

State Funded Marketing and Promotional Activities to Support a State's Winery Business; Are There Economic Returns?: A Case study using Texas Senate Bill 1370's support of the Texas Wine Industry

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Abstract:

Texas wineries responded to a survey regarding their participation in wine marketing activities, annual changes in gross sales and level of sales growth they attribute to TDA's support and if these funds create positive economic impacts to their winery. The response rate was 53 of the 93 registered wineries or a 57 percent response rate. Senate Bill 1370 funds allocate annually \$725,000 to marketing and promotion of Texas wine. Combining the \$725,000 and the normal funding of \$250,000 identifies \$975,000 in annual support to grow economic value. The most often utilized promotional activity is promotional materials and attending TDA supported wine events. Ninety-two percent of Texas wineries recognize an increase in awareness for the Texas wine industry and attribute 49 percent of the increase to state marketing efforts. A portion of TDA marketing funds were directed towards supporting wine events in Texas as they attract large numbers of consumers and allow promotional opportunities. One result found that 68 percent of consumers reported the event encouraged them to buy more Texas wine. Annual Economic Impact Results from supported marketing activities are estimated to create \$8.42 per \$1 of funding in direct sales increases, \$15.33 per \$1 of funding in economic impact of increases in sales and \$1.54 per \$1 of funding in value added impacts (based on IMPLAN Type II Economic Multiplier values). Annual Economic Impact Results from all funding activities are \$2.16 per \$1 of funding of total direct sales increases, \$3.93 per \$1 of funding in economic impacts of increases in sales and \$.40 per \$1 of funding in valued added impacts (based on IMPLAN Type II Economic Multiplier values). It is apparent that both direct and indirect economic results are positive returns to program funding and create economic growth in local economies.