Cold Hardy Grapes/Wine: State of the Industries and Economic Impact

Bill Gartner
and
Brigid Tuck
University of Minnesota

Today’s Talk

• What is a Cold Hardy Grape?
• History of baseline study
• Economic impact, preliminary results
• Conclusions from baseline study

HISTORY OF THE PROJECT

Cold Hardy Grapes (vitis riparia)
New Introductions in the early 2000’s
Major growth in vineyards and wineries from mid 2005-continuing
USDA grant to Northern Grapes consortium
Baseline Study

- Developed 2 questionnaires
  - Vineyards
  - Wineries
- Email invites to all lists provided
- Northern Grapes webinars open link
- Based on lists, had an overall response rate of 21%.
- Sent in early spring (March-April)

Baseline Study Reports

- Extrapolated results
- Reports for:
  - Illinois
  - Iowa
  - Michigan
  - Minnesota
  - Nebraska
  - New York
  - Dakota’s
  - Wisconsin
  - New England
### Economic Impact – Wine Vineyards

<table>
<thead>
<tr>
<th></th>
<th>Output</th>
<th>Employment</th>
<th>Labor Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct – All Grapes</td>
<td>$68,600,000</td>
<td>5,730</td>
<td>$16,900,000</td>
</tr>
<tr>
<td>Total – All Grapes</td>
<td>$119,900,000</td>
<td>9,400</td>
<td>$32,800,000</td>
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<tr>
<td>Total – Cold Hardy Grapes</td>
<td>$45,500,000</td>
<td>5,900</td>
<td>$11,800,000</td>
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</tbody>
</table>

### Economic Impact – Wineries

<table>
<thead>
<tr>
<th></th>
<th>Output</th>
<th>Employment</th>
<th>Labor Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct – All Grapes</td>
<td>$328,200,000</td>
<td>5,152</td>
<td>$56,400,000</td>
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<tr>
<td>Total – All Grapes</td>
<td>$584,400,000</td>
<td>10,600</td>
<td>$177,700,000</td>
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<td>Total – Cold Hardy Grapes</td>
<td>$214,300,000</td>
<td>5,000</td>
<td>$74,800,000</td>
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</tbody>
</table>

### Economic Impact – Winery Visitors

<table>
<thead>
<tr>
<th></th>
<th>Output</th>
<th>Employment</th>
<th>Labor Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct – All Grapes</td>
<td>$249,000,000</td>
<td>3,550</td>
<td>$84,100,000</td>
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<tr>
<td>Total – All Grapes</td>
<td>$466,600,000</td>
<td>5,300</td>
<td>$140,900,000</td>
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<tr>
<td>Total – Cold Hardy Grapes</td>
<td>$140,400,000</td>
<td>1,720</td>
<td>$43,500,000</td>
</tr>
</tbody>
</table>
CONCLUSIONS FROM BASELINE SURVEY

Conclusion 1: Indications Rapid Growth of Vineyards is Diminishing

Chart 1-2: Year of Vineyard Establishment
n=342

- Prior to 2002: 20%
- 2002-2007: 44%
- After 2007: 36%

Conclusion 2: Growth in Winery Numbers is Strong
Chart 1-14: Year of Winery Establishment
n=191

Prior to 2002 20%
2002 to 2007 37%
After 2007 43%

Conclusion 3: Rapid Growth in Grapes on Market Will Continue

Number of Reported Planted Vines

Red Cultivars
- Older than 10 Years: 10%
- 4 to 10 Years: 45%
- 4 Years and Younger: 45%

White Cultivars
- Older than 10 Years: 7%
- 4 to 10 Years: 46%
- 4 Years and Younger: 47%

Conclusion 4: Wineries and Vineyards Increasing Sophistication in Interactions
Conclusion 5: Marquette Grape is Wildly Popular

Conclusion 6: Vineyard Management Issues Worry Grape Growers
Chart 1-13: The Following is a Challenge to the Growth and Development of my Vineyard. n=300
(1=Strongly Disagree, 5 = Strongly Agree)

- Disease
- Pests/Insects
- Cost of Labor
- Government policy/regulation
- Availability of skilled labor
- Access to capital
- Sales
- Availability of unskilled labor

Average Score

Conclusion 7: Untapped Market Potential Exists for Wineries

Chart 1-21: Winery Sales by Category

- Wine: 73%
- Non-wine: 10%
- Food and beverage: 9%
- Events: 5%
- Other: 3%

Chart 1-22: Percent of Wine Sales
n=130

- Tasting room/winery visitors: 52%
- Liquor stores: 18%
- Distributors: 14%
- Other: 8%
- Restaurants: 1%
- Farmer's Markets: 5%
- Households: 2%
- Other: 1%
Conclusion 8: Own Wine Branding is Considered Key
Thank You!

Bill Gartner

wcg@umn.edu

www.apec.umn.edu/faculty/wgartner