

Craft in California: Changing Impacts during COVID

**Bart Watson
Chief Economist**



B BREWERS PUBLICATIONS



TECHNICAL RESOURCES



GOVERNMENT AFFAIRS



MEMBERSHIP



INSIGHTS & ANALYSIS



DIVERSITY, EQUITY & INCLUSION



EXPORT DEVELOPMENT PROGRAM

BREWERS ASSOCIATION

5,600 MEMBERS

CRAFT BEER PROGRAM



MEMBERSHIP



AMERICAN HOMEBREWERS ASSOCIATION

38,000 MEMBERS



NATIONAL HOMEBREW DAY



BIG BREW



NATIONAL HOMEBREW COMPETITION



EVENTS



+29 SOCIAL CHANNELS

Thank you!



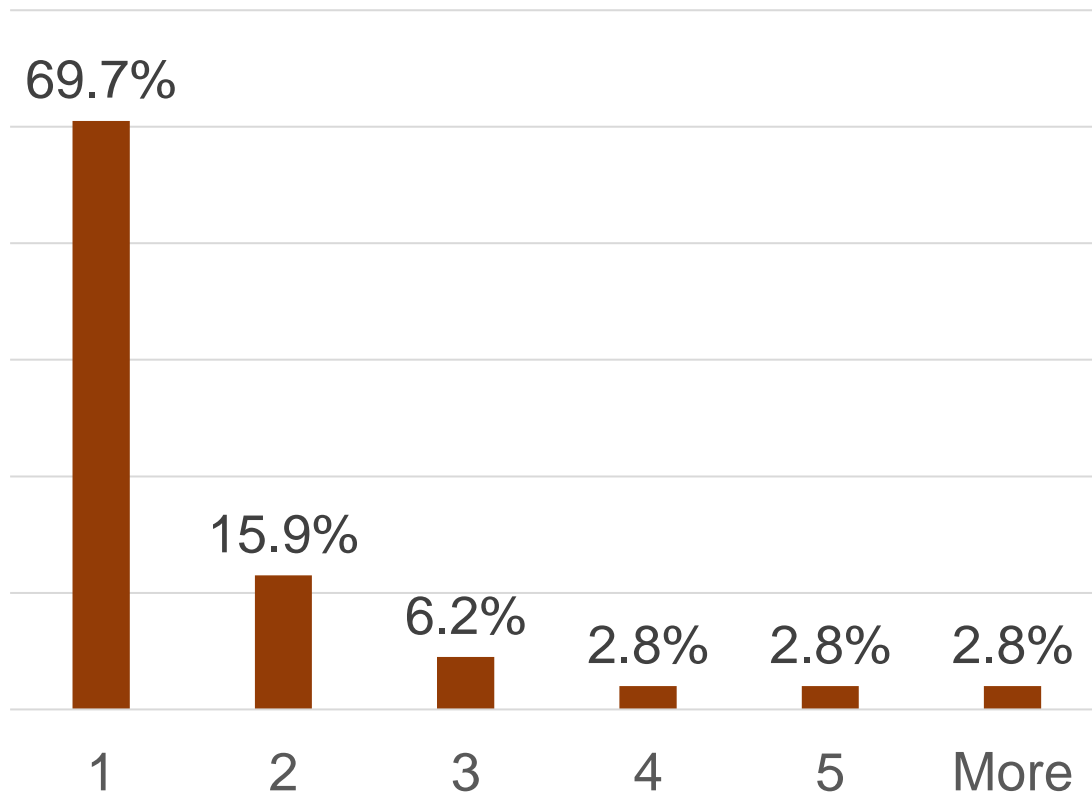
Survey Basics

- 148 responses (thanks!)
- Another chance (BIPS)
- 40-50% of CA production
- Roughly representative
 - Growth similar overall*
 - Though as always – smaller breweries underrepresented

	Share of Production	
<u>2019 size</u>	<u>Remaining</u>	<u>Sample</u>
0-1,000	6.5%	1.6%
1,001-5,000	9.6%	5.2%
5,001-15,000	11.4%	6.4%
15,001-60,000	9.6%	19.1%
60,000+	62.9%	67.7%

Business Details

Total Locations of Survey Respondents



Other licenses

- Majority nothing else
- Type 2 (4%)
- Type 7 (1%)
- Type 41 (3%)
- Type 47 (6%)
- Type 74 (2%)
- Other (not 23 or 75; 9%)

Economic Impact

**\$3.36 Billion
in State
Impact
From CA
Breweries**

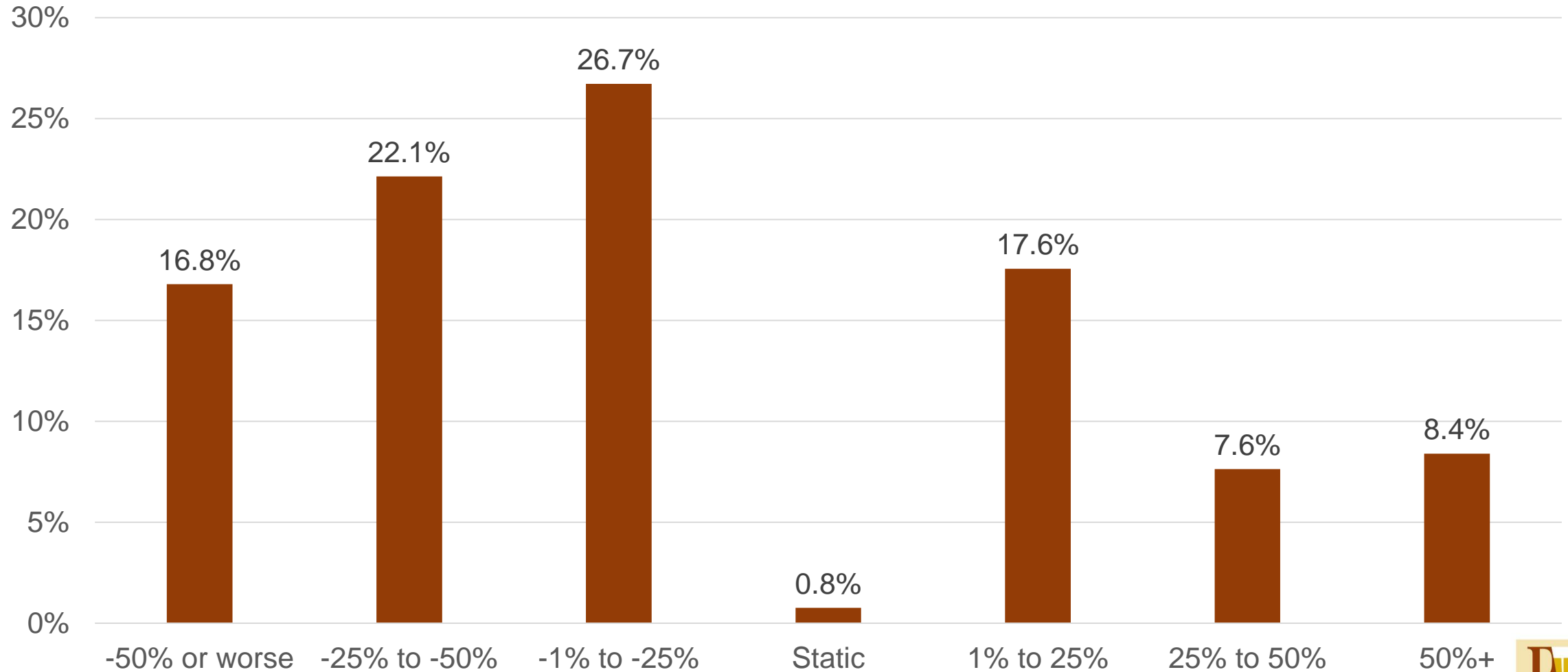
**Other
Craft
Retail
Sales in
CA**

**Impact in
CA of
other 49
States**

2020

- Production **down 10%** versus 2019
- Revenue **down 17%** versus 2019*
- Two Reasons
 - Shift in production mix
 - Lower revenue per barrel in onsite

Variation



Geographic Variation

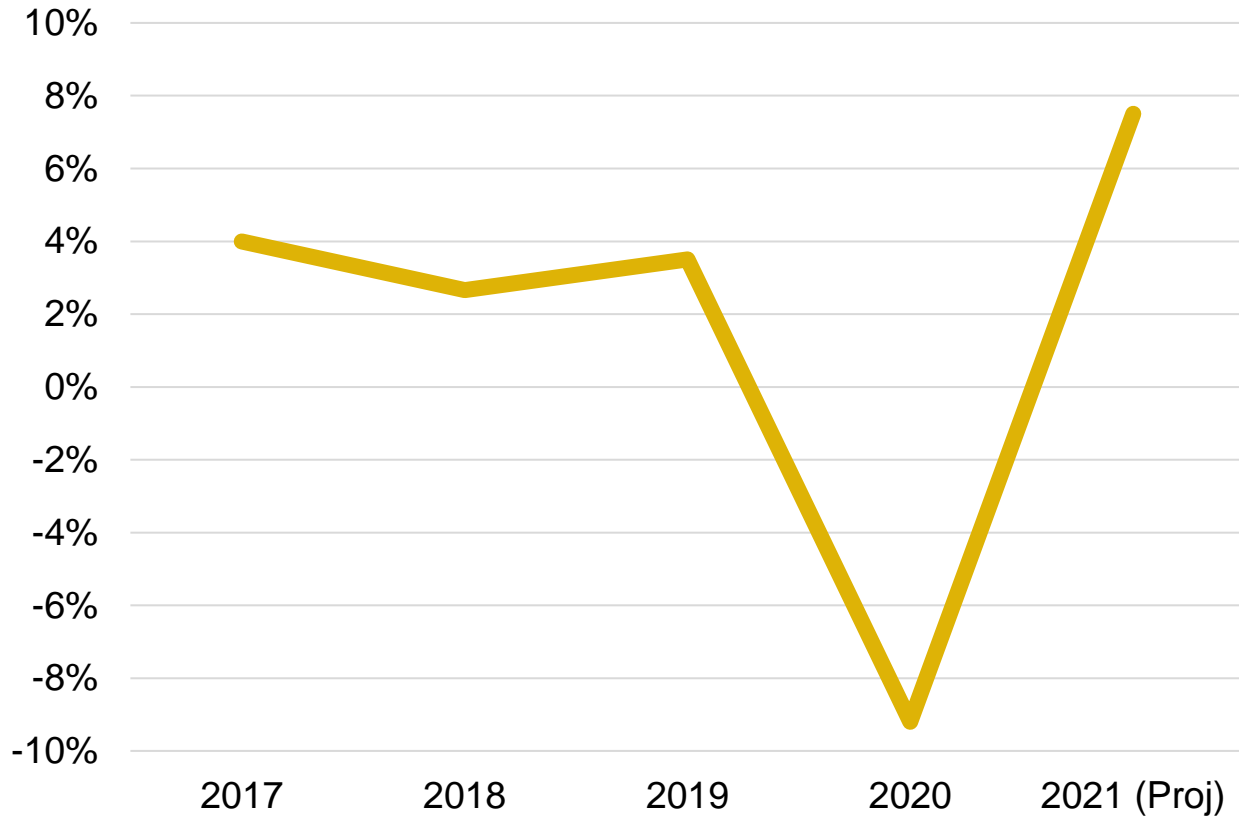
Guild*	Responses	Avg Size 2020 (barrels)	Growth
Bay Area Brewers Guild	44	3,045	-14.7%
Los Angeles County Brewers Guild	27	1,172	-14.0%
Sacramento Area Brewers Guild	11	2,239	-2.8%
San Diego Brewers Guild	34	22,271	-10.1%

*Only guilds with 10+ responses included

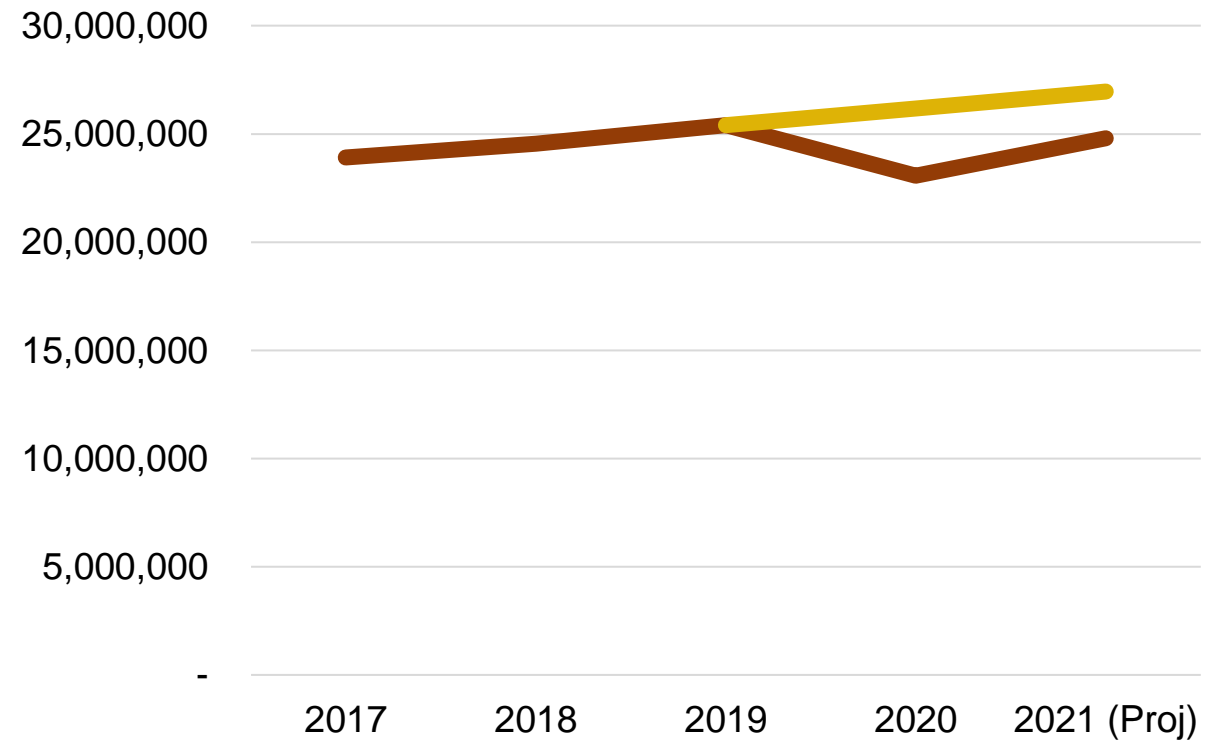


Recovering in 2021

Annual Growth Rate (%)



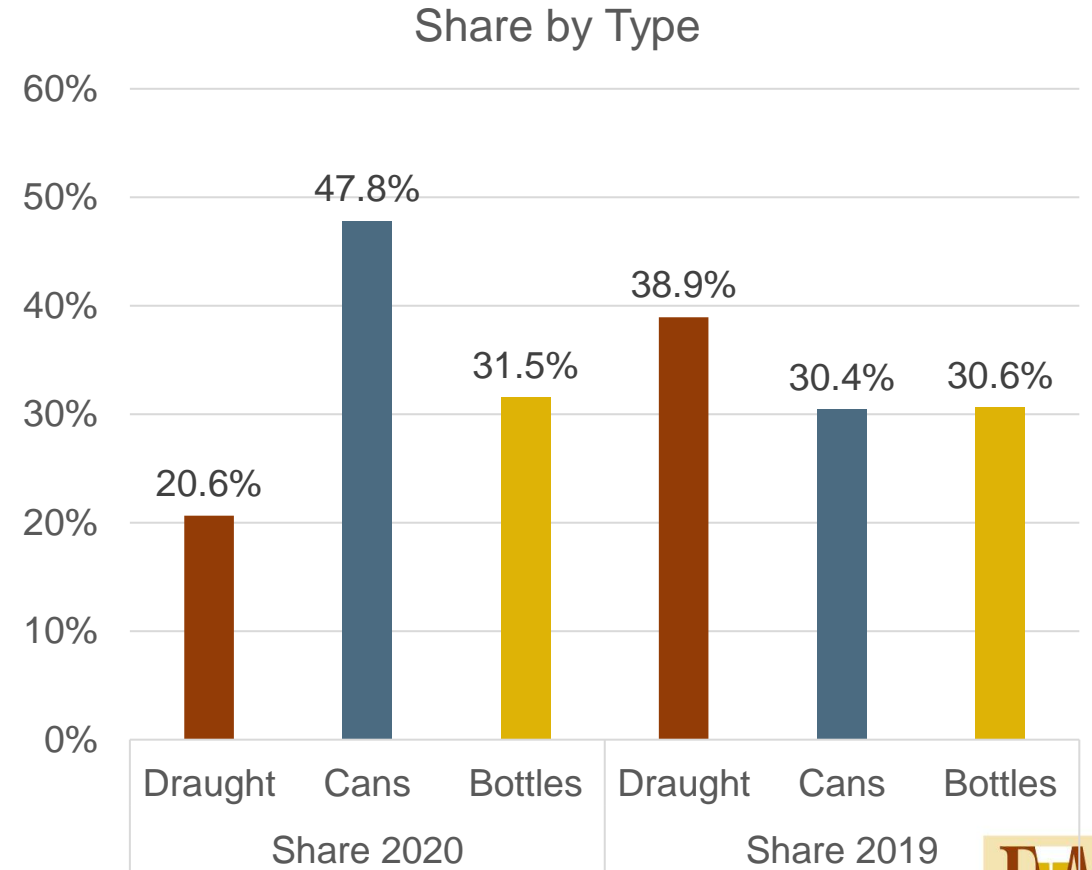
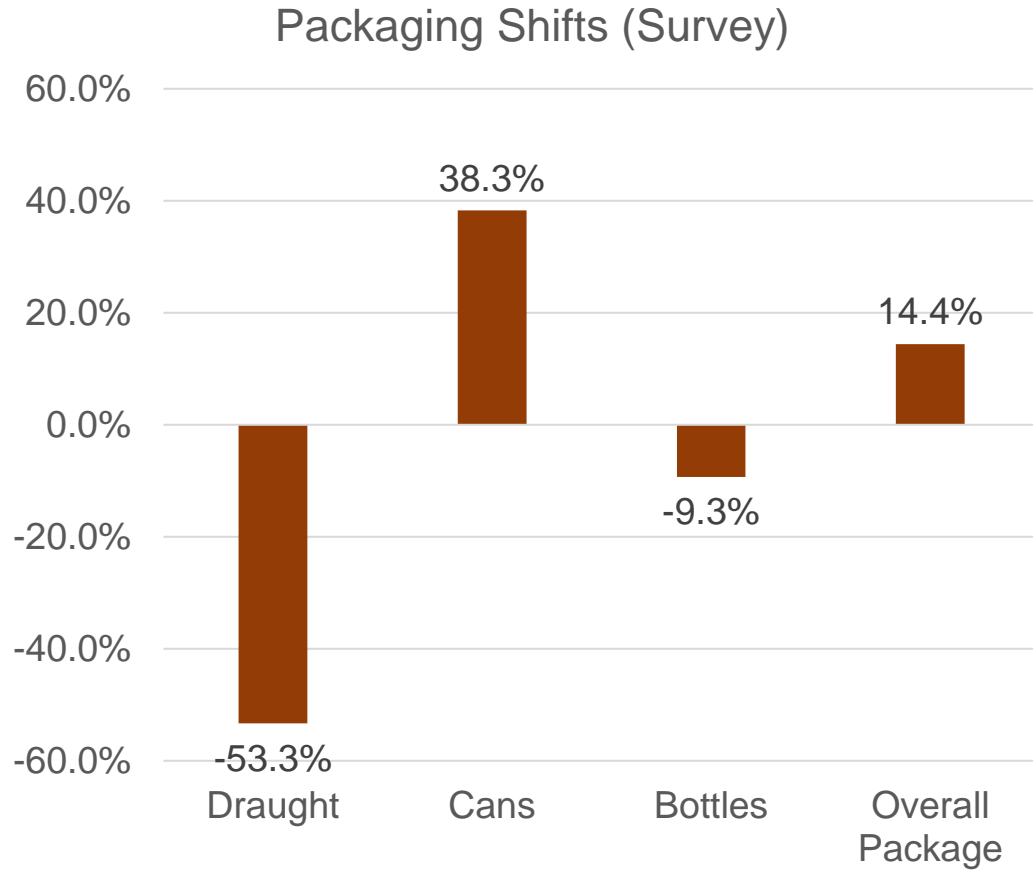
Craft Comparable Production Volumes and 3% Growth Scenario



Source: BA midyear survey

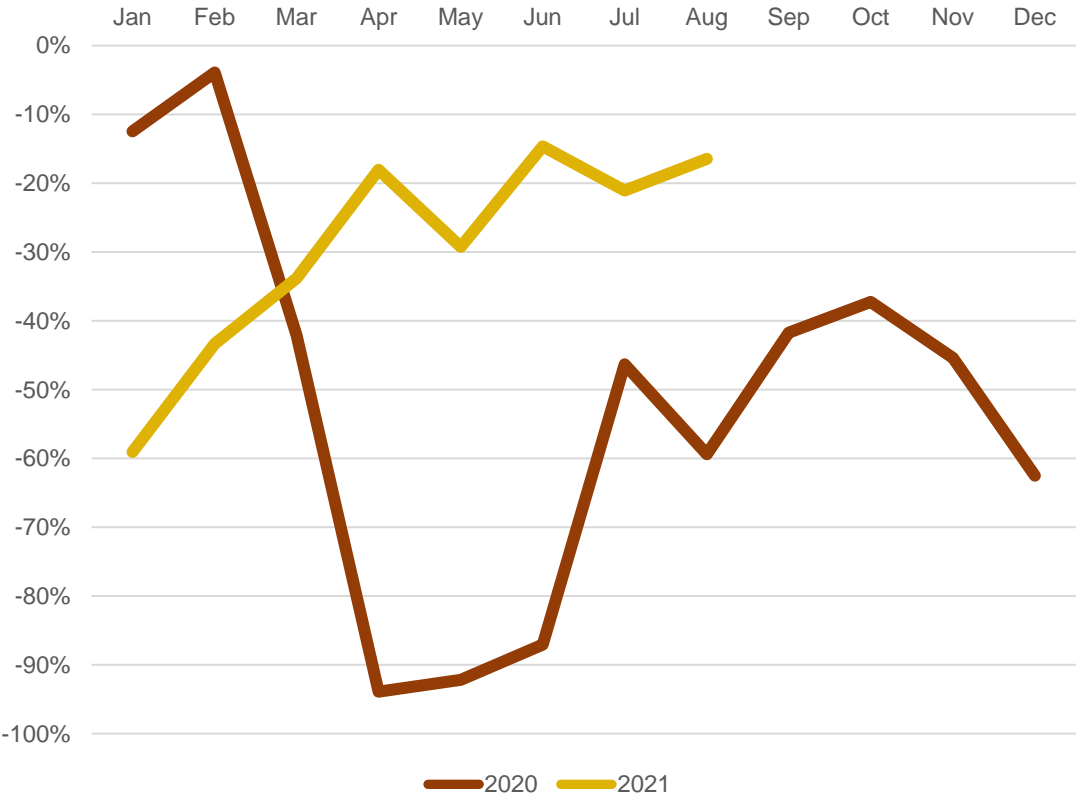


Packaging Shift

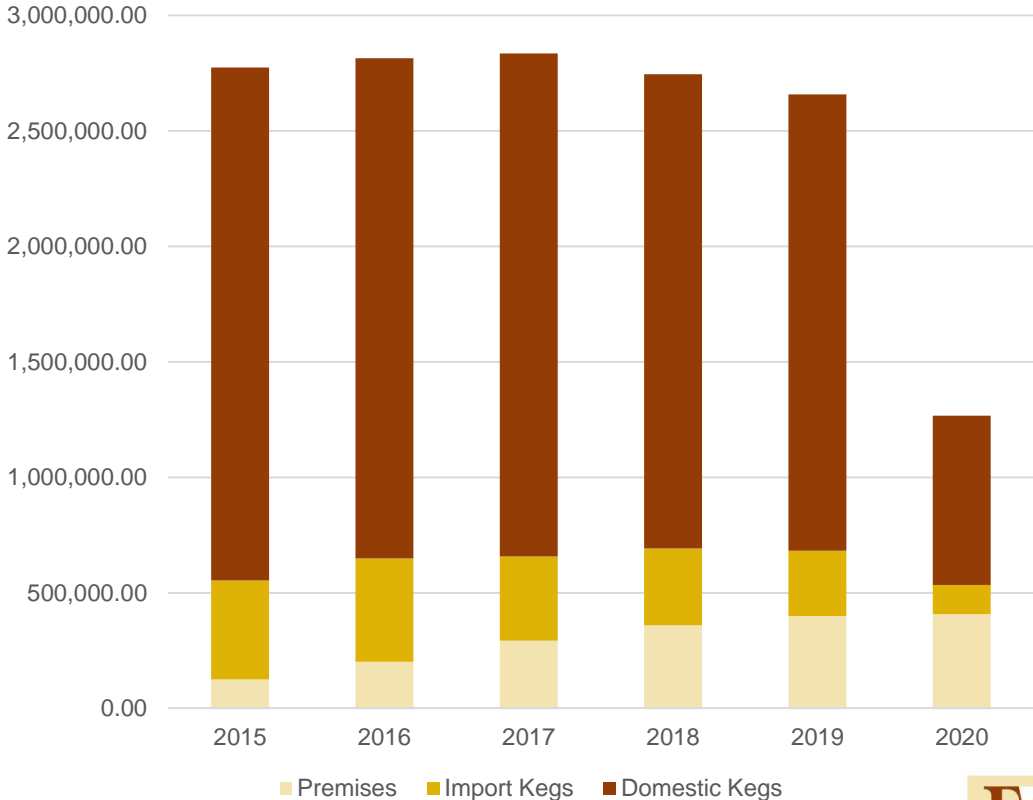


Broader Data Shows Similar Shift

2020/2021 Keg Production + Imports as % of 2019



CA Production and Imports*



Total Kegs -52% versus 2019

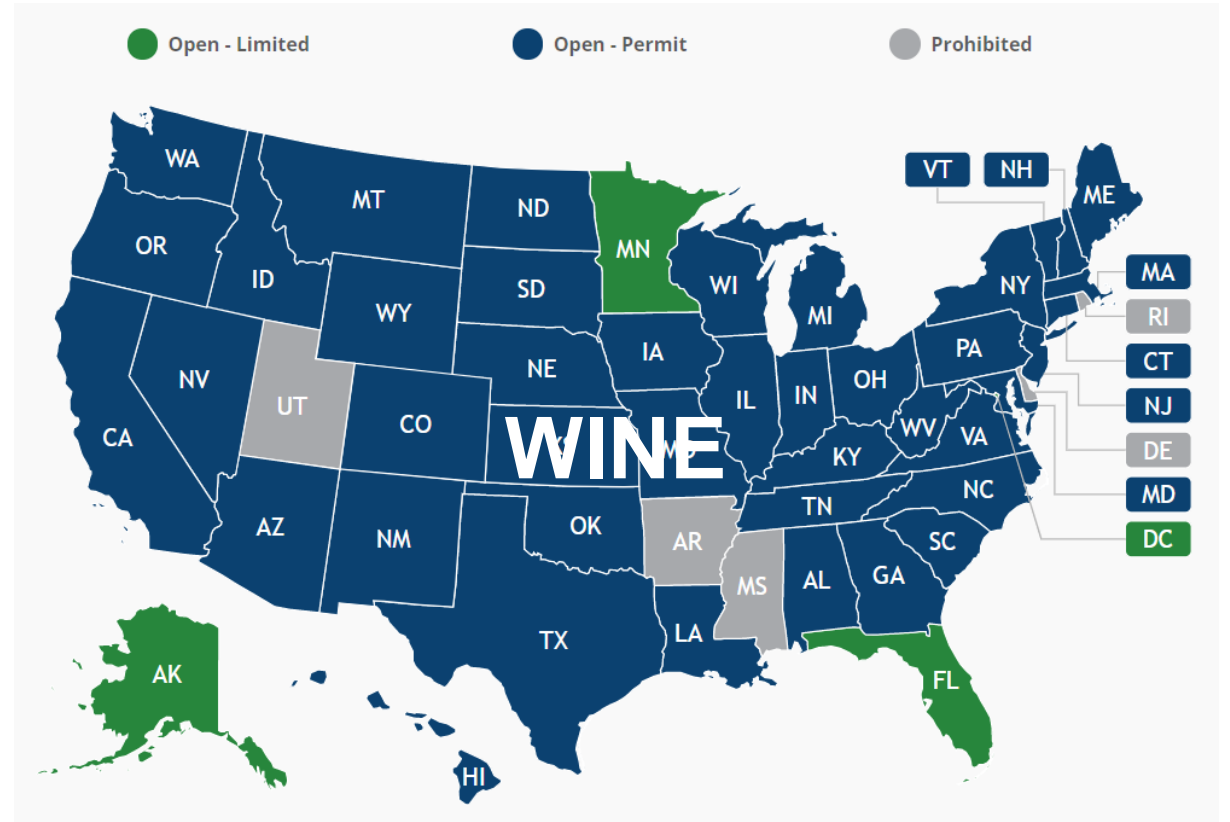
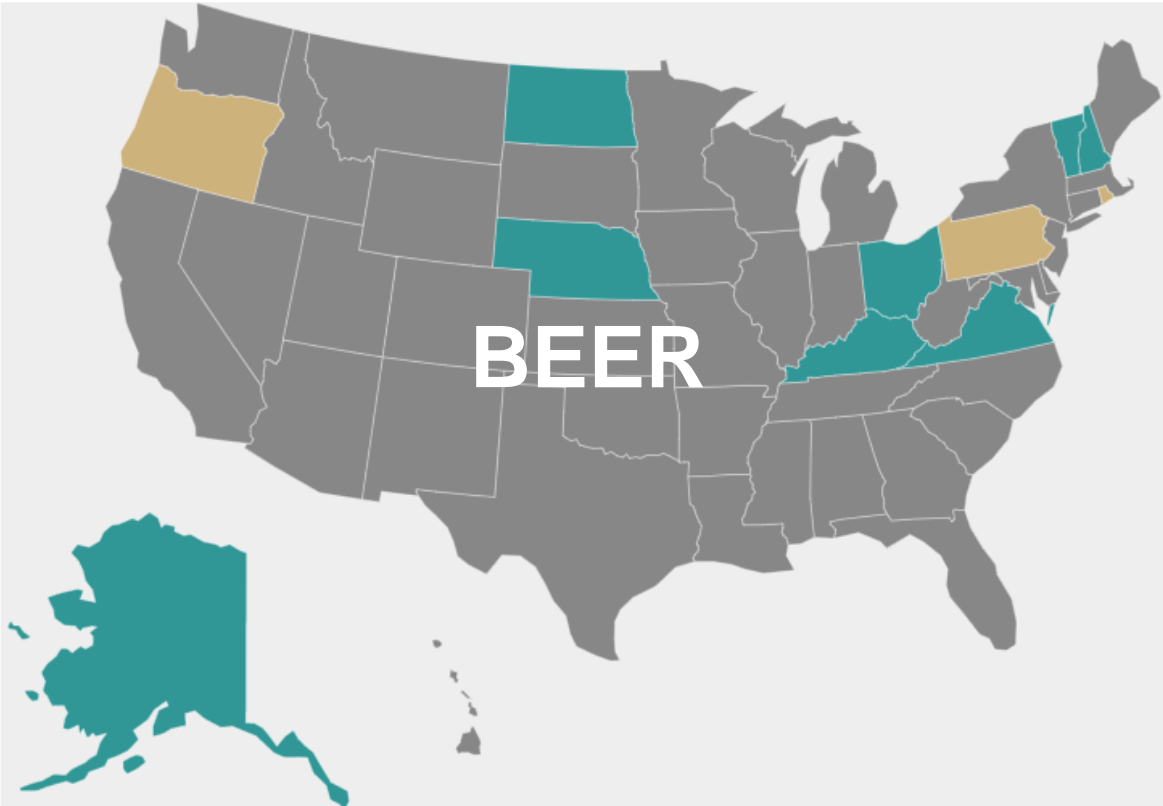


DTC

- Total DTC revenue **down 24.7%** versus 2019
- Very different by part/size
 - Onsite consumption **down 46.7%**
 - Pick up / to-go only **up 80.7%**
 - Shipping/delivery **down 6.5%**
 - Averages can be misleading...
 - Those with 2019 revenue down 26.8% in 2020 (likely mostly delivery based on business model)
 - Average new revenue of \$84,736 (no zeros) or \$54,382.82 (zeros); Median \$30,000 (no zeros).

DTC Shipping Laws

Legend: ● Permitted ● Not Permitted ● Limited



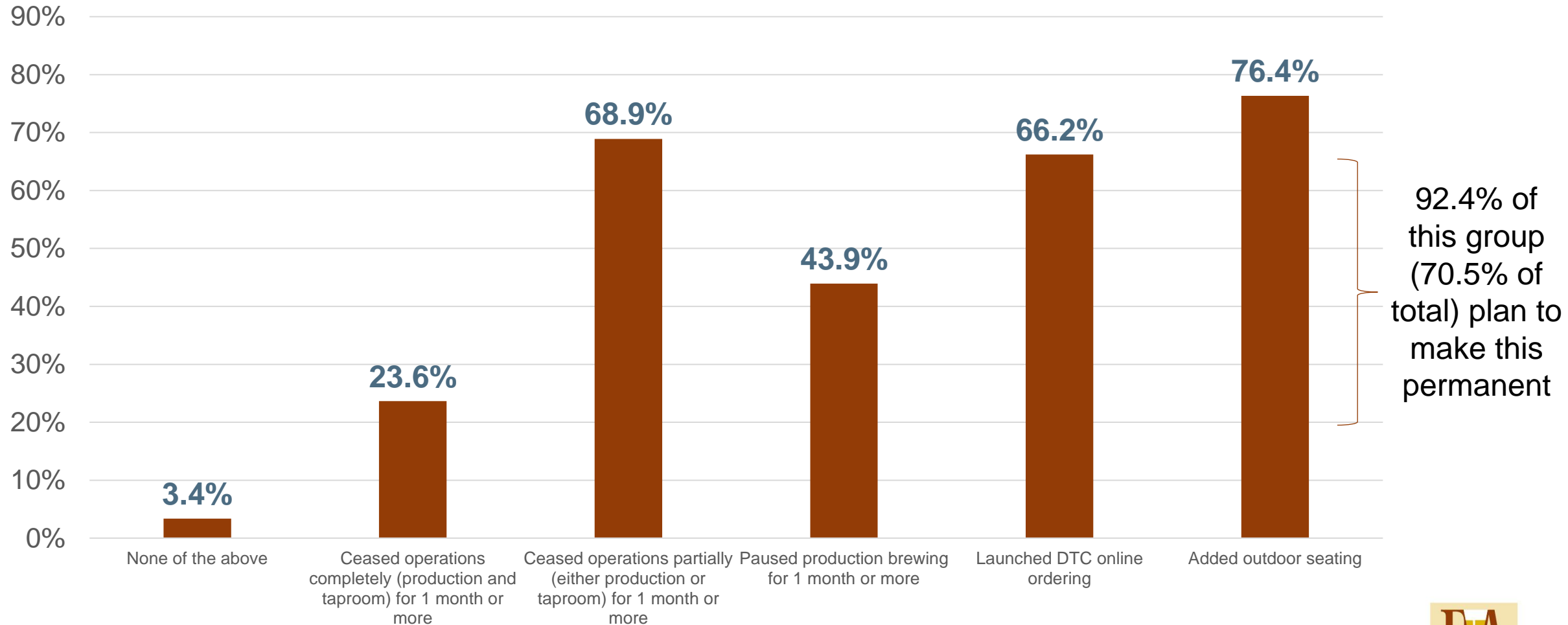
Beer Still Dominant

Distribution of Beer, Non-Beer

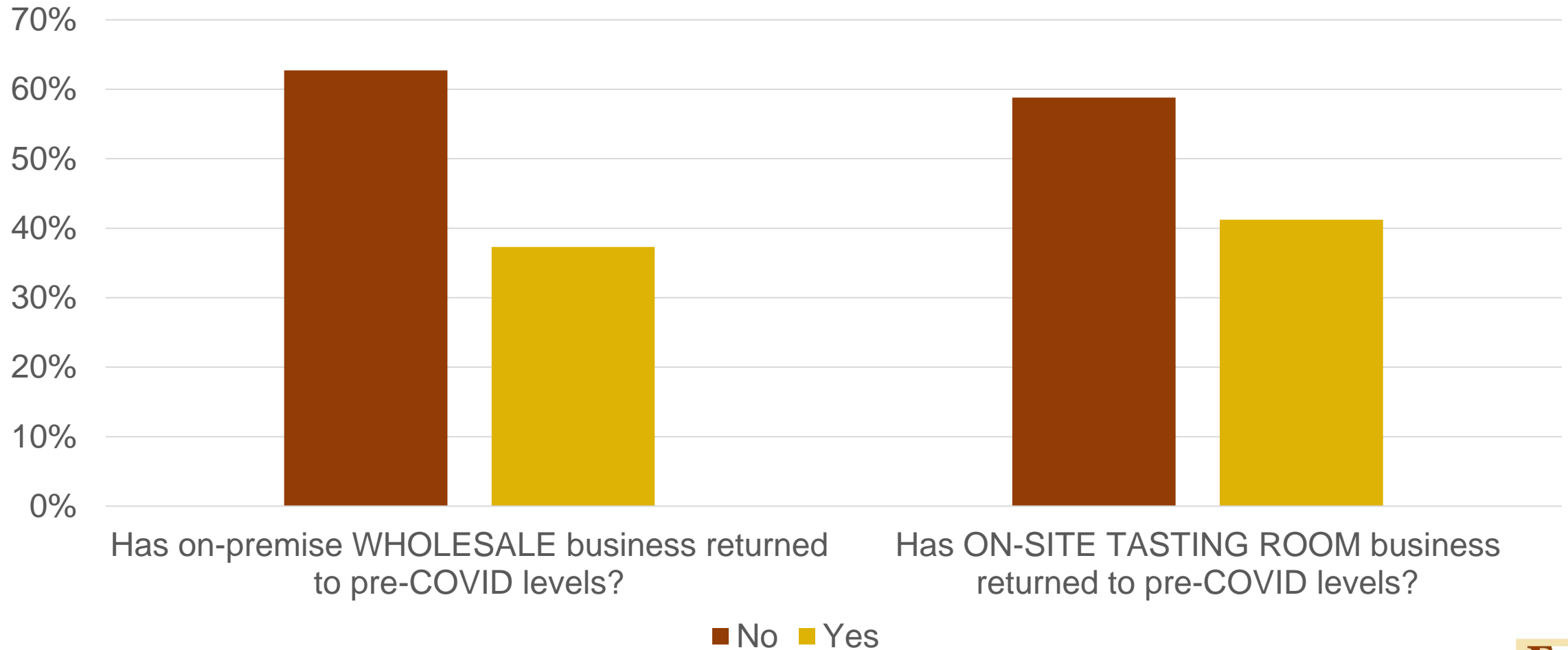


Distribution is of brewery percentages, not weighted by size in any way

Pandemic Challenges/Pivots

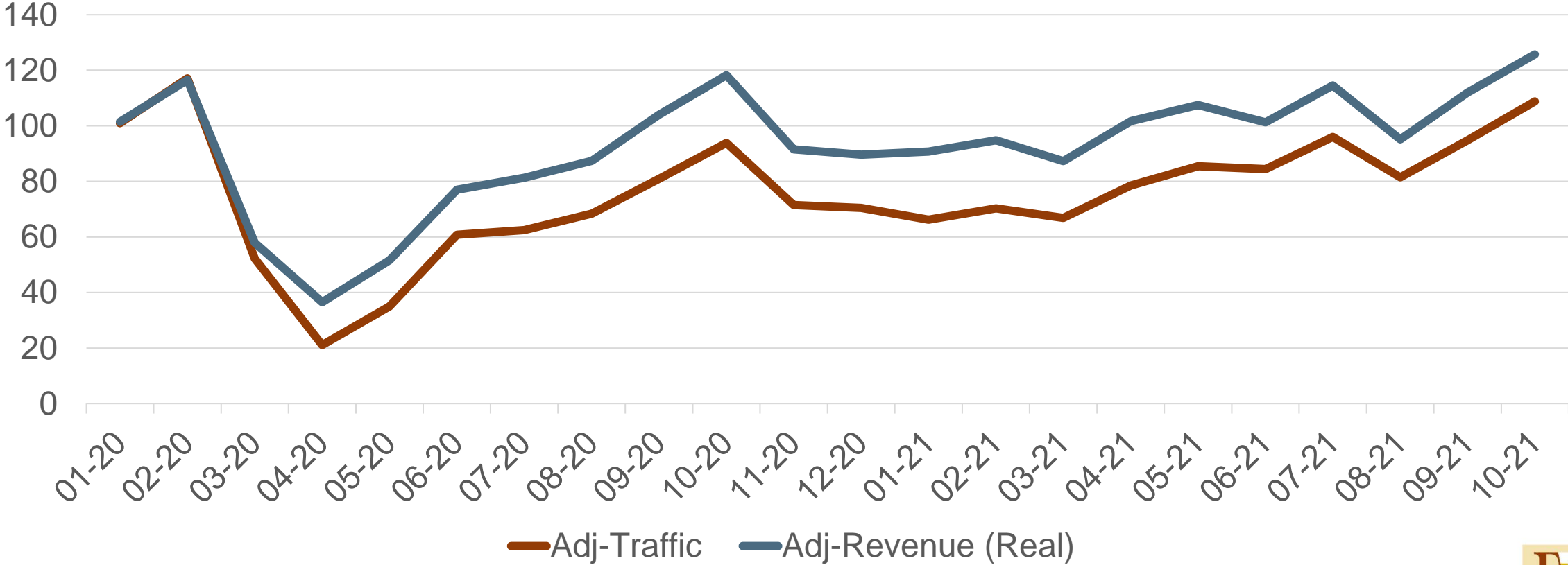


Returning to Normal

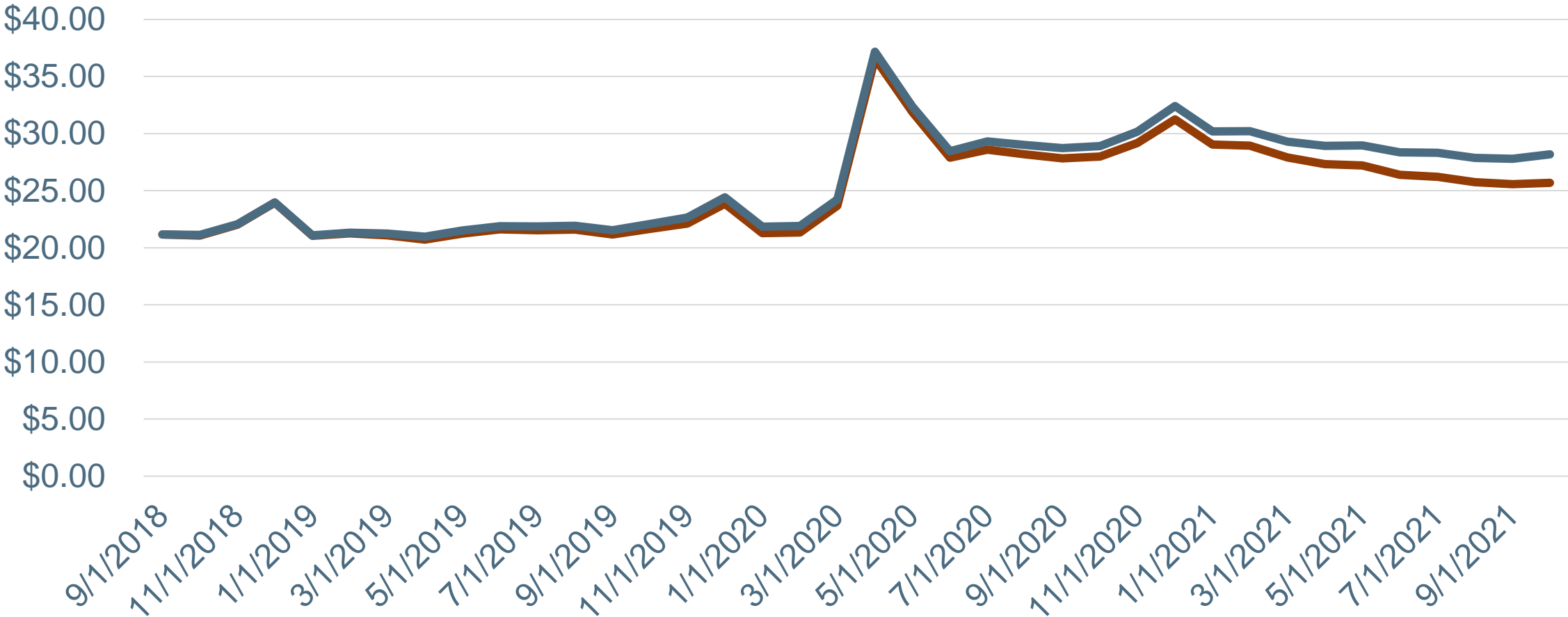


Onsite at Breweries

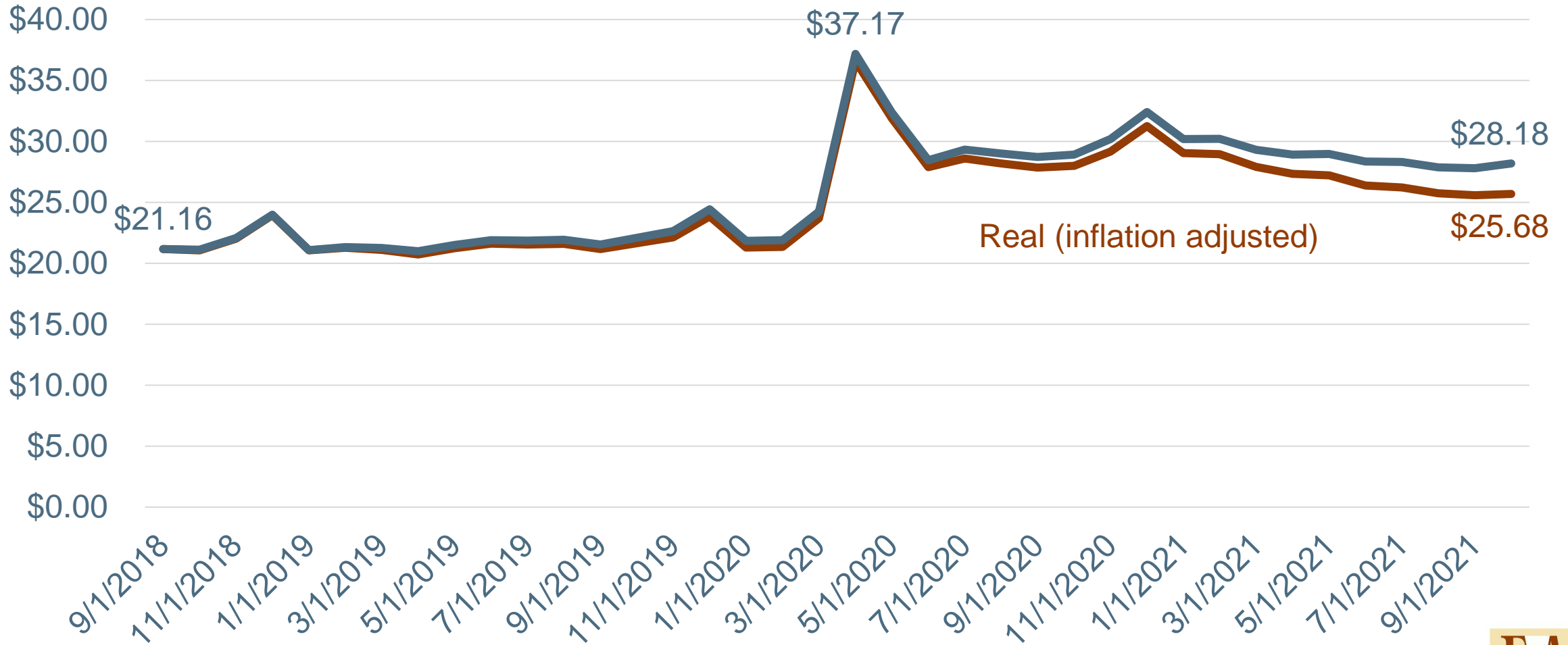
Average Site Traffic/Revenue



Average Check



Average Check



Opposite of Bars/Restaurants?

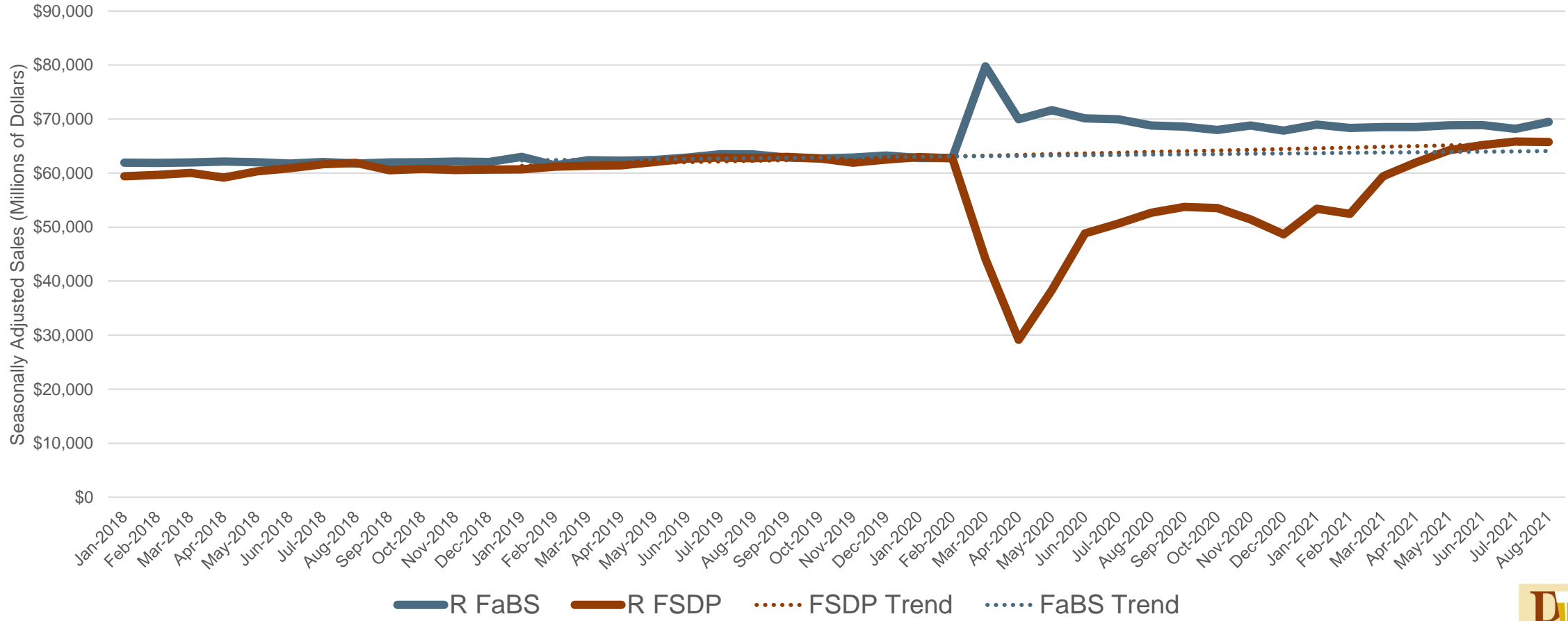
ON PREMISE SALES: TOTAL US W/E NOVEMBER 20 2021		
Value Velocity	Check Value	Ticket Count
\$75,734	\$46.72	1,621
	vs November 16 2019	
+20%	+3%	+16%

Breweries (Arryved) Vs October 2019	
Check Value	Ticket Count
\$28.18	2,426
28%	-9%



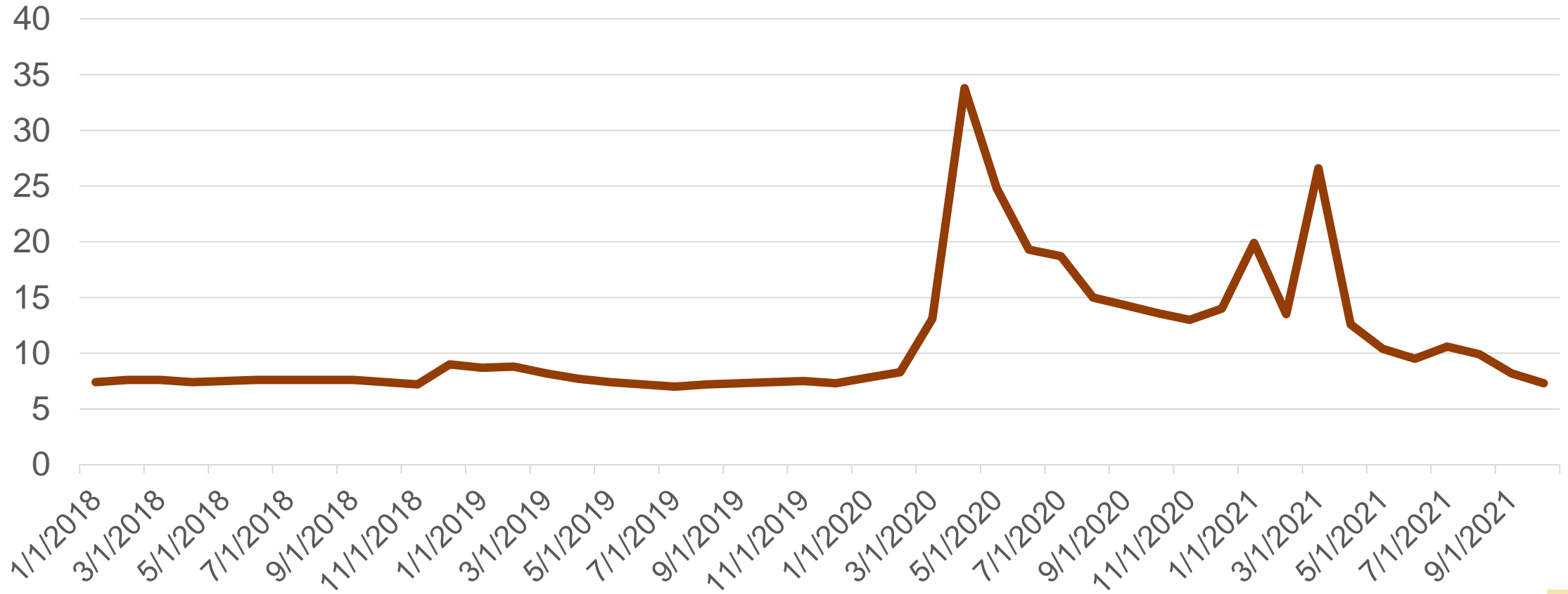
Channel Tide Has Swung Back

Food Services and Drinking Places vs
Food and Beverage Stores (Seasonally Adjusted, Real)

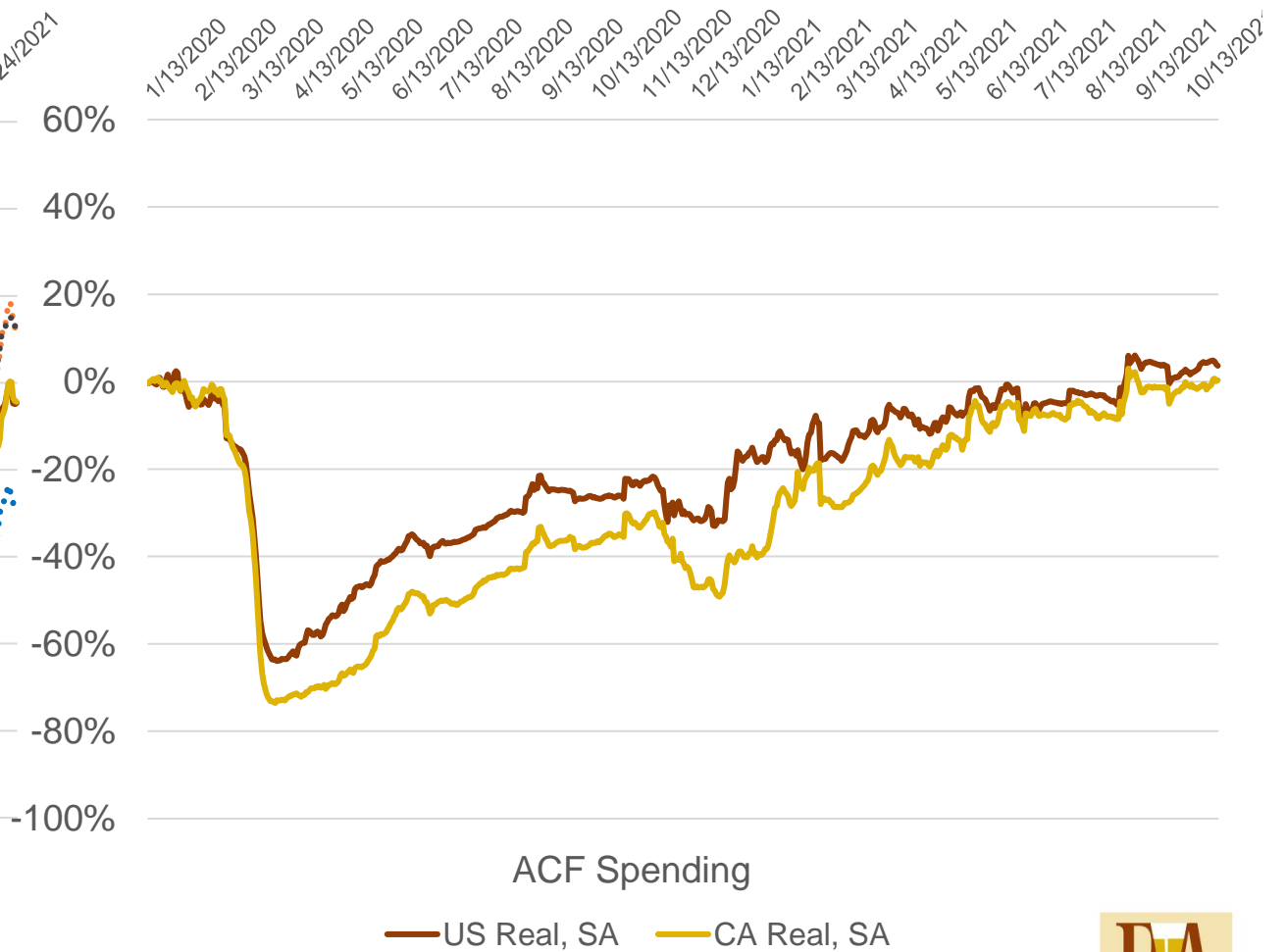
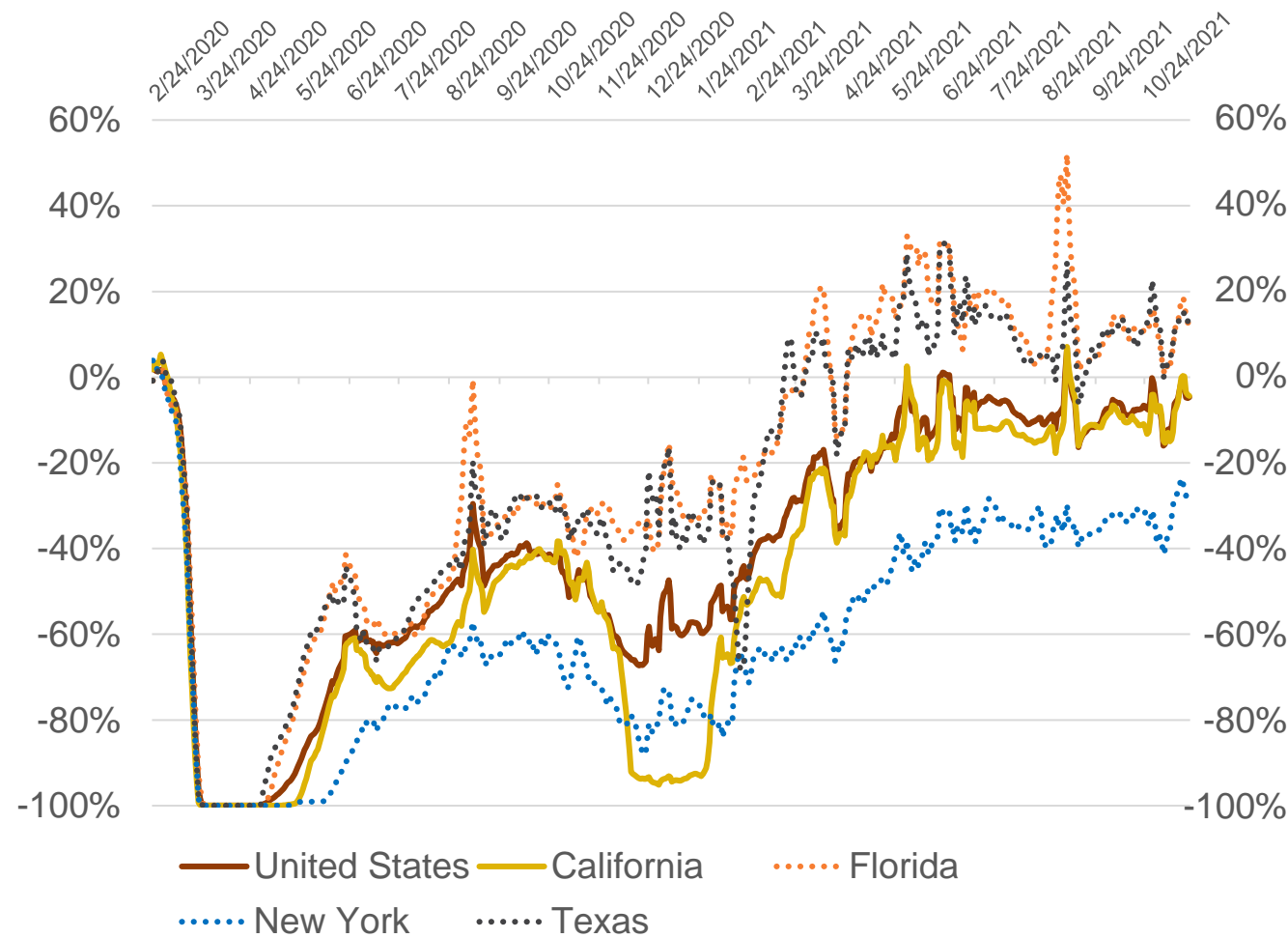


Unclear How Long Elevated Spending Can Last

Personal Saving Rate

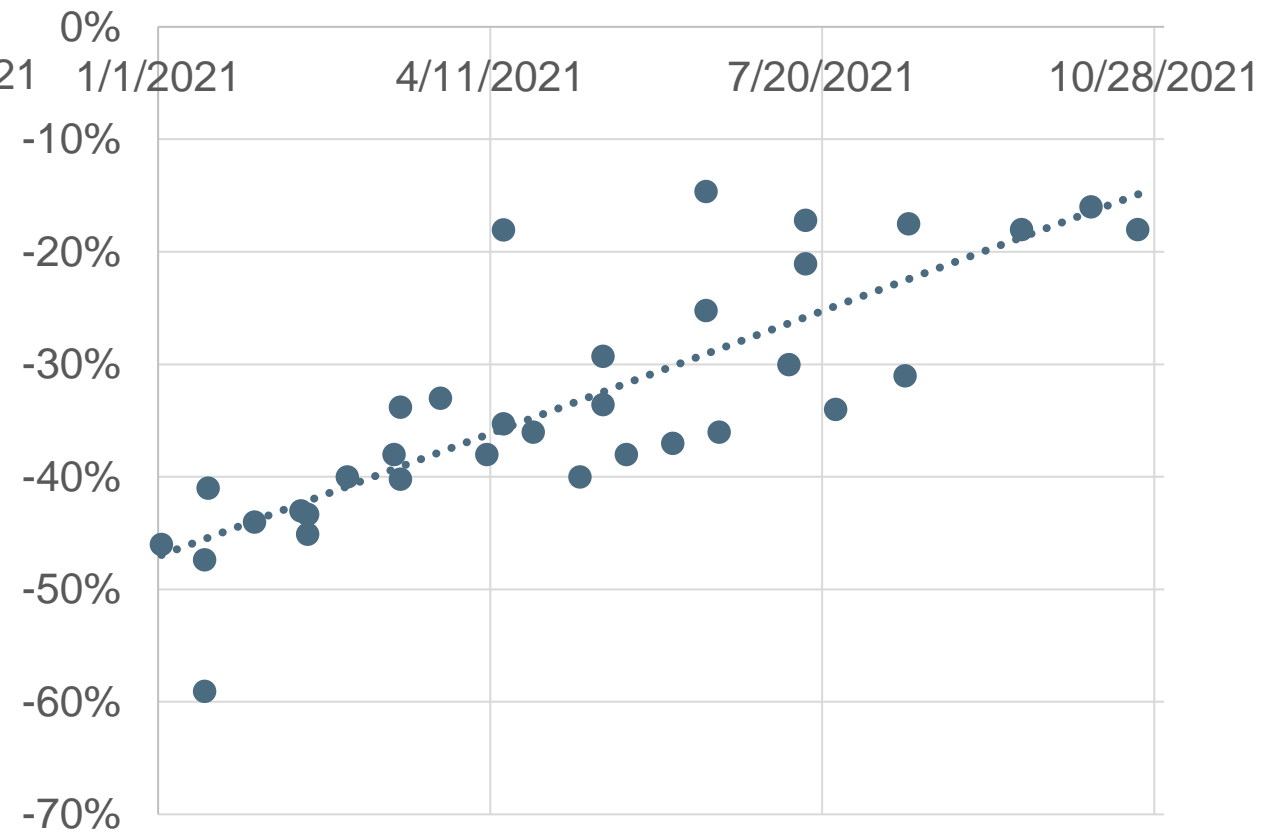
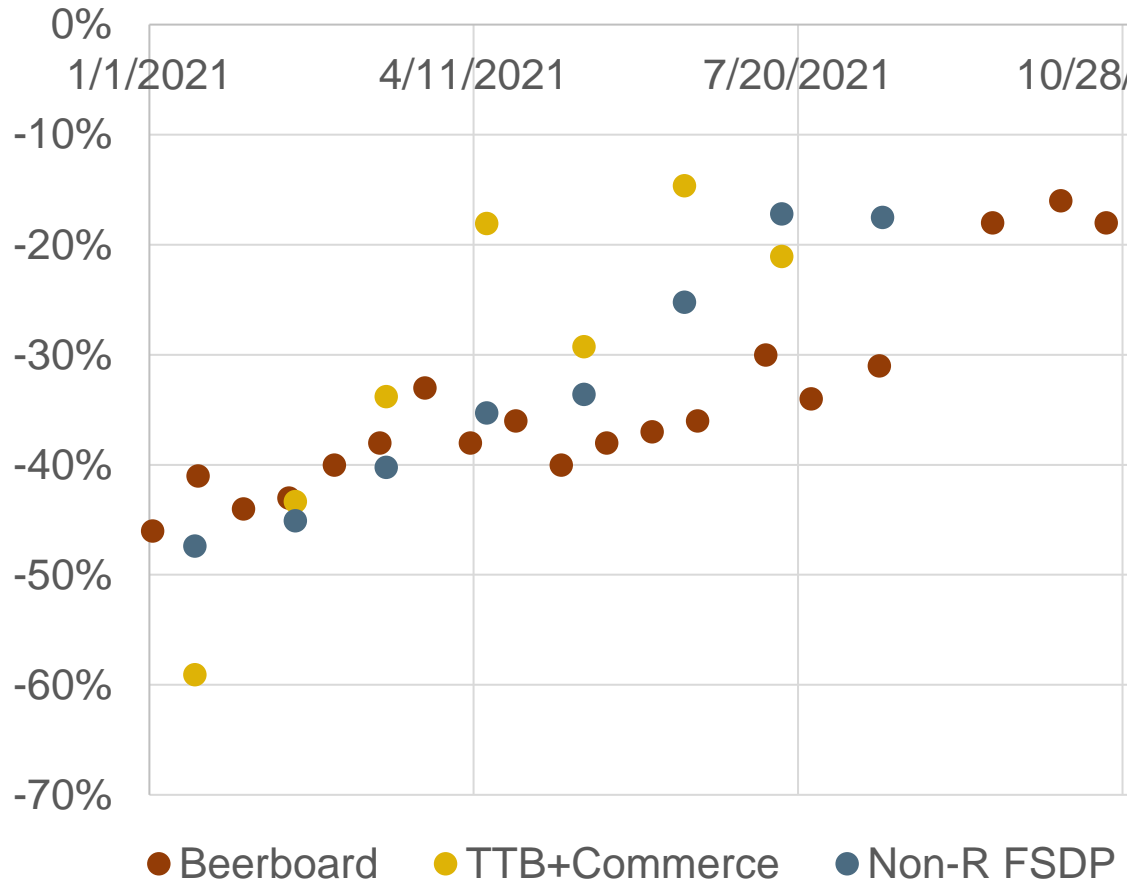


CA Reservations and Spending



But Different On Premise

Three Draught Measures



Different Stores

Alcohol-selling locations (on- and off-premise) – change vs year ago



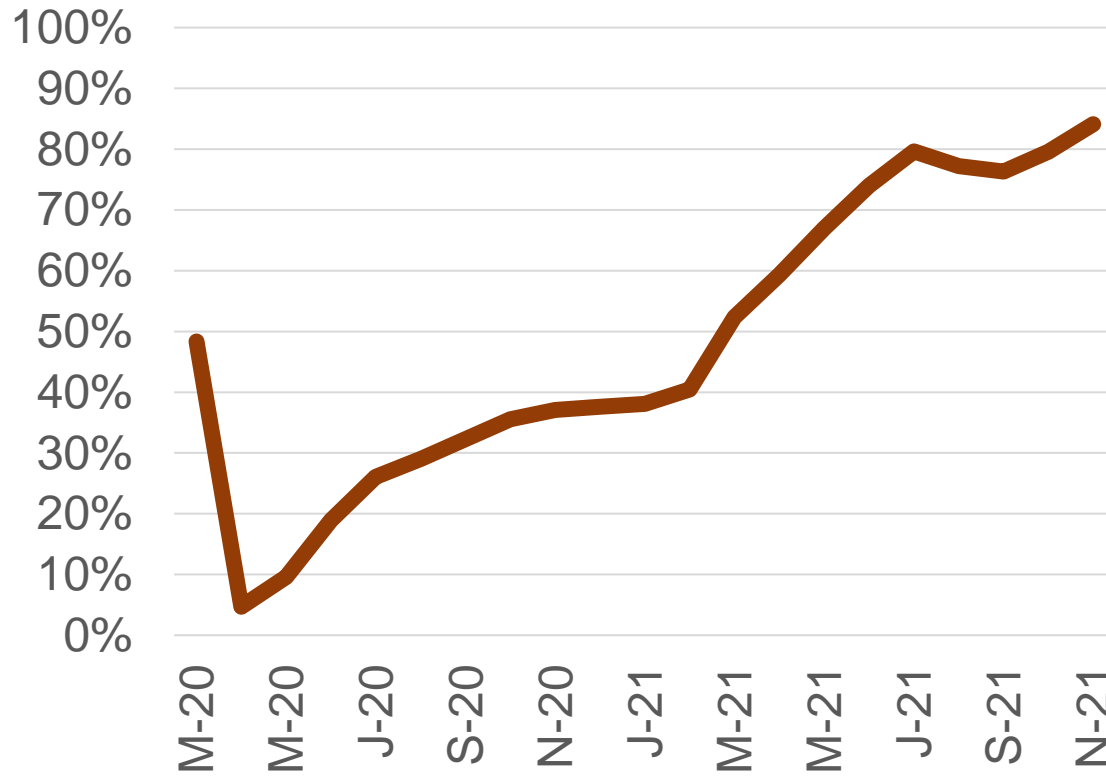
- Independent stores driving closures
- Independent dining (**casual and fine dining**), C-store, and neighborhood bar closures were largest contributors to closures

Source: NielsenIQ TDLinx

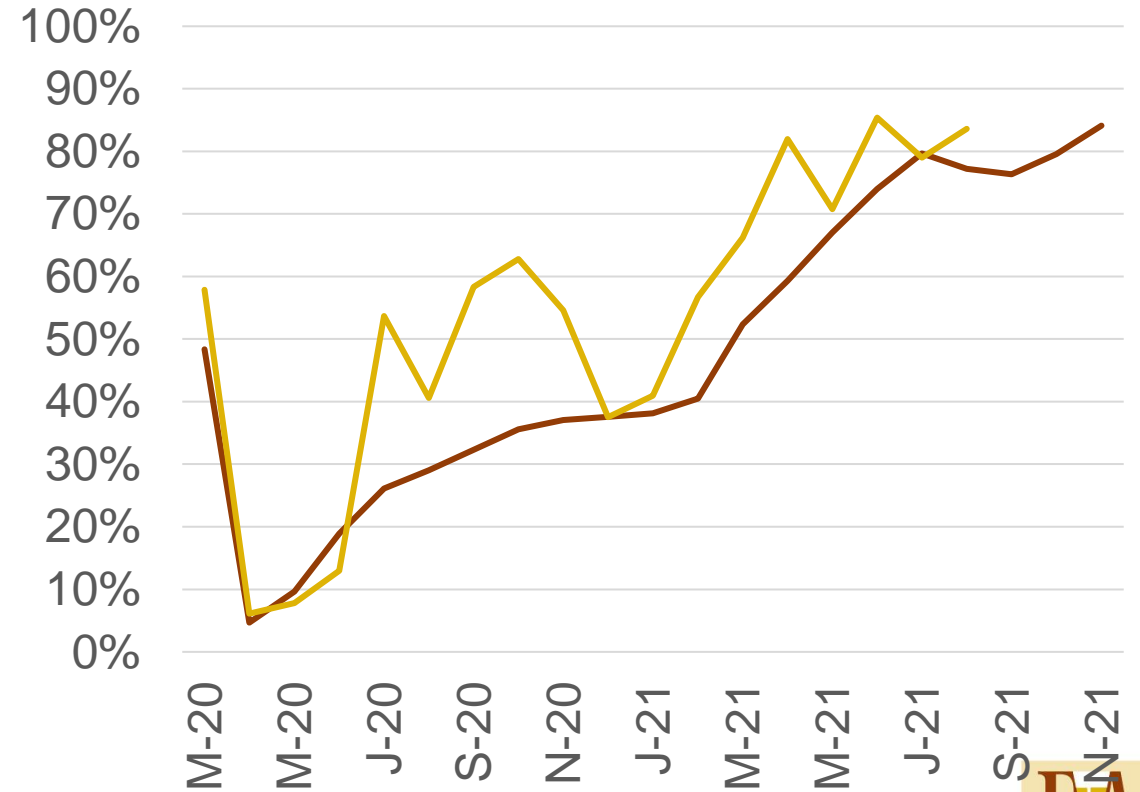


Similar to Other Curves

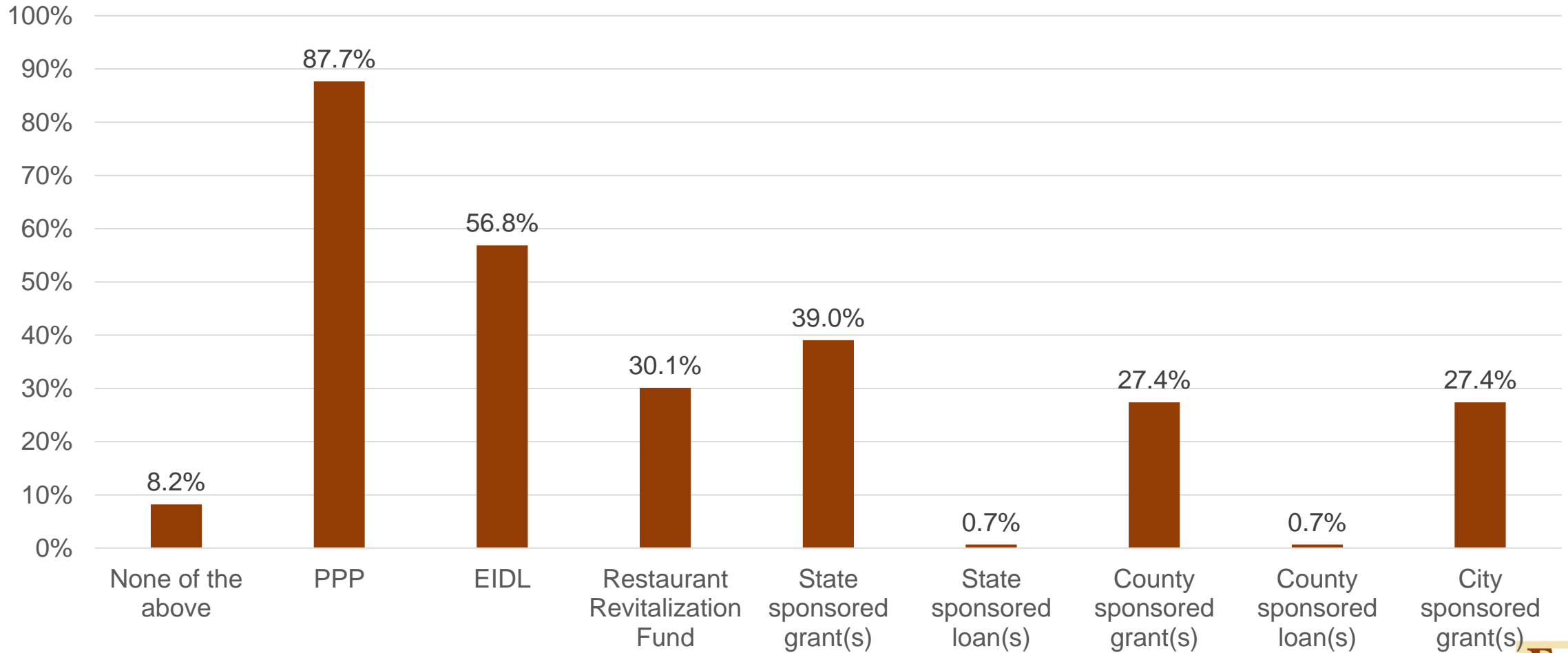
TSA Traveller Throughput vs 2019
by Month



— TSA Travellers — Kegs (Production + Imports)



Relief Programs

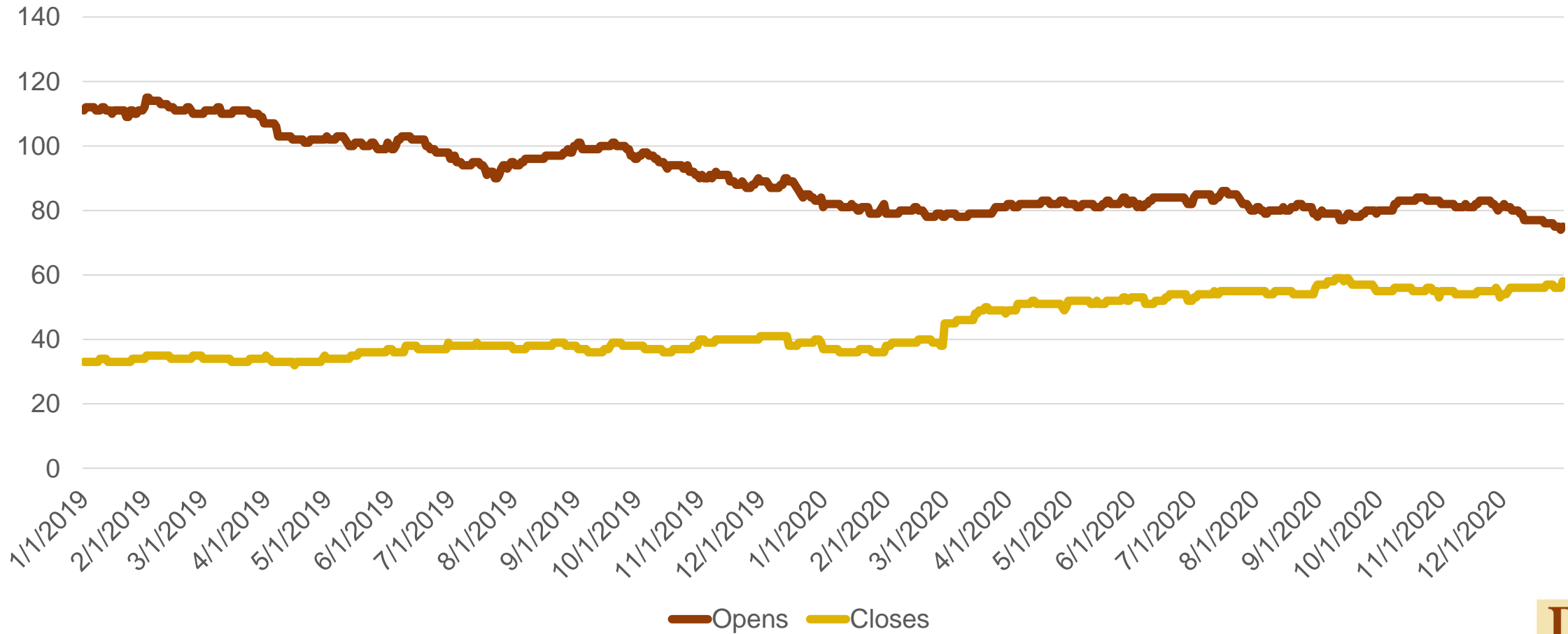


Note: Possible response bias here (people who fill out forms...)



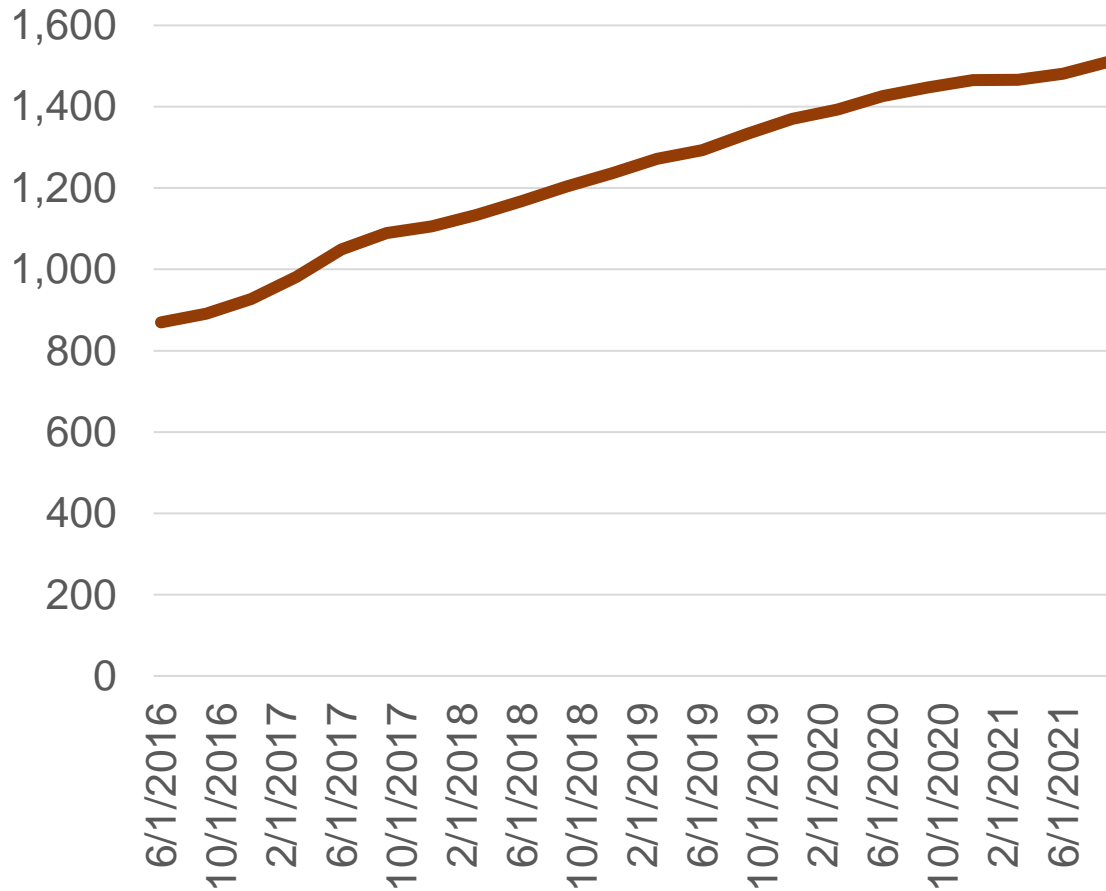
Relief Forestalled Major Closings

Openings Still Outpacing Closings

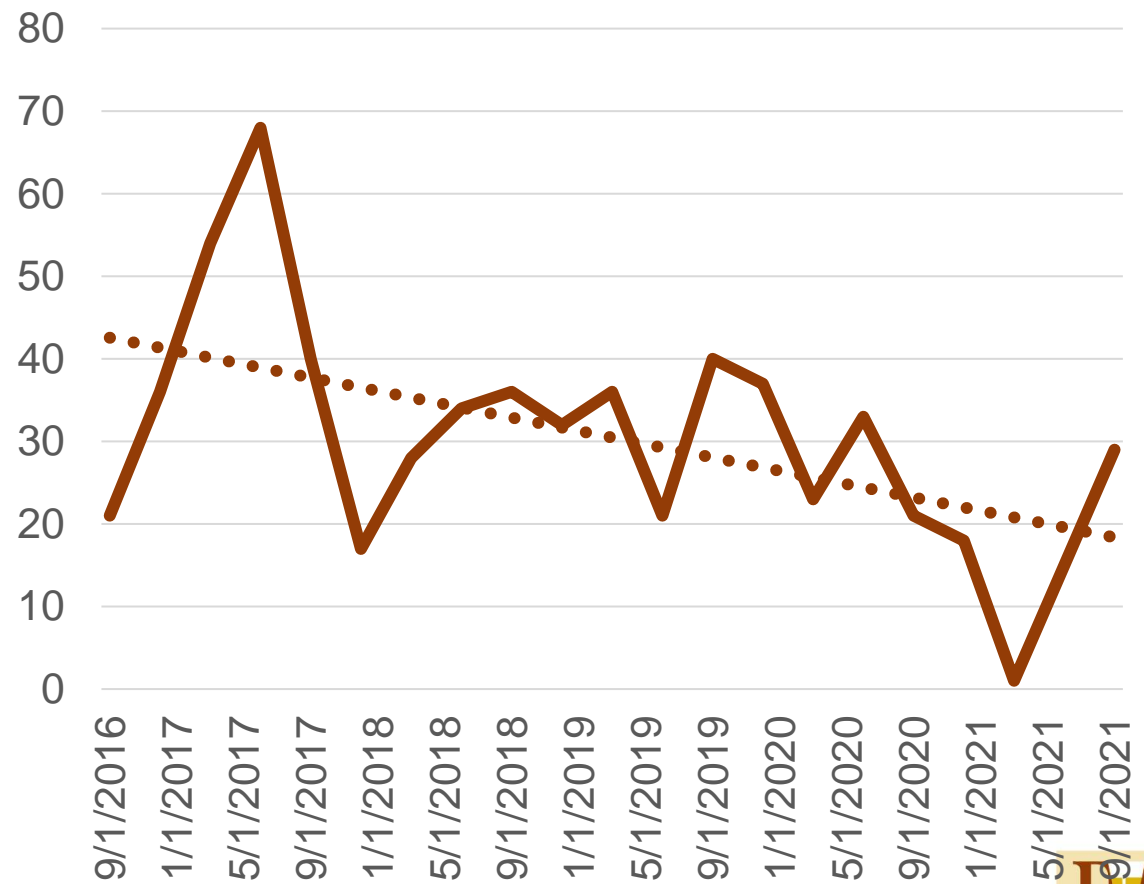


Growth, But Slowing Growth

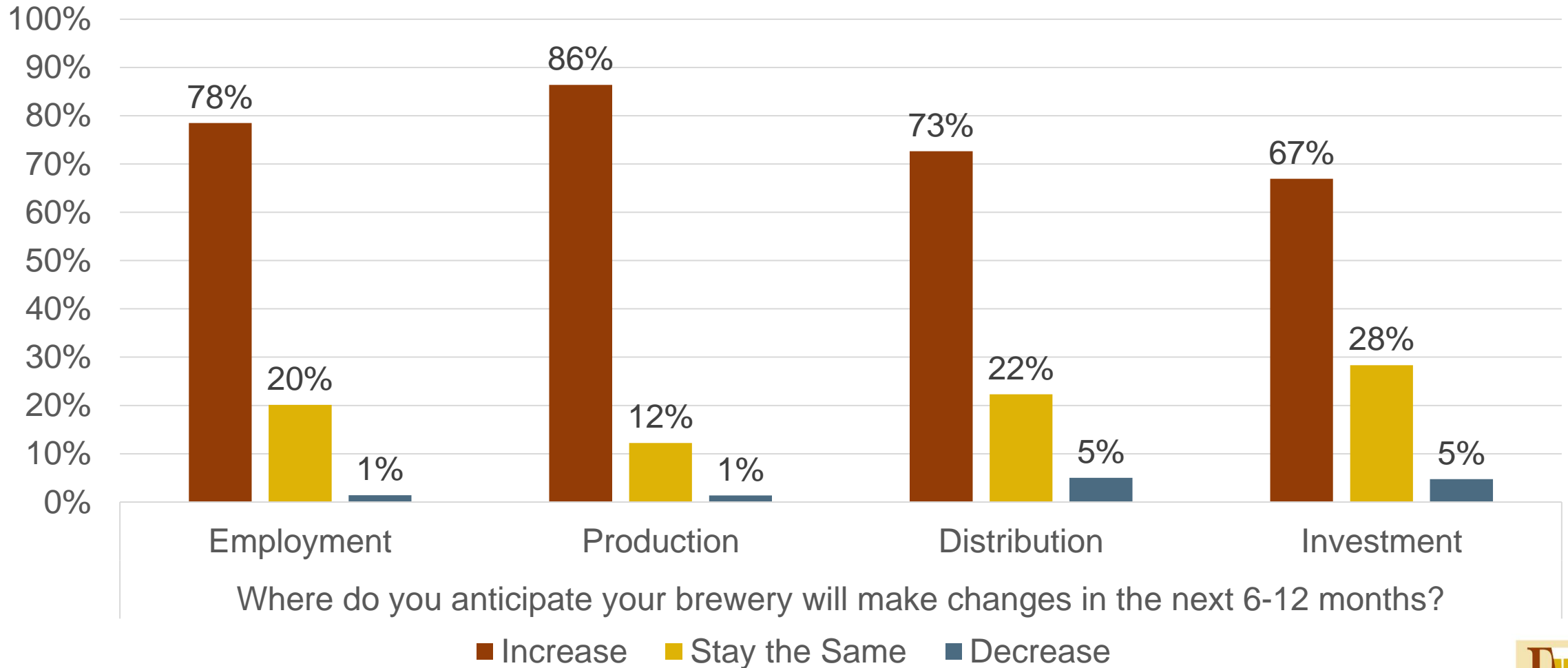
CA TTB Permits



Quarterly Change

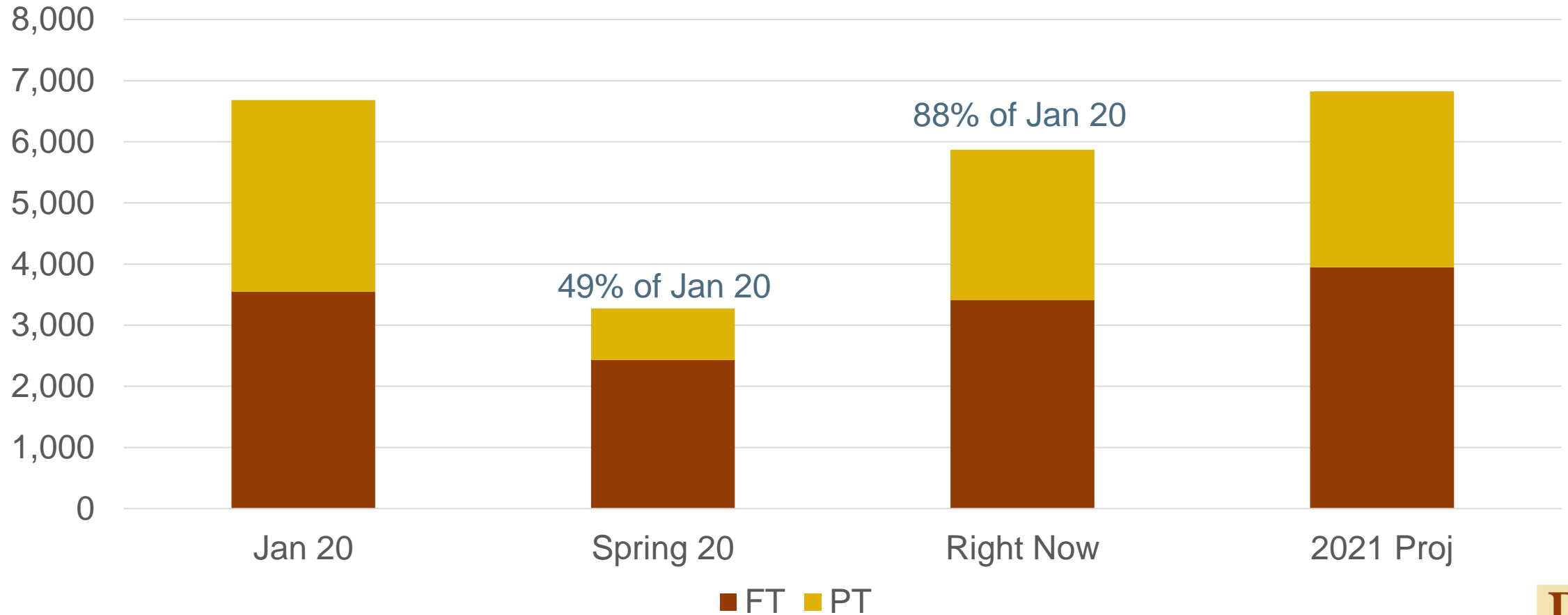


Optimism About the Future



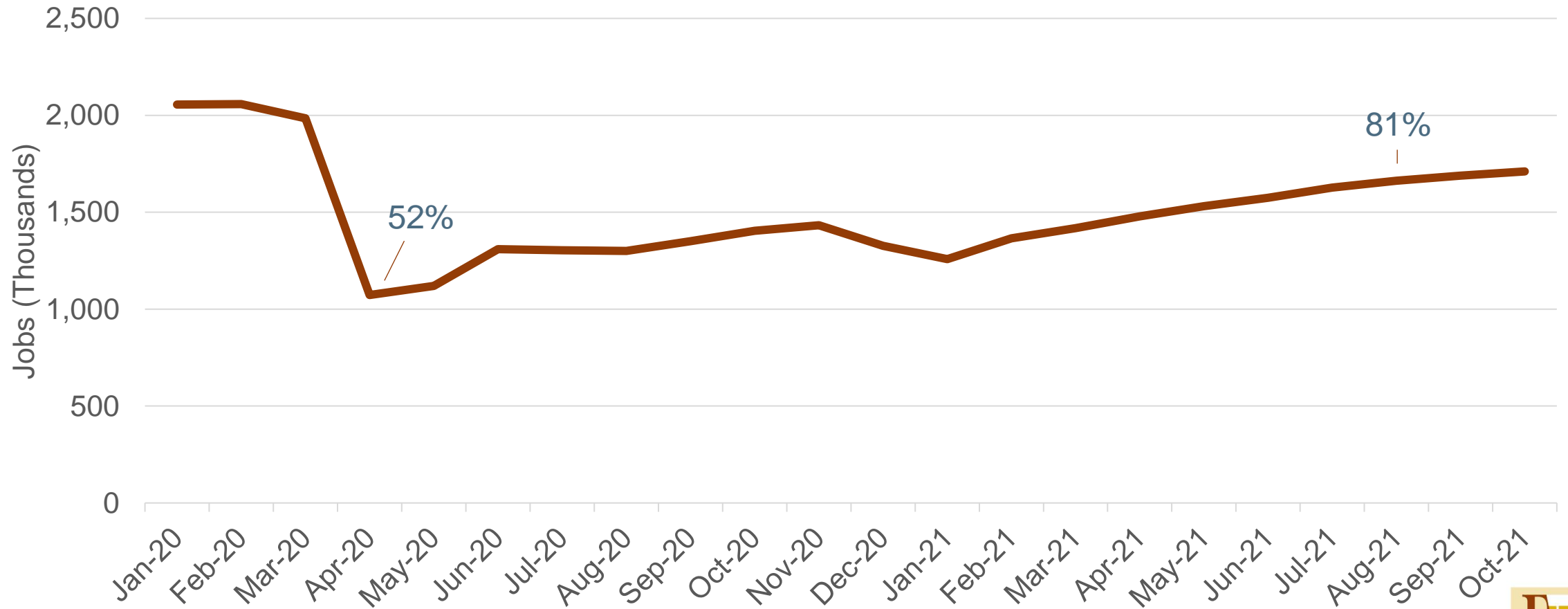
Jobs Coming Back

Employment from Survey



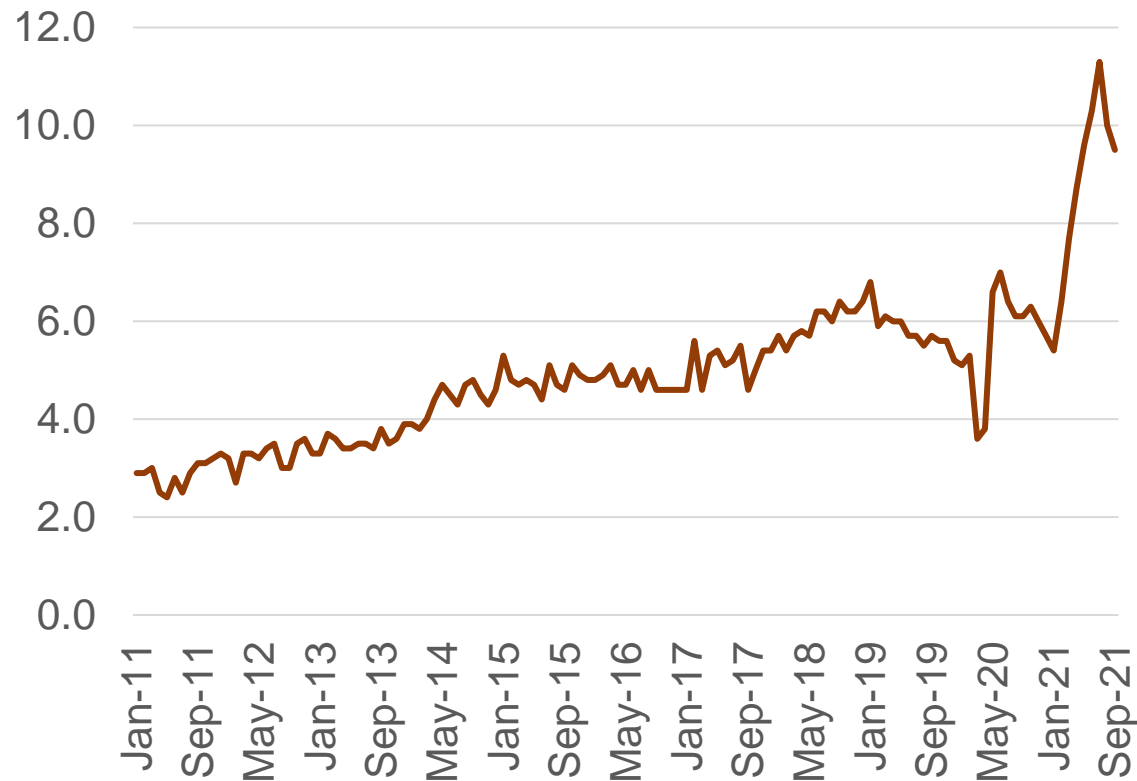
Better Recovery than State Industry Avg

CA, Leisure & Hospitality Employment

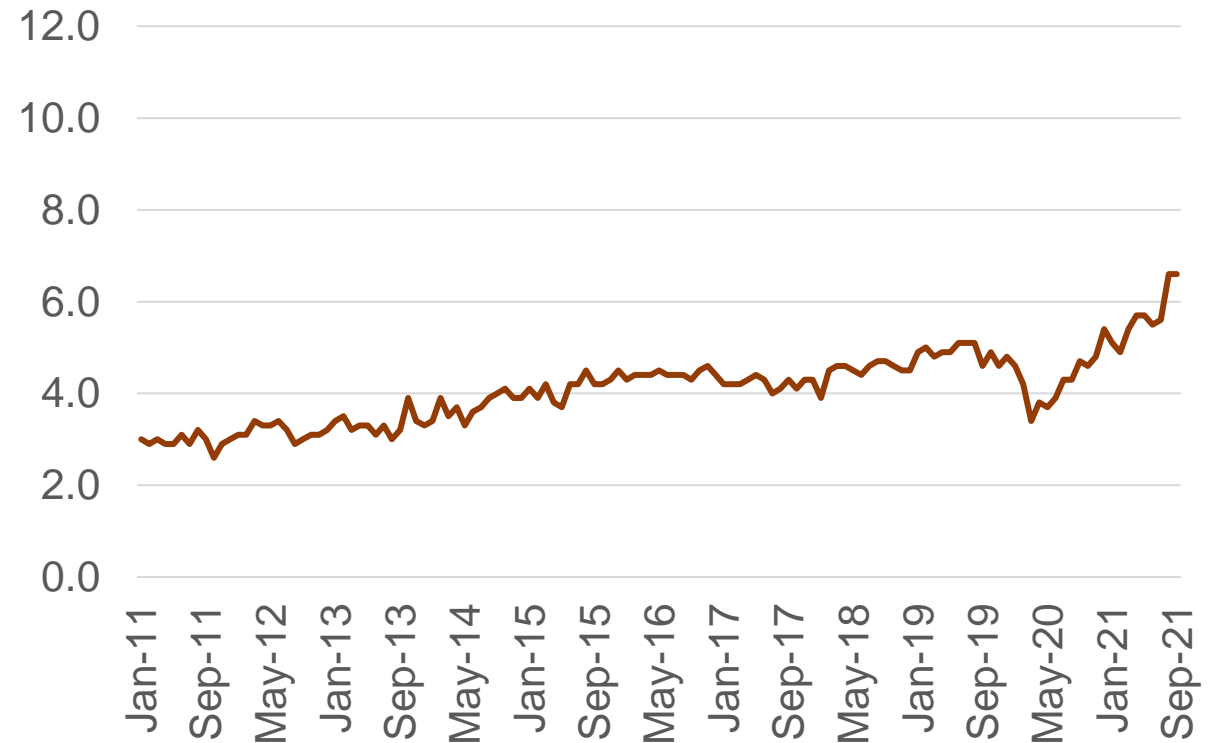


Turbulent Market

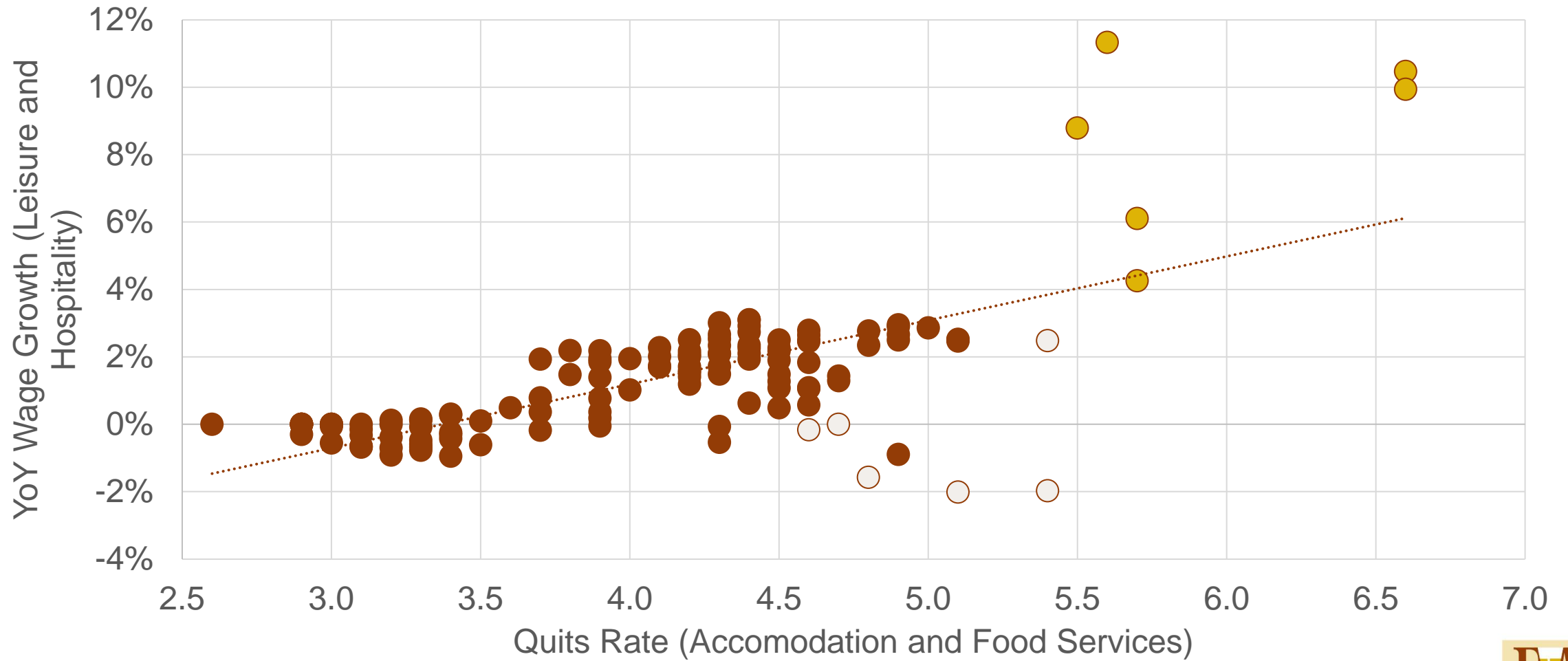
Job Opening Rate, Seasonally Adjusted
Accommodation and Food Service



Quits Rate, Accommodation and Food
Services



Beware Simple Stories



Thank you!



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BrewersAssociation.org
CraftBeer.com
HomebrewersAssociation.org

