

THE ECONOMIC IMPACT OF WINE AND WINE GRAPES ON THE STATE OF TEXAS – 2009

An MKF Research LLC Report
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This study was commissioned by the

Texas Wine and Grape Growers Association

in conjunction with the

Texas Wine Marketing Research Institute



A division of

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FULL ECONOMIC IMPACT OF WINE AND WINE GRAPES ON THE TEXAS ECONOMY

\$1.7 Billion

TEXAS WINE, WINE GRAPES AND VINEYARDS	2009 ECONOMIC IMPACT	2007 ECONOMIC IMPACT
Full-time Equivalent Jobs	10,756	8,971
Wages Paid	\$379 million	\$298 million
Winery Revenue	\$68 million	\$55 million
Wine Produced (Cases)	1.2 million	1 million
Retail Value of Texas Wine Sold	\$117.5 million	\$98.5 million
Vineyard Revenue	\$3.6 million	\$4.8 million
Number of Wineries	188	162
Number of Grape Growers	315	280
Grape-Bearing Acres	3,300	2,900
Wine-Related Tourism Expenditures	\$379.5 million	\$296.6 million
Number of Wine-Related Tourists	1,363,000	958,000
Taxes Paid: Federal / State and Local	\$96.0 million / \$78.5 million	\$78.9 million / \$63.3 million

ECONOMIC IMPACT OF TEXAS WINE AND WINE GRAPES 2009

Table 1
Total Economic Impact of Wine and Grapes in Texas

Revenue:	2009	2007
Winery Sales - Distributors	\$35,302,000	\$30,778,000
Winery Sales - Direct	32,764,000	24,611,000
Distributor Revenue	10,591,000	9,233,000
Restaurants Revenue	19,063,000	16,620,000
Retail Revenue	19,769,000	17,236,000
Wine Grape Sales	3,554,000	4,751,000
Tourism	379,537,000	296,581,000
Winery Suppliers	6,750,000	5,779,000
Vineyard Suppliers	3,756,000	2,543,000
Trucking	2,835,000	2,427,000
Wine Research/Education/Consulting	2,936,000	2,920,000
Charitable Contributions	681,000	976,000
Tax Revenues - Federal	96,263,000	78,870,000
Tax Revenues - State & Local	78,520,000	63,336,000
Indirect (IMPLAN)	359,344,000	279,018,000
Induced (IMPLAN)	284,640,000	213,837,000
Total Revenue	\$1,336,305,000	\$1,049,516,000
Wages:		
Wineries	\$15,210,000	\$14,057,000
Distributors	9,183,000	6,632,000
Restaurants	14,624,000	12,078,000
Retail (includes grocery stores)	6,746,000	5,695,000
Vineyard	4,083,000	3,175,000
Tourism	116,141,000	102,421,000
Winery Suppliers	1,275,000	1,092,000
Vineyard Suppliers	625,000	549,000
Trucking	542,000	451,000
Wine Research/Education/Consulting	1,954,000	2,013,000
Indirect (IMPLAN)	118,722,000	85,052,000
Induced (IMPLAN)	89,725,000	64,881,000
Total Wages	\$378,830,000	\$298,096,000
Total	\$1,715,135,000	\$1,347,612,000

Table 2
Total Employment of Wine and Wine Grape Industry in Texas

Employment Sectors	2009	2007
Wineries	719	607
Distributors	154	117
Restaurants	897	775
Retail (includes grocery stores)	291	267
Vineyard	247	217
Tourism	3,852	3,439
Winery Supplies	23	20
Vineyard Materials	14	12
Trucking	13	11
Research/Education/Consulting	41	37
Indirect (IMPLAN)	2,276	1,777
Induced (IMPLAN)	2,229	1,692
Total Employment	10,756	8,971

METHODOLOGY

DATA COLLECTION

Data for this study was collected from a variety of public sources supplemented by primary research with wineries, suppliers, growers and other economic entities and supported by a variety of studies undertaken by industry and professional organizations. For several data items the numbers provided are only partial, given the limited availability of information, and therefore are considered conservative.

DIRECT, INDIRECT AND INDUCED EFFECTS (IMPLAN)¹

All economic activities have “ripple” effects: employment of one person creates economic activity for others, whether the salesman who sells the employee a car or the restaurant where she eats lunch. Economic impact studies endeavor to measure those “ripples” as well as the direct activity, to help assess the impact of the potential gain or loss of an industry.

Economic impact studies estimate the impact of an industry in a defined geographic region by identifying and measuring specific concrete and economic events, such as the number of jobs, the wages, taxes and output generated by each job.

IMPLAN¹ is the acronym for “**IM** impact analysis for **PLAN**ing.” IMPLAN is a well established and widely used economic model that uses input-output analyses and tables for over 500 industries to estimate these regional and industry-specific economic impacts of a specific industry.

The IMPLAN model and methodology classifies these effects into three categories, Direct Effects, Indirect Effects and Induced Effects.

Direct Effects are economic changes in industries *directly* associated with the product’s final demand. Thus, direct effects consider the direct employment and spending of wineries, vineyards, distributors and immediately allied industries.

Indirect effects are economic changes – income created through job creation in industries that supply goods and services to the directly affected industries noted above. For example, the purchases of electricity and gasoline by wineries and of cash registers purchased for a tasting room.

¹ IMPLAN is the standard economic model for economic impact studies, developed by the University of Minnesota and the US Forestry Service in the 1980s and currently used by over 1500 organizations, including most federal, state and local organizations. For more information on IMPLAN, go to www.implan.com.

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Induced effects are the effects of these new workers spending their new incomes, creating a still further flow of income in their communities and a flow of new jobs and services. Examples are spending in grocery and retail stores, medical offices, insurance companies, and other non-wine and grape related industries.

ABOUT MKF RESEARCH LLC

MKF Research LLC is the leading research source on the US wine industry. We continue to strive to raise the bar on the quality of information and analysis available to the wine industry.

MKF Research LLC conducts original research on the business of wine and wine market trends, publishes a number of industry studies and provides business advisory services and custom business research for individual companies and investors.

MKF RESEARCH LLC PUBLICATIONS

Grape Trends

By combining the annual crush and acreage reports into one easy-to-use quick reference guide, Grape Trends provides, in one source, all the information needed to make informed decisions about California's grape supply for production planning. Provided in electronic form, Grape Trends includes a complete summary of current, past (since 1997) and projected tons, prices, and bearing acres for all of California's major grape growing regions and counties for all varieties recorded, including: Chardonnay, Sauvignon Blanc, Cabernet Sauvignon, Merlot, Syrah, Zinfandel, and Pinot Noir.

Grape Price Analysis Tool

The Grape Price Analysis Tool enables users to take a deep dive into the California Grape Crush Report and analyze estimated bottle prices in relation to tonnage prices. The tool makes the data from the Crush Report easy to access and provides actionable results to help determine tonnage prices based on an estimated finished bottle price.

Economic Impact Reports

MKF Research LLC completed the first study of the Impact of Wine, Grapes and Grape Products on the American Economy for Wine America, the Wine Institute, Winegrape Growers of America and the National Grape and Wine Initiative, as well as economic impact studies for California, Illinois, Iowa, Michigan, Missouri, Ohio, New York, North Carolina, Pennsylvania, Tennessee, Texas, Virginia and Washington.

ECONOMIC IMPACT OF TEXAS WINE AND WINE GRAPES 2009

Recent Economic Impact Studies and Updates published by MKF Research LLC include the following, all available for purchase from MKF Research LLC:

- **Economic Impact of Texas Wine and Wine Grapes 2009**
- Economic Impact of Iowa Wine and Vineyards 2008
- Economic Impact of Wine and Winegrapes in Ohio 2008
- Economic Impact of Wine and Winegrapes in Illinois 2007
- Economic Impact of Pennsylvania Wine and Grapes 2007
- **Economic Impact of Wine and Grapes on the State of Texas 2007**
- Economic Impact of Wine and Grapes on the Missouri Economy 2007
- Economic Impact of Wine and Winegrapes in Tennessee 2007
- Impact of Wine, Grapes and Grape Products on the American Economy 2007
- Economic Impact of California Wine 2006
- Economic Impact of Washington Grapes and Wine 2006
- Economic Impact of Wine and Winegrapes in North Carolina 2005
- **Economic Impact of Wine and Winegrapes in Texas 2005**
- Economic Impact of Michigan Grapes, Grape Juice and Wine 2005
- Economic Impact of New York Grapes, Grape Juice and Wine 2005

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Frank, Rimerman + Co. LLP, founded in 1949, is a leading provider of accounting and consulting services to individuals, corporations and government entities with offices in San Jose, Palo Alto, San Francisco and St. Helena, California and New York, NY. With over 240 professionals, Frank, Rimerman + Co. LLP offers strategic business and information consulting services, tax consulting and planning, audit and financial reporting, accounting services, litigation and valuation services.

Frank, Rimerman + Co. LLP continues to build its wine industry practice (formerly the CPA practice of Motto, Kryla and Fisher), committing the full resources of this major professional services firm to the entire industry.