

American Beer

Maturing, Fermenting, or Foaming Over?

1.2
Breweries
opening per day

550%
Growth in number
of Breweries in
past 25 years

125%
Growth in
consumption over
past 50 years

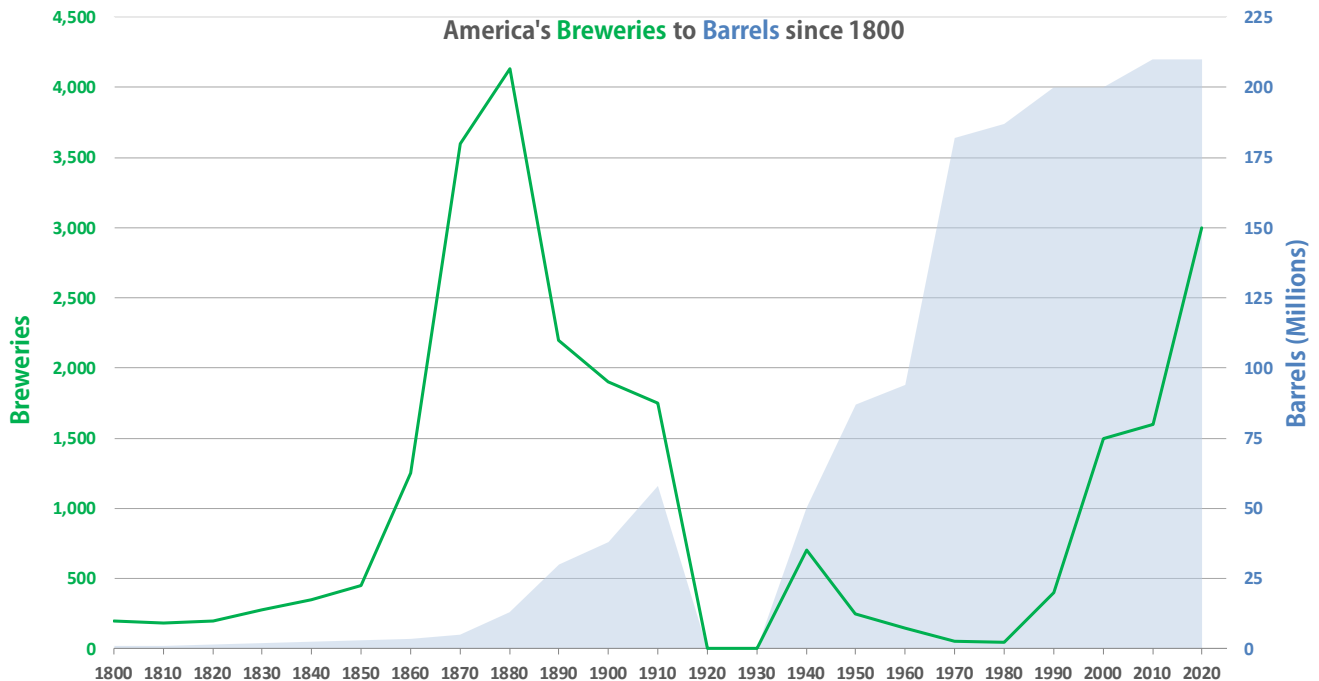
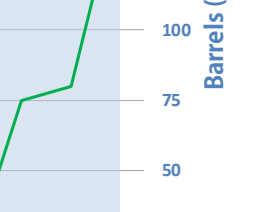
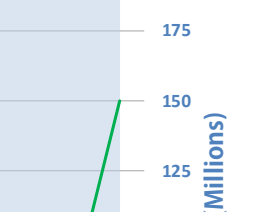
1,500
Breweries in
planning stages

400
Breweries
opened in 2012

Have we reached Peak Beer?

100,000 barrels
Budweiser produces more
beer in 1 day than all 400
new breweries did in 2012.

-3.7%
Decrease in
consumption
since 2007



Change in 2013 Consumption

+2.5%
Wine

+2.7%
Spirits

-0.9%
Beer

-2.8% Big Beer
-0.6% Imports

+17% Craft Beer
+27% Microbrew

Bottlenecks & Crafty Brewers

Distribution



Shelf Space



Taps



Designate a Driver

Efficiency of Scale makes or breaks brewers

Turf Wars

Shelf Space is highly contested so business connections and clout are essential

New Brews

Without strong brand loyalties, Bars give Tap Space to the latest and greatest flavors

The Godfathers

The Big 2 offer extensive clout to influence shelf space in liquor stores and groceries. Additionally, with exponentially larger volume, microbreweries can ride the coattails of their distribution networks to spread their products to much larger areas. As a result, many small breweries foam at the opportunity to utilize this network.

Some microbreweries focus entirely on taps. New flavors and styles routinely push out incumbent, profitable beers as bars appeal to evolving, still undefined tastes of consumers.

Schooling

Collusion is another tactic for small breweries as a group of small breweries have more resources and a better ability to carve out market share, control more shelf space, and reduce distribution costs. We see this trend with regional breweries trying to extend their reach to other states and corners of the U.S.

Independence vs. Selling Out

Selling out to the Big 2 gives breweries access to tremendous resources and scale, but permanently changes the brewery's brand and image. This trade-off has created a split in the beer market.

The Big 2 try to counteract this market force by hiding their ownership through subsidiaries. This tactic is very successful as evidenced by Shock Top's 100% growth year over year. However, it has also driven away more educated customers, the primary consumer of craft and micro brews.

Go Abroad

Growth of beer consumption in international markets is much larger and faster

+4.6%
Africa

+3.8%
Asia

+3.5%
South
America

+2.9%
Middle
East