Trends in Beer and Wine Industry

National Association of Attorneys General
Charlottesville, VA
April 4, 2017
Record # of Industry Participants

- Over 6,000 Federal Brewer Notices
  - 49,000+ employees in beer manufacturing
- Over 12,000 Federal Alcohol Wholesaler Permits
  - 130,000+ employees in beer distribution
- Over 1,000 Distilled Spirits Plants
- Over 7,000 Wineries
- Over 617,000 retail outlets that sell beer
- Record # of SKUs
  - Most consumer choice per Nielsen
Most new brewers have less than 5 years of operating experience and have never weathered an economic downturn.

Per Capita Beer Consumption Total US (LDA) 2006 to 2016

Year | Per Capita Beer Consumption
--- | ---
2002 | 31.1
2003 | 31.0
2004 | 31.0
2005 | 30.5
2006 | 31.0
2007 | 30.5
2008 | 30.0
2009 | 29.5
2010 | 29.0
2011 | 28.5
2012 | 28.0
2013 | 27.5
2014 | 27.0
2015 | 26.5
2016 | 26.0
Changing Beer Segments 1980 vs 2014

- **1980**
  - Premium: 62.3%
  - SubPremium: 28%
  - Above Premium: 9.5%

- **2014**
  - Premium: 43.1%
  - SubPremium: 21.7%
  - Above Premium: 34.9%

Changing High End Beer Industry 1980 vs 2014

1980: Craft 0, SuperPrem 6.9, Imports 2.6

2014: Imports 14.1, SuperPrem 7, FMB 3.8, Craft 9, Cider 1

Craft vs. Import Market Share
1980 to 2016

Source: Complied by NBWA, Commerce Department. and Brewers Association, 2016.
### Top Five vs. All Others

**Market Shares in U.S.**

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>AB (1852)</td>
<td>23%</td>
<td>ABInbev (1366/2008)</td>
<td>43%</td>
</tr>
<tr>
<td>Miller (1855)</td>
<td>15%</td>
<td>SABMiller-Coors (2007)</td>
<td>24%</td>
</tr>
<tr>
<td>Schlitz (1849)</td>
<td>14%</td>
<td>Constellation (1940)</td>
<td>8%</td>
</tr>
<tr>
<td>Pabst (1844)</td>
<td>10%</td>
<td>Heineken (1864)</td>
<td>4%</td>
</tr>
<tr>
<td>Coors (1873)</td>
<td>8%</td>
<td>Pabst (1844/2014)</td>
<td>3%</td>
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<tr>
<td><strong>Top 5</strong></td>
<td><strong>70%</strong></td>
<td><strong>Top 5</strong></td>
<td><strong>83%</strong></td>
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<tr>
<td><strong>All Others - 44</strong></td>
<td><strong>30%</strong></td>
<td><strong>All Others - 4,995+</strong></td>
<td><strong>17%</strong></td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
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</tbody>
</table>

**Brewer Counts**
- **49** Brewer Counts*
- **5,000+** Brewer Counts*

*In 2016 more than 50% of brewers are new to industry in past 5 years!

Source: Beer Marketer's Insights, 2016. *brewer counts do not include importers.
Total U.S. Ethanol Per Capita Competition for Drinking Occasions

Source: Compiled by NBWA from Beer Institute, Discus and BIG, 2016
Differences in Alcohol Consumption Across Generations in 2016

Index Base = 100

Liquor Past 7 Days
Beer in Past 7 Days
Wine Past 7 Days

Source: Scarborough Research, 2016
Local Is Most Important to Beer Buyers

How Important is being locally made to your purchase decision for…

- Beer: 53%
- Wine: 34%
- Liquor: 25%

Source: Nielsen Quick Query Omnibus Survey, February 12-17, 2015 National. (Base: LDA consumers who drink at least several times per year)
Traditional On Premise Drinking Establishments
Hospitality establishments that primarily sell alcohol
2010 to 2015

## TTB Permitted Brewery Count  
7,180 as of 12/31/2016

<table>
<thead>
<tr>
<th>State</th>
<th>Count</th>
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<tr>
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<td>North Dakota</td>
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<td>New York</td>
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<td>Wisconsin</td>
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<tr>
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<td>47</td>
<td>North Carolina</td>
<td>260</td>
<td>Wyoming</td>
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</tbody>
</table>

Alcohol Tourism and Beyond

Brew at the Zoo
Beneffiting Reid Park Zoo

2016 - 2017
Texas Hill Country
Wineries
Guide & Map

Brew Trail

Pennsylvania Breweries & Brewpubs Map

Create & Map Your Brew Trail

Add a brewery to your trail

BOOK YOUR EXPERIENCE ONLINE TODAY

Kentucky Bourbon Trail

Complete your Passport
Get your free 2-shott P&N!
What Has Not Changed

- Beer is heavy
- Beer is perishable
- Beer needs to be climate controlled
- Beer is intoxicating and can be abused
- Beer is alcohol.
  - Alcohol is regulated by the 21st Amendment.
Some Issues Facing AGs

- DOJ review and monitoring of ABI-SABMiller merger
- Defense of state alcohol laws in court
- Is alcohol just another commodity?
- “The size of the pie is staying the same. It is just getting cut up by more players.”
- Economic development/ higher skill/ higher wage jobs vs. Economic activity/ lower wages