

Midyear US Craft Brewing Industry Update

8/5/2021

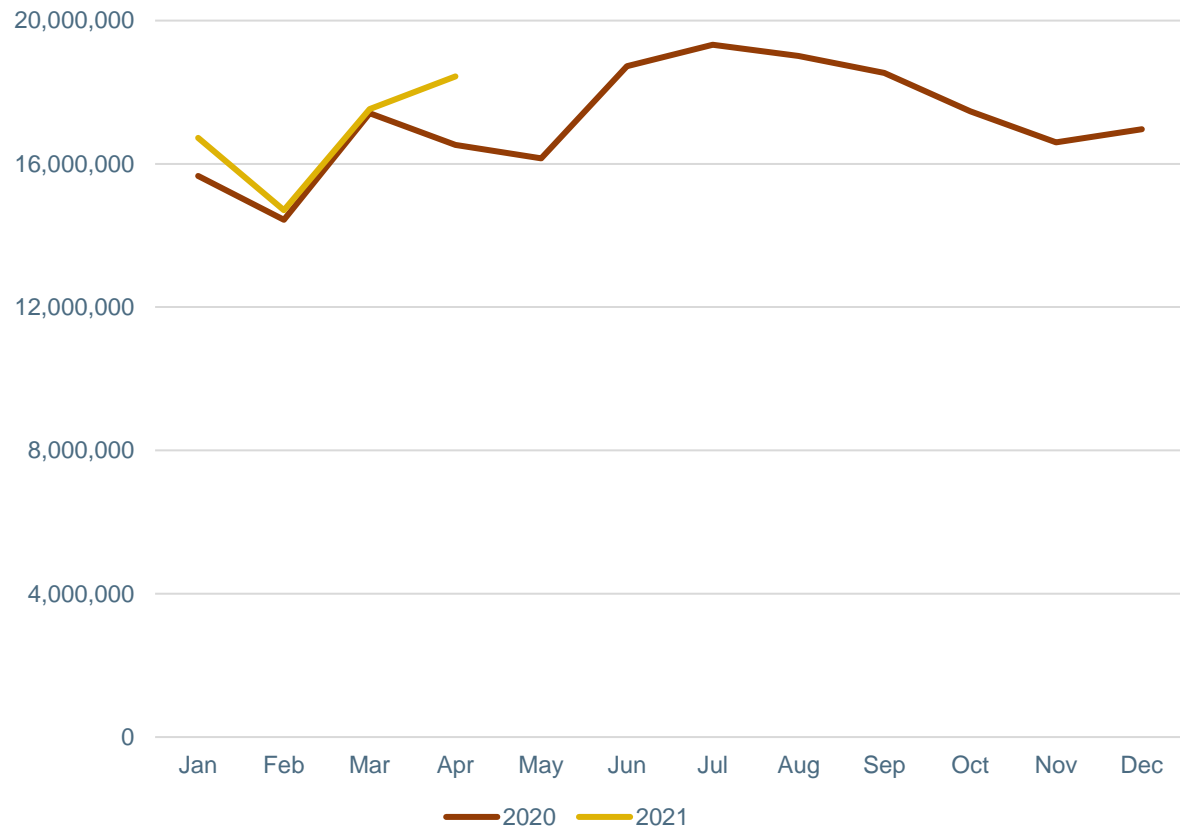


Headlines

- Midyear improvement versus 2020, still lags 2019
- All data suggest trending improvement (June data)
- Mixed on-premise signs, but at-the-brewery fairing better
- Openings continue to decline
- Surprisingly few closings
- Broader bev alc competition heating up, driven by consumers

Overall Beer

Total Beer Industry

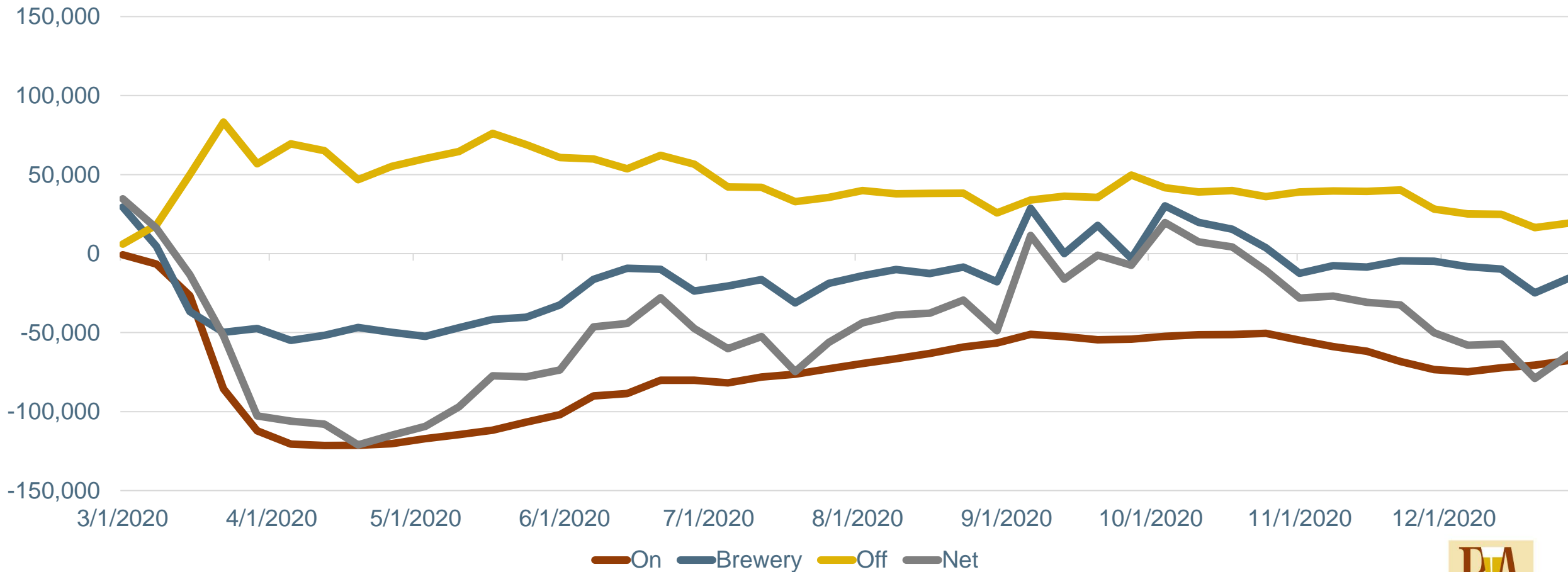


Draft + Premise %



A Tale of Two Channels

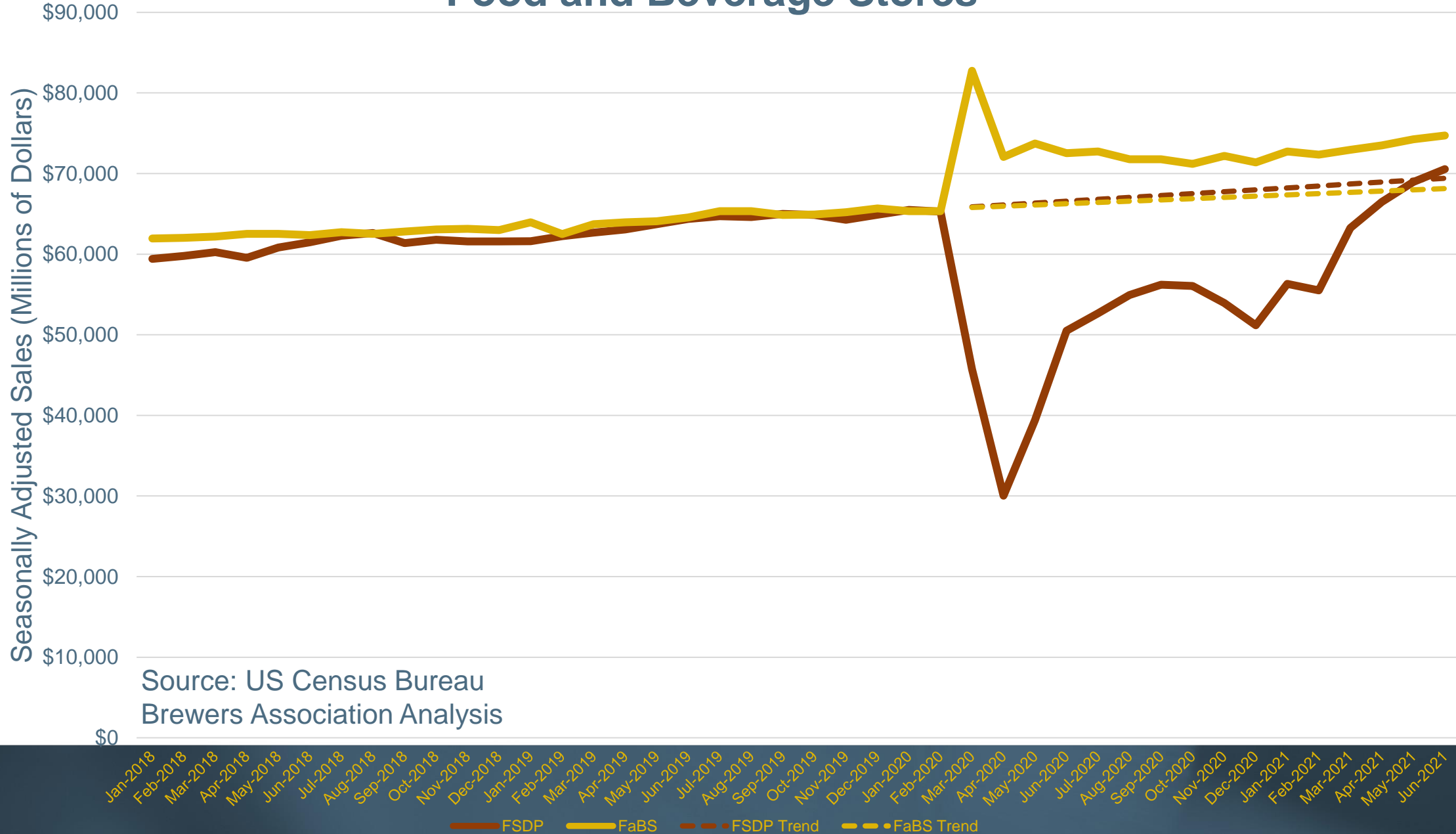
Craft, Estimated Beer Volume Gain/Loss by Week, Barrels



Source: Brewers Association Analysis of data from IRI Group, Beer Institute, BeerBoard, Nielsen CGA, Affinity, and Open Table
Prior to COVID, a week in this period averaged a bit less than 4 million barrels in sales



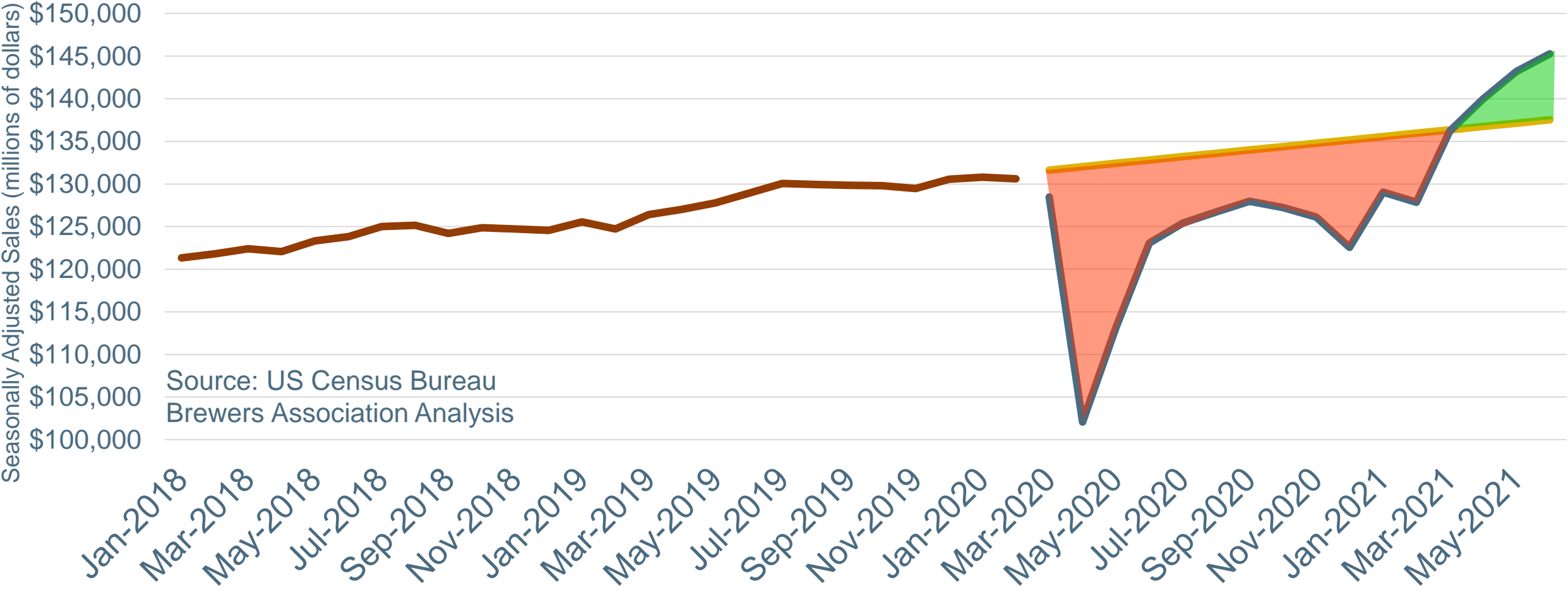
Food Services and Drinking Places vs Food and Beverage Stores



Source: US Census Bureau
Brewers Association Analysis



Total Spending, Food and Beverage Stores and Food Services and Drinking Places

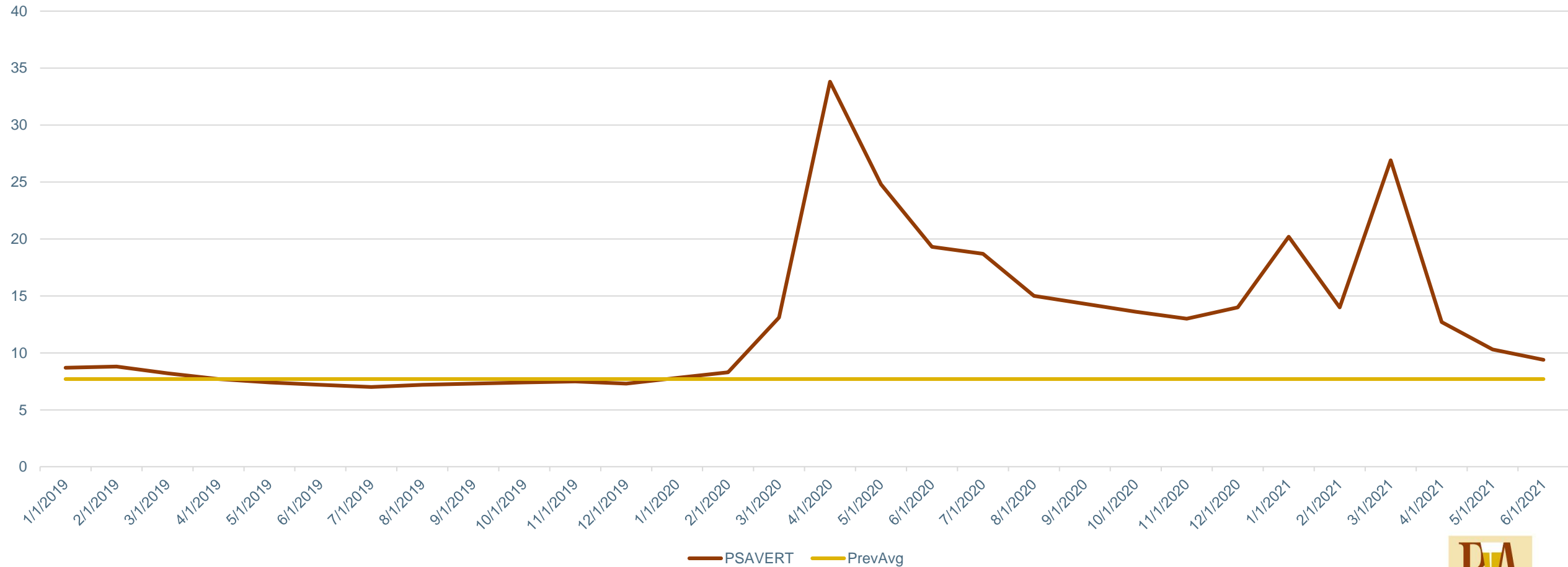


— Previous — Trend — Actual



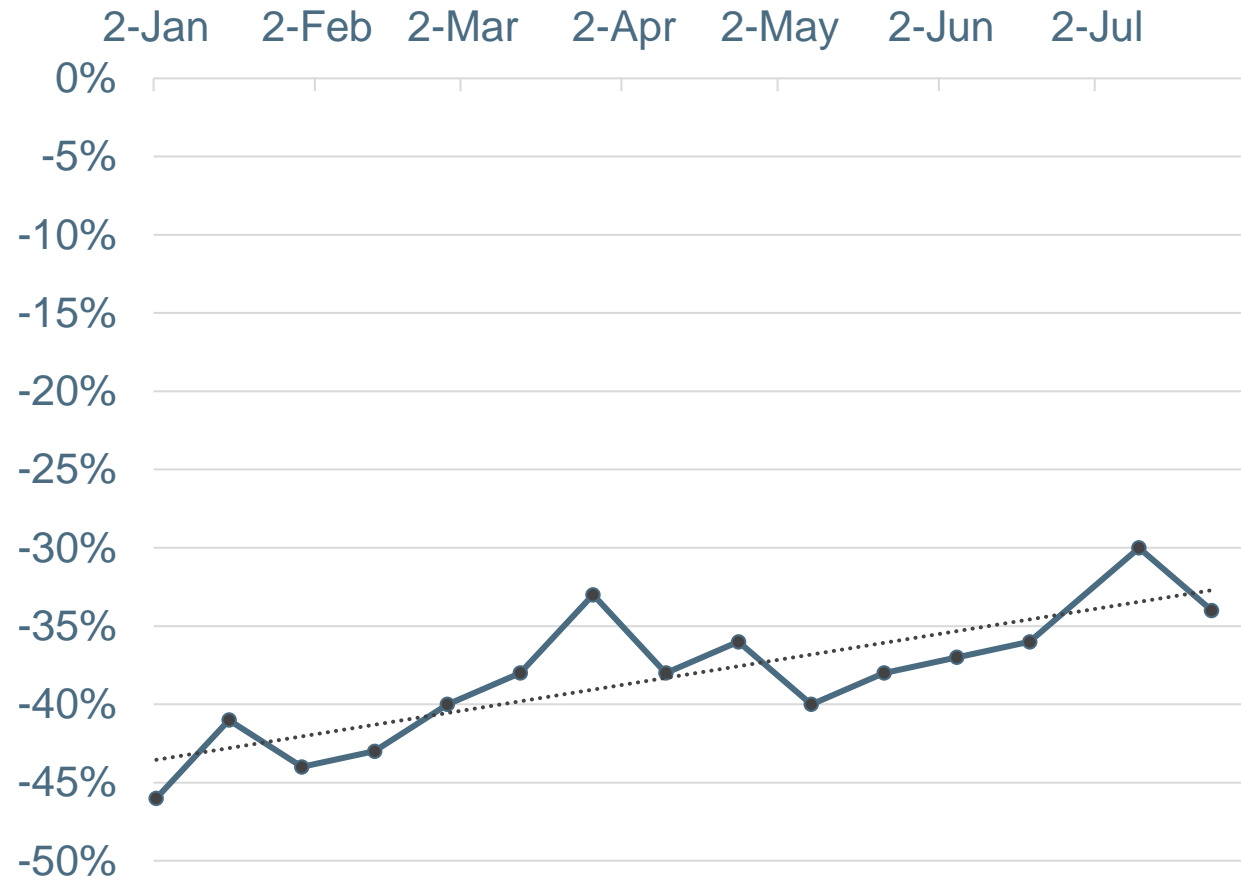
Made Possible by Savings

Personal Savings Rate

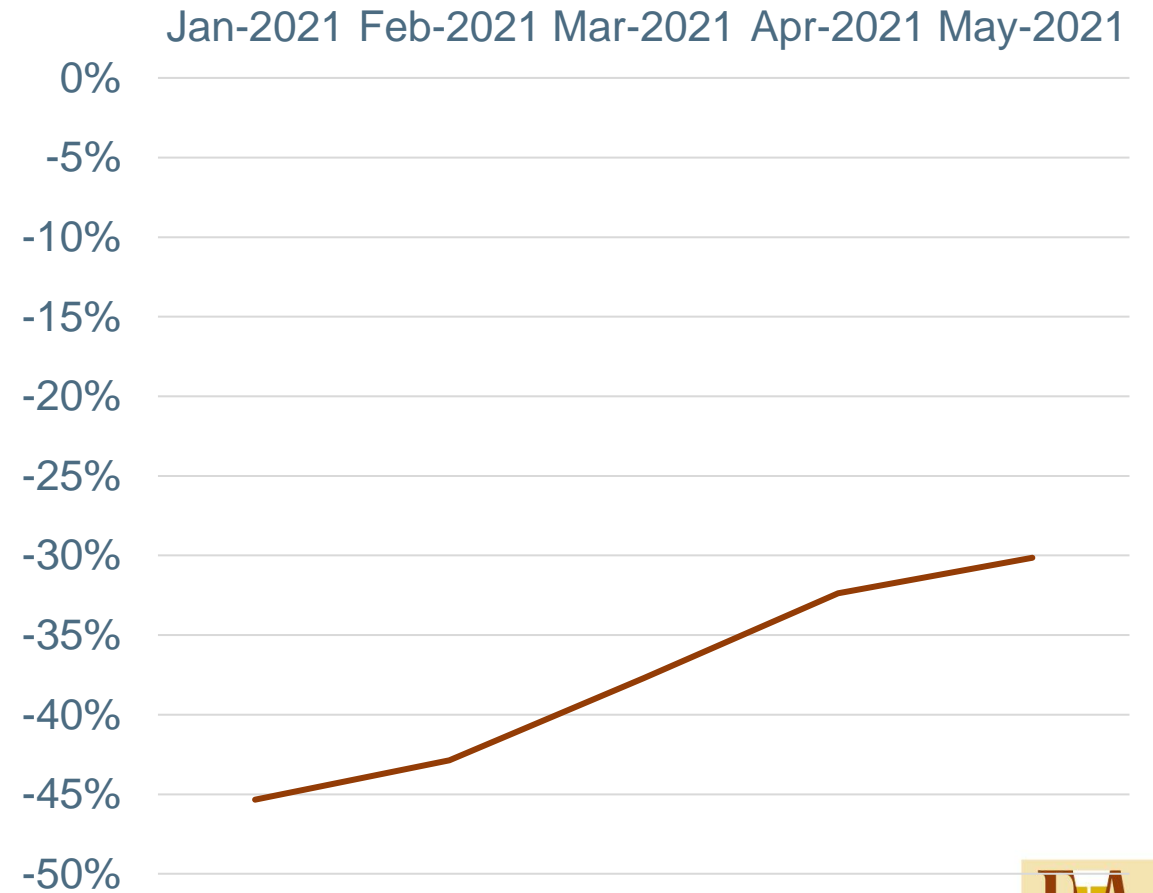


Total On-Premise ≠ Draught

BeerBoard vs 2019



Non-Restaurants, Food Services and Drinking Places



Midyear Survey

Midyear Survey

Thanks to the breweries that filled it out!!!



Different Ways to View

Scan YoY and Scan Versus 2019



Source: IRI Total US MULO+C+Liquor



Midyear Craft Brewer Survey

- Reported -10% at midyear last year
- Full year, FL breweries -14% in '20 vs -9% (US)
- 2021: Growth versus 2020
- Still below 2019

Sample:

-13% in first half of 2020 vs 2019 (same as sample last year)

+7% unweighted, +13% weighted vs 2020

Midyear Survey

Putting it all together

Estimate that craft made up between 1/2 to 2/3 of its 2020 volume losses in 1st half 2021

Split between quarters:

- Q1 certainly worse (cycling mostly normal Q1)
- Q2 likely much better (even positive?)

Midyear Survey - June

Estimate June was positive +3-5% versus 2019

- Kegs: btw -15% and -2% of 2019 levels (may not reflect consumer sales)
- Packaged +3% to +9% of 2019 levels
 - 0% to -5% vs 2020
 - Less extreme than scan (+9 vs 19 -9 vs 20), though may reflect lag

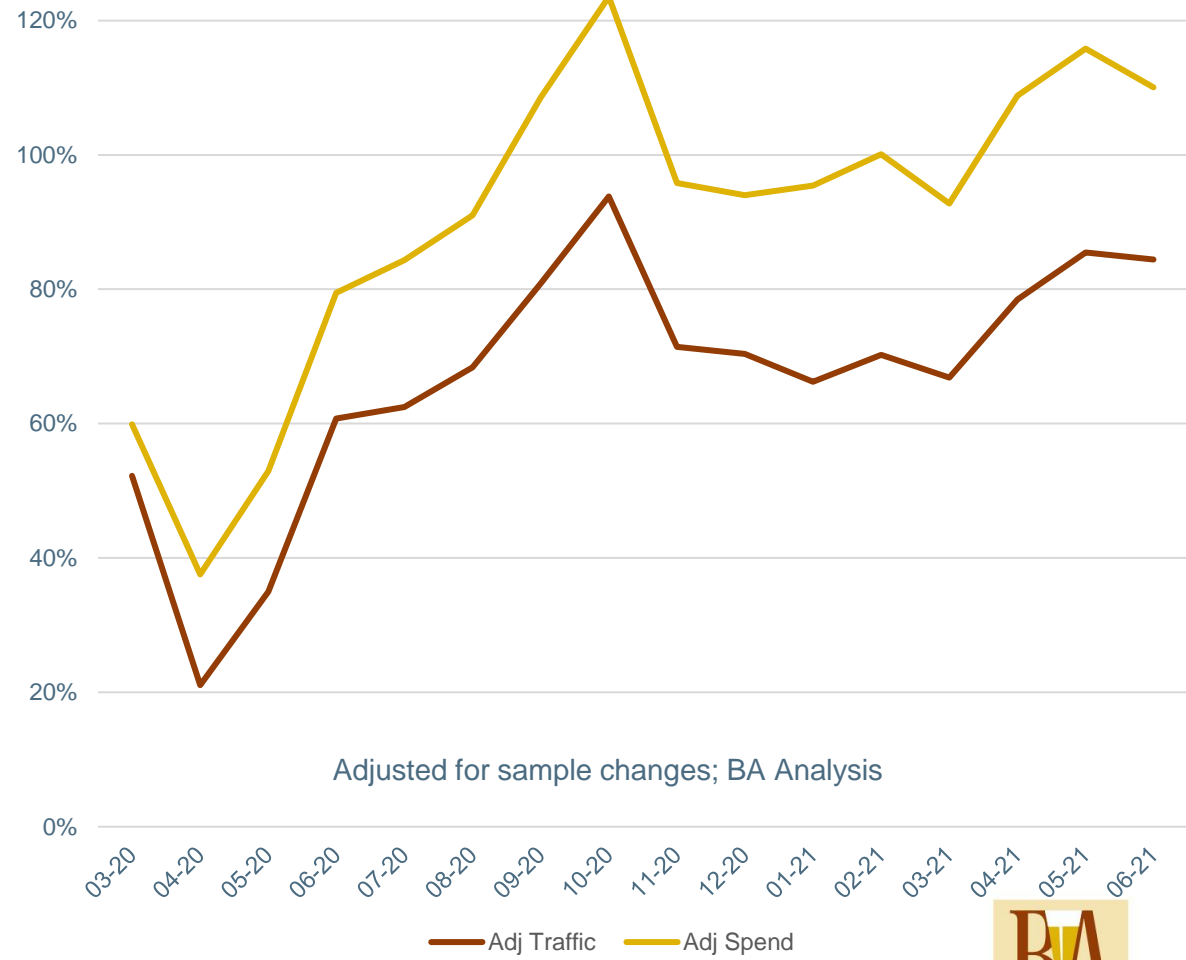
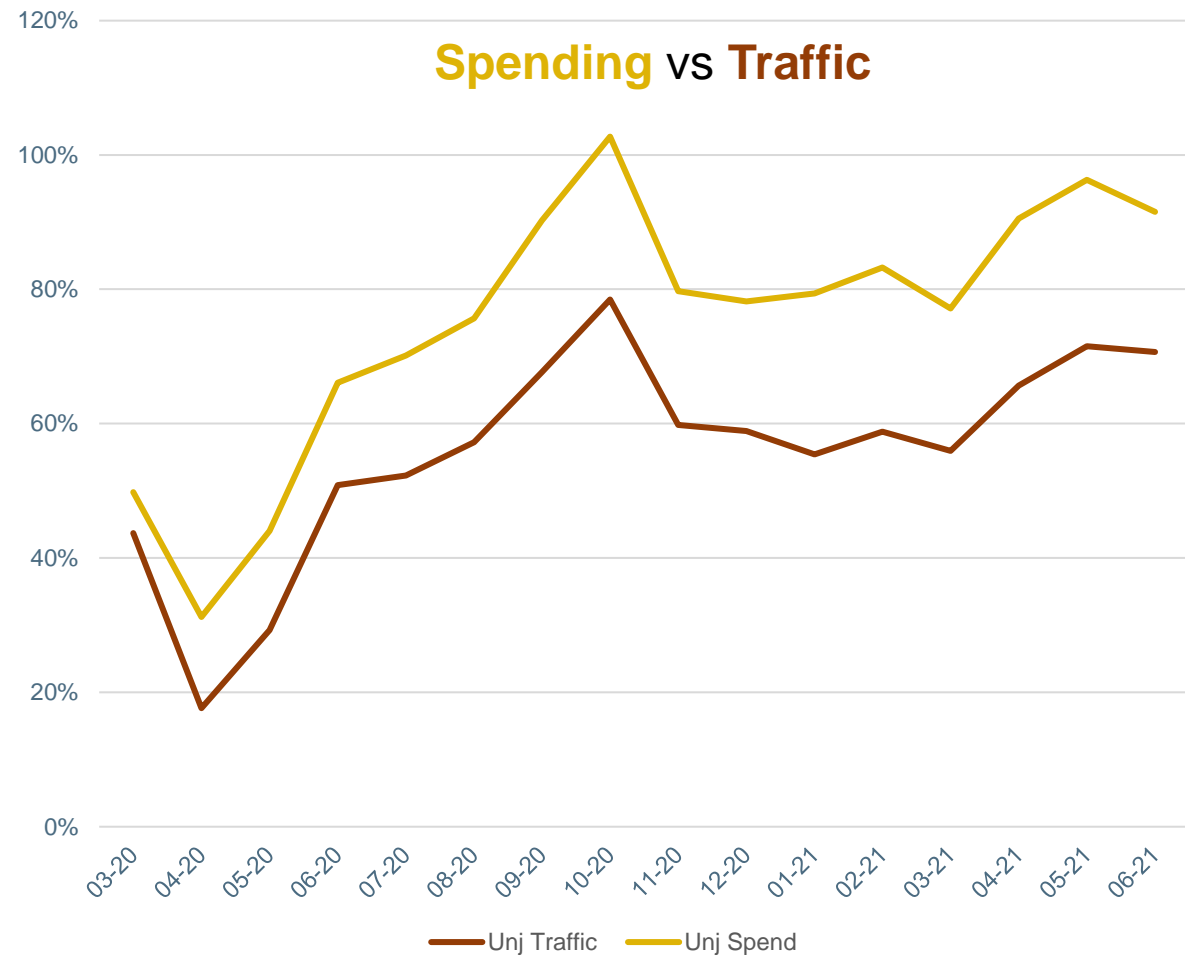
June - Onsite

- Unweighted +20% versus 2019
- Weighted +40%, but heavily relies on small sample size from smallest (big weight)
- Removing that group +12% weighted

- Regardless, suggests onsite up versus 2019

Arryved: Trends Vs 2019

Spending vs Traffic



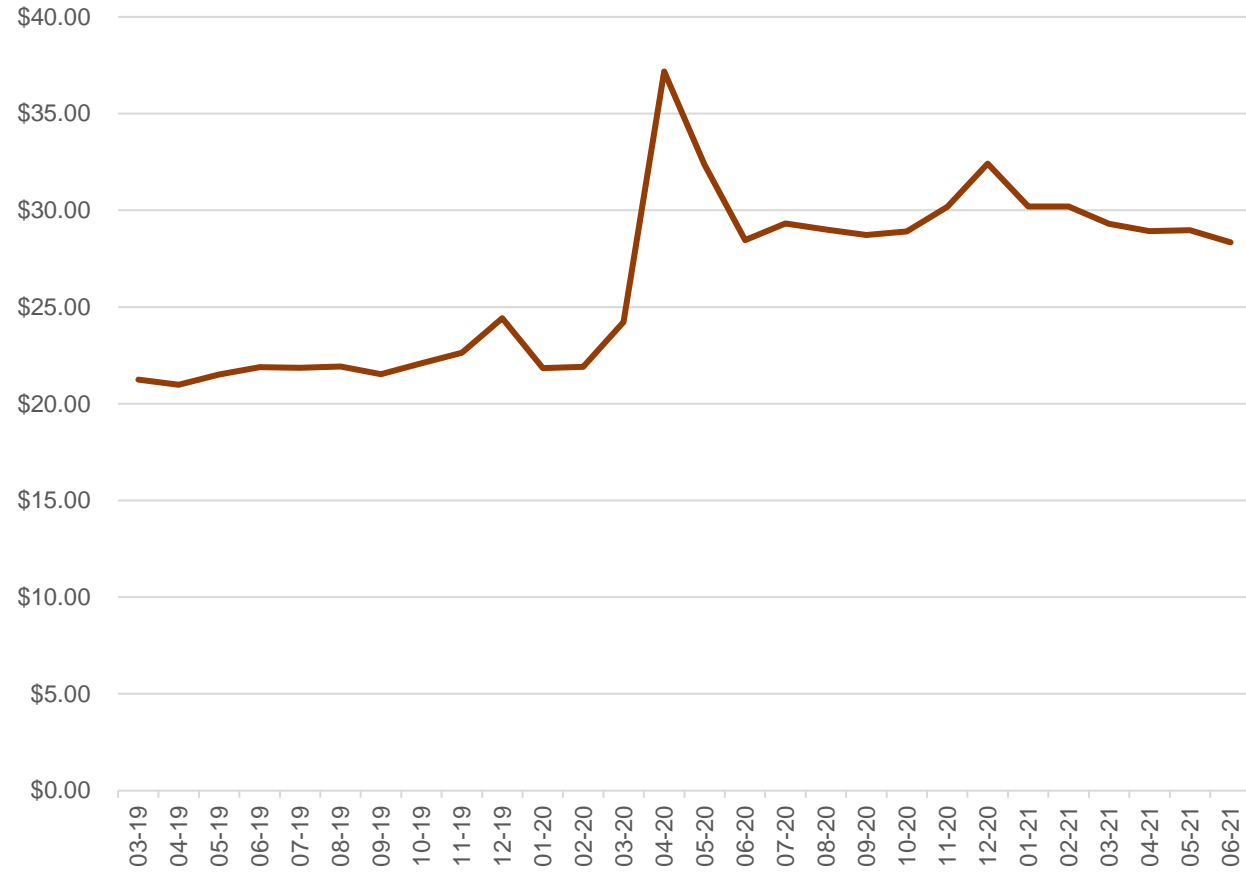
Adjusted for sample changes; BA Analysis

Source: Arryved POS; Analysis by Brewers Association

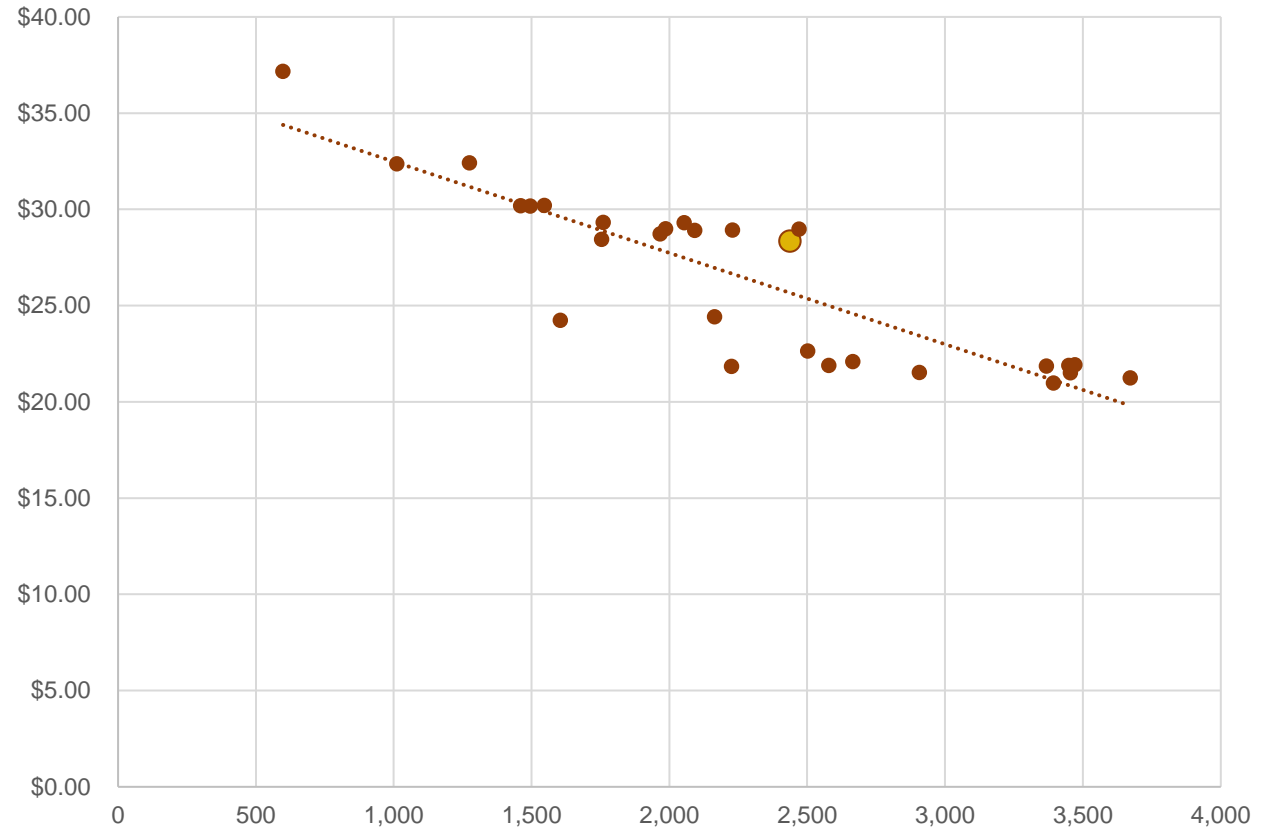


Spend Creeping Back Down...

Average Spend



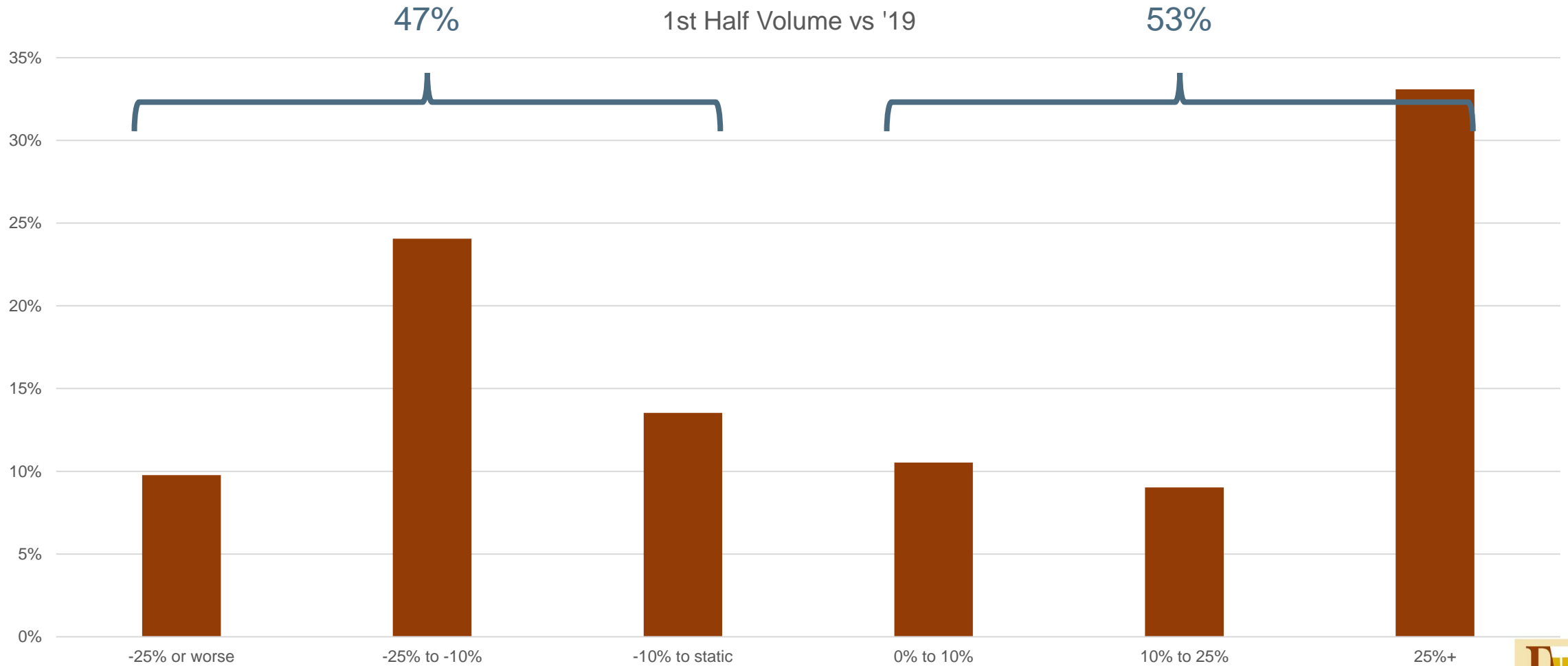
Avg Checks Per Site Vs Avg Spend Per Visitor



Source: Arryved POS; Analysis by Brewers Association

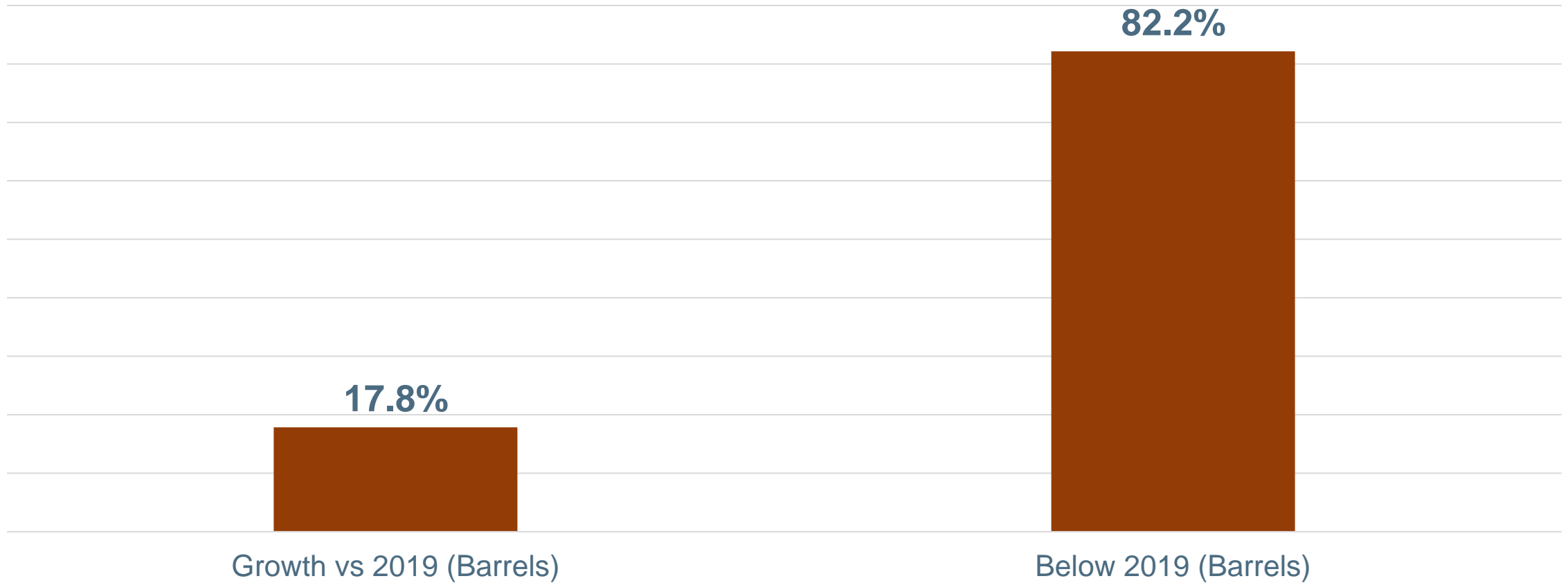


Slight Majority of Breweries Back to Growth



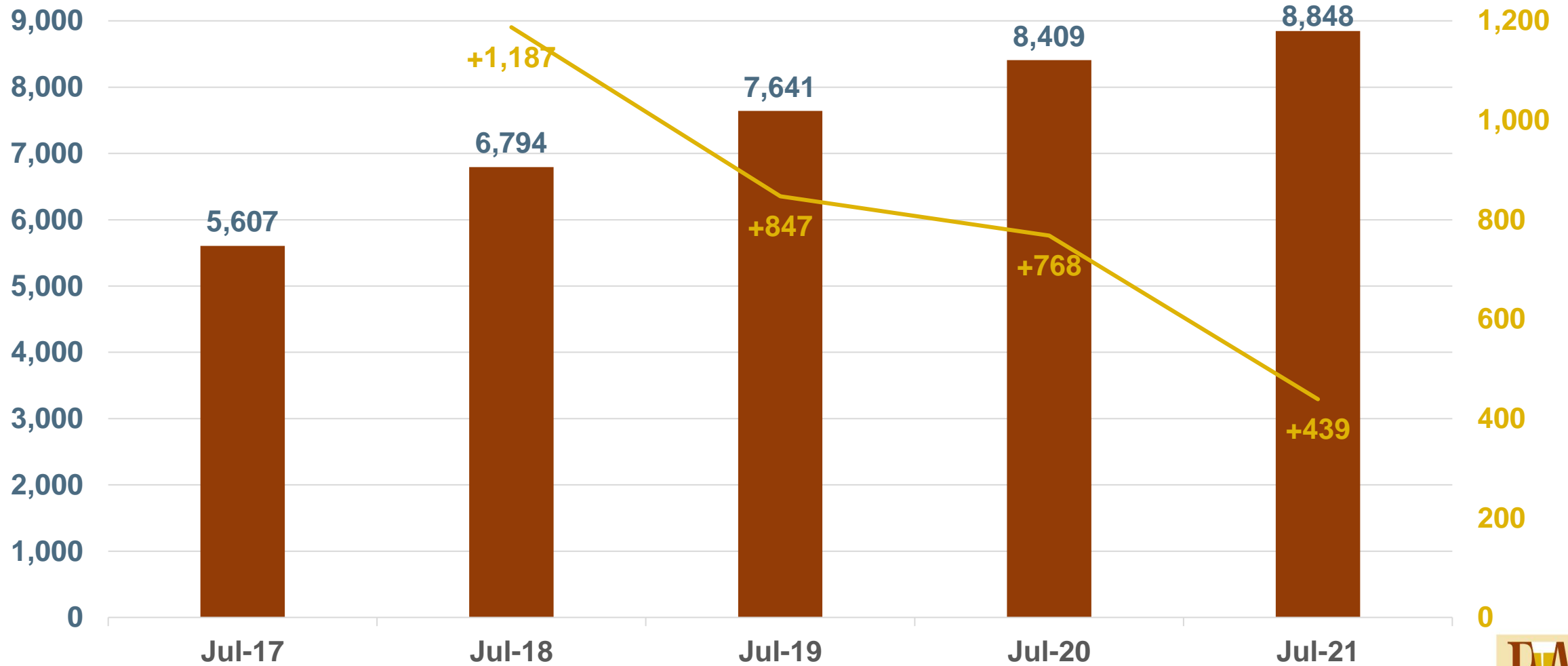
Bit Different in Volume

Combined Barelage Percentage of Growth vs Below 2019



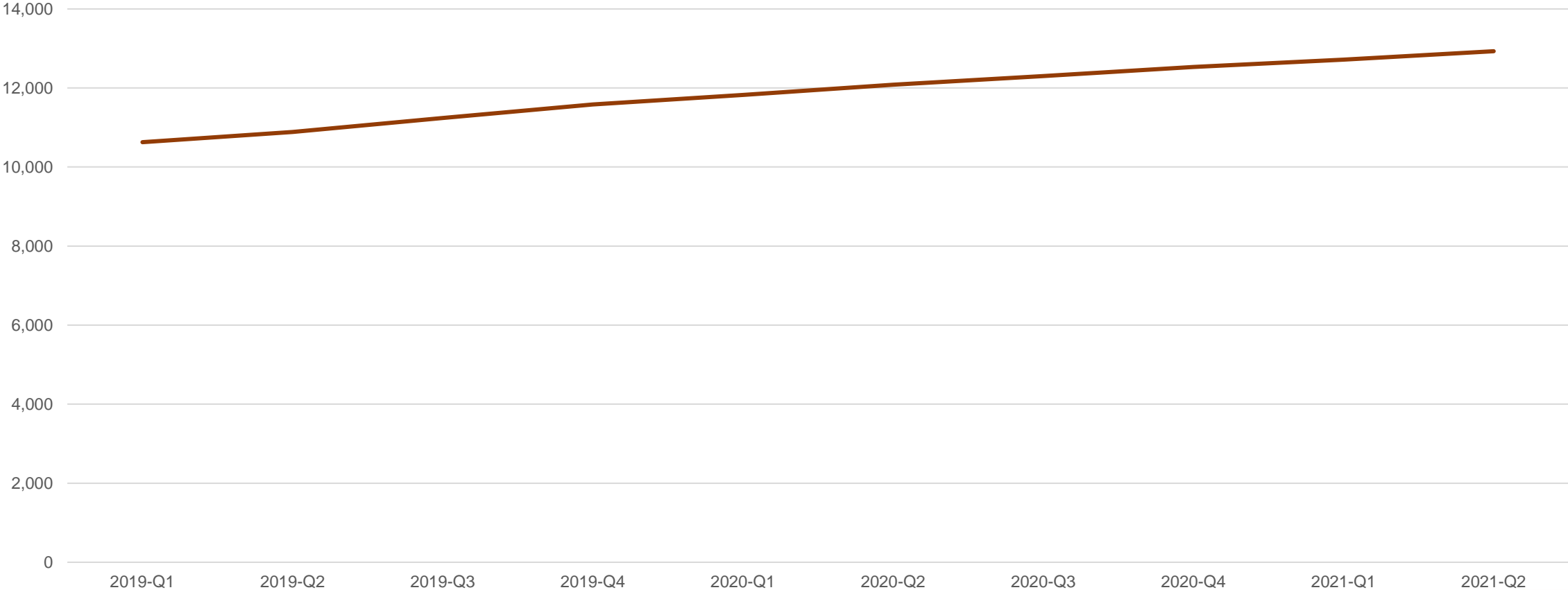
Brewery Trends

Brewery Count - July



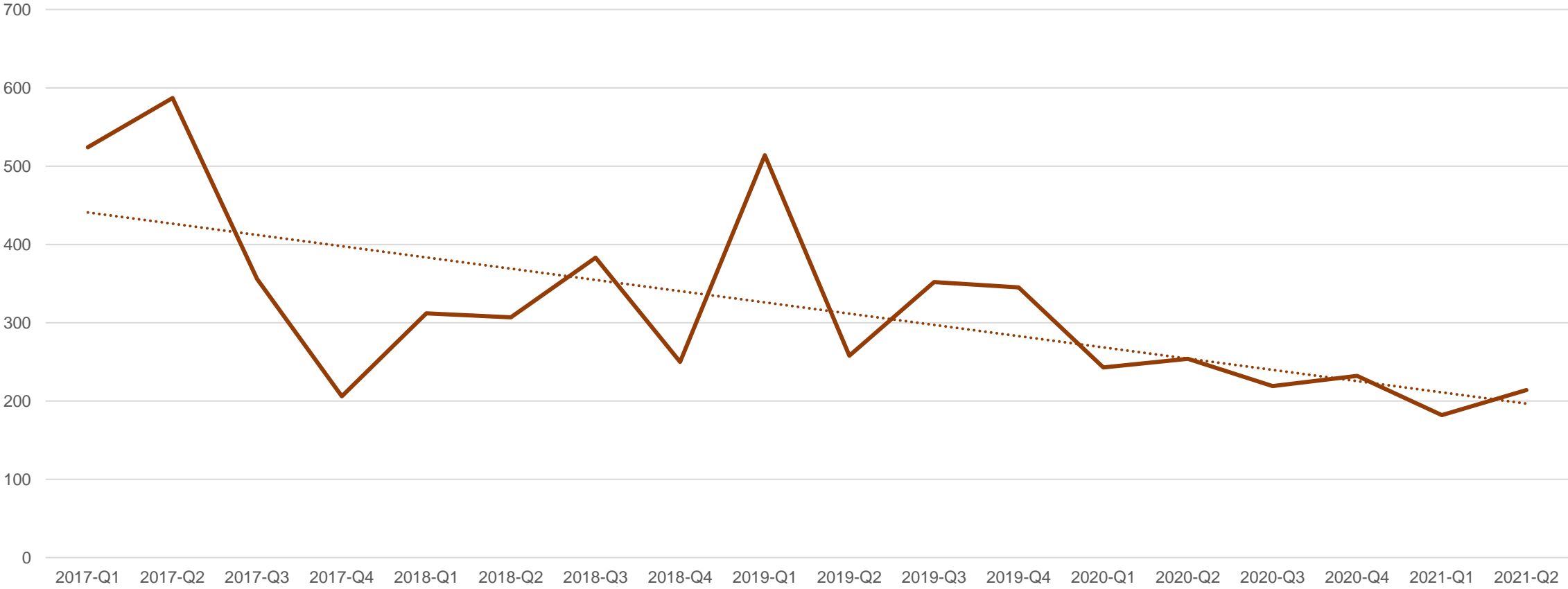
Permits Continue To Grow

TTB Brewers Notice Count by Quarter



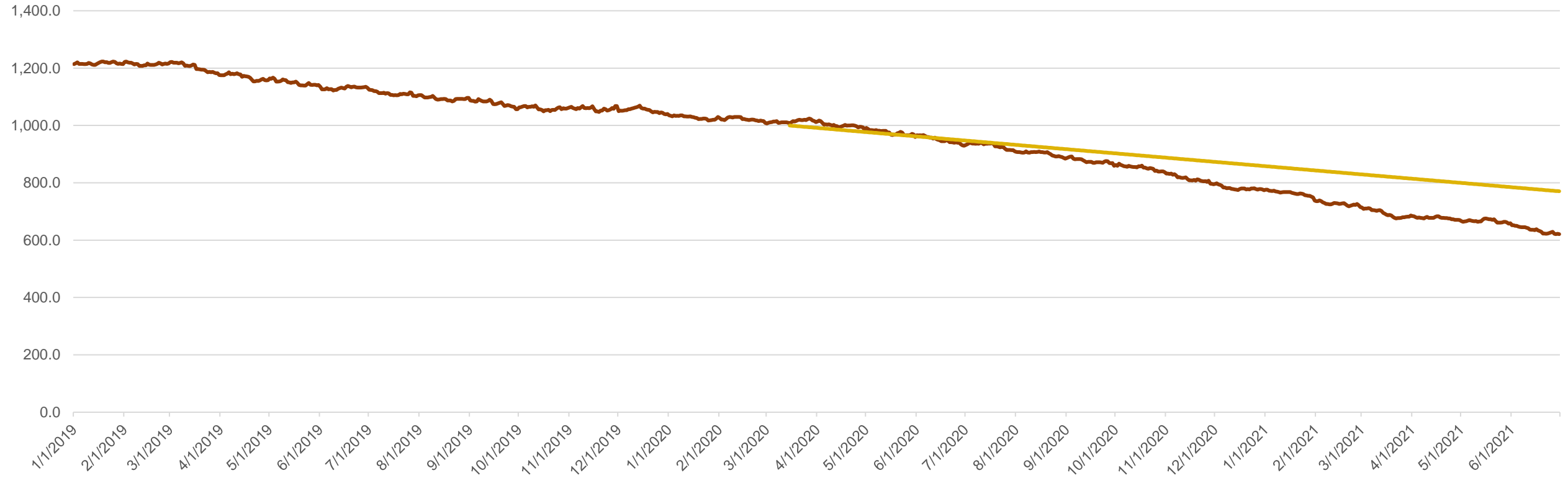
But Growth Slowing

Permit Growth by Quarter



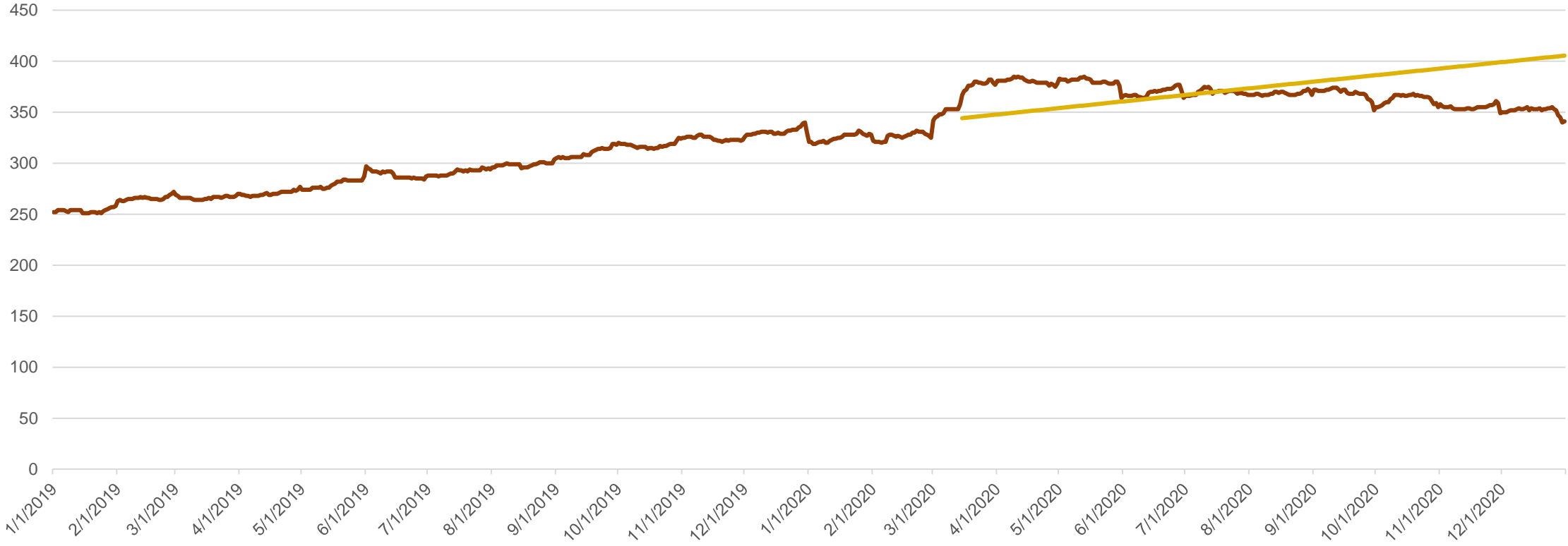
Driven by Decline in Openings/Planning (Only Partially COVID)

Rolling 365 Day Openings



Closings Haven't Really Increased (Actually Below Previous Trend)

Rolling 365 Day Closings



Trends, The Drinker, and Regulation

Like the Upcoming Section?

Lots more data available to BA members

Getting Inside the Mind of the Craft Beer Consumer

— 2021 **Member Exclusive**

Collab Hour

July 1, 2021

Speaker(s): Bart Watson

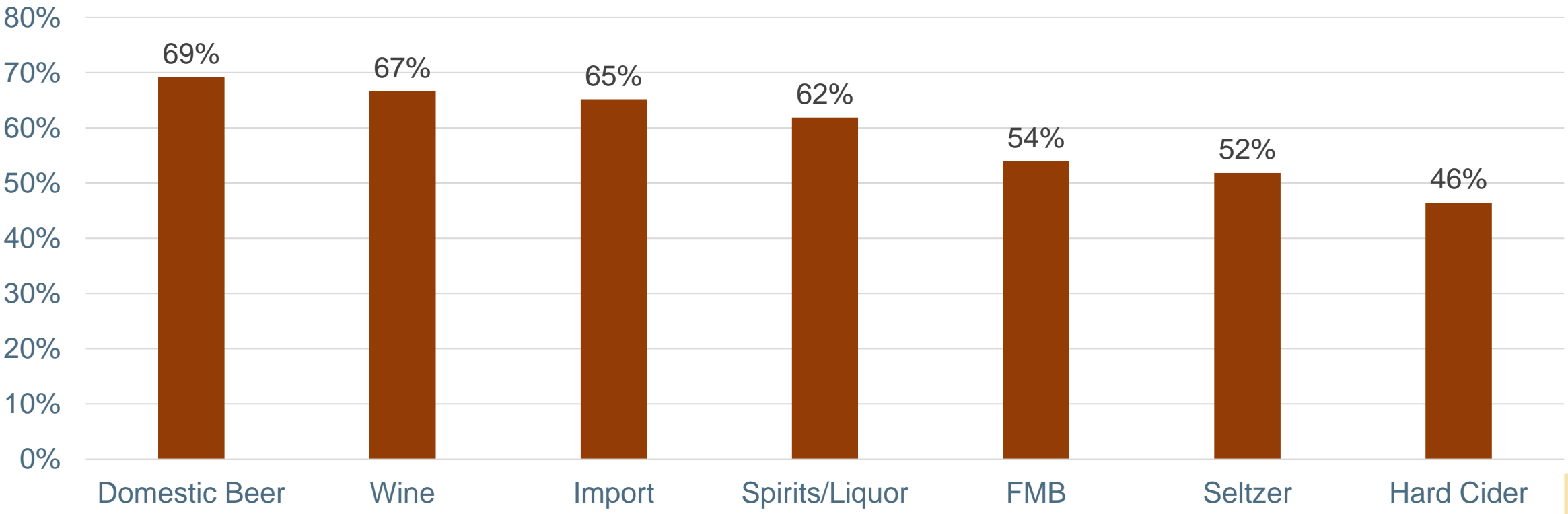
The BA has once again commissioned the annual Craft Beer Insights Panel survey to take the pulse of adults who enjoy drinking craft beer. [Read More >](#)



Omnibibulous

- 94% of weekly craft beer drinkers indicate drinking at least one other bev alc category weekly.

% of Weekly Craft Drinkers Saying they Drink Another Category Weekly, by Category



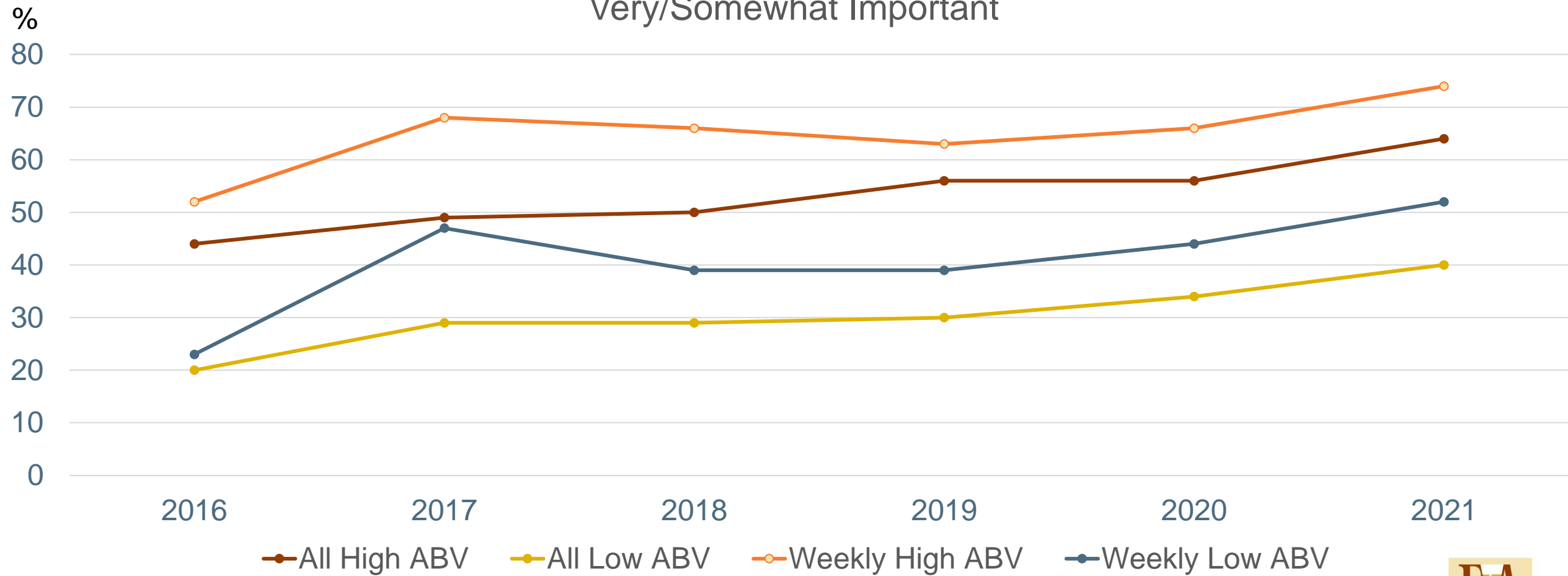
Beyond Beer

Breweries that answered the question (n = 1451):

- **33% reported some volume**
- **3.4% of beer volume, up from 1.2% last year**
- **For those with some volume (i.e. >0), 8.9% of beer production, up from 3.4%**
- **Growth in beyond beer made up for 40% of beer loss (total); more than loss for >0 group**
- **Median reported volume = 20 barrels (median brewer reporting = 550 barrels)**

ABV: The Center Cannot Hold

Very/Somewhat Important



ABV is Increasingly Important

ABV (high or low) is at least somewhat important to:

- 72% of craft drinkers
- 82% of weekly craft drinkers

Very important to:

- 36% of craft drinkers
- 49% of weekly craft drinkers

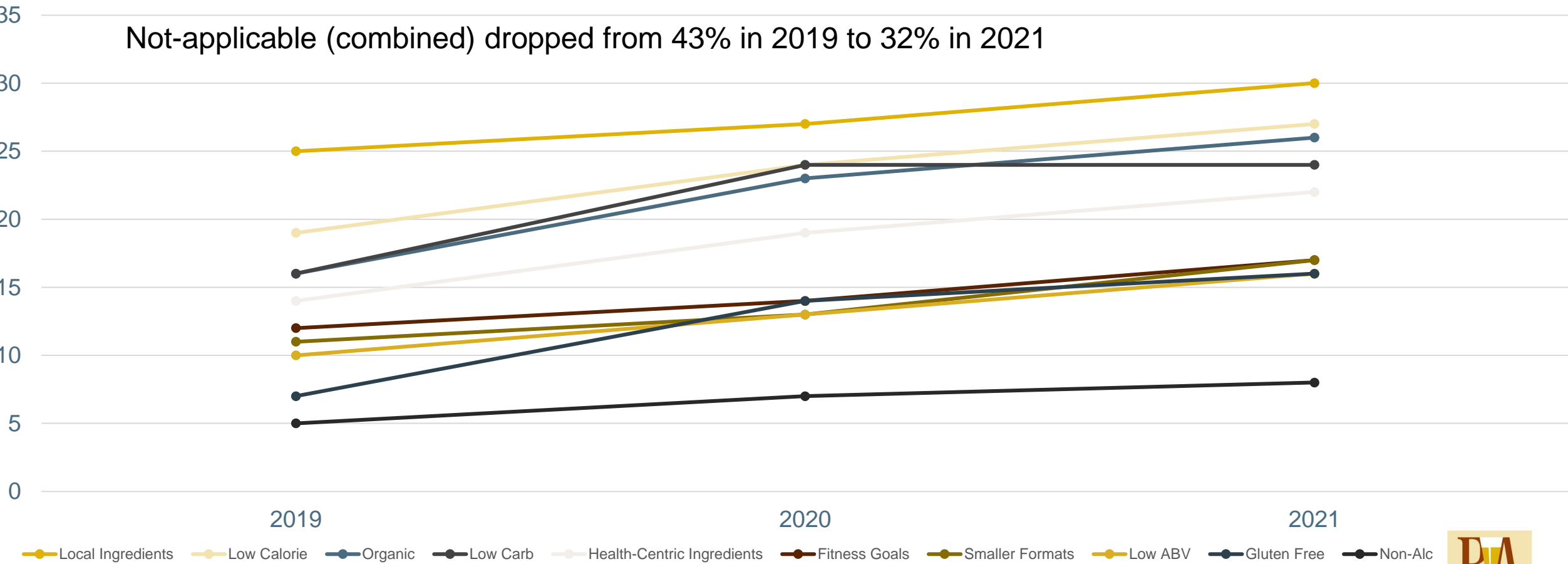
How easy it is
for someone to
find your ABV?



Mindful Drinking

I am more interested in consuming craft beer...

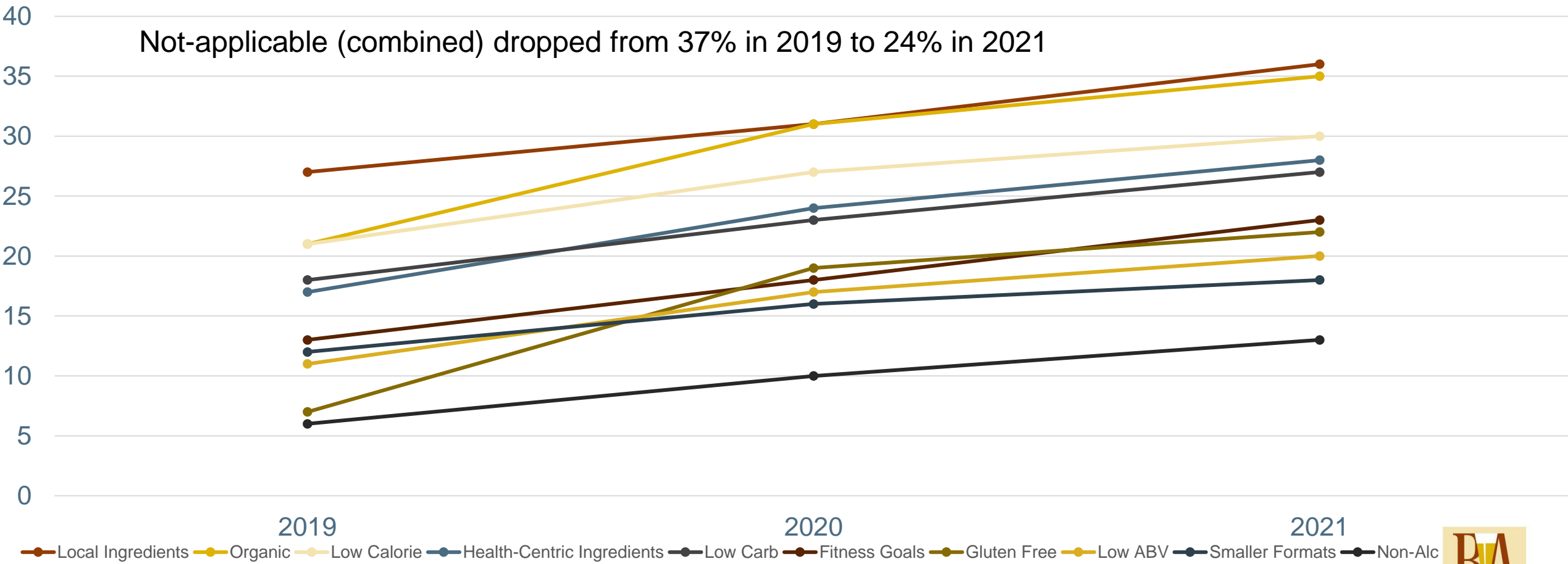
Not-applicable (combined) dropped from 43% in 2019 to 32% in 2021



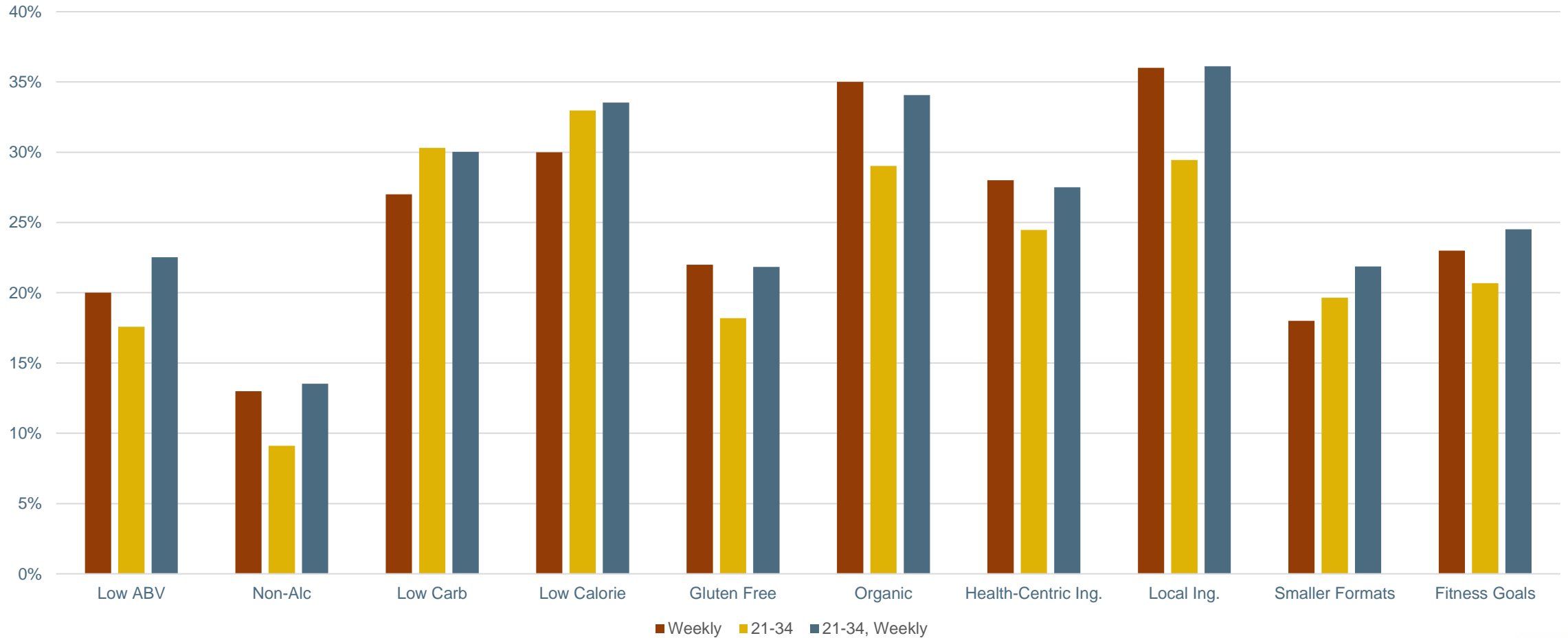
Mindful Drinking (Weekly Drinkers)

I am more interested in consuming craft beer...

Not-applicable (combined) dropped from 37% in 2019 to 24% in 2021

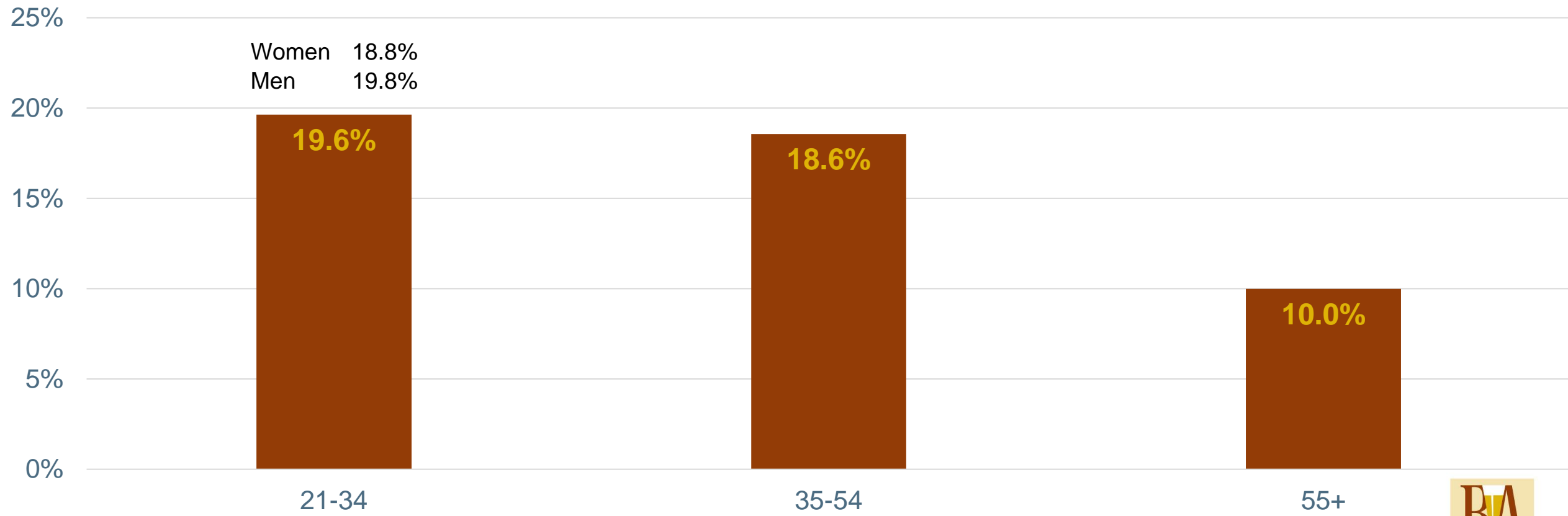


Interest Amongst Newest LDA



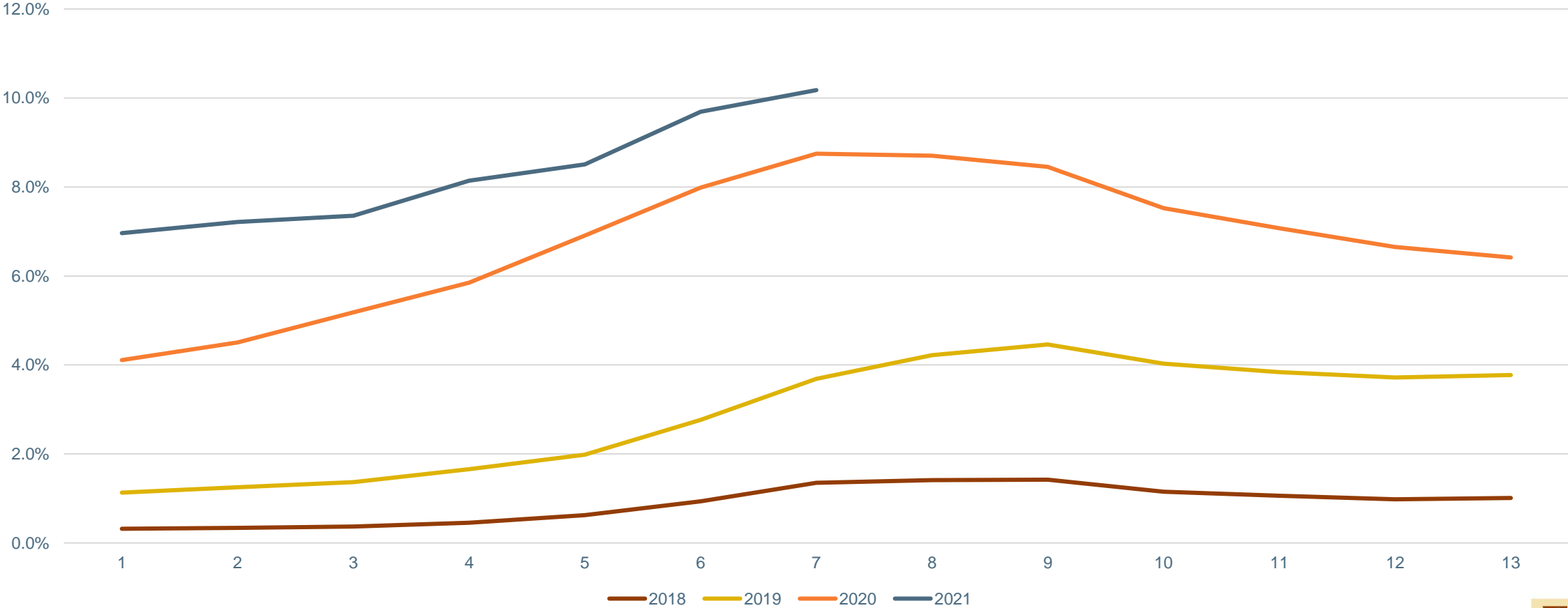
Beware of Assumptions...

Interest:
In smaller formats (e.g., 8oz can ...)



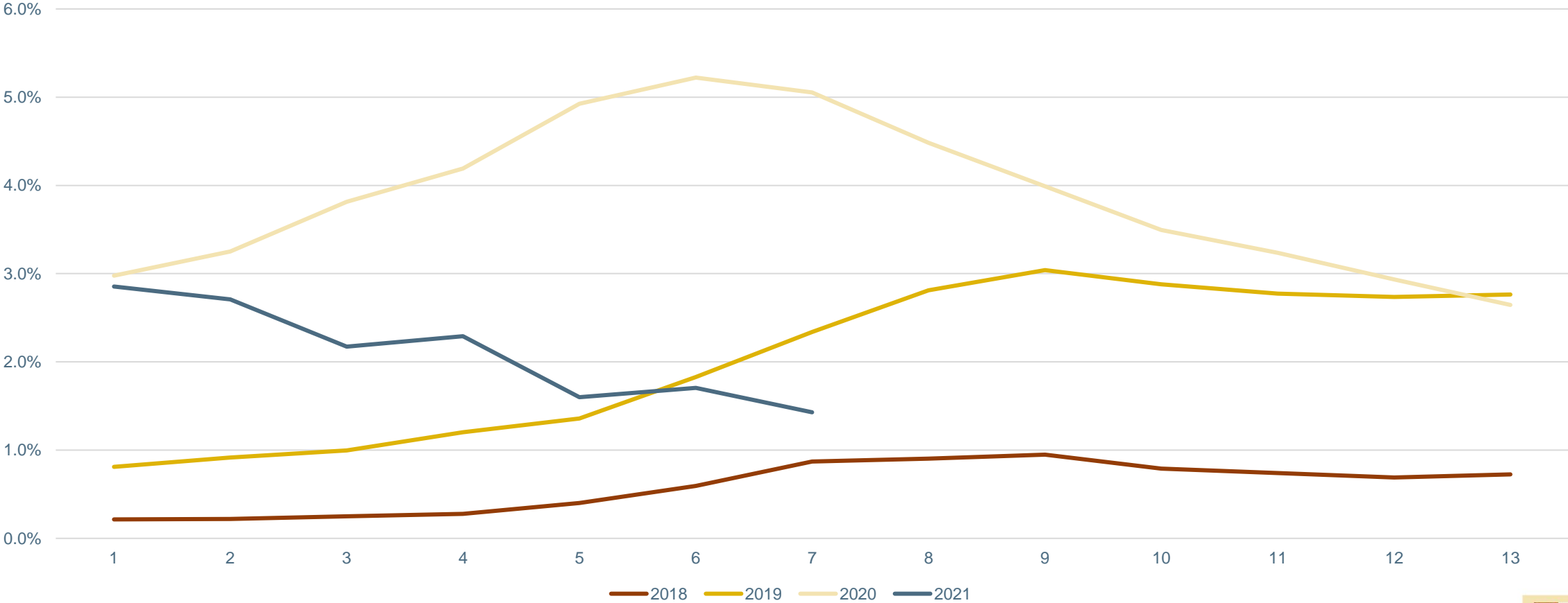
Rumors of Seltzer's Demise...

Seltzer Share of Scan by 4 Week Period and Year



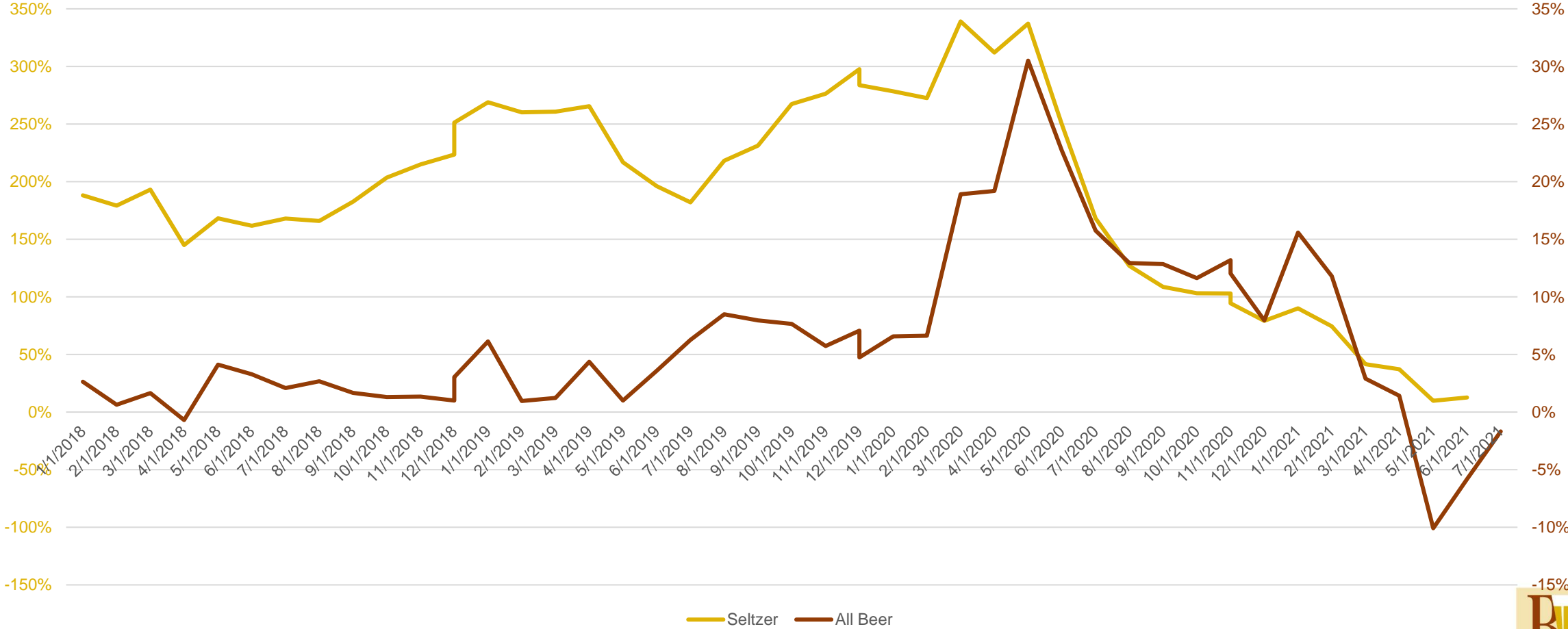
But Decelerating

Seltzer YoY Share Gain



Channel Shift

Seltzer and Total Beer Scan Change YoY



New Competition

In the US, RTDs are diversifying to include more spirit-bases.

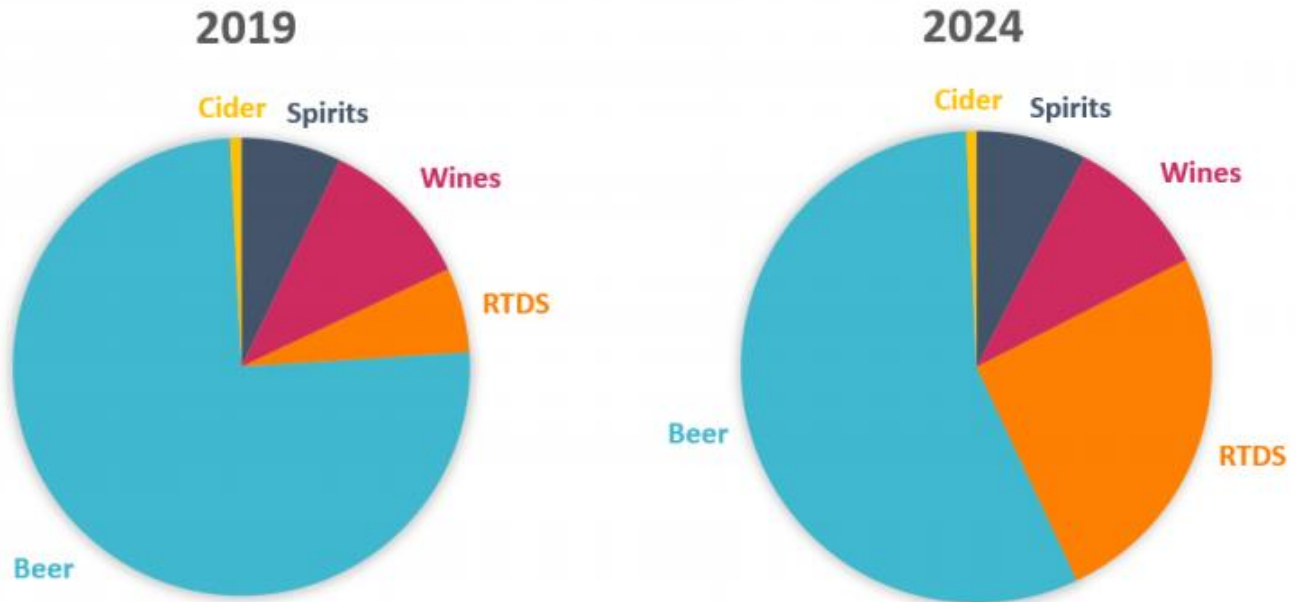
Consumer demand for spirit-based canned cocktails is growing due to:

- A surge in at-home consumption
- Consumers seek to recreate cocktail experience at home
- Cans offer convenience and portability

New flavors & a well-known brand gave the perception of a premium pre-mixed alcoholic beverage according to consumers.

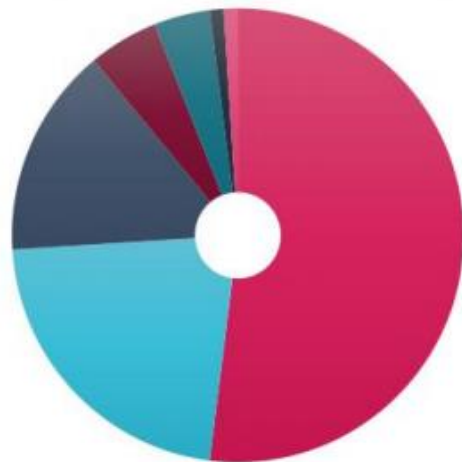
The RTD market in the US

US market share by category volumes



New Competition

Share of Spirit-Base RTD 2019



- Tequila
- Vodka
- Rum
- Multiple
- Whiskey
- Gin
- Others

Share of Spirit-Base RTD 2024f

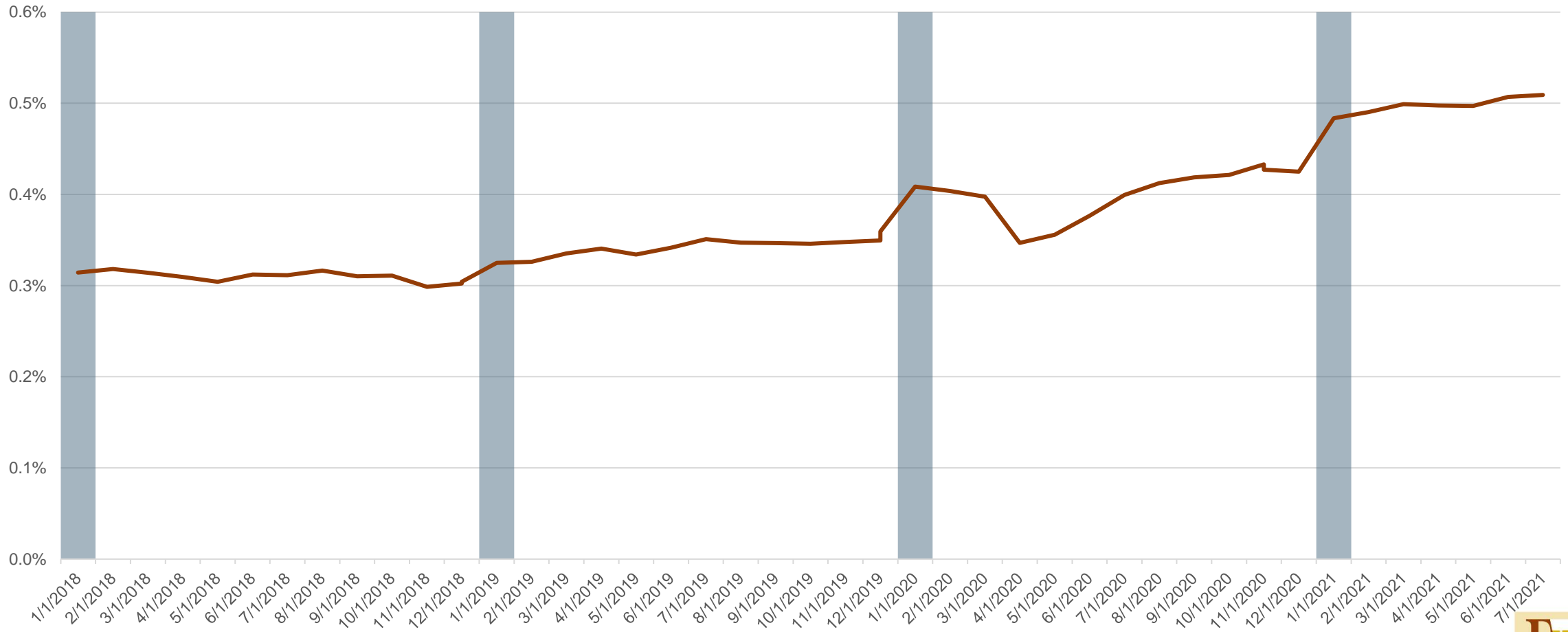


Spirit-Based RTDs in the US are expected to grow a 41% volume CAGR from '19 to '24.

- By 2024, Vodka-RTD will represent close to one-half of the subcategory in volume. The surge in lower flavor brand options is only expected to increase.
- Tequila-RTD will continue to have a sizeable share due to the overall strength of the margarita. The new(er), lower flavored options will also bring new consumers into the category.

Non-Alcoholic Growing

Non-Alcoholic, Share of Beer by 4 Week Period



Final Thoughts: The Digital World

U.S. On Track To Be Biggest Alcohol E-Commerce Market By 2021



Elva Ramirez Contributor ©

Spirits

I cover spirits, hospitality and the growing zero proof space.

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INDUSTRY UPDATES

Social Media Tips and Tricks for Taprooms

**Thank You
Questions?**

 **@BrewersStats**

