



## FISCAL 2021: SECOND QUARTERLY REVIEW

Celebrate the Wines of British Columbia reviews the work of the BC Wine Institute and its member wineries during each quarter of the fiscal year. This second quarterly review covers activities that occurred during July, August and September 2020.

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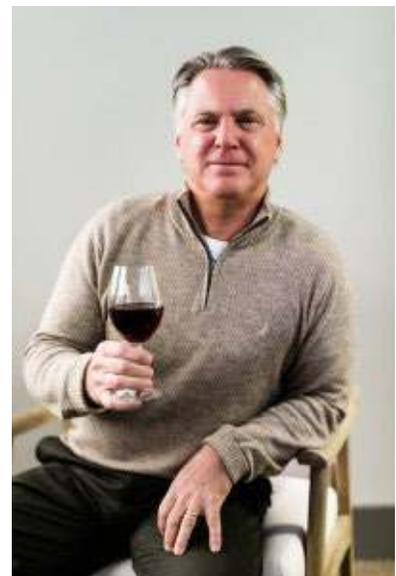
### President and CEO Report

#### BC Wine Industry: COVID-19 Impact Survey Results

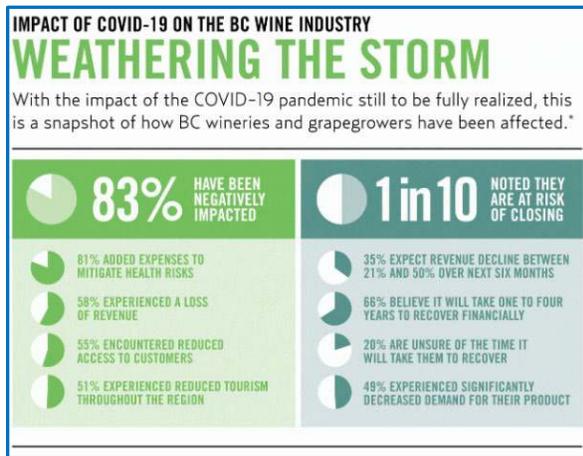
In August, the BC Wine Institute (BCWI), in collaboration with the BC Grapegrowers' Association, engaged market research and analytics company, Leger Marketing to conduct an industry-wide survey to help understand and assess the extent of current and future impacts of the COVID-19 pandemic on the BC wine industry.

According to key findings from the survey results released in September:

- one in 10 BC wineries and grapegrowers noted that they are at risk of closing due to COVID-19;
- 83 per cent of wineries and grapegrowers have been negatively impacted by COVID-19;
- with 58 per cent seeing a loss in revenue and 55 per cent having reduced access to customers.



Miles Prodan, President and CEO



These results have been critical as we quantify COVID-19's impact on our industry for advocacy work with government. Thanks to all who contributed and in advance to those who participate in any follow-up surveys. Read the full results [here](#).

### Hospitality Wholesale

Mid-June, the province announced temporary wholesale pricing allowing hospitality liquor licensees (e.g. restaurants, bars and pubs) to purchase beer, wine and spirits at BC Liquor Stores (BCLS) and pay only the wholesale price

- not the current wholesale price, plus a retail mark-up (estimated to be approx. 20%) set by the BC Liquor Distribution Branch (BCLDB).

The new pricing also affected manufacturers (e.g. wineries) that direct deliver to hospitality customers who also had to change their pricing model to sell at wholesale price, forgoing any margin that was in place.

The BCWI supports the measure meant to provide financial support for hospitality businesses in their COVID-19 recovery. The measure is in place until March 31, 2021.

In a recent follow up to government, the BCWI reconfirmed support for the BC hospitality industry and reiterated the need for measures to assist the BC wine industry during our COVID-19 recovery including increased market access (e.g. BC Liquor Stores) and flexibility regarding tasting room regulations.

### Fiscal 2021 Q2 Member Dues

Similar to Q1 membership dues, Q2 dues invoices again include a COVID-19 relief adjustment.

The adjustment reflected COVID-related Q2 modifications to the FY2021 budget (e.g. cancellation or savings in the move to virtual events, staff terminations) and applied against member dues in consideration of the pandemic's impact on our industry. Distribution of the adjustment is weighted accordingly to a percentage of winery contribution to the total.

While not as significant as the Q1 relief adjustment, the Q2 adjustment reflects the revised FY2021 budget and the ability of the BCWI to pivot to continue in delivering programming opportunities of value and benefit to members as presented in our BCWI Weekly Update newsletter with results conveyed in the Quarterly Reports.

We will continue to monitor COVID-19 effects on the FY2021 budget for the remaining quarters to determine the practicality of potential additional COVID-19 relief adjustments this fiscal.

### BC Wine Institute Annual General Meeting

The BCWI held its first-ever virtual annual general meeting on September 1, 2020. In addition to welcoming new director Santiago Cilley, Phantom Creek Estates and returning director

Christa-Lee McWatters, TIME Winery, membership also approved an amendment to change the name of BC Wine Institute to Wine Growers British Columbia.

The official launch of the new name is slated to take place in early 2021. See the media release [here](#), and for the year in review, please refer to the [BCWI 2020 Annual Report](#).

## Marketing Director Report



Kim Barnes, Marketing Director

The following report is an update on marketing and tourism initiatives as related to the Business Objectives set within the [Advocacy, Communications and Marketing Operational Plan for Fiscal 2021](#).

### Strategic Priority 3

#### BC Retail: Build BC Wine Presence in Retail Channels

##### *FY2021 Business Objectives*

*BC VQA Wine litre market share will increase by more than the overall wine category in British Columbia.*

The overall wine category continues to grow in BC. This quarter resulted in a cumulative increase of 4.87%. July saw a 5.01% increase with August showing a slight dip in growth at 4.26%, and September came in with the strongest increase this year at 5.35%. Since the inception of COVID-19, overall BC VQA Wine litres continue to increase, however BC VQA's share of market has been declining. The Wines of British Columbia Buy

BC campaign ran throughout the quarter to support the category growth with a focus on retail channels resulting in the following three-month overall channels increases:

- Winery Direct: 17.56%
- Private Liquor Stores: 15.10%
- BC Liquor Stores: 9.99%
- Save-On-Foods Wine in Grocery: 2.49%.

Ongoing initiatives will continue to support further growth in BC VQA litre sales with a focus on gaining market share.



| Q2 BC VQA Litre Growth |               |              |
|------------------------|---------------|--------------|
| July                   | 477639        | 3.26%        |
| August                 | 94444         | 0.64%        |
| September              | 535488        | 3.65%        |
| <b>Q2 Average</b>      | <b>369190</b> | <b>2.52%</b> |

### *FY2021 Business Objectives*

*Average Retail price per BC VQA Wine bottle sold in British Columbia will be \$19.00.*

The average collective retail price per BC VQA Wine bottle in all channels continues to hold strong at \$16.06 wholesale with a retail average of \$19.27 (estimating a 20% markup in September). All Wines of British Columbia initiatives continue to focus on premium positioning for the BC VQA category and 100% BC to hold and grow average retail price per BC VQA Wine bottle.

### *FY2021 Business Objectives*

*Wines of British Columbia promotional programming for British Columbia Retail Channels will be developed and implemented.*

Marketing initiatives this quarter continued to be strategically developed to keep the “Support Local” message strong and top-of-mind with consumers to continue to grow the BC VQA category, gain back market share and maintain premium pricing. Please see Marketing Manager Report for the full update on campaign and promotional initiatives.

## **Strategic Priority 5**

### **Tourism: Grow Wine Tourism**

### *FY2021 Business Objectives*

*BC winery direct sales in British Columbia will increase by 5%.*

Q2 continues to see a shift in litre sales within the channels. The highest shift in growth has been in winery direct sales showing a combined increase of 17.56% over the three months. Wines of British Columbia support to the winery direct channel includes both online as well as local tourism initiatives to encourage consumers to explore new wines and winery experiences in their own backyard. As we navigate through the ever-changing COVID-19 protocols, the Wines of BC Explorer app has become a key tool for wineries to update important information on a single platform. For example, tasting room hours, free shipping, new wine releases and specialized experiences. The app also provides consumers with access to winery information at their fingertips allowing them to create wine tours and access all BC wines available for them to explore and experience. At a time when local is more important than ever, the Wines of BC Explorer app is an integral tool for wineries, consumers, media and trade to connect and support local with access to an array of information on our BC wine industry. Over this past quarter, the most often clicked features on the app were red wines, white wines, winery websites and add a winery to a list /route. The most popular to-dos were tours, elevated tastings and special events. Access the [Wines of BC Explorer app](#).

## Communications Director Report

### **Innovation and creativity reign supreme in this new reality**

With the announcement detailing BC's move into phase 3 of the restart plan, and industry-wide COVID-19 best practices and guidelines in place for the safe reopening of wineries, the BCWI embraced the second quarter, re-focusing its communications efforts from being reactive and responsive towards recovery strategies.

Getting back on track to achieving the strategic objectives set out in our [F2021 Advocacy, Communications and Marketing Operational Plan](#) under new provincial recommendations and restrictions required some adjusting of our budgets and targets. As we re-evaluated our usual ways of communicating and engaging with our stakeholders, we did what we do best: pivot, promote, collaborate, get creative, share information, research, secure access to financial resources and obtain best practices used in other sectors and markets. As a wine industry, we have proven our ability to be dynamic, resilient and compassionate through these challenging times. As the voice of the industry, our team supports you in our commitment to finding innovative and highly targeted ways to communicate and stay engaged with our members, stakeholders, media and trade to ensure the BC wine industry and our member wineries remain at the forefront to rebound and recover as we continue to navigate this global pandemic.



Laura Kittmer, Communications Director

### **Brand BC: Build and promote a world-class brand**

With travel restrictions still in place for the unforeseeable future, BCWI focused media efforts on building strategic partnerships with local media, social media influencers and digital platforms to establish a strong "Support Local" message and promote safe travel within the province, while developing and pitching global interest stories in a continued effort to build awareness, image and relevance for BC wines in domestic and international markets.

The communications team kicked off the second quarter with a comprehensive strategic communications and media plan in support of our Buy BC campaign, using an omni-channel approach to gain media coverage and raise awareness on the many ways to buy local and experience new and elevated wine touring offerings safely and responsibly, while positioning BC wine and our wineries as both local and world-class. Strategic partnerships with local media, social media influencers and digital platforms resulted in 69 highly targeted editorial pieces, 106 influencer posts and three blogs including IGTV and Zoom videos, for a total reach of 8.1 million generating \$163,850 in advertising equivalency with a 8:1 return on unpaid media coverage.

Following his inaugural visit to the Okanagan and Similkameen Valley in March 2020 hosted by the BCWI, Andrew Jefford, acclaimed wine writer and columnist for Decanter, wrote an

inspiring piece raising awareness of BC's unique growing conditions and world-class wines, as published in the Financial Times on August 14: [Canada's wild west: British Columbia wines](#)

Complying with the provincial health order guidelines on large and in-person events, the BCWI postponed its media and trade tours and events planned for the fall, including Wine BC BootCamp, CAPS Nationals Competition and an in-region educational FAM with GuildSomm.

More importantly, a shift of focus away from large in-person events, allowed the BCWI to successfully research new formats and best practices that would allow us to engage and host key media and trade safely and effectively in our current environment through virtual and more intimate in-person events leading into the fall.

As part of this planning process, the BCWI enlisted the help of ConnectSeven Group, industry leaders in event management and members of the BC Meetings & Events Working Group responsible for creating the BC Meetings & Events COVID-19 Safe Restart Guidelines, to assist us in developing COVID-19 risk mitigation practices that would allow us to proceed with a fall program for media, trade and member wineries.

Through thoughtful planning, we were able to re-imagine our [Chef Meets BC Grape Somm Smackdown](#) Competition engaging top sommeliers, chefs, key trade and wine media in a virtual dinner series promoting BC wines through sommelier-selected wine pairings. The first virtual event took place in Vancouver on September 22 through a live Zoom broadcast, where 22 of Vancouver's top wine media and trade tuned in and participated.

**“The event was a testament to creative marketing in the time of COVID as all judges were shipped wines and three-course meal ingredients to prep at home, to be sipped and enjoyed real time via Zoom as the three Vancouver sommelier semi-finalists explained their picks! It really highlighted the fun, creativity and diversity possible in pairing wine with food.”**

**- James Nevison, Wine Columnist of [The Province](#)**

The BCWI engaged [Wine Intelligence](#), an agency focused on wine consumer insights, research and strategy for wine businesses and associations, to conduct a quantitative online regional health tracking study to establish key performance benchmarks to measure trade and consumer perception and awareness for Wines of British Columbia. Trade and consumer surveys will be in field October through November 2020.

Despite export activities being placed on hold, the BCWI continued working with its BCWI Export Strategy Task Group in developing its three-year brand building strategy and route to market in identified priority export markets. Three virtual strategic planning meetings were conducted with the committee in the second quarter. The final 2021-2023 BCWI Wine Export Strategy is on target to be presented to government November 30, 2020.

## **COMMUNITY: BRINGING THE INDUSTRY TOGETHER**

On August 24, BCWI hosted a [virtual Town Hall](#) with Wine Growers Canada and Hill + Knowlton Strategies to discuss the background research and rationale behind the recommended name change from British Columbia Wine Institute to Wine Growers British Columbia (WGBC). Following the lead of Wine Growers Canada (WGC), the BCWI Board of Directors identified the

importance of rebranding the BCWI and the BC wine industry as part of a complex value-added agri-food chain, not simply a beverage alcohol product.

## **MEDIA REPORT | Q2 SUMMARY OF COVERAGE**

Direct and indirect media coverage of the BC Wine Institute, its members and the Wines of British Columbia reached 84 million readers and viewers from July 1 through September 30. Value for media coverage totalled \$777,251.

## **MEDIA-RELATED EVENTS**

Chef Meets BC Grape Somm Smackdown Virtual Dinner Competition - Vancouver

## **HIGHLIGHTS IN THE NEWS**

**Highlights in the news from July 1 through September 30:**

The Province | [Proper Pairings Can Make the Meal](#)  
Financial Times | [Canada's wild west: British Columbia wines](#)  
Narcity | [This New App Will Help You Organize The Most Personalized BC Wine Trip Ever](#)  
Vancouver Sun | [New app offers expert insights for wine lovers](#)  
The Province | [Wine Guy: Sipping a new travel reality](#)  
Investor Ideas | [BC Wine Institute Releases Survey Results Highlighting the Impacts of COVID-19 on The BC Wine Industry](#)  
Vancouver is Awesome | [How B.C.'s wineries have risen to the challenges posed by COVID-19](#)  
Gismondi On Wine | [BC's Unique Wine Country Part 1](#)  
Gismondi On Wine | [BC's Unique Wine Country Part 2](#)

For the full Q2 Media Report, click [here](#).

## **PRESS RELEASE ROUND-UP**

To ensure the Wines of British Columbia stay top of mind in key markets and to make sure consumers and industry remain informed on issues affecting the wine industry, the BC Wine Institute regularly issues press releases to a group of more than 300 national and international media.

You can find all press releases issued in Q2 in the Media section of [WineBC.com](#).

## **Quarterly Sales Reports**

[July](#), [August](#), [September](#)

## Marketing Manager Report



Candice Tipton  
Marketing Manager

In the second quarter the BCWI launched its Buy BC campaign, while also seeing continued growth and success with the Wines of BC Explorer app and Boutique Wines from BC programs. The WineBC.com website overall saw over 123,000 pageviews with an average time on page of 1:30 seconds. In addition to this, BCWI campaigns and promotions directed consumers to app stores to download the Wines of BC Explorer app, with 1,843 consumer posts sharing BC wine images on their personal social media channels. Wine lovers were also directed to the Boutique Wines from BC webpage on BC Liquor Stores site to promote that program.

### **BUY BC**

During July and August and into September the BCWI launched its Buy BC campaign titled Local Time. The goal of the summer campaign was to inspire consumers to venture out and explore new wines and winery experiences. The campaign included #SipLoveLocal, a user-generated photo contest, which engaged the community and encouraged consumers to explore new to

them wines and winery experiences while sharing those experiences with their friends on social media.

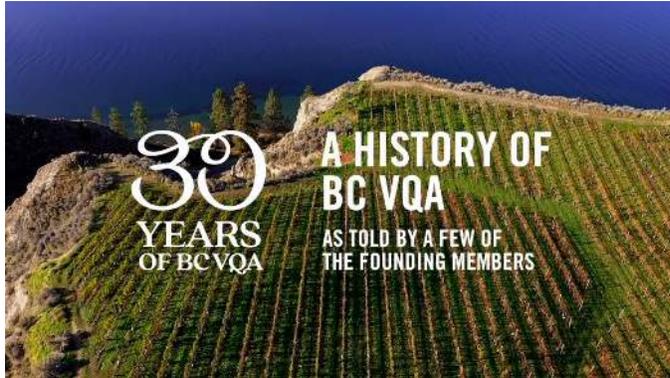
The campaign was multifaceted and included ads on billboards, in papers across the province and in Taste Magazine. There were also digital ads, videos and sponsored articles across *Narcity*, *Castanet*, *Vancouver is Awesome*, *Gismondi* and *KelownaNow*, as well as expert blogs. Print materials included hanging signs, case wraps and tent cards for retail stores and wineries.



In addition to the analytics included in the Content Marketing Report below, the Wines of BC Explorer app acquired 6,543 users with roughly 150,000 clicks.

### 30<sup>th</sup> Anniversary Video

August 3<sup>rd</sup> was the birthday of BC VQA. The BCWI shared a video on the [history of BC VQA](#), a look back at the history of BC wine as told by a few of the founding members and their successors. Views were collected through Youtube and social media for a total of almost



173,000 views. The majority of YouTube viewers watched for over four minutes.

This was complemented with the release of a historical wines route list in the Wines of BC Explorer app, which promoted wines from some of the original 1990 wineries.

### Boutique Wines from BC

Boutique Wines from BC, a program in partnership with the BC Liquor Stores to get smaller-lot wines into stores and in front of consumers continued through the summer months. 48 small-lot wines have now been selected for the program. BCWI digital marketing efforts reached 837,621 consumers from May to the end of July and continue as new wines are listed every three months.



### Content Marketing Manager Report

Online social media campaigns and digital advertising continue to be a lifeline and are more competitive than ever as BCWI's channels adapt to and work within a COVID-19 environment.

During the second quarter, the Wines of British Columbia executed an integrated summer campaign that flowed into September and combined, among other tactics, robust organic social media distribution, Facebook and Instagram paid advertising, influencer marketing contracts and Crowdriff user-generated contests, with the goal of attracting local visitation and consumer sales of BC wine.

A series of paid media partnerships combined with sponsored editorial posts, sponsored social posts and digital banner ads were added to the social media and digital marketing mix to further amplify key content and consumer campaign messages.

At the same time, the BC Wine Institute continues to share across industry digital channels timely updates and valuable resources for members, media and trade, supporting both the health and longevity of the BC wine industry.

Throughout Q2, Wines of British Columbia developed and shared more than 986 pieces of digital marketing content across seven social media channels targeted to both consumers and industry audiences.



Ashley Spilak, Content Marketing Manager



Digital social media marketing and influencer activities are listed below:

#### Consumer

- The summer Local Time campaign focused on driving downloads of the new Wines of BC Explorer App as well as a user-generated consumer social media contest that folded in a Buy BC tourism message with consumers voting to determine the #SipLoveLocal winner. A

total of seven Facebook Ad Sets and a series of targeted Facebook boosts were executed that together generated 104,499 engagements, 172,201 video/page views, 1,807 direct app installs, 12,417 landing page clicks, 1,843 Crowdriff user-generated assets, and a total reach of 1,773,119. See report summary [here](#).

- Influencer marketing campaigns for Q2 brought together a diverse group of voices. Five influencers with target audiences in Calgary, Vancouver and the Okanagan Valley drove the Wines of BC app downloads, contest entry and final consumer voting.
  - A total of 106 posts reaching 132,600 and earning 13,200 engagements delivered an estimated media value of \$89,200. See [Klear Report](#).
  - An additional influencer contract was also signed with Top Chef Canada judge Mijune Pak who travelled to three wine regions in three days and profiled BC winery restaurants and local winery accommodations. Mijune’s “New Normal BC Wine Getaway Road Trip” featured six BC wineries from West Kelowna, to Summerland, to Naramata, Osoyoos and Similkameen and earned a media value of \$73K. Watch “New Normal. Same Genuine People. Same Breath-taking Wine Regions” video [here](#). See [Klear Report](#).
- Two new articles were posted to WineBC.com’s [Taste and Terroir](#) blog and one third-party blog was contracted in Q2. Topics included a recipe and wine pairing from Jennifer Schell’s BC Wine cookbook, a Sommelier review of the Wines of BC Explorer App, and one influencer promotion and review of the app. Views totalled 1,197 with average time on page of two minutes and 49 seconds.

## Industry

- Developed and shared the BCWI Social Media [Facebook Moderation Policy](#) to accompany the release of the BCWI’s [2020 Social Media Guidelines](#) that incorporates COVID-19 advice and scenarios to assist BCWI members.
- The BCWI presented on a number of webinars to members communicating opportunities and information as it related to the results of BCWI programs; the Boutique Wines from BC campaign incorporated Facebook Ad spend and dedicated website assets among other social media organic promotions to strengthen the industry brand.
- Shared timely tips and tricks on industry social media channels to guide BCWI members in the adoption of the new Wines of BC Explorer App.



For top posts and a summary report of Q2 social media analytics, click [here](#).



Carie Jones  
Communications Manager

- Wesbert Winery
- Three Sisters Winery
- Red Horses Winery
- Hugging Tree Winery
- Mirabel Vineyards

## Communications Manager Report

The second quarter was all about embracing the new. The BC Wine Institute (BCWI) welcomed new member wineries, and Board members while also holding the organization's first-ever virtual AGM where members voted in a new name for the organization. The BCWI also promoted BC wineries' new and innovative ways of working during COVID, while promoting the announcement of a brand-new sub-GI in BC.

A new [BCWI Member Benefits infographic](#) was released in Q2 to highlight the many benefits available to wineries as a BCWI member. The infographic provides a simple, visual overview of benefits to wineries interested in membership with the BCWI. In Q2, the BCWI welcomed six new member wineries bringing our total number of members to 182 up from 176 in Q1.

The BCWI is happy to welcome our newest member wineries:

- Foxtrot Vineyards

### Q2 member and stakeholder communications

In Q2 the BCWI sent 12 Weekly Member newsletters with an average open rate of 46%, and 9 CEO Updates with an average open rate of 47%. Other email communication within the quarter sent to trade, media, members and stakeholders had an average open rate of 38%. The average industry standard sits at 23%.

In Q2, the BCWI contributed to [Orchard & Vine](#), highlighting the innovative ways wineries were responding to the COVID-19 pandemic and embracing new ways of working to continue to reach consumers. Orchard & Vine Magazine is published six times per year targeting winemakers and wineries, grapegrowers, cideries and distillers, organic growers and farm associations and government offices across Canada. The BCWI also contributed to [The Quarterly Pour](#) (pg. 28 - 29) with an article highlighting the Cowichan Valley as the newly announced sub-GI. The Quarterly Pour is read by owners and managers of private and rural liquor stores, pubs and bars across BC. These buyers continually source new products and have decision-making authority. Secondary readership is by bartenders, servers and liquor store staff who influence the buying decision. Quarterly Pour readership equals 8,640.

The BCWI held its first-ever virtual AGM on September 1, 2020 via Zoom. The BCWI is governed by a Board of Directors that consists of nine elected voting winery members and two non-voting *ex officio* members who oversee work of the President & CEO and provide strategic guidance and effective oversight for the organization and industry. While nominated by wineries from a similar size category, once elected, Directors work together on behalf of the entire membership to fulfill the BCWI mission and achieve BCWI goals. Every quarter,

members of our Board of Directors will be featured to help member wineries get to know the people advocating on their behalf.

### **Meet BCWI Board Members**

#### **Santiago Cilley, Phantom Creek Estates**

In Q2, the BCWI welcomed its newest Board member, Santiago Cilley, CEO, Phantom Creek Estates.

“Being a member of the BCWI Board provides me with the opportunity to be a more integral part of the broader BC wine community,” says Cilley. “As a member of the Governance Committee, I will look to advance proposals to further connect the BCWI organization with its membership.”

Despite a challenging year, the BCWI Board is looking ahead to a new year full of opportunity. “I look forward to working with the Board and BCWI team to further consolidate the Wines of British Columbia brand in the mind of consumers, trade and government, and expand access for BC wines provincially and nationally.”



#### **Christa-Lee McWatters, Five Vines Cellars**

In Q2, the BCWI also welcomed returning Board member, Christa-Lee McWatters, who previously sat on the BCWI Board, including Chair, from 2015 to January 2020.



“I am passionate about our entire industry and I am honoured to represent all member wineries of all sizes across our province. We need to work together to ensure that we create a strong, vibrant, sustainable industry.”

As we continue to navigate the effects of a global pandemic, Mc Watters says, “Now more than ever, we need to focus on sharing the story of the economic benefit of our local agri-tourism industry. The Board will continue to advocate for all members to grow our presence and awareness of the BC Wine Industry while ensuring support by government, retailers, BC liquor stores and media.”

When asked what she hopes to accomplish this year as a BCWI Board member, McWatters says, “I’m hoping that we can bring the industry together, support one another, advocate for our local industry, and come out stronger than ever before.”

### **Q2 Wine Competition Results**

Each year, BC VQA Wine and certified 100% BC grape wine are entered into dozens of wine

competitions where they show extremely well. BC VQA Wine winners are tracked. A total of 160 awards were received in Q2 from one competition. See full results [here](#).