



IDAHO WINE
COMMISSION

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Economic Impact Study

Board Presentation
July 15, 2021

cai community
attributes inc

Agenda

- Industry Cluster Map
- Statewide Economic Impacts
 - Wine Production and Employment
 - Economic Impacts
 - Wine Tourism
- County Economic Impacts
- Growth Opportunities and Challenges
- Q&A

GROW

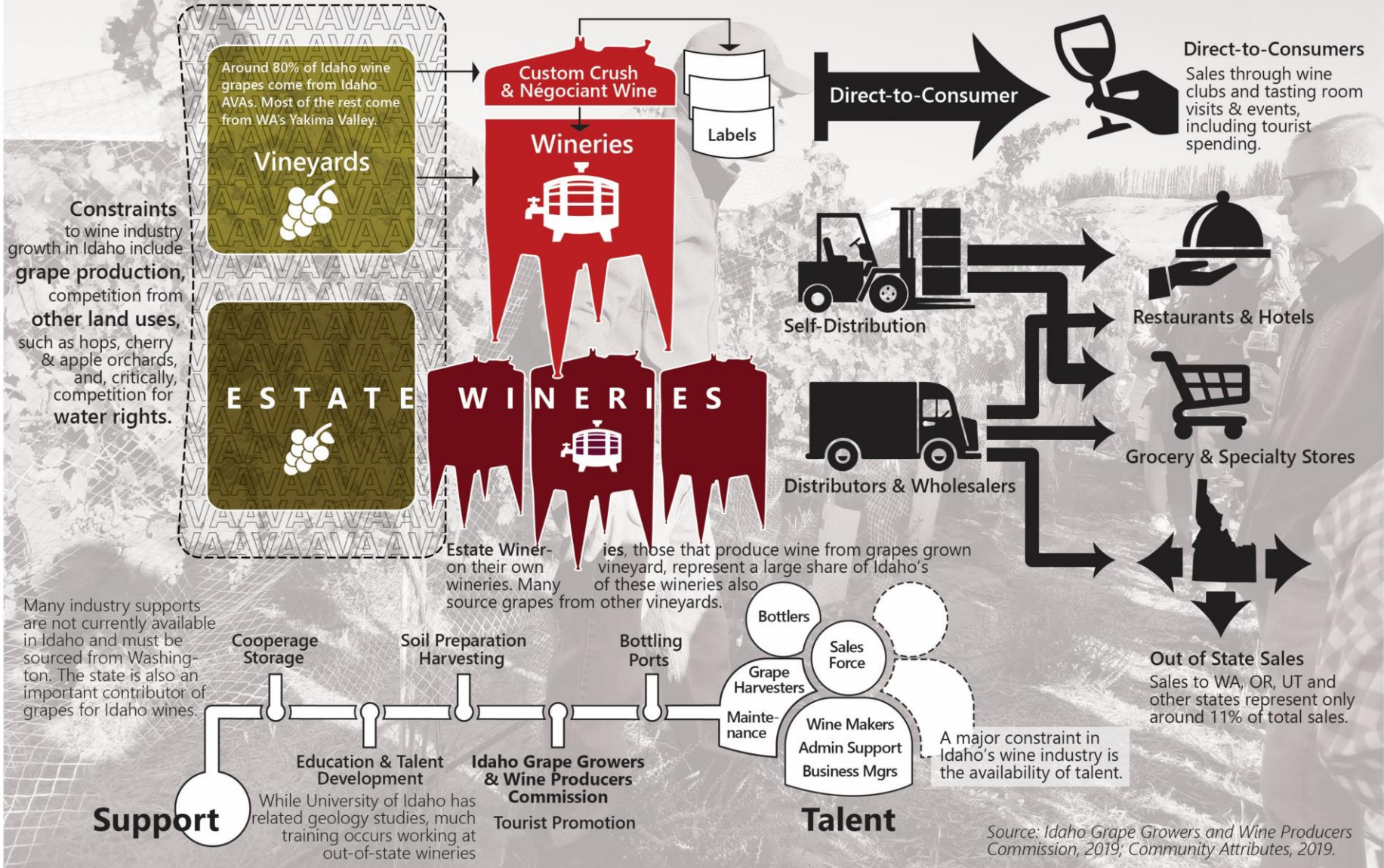
PRODUCE

DISTRIBUTE

SELL

American Viticultural Areas (AVAs) are legally-designated wine grape growing regions. AVA designation is an important marketing tool for wineries. To claim AVA origin, a wine must be made from at least 85% grapes from the AVA. Idaho AVAs include the **Snake River & Lewis-Clark Valley** AVAs.

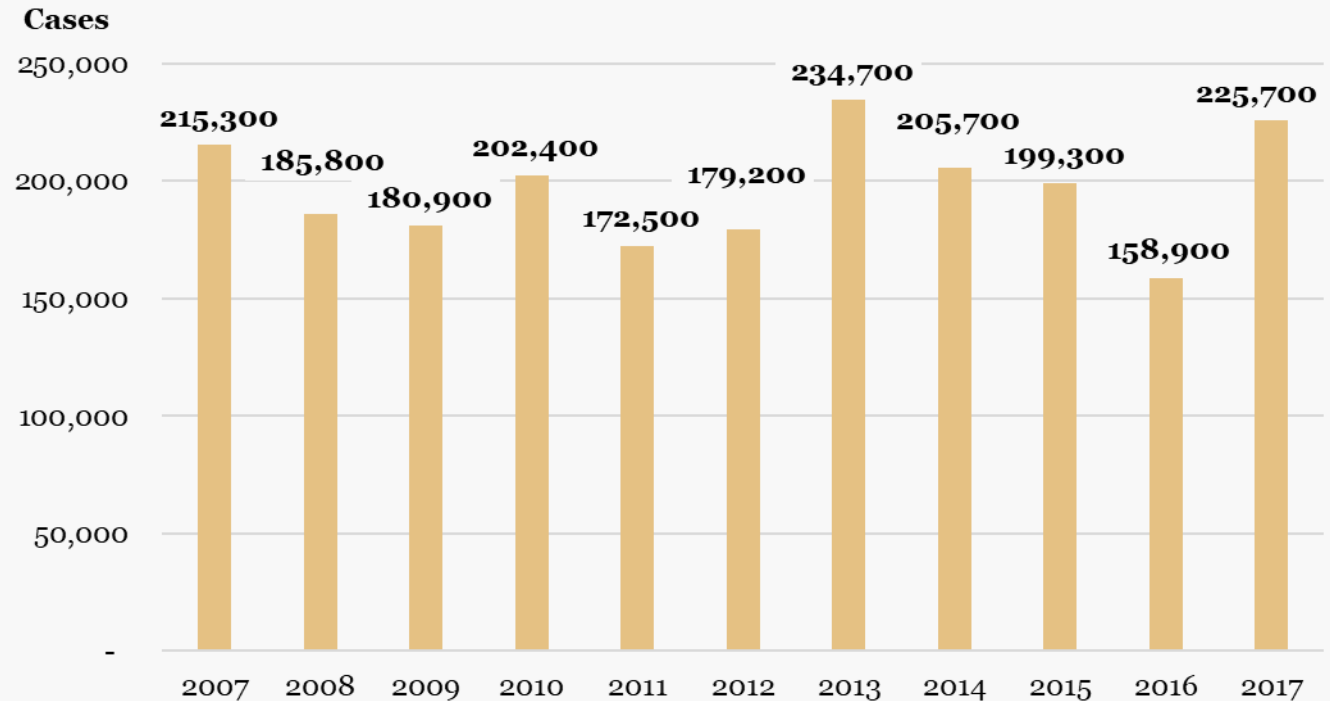
Most wineries produce wine under their own labels. Other winemakers produce a **custom crush** for a client, sold and labeled per the client's specification.



Vineyards & Wineries

- Through 2017, wine production in Idaho peaked in 2013, with 234,700 cases being produced.
- Going back to 1997, despite seasonal and multi-year fluctuations, state-wide production rose by about 35,000 cases a year through 2017.

Wine Production, Cases, 2007-2017

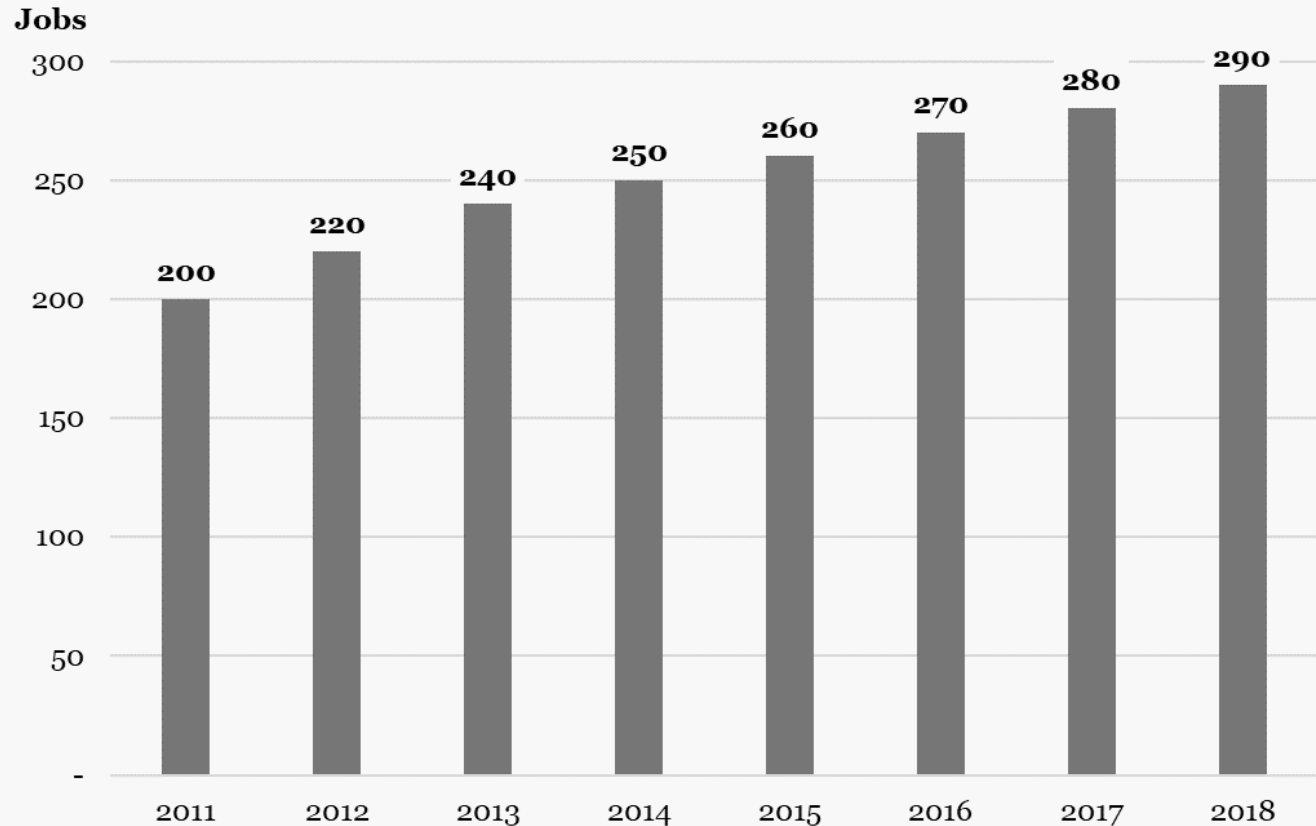


Sources: U.S. Alcohol and Tobacco Tax and Trade Bureau, 2019; Community Attributes Inc., 2019.

Employment & Income

- Winery and estate winery employment gradually increased from 200 jobs in 2011, to 290 jobs in 2018.
- The calculated average annual growth rate from 2011 to 2018 was nearly 6%.
- These jobs include owners of wineries, winemakers, other production staff, retail positions, and administration.

Winery and Estate Winery Employment, 2011-2018



Sources: U.S. Bureau of Labor Statistics; Idaho Grape Growers & Wine Producers Commission, 2019; Community Attributes Inc., 2019

Note: These estimates represent annual employment, there is a large degree of seasonality in wine industry employment, with some wineries hiring large amounts of workers during harvest period.

Economic Impacts

Highlights

Wine Production and Sales supported a total of:

- 720 jobs
- \$20.7 million in labor income
- \$74.1 million in business revenues (output)

Economic Impacts of Wine Production and Sales, 2017\$

Impact Type	Employment	Labor Income (mils \$)	Output (mils \$)
Direct Effect	520	\$11.7	\$46.0
Indirect Effect	100	\$5.0	\$15.6
Induced Effect	100	\$3.9	\$12.5
Total Effect	720	\$20.7	\$74.1

Sources: IMPLAN, 2019; Community Attributes Inc., 2019

- Direct effects include jobs, income, and business revenues directly supported by winery operations.
- Indirect effects are jobs, income, and business revenues supported through upstream business-to-business transactions
- Induced effects are jobs, income, and business revenues supported through worker's income-derived household consumption on various goods and services.

Wine Tourism

Highlights

- In 2017, an estimated 744,000 non-Idaho residents visited wineries in the state.
- This includes wine-specific vacations as well as winery visits as a part of a larger itinerary.
- 744,000 visitors supported a total of:
 - 1,600 jobs
 - \$42.7 million in labor income
 - \$135.5 million in business revenues

Winery tourism in Idaho is becoming increasingly important to the state's wine industry and helps create regional economic growth.

Wine tourism spending captures hotel expenses, spending at restaurants, and local travel expenses (ride shares, taxis, and gas) in addition to spending at wineries.

Economic Impacts of Wine Tourism, 2017\$

Impact Type	Employment	Labor Income (mils \$)	Output (mils \$)
Direct Effect	1,100	\$25.3	\$78.8
Indirect Effect	300	\$9.3	\$31.0
Induced Effect	200	\$8.0	\$25.7
Total Effect	1,600	\$42.7	\$135.5

Sources: IMPLAN, 2019; Community Attributes Inc., 2019

Economic Impacts Summary

Highlights

In 2017, wine production, sales, and tourism in Idaho supported more than:

- 2,300 jobs
- \$63 million in labor income
- \$209 in business revenues

Wine tourism impacts outweighed production and sales impacts, representing roughly two thirds of total statewide impacts.

Summary of Economic Impacts, 2017\$

	Business Revenues (mils \$)	Jobs	Labor Income (mils \$)
A. Wine Production and Sales Channels			
Direct Impacts			
Wineries	\$31.4	280	\$6.8
Multi-tier Mark-ups	\$14.6	240	\$4.9
Total Direct	\$46.0	520	\$11.7
Indirect Impacts	\$15.6	100	\$5.0
Induced Impacts	\$12.5	100	\$3.9
Total Economic Impacts	\$74.1	720	\$20.7
B. Allied Wine Tourism			
Direct	\$78.8	1,100	\$25.3
Indirect Impacts	\$31.0	300	\$9.3
Induced Impacts	\$25.7	200	\$8.0
Total Economic Impacts	\$135.5	1,600	\$42.7
C. Total Impacts, Wine Production and Sales Channels and Allied Tourism (A+ B + C)			
Total Economic Impacts	\$209.6	2,320	\$63.3

Sources: IMPLAN, 2019; Community Attributes Inc., 2019

County Impacts

Highlights

- In total, Canyon, Ada, Nez Perce, Latah, and Kootenai counties contained 52 wineries in 2017.
- These wineries produced an estimated 219,000 cases of wine that year, amounting to roughly 97% of statewide production.
- Canyon county, which contains Idaho's largest winery in Ste. Chapelle, produced an estimated 160,000 cases in 2017.

Total Economic Impacts of Wine Production and Sales, Selected Counties

County	Business Revenues (mils \$2017)	Jobs	Labor Income (mils \$2017)
Canyon	\$34.1	300	\$8.7
Ada	\$17.5	150	\$4.2
Nez Perce	\$2.8	30	\$0.7
Latah	\$2.8	30	\$0.7
Kootenai	\$2.8	30	\$0.7
5-County Total	\$60.0	540	\$15.1
Statewide Total	\$74.1	720	\$20.7
<i>5-County % of Total</i>	<i>81%</i>	<i>75%</i>	<i>73%</i>

Sources: IMPLAN, 2021; Idaho Wine Commission, 2019; American Winery Guide, 2020; Individual Winery Websites, 2020; Community Attributes, 2019-2021.

- The above impacts represent the total jobs, labor income, and business revenues supported within each county by the county's wine industry.
- In total, 540 jobs, \$20.7 million in labor income, and \$60 million in business revenues were supported across the five selected counties.

County Impacts

Highlights

- Wine tourism across these three regions directly supported more than \$64.8 million in visitor spending.
- These impacts of these three regions account for nearly 60% of statewide wine tourism impacts in 2017.

Total Economic Impacts of Wine Tourism, Selected Regions

Region	Business Revenues (mils 2017\$)	Jobs	Labor Income (mils 2017\$)
Northern	\$16.9	200	\$5.3
North Central	\$9.1	110	\$2.9
Southwestern	\$53.3	635	\$16.8
3-Region Total	\$79.3	945	\$25.0
Statewide Total	\$135.5	1,600	\$42.7
<i>3-Region % of Total</i>	<i>59%</i>	<i>59%</i>	<i>59%</i>

Sources: IMPLAN, 2021; Idaho Wine Commission, 2019; Longwoods International, 2019; Dean Runyan Associates, 2019; Community Attributes, 2019-2021.

- The above impacts represent the total jobs, labor income, and business revenues supported within each region by wine tourism.
- In total, 945 jobs, \$25 million in labor income, and \$79 million in business revenues were supported across the three selected regions.
- Due to data limitations, visitor spending is estimated by region rather than county. The three selected regions encompass the five selected counties plus Bonner, Elmore and Owyhee counties.

Challenges for Industry Growth

Highlights

Challenges to industry growth include:

- Current reputation and brand awareness
- Grape supply and vineyard land
- Wine-specific infrastructure

Challenges identified that the industry must overcome to realize growth potential.

- Idaho has traditionally been associated with inexpensive wine. This has provided a hinderance for developing a reputation for high quality wines to compete with wine industries in surrounding states.
- Through surveys, Idaho's winemakers have cited limited land for grape production as a challenge for industry growth. In many cases this caused winemakers to source grapes from outside of the state.
- Through interviews, Idaho winemakers cited a lack of sufficient bottling and storage capabilities, in addition to a lack of local banks that specialize in wine financing.

Opportunities for Industry Growth

Highlights

Growth opportunities mainly rely on:

- Population growth
- Branding potential
- Increased market share

Opportunities for growth are being presented to Idaho's wine industry.

- State population growth poses an opportunity for increased sales as more migrants from California arrive in Idaho, many of which arrive as seasoned wine drinkers.
- Idaho's individual AVAs provide a strong potential for branding, and some share name recognition with Oregon and Washington Landmarks, presenting opportunities for increased brand awareness and tourism.
- Idaho wineries still represent a relatively small amount of wine sold in Idaho by volume, leaving room for capturing more of the state's market share as Idaho wine gains reputation and popularity within the state.



Questions?