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Planning Guide for Prospective Wineries in Iowa, Minnesota, Missouri, and Nebraska

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Planning Guide for Prospective Wineries in Iowa, Minnesota, Missouri, and Nebraska



University of Nebraska-Lincoln
Food Processing Center

Introduction

- Information contained in this presentation is based upon the following:
 - ✓ Survey of 13 Midwest wine retailers
 - ✓ Survey of 20 Midwest wineries
 - ✓ Secondary research data

Wine Consumption Trends and Demographics

Wine Consumption

- U.S. per capita wine consumption is around 2.7 gallons
- 10 percent of Americans drink nearly 90 percent of the wine

Wine Consumption By Type of Consumer*

- US Adult Population 192.4 Million
- Core Wine Consumers (19.2 million) account for 86% of the table wine volume consumed in the US
- Marginal Wine Consumers (28.9 million) account for 14% of the table wine volume consumed in the US

*Data from The Wine Market Council Consumer Research Study 2002

Core and Marginal Drinkers*

- Core
 - ✓ 15% Drink wine daily, 48% drink wine a few times a week, and 37% drink wine weekly
 - ✓ Somewhat older than marginal drinkers; 51% are between the ages of 40 and 59
 - ✓ Live in the suburbs (42%), while 38% live in the city
 - ✓ 85% Caucasian/white
 - ✓ High level of education (college graduate and post-graduate degree)
 - ✓ Relatively high level of income (household income of \$78,100)

*Data from The Wine Market Council Consumer Research Study 2002

Core and Marginal Drinkers*

- Marginal
 - ✓ 52% drink wine two to three times a month, 30% once a month and 18% drink wine once every 2-3 months
 - ✓ Somewhat younger than core drinkers; 49% are between the ages of 30 and 49
 - ✓ Live in the suburbs (41%), while 33% live in the city
 - ✓ 85% Caucasian/white
 - ✓ High level of education (college graduate and post-graduate degree)
 - ✓ Relatively high level of income (household income of \$63,800)

*Data from The Wine Market Council Consumer Research Study 2002

Core and Marginal Drinkers

Wine Preferences*

- Core
 - ✓ Favor red wine (48% of total consumption) followed by white wine (41 percent) and blush/rose wine (11 percent)
 - ✓ Merlot is the most frequent choice, followed by Chardonnay, White Zinfandel, and Cabernet Sauvignon
- Marginal Wine Drinkers
 - ✓ Favor white wine (46% of total consumption) followed by red wine (35 percent) and blush/rose wine (19 percent)
 - ✓ White Zinfandel, is the most frequent choice, followed by Chardonnay, Merlot, and Cabernet Sauvignon

*Data from The Wine Market Council Consumer Research Study 2002

Wine Consumption Trends

**TABLE WINE VOLUME SHARE BY COLOR
IN U.S. FOOD STORES
1991, 1995 and 2002**

| COLOR | 1991 | 1995 | 2002 | % Change 1991-2002 |
|--------------|-------------|-------------|-------------|-------------------------------|
| Red | 17% | 25% | 39% | 129% |
| White | 49% | 41% | 40% | -23% |
| Blush | 34% | 34% | 21% | -38% |
| Total | 100% | 100% | 100% | -- |

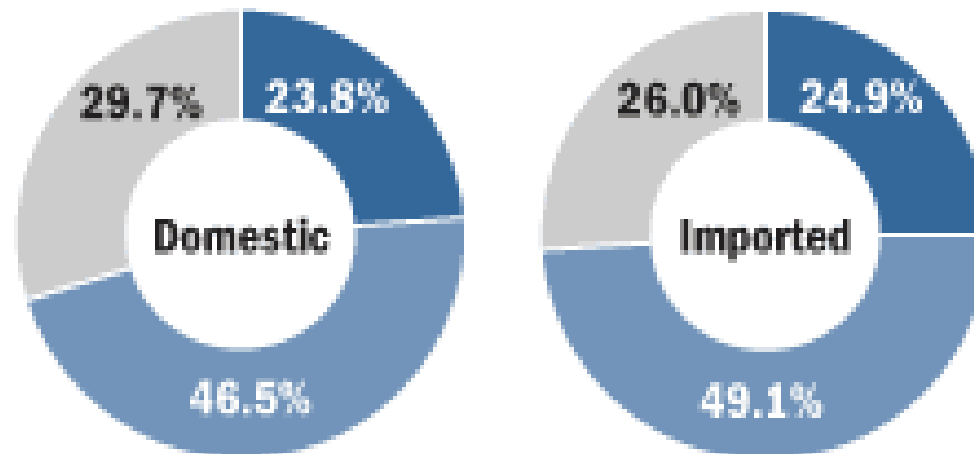
Source: Based on U.S. food store data from ACNielsen Beverage Alcohol Team.

Wine Consumption Demographics

WELL AGED

U.S. consumption of dinner/table wine
by origin of wine and age of consumer
in 2001:*

■ 21-34 ■ 35-54 ■ 55 and over



*Latest data available

Source: 2002 Impact Wine Study

Wine Consumption Demographics*

- Wine consumption is currently heavily skewed toward those over 35. Most Chardonnay, Cabernet Sauvignon, Zinfandel and Sauvignon Blanc drinkers in 2001 were between 35 and 44
- Younger consumers drink more, however. They also tend to pay more when they drink. Only one quarter of wine purchasers in the U.S. are between 21 and 34. But among them, 21- to 24-year-olds are twice as likely as the average buyer to spend \$20
- * “Vintners Court Younger Crowd With Sexy, Splashy Marketing”, Wall Street Journal, April 24, 2003

Midwest Wine Consumption Comparison with Other States

Total Volume & Adult Per Capita Consumption

Top Wine Producing States

| <u>State</u> | <u>Volume MM Gal</u> | <u>21+ Per- Capita Gal</u> |
|--------------|--------------------------|--------------------------------|
| CA | 90.6 | 4.05 |
| NY | 42.83 | 3.31 |
| FL | 37.2 | 3.43 |
| TX | 27.44 | 2.08 |
| NJ | 23.56 | 4.05 |
| WA | 15.39 | 3.88 |
| U.S. | 514.17 | 2.72 |

Midwest Region

| <u>State</u> | <u>Volume MM Gal</u> | <u>21+ Per- Capita Gal</u> |
|--------------|--------------------------|--------------------------------|
| IL | 25.6 | 3.07 |
| MN | 7.99 | 2.45 |
| MO | 7.81 | 2.06 |
| IN | 7.06 | 1.71 |
| IA | 2.23 | 1.11 |
| NE | 1.92 | 1.68 |

Source: U.S. Census Bureau and the Wine Institute Most Recent Data Available

Winery Pricing Study

- Data on 440 Wines Collected
- Six Midwestern States: Nebraska, Iowa, Kansas, Missouri, South Dakota, and Colorado

| <u>Price Range</u> | <u>Fruit/Non-</u> | | | | | <u>Total</u> |
|------------------------|-------------------|--------------|------------------|--------------|----------------|--------------|
| | <u>Red</u> | <u>White</u> | <u>Sparkling</u> | <u>Grape</u> | <u>Dessert</u> | |
| Under \$6 | 2% | 5% | 17% | 4% | 14% | 5% |
| \$6-9.99 | 29% | 40% | 17% | 35% | 52% | 36% |
| \$10-14.99 | 33% | 31% | 25% | 39% | 18% | 33% |
| \$15-22.99 | 31% | 23% | 33% | 18% | 14% | 23% |
| \$23.00+ | 5% | 0% | 8% | 4% | 2% | 3% |
| Among All Wines | 27% | 28% | 3% | 30% | 11% | |

Survey of Wine Retailers

Wine Retailer Survey

- 13 retailers interviewed (both wine/liquor specialty stores and supermarkets)
- Four Midwestern States: Nebraska, Iowa, Kansas, and Missouri
- Retailers were screened to only interview those who carry wine produced in their state
- Vast majority report that locally produced wine made up less than 5% of their sales
- Retailers sold locally produced wine in order to support local wineries; Most did not require a minimum sales volume to stock

Wine Retailer Survey

Consumer Perceptions

- The level of consumer interest in local wines was less than that of more established wine offerings but most retailers commented the interest was measurable.
- Of all the different types of wines mentioned by retailers, sweet had by far the most potential according to the retailers (73%). Dry came in at (13%) followed by dessert and fruit with (7% each). White sweet wines have more sales potential than dry red wines.
- Are locally produced wines priced accordingly? Yes, 92% of retailers felt the price of these wines was appropriate.

Wine Retailer Survey

Promotional Strategies

- Retailers suggested four ways of promoting local wines at retail level. These included:
 - ✓ In-house tasting sessions (53%)
 - ✓ Point of sale/signage (27%)
 - ✓ Advertising in local media (13%)
 - ✓ Inviting customers to visit the vineyard (7%)

Wine Retailer Survey

Promotional Strategies

- Should locally grown wine be cross-merchandised with other locally produced products?
 - 61% of retailers surveyed believe cross merchandising would be an effective way to promote local wines, and 31% believe it might be. Small retail outlets are more likely to cross-merchandise. Local wine is cross-merchandised with local gourmet food items and salsas.

Wine Retailer Survey

Obstacles to Selling Local Wine

- Retailers identified four obstacles which local wineries must overcome in order to be successful. These include:
 - Inferior quality compared to the more established wines (46%)
 - Strong competition from more popular wines (23%)
 - Difficulty getting consumers to recognize their product (16%)
 - An inferior image (15%)

Wine Retailer Survey

Opportunities For Selling Local Wine

- Retailers are interested in adding more locally produced wines
 - ✓ Forty-two percent of retailers said they are likely to add more local wines to their retail outlets
 - ✓ An additional 25% of retailers said they would like to add more local wines but that will be more selective of the local wines they choose
 - ✓ Twenty-Five percent of retailers said they were less likely to add more local wines

Survey of Wineries

Introduction

- Survey of 20 Wineries in the Midwest United States
 - 10 phone surveys
 - 10 personal interviews
 - Wineries in Iowa, Missouri, Nebraska & Wisconsin
 - 5 wineries in each state
 - Winery production ranged from 200 gallons to 20,000 gallons wineries

Grape Production Issues

- Issue #1
 - Pest Control
- Issue #2
 - Herbicide Drift
- Issue #3
 - Weather
- Issue #4
 - Capital Costs

Pest Control

- Grasshoppers
 - Big issue in Midwest, especially during dry conditions
 - Some respondents estimated that grasshoppers alone decreased their production by at least 10-15%.
- Rabbits & Deer
 - Cause year round damage to vines
 - Rabbits are a particular problem for young vineyards
 - Strip bark and consume young tender vines.
- Weeds
 - Can easily Choke out vines
 - Reduces availability of nutrients, water & sunlight

Pest Control Solutions

- Grasshoppers
 - Spraying, but must be careful during pollination and harvest
- Rabbits & Deer
 - Fences, traps & commercial deterrents
- Weeds
 - Best to pull them
 - Very little room to use herbicides. Will kill weeds & vines

Herbicide Drift

- (2,4D)
 - Biggest issue in Midwest
 - can drift a significant distance (over 1 mile)
 - Many vines are especially susceptible to 2,4D
 - 2,4D is a popular farming herbicide because of its breadth of use
 - Causes leaf blistering and die off
 - Solution
 - Many wineries reach agreements with neighboring farmers
 - Work with state wine producer groups to identify resistant varieties

Weather

- Issues with rainfall
 - Too much rain can drown out vines
 - Rain during pollination reduces fertilization rates
 - Pollinating insects are less active
 - Rain can wash pollen off
 - Rain during harvest, increases water in grapes
 - Drought
 - Must consider your average yearly rainfall
 - Many wineries incorporate drip irrigation systems to insure adequate moisture & fertilization

Weather

- Over-Wintering issues
 - In Minnesota and Wisconsin many vines are buried
 - Many areas in Midwest get too cold in winter and can kill off vines

Capital Costs

- Typically takes \$2,000 to \$4,000 per ACRE of grapes
 - Costs due to trellising, irrigation/watering, weed control related expenses (labor & materials)
- Grape Growing is very labor intensive
 - Labor typically accounts for 50% of total expenses
 - Some vineyards donate wage equivalents to non-profit groups in exchange for harvesting
 - Ex. Several wineries “hire” their local high school football teams to pick grapes.

Winemaking Issues

- Issue # 1
 - Handling Low pH Levels, High acid grapes
- Issue # 2
 - Pest control (Birds, Rot, Rabbits, etc.)
- Issue # 3
 - Maintaining/Improving Quality and Consistency across wineries
- Issue # 4
 - Lack of experienced winemakers
- Issue # 5
 - Capital Costs

Low pH Levels

- Almost all respondents indicated importance of knowing how to deal with highly acidic grapes
- Conditions in Midwest create highly acidic grapes
- High acidity affects fermentation process, kills off yeast

Maintaining/Improving Quality and Consistency across wineries

- Winemaking requires a highly sanitized environment
 - Area must be scrubbed regularly
 - Equipment must be cleaned constantly during production
 - Remember you are making a food product
- Very easy to contaminate wine

Maintaining/Improving Quality and Consistency across wineries

- Solution
 - Constant Cleaning and attention to winemaking environment
 - Technology
 - Inexperience can be overcome by technology
 - Technology is expensive
 - Typically normal equipment costs are about \$5 per gallon of wine.
 - The next slide illustrates an innovative assurance program in Canada

Assuring Wine Quality

Vintners Quality Alliance (VQA)

- Rigorous quality assurance program for Ontario, Canada's premium wines
- VQA Ontario establishes, monitors and enforces a system of quality standards and verification of product origin for Ontario wines. Participation in the VQA appellation system is voluntary but only those wines approved by VQA Ontario may bear labels with regulated terms and descriptions.
- Goal to bolster public perceptions about the vintner's wines. VQA Ontario also plays an educational role and works with the grape and wine industry, governments and the public to promote the value and benefits of VQA-approved products.
- For more information: <http://www.vqaontario.com>

Lack of experienced wine makers

- Few professional winemakers in the Midwest
 - Normally hired from wineries in California & New York
 - Full-time winemakers typically earn \$30,000 to \$40,000/ year
- Some wineries in Nebraska & Missouri share their winemakers with several neighboring wineries

Choosing a Winemaker

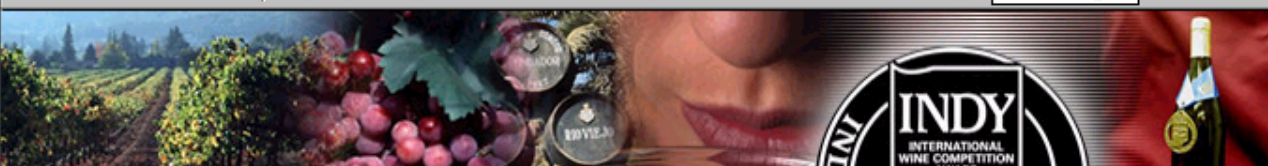
- Two options
 1. Hire a Winemaker (Full-time v. Part-time)
 2. Do it yourself
- Questions to ask yourself
 - Can you afford one?
 - If not, go to a winemaking school (check with your local wine/grape grower organization)
 - How much wine do you plan on making?
 - Is it worth hiring a wine maker for the amount of wine your making?
 - Are there other wineries in your area that are looking into hiring a winemaker?
 - Possibility to share winemakers

Capital Costs

- Capital costs to keep in mind
 - Equipment costs can be high
 - Typically \$5 per gallon produced
 - Sanitation costs
 - Grapes cost average of \$0.50 per pound or \$1,000 per ton
 - Staffing a retail space
 - Facilities and Administrative Costs
 - Do not Forget to factor in your time!!!

Top 3 Competitions for New Wineries

- Indiana State Fair
 - Indy International Wine Competition
- Jerry D. Mead's New World International Wine Competition
- Florida State Fair
 - Wine Competition



Enter the
Indy Wine
Competition via
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for details ▶

Indy International Wine Competition



2003

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Welcome!

Indy International Wine Competition Website

Now in it's thirteenth year, the Indy International Wine Competition has become one of the largest wine competitions in the country. With Approximately 3,200 wine entries, Indy International's purpose is to identify, reward and promote excellence in the art of winemaking at commercial and amateur levels. If you are interested in participating in the wine competition, please go to the Entry section on the main menu and fill out an application.

**Indiana State Fair Indy International Wine Competition
July 24-26 in Exposition Hall - Indiana State Fairgrounds.**

Taste of Indiana Wine Reception - July 31, 2003 in the Farm Bureau Building



[2001 Awards](#)

**2002 NWIWC
Awards
Overview**

[Wine Awards A-C](#)[Wine Awards D-G](#)[Wine Awards H-M](#)[Wine Awards N-P](#)[Wine Awards Q-T](#)[Wine Awards U-Z](#)[PHOTO GALLERY](#)[ABOUT NWIWC](#)[WINES.COM](#)

Jerry D. Mead's New World International Wine Competition



2002 New World International Wine Competition

[Judging Philosophy](#)[What the Awards Mean](#)[Statistics](#)

Judging Philosophy

The primary goal of the New World International Wine Competition[®] is to educate and inform consumers as to the best wines in every price range produced and marketed in the "New World".

The NWIWC[®] is the creation of Jerry D. Mead, well known syndicated wine columnist ("Mead on Wine"), publisher (The Wine Trader Magazine) and consultant. Mead was also founder of the worlds largest California-only wine competition, the *Orange County Fair Commercial Wine Competition*.

The idea behind the "New World" judging is that the wines share a common old world heritage, while for the most part, utilizing for their identity the names of the grapes rather than the regions where they are grown. Further, they all compete in the same "Pacific Rim" marketplace. It just seemed logical that there should be an event where the best of these wines could be evaluated alongside one another, by professional judges, for the edification of consumers and trade.

www.FloridaStateFair.com

100th Florida State Fair February 5-16,
2004

196 days until The 100th Anniversary
of the Florida State Fair



[Florida State Fair](#) | [Florida State Fairgrounds](#)
[Bob Thomas Equestrian Center](#) | [Cracker Country](#) | [Agribusiness/Livestock](#)

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 The Florida Department of Agriculture and Consumer Services



Best viewed with a minimum screen resolution of 800 x 600 using Internet Explorer 4.0 or higher, Netscape Navigator 4.7 or higher, and the Macromedia Flash 5 Player.

Top Honors/Awards of Competitions

- Given to Gold Medal Winners:
 - Best of Class
 - Best of Varietal
 - Best of Price Class
 - Best of Show

Other Awards

Want to accumulate as many of these as possible
(Criteria varies across competitions)

- Gold Medal
 - presented to a wine exhibiting perfect character (for its varietal or type), balance and structure, and containing exceptional qualities and complexities.
- Silver Medal
 - awarded to a wine showing superb balance and character for its varietal or type. This wine is considered to be extremely well crafted.

Other Awards

- Bronze
 - awarded to a wine that has very good character, quality and style for its variety or type. This is wine that has been well made.
- “Best of the East” Competition
 - Awarded by Vineyard & Winery Management, Inc. at annual Wineries Unlimited Trade Show



THIS MONTH ONLINE

July / August 2003 Vol. 29, No. 4

[Table of Contents](#)**Feature Story:** [Renwood Winery](#)

Christopher Sawyer has captured a gem in Amador County, which itself is in transition.

Tech Watch

Marne Coggan, in Part Two, visualizes the data from color, aromas and flavor analysis.

Uruguay and Tannat

Tony Wolf and Bruce Zoecklein, in Part Two, provide a more in-depth view of tannat, the distinctive varietal in Uruguay.

A Western Approach to Biodynamics

Chris Sawyer shares the insights of Nicolas Joly and his focus on the Philosophy and Application of Biodynamics in the West.

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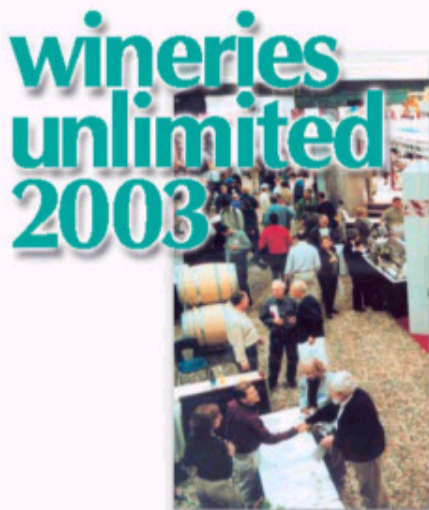
EXHIBITORS

EXHIBITOR INFO

DIRECTIONS

CONTACT US

"What's New and Exciting" could be described as the theme for this year.



Welcome

Lancaster Host Resort & Convention Center, Lancaster, PA

March 16-19, 2003

(Exhibitors March 17 - 18 only)

The industry's largest trade show in the East with seminars on all aspects of the business

Welcome to Wineries Unlimited 2003

The largest trade show in the East keeps getting larger. You will find that additional space has been added to accommodate new exhibitors to the show.

"What's New and Exciting" could be described as the theme for this year. You'll examine the promising Rhone varieties syrah and viognier, now grown from Georgia to Ontario. In marketing sessions you'll focus on integrating package design and marketing. You'll have the opportunity to meet V&WM columnist Elizabeth Slater, presenting her popular "Tasting Room Profitability" seminar on Tuesday, with a focus on Eastern industry issues.

Growers will examine sustainable viticulture topics including sessions on composting and frost management. Winemakers can attend a stand-alone "Advanced Winemaker's Seminar" on Wednesday, covering a range of issues from grape quality to processing options and bottling efficiency. Many thanks to our Advisory Board for their thoughtful suggestions for seminar topics.

In addition to the energetic Elizabeth Slater, other notable speakers include V&WM columnist and viticulturist Rich Thomas, V&WM columnist and wine consultant Tom Cottrell, and professors Bruce Zoecklein and Tony Wolf of Virginia Tech, Mark Chien of PSU, Joseph Fiola of U.MD., Mike Saunders of PSU, and others.

Following seminars devoted to industry newcomers on Sunday 3/16, you'll hear a keynote address by David Sloane, new President of WineAmerica (formerly the American Vintner's Association) at 7:15 p.m., then enjoy a festive wine welcome reception featuring

Successful Products

- Wine
 - According to respondents:
 - Semi-Sweet and Sweet wines are more popular than drier wines
 - Whites & Blushes are more popular than reds
 - Mead and fruit wine are another popular product
 - Takes 3-4 months to make a batch
 - Allows winery to increase volume without reducing wine production
 - Mead can be produced while wine is aging
 - » Wine: 1 batch yearly – 3 months time between harvest & barreling/bottling
 - » Mead: 3 batches yearly – 3 months time between start & bottling

Successful Products

- Juice
 - Does well in some areas, seems to do better in more heavily populated areas
 - Young families with children
 - Respondents noted that you should not expect significant revenue from juice.
- Wine related products
 - Corkscrews
 - Wine Preservation products
 - Vacuums, seals, sprays, etc.

Successful Products

- Locally Produced Products
 - Cheeses and Sausages
 - Locally Baked Bread
 - Locally Smoked Fish or Meats
- Cross-sell them as:
 - Individual Items
 - Gift Baskets
 - On-site Picnic Basket

Unsuccessful Products

- Non-Wine Related Products
 - Shirts
 - Hats
 - Baking Mixes
 - Cards
- Important Note:
 - Several respondents noted that local customers were less likely to buy wine related products than tourists
 - The next two slides summarize findings from a Michigan State study linking tourism to local wine sales

Key Findings From a Michigan State Study*

- There is a strong relationship between tourism and wine consumption.
- Wineries should investigate and take advantage of opportunities for cooperative marketing & packaging with lodging establishments, local convention & visitor bureaus.
- Persons that have visited wineries generally have higher household incomes than other travelers.
- There is an exploitable association between agricultural tourism & winery tourism. Wineries should cooperatively market with other agricultural tourism attractions and agricultural product and food festivals.
- Wine drinkers have a higher propensity to travel and use the Internet than non-wine drinkers.

* “A Marketing and Economic Analysis of Michigan’s Wine Industry and Winery Tourism”, Michigan State University eatal, 2002

Key Findings From a Michigan State Study*

- It is crucial that staff be trained in customer service and point-of-purchase marketing.
- Wineries should maintain relationships with winery tourists after they return home through various methods including email newsletters and promotions, thank you notes and cards to persons who purchase wine on their trips, information on where they can buy the wineries' wines, and a web-site that keeps persons informed about changes in the winery, new products and special events in which the winery will participate. Wineries must track their customers and develop customer databases.

* "A Marketing and Economic Analysis of Michigan's Wine Industry and Winery Tourism", Michigan State University eatal, 2002

Suggestions for Improving On-Site Sales

- Rule of Thumb
 - The longer people stay the more they spend
- Suggestions
 - Offer Wine Tasting
 - expect costs to be 7% of sales
 - Provide Sitting Areas
 - Tables, Gazebos, etc.
 - Offer Restaurant/On-site Food Service
 - Provide On-Site Entertainment
 - Provides additional reason for visit

Suggestions for Improving On-Site Sales

- Lower Prices
 - Many wineries indicated an increase in volume after they decreased prices when the novelty of their winery wore off.
- Newsletters
 - Allows winery to maintain contact with buyers and helps build repeat buyers and customer relationships
 - Allows for direct marketing

Suggestions for Improving On-Site Sales

- Wine Trail
 - Nebraska Wine and Grape Grower Association
 - Awarded State Grant to Develop Nebraskan Wine Trail
 - Missouri also has established trails
 - Serves to cross-promote all wineries in your region and increase tourism/visitor draw
 - Can visit more than just one winery
- For ideas
 - Look up and/or visit California, New York and Texas wine regions

Examples of Successful On-Site Sales Promotion

Festivals

- Cuthills Winery, Pierce Nebraska
 - Wine & Wings Festival
 - Blues Festival
 - Winery sells up to one-third of its production
- James Arthur Vineyards, Raymond Nebraska
 - Renaissance Festival
 - Over 5,000 visitors on Saturday May 24, 2003

Examples of Unsuccessful On-Site Sales Promotion

- Radio
 - High cost, limited return
- Dinners
 - Examples:
 - Murder Mystery, Wine Maker's Dinner, etc.
 - Low population area
 - Only seems to be good for once a year
 - Good 1st time attendance, then poor attendance
 - High population area
 - Does well year round
 - monthly occasions seemed to be the best timing.

Suggestion for Improving Off-Site Sales

- Direct Marketing
 - Use Names and Addresses Provided in Guest/Visitor Sign-in Books
 - Mail Newsletters
 - Announce new varieties, events, etc.
 - Use the Internet
 - Web sales account for up to 20% of sales

Suggestion for Improving Off-Site Sales

- Tap Local Markets
 - Approach local food and alcohol businesses
 - Several wineries have their product in local grocery stores
 - Had to repeatedly meet with grocery representatives
 - Most have to distribute and stock their wines themselves

Suggestion for Improving Off-Site Sales

- Tap Local Markets
 - Attend Local Fairs/Festivals
 - Example
 - Nebraska Wine and Grape Grower's Association bought booth at Nebraska State Fair
 - Several wineries manned the booth and cross-promoted all Nebraska Wineries
 - Offered Wine Tasting
 - Sold Product

Location, Location, Location

- Choosing a Location is Very Important
 - Ideal Location
 - Has Grape Vines Visible
 - Adequate Access & Parking
 - Paved Road Better than Dirt Road
 - Look at traffic level
 - » How many cars drive by in a day? (Check with Department of Roads)
 - How easy is it to find your winery?
 - Is your establishment Disability Friendly?

Location, Location, Location

- Has Natural Beauty
 - Les Bourgeois Winery and Vineyard, Missouri
 - » Winery has restaurant & is located on a bluff that overlooks Missouri River (see next slide)
- Close to a tourist attraction or population center
 - Allows tourists to get away and relax
 - Population center needed to provide a base market for you to develop loyal, regular customers and provide revenues between tourist season(s)
- Many respondents suggested finding an old structure (barn, shed, etc.) and fixing it up
 - Noted that visitors responded positively to a historical appeal (i.e. they enjoyed a story)
 - » “This structure was once owned by ... “



- Known for its spectacular bluff top view of the Missouri River Valley, Les Bourgeois Winery and Vineyards is one of Mid-Missouri's premier cultural and recreational attractions.
- A family owned and operated winery, Les Bourgeois offers visitors a taste of some of the Show-Me State's finest award-winning wines, exquisite bistro cuisine and beautiful scenery
- Source:
www.missouriwine.com

Best Practices

- Based on the respondents:
 - Regarding your location and products
 - Pick your location carefully
 - Must have something “special”
 - » Beautiful landscape
 - » Close to a tourist draw (National/State Park, City, etc.)
 - Find something that you are “good” at
 - Mead, Particular Grape Varietal, Customer Service
 - What makes you different from other wineries?
 - What would a visitor find appealing about your winery?

Best Practices

- Based on the respondents:
 - Decide how much wine you want to make
 - Majority of respondents suggested starting small and growing your business
 - Lower start-up costs
 - Mistakes and experimentation are less expensive
 - Take time to assess supply & demand in your area
 - Smaller volume allows you to focus on quality
 - » Quality of the wine is very important

Best Practices

- Based on the respondents:
 - Production:
 - Spend the money to put in irrigation
 - Expensive, but can pay for itself during a drought
 - Helps to maximize yields
 - Keep weeds down!
 - Can significantly reduce yields
 - Spend time researching your climate, soil makeup and varieties
 - Will save you money in the long run

Best Practices

- Based on the respondents:
 - Winemaking:
 - Keep your production and equipment clean
 - Educate yourself
 - Go to winemaking school even if you have a winemaker
 - Try a lot of wine, there are many different styles and varietals
 - Buy the best equipment that you can afford

Best Practices

- Based on the respondents:
 - Regarding Customer Service:
 - Hire good people
 - Provide great customer service
 - Provide tours of your facility
 - Many tourists regard a winery tour as a must and expect the guide to be knowledgeable
 - Educate your customers
 - Make sure they learn something about your winery

Best Practices

- Based on the respondents:
 - Promotions:
 - Know your market and tailor events to them
 - Who is your customer? Be specific!
 - What do they want?
 - Make sure that you make money on your promotions
 - Did you bring in more revenue than you spent?
 - Spend the time organizing your events
 - Planning is everything

Best Practices

- Based on the respondents:
 - Promotions:
 - Use the Internet
 - Increases your market and can have a significant effect on your revenues
 - Talk with your local retailers and restaurants
 - Allows you to diversify your revenue streams
 - Increases the awareness of your winery
 - Develop cross-promotional relationships with related industries
 - Tourist oriented
 - » Bed & Breakfasts
 - » Local value-added producers

Midwest Regulatory Environment

- Most respondents indicated that their states had done well to develop an environment where the wine industry could grow
- However, some noted that volume restrictions and lack of a check-off program were hindering their state's development

Helpful State Regulation

Tax Subsidy

- Most states have subsidies that allow a winery to pay less state alcohol tax if they use a certain percentage of product from in-state suppliers
 - Helps ensure/encourage local production of grapes and fruits

Helpful State Regulation

State Funding Opportunities

- Provides opportunity for wineries and other wine & grape associations to access additional funding for promotional activities
- Typically come in the form of Value-Added grants or Initiatives
- Encourages cooperation between producers within the state

Suggestions for Improvement

- Provide more funding for enology & viticulture training workshops
 - Many respondents indicated that current prices for these workshops are high and are a barrier to attendance
- Spending more monies on educating “row-crop” farmers about Herbicide Drift
 - Especially 2,4D

Suggestions for Improvement

- Assist with matching cultivar selection to state's "Terroir"
- Terroir (Tear-Wah)
 - French term with no direct English Translation
 - Refers to how the climate, soil, landscape and other environmental factors come together and give the wine character/ identity
 - Sometimes referred to as the "soul/essence" of the wine

“Ideal” Regulatory Environment

- State promotes its wine industry
 - Locally through assistance with industry promotional brochures/marketing
 - Nationally through tourism literature
- Encourages industry development
 - State alcohol tax breaks
 - Good for wineries, grape growers and state fruit growers

“Ideal” Regulatory Environment

- Provide funding for agritourism research
 - Provide competitive grants to provide monies for the marketing research of the states wine regions
- Provide additional funding for Viticulture/Enology research
 - To reduce workshop prices
 - Increase spending on varietal feasibility research

“Ideal” Regulatory Environment

- Initiate regular discussions about value-added industries
 - Provides opportunity for state officials to learn first hand about the environment that producers and wineries perceive
- Spend as much time and money promoting wine industry as they do other agricultural industries

Iowa Regulatory Contacts

- State of Iowa,
 - Alcoholic Beverages Division
 - <http://www.iowaabd.com/>
 - Phone: (866) 469-2223

Missouri Regulatory Contacts

- Jim Anderson, Program Coordinator
 - Missouri Grape & Wine Program
 - 1616 Missouri Blvd.
 - P.O. Box 630
 - Jefferson City, MO 65102
 - Phone: (573) 751-6807
 - Fax: (573) 751-2868

Nebraska Regulatory Contacts

- Nebraska Liquor Control Commission
 - 301 Centennial Mall South 5th Floor
P.O. Box 95046
Lincoln Nebraska 68509-5046
 - Phone: (402) 471-2571
Fax: (402) 471-2814

Wisconsin Regulatory Contacts

- Wisconsin Department of Revenue,
Alcohol & Tobacco Enforcement
 - Address:
P.O. Box 8933
Madison, WI 53708-8933
 - Phone: (608) 266-2776
 - Fax: (608) 261-6240
 - Email: ates@dor.state.wi.us
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Iowa Production Contacts

- Dr. Paul Domoto, Professor, Dept. of Horticulture
- Address:
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- <http://viticulture.hort.iastate.edu/info/info.html>
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Missouri Production Contacts

- Dr. Murli Dharmadhikari, Director
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 - <http://viticulture.hort.iastate.edu/info/info.html>
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P.O. Box 830724

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– Phone: (402) 472-5136

– Fax: (402) 472-8650

Wisconsin Wine Making Contacts

- Wisconsin Winery Association

- Address:

- 7600 Terrace Avenue, Suite 203
Middleton, WI 53562

- Phone: (608) 831-1155 or

- (866)947-9643

- Email: Info@WisWine.com

- Website: www.wiswine.com