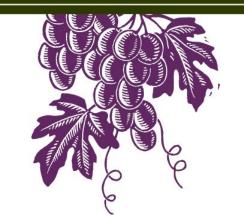


Wine Council of Ontario Year in Review 2012-2013



Wine Council of Ontario



Members of the Wine Council of Ontario

Prince Edward County

Black Prince Winery

Casa-Dea Estates Winery

Closson Chase

The Grange of Prince Edward Estate Winery

Harwood Estates

Huff Estates Winery

Lacey Estates

Norman Hardie Winery and Vineyard

Rosehall Run

Sandbanks Estate Winery

Waupoos Estate Winery

Lake Erie North Shore

Cooper's Hawk Vineyards

Oxley Estate Winery

Pelee Island Winery (Kingsville)

Pelee Island Winery Pavillion (Pelee Island)

Niagara-on-the-Lake

Between the Lines

Caroline Cellars

Cattail Creek Estate Winery

Charles Baker Wines

Colaneri Estate Winery

Coyote's Run Estate Winery

Domaine Equifera Estate

Frogpond Farm Organic Winery

Generations Wine Company

Hinterbrook Estate Wine Company

Joseph's Estate Wines

Konzelmann Estate Winery

Lailey Vineyard

Marynissen Estates Winery

Niagara College Teaching Winery

Palatine Hills Estate Winery

Pillitteri Estates Winery

PondView Estate Winery

Rancourt Winery

Ravine Vineyard

Reif Estate Winery

Reimer Vineyards Winery

Riverview Cellars Estate Winery

Small Talk Vineyards

Southbrook Vineyards

Stratus

Strewn Winery

Sunnybrook Farm Estate Winery

Terra Vineyard

Niagara Escarpment and Twenty Valley

13th Street Winery

2027 Cellars

Angels Gate Winery

Aure Wines

Bachelder Wines

Calamus Estate Winery

Cave Spring Cellars

Cornerstone Estate Winery

Crown Bench Estates

Featherstone Winery & Vineyard

Fielding Estate Winery

Flat Rock Cellars

The Foreign Affair Winery

The Good Earth Vineyard and Winery

GreenLane Estate Winery

Harbour Estates Winery

Harvest Estate Wines

Henry of Pelham Family Estate Winery

Hernder Estate Wines

Hidden Bench Vineyards and Winery

Kacaba Vineyards

Malivoire Wine Company

Megalomaniac (John Howard Cellars of Distinction)

Mike Weir Winery

Mountain Road Wine Company

The Organized Crime Winery

Peninsula Ridge Estates Winery

Puddicombe Estate Farms & Winery

Ridge Road Estate Winery

Ridgepoint Wines

Rockway Vineyards

Rosewood Estates Winery & Meadery

Royal DeMaria Wines

Stoney Ridge Estate Winery

Sue-Ann Staff Estate Winery

Tawse Winery

Vieni Wine & Spirits

Vineland Estates Winery

Westcott Ridge

Emerging Regions

Burning Kiln Winery

Coffin Ridge Winery

Dover Vineyards

Georgian Hills Winery

Willow Springs Winery

THE WINE COUNCIL AND ITS MEMBERS ARE INVOLVED WITH:















WHO WE ARE

The Wine Council of Ontario (WCO) is the champion of Ontario's high quality, authentically local Vintner's Quality Alliance (VQA) wines, and of promoting Wine Country as a destination.

As a non-profit trade association, the Wine Council represents 88 wineries from across the three Designated Viticultural Areas of the province (Niagara, Prince Edward County and Lake Erie North Shore—including Pelee Island) as well as emerging wine producing regions such as Ontario's South Coast and Georgian Bay/ Grey County.

Our members are independently owned small and medium sized enterprises—grape growers, manufacturers and leaders in tourism in their communities. Our members are the future of Ontario's wine industry which is a source of new investment, jobs and award-winning wines.

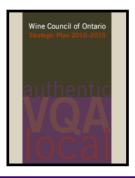
THE VOICE OF THE INDUSTRY

92% of wineries in trade associations in Ontario have chosen the Wine Council to represent their interests.

WE SUPPORT AUTHENTICITY

Our role is to promote Ontario VQA wines and vintners, support the production of excellent local wines valued both at home and abroad, and build on the substantial economic benefits that the VQA wine industry brings to the province. Authentically local VQA wine is made without imported grapes.

OUR STRATEGIC PRIORITIES



Our 2010-2015 has at its heart five key strategic priorities. These are:

- Growing opportunities for VQA wine sales
- WCO Leadership and Relationships
- Membership growth and value
- Excellence in promoting Wine Country Ontario
- Bettering the Ontario Wine Industry

STEWARDS FOR THE INDUSTRY

The Wine Council owns and operates the following programs for the benefit of its members and the entire Ontario VQA wine industry. We have led the marketing efforts for our industry since 1974.



THE WINE COUNCIL AND ITS MEMBERS PROUDLY SUPPORT THESE GROUPS AND EVENTS:















CHAIRMAN'S MESSAGE

It is a time of great change in the Ontario wine industry. I would even suggest that the changes that have taken place over the last few years are revolutionary. That may seem a bit exaggerated, but when one stops to

consider the changes that have occurred and their consequences one sees a truly staggering accomplishment.

First, it has been a time of tremendous growth—growth in the number of wineries, growth in sales, growth in global awareness of our wines beyond lewine, growth in the quality of the wine we produce and growth in the perception of these wines. Our industry, often described as in its infancy, is growing out of its adolescence and into a mature wine region. We still have a ways to go, but our future is no longer uncertain, but inevitable.

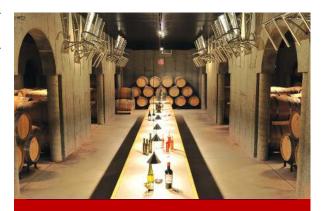
Perhaps the greatest change and our greatest challenge is changing the way we think. We are no longer aligned with blended wines. And it has taken several years to come to the realization that we no longer need to compromise our beliefs and standards simply because we are colleagues in the industry. We must continue to stride forward with our VQA wines leading the way. We must remember that it is not about diminishing blended wines, but elevating and never compromising VQA 100% authentic Ontario wines. It is what we all believe in.

We also have to change the way we think about ourselves. We all think our wines are good. However, what we do not realize is truly how good they are in a global context. We are typical Canadians who are humble and unassuming. Like our Canadian athletes in the Vancouver Olympics, we need to take the next step forward by believing in ourselves and sharing with the world our pride and confidence in the amazing wines we make. It is not arrogance we need, but a demonstration of confidence..

Finally, we are changing how we are perceived (and to do that is hard work). We are no longer seen as a novelty. We are no longer a discovery waiting to happen. We have established ourselves as successful vineyards, wineries and tourist destinations. Where that has happened in other parts of the world, the wine industry is seen as a cultural icon. We may not be there yet, but we are clearly adding to the cultural fabric of the province of Ontario. We should all be proud of that fact.

Over the past several years, we have seen tremendous change in the Ontario wine industry. As I come to the end of my four years as Chair of the Wine Council, I am proud to have worked hard alongside the Wine Council staff and your Board of Directors to effect the tremendous change that is transforming our industry. Together I am confident that we will complete our transformation into one of the great wine regions of the world.





MARKETING HIGHLIGHTS 2012-2013

The marketing program is a consumer focused strategy that is designed to have a positive impact on consumer behavior, perception, purchase intent, understanding and loyalty for Ontario's VQA wines and Ontario's wine regions.

Founded on the four pillars of Consumers First, Tourism Leadership, Retail Growth and Educational Excellence, the plan is delivering on all objectives and showing results under all four platforms.

CONSUMERS FIRST—HIGHLIGHTS TO DATE

- ♦ Ontario leads consumer loyalty scores
- Ontario leads in top of mind recall of wine regions producing high quality wine
- Ontario leads in consumer purchase intent
- Ontario wines perform strongly on the top drivers of brand loyalty
- From zero fans in 2010 to over 35,000 engaged fans on Twitter and Facebook
- Higher than industry norms for key influencer engagement and sharing our content to their followers. This is critically important as it measures the volume and amplification of our messages
- Since 2010 we have sampled over 200.000 consumers

TOURISM—HIGHLIGHTS TO DATE

- ♦ Visitation to Wine Country Ontario is up by over 50%
- Our key travel tool—the Wine Country
 Ontario travel guide has reached over 2.5
 million customers since 2010
- ♦ Ontario winery Visitors First secret shopper program experience scores are up from 75% in 2010 to 83% in 2012
- Ad campaign performance scores are on the rise in all primary measures.
- ♦ The advertising campaign has exposure to over 6.5 million customers
- The Wine Country Ontario website has seen an increase in visitation of 20% in 2012.



PRESIDENT'S MESSAGE

I welcome this opportunity to reflect on what has been both a challenging and an equally inspiring year for our industry. Sales continue to grow and our shared focus around VQA wines has been producing positive results. However, it remains critical for us to

keep focus on the challenges that continue to inhibit any further growth and expansion. To this end , though the tasks have been daunting, I know that the efforts and shared commitment of our members are truly making a difference.

The VQA support program and the sustainability of our Marketing Program are areas of primary focus for our efforts this year. We have been very aware of the looming deadlines and the expiry of the programs. As members will know we have been leading a concerted and strategic effort to seek signals of renewal for this program earlier rather than later and it has been very helpful to see all of our members rally behind this effort. The passionate letters to the Minister have made a difference and it is clear to me that there are many in our province at both the political and staff levels who very much want to see us succeed and flourish. I am confident that we will receive some good news on this in the short term.

We have also been working diligently at trying to build partnerships within our industry. Building momentum towards shared issues with our partners in the industry—be it other wineries, regional associations or our growers—is the way that we will be most successful and it is the cornerstone to the approach that we take on a day to day basis. This report will tell you more about those efforts.

It is clear to me that our key challenge remains growing points of distribution for our product. To that end, one of my primary areas of focus has been to continue to ensure that we are having the most opportunities available at the LCBO and to work with government to have them understand not just the challenges, but the real potential of our VQA industry if we can work together to modernize our retail environment (and grow revenues to the province as a bonus). Furthermore, I have continued to build relationships at liquor boards across Canada and I am encouraged by their interest in promoting and embracing VQA wines, as well as the growing appetite of their customers for authentically Canadian products.

I wanted to ensure that I also took a moment to honour the staff at the Wine Council. They continue to amaze me with their commitment to, and passion for our wines, your wineries and our aspirations as an industry. They are tireless in their work and their work is often thankless. I would encourage you to thank them any time you have a chance. They continue to overdeliver in quality of effort and commitment to our goals. They are truly the best.

I also want to thank Ed Madronich. For most of my time at the Wine Council, he has been our Chair and as he comes to the end of an action-packed four years, I want to ensure that I recognize how impactful his passion and his vision have been in guiding both our industry and our organization to new heights and a higher level of performance. I don't think that anyone can appreciate the amount of personal sacrifice that Ed has made to ensure that the job was done right. He has lead the Wine Council through some incredible times of transition and uncertainty and we have come out that much stronger at the end of his term of leadership. He has an incredible, positive legacy and has helped the Wine Council move to a place where our 86 (and growing) members will reap the benefits of his commitment and drive. On a personal note, I know his support and encouragement have helped me to grow and to be more successful. We all owe you one, Ed.

Finally, I want to thank our members. Without you and your passion, this organization doesn't work and we would have nothing to aspire to. Thanks to you all for challenging us, inspiring us and guiding our efforts. Cheers to a successful year and for more success to come.





MARKETING HIGHLIGHTS
2010- 2013
CONTINUED FROM PG 4

EDUCATIONAL LEADERSHIP —HIGHLIGHTS TO DATE

- Over 4,700 Wine Regions of Ontario educational program course books in circulation with students, college educators, university educators, restaurants, wine clubs and bartending schools since 2010
- ♦ A total of 20,000 copies of My Story ("the White Book") educational brochures in circulation with trade, media, exporters and influencers, with an additional 6,000 copies being downloaded electronically
- ♦ Over 2,000 LCBO staff have experienced educational immersion tours since 2010. These tours not only increase knowledge, they drive loyalty and ambassadorship
- 1,000 media and influencers (bloggers, licencees, retail partners and wine educators) have experienced one or more of the following activities Tutored Tastings, Walk About Tastings, FAM tours, Themed tastings and events.

AWARDS AND ACCOLADES



Wine Country Ontario was awarded the Drinks International Wine Tourism Awards for 2013 for being the best Generic Marketing Body.



Wine Country Ontario also won, for the fourth year in a row., the award for Partnership for its work on the WOW Leader Programs with the LCBO.



Strategic Priority #1:

Growing Opportunities for VQA Wine Sales

Goals for 2010-2015

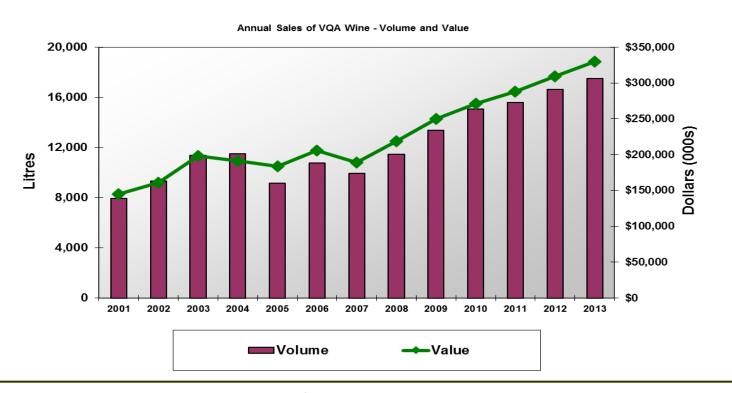
- Development and execution of annual marketing strategies that increase the value and scope of VQA wine sales
- Active engagement with current and potential retail/trade partners to align marketing goals and investments, in support of expanded retail opportunities
- Advocacy to reduce regulatory barriers that restrict access to VQA wines
- ♦ Support of nationally led export initiatives

The past year has been one of challenges and success for VQA wine sales in the province. VQA sales in the LCBO for the year ending March 31, 2013 were \$111.2 million. This 5% increase in sales over the previous year outpaced the growth of import wines (4%) for the fifth consecutive year. Over the past four years, the difference in growth at the LCBO between VQA wines (76%) and imported wines (38%) has been remarkable. As Ontario consumers continue to increase the quality of their wine purchases, the average shelf price of a 750 ml bottle of VQA

wines rose from \$12.70 to \$12.90 over the previous year.

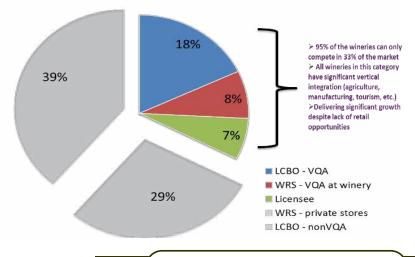
WINE COUNCIL MEMBERS LEAD GROWTH

Our members sell the majority of the VQA wine (56%) sold at the LCBO (in dollars)



Our Challenge - Distribution to Support Growth

Despite the ongoing support of the Province of Ontario and the LCBO, the majority of VQA wineries are challenged by the simple fact that they are excluded from a significant portion of sales channels in Ontario. 95 % of the wineries only have access to 33% of the market while only 5% of the wineries have access to 100% of the market. For our VQA wineries to grow and thrive, the opportunities and points of sale for our products need to increase.



WINE COUNCIL MEMBERS LEAD GROWTH

Our members sell the majority of the VQA wine (61%) in channels where we all participate.

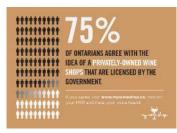
Private Retail - Our Efforts to Engage Consumers

Our members have long been clear with us that the status quo will simply not allow us to grow and maintain our momentum. Key to these efforts and

instructions from our members are that the Wine Council do all that it can to create the conditions for the success of our wineries and our wines. To this end, and in order to help level the playing field, the Wine Council continues to build its resources in support of a private retailing environment, complementary to the

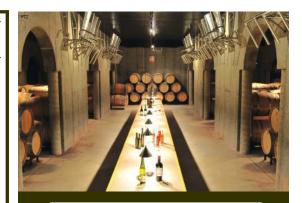


LCBO. To complement its lobbying efforts for more access to market, the Wine Council has embarked on an ambitious social media campaign in support of creating an alternative, additional retail channel for Ontario's wine consumers. The launch of the new campaign was founded on significant public opinion research in support of a private, independent retail store model, extensive



policy work tested with members and government and analysis which showed a win-win-win-win for taxpayers, consumers, the government and our industry. The launch of our **mywineshop.ca** campaign has to date received thousands of hits and has generated significant media attention from prominent writers, wine magazines, consumers and other media.

In May 2013, we sponsored a speech by Ian Baillie of the Alliance of Beverage Licensees of BC at the Economic Club of Canada. This was a significant event which once again generated front page coverage and extensive TV and radio interest in the idea of a complementary, private retail channel. These efforts will continue as we build support at the political, industry and government level.



WORKING WITH THE ONTARIO GOVERNMENT

- Delivering results for the Ontario Wine Strategy—focus on increasing sales and expanding opportunities for VQA wines. Ongoing discussions with the province on the need to continue and extend this successful partnership.
- Making the case for more access. The Wine Council continues to educate and lobby government on the need to expand distribution to continue the positive momentum for our industry.
- Successful execution of Wine Country Ontario's marketing program—year four of a five year plan. This supports our calls for renewal as we continue to see positive results and growth.
- Changes to the Liquor Licence Act Regulations to enable holiday openings and extending hours of operations at wineries. These modest changes continue to enable a more open and flexible environment for our businesses.

WORKING WITH THE FEDERAL GOVERNMENT

- Active advocacy with the federal government and its agencies to ensure internationally accepted standards for labelling of blended wines in our home market. Best in class labelling protects the integrity and value of VQA.
- Active advocacy for adoption of clear and defensible definition of icewine. This will ensure that we can combat counterfeit product here and abroad.



Strategic Priority #2: WCO Leadership & Relationships

Goals for 2010-2015

- ♦ Continue to provide thought leadership for VQA wines in the province and be looked on as the voice of VQA wines. Success will be reflected in membership growth, achievement of advocacy efforts and a continued positive reputation with stakeholders
- Modernize the grape pricing process to ensure greater economic benefit for all partners on the value chain
- Active engagement with all stakeholders in agriculture, tourism, retail, trade, government and the wine industry

The Wine Council continues to work closely with governments, the LCBO, the Grape Growers of Ontario, the VQAO and other industry partners to foster a supportive public policy climate to keep our positive momentum going forward. Expansion of our marketplace and growth of our industry relies on these relationships and the Wine Council, its Board and staff invest a significant amount of time and energy in building and maintaining these relationships.

The Wine Council continues to coordinate and execute the annual Wine Country Ontario marketing plan currently in place until March 31, 2015. As well, the Wine Council of Ontario and Wine Country Ontario proudly partner with our industry across the province to increase awareness and recognition of Wine Country Ontario as a top travel destination.

INDUSTRY RELATIONSHIPS

- ♦ Ongoing leadership of the Industry Marketing Committee—with participants from WCO, GGO, VQAO and government.
- ♦ Food and Beverage Processing industry leadership through Board and staff level engagement at the Alliance of Ontario Food Processors.
- Active engagement in the tourism industry through board roles and engagement with the Tourism Partnership of Niagara, The Tourism Industry Association of Ontario, the Niagara Grape and Wine Festival and the Ontario Culinary Tourism Alliance.
- ♦ Significant involvement in Cuvée, the Niagara Grape and Wine Festival, the Riesling Experience, the Ontario Wine Awards, and i4c. We have also launched our engagement with the International Riesling Federation.
- Ongoing and constructive relationships with the Ontario South Coast Winegrowers Association, Essex Pelee Island Coast Wineries, Windsor Essex Economic Development, Prince Edward County Winegrowers Association, Twenty Valley Tourism, and Wineries of Niagara on the Lake.
- ♦ Executive to Executive meetings with the Grape Growers of Ontario, the Winery and Grower Alliance of Ontario, and Drinks Ontario.
- ♦ Leadership on behalf of VQA wines on all of the working groups of the LCBO.
- Engagement with all of our academic and research partners through Executive Committee and Advisory Committee leadership at Brock University's CCOVI, the curriculum advisory groups at Niagara College, active work at Vineland Research and Innovation and partnerships with BLOOM, Provision Coalition.



Strategic Priority #3 Membership Growth and Value

Goals for 2010-2015

- Consistently measure and improve member satisfaction
- Continuously improve communications tools for members
- Increase the level of member engagement in key Wine Council activities, e.g. Board, committees, member forums and advocacy

The Wine Council is the organization that speaks for VQA wine producers across the province. With a shared vision and common purpose, WCO's membership has continued to grow. As of April 2013, we now have 88 winery property members—the highest ever. Members are not only in the three DVA's, but in new and emerging regions of the province such as the South Coast (around Simcoe and Port Dover), Stouffville, and southern Georgian Bay (Grey County).

In response to members concerns, we have created educational opportunities around the Ministry of Labour audit process, have enhanced the tools and content of our Wine Council Members Website and will continue to deploy new communication tools around special initiatives (like mywineshop.ca) and our ongoing programming, such as marketing and social media.



Strategic Priority #4 Excellence in Promoting Wine Country Ontario

Goals for 2010-2015

- Deliver excellence and results to current and future government marketing partnerships
- ♦ Continuous, measurable improvement in usage and performance of key Wine Council assets—Wine Route, Wine Country Ontario Travel Guide, Visitors First Program
- ♦ Active engagement with, and leadership in, industry partnerships, eg. Regional tourism and culinary organizations

Wine Country Ontario is a trademark of the Wine Council of Ontario and is our "consumer facing" brand. Promoting Wine Country Ontario on behalf of the industry includes production and distribution of the popular Wine Country Ontario Travel Guide, product placement and promotion at the LCBO, communication with the consumer through social media, and a significant advertising campaign in order to connect with our wine country travelers in the GTA and Ottawa.



Strategic Priority #5 Bettering the Ontario Wine Industry

Goals for 2010-2015

- ♦ Active leadership in industry research
- Ongoing assessment of the economic impact and benefits of Ontario's VQA wines and WCO winery members
- Increase participation in Sustainable Winemaking Ontario
- Partnership with and support for VQA Ontario and its goals for excellence in quality for VQA wines and improving awareness and understanding of wines of origin

The Wine Council continues its focus on improving Ontario's wine industry and building a strong platform for VQA wines and the appellation of origin system. The entire VQA industry continues to foster innovation in Ontario's agri-food sector.

Sustainable Winemaking Ontario is a self-auditing environmental charter for the Ontario wine industry which the Wine Council developed and launched in 2007. This year there are 32 wineries participating in the program. The development of our viticulture component this year in partnership with the Grape Growers of Ontario will allow for the deployment of our audit component this year.

SUSTAINABLE WINEMAKING ONTARIO, WINE COUNCIL AND OUR MEMBERS RECOGNIZED FOR LEADERSHIP ON SUSTAINABILITY AND STEWARDSHIP

- ♦ Minister's Award for Environmental Excellence—Ontario Ministry of the Environment
- ♦ Premier's Award for Agrifood Innovation Exellence—Premier of Ontario and Minister of Agriculture, Food & Rural Affairs. It should be noted that member wineries *Pillitteri Estates Winery*, *Puddicombe Estate Farm and Winery and Southbrook Winery* each received their own Regional Awards. *Burning Kiln Winery* was a winner of a provincial honour—one of two in the agri-food industry in the province.
- ♦ Leadership in the Ontario Wine Industry—Friends of the Greenbelt Foundation

The Wine Council-developed Visitor's First Quality Assurance Program continues to improve the overall performance of our industry in terms of quality of experiences, customer engagement and service.

The Wine Appellations of Ontario course continues to be enhanced and its use expanded. Currently it is extensively used by hospitality providers, students and consumers and this year's online version is certain to expand its reach and impact.

WINE COUNCIL COMMITTEES

Green Committee

Jamie Slingerland—Chair, Ron Giesbrecht, JL Groux, Bruno Friesen, Jamie Evans, Dave Hooper, Jens Gemmerich, Shiraz Mottiar

Marketing Committee

Paul Speck—Chair, Carol Lepage, Caroline Granger, Darryl MacMillan, Jansin Ozkur, Jeff Letvenuk, Matt Loney, Nicole Speranzini, Tom Pennachetti

Tourism Committee

AJ McLaughlin-Chair, Andrea Kaiser, Caroline Granger, DeeDee Cowan, Donna Everitt, Jansin Ozkur, Jeff Letvenuk, Nicolette Novak

DELEGATES TO INDUSTRY ORGANIZATIONS

Grapes for Processing Industry Advisory Committee
—Ed Madronich (Processor Rep)

Ontario Grape and Wine Research Inc
—Allan Schmidt (Board Member)

Anan Schillat (Board Weinber)

Niagara Grape and Wine Festival
—Allan Schmidt (Board Member)

Industry Marketing Committee —Paul Speck (Chair), Stephen Gash, AJ McLaughlin, Tom Pennachetti

Ontario Culinary Tourism Alliance

Hillary Dawson (Chair)

Tourism Partnership of Niagara

—Hillary Dawson (Board Member)

Alliance of Ontario Food Processors

-Norm Beal (President & CEO, Board Member)

International Riesling Foundation

-Len Pennachetti (Board Member)

Canadian Vintners Association

—Len Pennachetti (Board Member and Executive Member to April 1, 2013)

CCOVI Advisory Board

- Allan Schmidt (Executive), Hillary Dawson

Insight Conference Committee—Sue-Ann Staff

Cuvée—Linda Watts, Magdalena Kaiser-Smit

i4c—Magdalena Kaiser-Smit

Riesling Experience—Linda Watts

BOARD OF DIRECTORS (JUNE 2012-2013)

Ed Madronich, Chair Flat Rock Cellars

Allan Schmidt, Vice Chair Vineland Estates Winery

Len Pennachetti, Treasurer Cave Spring Cellars

Caroline Granger, Secretary
The Grange of Prince Edward Estate Winery

AJ McLaughlin Angels Gate Winery

Paul-André Bosc Jr Château des Charmes

Jeff Aubry Coyotes Run Estate Winery

Nicolette Novak
The Good Earth Vineyard and Winery

Paul Speck
Henry of Pelham Family Estate Winery

Walter Schmoranz Pelee Island Winery

Jamie Slingerland Pillitteri Estate Winery

Dan Sullivan Rosehall Run Winery

Sue-Ann Staff
Sue-Ann Staff Estate Winery

Norm Beal (Ex-Officio, Past Chair) Peninsula Ridge Estate Winery

