



# STATE — of the — INDUSTRY



**Bart Watson**

Chief Economist



# An American craft brewer is a **small & independent brewer.**

## **SMALL**

Annual production of 6 million barrels of beer or less (approximately 3 percent of U.S. annual sales). Beer production is attributed to a brewer according to rules of alternating proprietorships.

## **INDEPENDENT**

Less than 25 percent of the craft brewery is owned or controlled (or equivalent economic interest) by a beverage alcohol industry member that is not itself a craft brewer.

## **BREWER**

Has a TTB Brewer's Notice and makes beer.





# Talk Outline

- Brewery growth and the “at the brewery” decade
- Changing craft growth and segments
- At-the-brewery and new brewery sales
- The evolving consumer



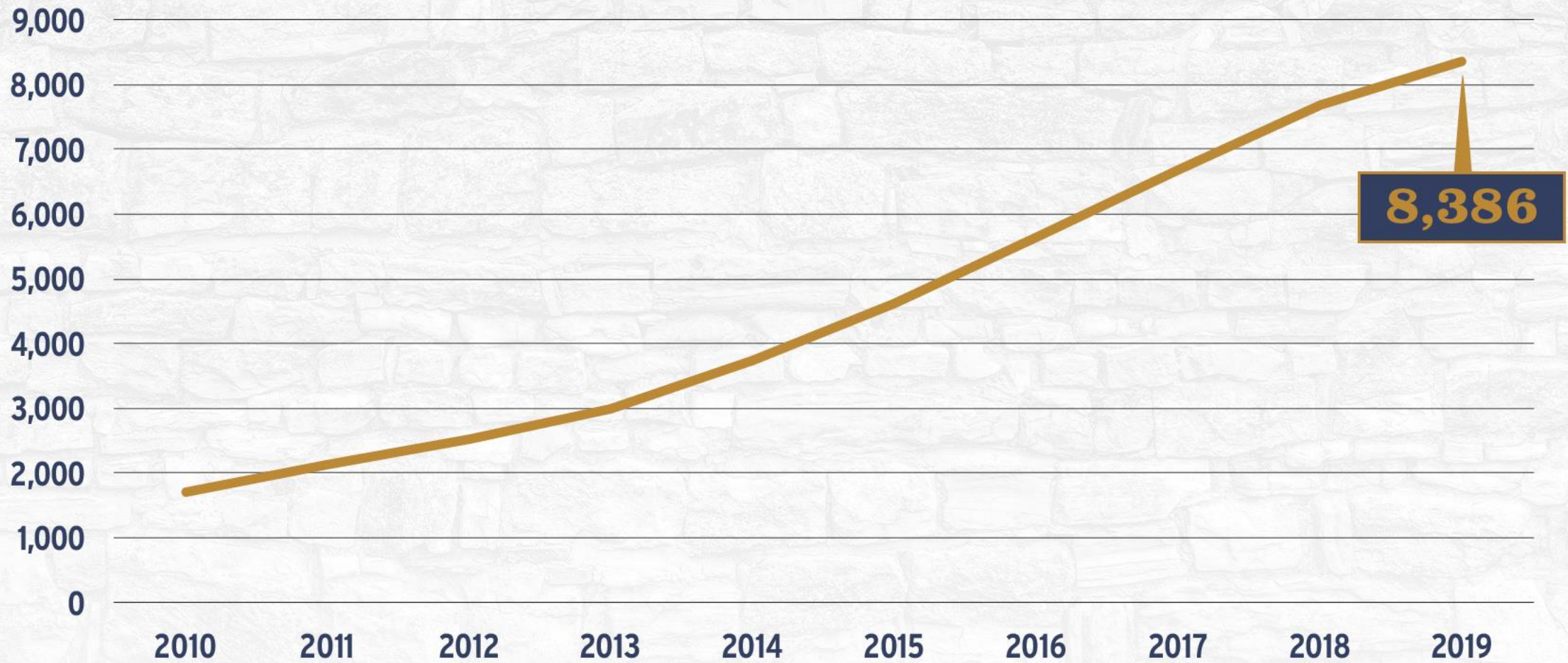


A person wearing a maroon hoodie is standing behind a bar. They are holding a glass of beer with a thick head of foam. The bar has several metal taps with handles. The person's face is partially visible through the bars. The background is dark and out of focus.

# THE “AT THE BREWERY” ERA

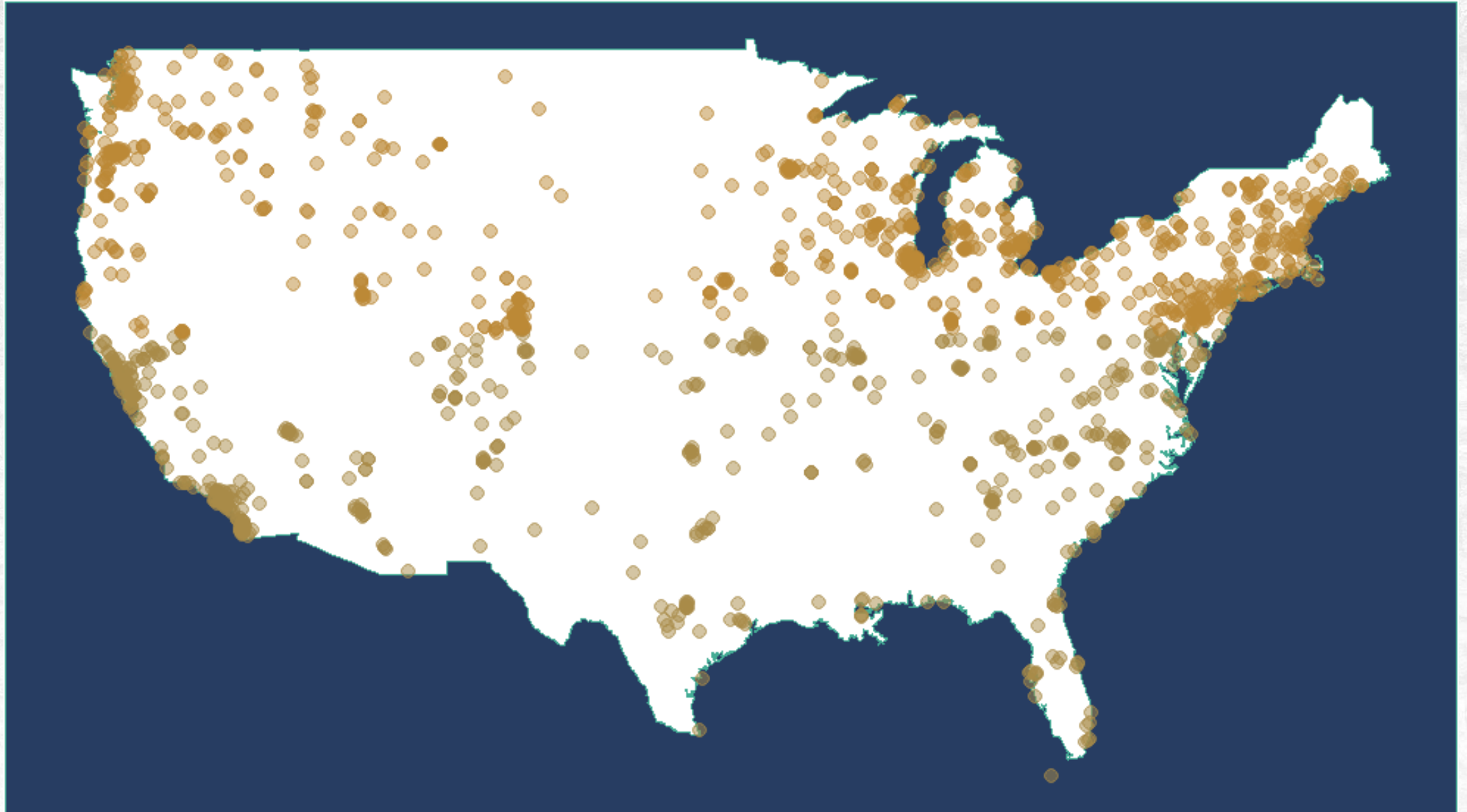


# 2010–2019 Operating Breweries





Breweries on Date: 2010-01-01





# United States Right Now

**8,386**

**operated in 2019**

**8,146**

**Active Breweries**  
(right now)

**11,827**

**Active TTB Permits**  
(as of 3/31/2020)



# Brewery Closings



2015: **105**

2016: **120**

2017: **202**

2018: **242**

2019: **294**



# Brewery Openings



2015: **921**

2016: **1,080**

2017: **1,198**

2018: **1,121**

2019: **942**

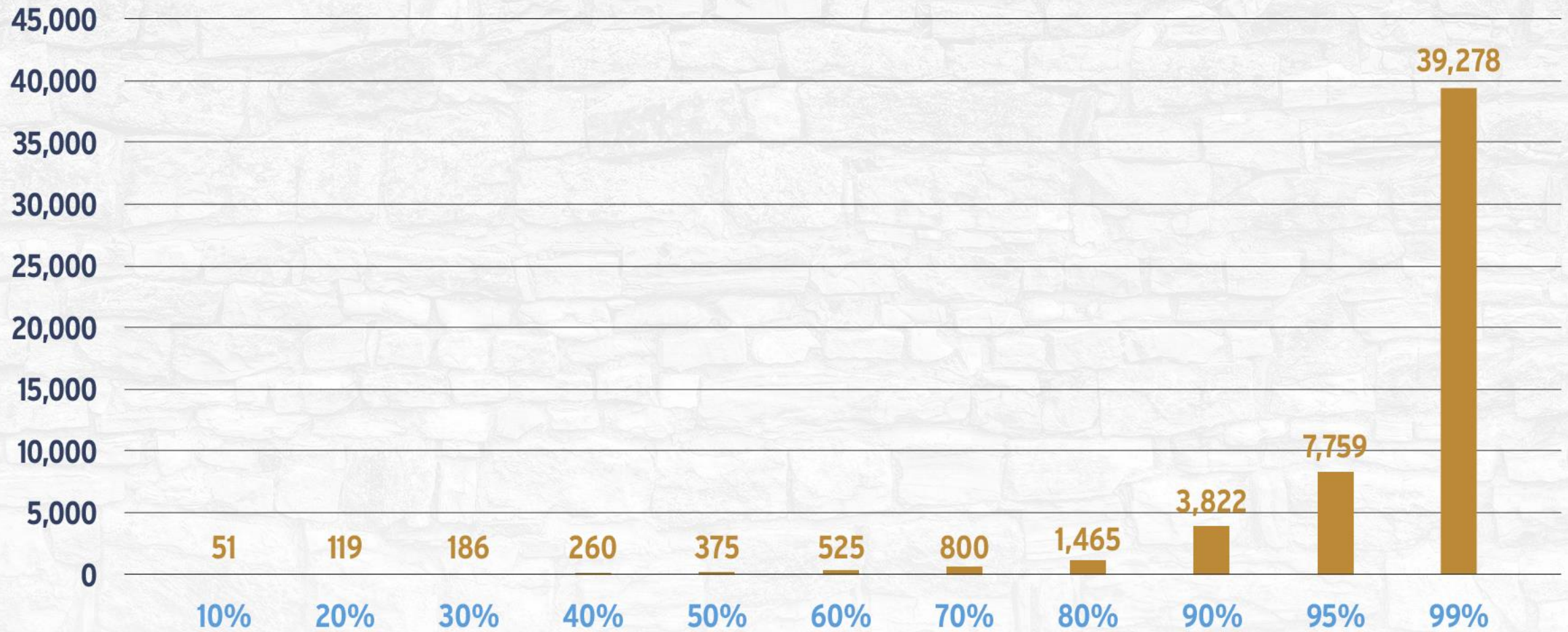


## How many are really new?

	Secondary Location	New Company	Secondary as % of Total
2017	97	1009	8.8%
2018	134	987	12.0%
2019	131	811	13.9%



# Craft Control Group Size by Percentile





# Opens/Closes as % of Operating Breweries 1988–2019





# Sales Growth

*slowing,*  
CHANGING,  
*fracturing*



**4%**

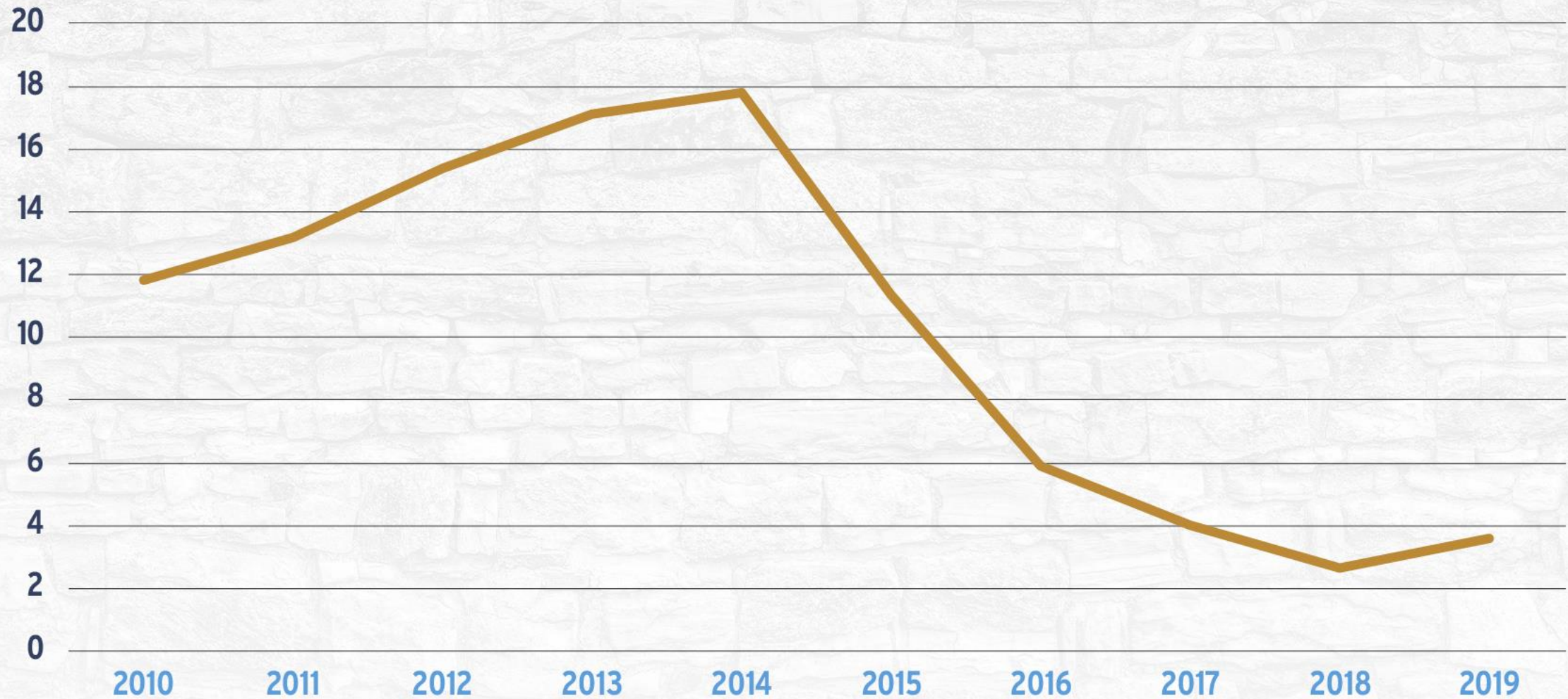
**VOLUME GROWTH**

**6%**

**DOLLAR SALES**

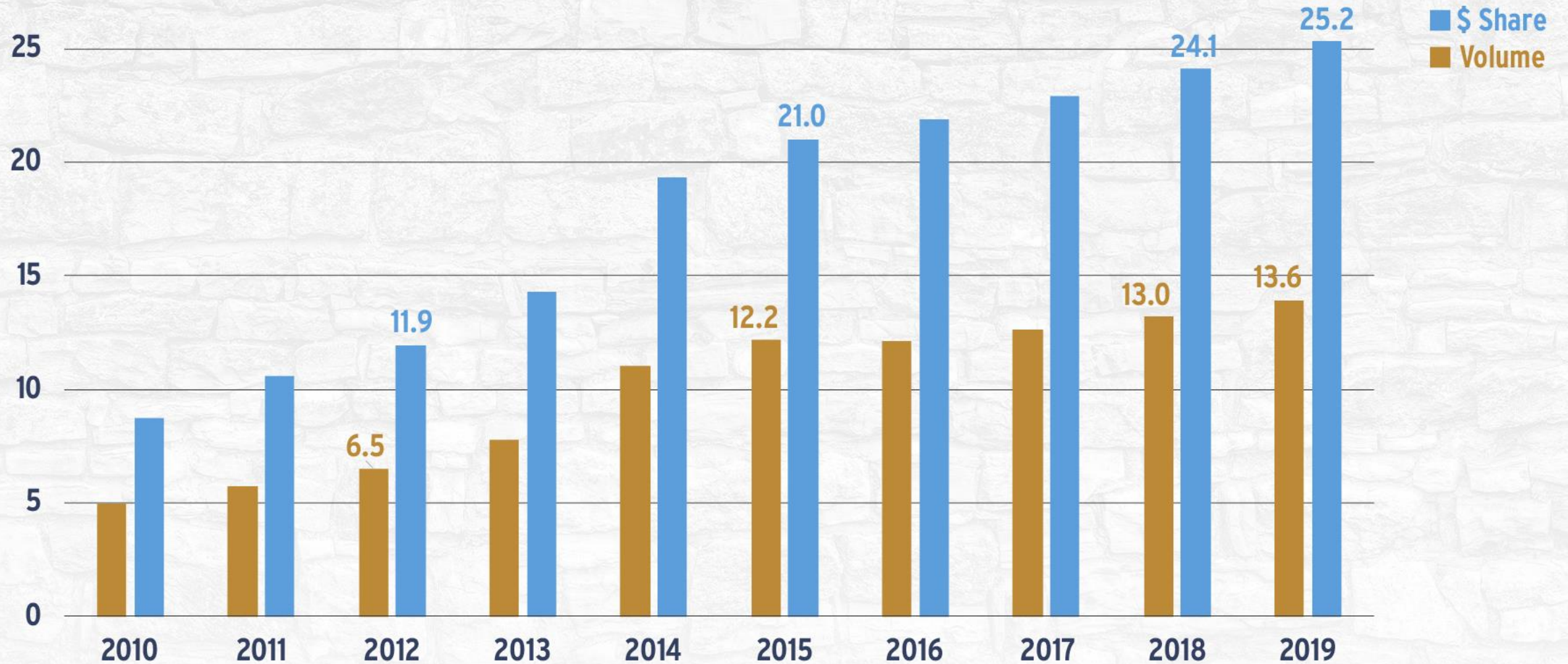


# Craft Production Growth Rate



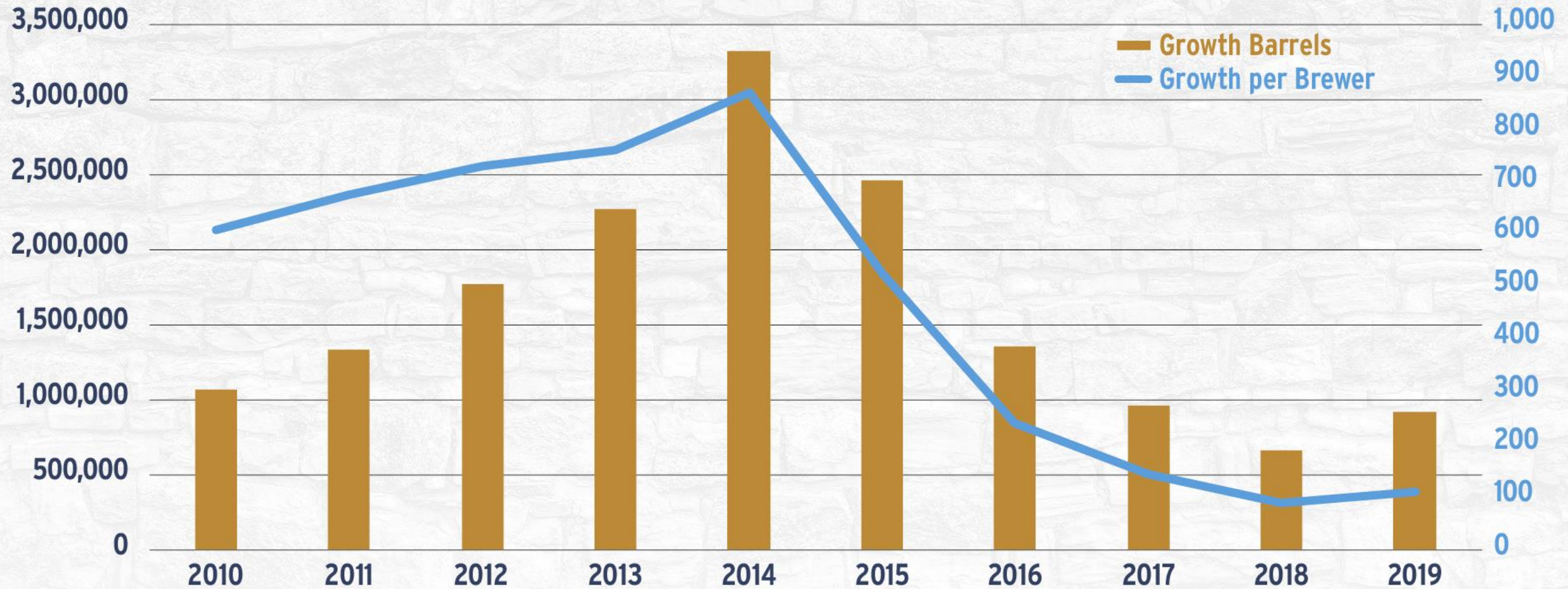


# Craft Volume and Dollar Share Over Time





# Craft Growth, Reframed





# BREW PUBS



**7%**

**GROWTH**

**1,618,000  
BARRELS**



# MICROS



**6%**

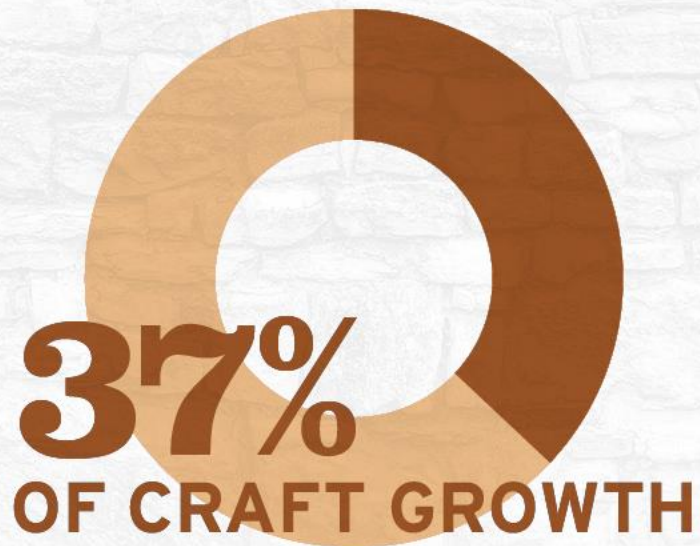
**GROWTH**

**4,889,000  
BARRELS**



# TAPROOMS

First year with full data,  
almost **3,000** taproom brewers



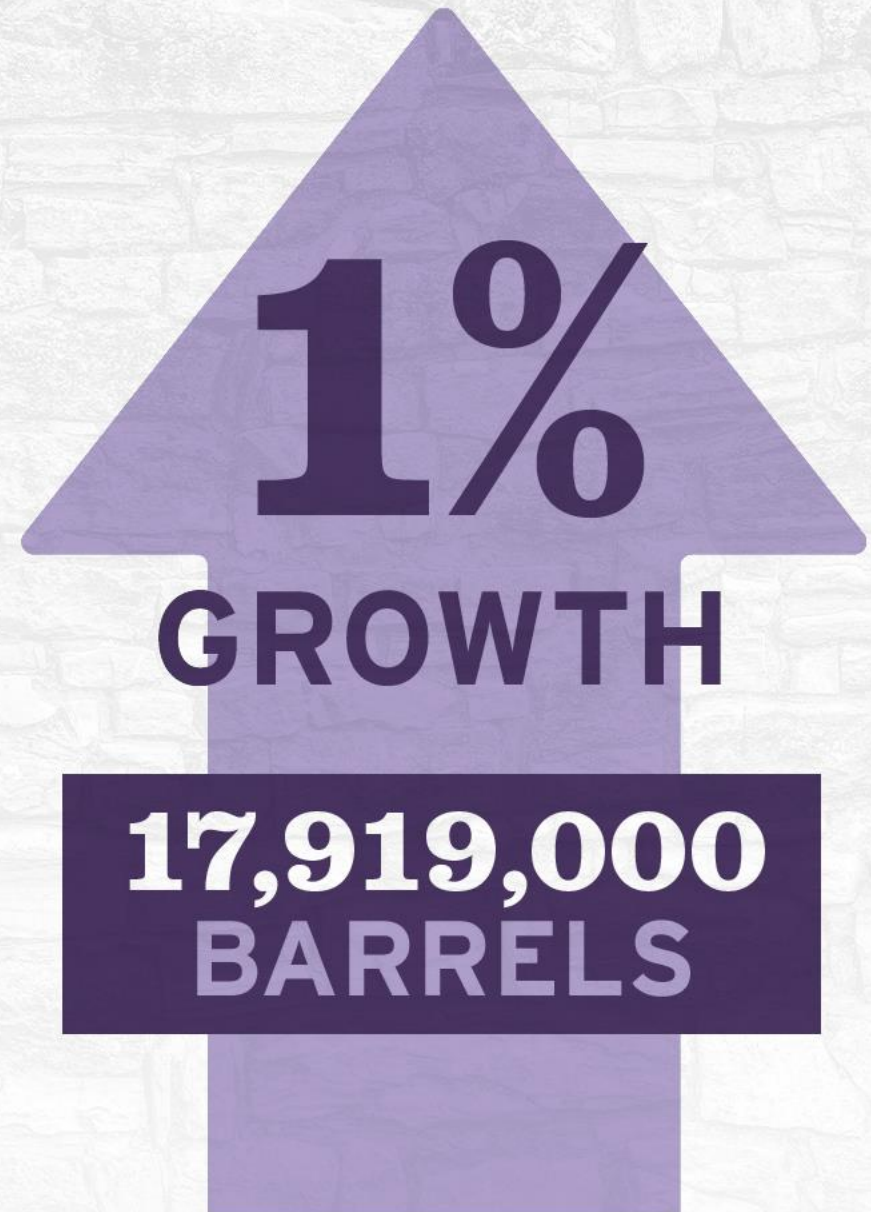
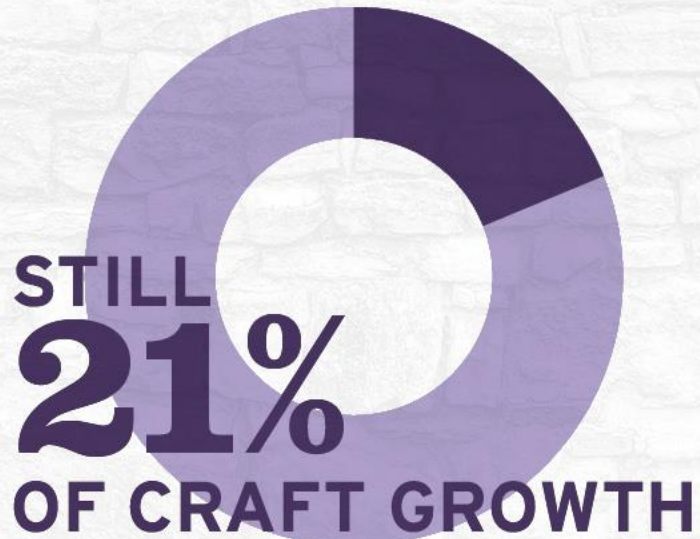
**26%**

**GROWTH**

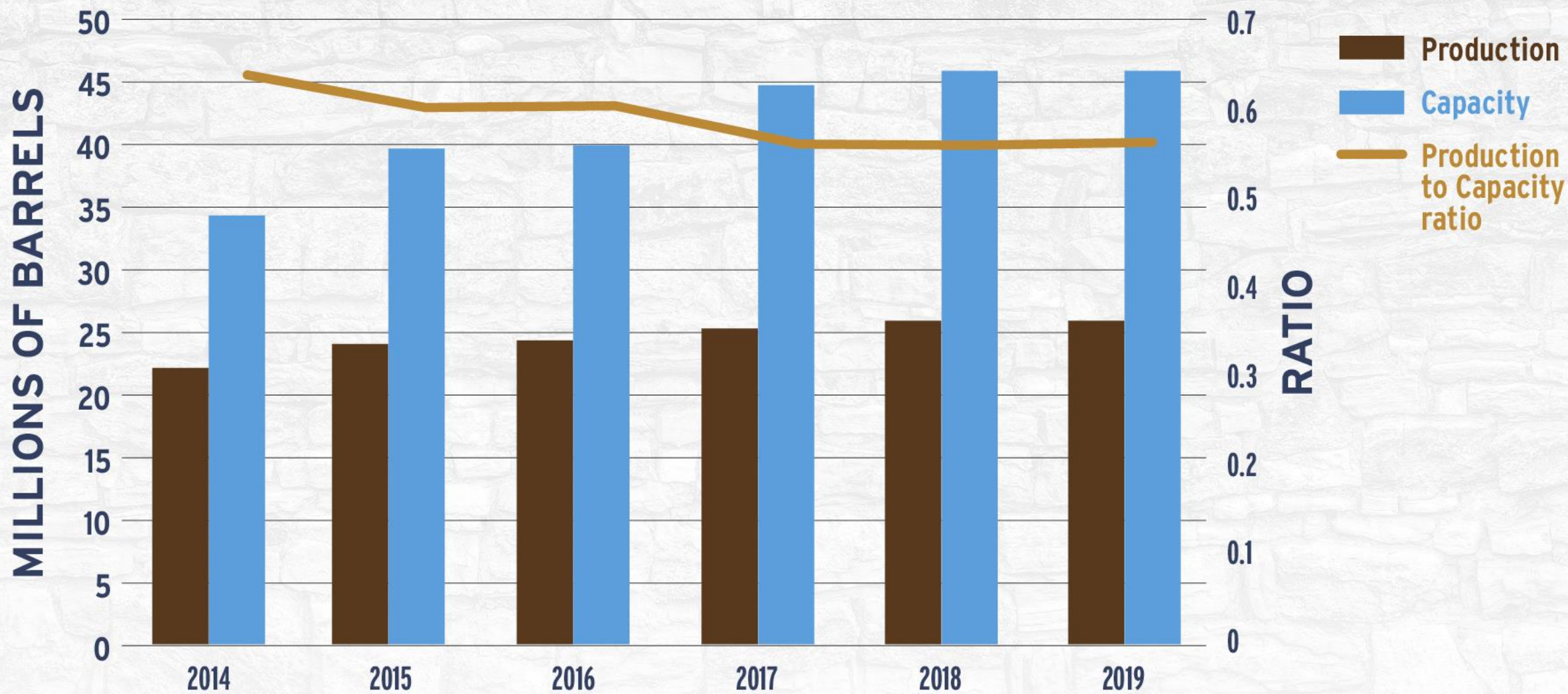
**1,616,000  
BARRELS**



# REGIONALS









## One Implication, Weaker Pricing

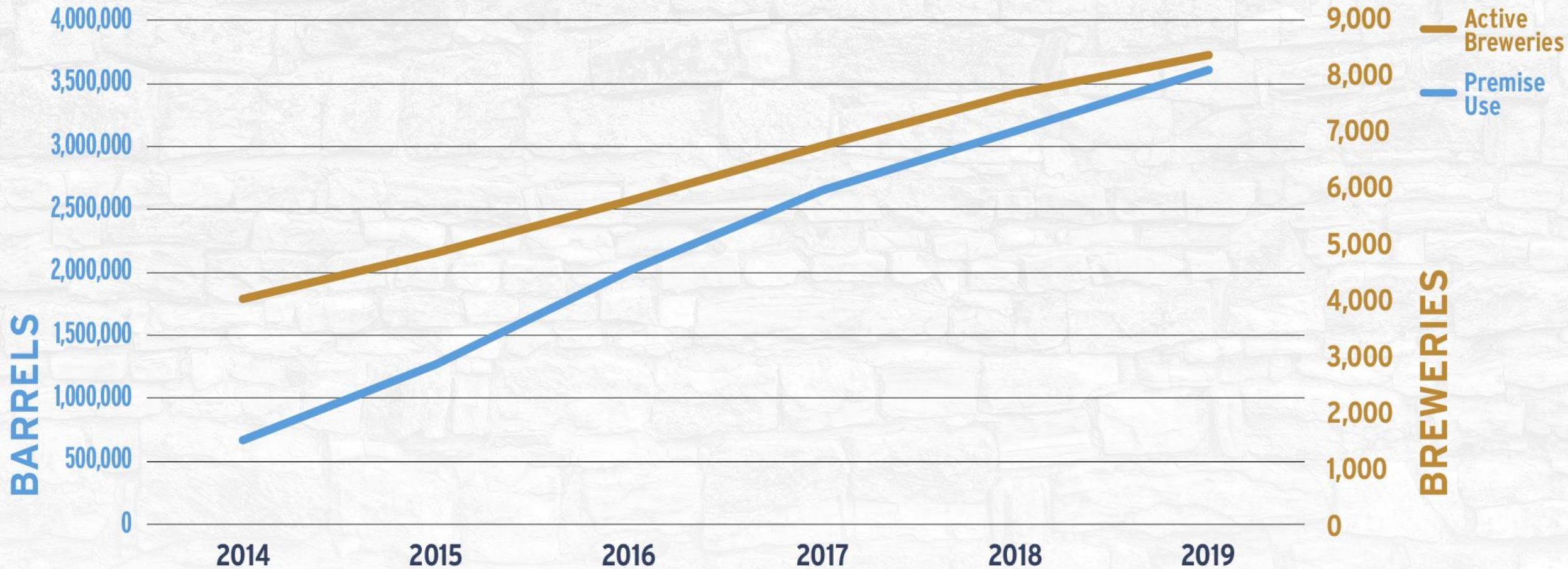
Year	CE Avg Price	6 Pack Avg Price	CE Price Growth	6 Pack Price Growth
2015	\$36.43	\$9.31		
2016	\$37.59	\$9.59	3.2%	3.0%
2017	\$38.27	\$9.82	1.8%	2.4%
2018	\$38.90	\$10.02	1.6%	2.0%
2019	\$39.33	\$10.16	1.1%	1.4%

Source: IRI Group, Total US, MULO+C, BA Analysis



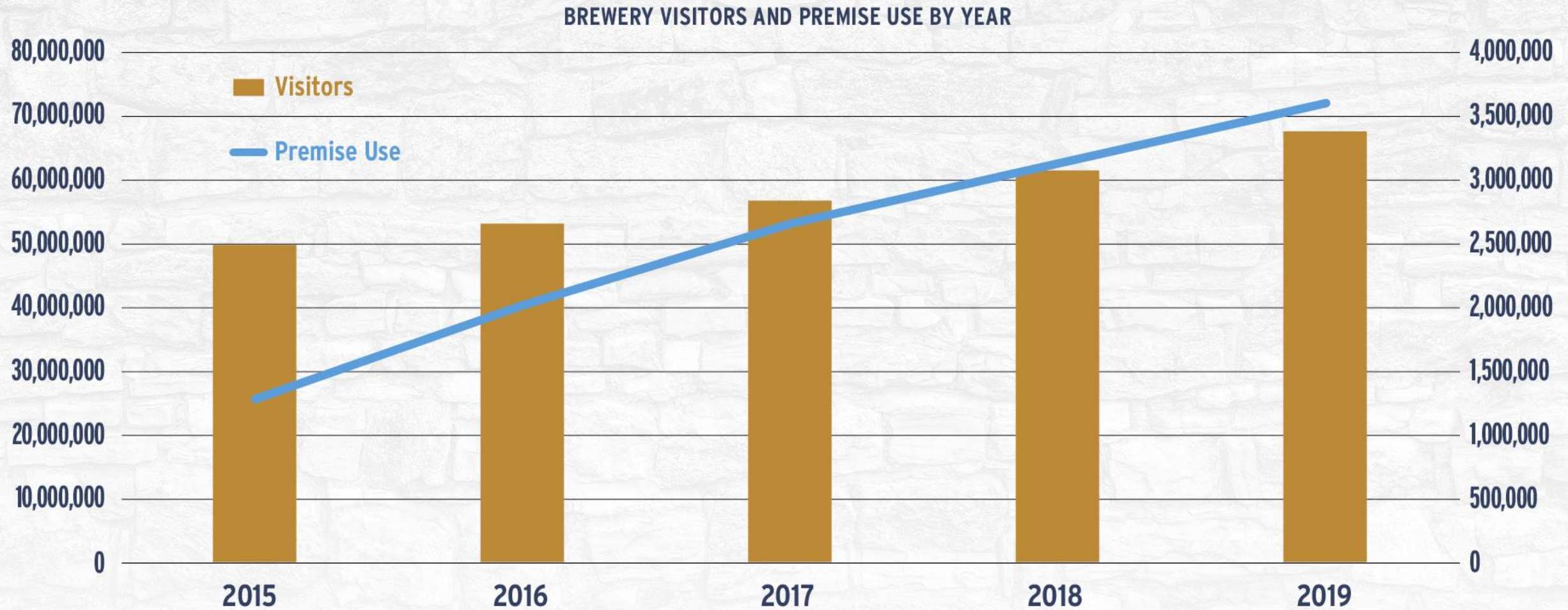
# Growth at the Brewery

## Premise Use and Active Breweries



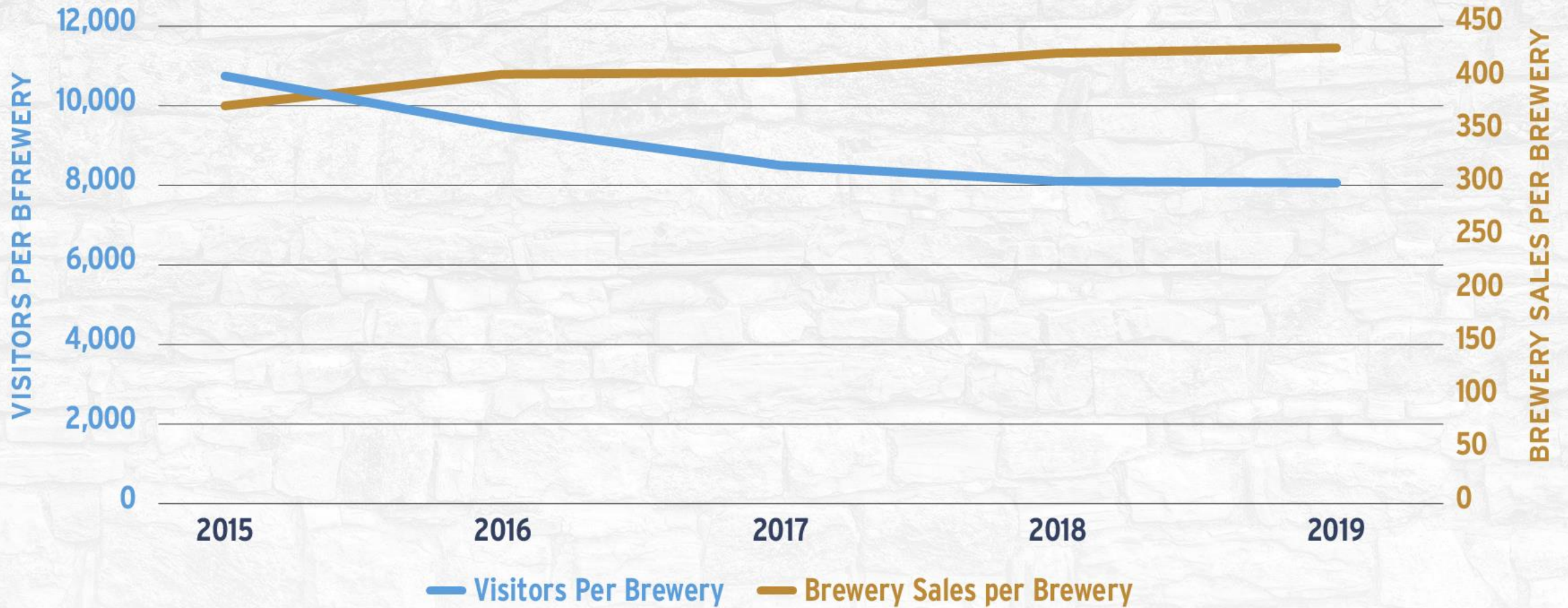


# Driven by Increased Demand, But...





# Warning Signs?





# New and slowdown at existing

Founded Year	% Onsite	Rough Barrels	Onsite Barrels
2017	41%	650,000	265,000
2018	55%	500,000	275,000
2019	72%	250,000	180,000

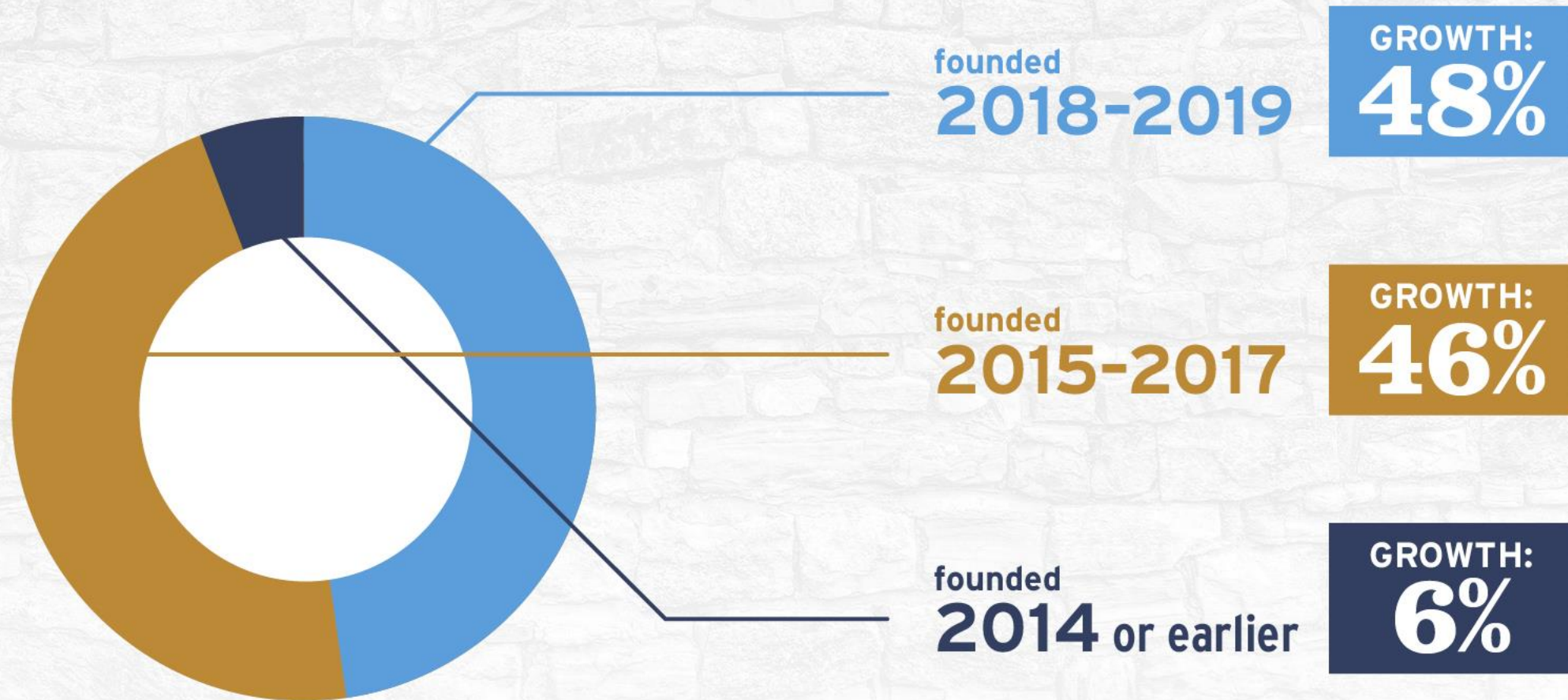
*Doing math, suggests 4% growth  
for anyone not in year 1 or 2*

Brewery Founded Year	Onsite Sales Growth %
Pre-2010	-1%
2010 to 2015	6%
2016 to 2017	12%
2018	86%

*Median pre-2018 4%*



# Contributions to Craft Growth by Founded Date





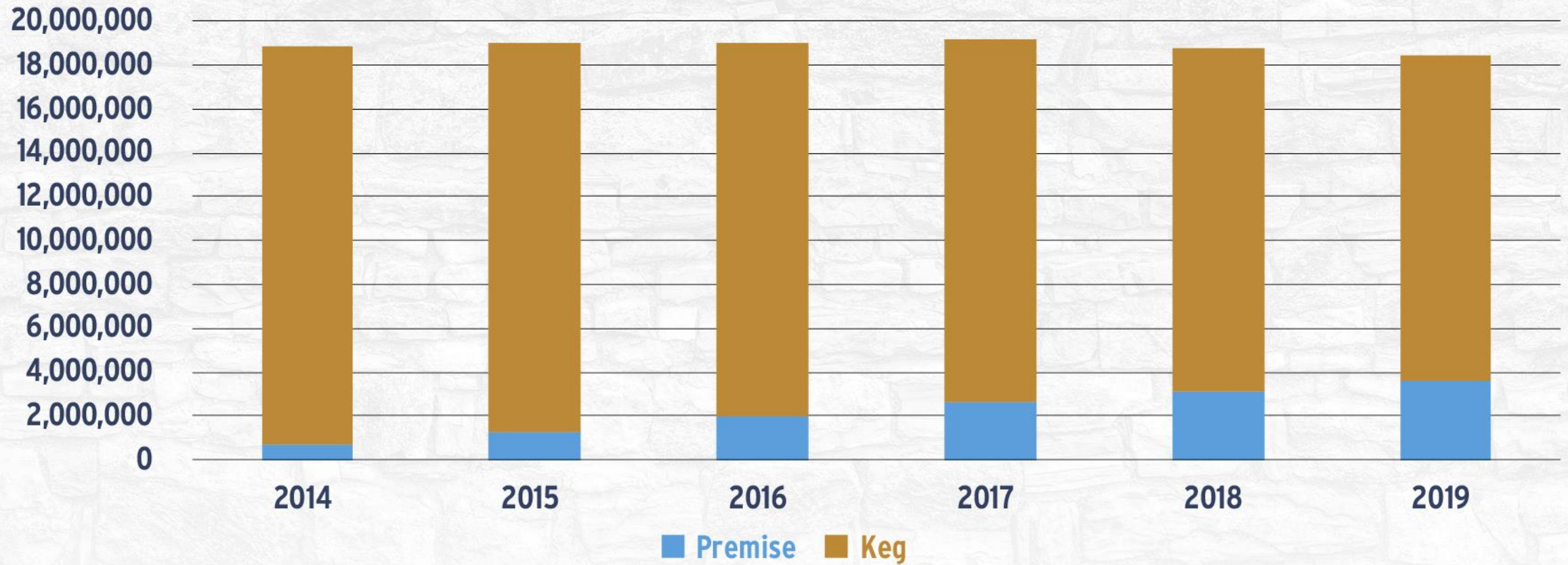
## Similarities? Weaknesses

- COVID exposed weaknesses, but independent of that
- Last crunch happened when too many people made the same bet at once (distribution)
- Are we seeing this again?  
Just with taproom/brewpub sales?
- One to watch - the health of most of our members depends on that growth



# The Flip Side: Distributed Draught (all beer)

Total Draught Picture





FINALLY **CONSUMER TRENDS** WITH TWO CAVEATS:

**What's a Style?**

**Harder to see growth  
in a fractured world.**



# Styles



## WHAT'S GROWING?\*

### Top 5 (2019) =

- American IPA
- Imperial IPA
- American Lager
- Other IPA
- Blonde Ale

\*IRI Group Scan Data



	WHAT'S WINNING?	WHAT'S LOSING?
<b>Female Craft Drinkers</b>	<b>Crisp (+9%) Fruity (+9%) Juicy/Hazy (+8%)</b>	<b>Dark (-10%) Hoppy (-4%) Malty (-10%)</b>
<b>Male Craft Drinkers</b>	<b>Dark (+4%) Malty (+4%)</b>	<b>Crisp (-3%) Juicy/Hazy (-4%) Fruity (-4%)</b>
<b>21-34 Craft Drinkers</b>	<b>Tart (+8%)* Hoppy (+5%) Malty (+5%)</b>	
<b>35-44 Craft Drinkers</b>	<b>Dark (+8%) Juicy/Hazy (+7%) Spicy (+4%)</b>	

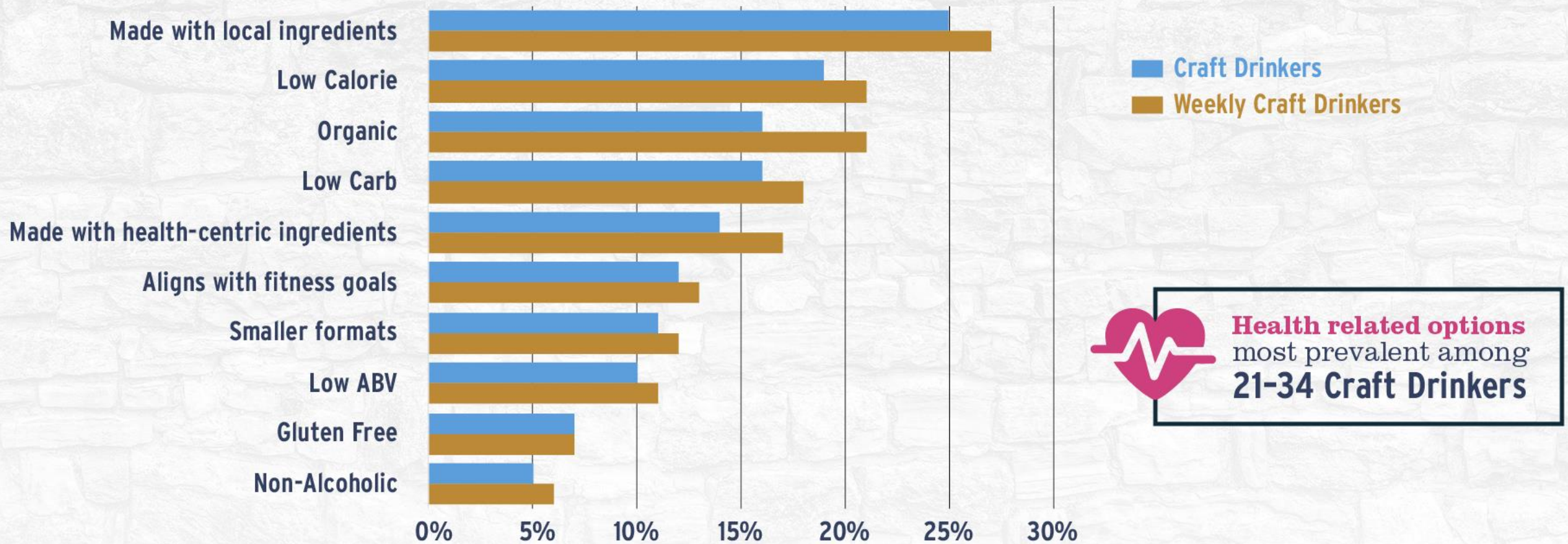
**SOURCE:** Brewers Association Craft Beer Insights Poll (CIP) conducted online by The Harris Poll/Nielsen in May 2019 (n = 1,100 Craft Drinkers, n = 480 Weekly Craft Drinkers)

**NOTE:** Percent compared to average net interest (read as: Female Craft Drinkers are 9% more interested in Crisp beers than the average Craft Drinker)



# Don't Just Think in ABV

Q: Which of the following mindful drinking choices are you more interested in now compared to a few years ago when it comes to consuming craft beer?

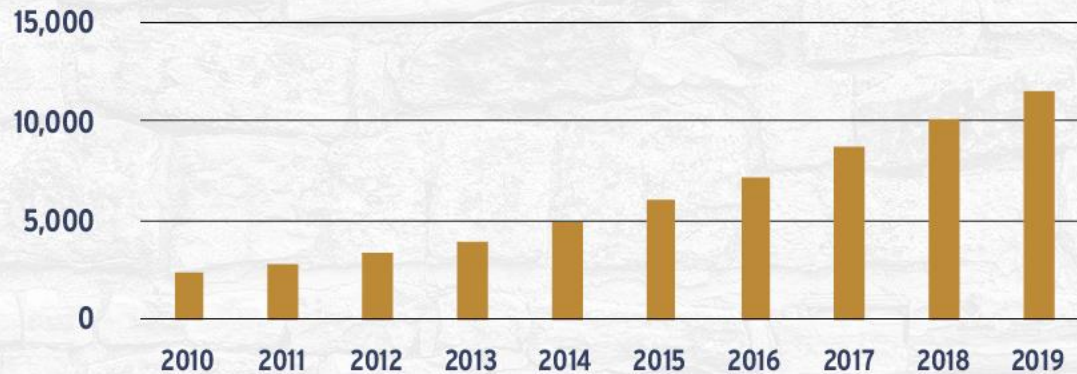


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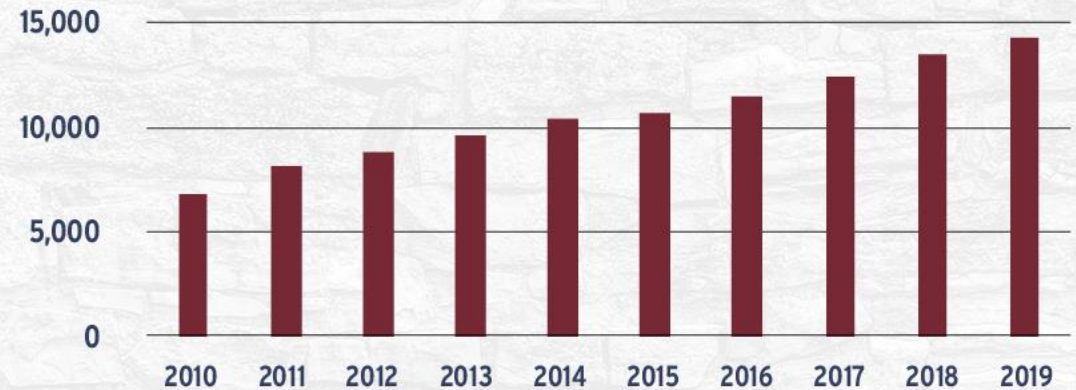


# Total U.S. Alcohol Beverage Permits Grow Across All Segments

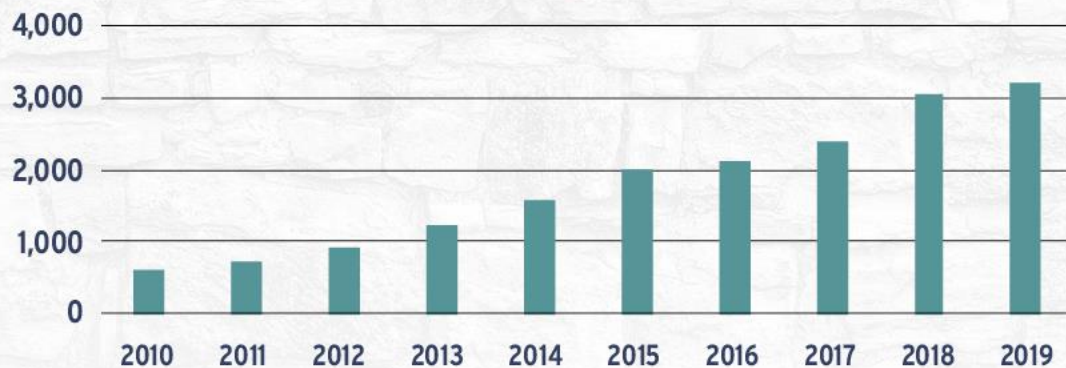
## U.S. Brewery Permits



## U.S. Winery Permits



## U.S. Distillery Permits



Almost **30,000** permitted alcohol suppliers in U.S. **+20,000** in past 10 years:

**2010 = 9,803**


**Current = 29,007**



## Beyond Beer?

- **1.6% of volume for regionals**  
**Growing 157%**
- **3.3% for micros/brewpubs/taprooms**  
**Growing 132%**
- **21.1% of breweries reporting some production of non-beer beverage alcohol**





# CRAFT BEER SALES ARE AT AN ALL TIME HIGH





**Bart Watson**

**Chief Economist**

**CHEERS!**

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📷 **@BrewersStats**