

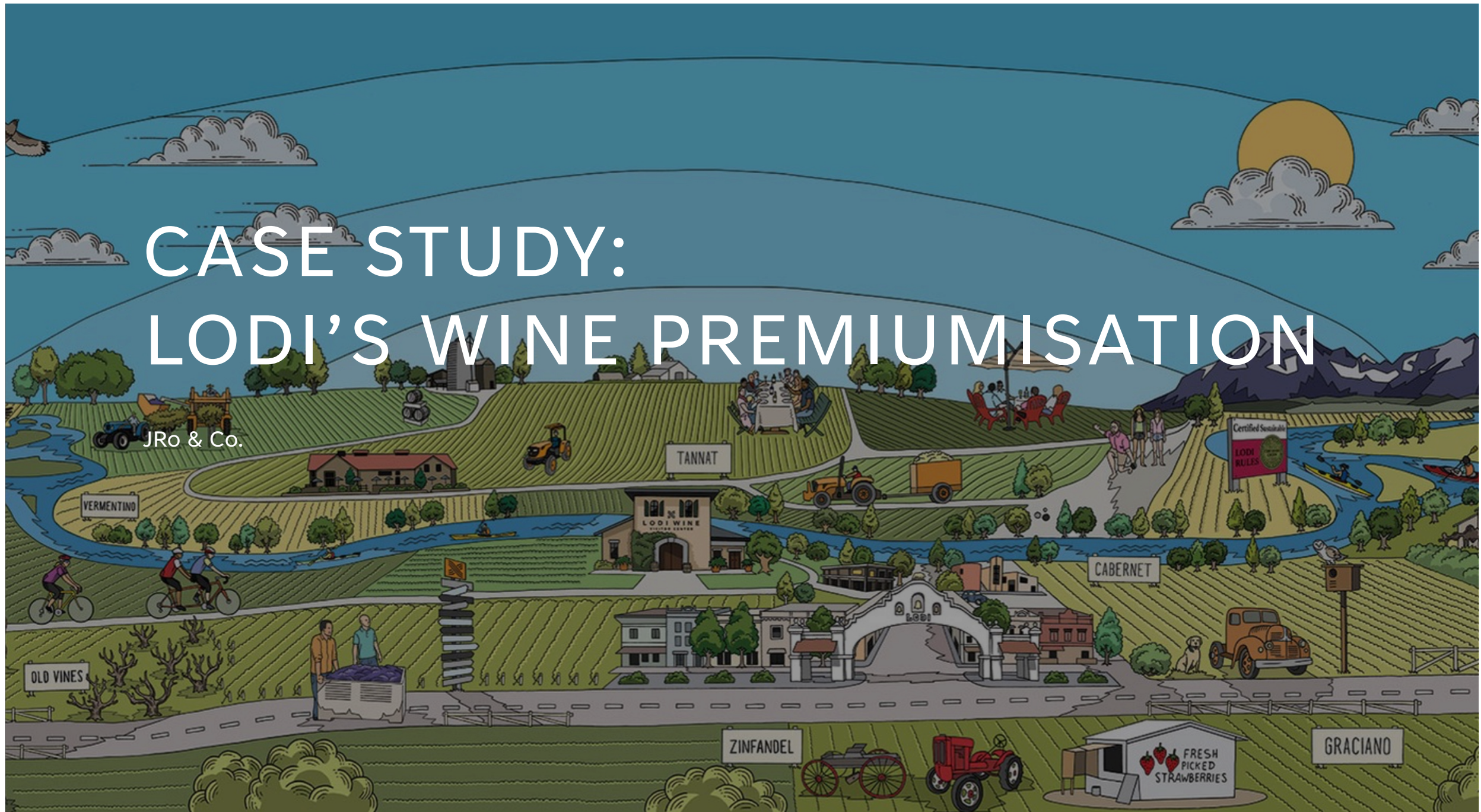
An aerial photograph of a wide river flowing through a lush green forest. The sky is blue with scattered white clouds. The river reflects the sky and the surrounding trees.

THE RIVERLAND WINE INDUSTRY BLUEPRINT

2023-2033

CASE STUDY: LODI'S WINE PREMIUMISATION

JRo & Co.



LODI: KEY FACTS



Population: 67,000 (Riverland = 35,000)

LODI (SAN JOAQUIN COUNTY): ECONOMIC CONTRIBUTIONS FOR CALIFORNIA

In USD



\$2.4 billion
in annual
economic activity



13,987
California
jobs



\$834.5 million
in annual
wages and benefits



213
Vineyard &
winery operations

= AU\$3.75 billion

(10% of the AU\$40 billion
Australian wine sector)



1.2 million
tourists visits
to wineries








\$113.9 million
in annual
tourism spending



\$291.2 million
in annual charitable
from all California
counties combined

LODI IS NOT IMMUNE TO WHAT THE RIVERLAND IS FACING:

MORE PREMIUM WINE IS SOUGHT & WINE CONSUMPTION IS DECREASING.

Lodi Winery	2021	2022	% Change
 E&J Gallo Winery	22,260	19,517	-12%
 THE WINE GROUP	18,393	11,403	-38%
 BRONCO WINE CO	5,031	3,270	-35%
 DELICATO Family Wines	1,335	815	-39%
 ASV WINES	464	562	+21%

- A huge volume of wine is still sold to “wine companies”, dependent on a smaller set of buyers (= less opportunities for diversification in terms of buyers)
- Lodi also planted a lot in the last 10-15 years with the varieties every other region is struggling with.
- Smaller growers utilising farm management companies, which created more production (oversupply issues)

LODI WINE INDUSTRY SNAPSHOT

R = Riverland

100,000
acres
(40.5kha)

R = 20.6Kha

US\$661
(AU\$1025)

Per tonne average

720+
entities

R = 936 growers

Local
Processing
~50%

750K
Tonnes

R = 506K

30:70

White : Red

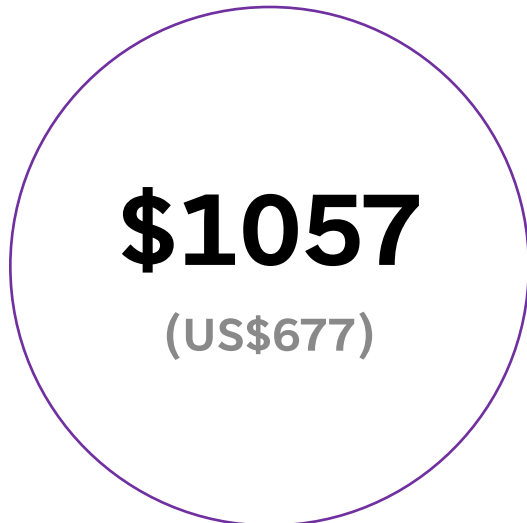
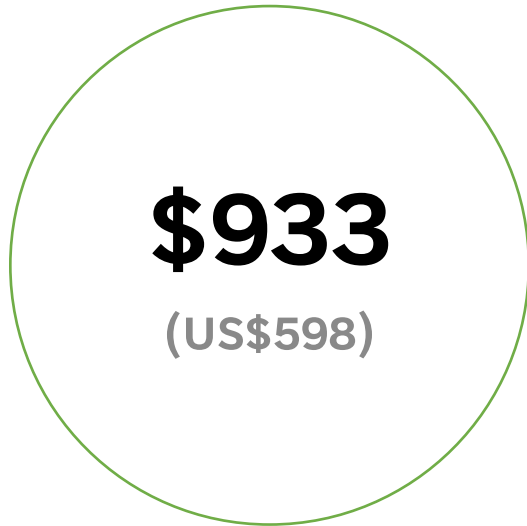
85+
Wineries

R = 10 wineries

~10%
Lodi
Appellation

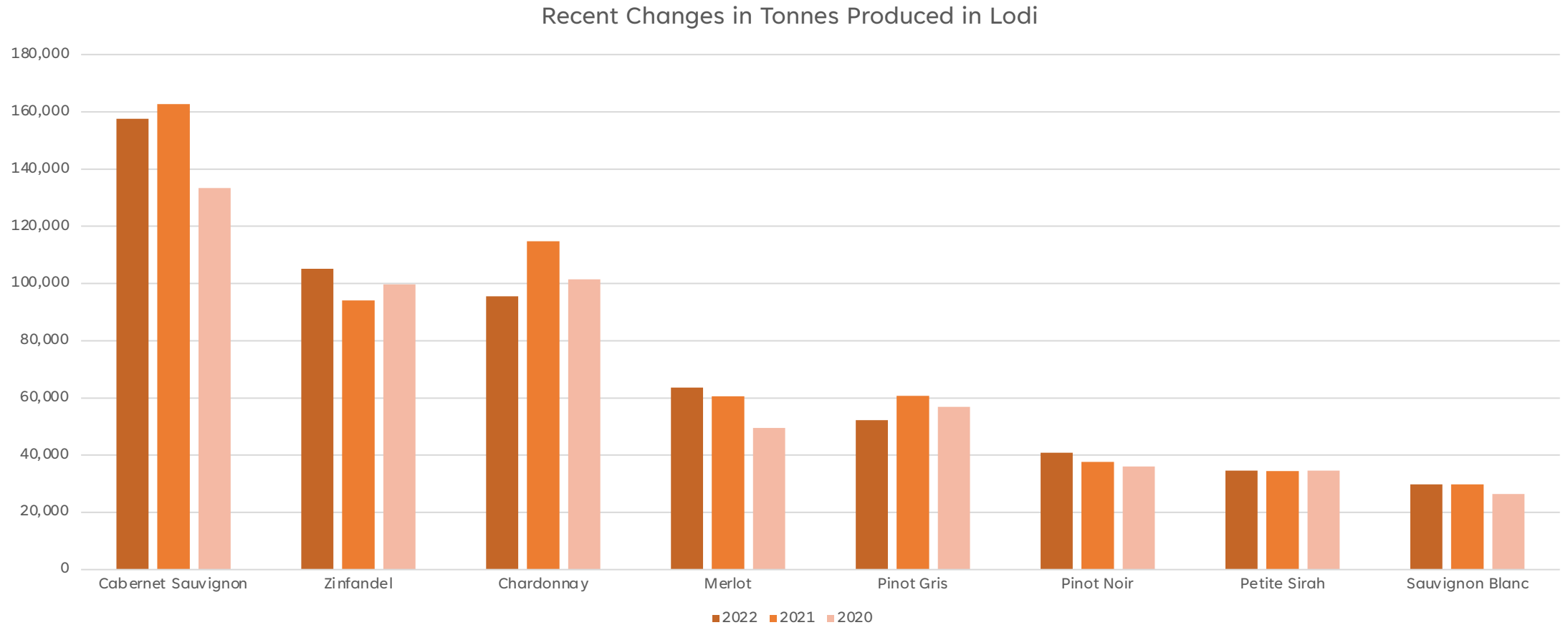
LODI

RIVERLAND

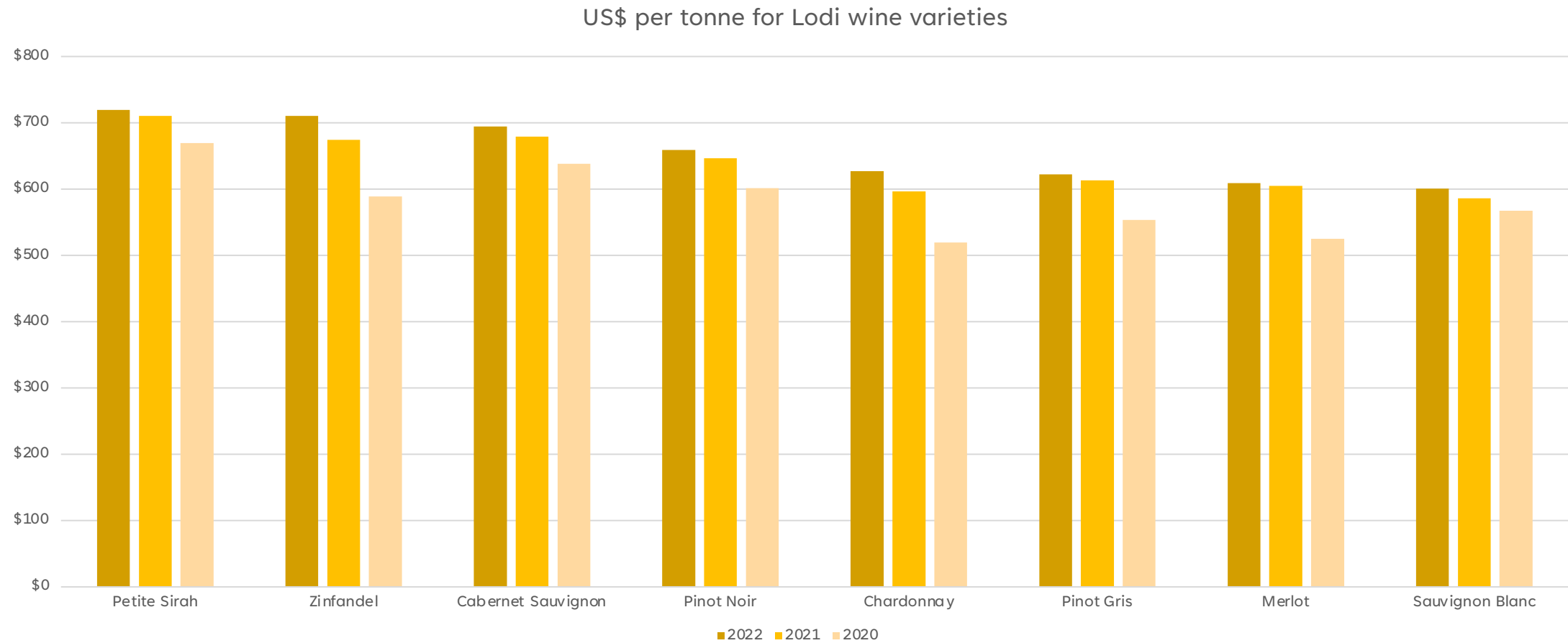


\$ per tonne average

VOLUME – SLIGHT INCREASE/UPWARD TREND



VALUE – UPWARD TRENDS





LODI WINEGRAPE COMMISSION: DRIVER OF CHANGE

- A quasi-government body established in 1991
- Small % (0.4%) of the total value of wine grapes sold to fund the Commission every year
- Earlier goal of the Commission: **Create a wine CULTURE and COMMUNITY**, not just farming.
- **Key strategy of the Commission: increase the number of wineries to stabilise the price of grapes**
- There is a direct correlation between the number of wineries and the price of grapes:
 - **the more wineries, the higher and more stable price growers can attract for their grapes**



WINERIES

KEY TO PREMIUMISATION

- Wineries help increase consumer awareness of the brand
- Half a dozen in 1991 —> 85+ wineries

WHAT HELPED WINERIES?

= Wine Tourism

- Helped build regional/**brand recognition** – having people visit the place is the best way
- Helped create **a sense of identity** for Lodi winegrowers



WINE TOURISM: PROMOTION OF LODI

- **“Visit Lodi”** co-funded by the Commission and the City of Lodi (1998)
 - Hotel taxes helped fund Visit Lodi later on.
 - Visit Lodi – holistic marketing: wine industry wasn’t the only focus.
- **The Lodi Wine Visitor Centre** was opened by the Commission (2000)
 - Regional Wine Tasting Bar within the Centre (the Commission still underwrites it)
 - The Bar includes wine that uses Lodi grapes but is not necessarily made in Lodi
 - Diverse varieties grown in Lodi (niche, small varieties) are also featured in the Centre



HOW DID THE COMMISSION DRIVE THE CHANGE AMONG WINEGROWERS?

- Wine classes
- “How to start a winery” series
- Wine tasting
 - Understanding how to make “wine” not “grapes”
 - Key to premiumisation: growers must be in tune with the “wine” world — do they know what good/bad wine takes like? A different mindset is required to transition to premiumisation
- Subsidised marketing
 - Growers don’t have promotional budgets when they start a winery – the Commission promoted their wineries for them.



LODI WINEGROWER'S WORKBOOK

LODI'S SUSTAINABILITY JOURNEY

- First initiative started by the Commission, initially as an Integrated Pest Management Program (e.g. cover cropping, beneficial insects etc)
- **It was a grassroots movement** featuring farmer/grower participation, as opposed to top-down approach.
 - Initiative ranged from educational events introducing sustainability practices to growers participating in a research/study
- **“Lodi Winegrowers Workbook”** (published in 2000): a self-assessment tool of viticultural practices (you can score yourself from 1 to 4)
- **Small workshops held with growers (300 growers engaged over 2 years** with 6-8 growers in one workshop)

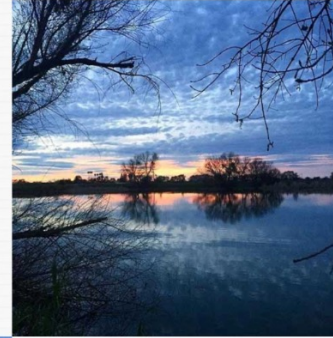


LODI RULES

- Certification program commenced in 2005
- Now **over 1,200 vineyards are certified.**
- Wineries started to pay “bonuses” to those growers with the Lodi Rules certification
- **Growers outside Lodi can also get certified** (there was demand because of the bonuses) – certification fees are set higher for those growers from outside the region.

WATER

Carefully managing quality and efficiency while appreciating every drop.



ECOSYSTEM

Encouraging biodiversity and practicing stewardship.



COMMUNITY

Engaging and supporting our neighborhoods.



PEOPLE

Making our vineyards a safe, rewarding environment to work in.

SOIL

Building organic matter and maximizing water penetration.



PEST MANAGEMENT

Using an integrated system which includes natural predators and minimizes risks to birds, bees, water, and people.



GENERATIONAL FARMING

Farming for the next 100 years.



QUALITY

Producing exceptional, flavorful grapes to turn into remarkable wines.

SUSTAINABILITY IS ALSO ABOUT PEOPLE: TALENT ATTRACTION

- Premiumisation (value-adding) requires talent.
- 70% of Lodi kids stay in the region after high school —> growing its own talent is key
- Focus: partnerships with high schools and local colleges for better career pathways
 - Curriculum in viticultural technology & wine hospitality in non-traditional high schools + internships
 - A new hire (professor) at junior college to offer wine tasting and wine business courses (also for wine growers)



LODI -- A winery is not your typical classroom, just as the science behind the making of wine is not your typical lesson plan. But a unique program is making both a reality for high school students across the San Joaquin Valley

The Lodi Unified School District is the first in the region to offer a taste of wine-making classes and internship programs.

It's all thanks to the Growing Futures initiative, a partnership between Lodi Unified, Delta College, the Lodi Winegrape Commission and the nonprofit San Joaquin A+.

"The most important part is giving you success where you want to live," said Don Shalvey, CEO of San Joaquin A+.

Quinton Soria, a sophomore at Valley Robotics Academy, participated in the program's rollout over the summer. That consisted of a part-time internship three days a week, primarily working with the Lodi Winegrape Commission.

Strategic Direction

2021 - 2024

Vision

To be the most dynamic region in California for winegrowing and winemaking, so that our community is full sustained for generations to come.

Mission

To empower all Lodi Crush District 11 winegrowers and serve their common interests to enhance the profitability of winegrape production through promotion, research, and education.

Core Values

Unity - We collaborate and challenge each other to be our best.

Heritage - We honor our history by building on the accomplishments and wisdom of generations before us.

Sustainable - We respect our land and invest in our community to ensure the longevity of both.

Innovation - We embrace progress by spearheading new technology, initiating research, and implementing modern ideas.

Leadership - We inspire our industry and cultivate and encourage future generations to exceed our legacy.

What we do

We sustain

We empower

We collaborate and challenge

We honor

We respect and invest

We embrace, initiate and implement

We inspire, cultivate and encourage



COMMISSION GOVERNANCE: KEY TO SUCCESS

- Commission facilitates grower engagement and participation – **ENGAGED COMMUNITY is the key ingredient to success.**
- **Growers participate in decision-making**
 - Growers are invited to join “Working Groups” (or sub-Committees) that advise to a number of Committees that report to the Board.
 - Winery Committee
 - Grower Committee
 - Research & Extension Committee
 - Sustainability Committee
 - Finance Committee
 - Communications Committee... etc
- Board members (18 in total for the Commission) must participate in Committees —> connections with growers

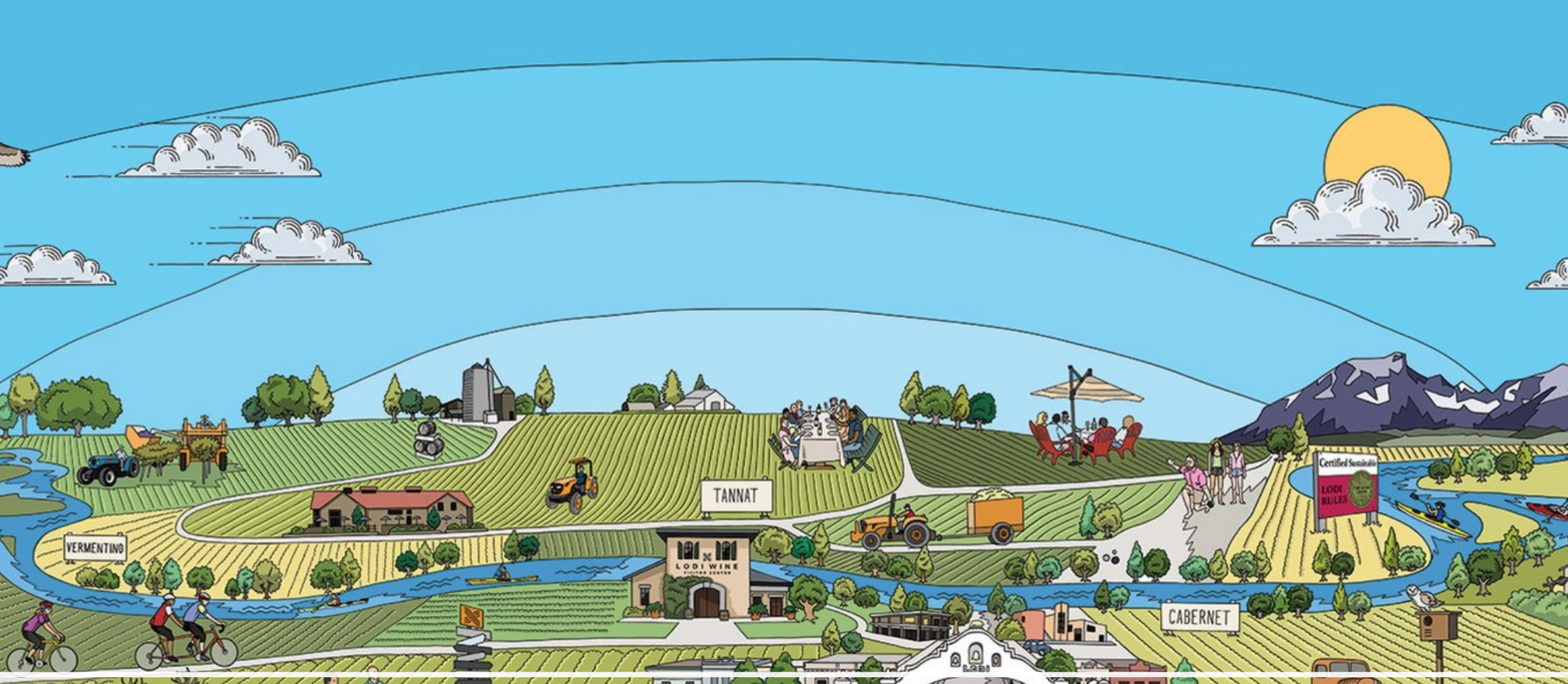
HOW HELPFUL ARE WORKING GROUPS?

- Able to focus on a single issue per Committee.
 - E.g. Rootstock Working Group (under Research and Extension Committee), enabling growers to be more aligned with academia, who are working on next-generation rootstocks. Nurseries are also part of the Working Group.
- Working groups **create a sense of ownership among growers** in terms of decisions made by the Commission. Whatever is decided is their idea!

KEY TAKEAWAYS



- The Commission was the key driver for premiumisation
- **Place-based identity** creation among growers – creating more wineries assisted by wine tourism helped build recognition and awareness of Lodi = ‘the Lodi Appellation’
- **Grower engagement and participation are key in embedding the Commission within the industry** and then having an influence on Lodi’s transformation.
- Capacity building facilitated by Commission in combination with good governance – critical for long-term success



25TH ANNIVERSARY OF THE LODI WINEGRAPE COMMISSION (2016)





FUNDING PARTNERS



Government of South Australia
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