

DENMARK

Fostering local development in rural areas

Location

Randers NV

Programming period

2014 – 2020

Priority

P6 – Social Inclusion and
Economic Development

Measure

M19 – LEADER/CLLD

Funding (EUR)

Total budget 122 953

EAFRD 32 215

National/Regional 8 054

Private 15 570

Other 67 114

Project duration

2015 – 2016

Project promoter

Cold Hand Winery ApS

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Website

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The success story a hobby farmer with full time employment who created a world class dessert wine and now supplies Michelin restaurants both nationally and internationally.

Summary

This project is the success story of how a hobby farmer with full time employment elsewhere wanted to start a small-scale production of a world class dessert wine. With dedication and an including and inviting approach to other producers and a focus on knowledge sharing, the hobby farmer was able to create world class dessert wines and supplied Michelin restaurants both nationally and internationally.

The hobby farmer received support in order to acquire new production equipment, office furniture, staff rooms, storage inventory and equipment for tourist tours, etc. and thus meet the rapidly growing demand.



Results

The farm's capacity increased from a maximum of 25 000 bottles/year to 100 000-150 000 bottles per year.

The yearly turnover is expected to increase from €335000 before the project to EUR 1.1 – 1.35 million euros per year.

Increase the yearly result before taxes to approximately EUR 335 000 within four years from the end of the project.

At the end of the project the farm had sold 10% of their production abroad, but exports are expected to amount to 50 % during 2017/2018.

The farm expects to generate 1 000 additional day tourists within two years.

Lessons & Recommendations

- ❑ LAG support has a big part in realising the project since a very small-scale hobby farmer that is not likely to have received attention or even applied for a subsidy under the national rural development program outside LEADER.
- ❑ The case is a great example of how even small farmers can achieve success by dedicating themselves to learning how to best exploit the distinctive characteristics of the local, earthbound resources.

Context

In the end of 2010, then LAG Randers (now LAG Randers-Favrskov) granted a subsidy of approximately € 12,000 to equipment for the development of an apple-ice wine inspired by French traditions. The beneficiary was a hobby farmer with full time employment elsewhere, who wanted to start the small-scale production of a world class desert wine as a side occupation and to increase the quality of Danish fruits, particularly the Danish apple sorts characterized by their high acidity. The beneficiary entered into collaboration with a local apple must producer, who would supply the must. That winter of 2010 was very cold, and the low temperatures made it possible for the two partners to freeze large amounts of must for the first production of apple ice-wine, and the business got the name Cold Hands Winery on the same occasion. During the following year, the first ice-wine was marketed, and the beneficiary entered into full time commitment to the project and seeks inspiration on a study trip to Canada. In 2012, the farmer developed two new products, a premiered Masculin and a Feminin version of a dessert wine, and founds the Danish Forum for Fruitwine, where Danish fruit producers can inspire and seek guidance with each other.

The beneficiary started attending wine competitions and winning awards throughout Europe, including three golden apples in the "Pomme D'or" competition at the Apfelwein Weltweit (DE) and the first price in the International Cider Challenge (UK) in 2012, both of which would be the first wins for four consecutive years. By 2014, the two participating wines from Cold Hand Winery each wins in their category (IHGC and SISGA) in the competition in Asturia (ES), the winery supplies two French Michelin restaurants and started exports to Norway. The beneficiary established itself as part of the New Nordic Cuisine with a focus on local, earthbound resources and as a result entered into collaboration with the University of Copenhagen in a four years research project on the development of a new type of climate based fruit wine with a distinctly Danish flavor. At the time of project application (2015), the winery had marketed a total of 37 fruit wines. All bottles had been sold and most had been extremely well received by both wine experts, restaurants and consumers. The potential for reaching world class status was set but in order to meet the demand, the winery needed to expand production with a new production hall and new production equipment.

Objectives

The project aimed to increase the production capacity and storage facilities of the winery in order to meet the growing demand for high-end fruit wine. Particularly, the aim is to facilitate and support the potential export to USA and Asia respectively.



Activities

The LAG-subsidy specifically was granted to equip the newly build winery hall, which is being constructed in a parallel project with a budget of EUR 336 000 and was finished in June 2016. The building of 540 sqm. contains offices for 2-3 people, staff rooms for 5-6 people, restrooms, production facilities and warehouses. The LAG support financed the purchase and installment of the inventory which included production equipment, office furniture, staff rooms, storage inventory and equipment for tourist tours, etc.

Results

- The project increased the farm's capacity from a maximum of 25 000 bottles/year to 100 000-150 000 bottles per year.
- This is expected to increase the yearly turnover of the company from EUR 335 000 before project implementation to 1.1 – 1.35 million euros per year, as well as increase the yearly result before taxes to approximately EUR 335 000 within four years from the end of the project period.
- With the new capacity, it was possible for the beneficiary to pursue exports to Asia. When the commitment was received, the beneficiary therefore started working with the Chinese government in order to secure the Cold Hand Winery brand against copying. After 8 months of dialogue and working with the government (in the meantime winning two times gold in the world's largest wine competition in China in 2016), the first bottles were shipped to China in September 2016 with an additional Chinese label, thereby commencing the realization of increased exports.

Main Results

- At the end of the project period, the farm had sold 10 % of their production abroad, but exports are expected to amount to 50 % during 2017/2018
- By the opening of the new Winery, the company had 5 full time employees, at least 5 part-time employees, and a series of affiliates, suppliers, mentors etc. and every year the University of Copenhagen has several PhDs in fruit wine stationed for weeks at Cold Hand Winery. As a result of the increase in capacity and turnover, the company expects to hire another full-time employee yearly over the next four years (+4 jobs), thereby converting from a micro company to a small company.
- During the project period, it was decided to convert the old facilities into a shop and café, which was opened along with the new production hall in October 2017. This allows for further wine tastings and tourist tours at the farm, and they expect that the tourist angle will become more pronounced in the near future. The farm expects to generate 1 000 additional day tourists within two years.

Further results and developments in 2017:

- Cold Hand Winery received a "wildcard" to one of the world's most important wine fairs "ProWein" in Düsseldorf. At the fair, an agreement was reached with a new Norwegian importer, as well as importers in Holland and Great Britain, respectively.
- Thailand purchases a large order, which is the first large Asian order.
- Denmark is "Guest of Honor" at "Apfelwein Weltweit" in Frankfurt and Cold Hand Winery wins two golden apples.
- *En route* to the USA: Tastings of the products in California and the East Coast in fall 2017.
- Best fruit wine of the year is named in Copenhagen. The farm's cherry wine *Prunus Nigra* wins the gold medal and is named the best Danish fruit wine of the year.

Key lessons

Realistically, it is likely that this current increase in production facilities would have taken place, also without the support of the LAG, although, according to the beneficiary, it would have been realized with some delay. Nevertheless, the LAG-support has a big part in realizing the onset of the development of the company from hobbyist to Michelin-supplier and the case therefore represents one of the success stories of the measure: a very small-scale hobby farmer that is not likely to have received attention or even applied for a subsidy under the national rural development program. Also through the application process for the first grant in 2010, the beneficiary was required to develop a business plan, which was a factor in terms of forcing the dedicated hobbyist to think strategically and in terms of growth.

The case is also a great example of how even small farmers can achieve success by dedicating themselves to learning how to best exploit the distinctive characteristics of the local, earthbound resources. It is an example of collaboration across stakeholders, where the sharing of specialized knowledge (rather than the oft seen tendency to protect one's own interests) has increased the general level of innovation and creativeness within the business itself, has spurred a mutually beneficial partnership with the University of Copenhagen and has spurred cluster formation in the sector as a whole, inter alia through the Danish Forum for Fruit wine.



Additional sources of information

n/a