

Analysis of the Tennessee Wine and Grape Industry, 2020

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www.tn.gov/agriculture/department/business-development-division/wg-board.html

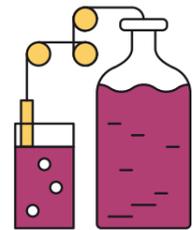
Summary

Provided here is a summary of the Tennessee Wine and Grape Industry. This document is intended to serve as the annual report for the Tennessee Wine and Grape Board for 2020. A more complete discussion can be found in Analysis of Tennessee Wine and Grape Industry Trends by David Hughes, 2020.

Key data regarding the Tennessee wine and grape industry currently are as follows:



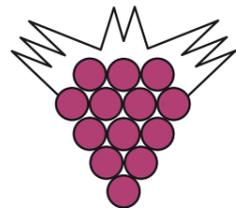
648 Estimated direct employment



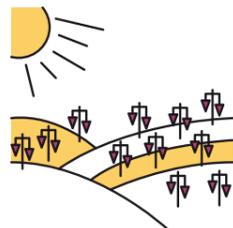
68 Estimated number of wineries



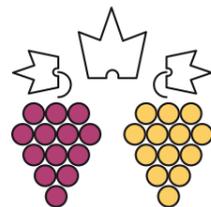
44 Estimated wineries with employees



462 Estimated grape farms (2017)



959 Estimated grape acreage (2017)



747 Estimated bearing acres (2017)

Discussion

Both Tennessee Wineries and Grape Production have experienced substantial growth

Growth in both the Tennessee wineries and grape production sectors has been substantial in recent years. For example, estimated total employment at Tennessee wineries increased from 246 in 2013 to 648 in 2019. In 2017, 959 acres were planted in grapes in the state, almost twice the level in 2007.

Growth in Tennessee Wineries and Grapes is starting to lag behind growth in key neighboring states

Growth in both sectors is starting to slow and lag behind the growth of key neighboring states. For example, Georgia and Tennessee had the same number of wineries in 2014 but by 2020 the number in Georgia had grown well beyond the level in Tennessee. Trend line analysis predicts that Tennessee will add three wineries in 2021 versus 12-13 to be added in Virginia, 12 in Missouri, 10 in North Carolina, 8-9 in Georgia and 5 in Kentucky. Total grape acres in Tennessee increased by 56% from 2007 to 2012, but only increased 6% from 2012 to 2017.

COVID-19 Has Important Implications

Nationally, COVID-19 could cost the wine industry \$6 billion with wineries selling under 5,000 cases a year being the hardest hit. Because Tennessee wineries tend to be smaller and also tend to depend on direct sales especially to tourists, the state industry may be especially impacted.

Policy Considerations

Part of the reason for the slowing growth in Tennessee maybe the relative lack of state government support compared to other states. Enhanced support from state government, such as the \$1.9 million received by the Virginia industry in fiscal year 2016-2017, could boost industry growth and enhance the industry's overall contribution to the state economy. Such funds and other forms of nonfinancial support would be especially useful in marketing the Tennessee industry and in research and training aimed at improving the quality of Tennessee wines and grapes.

References

Hughes, David. 2020. "Analysis of Tennessee Wine and Grape Industry Trends." University of Tennessee Extension Bulletin W Series. In Review.