

Economic Outlook 2021

BARNARD  GRIFFIN

Megan Hughes – Second Generation Winemaker

Who is WA Wine?

BY THE NUMBERS

WA WINE



WINERIES
1,000+



GROWERS
400+



TONS PRODUCED
201,000

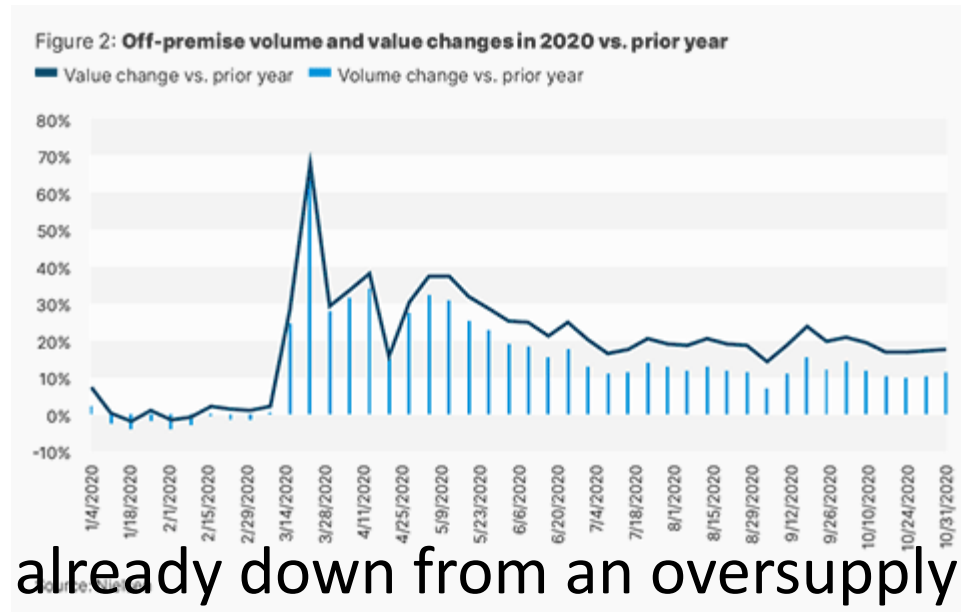


ACRES PLANTED
60,000+

90%

Ninety percent of Washington state's wineries are small, family owned businesses who make fewer than 5,000 cases a year.

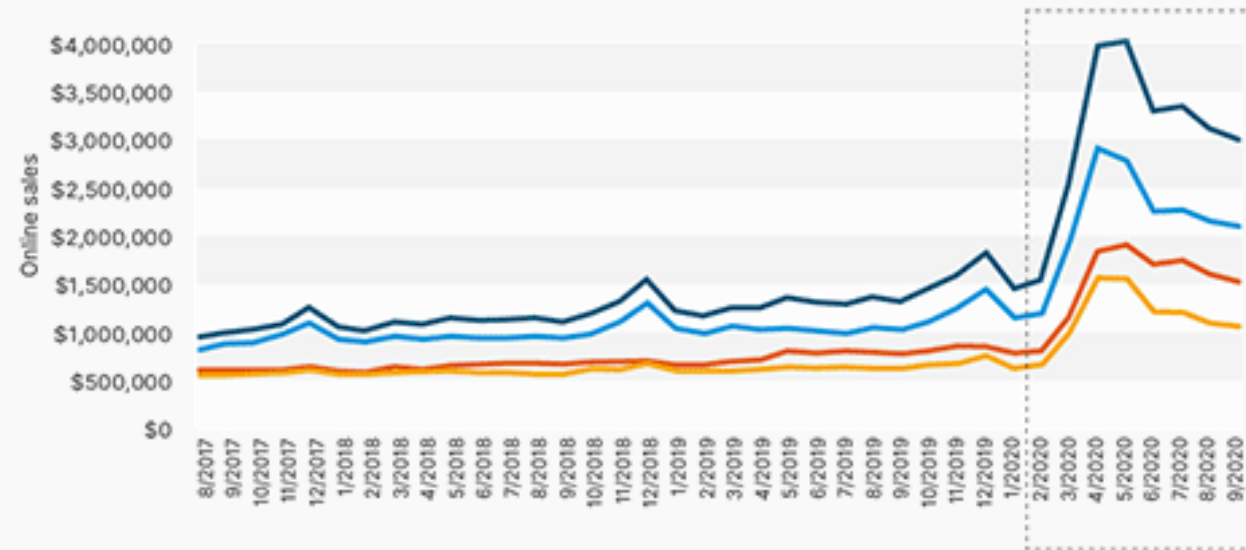
2020 Recap



- Domestic wine was already down from an oversupply in 2019. Stock up happened in March, and quickly leveled off.
- Market was in major panic because of proposed European tariffs early 2020.

Figure 11: **E-commerce trends in alcohol**
Explosive growth in COVID-19 period

— Wine — Beer/FMB/cider — Spirits — Total alcohol



Note: *FMB* stands for flavored malt beverage.

Source: Nielsen/Rakuten Intelligence

The trend of higher online sales is still showing opportunity.

Washington State Liquor and Cannabis Board

Total Income Comparison Between 2019 and 2020

	FY 2019	FY 2020	Difference
Spirit Fees	\$148,755,778	\$172,453,017	<i>Increase \$23,697,239</i>
Beer Tax	31,060,875	30,076,121	<i>Decrease 984,752</i>
Wine Tax	26,481,140	26,479,857	<i>Decrease 1,282</i>
Liquor License Fees	16,644,934	15,476,379	<i>Decrease 1,168,554</i>
Cannabis Taxes/Fees	395,523,567	473,931,351	<i>Increase 78,407,785</i>
Tobacco	572,193	444,730	<i>Decrease 127,462</i>
Other General Fund	3,364	394	<i>Decrease 2,969</i>
Total	\$619,065,411	\$ 718,883,193	<i>Increase \$ 99,817,782</i>

2020 Recap

- Nature gave us a remarkably unremarkable harvest
- Wildfires tore through the Pacific Northwest, cloaking our region in smoke

2021 Outlook

- Improved demand from consumers
 - As hospitality reopens, and deferred events such as weddings take place, there will be improved demand from consumers and a bounce for overall sales in 2021.
- Invest in ecommerce and digital strategies
 - Opportunities for marginal growth will be found by investing in ecommerce and digital strategies.
- Balanced harvest supply in the West
 - Supply in the West is largely balanced going into 2021 but with low growth rates, a large harvest will put supply back out of balance.

-Silicon Valley Bank Wine Industry Report 2021

What is next?

- How do we re-engage consumers?
 - Virtual opportunities
 - Get involved, virtual taste WA in March
- What take-aways are we keeping? What's going back to "normal"?
- Growth in Vancouver highlighting the importance of Direct to Consumer traffic.
 - Opportunities to get creative and have some fun tourism
 - Train rides
 - Partnering cities
- Alliance of Women in Washington Wine (AWWA)
 - Inspire, connect, advance