

Learn about trends in the Brewery business and where to find more info about how to open your own Brewery business. Don't forget you can receive free or low-cost training and **free professional business advice**, from [your local Small Business Development Center!](#)

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## **Brewery Business Overview & Trends, 2018**

**NAICS Code: 312120, SIC Code: 2082**

This [Brewery industry summary is from First Research](#) which also sells a full version of this report.

Companies in this industry produce beer, ale, malt liquor, and nonalcoholic beer. Major companies include Anhe

user-Busch InBev (Belgium), Asahi Breweries (Japan), Carlsberg (Denmark), China Resources (China), Heineken (the Netherlands), Molson Coors (US), and Tsingtao (China). DG Yuengling and Son is the leading US craft brewer by sales volume, according to the Brewers Association.

Worldwide, breweries produce about 2 billion hectoliters of beer annually, according to the Barth Report. The largest beer-producing nations include China, the US, Brazil, Germany, and Russia. Developing markets in Asia, Latin America, and Africa are being targeted for industry growth.

The US brewery industry includes about 1,750 establishments (single-location companies and units of multi-location companies) with combined annual revenue of about \$35 billion. Counting brewpubs and microbreweries, the US industry includes about 4,300 establishments.

### **COMPETITIVE LANDSCAPE**

Large breweries dominate the global beer market, but smaller craft breweries

have gained market share in recent years by introducing a variety of new products that sell at higher price points. Some major beer makers have acquired popular craft brands to limit competition from the fast-growing sector. Small producers in some markets have also benefited from regulatory changes that have made it easier to self-distribute directly to retailers without having to sell through wholesalers. Breweries compete with distilleries, wineries, and other manufacturers of alcoholic and nonalcoholic beverages.

This [Brewery business market research report summary is from Euromonitor](#) which also sells a full version of this report.

- Craft beer, long a driver of beer volumes, underwent what will undoubtedly be noted as the early stages of saturation in 2016. Although not explicitly researched or defined by Euromonitor International, ale, weissbier/weizen/wheat beer and stout, the Euromonitor International defined categories where craft beers are most prominent, recorded combined total volume growth of just 2% in 2016, sharply contrasting with growth at an 11% CAGR posted over the review period. This slowed growth of craft-dominated categories affected the overall performance of beer in the US, which posted a flat performance in total volume terms in 2016, compared to growth at a 1% CAGR over the review period. Although substantial consumer interest in the US craft beer market remained, the proliferation of brewers and the offerings they produce quenched consumers' thirst for well-crafted beers, ushering in a new era of competition.
- The stereotypical beer drinker in the US is a working-class male; however, such perceptions reduced towards the end of the review period, as beer advanced from a way to unwind after a hard day to one of varied product appreciation. As mass-produced domestic lagers lost their importance in the US to diverse craft and import options, beers became an attractive affordable luxury to a broad consumer base.
- In the US in 2016, there were 5,301 breweries, a dramatic increase from the 1,460 that existed in 2006. This explosion in craft breweries corresponds with the ongoing increase in the popularity of craft beers and indicates the fragmentation that is taking place within US beer.

**Craft Brewers** are an important segment of the U.S. brewery business. According to the Brewers Association, [craft brewery market segments](#) include Microbrewery, Brewpub, Contract Brewing Company, Regional Brewery, Regional Craft Brewery, and Large Brewery.

Various reports on the [craft brewery industry](#) from the Brewers Association describe the

size and impact of the industry:

- The Craft Brewing Industry Contributed \$67.8 Billion to the U.S. Economy in 2016, more than 456,000 Jobs.
- Overall U.S. beer volume sales were down 1% in 2017, whereas craft brewer sales continued to grow at a rate of 5% by volume, reaching 12.7% of the U.S. beer market by volume. Craft production grew the most for microbreweries.
- Retail dollar sales of craft increased 8%, up to \$26.0 billion, and now account for more than 23% of the \$111.4 billion U.S. beer market.

## **Brewery Business Customer Demographics**

IBISWorld reports on the major market segments for [Breweries](#) and [Craft Beer Production](#). The full version of these reports are available for purchase.

- The key markets for Breweries consist of retailers, bars and nightclubs, and other foodservice businesses at a rate of 75.1%, 7.1%, and 6.8% respectively. For retailers, the largest markets for breweries are convenience stores at 31.1%, followed by supermarkets and grocery stores at 23.7%, and liquor stores at 20.3%.
- Over the past five years, college students and young professionals, expressed an increased interest in craft beer, making them the largest segment of beer consumers for those aged 21 to 34 (36.8% of the market). As consumer's preferences in alcohol in later years shifts to wine, premium beer, and other spirits, consumption in craft beer shows a decline as the report identifies consumption as noted among the following age groups: 35 to 44 at 24.1%, 45 to 54 at 17.1%, and 55 and older at 22.0%.
- Beer drinkers consist primarily of men with their share making up 60.0% of consumers versus 40.0% for women.

Additional information on craft beer customers can be found in a variety of topical and trade publications, including:

- [Craft Beer Age and Demographics](#)
- [Beer Consumer Infographic](#) (requires free subscription to access)
- [Craft Beer Lovers](#): Millennials, Women and Hispanics

## **Brewery Business Startup Costs**

[Brewery Business Startup Costs](#) from Entrepreneur Magazine:

- Total Startup costs: under \$100,000+
- Franchises available? Yes

[Brewery Business Startup Costs](#) from Nerdwallet:

- \$100,000 or less: 1 barrel
- \$1 million or more: brand-new 30-barrel system

[Nano brewery costs from Probrewer](#) from Probrewer:

- \$30,000/barrel

## **Brewery Business Plans**

- [Brewery Business Plan](#)
- [Brewery Business Plan](#)
- [Brewery Business Plan](#)
- [Co-op Brewery Business Plan](#)

## **Brewery Business Associations**

Trade associations often are excellent sources of information on an industry. Here are some relevant industry associations:

- [American Homebrewers Association](#)
- [Beer Institute](#)
- [Brewers Association](#)
- [Craft Brewing Business](#)
- [Master Brewers Association of the Americas](#)

## **Brewery Business Licensing Requirements**

The section is created to provide a general awareness of regulations and agencies to

consider when starting a Brewery Business. Check with your state and municipality for rules and regulations that may impact the business in your area.

- [Alcohol and Tobacco Tax and Trade Bureau](#)
- [Alcohol Tobacco Tax and Trade Bureau - Beer Laws, Regulations, and Public Guidance](#)
- [Brewers Association - Brewery Sales and Sampling Laws](#)
- [American Homebrewers Association - Statutes](#)

## **Brewery Business Publications**

- [American Brewer Magazine](#)
- [Beer Business Daily](#)
- [Craft Business Daily](#)
- [Zymurgy Magazine](#) (published by American Homebrewers Association)
- [Brewers Association Publishers](#) (resources published on various industry-related topics)

## **Sources**

For the full text of any content in this Small Business Market Research Report from SBDCNet, the link has been provided for the report publisher, while a database article can be obtained from the local public or academic library or purchased from a [document delivery service](#) for a nominal fee.

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