



# Craftweiser

## TRENDS IN THE CRAFT BEER INDUSTRY

"FOR THE PAST 10 YEARS, ON AVERAGE, 5 BREWERIES OPENED IN THE U.S. EVERY WEEK. ACCORDING TO BREWERS ASSOCIATION, THIS EXPANSION IN CRAFT BREWING HAS DRIVEN CRAFT BEER'S VOLUME SHARE WITHIN THE BEER INDUSTRY FROM 5.0% TO 12.3% FROM 2010 TO 2016."

By Matthew Rizzo & Anson Smuts

These days craft beer seems to surround us at every restaurant, pub, tap room, and beer hall – a trend that has taken off over the past decade. Growth in the industry is largely due to popularity among younger generations. Gen Xers and Millennials account for 24% and 57% of craft beer drinkers, respectively.

Over the past 10 years, commercial craft brewers of all sizes have steadily emerged to meet demand. Since 2007, the number of large (non-craft) breweries, producing over 6 million barrels, has remained relatively constant, decreasing from 17 to 14 by 2016. Microbreweries and brewpubs, producing between 1 and 15,000 barrels, added a surprising 2,435 more establishments by 2016 while regional craft breweries, producing between 15,000 and 6 million barrels, added 109 breweries. Overall, these numbers mean that for the past 10 years, on average, five breweries opened in the U.S. every week. According to Brewers Association, this expansion in craft brewing has driven craft beer's volume share within the beer industry from 5.0% to 12.3% from 2010 to 2016.

The rate at which craft beer has captured market share has slowed. With an average growth rate of 1.4% from 2011 - 2015, craft beer only captured an additional 0.1% in 2016. According to American Beer Distributors, shifting tastes has meant declining overall beer consumption per capita since 2010. Based on data from Alcohol and Tobacco Tax and Trade Bureau, this trend is reflected in the total barrels of beer produced in the U.S. annually, which decreased by 1 million barrels between 2007 and 2016, bringing the total to 189 million barrels.

With only so many beer-drinkers to go around, breweries of all sizes and styles have cause for concern. While craft brewers hope that beer drinkers continue to move from light beer to craft beer to maintain growth, larger traditional brewers, such as Anheuser-Busch, will rely heavily on craft brewery acquisitions to stay relevant and recapture market share. In the past year there have been 17 acquisitions in the brewing industry, four of which emerged from the investment arms of big name brands. Big name brands acquiring craft breweries will most likely continue to be the perennial dictum.

### Matthew Rizzo

CPA, CVA, Senior Associate, has business valuation expertise in various types of transactions including, but not limited to mergers and acquisitions, shareholder disputes and gift tax valuations.

### Anson Smuts

CMA, CFE, CVA, Senior Associate, utilizes his accounting and finance expertise in mergers and acquisitions, business valuation, intellectual property, and data analysis to identify strategies for business growth and development.

Herz, Julia; "Today's Craft Beer Lovers: Millennials, Women and Hispanics," August 15, 2016  
<https://www.nbwa.org/resources/2015-beer-year-economics-and-demographics-bringing-different-beers-different-people>

### NUMBER OF BREWERIES BY PRODUCTION SIZE

	PRODUCTION (BARRELS)	2007:	2016:	% CHANGE:
LARGE BREWERY	OVER 6 MILLION	17	14	-18%
REGIONAL BREWERY	15,000 TO 6 MILLION	117	226	93%
MICRO BREWERY	1 TO 15,000	1306	3741	186%
		1440	3981	176%

