Midyear US Craft Brewing Industry Update

8/5/2021

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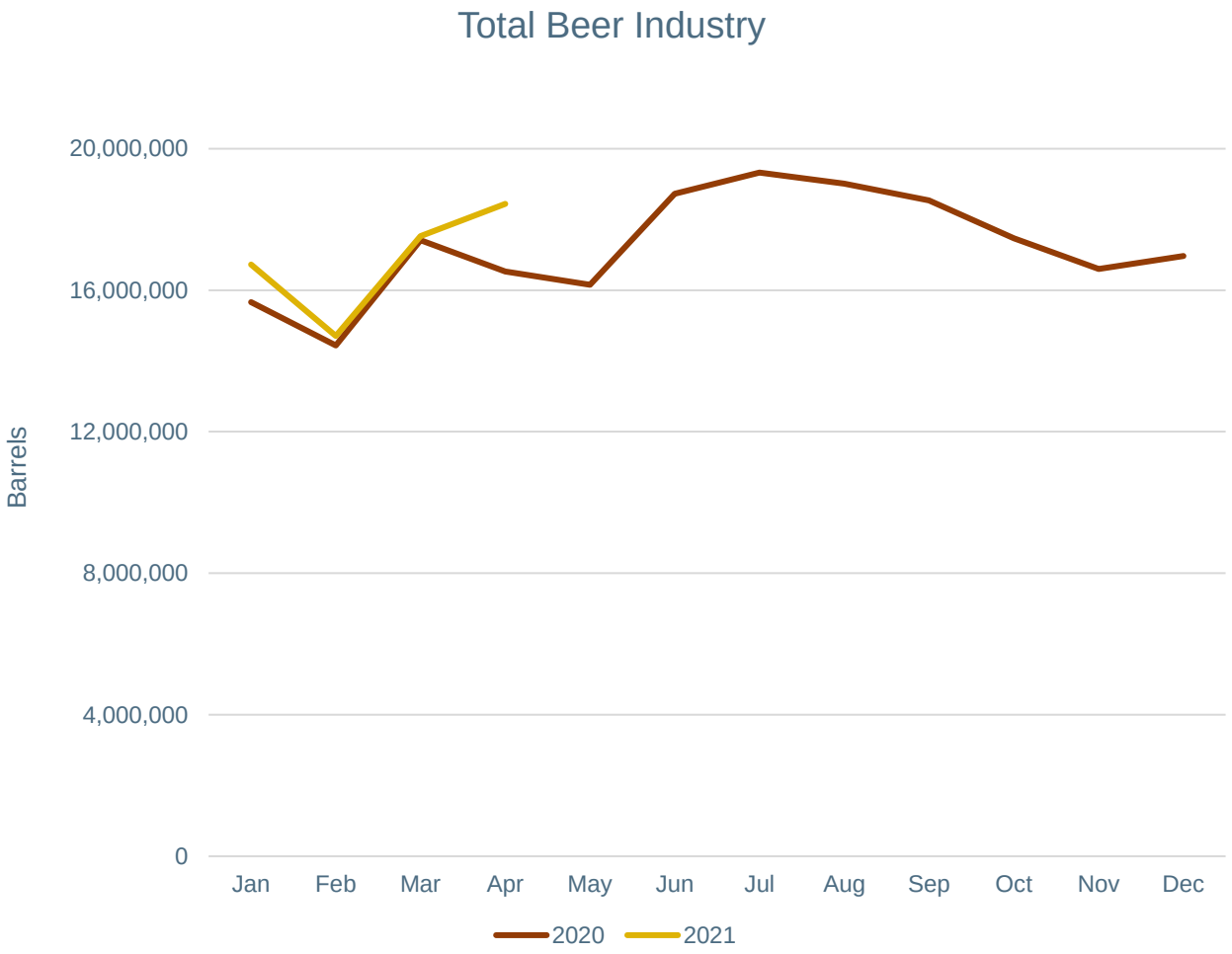
Headlines

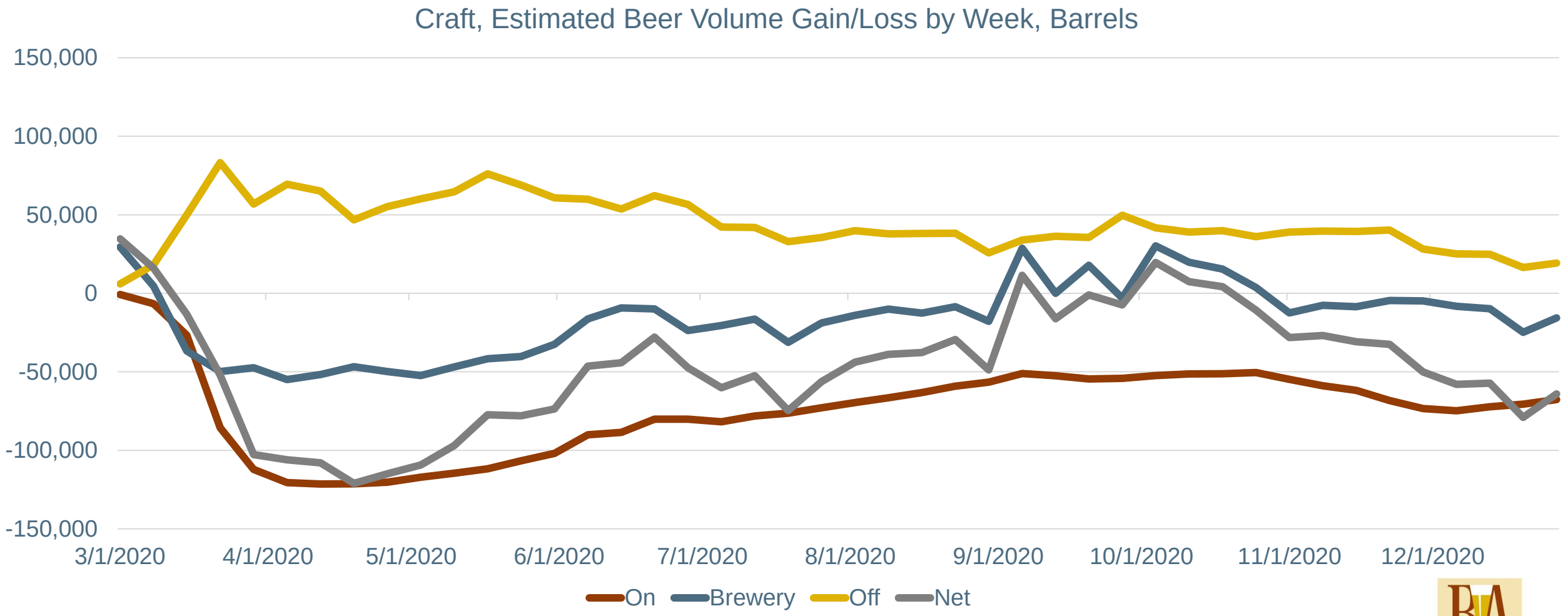
- Midyear improvement versus 2020, still lags 2019
- All data suggest trending improvement (June data)
- Mixed on-premise signs, but at-the-brewery fairing better
- Openings continue to decline
- Surprisingly few closings

- Broader bev alc competition heating up, driven by consumers

Overall Beer

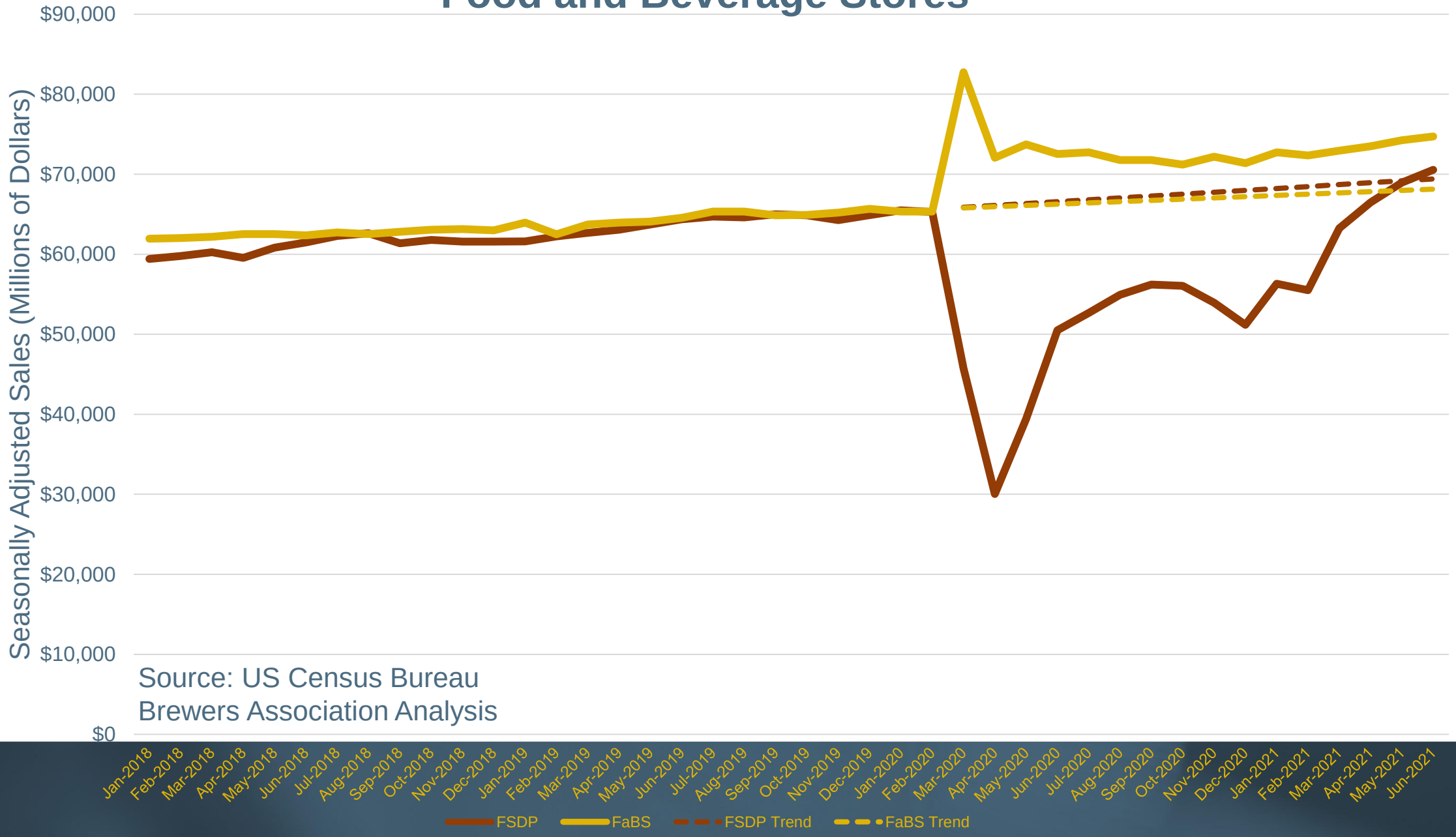


A Tale of Two Channels



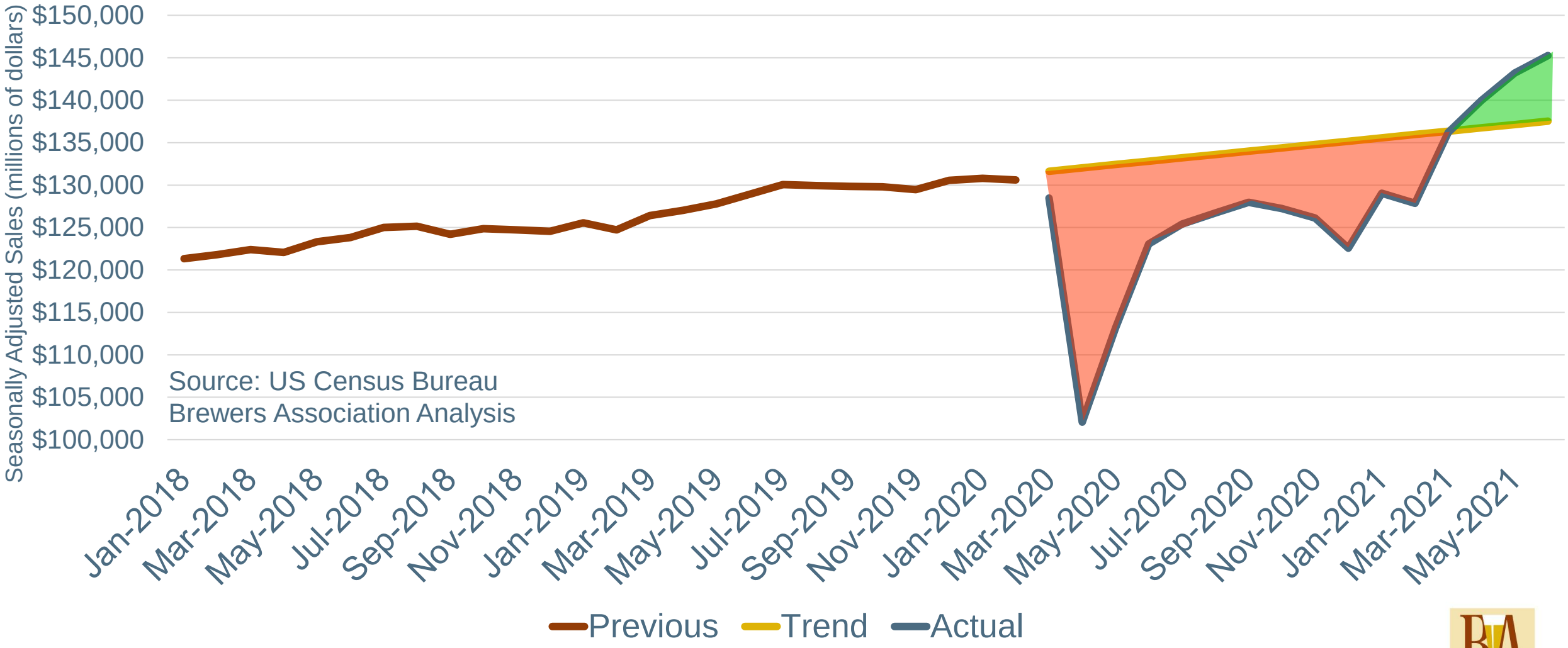
Source: Brewers Association Analysis of data from IRI Group, Beer Institute, BeerBoard, Nielsen CGA, Affinity, and Open Table
Prior to COVID, a week in this period averaged a bit less than 4 million barrels in sales

Food Services and Drinking Places vs Food and Beverage Stores

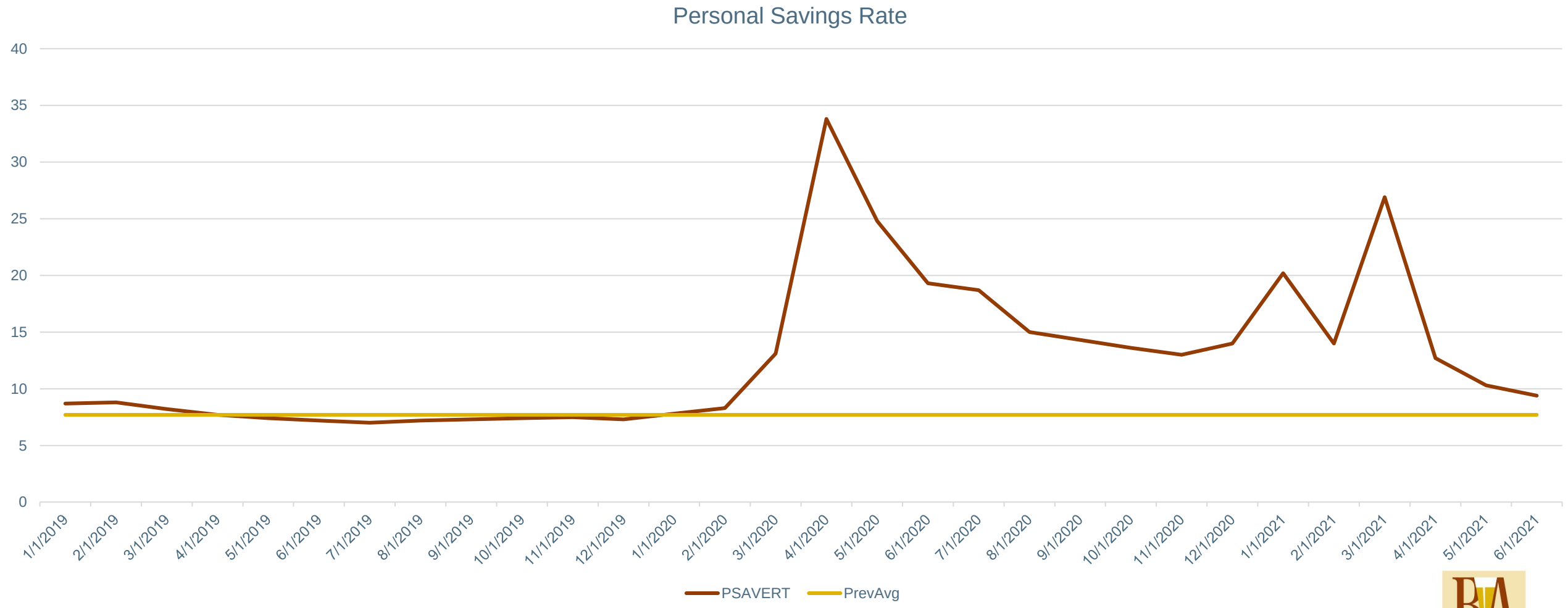


Source: US Census Bureau
Brewers Association Analysis

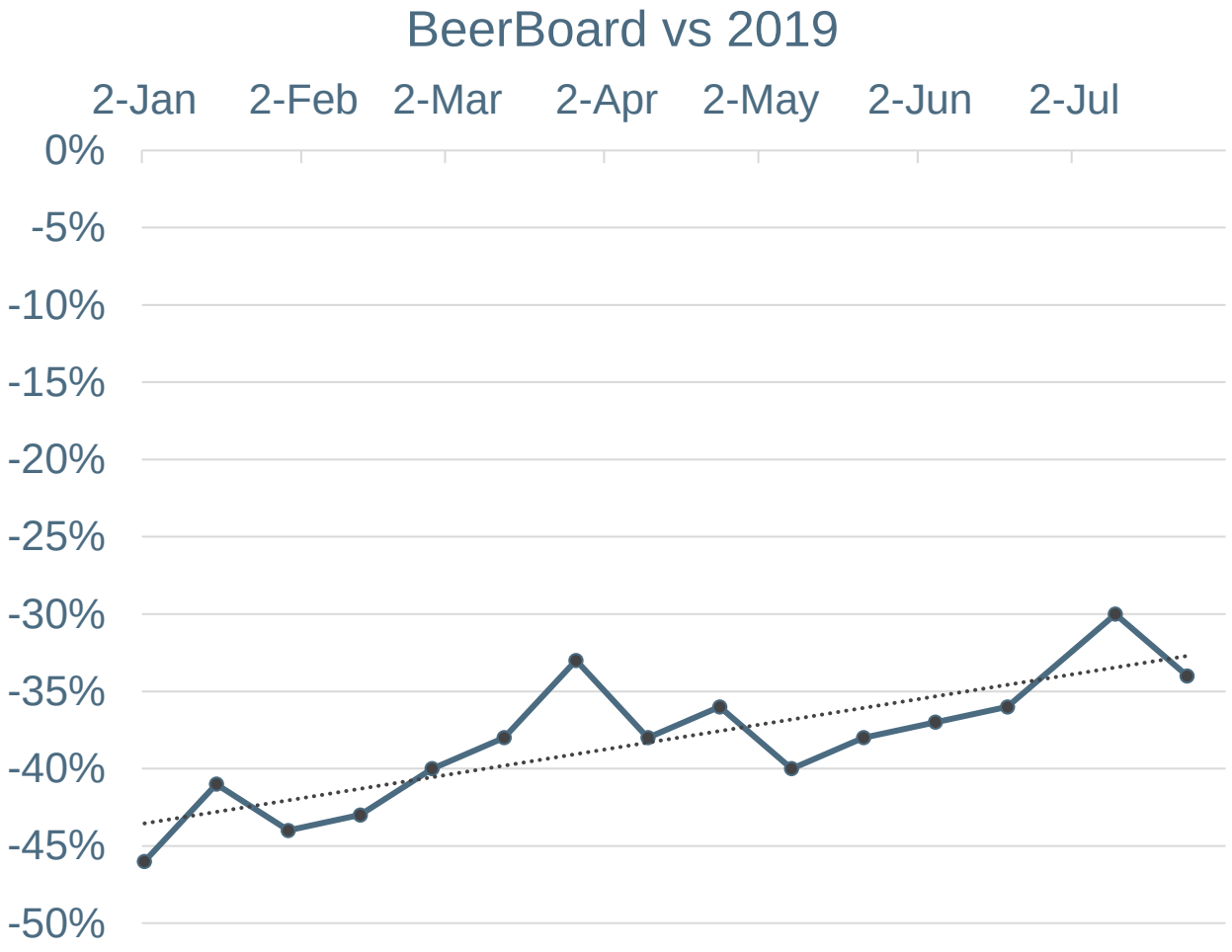
Total Spending, Food and Beverage Stores and Food Services and Drinking Places



Made Possible by Savings



Total On-Premise ≠ Draught

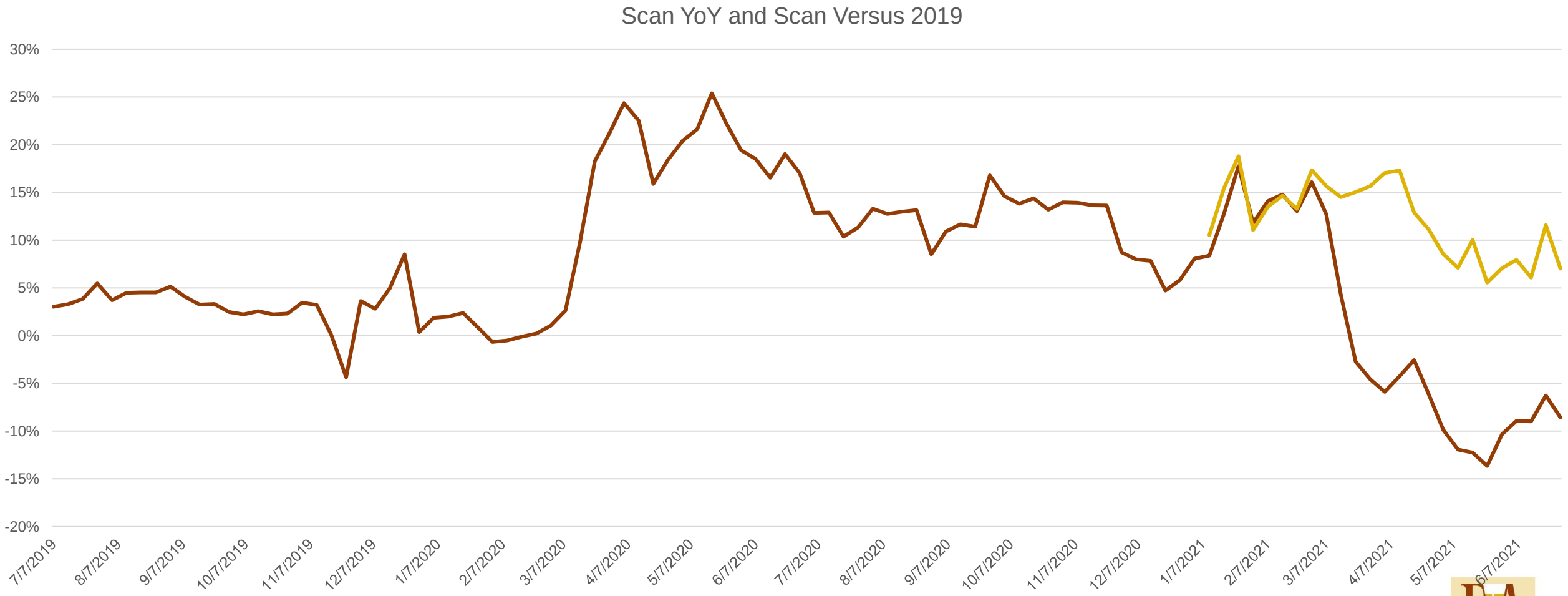


Midyear Survey

Midyear Survey

Thanks to the breweries that filled it out!!!

Different Ways to View



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

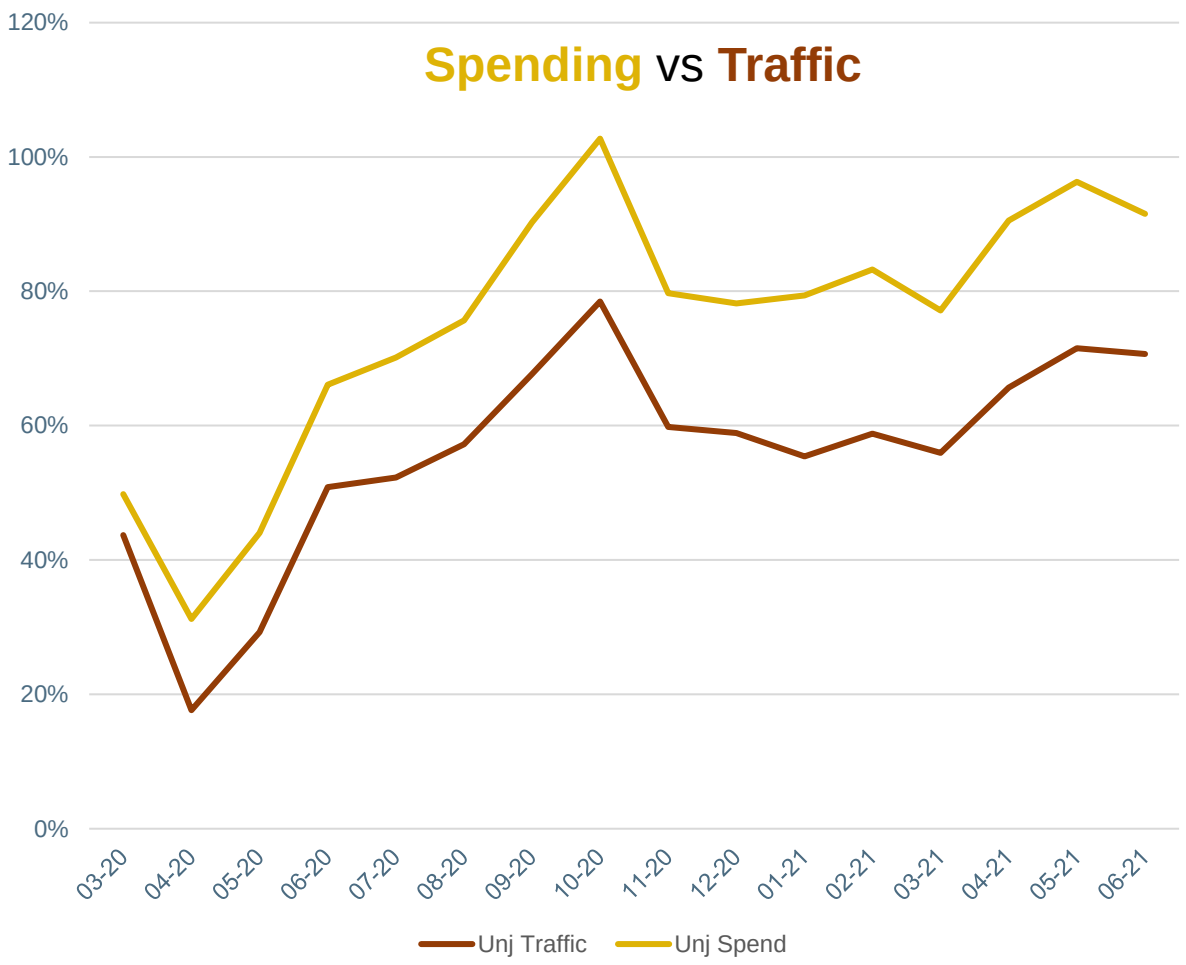
- Kegs: btw -15% and -2% of 2019 levels (may not reflect consumer sales)
- Packaged +3% to +9% of 2019 levels
  - 0% to -5% vs 2020
  - Less extreme than scan (+9 vs 19 -9 vs 20), though may reflect lag

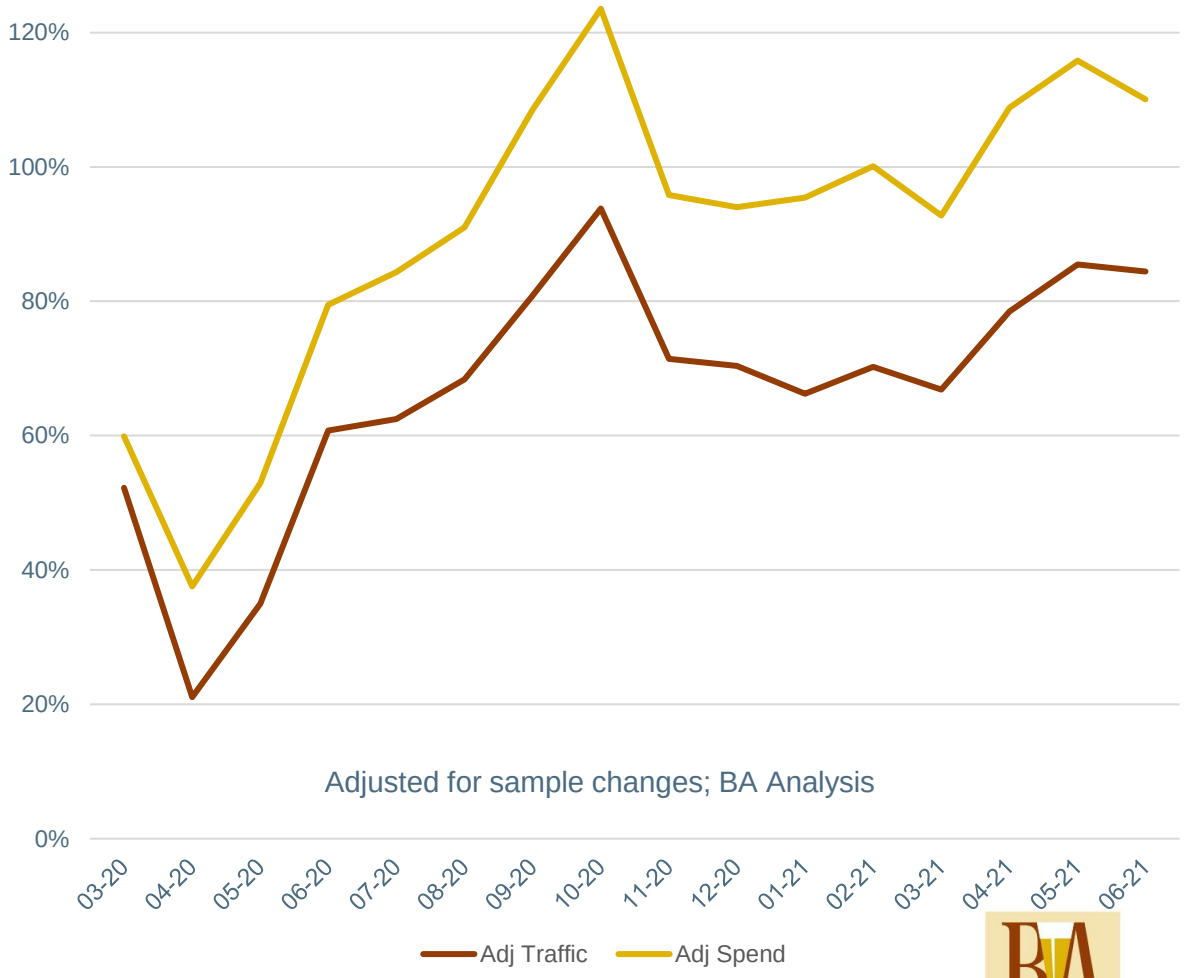
June - Onsite

- 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

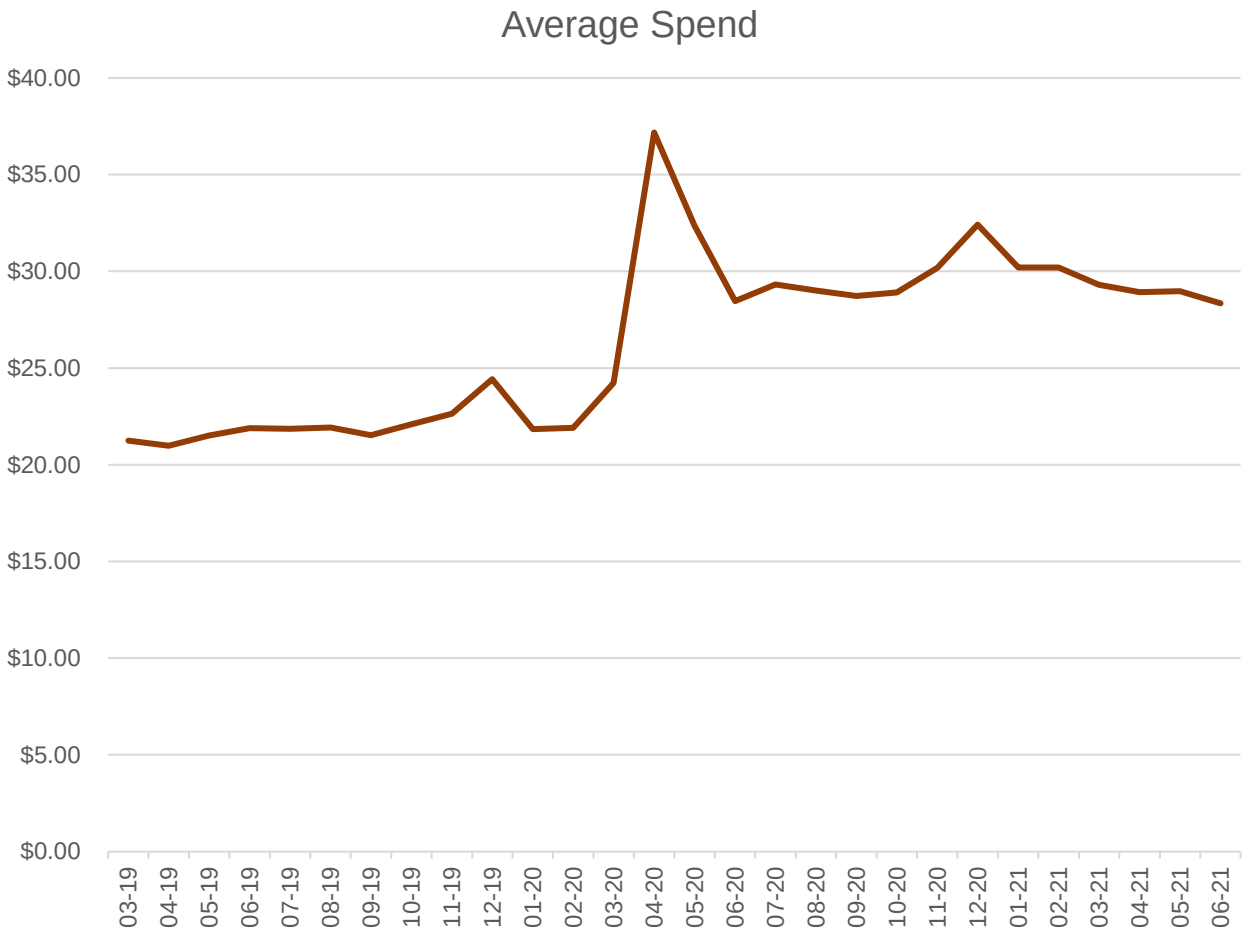
Arryved: Trends Vs 2019

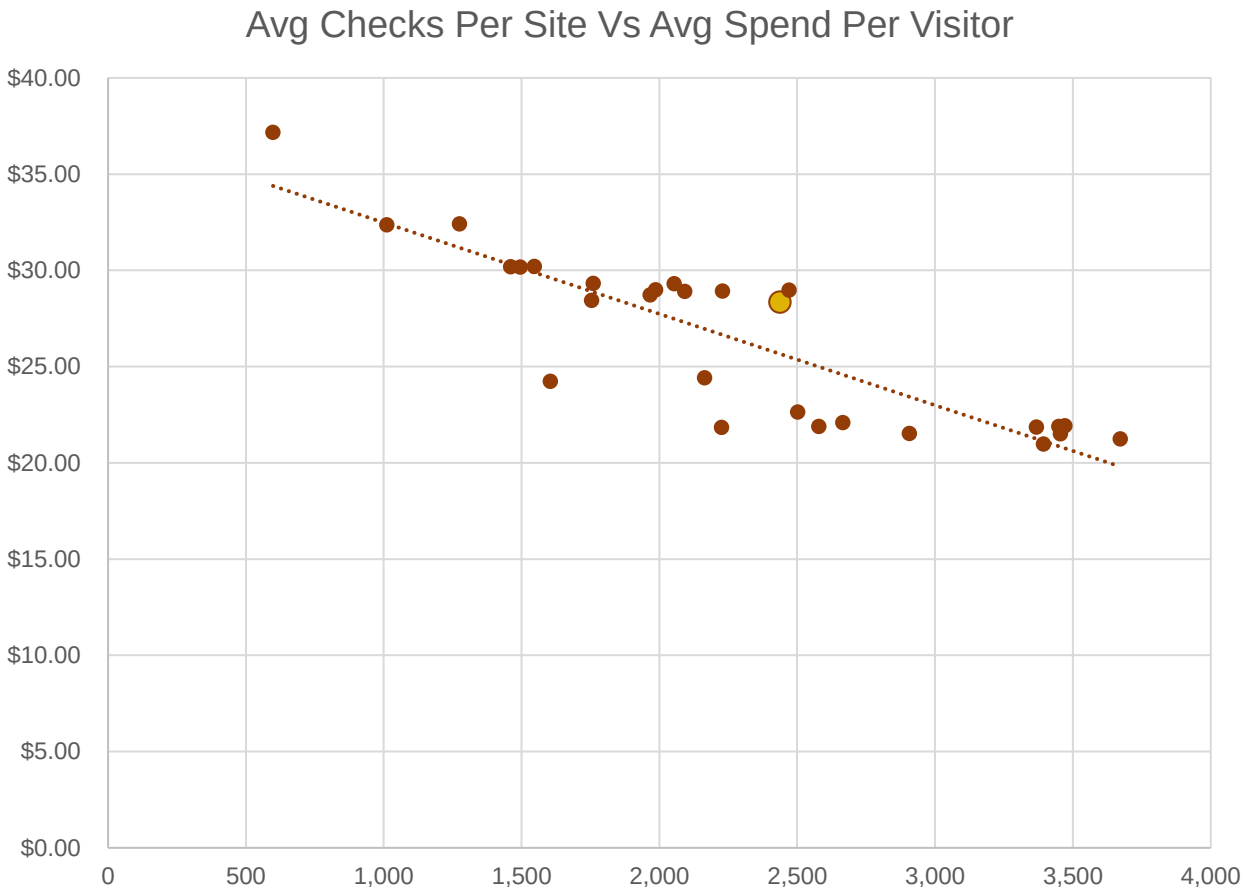




Source: Arryved POS; Analysis by Brewers Association

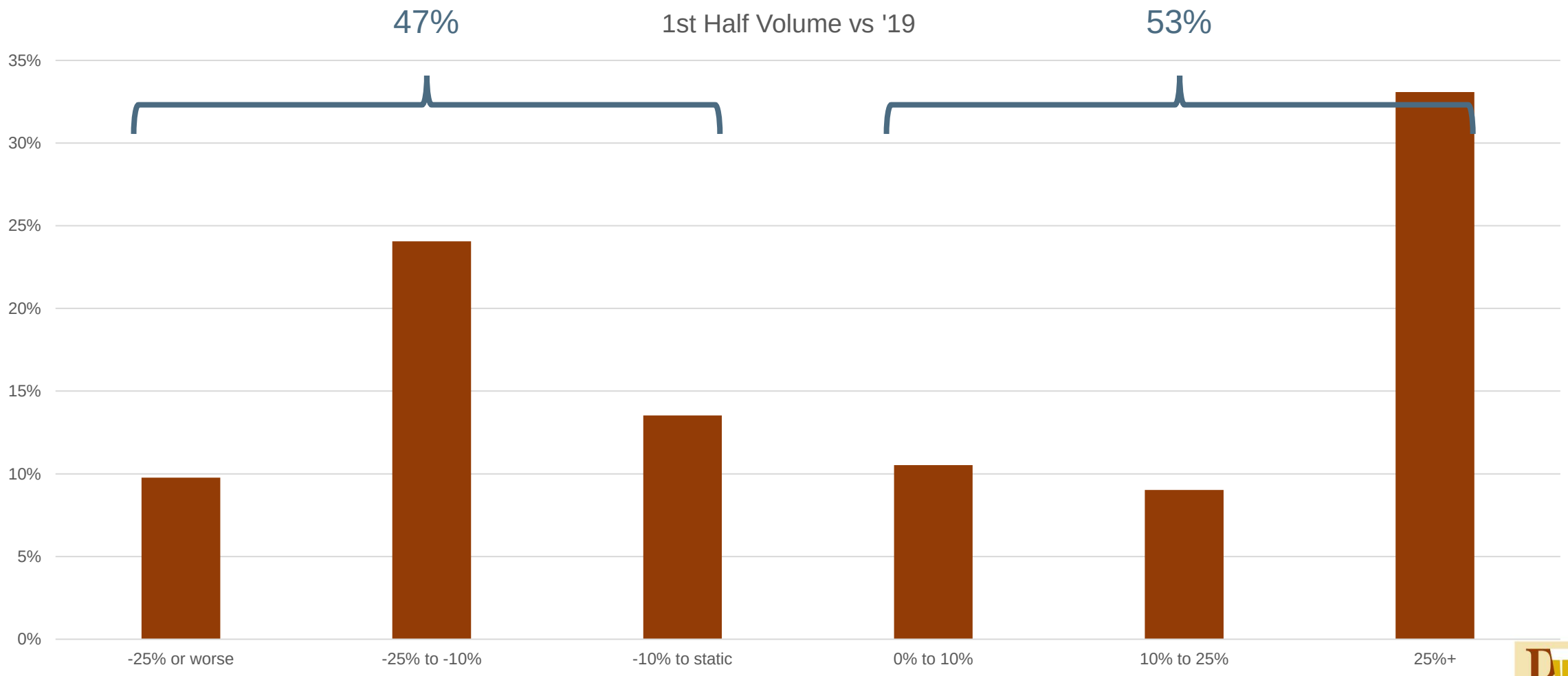
Spend Creeping Back Down…



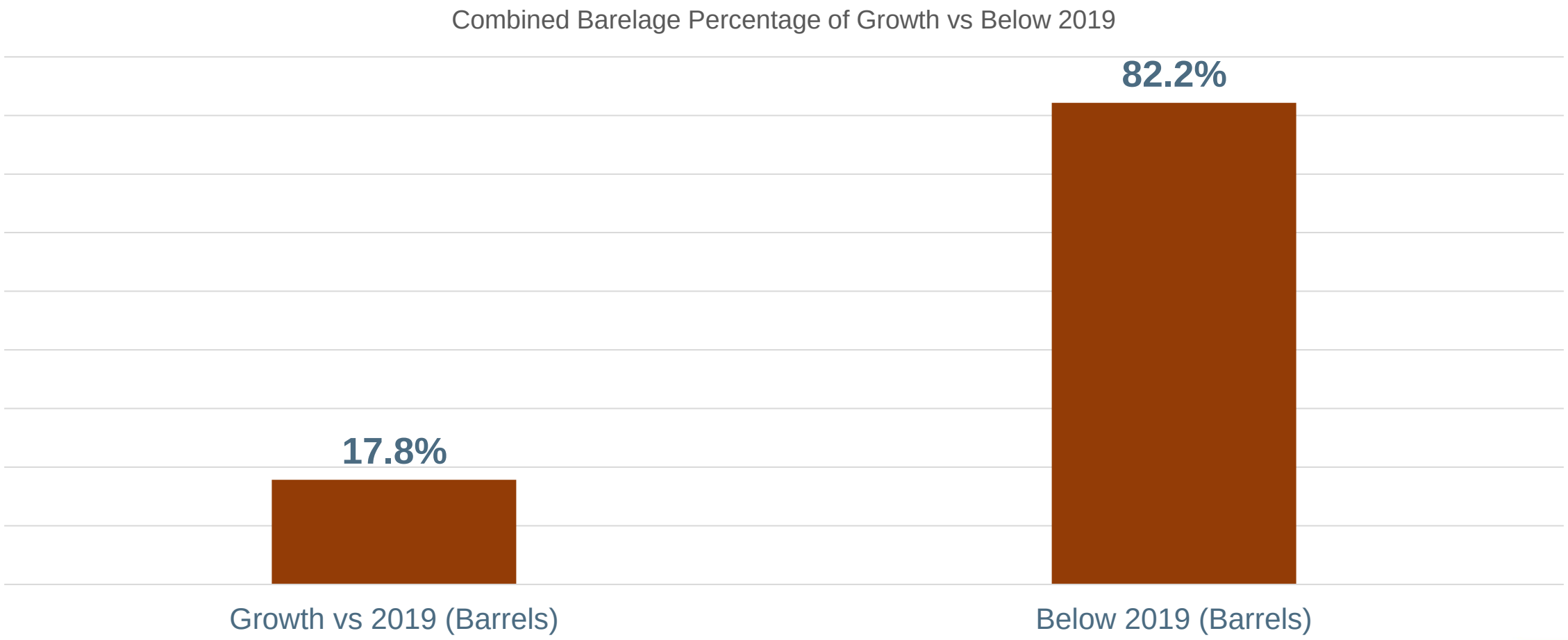


Source: Arryved POS; Analysis by Brewers Association

Slight Majority of Breweries Back to Growth



Bit Different in Volume



Brewery Trends

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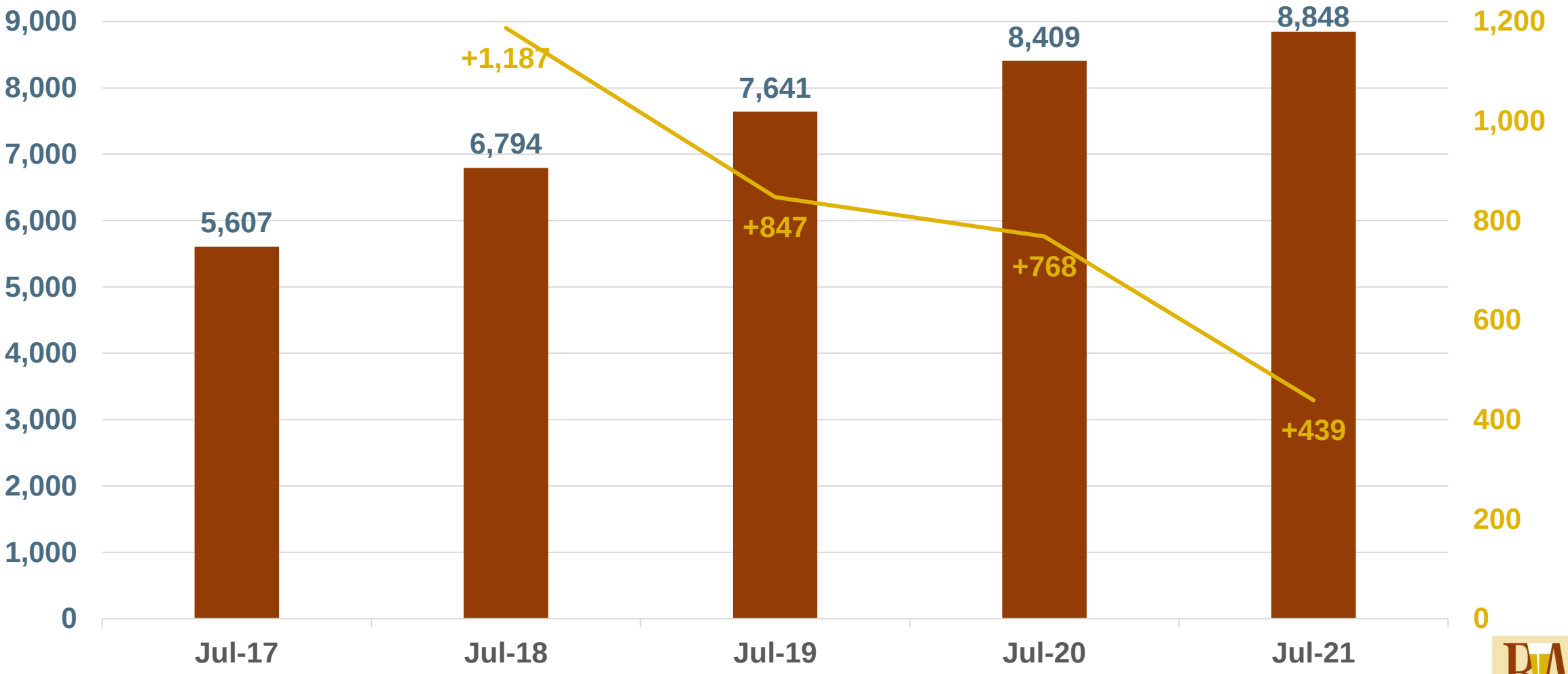
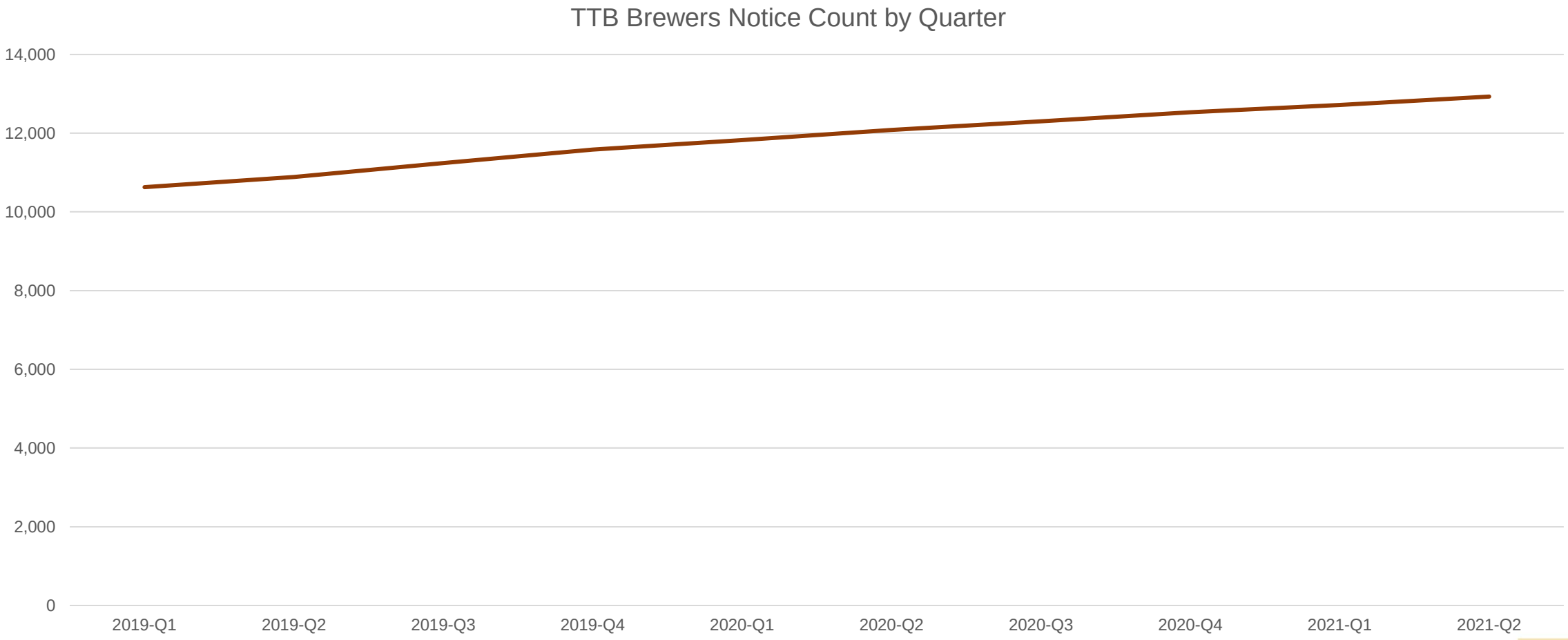
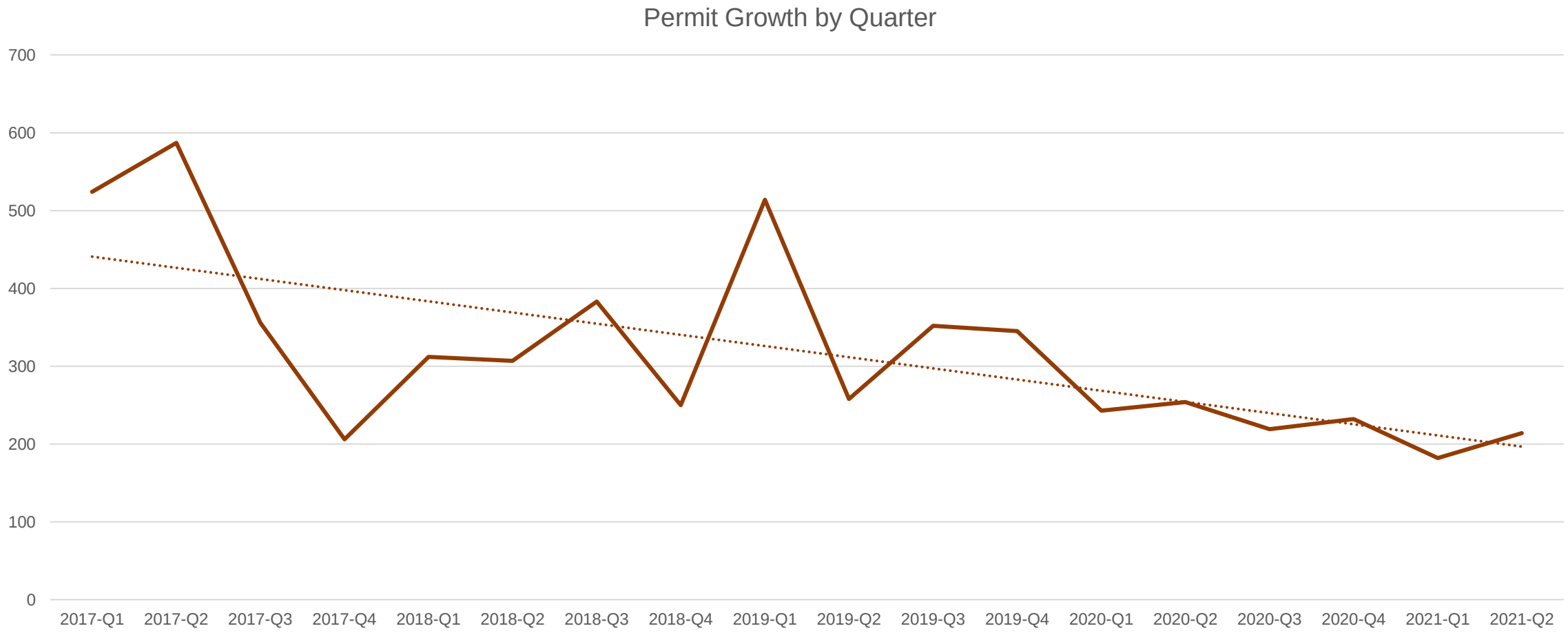
Brewery Count - July



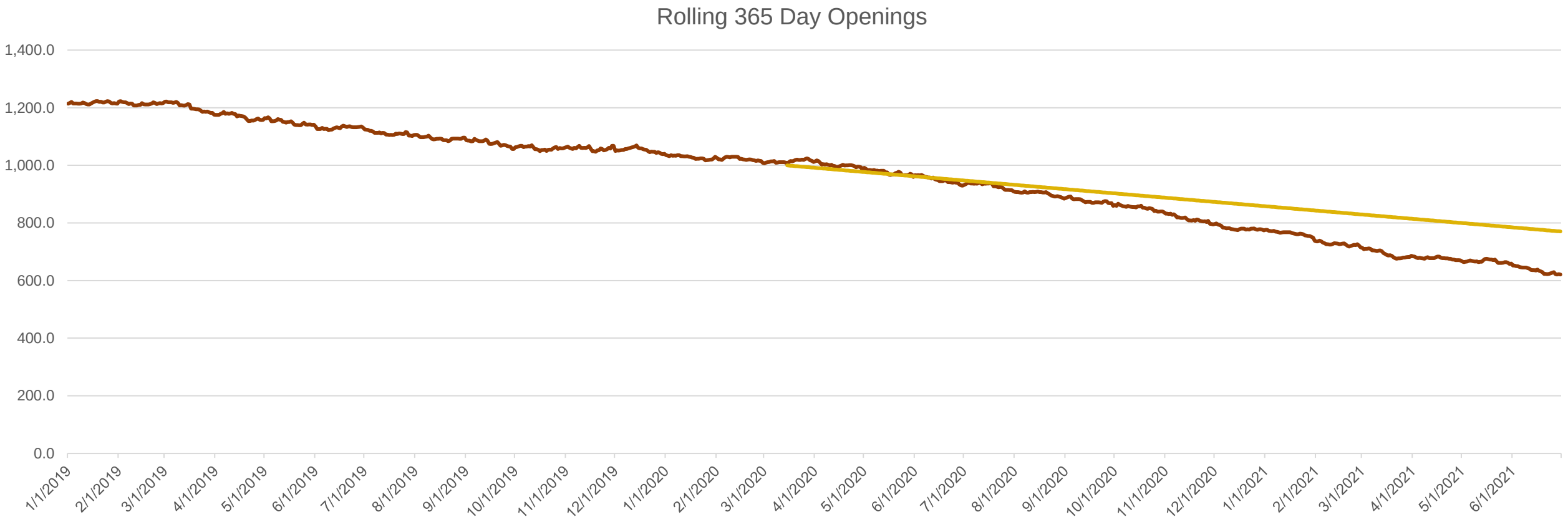
Permits Continue To Grow



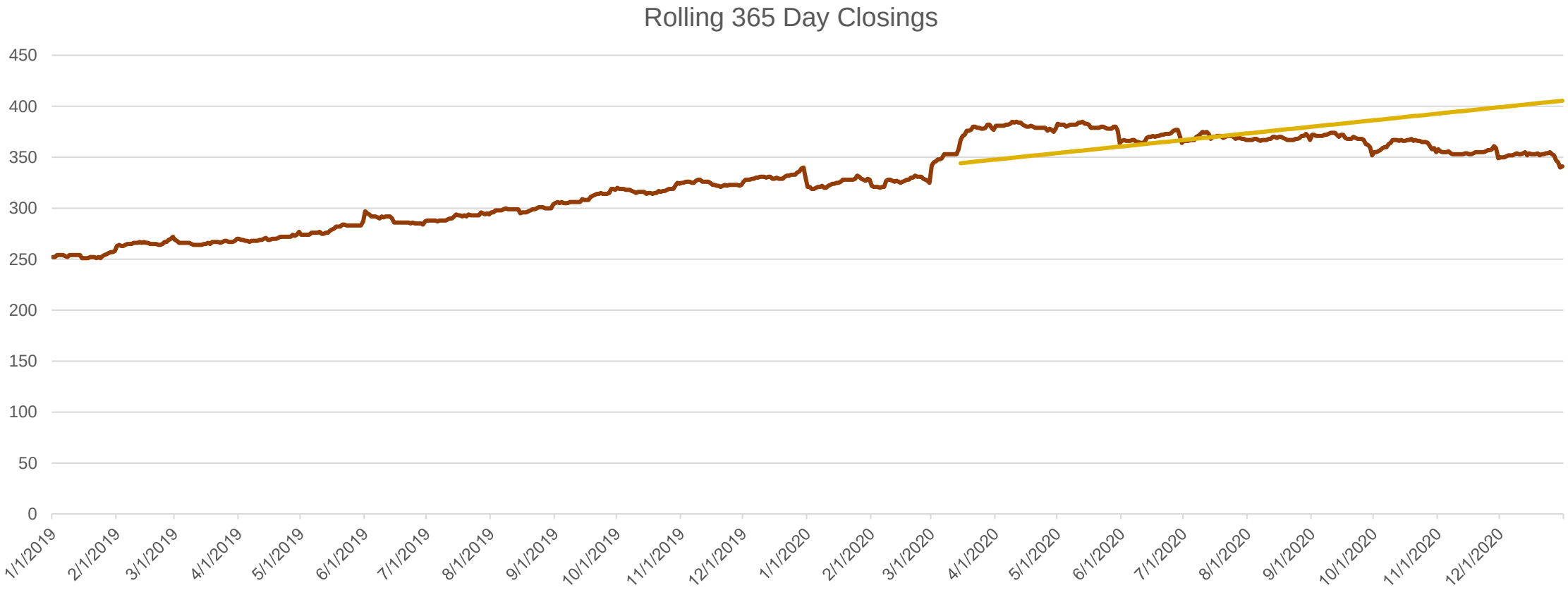
But Growth Slowing



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



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



Trends, The Drinker, and Regulation

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Like the Upcoming Section?

Lots more data available to BA members

Getting Inside the Mind of the Craft Beer Consumer – 2021

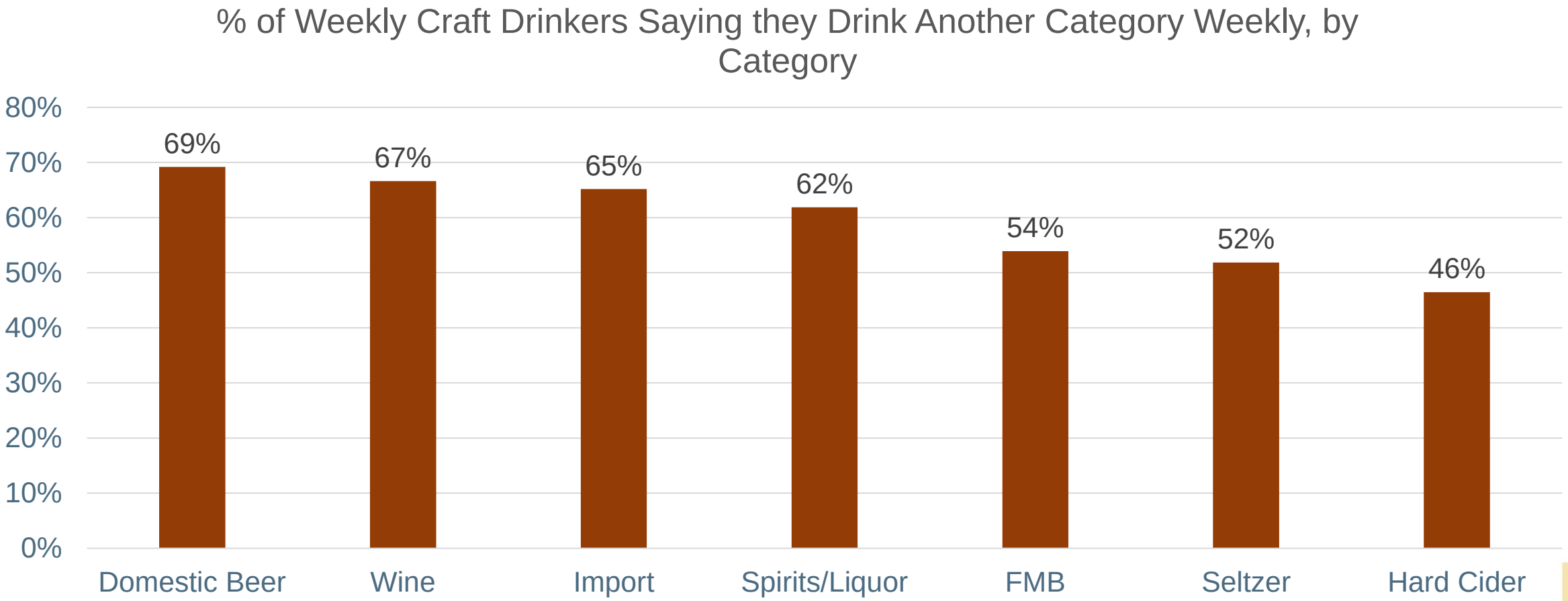
Member Exclusive

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.

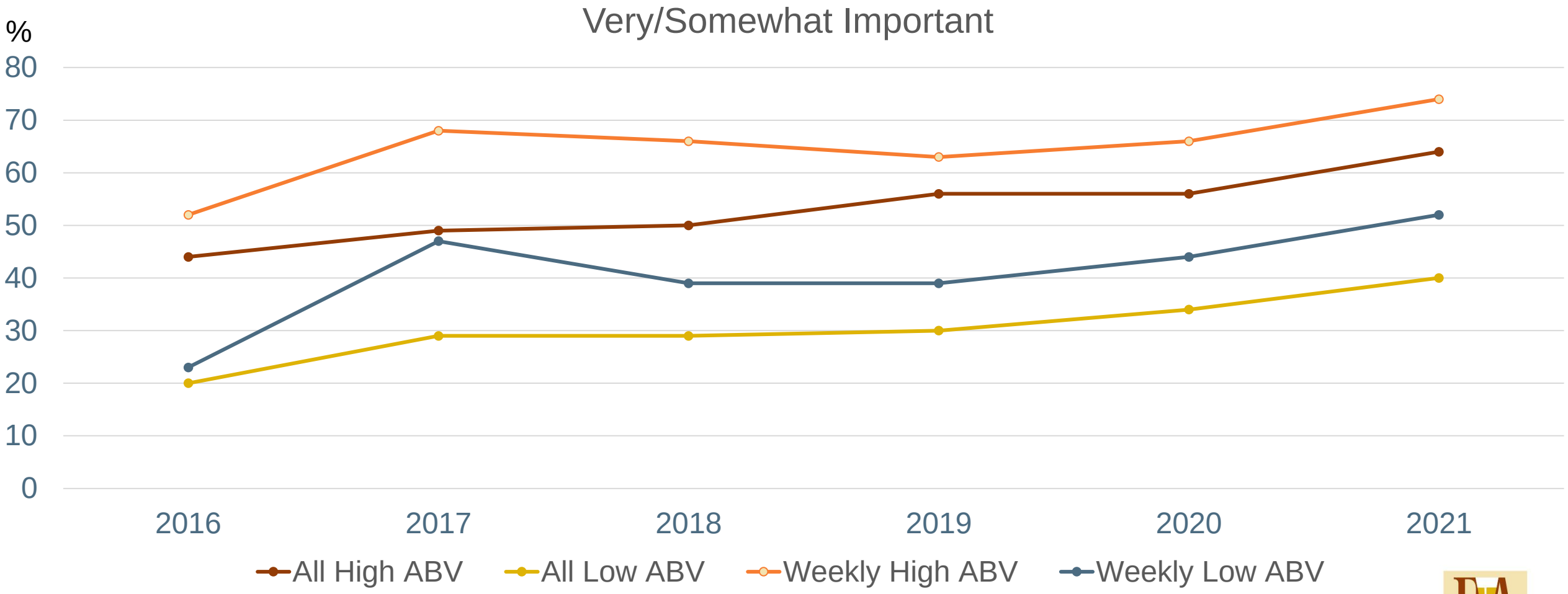


Beyond Beer

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



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?

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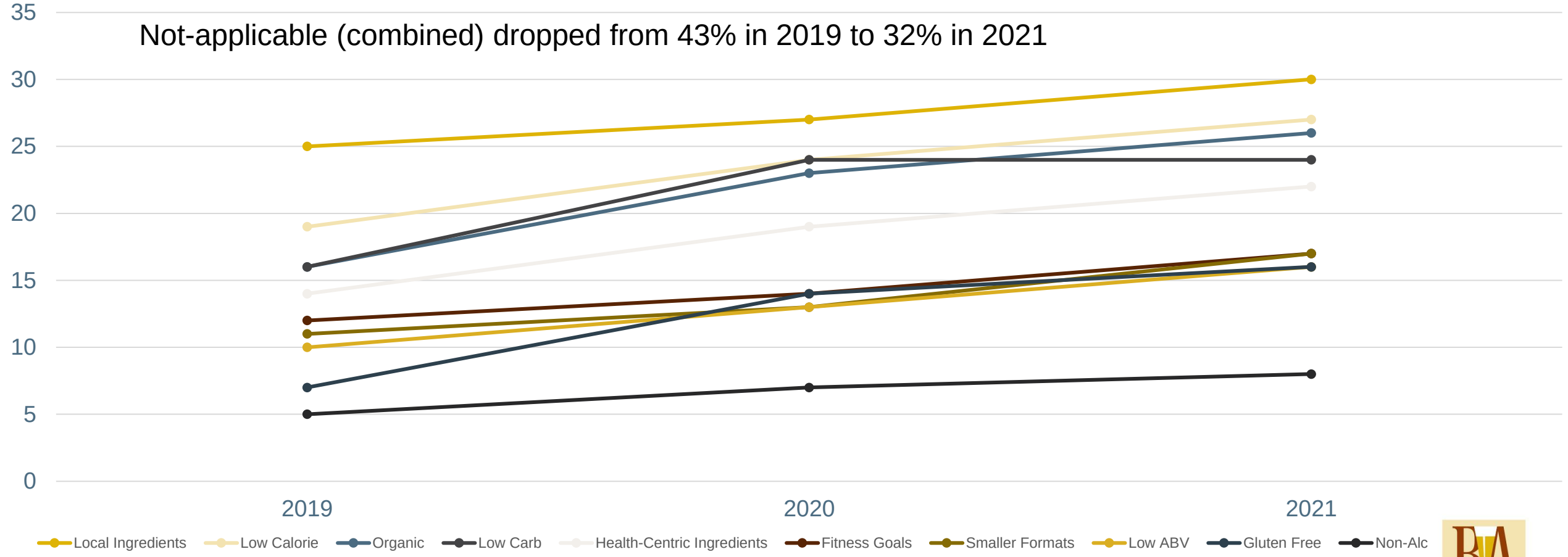
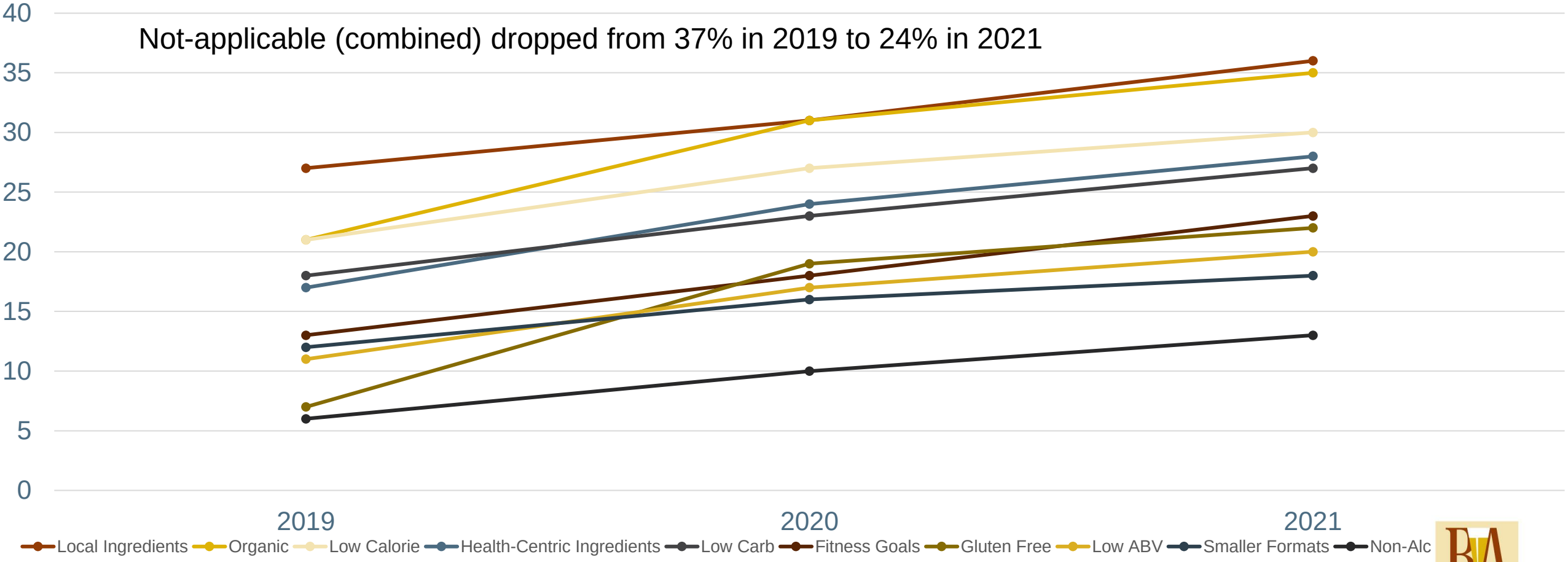
Mindful Drinking

I am more interested in consuming craft beer...

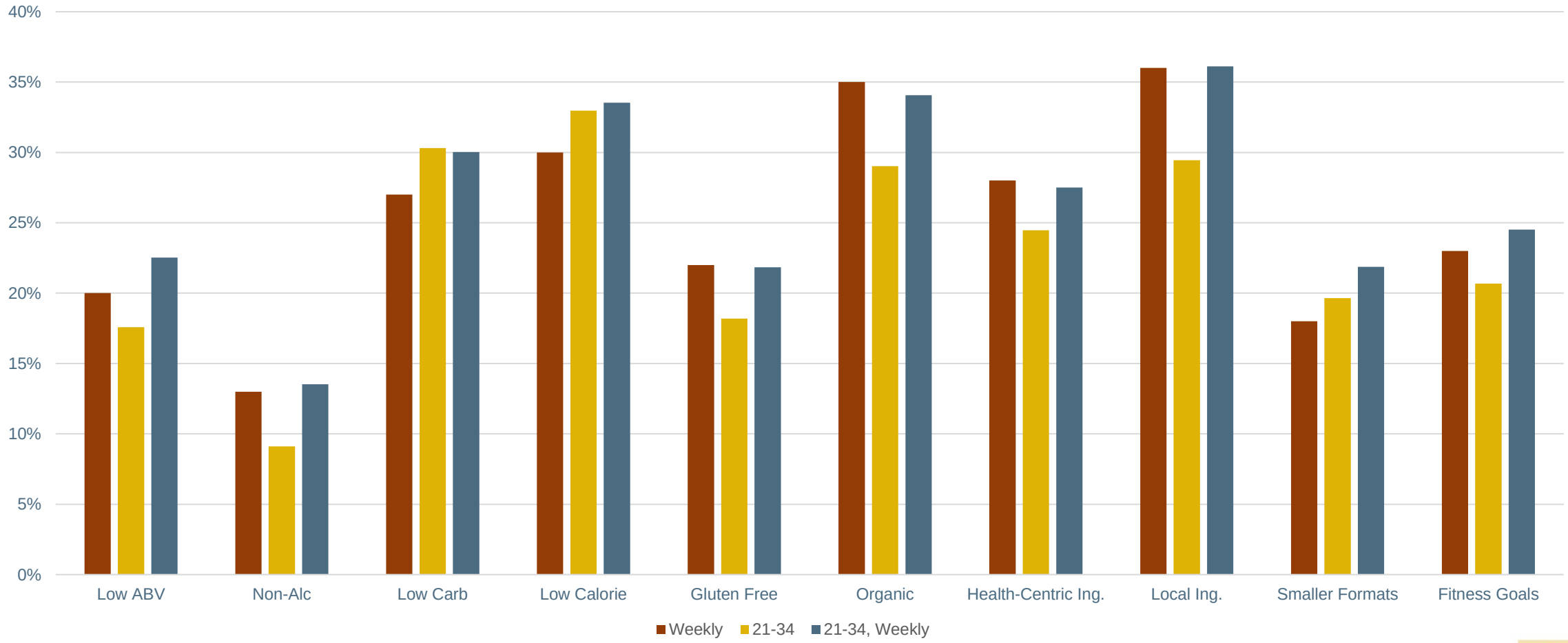


Mindful Drinking (Weekly Drinkers)

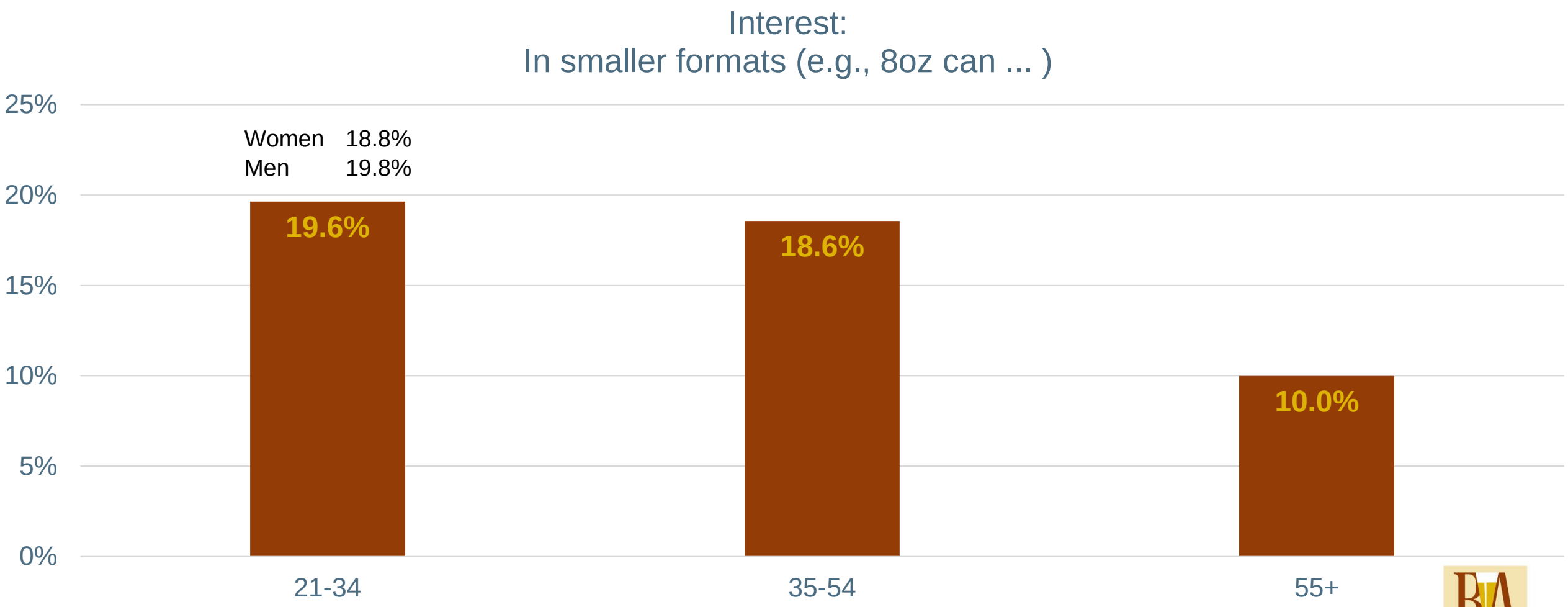
I am more interested in consuming craft beer...



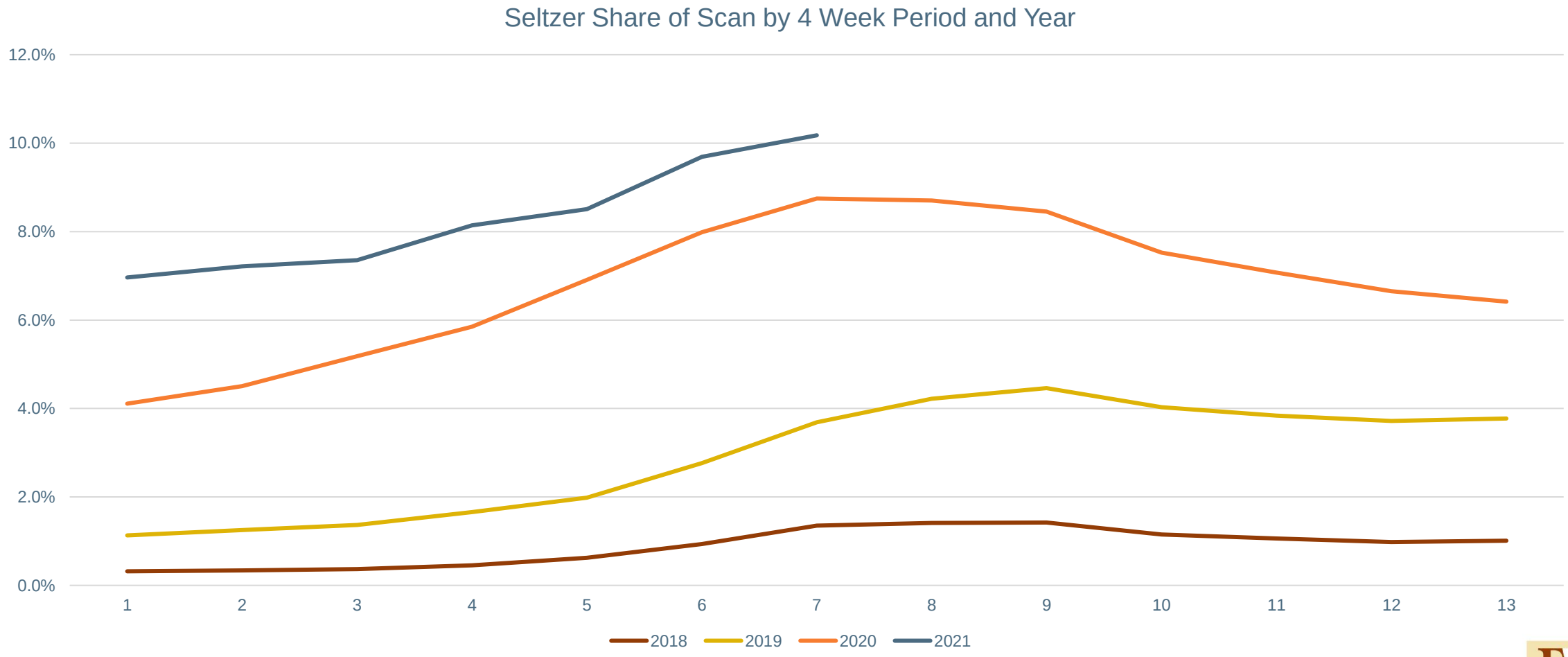
Interest Amongst Newest LDA



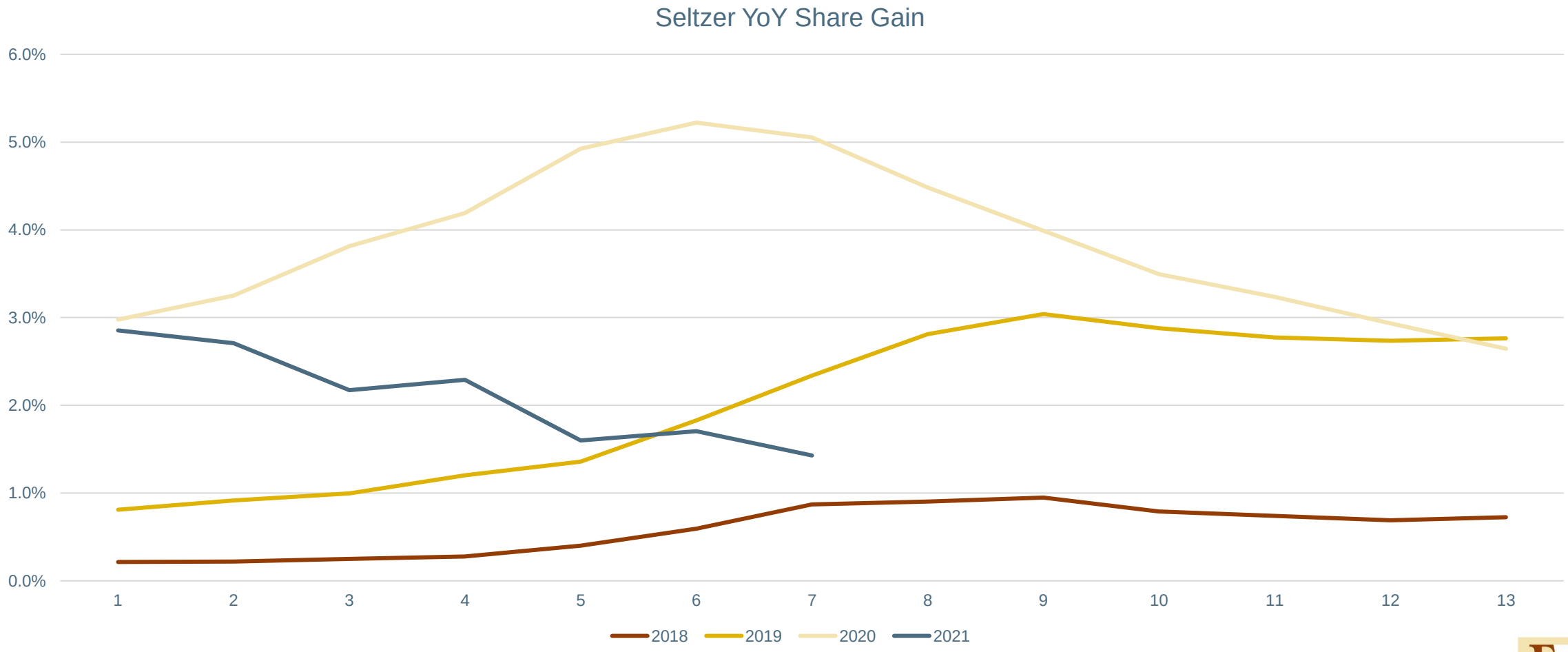
Beware of Assumptions…



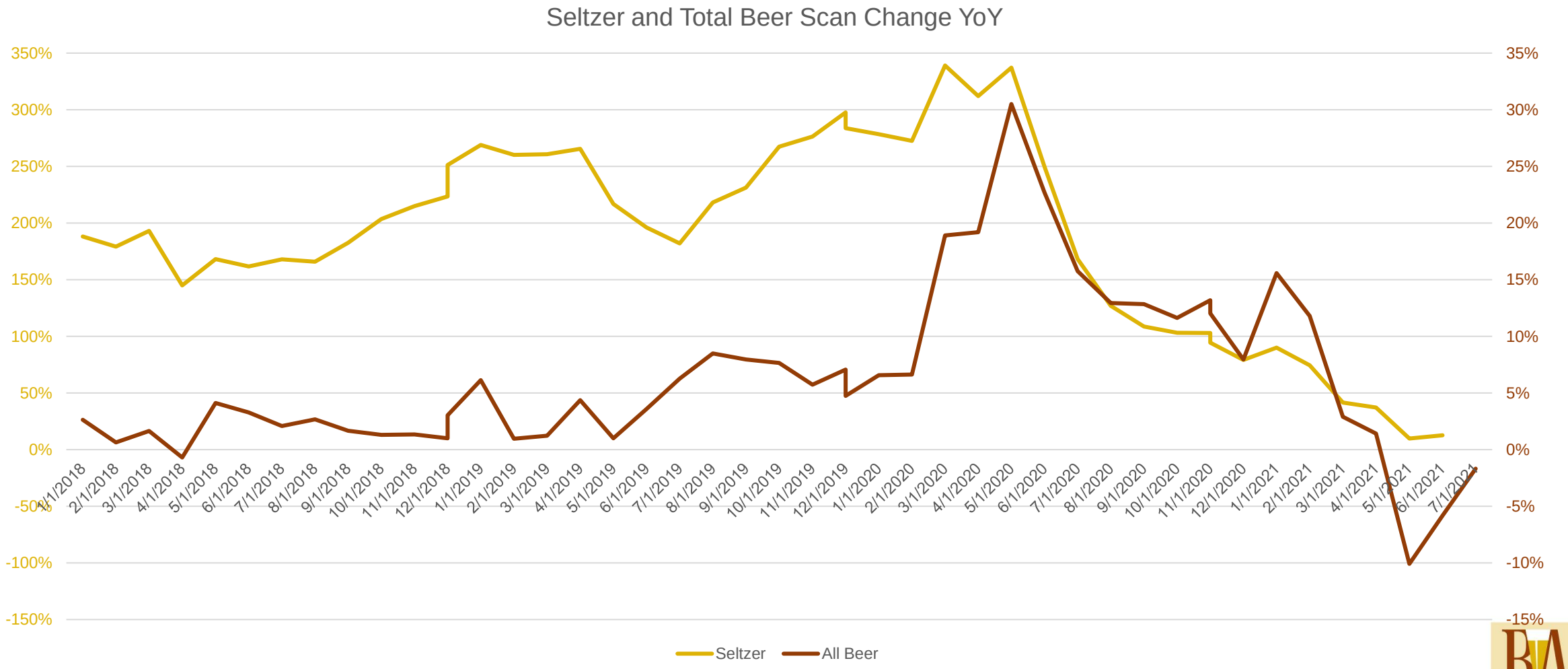
Rumors of Seltzer's Demise…



But Decelerating



Channel Shift



New Competition

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

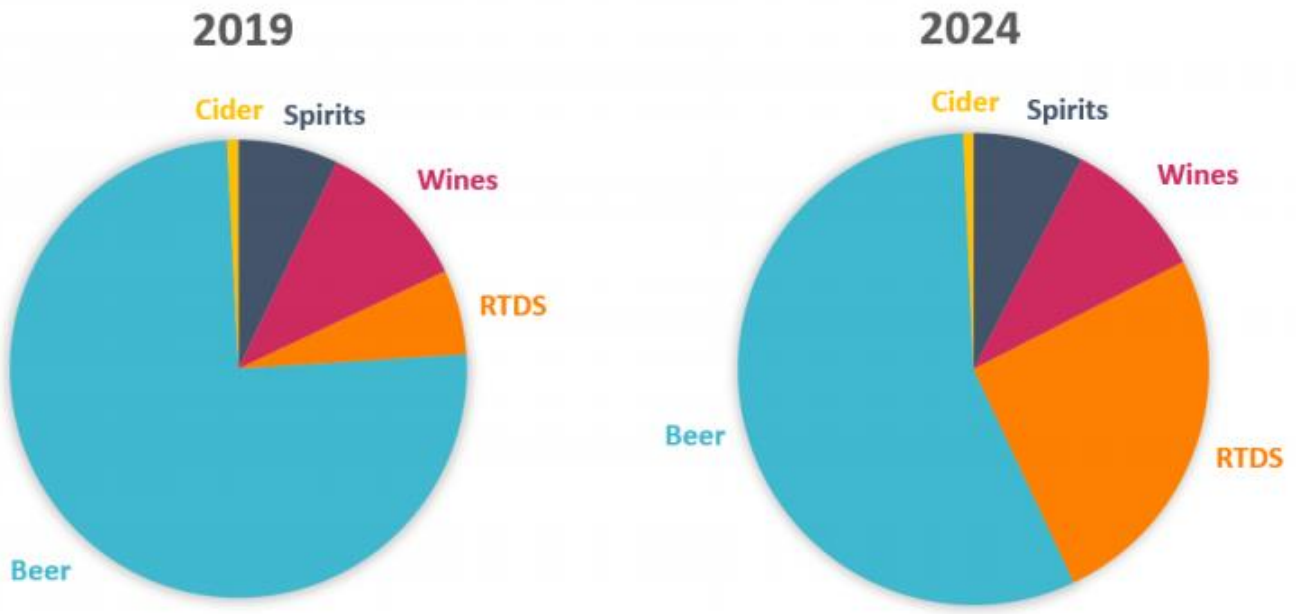
Consumer demand for spirit-based canned cocktails is growing due to:

- 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



Source: IWSR

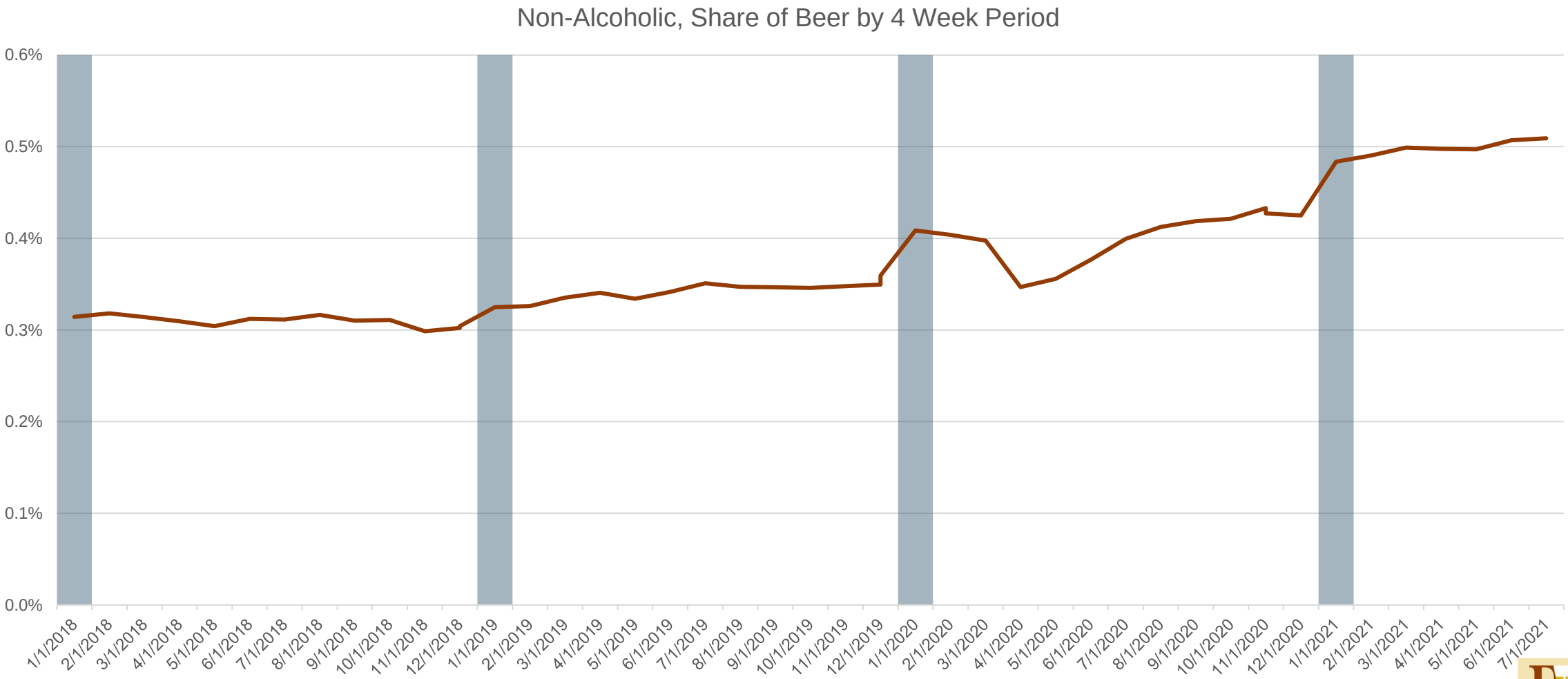
New Competition

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.

Source: IWSR

Non-Alcoholic Growing



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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Thank You

Questions?

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