

New Study Finds Virginia Distilleries Create \$1.1 Billion in Economic Impact

Consumer survey identifies opportunities for more growth

RICHMOND, Va. (May 10, 2024) – Virginia’s distillery industry generated an economic impact of more than \$1.1 billion and supported more than 3,000 jobs in 2022 according to a study by Economic Forensics and Analytics, Inc., commissioned by the Virginia Spirits Board (VSB).

“The Virginia spirits industry has been a growth driver for the commonwealth, having a significant impact on the entire state year after year,” said Scott Harris, Virginia Spirits Board chairman and general manager and founder of Catoctin Creek Distilling Company. “We conducted this study to get a better sense of the current Virginia spirits landscape and identify data-backed opportunities for growth. Virginia distilleries provide exceptional experiences for residents and visitors alike while supporting our economy.”

There were approximately 81 licensed and revenue-generating distilleries in Virginia in 2022 that produced approximately 4.37 million gallons of bottled, distilled products including absinthe, amaretto, bourbon, brandy, gin, grappa, malt, moonshine, rum, rye, whiskey, agave spirits, liqueurs and ready-to-drink cocktails.

Distilleries generated over \$275.9 million in revenues across all channels and activities.

Approximately 3,081 jobs were supported by the industry in Virginia, paying workers more than \$139 million in wages.

Jobs span industries such as grain farming, restaurants, hotels, trucking, glass manufacturing, printing, marketing services, barrel production and Virginia Alcoholic Beverage Control Authority (Virginia ABC) retail store employment.

The study leveraged data from an industry survey and official sources such as the Bureau of Labor Statistics, the federal Alcohol and Tobacco Tax and Trade Bureau and Virginia ABC to determine the economic size of the distilling industry in terms of statewide revenues and employment.

“The Virginia ABC is a major contributor to the quality of life in Virginia by returning more than \$13 billion in revenue to Virginians since we were established 90 years ago,” said Dale Farino, CEO of Virginia ABC. “Supporting the growth and development of Virginia distillers and businesses is a key element of our mission, which is why we are proud to showcase Virginia-made products in our more than 400 stores statewide. Virginia ABC is glad to partner with the Virginia Spirits Board and farmers, suppliers and companies involved in the manufacturing and sales of Virginia spirits to enhance the commonwealth’s economy.”

In addition, the study looked at industries that impact or are impacted by Virginia distilling including ingredient farmers, on-premise and off-premise retail, trucking, glass wholesalers, printing, marketing, tank manufacturing, barrel production and other industries that support distillery operations and broader economic impacts.

Virginia's farmers generated over \$10.3 million in revenues from local distilleries purchasing their grain, wheat, barley, corn, rye and other agriculture harvests.

"I commend Virginia's spirits industry for its immense economic impact and pivotal role in our state's prosperity and heritage, generating over \$1.1 billion in 2022 and supporting 3,081 jobs," said Matt Lohr, Secretary of Agriculture and Forestry for the Commonwealth of Virginia. "With 81 distilleries contributing to various sectors, including farming and hospitality, this industry is a vital aspect of our diverse economy. From grain to glass, Virginia's spirits showcase excellence that is now competing on the international stage and providing Virginians with new and growing opportunities."

It's estimated that approximately 228,500 people visited Virginia's distilleries in 2022. Visitors to Virginia's distilleries spent another \$63.5 million beyond distillery spending on hotel stays, restaurants, entertainment, and various other businesses.

New consumer survey looks at consumption habits

To get a better sense of opportunities and benchmark consumer sentiment among spirits drinkers in Virginia, the VSB enlisted research firm Brand Federation to conduct a consumer survey.

768 individuals participated in an online survey during the summer of 2023. Respondents had to be over the age of 21 and a resident of Virginia.

Of the respondents, whiskey was the most frequently consumed spirit followed closely by vodka, and whiskey of all types was perceived as the leading spirit distilled in Virginia.

More respondents drink at home than anywhere else, and almost 90% of those home drinkers regularly stock spirits in the home.

Curiosity for and trial of new spirits showed room to grow, with 97% of respondents saying they try new brands or spirits at bars or restaurants and 81% purchasing a new brand or spirit in the last year.

The survey ultimately identified male, home drinkers as the greatest opportunity for Virginia spirits, as this demographic is receptive to Virginia-made spirits, is willing to spend more on spirits, try out more spirits and consume a broader variety of spirits.

"Virginia's spirits industry is as diverse as the commonwealth itself, with award-winning and delicious products produced by passionate and innovative people," said Jack Gorman, executive director of the Virginia Spirits Board Marketing Office. "These studies gave us tremendous insight

into how the industry is impacting our state and how we can ensure the industry continues to thrive. Our team has some incredible plans for this year and beyond. Stay tuned!”

To learn more about the VSB, visit www.virginiaspirits.org co-located in the office space of The Hodges Partnership at 1805 East Broad Street, Richmond, VA 23223.

About Virginia Spirits Board

The Virginia legislature established the Virginia Spirits Board in 2020. The purpose of the Spirits Board is to allocate funds to projects that expand spirits distilling research, education, and promotion of the growing of grains and the production of spirits in the Commonwealth. The Virginia Spirits Board is one of 16 commodity boards within the Virginia Department of Agriculture and Consumer Services.