DOUG BAKKER
Owner, Madison County Winery

MATURING VINTAGES

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BY MEGAN VERHELST

The first chapters in the tale of Iowa wine tell a story of a fledgling industry, but there are many pages still to turn.

In 15 years, the number of wineries in Iowa has grown from 13 to 101. Vineyards increased from 15 to 312, spanning 1,250 total acres. According to a 2012 Iowa State University economic impact study, Iowa’s wineries and vineyards had a $420 million impact on the state’s economy. That impact grew from just $15 million in actual retail sales, which equates to $28 spent in Iowa for every dollar of wine sold.

The wineries and vineyards found in nearly all of Iowa’s 99 counties have made impressive strides in just over a decade. The year 2005, particularly, was a turning point for the industry, marked by the creation of the Midwest Grape and Wine Industry Institute at Iowa State University, led by enologist and director Murli Dharmadhikari. Those two entities helped Iowa vintners create better-tasting wines, which prompted more wineries and vineyards across the state.

Today, of the more than 4.2 million gallons of wine sold at wholesale in the state between June 2013 and June 2014, just under 6 percent was wine made here in Iowa. That percentage might seem low, but it’s not when you consider that Iowa wineries are competing against more than 20,000 other labels from around the world, said Craig Tordsen, project manager at Iowa State University Extension and Outreach.

“These (101) little wineries have been able to capture the business in just a few short years,” Tordsen said. “But they have the opportunity to capture more because Iowa wine continues to get better and better.”

Pushing that 5.9 percent market share to a lofty but attainable goal of 10 percent will ensure continued growth of Iowa’s wine industry, Tordsen said.

“If wineries are going to grow and continue being viable, they need to be more aggressive marketers and let the public know they’re out there,” Tordsen said. “They need to let them know they have a unique and interesting story to tell.”
THE EVOLUTION OF IOWA WINE

Fifteen years ago, 95 percent of the nation’s 2,400 wineries were in California. California wine still dominates the retail market, but now there are more than 10,000 wineries across the country, Todd said, and every state has seen a substantial increase.

Michael White, a viticulture specialist for Iowa State University Extension and Outreach, has participated in and watched the growth of the Iowa wine industry, which he said started to take shape in 2000 when he was the Central Iowa agronomist for ISU. There were 13 wineries in the state then, and interest coincided with the introduction of cold-climate wine grape hybrids. Cold-hardy grapes made it easier to plant a vineyard in Iowa capable of producing grapes that could be turned into something other than juice or jelly.

“That was the No. 1 foundation for how Iowa wine was able to take off,” White said.

White, who said he’s always had an interest in alternative forms of crops, was asked to organize a grape-growing seminar for anyone interested in winemaking. He held the seminar on his own time in February 2000 and 125 people showed up, proving the interest was there. Subsequent monthly meetings garnered the same attendance.

“We made a lot of mistakes (in the beginning), but the ambience of the industry just appealed to people,” White said.

Interest grew, as did the number of wineries and vineyards in Iowa, and in 2007, White left ISU’s agronomy department, moving full time to the role of viticulture specialist with ISU. He also worked with the Midwest Wine and Grape Industry Institute.

Created in 2006, the institute was arguably a turning point for Iowa’s wine industry. It was a joint effort between ISU and the Iowa Wine Growers Association, formed to study and develop new technologies and methods to create quality wine in Iowa and surrounding colder-climate states.

Murli Dharmadhikari, the institute’s director, came to Iowa in 2005 to help launch it. He’d spent 20 years at Southwest Missouri State University, and while involved in the school’s grape and wine program, he advised many in the Missouri wine industry. He also spent 10 years as a commercial winemaker.

“What stops everything is if you’re making bad wine,” White said. “Nothing can happen, and that’s why we brought Murli in. He was known as the godfather of the wine industry, and he is good at what he does.”

The Iowa wine industry started to mature following the creation of the institute. However, according to information provided by White, in 2011, the number of vineyards dropped from 425 to 312, as owners who did not want to invest the necessary time or money in the process, left the business.

“The easy part is planting,” White said. “The hard part is managing a winery and vineyard.”

Doug Bakker and his wife, Cheryl, have been part of the evolution of the Iowa wine industry. The owners of Madison County Winery said the process of building their winery and vineyard to where it is today has been slow and steady. Bakker said it usually takes about five years for winery owners to start seeing a positive cash flow.

“People either give up or they figure out a way around it,” Bakker said.

After moving back to Iowa from Chicago in 1997, Bakker took an interest in winemaking. He trained at wineries in California, Pennsylvania and southern Illinois, working for several days at each one for no pay. What he lacked in compensation he made up for with questions about the winemaking process.

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He also said he recognized a need for a destination like a winery in the Des Moines area.

"Places like that have family appeal," Bakker said. "It coincided with my interest in learning about winemaking and that's how it evolved."

The idea behind Madison County Winery was born in 2000, five years before its brand was visible to the public. Bakker, who lives in Urbandale, first took a year to find what he called the perfect spot. Once he did, vineyards were planted and wine production was done off-site until 2005, when he constructed a production building at his winery just west of St. Charles.

"The way we did things was a whole other ballgame. ... We didn't have deep pockets, and we wanted to be financially cautious," Bakker said. "We sold product at wholesale and in retail outlets long before we built our tasting room. We sold at farmers markets and other events, ones we still sell at today. That helped get our brand out before we had a place for people to come."

Those who stuck it out, and many who prospered, including the Bakkers, were assisted by a number of factors.

Creation of the Midwest Wine and Grape Industry Institute and Dharmadhikari's expertise were perhaps among the most advantageous factors. The main focus of the institute is to educate and train winery and vineyard owners through seminars and outreach. It also provides quality wine certification, as well as a wine diagnostic program through which institute staff members conduct chemical, microbiological and sensory analyses on wine samples to ensure quality.

"A majority of Iowa wineries take advantage of these services, which are essentially free to them," Dharmadhikari said. "Each winery by itself does not have the resources needed to make the high-quality products it is capable of."

Just under 369,000 gallons of Iowa wine was produced in the 12 months ending in June, according to the Iowa Native Wine Production & Sales Report prepared by Tordsen. Of that, just over 45 percent was sold at wineries, while 54 percent was sold through other retailers.

This isn't always the case in other states, and it's financially advantageous to Iowa wineries, both Dharmadhikari and Tordsen agreed. The state of Iowa does not require wineries to go through a licensed wholesaler before products can be distributed to retail outlets, which typically is required through a three-tier system put in place by most states to regulate the sale of alcohol.

"This allows our small wineries an opportunity to sell into grocery stores, because most licensed wholesalers will only buy product for 50 percent of the market value," Tordsen said. "The Iowa Legislature been very supportive of writing laws that benefit native wineries to help them get going."

Fourteen years after the emergence of solid interest in Iowa wine, here's the bottom line: With 101 wineries, 1,250 acres of commercial vineyards and a $420 million impact on Iowa's economy, experts will tell you it is a viable industry. But it has room to grow, and the same experts are looking toward the industry's next threshold -- increasing the market share of Iowa wine to 10 percent.

"It will be a slow process. It's a very difficult thing to move past the mark we're at," White said, "but there are other ways to broaden the footprint."

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INCREASED EXPOSURE FOR IOWA WINE

In January, the Iowa Wine Growers Association brought Emily Saveraid into a newly created position of marketing and promotions coordinator. Her role, Saveraid said, is to promote the Iowa wine industry as a whole as well as to help winery and vineyard owners learn how to better market themselves.

"These are all your typical small business owners -- they have to wear a lot of hats," said Saveraid, who spent nearly five years with the Iowa State Fair marketing department. "They have to be the winemaker, the vineyard manager, the accountant and the marketer. It's a rare person who has all those traits, and skills and time are always short, so many focus on winemaking and vineyard management, and the rest gets pushed to the side. ... That's where I come in."

A NEW ERA OF MARKETING

* The Iowa Wine Growers Association is creating a new website to educate Iowans and visitors about Iowa wines, and to connect them to individual wineries.

* The association plans new marketing and rebranding campaigns.

* Marketing workshops and classes for owners will teach them how to market their businesses.

* "The challenge for these wineries is to grow their distribution, which comes down to the connections they make in the tasting room at events and bringing customers into their fold," Saveraid said. "The industry has matured. Customers will see it is a better bottle of Iowa wine than it was 15 or even 10 years ago, when we were struggling."

WHAT CONSUMERS CAN DO

Want to help? Drink more wine.

* The national average for wine consumption is 2.7 gallons per person per year; Iowans drink just under 1.5 gallons.

"We drink a lot of beer -- 30 gallons annual per resident," Tordsen said. "Why is that? There are a lot of theories ... but the mindset of Iowans is changing. Seven years ago, our consumption was less than one gallon of wine per person, so in a short period of time, we've increased the amount of wine we drink substantially."
GIVING IOWANS AN EXPERIENCE

Of an estimated $420 million economic impact in Iowa, only $15 million is the actual sale of wine.

“How can that be?” White said. “The reason is the wine business has to do with everything else. The wine business is about the ‘other’ -- the weddings, the events, the music, wine festivals and tourism. That, as a winery owner, is what you have to tap into. That’s what you have to market.”

And many do. Some Iowa wineries have restaurant licenses. Others have installed band shells and even bed-and-breakfasts. Many have constructed events centers that can be rented for weddings and other festivities. Live music is common on the weekends at many wineries.

In turn, winery visits lead to stops at a nearby gas station and sometimes, a night spent in a hotel in the nearest city, contributing to the overall impact Iowa wineries have on the state’s economy.

“When talking about the tourism component, the wine almost becomes secondary. It’s about the experience -- music, dinner theater in the winter,” said Emily Saveraid, marketing and promotions coordinator for the Iowa Wine Growers Association. “It’s about bringing people out to the wineries and engaging with them. It’s about connecting people to the land and to the wine they find on the shelves, as well as how it’s made. That’s a feeling you don’t get as an Iowan when you buy a bottle of California wine.”

Madison County Winery could be a case study for providing a multifaceted experience. Nestled on the side of a hill, the winery and vineyards overlook a scenic valley. Nearly everything about it is picturesque, promising customers an experience that extends well beyond wine.

Bakker constructed a tasting room on the property just over three years ago. Around the same time, he leased space in his production building to three men, who opened Twisted Vine Brewery, allowing Bakker to sell craft beer in addition to wine. This made his winery the only one in Iowa to offer craft beer brewed on-site.

Madison County Winery also has live music, an outdoor patio and a pergola available for rent. Wines are paired with Iowa cheeses, and Bakker has also partnered with friends and other winery owners to host area events, including Indulge, a wine, cheese and chocolate event held each year at West End Architectural Salvage, and the Swine Festival in Ankeny, a pork and wine event that came to an end this year after an eight-year run.

While wine sales make up more than 75 percent of Madison County Winery’s revenue, Bakker said he couldn’t sell wine without the events, the music and even the scenic views from the patio of his winery.

“The experience helps sell the wine because it gives those who come here a positive feeling about the wine as well. It’s hard to explain but it is that way,” Bakker said. “The psychology of wine is pretty big -- colors, smells. A great experience helps sell it, too.”

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