



Jennifer Miller and Alison Blay-Palmer* in
collaboration with The Monieson Centre,
Queen's School of Business

*Wilfrid Laurier University
Waterloo, ON N2L3C5
Canada

Phone: 519-884-1970, ext. 2604
Fax: 519-763-1243
Email: ablalpalmer@wlu.ca

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Planting the Seeds for Success: PELA Wine Industry Analysis

Report prepared for the Prince
Edward, Lennox and Addington
Community Futures Development
Corporation

Prepared in collaboration with The
Monieson Centre, Queen's School of
Business

Table of Contents

PELA WINE INDUSTRY ERROR! BOOKMARK NOT DEFINED.

THE CONTEXT Error! Bookmark not defined.

The Research Error! Bookmark not defined.

Industry dynamics 3

Networking opportunities 5

Innovation as a key to success 8

Market insights from the Niagara region 9

Harvesting the bounty 10

References 12

Appendix 1 13

Planting the Seeds for Success

PELA Wine Industry Analysis

The context

This work draws on interviews and discussions with multiple stakeholders in the Prince Edward County, Niagara Region and the province of Ontario wine industry. It also incorporates existing academic and grey literature as well as secondary statistical data. From this analysis, our research identifies challenges grape growers and winemakers face in their daily operations as well as the more general structural forces that constrain innovation.

Through a comparative analysis the report identifies best practices and alternative market strategies for increasing sales for the Prince Edward, Lennox and Addington (PELA) market. This wine industry merits on-going study due to the contribution it currently makes and could make to regional and provincial economies. According to a 2000 study of the Ontario wine industry, the grape production sector generates approximately \$13 million in direct wages and salaries with \$30 million in value added benefits including labour income, profits and government revenue. The industry generates an estimated 3,500 jobs through direct and indirect employment and provides a tax revenue stream of \$7 million (Grier et al, 2000).

Our research adds to the existing literature as it both updates and provides details regarding important innovation and market opportunities for the PELA wine industry. Given the importance of innovation for rural communities the report identifies ways to supplement existing strengths and foster market growth. This project builds from the literatures on Entrepreneurship Development Systems (EDS), (Aspen Institute 2008) sustainable community research (Marsden et al. 2008) and sustainable food systems work (Blay-Palmer et al forthcoming) that strive to augment and reinforce entrepreneurial capacity and capitalize on network synergies as a way to embed and strengthen sectors within regional economies.

The research

While the PELA wine industry is still in its infancy, it shows strong growth with the potential to emerge as a solid, resilient niche industry over the long-term. This is indicated in several ways. First our analysis of Statistics Canada data shows an increase in grape growing in the region. Between census periods 2001 and 2006 the number of acres planted to grapes nearly tripled while growth in the Niagara CD over the same period was only 8% (Tables 1 and 2). This is consistent with what one would expect given the maturity of the Niagara industry. The average acre per farm is also consistent with expectations. In Niagara where grapes are grown for wine and other uses including juice, the average farm size is 31 acres while in Prince Edward where grapes are grown exclusively for wine the average farm size is 9.7 acres.

	2006		2001	
	Farms reporting	Acres	Farms reporting	Acres
Niagara CD	545	16,822	561	15,616
Haldimand Norfolk CD	16	191	15	149
Elgin CD	5	43	11	43
Chatham Kent CD	11	214	4	60
Essex CD	30	1129	29	1177
Middlesex CD	5	16	10	26
Halton CD	13	169	4	7
Grey CD	7	35	14	3
Central Ontario Region	65	1013	27	351
Prince Edward CD	33	321	15	109
Northumberland CD	4	11	2	x ¹
York CD	17	614	3	208
Eastern Ontario Region	19	x	14	x
Leeds Grenville CD	3	15	1	x
Lennox/Addington CD	1	x	1	x

Table 1: Grape acreages and number of farms in selected Ontario regions and census districts (CD) (adapted from Statistics Canada 2006)

	% acreage increase 2001 to 2006	Average farm acreage 2006
Niagara CD	8% +	31
Haldimand Norfolk CD	28% +	12
Chatham Kent CD	351% +	19.5
Essex CD	4% -ve	38
Central Ontario Region	288% +	16
Prince Edward CD	294% +	9.7
York CD	295% +	36

Table 2: Grape acreages and number of farms in selected Ontario regions and census districts (CD) (adapted from Statistics Canada 2006)

¹ Information suppressed to meet confidentiality requirements

To gauge more specific trends in the industry, interviews were conducted with experts in both PELA and the Niagara region. The goal was to gather information about networking, market structure, infrastructure, barriers and opportunities. Key informants were involved in grape growing, winemaking, industry and artisan associations and events, consulting, marketing, grant administration, agricultural ministries, provincial liquor authority (LCBO), and various educational institutions. Commonalities that emerged from the PELA interviews include a firm commitment to remain in the locale. Reasons cited for relocating or developing a vineyard in PELA are:

- ✓ Terroir, specifically the soils and micro-climates
- ✓ Distance from a fast paced environment and improved lifestyle
- ✓ Desire to be distinguished from the Niagara region.

Terroir is synonymous with local and is a term that encompasses unique soil, weather and farming techniques. A good first step towards stimulating the purchase of local wine is to educate consumers on the merits of a wine's terroir. A single sourced wine (sourced from a winery or a region) will be unique, and embody a flavour stemming from the soil in which it is grown. PELA winemakers are acutely aware of the benefits of their locale. Other benefits include a competitive and innovative industry dynamic.

Industry dynamics

There are several industry dynamics at play that foster both positive and negative competitive pressures for the Ontario grape growing and wine industry. On the positive side, there is excellent information sharing particularly within niche, regional networks. There are also substantial market opportunities for people producing high quality wines. However, on the larger stage, production regimes threaten to undermine the quality reputation that industry champions fought for since grape growers were encouraged to move into quality winemaking starting in the late 1980s (Mytelka and Goertzen 2004).

To understand the current Ontario wine industry, one must grasp the industry's history as past events have shaped current challenges and competing interests. From 1988 into the early 1990s, grape growers were compensated by the provincial government for removing labrusca vines and replacing them with them high quality vinifera. The goal was to move the industry towards quality wine production by building on Ontario VQA (Vintners Quality Alliance) as, "responsible for building appreciation and maintaining the integrity of Ontario's wines of origin by ensuring claims of origin are accurate and meaningful." (VQA Ontario 2009). The designation of provenance is part of a strategy to link location with quality (Figure 1). The goal is to guarantee a minimum quality and to equate this with Ontario's grape growers and winemakers commitment to developing quality in their designated regions. By building on terroir they are able to produce unique wines that reflect the best of each appellation. Ideally, micro regions emerge that are each identified with high quality grapes that are used to make award-winning wines.

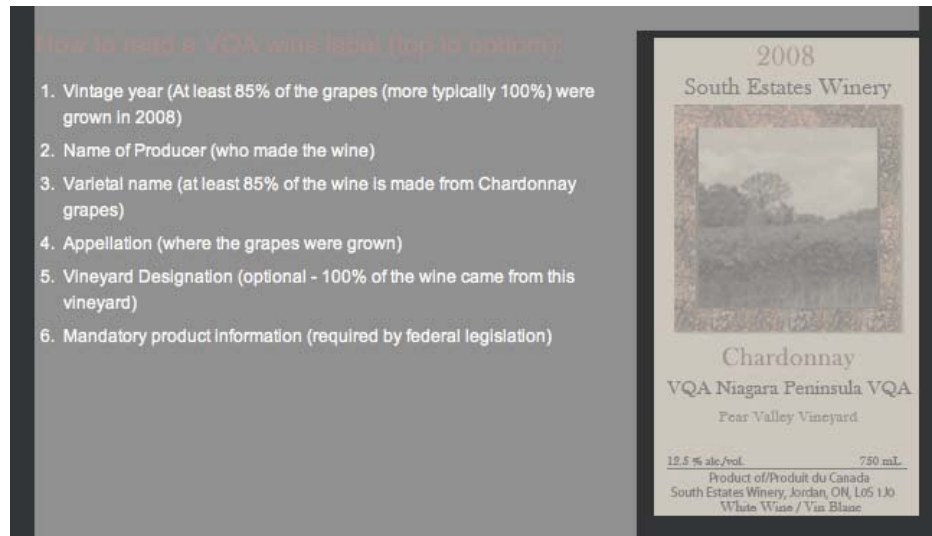


Figure 1: Ontario Vintner Quality Alliance label specifications.

The Grape Growers of Ontario association (OGG – formerly the Ontario Grape Grower Marketing Board) is tasked with setting minimum prices by quality category for all grapes, including those used for juices, preserves and wine. Growers are required to remit a percentage of their sales to the OGG every year (Mytelka and Goertzen 2004). As a result, the more grapes sold, the more money available to the OGG. In 2000, “Ontario Grape Production Economic Impact” was published as the industry wrestled with quality versus quantity issues. The report explores alternative requirements of the Wine Content Act on grape growers and estimated future contributions of the wine grape industry to the economy of Ontario under alternative Wine Content Act requirements. The report warned against the dangers of “Cellared in Canada” wine, which allows wineries to add cheap bulk wine from overseas to locally grown product. “Cellared in Canada” candidly indicates where the *winery* is located, but the phrase is misleading in that it obfuscates the true source of the wine. For example, a winery may buy bulk wine from Chile or Australia, add 30% Ontario wine and is allowed to use the label “Cellared in Canada”. This practice threatens the industry in two ways. First, it undermines the quality reputation of Ontario wine and the survival of small wineries in particular. Second, it dampens the price for grapes as the market becomes saturated. The contradictions are founded in a complex history. First, in 1995 farmers moved to plant more grapes as there was an undersupply of grapes at the time. Between 1995 and 1999, the acreage for wine quality grapes doubled (Grier et al. 2000). This increased the quantities of grapes available. Second, under free trade winemakers are able to import inexpensive grapes. Third, due to the schism between the suppliers and processors of grapes (with Grape Growers of Ontario acting as an intermediary) (Mytelka and Goertzen 2004), when the price of Ontario grapes is high, as set by this Marketing Board, there is no incentive for wineries to purchase Ontario grapes. The full impact of the oversupply and price inequities was realized in 2008 as “large wineries cancelling contracts, thousands of tons of high quality grapes left to rot, attempts to declare the grapes substandard, the government’s inadequate and poorly administered “bail out” payment, and more” (OVA Release # 10). There is not enough consideration of different sugar levels which means that quantity, and not quality is privileged. And while vineyards can negotiate side deals, in the case of small vineyards wanting to

produce wines from their own grapes, they mainly end up buying grapes from themselves.

Networking opportunities

Despite these larger structural realities, intra and extra regional industry connections are vital and flourishing. Key informants in Prince Edward County commented on several features of the network that attracted them to and keeps them in the region. When questioned about the role of networks as an attraction to the community, the local wine association, economic development office, restaurants, real estate resources and wine events were cited. In particular one key informant noted, "The Economic Development Office was a link to PECWA and also a key player in putting us in touch with the original growers in PEC". According to one participant, the desire to build the industry is also a driving force for the establishment of many Prince Edward County wineries. When asked about the importance of networks to business and community sharing, several participants agreed, "this is why [they have] been so successful". Giving is very important and this "pay it forward" attitude is the foundation for networking in the industry. "Belonging to a network allows everybody equal opportunity to have the same resources". For example, several participants were able to share various pieces of equipment through formal industry-related network involvement.

As part of on-going networking, participants spend from 20% to 90% of their day interacting with other people with the majority of respondents investing more than half their time in this activity. Consistent with the research results reported in 'Capitalizing on Connections', key informants indicated that this interaction is extremely important as it fosters innovation. These exchanges are vital as they help to increase sales, but are also necessary to stay current with cutting edge production trends, "[S]omeone is using new equipment and you go to a fellow vintner to see what they're doing...same with chemicals". From the Assistant Winemaker working with welders on tractor attachments to the bustle aimed at capturing tourist dollars, the participants need to be interactive in order to make gains in the wine industry. One respondent stated, "We have product to sell and being in the marketplace and being present and in communication with a combination of private customers and restaurateurs is absolutely crucial". "More wineries equal more tourism...but this also means more competition, (which necessitates) more innovation". An important point to be made is that although there is competition within the two regions, there is an active exchange of tacit knowledge sharing that encourages mutual growth. There is recognition that the markets for quality, local wine are substantial and that, as one key informant from the Niagara region observed, "the competition for quality wine is from California and Australia, not from within the province."

Many newcomers to the study area maintain previous out of area networks. One participant has maintained connections with a winery that he worked at before coming to Prince Edward County. Although these connections are now primarily social in nature, each contact's network offers needed expertise. The general consensus is that it is "all about relationship building". It is important, for example, to maintain relationships with wine writers as these are the people who are involved in building the brand. "The reviews [are] crucial in the overall perception of our brand". For one participant, their network in Toronto was integral in marketing their product. Another stated, "All winemakers I worked with maintain very strong relationships...We are making a very difficult product and there are a lot of smart

brains out there". According to one key informant, their Ottawa network is increasing to the point where they are struggling to stay on top of it, while the Toronto network is dropping off because of the focus further east. This is consistent with a comment by a Niagara winemaker who stated that there seem to be more opportunities in the Ottawa area than in Toronto.

Persistence and continuity are important in building and maintaining networks, as "nothing comes overnight". One key informant responded that they *absolutely* maintain involvement with out of area networks, stating that prior connections, "...in Toronto has helped tremendously in marketing [the] product". Another key informant observed, "[W]e took the product and the reviews to what I call the gatekeepers. The gatekeepers are the sommeliers at the restaurants... and got them to breed the brand. Then the next step was to take it to wait staff because they are your ambassadors". Journalists and contacts are important to know personally. One key informant stated that he may be in contact with journalists and wine writers as often as once per week to discuss "what we have done, also to discuss wine in general". These particular relationships take years to develop and are important because it shows that the participant "knows his stuff".

For another participant, the owner of a chain of restaurants is their most important short-term contact. This connection was made through a mutual friend and the contact represents huge potential as they manage a restaurant chain. With this person, the participant discusses the background of the winery, which appears to be a common thread for many of the winery operators we interviewed. In the wine industry particular importance is placed on educating clients about wine and "selling integrity and values". In dealing with the chain, the participant would typically discuss what to prepare at a particular restaurant event. With another contact, the participant would "deliver wine and taste [a] new red", and with yet another they would typically discuss new promotions. Extensive personal contact is needed to promote a brand.

The Internet can also be an essential bridge for wineries, "When we send out an email for a white wine release we can easily send out 100-150 cases. On a red wine release, Pinot Noir release, especially with the 07 coming out we anticipate 300-400 cases. So if you are sending that to 2500 people, you are getting a 25% return rate". A winemaker from Prince Edward County explained, "We started with a great website, great packaging. Then we started with the journalists, the sommeliers. Then we hit the waiters and our private customers". Part of the approach is to create the buzz around the product that is needed to command a decent price and grow market share. As a key informant from Prince Edward County remarked,

The key is, how do you keep your name out there without telling you have a product to sell? People always want something that is scarce or something that is hard to get. They also want quality. So whenever we have a good review or something we don't send out the review every time we get something. What we tend to do is every 6-8 weeks we don't send out a newsletter, we send out a thing saying this is what is going on in the vineyard, we have had a couple of fantastic reviews from these people. What I call that...that's the drip effect. They may or may not read the reviews. From what we have seen...we can see if they have opened stuff or not...and what I call that, whether they purchase or not, is the drip effect. What has happened over the last three years is now as a brand we have traction.

The final node in the field to wine glass value chain is the customer. This is particularly true for small wineries seeking to build their own client base. Many winemakers invest substantial amounts of their time building databases and staying in touch with their clients,

The personal contact and the energy is absolutely crucial. With the private customers it is that personal touch. Often if they send me an email and their phone number is attached, I call them. No one calls anyone anymore. They just send emails. Pick up the phone and call them. Hi, it's So and So. I got your email, great, Thanks. Oh you returned my call. What we have done with all this personal contact is we have made people feel a part of this place. I have always said the door is always open. We make them feel special.

Other important contacts include other wine growers and members of specific wine associations. A small winery in Niagara indicated that the wine industry is composed of a very supportive group of people. In this person's experience, nearby wineries provide advice regarding management of the wine business, and even the big help the small. The participant remarked that the winery around corner is not the competition because everyone involved wants the Niagara industry to be respectable. Associations can also be invaluable as they can provide objective assessments of quality. For example, at VQA seminars, wine is poured anonymously, and the wineries help each other troubleshoot. There are many like-minded people working together to create great wine. As many come to the business somewhat undereducated, they are there to learn and to be exposed to new ideas. These network connections can provide insights about the wine business in general, strategies, tasks completed, and the vision for a winery. One participant stated that their involvement in a grape grower's group has not helped yet in terms of tangible returns, but that the work needs to be done for the good of the wine industry in the region. Involvement in local associations, such as Prince Edward County Winegrower's Association, is integral to operation. According to one participant, "If we didn't belong to PECWA, we would miss out on advertising". As members of PECWA, grape growers and wine makers are listed on a billboard on the 401, are on the PECWA wine map, are part of the Terroir Event (which allows wineries to circulate their wines), and are linked to the Chamber of Commerce.

Universities and colleges were also mentioned as offering expertise and support in industry areas from soil testing to business management. One wine maker honed his winemaking skills by undergoing certification through the AWO (Amateur Winemakers of Ontario) judges program, and continues his oenological education with Niagara College and Brock University. In another interview, the key informant noted that Niagara College is very hands on. Their graduates are familiar with the cellar, wine sales and practical day-to-day operations. One winery had two of Niagara College's students on hand for the harvest, and remarked that "it's a win-win situation" in that the students are gaining experience and the winery is accessing labour. Another important contact is suppliers of equipment, with one supplier in particular specifying in yeast and nutrients. VQA was specified as a monthly contact which has become more important as it is no longer voluntary involvement (guidelines for wine production), but rather a necessity which is required to "go through the steps" of meeting VQA standards.

The importance in getting involved in wine related events was also emphasized. It was agreed that this is a good way to add a personal touch in selling the brand as, "The name of the game is increasing sales". Some platforms for this include the Wine Council of Ontario, Grape Growers of Ontario and numerous local wine festivals

and college events. Other avenues for networking were also indicated and include winemakers dinners, college committees, men's cooking groups, and being part of the Niagara Culinary Trail. "You have to be involved". Tourism offers potential to the wine industry. In 2003, there were 226,100 overnight visitors to Frontenac and 372,000 overnight visitors to the Prince Edward, Lennox-Addington counties. There were 482,600 total visits to Frontenac, and 630,000 total visits for Prince Edward, Lennox and Addington counties in 2003 (Blay-Palmer, Dwyer and Miller, 2006).

As indicated earlier in the report, ultimately the success of the wine industry in the PELA region is going to turn on the quality issue. The VQA is critical to success in this regard. As one key informant stated, "the future of the industry is VQA". However, the same expert noted, "It is challenging to be VQA if you don't make grapes that are part of the VQA program, or if your winemaking style is different, or if you are outside of the winegrowing region". In the VQA section of the LCBO, there are 120 wines available at all times, and this changes every 18 months. If a winery is able to get their wine in the VQA section, it will become better known to consumers, who will then be able to request it. The participant stated that if the winery wants to grow in a serious way, and is producing over 7,500 cases, "VQA is the route to go". Many participants contrastingly highlighted the challenges of becoming VQA. "It is very difficult because the LCBO is strong. We are in the LCBO, but we only go to vintage once in a while, and this makes less money... you gotta [sic] hire staff to manage LCBO lists. The winery is still responsible for selling the wine". If a consumer wants to avoid the 58% LCBO mark-up, they have the option of buying directly from the winery or buying local wine at restaurants (which is still heavily taxed).

Other critical contacts relate to business management as well as the process of winemaking and grape growing. In some cases business contacts are important for marketing, accounting, operations, human resources and planning. In other cases contacts are needed for information about how to grow grapes and make wine. For one key informant, the vineyard manager was central to the operation as the person is multi-skilled, self-reliant, was well connected and knows, "how to prune and which vines to prune...trellising... when to spray". Workers are another important daily contact during harvest season. One participant stated that pooling labour by sharing a crew of workers helps to manage critical time bottlenecks.

Innovation as a key to success

As part of the interview process, key informants were asked about the importance of innovation to their work and community activity. One participant stated that innovation can involve "anything from new grants to policies and procedures... whether it is a business plan or community capacity project". Participants are innovative in the context of using savvy marketers, as wine is all about developing and positioning your brand, selling ideals and a story. "The branding and your marketing and positioning will really determine the potential price of your final product and that can be as much as 30-35%". It was highlighted that the story on the back label of the bottle can be fundamental in selling the process, mission statement and brand.

Innovative thinking comes into play when discussing labour and equipment. "Where innovation does help, it does help tremendously on labour... sometimes it's necessary to have slightly higher labour costs until you have the capital to afford the best

equipment". This is an important point, as Prince Edward County strives to retain youth and yet struggles to bring in foreign workers. One interviewee commented, "The Xbox generation doesn't work here", while several others highlighted the recurring struggle to source foreign labour. More research needs to be done on securing higher wages and fostering apprenticeships and avenues for "moving up" so that there are incentives for local youth to remain. At Prince Edward County's high school, the County Roots Program is introducing students to the local culinary industry (referred to in "Capitalizing on Connections"). Matching local youth with programs that enable them to take on roles with increasing levels of responsibility, could help make them aware of local employment opportunities in the vineyards and in the wine making industry.

A potential market innovation for Ontario wineries is farmers' markets. Bill C132 (2008) is a proposed amendment to the Ontario Liquor License Act that would allow farm wineries to sell their wines at farmers markets. According to the OVA "Bill 132 is as green and local as it gets". This Bill, advocated by wineries for over three years, has very broad backing throughout the province and is fully supported by the Ontario Federation of Agriculture. Although farm wineries operate wine stores responsibly and farmers' market wine sales have been permitted in other provinces, after having passed first and second readings, Bill 132 is presently stalled. The farmers' market option has the potential to increase direct sales for small wineries and to bolster the local economy. This could add significantly to the local economic development as the multiplier effect of farmers' markets in Ontario is over eleven fold. A 2008 Impact Study estimated that the \$164 million dollars in farmers' market sales translated into an estimated \$1.9 billion in economic impact (Experience Renewal Solutions 2009).

Market insights from the Niagara Region

Table 2 in Appendix 1 provides details of a range of marketing and networking activities that selected wineries in the Niagara region engage in to promote their product and stay connected to key resources. On the firm scale, standard marketing features include:

- ✓ Online resources: web site, newsletter, wine clubs and on-line ordering and delivery services throughout Ontario and into United States
- ✓ On-vineyard boutiques open daily throughout the year (with different May to November and November to April hours)
- ✓ Educational tours of vineyards and facilities
- ✓ Seasonal events
- ✓ Specialty wines especially ice wines and some fruit wines

Regional initiatives also emerged as important. For example:

- ✓ Cuvee en route: Early spring local wine tasting tour
- ✓ Niagara wine weekend and auction: for example in 2008, mid-June, a fundraising auction featuring star chef (Michael Bonacini) and entertainment (Pointer Sisters, Temptations, and hosted by Jann Arden)
- ✓ Grape King is one of the highlights of the annual Niagara Grape and Wine Festival, which runs in and around Niagara each September. The award acknowledges excellence in grape growing and vineyard management, practices that have created the success of the wine industry in Ontario.

Harvesting the bounty

This work probes both inter- and intra-regional networks in Prince Edward County and the Niagara region in order to assess existing strengths and weaknesses in the wine industry. It is evident that the network structure of the industry is very strong but that there are larger structural limitations which threaten to damage the survival of the small wineries in particular and the integrity of the industry more generally. The Wine Content Act, as it stands at 30%, limits additional taxes and jobs that could be generated by the Ontario grape growing industry. The Ontario grape growing and wine industry supports the local economy by creating jobs and producing tax revenue. Mixing Ontario wine with bulk purchases from overseas waters down the reputation that the small wineries have built and threatens to put these wineries out of business by flooding the market with cheap competition. According to the Ontario Grape Production Economic Impact study, three times more jobs are required to process domestic grapes than blending foreign wines and water to produce cellared wines (2000). There is also the quality issue. According to Grier et al. (2000):

We can only imagine the potential disaster that will occur when the press starts to focus on the lurch in strategy toward stretched and blended wines. If the effect of quality and product image in the VQA program has had a positive impact on the "product of Canada" wines to date, it stands to reason that a negative image of "cellared in Canada" wines could have a negative impact on VQA wines in the future....It also follows logically that there will be a particularly strong negative impact on the sixty or so smaller wineries in the province. These smaller wineries have played a central role in turning the industry's quality image around. Mass marketing cheaper stretch wines that are blended or cellared in Ontario will take place under the quality and integrity umbrella that was earned by the smaller wineries. The smaller wineries will be hurt by the mass marketing of low quality wines by other Ontario wineries. (2000: 18)

The report also forecasts a reduction in grape acreage of 2,000 acres loss of 60 grape growers with an associated loss of 300 winery worker jobs and a loss of at least \$1million in tax revenues per year. Given the current economic climate, growing emerging industries and diversifying the economy can only add to overall economic resilience. In this context, creating positive conditions for the quality, niche market wine industry makes sense.

A comprehensive strategy must incorporate selling more authentically Ontario wine to Ontarians, which includes small wineries selling from the farm stand, selling at restaurants sans present tax disadvantage, and making inroads at farmers markets with the passing of Bill 132. Consumers need to be aware of what Product of Canada and Cellared in Canada mean, and of the playing field politics enacted by the LCBO, which is indeed a market for Ontario wine but a difficult market for small wineries to enter due to an exorbitant tax structure. Constructive measures that can be taken include:

- ✓ educating the consumer about poor quality "Cellared in Canada" wine
- ✓ allowing wine to be sold at farmers markets and
- ✓ encouraging culinary tourism and Local Economic Development Initiatives like "Taste The County" and Niagara Culinary Trail.

As Prince Edward County builds its wine industry, it would be worthwhile considering the aesthetics of the industry. Two regions visited within the Niagara area offer striking insights into the potential for the development of a wine/ tourism based industry and how the surrounding land could be developed. The region surrounding Niagara-on-the-Lake is aesthetically appealing with estate sized, manicured lots on the edge of Lake Ontario, while the sub region to the west (more proximate to Ste. Catharines) is visually unappealing with urban sprawl, and congested highways. The contrast makes a striking case for thoughtful land use and planning as the PEC wine industry evolves. Sprawl needs to be avoided. Prince Edward County possesses prime agricultural land and one of the largest freshwater bar dunes in the world. This special place begs careful planning as the wine industry develops to preserve the land for decades to come.

At the firm level, this research revealed several essential ingredients for building a successful wine industry. First, marketing and quality are central to the wineries operation. It is all about building a quality product first and then building a clientele to buy it. Participating in associations and educational institutions outside the region is key to getting objective input and feedback about wine quality. For example, Niagara College, the Amateur Winemakers of Ontario, and Brock University all offer a range of supportive expertise and programs to assist winemakers and grape growers. IN the long run, if the industry develops enough critical mass, there may be value in offering courses and more support through local institutions. On the quality side, it is important to build brand and win awards. Creating a network and maintaining regular electronic and personal contact with private and industry clients (e.g. restaurants) is essential to growing the industry. Specifically, in terms of market generation, Ottawa offers more market potential for Prince Edward wineries. On the customer side, creating a diversified set of connections with both private customers, restaurants and, if large enough, the LCBO. The Prince Edward County region has the potential to emerge as a premier grape growing and wine-producing region within Ontario by emphasizing quality grounded in its unique terroir.

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Appendix 1

Winery	Market strategy
<p>Cattail Creek Estate Winery, 2006 Award winning wines Started in family in 1957 Winemaker since 2004, Tatjana Cuk, worked at Stoney Ridge, Est Dell and Inniskillin</p>	<p>US online ordering link On-site tours by growing area on the vineyard Wine available on site, at restaurants (relationship with Stratford Chef School), and via Internet orders Newsletter Regular events Cellar Club: set, regular within Ontario</p>
<p>Chateau des Charmes 85 acres Award winning wines</p>	<p>Connoisseur Club Linked to Waterloo restaurant The Chateau: event accommodations since 1994 (agri-tourism landmark), winery, boutique Wine and herb tour, tastings</p>
<p>Coyote's Run Estate 58 acres</p>	<p>Product available in Manitoba, Alberta Linked with Ontario restaurants US online ordering Teamed with Bob Izumi – outdoorsman to create specialty line Tastings, wine-cheese tastings Wine club</p>
<p>Featherstone</p>	<p>Quality wine, environmental respect, no chemicals, sheep to graze down grass, eat lower leaves to aerate plants keep down mildews; falcon to control birds; offer labeling, have non-alcoholic wine products; lunch on the veranda with local cheeses and wine pairings</p>
<p>Joseph's Estate Wines 20 acres, supplement with local vinifera grapes Award winning wines and fruit Owner Joseph Pohorly worked for Hillebrand, part of first ice wine team in 1983; opened, ran Colonel Butler Inn; started Joseph's Estates in 1992; joined by daughter 1998wines</p>	<p>Boutique, sell grapeseed oil Events, recipe section online</p>
<p>Lailey Vineyard</p>	<p>Special releases Corporate events</p>

	<p>Partnered with York University Sold in restaurants throughout Ontario, exclusively in some (e.g. Braywick Bistro in London)</p>
<p>Reif Estate Winery since 1987 125 acres 25 years 4 estate bottled VQA wines, range of red, white and dessert wines including 'private collections' Award winning German with vineyard experience for 12 generations Opened winery 6 years after planting first vines Educated in German winemaking schools and institutes and specialized business school Uses latest technology and traditional techniques</p>	<p>Web site (tells the story, entices with images conjuring sophistication and tradition, exclusivity) Wine Club: seasonal events and wine tastings; rewards club; special releases Free local delivery Sensory garden Package stays with two upscale Inn (Riverband and White Oaks)/ educational vineyard tours with picnic/ Shaw festival packages Holiday gift packages Monthly newsletter On-line store 'Reif Shop' Tastings (can include local cheeses) Weddings, conferences, special events Educational Distributors in seven Canadian provinces, 3 states and 5 EU countries, Middle East and Asia</p>
<p>Riverbend Inn and Vineyard 12 acre vineyard Owner: John Wiens</p>	<p>Managed by Wiens Reif manages the Riverbend vineyard</p>