Help in Addressing the Challenges to Entering the Vineyard and Winery Industry

Part 1
Iowa State University
Value Added Agriculture Program

United States Department of Agriculture
Risk Management Agency
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Planning to Start a Business?

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• Have You Ever Grown Grapes or Made Wine?
• Have You Ever Sold Grapes or Wine?
• Do You Know the Market?
• Do You Know How to Manage a Business?
The View From 20,000 Feet
Winery Numbers

• 2688 in 1999
• 4929 in 2005
• 83% increase
• 33,560 Employees
• $11.4 Billion in Winery Sales
• $23.8 Billion in Retail Sales
Vineyard Numbers

• 23,856 Vineyards in 2002
• 85% less than 50 acres in size
• 35,170 Employees
• 934,750 acres in 2005
• $3.5 Billion in Sales
## Wine Consumed

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Wine per Resident</th>
<th>Total Wine Gallons</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>2.37 gals</td>
<td>703 million</td>
</tr>
<tr>
<td>2004</td>
<td>2.27 gals</td>
<td>668 million</td>
</tr>
<tr>
<td>2003</td>
<td>2.21 gals</td>
<td>643 million</td>
</tr>
<tr>
<td>2002</td>
<td>2.13 gals</td>
<td>612 million</td>
</tr>
<tr>
<td>2001</td>
<td>2.01 gals</td>
<td>572 million</td>
</tr>
<tr>
<td>2000</td>
<td>2.03 gals</td>
<td>570 million</td>
</tr>
<tr>
<td>1999</td>
<td>2.02 gals.</td>
<td>543 million</td>
</tr>
</tbody>
</table>
Wine Imports

- 27% of All Wine Consumed in the U.S.
- >$10 per bottle
- Pressuring Prices
- Building Supply
The Ground View

www.iavaap.org
• Beer is the Drink of Choice.
• Iowa Wine Consumption is less than 1 Gallon per Year per Person.
• I am a Marketer not a Producer!
• Cost to Build
  – Vineyards is about $10,000 per acre. 5-7 Years to Cash Flow
  – Winery is $50,000+ per 1,000 gallons of Production Capacity. 4-7 years to Cash Flow
Tools to Plan a Business

• Agricultural Marketing Resource Center
  [www.AgMRC.org](http://www.AgMRC.org)
  – Electronic Resource Center
  – Investigate Market and Industry Trends
  – Find Local Resources
  – Learn How to Write a Business Planning
  – Vineyard and Winery Financial Planning Tools