

Iowa Native Wine Production & Sales Report for the period ending 12/30/2011
 By Craig Tordsen, Iowa State University, March, 2012

Native Wine Inventory, Production and Sales

Native Wine Ending Inventory & Number of Wineries									
Winery Size in Gallons of Ending Inventory	Dec-09			Dec-10			Dec-11		
	# of Wineries	Ending Inventory by Winery Size	%	# of Wineries	Ending Inventory by Winery Size	%	# of Wineries	Ending Inventory by Winery Size	%
No Inventory	7	0	0%	18	0	0%	13	0	0%
1 to 5,000	45	65,177	16%	48	79,851	19%	60	102,305	23%
5,000 to 10,000	16	107,162	27%	18	129,017	31%	13	92,261	21%
Over 10,000	12	229,002	57%	11	201,433	49%	13	251,718	56%
Total	80	401,341	100%	95	410,301	100%	99	446,283	100%

The December 2011 ending inventory of native produced wine in Iowa is 446,283 gallons from 99 wineries up from 410,301 gallons from 95 wineries on December 2010 and 401,341 gallons from 80 wineries on December 2009.

Native Wine Production & Sales For the Year Ending						
(In Gallons)						
	Dec-09		Dec-10		Dec-11	
Production	273,141		283,202		355,271	
Sales at Retail	108,692	50.9%	102,768	44.5%	114,195	43.1%
Sold to an Iowa Licensed Wholesaler	5,075	2.4%	5,800	2.5%	1,532	0.6%
Sold At Wholesale	99,718	46.7%	122,176	52.9%	149,528	56.4%
Total Sales	213,485	100.0%	230,744	100.0%	265,255	100.0%

Total wine production over the last 12 months ending 12/2011 is 355,271 gallons up from 283,202 gallons the year ending 12/2010 and 273,141 gallons the year ending 12/2009.

Wine sales for the year ending 12/2011 was 265,255 gallons up from 230,744 gallons for the year ending 12/2010 and 213,485 gallons for the year ending 12/2009. The percentage of wine sold in the winery at retail is down to 43.1 percent from 50.9 percent for the year ending 9/2010. The wine sold by the winery at wholesale directly to retail outlets like grocery stores has increased to 56.4percent up from 46.7 percent for the period ending 12/2009. Wine sold to a licensed wholesaler (distributor) is at 0.6 percent as of 12/2011down from 2.4 percent for the period ending 12/2009.

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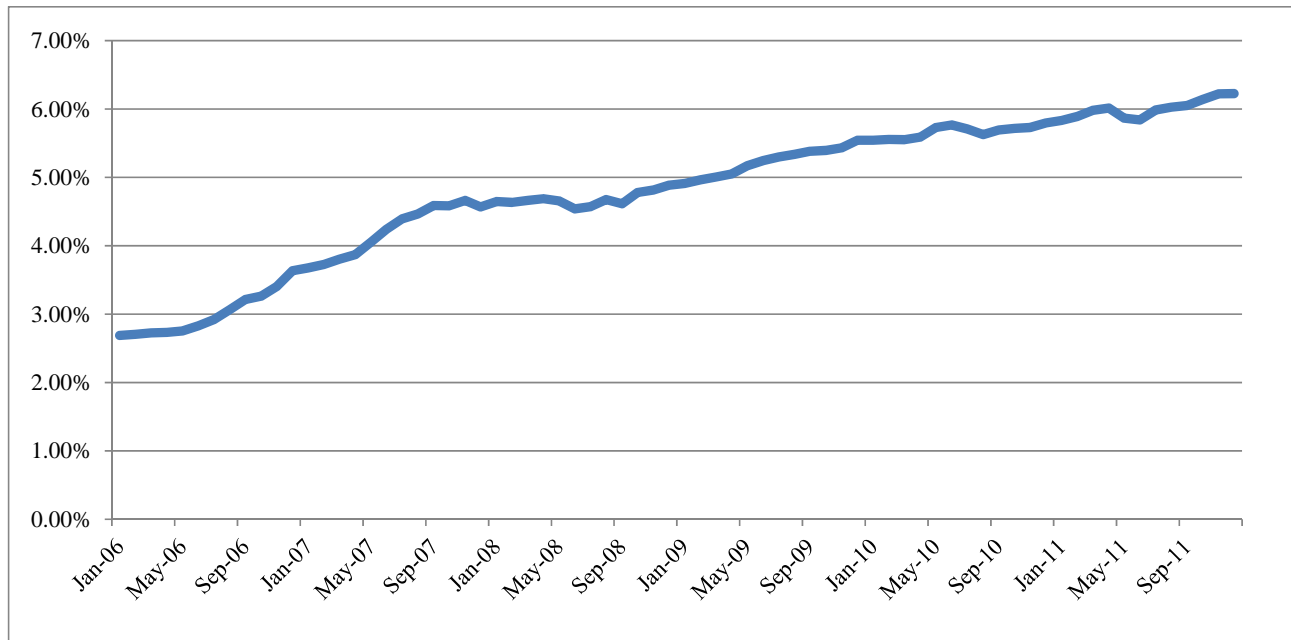
Wine Tax Paid to the State of Iowa

The Iowa Native Wine tax paid to the State of Iowa in the year ending 12/2011 was \$264,355 up from \$223,958 for 2010 and \$183,388 in 2009.

Iowa Tax Paid on Native Wine Sold Outside of the Winery			
	Year Ending 12/2009	Year Ending 12/2010	Year Ending 12/2011
Gallons of Wine Sold to Retail Stores outside of the Winery	99,718	122,176	149,528
Gallons of Wine Sold to Licensed Wholesalers	5,075	5,800	1,532
Total Wine Sold Subject to Iowa Wine Tax	104,793	127,976	151,060
Wine Taxes Paid to the State @ \$1.75/g	\$183,388	\$223,958	\$264,355

Native wine sales averaged 20,105 gallons a month for the year ending 12/2011, up from 19,229 gallons in 12/2010 and 17,790 gallons in 12/2009.

Iowa's purchased 3,995,248 gallons of wine from wholesale and 265,255 gallons from native Iowa wineries for the year ending 12/31/2011 or 6.23 percent of the total sold. Iowa's 2011 population is 3,062,309 and consumes about 1.39 gallons of wine per person. The US average is 2.54 gallons of wine per person. ⁽¹⁾



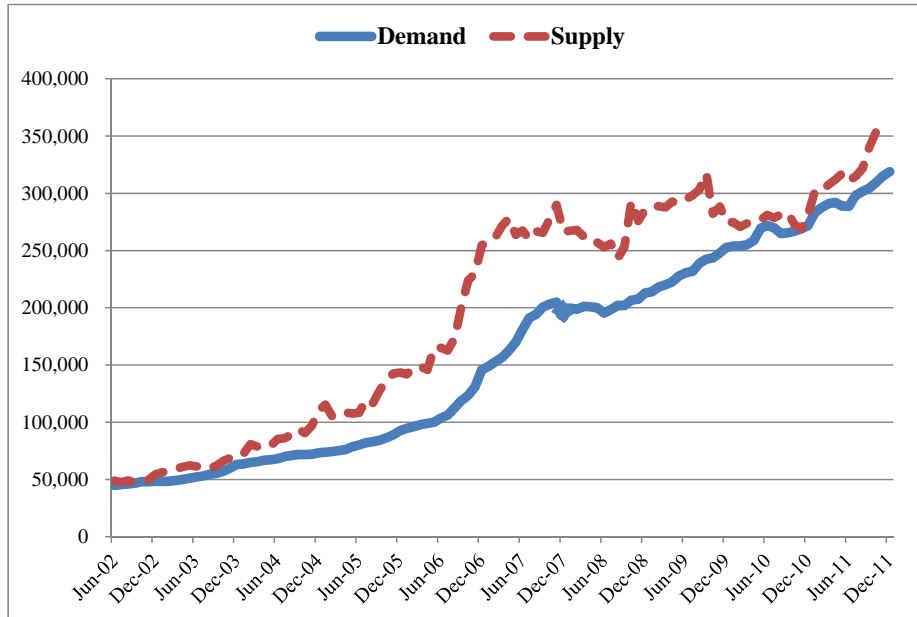
⁽¹⁾ based upon Bureau of the Census estimated resident population. Per capita consumption will be higher if based on legal drinking age population.

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Native Wine Demand vs. Supply

The chart below illustrates the growth of Iowa Native Wine supply (production) and demand (Sales including inventory adjustments) in gallons from June 2002 to December 2011. Iowa Native Wine supply expanded quickly until 2008.



Native Wine demand was 68.3% to 74.6% of supply between 2004 and 2008 to 89.8% in 2011. The reasons for the changes in the Demand vs. Supply percentage are many but mainly because wineries are self-distributing.

Year	Demand/Supply %
2011	89.8
2010	96.8
2009	92.8
2008	74.6
2007	73.9
2006	57.3
2005	65.5
2004	68.3

Summary of All the Data

The following is a summary of monthly Iowa Department of Commerce, Alcoholic Beverages Division, Native Wine Gallonage Report by year. The data is from January, 2004 to December 2011 and represents 6,152 monthly reports from Iowa Native Wineries.

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	Dec-04	% Change 2004 to 2005	Dec-05	% Change 2005-2006	Dec-06	% Change 2006-2007	Dec-07	% Change 2007-2008
1. Gallons of wine on hand at beginning of year.	47,114	72.8%	81,406	60.6%	130,737	83.2%	239,487	29.1%
2. Gallons of wine produced during the year.	98,903	24.2%	122,852	105.2%	252,061	6.8%	269,103	5.2%
3. Received in bond	13,385	125.5%	30,177	-53.6%	13,998	-78.4%	3,024	57.7%
4. Gallons of wine sold retail at wineries.	51,348	16.7%	59,911	42.7%	85,513	23.5%	105,608	-2.2%
5. Tax exempt adjustments:								
(a) SAMPLES (on premise consumers only)	2,105	42.5%	3,000	64.8%	4,943	54.7%	7,645	9.0%
(b) BREAKAGE	198	-50.5%	98	441.8%	531	-28.6%	379	28.2%
(c) SPILLAGE	1,103	183.1%	3,123	47.3%	4,601	102.1%	9,297	-6.9%
(d) SPOILAGE	364	531.0%	2,297	-30.0%	1,608	33.8%	2,152	75.4%
(e) DESTROYED	871	107.3%	1,806	394.4%	8,928	4.5%	9,332	22.6%
(f) SOLD TO IOWA LICENSED DISTRIBUTOR	79	-100.0%	0	0.0%	98	0.0%	5,690	-41.7%
TOTAL GALLONS TAX EXEMPT	4,720	118.7%	10,324	100.6%	20,709	66.6%	34,495	4.4%
6. Transferred out in bond.	4,225	134.6%	9,913	13.2%	11,221	-47.3%	5,908	-63.4%
7. Gallons used by family.	371	82.2%	676	51.6%	1,025	132.1%	2,379	-20.0%
8. Gallons of wine available for wholesale	98,738	55.6%	153,611	81.2%	278,328	30.5%	363,224	24.8%
9. Gallons of wine sold wholesale to retailers	17,332	32.0%	22,874	69.8%	38,841	39.4%	54,160	32.5%
10. Gallons of wine on hand at end of year.	81,406	60.6%	130,737	83.2%	239,487	29.1%	309,064	23.5%
11. Tax Paid ((5f +9) x \$1.75)	\$30,469	31.4%	\$40,030	70.2%	\$68,143	53.7%	\$104,738	25.5%
Total Gallons Sold (9 + 16 + 21)	68,759	20.4%	82,785	50.3%	124,452	32.9%	165,458	7.8%
Estimated Value of Year End Inventory @ \$60/gallon	\$4,884,360	60.6%	\$7,844,220	83.2%	\$14,369,220	29.1%	\$18,543,840	23.5%
Percentage of Wine Sales Self Distributed (9/(4+5f+9))	25%		28%		31%		33%	
Supply Vs. Demand								
Demand (4+5a,b,c,d,e,f+7+9)	73,771		93,785		146,088		196,642	
Supply (2+3-6)	108,063		143,116		254,838		266,219	
Demand as a Percentage of Supply	68.3%		65.5%		57.3%		73.9%	

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	Dec-08	% Change 2008-2009	Dec-09	% Change 2009/2010	Dec-10	% Change 2010-2011	Dec-11
1. Gallons of wine on hand at beginning of year.	309,064	23.5%	381,687	5.1%	401,341	2.2%	410,301
2. Gallons of wine produced during the year.	283,023	-3.5%	273,211	3.7%	283,202	25.4%	355,271
3. Received in bond	4,768	-6.9%	4,440	100.0%	8,880	-92.9%	627
4. Gallons of wine sold retail at wineries.	103,314	5.7%	109,189	-5.8%	102,904	11.0%	114,194
5. Tax exempt adjustments:							
(a) SAMPLES (on premise consumers only)	8,335	23.0%	10,253	-2.4%	10,004	17.4%	11,742
(b) BREAKAGE	486	230.0%	1,604	-21.4%	1,260	46.8%	1,850
(c) SPILLAGE	8,652	14.2%	9,880	15.0%	11,362	-5.5%	10,738
(d) SPOILAGE	3,774	32.0%	4,983	-61.3%	1,927	277.1%	7,267
(e) DESTROYED	11,444	6.9%	12,238	19.8%	14,656	33.7%	19,595
(f) SOLD TO IOWA LICENSED DISTRIBUTOR	3,316	53.0%	5,074	13.7%	5,770	-73.5%	1,530
TOTAL GALLONS TAX EXEMPT	36,007	22.3%	44,032	2.2%	44,979	17.2%	52,722
6. Transferred out in bond.	2,160	29.6%	2,799	285.7%	10,795	-91.6%	902
7. Gallons used by family.	1,903	7.9%	2,054	4.1%	2,139	20.1%	2,570
8. Gallons of wine available for wholesale	453,471	10.5%	501,264	6.3%	532,606	11.9%	595,811
9. Gallons of wine sold wholesale to retailers	71,784	39.2%	99,923	22.4%	122,305	22.3%	149,528
10. Gallons of wine on hand at end of year.	381,687	5.1%	401,341	2.2%	410,301	8.8%	446,283
11. Tax Paid ((5f +9) x \$1.75)	\$131,425	39.8%	\$183,745	22.0%	\$224,131	17.9%	\$264,352
Total Gallons Sold (9 + 16 + 21)	178,414	20.0%	214,186	7.8%	230,979	14.8%	265,252
Estimated Value of Year End Inventory @ \$60/gallon	\$22,901,220	5.1%	\$24,080,460	2.2%	\$24,618,060	8.8%	\$26,776,980
Percentage of Wine Sales Self Distributed (9/(4+5f+9))	40%		47%		53%		56%
Supply Vs. Demand							
Demand (4+5a,b,c,d,e,f+7+9)	213,008		255,198		272,327		319,014
Supply (2+3-6)	285,631		274,852		281,287		354,996
Demand as a Percentage of Supply	74.6%		92.8%		96.8%		89.9%

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