



# **Economic Impact Of The Walla Walla Wine Industry**

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# Overview

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- **Introduction**
- **Summary of Instruments**
- **Economic Impact Analysis**
- **Concluding Comments**

# Estimating regional economic impact

- Cross-sectional analysis; snapshot in time.
- Does not indicate competitiveness or provide historical insight.
- Economic base theory and economic development or how much income is generated, captured, and circulated in the region.

# Two Surveys: Key Inputs

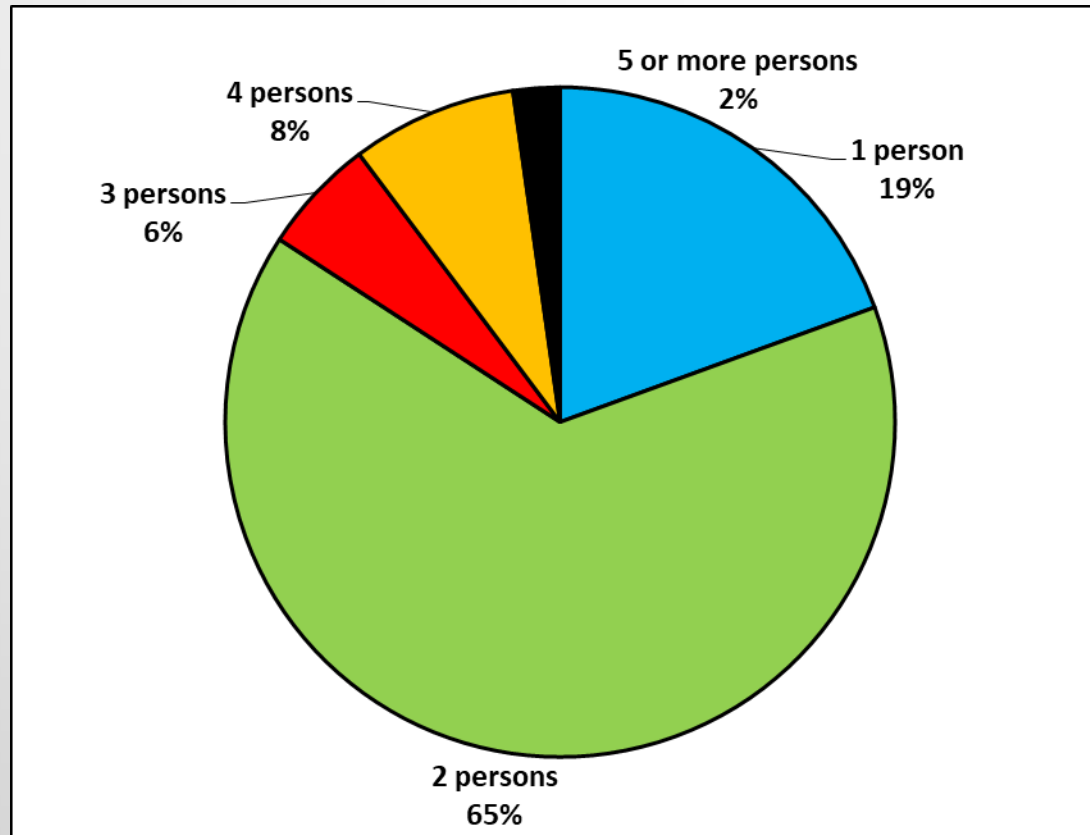
- Wine Visitors/Tourists: Who visits, for how long, how many wineries to they visit, and how much money they spend while visiting
- Wineries and Tasting Rooms: Revenues, employment, and wages.
- Both surveys collected data on tasting rooms, which was then matched so we could parse the wine tourism component.

# Visitor Survey

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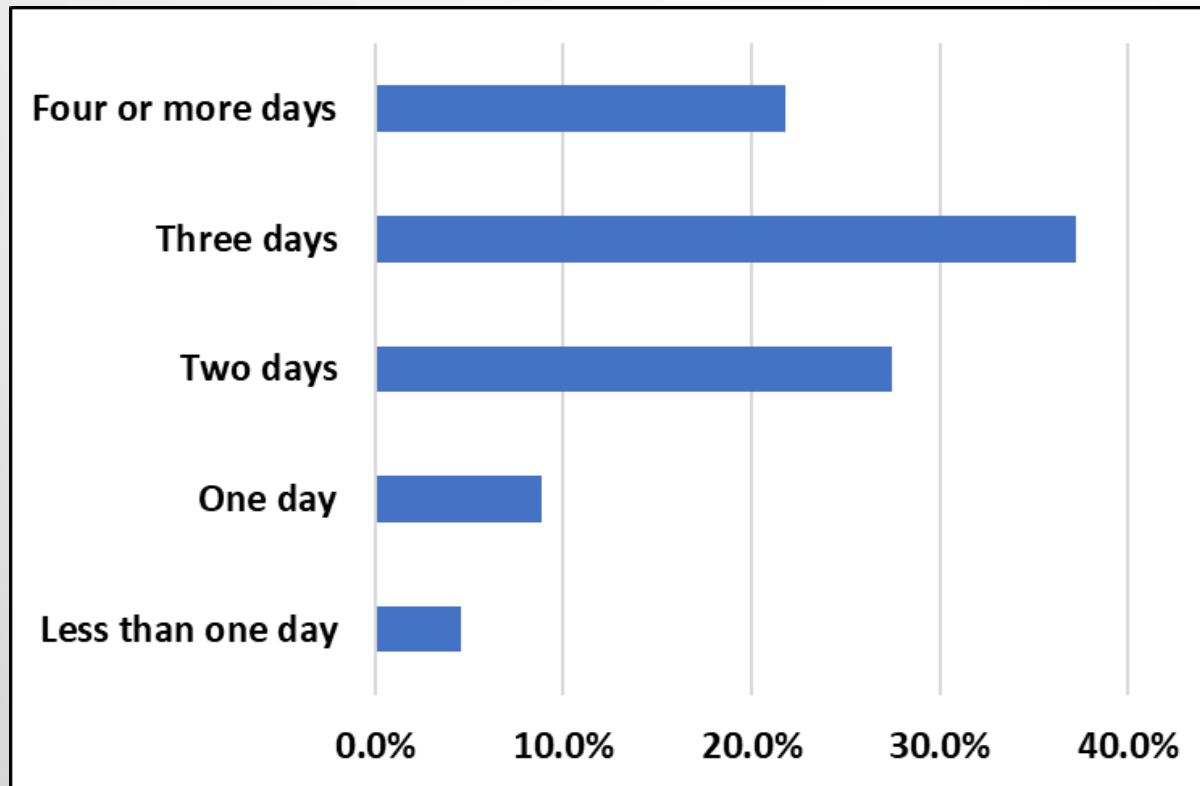
- We received 728 responses, 515 cases were valid.
- Valid cases had to include data on visitor spending and how many people were in their groups. 181 responses did not include these data.
- Other issues that invalidated responses included expenditures that were not feasible, trip purposes that were not related to wine tasting, etc.

# Number Of Household Members In Visits To Walla Walla



Based on Valid Sample (N=515)

# Length Of Stay In The Walla Walla Region



The mean length of stay was 2.82 days.

The median and mode were both 3 days.

Length of stay highly correlated with number of winery visits (7).

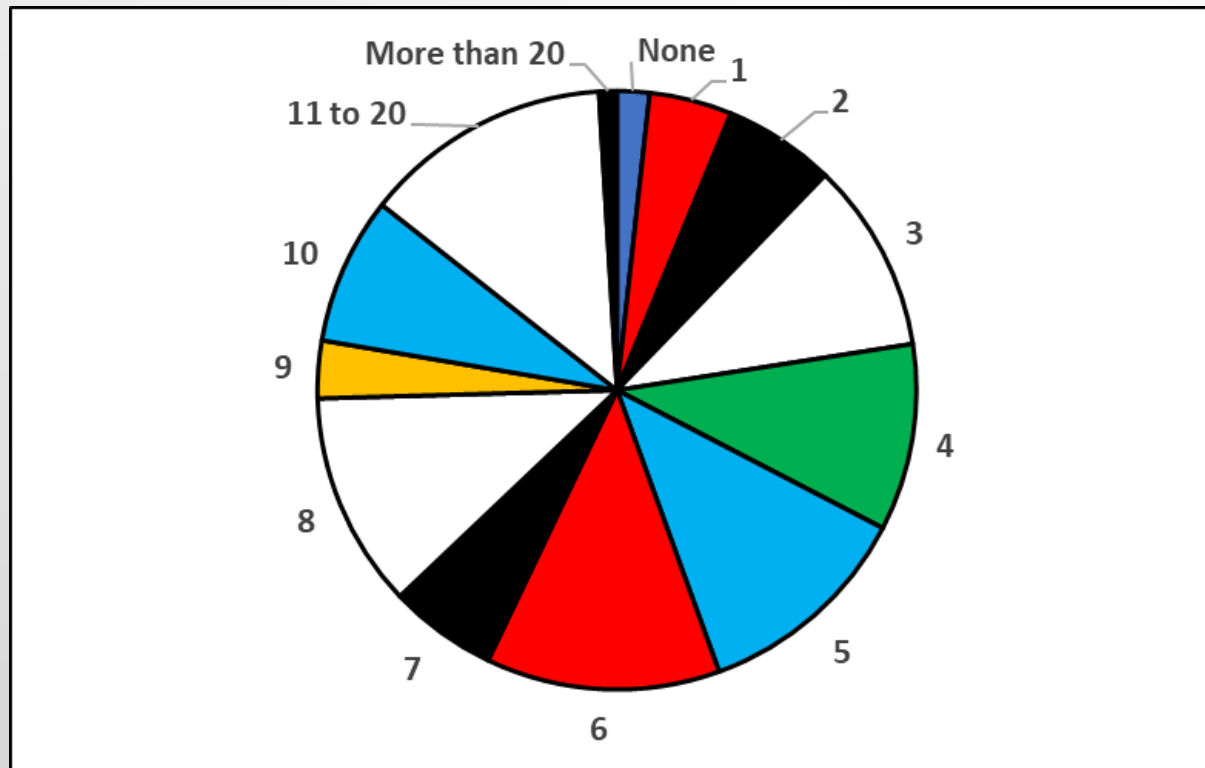
# Attributes Visitors Associate With The Walla Walla Valley

Upscale and classy	15.2%	Offers a great variety of wines worth trying	61.9%
Natural Beauty	55.3%	Consistent and reliable quality wines	60.5%
Friendly, family run wineries	62.7%	Hard to find wines	17.4%
Fun small towns	47.0%	Good value wines	41.9%
Fine restaurants and food	57.5%	Bordeaux varieties and blends	32.9%
Interesting non-wine activities	13.1%	Interesting discovery wines and wineries	52.6%
Undiscovered high quality wines	43.4%	Informal and unpretentious	56.9%
Hard to get to	10.8%	Great for Rhone varieties	22.0%
Often meet the owners or winemaker	56.3%	Charming town	75.6%
Good hotel and places to stay	33.7%	Don't have to venture very far for wineries	52.9%
Affordable, not expensive	37.5%	Undiscovered high quality wines (2)	41.2%

# of Attributes	# of Responses	% of Non-zero Responses
1-3	53	8.1%
4-7	172	26.2%
8-9	115	17.5%
10-14	223	34.0%
15-19	81	12.3%
20+	12	1.8%



# Number Of Wineries Visited On Last Wine-related Visit To Walla Walla



Average 6.9  
Median 6  
Mode 11-20

Length of stay is highly correlated with the number of wineries visited.

# Other Visitor Patterns

- Over 65% of respondents have been coming to Walla Walla for wine prior to 2015. About 40% have been coming since 2009 or earlier.
- The vast majority of visitors are repeat visitors.
- About 65% of wine tourists visit Walla Walla once annually. 35% are repeat annual visits (20% represent 2 visits).
- 66% of visitors are from Oregon and Washington.

# Winery And Tasting Room Survey

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- A total of 94 wineries and seven tasting rooms were included in this survey. Some 78 wineries responded to our survey. Data from Reference USA were used to develop data for non-respondents.
- The winery and tasting room surveys were relatively short; lessons learned in this study suggest that future studies could expand data collection efforts.

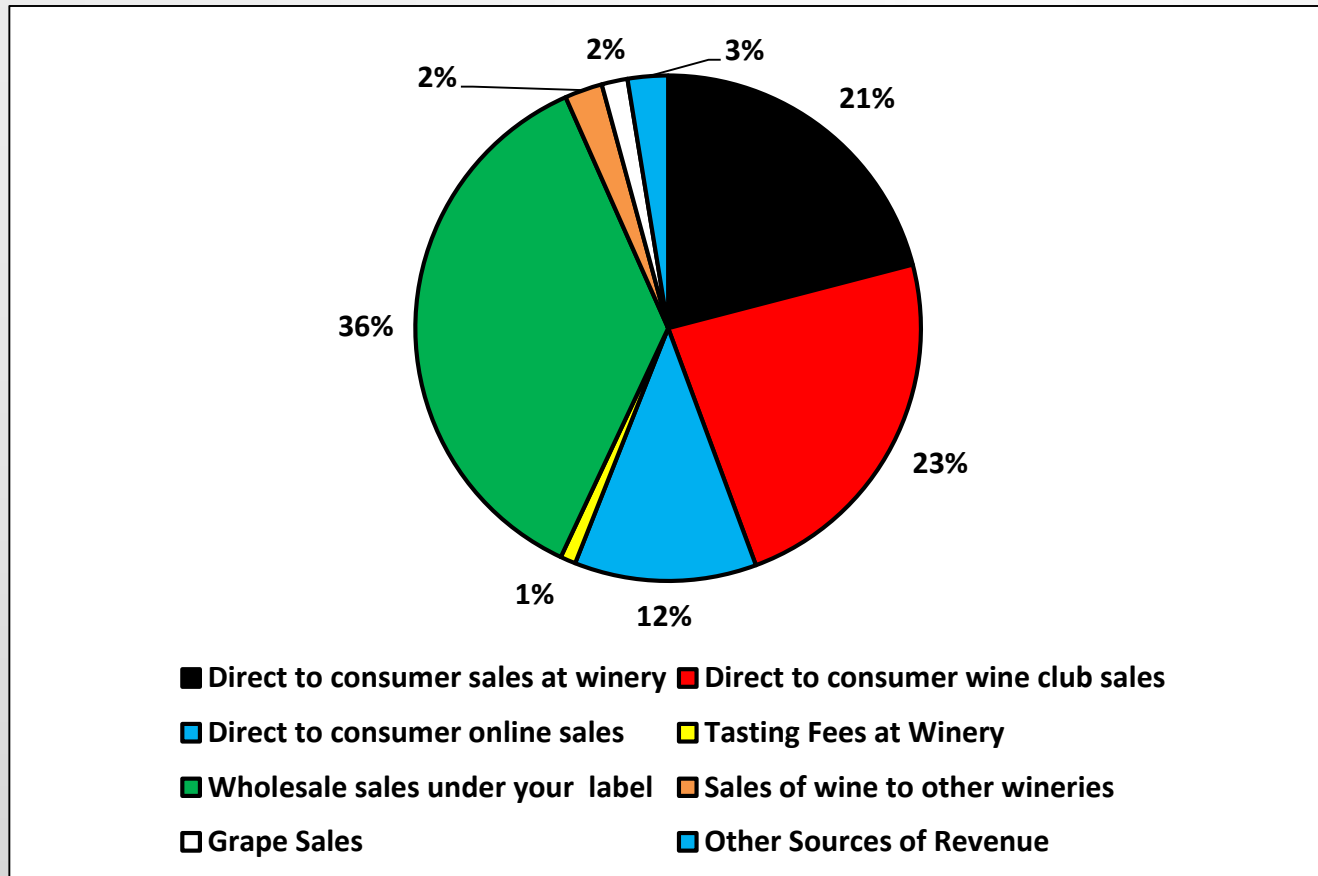
# Activities Of Walla Walla Wineries

Made wine from grapes that you grew, and sold it under your label	57.7%
Made wine from grapes that you purchased, and sold under your label	80.8%
Sold grapes to other wineries	23.1%
Sold wine to other wineries	26.9%
Other production activities, e.g. custom crush, consulting services, etc.	26.9%

Other production activities were diversified. Examples include the following:

- Consulting winemaker; wine making consulting services
- Custom crush clients, custom crush
- Bought finished wine and sold it
- Bottled wine which was purchased in bulk
- About half of the wineries citing other production activity provided text regarding this activity

# Sources Of Revenue To Wineries



Direct to consumer sales account for 56% of revenues, followed by 36% in wholesale sales under the winery label.

# Winery And Tasting Room Revenue, Employment, And Wages & Salaries (\$ millions)

Winery Revenue	\$	115.31	Tasting Room Revenue	\$	8.360
Employment		495	Margin	\$	2.56
Wages & Salaries	\$	20.22	Employment		24
			Wages & Salaries		0.598

Data on winery and tasting room revenues, employment, and wages & salaries came from the survey, and were supplemented by data from Reference USA for non-respondents.

Tasting room sales of wine to customers are modelled in the impact analysis by using an estimate of the margins (markups) on their sales, from the wholesale value of the wine they distribute. U.S. Census Bureau data on retail margins were used to make these estimates.

# Impact Estimates (1)

- The table below presents estimated economic impacts of **\$430.3 million in sales, 2,484 jobs, and \$114.1 million in labor income** related to Walla Walla wineries and tasting rooms in 2018.

	Sales	Employment	Labor Income
Natural Resources and Utilities	\$ 32.420	255	\$ 11.237
Construction and Manufacturing	144.986	564	29.513
Retail and Wholesale Trade	27.400	218	9.963
Producer and Transport Services	33.284	151	10.388
Consumer Services	92.978	999	33.528
State & Local Govt	99.216	298	19.510
Total	\$ 430.285	2,484	\$ 114.139

# Impact Estimates: Tax Revenue (2)

- Selected Tax Revenue impacts were calculated as follows, in \$Millions.
- Direct payments of sales taxes to state and local governments were based on survey data from winery visitors.
- Indirect sales taxes were calculated using data on estimated labor income from the input-output model, and data from the Washington State Office of the Forecast Council on sales tax collections as a share of personal income. US Bureau of Economic Analysis data were used to estimate the share of labor income as a fraction of personal income.
- The level of Business and Occupation tax collections were based on WA State Department of Revenue estimates of these tax collections as a share of total revenue.
- Local hotel motel tax collections were based on data supplied from Dr. Velluzzi; it should be noted that these are tax collections in addition to sales taxes paid for hotel / motel accommodations.

<b>Direct Sales Tax - State</b>	<b>\$ 7.412</b>
<b>Direct Sales Tax - Local</b>	<b>2.259</b>
<b>Indirect Sales Tax - State as % of labor Y</b>	<b>3.585</b>
<b>Indirect Sales Tax - Local as a % of Labor Y</b>	<b>1.103</b>
<b>B&amp;O Tax - state</b>	<b>2.490</b>
<b>Hotel- Motel Tax</b>	<b>0.570</b>
<b>Total</b>	<b>\$ 17.418</b>



# Concluding Comments

- This study is based on robust surveys of wineries, wine tasting rooms, and visitors to the Walla Walla region.
- It is the first survey-based estimate of this type for this region.
- Future studies could extend the questionnaires used in this study in several directions:
  - Wineries could be queried in more detail about their purchasing patterns, and sales distributions.
  - Visitors could be queried in more detail about timing of direct purchases.
- The authors again thank the sponsors of this study, and the wineries, tasting rooms, and visitors to the Walla Walla region, who have made this study possible.

# Walla Walla Wine Economy Research

<http://sites.wwcc.edu/wwvwc/>