Virginia is for (Spirits) Lovers: Partnering to Improve Consumer Experiences
“Virginia boasts an extremely proactive [distilled spirits] industry association that arguably works harder than most.”

- Tara Nurin, Forbes.com December 2019
Scott Harris
Catoctin Creek
Founder & General Manager

Gareth Moore
Virginia Distilling Company
Chief Executive Officer
Engaging State Government

• From the onset of the Virginia Distillers Association’s (VDA) establishment, we’ve made a concerted effort not only to improve the regulatory environment for Virginia distilleries, but to also create promotional resources and opportunities for our members.

• Promotional opportunities not only provide marketing value to our member distilleries, but they are also a vehicle for exposing and engaging state government in the advancement of our industry directly and indirectly.

• This rising tide of engagement not only brings forth additional resources towards programming, but also has indirectly created a more distillery-friendly legislative environment.
Association Identity vs. Consumer Identity

When the VDA was formalized in June 2016, we created logo assets which we utilized for initiatives geared towards the regulatory matters or when speaking with industry constituents (example below).

In 2017, we partnered with the Kelli O'Keefe (Professor of Brand Strategy at the VCU Brandcenter) and his students as part of a semester-long pro bono case study to establish what would become the Virginia distilled spirits industry’s consumer identity - managed by the VDA. These assets would be the cornerstone for all future consumer facing programming established by the VDA; and are generally used for all identity needs today (see next slide for brand standards)
Consumer Brand Assets developed by the VCU Brandcenter
Logo Spinoffs for Various Consumer Campaigns

Virginia Spirits

Roadshow

The Virginia Spirits Trail

Virgínia Spirits Month

It’s five o’clock for 30 days.
Virginia Spirits Trail & Passport:

- Obtained grant for $50,000 with Virginia Tourism Corporation
- Currently features 28 VDA Members (distilleries)
- The focus of the program is to
  - drive tourism to member distilleries
  - increasing direct sales
  - create a grass roots approach to brand ambassadors via the passport component
- When a consumer visits 10 distilleries, they receive a free “Virginia Spirits Trail” t-shirt, as part of the “Trail Challenge”
- Currently lives in print format only; launching digital application this summer as part of a complete overhaul / redesign for VirginiaSpirits.org
Virginia Spirits Roadshow:

- Expose spirits enthusiasts to Virginia’s distilled spirits industry
- The focus of the program is to:
  - brand exposure for our member distilleries by way of consumer tastings
  - provide new market access for bottle sales
  - create brand ambassadors for the our industry and our member distilleries
  - generate revenue
- Adapting name to The Virginia Spirits Roadshow, presented by the Virginia Spirits Trail
- Currently have more than 2,300 consumer email contacts in our database
- Working with Consociate Media (pro bono) this Spring to develop additional promotional assets and a communications plan for the Roadshow initiative
Virginia Spirits Month:

- September Virginia Spirits Month is a consumer brand awareness campaign established by the VDA in 2016. The tagline is “It’s 5 o’clock for 30 days,” which is a great vehicle for promoting the campaign daily.

- September programming has directly contributed to sales growth since the campaign was established, increasing all September Virginia Spirits sales by **134 percent from 2016 to 2019**.

- Over the past four years of the campaign, the VDA has executed a variety of programming in partnership with the Virginia Tourism Corporation, Virginia ABC and the Virginia Governor’s Office.

<table>
<thead>
<tr>
<th>September Virginia Spirits Month</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ABC Retail Sales</td>
<td>Distillery Store Sales</td>
<td>TOTAL</td>
</tr>
<tr>
<td>2019</td>
<td>$1,165,810</td>
<td>$720,856</td>
<td>$1,886,666</td>
</tr>
<tr>
<td>2018</td>
<td>$848,367</td>
<td>$641,116</td>
<td>$1,489,486</td>
</tr>
<tr>
<td>2017</td>
<td>$733,727</td>
<td>$515,926</td>
<td>$1,249,655</td>
</tr>
<tr>
<td>2016</td>
<td>$503,179</td>
<td>$303,219</td>
<td>$806,398</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change</strong></td>
<td>37%</td>
<td>12%</td>
<td>46%</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Growth</strong></td>
<td>132%</td>
<td>138%</td>
<td>188%</td>
<td>184%</td>
</tr>
</tbody>
</table>
Virginia Spirits Month: Partnerships

Virginia ABC:

• Distribution of Virginia Spirits branded POS to all 370 retail stores.
• Distribution of campaign swag / totes to the top 20 Virginia ABC stores by Virginia Spirits sales volume.
• Dedication of ¼ of all their PODs displays (in 132 stores) to promoting the September campaign.
• Annual co-authored and distribution of press release.
• Support for special product discounts.
• Support for advertorial in Spirited Virginia Magazine.
Virginia Spirits Month: Partnerships

Virginia Tourism Corporation:

- Donation of 2,000 “VA is for Lovers” trucker hats for distribution to select retail stores as a free gift with purchase.
- Production of campaign videos featuring Governor McAuliffe and other state officials.
- Financial sponsorship of Virginia Spirits / Virginia is for Spirits Lovers branded totes to select retail stores as a free gift with purchase.
- Annual co-authored and distribution of press release.
- Development of sub-brand logo “Virginia is for Spirits Lovers.”
Virginia Spirits Month: Partnerships

Virginia Governor’s Office:
- Support with annual Proclamation of September Virginia Spirits Month.
- Support with hosting kickoff event for campaign at the Virginia Governor’s Mansion.

Virginia Distilleries Association:
- Development of all digital assets (e.g. social media, and website landing page).
- Coordination of all support with state government agencies.
- Coordination of all member distilleries participation in product discounts, consumer tastings at ABC stores, and more.
- Event planning (e.g. campaign kickoff event for media and state dignitaries, consumer events such as the Virginia Spirits Roadshow).
- Production of Meet Virginia Makers video series, Cocktail video series and Virginia Tastemaker blog.
Virginia Distilled Spirits Board (DSB)

• Legislation in progress to establish and fund a Governor Appointed Distilled Spirits Board (“DSB”)

• DSB will develop, manage and execute industry-wide marketing, education and research initiatives

• First state operated Distilled Spirits Board that we know of

• Housed under the Virginia Department of Agriculture, and will include 11 Board Members comprised of:
  o 6 distillery representatives
  o 3 supplier representatives
  o Chief Executive Officer of Virginia ABC (ex-officio)
  o Commissioner of Agriculture (ex-officio)
Virginia ABC Black Friday Discount

- Virginia ABC has started an annual campaign to promote the Black Friday discount of 20% off most products in-store, and at distillery stores. To help members promote their participation in the sale, the VDA creates customized promo assets each, and launched a landing page on VirginiaSpirits.org to promote the sales several weeks in advance.
Jeffrey Painter
Ferncliff LLC
Virginia ABC: Then & Now

1941 Virginia ABC Store

2020 Virginia ABC Store
Diverse Stakeholders

ABC

Prevention Groups

General Public

Other Government Agencies

Licenses

Trade Associations

Store Customers

General Assembly

Law Enforcement

Media

Schools

Colleges

Lessors

Suppliers
2020 State Session Overview

• Full availability of products is the primary objective of Virginia ABC’s ecommerce program

• Two supporting objectives are “frictionless shopping” and “engaging content”

• Currently offer “buy online, pick up in store” for entire product line
Modernization

- Virginia ABC introduced cyber sales in 2019
- On the horizon: home delivery
Retail Operations

- Average store stocks over 1,200 items
- Top 200 items represent over 50% of retail and 70% of restaurant sales
- Sales to restaurants are about 18% of annual sales
- Average store gross sales of $2.6M
Product Selection

2007

- Standard products – 2,361
- Special Order Catalog - 271
- Other Special Order - 261

2018

- Standard products – 3,069
- Special Order Catalog - 816
- Other Special Order - 981

Website – 2,653 products
Retail Merchandising

- Average store carries 1,300 products
- Includes approximately 1,200 standard products
- Also includes special order and VAPs
Product Expansion

- “Endless Aisle” concepts and the website provide a platform to promote and sell Virginia products—especially from smaller suppliers that are not yet in position to supply 100+ retail stores
- Virginia products sold as a percentage of all online orders continues to grow
New Warehouse Coming 2021
Retail Operations

- 384 retail stores
- 36 distillery stores
- $1 Billion in Revenue
- Average ABC Store
  - 3,200 Sq. Ft.
  - $2.6M in sales
  - 18% of sales to restaurants
Madeleine Spjut
Distilled Spirits Council
Director of Government Relations
Promoting Alcohol Responsibility in Virginia

- Underage drinking prevention audio PSA with Virginia Senator Bryce Reeves
- 41,516 people reached via Spotify
- 136 clicks to Ask, Listen, Learn’s underage drinking prevention resources
Ending Impaired Driving

- Partnered with local Virginia law enforcement and safety groups to fight impaired driving.
- Promoted sober ride homes via WRAP and Lyft rideshare codes.
Community Engagement

- Debuted the underage drinking prevention show, SMASHED, to the Washington-Lee High School.
- Partnered with the Students Against Destructive Decisions (SADD).
- Reached high school students & local partners such as the Washington Regional Alcohol Project (WRAP) and the Virginia Alcohol Beverage Commission (VABC).
Contact

David Wojnar
David.Wojnar@DistilledSpirits.org

Scott Harris
scott@catoctincreek.com

Gareth Moore
gareth@vadistillery.com

Jeff Painter
Jeff@FerncliffLLC.com

Madeleine Spjut
madeleine.spjut@distilledspirits.org