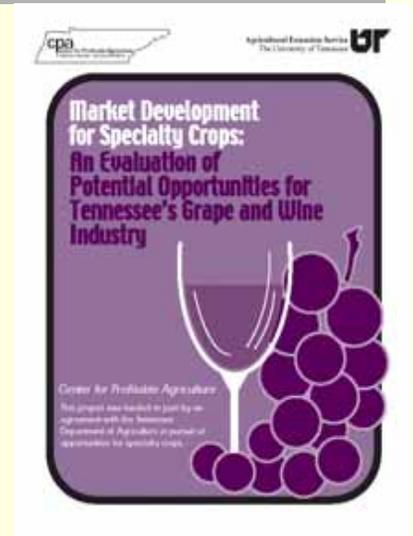


Case Study Market Considerations



Opportunities for the Tennessee Grape and Wine Industry

Opportunities for Grape and Wine

- Growth in number of wineries since late 1970s.
- Increase in wine sales in Tennessee since late 1970s.
- Increase in Tennessee-grown grapes since late 1970s.
- Market for Tennessee-grown grapes driven by winery demand.

Opportunities for Grape and Wine

- TN law mandates use of Tennessee-grown products.
 - New wineries must use 50% Tennessee-grown grapes.
 - Wineries more than 3 years old must use 75% Tennessee-grown grapes.
- A waiver (*J-6 waiver*) can be requested when in-state supplies are not available.

Opportunities for Grape and Wine

- There are 25 Tennessee wineries.
- In 2001, 11 wineries requested waivers.
- In 2002, 12 wineries requested waivers.

- The amount of out-of-state purchases requested through *J-6 waivers* is in addition to the out-of-state purchases allowed by law.

Opportunities for Grape and Wine

- Requests for out-of-state purchases in 2001 and 2002 were analyzed.
- 27 varieties were purchased.
- 1 to 9 wineries requested certain varieties.
- Total amounts requested (per variety) varied from 300 gallons to 292,000 pounds.
- Approximately \$316,187 value of out-of-state purchases.

Opportunities for Grape and Wine

- Assessment of each variety's production possibility in Tennessee was quantified (1 to 10).
- 18 varieties rated a "7" or better.
- Potential acres of production (per variety) ranged from 0.16 to 34.32 acres.
- Total of 91.6 acres of production potential from the 18 varieties with a "7" or better production possibility.

Opportunities for Grape and Wine

Table 7: Estimated Per-Unit Value of Varieties Requested for Out-of-State Purchase and the Corresponding Estimated Annual Value of Out-of-State Purchases

Variety	Unit	Estimated Value Per Unit	Estimated Annual Value of Out-of-State Purchases
Merlot	lbs.	\$1.00	\$25,500
Cabernet	lbs.	\$1.00	\$40,500
Rhubarb	lbs.	\$1.25	\$625
Muscadine	lbs.	\$0.50	\$139,150
Riesling	lbs.	\$1.00	\$50,250

Table 7 continued

Variety	Unit	Estimated Value Per Unit	Estimated Annual Value of Out-of-State Purchases
Concord	gal.	\$0.35	\$12,616
Niagara	gal.	\$0.375	\$4,490
Foch	gal.	\$0.375	\$204
Seyval	gal.	\$0.375	\$629
Cayuga	gal.	\$0.375	\$611
Chardonnay	gal.	\$1.00	\$1,825
Chambourcin	gal.	\$0.375	\$833

Table 7 continued

Variety	Unit	Estimated Value Per Unit	Estimated Annual Value of Out-of-State Purchases
Blackberries	lbs.	\$0.75	\$7,875
Vignoles	gal.	\$0.375	\$305
Strawberry	lbs.	\$0.75	\$7,875
Raspberry	lbs.	\$1.00	\$12,700
Leon Millot	gal.	\$0.375	\$370
Gewurztraminer	gal.	\$1.00	\$450
Chancellor	lbs.	\$0.375	\$1,288
Baco	gal.	\$0.375	\$44

Table 7 continued

Variety	Unit	Estimated Value Per Unit	Estimated Annual Value of Out-of-State Purchases
Rougeaon	gal.	\$0.375	\$55
DeChaunac	lbs.	\$0.375	\$842
Catawba	lbs.	\$0.375	\$4,348
Venus	lbs.	\$0.375	\$925
Cynthiana	gal.	\$0.375	\$102
Zinfandel	gal.	\$1.00	\$275
Cherries	lbs.	\$0.50	\$1,500
Total Estimated Annual Value of Out-of-State Purchases for All Varieties and Species			\$316,187

Opportunities for Grape and Wine

- Based on 2001 & 2002 data, approximately 90 acres of production is possible from the 18 varieties with a “7” or better production possibility.
- Market value of all out-of-state production is \$316,000 per year from 27 varieties.
- Approximately 16% of this value was rated as a “7” or better production possibility in Tennessee.