

Texas Department of Agriculture's Wine Marketing Passport Program that Promotes Tourism and Texas Wineries: Are there Measurable Economic Returns?

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With the Agricultural Marketing Act of 1946, Congress declared a sound, efficient, and privately-operated system for distributing and marketing agricultural products. The act identified that this system is essential to insure prosperous agriculture and is indispensable to the maintenance of full employment and the welfare, prosperity, and health of the nation (Caswell, 1997). GO TEXAN is a marketing initiative by TDA promoting all Texas agricultural products – food, fiber, wine and horticulture – under one easily recognized trademark: a glowing brand in the shape of Texas. Wine is targeted commodity in the Texas brand of products and has a program similar to other commodities programs such as fiber, livestock, and general agricultural business development.

There are many potential reasons why a state marketing program may work. Researchers at Rutgers University (Adelaja, Brumfield and Lininger, 1990) identified a growing interest among states to assist in marketing agricultural commodities. According to Holloran and Martin, (1989), policymakers typically seek to promote (a) products that have certain state characteristics, (b) promote unique products, and (c) attempt to gain economic returns.

Many states have created wine programs to assist producers in the production and marketing of state produced wines. The Indiana Wine Grape Council states that since its creation in 1989, the number of Indiana wineries has increased from 9 to 30. Additionally, Indiana agriculture has seen more than a 300 percent increase in wine-grape acreage since 1991. In New York, enologists and viticulturists at Cornell University have assisted the 253 wineries experience positive annual growth.

The wine industry in Oregon provides more than \$1.4 billion in economic activity for the state. According to the Oregon Wine Center, this impact is reflected in wages, revenue, taxes, and spending on agricultural technology and supplies for Oregon's wine and wine grape industries. California's wine industry has the largest economic impact compared to other wine producing states and is the fourth largest wine producer in the world. Current figures show there are 1,294 wineries in California. The wine and grape industry supports more than 207,000 full-time

employees with a combined income totaling more than \$7.6 billion. Tourism is one of the many factors working to promote the wine industry in California. There are an estimated 14.8 million visitors each year who spend more than \$1.3 billion while they are in the state.

According to the Texas Wine Marketing Research Institute and the Adam Wine Handbook (2008), Texas ranks fourth in wine consuming state, which identifies exceptional market demand since a large portion of state consumers, seek state produced commodities. Texans also consume over 70 percent of their wine from domestic sources, which again offers opportunities for Texas produced wine. Considering consumption of wine in Texas, demand has increased thirty-eight percent since 1997, which illustrates a large growth in wine demand. In addition to wine demand, wine also exceeds other alcoholic beverages in consumer growth. MFK Research, Inc. has defined Texas wineries to be creating over \$1 billion in economic impacts and the largest single contributor is tourism (27% of total value).

In recognition of the growing Texas wine market, high value of tourism and increasing geographic diversity of Texas wineries, Texas Department of Agriculture created a new Passport Program in 2009. This program tracks visitor's history of winery visits and offers prizes to those consumers that visit targeted numbers of wineries. This is a new program and measuring consumer satisfaction, connecting with consumers to measure demand preferences and program's influence on Texas wineries success are the research objectives. Data will become available in April and primary data collections from consumer surveys will report quantify the results. Also, Passport Program cost will be compared with potential program influenced sales to create a program return on investment.