Iowa Vintners Quality Alliance

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National scene

- Number of US wineries tops 6000
- 51% of the wineries located out side CA
- The US wine consumption has been steadily increasing for the past 20 years. From 1994 to 2006 wine consumption increased by 50%

- US wine sales rose by about 4% last year, US is now the second largest wine market behind France
- USA will soon be the most lucrative market in the world (in terms of sales). We are now the target market for the world.

- Many states are showing substantial growth in grape and wine production

Economic Impact

- Impact of US wine, grape, and grape products on American economy is 162 Billion.

- US wineries FOB revenue 11.4 billion
- Number of wine related tourist 27.3 million
- Wine related tourism expenditure $ 3 billion
- Fed Taxes paid 9.1 billion

MO economic impact study : example:

Full economic impact of wine and grape industry on MO's economy is estimated at 701 million for 2007

Local wine industry accounts for 6300 jobs, payroll of 150, million

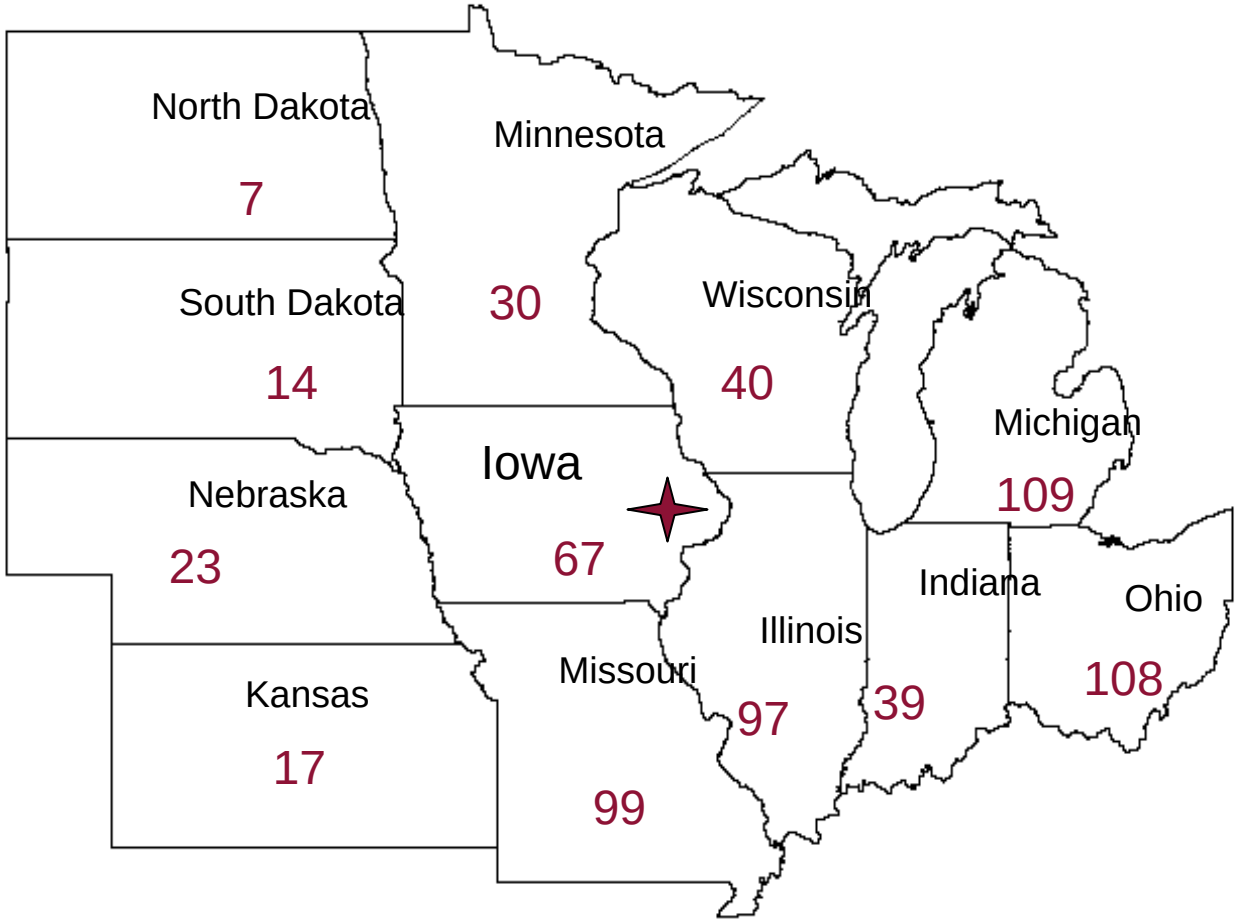
In 2007 MO will pay 39,4 million in state and local taxes

Over 1/3rd of the income generated by locally produced wine is derived from tourism

Map of Midwest and Great plains

showing the number of wineries

Iowa ranks 14th in number of wineries



Midwest & Great Plains

About 5 million gallons of wine is produced and about 100 million gallons is consumed

Market Potential

Rank by Production 06

State	Gallons	Rank	State	Gallons	Rank
CA	713,540,700	1	PA	760,905	14
NY	8,700,952	2	IN	542,226	15
WA	19,728,785	3	NM	535,376	16
OR	3,367,111	4	ID	531,380	17
FL	1,645,087	5	WI	415,709	18
NJ	1,624,839	6	IL	343,300	19
KY	1,208,352	7	MD	230,163	20
OH	1,061,940	8	CO	206,497	21
TX	1,037,708	9	TN	204,607	22
MI	961,459	10	***IA***	***137,820***	***23***
MO	958,360	11	GA	136,065	24
VA	860,824	12	VT	107,578	25
NC	767,648	13	MA	97,650	26

Growth of Iowa wine industry

- The number of wineries increased from 13 (2001) to 67 (2006) and many more are on the horizon.
- The wine production increased from 51,000 gallons in 2002, to 246,733 in 2006.
- The number of grape growers is about 300 and the grape acreage in the state is approaching 600 acres.

- Iowa ranks 14th in number of wineries and about 20th in wine production
- Of the top 20 states (in # of wineries) three achieved triple digit growth , Iowa being one of them.

Positive market trends

- Wine sales and consumption continue to grow

- Health conscious consumer are seeking food and beverages with health benefits. Growing body of scientific evidence suggest healthful benefits of moderate wine consumption
- Greater disposable income is leading consumers to seek affordable luxury “wine”
- People are trading up: Sales of wine valued over $12.00 has shown strong growth
- Consumers eager to try new products as part of experiencing new culture. Wine tourism is on the rise
- Internet based sales will increase

Market challenges

- Iowa wine needs to establish regional identity and reputation for quality
- Currently state produced wine constitutes less than 10% of the total wine sold in the state.
- More competition will occur form both domestic and imported wines
- Consumer will have more choices and these factors will make it tough to compete in the market place

Fiscal Year 2007 Revenue Generated

$84,449,697

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Wine tax
$6000397
Gals: 3,428,794

Iowa Grape and wine industry meeting

October 2003

- **One year**
- Establish Goals and prioritize
- Hire Executive Director
- Establish quality standards
- Establish education program for Wine Production
- Establish wine research
- Establish market research regarding wine consumption

- **3-5 years**
- Identify workforce training needs
- Identify and employ needed expertise
- Iowa wine promotion and the role of Dept. economic development
- Enology lab
- Wine trail
- Expertise in research and wine production

- Summary of Goals October 2003 Meeting
- **10 year**
- Iowa wine identity
- Iowa wine global presence
- #1 Iowa market share

- **Ideal**
- Wine production; in top 15 states
- #1 market share of Iowa consumer
- Global presence
- no less than 50 successful wineries

What is VQA?
Canadian Model

- Alliance of vintners committed to produce quality wine.

  It is achieved through a system of guidelines (regulations): based on appellation of origin, quality monitoring and certification, designed to improve wine quality and increase consumer awareness of high quality **IOWA wines**

1. Allows consumer to identify the area where the grapes are grown, including varieties and the quality.
2. VQA wine to follow approved quality wine making process, including varietal content (XX%)
3. VQA wines subjected to quality assessment before releasing as VQA wines.

What is VQA?

4. All wines: to be tasted by a panel of experts,

undergo laboratory testing, comprehensive review of labels and packaging

5. Independent audits for quality and regulatory compliance

6. Public education about VQA wines

7.Promotion of VQA

Suggested
VQA Organization

Voluntary, independent organization of wine producers, responsible and authorize to:

- Develop guidelines(set of regulations) for instituting standards of quality grape and wine production, and labeling of VQA wines
- Monitoring and certifying wine quality (testing, tasting & documentation)
- Approve the use of quality seal and approved terms on packaging
- Promote and assist in marketing VQA wines

Do we want one?

Yes, and here is why?

- To build a strong and prosperous grape and wine industry in the state of IOWA
- Improve rural economy by producing a value added product
- Increase market share of state wines by building reputation for quality.
- Improve wine quality, and compete in market based on on quality and image
- Promote wine tourism

Summary

- VQA is an excellent way to build a profitable wine industry in IOWA
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- The task may look challenging but is worth doing it because the benefits outweigh the cost.
- Leadership needs to come from the industry and the plan can be implemented in phases.

You can eat an elephant, one bite at a time.

Are you the INDUSTRY ready for the challenge?

Thanks

That is all

Approved varieties

- Cabernet Sauvignon
- Cabernet Franc
- Merlot
- Pinot Noir
- Syrah
- Chardonnay
- Sauvignon Blanc
- Riesling, Viognier

- Chambourcin
- Seyval Blanc
- Vidal Blanc

- Muscadine varieties
- <u>Other cultivars should be tested in various locations</u>

Harvest Parameters & Conditions

Will depend on variety and the wine style and may include:

- Brix,TA, pH, Color, varietal flavor
- Crop load (avoid over cropping)
- Tolerance for disease and MOG
- Harvest and delivery time and temperature
- Others (SO2 additions, bonus payments)