Identifying the Market for Midwest Wines

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Dr. Paul Tabor
Tabor Home Vineyards and Winery
TaborHomeWinery.com
Tabor Home Winery

History

- Commercial vineyard planted in 1989 on family’s 5th generation farmstead
- Winery bonded in 1996 – making Tabor Home the oldest estate winery in Iowa
- Strategy to encourage area growers, providing consultation since 1996
  - 11 area growers market grapes to Tabor Home (60 acres)
- 6 wines produced in 1996, 15 wines in 2008
  - 9 of 11 grape wines made using area-grown grapes
- Significant Wine Industry involvement
Tabor Home Winery
Objectives

- Create a Family Owned and Operated Business
- Produce distinctive, distinguished wines from quality grapes that will establish a regional identity and prominence for wines produced in Eastern Iowa (Upper Miss. Valley AVA)
- Establish a significant Market for Iowa Wines
  - 10%+ market share
- Promote Tabor Home Winery based on:
  - Quality & Desirability of the Wine
  - The Winery “Experience”
- Work toward a Sustainable Iowa Wine Industry:
  - Critical Mass of experienced wineries and growers
  - Reputation for Quality Wines
  - Favorable marketing environment
## Midwest wine consumption per capita

<table>
<thead>
<tr>
<th>State</th>
<th>Annual gal. Per capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>IL</td>
<td>3.1</td>
</tr>
<tr>
<td>MN</td>
<td>2.7</td>
</tr>
<tr>
<td>WI</td>
<td>2.6</td>
</tr>
<tr>
<td>MI</td>
<td>2.5</td>
</tr>
<tr>
<td>MO</td>
<td>2.4</td>
</tr>
<tr>
<td>IN</td>
<td>2.0</td>
</tr>
<tr>
<td>IA (8.2% incr. ’05-’06)</td>
<td>1.3</td>
</tr>
<tr>
<td>US</td>
<td>3.0</td>
</tr>
</tbody>
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Who Drinks Wine?

- People with significant income
  - 52% with $200,000 income
  - 28% with $50,000 to $75,000
  - 15% with < $25,000

- Top 13% of wine drinkers drink 80% of wine consumed in US

- 77+ million Baby Boomers
  - Know varieties, regions, brands, bargains and health benefits of wine

- 70+ million Millennials
  - Know less about wines, become loyal customers, pay more per bottle
  - Seek social interactions with winery
  - Could exceed wine consumption of boomers

- Who actually purchases wine?
  - WOMEN buy 87%
The Iowa Wine Industry - Then and Now

- 1900 Census of Agriculture - Iowa produced over 7.4 million lbs. of grapes and 76,301 gallons of farm processed wine
- 1919 - Iowa was 6th in the nation in grape production at over 12 million lbs.
- 1929 – Iowa produced more than 14 million lbs.
- 2007 Iowa had 400 vineyards totaling about 600 acres
- 2007 Iowa’s 71 wineries produce >230,000 gal. with estimated $12.3 million in market value
- Other midwest states have same story
- The Re-birth of the wine industry in the midwest
Midwest Winery Demographics and the Market

- Bringing Agricultural Diversity to Commodity Ag regions and Promoting Change in Land Use
- Small Family Farms and Local Producers
- Recognizing They are Value-added Producers
- Unique Rural Economic Development — 1,000 acres of grapes and 15 wineries = 375 jobs and $42 million in economic impact
- Linked to Tourism
- History
Midwest Winery Demographics and the Market

- Wineries located in rural areas or small communities
- Winery includes a tasting room and retail shop
- Visitors to the winery see the vineyard and interact with the wine maker and family
- Wineries develop quality wines from grapes and fruit produced in the region creating regional identity
- The wineries add music, food, festivals, and activities to give people a reason for return visits
- Clusters of wineries in the region result in a critical mass to create a “destination attraction”
53% of winery visitors were repeat visitors
Most travel parties are either 2 or 4 people
Average spending at wineries $72.00
Wine visitor expenditures in Eastern Iowa had a direct economic impact of $1.82 million in direct sales, $921,000 in value added/income, and supported 43 jobs in the region.
The addition of indirect effects increases those numbers to $2.65 million in direct sales and 53 jobs.
Marketing Strategies for Midwest Wineries –Stats from Tabor Winery

- **Retail markets (33%)**
  - Winery, Farmers markets, Tour groups
  - Winery-sponsored events/festivals, wine banquet dinners
  - **Advantages:** No alcohol tax, repeat customers, large sales per customer, full price

- **Wholesale markets (62%)**
  - Grocery and liquor outlets
  - Class B Native Winery permitees in Iowa
  - **Advantages:** Lower overhead cost, good product exposure from Class B

- **Online shop (5%)**
  - Instate/out of state individuals
  - Changing state laws make this difficult
  - **Advantages:** Lowest overhead per sale.

- **Marketing strategies**
  - **Education:** varietals, food pairing, wine tastings,
  - **Winery Experience:** unique local product, familiarity with winery and wines
  - **Distinctiveness and quality:** role of AVA, Vintners Quality Alliance, award-winning wines
Marketing Strategies for Midwest Wineries

- Cooperative marketing schemes:
  - Wine trails, Progressive events, Regional festivals, Viticulture areas
Supporting Programs

- Iowa Wine and Beer Promotion Board
  - Festivals and Wine Trail events
- Potentially -Midwest Wine and Grape Industry Institute at ISU
- No State Marketing Director/Program
Supporting Businesses

- Iowa Wine Tours
Supporting Businesses

- The Black Horse Inn, Sherrill, Iowa
Supporting Businesses

Eclectic Dining
Suites
Art Gallery

The Twisted Chicken
212 Main St., McGregor, Iowa
Reservations suggested
(563) 873-1515, twstchx@alpinecom.net
{www.thetwistedchicken.com}

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418 West Pleasant Street
Maquoketa, IA 52060
Phone: (563)652-6961
Fax: (563)652-5995

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DeWitt, Iowa 52742
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