

Date: June 9, 2007

To: Tim Weigle

Subject: LERGP Focus Group Project Summary

**I. Background:**

On March 13, 14 and 15, 2007, I conducted a series of six focused group discussions for Cornell Cooperative Extension with grape growers and processors served by the Lake Erie Regional Grape Program. One hundred and two (102) participants gave their inputs. I captured the individual comments on easel sheets, typed them, and e-mailed them to Tim Weigle, who passed them on to the participants. These seventy-five (75) pages must be studied to get the depth and flavor of the sessions. This summary is colored by my personal take on what was said.

The groups represented four distinct segments:

1. Processors and Industry Representatives
2. Growers
3. Growers under 37 years of age
4. Niagara Region Growers and Winery Proprietors

Each session ran approximately two and one-half hours. The same questions were discussed by each group:

1. Situation Appraisal: What's Going On in Your Industry?
2. S.W.O.T. Analysis: What Are Industry Strengths, Weaknesses, Opportunities and Threats?
3. What Will The Industry Look Like in 2-5-10 Years?
4. What Will Your Enterprise Look Like in Five Years?
5. After You, Who Takes Over Your Business?
6. Talking About the Lake Erie Regional Grape Program,
  - a. What do they do that's good?
  - b. What do they do that's not so good?
  - c. What are they doing they shouldn't do – no value to you?
  - d. What could they do they don't do now?
7. What Would Your "Ideal World" Look Like?
8. What Could the Lake Erie Regional Grape Program or Cornell Do To Help You Get To That "Ideal World"?
9. Around The Table: Each Participant Speaks/Contributes.

## II. Findings

*Please note these are the potential action items that were, in my opinion, presented best. I have no expertise in grapes or wine, and realize some may have little real worth or practicality.*

1. The Lake Erie Region Grape Program is considered by growers and producers alike to be vital to their success.
2. Participants viewed the business management and economic help programs of the LERGP as important, and view them as increasingly necessary in teaching the skills demanded for running enterprises of growing complexity.
3. The Lake Erie Regional Grape Program is seen as needing more visibility with the community at large. The growers and producers understand and appreciate the contribution the program makes, but the total community should be informed and brought on board. The program depends on the total community and government vote for support funding.
  - There was a suggestion for two open houses a year
  - There was a suggestion for greater free media coverage
4. Several growers expressed the opinion that research should be:
  - more relevant
  - be conducted in closer to actual production plot sizes
    - larger than 50 plant plots
    - 5 acre plots
    - in similar soil conditions
5. The LERGP team could increase its reach and effectiveness by adopting readily available tools of education technology
  - record their meetings and make them available on the Internet or on DVD for growers who could not attend
  - record training so that it could be available on DVD or the Internet
  - have some training recorded, translated into Spanish, and be narrated in Spanish. Needed subjects
    - tying
    - pruning
6. Timeliness of information from the LERGP team is critical to the users
  - Meetings on pruning before pruning is done
  - Information on recommended sprays in November
7. The LERGP now meets the needs of both the sophisticated producer and the beginning grower, and must continue to offer programs that do so.
8. As more farm wineries are established, they will need help. LERGP should

support these new enterprises with a specialist whose expertise is wines.

9. Young growers are set on diversifying – growing more varieties and establishing farm wineries. Older growers are set on continuing to grow Concord grapes for juice. A program specifically aimed at the needs of young growers should be established by LERGP/CCE/Cornell.

10. Individual segments ask for special support from LERGP:

- a. Young Growers
  - which varieties to grow
  - where consumer tastes in wine are heading
  - how to find the money to buy farms and equipment, buy vines
  - how to examine the effectiveness of the cooperative
    - if necessary, change the Board
- b. Juice Growers
  - continued research on Concord
  - help in increasing the market for juice
    - expand markets worldwide
    - promote health benefits of our product
- c. Farm Wineries
  - direction on which varieties will be most successful
  - teaching successful wine production techniques
  - help in increasing tourism
- d. Niagara Region
  - help promoting tourism
  - help promoting the Niagara Wine Trail
  - increase cooperation with the Finger Lakes wineries and Finger Lakes Extension program
  - continued cooperation with Canadian growers, educators and researchers
- e. Producers
  - business management and cost accounting skills for growers
- f. North East Growers
  - There are producers who grow in both New York and Pennsylvania. They look for a program to get relief from
    - two sets of forms and papers
    - “two sets of rigmaroles and regulations”

### **III. Highlights from the Six Sessions**

*These represent only a few of the many insights shared by participants. The full record of each session should be read to get the most value from this research.*

#### **1. Situation Appraisal: What's Going On In The Industry?**

- a. Economic slump; no money if you're selling to Welch's.
- b. Global competition increasing.
- c. High energy costs increase costs in every aspect of business
  - i. Transport
  - ii. Farm fuel
  - iii. Fertilizer
- d. Labor shortage due to immigration policies
- e. Increased government regulations
- f. Drop in demand for Concord grapes
  - i. Down 70,000 tons from 1999 to 500,000 tons total
- g. Development encroaching on land suitable for growing
- h. Financial institutions lending less
  - i. No longer lend on farm equity
  - ii. Loan criterion is cash flow
  - iii. "Local" banks now controlled in distant cities
- i. Low calorie, low carb. craze has negative effect on juice market
- j. Two worlds – wine and juice
  - i. 95 percent juice
  - ii. 5 percent wine
  - iii. Interest in wineries on part of the farmers is growing
- k. Aging growers; younger generation not staying around
- l. Increasing taxes

(Specific to Processors)

- m. Real strong apathy in the industry
- n. Too many uneconomic vineyards
- o. Some growers blame processors for low prices, but they don't look at their own farm

(Specific To Niagara Region)

- p. We need a local supplier for vineyard supplies
- q. Lots of wineries opening up in the area; Wine Trail expanding

(Specific To Young Growers)

- r. March 13 meeting of National Grape Co-op told grower members that too much had been paid in August 2006 installment, and next installment would be \$1.00 per ton, and next three installments would be very low.

## **2. S.W.O.T. Analysis**

### **A. Strengths**

- i. Love what we do
- ii. Healthy product
- iii. A strong Extension program brings benefits and knowledge from Cornell back to area
- iv. Heritage – some farms have been in same family for 200 years
- v. Lots of experience and expertise
- vi. Some vines are over a hundred years old, and are bearing better than they ever did through technology
- vii. Mechanization: increases productivity, but also financial burden
- viii. Area is beautiful
- ix. Lifestyle
- x. Multiple processors
- xi. Proximity to markets
- xii. Excellent assets: microclimate, soil, water, knowledge base, LERGP

(Specific To Niagara Region)

- xiii. Great wine/winemakers here
- xiv. Niagara Falls tourist draw

### **B. Weaknesses**

- i. “To survive, the grower must raise the yield per acre.”
- ii. State DEC slow to approve crop protectants, even those OK to use in other states
- iii. Reliance on processor management
- iv. Very expensive to change from Concord to varietals
  - a. Cost to tear out Concord
  - b. Cost of varietal vines, and planting costs
  - c. No crop from varietals for four years
  - d. Concord is hard to kill; varietals die back (die in 8 years)
  - e. Highly specialized, expensive equipment for Concord
- v. “We are price takers, not price makers.”
- vi. No room for expansion unless you buy another grower out.
  - a. “If land is good for grapes, it’s already growing them.”
  - b. “If there are no grapes on it now, there never should be grapes on it.”
- vii. Low rate of return on investment.
- viii. Hobbyists – small acreage and owner not dependent on grapes for livelihood
- ix. Concord grape crop is considered a commodity
- x. Weak on marketing and promotion
- xi. Lack of business management and cost accounting skills
- xii. Inability to attract, nurture, retain young people
- xiii. Our independence makes us slow to change

- a. In product
- b. In growing practices
- c. In wine making

#### Specific To Niagara Region

- xiv. Licensing is tough to deal with
  - a. 21 days to get a federal license
  - b. 10 months to get a New York State license
    - 1. New York State Liquor Authority is broken
- xv. New York State Ag. and Markets has most bizarre rules for importing plants
  - a. Easier to import from Canada than from California
- xvi. Canadian tourist cannot bring NY State wine back to Canada unless pay 104% duty. Duty for Canadian wine to US: 5 cents.

#### C. Opportunities

- i. Tourism/agrotourism
  - a. Niagara Falls has 13 million visitors annually
    - 4 million US side
    - 9 million Canadian side
  - b. I-90 carries 1.5 million cars annually through the Lake Erie Grape Belt
  - c. More wineries being created – need grapes
  - d. “Wineries created their own opportunities. The juice industry depends on someone else to create opportunities.”
  - e. Change how marketing is done. Smaller on-farm wineries.
  - f. Diversification. Concord belt now 95 % Concord, some Catawba. Gradual increase in vinifera.
  - g. Wine industry is still in its infancy.
  - h. Economic leverage that comes from wineries – big spill over in area
  - i. Health benefits of resveratrol in juice, wine

#### D. Threats

- i. Labor
  - getting it
  - paying for it
  - California unions – if we had them here, they’d break us
- ii. Unwillingness to change
- iii. Lack of available capital - banks are unwilling to lend
- iv. Competition from China, South America
  - also Washington State for Concord
  - California for red grape juice
- v. Part-time farmer not dependent on grapes for livelihood
  - price doesn’t matter to him
  - has same vote in co-op as full-time grower

- 5 acres has same vote as 1000 acres in Welch's
- vi. Asian Ladybug.
  - deliberately introduced to help soybean industry
  - larva inside grape gives a horrible taste
  - 8 such grapes per lug would spoil a batch of juice
  - and they bite, too
- vii. Mismanagement of the co-operative
- viii. Welch's can say 100% grape juice, but it's not 100% Concord grape juice
- viii. Too much government – forms, regulations, taxes, INS, DEC
- ix. Young not going into farming
- x. Urbanization – spots good for grapes desirable for houses
- xi. Taxes – we are the highest tax spot in the USA

### **3. What Will the Industry Look Like in 2 – 5 – 10 Years?**

“If the grower doesn't adopt new techniques, he will be gone.”

- i. Consolidation of processors
- ii. Fewer juice producers; more small farm wineries.
- iii. “As long as consumers drink sweet wines, labrusca will still be grown.”
  - less Concord acreage
  - Which vinifera to grow?
- iv. Eating or table grapes a small market
  - Can't compete with seedless
  - Limited season
  - Don't keep or store
- v. Diversified
- vi. More mechanization
- vii. Farmer needs more management skills
- viii. City dwellers moving in, objecting to noise, smells
  - land more valuable for building lots than for growing
- ix. Costs increase
- x. Fewer farms, bigger farms
- xi. Tourism/agritourism increasingly important
  - more direct marketing
- xii. Increase in organics

### **4. What Will Your Farm/Enterprise Look Like in Five Years?**

*“Three of four young growers will get together to form a mega-farm, getting best use of equipment and lowering cost of production.”*

- i. More mechanized. I'll machine prune.
- ii. More diversity with wine grapes

- iii. I'll be out looking to buy more land, but no capital available
- iv. Eliminate pieces of farm marginal for production
  - smaller acreage
  - but larger crop due overall productivity increase
- v. Great use of technology
  - GPS
  - exact formulation for small specific areas
    - crop consultant writes prescription for exact nutrients
  - soil sampling
  - wine-making technology/microbiology
- vi. More regulations from government
  - Where you can spray
  - When you can spray
  - What you can use in spray
- vii. Build a winery
- viii. Best Concord ripped out to grow vinifera

## **5. After You, Who Takes Over the Business?**

### **5a. After You, Who Will Run Your Farm?**

Family Member	Don't Know	Not in Family	No One
8	22	12	4

### **5b. How Long Has Your Farm Been In Your Family?**

- been in my wife's family for over 200 years
- in one session, out of twelve growers
  - o one over 150 years
  - o seven over 100 years
  - o three over 30 years
  - o one at 20 years
- seven generations
- six generations
- since 1812

### **5c. Problems With Succession**

- "My Dad's been growing for 40 years, and he's looking forward to another 20."
- "The farmer who is working the farm now won't let go."
- "My Dad is 60. He works harder than he did when he was 40. He wants another 20 years."
- "We need to simplify the process to subdivide."
- "Banks won't lend to young farmers."
- "Our kids have no interest in farming."

## **6. Talking About the Lake Erie Regional Grape Program**

### **6a. What Do You Like/What's Good/Positive?**

- i. DEC training
- ii. Barry Shaffer work on farm management side
- iii. Planning and budget management
- iv. Research
  - “Growing Concords, there's not a whole lot of new stuff.”
- v. Did a lot in last several years to help growers cut costs
- vi. Barry Shaeffer with economics
- vii. Information they give us is farmer-friendly.
- viii. IPM
- ix. Spray credits
- x. Research and research-based advice

### **6b. What's Negative**

- i. Nothing
- ii. Spend too much time on wine research
  - That's just 3 to 5 percent of variety grown here (Portland)
- iii. Problem meeting needs of both high skill grower and beginning grower
- iv. Check for duplication of services between National Grape and the LERGP
- v. “Report on cost per ton of Concord grown
  - Method and results were not bad
  - How processors used it as way to keep what they pay growers low was bad.”

### **6c. What Do LERGP Do They Should Not Be Doing?**

- i. Nothing (in all six sessions)

### **6d. What Should LERGP Do They Are Not Now Doing?**

- i. More help marketing.
  - “I can grow. I need help to sell the crop.”
- ii. Help coordinate mass buying of supplies.
- iii. Let public see what they do
  - Two open houses a year

Specific To Niagara Region: “LERGP program is not typically vinifera, so we go to Canadians. Same soils, same grapes.

- We'd like to utilize Finger Lakes resources, too.

## **7. What Would Your “Ideal World” Look Like?**

- i. “With Geneva Double Canopy, we can produce Concord for less than Washington State.”

- ii. Labor is available
- iii. “Co-op get rid of stodgy Board of Directors – silver hairs” (Young Growers)
- iv. Fewer employees needed.
- v. “We’d like to set the selling price.”
- vi. Grow as many tons as we can
- vii. Juice seen as health cure-all.
- viii. Tourism would still continue in 1<sup>st</sup> Quarter.
- ix. Less government interference.
- x. Next generation take over.
- xi. Jobs we offer are jobs Americans are willing to do.
- xii. Young people want to do this business.
- xiii. Tourism: Niagara Falls draws 13 million visitors a year
  - get them to Niagara Region wineries/Wine Trail
  - Get cars off I-90 to visit Lake Erie Heritage grape belt
  - 1.5 million cars a year through Ripley toll booths

## **8. How Can LERGP Help Us Get To That “Ideal World”?**

*“The biggest problem in this industry is demand. That’s out of their hands.”*

- i. Continue to do what they do now.
- ii. Don’t do marketing for farmers, but educate them about marketing.
- iii. Cornell now spends lots of time to develop plants the international market has no interest in. Do more research in our area.
- iv. Timing – get information out on time to be useful.
  - don’t hold pruning meetings after most have finished pruning
  - spray recommendation early so can buy at best price
- v. Demo plot by variety
  - Types of trellising
  - Varieties of grapes
  - Trials on other fruits
- vi. Program to reduce fertilizer costs
  - Tell growers what to do with pomace back to vineyard
- vii. Extension help us make decision with information before we move away from Concord
- viii. We growers need to see new ideas – Ext. sees them around world and shows them to us
- ix. Look at China and South America
  - prepare us for what is coming
  - China looms large in our minds. Look what they did to

apples.

- x. Help us younger growers. We need some help, some direction:
  - in efforts to diversify.
  - judging effectiveness of the co-operative
  - ways to secure financing

## **9. Comments From Around The Table**

*"I tend to disagree with those who say 'Cut supply'. Instead, increase demand."*

1. We used to sell fresh grapes exclusively from this area.
  - Harvesting for juice is easy. Harvesting for fresh is hard.
2. Transportation costs make it expensive to bring product from west coast. We have huge advantage in nearness to markets.
3. Processor wants lowest possible price that gives quality he needs, regardless of where they (grapes) come from.
4. Grower should aim for highest tonnage that just meets the minimum processor quality standard.
5. There needs to be a coming together in a joint effort of State of New York, Chautauqua (Institution), County Chamber of Commerce, and the New York wine and Grape Foundation to increase tourism. Work on "How To Get Them Off the Thruway."
6. Extension should make basic recommendations so all hear the same message, without conflict.
7. Extension should reach out, and contact growers not now in program.
8. "You've got to be so small you can do it all yourself, or so big you can cover costs."
9. "All that pessimistic stuff – it's about Concords, not the wine varieties."
10. "In this room, growers have a minimum of half a million dollars each in equipment. Yet we still think like a small farm. We must recognize this is a business with business problems."
11. "If you have 20 farm wineries making Riesling, you have 20 different types of Riesling wine. If you make Concord, its all going to be pretty much the same."
12. "Growing Concord, the best way to get dollars to the bottom line is to reduce the costs of production."
13. "Concord used to be a premium variety. We got \$30 to \$40 a ton for their flavor. But we lost that. At \$300 to \$350 a ton for concord, we priced ourselves out of the market."
14. "If Concord goes to \$300 a ton again, we'll get new competition. Processors will use other grapes or imported juice."
15. "The model for Extension used to be the cookbook approach. Now we know each farm is different, and it would be best to help them individually. Our best course is to help the grower think more intelligently about options, about management. But some growers still want a 'formula'."

16. "New York State stops at Rochester."
17. "There are lots of strengths in the Grape Belt. We have the infrastructure – equipment manufacturers and dealers, resources like Lake Erie Regional Grape team, the new lab, Cornell."
18. "The change to vinifera will be gradual. It requires a different growing technique. Juice growers in Lake Erie Grape Belt push the vine for maximum tonnage. You can't grow vinifera that way. You can't kill Concord. Vinifera grapes have a nasty habit of dying. Unless you take out existing vines, there is no place to grow vinifera. Pull out an acre and for five years you get zero dollars."
19. "Vinifera growing still in its infancy. Still too much experimentation with varieties, Vinifera don't grow well in cool climates, or in the wet. Some guys are not taking out existing vineyards, but are planting in new sites. They are getting outside of the good growing acreage. The microclimate is only 3 or 4 miles. For wine grapes to succeed, you have to rip out the best sites for growing."
20. "We (younger growers) need help with transition. We need help deciding 'Will this be a profitable business for us to go in.' We need help in transition from older to younger. The older say stay with Concord. The younger want to diversify. We need some direction, some help and advice."
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#### **IV. The Participants**

##### Focus Group Session #1

Growers and Industry Representatives  
JCC Conference Room  
Fredonia NY  
Tuesday, March 13, 2007 – 12:00 noon – 2:30 p.m.

##### Participants: 13 + 1 Lake Erie Grape Team Members

Mark Amidon, National Grape Co-op,  
Herb Barber, Herb Barber and Sons,  
Jim Bedient, NY State Wine Grape Growers,  
Tom Davenport, National Grape,  
Andy Dufresne, Concord Grape Belt Heritage,  
Harold Smith, Bereton NY  
Jay Hardenburg, National Grape Co-op,  
Tim Martinson, Cornell Cooperative Extension, Geneva NY  
Bob Militello, Militello Farms LLC  
Timothy A. Moore, Centerra Wine Co  
Rob Smith, National Grape Co-op  
John Walker, Cliffstar  
J. Joy, National Grape  
Tim Weigle. LEGP

#### **IV. The Participants (continued)**

##### 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

Jim Baker

Carol Bencal

Jim Bencal

Paul Bencal

Pete Curion

Paul Lehman, Niagara County CCE

Andrew Nichols

Harry Raby

Duncan Ross

Duane Schultz

Martin Schulze

Peter A Smith, Niagara Landing Wine Cellars

Ken Spearin

Michael VonHeckler

Domenic Carisetti, Winemaking Consultant

Jackie Connelly

Mark Gray

Tim Martinson, Cornell Geneva

Tim Weigle, IPM Cornell Cooperative Extension

Myrna (?), Niagara Landing Winery

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##### Focus Group Session #3

Young Growers Under 37

North East, Pennsylvania

Wednesday, March 14, 2007 9:00 a.m. – noon.

##### Participants: 21

Tadd Burch

Phil Coletta

Chris Curtis

Kevin Daugherty

Les Finnell

Bryan Fisher

Dave Laboski

Mario Mazza

Mike Moorhead

Mike Orton

Bill Richter Jr.

#### **IV. The Participants (continued)**

Cortney Semelka  
Albert Szklenski  
Fred Szklenski  
Martin Szklenski  
Jason Wagner, Westdate Farm  
Dennis Whitney  
Kris Kane  
Andy Muza, Penn State  
Tim Weigle, LERGP  
Winery owner – late comer – did not sign in

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#### Focus Group Session #4

Growers and Industry Representatives  
North East, Pennsylvania  
Wednesday, March 14, 2007 12:00 noon – 2:30 p.m.

#### Participants: 13 + 2 Lake Erie Grape Team Members

Bob Green  
Fred Luke  
Tom Meehl  
John Moorhead  
Andy Muza, Penn State  
Jeff Orr  
Charles Rahal  
Bill Richter Sr.  
James J. Szklenski  
Nick Mobilia  
Dave Maille  
Jerry Lookenhouse, North East Fruit Growers  
Adam Schmidt  
Did Not get name  
Tim Weigle

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#### Focus Group #5

Lake Erie Grape Team,  
VFW Hall  
March 15, 2007  
12:00 p.m. – 2: 20 p.m.

#### Participants: 15

Brian Aldrich  
Charles J. Alessi  
Susan Anthony

#### **IV. The Participants (continued)**

Nathan W. Bell  
Gary Burmaster  
Peter F. Gugino  
Mark Jackman  
Donna Merritt  
Jason C. Merritt  
Dan Sprague  
Dave Vercant  
James Militello  
Mark R. Lancaster  
Hans Walter-Peterson  
Tim Weigle

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#### Focus Group #6

Lake Erie Grape Team,  
Portland, N.Y.  
March 15, 2007  
5:00 p.m. – 7: 40 p.m.

#### Participants: 17

Helen Baran  
Steve Baran  
Ed Barger  
Bob Betts  
Dawn Betts  
Don Chess  
Jim Corell  
John Hardenberg  
Eric Huddy  
Marc Kapple  
Joanne W Nixon  
Pete Noble  
Bob Patterson  
Howard Ross  
Carl Vilardo III  
Tim Weigle  
Barry Shaffer

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