paul: We need to promote ourselves
 - i. Lots of what needs to be done is up to us
- c. New York State Tourism should promote
 - i. Should be all over the state
 - 1. We paid for signs,
 - 2. And for a trailer
- d. Look at what they did in the Finger Lakes
 - i. Wine Trail
 - 1. Single most positive achievement
 - a. Formed unified agency to bring in tourists
- e. Important to work together
- f. State legislature will be targeting real money to this area
 - i. Greenway Fund (by the river)
 - ii. We must speak with one voice
- g. There is such a real chance to generate tax revenues
 - i. 13 million people coming to these Falls
 - 1. Would help Niagara Falls (city), too
 - a. Right now, tourists don't stay longer than four hours
- h. What about a Wine Festival
 - i. Harvest Festival
 - 1. Like they have in Naples NY

- a. This was tried once in Niagara Falls
- i. What if we run a bus tour
 - i. We could pay for it
 - 1. Bring them here
 - a. Profits would pay for it
- j. We'll have 2 billboards (for the Wine Trail) in Niagara Falls
 - i. Mike: If we just got 5 percent of those people....

5. What Will Your Business or Farm Look Like in Five Years?

- a. Double in size and sell wine everywhere but Ontario
- b. My winery will be built
 - i. I'll be out of my day job
- c. Double our size
- d. Double our size
- e. Dominic: You're under-estimating
 - i. Going to grow far more than double
- f. If juice price doesn't come up, my farm will be overgrown with trees
 - i. My crop will be bio-fuels
 - 1. Willow
 - 2. Switch grass
- g. In 10 years, it won't be there
 - i. The next generation is not interested
 - 1. I've been farming it since 1948
 - a. And it will be gone

6. After You, Who Takes Over?

- a. Someone in Family: 1
- b. Don't know: 6
- c. Not anyone in our family: 5
 - i. There's an International Company that wants to buy me out
 - 1. Keep me on as the hired Manager
 - a. It's the likely scenario for my winery

7. Let's Talk About the Lake Erie Grape Team:

- a. Pete: I associate with them
 - i. Thank God for Linda
- b. Jim: connect with the Canadians
 - i. See what they've done in the Escarpment
- c. The Lake Erie Grape Team is not typically vinifera
 - i. Therefore, we go to Canada of the Finger Lakes
- d. I also go to Finger Lakes
- e. There can be contradictions between Lake Erie Program and Canada
- f. Ontario is identical to us in climate and soil
 - i. Bring over Canadians
 - 1. We buy our equipment there
 - a. Go there for help

8. What Would Your “Ideal World” Look Like?

- a. Five foot nine and blonde
- b. Having a knowledgeable equipment dealer for vinifera
- c. Or an old air-blast sprayer repair man
- d. More cool-climate vinifera hands-on research
- e. We grow more varieties of Finger Lakes type
- f. Enough funding in Extension to get the job done
- g. \$350 a ton for my Concord
- h. My farm completely sold,
 - i. and hire me as manager
- i. Little more disease and insect resistance in my vinifera
 - i. Little better job of ripening
- j. Season depends on the sites
- k. Have more growers willing to get involved in the Lake Erie Regional Grape Program
- l. Ability to have soil samples done in house rather than send them out
- m. I'd settle for labor
- n. More vinifera grown here

9. What Could Cornell Cooperative Extension/Cornell University Do To Help Get Your “Ideal World”?

- a. Cornell focuses on breeding program at the expense of developing cultural practices
 - i. Hybrid versus methodology
- b. Cornell spends lots of time to develop plants that the international market has zero interest in
- c. More research in our area
 - i. Niagara County
 - 1. Cambria
 - a. Close to the Lake on the Escarpment
 - i. Also, deal with our soil type
- d. Never had a problem with the Lake Erie Team
 - i. They are very responsive
 - 1. Canadians have a very different perspective
 - a. Different plants
- e. We get invited to events in Canada
 - i. But we can't call them like we can call the Lake Erie Team or Cornell
 - 1. In Canada, there's nobody to call
- f. At Niagara College, wine making classes
 - i. Just starting at Cornell
 - 1. Tim Martinson: I gave courses throughout the State

10. Around The Table: What Haven't We Explored?

- a. Growers won't pick up the phone to call regional Extension
 - i. How about an Extension Outreach?

1. Make a simple phone call to grower to see how they are doing
 - a. Extension thus establish contact
 - b. Coffee Pot Meetings good
 - i. But last year, only 2 up here
 1. How about a few more up here?
 - c. How many of us have ever been to Geneva?
 1. Lots going on there in vinifera
 - ii. Need to advertise
 1. Get the best bang for our buck
 2. To attract base we need for Niagara County
 - d. If you have a winery up and running, the paperwork in New York state is a killer
 - e. the helpfulness of this group in particular has been outstanding
 - i. There are very few industries like this
 - f. Expansion of winery business as seed for county rebuild
 - g. I'd like to know what consumers think about our wines
 - i. Use the Wine Trail
 1. Be a leader, not a follower
 - a. Find out
 - h. Need input
 - i. Like a Weather Station
 1. What to spray
 - a. For Fungus
 - i. For Insects
 1. In vinifera
 - i. Concentrate on issues that make us profitable and successful
 1. Not soil into the lake
 - ii. Not worry about the lake first
 - iii. Did not talk about Niagara Escarpment AVA (American Vintage Area)
 1. Appellation
 - iv. Pesticides
 1. Cool climate
 - a. Enough heat in the vineyards
 - i. Alternative vegetation between rows
- j. Extension folks should videotape their conferences
 - i. We could see what is doing in other places
 1. It would save travel
 - ii. Put training on DVD
 1. Pruning
 2. Tying
 - a. Do it in Spanish
- k. I'm happy
 1. Good
- m. Twilight meetings

- i. If Extension team comes up here, come for a full day
 - 1. Cover us for a day
 - a. Get better participation
 - 2. Lots of the same interests
 - a. Hold Coffee Pot meetings on a rainy day
- n. More education for the public and the consumer
 - i. They buy from 3rd world countries without knowing about us
- o. Rely on people in area to give you information
 - i. Not always the expert from “somewhere else”
- p. I learned a lot
 - i. Should be more meetings like this
- q. Wish you a lot of luck
- r. Paul L: Remind them (the Team) of their accountability to Niagara County
 - i. Niagara County supports the team financially
- s. Tim W.: This is great input
- t. Tim M: This is my first time up here in Niagara County
 - i. I’m pleasantly surprised
- u. Les M: If there is something else you’d like to say, phone me at 607-733-6160 anytime between 5:00 am and midnight, or e-mail me at lmalcovi@stny.rr.com

Group broke up around 8:00 p.m.