



“Tomorrow’s results start today through actions with 2020DC”™

Summary, Follow-up and Final Report

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Executive Summary

Realizing the importance of wine exports to the Georgian economy and the income of the agrarian communities of Georgia and the devastating impact that the Russian ban on Georgian exports would have on these communities and the stability of the country USAID undertook the initiative to support Georgian wine industry through providing assistance in diversifying the markets for Georgian wine beyond the traditional Russian and the Diaspora Russian community markets.

As the Georgian wine producers enter the wider global market they face many problems they were not exposed to when working nearly exclusively with Russian buyers. Having had a myopic focus on the Russian market for decades it will be difficult to broaden the focus of the industry and to develop the experience and exposure necessary to compete in the global market. To increase exports to non-traditional markets will require changes in the infrastructure and standards, the mindset and price structure currently being utilized by most Georgian wineries. The Georgians have millennium of history in wine production and an economy with a large portion of the population tied directly and indirectly to grape and wine production, the task of increasing sales beyond historical markets faces many challenges including:

- Global wine production statistics supporting the fact that the world produces 20% more wine than is consumed on an annual basis. This surplus supply has a downward pressure on prices and increases competition for limited demand.
- Georgian wines are unknown to the global market outside of the ethnic Russian markets. Most American's are unfamiliar with Georgian wines and are hit daily with the marketing of wines from other countries, thus making it difficult to introduce a "new" wine source.
- Georgian wine varieties are unknown outside of their traditional markets and often have no comparable varieties in significant production. Georgian wines are not a direct substitute for top selling varieties available in the global market. Georgia does not historically produce Chardonnay, Riesling, Bordeaux, Cabernet Sauvignon or other widely consumed varieties. This fact means that Georgia not only needs to introduce Georgia as a source for wine but also introduce the consumers to new varieties, many of which are unpronounceable to those unfamiliar with the Georgian language.
- The prices expectations that Georgian wine producers had for their wines would place these wines in the USA market in the \$30 - \$50 range which is an exclusive and highly competitive, sophisticated and advertised market. To be competitive in this high priced niche will require significant advertising budgets, time and luck. Even with

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true success in this niche the volumes achieved would not be sufficient to make a significant impact on the average grape grower or winery in Georgia.

- Georgians are proud of their wines and believe that their quality justifies a high price on the world market. Their tradition and pride is an obstacle to adapting to market conditions and global demand.
- Georgian wine has a quality image problem resulting from problems with their wines in Russia. These problems hit the western press and therefore anyone familiar with Georgian wines is also familiar with the alleged problems and associated ban into the Russian market.

Since December 2006 several steps have been taken to overcome these obstacles and increase Georgian wine export opportunities. These steps included the funding of a 2020DC developed course on the USA market, visit by a wine importer and participation in the Fancy Food Show in NY City in July 2007.

In late October 2007 USAID funded the visit by a delegation of wine buyers to visit wineries and discuss business with Georgian winery owners and managers. This trip was effectively coordinated by AgVantage and leveraged with journalists to promote wine and Georgian tourism through the USA press.

As a result of this trip an importer, distributor and buyer have agreed to aggressively market Georgian wines beginning with sales through the Northwest Whole Foods operations. A purchase order is being prepared in cooperation for this distribution system and should be in the hands of the Georgian wineries by mid-December 2007. Additionally, Whole Foods Northwest has committed to a major promotion of Georgian wines in August 2007. This effort will be coordinated and leveraged with other Whole Foods divisions across the country.

Exclusive Brands International, the importer, is now working to develop a network of distributors across the USA to market and distribute the Georgian wine brands that EBI represents.

It is difficult to forecast sales of a product that has yet to reach the consumer, however, given the current objectives of the importer, commitments from Whole Foods and the desire to obtain more distributors it is not unreasonable that sales could be as follows in the second year of market development:

Primary distributors handling EBI brands	8 – 10
Volume per distributor per month	500 – 1000 cases per month
Annual volume range	48,000 – 100,000 cases
Ex-works value per case	\$30.00
Possible annual volume in year 2 of imports	\$1,440,000 - \$3,000,000

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It is critical to understand that these estimates are based upon several variables which are beyond the control of anyone. With some key success these numbers could be a small fraction of what is ultimately achieved, at this point in time it is impossible to forecast beyond reasonable expectations. It is also understood that support from the Government of Georgia, USAID and other donors continues to support the market penetration efforts. The efforts to date should not be a one-off support of an industry, but to have sustainability should continue in an effort to support the Georgian wine industry and economy of Georgia. The task ahead remains a significant challenge and therefore continued support is critical. Without this support all efforts to date will be in vain.

Final Report

The work of 2020 Development Company LLC with Georgian wines began in the fall of 2006 with the key effort of that fall being a PowerPoint presentation presented in Tbilisi by 2020DC. This presentation outlined the USA wine market and was attended by more than fifty representatives from Georgian wineries, government agencies and NGO's looking to support Georgian wine. By providing an eye-opening overview of the USA market and an exposure to the facts necessary for the wineries to effectively plan for exports to the USA this course started many thinking of their own operations with the perspective of the USA market.

The key point of this course was to get the wineries thinking of producing what they can sell not selling what they can produce. The semantic differentiation in this phrase is minimal, however, the difference in how a business is run when considering this statement means the difference between success and failure. At the conclusion of the presentation several representatives of Georgian wineries advised 2020DC that the presentation helped them understand the market and that they would name necessary adjustments to their wine production, flavor profile and prices to be attractive to the USA market. Other wineries remained confident with their quality and prices and continued to work as they had in the past.

In July 2007 Georgia participated in the Fancy Food Show in NY City. This show is not an ideal venue for marketing of wines; however, it did provide some general exposure of Georgian wines to the fancy food industry and the general public. More importantly it helped provide the winery personnel with a better exposure to the USA market. I would not recommend this event for future wine market efforts for Georgia, however, if alternative objectives are to promote Georgia as a player in the international fancy food market this is a great venue. Recommendations for events focused on wine market can be found below.

In late October 2007 USAID funded the visit by a delegation of wine buyers to visit wineries and discuss business with Georgian winery owners and managers. The late approval of this trip created some scheduling conflicts in getting key buyers to attend as key buyers needed more time to be educated on Georgian wines sufficiently to justify the trip and to plan the trip

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accordingly. In the future this type of recruitment should begin at a minimum 6 months prior to the planned event.

In an effort to attract top wine buyers we learned that most wine buyers plan their trips more than a year in advance, they have company policies preventing them from accepting trips of any kind and without a market presence for Georgian wines there was little motivation for buyers to attend this, or any trip to Georgia.

Seattle connection and its importance

Despite the difficulty in finding a diverse group of qualified willing buyers and the associated logistics for this trip we were able to assemble a great team from the Seattle area. In each of the meetings with the wineries we were able to include Exclusive Brands International a key importer with nationwide distribution, Click Distribution (the EBI Washington, Oregon and other Northwestern states master distributor) and Whole Foods at each visit and meeting. This allowed for transparent and functional discussions about specific wines, prices, labels, and volumes. Seattle is also a key market for wines with the Whole Foods wine departments in the Seattle area being among the strongest in their system. Volumes at Whole Foods stores in the Seattle region are among the top five in the nation and the stores also rank at the top five for average price per bottle sold. These are all key factors for the success of Georgian wines as success in Seattle can be leveraged to result in success in other markets with Whole Foods and other key retailers. Success in Seattle easily translates to success on a nationwide basis.

In the Seattle area Whole Foods is a major retailer of unique, quality and high priced wines. Other Seattle area players in the wine retail industry include QFC and Fred Meyers (both Kroger companies), Costco Wholesale and Trader Joes. Click Distribution, the Exclusive Brands International distributor on the Seattle area, has working relationships with each of these retailers. Additionally, 2020DC has established a dialogue with each of these retailers who were unable to attend the trip, however, expressed an interest in Georgian wines. Once details with EBI brands are established 2020DC will introduce these buyers to the EBI network.

For a brief biography of the individuals participating in this event please see the Annex of this report.

Anticipated orders and timing

After conclusion of the trip the individuals involved continue to have ongoing dialogue and are anticipating placing their first order, through the importer on or before December 10th. The first order will be a trial container utilized as an initial introduction of Georgian wines to the Seattle market. The wines that will be included on this first shipment will be “hand sold” or “assisted purchases” where the consumer gets help from the in-store wine experts. This will allow for the consumer to be educated on the characteristics of the wine and the history of

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Georgian wine. This will require appropriate training of the in-store staff. This training will be performed by the regional office and wine buyers for each Whole Foods store.

Whole Foods Northwest has agreed that Vino Terra Tsinandali will be a case stack feature at all Whole Foods in the PN in April assuming the timeline remains true to current planning. To support this effort Whole Foods has reserved the kitchens at Whole Foods in the PN to do Georgian dinners for our wine interested consumers to help get word of mouth out about these great wines. Additionally, Whole Foods has agreed to work with a group of Georgian wines to have better strength in the marketplace.

Dialogue with other retailers will follow as current efforts focus on Whole Foods to ensure a proper launch of the products. Whole Foods is the market leader and the emphasis that they give Georgian wines will help pull customer demand at other retailers.

A second order is planned for early 2008 when Whole Foods Northwest was expressed a desire to have an on-floor case display of a variety of Georgian wines imported by EBI and distributed by Click Distributing. Whole Foods NW will have an on-the-floor case display in August 2008 which expected to move significant volumes and introduce Georgian wines to a wider – self-service wine buyer. The second order will also be utilized to open the doors at other retailers mentioned above.

Timing: the NW/Georgian 2008 volume will be dependent on when product is launched which sounds like will be in three phases:

- 1. Initial Soft launch on PNW (March/April?) – WF shelf/small stacks & on-premise biz**
- 2. Soft Launch in other regions at Whole Foods and other retailers (April/May)**
- 3. Whole Foods feature launch (August/Sept?) Regional end program**
- 4. Working on commitments from other regions and retailers**
- 5. General market launch PNW (October)**

How quickly the program ramps up will be directly dependent on the support from the supplier and the industry in Georgia. That support includes:

- 1. POS, marketing materials, samples, package and carton design from the wineries**
- 2. Category development by trade and government organizations (tastings, events, media, cooking tie-in's etc.)**
- 3. Local market sales assistance from the importer and winery representatives in visiting accounts, training sales staff, hosting dinners, sales incentives, making chain headquarters calls etc.**
- 4. Support for participation in trade events focused on identifying new distributors and consumer education.**

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Plans are under development to introduce the Georgian wines to other Whole Foods operations across the USA. In this vain EBI is reviewing appropriate regional distributors for the brands that they will represent.

Further activities and required assistance and support

It is critical that USAID, Government of Georgia, the Georgian wine industry and other donors continue to support this project. Though commercial success is eminent there are still several hurdles yet to be cleared for the efforts and accomplishments to date to be sustainable and to achieve their greatest potential.

The private sector will move slowly and cautiously in the risky venture of introducing a new origin of wine to the USA market. The risks for importers like EBI are significant and their returns through the three tiered distribution channel are limited due to the upside downy pyramid of margins associated with wine import, distribution and retailing.

Therefore it is critical that support and efforts continue beyond the past activities and beyond the conclusion of the AgVantage program funded by USAID. It is also critical that any new efforts take advantage of the momentum which was developed and does not attempt to reinvent the wheel, which is often the case with different contractors handling the USAID programs.

Follow-up step 1

Continued support from Georgia based staff to help facilitate communications, sampling and logistics. The first order is going to be a mixed container load from various wineries. It is going to be critical that a neutral party work with the various wineries to facilitate and coordinate this effort.

Follow-up step 2

Whole Foods is planning to coordinate Georgian wine sales with Georgian cooking demonstrations in their stores. This would best be accomplished with the involvement of a Georgian food expert. Perhaps it can be coordinated with book signing of Darra Goldstein or Molly Stevens both who have participated on the AgVantage program and would be of great value to this effort.

The costs for this effort could be shared between all parties that would benefit from this effort including the importer, distributor, retailer and winery, however, this effort may require support from USAID or other donors to improve the cost/benefit ratio for the private sector groups.

Follow-up step 3

The National Restaurant Association (NRA) has the first annual Wine, Spirits & Beer (NRA IWSB) event in May 2008 to be held in Chicago. This is not typically the type of event that

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EBI would participate in, however, with the need to introduce Georgian wines the general restaurant buyers and to explore the best distributors in various regions this event takes on a more attractive appeal for EBI or other importers. This show is 100% wine focused, tied in with the NRA national show, which brings wine buyers and restaurant owners to a single location.

2020DC is currently exploring participating in the National Restaurant Association International in an effort to promote Georgian wines. This effort would need to be funded by a consortium of the private and public sector. Developing a consortium to participate in this event where sharing the costs and benefits of the event will justify its involvement by multiple parties. 2020DC can coordinate the effort to maximize the returns for all.

The focus of winery participation in this event is an effort to expand the restaurant business for the Georgian brands. Restaurant service can be a great way to introduce Georgian wines to a wide consumer base and it is commonly believed that Georgian wines compliment a wide range of foods, thus making them ideal for a restaurant recommendation. If Georgia can educate the wine buyers, chef's, restaurant mangers and their sommelier to understand, recommend and promote Georgian wines the demand at retail will be driven by the restaurant trade and marketing to restaurants is an more efficient means to reach multiple customers than direct consumer marketing. The NRA IWSB is an ideal opportunity for a private-public sector cooperative effort to achieve mutual objectives. 2020DC is currently developing a budget for this event and will submit it to appropriate parties for funding support.

Summary

In the development of Georgian wine exports to the USA much has been accomplished, yet, much remains undefined and untested. The need for continued support is justified and early results encouraging.

It is important to keep the momentum going and those exposed to this effort are committed to its ultimate success.

Many of the steps outlined in the 2020DC report titled: Wine Industry Assistance - Recommendations for the Georgian Wine industry for export expansion by Jim Krigbaum of 2020DC on behalf of Chemonics International USAID funded project Georgia Business Climate Reform remain to be executed. The tour of Georgian buyers was one of several recommendations. The success of this effort would be greatly enhanced by performing several of the other activities in this proposal and therefore we strongly encourage a review of these recommendations and further execution of several of the recommendations. A copy of this report is included in the Annex of this report.

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Annex



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“Tomorrow’s results start today through actions with 2020DC”™

Tuesday, April 06, 2010

Wine Buyers Delegation to Georgia October 2007

In effort to build exports of Georgian wines to the USA a delegation from the USA wine industry has been assembled and will be visiting Georgian wineries from the 24th of October until the 28th. Their schedule has been arranged and funded by the USAID project known as AgVantage of Tbilisi Georgia.

The delegation has been assembled to support all levels of the wine distribution and marketing industry in the USA with representatives including an importer, a distributor and a retailer buyer. To help facilitate and stimulate this effort the chain is complete in the Seattle Washington area which is known as one of the best wine consuming regions of the USA.

Team Leader

Jim Krigbaum, General Manager, 2020 Development Company LLC, Woodinville, WA, USA

With 26 years of experience in international trade and development focusing on the agro-industrial complex, Jim Krigbaum has a proven record of success in his ability to convert knowledge of, and experience in, the markets to develop profitability in products and services to consumers at all levels – industrial, institutional and retail. Since 2000 Jim has applied his business and life experiences to help companies and organizations in developing countries to achieve greater business success through capitalizing upon their entrepreneurial skills, competitive and comparative advantages and identifying niche markets for their products and services. With his work with 2020DC and donor agencies and enterprises Jim has demonstrated his ability to transfer this knowledge and skills to individuals and companies in developing countries and companies to help them achieve success.

Having been the owner and President of internationally focused marketing companies, with branch offices in Tokyo and Rio de Janeiro, Jim developed and performed the rolls associated with corporate management, staff motivations, strategic planning, budgeting, banking operations, product development, marketing, sales

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and general business development. Mr. Krigbaum can add value to any organization through program effective management, conceptualization, design, implementation and successful measurement of results against objectives.

Realizing that improvement in the standards of living in developing countries is closely tied to an improvement in agricultural marketing and the supply chain, Jim has focused on transferring his entrepreneurial, managerial, marketing skills coupled with global experience to companies, individuals and development agencies in lesser developed countries. These skills coupled with his proven ability to structure and manage an organization and to close deals which provide maximum profit and benefit to all parties is a valuable asset.

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Importer

Keith Johnsen, Director of Sales and Marketing, Exclusive Brand Imports, Redmond, WA, USA

Keith Johnsen is a 27 year veteran of the fine beverage alcohol industry, having worked in all aspects including restaurant management, distributor sales, winery regional sales management, and beer and wine brand development for both U.S. domestic and import products.

He is currently the Director of Sales & Marketing for The Exclusive Clubs of Beverage Bistro as well as its sister company, Exclusive Brand Imports (EBI). EBI's primary function is to act as the exclusive importer of highly specialized wine and beer brands that are used in the Beverage Bistro direct delivery clubs - bringing rare and small production bottlings to their membership list of sophisticated consumers and collectors - as well as to develop a limited portfolio of unique and prestigious wines and beers for sale through the traditional three-tier broad market system in the U.S..

A select group of high quality Georgian wineries are currently part of EBI's brand development strategy, and Johnsen's experienced palate and long history in the areas of label design and brand positioning will be focused to ensure successful results in bringing these wines to American wine drinkers in upscale markets.

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Distributor

Rick Steckler, President & COO, Click Wholesale Distributing, Seattle WA USA

Rick has been in wholesale beer and wine distribution in Washington State for over 20 years, working at all levels from sales representative to senior management positions. Prior to wholesale distribution Rick worked in restaurants and wine shops.

Currently President, COO and 50% owner of Click Wholesale Distributing. Click is a six year old, mid-sized, Seattle based wholesale distributor selling and delivering to approximately 1000 accounts over a 4 county

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area, focusing on fine wine and specialty beer. Click services all channels of trade including Restaurants, Pubs, Wine/Beer Shops, Chain and Independent Grocery Stores, and Club stores (Costco, etc).

Click has a solid network of distributors that sub-distribute their affiliated brands throughout neighboring states where Click doesn't directly deliver (Eastern Washington, Oregon, Idaho, Alaska, and Montana). Click has 38 employees with annual revenue of over \$11 million.

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Retail Buyer

Erez Klein, Wine Buyer, Whole Foods Market, Seattle WA USA

Erez Klein began his wine marketing career selling wine for a local wine distributor in Sacramento California shortly after college. Seeking a more creative way to use his wine knowledge, Erez worked as a sommelier in fine dining establishments and eventually found himself as the Beverage Manager at the famed Auberge Du Soleil Resort in Napa Valley. The Auberge was first listed in the Wine Spectator Grand Awards the year after he joined. His next move was to join Joyce Goldstein at Square One restaurant in San Francisco where he took the helm of their much touted wine program. Square One is credited as being the first restaurant to serve "expensive" wines by the glass which kicked off a revolution in restaurant wine and brings us modern restaurant wine service.

With the advent of the Internet in the late 1990's, Erez joined a start-up ecommerce company which integrated businesses with processes on-line. Erez moved to Seattle Washington with his wife where he took a position buying and selling wine for Whole Foods Market. In addition to running one of Whole Foods largest and most profitable wine departments, Erez works on regional wine plans for the Pacific Northwest market.

Whole Foods Market is the world's largest organic and natural foods retailer with stores throughout the US, Canada and England.

Erez Klein
Wine Buyer
Whole Foods Market
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Consultant

Charles (Chip) Hooley, Grand Strategies, White Bear Lake Minnesota USA

Throughout his 30+ year career Chip has been focused in the food industry, primarily on the retail side of the business. Chip has worked for many companies large and small, where he has held executive management positions on the manufacturing, food service and retail sides of the food business. Most of his career though was spent with SuperValu, the largest retail and wholesale food company in the U.S. At SuperValu, Chip held executive management positions in Operations and Marketing and Merchandising.

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Chip operates a marketing and consulting company, Grand Strategies, through which he provides support, information and business direction to clients in the food industry. Grand Strategies has a close association with the Minnesota Department of Agriculture, and strategic alliances with companies who are experts in advertising, graphic design, distribution and importing.

Chip is a faculty member at the College of St. Thomas where he teaches Strategic Business Management and Leadership courses in the graduate school of business.

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WINE INDUSTRY ASSISTANCE

**JIM KRIGBAUM
CHEMONICS INTERNATIONAL**

***RECOMMENDATIONS FOR THE GEORGIAN WINE INDUSTRY
FOR EXPORT EXPANSION***

Dec 2006

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Executive summary

The Georgian wine industry has a long tradition of producing wine from many of the more than 500 varieties of grapes grown in Georgia. This tradition dates back to a time before recorded history however evidence in archeological records place Georgia as possibly the first region of the world to produce wine.

In recent decades Georgia has been a major supplier of wine to the Soviet Union. With exports to the Soviet Union and Russia accounted for nearly 90% of Georgian wine export sales. In the Soviet Union and Russia wines from Georgia sold at a premium over wines produced in other regions of the Soviet Union. This premium led to counterfeit products produced outside of Georgia or inside of Georgia with little consideration for quality as counterfeiters worked to maximize their profits at the expense of the reputation of Georgia. The lack of Georgian industry and governmental controls on the export of wines labeled as product from Georgia led to deprivation in the reliability of Georgian wines and wines labeled as Georgian origin.

In Georgia wine is produced in traditional style as well as modern “European” techniques. Therefore the use of traditional technology and state of the arts technology exist side by side throughout Georgia. This varied production styles provides for a wide range of flavor profiles produced from the same grape and appellation resulting in a single variety having a greatly varied taste and quality. In the absence of labeling and branding standards it is common to have two products with the same name having significantly different flavor profiles. This inconsistency makes it difficult for the uninformed consumer to understand and rely upon Georgian wines to be consistent and meet their expectations.

The cessation of wine exports to Russia due to political and alleged quality issues has had a devastating impact on the Georgian wine industry. The termination of business relationships between Russia and Georgia has left the Georgian wine industry without their traditional and loyal customer for their wine. The dominating position Russia had as a buyer of Georgian wines has provided the Georgians with very limited experience in marketing their wine to the international market.

The Georgian Wine industry faces the following difficulties:

1. Lack of experience and exposure in the international markets
2. Production of varieties unknown outside of Georgia and the Russian market
3. Prices traditionally set by elements not tied to production costs, market conditions or demand
4. Flavor profiles unknown outside of the traditional markets
5. Unknown cost of production thus discouraging the wineries from lowering their costs to compete in the global market
6. Low vineyard yields resulting in high production costs
7. High transportation costs to major international markets

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8. Local demand for “homemade” wine which limits the domestic market and skews the price of inputs
9. Antiquated production facilities and techniques
10. To the international customer the Georgian wines are unknown, produced with unknown varieties and traditionally priced as a premium wine which requires significant investment in marketing which has not occurred in the past.

The importance of the wine industry on the Georgian economy and desire by the U.S. Government to support the Government of Georgia (GOG) USAID is providing technical assistance to the Georgian wine industry. To date this assistance has been through providing a one day course to industry representatives, government officials and donors. This course was delivered in December of 2006 in Tbilisi and was attended by more than 50 individuals. A copy of the PowerPoint utilized in this course is attached as Annex 1 and articles appearing in the press after the session are attached in Annex 2.

This report provides recommendations for further activities supported by USAID, other Donors, the GOG and the wine industry. This report is designed to be a blueprint for further involvement to achieve success in establishing Georgian wine exports to the USA it is not an assessment of the Georgian wine industry.

It is the opinion of the author that significant growth in exports of Georgian wine can be achieved within the next 12 – 18 months; however, a concerted effort supported and participation by all stakeholders will increase the likelihood of success. The activities outlined in this document are designed to accomplish two primary objectives (1) strengthen the industry structure through establish wine export infrastructure and standards for exported wine from Georgia and (2) develop markets in the USA for Georgian wine. Objective (2) makes objective (1) worthwhile while objective (1) is essential to the success of objective (2), therefore, these efforts must be done in tandem to achieve the anticipated objectives.

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Internal Georgian activities to strengthen export competitiveness and consistency

Establish a Wine Export Control and Promotion Board

It is well documented that wine industries from countries that have achieved success in the USA market have done so with the significant impact of an Export Control and Promotion Board (ECPB). It is the recommendation of the author that Georgia, and unanimously recommended by attendees during a straw ballot during the training course held in Tbilisi in December, that Georgia establish an ECPB with the following objectives:

1. Establish standards for product to be exported
 - a. Standards for product identity and characteristics
 - b. Standards for labeling – identifying origin, variety and process
2. Certify processes for product produced for export to meet or exceed certain quantifiable characteristics.
3. Keep industry wide statistics and publish this information for interested parties inside and outside of Georgia
4. Collect and manage an export promotion budget to promote Georgian wines in the USA and other markets.
5. Hire and manage appropriate export promotion support services inside of Georgia and in the USA.

Some of these activities may already be the responsibility of various government agencies. It is my recommendation, and those attending the course, that these activities be consolidated into the ECPB with support and funding from the current agencies responsible for these activities, Donors and the industry. In most cases these activities should be supported by the industry and can effectively be managed by the industry with appropriate governmental guidance and support. The blending of resources and support suggested above is documented as best practices by other countries with similar activities have succeeded.

External activities to strengthen exports

Establish a Wine Promotion office in the USA

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To establish a Georgian wine presence in the USA market it is imperative that the industry have a representative office in the USA. This office would be responsible for promoting Georgian wines and would not exclusively represent any wineries or be paid a commission by individual wineries.

The activities of this representative office would be to function as an Ambassador of the Georgian wine industry and would promote Georgian wines through educational and promotional activities including:

- a. Organize and participate in national, regional and local events, tastings and educational efforts
- b. When appropriate participate in tradeshow or other industry events
- c. Promote Georgian wines to the press and journalists who influence wine buying decisions
- d. Meet with buyers to promote Georgian wines as a reliable wine origin

Specific activities to accomplish these objectives

Overview – funding and management

The elements outlined above are the result of specific activities which require time and resources dedicated to their success. This report does not in detail address where these resources come from however it is the author's opinion that there should be a synergistic combination of resources designed to achieve mutual results.

It is my recommendation that an organizational meeting be held in Tbilisi during the first quarter of 2007. This organizational meeting should include all primary and secondary stakeholders include representatives of the following groups:

1. All major wineries
2. Government of Georgia representatives
3. All major donor programs including USAID, GTZ, UNDP and others
4. Existing importers in the USA and other current markets
5. Potential importers from the target markets
6. Support services to the wine industry – input suppliers, logistic companies, banking and financial services

The objectives of this meeting should be to accomplish the following administrative activities:

1. Elect an Advisory Board
2. Hire a Georgian based director and a USA advisor (funding to be determined)
3. Develop a funding scheme and secure funding from various entities
4. Adopt to an action plan for the ECPB

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Proper planning needs to occur before this meeting to allow for proposals to be circulated to the various parties so that concrete results and support can be achieved at the meeting.

Specific activities

It is the author's opinion that USAID, with support from the Georgian wine industry, Government of Georgia and other Donors support the following:

- ***Establish standards for product to be exported***- Success for any of the following efforts will depend upon establishing, monitoring and maintaining standards for Georgian wines that are exported. To accomplish this it is my recommendation that Georgia works with Universities in the USA and Europe to have graduate students visit Georgia and work with the industry to establish standards for wine to be exported.

It is my understanding that a relationship already exists with the University of California Davis; however, other universities may be of value in this effort including Texas A&M, Oregon State University and Washington State University and appropriate European Universities. Work from these students would be much more cost efficient than hiring industry consultants and the students would be well suited to accomplish the objectives. Additionally, having a panel of 5 – 10 students from various wine oriented universities to study Georgian wine will help promote the knowledge of wine experts and the exchange of information thus benefitting each industry.

This effort should be schedule to coincide with release of standards at or prior to the June Wine Expo in Tbilisi.

- ***Tour of Georgian Wineries to the USA*** – conduct a tour of Georgian wineries to visit 6 – 10 targeted cities. This tour would include meetings with importers, distributors, journalists, retail buyers and others influential to wine purchasing in the USA.

To achieve successful results from this tour significant time is required to prepare for the visit. Furthermore, significant planning is essential to draw visitors and participants to the tour events. Some ideas for attracting the appropriate audience include:

- Give-a-way of trip to Georgia for Wine Expo in June (Sponsored by airlines, hotels, tour board etc. in Georgia)
- Include participation from Georgian dance troop
- Include participation from Georgian celebrities including NBA players
- Include high level Georgian officials or USA officials whose presence can draw an audience

The objective of this visit:

1. Introduce wineries to importers, distributors and end users
2. Expand visibility of Georgian wines in targeted USA markets
3. Get press coverage that will help stimulate demand for Georgian wines

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4. Educate Georgian wineries further on the USA market

- ***Tour of USA wine buyers and journalists to Georgia.*** Getting USA buyers to Georgia to experience the Georgian wine industry and learn more about the opportunities will be a great motivator for these buyers to purchase, market and consumer Georgian wine. This event will be a follow-up to the tour of Georgian wineries in the USA and will include several of the same individuals. It should occur in June to coincide with the Georgian Wine Expo which is held June 1 – 3 in Tbilisi and include several of the individuals who attend the USA based events. This event should be a high level event as in most cases the Georgian wine industry will have one chance to appeal to the buyers and journalists.

The timing of this event should also coincide with the release of standards as outlined above. If this event can be coordinated with other events in Europe which can help encourage buyers/journalists to attend. This event may be coordinated with a visit to the Moldovan wine producers which will give the buyer one more reason to attend through leveraging his time and resources. Funding for this event can be a combination of industry, GOG, Donor and participant funds.

We may also be able to get a commitment from Michael Jackson (not the singer) the world's leading consumer writer on beer to participate on this visit if we can include a visit to craft local breweries which he may be interested in including in his Rare Beer club or publications.

- ***Film and produce an episode of the Wine Traveler which airs on travel and food related channels and for use at promotion activities.*** This would be a GDA style activity. The owners of the series have already, in principle, agreed to pay all development and production costs with the travel costs and in country costs covered by donors, the GOG and the Georgian wine industry.

The function of this video is to provide a professionally produced video for promoting the Georgian wine industry. It would be aired on channels under agreement with Wine Travelers. This will help raise the familiarity of Georgian wine in the markets where the show is televised and the Video would be available for retailers, wine clubs, the Georgian Wine Promotion industry and others to promote the Georgian wines.

- ***Establish a wine Ambassador in the USA market and support wine promotion teams.*** The success of Georgian wines in the USA will be greatly enhanced through the establishment of a wine promotion office in the USA. All other major wine exporters to the USA have similar offices and have increased their volume as a result of these efforts. Ideally the Georgian Wine Ambassador would hire two full or part time representatives to promote Georgian wine in the USA. These individuals would be strategically located to support target markets, importers and distributors.

Summary

There is significant opportunity for the Georgian wine industry in the USA. They need to get their house in order with attention to quality and standards and develop cooperation between the various

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entities in the industry. USAID and other donors can play a major role in helping the industry achieve its maximum success. The recommendations above outline the various activities that I believe will help the industry achieve success.

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