The Value Chain Connections of

Missouri's Distillers

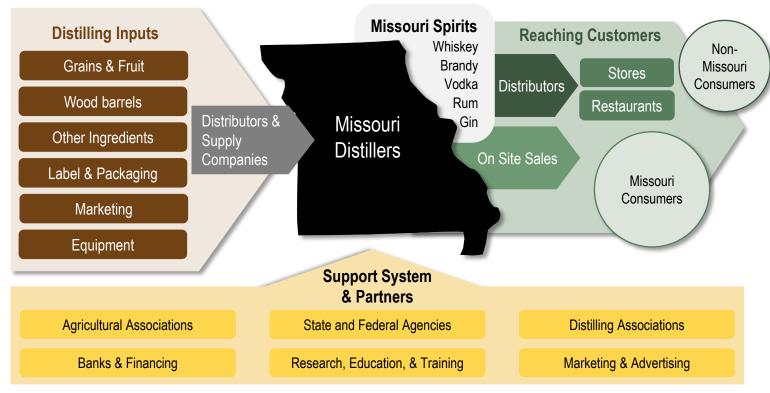


Value chains trace the businesses and processes that bring raw inputs to final users. Missouri distillers add value to Missouri grown agricultural products and the industry is part of a broader value chain that buys from other large industries in the state. This brief explores the business linkages within the state as the industry expands.

Missouri has a competitive advantage nationally

- The state is ranked 10th among states in terms of the total share of jobs in distilling.
- Total wage and salary jobs in the industry have **grown 59%** in the past 5 years, as of the first quarter of 2020.

Missouri's distillers are seeking to more strategically partner with businesses in order to support value-added agriculture and enhance tourism as they compete in the growing market for craft spirits.



Missouri's Distilling Value Chain Inputs

Timber stands Wood barrels Missouri's white oak Missouri is specialized in stave cover 1.9 million acres, and cooperage companies. This 26.8 million cubic feet growing industry employs twice as were harvested in 2017. many people as a share of all jobs than the US average. These firms source Missouri timber to produce Fruit & produce barrels that support the international spirits, wine and beer industries. Grains Craft distillers pay Corn a premium for Malt, yeast and enzymes agricultural Wheat products; and are Barley Large and small firms support the creating markets Other fermentation process. Craft spirits for organic Missouri creates new markets for specialty production and varietals and local production, the **Distillers** other specialties. focus for Gateway Custom Malt. Still manufacturers Other alcohol & spirits Other machinery & Affordable Distilling equipment Equipment, in Missouri, Glass and plastic bottles has become a national brand in <10 years. Marketing Missouri has a higher share of Owner Paul Hall was jobs in both glass and plastic motivated to open his bottle manufacturing. business by the rapid Labels & packaging growth in the craft spirits Growth in the MO plastic bottle industry and now has industry has outpaced the US equipment in 20% of US for the past 5 years. distilleries. Support System

Several Missouri based companies have grown with the expansion of the craft spirits industry. **Smaller distillers made 57% of all purchases** from Missouri farms or companies in 2019. **Larger distillers purchased 21% of inputs** from within the state. As a whole, larger distillers purchase substantially more, and their choice to buy goods and services from Missouri suppliers can support a significant number of jobs and labor income in other industries.

& Partners

Research, Education, & Training

Agricultural Associations

Banks & Financing

Missouri's Distilling Value Chain – Reaching Customers



Regulatory

Missouri Department of ATC & Federal TTB

Support System & Partners

MISSOURI Spirits EXPEDITION

Tourism

Missouri Craft Distillers Guild

Missouri Grown

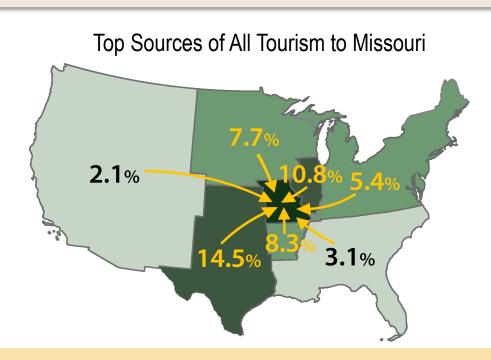
Tourism Orgs. (MO Div. of Tourism, VisitKC, ExploreSTL, etc.)

Total Missouri Tourists in 2019

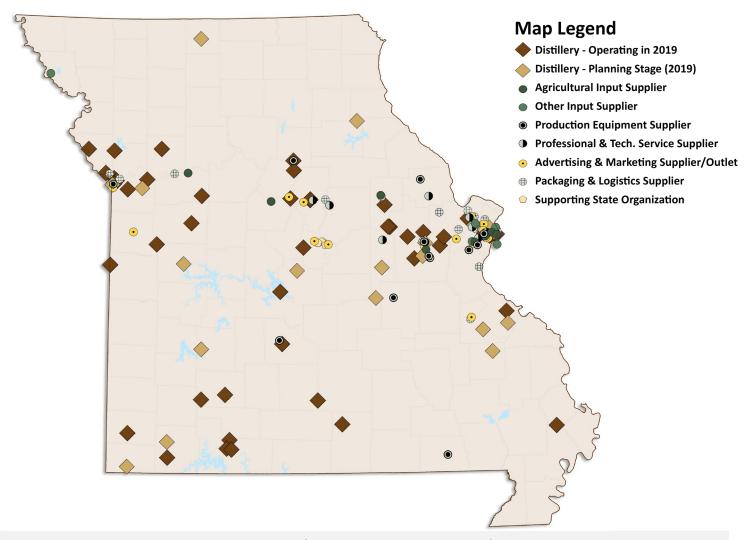


42% of small distillers' sales occurred on-site in 2019. Distillers rely on creating customer experiences to build their brand.

Craft spirits are **growing increasingly popular among consumers**. In Missouri, distillers aim to match the growth and success of the state's wine industry.



Missouri's Distilleries and Business Partners Support Jobs Across the State



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The value chain linkages in this report were derived from secondary data of industry to industry purchase patterns as well as a list of business names provided by some of the state's distillers.

Information is drawn from Missouri distillers who responded to a early 2020 survey and or provided business partner lists, interviews with Missouri based companies, the US Forest Service Forests of Missouri, 2019 & 2017, the Missouri Division of Tourism, and from the Missouri Wine and Grape Board.

Economic Modeling Specialists, Intl, 2020 wage and salary job estimates were used to calculate location quotients which compare the concentration of jobs in an industry to the national average and growth from Q1 2015 to Q1 2020. Wood container and pallet manufacturing, glass container and plastic bottle manufacturing all have more than twice as many jobs as a share of total employment than the US average.





