

Cowichan's Wine, Craft Brewery, Cider and Distillery Industries

A report on opportunities for promoting sustainable growth and collaboration.

January 2019



CVRD



JANAE ENNS | ECONOMIC DEVELOPMENT COWICHAN | JANUARY 2019

Table of Contents

Introduction	2
Context and Purpose of the Report	2
Methodology	2
Participating Establishments	4
Wine Industry.....	4
Winery Snapshots	5
Challenges	19
Opportunities	22
EDC Follow-Up Actions.....	25
Craft Beer Industry	27
Brewery Snapshots.....	27
Challenges	31
Opportunities	33
EDC Follow-Up Actions.....	33
Craft Cider Industry	34
Cidery Snapshots.....	35
Challenges	37
Opportunities	38
EDC Follow-Up Actions.....	38
Craft Distilleries	39
Distillery Snapshots	41
Challenges	43
Opportunities	43
EDC Follow-Up Actions.....	44
Summary of Recommendations.....	45
Sources	47

Introduction

Context and Purpose of the Report

Between April and August of 2018, Economic Development Cowichan (EDC) conducted on-site visits and a survey process with the wine, craft breweries, distilleries and the cider industries, referred to as the beverage sector for the purposes of this report. This report summarizes findings from the visits and surveys and aligns with Goal 2 of EDC's Strategic Plan 2018-2022, which supports the development of existing and emerging sectors in the Cowichan region.

This report recognizes that the beverage sector has strong ties with the future of agriculture and tourism and is playing an increasingly important role in positioning our region as a desirable place to live, work, visit and invest in. The purpose of this report is three-fold. The report was intended to initially provide EDC with an opportunity to connect with the local beverage providers and create ongoing working relationships. The second outcome is to explore the opportunities and challenges within the beverage sector and identify the short, medium and long-term activities EDC can conduct to support the sector. Thirdly, the report identifies strategic partnerships and opportunities for collaboration moving forward.

Methodology

Research was conducted over a five-month period and the study area encompassed the beverage operations throughout the Cowichan region. The first-phase of activity involved developing an initial database of all the beverage providers in the region using secondary sources to identify the type of operation, location and owners. Two primary methods of data collection were initiated -- a survey and face-to-face interviews

Participating Establishments

Distilleries	
Company	Location
Ampersand Distilling Co	North Cowichan
Stillhead Distillery Inc	Koksilah Industrial Park (Electoral Area D)
Cider Producers	
Merridale Cidery & Distillery	Cobble Hill
Valley Cider Company	North Cowichan
Craft Beer Producers	
Red Arrow Brewing Company	Koksilah Industrial Park (Electoral Area D)
Small Block Brewing Company	Koksilah Industrial Park (Electoral Area D)
Riot Brewery Co.	Chemainus (North Cowichan)
Wineries & Vineyards	
Alderlea Vineyards	Duncan
Averill Creek Vineyard	North Cowichan
Blue Grouse Estate Winery and Vineyard	Duncan
Cherry Point Estate Wines	Cobble Hill (Electoral Area C)
Damali Lavender and Winery	Cobble Hill (Electoral Area C)
Deol Estate Winery	North Cowichan
Divino Estate Winery	Cobble Hill (Electoral Area C)
Emandare Vineyard	North Cowichan
Enrico Winery	Mill Bay (Electoral Area A)
Rocky Creek Winery	Cowichan Bay (Electoral Area D)
Saison Market Vineyard	North Cowichan
Unsworth Vineyards	Mill Bay (Electoral Area A)
Venturi-Schulze Vineyards	Cobble Hill (Electoral Area C)
Vigneti Zanatta Winery	Glenora (Electoral Area E)
Total # of Establishments:	21

Wine Industry

According to a 2015 study published by the Canadian Vintners Association, British Columbia's wine industry contributes \$2.8 billion annually to the provincial economy and generates tax revenue of \$312 million, along with associated wages of \$512 million. Wine related tourism is part of this overall economic impact and contributes an estimated \$245 million in provincial revenues.

The Cowichan Valley is home to the second largest wine region in British Columbia and some of its oldest vineyards date back to the 1860's (Tourism Vancouver Island, 2009). The first *Vitis Vinefera* (native Old World grapes) were planted in the Cowichan nearly 30 years ago, in partnership with a local farmer and the British Columbia government, to test the suitability for commercial products (Hammer, 2016). What started as an agricultural experiment has successfully evolved into what is now a vibrant wine industry consisting of 14 active wineries.

The Cowichan wine industry is characterized by small owner-operated estate wineries with sole investors in comparison to large corporate entities. The wineries range from two person operations to larger-scale operations who have made significant investments in their tasting rooms. The Cowichan is unique in that each of the 14 wineries has its own distinct character and ambience that contributes to a diverse wine experience for visitors and local residents alike.

Within the Cowichan wine community, different perspectives exist on the most effective methods for the sale and distribution of products, depending on the scale, scope and preferences of the operation. Sales methods typically fall under two categories -- tasting room sales and off-site sales (restaurants and private liquor stores).

Winery Snapshots

Alderlea Vineyards

"We are committed to sustainable farming practices and making the highest quality wine in Canada"
(Alderlea, 2018)



The view overlooking Alderlea Vineyards (Alderlea, 2017)

Established in: 1995

Current Owners: Zachary Brown and Julie Powell

Size of Property/Vineyard: 10acres, 7.5acres

Staffing: 2 owners, 3-5 seasonal

Public Services Offered: Tasting Room

Product Lines:

- Alderlea Vineyards, Red, Rose and White Wines
 - Motovino Plaid Series
-

Alderlea Vineyards is a boutique winery located near Duncan overlooking Quamichan Lake. It was established by previous owners Roger and Nancy Dosman in 1995, who were two of the pioneers in the Vancouver Island wine industry. In the spring of 2017, Zac Brown and Julie Powell left behind their corporate jobs in Vancouver and purchased the winery, adopting the previous owner's business model. Approximately 80% of their wine is distributed to restaurants and liquor stores and 20% is sold on site through the tasting room. Alderlea Vineyards has a long history of incorporating sustainable farming practices and is still committed to further enhancing and developing their sustainability programs. Alderlea offers an intimate experience for visitors who share the same interest and passion for quality wines.

Averill Creek

"New World. Cool Climate. Uncompromising Wines from Vancouver Island" (Averill Creek, 2018)

Established in: 2001

Current Owner(s): Andy Johnston

Size of Property/Vineyard: 46acres, 30acres

Staffing: 5 part time, 1 full time

Public Services Offered: Tasting Room, Patio, Picnic
Lunches, Events and Pre-wedding Event Options

Product Lines:

- Averill Creek Label: Red, White, Rose, Sparkling (including Charme De L'Ile) and Dessert
- Averill Creek Somenos Series Label



Averill Creek's tasting room facility and patio (Averill Creek, 2018)

Former physician and current owner, Andy Johnston, apprenticed in wineries in Tuscany, Australia, France and New Zealand until he was drawn to the Cowichan by its subtropical Mediterranean climate. He established Averill Creek in 2001. The 46-acre property is located on the slopes of Mt Provost in North Cowichan and offers expansive views of the valley. Averill Creek currently produces in excess of 8,000 cases annually and exports internationally. They produce a wide range of varietals, with a special focus on their new sparkling Charme De L'Ile. The vineyard has a modernized tasting room and a garden patio and they are currently considering the installation of kitchen facilities.

Blue Grouse Estate Winery

"It is important that we take what our terroir gives us rather than trying to force the terroir to give us what we want" (Bailey Williamson, Winemaker, 2018).



Jenny Garlini, Blue Grouse Office Manager, Paul Brunner, Blue Grouse Owner, and Amy Melmock, Manager of Economic Development Cowichan, with the Blue Grouse Vineyard in the background (Enns, 2018)

Established in: 1989

Current Owner(s): The Brunner Family

Size of Property/Vineyard: 65acres, 14.5acres

Staffing: 5 full time, 6 seasonal

Public Services Offered: Tasting room, patio, charcuterie and cheese board, oysters (collaboration), venue for events and accommodation

Product Lines:

- Blue Grouse Estate Label
 - Quill Label
-

The Blue Grouse Estate property has a long and dynamic history and originally began as an experimental vineyard in 1977. The winery continued evolving as a family-run business under the original owners until 2012 when the Brunner family purchased the estate. Following the change in ownership, the winery underwent a complete transformation to bring the facility into the 21st century. In addition to the tasting room, Blue Grouse has a spacious patio and has partnered with The Wandering Mollusk Oyster Catering Co to offer fresh oysters on weekends. Blue Grouse has recently opened the Grouse House, which is a “Bed & Bottle” retreat that provides accommodation for up to four guests on the property. They are also expanding their vineyard acreage.

Cherry Point Estate Wines

"We let the earth dictate what wine we make, we pay respect to the soils natural properties" (Xavier, 2018).

Established in: 1989

Current Owner(s): Xavier and Maria Bonilla

Size of Property/Vineyard: 34acres, 24acres

Staffing: 5 full time, up to 17 seasonal

Public Services Offered: Tasting room, patio, bistro,
venue for weddings and special events

Product Lines:

- 12 wine varietals
-



(Cherry Point Estate Winery, 2018)

The Cherry Point vineyard was established in Cobble Hill in 1990 and became a licensed winery in 1994 (Bell, 2018). Current owners, Xavier and Maria, adopt their wine philosophy using best practices from Europe. The wine produced is solely dictated by the land with respect to its soil qualities. Cherry Point produces all estate wines and has attracted a loyal following of customers with the majority of their sales being distributed to Victoria. Cherry Point has a focus on creating special events that bring together community and explore the unique ways in which wine can be paired with food and music. The winery offers an outdoor patio in a pastoral ambience and a bistro that doubles as a venue for weddings and special events year-round.

Damali Estate Lavender and Winery

"Indulge your senses, savour the lifestyle" (Damali, 2018)



Damali Estate wines with the lavender field in the background (Damali Estates, 2018)

Established in: 2010

Current Owner(s): Kennedy Saville

Size of Property/Vineyard: 13acres, 2.5acres

Staffing: 1 full time, 2 part time

Public Services Offered: Tasting room, patio and lavender gift shop

Product Lines:

- Wines: grape wines, fruit wines and blends that include lavender
 - Lavender: variety of Damali Lavender products made on-site
-

Damali Estate Lavender and Winery, established in 2010, brings together the world of wine and lavender products. In 2016, Kennedy Saville purchased the estate from its original owners. It has provided him the opportunity to apply his skills in tech, heavy machinery, and biochemistry studies. The farm has evolved to encompass a range of activities including a vineyard, tasting room and gift shop, labyrinth and orchards. Lavender remains a key facet of the business. With over 25 lavender varieties, guests are encouraged to take a self-guided tour using their Tour Map and Lavender Guide or indulge in U-Pick opportunities throughout the summer. Damali's wines are all made with Cowichan grown fruit, including blackberries, raspberries and rhubarb grown on site. Damali also produces distinct signature blends that incorporate lavender.

Deol Estate Winery

"A family owned and operated winery... We have been growing vines since 1984, and have brought our experience and passion for grapes along with us!" (Deol Estate Winery, 2018)



The Deol Family (Deol Estate Winery, 2018)

Established in: 1999

Current Owner(s): The Deol family

Size of Property/Vineyard: 32acres, 20acres

Staffing: The Deol family

Public Services Offered: Tasting room and picnic area

Product Lines:

- Deol Estate Wines, white and red varietals
-

In 1999, the Deol family made the decision to move their wine operation from the Okanagan to the Cowichan because the climate was more suitable for their needs. What was originally a 32 acre dairy farm located in North Cowichan has been transformed by the Deols' into a 20 acre vineyard. Their passion and focus is primarily on agriculture and cultivating the land using the experience and expertise they acquired in the Okanagan. The Deol family started their business in Cowichan to supply grapes to local wineries. In 2008, they expanded their operation, releasing their own vintage estate wine and opening up a public tasting room. A variety of vegetables and fruits are also grown and sold on the property, as well as being sold at the Duncan farmers market.

Divino Estate Winery

"There are only two types of wines. The ones you like and the ones you don't" (Divino Estate Winery, 2018)

Established in: 1982

Current Owner(s): Joe Busnardo

Size of Property/Vineyard: 40acres, 30acres

Staffing: 1 full time (owner), 1 3/4year and seasonal staff during harvest

Public Services Offered: Tasting room, private functions by appointment

Product Lines:

- Divino Estate Wines
 - Divino Estate Vinegar
-



(Divino Estate Winery, 2018)

Divino Estate Winery was established in 1982 in Oliver, British Columbia, by owner and winemaker Joe Busnardo. The winery was relocated to a 40 acre site in Cobble Hill in 1996. Divino's focus is on the agricultural elements of producing wines. Joe uses traditional methods of hand picking the grapes and tending the vines to create a hand-crafted natural product. Divino's tasting room is open two days a week or by private appointment. Typical Divino varietals include Chardonnay, Trebbiano, Castel, Pinot Noir, Pinot Gris and unique featured blends are available for purchase on site. Vintages dating back to 1989 can also be purchased at the wine shop.

Emandare Vineyard

"At the end of the day, what's in your glass is not as important as who you are sharing it with"

(Mike & Robin, 2018)



Mike standing next to his wine/cider selection
(Enns, 2018)

Established in: 2013

Current Owner(s): Mike and Robin Nierychlo

Size of Property/Vineyard: 8.5acres, 6.3acres

Staffing: 2 Full time (owners) and contract staff

Public Services Offered: Tasting room and property tours

Product Lines:

- Emandare vineyard wines
 - Limited ciders
-

Emandare Vineyards was established by owners Mike and Robin Nierychlo in 2013. Mike's previous experience working in wine media and his business background have allowed him to combine the art of wine making with a strong business development focus. Emandare's commitment to making exceptional wines has been guided by their philosophy that *"wine is grown, not made"* and has influenced the decision to run a 100% estate winery that is organically farmed, allowing for a completely natural wine making process. Emandare also produces a limited cider line from their estate apples.

Enrico Winery

"Making the best wine we can, putting down roots and building for next generations" (Enrico Winery, 2014)

Established in: 1998

Current Owner(s): Lorin Inglis

Size of Property/Vineyard: 53acres, 26acres

Staffing: 2 part time and 4 full time, seasonal workers
increase 20-25

Public Services Offered: Tasting room, small food
menu, live music and events

Product Lines:

- Enrico wine label varietals of: whites, reds, rose and sparkling
 - Gift baskets
 - Merchandise (shirts, sweaters, vests)
-



Enrico Winery (Bell, 2014)

The Enrico property was first acquired in 1998 and eventually became open to the public in 2010. Owner Lorin Inglis, decided on setting up his operation in the Cowichan because *"the region is an incredible place to visit and an even greater place to live."* Enrico's wines are primarily sold through the tasting room with 65% of sales occurring on site and the remaining 35% distributed through liquor outlets across the province. The on-site tasting room and gift shop has a country style interior aimed at making visitors feel welcomed and relaxed. Enrico's offers opportunities to dine and enjoy live music on their patio, and works in collaboration with other hospitality providers in the region to market Cowichan as a wine and food destination.

Rocky Creek Winery

"From Corporate Suits to Gumboots" (Rocky Creek Winery, 2018)



(Rocky Creek Winery, 2018)

Established in: 2005

Current Owner(s): Mark and Linda Holford

Size of Property/Vineyard: 11 acres, 5 acres

Staffing: 2 part time

Public Services Offered: Tasting room and patio

Product Lines:

- Rocky Creek Wines: Red, White, Rose, Sparkling and Blackberry
 - Gift baskets and gift store items
-

Rocky Creek Winery has been in operation for the past 13 years as a family-run heritage estate winery by proprietors Mark and Linda Holford. Rocky Creek is an estate winery that is primarily focused on producing quality wines using 100% island grown grapes that are hand picked, a practice they intend to pass on to the next generation. The winery is located on a 5 acre property and produces 7-10 varietals of estate wines. They are known for their unique grape varieties including the Albarino and Tempranillo and for their versatile Wild Blackberry Wine. In addition to their wine products, Rocky Creek sells giftware at their tasting room and premade gift baskets. The tasting room has recently been renovated to better serve visitors and there is a scenic patio for guests to enjoy. Mark and Linda are dedicated to reducing their carbon footprint through eco-friendly design concepts and organic waste recycling.

Saison Market Vineyard

"Come discover the seasons like never before. Come discover your own reasons today"

(Saison Market Vineyard, 2018)



The view from the patio overlooking the vineyards (Brooke, 2018)

Established in: 2008

Current Owner(s): Frederic Desbiens and Ingrid Lehwald

Size of Property/Vineyard: 20 acres, 8 acres

Staffing: 1 full time, 4 part time (vineyard)
2 full time, 5 part time (bakery)

Public Services Offered: Saison Market, café and bakery with indoor and patio seating

Product Lines:

- Saison Market Vineyard baked goods, jams, fruits and veggies
 - Pinot Gris, Pinot Noir, Gewürztraminer and Seigerrebe grapes
-

Frederic Desbiens and Ingrid Lehwald purchased the Saison Market Vineyard property in 2008, after realizing the potential for creating a vineyard on the site. They developed a business model where they could combine their expertise in baking and preparing gourmet foods with their passion for horticulture and viticulture. The Saison vineyard is unique; grape production is significantly denser than in average vineyards, which increases the grape yield per acre. Saison was able to achieve this by using new harvesting technology that is designed to navigate narrow rows of grape vines. Although Saison does not produce any wines of their own, they play a key role in providing grapes to local wineries. The Saison Market is opened two days a week offering a variety of specialty foods in a casual café style setting overlooking the vineyard.

Unsworth Vineyard

"Built on family and a passion for wine and food" (Unsworth, 2018)

Established in: 2010

Current Owner(s): Tim and Colleen Turyk

Size of Property/Vineyard: 32acres, 12acres

Staffing: 12 full time, 18 part time

Public Services Offered: Tasting room and restaurant

Product Lines:

- Unsworth Vineyard estate wine label
 - TimBuckTwo wine label
-



Unsworth Vineyards (Valley Voice, 2017)

Unsworth owner Tim Turyk was a frequent visitor to the Cowichan before he made the decision to purchase his South Cowichan vineyard in 2009. The Turyk family revitalized the property, restoring the 1900's farmhouse that now serves as the Unsworth restaurant. The restaurant is open year-round and the menu features seasonal dishes to showcase fresh local ingredients. Unsworth is now one of the larger wine producers in the region, and offers two product lines; the Unsworth Vineyards label and the TimBuckTwo label. Included in their Unsworth Vineyards label is the Charme De L'Ile, Cowichans version of a prosecco-style wine. Unsworth has a spacious tasting room and frequently hosts special events. They often partner with local caterers to provide different culinary options that can be paired with their wine.

Venturi-Schulze Vineyards

"Discover the adventure we have been creating since 1987 in our pure, natural & vibrant 100% estate grown wines, ancient method balsamic vinegar & verjus" (Venturi Schulze, 2018)



Venturi-Schulze Artisan Balsamic Vinegar Line (Enns, 2018)

Established in: 1988

Current Owner(s): Giordano & Marilyn Venturi, and Michelle Willcock Schulze

Size of Property/Vineyard: 30acres, 20acres

Staffing: Family and 1 fulltime worker, with up to 15 seasonal workers

Public Services Offered: Tasting room and picnic patio

Product Lines:

- Venturi Schulze Wines
 - Venturi Schulze Balsamic Vinegar
 - Venturi Schulze Verjus
 - Venturi Schulze Jams and Jellies
-

Venturi-Schulze Vineyard owners Giordano and Marilyn purchased what was originally a 5 acre property in 1977 after becoming captivated with the natural beauty of the Cowichan. They have since acquired neighboring properties to become what is now Venturi-Schulze Vineyards. The vineyard operates on the principles of being natural and sustainable and the Venturi-Schulze family is committed to producing wines without the use of pesticides or herbicides. Venturi-Schulze offers a selection of estate wines that taste true to their varietal, with each wine having a unique story behind the name. In addition to the winery, Venturi-Schulze is widely known for their balsamic vinegar. Giordano brings expertise from his hometown in Spilamberto, the centre of traditional balsamic vinegar production in Italy, to produce a high-end balsamic vinegar that is sold in one-of-a-kind bottles hand painted by a local artist.

Zanatta Winery

"Committed to tradition, our roots run deep: we have lived and worked on our land for over half a century and are gratified to watch our family legacy flourish" (Zanatta, 2018)

Established in: 1989

Current Owner(s): Jim Moody and Loretta Zanatta

Size of Property/Vineyard: 120 acres, 27acres

Staffing: 4 full time, increases up to 8 full time (May-Sept) and up to 15 full time during harvest

Public Services Offered: Tasting room, restaurant and sells grapes to neighboring vineyards

Product Lines:

- Zanatta Vineyards Wine Label
-



Zanatta Winery (BC Farms & Food, 2018)

Located in the countryside of Glenora, Zanatta is Cowichan's oldest estate winery. The Zanatta family purchased the 120 acre former dairy farm in 1958 and transformed it into what is now a 27 acre vineyard. The Zanatta's have been cultivating the land for over half a century and are dedicated to using 100% of their own fruit in the production of their wines. Jim Moody and Loretta Zanatta, who both obtain a BSc in Agriculture from UBC, took over the operation in 1996. Drawing from Loretta's enology and viticulture background and Jim's disposition toward experimentation, Zanatta produces a wide range of creative wine varietals. There is a special emphasis on sparkling or champagne-style wine that Loretta acquired a passion for during her time studying Enology in Italy. The Italian-influenced 1903 farmhouse has been converted to serve as the tasting room, wine store and Vinoteca on Vineyard, Zanatta's restaurant.

Challenges

Business Challenges

The survey of business owners in the wine sector asked owners to select the top three challenges they are currently facing. The results are shown in the table below:



Labour challenges were identified by nine out of the 14 wineries and vineyard owners. The challenges around labour ranged from finding skilled employees to filling entry-level positions. Owners expressed that it has become increasingly difficult to find employees that will work in the vineyards during harvesting. It has also been challenging for some wineries to find tasting room staff and employees who will represent the wineries at local farmers' markets. Subsequently, some of these positions have gone unfilled.

Succession planning was selected as a challenge by four of the wineries and vineyard owners. Some of these owners are individuals that are in succession mode and are not attracting the appropriate buyers, others are owners who want to reduce their involvement with the business but do not have a succession plan in place.

Housing was also selected as a challenge by four of the business owner respondents. A lack of housing options is deterring potential employees from locating in Cowichan, making it

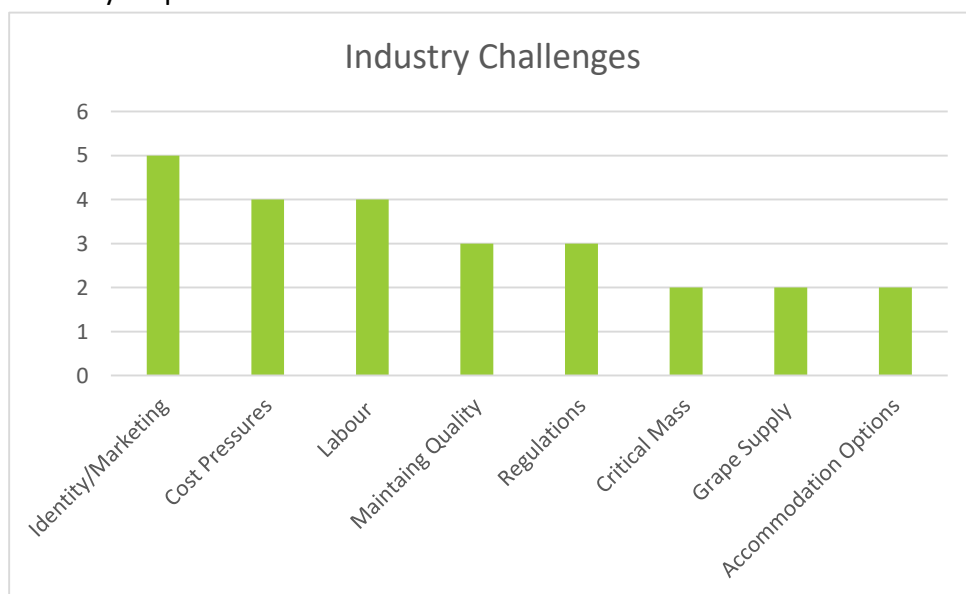
harder to fill both seasonal and full-time positions. Some owners have explored the idea of creating workers housing on their property to address the housing need, but ALR restrictions have curtailed their efforts.

The shortage of available land that is suitable for vineyards was also identified as an issue amongst three of the wine industry business owners. These owners want to increase their growing capacity but are encountering difficulties around land acquisition. Land acquisition challenges are exacerbated by rising land costs, competing uses and regulatory restrictions including ALR policy.

The challenges of remaining sustainable, market diversification and wildlife (bears and deer) were expressed as ongoing challenges by three business owners.

Industry Challenges

The survey included a question for owners to list the top three challenges on the horizon for the industry as a whole. Amongst the answers provided, eight were selected by multiple survey respondents:



Cowichan's identity and wine-related marketing rated as the most pressing challenge by five of the 14 owners. There is a shared feeling amongst some owners that Cowichan's identity as a wine region has subsided or it is not being appropriately marketed. Branding Cowichan more

aggressively as a wine region and increasing marketing efforts to promote the Cowichan identity is desired amongst owners.

Financial challenges were also identified amongst owners as a growing concern for the industry. Land costs, operational costs, regulatory costs including permits and taxes, are rising and this is placing increased pressure on owners. Wineries are taxed as industrial land users at a higher bracket than other agricultural land owners, and this is viewed as a serious impediment to business growth.

General labour shortages in the Cowichan and the ability to find skilled or reliable employees was identified by four owners as an issue compromising the entire industry. The lack of critical mass within the industry also makes it more difficult and expensive for wine industry players to purchase goods and services.

Maintaining a level of quality across the region that is reflected in not only the wines but also in the visitor experience that is offered at each establishment, was discussed as both a challenge and opportunity. Most wineries believe that maintaining a level of quality control and offering a memorable tasting room experience will strengthen Cowichan's collective identity as a renowned wine region. Having a strong regional approach to marketing wine offerings would encourage further tourism activity and local appreciation of wines. Many owners felt that the quality of wines in the region would be enhanced by access to a quality assurance lab in the region.

Government regulations both local and provincial, were mentioned as industry challenges by three owners. These comments related to the provincial restrictions on liquor sales, including interprovincial trade barriers that restrict products from being exported outside of BC. There was also a desire for increased support in navigating the local government regulatory environment when business owners were seeking clarification or feedback around zoning, land use or building code policies.

Grape supply was an element that came up frequently during the discussions with winery owners. It was identified as a key industry challenge by two owners that suggested the demand is currently outweighing the available supply of grapes. There is also speculation that regulations are going to become stricter around the purchasing of grapes outside of BC, which would lead to an even higher demand for locally grown grapes.

Two of the survey respondents identified the accommodation options as being an industry challenge. These respondents suggested that it is difficult for large parties, including weddings, to find suitable accommodation in the region. It was expressed that there is not enough variety in the current establishments and that higher-end accommodation is needed to attract wine tourism from farther geographies.

Opportunities

Opportunities for Collaboration

The survey results highlighted that there are currently a number of opportunities that would be supported through collaborative efforts. Two of the areas, Events/Festivals and the development of a shared Lab Facility, were selected by majority of the respondents as an opportunity for collaboration. The results of the survey questions are provided in the table below.



Support for events and festivals was identified most frequently as an opportunity for industry collaboration. Owners are currently collaborating around the re-introduction of the Cowichan Wine Festival, which they hope will once again become an annual event, following the successful festival in the summer of 2018.

The notion of introducing a shared lab testing facility was selected as an opportunity by seven of the 14 wine business owners. Currently, most wine samples are being sent to facilities in the Okanagan, a process that is both time consuming and costly. For many of the smaller wineries, having a shared lab facility would reduce the cost of shipping samples or purchasing equipment independently.

Marketing was selected by six respondents as an opportunity for collaboration. This related to marketing and branding the Cowichan as a wine region collectively to garner more exposure than individual efforts currently achieve. It was also suggested amongst respondents that there should be greater uniformity across marketing organizations to ensure that Cowichan's wine industry is being represented in a cohesive fashion.

Research associated with viticulture and best practices was selected by six respondents as an area for potential collaboration. Research studies are currently underway at some of the local vineyards, in partnership with the University of Victoria (UVIC) on methods to reduce heat damage in grapes. There is an opportunity to continue this partnership with UVIC, share the results of the studies and to continue exploring research opportunities that would benefit the Cowichan wine region as a whole.

Collaboration to strengthen and augment the wine tours that are currently offered in the region was raised amongst five wine and vineyard owners. Currently, wine tours for the Cowichan Valley are offered by Cheers, Vancouver Island Wine Tours, Vancouver Island Expeditions, Canadian Craft Tours, La Limousines and Vancouver Island Limousine. The full-day tours generally include pick-up and drop-off at central locations with visits to four wineries with the tasting fees included. Further research could be conducted exploring the capacity of these tour providers and looking into the feasibility of increasing the frequency of tours.

Sharing equipment was identified as a potential area for collaboration. However, it was expressed that production equipment is often needed at the same time due to the seasonal nature of the harvesting and production cycles, which could be problematic for developing a cooperative equipment bank. Shared infrastructure for bottling, collaboration on government advocacy, and product development were identified by a select number of owners as additional areas for collaboration.

Business-Related Opportunities

The survey discussions identified a desire for more wine specific equipment companies that can be accessed locally. A total of five winery owners indicated that it is challenging finding supplies or repairing wine-related equipment locally. The majority of Cowichan wine owners are purchasing equipment from the Okanagan and also seeking expertise from Okanagan-based businesses when their equipment is in need of repair. This feedback indicates there may be an evolving business case for the provision of vineyard equipment and repairs.

The development of a resource guide for the Cowichan wine region was suggested to promote new business investment in the sector. The resource guide would be aimed at people looking to enter into the industry and would outline:

1. The best varietals of grapes to grow here
2. Where to access equipment, research support, industry contacts, financial assistance and related resources
3. The location and key contacts at current wineries
4. Soil maps of the region

An additional business opportunity that arose from the survey conversations was around providing seasonal mobile accommodation or housing units to local wineries, provided that this activity met with ALR guidelines.

EDC Follow-Up Actions

Short Term – Update Wine Sector on EDC Website

The wine sector profile has been updated on the EDC website to include the snapshots from the individual wineries. EDC will continue promoting the wine industry through sharing resources and blogging on industry successes.

Short Term – Support for the Cowichan Wine Festival

With the rebirth of the wine festival that took place this past summer, EDC will explore opportunities for providing support for this activity. EDC has been in contact with the Ministry of Agriculture to explore potential marketing assistance funding and is also available to assist with accessing resources to hire a seasonal coordinator for the festival.

Short-Medium Term – Explore opportunities with UVIC around research and lab facility

With the cooperation of WIGA and UVIC researcher Dr. John Volpe, EDC has recently made an application to Investment Agriculture Foundation in support of a quality assurance lab for the Cowichan region that can also support local wine research activities. UVIC is conducting research at some of the local wineries looking into the molecular properties of grapes. A local lab facility would support their research and provide wineries with a testing facility that they could readily access instead of sending samples to the Okanagan.

Medium Term – Apply to the Investment Agriculture Foundation of British Columbia (IAF)

EDC will continue to work with the sector to explore funding for the following activities:

1. Conducting further research on the business opportunities related to the sector
2. Support the development of a resource guide
3. Hosting a job fair to connect potential employees with employers and generate awareness for employment opportunities in the sector

Medium Term – Support marketing efforts

EDC will support marketing for the wine and related sectors through three primary activities:

1. Exploring the potential for linking the wine sector with support for buy local campaigns in the agriculture.

2. EDC will continue discussions with Tourism Cowichan, the Visitor Information Centres and industry stakeholders to identify cohesive strategies for marketing Cowichan's beverage sector.

Medium Term – Become an Established Wine Region

EDC has recently supported an initiative to have the Cowichan region recognized as a sub-geographic region. This has involved hiring an agricultural consultant to map out the region in terms of soil composition to allow the region to become a designated viticulture area (DVA). This designation could accentuate regional wine quality for marketing purposes. The completed mapping work will also provide one of the desired components of a suggested resource guide for new investors.

Medium-Long Term – Cohost Entrepreneurial Workshops

EDC will look toward cohosting workshops bringing in guest speakers that are focused on the local wine, craft beer, cider and distillery sectors. Tentative topics could include:

- Provincial and federal labelling restrictions
- Young professionals networking night
- Tech and industry “cross collaboration” show and tell night

Medium-Long Term – EDC will explore the feasibility for temporary and permanent housing structures to be developed on ALR land

Establishment owners have expressed interest in developing housing units on their property but have been constrained in the past by ALR restrictions. EDC will consult with local planning staff to explore the potential for permitting housing units to be introduced on privately owned ALR land to support workers housing and to provide new visitor accommodation options.

Craft Beer Industry

Overview

Beer is Canada's most popular alcoholic beverage, followed by wine and spirits (Hermus, 2018). Craft beer is a subset of the brewing industry that is fast becoming a popular alternative to products produced through large-scale conventional methods of brewing. To be considered a BC Craft Beer, a beer must have the three following characteristics as set out by the Province:

- Must produce less than 160,000hL
- Must be 100% B.C owned
- Must be 100% independently owned

As a province, BC is becoming widely known for having world-class breweries that are a staple part of the culture. BC brewing companies make up less than 20% of Canada's breweries yet they win approximately 1/3 of all annual Canadian Brewing Awards (BC Ale Trail, 2018). Craft sales reached a total accumulation of \$205 million in 2016, accounting for 18% of all beer sales within British Columbia (Agriculture Canada, 2016).

There are currently three craft breweries located in the Cowichan Valley: Red Arrow, Riot Brewing Co and Small Block Brewing Co. The craft brewery industry is a new and upcoming sector for the Cowichan, with all three breweries opening during the past three years. This is reflective of the overall provincial trends; of the 144 craft breweries in BC, more than 100 opened in the past five years (Agriculture Canada, 2018). With new establishments coming to the region, Cowichan has started receiving attention for their craft brewery cluster. The Cowichan Valley is now included as part of the BC Ale Trail, a project that is aimed at showcasing British Columbia's local craft brewery destinations and the natural landscapes that surround them (BC Ale Trail, 2018)

Brewery Snapshots

Red Arrow Brewing Co

"We believe that the best things in life are meant to be shared... like our passion for making delicious craft beer" (Red Arrow Brewing Company, 2018)



Chris Gress with Head Brewer Zach Stumborg (Red Arrow Brewing, 2018)

Established in: 2015

Current Owner(s): Lance Steward, Chris Gress and Investment Group

Size of Facility: 6000sqft

Staffing: 11 full-time, 8 part-time

Public Services Offered: Tasting room, picnic area and food truck

Product Lines:

- A wide variety of North American Style Ales, Specialty Beer, Branded Merchandise
 - Branded Merchandise
-

Red Arrow Brewing Co opened in Duncan in the summer of 2015 after many years of business development. The brewery is associated with the Craig Street Brew Pub in Duncan that was originally opened in 2006 by Lance and Liz Steward with Chris Gress taking on the role as the first brew master. Chris and Lance decided to partner in a venture to open another operation as equal partners. They acquired the old Arrow Custom Cycle building on Chaster Road and paid homage to the history of the site in their name. The facility and tasting room are located inside the brick structure that features an outdoor patio, which often has a local food truck stationed next to it. Various merchandise and goods are offered for sale inside the tasting room including many locally crafted items.

Riot Brewing Co

"We are a full production BC craft brewery located in beautiful Chemainus, BC. Come for a tour, learn about beer and have one (or two) with us" (Riot Brewing Co, 2018)

Established in: 2016

Current Owner(s): Aly Tomlin, Ralf Rosenke and Morgan Moreira

Size of Facility: 4000sqft

Staffing: 13 staff

Public Services Offered: Tasting lounge and patio

Product Lines:

- Riot Brewing Co – All Day Everyday (Year Round label)
 - Riot Brewing Co – Seasonals
 - Riot Brewing Co – Collaborations
-



Riot Brewing Co owners Ralf, Aly and Morgan (Riot Brewing Co, 2018)

After six years of product research and development, Aly Ralf and Morgan turned their dream into reality and opened Riot Brewing Co in Chemainus in November 2016. In just under two years of operation the brewery has built a reputation both locally and internationally. Aly and Ralf wanted the look and feel behind the brand and business to reflect who they are as individuals. This led them to developing the Riot brand that is characterised by bold, impactful graphics that are infused with craft beer, punk rock, and skateboarding. Riot Brewing Co hosts community events throughout the week and has partnered with surrounding restaurants allowing guests to enjoy their beer and order food options from Riot's patio. Riot Brewing earned a gold and a bronze in the 2018 World Beer Cup making them the only Canadian business to receive two awards in this competition.

Small Block Brewery

"We maintain a cozy atmosphere where you can have a taster, a pint or take home a growler of our small batch hand crafted British Ales" (Small Block Brewery, 2018)



Established in: 2018

Current Owner(s): Cate and Aaron Scally

Size of Facility: 2600sqft

Staffing: 4 full-time, 2 part-time

Public Services Offered: Tasting lounge with snacks

Product Lines:

- Small Block Brewery British Ales
 - Small Block Brewery merchandise
-

Owners Cate and Aaron Scally decided to expand what started as a hobby home-brewing operation and open their own craft brewery in the Parhar Business Park (just south of Duncan) in March 2018. Small Block Brewery's tasting lounge provides a cozy yet inviting atmosphere that serves tasters, pints or take home growlers of beer. They also offer an assortment of snacks and have partnered with a local food truck that sets up just outside the taproom for guests to enjoy a meal with their beer tastings. Apart from the brews and food, Small Block hosts weekly events that range from musical jam sessions to yoga. The facility is conveniently located in the same business park as Stillhead craft distillery providing opportunities for collaboration.

Challenges

Business Challenges

The survey results revealed a number of issues that the individual business craft brewery owners are facing. Two of the business owners identified **access to skilled workers** as being a significant challenge. As new businesses are operating at a smaller-scale, it is difficult to find management-level expertise or to secure entry-level employees to work front of house or in the production side of their operations. The lack of **housing** options in the region was brought up as a contributing factor in hindering the ability of business owners to secure employees. **Lack of consistent access to public transportation** for employees and customers was also raised as a barrier to business growth.

Industry Challenges

One of the top challenges expressed amongst business owners was around **contract brewing**. This involves a company contracting a larger brewery that specializes in contract brewing to produce, market and distribute the beer on their behalf. Companies using contract breweries are able to sell their products at lower prices undercutting independent operations and creating price discrepancies.

Since the craft brewery industry is in growth mode throughout BC, this is leading to an increasingly **competitive pricing environment**. Companies are lowering their prices and offering aggressive deals to hospitality establishments creating an environment where it is becoming difficult to compete with the pricing norms and still make a profit.

Policy Challenges

The barriers around entering the market due to the **licensing and regulatory restrictions** are viewed as a major impediment for the craft brewery business. The BC Liquor Distribution Branch (LDB) licensing process is a very costly and time consuming venture for many small business owners. **The lack of coordination between levels of government** adds to the level of complexity surrounding licensing requirements, particularly around the tasting room/lounge standards. According to business owners, there have been cases where inspectors from the LDB and local government staff contradict one another with regard to building regulations and standards.

Another challenge commonly expressed by business owners was around **occupant load restrictions**. Business owners suggest that the current restrictions are too stringent and are not reflective of the safety concerns associated with a brewery operation. It was suggested that local government inspection staff should increase their knowledge around brewery operation specifications so that the appropriate risk prevention measures can be applied.

For small breweries, the process of **gaining access to government liquor stores** is extremely challenging, as the distribution model is designed for much larger industry players. As one industry representative stated, “earning a distribution listing has become akin to a lottery win for new brewers” (Shore, 2017). The rapid growth of the craft brewing sector has left the government distribution channels unprepared to accommodate new products, yet mechanisms for supporting local industries are being explored through programs such as the Buy BC Program.

Opportunities

Opportunities for Collaboration

There is a strong interest locally to strengthen and continue collaborating on industry related activities. Currently, some of the businesses already engage in **sharing equipment** and **joint marketing initiatives**. There is the potential to strengthen collaborative efforts focusing on promotion, events and festivals that raise awareness of the Cowichan's vibrant craft beer scene. Collaboration in developing appropriate media packages is also an area of opportunity.

Research is another area that has potential for further industry collaboration. UVIC's chemistry department is beginning to analyze beer schnapps and provide analytics on the production of craft beer. Seeking out research opportunities and exploring the feasibility for partnering with UVIC is an activity that can generate collective benefits for the industry.

EDC Follow-Up Actions

Ongoing – Support promotional efforts around micro brewery sector

The breweries sector profiles on the EDC website has been updated to include the snapshots of each establishment. EDC will continue promoting the craft breweries by sharing resources and blogging on industry successes. EDC will also work collaboratively with Tourism Cowichan Society to discuss promotional opportunities related to the BC Ale Trail.

Short Term – Compile a short list of designers for owners to access

EDC is creating an inventory of suitable designers that can create media packages and marketing material for micro breweries. This will provide owners an appropriate shortlist to refer to when they are considering producing promotional materials.

Medium Term – Facilitate conversations with local building inspectors

EDC has begun a dialogue with local building inspectors to discuss the micro brewery regulations and explore how best to communicate these standards with the sector.

The potential development of a Cowichan quality assurance lab for the beverage sector may also have positive impacts for the Craft Brewing sector.

Craft Cider Industry

The BC craft cider industry has roots in our very own Cowichan Valley. Merridale Cidery & Distillery was BC's first estate cidery and was also the first certified craft distillery. They have paved the way for many new cider makers to open up businesses across the province. The sector has steadily been gaining momentum with consumers, with dozens of cider establishments opening up across the province. Multi-million-dollar growth that projected to continue in the cider sector (BC Business, 2018).

Despite the ongoing growth of the sector, there is currently not a craft designation for cideries. BC's liquor legislation adopts a two-tier approach to cider licensing based on two types: land-based or commercial. (Murphy, 2017). The land-based licenses are awarded to cideries that are typically located in agriculture centres that own orchards and grow their own apples. All other cideries fall under the classification of commercial cideries. These operations are often located in urban centres and purchase their apples or apple juice from suppliers.

The licensing approach is intended to separate the production facilities and orchard operators. However, because there is no delineation in the regulations, BC small-batch craft ciders are grouped together with large corporate entities that mass produce cider using non-traditional methods and artificial flavours. The BC Farm Crafted Cider Association was recently formed to provide a collective voice for small-scale land-based licensed cider producers and lobby for a clear distinction for craft cideries.

In the Cowichan Valley there are currently two cideries producing bottled cider and at least one more cidery operation in development. Merridale is a major tourist destination that provides a variety of public services, while the newly opened Valley Cider Company is small-scale boutique operation that sells small batches of specialty products.

Cidery Snapshots

Merridale Cidery & Distillery

“We focus on traditional methods and practices with some innovation... We are proud of everything we make and we want you, our customer, to share in our passion and pride” (Merridale, 2018)



Merridale Bistro and Tasting Room (Trip Advisor, 2018)

Established in: 1990

Current Owner(s): Janet Docherty and Rick Pipes

Size of property: 20 acres

Staffing: 38-50, depending on season

Public Services Offered: Farm store, tasting bar, lounge, tours, orchard glamping, restaurant and venue for special events including weddings

Product Lines:

- Merridale Cowichan Spirits
 - Merridale Craft Cider
 - Merridale Apple wine
 - Merridale Specialty Goods including: bread, soap, jams, vinegar and more
-

Merridale Cidery began operating in 1990 as BC’s first estate cidery. Janet Docherty and Rick Pipes purchased the property 19 years ago and evolved it into a multi-faceted destination with cider and spirits at its core. The Merridale Farm offers a variety of experiences for guests including a tasting bar, lounge, restaurant and the Merridale Farm Store that sells specialty products, many of which are made using ingredients grown on the farm. The scenic property can also be used as a venue for special events including weddings and parties. The two on-site Merridale Yurts provide guests with a true “glamping” experience in a country setting.

Based on the success of its operations in Cowichan, Merridale is launching a new venture in Victoria to be called Dockside Brewery and Distillery. Plans for the facility include a craft distillery and brewery, a pizzeria, tasting bar and a rooftop patio.

Valley Cider Company

"Handcrafted farm-to-bottle cider, seen from a different perspective where imagination meets inspiration" (Valley Cider, 2018)

Established in: 2016

Current Owner(s): Bruce McKinlay

Size of land: 27 acres, 2 acre orchard

Staffing: 1 (owner)

Public Services Offered: Tasting bar

Product Lines:

- Valley Cider, variety of traditional and experimental cider blends
-



Bruce, Owner, and Valley Cider labeling (Valley Cider, 2018)

Valley Cider was established in 2016 and has recently become open for public cider tastings. Owner Bruce McKinlay made the move from the tech sector in Vancouver in order to open his own cider company in North Cowichan. Valley Cider focuses on specialty small batch products with an emphasis on innovative offerings such as their Root Beer Cider and Fir Cider. Bruce uses traditional cider making methods that can only be applied for smaller-scale production. Valley Cider's products are available at private liquor outlets in the Cowichan and their intimate tasting room is open two days a week for those that share an interest and passion for craft cider.

Challenges

Business Challenges

Challenges for the cider industry range with respect to scale and business model. Like other specialty processing facilities in the region, Valley Cider is faced with issues surrounding **storage and equipment costs**. For new craft cider businesses, paying **higher production costs** impacts their ability to be price competitive and introduce new consumers to their product.

For the larger cider producers and tourism destinations like Merridale, **access to employees** is an ongoing challenge. Again, these challenges relate to the seasonality of the work and the lack of affordable housing options in the region. As more cider operations open up across the province, **aggressive pricing** and **market saturation** may also evolve as potential issues.

Policy Challenges

As has previously been outlined, the provincial licensing system for cideries in BC views all land-based operations the same regardless of the size or production capacity, there is **no craft designation**. However, the BC Farm Crafted Cider Association and independent businesses are working to increase the awareness for craft cideries and the need for associated policy changes.

The administration for the cider-related legislation was also identified as an issue for local businesses. Owners expressed that it is difficult to get in touch with the appropriate provincial representative when looking for **clarification around policies**. Along with the other beverage industries, cideries are impacted by restrictive **interprovincial trade barriers**. This was identified as a significant impediment for overall sales.

Opportunities

Opportunities for Collaboration

Producers expressed an interest in having land and soil **maps for the region digitized** to provide easier access to this information. (This suggestion overlaps with supporting the creation of soil maps to achieve a geographical indicator for the local wine industry.) There is potential to align the interests of both sectors to complete effective soil mapping of the Cowichan.

A shared labelling and bottling storage facility was also identified as a potential opportunity for owners to reduce costs associated with equipment and storage space; again, a similar suggestion was raised by some winery operators.

The BC Farm Crafted Cider Association is currently exploring the idea of developing a **destination map** of the cideries on Vancouver Island, and this may afford local companies with new opportunities to raise their profile. Participation in local **festivals and events** was also cited as a means of encouraging greater local knowledge and appreciation of the cider industry.

EDC Follow-Up Actions

Ongoing – Support promotional efforts around craft cider sector

The craft cideries sector profile on the EDC website has been updated to include the snapshots of each establishment. EDC will continue promoting local cideries by participating in selected shared marketing efforts and blogging on industry successes.

Short Term – Connect business owners with available regulatory tools/resources

EDC is identifying the appropriate resources and points of contact for business owners to access when seeking assistance with provincial and federal regulations.

Medium-Long Term – Cohost Entrepreneurial Workshops

EDC will cohost workshops bringing in guest speakers that are focused around the local wine, craft beer, cider and distillery sector. Tentative topics could include: Provincial and federal labelling restrictions; Young professionals networking night; Tech and industry show and tell.

Craft Distilleries

In addition to Merridale, there are two craft distilleries operating in the Cowichan Valley with the most recent one opening up in 2017. The craft distillery industry was formally introduced in BC in 2013, when the provincial government established two categories of distilleries: commercial and craft (BC Craft Distillers Guild, 2018).

Commercial distilleries can be of any size and they are free to use any ingredients to distill their products including Neutral Grain Spirit (NGS), which is a finished distilled product that is sold by large scale distilleries. To become a craft distillery under the provincial legislation a distillery must:

- Produce no more than 100,000 litres of spirit per year
- Use 100% BC agricultural products to produce the alcohol from fermentation
- Fermentation must be completed onsite at the distillery
- Use traditional distilling techniques

For Craft Distilleries that produce less than 50,000L annually, no price mark-up is required. For those that produce greater than 50,000L annually but less than 100,001L, they are subject to a price mark-up and fall under the classification of Transitioning Craft Distillery (BCLDB, 2018).

Mark-up Rates for Craft Distilleries	
Craft Distillery Annual Production (L)	LDB Mark-up
Up to 50,000	0%
50,001 - 60,000	21%
60,001 - 70,000	41%
70,001 - 80,000	62%
80,001 - 90,000	83%
90,001 - 100,000	103%

The BC Government's definition and requirements to achieve the "craft" designation are the most restrictive in North America. This ensures that the designation is meaningful and that it promotes these distilleries to seek out creative and innovative methods in their business practices (BC Craft Distillers Guild, 2018). However, the designation also constrains craft distilleries business in relation to volume of production.

In BC, there are currently 55 locally owned and operated distilleries with an estimate of 14 new distilleries that are planning to come on stream in the coming year (BC Distilled, 2018.) However, in comparison to other craft beverages, distilleries operate at a disadvantage. If independent distillers produce beyond the 100,000L mark, they are required to mark up their products by 124% when sold off-site. As a comparison, craft breweries who produce beyond the 160,000hL (16,000,000L) are required to mark up their products by 35%. In light of these restrictions, growth within the industry is hovering at approximately 3% (Statistics Canada 2018).

Distillery Snapshots

Ampersand Distilling Co

"Like the Ampersand, we are all about bringing things together; ingredients & techniques; science & art; tradition and innovation. We make delicious spirits designed to be a staple on your bar"

(Ampersand Distilling Co, 2018)



Owners Jeremy and Jessica in the Ampersand tasting room
(Ampersand Distilling Co, 2018)

Established in: 2007

Current Owner(s): The Schacht Family, Jessica, Jeremy
Stephen and Ramona Froehle-Schacht

Size of facility: 1200sqft

Staffing: 1 full time

Public Services Offered: Tasting room and tours

Product Lines:

- Ampersand Distilling Co: Gin, Vodka and limited seasonal releases
-

Stephen Schacht and Ramona Froehle-Schacht purchased their five acre farm in North Cowichan to pursue their love for organic farming. When their son Jeremy and wife Jessica graduated from university, an idea emerged to open a family-operated distillery on the farm. The distillery combines their love for farming with Jeremy's chemical engineering background. The family designed and constructed their facility from scratch, which includes new technology for the distillation process that is unique to Ampersand, developed by Jeremy. Ampersand's focus is on providing high quality spirits that are accessible to consumers. In addition to its highly popular gin, Ampersand now produces vodka and a number of specialty products on a seasonal basis.

Stillhead Distillery Inc.

"We are a family craft distillery located in the beautiful Cowichan Valley. We ferment and distill all of our spirits by hand in small batches, using only fruits and grains grown in British Columbia" (Stillhead, 2018)

Established in: 2017

Current Owner(s): Brennan, Erika, Christal and Ron Colebank

Size of facility: 3,000sqft

Staffing: 5 employees

Public Services Offered: Tasting bar and mini-cocktails

Product Lines:

- Stillhead Distillery Inc: Vodka, Blackberry Voda, Gin and Whiskey
 - Stillhead Distillery Inc. merchandise
-



Owner, Brennan Colebank beside the stills in the Stillhead facility (Enns, 2018)

Brennan Colebank shifted his career focus from IT to open Stillhead Distillery in 2017. The facility is located just outside of Duncan in the Parhar Business Park, and Stillhead is part of growing craft beverage sector in the park. Their staple products are their Prime 1 Vodka and Prime 23 London Dry Gin. They are also increasing their focus on barreling whiskey and creating experimental seasonal releases. The Stillhead label encompasses the Cowichan and British Columbia's West Coast culture, with their name paying homage to the local fishing heritage of the region. The company is committed to sourcing local inputs for their products and to supporting regional conservation efforts related to water health.

Challenges

Business Challenges

The challenges for the Cowichan distilleries center on the regulatory environment. Business owners also noted that our region's **island location** adds another level of complexity and expense when having to source product inputs and services.

As spirits are generally sold at a higher price than other alcoholic beverages, significant attention is given to the **marketing and packaging** of these products. Distillery owners must encourage customers to purchase their product over more conventional options, which, although can be challenging, creates opportunities to explore innovative marketing methods.

While local Farmer's Markets offer an opportunity to gain exposure and garner new customers, not all distilleries are successful at **securing booths at popular venues** like the Duncan Farmers market. This has led both wine and distillery owners to seek opportunities outside the region, which detracts from their ability to raise local awareness of their products.

Many distillery and winery owners spoke positively of the exposure that has been offered to them by private liquor stores in the region. The Beverly Corners liquor store, which regularly profiles local products, is one of the busiest private liquor stores in British Columbia.

Policy Challenges

The Craft Distillery Guild of British Columbia and independent craft distillers, have been lobbying for changes in government policy and interprovincial trade barriers, to support the vibrant distillery industry (BC Independent Distillers Association, 2018). It is widely felt across the sector that the **50,000L annual limit** on production and the required markup to sell products in liquor stores is too restrictive in comparison to other craft sectors.

Opportunities

Opportunities for Collaboration

Industry collaboration around promotions and marketing, specifically around **branding the region**, was suggested as a means for raising local awareness of craft distilleries. It was also

suggested that distilleries embody a new and youthful spirit of entrepreneurial activity – and that profiling this entrepreneurship could change the perception of how Cowichan is evolving.

Through discussions, a favoured idea is around hosting **events/workshops** to bring entrepreneurs together for networking and sharing resources. This could generate more awareness for the industry and Cowichan as a whole, while providing networking opportunities to connect like-minded business owners and showcase best practices within the sectors.

Some of the local establishments have a special focus on creating experimental varietals using different ingredients for creative final products. There was an expressed interest to form **working relationships with the local First Nations** to harness some of their expertise and insights with respect to growing and harvesting native plants.

EDC Follow-Up Actions

Ongoing – Support promotional efforts around craft cider sector

The local craft distillery snapshots will be featured on the EDC website and EDC will continue to blog about industry successes.

Medium Term – Engage with local First Nations

EDC will be reaching out to Cowichan Tribes and other local First Nation contacts, to discuss the potential for forming partnerships with local establishments around native plant cultivation.

Medium Term – Support marketing efforts

EDC will continue a conversation with Tourism Cowichan Society, the Visitor Information Centres and sector stakeholders to identify strategies for ongoing collaborative promotion of the wineries, craft breweries, cideries and distilleries.

Medium-Long Term – Cohost Entrepreneurial Workshops

EDC will cohost workshops that profile the insights of young entrepreneurs working within the distillery sector.

Summary of Recommendations

Short-Term Actions

Wine Industry

- Update Wine Sector on EDC Website
- Support Cowichan Wine Festival
- Continue efforts with UVIC around research and lab facility

Craft Brewery Industry

- Compile a short list of designers for owners to access

Craft Cider Industry

- Connect business owners with available regulatory tools/resources

All Sectors

- Explore synergies between wine, craft brewing and distilling with respect to the establishment and use of a quality assurance lab in Cowichan
- Support promotional efforts around the wine, craft brewery, cider and distillery sectors
 - The sector profiles on the EDC website have been updated to include the snapshots of each establishment
 - EDC will continue promoting the sectors by sharing resources and blogging on industry successes

Medium-Term Actions

Wine Industry

- Explore opportunities for funding for the following activities:
 1. Conducting further research on business opportunities related to the sector
 2. Supporting the development of a resource guide
 3. Hosting a job fair
- Become an Established Wine Region
 - Continue to support activities related to achieving a formal Geographic Indication

Craft Brewery Industry

- Facilitate conversations with local building inspectors

Craft Distillery Industry

- Engage with local First Nations regarding native plant species

All Sectors

- Support Marketing efforts through continued conversations with Tourism Cowichan, the Visitor Information Centres and the sector stakeholders to identify strategies for ongoing collaborative promotion of the wineries, craft breweries, cideries and distilleries.

Long-Term Actions

All Sectors

- Cohost Entrepreneurial Workshops
 - EDC will cohost workshops focused on the local wine, craft beer, cider and distillery sector. Tentative topics could include: Provincial and federal labelling restrictions; Young professionals networking night; Tech and industry show and tell.
- Explore the potential for temporary and permanent housing structures to be developed on ALR land

Sources

Agriculture and Agri-Food Canada. (2016). What's New in B.C. Spotlight On: Craft Beer. Retrieved from <http://www.agr.gc.ca/resources/prod/Internet-Internet/MISB-DGSIM/ATS-SEA/PDF/6728-eng.pdf>

Alderlea Vineyards. (2018). *Our Story*. Retrieved from <http://www.alderlea.ca/>

Ampersand Distilling Co. (2018). *About*. Retrieved from <http://www.ampersanddistilling.com/>

Averill Creek Vineyard. (2018). *About Us*. Retrieved from <https://www.averillcreek.ca/#welcome>

BC Business. (2018). B.C.'s liquor laws put craft cider at a distinct disadvantage. Retrieved from <https://www.bcbusiness.ca/bcs-liquor-laws-put-craft-cider-at-a-distinct-disadvantage>

BC Distilled. (2018). BC Distilleries. Retrieved from <https://bcdistilled.ca/british-columbia-distilleries/>

BC Farms & Food. (2018). *Zanatta Winery*. Retrieved from <https://bcfarmsandfood.com/farms/zanatta-winery/>

BC Independent Distillers Association. (2018). *About the BCIDA*. Retrieved from http://bccraftdistilling.com/?page_id=61

Beer Canada. (2018). *Economic Impact of Beer*. Retrieved from <https://industry.beercanada.com/economic-impact-beer>

Blue Grouse Estate Winery and Vineyard. (2018). *Estate*. Retrieved from <https://www.bluegrouse.ca/Home>

British Columbia Craft Distillers Guild. (2018). *Home*. Retrieved from <https://craftdistillers.ca/>

Brooke, H. (2014). First Look: Saison Market and Garden. *Eat Magazine*.

Canadian Craft Tours. (2018). *Cowichan Valley Wineries*. Retrieved from <https://www.canadiancrafttours.ca/pages/cowichan-valley-wineries>

Canadian Vitners Association. (2017). *The Economic Impact of the Wine and Grape Industry In Canada*.

Cherry Point Estate Wines. (2018). *Home*. Retrieved from <http://cherrypointestatewines.com/>

Hermus, G. (2018). *Brewing Up Benefits: The Economic Footprint of Canada's Beer Economy*. The Conference Board of Canada.

- Damali Lavender & Winery. (2018). *About*. Retrieved from <http://www.damali.ca/>
- Deol Estate Winery. (2018). *Home*. Retrieved from <http://www.deolestatewinery.com/>
- Divino Estate Winery. (2018). *Home*. Retrieved from <http://www.divinowine.ca/>
- Economic Development Cowichan. (2017). Strategic Plan 2018-2022.
- Emandare Vineyard. (2018). *Welcome*. Retrieved from <http://www.emandarevineyard.com/>
- Enrico Winery. (2018). *Home*. Retrieved from <http://enricowinery.com/>
- Go West Shore. (2018). The Heart of Vancouver Island's Wine Country. Retrieved from <https://gowestshore.com/the-heart-of-vancouver-islands-wine-country/>
- Hammer, B. (2016). Creating a Taste of Place: Cowichan Valley Wineries. Alberta: University of Alberta.
- Levykh, A. (2015). Craft spirit revolution. Vancouver Courier. Retrieved from <http://www.vancourier.com/living/craft-spirit-revolution-1.1819862>
- McDonnell, A. (2017). B.C. needs to level the province's liquor playing field. *Business Insider Vancouver*.
- Murphy, C. (2017). *Submission to Business Technical Panel on Liquor Law and Policy: BC Commercial Craft Cider Industry*.
- Merridale Cidery & Distillery. (2018). *Home*. Retrieved from <https://www.merridale.ca/>
- R. Bell. (2014). *Wines of Canada*. Retrieved from http://www.winesofcanada.com/bc_island_cowchan.html
- Red Arrow Brewing Company. (2018). *Home*. Retrieved from <https://www.redarrowbeer.ca/>
- Riot Brewing Co. (2018). *Brewery*. Retrieved from <https://riotbrewing.com/brewery/#the-brewery>
- Rocky Creek Winery. (2018). *Home*. Retrieved from <http://www.rockycreekwinery.ca/>
- Saison Market Vineyard. (2018). *Welcome*. Retrieved from <http://www.saisonmarket.ca/>
- Shore, R. (2017). Government liquor stores to stock more labels from their local microbrewers. *Vancouver Sun*.

Small Block Brewing Company. (2018). *Home*. Retrieved from <https://smallblockbrewery.com/>

Statistics Canada. (2018). Sales of alcoholic beverages.

Stillhead Distillery Inc. (2018). *Home*. Retrieved from <https://stillhead.ca/>

The BC Ale Trail. (2018). *About the Project*. Retrieved from <https://bcaletrail.ca/about-project/>

Thunderfoot, J. (2018). The Craft Cider Licensing Debate: farm or factory, beer or wine? *What's Brewing Magazine*.

Tourism Vancouver Island. (2009). *Cowichan: The Warm Land*. Retrieved from <http://www.tourismvi.ca/pdf/pressmaterials/Cowichan.pdf>

Unsworth Vineyards. (2018). *About Us*. Retrieved from <https://www.unsworthvineyards.com/>

Valley Cider Company. (2018). *Home*. Retrieved from <http://www.valleycider.com/>

Valley Voice. (2017). *Unsworth Vineyards Open House*. Retrieved from <http://cowichanvalleyvoice.com/unsworth-vineyards-open-house-even/>

Venturi-Schulze Vineyards. (2018). *About Us*. Retrieved from <http://www.venturischulze.com/>

Vigneti Zanatta. (2018). *Home*. Retrieved from <https://zanatta.ca/>