

2013

HOMEBREW SUPPLY SHOP SURVEY



American Homebrewers Association®

2013 American Homebrewers Association Homebrew Supply Shop Survey

The American Homebrewers Association (AHA) conducted its fourth annual survey of home beer and wine supply retailers in the spring of 2013. The survey's goal is to collect aggregate industry data that is useful to home beer and wine supply retailers and to provide statistics on the industry for the AHA to use when promoting the hobby to the media.

We saw 275 shops respond to the 2013 survey —a 32% increase from the survey we conducted in 2012. When applicable, this report compares 2013 survey data to the 2012 & 2011 survey data.

The 2013 survey indicates that on the whole shops are doing well. On average, participating shops saw gross revenue increase by 26% in 2012. For shops that primarily sell homebrew supplies, gross revenue increased on average by 29%.

Retailers are encouraged to contact AHA Business Coordinator Steve Parr (steve@brewersassociation.org; 720.473.7687) with suggestions for improvements to this survey.

2013 Survey Results Follow:

1. In which state is your shop located?

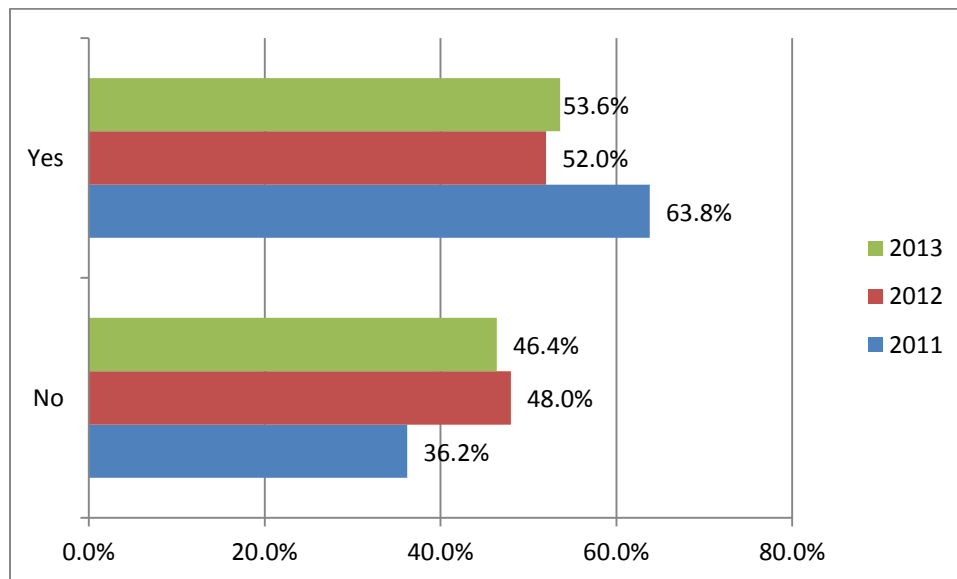
Shops in 47 states, representing every region of the United States responded to the survey.

2. How many years has the shop been open under the current proprietor?

	Years
Average	9.7
Median	5.0

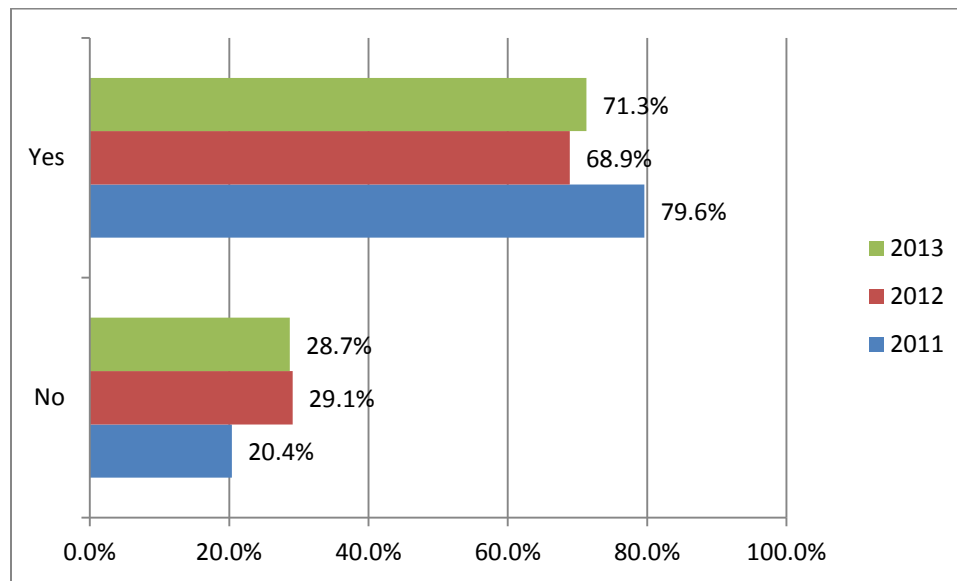
- This is the same average as the 2012 survey.
- 34% of the respondents (37% in 2012) have been in business under the current proprietor for more than ten years.
- 43% have been open for three years or less (34% in 2012).
- 7% have been under the current proprietor for less than a year (11% in 2012).
- All of the above indicate considerable growth in new shop openings or changes of ownership.

3. Is the shop the primary source of income for the proprietor?



- There was a slight increase, from 52% to 54%, in the number of shops indicating that the shop is the primary source of income for the owner. This is the first time in the last four years we have seen any increase in the number of retail shop owners that have their primary income coming from the shop.
- The longer a shop has been in business, the more likely it is to be the primary source of income.

4. Is selling home beverage making supplies the primary source of income for your shop (i.e. do sales of homebrew/winemaking supplies make up the majority of your revenue)?



- Some businesses sell homebrew/home winemaking supplies despite the fact that it is not their primary business (e.g. hardware or gardening stores that also carry homebrewing supplies).
- According to the survey respondents, those types of businesses make up nearly 29% of homebrew retailers, about the same level as 2012.
- Shops that answered “No” indicated a wide variety of products including hydroponic systems, beer, wine, tobacco, draft systems and supplies for cheese-making and distilling. On average 22.1% of their total sales revenue come from homebrew/winemaking supplies.

5. How many square feet is your business, including all storage and office space, and what percentage of your total space is dedicated to retail?

Table 1				
All Shops				
	Total Sq. Ft.		% Retail	
Year	2013	2012	2013	2012
Average	3,700	6,485	62%	64%
Median	2,000	2,000	67%	68%

Table 2				
Shops selling home beverage making supplies as primary source of income				
	Total Sq. Ft.		% Retail	
Year	2013	2012	2013	2012
Average	3,427	3,009	62%	65%
Median	2,000	1,775	67%	67%

Table 3				
Shops selling home beverage making supplies as primary source of income, not including those with 70% or more of their sales from online/mail order.				
	Total Sq. Ft.		% Retail	
Year	2013	2012	2013	2012
Average	2,950	3,009	63%	65%
Median	1,920	1,775	69%	67%

Table 4				
Shops selling home beverage making supplies that have been open for 5+ years.				
	Total Sq. Ft.		% Retail	
Year	2013	2012	2013	2012
Average	3,937	2,894	60%	65%
Median	2,300	2,000	66%	63%

Table 5				
Shops Selling home beverage making supplies that have been open for less than 1 year.				
	Total Sq. Ft.		% Retail	
Year	2013	2012	2013	2012
Average	2,563	1,523	68%	65%
Median	1,675	1,500	75%	63%

Note: 2012 data is from last year's survey responses.

6. How many days per week and how many total hours per week is your shop open?

	Days Per Week	Hours Per Week
Average	6	45
Median	6	46

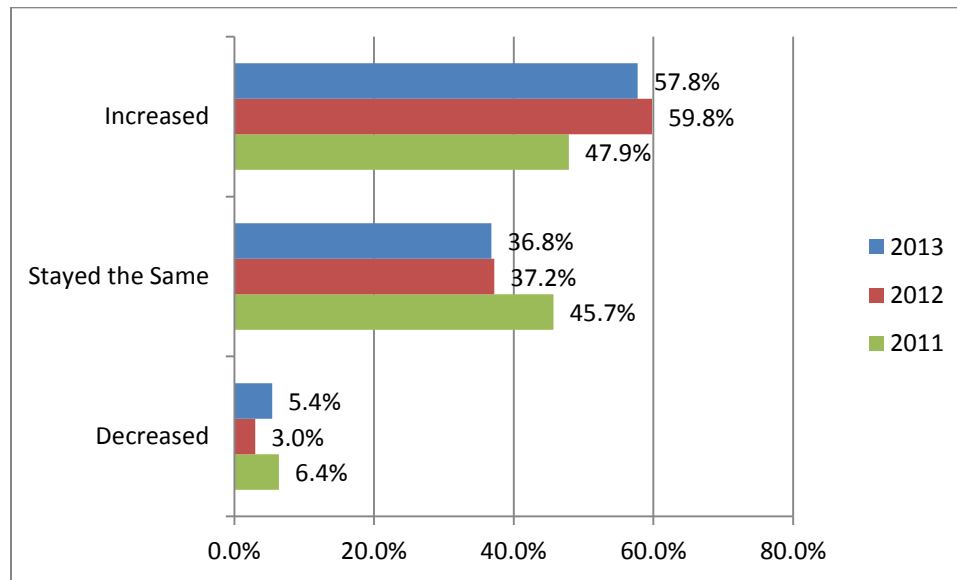
- This is about the same as the 2012 survey

7. How many employees does your business employ, including owners if they work in the store?

	Full Time	Part Time	Total
Average	3	3	5
Median	2	2	3

- This is similar to the 2012 survey.
- Note that the total is not necessarily the sum of part time and full time figures due to figures being rounded to the nearest whole number.

8. How has the number of home beer and wine retailers in your area changed over the last year?



- With close to 58% of the shops seeing a new shop open in their area over the past year, it is clear that there are a substantial number of shops opening across the country

9. What was your GROSS revenue in 2012 and 2011?

Table 1				
All Shops				
	2012	2011	2012 % Change	2011 % Change
Average Gross Revenue	\$1,213,444	\$961,692	26.2%	20.1%
Median Gross Revenue	\$265,000	\$245,000	-	-

Table 2				
Shops selling home beverage making supplies as the primary source of income				
	2012	2011	2012 % Change	2011 % Change
Average Gross Revenue	\$1,343,478	\$1,043,999	28.7%	23.9%
Median Gross Revenue	\$250,000	\$225,000	-	-

Table 3				
Shops selling home beverage making supplies as the primary source of income, not including those with 70% or more of their sales from online/mail order business				
	2012	2011	2013 % Change	2012 % Change
Average Gross Revenue	\$476,048	\$390,402	21.9%	19.3%
Median Gross Revenue	\$220,000	\$192,000	-	-

Table 4				
Shops selling home beverage making supplies as the primary source of income, that have been in business 5+ years under current proprietorship, not including those with 70% or more of their sales from online/mail order business.				
	2012	2011	2013 % Change	2012 % Change
Average Gross Revenue	\$576,600	\$472,868	21.9%	18.3%
Median Gross Revenue	\$250,000	\$250,000	-	-

- 57% of respondents experienced growth of 10% or more from 2011 to 2012 (65% from 2010 to 2011)
- 40% of respondents experienced growth of 20% or more from 2011 to 2012 (41% from 2010 to 2011)
- 18% of respondents experienced a decline in gross revenue from 2011 to 2012 (10% from 2010 to 2011). Of those that reported a decline in gross revenue, they averaged a 10% decrease from year to year.

Average Gross Revenue from Online/Mail Order Sales

	2012
All Shops*	\$673,210
Home Beverage Making Only*	\$852,124
Home Beverage Making Only, Only 70% Or More Online	\$5,493,450
Home Beverage Making Only, Without 70% Online	\$97,037
Home Beverage Making Only, Without 70% Online, Open 5+yrs Only	\$126,305

* The largest online retailers are overrepresented in the survey results relative to other shops, so these results are skewed higher than what they likely would be if we had a larger overall pool of respondents.

Average Annual Gross Revenue Per Square Foot

	2012	2011
All Shops	\$274.86	\$217.83
Home Beverage Making Only (HB)	\$296.78	\$230.63
HB, Without 70% Online	\$164.34	\$134.77
HB, Without 70% Online, Open 5+yrs Only	\$177.20	\$145.32

10. What was your NET revenue for 2012 and 2011?

Table 1				
All Shops				
	2012	2011	2012 % Change	2011 % Change
Average Net Revenue	\$118,643	\$101,993	16.3%	20.7%
Median Net Revenue	\$60,000	\$52,000	-	-

Table 2				
Shops selling home beverage making supplies as the primary source of income				
	2012	2011	2012 % Change	2011 % Change
Average Net Revenue	\$120,954	\$103,228	17.2%	25.0%
Median Net Revenue	\$51,000	\$45,000	-	-

Table 3				
Shops selling home beverage making supplies as the primary source of income, not including those with 70% or more of their sales from online/mail order business				
	2012	2011	2012 % Change	2011 % Change
Average Net Revenue	\$58,361	\$47,969	21.7%	17.6%
Median Net Revenue	\$35,000	\$38,000	-	-

Table 4				
Shops selling home beverage making supplies as the primary source of income, that have been in business 5+ years under current proprietorship, not including those with 70% or more of their sales from online/mail order business.				
	2012	2011	2012 % Change	2011 % Change
Average Net Revenue	\$68,507	\$57,394	19.4%	15.5%
Median Net Revenue	\$51,000	\$47,500	-	-

- 46% of respondents experienced growth of 10% or more from 2011 to 2012 (71% from 2010 to 2011)
- 35% of respondents experienced growth of 20% or more from 2011 to 2012 (53% from 2010 to 2011)
- 23% of respondents experienced a decline in net revenue from 2011 to 2012 (17% from 2010 to 2011)
- There were no respondents that reported a negative net revenue in 2012 (2% in 2011)
- 10% of respondents reported \$0.00 in net revenue in 2012 (9% in 2011).

11. If selling home beverage making supplies is not the primary source of income for your shop, what percentage of your total sales is dedicated to this area and what was your GROSS and NET revenues for 2012 and 2011?

Gross Revenue

	2012	2011	2012 % Change
Average Gross Revenue	\$720,879	\$682,636	5.60%
Median Gross Revenue	\$302,000	\$280,000	-

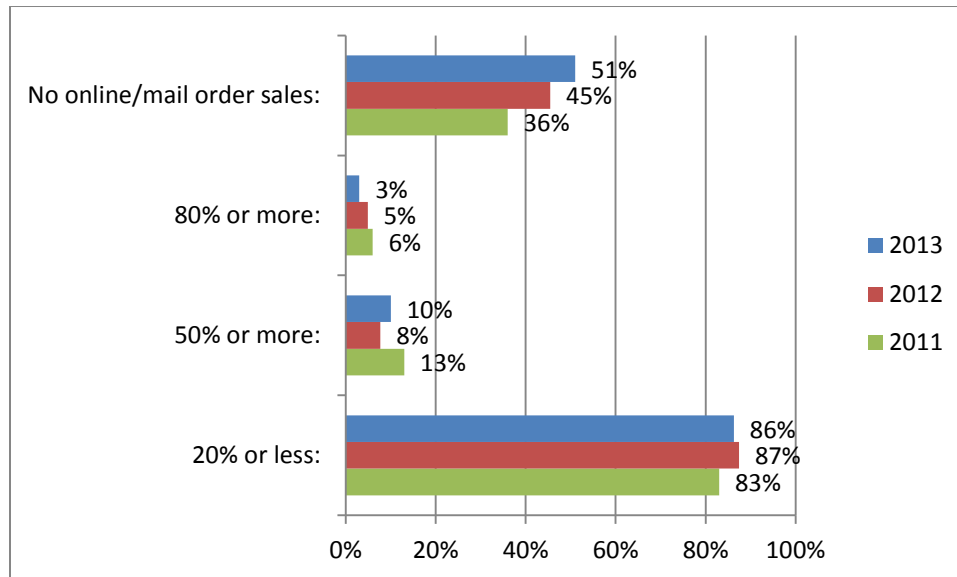
Net Revenue

	2012	2011	2012 % Change
Average Net Revenue	\$93,373	\$90,207	3.51%
Median Net Revenue	\$73,088	\$56,509	-

- 22 businesses indicated that home beverage making supplies was not the primary source of income for the shop. On average this area made up 22% of their total sales, with a median of 21%.

12. What percentage of your total sales revenue comes from online or by mail order sales?

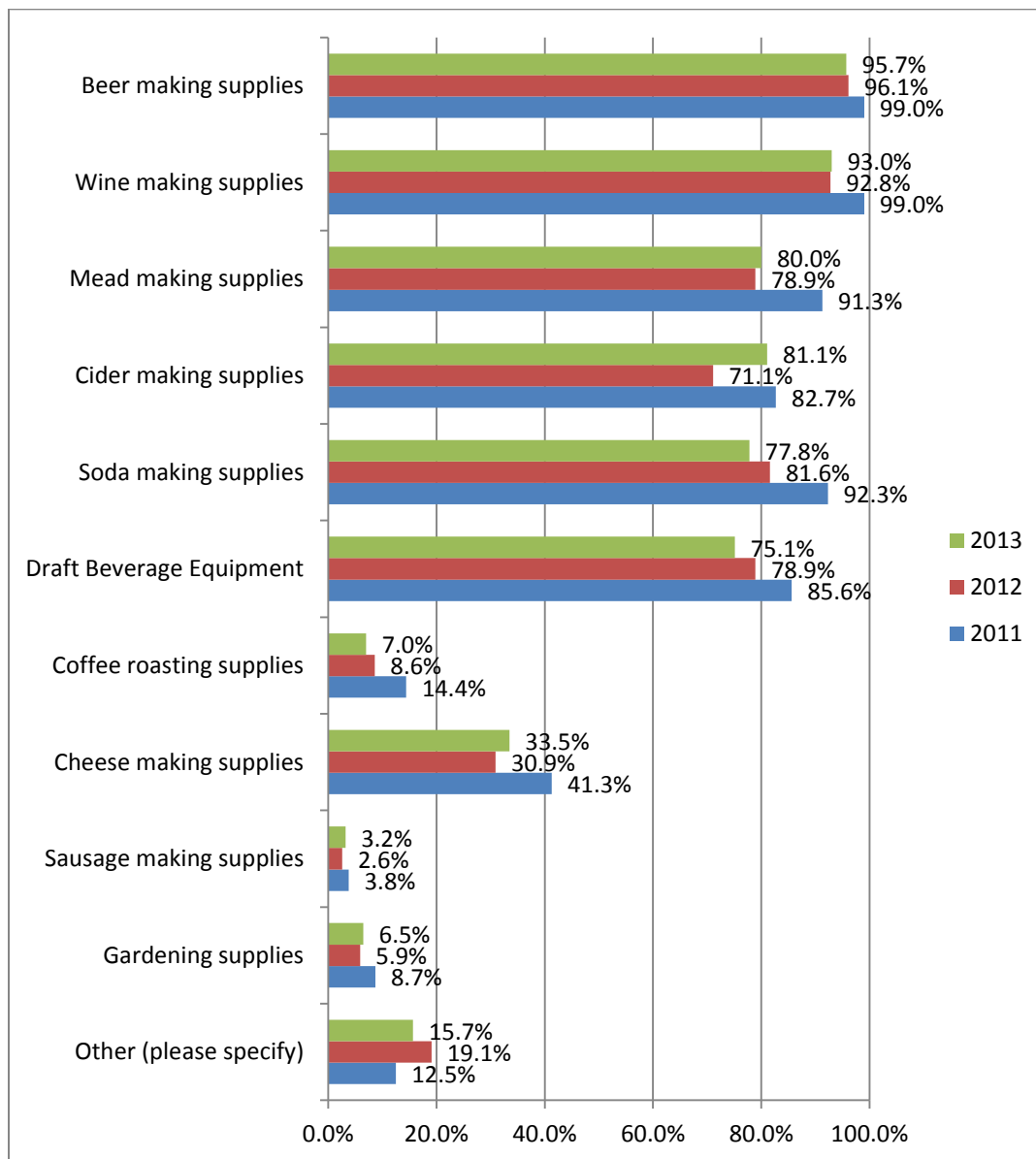
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Average	9.7%	10.0%	14.0%
Median	0.0%	1.0%	2.0%



- On average, fewer shops are conducting a major portion of their sales online or through mail.
- Of those businesses that do conduct online or mail order sales, the average percentage of total sales revenue was 20%.
- In this year's survey, 55% of the reported gross revenue for 2012 came from online sales (51% in 2011). When you focus on just those shops that primarily sell homebrew supplies, this increases to 63% of total revenue for the industry (61% in 2011).
- There is a direct correlation between years in operation and the percentage of sales conducted online or via mail order:

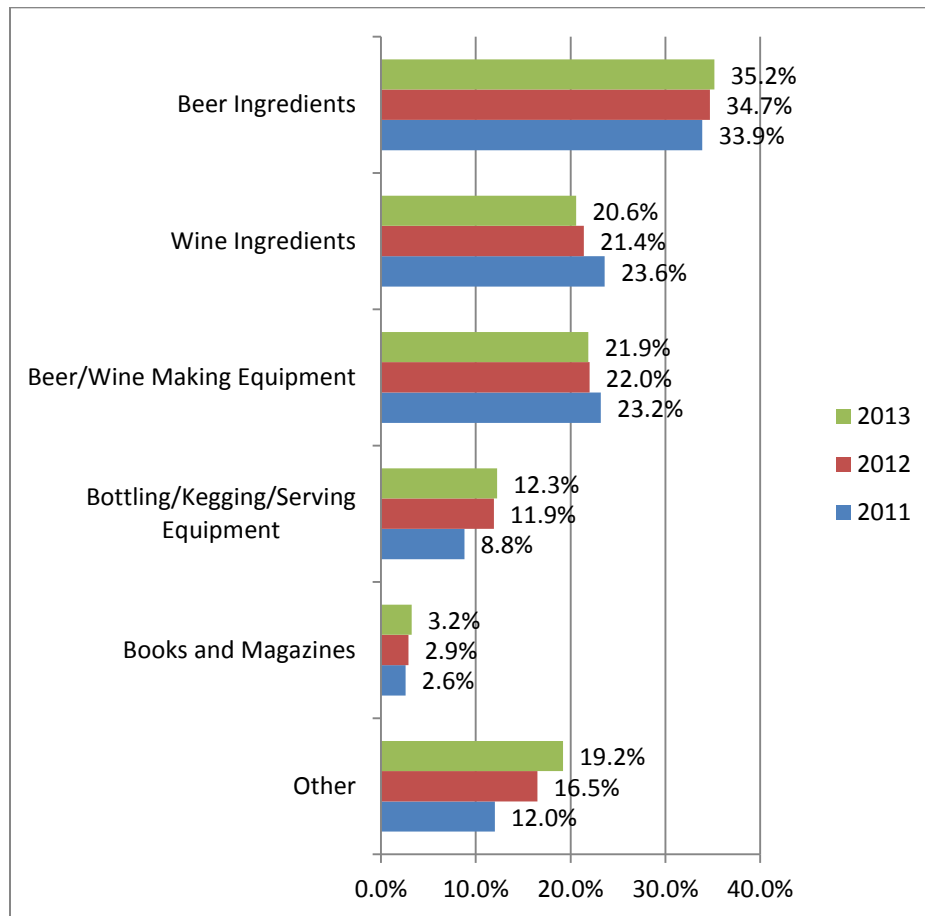
Years	Average
>1	1.7%
>3	3.6%
>5	6.9%
10+	14.2%

13. Which of the following does your shop carry?



- The amount of shops selling beer and wine making supplies stayed relatively the same from the previous year's survey results.
- The amount of shops selling Cider making supplies is up 10%.
- There was a wide range of responses to the "Other" category, the most common being distilling supplies and retail sales of beer and wine.

14. Estimate what percentage of your sales revenue comes from:

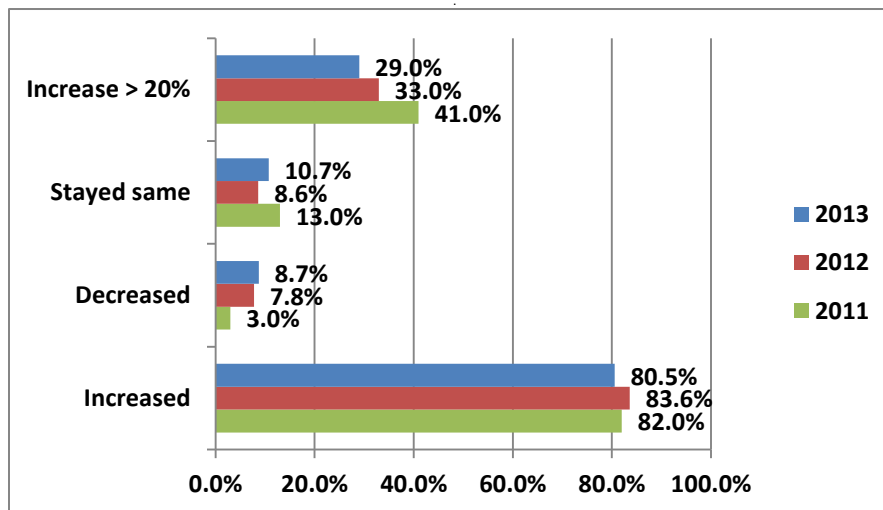


- Shops are continuing to attribute a larger percentage of their revenue to items “Other” than beer/wine making ingredients and equipment than last year.
- While shops are attributing a decreasing amount of the revenue from wine ingredients, beer ingredients continues to increase.

15. Over the past twelve months, have your sales of beginner homebrew equipment kits increased/decreased/stayed the same?

Homebrew Equipment

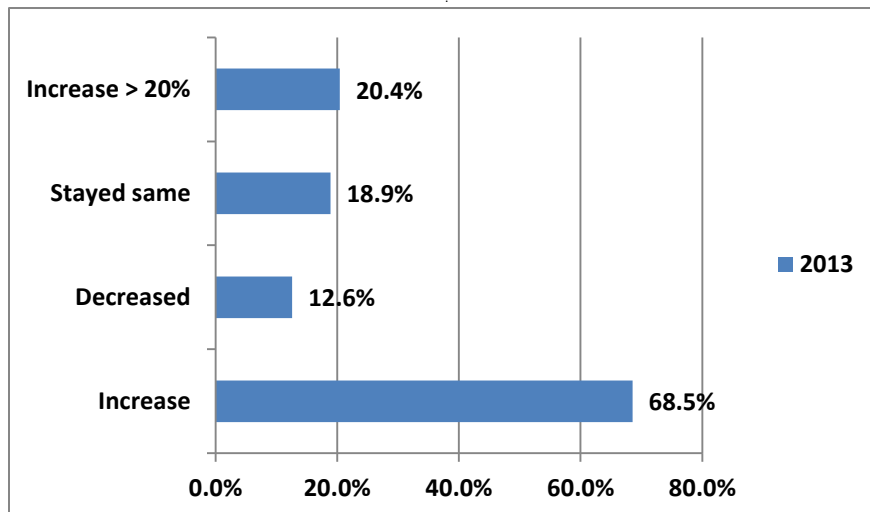
	<u>2012</u>	<u>2011</u>
Average Increase in Sales	23.1%	16.4%
Median Increase in Sales	18.0%	10.0%



- The majority of shops continued to see an increase in the sale of beginner homebrew equipment.
- While the average increase in sales is 23.1%, the amount of shops seeing greater than 20% growth is declining. This means that a small segment of the shops are seeing big increases in sales.

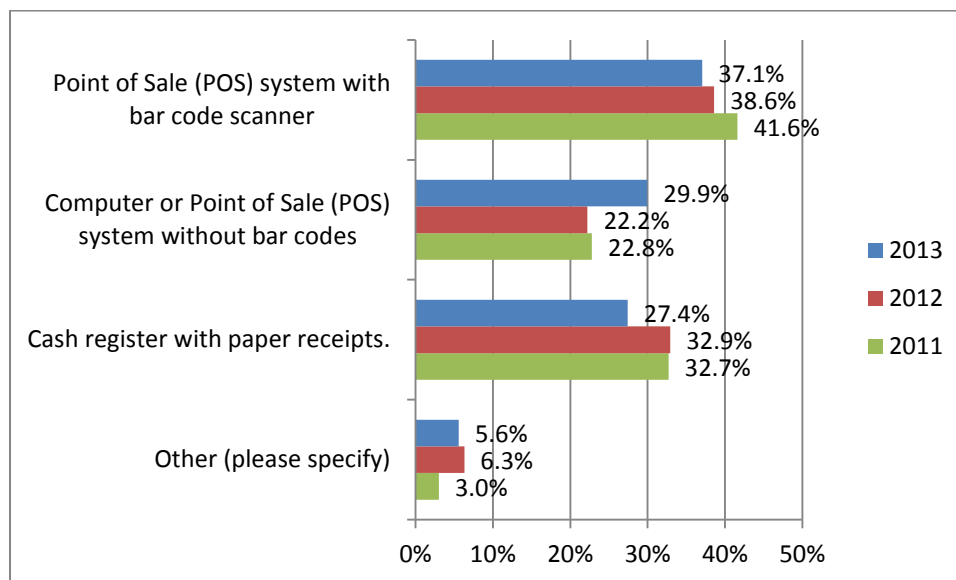
Wine Making Equipment

	<u>2012</u>
Average Increase in Sales	15.3%
Median Increase in Sales	8.0%



- This question did not include wine making equipment in previous year's surveys.

16. Which of the following best describes the system you use for checking out customers in your store?



17. How many individual customers did you have who made at least one purchase within the last year?

All Shops			
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Average	6,492	6,795	3,485
Median	575	700	1,000
"I don't know"	58%	44%	49%

Shops selling home beverage making supplies as the primary source of income.			
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Average	8,129	8,299	4,924
Median	715	1,000	1,100
"I don't know"	56%	61%	46%

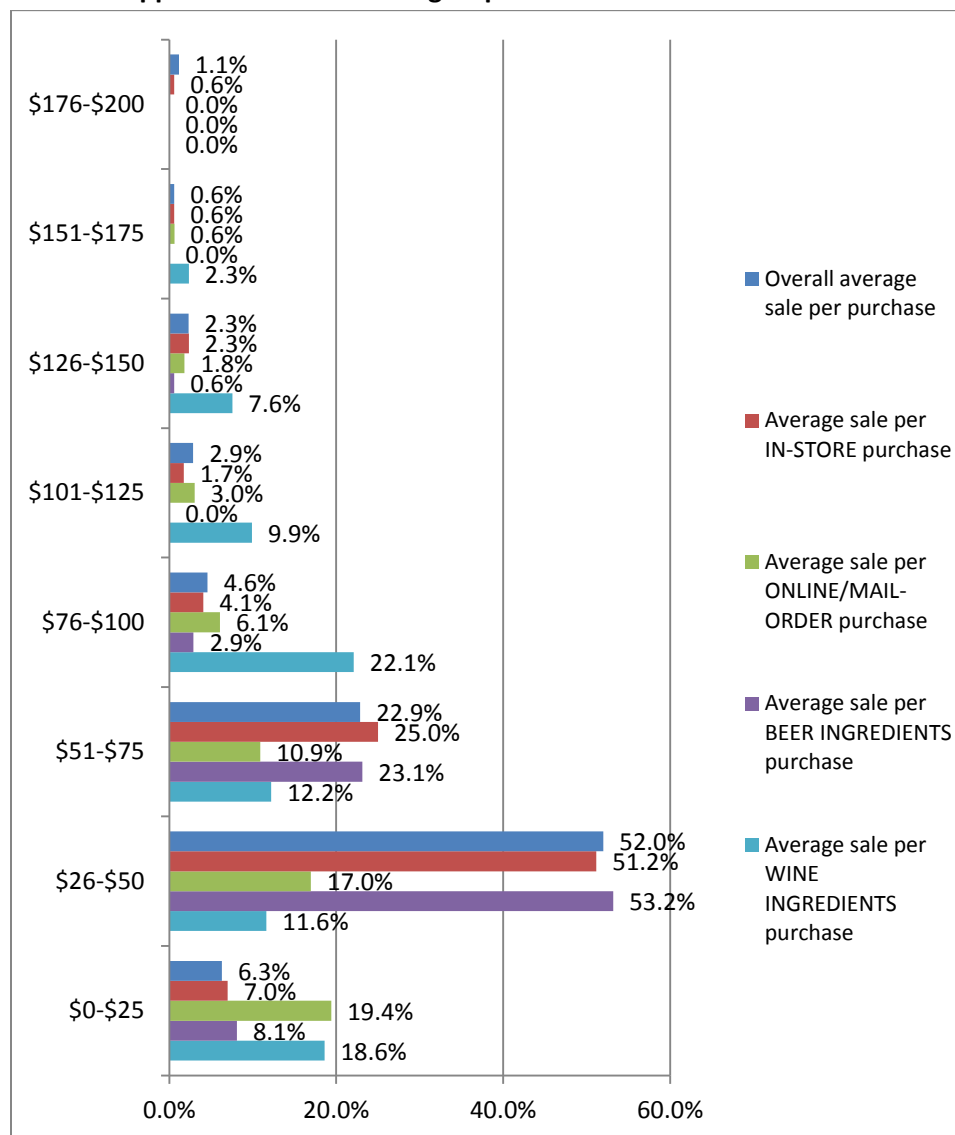
Shops selling home beverage making supplies as the primary source of income, not including those with 70% or more of their sales from online/mail order business.			
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Average	1,527	1,622	1,658
Median	500	600	967
"I don't know"	58%	43%	47%

- Given the large percentage of respondents that indicate that they do not know the answer to this question, the results presented may not accurately reflect the industry as a whole.

18. Please answer the following regarding the frequency of various customer purchases (i.e. customer visit in which the customer purchases one or more items). Keep in mind that your “average” customer is probably not making purchases as often as your most frequent customers.

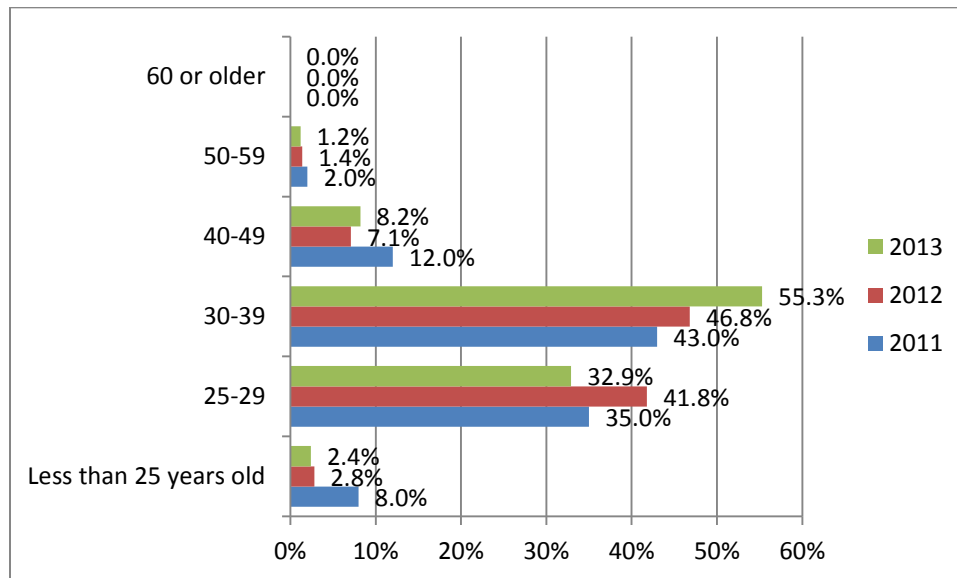
	Overall (Visits per year)		Beer Brewing Customers (Visits per year)		Wine-Making Customers (Visits per year)	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Average	10.80	10.19	10.75	10.17	6.08	5.87
Median	8	8	9	8	4	4
Don't Know	36%	39%	35%	38%	36%	40%

19. Please select the applicable sales for each group of customers listed below.



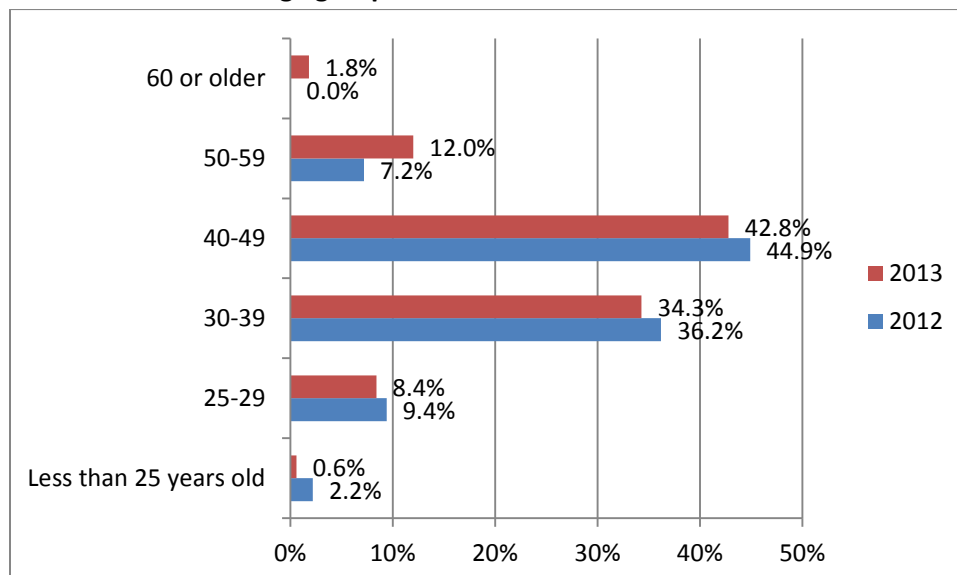
- Overall response average: \$26-\$50 range (same response from 2012 survey).
- Average in-store sales are weighted higher than online/mail order sales.
- Approximately 76% of sales of beer ingredients fall within the range of \$26-\$75, only 24% of wine ingredient sales fall within this category.
- Wine ingredients sales are higher than beer ingredient sales with 54% averaging more than \$50, 22% for beer ingredients.

20. Among the customers who buy beginner homebrew equipment kits at your shop, please estimate what would be the most common age group.



- The two most common age groups, those being 25-29 and those 30-39, make up for 88.2% of the responses (89% in 2012, and 78% in 2011).
- Over the past two years there has been a drop in those in their 20s, while there has been an increase in those buying homebrew equipment kits in their 30s and 40s.

21. Among the customers who buy beginner wine-making kits at your shop, please estimate what would be the most common age group.

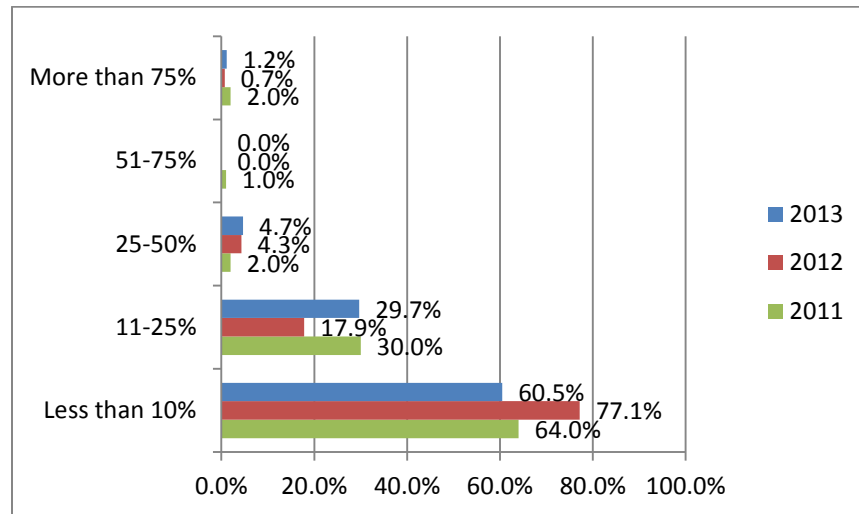


- While only 8.2% makes up the 40-49 age group purchasing homebrew kits, this age group continues to represent the plurality of home winemakers at 42.8%.
- The only age groups that saw an increase over the previous year are those over the age of 50.

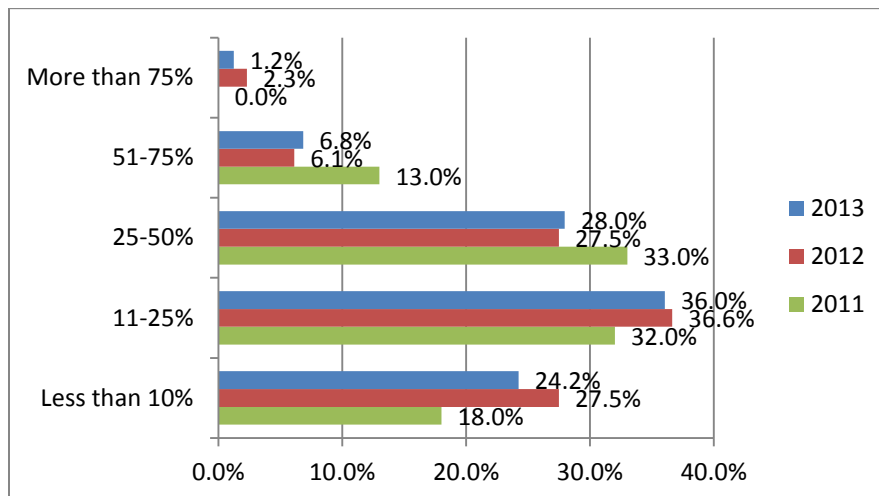
22. Estimate the percentage of your Beer and Wine making customers who are FEMALE.

Percentage of Female Customers		
Survey	Average Response	
	Beer	Wine
2013	11%	24%
2012	9%	24%
2011	12%	27%

Beer-Brewing Customers

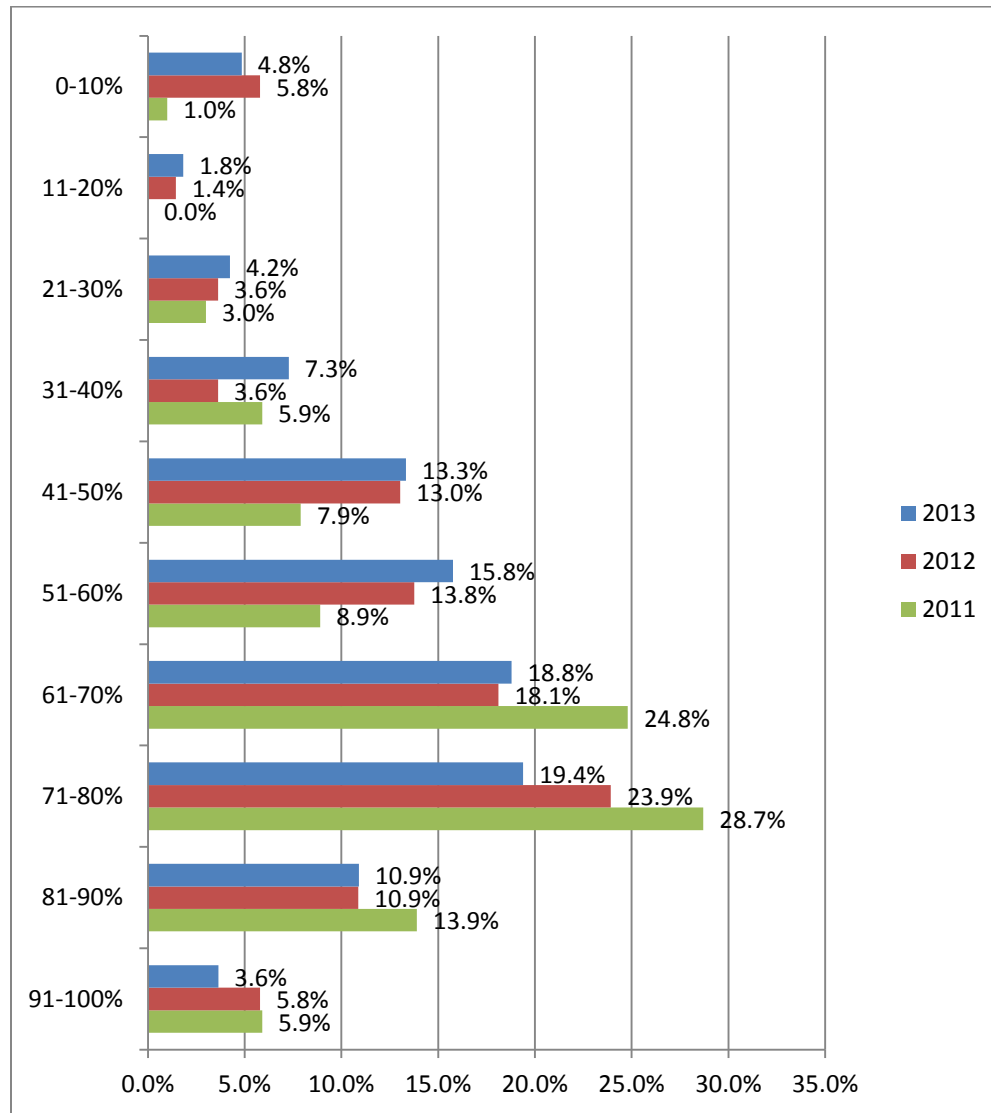


Wine-Making Customers



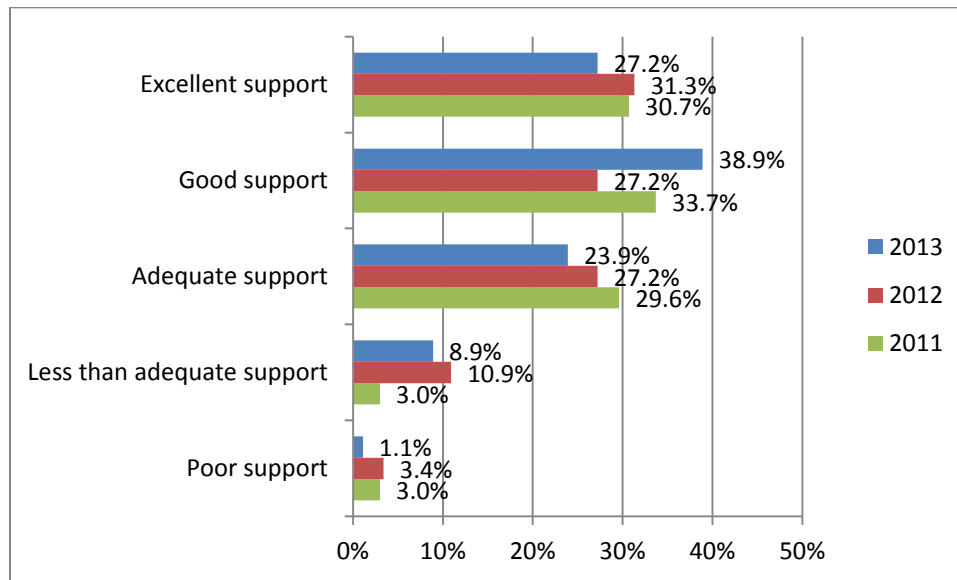
- Women make up a small minority of beer-brewing customers, but a larger minority of winemaking customers.

23. When customers buy ingredients for a batch of beer, what percentage of those purchases includes malt extract (as opposed to those buying for all grain batches)?



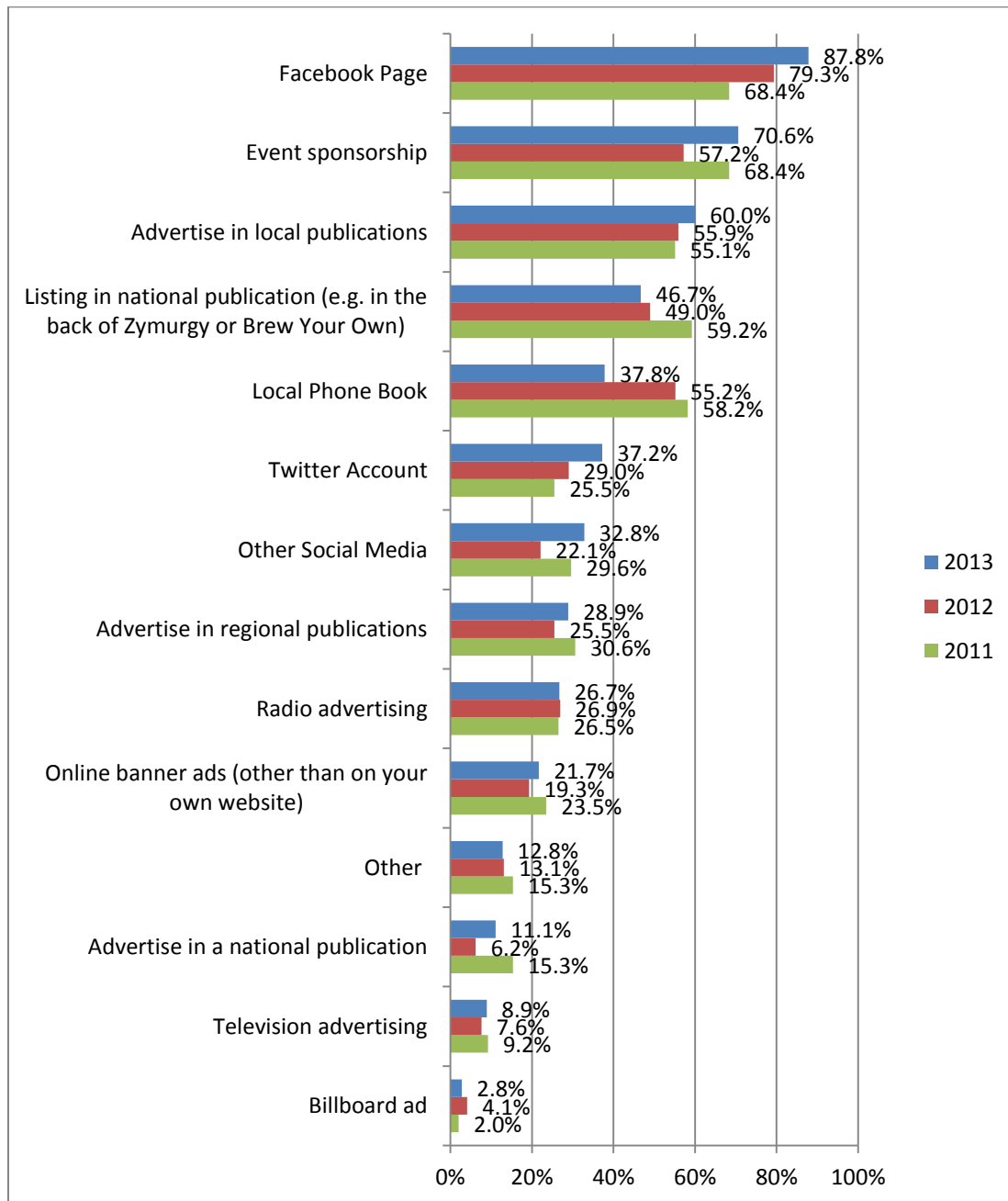
- Average percentage of purchases including malt extract was 61% (64% in 2012).
- Median percentage of purchases including malt extract was 65% (70% in 2012).
- 69% report that more than half of their beer ingredient sales include extract (72% in 2012, 82% in 2011).

24. Please indicate the level of support you feel you receive from the wholesalers you work with.



- Good support was the single largest response at 38.9% (Excellent support was the largest response for 2012).
- 65% chose Good to Excellent (59% in 2012).
- 10% indicated less than adequate to poor support, down from 14% in the previous year.

25. Which of the following marketing techniques do you use:



- Facebook is the most popular marketing technique at 88%, up from the previous year.
- Event sponsorship increased by more than 13 percentage points, coming in second.
- Advertising in the local phone book decreased the most, dropping by more than 17%.
- Comments in “Other” included direct mailing, email marketing/newsletters, online radio, increased SEO efforts and pushing word of mouth.

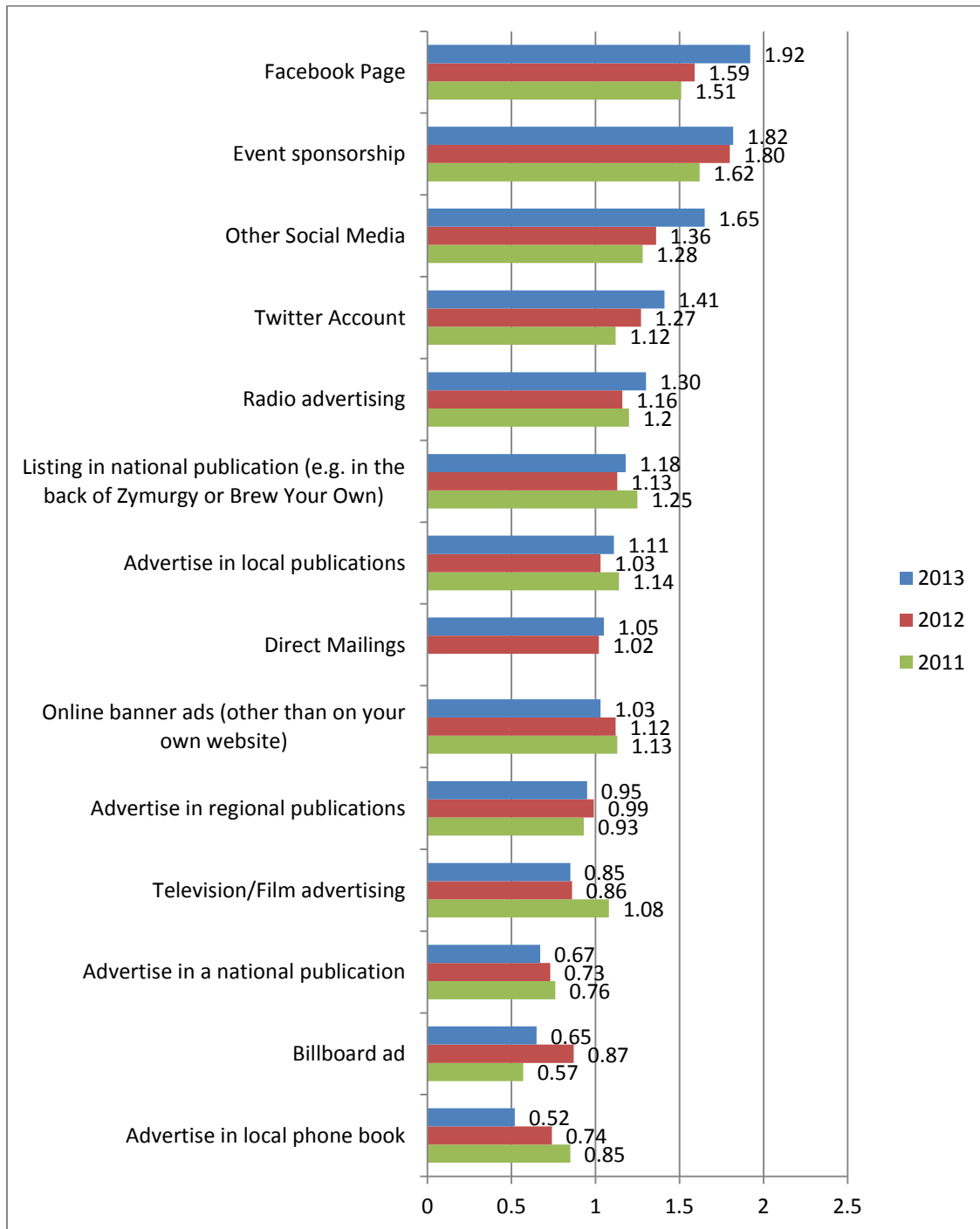
26. Please rate the perception of the effectiveness of the following marketing options:

Very Effective= 3

Effective= 2

Somewhat Effective= 1

Not Effective= 0



27. Estimate what percentage of your gross revenue that you spend on marketing/advertising:

	<u>2013</u>	<u>2012</u>
Average	6.4%	6.3%
Median	5.0%	5.0%

- 4% indicated they do not spend any of their gross revenue on marketing/advertising (3% in 2012).
- 13% indicated that they spend greater than 10% of their gross revenue on marketing/advertising.
This was the same last year.