

Results from the Second North Carolina Wine Industry Tracker Survey - 2010

Dr. Michael R. Evans
Professor of Hospitality and Tourism
Management

and

Dr. James E. Stoddard
Professor of Marketing

John. A. Walker College of Business
Appalachian State University
Boone, NC 28608

July 2011

Evans & Stoddard



Research Sponsorship

- Research assistance by:
 - The North Carolina Wine & Grape Council
4324 Mail Service Center
Raleigh, NC 27699-4324
 - The North Carolina Winegrowers Association
P.O. Box 2495
Yadkinville, NC 27055
- From a grant provided by:
 - The U.S. Small Business Administration
- Grant managed by:
 - Appalachian State University Enology & Viticulture Center



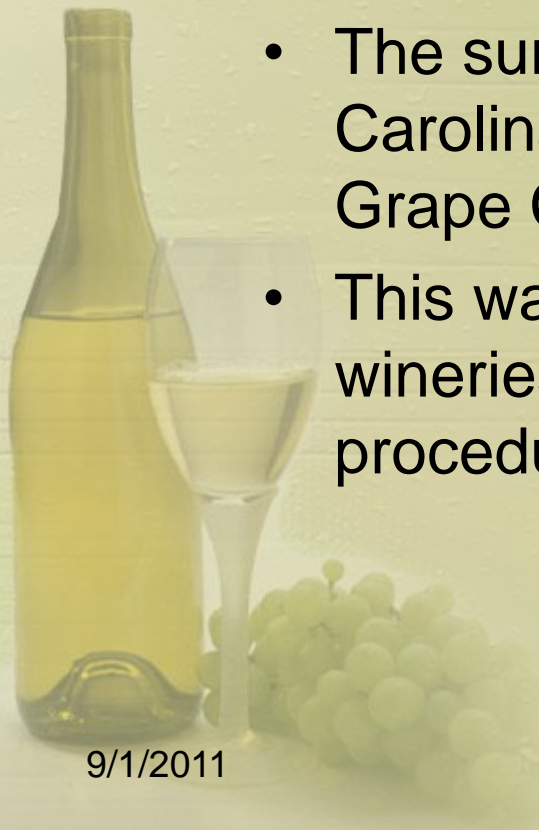
Purpose of the Research

To employ the industry tracker tool developed in 2010 to assess the financial performance of the North Carolina wine industry and compare 2010 performance data with the baseline study from 2009 where appropriate.



Research Procedure

- The survey was developed in conjunction with the North Carolina Wine and Grape Council and the North Carolina Winegrowers Association.
- The survey was e-mailed to all 106 wineries in North Carolina identified by the North Carolina Wine & Grape Council in 2011.
- This was followed by two successive requests for wineries to complete the survey online. This procedure resulted in a 31% response rate (N = 33).

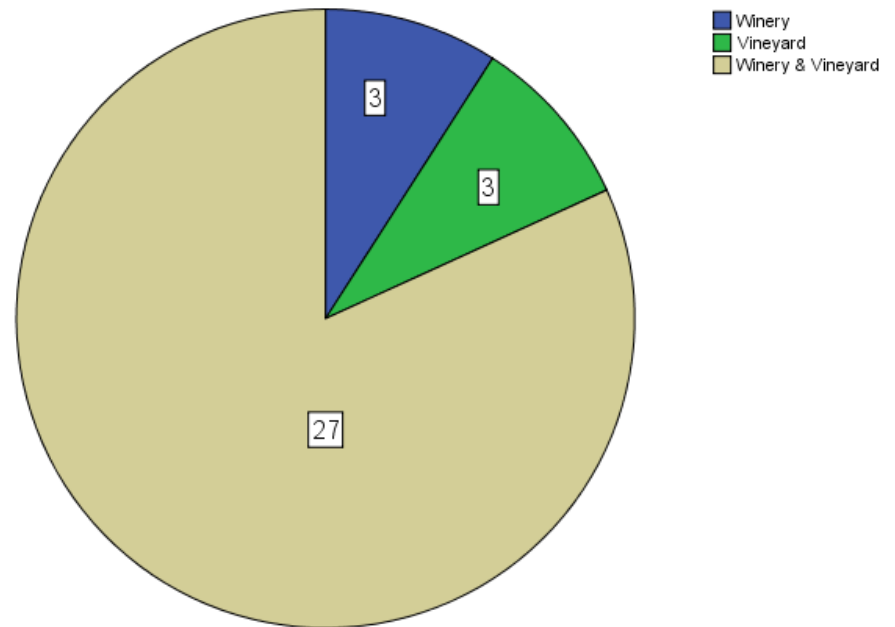


Winery, Vineyard or Both (N = 33)

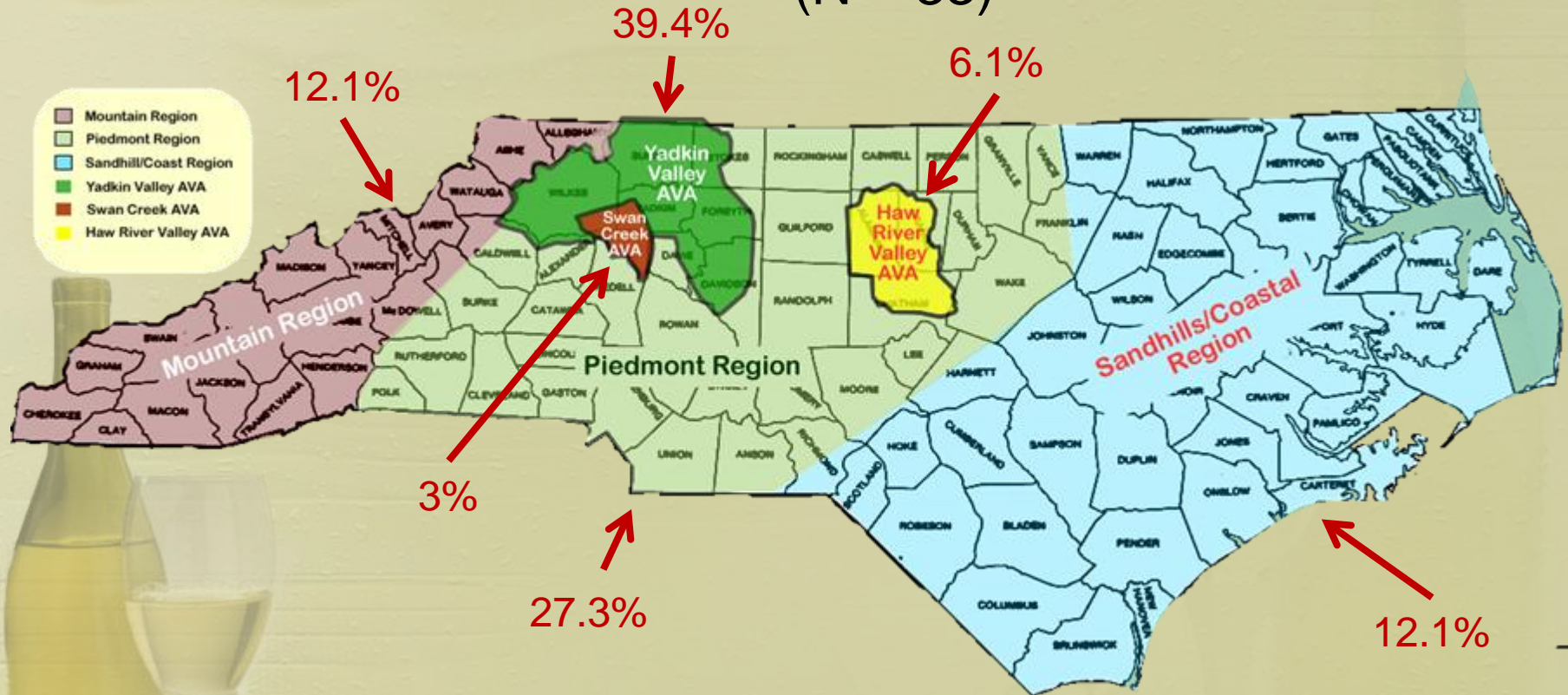
9% of respondents were wineries, 9% vineyards and 82% were both.



Please tell us whether your organization is a winery, a vineyard, or a winery and vineyard.



Percentage of Respondents from North Carolina Wine Producing Regions: All Reporting Wineries (N = 33)



Map courtesy of the North Carolina Winegrowers Association (<http://www.ncwinegrowers.com/generalinfo/vineyards-a-wineries>)

North Carolina Winery Operations: 2010

Winery operation measures included:

- Winery Sales
- Months Winery Was Open
- Winery Customer Relationship Strategies
- Winery Varietals
- Winery Capacity & Capacity Utilization
- Average Wine Bottle Prices
- Winery Distribution Strategies
- Winery Visitors & Tourists
- Winery Employees



Winery Sample Statistics

- Although 33 wineries responded to the questionnaire, not all wineries completed all questions. Therefore, the sample size varies.
- Where appropriate, comparisons are made between data collected in 2010 (that is, winery performance in 2009) and data collected in 2011 (winery performance in 2010).



Please tell us the number of cases of wine your winery sold.

Sub Sample of Wineries 2009

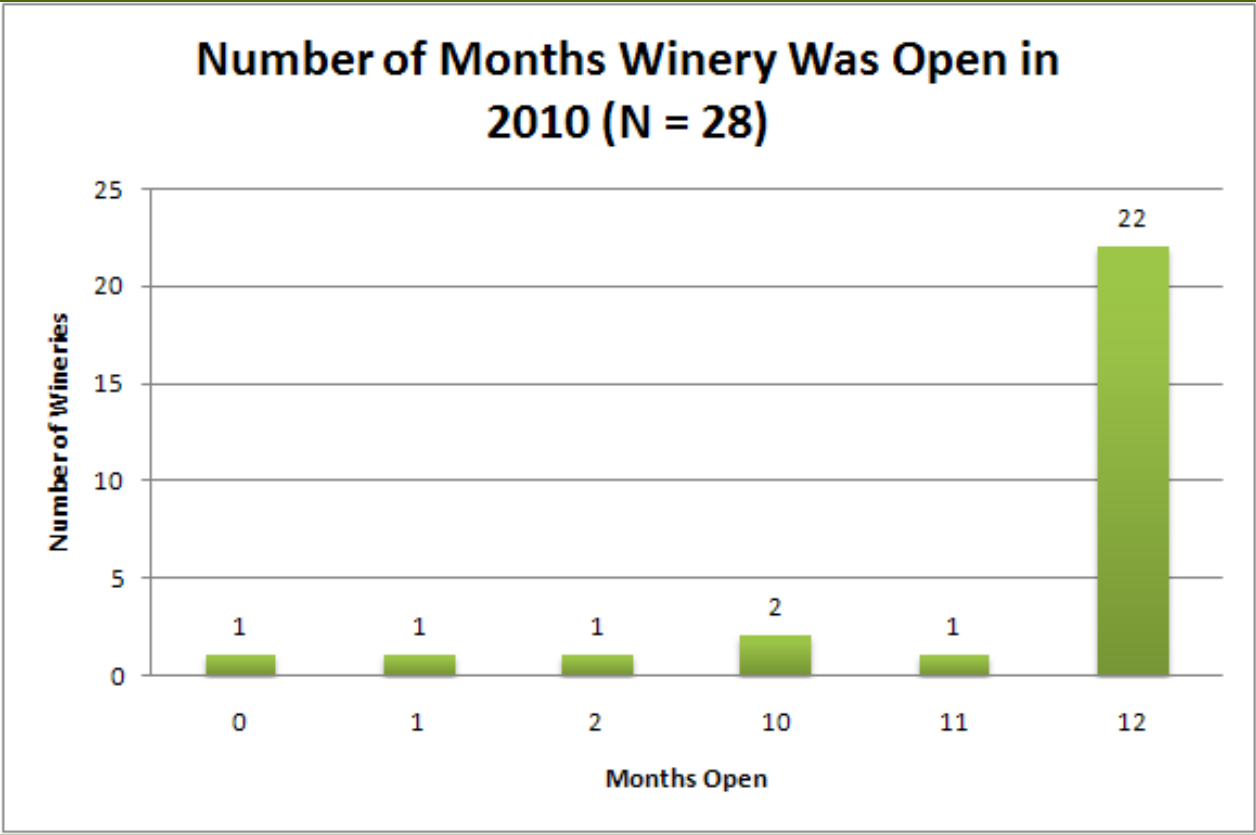
N	Minimum	Maximum	Mean	St. Dev.
32	100	11,000	2,067.39	2,353.53

Average Number of Cases Sold in 2010

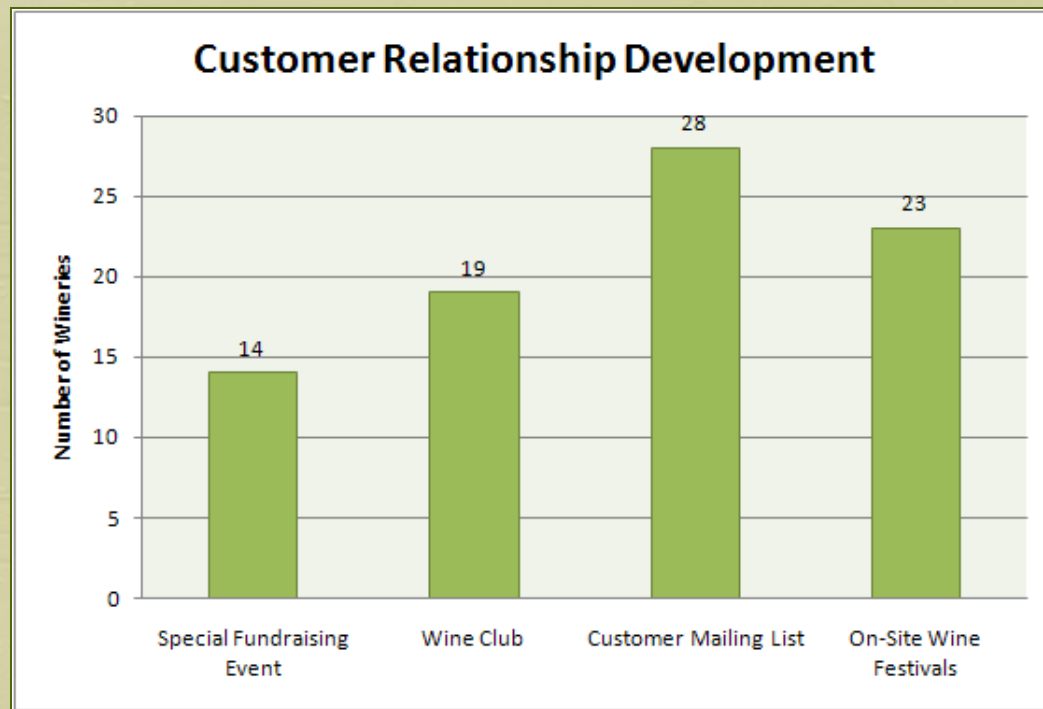
N	Minimum	Maximum	Mean	St. Dev.
23	40	10,000	2,368.04	2,827.48



Please tell us the number of months your winery or vineyard was open to the public in 2010.



Please tell us whether your winery has any of the following in 2010:



Please tell us the capacity of your winery in terms of the number of cases of wine your winery can produce in one year.

Sub Sample of Wineries 2009

N	Minimum	Maximum	Mean	St. Dev.
32	100	11,000	2,067.39	2,353.53

Winery Capacity 2010

N	Minimum	Maximum	Mean	St. Dev.
25	400	50,000	7,144	10,533



2010 Winery Capacity Utilization
(Mean Cases Sold/Mean Winery Capacity)

Sub Sample Wineries 2009

N	% Utilization
32	45.89%

2010 Sample of Wineries

N	% Utilization
23	33.15%



Please tell us the average price for a bottle of your wine.

2009 Average Bottle Price

N	Minimum	Maximum	Mean	St. Dev.
40	\$8.00	\$17.00	\$12.99	\$2.40

2010 Average Bottle Price

N	Minimum	Maximum	Mean	St. Dev.
26	\$9.00	\$18.00	\$13.83	\$2.42



Please estimate the percentage of your winery sales that comes from wine alone.

2009 Wineries

N	Minimum	Maximum	Mean	St. Dev.
40	50%	100%	86.7%	12.5%

2010 Wineries

N	Minimum	Maximum	Mean	St. Dev.
26	50%	100%	85.5%	11.85%

Please estimate the percentage of your total wine sales sold on site at the winery or sold directly to consumers.

2009 Wineries				
N	Minimum	Maximum	Mean	St. Dev.
38	14%	100%	79.08%	22.11%

2010 Wineries				
N	Minimum	Maximum	Mean	St. Dev.
26	50%	100%	85.5%	11.85%



Please estimate the percentage of your wine sales sold to wholesale distributors.

2009 Wineries

N	Minimum	Maximum	Mean	St. Dev.
40	0%	86%	6.19%	16.25%

2010 Wineries

N	Minimum	Maximum	Mean	St. Dev.
20	0%	49%	9.55%	15.55%



Please estimate the percentage of your total wine sales sold direct to retailers, restaurants, and hotels.

2009 Wineries

N	Minimum	Maximum	Mean	St. Dev.
39	0%	50%	10.94%	13.26%

2010 Wineries

N	Minimum	Maximum	Mean	St. Dev.
19	0%	48%	7.37%	12.29%



Please estimate the number of yearly visits to your winery or vineyard.

2009 Wineries

N	Minimum	Maximum	Mean	St. Dev.
35	300	90,000	8,844.57	17,383.17

2010 Wineries

N	Minimum	Maximum	Mean	St. Dev.
27	100	76,000	9,110.56	15,500.68



Please tell us the percentage of your visitors that are tourists (i.e., come from at least 50 miles from home).

2009 Wineries

N	Minimum	Maximum	Mean	St. Dev.
38	20%	95%	61.08%	26.28%

2010 Wineries

N	Minimum	Maximum	Mean	St. Dev.
27	10%	90%	61.56%	24.95%



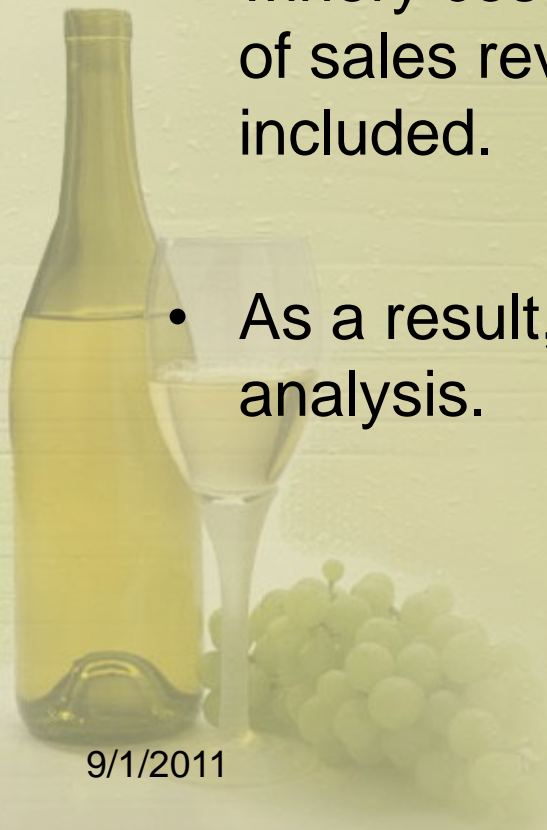
Please tell us the number of full-time and part-time employees that you have.

2009 Wineries					
Type	N	Minimum	Maximum	Mean	St. Dev.
Full Time	40	0	51	3.6	8.58
Part Time	37	0	30	5.4	7.54

2010 Wineries					
Type	N	Minimum	Maximum	Mean	St. Dev.
Full Time	25	0	15	4.16	4.45
Part Time	27	0	25	6.93	6.53

North Carolina Winery Costs, Expenses and Profitability as a Percentage of Winery Sales Revenue

- For the following data, only wineries reporting that winery costs, expenses and profit as a percentage of sales revenue that summed to 100% were included.
- As a result, 13 wineries were included in the analysis.



Please tell us the percentage of your sales revenue that represents your cost of goods sold (e.g., grapes, bottles, corks, etc., but not labor).

2009 Wineries

N	Minimum	Maximum	Mean	St. Dev.
19	10%	60%	33.32%	13.28%

2010 Wineries

N	Minimum	Maximum	Mean	St. Dev.
13	15%	70%	38.46%	13.96%



Please tell us the percentage of your gross sales that represents your labor costs.

2009 Wineries

N	Minimum	Maximum	Mean	St. Dev.
19	0%	68%	26.11%	18.17%

2010 Wineries

N	Minimum	Maximum	Mean	St. Dev.
13	0%	40%	18.31%	12.80%



Please tell us the percentage of your gross sales that you spend on marketing.

2009 Wineries

N	Minimum	Maximum	Mean	St. Dev.
19	1%	50%	10.47%	11.18%

2010 Wineries

N	Minimum	Maximum	Mean	St. Dev.
13	5%	20%	7.00%	4.32%



Please tell us the percentage of your gross sales that represent the rest of your expenses (e.g., general and administrative expenses).

2009 Wineries

N	Minimum	Maximum	Mean	St. Dev.
18	1%	68%	21.44%	17.09%

2010 Wineries

N	Minimum	Maximum	Mean	St. Dev.
13	5%	45%	19.69%	13.47%



Of your gross sales, please tell us the percentage that represents your net profit before taxes.

2009 Wineries

N	Minimum	Maximum	Mean	St. Dev.
18	-22%	50%	10.33%	17.32%

2010 Wineries

N	Minimum	Maximum	Mean	St. Dev.
13	0%	50%	16.54%	13.13%



Please tell us the total dollar value of your in-kind or monetary charitable contributions.

2009 Wineries

N	Minimum	Maximum	Mean	St. Dev.
31	\$0	\$200,000	\$10,611.29	\$35,697.33

2010 Wineries

N	Minimum	Maximum	Mean	St. Dev.
20	\$100	\$15,000	\$2,962.50	\$3,602.59



Final Project Discussion

- The project provided insights into the performance of the very young North Carolina wine industry and also showed basic yearly trends.
- The survey instrument developed for the study worked very well. We only changed a single question on the marketing options used on the 2010 instrument.
- The North Carolina wine industry supported the project and did provide data on a timely basis. However, future efforts can still improve the sample size and response rates.

