

**Invite Native Iowa Wineries to your Festivals**  
**Iowa Tourism Conference**  
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Your town is celebrating its 150<sup>th</sup> anniversary and you are in charge of organizing a community event that you hope will draw hundreds of attendees at a minimum and maybe 4,000 – 5,000 guests if all works out right.

You make a list of all of the things that would draw people to your event and one idea that seems especially attractive is to invite several wineries to participate in a “wine village.” You realize that people are generally interested in wine and wineries that are pouring tastes will attract a segment of attendees that might not attend otherwise.

The big question is how do you structure your event so that winery participation makes sense to the wineries while still supporting your event?

In preparing this presentation, we polled Iowa’s wineries and a few wineries responded with clear feedback on what works for them when they decide whether to attend an event.

The place to start this discussion is with the fact that wineries receive many more invitations to participate in events than they can possibly accept. They are going to look carefully at whether and how **THEY** will benefit from participating.

Wineries are going to incur some costs in participating in your event. They will generally supply wine for tasting and unless the attendees to the event are paying for their tastes, the wineries will be giving this wine away gratis. They may drive some distance to the event, pay personnel to set up, operate, and dismantle their display. Wineries can afford to make the required investment only if the event is going to translate to sales revenue either immediately at the event or sometime in the future. Since the benefits of “exposure” and “sometime in the future” are hard to measure, usually long in materializing, and even harder to take to the bank, most wineries no longer find events very attractive unless the event is structured to encourage the sale of wine.

Native Iowa wineries are small enterprises and they don’t have resources in the form of people and money. Most Iowa wineries are literally mom and pop ventures with no regular employees. They must close their winery when they do an event. The two largest wineries in Iowa have less than ten full time employees each so even the larger wineries are stretched pretty thin.

Consider these facts as you set fees that you will charge wineries for participation. Although more events are no longer charging wineries a fee for participating (mainly because they didn't get much participation when they charged a fee), some will argue that their event provides the winery with great exposure and that \$200-300 is appropriate considering the opportunity. Again, it is tough to take exposure to the bank!

At this point, I must digress and share with you a recent change in the Iowa Alcoholic Beverage Division (a.k.a. ABD) rule pertaining to additional selling locations for holders of Native Iowa Winery and Class C licenses. About three weeks ago, the ABD announced that they were no longer issuing more than one type of license for an event. What this means is that now the ABD will either:

- Issue a location-specific Class C license for a contractor who will handle sales of tastes AND the sale of unopened bottles of wine. Usually, this contractor will reimburse the participating wineries for all wine sold at a fixed price approximating the wholesale price. Since the wholesale price is usually about 70% of the retail price, the participating wineries will receive payment for tastes but all reimbursement is at wholesale prices. In this case, the Winery is expected to pour tastes and talk to visitors about their wine.

**OR....**

- Issue a location-specific additional location license for each participating Native Iowa winery that allows them to sell wine at that location on that day or days. Native Iowa wineries are allowed to provide tastes of wine at no charge to the customer but they are not allowed to charge for the tastes. In this case, the Winery sells at full retail and keeps all proceeds from sales but provides tastes for free.

Because this change in regulation is so new, wineries that have learned about it are still sorting out the implications. The issue comes down to whether the winery is confident that they will sell a significant amount of wine. If they do, then providing free tastes works OK. If they don't sell much and end up giving a significant amount of wine away for tasting, they just provided wine to your attendees with no sales revenue to cover their costs...and keep in mind, their costs are far greater than just the wine given away as tastes.

I suggest that regardless of how the event is organized, if wineries don't sell much wine, they will not regard their participation in the event as successful and neither they nor the wholesaler (Class C license holder) will be interested in coming back the next year.

So, what should you as an event organizer do to attract wineries to your event and to encourage the sale of wine?

- Start by being very clear about why you want wineries to participate in the first place. A win-win reason is that a wine village will help attract the kind of

attendee you want at your event. If you are simply looking for free alcohol for your guests, go back to the drawing board.

- Consider setting up a wine village with controlled access at one point.
- Plan to check ID's and issue wrist bands to qualified tasters.
- If you are going to use a properly insured and licensed contractor with a Class C license to sell wine and wine tastes, the contractor will probably charge a tasting fee to the attendee (\$1.00 per taste is common) and then reimburse wineries for wine that has been poured at a wholesale price that is agreed upon in advance. Consider providing attendees with a monogrammed glass for tasting and as a memento of their visit. The way I work the numbers, there is no longer an option for the event to use the tasting as a fund raiser because the contractor is going to need the revenue to pay for insurance.
- Note the numbers implicit in this suggestion. There are about 25 one ounce pours in a 750 ml bottle. Charging \$1.00 per pour translates to \$25.00 of revenue per bottle. If the winery is paid \$10.00 per bottle, that leaves \$15.00 per bottle to pay for glasses and the contractors' fees. The contractor can reduce what he or she pays the winery but doing so will insure that the wineries bring only their least expensive wines and not their better, higher priced wine.
- Allow wineries to sell by the bottle at the event. Failure to do so is a deal breaker for the wineries.
- Consider offering food that complements the wine and provide some guidance to wineries about the foods being offered.
- Consider limiting the number of wineries to eight. Too many wineries means no winery has a chance of recovering their costs, let alone make any money.
- Don't charge wineries for the opportunity to participate in your festival.
- Allow winery personnel to park adjacent to their pouring station so that they can use their vehicle as their "wine warehouse." This helps to minimize personnel costs.
- Allow wineries to sell their monogrammed merchandise such as shirts, hats, wine accessories, and calendars.
- Provide ice, table, table cover, and a tent that can be shared by all eight wineries.
- Provide access to an electrical outlet for each winery.
- Don't schedule events for late August and September because wineries are harvesting and processing grapes. Small wineries especially, don't have sufficient personnel to do events during this time.
- Note that wineries that are likely to participate are those that are trying to sell in your area. A small winery is not likely to be able to justify traveling more than 75 miles to participate.
- Avoid extended hours for the wine portion of your event. More than eight hours requires wineries to bring two teams of people, thereby substantially increasing their costs of participation.
- While we are talking about time, don't plan on opening your wine tent before noon at the earliest and preferably not before about 3:00 p.m. People just aren't in the mood for alcohol early in the day.

- Give some careful thought up front as to who you want to attract. If wine plays an important role, be sure to have vendors offering food that is compatible with wine. Entertainment has to fit the theme also. So, if you planning on bar-b-que ribs with a country and western theme musical performance, you probably are NOT going to attract wine consumers. The same conclusion applies to a festival parade or a family event. Musical themes that might work better include jazz and light classical with pork or beef roasts.
- Plan on promoting your event so you attract a significant number of attendees. Be sure to mention the wineries that are coming and maybe the wines they will be pouring in your promotion. Make sure that the information you use in your promotion is accurate.
- Finally, make sure that your event is set up to encourage sale of wine. You can do this by promoting the fact that attendees will be able to taste wine from Iowa's native wineries AND purchase wine directly from the winery at your event. Make it easy for people to purchase and then return to pick up their purchases or consider some sort of delivery vehicle like a golf cart to deliver whole case sales to attendee's cars.

Now, without naming names, I am going to describe a few events we've participated in and describe what made them successful or unsuccessful from our perspective.

- A symphony association had a fund raiser where they charged admission and invited Native Iowa wineries and several wine distributors to pour tastes. The wine distributors are not allowed to sell wine but the Native Iowa wineries were allowed to do so. We poured about 20 bottles of wine as tastes and sold two bottles. We won't be going back.
- A three day event held in a metro convention center catered to seasonal gift buyers and shoppers. There was a \$300 participation fee for wineries (this was 50% of the fee charged other exhibitors). We poured 72 bottles of tastes over three days and sold 305 bottles (25 cases). The tasting ratio at close to 25% is not attractive (wineries normally expect to give away 14% of their production for promotional reasons and tasting). We'd consider doing this event again in spite of the revenue-tasting ratio but would give some thought to what we could do to increase sales.
- A well-promoted first time one-day event at an outstanding location had the best food line-up of any event we've participated in. It attracted a wine savvy crowd that was impressive in numbers. But, we sold about 14 bottles of wine compared to about 38 that we poured as tastes. The event organizers failed to promote the opportunity to purchase wine and then make it easy for wine purchasers to get the wine to their cars. We will do the event again but we will be very vocal about the need to emphasize the opportunity to purchase wine.
- A small event in a small town paid \$250 to each participating winery to come to the event and pour wine. The wineries were allowed to sell wine but the opportunity to purchase wine directly from native Iowa wineries was not publicized in advance and very little wine was evidently sold. One winery actually tasted a total of 24 bottles of wine in this 5 hour event and only sold one or two bottles.

- A well-known and established wine event hosted about 16 wineries who provided tastes of their wine and also sold wine under the old ABD rules. This meant that there was a contractor selling tickets to taste wine and the wineries were reimbursed for tastes at wholesale. The wineries sold their wine directly. The event had numerous food vendors whose food offerings complimented wine pretty well. And, they had several well-known bands that attracted people to a very nice venue. Our sales were disappointing but we did taste a lot of wine. We concluded that there were too many wineries for the number of people. The bands probably did not attract the right kind of people. Since the organizers want to increase the winery participation to 20, we'll be watching this event carefully.