Less Expansive,
More Expensive Pie;
Many More Mouths

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Craft Brew News

beer marketer’s INSIGHTS

American Hop Convention 2017     Bend, OR     January 20, 2017
# Beer Marketer’s INSIGHTS

**Founded** 1970 by Jerry Steinman  
**Current publisher:** Benj Steinman  
**VP/Executive Editor:** Eric Shepard

### Newsletters:
- beer marketer’s INSIGHTS  
- INSIGHTS Express  
- Craft Brew News  
- Beverage Business Insights  
- Alcohol Issues INSIGHTS

### Annual Statistical Publications:
- Beer Industry Update  
- Craft Brew Guide
The U.S. beer pie ain’t growin’...

- Less expansive: shrinking or stabilized overall U.S. beer volume
- More expensive: major shift to high-end and above-premium segments
- Many more mouths: massive increase in brewers and brands

...but the table’s getting crowded
Beer vs Wine & Spirits: losing share of per capita consumption

Share of Absolute Alcohol Per Capita Consumption

Per Capita Consumption
1980: 259 12-oz servings
2014: 213 12-oz servings
(-18.1%)

Share of Absolute Alcohol Per Capita Consumption
1995: 59.4%
2014: 50.8%
(-8.6 pts)
Overall volume: stable, down from peak

- U.S. Shipments:
  +0.2% in 2015,
  +0.6% since 2005
- Down 6.7 mil bbls, 3.1% since peak in 2008
- Domestic taxpaid down 9+ mil bbls, ~5% since peak

At 175.5 mil bbls, domestic shipments in 2015 were about the same size as in 1984, and smaller than they were in 1981.
2016: More of the same

Year-to-Date thru November:
- Domestic Taxpaid Shipments: -1.0%
- Imports: +6.9%
- Known Shipments: +0.2%
AB + MC lost ~26 mil bbls, 11 share, 2008-2016

**AB & MC Shipments, 2008-2015**

- **2008**: 171.5 mil bbls combined, 78.3 share
- **2016**: 145.6 mil bbls combined, 67.3 share

**Recent Retail Outlook:**

<table>
<thead>
<tr>
<th></th>
<th>2015 Trends</th>
<th>Share Chg</th>
<th>2016 Trends</th>
<th>Share Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB</td>
<td>-1.1%</td>
<td>-1.0</td>
<td>-1.0%</td>
<td>-0.7</td>
</tr>
<tr>
<td>MC</td>
<td>-1.2%</td>
<td>-0.6</td>
<td>-1.7%</td>
<td>-0.5</td>
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</tbody>
</table>

*BMI estimate

Nielsen, off-premise, all outlet data, volume
Above Premium takes over: +12.4 share 2008-2015

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</tr>
</thead>
<tbody>
<tr>
<td>Imports</td>
<td>+10.2%</td>
<td>+1.0</td>
<td>+10.1%</td>
<td>+1.2</td>
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<tr>
<td>Craft</td>
<td>+14.7%</td>
<td>+1.2</td>
<td>+5.7%</td>
<td>+0.3</td>
</tr>
<tr>
<td>Super Prem</td>
<td>+5.2%</td>
<td>+0.1</td>
<td>+9.2%</td>
<td>+0.4</td>
</tr>
<tr>
<td>FMBs</td>
<td>+4.2%</td>
<td>+0.0</td>
<td>+6.2%</td>
<td>+0.3</td>
</tr>
<tr>
<td>Cider</td>
<td>+10.8%</td>
<td>+0.1</td>
<td>-10.3%</td>
<td>-0.2</td>
</tr>
<tr>
<td>Prem Reg</td>
<td>-0.2%</td>
<td>-0.3</td>
<td>-0.4%</td>
<td>-0.2</td>
</tr>
<tr>
<td>Prem Lt</td>
<td>-0.2%</td>
<td>-1.2</td>
<td>-0.9%</td>
<td>-1.1</td>
</tr>
<tr>
<td>Budget</td>
<td>-2.2%</td>
<td>-1.0</td>
<td>-3.7%</td>
<td>-0.4</td>
</tr>
</tbody>
</table>

Nielsen, off-premise, all outlet data, dollar sales

Premiumization continues:
Above premium segments likely gained another 2 share volume in 2016.
Top 10 brands record modest gain, due to 3 hi-flyers*

10-yr % Chg

-14.6% Bud Light

+1.3% Coors Light

-41.6% Budweiser

-26.9% Miller Lite

+6.3% Corona Extra

-25.8% Natural Light

+6.6% Busch Light

+97.5% Mich Ultra

+319.1% Mod Especial

-22.8% Busch

Top 4:

-2.2 mil bbls in 2016
-21 mil bbls in 10 yrs,
-11 share

3 Hi-Flyers:

+2.7 mil bbls in 2016
+8.4 mil bbls in 10 yrs,
almost doubling

2016 Top 10:
>55 share, +0.3%

2006 Top 10: ~66 share

*BMI estimates
Craft growth slows to single-digits

Craft Shipments

(Early 2016 estimate: 23,900,000 bbls, +7%)

2015: 22,350,000 bbls

2010: 10,700,000 bbls

Bbls (000)

0 5,000 10,000 15,000 20,000 25,000

Recent Retail Outlook

52-Wk Volume Trend (% Chg)

0.0% 2.0% 4.0% 6.0% 8.0% 10.0% 12.0%

IRI Multi-Outlet + Convenience

Craft volume thru Dec 25:
+2.6% for 12 wks
+0.1% for 4 wks

Beer marketer's INSIGHTS
American Hop Convention 2017
January 20, 2017
Recent INSIGHTS Headlines:

Craft Teeters at Top As Long Tail, Taprooms and Global Brewer Craft Plays Pick Up Pace
(beer marketer’s, Vol 48, #2; Jan 23, 2017)

DOJ’s “Proposed Final Judgment” on ABI-SAB Is “Effective and Appropriate,” It Sez in Response to Comments
(INSIGHTS Express, Vol 19, #19; Jan 13, 2017)

Another 1,110 New Brewery Permits Issued in 2016; 7,190 Total
(Craft Brew News, Vol 8, #4; Jan 13, 2017)

ABI-Backed PicoBrew to Offer Restaurants/Bars In-House Brewing Appliance
(Craft Brew News, Vol 8, #3; Jan 11, 2017)

Do Alc Bev Regs in MO and CA Violate Free Speech Rights? Topic Heats Up in Two US Appeals Courts
(INSIGHTS Express, Vol 19, #14; Jan 20, 2017)

As Wal-Mart/Amazon Face Off, What About Beer, 3-Tier? More Disruption; 3 State Battles
(beer marketer’s, Vol 47, #20, Oct 24, 2016)

Bottom Line: Consolidation within fragmentation, creating constant flux and shift
thank you!

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