

KENTUCKY GRAPE & WINE COUNCIL
June 20, 2012
RIVER BEND WINERY
LOUISVILLE, KY
1:00PM



MEMBERS IN ATTENDANCE:

REPRESENTING WINERY OPERATORS:	LOGAN LEET
REPRESENTING WINERY OPERATORS:	CHUCK SMITH
REPRESENTING THE UNIVERSITY OF KY:	DR. JOHN STRANG
REPRESENTING GRAPE GROWERS:	JEFF WILES
REPRESENTING GRAPE GROWERS:	BRUCE KUNZE
REPRESENTING CITIZAN AT LARGE:	ROGER LEASOR

MEMBERS ABSENT:

REPRESENTING CITIZAN AT LARGE:	JOHN CARPENTER
REPRESENTING WINERY OPERATORS:	DENNIS WALTER
REPRESENTING KY DEPT. OF AGRICULTURE:	KRISTEN BRANSCUM
REPRESENTING TOURISM, ARTS & HERITAGE:	MONA JUETT

OTHERS REPRESENTED:

KY DEPT. OF AGRICULTURE:	TYLER MADISON
NEW!WEST AD AGENCY	BOBBI DAVIS

Call to Order

Mr. Logan Leet called the meeting of the Kentucky Grape & Wine Council (KGWC) to order at 1:05pm. Those present introduced themselves. Mr. Tyler Madison called the role and a quorum was confirmed.

Mr. Bruce Kunze noted that the minutes from the April 16th meeting seemed to also include portions from the March, 23rd meeting. Mr. Tyler Madison confirmed the mistake and avowed to correct the April 16th minutes for resubmission at the July meeting.

Financial Report

Mr. Madison reported that, to date, \$430,862.04 of grant funds allotted to the Marketing Cost-Share program has been distributed. In total, \$23,228.79 has been reimbursed for P2-11 (July 1-December 30, 2011) with 30 wineries reporting out of the 50 participants who chose to opt-in. For P1-12 (January 1-June 30, 2012), 53 wineries opted-in with a cap set at \$950 per winery.

A total of \$284,543.24 of grant funds allotted to the Wholesale Reimbursement program has been distributed. A total of \$25,491.00 at \$20 per case per winery has been reimbursed for P2-11 (July 1-December 30, 2011) with 16 Distributors and 29 wineries reporting.

KDA Staff Report

Two separate proposals for the upcoming year's media plan were presented by Mrs. Bobbi Davis of New West Advertising Agency.

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Mrs. Davis noted that plan one would require approval by Ms. Kristen Branscum due to the plan conglomerating with Kentucky Proud advertising but that she didn't anticipate any issues. In plan one, the print and radio advertisements have remained the same as the previous year but the media plan television advertising is significantly increased. In order to maximize exposure and minimize cost, Mrs. Davis suggested purchasing book end spots with Kentucky Proud. In doing so, the advertising purchase would include a 0:15 Kentucky Wine ad followed by another ad followed by a Kentucky Proud ad. This option essentially "piggybacks" on the Kentucky Proud advertising, providing Kentucky wine with television spots at no cost. These television ads are proposed to run around the holiday season in the Bowling Green, Evansville, Lexington and Louisville Markets. Supplemental Holiday television ads used in the same book end format with Kentucky Proud for the Bowling Green, Evansville, Louisville, Lexington and Paducah markets was quoted at a cost of \$22,401.75. In addition to the aforementioned advertising space at no cost, Mrs. Davis explained that there are additional free television spots available in the Kentucky Proud Cooking Show. Although the show has since ended, it has been syndicated into several other markets and will run through the end of the year in Lexington, Louisville, Bowling Green and Evansville. Built into the cooking show are breaks that Kentucky Wine can use utilize free of charge.

Spring 2013 television advertising in plan one, quoted at \$38,204.55, are stand-alone spots and includes the expanded markets of Evansville and Paducah. Mr. Bruce Kunze questioned what the total number of spots the spring quote includes. Mrs. Davis said that she isn't sure the exact number because the proposal is listed in GRP but will research the question and provide an answer to the council.

In the plan two of the proposal, KGWC spots are completely stand-alone and do not include working with Kentucky Proud. In the plan, Kentucky Wine would forego radio spots in favor of increased television presence. It was explained that the absence of radio would recoup necessary funds to match television presence in plan one and remain on budget. Spring TV would be the same as in plan one and Kentucky Wine would only have holiday and spring television spots. Mrs. Davis mentioned that it would be possible to delete one week of television advertising in favor of public radio back. Mr. Roger Leasor asked what public radio we are talking about and Mrs. Davis responded that the public radio in question is state wide. Dr. John Strang then asked when the NPR spots would run and received an answer of: 6:00am-8:00pm, Monday-Saturday at three spots per week. Mr. Leasor charged Mrs. Davis to present an argument in favor of plan two to which Mrs. Davis responded that she could not see plan two in a more favorable scenario to the interest of Kentucky Grape and Wine Council than plan one.

Mr. Chuck Smith inquired about the absence of advertising presence in Northern Kentucky. Mrs. Davis explained that the lack of advertising in the market is due to the exponentially increased cost. A discussion ensued on the value of advertising in Northern Kentucky and Southern Ohio, the amount of serious consumers from that market and the success of the Northern Kentucky wine event. Mr. Kunze and Mr. Smith both voiced opinions that it would be worthwhile to explore the cost of advertising in Northern Kentucky and then make a decision based on projected figures. Mr. Madison mentioned that the budget for the media plan to which the proposals were created is slightly under \$100,000 and if the council deemed Northern Kentucky necessary, there is an additional \$100,000 remaining in the marketing budget for FY2012-2013 as well as a roll-over amount which he estimated at around \$50,000. Mr. Madison mentioned previous discussions of creating new print ads and brochures with this money, but added that the money is there to promote Kentucky Wine as the council decides. Mrs. Davis agreed to put quotes together for the Northern Kentucky television market to supply to the council. She also mentioned that from a travel standpoint, they have had great success in the Northern Kentucky/Ohio Market with advertising in the Ohio Magazine which she will also research.

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A question to the worth of advertising in the Beverage Journal was raised by Dr. Strang. Mr. Leasor noted that the Beverage Journal is a positive resource for someone is asking for a specific wine to see that it's available since every retailer and restaurant receives the publication but typically only large wholesalers pay for space to list their products. It was decided that if the KGWC decides to keep the Beverage Journal advertisement, the listing needs to be updated to include distributor and distributor phone number. Currently there are no small distributors listed in the Beverage Journal. The idea of spending the allotted \$3,600 on internet advertising as opposed to the Beverage Journal was raised and Mr. Madison agreed to look into how much advertising could be procured on the internet for \$3,600 and what markets could be reached.

The conversation around including distributor information continued to the Kentucky Wine Website. Mr. Kunze stated that it would be beneficial to include distributor information in each wineries page of the Kentucky Wine Website. Mr. Madison agreed to begin work updating the Kentucky Wine website to include distributor information.

Mr. Smith asked about the difference of Kentucky Monthly and Kentucky Living and why Kentucky Living was chosen to advertise in over Kentucky Monthly. Mrs. Davis explained that Kentucky Living has a much wider reach. Mr. Smith also asked if there was any reason why the months of March, April and June were chosen for advertising. It was discussed that summer month advertisements would make more sense as well as a holiday advertisement. All present agreed that we should look at December, June, and July and amend the proposed months.

Mr. Smith opined that he felt Public Radio was not an effective vessel for advertising Kentucky's Wineries and that from his experience; Public Radio was the least useful means to spend advertising moneys. He further stated that if the Council does choose to keep Public Radio, the spots should be adjusted to summer months much as the Kentucky Living ads will be moved.

Dr. Strang asked what date the deadline is for the proposed media buys. Mrs. Davis responded that other than the Beverage Journal which is due in July, the deadline for all other media is around Thanksgiving so immediate decisions are not completely necessary.

A discussion ensued surrounding the re-submitted customer survey proposal. Mr. Jeff Wiles believes that it would be a difficult feat to expect customers to fill out a lengthy survey for no personal gain. After some talk, it was decided that the survey should be condensed to only the most basic and necessary questions: (1) Where is the customer from, i.e. zip code? (2) Where do they get information from in terms of advertising- check boxes? (3) How did they learn about Kentucky wineries? (4) What activities do they enjoy when visiting a winery? – Check box, i.e. tasting, tour, food, concerts, tasting room, harvest, grape stomp, other.

Research Report

Dr. John Strang reported that the University of Kentucky plots are currently being tended and all is proceeding normally at the moment.

Wholesale Distribution

No Report

Grower Development

Mr. Bruce Kunze wished to reiterate the importance of competition of Tim Wood's surveys in order to compile a proper Economic Impact Survey. In the May meeting, the idea of ceasing reimbursement

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funds to wineries who had yet submitted the survey was raised. Mr. Kunze asked Mr. Madison if he would follow up with Ms. Kristen Branscum on the legality of such a withholding.

UK Report

Dr. John Strang noted that with 80 attendees, Kentucky Vineyard Society's recent Summer Field Day at the University of Kentucky was a resounding success. Dr. Strang also mentioned that Mrs. Patsy Wilson is currently training an Agriculture Development team planning a trip to Kandahar. Mrs. Wilson has a new student worker beginning Friday, June 22nd by the name of Matt Millet. Mr. Millet has ambitions of pursuing a career in viticulture business.

Announcements

Mr. Leasor announced that he had met Mr. Doug High (creator of the Vintage Kentucky DVD). Mr. High expressed interest in creating a follow-up "Five Years Later," production detailing the growth of Kentucky's wine industry. Mr. Madison was asked to contact Mr. High about this possibility in 2013.

Adjournment

There being no further business, the meeting was adjourned at 3:36pm.