Grapes and Wineries of the North

DECEMBER 2016

Photo Credits to David L. Hansen, University of Minnesota
NORTHERN GRAPES PROJECT GOALS

- The vine
- In the vineyard
- At the winery
- Marketing and economics
PROJECT BACKGROUND
THE SURVEYS
CONCLUSION 1: THE COLD-HARDY GRAPE AND WINERY INDUSTRY HAS BEEN GROWING RAPIDLY
VINEYARD GROWTH

Chart 2: Direct Effect of Wine Grape Vineyards, 2011 and 2015

- **Output (mill)**
  - 2015: $44.1 (Cold-Hardy) + $92.2 (All Grapes)
  - 2011: $25.1 (Cold-Hardy) + $68.6 (All Grapes)

- **Employment**
  - 2015: 4,490 (Cold-Hardy) + 6,960 (All Grapes)
  - 2011: 3,480 (Cold-Hardy) + 5,731 (All Grapes)

- **Labor Income (mill)**
  - 2015: $13.8 (Cold-Hardy) + $30.2 (All Grapes)
  - 2011: $5.8 (Cold-Hardy) + $16.9 (All Grapes)
WINERY GROWTH

Chart 3: Direct Effect of Locally-Sourced Wineries, 2011 and 2015

- **Output (mill)**
  - 2015: $144.3 (Cold-Hardy Grapes), $449.3 (All Grapes)
  - 2011: $113.5 (Cold-Hardy Grapes), $492.9 (All Grapes)

- **Employment**
  - 2015: 4,260 (Cold-Hardy Grapes), 8,490 (All Grapes)
  - 2011: 2,700 (Cold-Hardy Grapes), 6,400 (All Grapes)

- **Labor Income (mill)**
  - 2015: $33.8 (Cold-Hardy Grapes), $70.9 (All Grapes)
  - 2011: $24.6 (Cold-Hardy Grapes), $77.1 (All Grapes)
WINERY TOURISM

Chart 4: Direct Effect of Winery Tourists, 2011 and 2015

- **Output (mill)**
  - 2015: $199.5 (Cold-Hardy Grapes), $324.6 (All Grapes)
  - 2011: $79.1 (Cold-Hardy Grapes), $241.1 (All Grapes)

- **Employment**
  - 2015: 1,690 (Cold-Hardy Grapes), 4,610 (All Grapes)
  - 2011: 1,134 (Cold-Hardy Grapes), 3,600 (All Grapes)

- **Labor Income (mill)**
  - 2015: $40.4 (Cold-Hardy Grapes), $151.9 (All Grapes)
  - 2011: $26.6 (Cold-Hardy Grapes), $133.3 (All Grapes)
TOTAL INDUSTRY CONTRIBUTION

Chart 5: Total Economic Contribution of Wine Grape Vineyards, Locally-Sourced Wineries, and Winer Tourists, 2011 and 2015

- **Output (mill)**
  - 2015: $539.1 (Cold-Hardy Grapes) / $1,621.0 (All Grapes)
  - 2011: $401.0 (Cold-Hardy Grapes) / $1,515.0 (All Grapes)

- **Employment**
  - 2015: 18,700 (Cold-Hardy Grapes) / 36,020 (All Grapes)
  - 2011: 12,600 (Cold-Hardy Grapes) / 28,200 (All Grapes)

- **Labor Income (mill)**
  - 2015: $190.9 (Cold-Hardy Grapes) / $450.7 (All Grapes)
  - 2011: $127.5 (Cold-Hardy Grapes) / $408.5 (All Grapes)
CONCLUSION 2: WINERIES AND VINEYARDS SHOWING SIGNS OF MATURITY
INCREASED PAID LABOR

Chart 9: Hours of Labor by Category

2015 N = 200

- Paid Labor: 58%
- Owner/Operator: 38%
- Volunteer Labor: 4%

2011

- Paid Labor: 27%
- Owner/Operator: 62%
- Volunteer Labor: 11%
SHIFT TO OPERATIONS

Chart 7: Expenditures per Category

2015

- Labor: 31%
- Operate: 30%
- Capital: 39%

2011

- Labor: 27%
- Capital: 43%
- Operate: 30%
INCREASED INTEGRATION

Chart 1: Survey Respondent's Role in Grape and Wine Industry

2015 N = 503

- Vineyard and Winery: 47%
- Vineyard: 52%
- Winery: 1%

2011 N = 442

- Vineyard and Winery: 35%
- Vineyard: 56%
- Winery: 9%
GRAPE SOURCING

Chart 9: Grape Acquisition, 2015

- Own vineyard
- Vineyard, no contract
- Another winery
- Vineyard, contract
- Open market
- Broker
- Networking
- No grapes
- Other

© 2016 Regents of the University of Minnesota. All rights reserved.
CONCLUSION 3: WINERY TOURISM REMAINS CRITICAL TO SUCCESS
WINERIES UNDERSTAND THIS..

Chart 15: Importance in Overall Marketing Strategy, 2015 (1=Unimportant, 5 = Very Important)

- Own wine branding
- Special events
- Wine trails
- State winery assoc.
- Local partnership
- Regional partnership
- Regional branding
- Winery collaborations
- Vineyard tours
- Wine club
TASTING ROOMS DOMINATE SALES

Chart 11: Percent of Wine Sales by Distribution Channel

- Winery visitors
- Liquor stores
- Distributors or wholesalers
- Other
- Farmer's markets
- Restaurants
- Households

Percent of Wine Sales

© 2016 Regents of the University of Minnesota. All rights reserved.
TASTING ROOMS IN RURAL AREAS

Chart 3: Winery Location, 2015 N = 113

- Rural area: 68%
- City, less than 2,500: 6%
- City, 2,500 to 19,999: 15%
- City, more than 20,000: 4%
- Metropolitan area: 7%
INCREASING SOPHISTICATION

Chart 6: Do You Operate a Tasting Room?

2015 N = 111

- Yes: 95%
- No: 5%

2011 N = 192

- Yes: 79%
- No: 21%
INCREASED PRICE PER BOTTLE

Chart 12: Average Price Per Bottle of Wine

2015  N = 86

- $15-25  31%  
- $11-$15  62%  
- $0-5  2%  

2011  N = 130

- $16-22  10%  
- $0-5  13%  
- $5-10  18%  
- $11-15  59%
CONCLUSION 4: WINERIES (STILL) WORRY ABOUT GOVERNMENT POLICIES AND SALES
WINERY CHALLENGES

Chart 21: Challenges to the Growth and Development of Winery, 2015 (1=Strongly disagree, 5=Strongly agree)

Government policy
Sales
Other
Skilled labor availability
Labor cost
Grape/fruit availability
Capital access
Unskilled labor availability
VINEYARD CHALLENGES

Chart 14: The Following is a Challenge to the Growth and Development of my Vineyard, 2015

- Disease
- Pests & Insects
- Availability Skilled Labor
- Cost of Labor
- Government Policies & Regulation
- Availability Unskilled Labor
- Access to Capital
- Sales

Average Score

© 2016 Regents of the University of Minnesota. All rights reserved.
CONCLUSION 5: PLANTED COLD-HARDY ACREAGE IS INCREASING
7,580 ACRES IN 2015 (5,900 2011)

Chart 15: Total Planted Acres, Red Varieties, 2015
- Chisago: 3%
- Other Red: 2%
- Frontenac: 24%
- Petite Pearl: 7%
- Leon Millet: 3%
- Sabrevois: 6%
- St. Croix: 10%
- Marechal Foch: 10%
- Marquette: 28%

Chart 16: Total Planted Acres, White Varieties, 2015
- Louise Swenson: 3%
- La Crescent: 22%
- Brianna: 10%
- St. Pepin: 10%
- Edelweiss: 18%
- Prairie Star: 3%
- Frontenac Blans: 9%
- Frontenac Gris: 16%

© 2016 Regents of the University of Minnesota. All rights reserved.
VINEYARD SIZE INCREASING

Chart 4: Vineyard Planted Acreage

2015 N = 317

- 5.1 or More Acres: 35%
- 1.0 Acres or Less: 18%
- 1.1 to 2.0 Acres: 17%
- 2.1 to 5.0 Acres: 30%

2011 N = 334

- 5.1 Acres or More: 22%
- 1.0 Acres or Less: 28%
- 2.1 to 5.0 Acres: 25%
- 1.1 to 2.0 Acres: 25%
CONCLUSION 6: GROWTH WILL CONTINUE
WINERY GROWTH

Chart 22: In the Next Five Years, the Winery Will.... N = 88

- Expand significantly: 40%
- Expand slightly: 30%
- Sell winery: 10%
- Stay same: 10%
- Downsize slightly: 5%
- Transfer to family member: 5%
VINEYARD GROWTH

Chart 13: Over the Next Two Years, I am Planning To....
My Vineyard, 2015 N = 261

- Keep the same: 48%
- Slightly Increase: 31%
- Substantially Increase: 16%
- Eliminate or Decrease: 3%
- Sell: 2%
QUESTIONS?
Brigid Tuck, tuckb@umn.edu, 507-389-6979