

#### **Identifying the Market for Midwest Wines**

National Value-added Agriculture Conference Value-added business development session, June 4 2009 Dr. Paul Tabor Tabor Home Vineyards and Winery TaborHomeWinery.com

#### Tabor Home Winery <u>History</u>

- Commercial vineyard planted in 1989 on family's 5<sup>th</sup> 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<sub>area</sub>- 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 <u>Sustainable Iowa</u> Wine Industry:
  - Critical Mass of experienced wineries and growers
  - Reputation for Quality Wines
  - Favorable marketing environment

### Midwest wine consumption per capita

State	Annual gal. Per capita
IL	3.1
MN	2.7
WI	2.6
MI	2.5
МО	2.4
IN	2.0
IA (8.2% incr. '05-'06)	1.3
US	3.0

### **Who Drinks Wine?**

- People with significant income
  - 52% with \$200,000 income
  - 28% with \$50,000 to \$75,000
  - 15% with < \$25,000
- Top13% 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 6<sup>th</sup> in the nation in grape production at over 12 million lbs.
- 1929 Iowa produced more than 14 million lbs.
- 2007 Iowa had 400 vineyards totalingabout 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 Agregions an 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"

## Midwest Winery Demographics and the Market –Stats from Iowa Wine Trail

- 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
  - <u>Advantages</u>: 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
  - <u>Advantages</u>: Lowest overhead per sale.
- Marketing strategies
  - Education: varietals, food pairing, wine tastings,
  - Winery Experience: unique local product, familiarity with winery and wines
  - <u>Distinctiveness and quality</u>: role of AVA, Vintners Quality Alliance, award-winning wines

## Marketing Strategies for Midwest Wineries

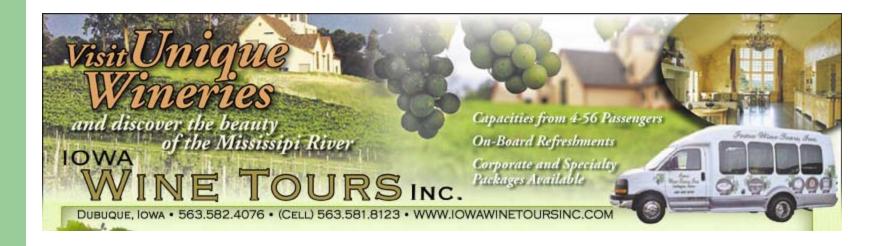
- Cooperative marketing schemes:
  - Wine trails, Progressive events, Regional festivals, Viticulture areas

### **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



THE BLACK HORSE INN at the Sherrill Mount House



### **Supporting Businesses**



Eclectic Dining Suites Art Gallery

The Twisted Chicken

912 Main St., McGregor, Iowa Reservations suggested (563) 873-1515, twstchx@alpinecom.net [www.thetwistedchicken.com]



Squiers Manor Bed and Breakfast 418 West Pleasant Street Maquoketa, IA 52060 Phone: (563)652-6961 Fax: (563)652-5995

Meant To Be

810 Sixth Avenue DeWitt, Iowa 52742 (563) 659-1429 Candy Gifts Collectibles Furniture Home Accessories Featuring fine mines from The Gama Wine Trail

