

Agriculture's Contribution to The Wisconsin Economy 2017 Breweries, Wineries and Distilleries

One of the fastest growing agricultural sectors in Wisconsin is the producers of alcoholic beverages (breweries, wineries and distilleries). As recently as 2012 there were only 73 such businesses in Wisconsin, four short years (2016) latter the number of has increased to 129 (Figure 1). Part of this growth can be attributed to changing tastes and preferences of consumers, particularly with the growth in interest in locally sourced foods.

In 2017, the alcoholic beverage industry employed some 3,660 people with total industrial sales of \$1.8 billion.

Both employment and sales are dominated by the brewery industry, the growth in the number of wineries is noticeable. Based on number of employees (Table 1) the majority of these firms, particularly wineries and distilleries tend to be small, but there are a few breweries that are large with one having more than 500 employees. This small number of very large breweries, relative to wineries and distilleries, explains why breweries dominate total employment and sales within this industry.

Because firms in this industry are not as geographically tied to their farmer

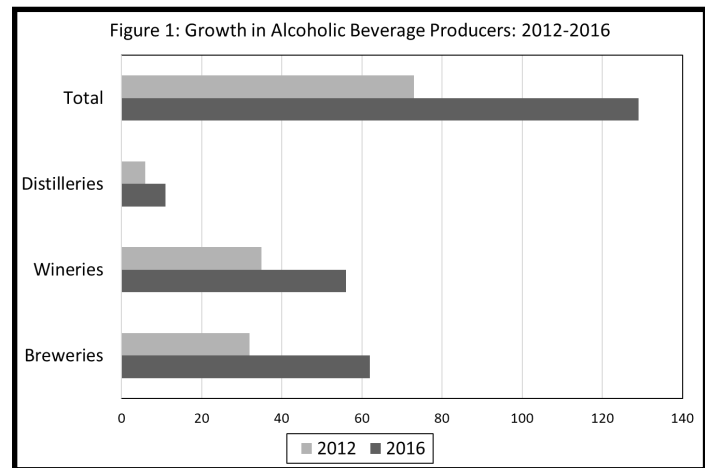
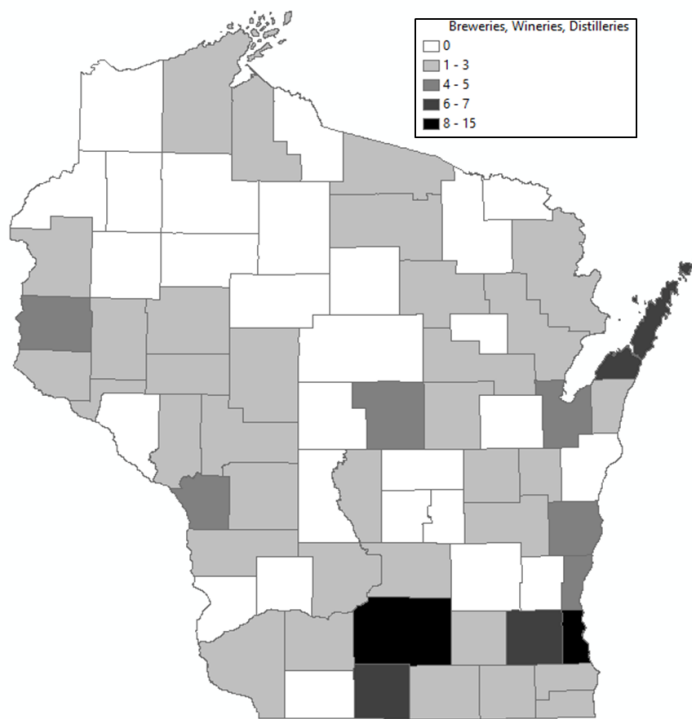


Table 1: Breweries, Wineries and Distilleries by Size

(Number of Employees)	Breweries	Wineries	Distilleries	Total
1 to 4	22	33	4	59
5 to 9	18	9	4	31
10 to 19	6	9	2	17
20 to 49	8	4	1	13
50 to 99	4	1	0	5
100 to 249	2	0	0	2
250 to 499	1	0	0	1
500 or more	1	0	0	1

Map 1: Breweries, Wineries and Distilleries



input supplies, it makes sense that these firms may be more focused on access to quality labor and their customer base. The latter is particularly important if the firms are marketing into the local foods movement. Thus, it is not surprising that most of these firms are located in the more urban areas, specifically Dane and Milwaukee Counties (Map 1). The growth in “local” breweries in particular is seeing a wider distribution of firms across the state than one might expect.

These firms impact the state’s economy in a couple ways: first, their actual operations, second, purchases of inputs into the production process and third, workers spending their income in the local economy.

Taken together, these all contribute to the economic contribution of the industry. The total contribution of this growing industry is just over \$3 billion in industry sales, 10,200 jobs and \$592 million in labor income (wages, salaries and proprietor income) (Table 2). For every \$100 of sales, and additional \$64 of industry sales are generated elsewhere in the Wisconsin economy, and every 10 employees supports an addition 18 jobs across Wisconsin. The economic activity associated with breweries, wineries and distilleries also generates \$205.5 million in revenues to state and local government.

Table 2: Economic Contribution of Breweries, Wineries, Distilleries (2017)

	Industry Sales (MM\$)	Employment	Labor Income (MM\$)	Total Income (MM\$)
Direct Effect	\$ 1,831.2	3,661	\$ 227.2	\$ 701.3
Indirect Effect	\$ 780.0	3,712	\$ 236.2	\$ 368.3
Induced Effect	\$ 392.3	2,882	\$ 128.9	\$ 227.8
Total Effect	\$ 3,003.5	10,254	\$ 592.2	\$ 1,297.4
Multiplier	1.640	2.801	2.607	1.850

For this analysis we use an input-output model of the Wisconsin economy. One can think of this model as a “spreadsheet of the economy” where buyers (demand) are across the columns of the spreadsheet and sellers (supply) are down the rows. Any individual cell of the spreadsheet captures the amount of money flowing from the seller to the buyer. Because supply must equal demand we can trace changes in one part of the economy (an interaction between supply and demand) throughout the whole of the economy. These changes are often referred to as the multiplier effects.

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