



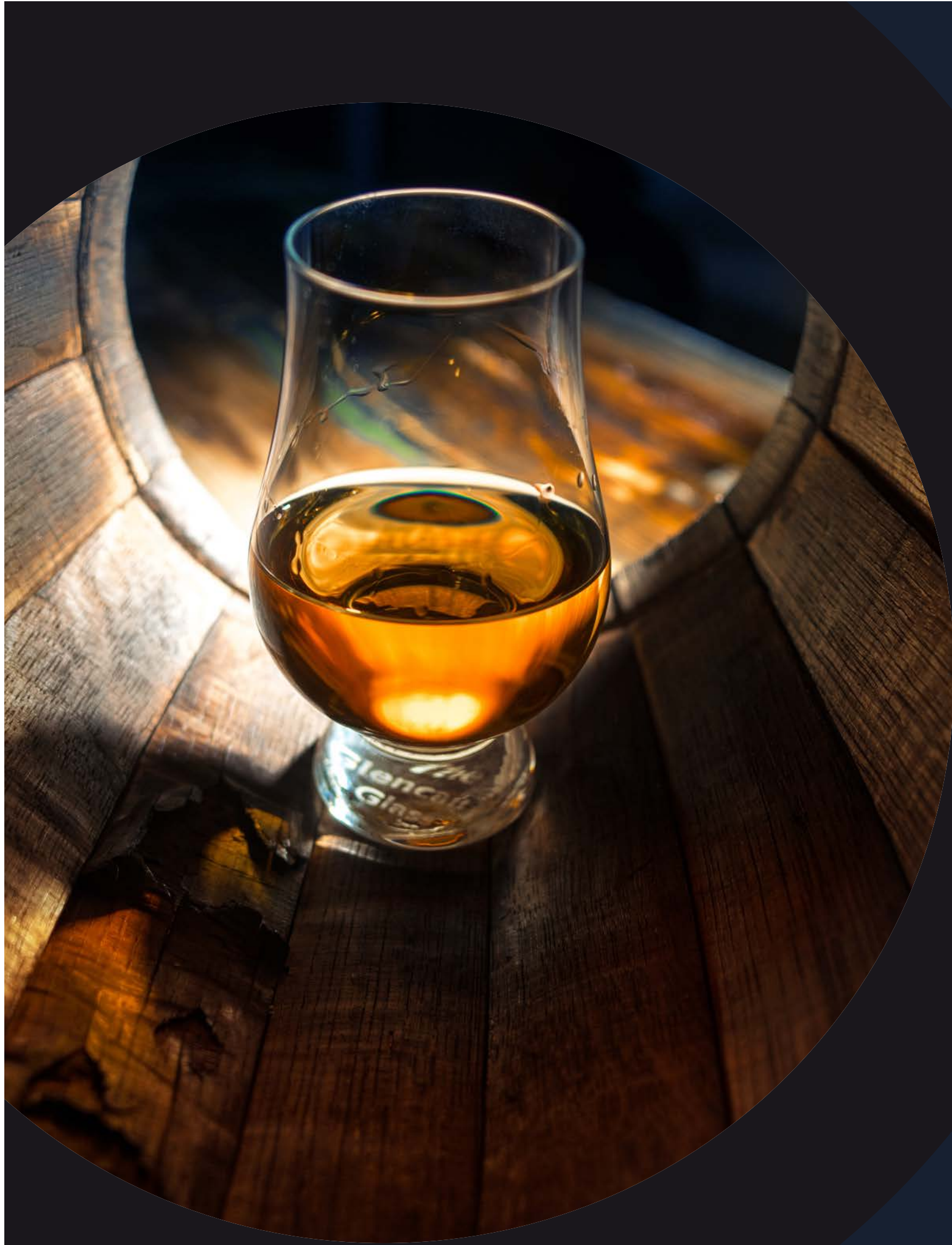
TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

Economic Impacts of Distillery Tourism in California

Economic Impacts

2022



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INTRODUCTION

The spirits industry generates an estimated \$200 billion in economic activity in the United States on an annual basis.

The spirits industry is a significant economic engine in the U.S. economy, generating an estimated \$200 billion in economic activity and supporting 1.7 million jobs on an annual basis. The industry has shown steady growth (in terms of revenue and volume) over the past 20 years, and spirits accounted for more than 40% of total U.S. alcohol revenue in 2022.

Beyond the economic impacts attributable to sales, revenue, and production, the industry also generates additional tourism-related impacts as customers visit distilleries and collections of distilleries along distillery trails. A portion of distillery visitors includes non-local visitors who also frequent other businesses and establishments during their trip to the region, including restaurants, hotels, and other recreation and amusement attractions.

RESEARCH OVERVIEW

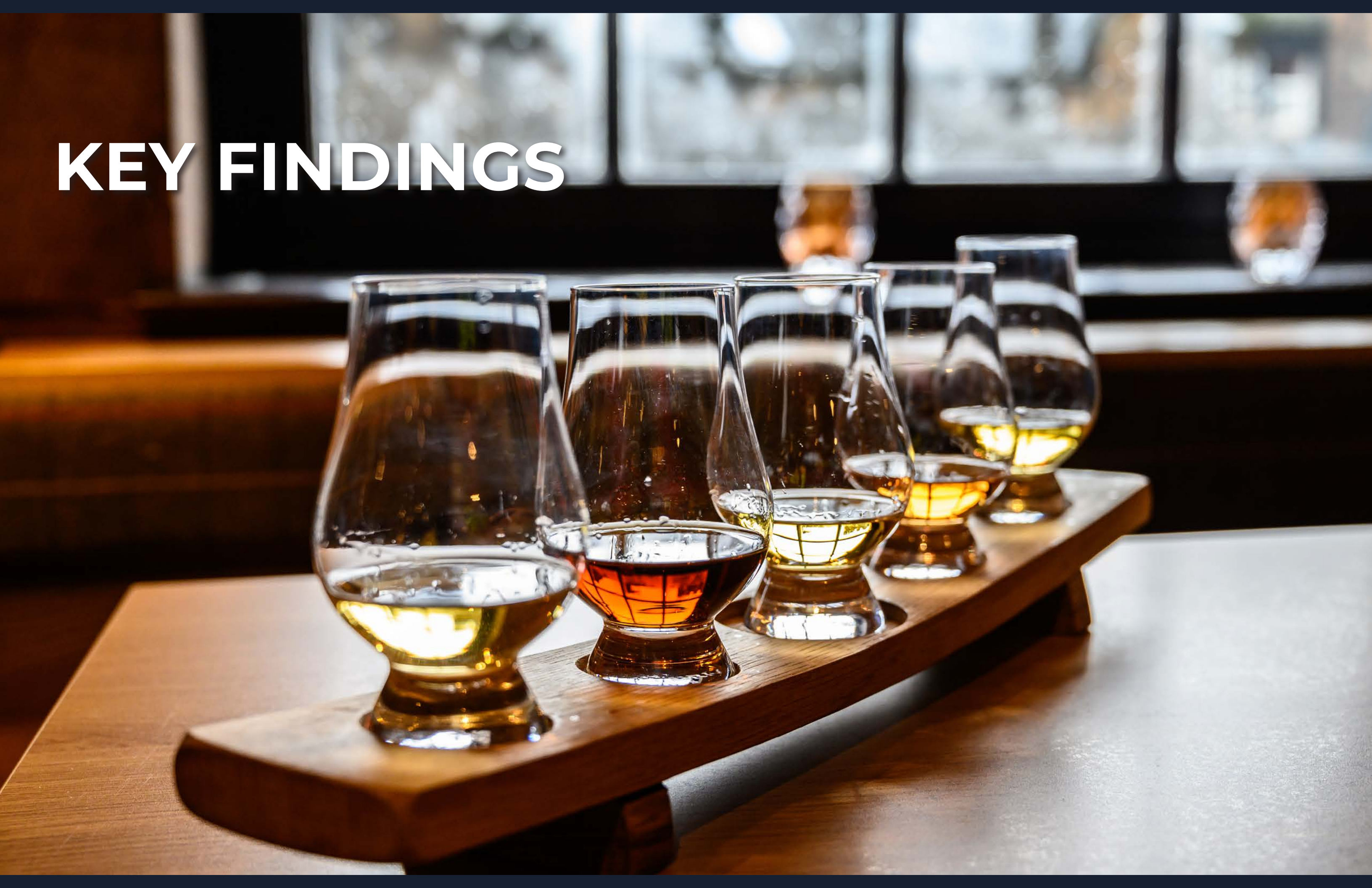
The Distilled Spirits Council of the United States commissioned Tourism Economics, a subsidiary of Oxford Economics, to analyze the various channels of economic and fiscal (tax) benefits attributable to tourism generated by the 174 distilleries currently operating in California in 2022. The economic impact analysis references distillery tourism spending in 2022 in order to capture the economic impacts on the state economy.

To quantify the economic impacts, Tourism Economics prepared a comprehensive model to estimate the impacts arising from distillery visitors' spending both on-site at distilleries and also at off-site establishments surrounding distilleries.

In order to best capture the impacts of distillery tourism throughout California, Tourism Economics based the impact modeling on an IMPLAN input-output (I-O) model for the statewide economy of California.

The results of this study show the scope of the impacts of distillery tourism in terms of on-site and off-site spending by distillery visitors, as well as the total economic impacts of distillery tourism, including total business sales, employment, labor income, and fiscal (tax) impacts in the State of California in 2022.

KEY FINDINGS



DISTILLERY TOURISM IN CALIFORNIA - 2022

SUMMARY ECONOMIC IMPACTS

DIRECT SPENDING IMPACTS

Distilleries in California attracted an estimated 1,100,000 visits in 2022, including 594,000 visits by non-local daytrip visitors and 418,000 visits by non-local overnight visitors.

In addition to spending money during their visit to distilleries, visitors will also spend money at businesses and establishments in the local economy, including local restaurants, retailers, and recreation/entertainment venues. Tourism Economics estimates that total on-site and off-site spending by non-local distillery visitors amounted to \$293.6 million in 2022, including \$78.9 million in spending by non-local daytrip visitors and \$214.7 million in spending by non-local overnight visitors.

SUMMARY DIRECT IMPACTS OF DISTILLERY TOURISM - 2022



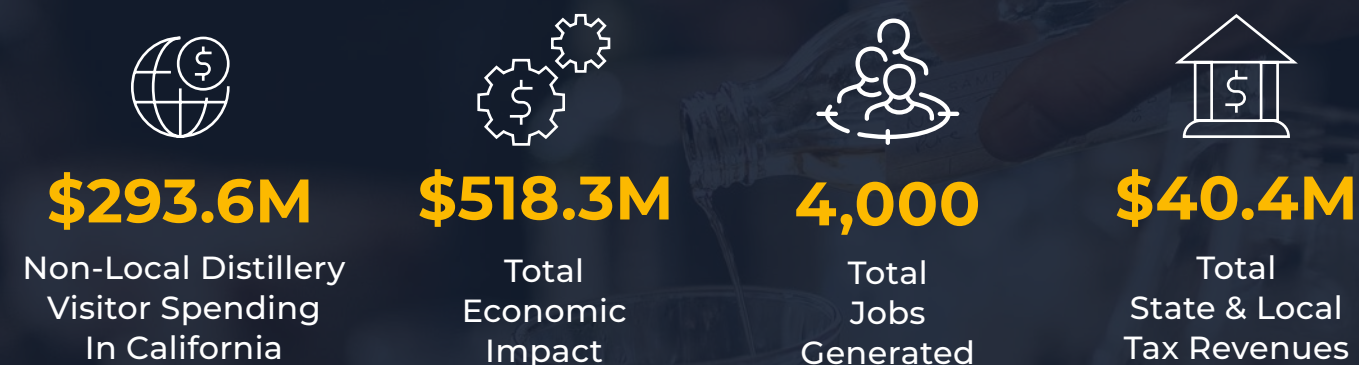
TOTAL ECONOMIC IMPACTS OF DISTILLERY TOURISM - 2022

The \$293.6 million in total spending by non-local distillery visitors generated a total economic impact of \$518.3 million in the statewide economy of California in 2022. This total economic impact of \$518.3 million supported approximately 4,000 part-time and full-time jobs and generated \$40.4 million in state and local tax revenues.



SUMMARY ECONOMIC IMPACTS DISTILLERY TOURISM IN CALIFORNIA (2022)

Distillery tourism in California generated \$238.9 million in spending by non-local distillery visitors. This spending by non-local distillery visitors generated a total economic impact of \$518.3 million and supported 4,000 total jobs throughout the statewide economy. The total economic impact of \$518.3million generated approximately \$35.2 million in total state and local tax revenues.



DIRECT IMPACTS

Non-local distillery visitors spent a total of \$293.6 million at distilleries and at off-site businesses and establishments in California in 2022.

The first step in economic impact analysis is to estimate direct spending impacts attributable to distillery tourism. In addition to spending money during their visit to distilleries in California, non-local distillery visitors also spent money at businesses and establishments in the regional economy during their stay in the area, including local restaurants, retailers, and recreation/entertainment venues. These direct impacts ultimately serve as the inputs for the economic impact model.

The analysis excludes visits and spending by local distillery patrons, since their spending at distilleries, restaurants, and other local businesses would have occurred in the regional economy even if they had not visited a distillery.

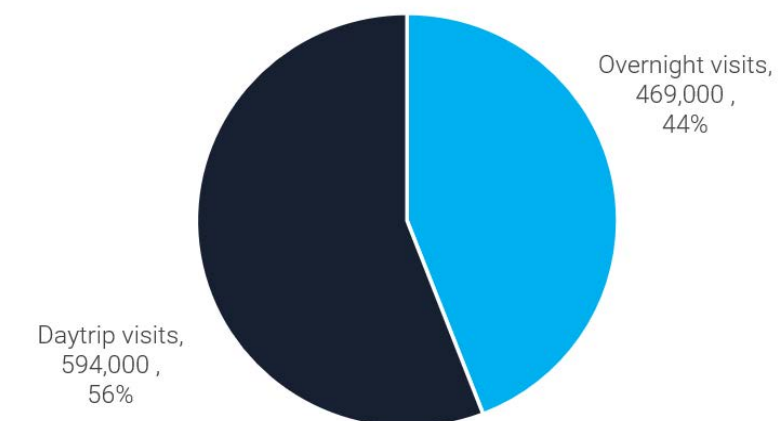
DIRECT IMPACTS - 2022 DISTILLERY TOURISM SPENDING

In addition to spending money during their visit to distilleries in California, non-local distillery visitors also spent money at businesses and establishments in the regional economy during their stay in the area, including local restaurants, retailers, and recreation/entertainment venues.

Overall, overnight visits represented 44% of non-local visits to distilleries, and daytrip visits represented 56% of non-local visits. International visits represented 2.6% of total non-local visits to distilleries in 2022.

Tourism Economics estimates that total spending by non-local distillery visitors in California amounted to \$293.6 million in 2022, including \$214.7 million in spending by non-local overnight visitors and \$78.9 million in spending by non-local daytrip visitors.

Shares of Non-Local Distillery Visits in California (2022), by Type of Visit (percent)



Source: Tourism Economics

Visitor Spending by Non-Local Distillery Visitors in California (2022) (\$ millions)

Description	Amount
Total spending by distillery visitors	\$293.6
Spending by overnight visitors	\$214.7
Spending by daytrip visitors	\$78.9

Source: Tourism Economics

DIRECT IMPACTS - 2022

DISTILLERY TOURISM SPENDING

Non-local distillery visitors spent a total of \$293.6 million at distilleries and at off-site businesses and establishments in California in 2022

The \$293.6 million in on-site and off-site spending by non-local distillery visitors in 2022 spanned a number of industries.

As shown in the accompanying figure, Tourism Economics estimates that non-local distillery visitors spent \$77.1 million on lodging, \$73.4 million on food and beverage, \$53.0 million on retail, \$46.0 million on transportation (including gasoline purchases), and \$44.0 million on entertainment and recreation, and.



\$293.6 MILLION

Total Spending by Non-Local Distillery Visitors in California in 2022



\$77.1M LODGING

Hotels, motels, short-term rentals, and other lodging



\$73.4M FOOD & BEVERAGE

Distilleries, full-service restaurants, fast food, convenience stores, and alcohol



\$53.0M RETAIL

Souvenirs, general merchandise, malls, and local retailers



\$46.0M TRANSPORTATION

Taxis, buses, parking, public transportation, ride share, and gasoline



\$44.0M RECREATION

Amusements, theaters, entertainment, and other recreation



ECONOMIC IMPACTS



ECONOMIC IMPACTS METHODOLOGY

Tourism Economics estimated the economic impacts of spending by non-local distillery visitors using regional Input-Output (I-O) models based on customized IMPLAN (www.implan.com) models for the statewide economy of California. IMPLAN is recognized as an industry standard in local, regional, and state-level I-O models. An I-O model represents a profile of an economy by measuring the relationships among industries and consumers to track the flow of industry revenue to wages, profits, capital, taxes, and suppliers. The supply chain is traced as dollars flow through the economy, representing indirect impacts. The model also calculates the induced impacts of spending. Induced impacts represent benefits to the economy as incomes earned as a result of direct spending are spent in the local economy, generating additional sales, jobs, taxes, and income.

The modeling process begins with aligning the direct expenditure measurements with the related sectors in the model (e.g. hotels, restaurants, retail, and recreation). The model is then run to trace the flow of these expenditures through the economy. In this process, the inter-relationships between consumers and industries generate each level of impact.

IMPLAN calculates three levels of impact – direct, indirect, and induced – for a broad set of indicators.

These include the following:

- Business sales (also called gross output)
- Household income (including wages and benefits)
- Employment
- Federal taxes
- State and local taxes

ECONOMIC IMPACT FRAMEWORK

DIRECT IMPACTS

Distillery tourism's contribution measured by expenditures & visitor spending



RETAIL



ENTERTAINMENT/REC



FOOD & BEVERAGE



LOCAL TRANSPORTATION



LODGING

INDIRECT IMPACTS

Purchases of inputs from suppliers
Suppliers' own supply chains



SUPPLY CHAIN
EFFECTS



B2B GOODS &
SERVICES
PURCHASES

INDUCED IMPACTS

Consumer spending out of
employees' wages



INCOME
EFFECT



HOUSEHOLD
CONSUMPTION

TOTAL IMPACTS

Direct, indirect, and
induced impacts



SALES



GDP



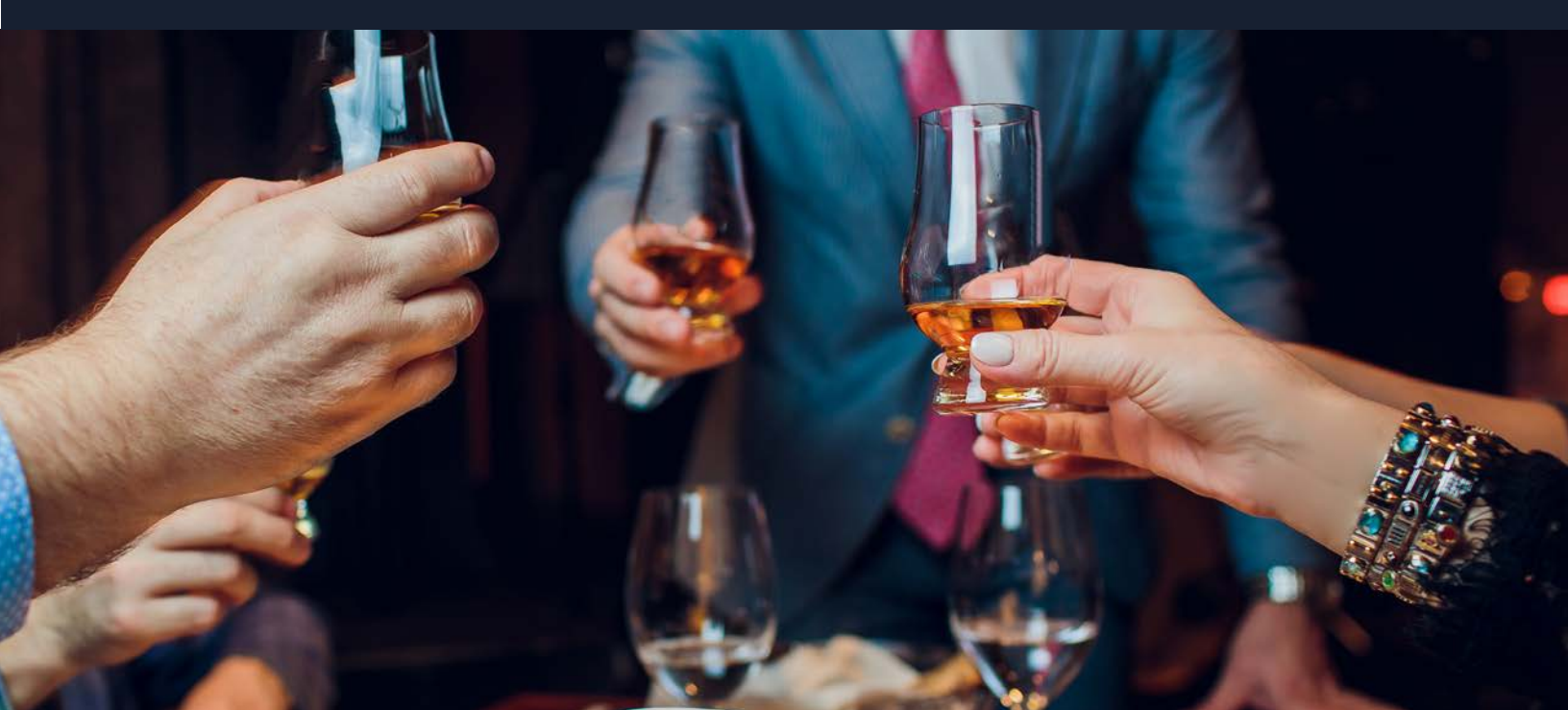
JOBS



WAGES



TAXES



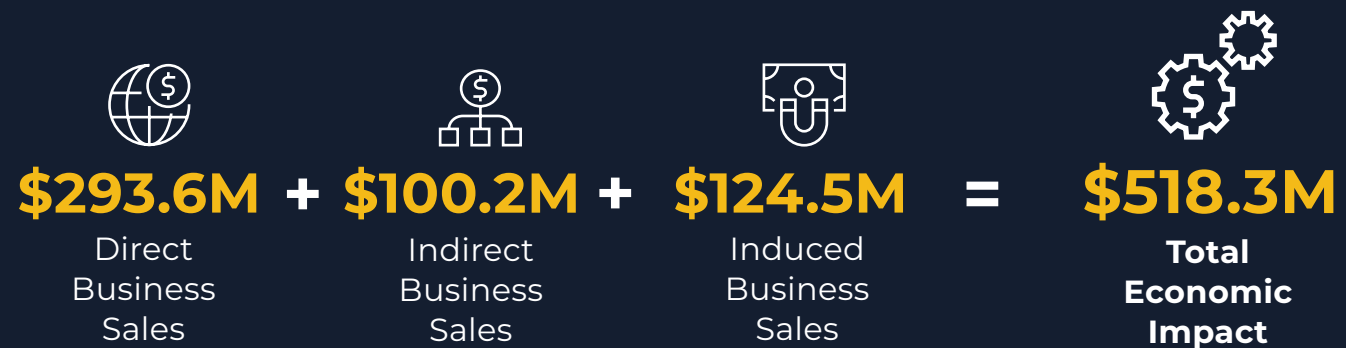
DISTILLERY TOURISM IN CALIFORNIA - 2022

ECONOMIC IMPACT: BUSINESS SALES BY INDUSTRY

Spending by non-local distillery tourists generated a total economic impact of \$518.3 million in the state of California in 2022.

The \$293.6 million in spending by non-local distillery tourists generated \$100.2 million in indirect business sales and \$124.5 million in induced business sales, resulting in a total economic impact of \$518.3 million in California in 2022.

BUSINESS SALES IMPACTS - STATE OF CALIFORNIA



DISTILLERY TOURISM IN CALIFORNIA - 2022

BUSINESS SALES IMPACTS BY INDUSTRY (\$ MILLIONS)

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$293.6	\$100.2	\$124.5	\$518.3
By industry				
Food & Beverage	\$73.4	\$4.4	\$8.8	\$86.7
Lodging	\$77.1	\$0.1	\$0.3	\$77.5
Finance, Insurance and Real Estate	\$0.0	\$23.5	\$39.4	\$62.9
Retail Trade	\$53.0	\$1.4	\$8.4	\$62.8
Recreation and Entertainment	\$44.0	\$1.0	\$1.9	\$47.0
Business Services	\$0.0	\$24.7	\$10.7	\$35.5
Gasoline Stations	\$34.5	\$0.1	\$0.5	\$35.1
Communications	\$0.0	\$14.4	\$8.0	\$22.4
Other Transport	\$11.5	\$4.8	\$3.4	\$19.7
Manufacturing	\$0.0	\$10.0	\$7.3	\$17.2
Education and Health Care	\$0.0	\$0.2	\$16.8	\$17.0
Wholesale Trade	\$0.0	\$5.5	\$6.1	\$11.5
Personal Services	\$0.0	\$2.3	\$6.3	\$8.6
Construction and Utilities	\$0.0	\$3.6	\$2.3	\$5.9
Government	\$0.0	\$3.0	\$2.3	\$5.3
Agriculture, Fishing, Mining	\$0.0	\$0.9	\$0.8	\$1.7
Air Transport	\$0.0	\$0.4	\$1.1	\$1.5

Source: Tourism Economics

Note: Totals may not sum due to rounding.

DISTILLERY TOURISM IN CALIFORNIA - 2022

ECONOMIC IMPACT: EMPLOYMENT BY INDUSTRY

Distillery tourism supported 4,000 total jobs throughout California in 2022.

Distillery tourism in California directly supported 2,900 full-time and part-time jobs in 2022. Indirect and induced impacts generated 450 indirect jobs and 640 induced jobs, resulting in 4,000 total jobs throughout California.

Employment impacts by industry

(number of jobs)

	Direct Employment	Indirect Employment	Induced Employment	Total Employment
Total, all industries	2,863	452	639	3,954
By industry				
Food & Beverage	986	54	100	1,139
Lodging	760	1	3	763
Recreation and Entertainment	632	10	21	663
Retail Trade	387	11	71	470
Business Services	0	148	66	215
Finance, Insurance and Real Estate	0	84	71	155
Education and Health Care	0	2	142	144
Other Transport	53	42	30	126
Personal Services	0	23	72	95
Gasoline Stations	45	0	3	48
Manufacturing	0	22	14	35
Wholesale Trade	0	17	16	33
Communications	0	14	11	25
Government	0	13	8	21
Construction and Utilities	0	7	5	12
Agriculture, Fishing, Mining	0	4	4	8
Air Transport	0	1	2	3

Note: Totals may not sum due to rounding.

DISTILLERY TOURISM IN CALIFORNIA - 2022

ECONOMIC IMPACT: INCOME BY INDUSTRY

Distillery tourism generated \$154.7 million in total labor income throughout California in 2022.

Distillery tourism generated \$90.5 million in direct labor income and \$154.7 million in total labor income, including indirect and induced income, throughout California in 2022.

Labor income impacts by industry

(\$ millions)

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$90.5	\$28.9	\$35.3	\$154.7
By industry				
Lodging	\$29.8	\$0.0	\$0.1	\$30.0
Food & Beverage	\$24.6	\$1.9	\$3.2	\$29.8
Recreation and Entertainment	\$21.2	\$0.4	\$0.7	\$22.3
Business Services	\$0.0	\$11.8	\$4.9	\$16.7
Retail Trade	\$9.2	\$0.4	\$2.8	\$12.3
Education and Health Care	\$0.0	\$0.1	\$8.9	\$9.0
Finance, Insurance and Real Estate	\$0.0	\$3.2	\$4.5	\$7.7
Other Transport	\$4.2	\$1.8	\$1.2	\$7.2
Communications	\$0.0	\$3.0	\$1.9	\$4.9
Personal Services	\$0.0	\$0.9	\$2.5	\$3.4
Wholesale Trade	\$0.0	\$1.4	\$1.5	\$2.9
Manufacturing	\$0.0	\$1.6	\$1.0	\$2.6
Government	\$0.0	\$1.6	\$1.0	\$2.5
Gasoline Stations	\$1.6	\$0.0	\$0.1	\$1.7
Construction and Utilities	\$0.0	\$0.6	\$0.5	\$1.1
Air Transport	\$0.0	\$0.1	\$0.3	\$0.4
Agriculture, Fishing, Mining	\$0.0	\$0.1	\$0.1	\$0.2

Source: Tourism Economics

Note: Totals may not sum due to rounding.

DISTILLERY TOURISM IN CALIFORNIA - 2022

ECONOMIC IMPACT: TAX GENERATION

The total economic impact of \$518.3 million attributable to distillery tourism generated a total fiscal (tax) impact of \$81.0 million, including \$40.4 million in state and local tax revenues throughout California in 2022.

Distillery tourism generated a total fiscal (tax) impact of \$81.0 million throughout California in 2022.

Total federal taxes amounted to \$40.6 million, including \$19.4 million in personal income taxes, \$2.9 million in corporate taxes, \$2.4 million in indirect business taxes, and \$15.9 million in social insurance taxes.

Total state and local taxes in California amounted to \$40.4 million, including \$14.8 million in sales taxes, \$7.5 million in personal income taxes, \$1.3 million in corporate taxes, \$3.4 million in excise taxes and fees, and \$12.5 million in property taxes in 2022.

DISTILLERY TOURISM IN CALIFORNIA - 2022

TOTAL TAX REVENUES (\$ MILLIONS)

	Direct Taxes	Indirect & Induced Taxes	Total Taxes
Total Taxes	\$45.5	\$35.5	\$81.0
Federal	\$20.7	\$19.9	\$40.6
Personal income	\$11.2	\$8.2	\$19.4
Corporate	\$1.1	\$1.8	\$2.9
Indirect business	\$1.5	\$0.9	\$2.4
Social insurance	\$6.9	\$9.0	\$15.9
State and Local	\$24.8	\$15.6	\$40.4
Sales	\$9.3	\$5.4	\$14.8
Personal income	\$4.3	\$3.2	\$7.5
Corporate	\$0.5	\$0.8	\$1.3
Excise and fees	\$2.1	\$1.3	\$3.4
Property	\$7.9	\$4.6	\$12.5

Source: Tourism Economics

Note: Totals may not sum due to rounding.

ABOUT THE RESEARCH TEAM



Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling to UK companies and financial institutions expanding abroad. Since then, we have become one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact.

Oxford Economics is an adviser to corporate, financial and government decision-makers and thought leaders. Our worldwide client base comprises over 2,000 international organizations, including leading multinational companies and financial institutions; key government bodies and trade associations; and top universities, consultancies, and think tanks.

This study was conducted by the Tourism Economics group within Oxford Economics. Tourism Economics combines an understanding of traveler dynamics with rigorous economics in order to answer the most important questions facing destinations, investors, and strategic planners. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, destination recovery plans, forecasting models, policy analysis, and economic impact studies.

Oxford Economics employs 400 full-time staff, including 250 professional economists and analysts. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC.





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