

LODI WINEGRAPE COMMISSION VISION STATEMENT:

“Lodi is known as one of the world’s finest wine regions and a tourist destination that fulfills the increasing demand for Lodi appellation wine and wine grapes, thus assuring long-term generational success for our family farms, wineries and community.”

WORKING TO “THE PLAN” - STRATEGICALLY

As I read the vision above I am both inspired and challenged. In the months since we crafted that statement all our activities have focused on making it a reality. Here is a quick overview of the efforts your staff and committees have engaged in that will move the Lodi region forward for the benefit of both growers and wineries.

Strategic Priorities 1 & 2 - Increase outlets and value for Lodi wine and winegrapes, and Brand Lodi wines. Committee responsibility – Grower and Winery Marketing Committees.

These two priorities are closely linked, success in one builds success in the other. Appropriately, this is where most of our efforts are focused.

The major initiatives supporting these priorities are:

1. In an aggressive effort to build demand at the consumer level, a new branding campaign for Lodi Wine and Lodi Wine Country is being created. It can be used in a broad range of media – print, online, radio, etc. We are working with a highly talented agency from Sacramento, MeringCarson. Please see the article by our Marketing Communications Coordinator Shannon Harbert for more detail on this exciting development.

2. Underlying our advertising campaigns is a new effort in social media. We have hired long time wine writer Randy Caparoso to write the content for our blog on our website

www.lodiwine.com. Randy’s style is fun and engaging, and he has developed quite a following. Over the upcoming months he will be doing grower and winery profiles, family stories, and exploring many varietals we grow in Lodi.

3. Speaking of www.lodiwine.com, the site has been completely revamped to give it more of a consumer friendly look and feel. All of our grower information is still on the site, but the consumer orientation, combined with Randy’s blog posts each week have doubled traffic on the website.

4. To build awareness at the trade and consumer level, we have been presenting our wines at national conference such as the American Wine Society and the Society of Wine Educators, reaching thousands of leading consumers who buy lots of wine, as well as the people who sell it to them in retail shops and restaurants.

5. Our public relations efforts have generated dozens of articles in wine publications, and we are pleased to announce that in early March we will be hosting the United Kingdom’s top 5 wine writers for a tour of Lodi Wine Country. Look forward to future articles on Lodi to run in Decanter Magazine, Harper’s, and others.

6. Another quest to open new markets for our grapes and wines is an exploration of the Asian wine market – we have made two trips to Shanghai, and welcomed two inbound groups from China to Lodi. This market is experiencing massive growth and we are seeking the best way to take advantage of it. *continued following page.*

Make Lodi a stronger wine tourist destination. Committee Responsibility – Winery Marketing Committee, CA Wine Education Foundation, Lodi Wine and Visitor Center. Here our goal is to improve all our wine events and festivals to leave a lasting positive impression on wine enthusiasts who make their way to Lodi. From our experience they are coming from all over the country and beyond. Please see Event Manager Courtney Thommen’s report on page 3.

Build communication/cohesiveness within winegrape community – Education committee responsibility, and numerous volunteers.

Our three half day strategic planning meetings in February set the tone for building concentric circles of stakeholders for outreach. We are increasing the frequency of our newsletters, and creating an online version as well. We have also involved both the Grower and Winery Committees in

crafting our message for the advertising campaign, and we are publishing the Vineyard Supplier Directory for the first time since 2004.

Continuous education/research to advance the vision – Education and Research Committees. The Research Committee has created a schedule of timely topics for our monthly grower meetings, and is seeking worthy projects to fund. They are also overseeing our industry leading Lodi Rules Program. We are currently interviewing candidates for the Sustainable Viticulture Director position.

We are very pleased with our progress toward these strategic priorities to date. As always welcome feedback and involvement of all Lodi growers as we move forward.

Cheers and Happy New Year,
Mark Chandler
Executive Director

NEW AND IMPROVED lodiwine.com



Our website, www.lodiwine.com, received a face lift in August of this year and since launching the redesigned site, its performance has dramatically increased. As you can see below, there’s been nearly a 90% increase in visitorship and a 50% increase in the average amount of time people are spending on our site. The newly redesigned site not only does a much better job of branding Lodi wine (and the region as a whole), but it’s also much more consumer-friendly, which was one of our biggest goals. Given the data below, it appears the new site is being very well received by our consumers.

The success of our new site can be attributed to many factors such as a more pleasing aesthetic, an improved layout and structure, more consumer-friendly content, the ease of accessibility, etc. We also believe it’s due to a much more strategic social media plan that has been implemented since August as well as the addition of the new site’s blog penned by the award winning sommelier, restaurateur and longtime professional wine journalist, Randy Caparoso. Our blog has really been picking up steam in recent months and we continue to use it as a tool for consumers to learn more about our growers, vintners and the Lodi appellation in a fun, interesting, non-salesy way. On the social media front, there has been a greater push for cross promotion between Facebook, Twitter, our blog and lodiwine.com, which has been very effective online. In fact, Facebook is now one of the top 5 traffic sources for lodiwine.com whereas prior to August it was not. This is great indicator of the progress we’re making in the social media world. We will continue to leverage this tool to raise the awareness of Lodi wine and the Lodi appellation.

	OLD SITE	NEW SITE	% INCREASE
VISITS	10,912	20,643	89.18%
PAGEVIEWS	30,482	87,910	188.40%
UNIQUE VISITORS	8,291	14,670	76.94%
PAGES PER VISIT	2.79	4.26	52.69%
AVG. TIME ON SITE	2min 17s.	3min 28s.	51.82%

LODI WINE EVENTS DRIVE CONSUMER AWARENESS

TREASURE ISLAND WINEFEST

Nearly 1,500 enthusiastic consumers and trade ventured to Treasure Island on October 10th to discover the delicious wines of the Lodi appellation. Joined by 43 local wineries, Treasure Island provided the perfect backdrop for guests to enjoy Fleet Week activities as the Blue Angels wowed the crowd with their aerial acrobatics. Live music and wine seminars led by Sommeliers Randy Caparoso and Ellen Landis along with a variety of vintners kept guests engaged throughout the day. Abundant food, great wines, and perfect weather created a memorable experience for all attendees, and helps build awareness and consumer pull through in the critical Bay Area market. The success of the event can be measured in the many unsolicited reviews from attendees.

“This event was a great illustration of what Lodi has to offer in the way of wines. There were so many to try! There were some great cheese, chocolate, and sausage companies that were there with samples. Suggestion to the event planners for next year: aim to have it during fleet week again... The view of the city and the Blue Angels show was out of this world! Out of town friends are already hoping to visit during the wine fest next year-- if it coincides with fleet week.” – TIWF attendee

THE FIRST SIP

Just a month following the Treasure Island WineFest was our 4th annual First Sip: Lodi Wine Weekend. This fall event brings consumers to Lodi to experience the warm hospitality and original wines offered by our vintners. Forty participating wineries created interactive activities for guests to take part in. Winemakers led seminars on grape growing and wine making, hosted live music, led consumers in bottling their own wines, winemaking contests, art exhibits and so on. With nearly 2,000 attendees, the First Sip continues to draw more serious consumers who tend to purchase wine while visiting. A post event survey indicates that it was the first time for 63% of attendees to participate in the event and 98.5% of them plan on returning to Lodi Wine Country in the future. The survey also revealed that the majority of attendees consume wine more than once a week, are 34-60 years old, and have an annual income between \$100,000 and \$200,000.

In all of our events we seek to create a memorable experience that gives people a compelling reason to visit Lodi and discover our wines. Through these efforts, we continue to grow our consumer fan base, and raise the awareness and reputation of Lodi wines across the country.

Mark your calendars for Wine & Chocolate Weekend- February 12-13, 2011 as well as ZinFest Wine Festival- May 13-15, 2011. We would love to see you there.

Courtney Thommen, Event Manager



Here are some excerpts from the survey question “What was the highlight of the First Sip Event for you”:

“barrel tasting in comparison to bottled wine”

“the friendly atmosphere and lack of pretension at most of the wineries”

“this is my favorite way to wine taste with food and music. The crowds seemed smaller this year- it was perfect for tasting and getting to all the places we wanted to.”

“all the delicious food pairings with the amazing wine made this event extra special. I also loved how each winery had at least one employee who was really and truly passionate about the wine they serve.”

“this was our first visit to Lodi and we enjoyed it much more than Napa. Everyone was so friendly and we actually met several of the owners/winemakers who were doing the pouring.”

“Well organized. Enjoyed the live music and food along with the wines. Festive atmosphere. Ability to sample ‘futures’ wines.”

BUILDING BRAND LODI!

Building awareness and demand for Lodi wines in the hearts and minds of consumers across this country is essential to sustaining our vineyards for years to come. After an extensive search the Lodi Winegrape Commission recently hired Sacramento advertising agency MeringCarson to help us brand Lodi grapes and wines. We will be working with them to create a new advertising campaign complete with a new look and feel for the Lodi Wine Country brand.

We are very pleased to be partnering with MeringCarson given their past experience and extensive portfolio. MeringCarson's client list includes California Wine Institute, California Travel & Tourism Commission, California Tourism Wine and Food, San Diego Convention and Visitors Bureau and California Raisins to name just a few. They are the agency responsible for the memorable television commercials featuring "real" Californians. Check out their work at www.meringcarson.com

Over the past couple months we have hosted their creative team on a Lodi Wine Country familiarization tour and have held several stakeholder sessions with our Grower and Winery Marketing committees. Through this effort, MeringCarson was given the opportunity to meet many of our growers and vintners in order to gain an understanding of where we are today, where we would like to be in the future, and what makes Lodi wine special.

The familiarization tour and stakeholder sessions combined with their industry experience gives them a great baseline to begin the creative process. In December, MeringCarson will present to us their proposed strategic platform for the new advertising campaign. This will be followed by several months of working with the creative team to develop each campaign element such as a new logo, tagline (or slogan), and the artwork itself. We hope to launch the new campaign in March of next year.

If you have any questions, please give me a call (209) 367-4727.
Shannon Harbert
Marketing & Communications Coordinator

"The Grower Marketing Committee feels that it is the appropriate time for the Commission to move in a direction that focuses on the wine consumer. The Commission has done an excellent job over the years of raising the awareness of all that our region has to offer to the producers. If you are a producer and are not aware of the quality, value, and diverse range of varietals coming out of Lodi then you have been hiding under a rock. We have entered the next phase by enlisting the services of the MeringCarson Agency in order to come up with a plan that will brand Lodi. It is exciting to bring someone as professionally and creatively adept as MeringCarson in to advise us in this process. Look, I'm a farmer. And chances are if you are reading this newsletter you are a farmer too. We all wear many hats in our business but MeringCarson wears this hat much better than this farmer ever could."

RICHARD LAUCLAND
CHAIRMAN, GROWER MARKETING COMMITTEE



COMMISSION WELCOMES NEW WINE & VISITOR CENTER MANAGER

We would like to welcome Jeremy Bowe, our new Lodi Wine & Visitor Center Manager, to the Winegrape Commission team. Jeremy is a life-long resident of San Joaquin County and brings a wealth of experience, energy, and enthusiasm to the Wine & Visitor Center. Jeremy graduated from University of the Pacific with degrees in Public Relations and Organizational Communications, both of which should come in handy in his new role at the Winegrape Commission. Jeremy previously worked with us in the Visitor Center tasting room back in 2008/2009. At that time he was being groomed for an assistant manager role, however he took full time job offer elsewhere. He has extensive customer service and supervisory work experience, and is eager to help us grow Lodi's reputation for great wine, great hospitality and great customer service. Please welcome Jeremy to our Lodi Wine Community.

FINANCIAL STATEMENTS - LODI WINEGRAPE COMMISSION CRUSH DISTRICT #11 LOCAL COMMISSION - YEARS ENDED JUNE 30, 2009 AND 2009

<u>BALANCE SHEET</u>			2010	2009
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$1,280,292	\$772,164		
Accounts receivable	12,132	72,778		
Grants receivable	-	5,900		
Prepaid expenses	4,762	7,136		
Total current assets	<u>1,297,186</u>	<u>857,978</u>		
CAPITAL ASSETS				
Office equipment	\$95,610	\$86,748		
Promotional display	7,918	7,918		
Vehicles	57,016	57,016		
Wine trail signage	38,984	38,701		
Leasehold improvements	25,967	25,967		
	<u>225,495</u>	<u>216,350</u>		
Less acc. depreciation	(178,565)	(164,856)		
Total capital assets	<u>46,930</u>	<u>51,494</u>		
Total assets	<u>\$1,344,116</u>	<u>\$909,472</u>		
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$8,383	\$12,417		
Accrued expenses	30,989	35,153		
Research contracts payable	23,333	30,371		
Total current liabilities	<u>62,705</u>	<u>77,941</u>		
NET ASSETS				
Invested in capital assets, net of related debt	46,930	51,494		
Unrestricted-undesignated	1,020,908	613,938		
Unrestricted-designated LWC	213,573	166,099		
Total net assets	<u>1,281,411</u>	<u>831,531</u>		
Total liabilities and net assets	<u>\$1,344,116</u>	<u>\$909,472</u>		
<u>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS</u>				
OPERATING REVENUES				
Assessment income	\$1,393,823	\$1,009,856		
Event income	218,129	148,274		
Contributions	50,750	48,688		
Other	15,059	23,160		
Grants	-	46,190		
	<u>1,677,761</u>	<u>1,276,168</u>		
California Wine Education Foundation				
Management service fees	185,000	148,579		
Rent	37,824	48,297		
	<u>222,824</u>	<u>196,876</u>		
Total operating revenues	<u>1,900,585</u>	<u>1,473,044</u>		
OPERATING EXPENSES				
Salaries, wages and consulting	400,424	476,438		
Marketing and promotion				
General	240,032	273,701		
California Wine Education Foundation	130,000	100,000		
Other	22,919	13,757		
Employee benefits	66,893	89,213		
Rent	61,711	60,069		
Research	60,363	90,762		
Office expense	37,090	38,703		
Consulting	33,910	540		
Donations	25,300	10,000		
Professional fees	22,509	24,053		
Travel and entertainment	20,987	25,273		
Insurance	18,980	16,833		
Dues and Subscriptions	18,526	16,126		
Equipment maintenance and rental	17,437	14,422		
California Department of Food and Agriculture	14,174	43,422		
Depreciation	13,708	15,919		
- operating expenses continued -				
Special events			7,774	12,642
Telephone			7,769	6,747
Newsletters, directory, and materials			6,489	4,327
Grower Meetings			5,763	2,962
Uncollected Lodi Wine Country contributions			63	455
Staff education			-	550
			<u>1,232,821</u>	<u>1,330,914</u>
California Wine Education Foundation				
Allocated operating expenses				
Salaries			155,841	125,235
Employee benefits			28,028	23,344
Rent			37,824	48,297
			<u>221,693</u>	<u>196,876</u>
Total operating expense			<u>1,454,514</u>	<u>1,535,790</u>
Operating income (loss)			<u>446,071</u>	<u>(60,746)</u>
NONOPERATING REVENUES (EXPENSES)				
Loss on disposal of assets			-	(4,700)
Interest income			3,809	6,803
Interest expense			-	(30)
Total nonoperating revenue (expenses)			<u>3,809</u>	<u>2,073</u>
CHANGE IN NET ASSETS			449,880	(58,673)
NET ASSETS, BEGINNING OF YEAR			<u>831,531</u>	<u>890,204</u>
NET ASSETS, END OF YEAR			<u>\$1,281,411</u>	<u>\$831,531</u>
<u>STATEMENT OF CASH FLOW</u>				
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from growers			\$1,393,823	\$1,009,856
Cash received from other operating sources			567,345	518,771
Cash received from granting agencies			5,900	13,437
Cash paid to suppliers/contributors			(905,656)	(875,402)
Cash paid to employees			(594,987)	(547,948)
Net cash used in operating activities			<u>513,464</u>	<u>71,675</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets			(9,145)	(27,092)
Principal payments on long-term debt			-	(7,243)
Interest paid on long-term debt			-	(30)
Net cash used in capital and related financing activities			<u>(9,145)</u>	<u>(34,365)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received			3,809	6,803
NET INCREASE IN CASH & CASH EQUIVALENTS			<u>508,128</u>	<u>44,113</u>
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR			772,164	728,051
CASH & CASH EQUIVALENTS, END OF YEAR			<u>\$1,280,292</u>	<u>\$772,164</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
OPERATING INCOME (LOSS)			\$446,071	\$(60,746)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation			13,709	15,919
Decrease (increase) in:				
Accounts receivable			60,646	56,133
Grants receivable			5,900	13,437
Prepaid expenses			2,374	6,902
Increase (decrease) in:				
Accounts payable			(4,034)	(326)
Accrued expenses			(4,164)	9,985
Research contracts payable			(7,038)	30,371
NET CASH USED IN OPERATING ACTIVITIES			<u>\$513,464</u>	<u>\$71,675</u>

LODI WINEGRAPE COMMISSION COMMITTEE ASSIGNMENTS

Below are the current Winegrape Commission committee assignments. Please feel free to share your thoughts with any of the committee members on how the Commission and its respective committees can better serve your interests.

Budget & Finance Committee

Randy Lange, Langetwins – Chairman
John Graffigna, Graffigna Fruit Company
Craig Ledbetter, Vino Farms
Bill Stokes, Stokes Farms
Mike Manna, Manna Ranch, Inc.

Education Committee

Paul Verdegaal, UC Farm Advisor – Chairman
Aaron Lange, Langetwins
Ben Kolber, K&G Vineyard Management
Gary Patterson, Nestor Enterprises
Amy Blagg, LDGGA Executive Director
Mike Matson, Vino Con Brio Winery
Bob Lauchland, JR Lauchland & Sons

Executive Committee

Joe Valente, Kautz Farms - Chairman
Bob Lauchland, JR Lauchland & Sons - Vice Chairman
Brad Kissler, Mohr-Fry Ranches – Secretary
Randy Lange, Langetwins – Treasurer

Grower Marketing Committee

Richard Lauchland, JR Lauchland & Sons - Chairman
Joe Berghold, Berghold Vineyards
Craig Ledbetter, Vino Farms
Matt Perman, Perman Bros.
Kyle Lerner, Mettler & Son
Rodney Schatz, R&G Schatz Farms
Jonathan Wetmore, Round Valley Ranches

Research Committee

Charlie Starr Jr. – Chairman
Chris Storm, Vino Farms
Lee Caton, Nestor Enterprises
Brad Goehring, Goehring Vineyards
Stan Grant, Progressive Viticulture
Mike Harder, Vino Farms
Cindy Johnson, Fetzer Vineyards
Stanton Lange, Lange Vineyards
Frank Olagaray, Olagaray Bros.
Steve Quashnick, Wilbur Ellis
Bill Thomas, Mid-Valley Ag
Joe Valente, Kautz Farms
Paul Verdegaal, UC Farm Advisor

Winery Marketing Committee

Charlene Lange, Langetwins – Chairman
Jorja Lerner, Harney Lane Winery
Dave Phillips, Michael-David Winery
Steve Felten, Klinker Brick
Pam Graviet, Ironstone Vineyards
Marty Peterson, Onus Vineyards
Vic Mettler, Vicarmont
Sue Ripken, Ripken Vineyards
Nick Sikeotis, Estate Crush
Nancy Beckman, Visit Lodi, (Ex Officio)
Pat Patrick, Lodi Chamber, (Ex Officio)

LODI WINEGRAPE COMMISSION

Crush District 11

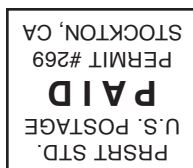
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Bob Lauchland - Vice Chairman
Brad Kissler - Secretary
Randy Lange - Treasurer
Steve Borra, Kevin Delu,
John Graffigna, Jon Wetmore,
Dino Mencarini

ALTERNATES

Matt Permann, John Duarte,
Bill Stokes, Craig Ledbetter,
Ernie Dosio, Markus Bokisch,
Kevin Phillips, Mike Manna,
Steve Quashnick



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