Iowa Native Wine Production and Sales Report 2021

Midwest Grape and Wine Industry Institute

Prepared by Farm, Food and Enterprise Development

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Report Information

This report was prepared by the Farm, Food and Enterprise Development Program of Iowa State University Extension and Outreach.

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Duane Johnson is native to rural Iowa and graduated from Iowa State University with degrees in accounting and economics. He currently provided technical review and financial development for the FFED team. During his career, Duane has worked in various corporate settings including finance and management positions in the Des Moines metro areas. These roles included work in the insurance, finance, mortgage, and employer benefits sectors.

Christa Hartsook is the small farms program manager. She provides technical assistance to small farmers and acreage owners through outreach and education on value-added agriculture topics. Hartsook received both her B.S. and M.S. degrees from Iowa State University.

Team members have reviewed public information and production data for completeness and relevance to the current industry, and must offer judgments based on a thorough review of available data and information.

This report is therefore not predictive in nature. Source references are cited within the report in an informal manner with every effort made to attribute data originating outside the team's resources. Mistakes in citing, if any, are unintentional.

Executive Summary

Iowa's manufacturers of native wine, cider and mead are making positive strides on production and sales following the pandemic in 2020. Iowa has 101 wineries, 4 cideries and 3 meaderies that are licensed for "Commercial Wine Production". All together, they produced 407,491 gallons of product in 2021, an increase of 33 percent over 2020 production. Sales of all product, retail and wholesale, totaled 343,312 gallons, up 24 percent from 2020. Thanks in part to the lifting of COVID restrictions in 2021, more product could be moved into retail channels resulting in an overall ending inventory of 416,939 gallons.

Data for this report comes directly from the individual wine, mead, and cider manufacturers and is entered monthly into a database managed by Iowa's Alcoholic Beverages Division to regulate alcohol sales and levy tax on eligible gallons of product. Every gallon produced and sold is reported for regulatory purposes, but product sold directly from the producer to the end consumer is not subject to the alcohol tax. In 2021, there were 213,287 gallons sold directly to retailers or wholesalers which were subject to the alcohol tax. This brought $373,252 in alcohol tax revenue to the State of Iowa.

The data included in this report was submitted for calendar year 2021 and it is shown for individual wineries, cideries, and meaderies and collectively as an Iowa industry. For comparison, there are references to figures in ABD's FY21 annual report which uses a reporting year from July 2020 – June 2021, so production and tax revenue totals will differ depending on which fiscal period was used. Business names are not disclosed in this report. This data not only fulfills the State of Iowa reporting requirement, but when it is compiled annually, it allows each company to compare its own data with that of other businesses in the same industry. The data provides a benchmark that reflects weather and economic conditions that affect the industry and sometimes a significant change in practice. The information can be beneficial to business owners as well as state policy leaders.

This report is commissioned by the Midwest Grape and Wine Industry Institute at Iowa State University and is shared with grape and wine industry members and the Iowa Wine Growers Association.

Ending Inventory

One measure of the state of the industry is the ending inventory total on December 31, 2021, shown in Table 1. The 2021 data shows that, of the 108 businesses reported, including 101 wineries, 4 cideries, and 3 meaderies, ninety-three reported a total of 416,939 gallons in ending inventory, and 15 businesses reported no ending inventory. Generally, ending inventories were down in all business size categories.

Table 1. Ending inventories for wineries, cideries and meaderies

Ending Inventory by Year									
	2019			2020			2021		
Gallons of Ending Inventory	Number of Wineries, Cideries, and Meaderies	Gallons of Ending Inventory by Size	% of Total Inventory	Number of Wineries, Cideries, and Meaderies	Gallons of Ending Inventory by Size	% of Total Inventory	Number of Wineries, Cideries, and Meaderies	Gallons of Ending Inventory by Size	% of Total Inventory
No Inventory	11	0	0.0%	2	0	0.0%	15	0	0.0%
1 to 5,000	82	128,073	26.7%	81	121,514	26.4%	72	104,058	25.0%
5,000 to 10,000	14	100,481	20.9%	14	97,519	21.2%	12	82,598	19.8%
Over 10,000	10	251,992	52.4%	10	241,384	52.4%	9	230,283	55.2%
Total	117	480,546	100.0%	107	460,417	100.0%	108	416,939	100.0%

Production and Sales

Total production in 2021 of wine, cider and mead was 407,491 gallons and 343,312 gallons were sold. Table 2 below compares 2021 with the two prior years. In 2021, the production total also included purchases (formerly "Transferred In"), which would make the 2021 "production" figures comparatively higher than in previous years. The higher production figures may also be due simply to more production in the year following the initial COVID restrictions. Sales at retail (direct from the processor) increased beyond those in either 2019 or 2020, but retail sales represented about the same percentage of total sales as in previous years. The more noticeable increase of 8.2 percent were the sales to an Iowa Licensed Wholesaler (distributor). Conversely, the percentage "Sold at Wholesale" (directly to a retailer) decreased by 8.4 percent in 2021.

Table 2. Native wine, cider and mead production and sales

Production and Sales for Year Ending (Gallons)						
	2019		2020		2021*	
Production	329,283		307,267		407,491	
Sales at Retail	122,508	40.6%	103,767	37.6%	126,360	36.8%
Sold to an Iowa Licensed Wholesaler	33,535	11.1%	39,569	14.3%	77,094	22.5%
Sold at Wholesale	145,465	48.3%	132,938	48.1%	136,193	39.7%
Out-of-state Wholesale+	**	**	**	**	3,665	1.1%
Total Sales	301,508	100.0%	276,274	100.0%	343,312	100.0%

+: Out-of-state wholesale was not tracked in prior years
*: Due to system changes, 2021 includes production and purchases of product. In 2020 and previous years this figure was production only. For reference, in 2020 purchases were approximately 2% of production.

Tables 2b, 2c, and 2d below break out the production, sales, and ending inventory totals for 2019–2021 for wineries, cideries, and meaderies, respectively.

Table 2b. Winery production, sales and ending inventory

Wineries	# of Producers	Production	Total Sales	Ending Inventory
2019	109	294,794	269,386	470,737
2020	99	261,847	240,271	442,725
2021	101	338,126	280,341	400,817

Table 2c. Cidery production, sales and ending inventory

Cideries	# of Producers	Production	Total Sales	Ending Inventory
2019	5	32,682	30,221	8,811
2020	5	42,346	34,389	16,158
2021	4	67,122	61,041	14,750

Table 2d. Meadery production, sales and ending inventory

Meaderies	# of Producers	Production	Total Sales	Ending Inventory
2019	3	1,807	1,901	998
2020	3	3,074	1,614	1,534
2021	3	2,243	1,930	1,372

Iowa Wine Tax

All wine, cider and mead sold in Iowa as wholesale is taxed at $1.75 per gallon by the Alcoholic Beverages Division. During calendar year 2021, these products generated $373,252 in tax revenue for Iowa, representing a 23.6 percent increase over 2020. The increase is due, in part, to an overall increase in sales volume and a marked increase in sales through distributors, making more gallons of native Iowa wine, cider and mead subject to the $1.75 per gallon tax. Another contributing factor is the COVID pandemic's effect on beverage sales in 2020 versus 2021.

Table 3. Iowa wine tax (paid on wine, cider and mead)

Iowa Tax Paid on Sales Occurring Outside of the Producer's Place of Business			
Calendar Year	2019	2020	2021
Gallons of Wine Sold to Retail Stores Outside of the Winery	145,465	132,938	136,193
Gallons of Wine Sold to Iowa Licensed Wholesalers	33,535	39,569	77,094
Total Gallons of Wine Sold Subject to Iowa Wine Tax	179,000	172,507	213,287
Wine Taxes Paid to the State @ $1.75/gallon	$313,250	$301,887	$373,252

As mentioned early, the 2021 Alcoholic Beverages Division annual report is based on the fiscal year July 2020-June 2021, whereas the Iowa Native Wine Production and Sales Report 2021 is based on the calendar year January-December 2021. Although totals and percentages will differ between the two reports, there is value in comparing trends within the industry in Iowa, including sales of both native and non-native wine.

The 2021 Alcoholic Beverage Division report showed that there were 6,290,353 gallons of non-native wine sold during the fiscal year ended June 30, 2021, representing a 93.9 percent increase from FY20. Sales of native Iowa wines were 167,436 gallons, representing a 58.8 percent increase from FY20. These sales generated $11,008,117 in tax from non-native wines and $293,013 native Iowa wines (including mead and cider). These significant increases in sales and tax revenue were likely due to Governor Reynold's proclamation to assist businesses during the pandemic which allowed businesses to defer reporting sales subject to the alcohol tax for the period February-June 2020. These taxes were then collected in the latter half of 2020 and are reflected in ABD's FY21 Annual Report.

Given the shift in reporting that contributed to unusually high increases in sales of both native and non-native wine during FY2021, we did not calculate the percentage of wine sales represented by native Iowa wine, mead, and cider.

U.S. Wine Production and Consumption

IBIS World, a market research company that provides industry projections annually over 5-year periods, completed their most recent report in July 2021. This latest report projects that the U.S. wine industry is expected to reach market revenue of $22.7 billion over the five-year period to 2026, rising at an annualized rate of 2.4 percent. Compared with IBIS World's 2020 report, this represents a decrease from $30 billion (projected target for 2025) and a lower growth rate, but a number of factors influenced this decreased growth projection. Wine sales through restaurants, bars, and events centers continued to be depressed during 2020 and early 2021 due to the persistence of the COVID pandemic. Additionally, wine makers have faced stiff competition from distilleries and breweries, where generally a sharp rise in demand for these alternative lines results in a corresponding decline in wine demand.
https://my.ibisworld.com/us/en/industry/31213/industry-at-a-glance#executive-summary

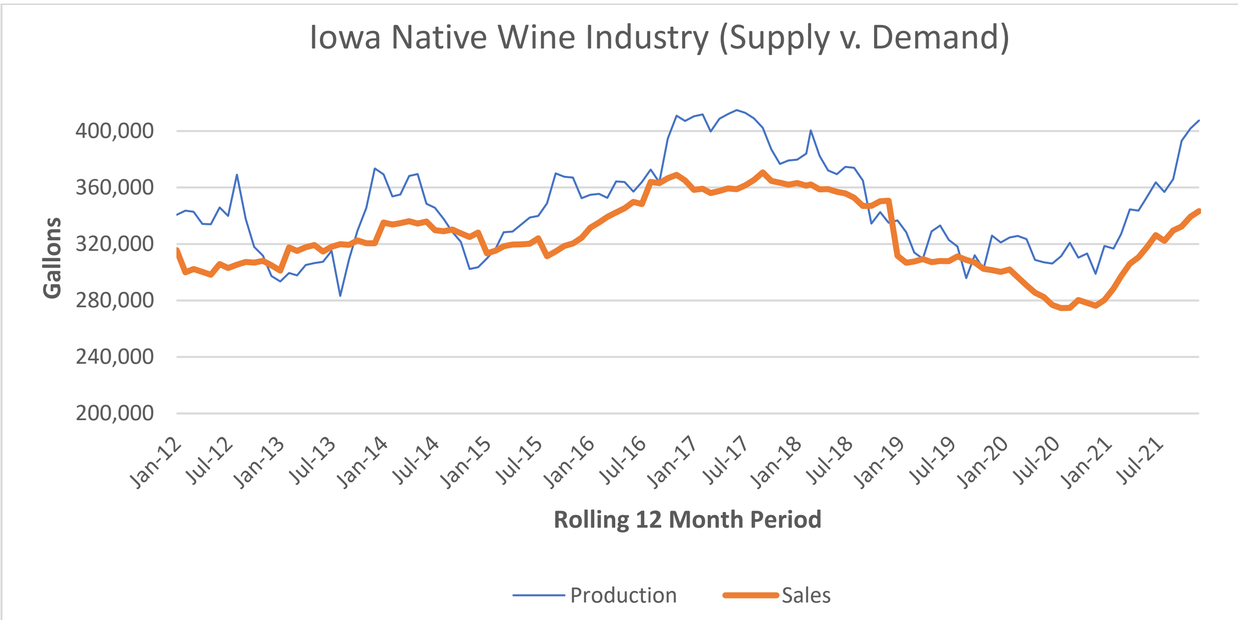
Wine Analytics reported that U.S. winery production in 2021 was 330,600,000 cases, up from 320,200,000 in 2020. In gallons, the total 2021 wine production was 786,166,800 gallons, calculated using a conversion factor of 2.378. Eleven states produce the bulk of U.S. wines. Iowa is included in a group of 39 states that together produced 3 percent of U.S. wine in 2021. https://winesvinesanalytics.com/statistics/winery/

The Wine Institute updated their estimate of per capita U.S. wine consumption in 2020 as "total wine per resident" at 3.09 gallons, and it is based on the U.S. resident population including all ages and consumption of all types of wine.
https://wineinstitute.org/our-industry/statistics/us-wine-consumption/

Iowa Native Wine Industry Supply and Demand

The dynamics of the pandemic restrictions are reflected in the supply and demand chart below in Figure 1. Bouncing back after COVID restrictions and weather events, production surged in wine and cider and sales have risen steadily to pre-COVID levels. Yet, seventeen wineries, one cidery and one meadery reported no production in 2021 although some made sales from inventory.

Figure 1. Supply and demand of Iowa native wines



Winery Size Rankings by Sales, Production, Ending Inventory, Ending Inventory by Months and All Other Uses

Table 4 lists the businesses in the Native Iowa Wine database by 2021 sales (retail and wholesale) in rank order greatest to least. The database includes wineries, meaderies, and cideries. Color codes denote sales categories of:

5,000+ gallons
1,000+ gallons
100+ gallons
Less than 100 gallons

The individual businesses are ranked within each category. A "T" before a rank (i.e. T85) indicates two or more wineries were tied at a ranking level for that category. Winery owners can identify their winery by knowing their reported ending inventory for December 2021.

The category entitled "Ending Inventory in Months" tells producers how much inventory they keep on hand relative to their sales. If this number is low, they may run short of inventory at some future date. If it is high, they may have issues with spoilage. The category entitled "All Other Uses as a Percentage of Sales" looks at all usage of product that does not create revenue. This includes useful activities such as offering samples and family use, but also includes spillage, spoilage, and so on. Producers can look at this figure and see the percentage of product that is being used in a manner that does not directly create revenue.

Table 4. Rankings by sales, production, ending inventory, and sample percentage

Sales		Production		Ending Inventory		Ending Inventory in Months*		All Other Uses as a Percentage of Sales #	
Gallons	Rank	Gallons	Rank	Gallons	Rank	Months	Rank	Percentage	Rank
48,501	1	43,744	1	410	73	0.1	92	0.6%	74
27,426	2	34,883	3	27,100	3	11.9	57	3.7%	66
25,869	3	38,280	2	90,400	1	41.9	25	11.0%	44
17,205	4	18,511	5	8,277	12	5.8	73	6.9%	53
17,021	5	17,030	8	4,757	22	3.4	82	0.4%	75
15,452	6	17,279	7	5,218	19	4.1	79	5.1%	59
14,779	7	17,667	6	5,500	17	4.5	77	5.7%	57
12,717	8	10,807	11	7,973	14	7.5	65	5.9%	56
12,500	9	23,261	4	14,286	6	13.7	54	0.0%	T82
8,873	10	8,090	14	2,058	46	2.8	87	0.1%	80
8,785	11	14,525	9	15,087	5	20.6	45	4.1%	64
8,023	12	5,781	22	12,548	7	18.8	49	13.7%	34
7,612	13	11,233	10	9,931	10	15.7	51	2.4%	69
6,973	14	7,313	17	2,190	42	3.8	80	11.6%	39
6,665	15	9,585	12	2,921	30	5.3	75	11.1%	43
6,440	16	7,579	15	1,528	52	2.8	86	4.4%	63
6,105	17	6,250	21	294	77	0.6	91	3.2%	68
5,774	18	7,369	16	3,114	29	6.5	70	1.6%	71
5,668	19	6,619	19	5,017	21	10.6	58	18.7%	27
5,079	20	8,245	13	11,706	8	27.7	32	11.5%	40
4,956	21	6,262	20	4,039	23	9.8	62	0.3%	78
4,659	22	6,830	18	10,023	9	25.8	39	0.4%	77
4,197	23	5,044	25	9,615	11	27.5	33	19.5%	26
4,038	24	3,061	32	1,960	47	5.8	72	0.1%	81
3,410	25	4,203	26	893	60	3.1	84	11.3%	42
3,029	26	5,759	23	5,128	20	20.3	46	1.2%	73
2,878	27	3,296	29	2,488	38	10.4	59	1.5%	72
2,718	28	3,067	31	8,001	13	35.3	28	38.2%	20
2,685	29	3,998	27	6,095	16	27.2	34	20.1%	25
2,659	30	3,636	28	5,224	18	23.6	41	7.7%	50
2,316	31	5,392	24	31,003	2	160.7	8	10.8%	45
2,223	32	2,669	34	2,778	36	15.0	53	5.2%	58
1,949	33	2,235	35	6,619	15	40.7	26	22.5%	22
1,843	34	527	60	2,070	45	13.5	55	4.1%	65

Sales		Production		Ending Inventory		Ending Inventory in Months*		All Other Uses as a Percentage of Sales #	
Gallons	Rank	Gallons	Rank	Gallons	Rank	Months	Rank	Percentage	Rank
1,559	35	200	T71	1,050	59	8.1	\64	4.9%	62
1,528	36	1,860	36	3,164	28	24.8	40	9.1%	46
1,418	37	1,280	43	3,713	25	31.4	30	87.4%	11
1,402	38	920	50	2,552	37	21.8	43	0.4%	76
1,283	39	1,099	44	574	70	5.4	74	0.0%	T82
1,273	40	962	48	719	65	6.8	68	8.4%	47
1,228	41	1,331	42	683	67	6.7	69	0.2%	79
1,102	42	1,500	39	2,470	40	26.9	35	0.0%	T82
1,088	43	301	69	2,842	33	31.3	31	5.0%	61
1,084	44	1,550	38	107	85	1.2	90	231.3%	6
985	45	1,089	46	418	72	5.1	76	15.1%	32
893	46	1,406	40	682	68	9.2	63	12.3%	38
874	47	6	84	3,408	27	46.8	23	80.6%	12
852	48	0	T85	1,080	56	15.2	52	20.3%	24
826	49	891	53	2,474	39	35.9	27	11.4%	41
787	50	694	57	485	71	7.4	66	3.5%	67
769	51	1,090	45	1,703	50	26.6	36	13.5%	35
761	52	1,333	41	2,860	32	45.1	24	46.6%	17
672	53	2,854	33	1,273	55	22.7	42	135.3%	8
671	54	912	51	689	66	12.3	56	22.1%	23
651	55	1,021	47	2,907	31	53.6	20	13.8%	33
645	56	0	T85	0	T94	0.0	T93	0.0%	T82
634	57	0	T85	3,681	26	69.7	16	40.5%	19
622	58	475	61	166	80	3.2	83	5.9%	55
613	59	444	63	352	74	6.9	67	2.3%	70
564	60	3,150	30	18,130	4	386.0	3	246.8%	5
560	61	200	T71	2,209	41	47.3	22	13.0%	37
540	62	873	54	0	T94	0.0	T93	7.3%	51
496	63	647	58	810	63	19.6	47	0.0%	T82
488	64	1,613	37	1,062	58	26.1	37	13.1%	36
473	65	861	55	1,350	54	34.2	29	16.1%	31
470	66	428	65	59	90	1.5	89	0.0%	T82
382	67	545	59	829	62	26.0	38	41.3%	18
336	68	177	73	283	79	10.1	61	7.0%	52
317	69	0	T85	2,811	35	106.6	10	303.7%	3
307	70	462	62	1,458	53	57.0	19	52.4%	16
287	71	299	70	84	87	3.5	81	18.6%	28
246	72	904	52	2,101	44	102.5	13	281.3%	4
215	73	950	49	1,868	48	104.5	12	0.0%	T82

Sales		Production		Ending Inventory		Ending Inventory in Months*		All Other Uses as a Percentage of Sales #	
Gallons	Rank	Gallons	Rank	Gallons	Rank	Months	Rank	Percentage	Rank
209	74	86	78	73	89	4.2	78	0.0%	T82
189	75	433	64	1,659	51	105.2	11	0.0%	T82
176	76	806	56	286	78	19.5	48	53.6%	15
162	77	371	67	880	61	65.3	17	136.7%	7
157	T78	30	81	663	69	50.7	21	8.3%	48
157	T78	326	68	81	88	6.2	71	17.2%	29
144	80	80	79	37	92	3.1	85	16.8%	30
130	81	135	75	18	93	1.7	88	0.0%	T82
129	82	13	82	2,815	34	262.4	4	0.0%	T82
118	T83	0	T85	0	T94	0.0	T93	6.8%	54
118	T83	113	77	100	86	10.2	60	0.0%	T82
115	85	417	66	750	64	78.3	14	97.4%	10
107	86	0	T85	1,771	49	199.2	5	8.2%	49
101	87	0	T85	0	T94	0.0	T93	0.0%	T82
75	88	56	80	129	82	20.7	44	107.7%	9
63	89	0	T85	3,969	24	758.3	2	38.1%	21
41	90	117	76	54	91	15.7	50	56.1%	14
30	91	0	T85	0	T94	0.0	T93	0.0%	T82
25	T92	0	T85	149	81	71.9	15	0.0%	T82
25	T92	0	T85	335	75	162.6	7	5.1%	60
22	94	141	74	117	84	63.4	18	0.0%	T82
20	T95	0	T85	0	T94	0.0	T93	401.0%	2
20	T95	0	T85	327	76	196.2	6	0.0%	T83
15	T97	0	T85	0	T94	0.0	T93	0.0%	T82
15	T97	0	T85	1,065	57	852.0	1	853.3%	1
13	99	0	T85	124	83	116.0	9	56.3%	13
11	100	0	T85	0	T94	0.0	T93	0.0%	T82
0	T101	0	T85	2,182	43	n/a	T93	n/a	T82
0	T101	10	83	0	T94	n/a	T93	n/a	T82
0	T101	0	T85	0	T94	n/a	T93	n/a	T82
0	T101	0	T85	0	T94	n/a	T93	n/a	T82
0	T101	0	T85	0	T94	n/a	T93	n/a	T82
0	T101	0	T85	0	T94	n/a	T93	n/a	T82
0	T101	0	T85	0	T94	n/a	T93	n/a	T82
0	T101	0	T85	0	T94	n/a	T93	n/a	T82
343,312	Total	407,491	Total	416,939	Total				
3,179	Average	3,773	Average	3,861	Average	14.6	Average	8.5%	Average

*: Based on Ending Inventory divided by average monthly sales

#: Total number of other tax exempt gallons (Breakage, Spoilage, Destruction, Family Use, Donations, Free Tastings)

Table 5. Averages for groups by sales, production, ending inventory, ending inventory in months

	Sales – Gallons	Production in Gallons	Ending Inventory in Gallons	Ending Inventory Months
Group 4	13,373	15,703	11,516	10.3
Group 3	2,355	2,791	4,742	24.4
Group 2	441	608	1,497	40.8
Group 1	18	15	402	270.7