



THE SIBA INDEPENDENT BEER REPORT 2024

THE UK'S CRAFT BREWING SECTOR IN FOCUS



in association with

EST. 1872
CROXSONS
William Croxson



Welcome

FOREWORD BY ANDY SLEE, CEO, SIBA

Welcome to the 2024 SIBA Independent Beer Report, the first under our revised name The Society of Independent Brewers & Associates.

My thanks to all those who made the report possible, especially the SIBA members whose data forms the bedrock of what is to follow.

The report is a fascinating insight into the workings of our much-loved sector and will be of use whether you brew or sell beer, write about it, supply to the sector or, in SIBA's case, lobby on its behalf for positive reform.

Demand strong

Demand for local, independently brewed beer in the UK is strong, with SIBA members reporting production volumes up +14%, meaning they have finally overtaken 2019 volumes again as drinkers' desire to support our sector continues.

Rumours of the demise of cask beer seem greatly exaggerated with small brewer cask volumes showing +10% year-on-year growth. With global brewers walking away from cask it will be SIBA members' collective action that enables it to survive and thrive over the coming years. Whilst Carlsberg's brewery closure programme is a huge blow for those directly affected, it creates an opportunity for our members to satisfy local demand.

Short to medium term profitability a challenge

In the short term, making profit from that increased demand for beer remains a challenge, as it does for the rest of hospitality sector.

High input cost increases can't always be passed on to customers, which puts pressure on margins already squeezed by ruinously high rates of taxation, utility cost increases etc.

The parlous state of a key market, the Great British pub, is a concern for everyone in brewing, with closures continuing and cash tight, the temptation to take the global brewers' dollar is increasing for publicans and with that, the route to market for small independent brewers is ever more squeezed.

Whilst there is no silver bullet solution to these profitability challenges, small independent brewers have shown time and time again their ingenuity in times of challenge.

Longer term opportunities

The report clearly identifies several opportunities for growth. The no and low alcohol beer category continues to grow alongside craft lager, exports remain an underexploited route for independent brewers, further capitalisation is possible on the new alcohol duty regulations, as well as further expansion of members owning more profitable routes to market - taprooms, pubs and bars.

SIBA members now run 2,000 between them, making us a strong voice in both manufacturing and hospitality retail.

There are also clear signs in this year's report to indicate consumers increasingly view independent beers as a premium product, for which they are willing to pay more, and also that while they are going out less, they are spending more when they do go out.



**DEMAND FOR LOCAL, INDEPENDENTLY
BREWED BEER IN THE UK IS STRONG,
WITH SIBA MEMBERS REPORTING
PRODUCTION VOLUMES UP +14%**

+14%

However, a dark cloud looms over UK brewing. Only 30% of 18–24-year-olds claim to EVER drink beer with only 1/3 of those doing so once a week. Figures that put beer behind other drinks categories like wines and spirits.

More creative brains than mine are best deployed on making our national drink more appealing to younger drinkers, and expect this to become more of a discussion in the years ahead.

And finally...

You will all have your own take on this report, but a final thanks from me to SIBA members, 93% of whom said they would recommend SIBA to a colleague. Please do so. The more brewers who join SIBA, the more we can do on behalf of the independent brewing sector.

Enjoy this fascinating read. I look forward to sharing a beer with as many of you as possible over the next 12 months and understanding your personal perspectives.

5 CAUSES FOR OPTIMISM

1. SIBA members are reporting beer production volumes up +14% since our last report, overtaking pre-pandemic levels for the first time, with cask volumes up +10% year-on-year.
2. 65% of SIBA members say they have made positive steps towards becoming more sustainable in the last 12 months.
3. Despite reported doom and gloom, and some high profile casualties, we have only 1% fewer brewers in the UK today than we had a year ago.
4. 55% of beer consumers now drink local craft beer, up from 47% who said they drank it in our 2023 YouGov poll. This puts it level with the 55% who drink global lager.
5. Although 43% of SIBA members cite “survival” as their main priority, this is down -20% from 63% last year.

5 CAUSES FOR CONCERN

1. 43% of SIBA members claiming “survival” is their main priority is still way too high.
2. Only 30% of 18-24-year-olds EVER drink beer, falling behind wines and spirits, and almost a quarter of consumers (24%) say they NEVER visit their local pub.
3. Distribution of independent British beer in tied pubs falls woefully behind the latent demand for it.
4. Access to finance remains a challenge and is stifling further growth.
5. The average selling price for keg beer in to the on-trade has risen only +6% since 2019, and some routes, such as wholesale, have actually seen prices fall.

THANK YOU!

We would like to thank all the SIBA members who took the time to fill out our members' survey this year. We had 219 responses, which represents almost a third (32%) of SIBA's brewing membership, slightly down on the 278 from our 2023 survey. Of those respondents, 153 completed the full set of questions (representing 22.5% of SIBA brewing membership, a strong response for a membership survey). There was a good geographical spread among the responses, giving us a balanced insight into the current craft market.

A word from our Official Industry Partner

TIM CROXSON, CEO, CROXSONS



“Humankind was built on beer. From the world’s first writing to its first laws, in rituals social, religious, and political, civilisation is soaked in beer.” – William Bostwick

This time last year I was writing my words for the Craft Beer Report and talked about our genuine pleasure to continue supporting not only SIBA, but the beer industry as a whole. Although the view from my desk has changed, with our recent move to our new office in Sutton, our commitment to the beer industry is unwavering.

The beer industry continues to face onerous times, however breweries, contract fillers and suppliers, just like our products, are made of stronger stuff. With a summer of sport on the horizon there is an inkling of change. We know the beer industry provides huge value, both economically and socially and we look forward to seeing the beer industry flourish during a season of celebration.

This year I want to put a focus on sustainability and the future that we are all moving towards. New innovations mean we are looking at right-weighted bottles and effective ways of producing glass packaging with hydrogen powered furnaces and distributing around the UK.

Not only do we want to have an impact on the planet, but supporting people to thrive in their communities is something we are passionate about. This is why we give generously to projects that can make a difference to people both here in the UK and around the world. As a business we can’t do everything but we must do something.

Whether you are just starting out in business or have a long-standing history like us, collectively we can make a difference to the lives of the people around us. With integrity at our heart, we believe that we can create a sustainable future for the beer industry. We look forward to you joining us.



THE SIBA INDEPENDENT BEER REPORT 2024



Contents

Foreword	2-4
Contents	5
What is the SIBA Craft Beer Report?	6-7
Section 1 The British Craft Beer Market in 2024	8-17
Section 2 The Craft Beer Category	18-19
Section 3 The Retail Landscape	20-29
Section 4 SIBA Membership	30-31
Section 5 The Craft Beer Drinker	32-37
Section 6 Consumer Motivation	38-45
Section 7 The Opportunity for Independent Craft Beer	46-49
Section 8 Beer Styles in 2024	50-53
Section 9 Financial Performance	54-55
Section 10 Sustainability & Community	56-59
Section 11 The Craft Beer Workforce	60-65
Section 12 Conclusion & Sources	66



Caroline Nodder

What is the SIBA Craft Beer Report?

This report is the most definitive annual look at the independent craft beer market in the UK and the challenges faced by the country's independent brewers.

This is the fifth such report that SIBA has produced, although due to the pandemic, no report was produced in 2021, so some graphs will show missing data during that time period.

The aim of the SIBA Craft Beer Report is to offer insight and ideas that SIBA members and retail customers can take away and consider when making strategic decisions. To make it as comprehensive as possible, as well as analysing the results of the latest annual SIBA members' survey, we have also analysed the most recent industry data available and taken a much broader look at the market as it stands in 2024. We have also commissioned some exclusive new consumer research through YouGov to help uncover underlying trends, and this year, for the first time, we include in-depth analysis from a report commissioned exclusively by SIBA from industry data specialist HDI.

This report has been written and researched by SIBA Independent Brewer magazine's Editor Caroline Nodder, with input from the wider SIBA team, using the key statistical sources and reports listed opposite to help draw out emerging trends and highlight potential future growth areas and opportunities for independent craft brewers and craft beer retailers:



Professor
David Tyrrell

Professor
Geoff Pugh

The 2024 Annual SIBA Members' Survey

Unless otherwise stated, all statistics relating to SIBA brewing members in this report are taken from the latest annual members' survey as analysed by Professor David Tyrrell, Visiting Professor of Accounting and Policy at Staffordshire University and Senior Research Associate, Intellectual Forum, Jesus College, Cambridge University and Professor Geoff Pugh, Professor of Applied Economics at Staffordshire University. Both academics have previously provided research to support the successful campaign to introduce Progressive Beer Duty and more recently worked with SIBA colleagues to inform HMT's reform of Small Breweries' Relief. This latest in-depth members' survey was completed in February 2024 and survey results were compared with those of previous years to highlight trends.

Industry Insight & SIBA Independent Brewer

We commissioned expert analysis by CGA by NIQ's Nick Riley and were granted access to market data from CGA by NIQ for use in the report. For the first time this year we also commissioned some exclusive insight from consumer trend analyst Mark Bentley at Hospitality Data Insights (HDI) and include references to a report compiled by HDI exclusively for SIBA in 2023, looking at the future opportunities for craft beer. As well as this, we reference research and data from the wider industry and include excerpts from interviews and comments published in previous issues of the quarterly SIBA Independent Brewer magazine to illustrate the findings of the report. Further references are included throughout and listed under 'sources' at the end.



Nick Riley

Mark Bentley

YouGov Craft Report Survey

The SIBA team commissioned a YouGov survey of 2,000 UK consumers in mid-February 2024 to assess their views on the craft beer market and find out more about their beer drinking habits. The results have been used exclusively in this report, and compared to previous SIBA YouGov polls taken between 2019 and 2023 to see how consumer attitudes have changed.



The British Craft Beer Market in 2024

Three years after all Covid restrictions in the UK were finally lifted, our survey finds that craft beer production from SIBA member breweries has at last recovered to pre-pandemic levels. There is no doubt that this slower than hoped period of recovery was compounded by the emerging financial crisis, which has made both retailers and consumers more nervous about returning to their pre-pandemic buying patterns. And despite significant growth in beer production volumes for SIBA brewers over the last 12 months, overall beer volumes being sold in the UK market – in both the on- and off-trade – have fallen this year, and now sit below 2019 levels.

BEER MARKET OVERVIEW*



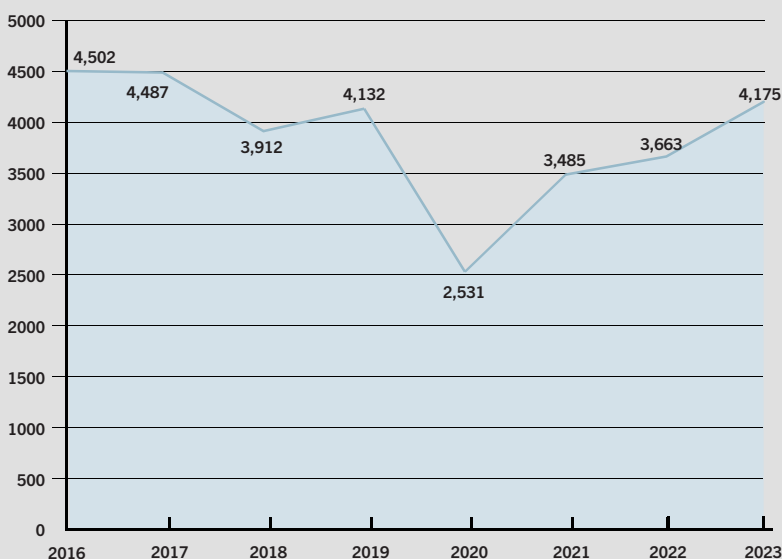
THIS FOLLOWS TWO YEARS OF GROWTH AS THEY RECOVERED FROM A DRAMATIC FALL OF -14.2% IN 2020 DURING THE PANDEMIC

*BBPA Beer Barometer

Bouncing back

This year's SIBA Members' Survey reveals that average annual beer production in 2023 among SIBA members rose +14% from 2022, finally overtaking 2019 levels by around +1%. This growth is heartening for independent brewers at a time when there is little let-up in the financial challenges they face, but it sits against the background of an overall beer market that this year has seen sales fall -1.8% to finish 2023 -5.6% below 2019. Interestingly, the off-trade has suffered alongside its on-trade counterpart, demonstrating that the pandemic effect, which drove consumers to drink more at home, has waned, and been replaced with an overall decline in beer sales across the board. This is likely to be the result of a 'perfect storm' of factors which we will explore in more depth later in this report.

AVERAGE ANNUAL PRODUCTION BY SIBA MEMBER BREWERIES 2016-23 (HL)



Moving on up

The latest British Beer & Pub Association (BBPA) Beer Barometer figures reveal that beer sales in the on-trade fell during the course of 2023 by -0.4%, proving that the post-pandemic rush back to pubs has now subsided, albeit this is a smaller percentage drop than in the off-trade where sales fell -2.8% last year. This might seem surprising given the current squeeze on consumer spend, which typically drives drinkers into the cheaper realms of the supermarket beer aisle, but it reflects both an overall fall in beer sales across the whole market and also rising prices in the off-trade. What is perhaps more interesting is that off-trade sales, which boomed during the pandemic, have now fallen below 2019 levels again, and indeed the on-trade gained market share, albeit fractionally, with a rise of just under +1% in 2023 to take 42% of sales compared to 58% in the off-trade.

Historically, off-trade beer sales had been in consistent growth since 2013, peaking at a +19.4% jump during the pandemic in 2020 when pubs were shuttered. The last two years have seen the off-trade understandably fall back from this pandemic peak, but this latest drop looks to indicate a new, more embedded, downwards trend which could perhaps be explained by permanent changes in consumer drinking behaviour. Factors such as the growth in the wellness and mindfulness movements, the economic crisis restricting spend and a move towards consuming less but focussing on quality and experience may have pushed drinkers away from their sofas and cheap supermarket deals and pushed beer into special occasion territory – an area where premium craft beer really comes into its own. Definitely one to watch for next year's report.

ON vs OFF*

ON-TRADE BEER SALES FELL BY

-0.4%

IN 2023, LEAVING THEM JUST OVER -12% BELOW 2019 LEVELS DESPITE HAVING SURGED +41% IN 2022 AS THEY RECOVERED FROM THE PANDEMIC

OFF-TRADE BEER SALES WERE ALSO DOWN IN 2023 BY

-2.8%

ENDING THE YEAR -0.3% BEHIND 2019 LEVELS



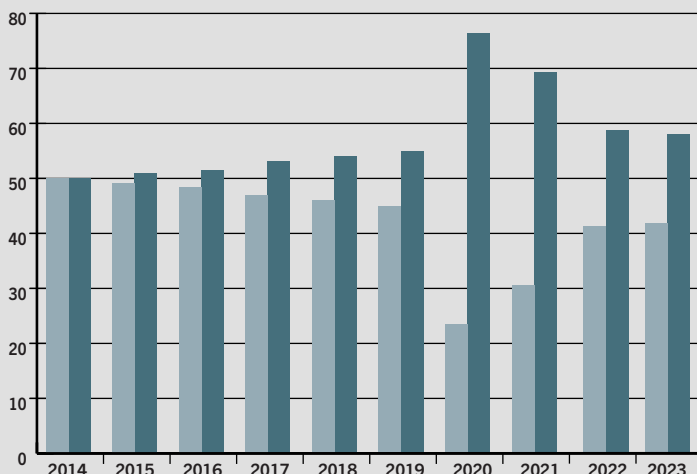
OF BEER SALES WERE MADE IN THE ON-TRADE IN 2023, UP MARGINALLY BY JUST UNDER +1% FROM 41% IN 2022

11.5 MILLION

FEWER PINTS OF BEER WERE SOLD IN THE ON-TRADE IN 2023 COMPARED TO 2022

*BBPA Beer Barometer

PERCENTAGE OF TOTAL UK BEER SALES*



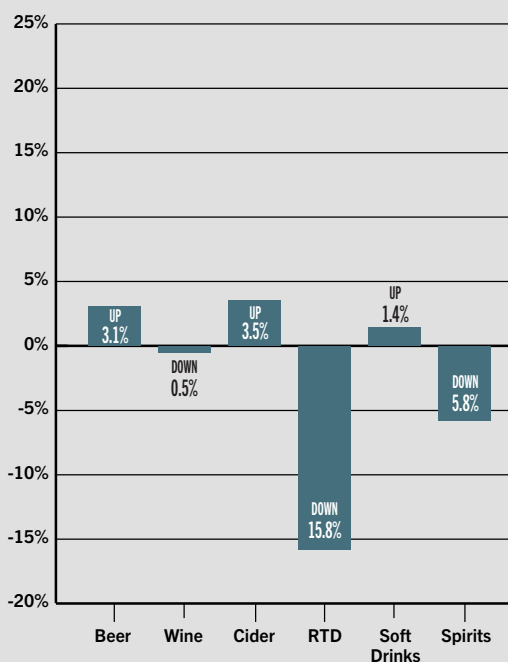
*BBPA Beer Barometer

ON-TRADE OFF-TRADE

Added value

Adding more fuel to the theory that consumers are drinking less but drinking better are the latest year-on-year comparisons of category value in the on-trade from CGA by NIQ. Here we see beer grow in value in 2023 by +3.1% despite the fall in sales volumes over the same time period, a clear demonstration not only that prices are rising as a result of inflation but perhaps also that consumers are looking to premiumise and seeking better quality when they do go out. Interestingly, the two big winners in terms of value in last year's report – spirits and RTDs – are this year's biggest losers. Could this be a sign that on-trade custom is settling back down after the high octane party atmosphere of the months after pubs fully re-opened? Certainly it suggests the consumer love affair with gin might be on the wane. And besides beer, this year's two other biggest winners are cider and soft drinks, which both saw value growth – arguably this suggests a lot more sensible drinking was going on in 2023.

ON-TRADE VALUE BY CATEGORY 2023 COMPARED TO 2022*



* CGA OPMS value data to P13 30/12/2023

SIBA's UK Brewery Tracker

A year on from its launch in January 2023, SIBA's quarterly UK Brewery Tracker has proved a useful tool in monitoring the definitive number of actively trading breweries in 10 areas of the UK. This enables us for the first time in this year's Craft Beer Report to not only give a confident figure for overall UK brewery numbers, but to look at the first whole year of data to highlight some of the underlying trends when it comes to brewery closures across the UK.

AT THE START OF 2024 SIBA'S UK BREWERY TRACKER SHOWED THERE WERE



ACTIVE BREWERS IN THE MARKET

THIS REPRESENTS A FALL OF -13, OR JUST BELOW -1%, FROM THE 1,828 TRADING AT THE START OF 2023

Strength in numbers

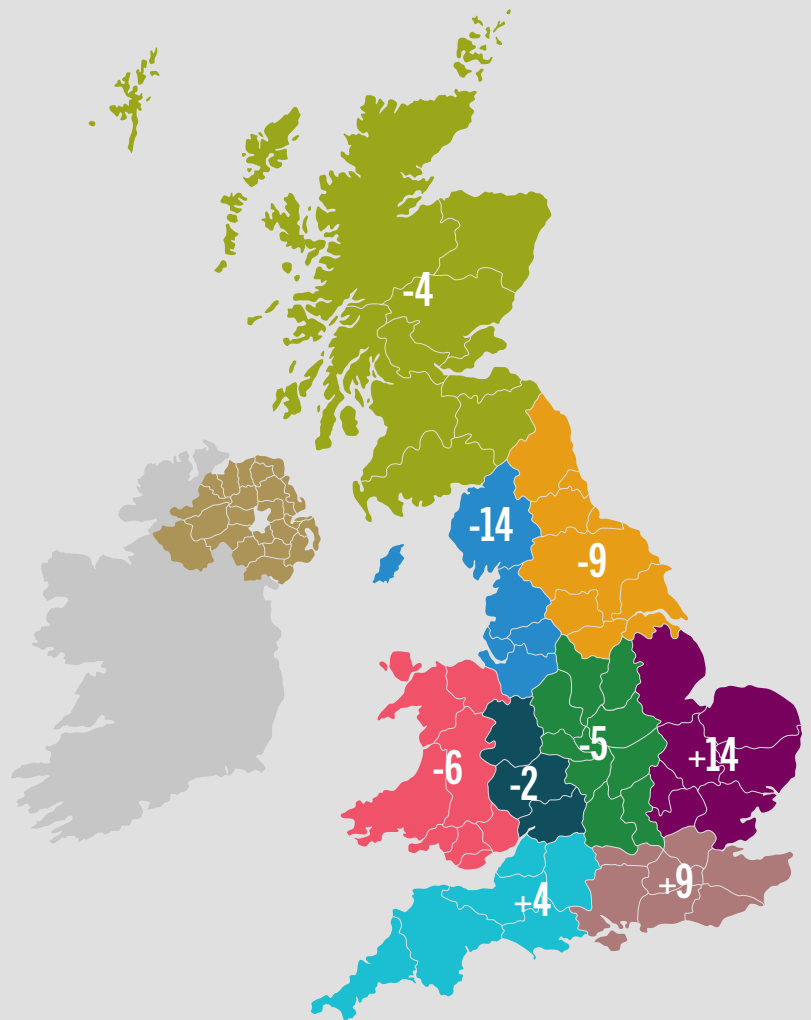
SIBA had a total of 680 brewing members at the beginning of 2024, down from 684 at the start of 2023, and making up 37.5% of brewers in the UK market. This decline of just over -0.5% is lower than the overall brewery closure rate for 2023 which was around -1% of the market according to the latest figures from the SIBA UK Brewery Tracker. This marks a stabilisation in SIBA brewing membership numbers after two years of decline which saw membership fall from just over 700 at the start of 2021. It is worth noting that during 2023 66 brewers joined SIBA as new members. This suggests that while some brewers have resigned their membership, likely due to the continuing and severe financial pressures in the market, these same pressures have also led to a growing number of new brewers seeking out the support and advice that SIBA offers. The Tracker also reveals that some regions – notably the East of England and the South East – have reported a number of new breweries opening. This indicates that there is still room for growth in some areas, but this is very dependent on local conditions.

SIBA MEMBER BREWERIES ACCOUNT FOR



OF ALL UK BREWERIES

NUMBER OF BREWERY CLOSURES BY REGION IN 2023*



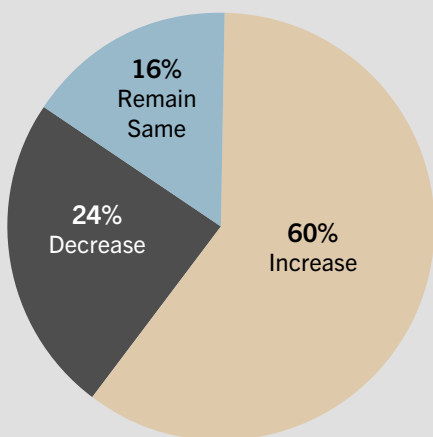
*Data from SIBA UK Brewery Tracker (comparing 01/01/23 – 01/01/24)



Predictions for 2024

Our survey this year shows that brewers are more pessimistic about their business performance in 2024 than they were last year, with almost a quarter (24%) expecting their turnover to fall this year compared to 16% in last year's survey. On top of this only 60% of brewers expect to see any increase, down -3% on last year's numbers. This is not unexpected, as they have been living with the effects of the economic crisis and rising costs for the best part of two years now, with no sign that things will significantly improve in the short term.

EXPECTED CHANGE IN TURNOVER FOR 2024*

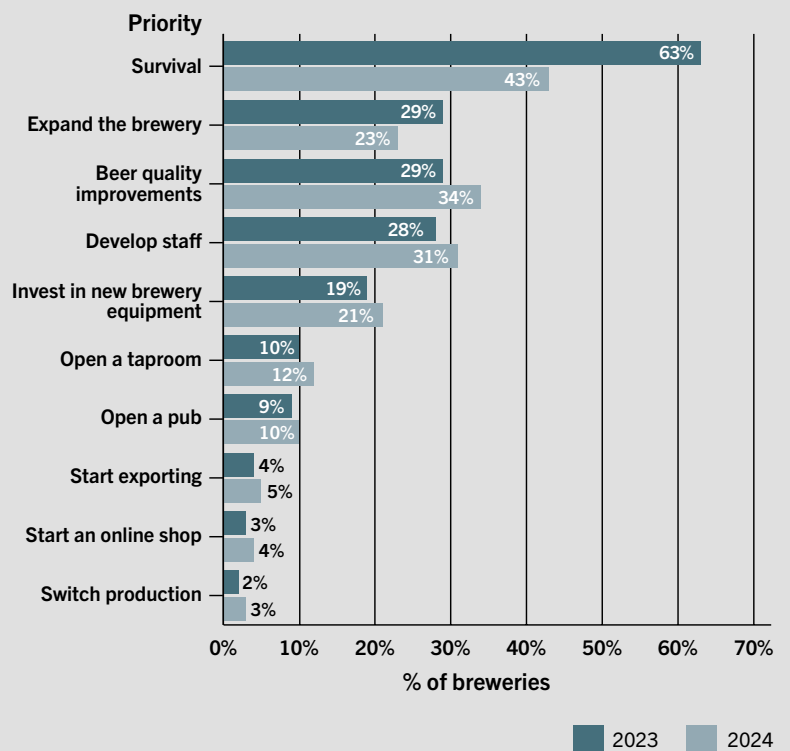


*For the financial year to April 2024

Survival skills

There is some good news. Our survey this year found that 20% fewer SIBA brewers are in survival mode – 43% say they are focussed on survival this year compared to 63% last year. This suggests that brewers have made the adjustments necessary to get through this challenging period, and are able to focus now on maintaining their business. However, perhaps not a big surprise, but we can also see that one of the things that brewers have had to reign in during these tough times is investment in growth, with only 23% saying expansion of their brewery is a focus this year compared to almost 30% last year. Focus instead this year has moved to beer quality and investment in team members, which is very positive in a climate where consumers are increasingly seeking out premium products and excellent service standards.

BUSINESS PRIORITIES FOR SIBA MEMBERS IN 2024



HIGHLIGHTS FROM THE 2024 SIBA MEMBERS' SURVEY...

+14%

**INCREASE IN
AVERAGE BEER
PRODUCTION
VOLUMES IN 2023**

SIBA MEMBERS'
PRODUCTION
INCREASED LAST YEAR
TO FINALLY OVERTAKE
2019 LEVELS BY +1%

*Production data from SIBA's
membership returns



+10%

GROWTH IN CASK PRODUCTION

FROM 53% OF SIBA MEMBERS' PRODUCTION IN 2022 TO 63% IN 2023



-10%

FALL IN BOTTLED VOLUMES

FOR THE FIRST TIME THIS YEAR CANS (10%) NOW ACCOUNT FOR MORE OF SIBA MEMBERS' PRODUCTION THAN BOTTLES (9%)



680

SIBA BREWERIES AT THE START OF 2024

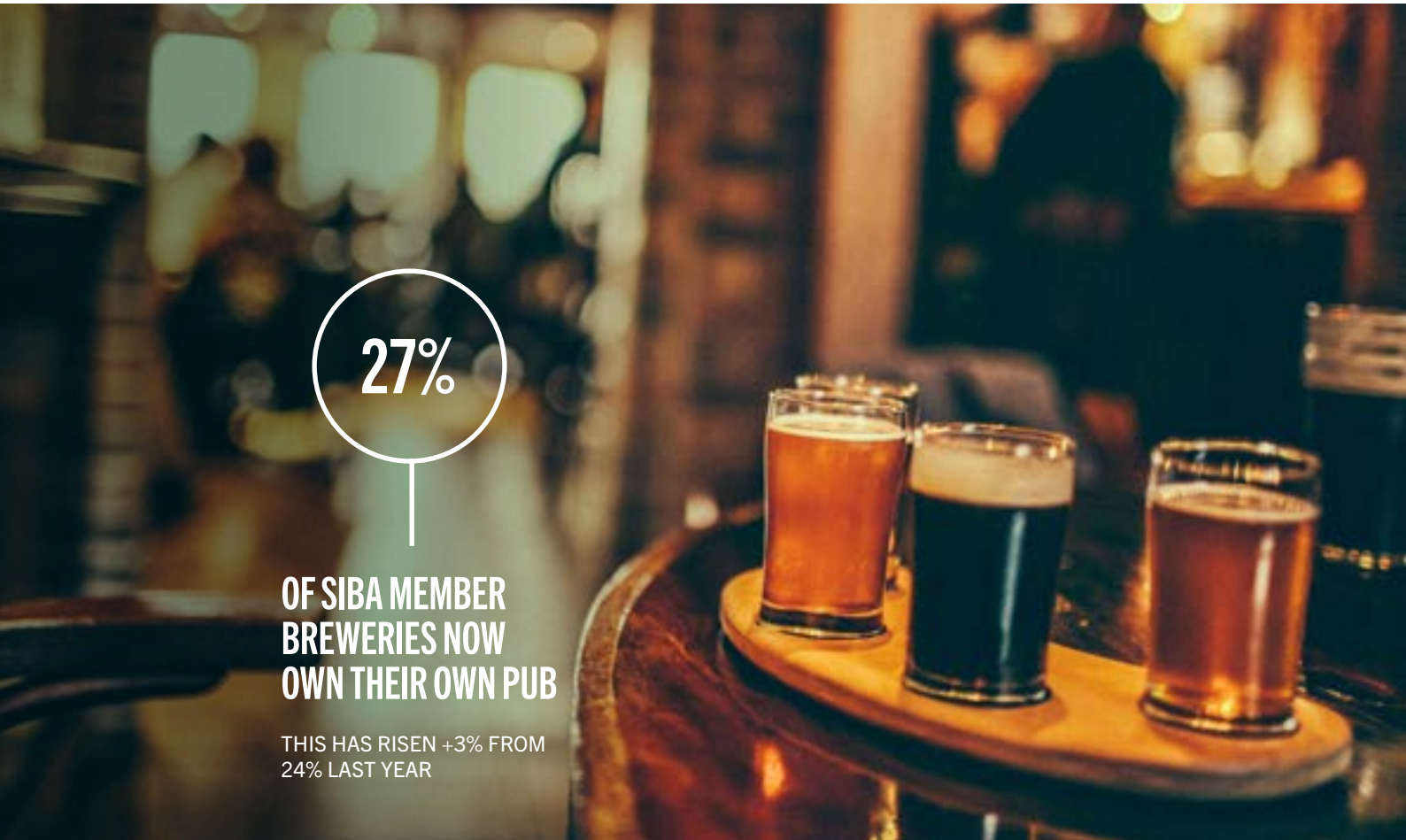
MEMBERSHIP DOWN ONLY FRACTIONALLY FROM 684 IN JANUARY 2023



43%

OF SIBA BREWERS SAY SURVIVAL IS THEIR KEY PRIORITY THIS YEAR

THIS HAS FALLEN BY -20% FROM 63% LAST YEAR



27%

**OF SIBA MEMBER
BREWRIES NOW
OWN THEIR OWN PUB**

THIS HAS RISEN +3% FROM
24% LAST YEAR



ONLY
1%

**OF SIBA MEMBERS'
BEER PRODUCTION
WAS EXPORTED IN
2023**

ONLY 17% OF BREWERIES
DO ANY EXPORT



93%

**OF SIBA MEMBERS
WOULD RECOMMEND
SIBA MEMBERSHIP
TO OTHER BREWERS**

90% OF SIBA MEMBERS
CONSIDER SIBA MEMBERSHIP
TO BE VALUABLE OR VERY
VALUABLE



56%

**OF SIBA BREWERS
PRODUCED A
LAGER IN 2023**

A RISE OF +5% ON 2022

8%

**OF SIBA MEMBERS
PRODUCED
NO-ALCOHOL BEERS
IN 2023**

A RISE OF +2% ON 2022

79%

**OF SIBA MEMBERS
PRODUCED A
PORTER/STOUT
IN 2023**

A FALL OF -5% ON 84% IN 2022

46%

OF SIBA MEMBERS SAY THE CHANGES TO THE ALCOHOL DUTY SYSTEM HAVE HAD NO EFFECT ON THE ABV OF THEIR BEERS

AVERAGE ABV FOR SIBA BEERS ROSE IN 2023 TO 4.3% FROM 4% IN 2022



THE AVERAGE PRICE SIBA BREWERS ACHIEVED FOR A KEG AT WHOLESALE HAS FALLEN

-3%

SINCE 2022

THE AVERAGE PRICE ACHIEVED FOR A KEG IN THE ON-TRADE HAS ONLY RISEN +6% SINCE 2019



95%

OF SIBA MEMBERS SAY THEIR RELATIONSHIP WITH THEIR COMMUNITY IS IMPORTANT

83% SAY IT IS VERY OR EXTREMELY IMPORTANT



30%

OF EMPLOYEES ARE FEMALE, EXACTLY THE SAME PROPORTION AS IN OUR 2023 REPORT

9% OF BREWERS ARE NOW FEMALE, UP +4% ON LAST YEAR



65%

OF SIBA BREWERIES ACTED TO CUT THEIR CARBON FOOTPRINT IN 2023

36% HAVE OR ARE IN THE PROCESS OF MEASURING THEIR CARBON EMISSIONS



WHAT YOU NEED TO KNOW...

- The volume of beer being produced by SIBA members grew by +14% in 2023, overtaking pre-pandemic levels for the first time.
- Overall UK beer sales were down -1.8% in 2023, finishing the year -5.6% down on 2019. Off-trade sales suffered the most with a fall of -2.8% in 2023, compared to a fall of -0.4% in the on-trade.
- SIBA membership fell fractionally to 680 from 684 at the start of 2023, and there were 13 UK brewery closures taking the total number to 1,815. SIBA members now represent 37.5% of the UK market.
- There is continued concern about growth in 2024, with 24% of SIBA brewers expecting turnover to shrink this year, but 20% fewer said they were in survival mode than last year.

768

NEW JOBS WILL BE CREATED BY SIBA MEMBER BREWERIES IN 2024*

THIS REPRESENTS A SIGNIFICANT INCREASE FROM THE 594 IN OUR 2023 REPORT

*Number estimated from SIBA survey results



The Craft Beer Category

A mixed picture is emerging of how craft beer is performing in the on-trade, with craft keg the clear winner, outperforming other keg beers by a significant margin. However, there are clearly winners and losers when it comes to different formats and styles, and we can see from the latest figures from CGA by NIQ that post-pandemic consumers appear to be seeking out the comfort of bigger brands in the on-trade more than they were before.

Quality street

Mainstream stout – and by that we mean predominantly Guinness – is experiencing significant growth (+22.4%). This is almost certainly driven by its association with a quality serve, and the trust consumers place in the brand – slower throughputs of draught products in the post-pandemic era have no doubt impacted quality in many pubs and consumers are more nervous now about what they are going to get in the glass. World lager has also grown +15% in 2023, and again the investment the global brewers have made in their world lager brands in terms of glassware and serve is likely to have played well for them here.



“An investment and dedication to quality would mean less chance of a poor pint, get more people drinking cask, and would surely see a bigger variety of cask in our bars. The industry and its supporters have been saying the same thing about cask for years now; it’s time to push for change in the name of high-quality cask beer which people can rely on and will want to spend on.”

Georgina Young, Brewing Director, St Austell Brewery

BEER TYPES BY VALUE IN ON-TRADE 2023 COMPARED TO 2022*

DOWN -5.2%	Standard lager
UP +15%	World lager
DOWN -12.4%	Premium lager
DOWN -6.1%	Premium 4% lager
UP +22.4%	Stout
DOWN -1.1%	Non-craft cask ale
DOWN -3.2%	Non-craft keg ale
UP +3.2%	Craft keg ale
DOWN -2.2%	Craft lager
DOWN -9.5%	Craft cask ale
UP +39.7%	No and low alcohol beer
DOWN -16.5%	Craft packaged ale
DOWN -3.4%	Non-craft packaged ale
DOWN -4.6%	Speciality lager
DOWN -11.1%	Craft stout

*CGA OPMS value data to P13 (30/12/2023)



Cask masters

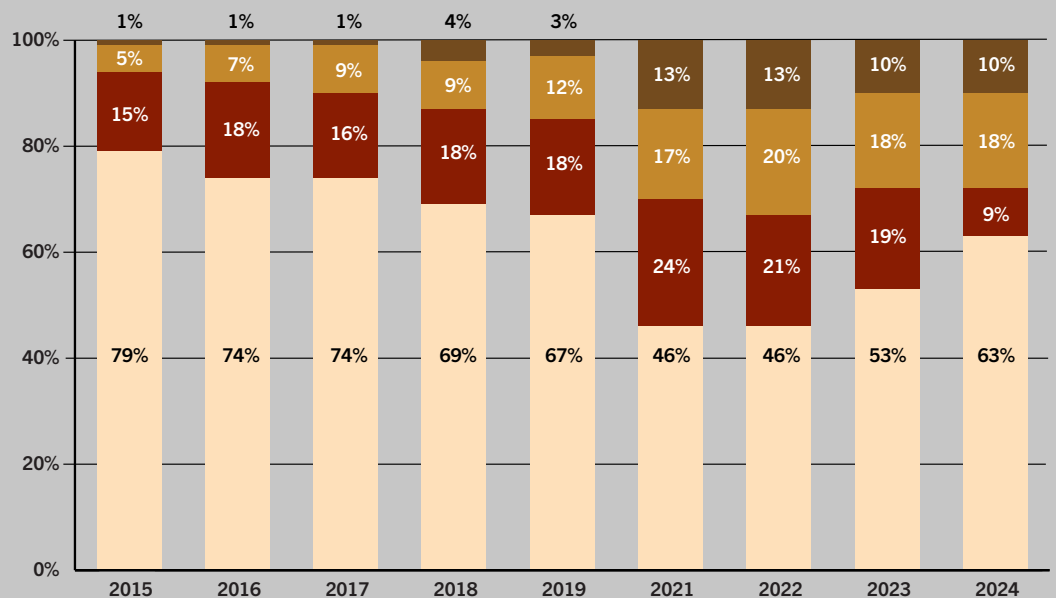
Cask volumes among SIBA brewers have continued to recover in 2023, with a +10% increase in the percentage of production going into cask, despite its continued decline in sales (craft cask was down -9.5% in 2023 according to CGA). With 63% of production now going into cask, volumes remain below those of 2019 (67%), albeit only just. This recovery reflects the continued importance of local pubs to SIBA brewers in terms of distribution, with cask being unique to the on-trade and consumers seeking out local products in this part of the market which gives independent brewers an important advantage at the pumps over bigger brewers.



In the can

For the first time in our survey this year the percentage of beer production going in to can has overtaken that going into bottle. Interestingly, this is not due to an increase in volumes going into can – this has remained stable at 10% - but rather a move from bottle to cask in 2023. Canned production has increased significantly since 2019, but that growth has now stabilised, as has the volume going into keg which remains +6% higher than it was pre-pandemic in 2019. Both keg and can formats have an association with more reliable serve quality, something that consumers are particularly focussed on in the current market, which may explain why volumes are holding steady post-pandemic.

PERCENTAGE OF BEER OUTPUT BY PACKAGING TYPE*



*Note: There was no survey of percentages by packaging in 2020



WHAT YOU NEED TO KNOW...

- For the first time this year, cans overtook bottles as the preferred package for SIBA members' beers, with 10% of production going into can and only 9% into bottles.
- There was an increase of +10% in the volume of SIBA members' beers going into cask, rising from 53% in 2022 to 63% in 2023, albeit still -4% lower than 2019 levels.
- Although overall beer sales were down, craft keg ale grew its value in the on-trade by +3.2%, showing that brewers had been able to implement some price increases. The no and low beer category showed the biggest growth with a +39.7% increase year on year.

Section 3 The Retail Landscape

It was a case of 'out of the frying pan and into the fire' for pub operators as they exited lockdown and strolled straight into the worst financial crisis the UK has seen in decades. As the most important route to market SIBA brewers have, local pubs have been hit head on by energy price hikes, falling consumer spend, rising wages and price hikes, meaning this core market for craft beer is under extreme pressure.

OVER
800*

HOSPITALITY BUSINESSES FAILED IN THE THREE MONTHS TO DECEMBER 2023

THIS REPRESENTS A FALL OF -0.8% AND AN ACCELERATION IN THE CLOSURE RATE FROM -0.3% IN THE THREE MONTHS PREVIOUS

*CGA by NIQ and AlixPartners - Hospitality Market Monitor

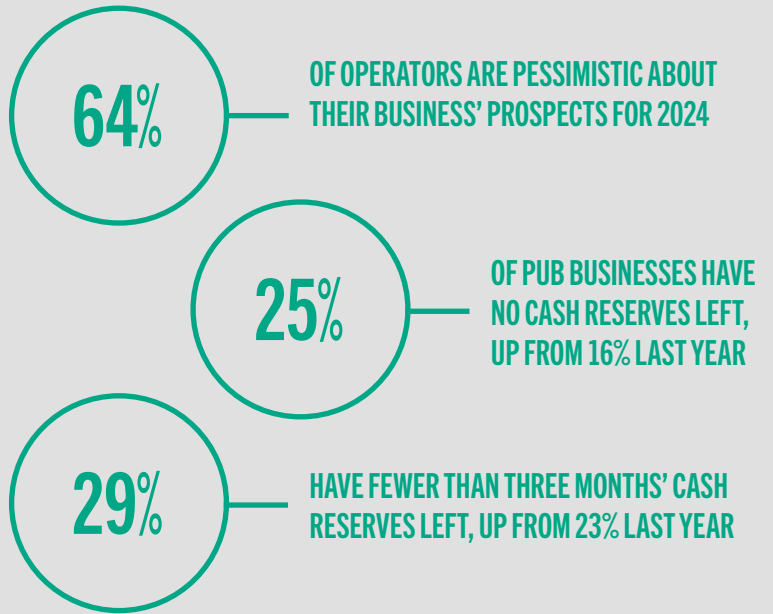
Getting closure

Local pubs are the spiritual home of craft beer. But according to the latest BBPA figures, the net closure rate in the UK pub market is accelerating – not a surprise to many, given current market conditions – with a -1.2% drop in overall pub numbers during 2023. There was also an acceleration in the business failure rate in the third quarter of last year according to data from the CGA by NIQ and AlixPartners Hospitality Market Tracker, with over 800 failures in the three months to December. While some of the main factors behind this, eg energy prices, appear to be levelling out and even in some cases falling, many operators remain on the brink. With no quick fix likely economically, it is now a case for many of paring back costs as far as possible and trying to wait out the crisis. This has included in many cases slashing the number of handpulls for cask in order to avoid wastage, or even accepting investment from the big brewers in return for taps – all things that directly impact small independent brewers.





OUTLOOK FOR PUBS IN 2024*



*Joint membership survey by BII, UKH, BBPA and Hospitality Ulster, Feb 2024

TOTAL PUB NUMBERS (ENGLAND, SCOTLAND, WALES & NI)*

YEAR	TOTAL PUB NUMBER	%CHANGE FROM PREVIOUS YR
2018	47,613	DOWN -1.5%
2019	47,200	DOWN -0.9%
2020	46,829	DOWN -0.8%
2021	46,357	DOWN -1.0%
2022	45,875	DOWN -1.1%
2023	45,345	DOWN -1.2%

*BBPA Statistical Handbook data



Expert Insight Nick Riley, CGA by NIQ



Beer drinkers' behaviour in a post-pandemic world

Nick Riley, Client Director at CGA by NIQ, looks at some of the trends we saw last year and considers where craft sits in this changing market...

"The last 12 months certainly wasn't plain sailing, and for many the tightening of purse strings and eroding of bottom lines continued at pace. However, as is often the case, the hospitality industry exhibited a resilience and adaptability that meant many were able to weather the storm and come out the other side with a small, but optimistic, spring in their step.

But despite a marginally improving operator landscape, for consumers, cost-of-living pressures still loomed large with over 90% reporting being affected in some capacity by the crisis throughout 2023.

Premiumisation

One trend that showed no signs of abating was a movement up the price ladder towards more premium categories. In 2023, world lager and stout continued to take full advantage of consumers' willingness to spend more on better quality drinks, whereas craft beer was unable to reap the same

rewards. In fact, the craft beer category, worth just shy of £1.2 billion, shrunk marginally (-1.3%) in the last year, and in doing so saw its share of total beer fall by 0.4pp [percentage points] to just under nine percent. Within the category, the performance of craft cask ale and lager drove overall declines and offset growth, and positive movement within craft keg ale. The growth of craft keg ale, like the growth of world lager, showcases premiumisation at play within their respective ale and lager categories. However, the variety of NPD [New Product Development] within world lager and the ever-growing distribution footprint this has led to, poses a threat to many categories' share of taps on the bar, especially those that command lower prices and achieve lower rates of sale.

Promisingly for craft though, its drinkers are more likely than lager, ale or stout consumers to pay extra for a better-quality drink and so the opportunity to leverage the premiumising demands of the market is there for craft brewers whose brands are able to tick the relevant boxes around quality.

Changing occasions

Similarly, another trend that spilled over from 2022 and continued throughout last year was consumers' changing occasion behaviour. We continued to see a reduction in visit frequency as budgets were squeezed, with everyday occasions like casual and after work drinks bearing the brunt of this scaled back visitation. The silver lining of this is that consumers increasingly looked to treat themselves when they did go out, which helped to further stoke the fire of the premiumisation train.

Tightened budgets also resulted in consumers looking to heighten the experience of every visit; maximising the 'treat feel' and extracting as much value as possible from their spend. This was good news for experience-led occasions, with more consumers visiting the on-trade for themed and ticketed events, live music, and boozy brunches to name a few. We see another great opportunity for craft brands to capitalise on the growing popularity of such occasions, as craft drinkers engage with them more frequently than consumers of other beer categories. Brewers can look to work with the operators who're organising events like these with a view to having their brands front and centre on menus, special offers and the like.

It's not just changing visit occasions that present an opportunity for craft beer in the pursuit of satisfying consumers' growing demands for heightened experiences, however. We're also seeing a slight shift in the type of outlet that consumers are visiting. Namely, we've seen an uptick in the popularity of brewery taprooms, wine and cocktail bars as consumers seek the added experience and quality of engaging with their favourite categories in specialist settings.

Sporting prowess

Elsewhere, we're seeing the growing importance of sport for the on-trade, and by extension the opportunity for craft within that. Though traditionally the playground of mainstream lager, with major sporting events consistently accounting for double-digit uplifts in the on-trade for beer, suppliers are increasingly looking to enter the arena with other categories. With almost a third of craft beer drinkers visiting pubs to watch live sport, second only to stout and more than ale or lager, there's a big opportunity for craft suppliers to leverage this engagement.

No and low grow

Something that also can't be ignored is the growth of non-alcoholic and low-alcohol beers. NAB/LAB's circa 40% value growth in 2023 made it the best-performing beer category in percentage terms. The emergence of more and more alcohol-free variants, as well as standalone brands has enabled consumers to broaden their engagement with, and enjoyment of, the category and we expect to see this upward trajectory continue.

The future

Looking ahead, to a degree we expect it to be business-as-usual from a trend perspective. Even with falling inflation, it'll be some time yet before consumers truly feel that the cost-of-living crisis is behind them. So, many of the behavioural changes and market dynamic shifts that we've seen over the last year or two will likely continue. The key thing for craft brewers will be in achieving effective messaging around quality, provenance and craftsmanship, variety and style-differentiation to ensure that brands can simultaneously hold their own alongside the winning names from other categories and stand out as accessible and desirable options that command their place on the bar. "



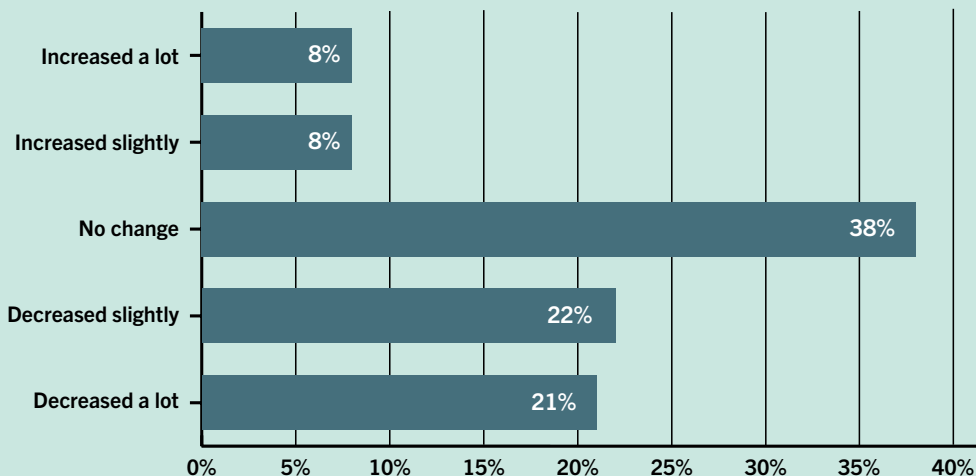
Nick has been working at CGA for 18 months, following eight years operator-side managing venues in the Isle of Man, London and Manchester. He brought a wealth of frontline industry knowledge into his role within the GB Drinks Client Services team and utilises this alongside CGA's powerful volumetric, outlet and consumer tools to help client thrive in an ever-changing On-Trade market.

Consumer spending

The on-going cost-of-living crisis is clearly influencing consumer spend, and our 2024 YouGov Craft Report survey found that 43% of consumers are visiting pubs less frequently as a result of financial pressures. Only 16% said they had increased their visits to the pub in the last 12 months, and this follows a similar trend to that seen in last year's survey, showing that pub-going is

continuing to decline across the board year-on-year. We can see a difference in behaviour when it comes to age, however, with just over 20% of consumers aged over 55 cutting pub visits compared to around double, 40%, of those in the under 35 brackets. This is likely to be due to improved financial stability among pensioners and a generally more wealthy older generation.

HOW HAS THE COST-OF-LIVING CRISIS AFFECTED YOUR VISITS TO PUBS*

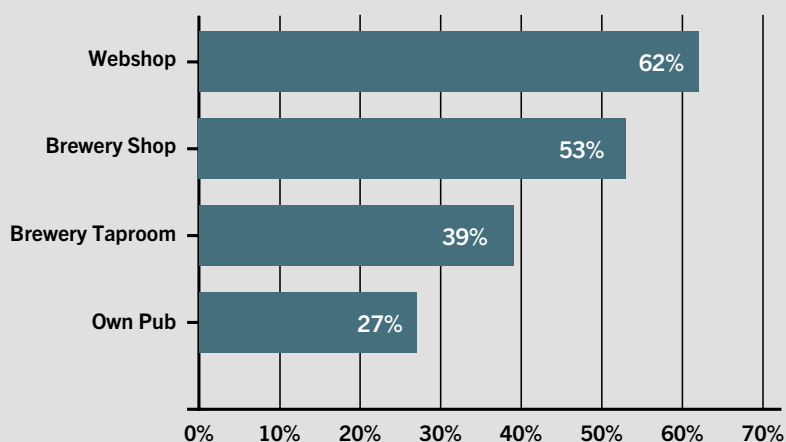


*YouGov Craft Beer Report consumer survey, Feb 2024

Seeking stability

Following a period during which SIBA brewers invested heavily in diversifying their routes to market, this year's survey shows that this has stabilised somewhat. The rush to launch webshops during lockdown has passed, and we see the number of brewers with online shops falling this year from 68% to 62% - still a significant number, but reflecting the fact that a minority of brewers who were forced down that route by Covid have been able to revert to a more successful structure for their business. There were also marginal falls in the number with physical on-site shops (down -1% to 53%) and taprooms (down -1% to 39%). But interestingly there has been a rise in the number who own their own pub site, rising this year by +3% to 27%. This is a positive move by SIBA brewers who are limited otherwise in terms of available pub lines. Overall, our survey shows a continuing move away from past reliance on third party sales, albeit investment has slowed in this area as a result of the current economic crisis and also because a large number of the breweries who want to open these routes have now already done so.

PERCENTAGE OF SIBA MEMBER BREWERIES WITH DIFFERENT RETAIL OPERATIONS



27%

OVER A QUARTER, OF SIBA BREWERS NOW HAVE THEIR OWN PUB

THIS IS UP +3% FROM 24% IN LAST YEAR'S SURVEY

53%

OF SIBA MEMBERS NOW HAVE A SHOP

FALLING SLIGHTLY FROM 54% LAST YEAR

39%

OF SIBA MEMBERS NOW HAVE AN ON-SITE TAPROOM

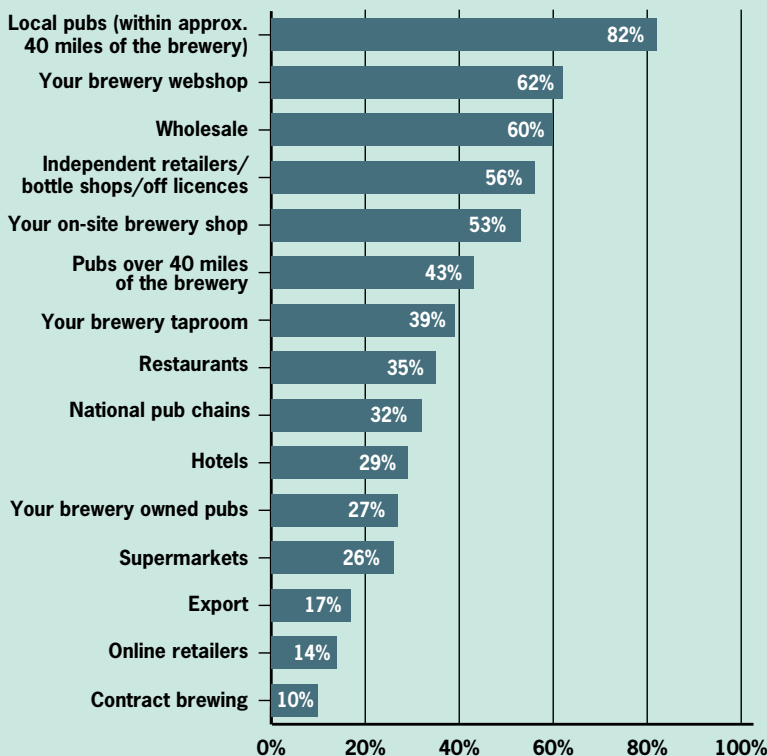
A SLIGHT -1% FALL FROM 40% LAST YEAR



"We like to run pubs. And we like to run pubs that are different. Because each pub is located in a different community and a different area. So your approach to that local market has to be different. There's no branding of our pubs, no set style, apart from as much as possible offering the best quality. And by quality, I don't mean just the quality of the drink in the glass or the food on the plate. But the whole quality of the way in which the pub is run - the friendliness, the ambience, the safety."

Chris Holmes, Founder, Castle Rock Brewery

PERCENTAGE OF SIBA BREWERIES SELLING BEER VIA DIFFERENT ROUTES



The right route

There are not many things to thank the pandemic for, but one positive to come out of it for independent brewers was that it speeded up the much-needed diversification of routes to market. While this change has now slowed, it has not stopped entirely, and we can see in this year's survey that SIBA brewers' heavy reliance on local pubs has lessened again in 2023, with 38% of production volumes going through this route, a fall of -5% on 2022. Meanwhile, volumes going through taprooms and brewery-owned pubs have both increased slightly, a positive given that these are both more profitable routes for independent brewers. Overall, the volume going through direct routes to market makes up 27% of overall production, exactly the same figure as in last year's survey. There has been an increase in the volume going through wholesalers (up +2% from 7% to 9% this year) which may indicate more interest within the supply chain in stocking independent beers, however, as we see later in this report, wholesale is a less profitable route for brewers so this is a figure worth keeping an eye on in future reports.



“If I was a big pub company, with hundreds or 1,000s of pubs, I’d want a supplier that I know is going to consistently deliver the quantity and the quality and the consistency that I expect out of a supplier. And I think we have to be really honest and look at ourselves and say, most breweries, especially those of us on the smaller end of the scale, probably don’t have the capability to do that. Yelling and shouting that you don’t have access to venues, when you actually don’t have the ability

to deliver into those venues, in a consistent, quality, sustainable way? You’re wasting your time. Go focus on something that’s more relevant to your business.”

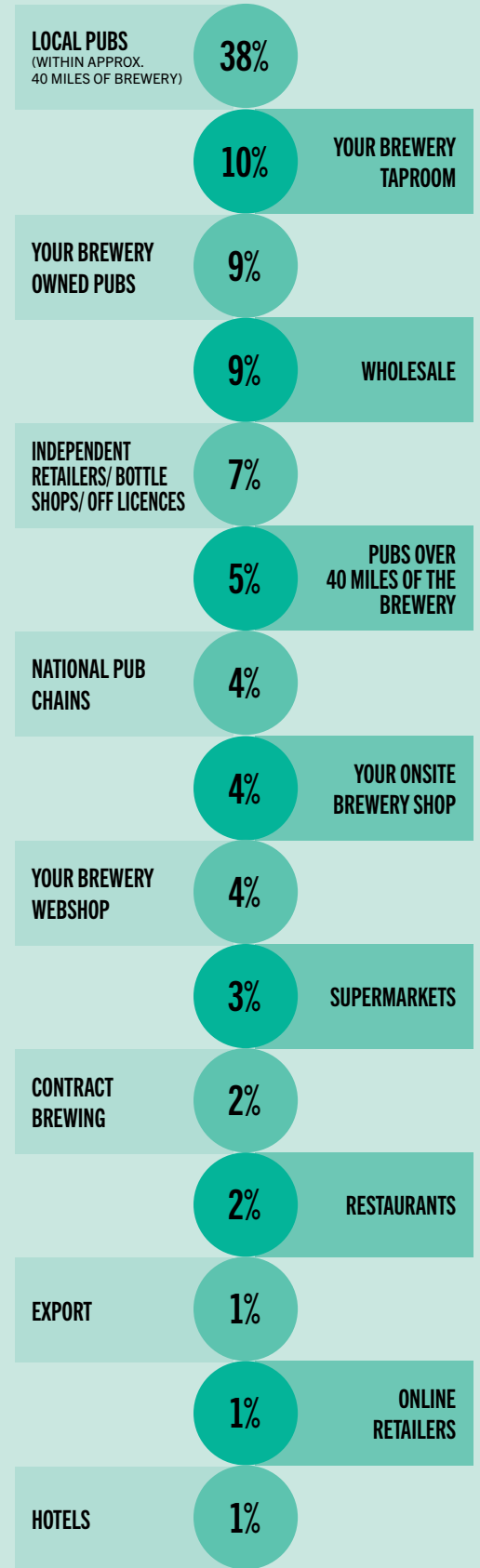
Justin Hawk, Founder, Moor Beer



OF SIBA MEMBERS’ BEER IS SOLD THROUGH LOCAL PUBS (WITHIN 40 MILES OF THE BREWERY)

THIS IS DOWN -5% ON 43% IN OUR 2023 REPORT

PERCENTAGE OF BEER OUTPUT SOLD BY DIFFERENT ROUTES

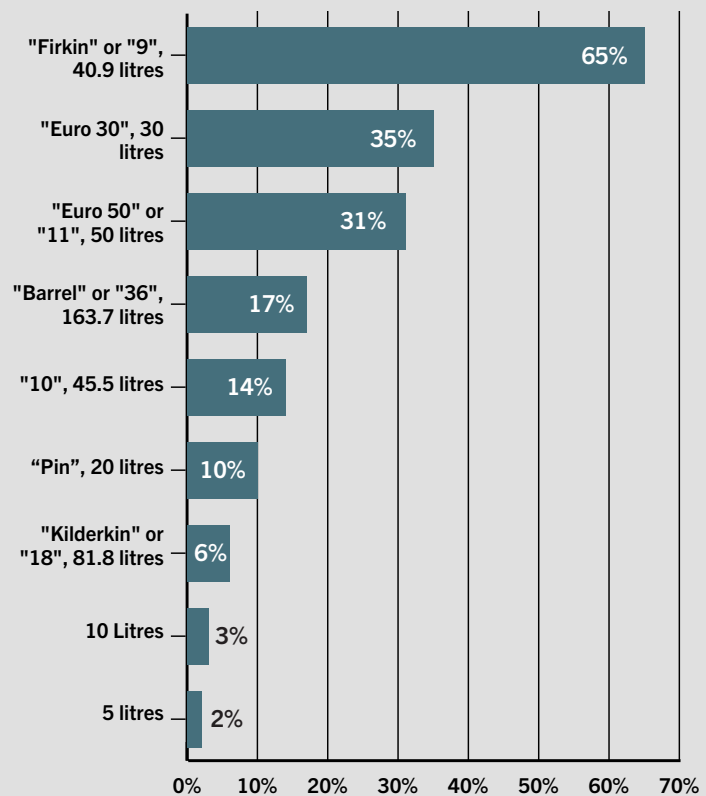




Container size

There has been a move away from 5 and 10 litre containers this year, driven no doubt by the changes that came in last year to alcohol duty rates. In August 2023, a new preferential rate for draught beer in containers over 20 litres was brought in and we can see that our survey this year shows the percentage of beer packaged in to 5 litre containers has fallen from 4% last year to 2% this year, and for 10 litres it has fallen from 4% to 3%. While not a large amount in the first place, this fall has happened in only 5 months since the legislation took effect so is significant. The most popular container size by far – with 89% of our respondents using them – is a ‘firkin’ or ‘nine’ which contains 40.9 litres, and this accounts for an average of 65% of production among the brewers using this size. There is slightly less SIBA members’ beer, -3%, sent in firkins compared to last year, and also falling in popularity is the ‘pin’ – 20 litres – with just over two-thirds (68%) of brewers using them this year compared to almost three-quarters (72%) last year. Pins only account for 10% of beer volume though on average among brewers using them. Changes in container use are likely to be driven by issues such as pub throughputs and also the recovery of the on-trade vs the off-trade this year, and in particular the large increase in cask production by our members in 2023.

AVERAGE PERCENTAGE OF BEER PACKAGED BY CONTAINER SIZE



9%

ALMOST ONE IN EVERY 10 CONTAINERS, WAS REPORTED MISSING IN 2023, EXACTLY THE SAME PERCENTAGE AS IN 2022

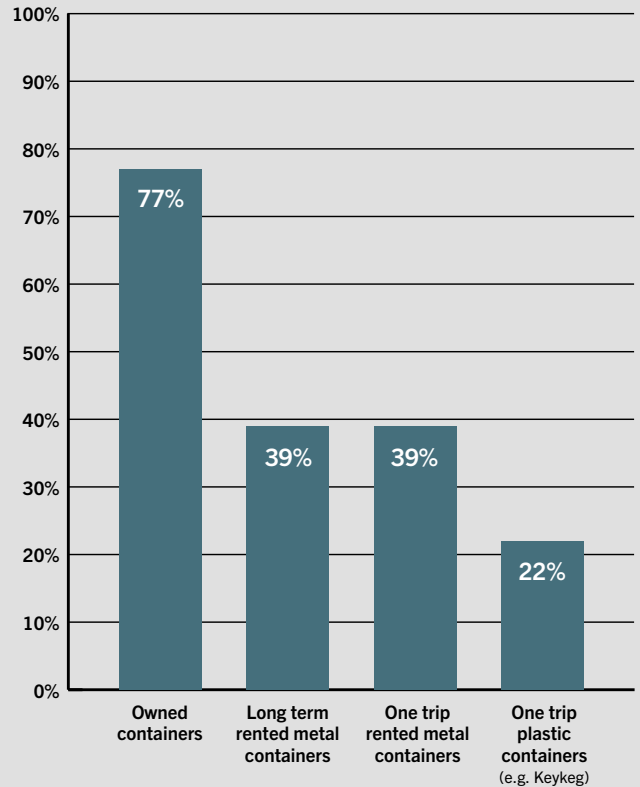
77%

OF CONTAINERS ARE BREWERY-OWNED, A FALL OF -13% FROM 90% LAST YEAR

Container management

The issue of missing containers is not going away according to our survey this year, with exactly the same number – almost one in every 10 – still going missing. However, there has been a change in container ownership this year, with a sharp fall in the number of SIBA brewers who own their own containers from 90% last year to only 77% this year. This is likely to be driven by the financial impact of missing containers, which in the case of brewery-owned containers is entirely borne by the brewer, as well as the current financial squeeze leading brewers to look at cheaper container options. In growth in this year’s survey is the long-term rental of metal containers, up +15% to 39% this year and level with one-trip metal rental containers which fall from 45% last year to 39% in our survey this year. These options both represent value for money for brewers with no big upfront outlay and without the need to chase up and replace missing containers. There may also be an environmental factor at play here, as we can see one-trip plastic containers have fallen in popularity this year by -15% to 22%.

OWNERSHIP OF BREWERY CONTAINERS



22%

OF CONTAINERS ARE ONE-TRIP PLASTIC CONTAINERS, FALLING FROM 37% IN LAST YEAR'S SURVEY

60%

OF BREWERS SAID THEY WERE USING SIBA ORANGE LABELS ON THEIR CONTAINERS



AND 24%

USE SIBA LABELS ON ALL THEIR CONTAINERS

SIBA Orange Labels

SIBA operates its Orange Label low-cost container repatriation scheme to help address the issue of missing containers. The scheme uses distinctive orange stickers to trace, and help recover containers that have gone missing either by alerting brewers to their location of having them collected by Kegwatch. Our survey this year found 60% of SIBA breweries are using the scheme, which represents a fall of -7% from 67% last year. This is not surprising given the fall in the number of brewery-owned containers this year, however, a very similar number of brewers as last year - just under a quarter, 24% - said they use Orange Labels on all their containers which underlines their importance to the brewers that do own containers.



Craft Exports

There has been a small increase in the number of SIBA member breweries exporting their beers in this year's survey, most likely as a result of them continuing to open up channels that were closed during the pandemic and also understanding and overcoming red tape brought in after Brexit. However, the overall percentage of SIBA members' beer volume being exported has not increased, remaining at just 1% of production. Historically, export has not been a priority for SIBA members, and it seems likely that will remain the case as brewers prioritise tackling the numerous challenges in their home market. There is also a 'local' factor to the success of craft beer generally which can make the proposition weaker outside of the brewery's own local area, and many potential export markets now also have their own homegrown craft to compete with.

17%

OF SIBA MEMBERS EXPORT BEER

THIS IS A MODEST INCREASE OF +2% FROM LAST YEAR'S REPORT

ONLY 1%

OF TOTAL BEER VOLUMES PRODUCED BY SIBA MEMBERS WAS EXPORTED IN 2023, EXACTLY THE SAME PROPORTION AS WAS REPORTED LAST YEAR



WHAT YOU NEED TO KNOW...

- The pub market shrunk by -1.2% in 2023, continuing the decline of -1.1% in 2022, with 800 hospitality businesses failing in the last three months of 2023 alone.
- A worrying 43% of consumers visited pubs less over the last 12 months, this continues the trend we saw last year, with the cost-of-living crisis continuing to bite.
- 43% of consumers are visiting pubs less regularly as a result of the cost-of-living crisis.
- Direct routes to market, which grew hugely during the pandemic, remained relatively stable in 2023, but there has been an increase in those who own their own pub (up +3% to 27%).
- Brewers have moved away from owning their own containers (down -13% this year to 77%) likely as a result of cost pressures and thefts/losses.
- More SIBA brewers are exporting beer (up +2% to 17%) but export production remains at only 1% of overall production.

Section **4**

SIBA Membership

SIBA’s lobbying work and campaigning continues to be the most valuable benefit members say they receive from their membership. However, there has been a shift in focus this year when it comes to the top 10 most valued benefits, most likely caused by the current challenges in the market.



THE TOP 10 MOST IMPORTANT BENEFITS OF SIBA MEMBERSHIP

- 1 GOVERNMENT LOBBYING
- 2 ADVICE/GUIDANCE ON CURRENT INDUSTRY ISSUES
- 3 INDUSTRY/LEGAL COMPLIANCE GUIDANCE
- 4 SIBA EMAIL UPDATES (EG BREWING IN BRIEF)
- 5 WEBINARS
- 6 ACCESS TO EXCLUSIVE DATA (EG THE CRAFT BEER REPORT)
- 7 NETWORKING WITHIN YOUR REGION
- 8 MARKET ACCESS (EG BEERFLEX)
- 9 FREE ACCESS TO BEERX UK
- 10 SIBA BEER COMPETITIONS

SIBA’S LOBBYING WORK WAS RATED MOST IMPORTANT, AS IT WAS IN OUR 2022 AND 2023 REPORTS

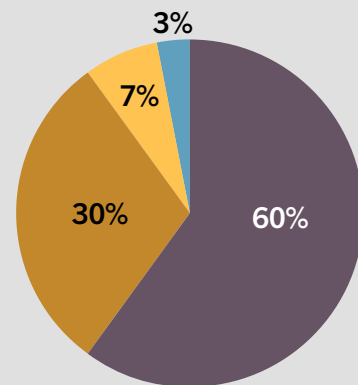
Added benefits

While respondents yet again ranked SIBA’s work in lobbying Government as the most important benefit of SIBA membership, it is interesting to note that the second, third, fourth and fifth most important benefits this year are all to do with SIBA’s role in providing advice and guidance to members. This makes perfect sense at a time when so much is changing so quickly and challenges are being thrown at members from all sides and it is a major reason why brewers join SIBA. In fact, jumping straight in this year at number five, is the newly launched SIBA online webinar programme which helps bring expert analysis and advice to members without the need for them to leave their business. Overall, satisfaction with SIBA membership has grown this year with 93% of brewing members saying they would recommend SIBA to their peers, an increase of +2% on last year’s score, and 90% rating it valuable or very valuable, up from 75% in last year’s report.



HOW MUCH DO YOU VALUE SIBA MEMBERSHIP?

- Very valuable
- Valuable
- Neutral
- Not very valuable



“The benefits of SIBA membership are clear and tangible, from lobbying, to education, to member discounts and benefits. We believe membership provides excellent value for money and the central SIBA team works extremely hard to ensure this remains the case.”

William Mayne, Managing Director of Bullhouse Brew Co in Belfast

SIBA has expanded the professional advice and support it offers to its members for 2024

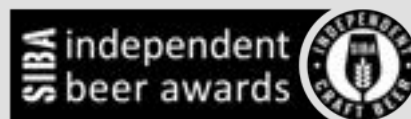
Professional advice can be costly to any business, which is why SIBA Members can now access a new Accountancy and Business Advisory Service as well as expanded services through the Toolbox's Professional Advice & Support page.

Already home of the SIBA Legal Portal (in association with Napthens - SIBA Gold Members), the Professional Advice & Support Page now also houses information on how to obtain a free hour-long consultation with Johnston Carmichael; specialists in Business Advice and Accountancy, as well as Citation, who are offering discounted services to SIBA Members, across a number of topics.

The new accountancy and business advisory service from Johnston Carmichael, an experienced firm in the brewing sector and which already works with many independent breweries, has been developed together with SIBA and its legal partner Napthens.

Johnston Carmichael's food and drink team works with brewers across the UK, on a wide range of services, from payroll, accounting and tax matters, digital transformation, corporate finance and business strategy. The new service promises SIBA members a response within 48 hours and a free one-hour consultation, discussing accountancy or wider business advisory related questions.

Members can access the new Professional Advice & Support page on the Toolbox under Tools & Member Benefits for full details and instructions on how to access.



The SIBA Independent Beer Awards

Featuring again this year in our top 10 most important membership benefits, our Independent Beer Awards are a really important part of what we do at SIBA.

The awards recognise and celebrate quality beers through our programme of regional and national beer competitions.

In 2022 SIBA re-launched the Independent Beer Awards, with new beer style categories, an international style scoring system and a renewed judging process, including the introduction of experienced beer judge table captains.

These changes have put the competition in a strong position to continue to grow and position itself as the premiere beer awards in the UK, culminating at the finals at BeerX in March.

SIBA BEER X UK 2024

The UK's biggest beer & brewing event

One of SIBA's key roles is in bringing together our members to share knowledge and exchange opinions, and nowhere is better placed to do that than SIBA's flagship event, BeerX UK.

The event, held annually at the Exhibition Centre Liverpool, is the biggest trade event in the UK for beer and brewing businesses, homebrewers and craft beer retailers, with tickets free and unlimited for all SIBA Members.

Attracting over 3,000 attendees from across the beer industry, the event is attended by brewers and beer industry employees looking to expand their knowledge, discover the UK's best independent craft beers, view the latest brewing equipment, ingredients and services, or network with others from across the industry.

Find out more at www.beerx.org



WHAT YOU NEED TO KNOW...

- A growing majority, 93%, of SIBA brewing members said they would recommend SIBA membership to other brewers. This is up from 91% last year.
- 90% of SIBA members said they consider SIBA membership to be valuable or very valuable. Up from 75% last year.
- SIBA Members who were surveyed said SIBA's lobbying work was the most important benefit of SIBA membership, as it was last year.
- Moving up the list of most valued SIBA member benefits this year was the business and legal advice and guidance SIBA offers.

Section 5 The Craft Beer Drinker

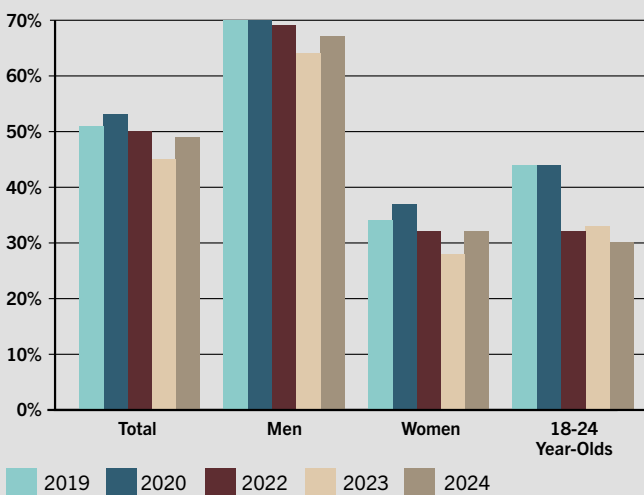
The Craft Beer Report consumer survey, conducted in mid-February 2024 through YouGov, used a good representative sample of 998 beer drinking adults from 2,057 total consumers. We compared the results to those of the previous YouGov surveys commissioned by SIBA in 2019, 2020, 2022 and 2023 to see how drinking habits have evolved.

HIGHLIGHTS OF THE 2024 YUOGOV CRAFT REPORT CONSUMER SURVEY

Drinking up

We begin with some good news from this year’s survey, as the overall number of consumers who ever drink beer has increased by +4% from 45% to 49%, almost back to 2022 levels. This reverses the trend we had been seeing over the last two reports which saw that figure fall from 53% in 2020 to just 45% in last year’s survey. Even more positive is that the increase reflects both men and women drinking more beer, with a +3% and +4% increase respectively.

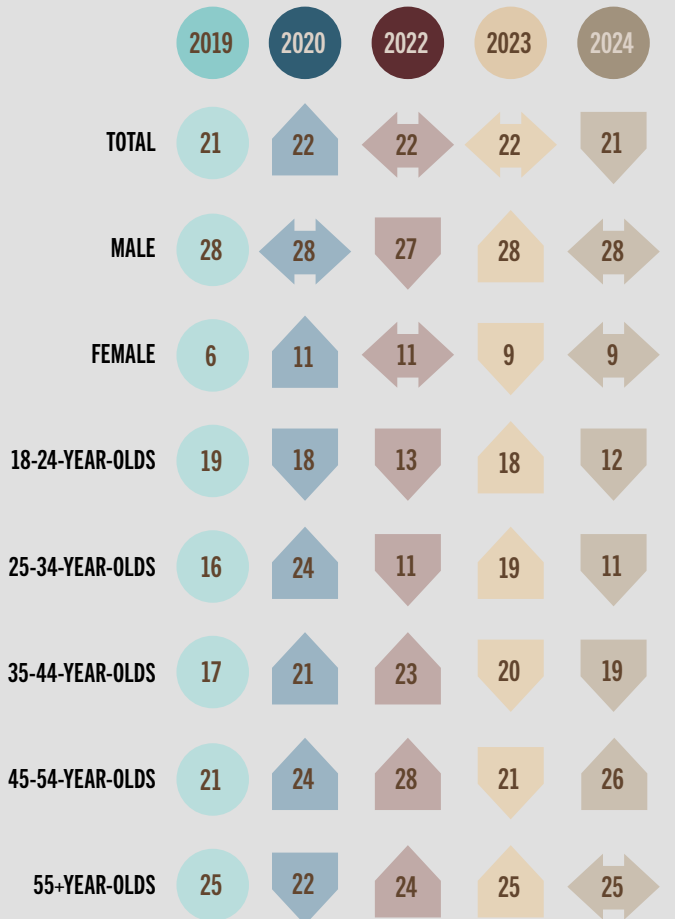
PERCENTAGE OF CONSUMERS WHO EVER DRINK BEER



Coming of age

One of the main trends emerging from this year’s survey is the distinction between the behaviour of our youngest consumers – aged 18-24 – and that of older age groups. Beer drinking is still most prevalent among 45-54-year-olds, with 56% in that group saying they drink it, up +5% on 51% from last year. However, we see beer drinking continuing to decline among 18-24-year-olds where it has been on a downward curve for almost five years now. This is concerning for the future as this new generation of consumers replaces the old guard. There is also a clear distinction by age in the number of consumers drinking beer regularly, with a marginal -1% overall decline in the percentage of consumers drinking beer more than once a week, but considerably higher falls among younger age groups. The 18-24-year-olds group fell -6% to only 12% - barely more than one in 10 – drinking beer more than once a week, and the next group up, the 25-34-year-olds, dropped an even more concerning -8% to 19%, or fewer than one in five. This was counterbalanced by an increase in the number of 45-54-year-olds who drink beer regularly to 26%, or more than one in four.

PERCENTAGE OF CONSUMERS DRINKING BEER MORE THAN ONCE A WEEK



The latest KAM report on Generation Z (born between 1997 and 2012) published in 2023 found:

GENZ A typical Gen Z will visit a hospitality venue five times a month, a rise of 5% since 2021 when last surveyed

GENZ OVER 18 82% of Gen Z over the age of 18 have visited a competitive socialising venue in the last 12 months, with 53% visiting this type of venue more than they did 12 months ago (vs only 9% across all other age groups)

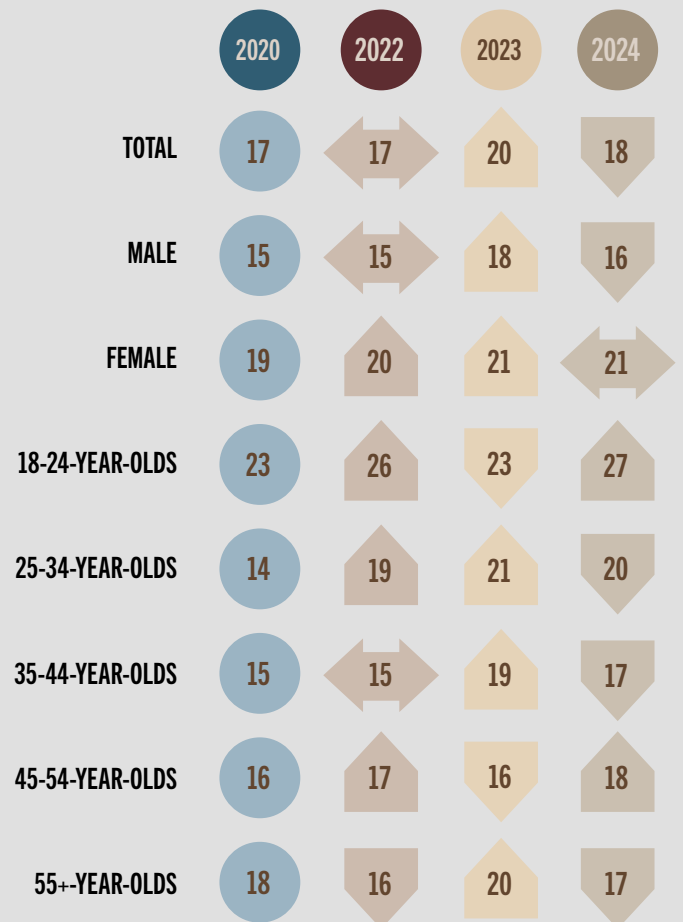
OTHER AGE GROUPS Over 60% (50% in all other ages groups) said they were looking to moderate their alcohol intake vs the previous year, and 30% (25% in other age groups) said they were drinking more 'low and no' drinks vs the previous year

RANGE OF DRINKS 57% rated 'range of drinks' important to them – this was the second highest importance after quality of food

WHAT ARE CONSUMERS DRINKING IN 2024?

WINE	59%	up from 55% in 2023
SPIRITS OR MIXED DRINKS	57%	up from 53% in 2023
BEER	49%	up from 45% in 2023
CIDER	40%	up from 37% in 2023

PERCENTAGE OF CONSUMERS WHO NEVER DRINK ALCOHOL



Perception vs reality

Independent craft brewers produce around 6% of the beer in the UK market, but the majority of consumers in our YouGov survey this year believe the independent craft beer market is much bigger. This shows that independent beer is certainly punching above its weight.

20%

OF CONSUMERS THINK INDEPENDENT BREWERS MAKE 21-30% OF THE UK'S BEER

24%

OF CONSUMERS THINK INDEPENDENT BEER ACCOUNTS FOR 11-20% OF ALL UK BEER

Sobering thoughts

Our 2024 YouGov survey shows the overall number of consumers who never drink alcohol has actually fallen this year by -2% from 20% last year to 18% this year, having been on the rise since 2022. More men are drinking alcohol this year, and female abstainers have remained stable at 21%, while among over-25s there has been a small overall downturn in the number of non-drinkers. It is interesting to note, however, that very much bucking the trend yet again is the 18-24-year-old age group where there has been an increase in the number going teetotal of +4% to 27%, or more than one in four.

55%

THINK CRAFT BEER SHOULD BE PRODUCED BY A SMALL BREWER

THIS IS AN INCREASE OF +6% ON 49% IN OUR 2023 SURVEY

53%

OF CONSUMERS THINK CRAFT BEER SHOULD BE MADE BY AN INDEPENDENT BREWERY

UP +3% FROM 50% IN OUR 2023 SURVEY

36%

BELIEVE CRAFT MUST BE MADE USING TRADITIONAL METHODS

UP +5% FROM 31% LAST YEAR

ONLY
3%**THINK CRAFT BEER CAN BE MADE BY A MULTINATIONAL GLOBAL BREWER**

THIS FIGURE IS UNCHANGED FROM OUR SURVEY IN 2022 AND 2023

10%

OF CONSUMERS DON'T KNOW WHAT MAKES A BEER A CRAFT BEER

RISING TO 22% OF 18-24-YEAR-OLDS

28%

THINK CRAFT BEER IS A BETTER QUALITY BEER

UP FROM 26% LAST YEAR

Small wonder

Our 2024 YouGov survey shows that a growing number of consumers believe genuine craft beer must be produced by a small, independent brewery. Our survey found that 55% say that genuine craft beer should be made by a small brewer and 53% believe that brewery should be independent.

This further underlines the need for SIBA members to differentiate their beers on the bar and shelves by emphasising their small, artisan nature and independence. This is especially important in light of the 10% of consumers in our survey who said they don't know what qualities indicate a craft beer, which in our 18-24-year-old age group rises to 22%. Only 3% of our surveyed consumers believe a craft beer can be made by a big multinational brewer – but can they spot a 'crafty' beer at the point of purchase?

**The Seal of Approval:
SIBA's Assured
Independent Craft
Brewer scheme**


Six years ago, SIBA launched the Assured Independent Craft Brewer scheme to help in differentiating our members' beers from mass produced global brands by providing a label that can be used at the point of sale to indicate a beer is produced by an independent brewery.

The SIBA YouGov survey carried out in 2022 found that the Seal had a real impact on consumer purchases, with 45% of those surveyed saying they would be more likely to buy a beer if it was badged with the Assured logo.

Find out more at www.indiecraftbrewers.co.uk

45%*

**OF CONSUMERS SAY SEEING
THE SEAL WOULD MAKE THEM
MORE LIKELY TO BUY A BEER**

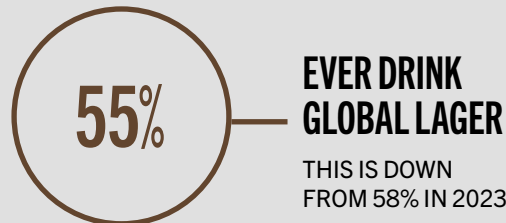
*SIBA YouGov Craft Beer Report consumer survey 2022



WHAT BEER CATEGORIES ARE MOST POPULAR WITH CONSUMERS?



THIS COMPARES TO 47% WHO SAID THEY DRANK IT IN 2023



THIS IS DOWN FROM 58% IN 2023

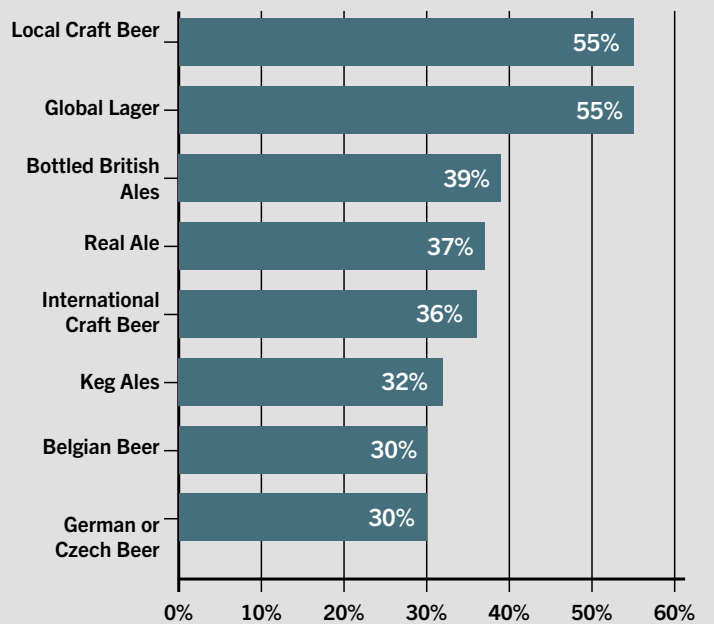


David vs Goliath

Local craft beer has staged something of a comeback in our 2024 consumer survey. Where global lager has dominated previous surveys in terms of the most-consumed type of beer among UK beer drinkers, this year we see local craft beer equal it in popularity, with both being consumed by 55% of our consumers. It also means that more consumers are drinking local craft beer in 2024 than in previous years, with a +8% increase in popularity since 2023.

For male beer consumers, local craft beer is now the most popular choice with 59% of male consumers drinking it, 4% more than are drinking global lager. In contrast, local craft beer scores lowest, yet again, with our youngest age group, the 18-24-year-olds, only 43% of whom ever drink it.

CONSUMPTION BY BEER DRINKERS OF DIFFERENT BEER TYPES



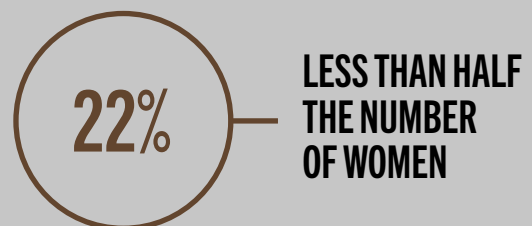


Cask woes

Overall, this year's survey results represent a big win for independent craft brewers, however, there was less good news when it comes to cask ale which is a mainstay of independent beer production. Our survey showed another fall in the number of beer consumers ever drinking cask (down -2% from 39% in 2023 to 37% this year) and this figure dropping off to only 16% of the 18-24-year-old age group and only 22%, or fewer than one in four, women.



COMPARED TO ONLY





**CRAFT BEER
DRINKERS
MAKE UP**

32.8%*

**OF OVERALL BEER
DRINKERS IN THE
ON-TRADE, UP +4% ON
THE YEAR BEFORE**

*CGA BRANDTRACK OCTOBER 2023



“The issues break down into three: cask’s variable quality; its low margin compared to other beers; and a lack of salience and relevance, particularly among young drinkers. It’s up to the industry to sort out the first two issues internally, and it would be brilliant if they got on with it. In a perfect world, these would both be sorted before the consumer-facing issues are addressed, so we could be sure that if we did encourage new people to try cask, they wouldn’t be disappointed.”

Pete Brown, Award-winning author and beer writer



WHAT YOU NEED TO KNOW...

- The number of beer drinkers has grown this year by +4% to 49% of those surveyed in our 2024 YouGov Craft Report consumer poll, reversing the downward trend we have seen in the last two years. In fact, the number of both male and female beer drinkers has increased.
- The number of consumers who never drink alcohol has also fallen this year, with 18% now saying they are teetotal in our 2024 YouGov consumer poll.
- The 18-24-year-old group is bucking the trend, however, with both a fall in the number drinking beer and a rise in the number going tee-total in 2024.
- A growing number of consumers – 55% - believe craft beer should be made by a small brewer. This is up +5% on last year. A similar number (53%) believe craft should be made by an independent brewer, also up on last year’s figure of 50%.
- 55% of beer consumers drink local craft beer, up from 47% who said they drank it in our 2023 YouGov poll. This puts it level with the 55% who drink global lager.
- Only 37% of beer drinkers ever drink cask ale, down on 39% last year and falling to only 16% among 18-24-year-olds.

Consumer Motivation

There are a huge number of factors buffeting consumers when it comes to deciding what to drink and where to drink it, and understanding these is key to maximising sales for both brewers and retailers.

TOP 10 REASONS FOR CHOOSING A CRAFT BEER

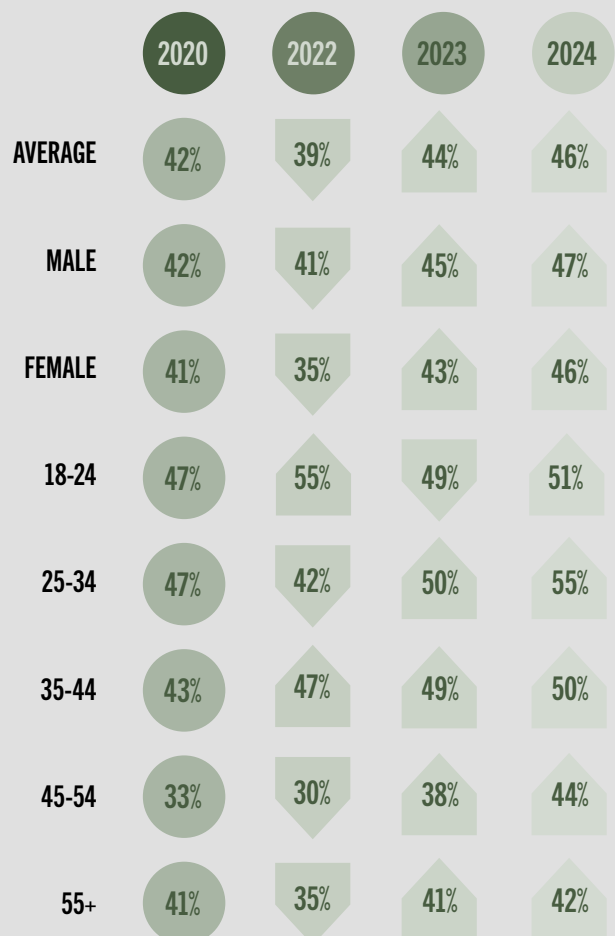
- 1 **58% FLAVOUR**
UP FROM 53% IN 2023
- 2 **49% BEER STYLE** (eg IPA, LAGER ETC)
UP FROM 42% IN 2023
- 3 **46% PRICE**
UP FROM 44% IN 2023
- 4 **41% FRIEND RECOMMENDATION**
UP FROM 36% IN 2023
- 5 **33% DESCRIPTION OF THE BEER**
UP FROM 29% IN 2023
- 6 **32% MADE BY AN INDEPENDENT BREWERY**
UP FROM 29% IN 2023
- 7 **25% QUALITY OF THE INGREDIENTS**
UP FROM 19% IN 2023
- 8 **24% ABV STRENGTH**
UP FROM 22% IN 2023
- 9 **20% PACKAGING DESIGN**
UP FROM 16% IN 2023
- 10 **19% RECOGNISED BRAND**
UP FROM 13% IN 2023

Growing in confidence

Interestingly, across the board this year all the percentages for the reasons given for choosing a particular craft beer are up. This implies that beer drinkers are becoming more assured when it comes to how they select the beers they drink, and more confident in their choices.

Flavour continues to top the charts, and has grown in importance, with 58% of beer drinkers citing it as a reason for choosing a particular craft beer. Another factor that is growing in importance this year is beer style which moves up to number 2 in our chart, with 49% in our poll saying they make a choice depending on style. This means style overtakes price this year which is quite interesting, but likely reflects the fact that craft brewers have been diversifying hugely over the last few years in terms of the number of styles they make, which has led to experimentation among consumers and a definite choice being made as to favourite styles. However, male drinkers are a lot more motivated by beer style (53%) than female drinkers (40%), who are more motivated than men by both the description of the beer and by whether the beer is made by an independent brewer. All the more reason to make the language and descriptors used on beer labels inclusive and clear.

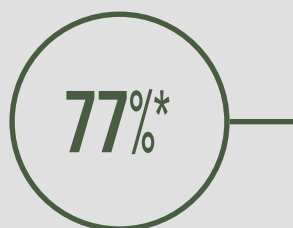
HOW IMPORTANT IS PRICE TO CONSUMERS WHEN CHOOSING A CRAFT BEER?*



*2024, 2023, 2022 and 2020 SIBA Craft Report YouGov consumer polls

The price is right

Regardless of the fact that price has dropped from number 2 to number 3 in our chart of reasons for choosing a particular craft beer this year, there are still more beer drinkers citing price this year as a reason for choosing a particular beer – up +2% to 46% for 2024, almost half of beer drinkers. This rises among our most financially challenged age groups to over half of our sample – 51% among 18-24-year-olds (a figure likely to be brought down slightly by those still being supported financially by parents or guardians) and 55% among 25-34-year-olds, arguably the group hardest hit by the financial crisis. All this underlines the need for independent brewers to emphasise their premium qualities and move away from competing on price.



OF CONSUMERS IDENTIFY AS VALUE-LED

*Food and drink trends 2024, Bidfood

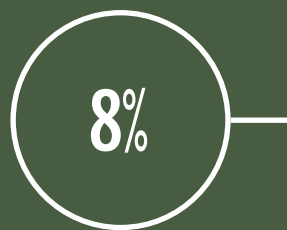
No goes slow

The number of SIBA member breweries producing a no alcohol beer went up by +2% in 2023 to 8% according to our member survey this year, demonstrating the continued growth in consumer interest in no and low options, albeit growth is slower this year. Our 2024 YouGov poll, meanwhile, shows a fall in the overall number of consumers drinking no or low alcohol beers of -4% to 14%. This may be partly explained by the timing of the survey being later into February this year, compared to January last year when many consumers would have been exposed to more alcohol-free products during Dry January. But it may also be reflective of the huge growth in no-alcohol products across the board, from soft drink options to seltzers, which means no-alcohol beer now has more competition. More women than men (16%) drink no and low beer, and it is most frequently drunk by those aged 35-54. More surprisingly, not many 18-24-year-olds are drinking it (only 6%). Perhaps as they are less likely to drink beer generally they are seeking out other no alcohol categories instead, or perhaps brewers and retailers have yet to get the promotion and positioning of these products right. It is also worth noting that growth in production volumes may be slowing as no alcohol beer is notoriously difficult to get right. Many SIBA breweries may be biding their time until the technology and methodology is refined to make production more straightforward.



"What's great about alcohol free, and what I had dreamed of from day one to happen, is it crossing over to the mainstream drinker. I mean, your average pub has got alcohol free not just beer now, but spirits, wines. The range is just incredible compared to five or six years ago."

Steve Sailopal, Founder, Good Karma Beer Co



OF SIBA MEMBER BREWERIES MAKE A NO ALCOHOL BEER

UP +2% FROM 6% LAST YEAR



OF DRINKERS NOW DRINK NO AND LOW BEERS

DOWN FROM 18% IN THE 2023 SURVEY

*YouGov 2024 Craft Report Survey



"Moderation has most certainly hit the mainstream and it's part of a bigger shift in how we, as a nation, are spending our leisure time. We now see a modern consumer where socialising is not centred

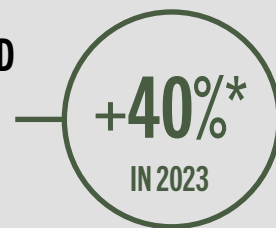
around drinking culture, who is more aware of the risks of alcohol, and therefore is pro-actively taking action to ensure that they are drinking at what they consider to be responsible levels.

But consumers don't want to miss out on all the occasions where alcohol is normally present, going to the pub with friends, celebrating a birthday at home, enjoying a beer while watching sport, for example. The increasing number of low alcohol or alcohol-free options available is therefore being welcomed with open arms.

Despite this long-term growth in low or alcohol-free occasions, hospitality venues are still at risk of losing customers, by giving them an underwhelming experience and not maximising potential sales on these low or alcohol-free occasions due to poor range and visibility. Venues must ensure they stay ahead of the curve, or they risk becoming less relevant for many potential customers."

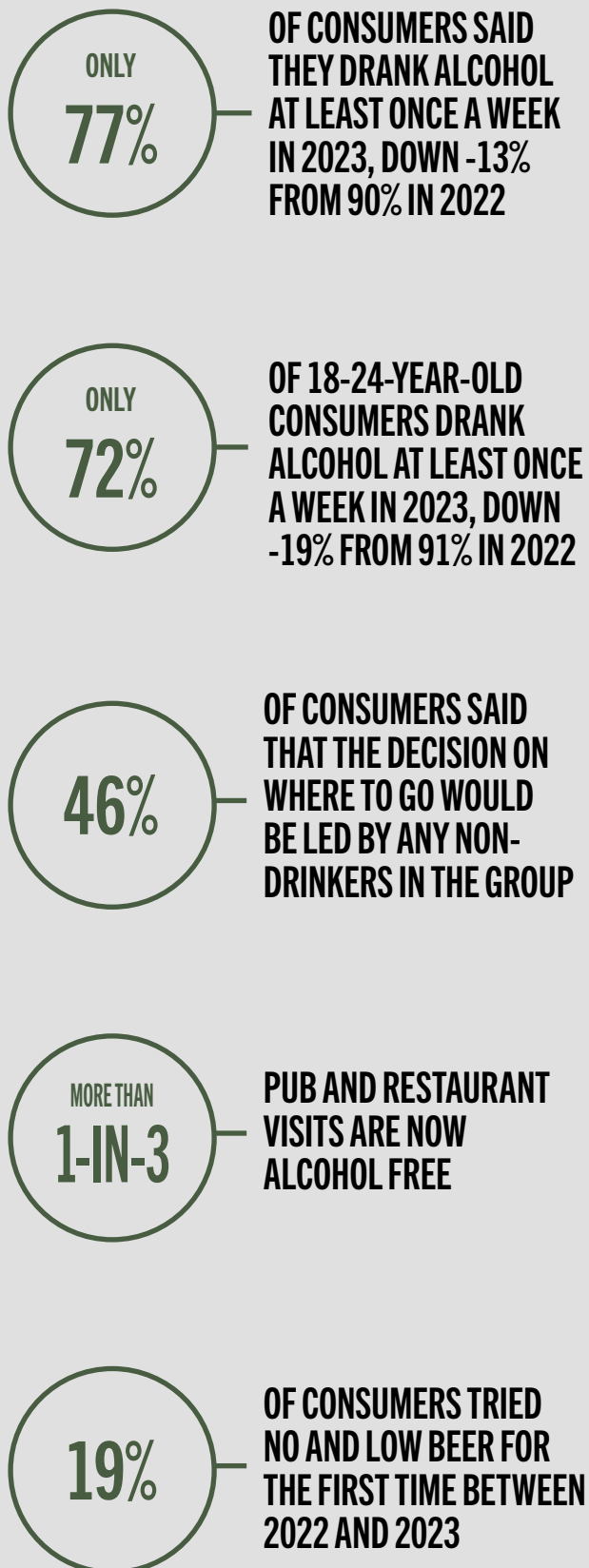
Katy Moses, Founder & MD, KAM Insight

THE VALUE OF THE NO AND LOW BEER CATEGORY IN THE ON-TRADE GREW BY JUST UNDER



*CGA OPMS VALUE DATA TO P13 (30/12/2023)

KAM CONSUMER RESEARCH FOUND...



2023 Low and No: The Customer Perspective

Insight specialist KAM produced a report on the low and no sector in 2023, in conjunction with alcohol-free beer brand Lucky Saint, which looked at how the market has developed and what the opportunities are for brands to enter this category.

KEY TAKE-OUTS FROM THE KAM REPORT

- 1 Moderation of alcohol is now a year-round habit for UK adults so brands no longer need to focus predominantly on Dry January. There were as many UK adults moderating in summer 2023 as there were at the start of the year.
- 2 As people turn towards alcohol-free options, with more than 1 in 3 pub and restaurant visits alcohol-free, availability of quality and varied alcohol-free options is more important than ever.
- 3 With 3.7 million Brits ruling out a specific venue in the 3 months to June 2023 alone due to poor alcohol-free options, failing to provide no and low options equals a missed opportunity of £590.4m in revenue across a year for hospitality venues.
- 4 A whole raft of new consumers are entering the low and no category, with 9.7m UK adults (19% of UK adults) trying low and no alcohol beer for the first time in the year to June 2023.
- 5 Health and wellness are the largest driver behind moderation, with over a third of consumers citing improving personal fitness as the biggest motivator – something to remember for marketing and communicating no and low products.
- 6 The influence of the ‘non-drinker’ is evident in the findings, with almost half of people saying that if they’re visiting a venue and one (or more) people in the group are not drinking alcohol that day, they would influence the choice of venue.

Gluten free options

One in every 10 UK consumer is now cutting out gluten from their diet, according to Coeliac UK, and SIBA brewers have been growing the volume of gluten free beer they produce over the last few years to reflect this. However, interestingly in 2023 we see a fall of -3% to 23% of brewers producing such a beer. This is likely to be the result of a few factors, not least the decision by breweries to pare back on the total number of beer styles they make this year as a result of pressures in the market, but it could also reflect a wish to rein in costs, as gluten free beer is likely to be slightly more expensive to produce. Overall, 23% of breweries making gluten free beer remains a significant proportion, and it will be interesting to see if this number rises again next year as hopefully the economy begins to recover.

Quality counts

Underlining our findings elsewhere in this report, of growing importance to UK beer drinkers when choosing a craft beer at the bar, is quality and price. This is according to the latest figures for the on-trade from CGA by NIQ which show that beer quality is important to 44.5% of consumers (up from 42.9% last year) and price is critical to 38.6% (up from 36.2% last year). The figures also show, once again this year, that how retailers present beers at the bar is really important as 28.3% of consumers choose a beer according to what's visible when they get to the bar. They are also looking for beers they recognise (30.4%) which underlines the importance of clear branding by brewers, and 28.5% are seeking something new – worth taking note of, as this year's SIBA member survey shows a contraction in the number of styles being produced.



OF SIBA BREWERIES NOW PRODUCE GLUTEN FREE BEER

THIS IS A FALL OF -3% ON THE 26% WHO DID IN 2023



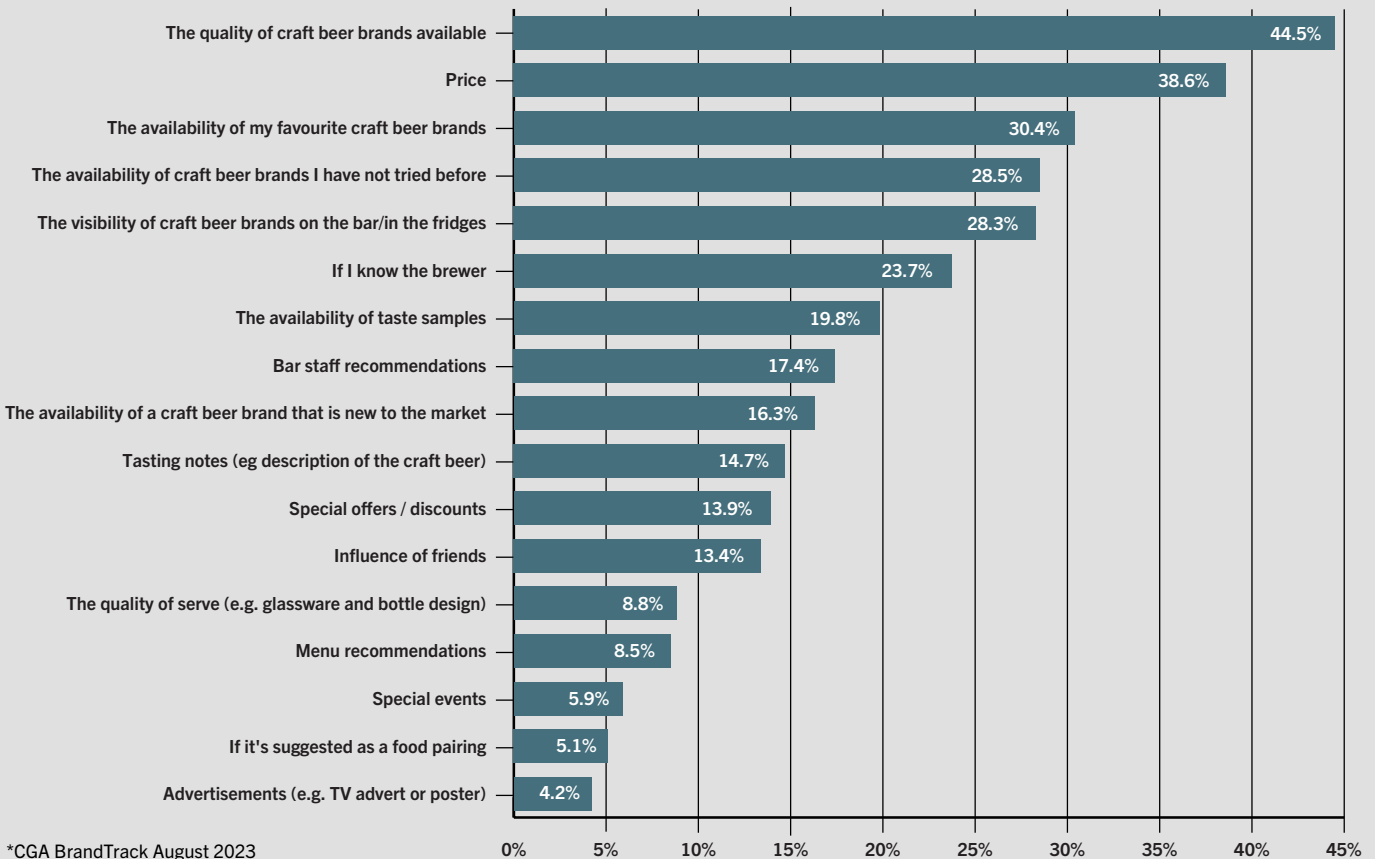
UK CONSUMERS NOW FOLLOW A GLUTEN FREE DIET

THE MARKET FOR GLUTEN FREE IS WORTH AN ESTIMATED

£835 MILLION* PER YEAR

*Coeliac UK - 'What gluten free consumers want 2024'

REASONS FOR CHOOSING CRAFT BEER IN THE ON-TRADE*



*CGA BrandTrack August 2023

Down the local

Almost a quarter (24%) of our 2024 YouGov consumers say they never visit their local pub, and a quarter of them (25%) say there is nothing that pubs can do to make them visit more often. This is a fairly shocking figure, and certainly lays out starkly the scale of the challenge that the pub, and indeed craft beer sector which so heavily relies on local pubs, is facing. We can also see that more women (26%) than men (23%) don't visit local pubs, although interestingly our difficult 18-24-year-old age group is the most likely to visit, with only 13% saying they never do so. Given the lower number of them drinking craft beer, that means that younger consumers are going out, but not necessarily to drink. Indeed, the motivation to go to the pub is generally a social one, rather than just to have a drink, with over half of our consumers going to meet up with friends and family and more than a third (38%) going there to celebrate a special occasion. Food is also a driving factor, with 44% going to their local pub to have a meal, demonstrating the need for craft brewers to emphasise beer and food pairing and get their beers on to pub menus.

TOP 5 REASONS TO VISIT YOUR LOCAL PUB

- 1 **Meet family and friends - 51%**
- 2 **Have a meal – 44%**
- 3 **Special occasion (eg birthday) – 38%**
- 4 **Entertainment/events – 22%**
- 5 **Friendly staff – 18%**

93%* OF BEER DRINKERS SAY THEY HAVE BEEN SERVED A BAD QUALITY PINT

82%* OF CUSTOMERS WILL TELL FRIENDS AND FAMILY IF THEY ARE SERVED A BAD PINT

*KAM and Budvar consumer survey on beer quality, 2023

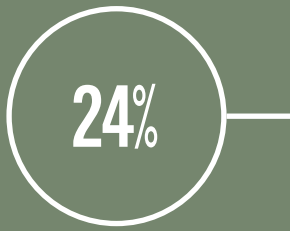
Quality first:
The SIBA FSQ
(Food Safety &
Quality Certificate)



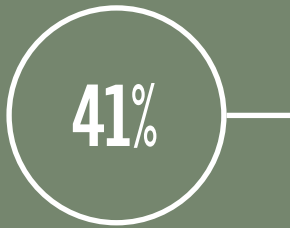
At SIBA we seek to champion quality in everything we do and we work together with our members to ensure that retailers and consumers know that SIBA membership stands for the very best in quality beer. For brewers that means great quality beer brewed, packaged and distributed to perfection and, not least, it complies with food safety legislation. In a crowded marketplace, nothing less will do, and many of the buyers from larger retail chains are now insisting on some form of food safety certification from all their suppliers.

The SIBA Food Safety and Quality Certificate provides members with a practical means of access to an independent quality-driven audit that promises to deliver genuine benefits for your brewery. We recognise that not all members are ready and able to step up to Salsa + Beer or BRC schemes and therefore SIBA, as the leading trade association for British craft brewers, has created what we regard as a first step towards Salsa + Beer.

Find out more at
www.siba.co.uk/about-siba/siba-food-safety-quality-faqs/



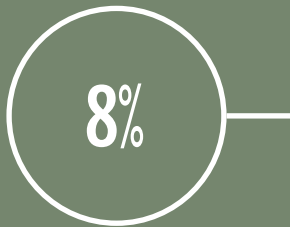
24% OF DRINKERS NEVER VISIT THEIR LOCAL PUB



41% OF DRINKERS WOULD VISIT THEIR LOCAL PUB MORE OFTEN IF PRICES WERE LOWER



25% OF DRINKERS SAY NOTHING WOULD MAKE THEM VISIT THEIR LOCAL PUB MORE OFTEN



8% OF DRINKERS CHOOSE A PUB BECAUSE OF THE INDEPENDENT CRAFT BEER IT STOCKS

BUT ONLY 2% ARE MOTIVATED BY MULTINATIONAL BEER

TOP 5 REASONS CONSUMERS WOULD VISIT PUBS MORE

- 1 Lower prices – 41%**
- 2 Improved food offer – 32%**
- 3 Entertainment/events -23%**
- 4 Staff/landlord/landlady – 20%**
- 5 Wider range of independent beers – 15%**

Visiting time

For one in four consumers, there is nothing that can be done to encourage them to visit their local pub more often. But for those that can be persuaded, the key reason they would return is if prices were lower. This may be an unattainable wish during the current crisis, but it will be interesting to see how this figure changes as the economy recovers and consumer spend is under less pressure. Our survey found that men (46%) were more price sensitive than women (37%) and that almost half (49%) of 18-24-year-olds said price was the motivating factor driving pub visits. On a more positive note, 15% of consumers said that a wider range of independent beer would encourage them to visit their local pub more. This is a not inconsiderable number and something for brewers to shout about when speaking to pub operators.

! WHAT YOU NEED TO KNOW...

- Flavour remains the top reason for choosing a craft beer, with 58% of consumers saying that is the most important factor, up from 53% last year.
- Although price has fallen below beer style in the top reasons for choosing a craft beer this year, it is a growing concern for consumers, with 46% saying it is important, up for 44% in 2023.

- More SIBA member breweries than ever before are making a no-alcohol beer, with 8% now brewing at least one beer in this category, up from 6% last year. However, our consumer poll shows a fall this year in the number drinking no and low beers from 18% to 14%, possibly as a result of the growth in other no and low options.
- 24% on consumers never visit their local pub, and 25% say nothing can be done to persuade them to visit more often.
- 41% of drinkers say they would visit more often if prices were lower.



Expert Insight Mark Bentley, HDI



Beer drinkers' behaviour in a post-pandemic world

HDI's Business Development Director, Mark Bentley, examines the latest consumer trends impacting the UK's on-trade...

"We're now four years on from the start of the pandemic. Little did we know at the beginning of 2020 just how challenging the next few years would be, as we had to navigate various challenges including periods of enforced closures, spiralling inflation and cost-of-living challenges. I don't want to dwell on the pandemic affected years, but a key aspect that's worth reflecting on is how this period affected consumer trends – specifically, accelerating them.

Key Trends:

1. Premiumisation

Premiumisation is a trend that's been seen in many different product categories, with consumers showing a willingness to pay more for quality. In the beer category, world lagers were already enjoying strong growth prior to the pandemic, but this accelerated when people were buying more of their drinks from the supermarkets during periods of enforced on-trade closures. When pubs opened again, the desire for people to treat themselves was very clear, with the most notable shift being drinkers choosing to drink less standard lager brands like Carling and Foster's and instead opting for world lager brands like Birra Moretti, and Madri Excepcional, which burst onto the scene during this period. Drinkers have never looked back, with more premium brands becoming the default choice for many drinkers, even with the cost-of-living crisis.

We've also seen a growing demand for craft beers, with the most notable winner in recent years being Beavertown Neck Oil, which is on course to become the number one ale in the on-trade. It's only in the last few years that brands like Birra Moretti, Madri and Neck Oil have become top sellers in their respective categories, underlining how drinkers' preferences have shifted towards more premium options.

2. Moderation

Moderation is another key trend, with various data sources showing significant proportions of the population looking to moderate their alcohol consumption. This undoubted trend area can be seen as both an opportunity and threat to brewers – an opportunity to innovate in the low & no alcohol

space, catering to the growing demand of consumers who are looking to moderate; or a threat from the perspective that we may see a continued decline in beer volumes and an overall smaller market opportunity.

Whether moderation is seen as an opportunity or a threat, it's undoubtedly a clear consumer trend. Mid-strength is also likely to be a key growth area, helped by the changes to the duty rates implemented last August which have created an incentive for brewers to innovate in this space.

3. Cask decline

The final trend worth noting is the decline in cask ale. This is one that pains me to write about, as someone who is a lover of cask ale who believes that it should be a genuine unique selling point of the great British pub. It's something I spoke about nearly six years ago at the launch of the 2018/19 Cask Report, and another trend area which has undoubtedly been accelerated by the pandemic.

Unpacking the reasons for the decline in cask ale is something that would take far more words than can be accommodated in this article, but fundamentally, it's something that defies logic! Cask ale delivers so much of what consumers tell us they're interested in: locally produced, British, artisanal and involving real skill and expertise to deliver the perfect pint all the way from the cellar to the glass. It has all the attributes of a premium category, offering drinkers a wide variety of different styles and flavour profiles, as well as having a rich array of brand storytelling opportunities."



The opportunity for Independent British Beer

Reflecting on the key trends outlined opposite raises an obvious question – what’s the opportunity for independent British beer? The notable brand winners from the world lager and craft categories are all brands from global brewers, whilst the category where independent British beer has the greatest presence on bars (cask ale), is the one that’s seeing significant challenges in terms of long-term sales declines.

This context will undoubtedly have played a part in SIBA commissioning Hospitality Data Insights (HDI) to help quantify the opportunity for independent British beer in the on-trade [See highlights in Section 7 of this report]. Our analysis utilised sales data shared by SIBA members alongside HDI’s card spending data which tracks the purchasing behaviour of 10.2 million people across more than 160,000 UK hospitality venues, enabling us to profile where Independent British Beer sells well and estimate the potential headroom across the on-trade for the different types of Independent British Beer. We also looked at distribution levels for independent British beer across a sample of over 4,400 managed outlets.

HDI’s research identified that independent British beer could represent 1 in 3 pints of Beer sold in the UK on-trade. However, with 4 out of 10 managed pubs currently being non-stockists, and much of its current distribution being heavily cask ale focussed, there’s a long way to go

to make this potential opportunity a reality. Unlocking the opportunity is not going to be straightforward, but working together, there’s an opportunity to champion the role that independent British beer can play as part of a vibrant, thriving on-trade - something which I’m sure we’d all like to see.”



Mark has been working at Hospitality Data Insights (HDI) for just over a year, joining the company as Business Development Director after previously leading the on-trade category management team at Molson Coors. A qualified beer sommelier, he offers a unique perspective, combining his knowledge and passion for beer with expertise in understanding market and category trends. HDI is the leading provider of card spending insight and pricing data to the UK hospitality sector, with both data sources utilised as part of a recent project for SIBA to quantify the Independent British Beer Opportunity.

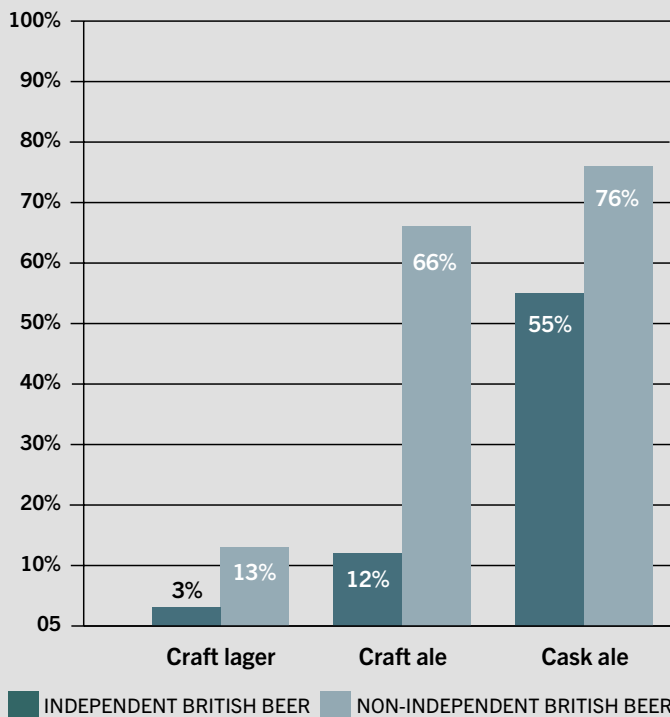
The Opportunity for Independent Craft Beer

In September 2023, SIBA commissioned an exclusive insight report from industry data specialist HDI to look at the opportunities available to independent brewers within the UK market and to explore areas where small brewers could win market share. Here are some of the key findings.

The opportunity

To quantify the opportunity, HDI used sales-in data from SIBA and a selection of its members and analysed the trading profile and customer profile of independent British beer stockists. This enabled HDI to build an understanding of where independent British beer sells well, which in turn helped identify comparable outlets across the wider on-trade where an opportunity exists. This was also combined with consumer data and research.

% DISTRIBUTION OF INDEPENDENT BRITISH BEER INTO MANAGED HOUSES*



*Source: HDI Pricing database, sample of 4,424 continuously trading Managed outlets, Sep-23

Beer range

When looking at the structure of product ranges across managed pubs generally, it's clear that independent craft beer is generally not well represented across the different sectors of the category. Cask ale is the only sector where it has a significant presence; which looking forwards is a significant challenge given the well-publicised struggles this category has been facing in recent years. Looking at sales data from a sample of 150 pubs that already buy from independent brewers, sales of independent beer average just over 30%, which indicates the opportunity is significant if SIBA brewers can get through the door.

27%*

OF ALCOHOL BUYERS SAY THAT THEY ARE BUYING MORE CRAFT OR PREMIUM ALCOHOLIC DRINKS COMPARED TO BEFORE THE PANDEMIC

RISING TO 41% AMONG 18-34-YEAR-OLDS

*UK Alcoholic Drinks Review Market Report 2023, Mintel

KEY QUALITIES OF AN INDEPENDENT BEER STOCKIST

- 1 Busier from Mondays through to Thursdays than other outlets – 37% of trade is during this time compared to 33% for most pubs
- 2 Have a higher % spend from local customers
- 3 Over-index with customers aged 45+ - 60% of customers in these stockists are over 45 compared to the average of 52%
- 4 Over-index with more affluent customers – 31% of customers are in the affluent bracket compared to an average of 26%



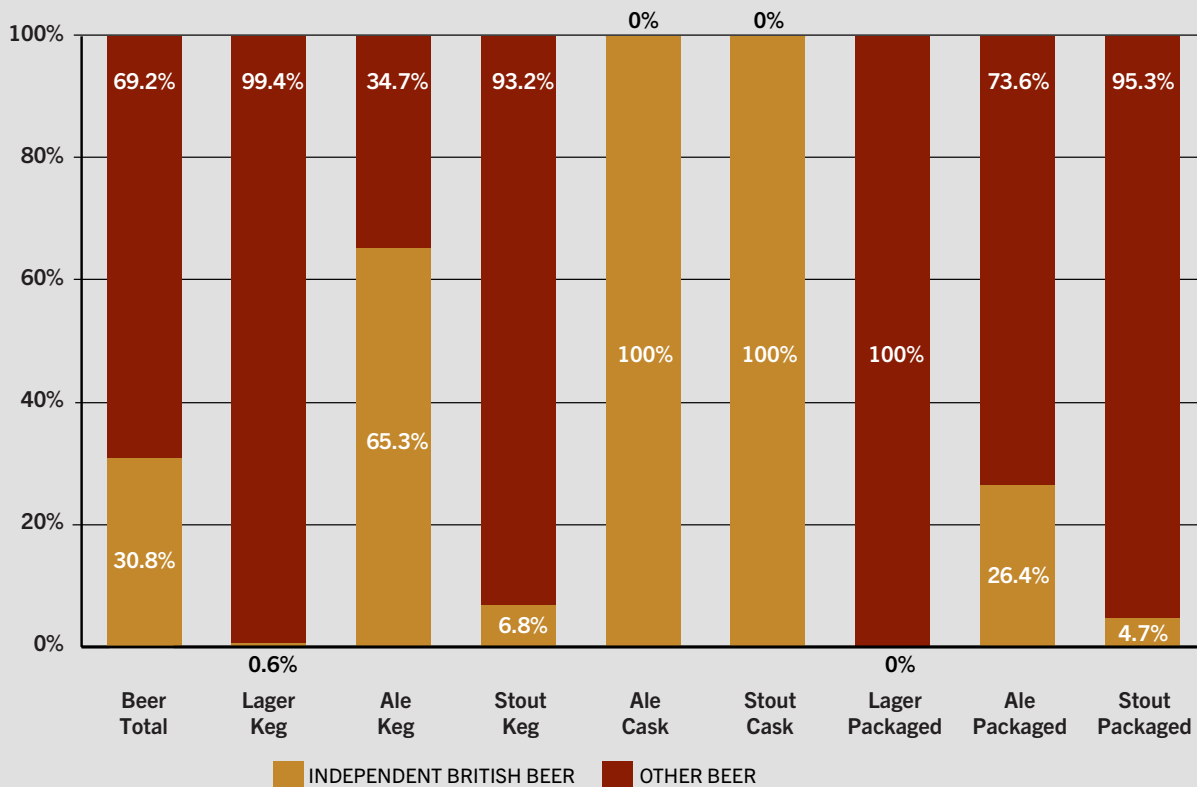
Independent brewers stockist sales data*

Whilst Independent British Beer represents on average 3 in every 10 pints of Beer sold overall in this independent brewers data set, there are significant variations across the various sub-categories ranging from just 0.6% for keg lager all the way up to 100% for cask. This shows that there is an opportunity with existing customers to widen supply to other categories outside of cask.

27%*

OF BEER DRINKERS ARE PREPARED TO UPGRADE TO A CRAFT/PREMIUM BEER FOR A CELEBRATION AT HOME

* UK Beer Market Report 2023, Mintel



*Source: Independent Brewers sales-in data, 52 weeks ending 30/6/23

Different formats

The HDI report found notable differences in the sales profile of where different product formats are distributed – eg cask, keg and small pack. Cask is skewed towards outlets which have an older age profile with a higher % of sales in the quieter parts of the week, versus keg which sees its sales skewed towards younger groups and Fridays and Saturdays. The sample size for packaged was much smaller, but tended to be weekday-led with a less local customer base. This shows that brewers need to refine their sales pitch by outlet type.

Cask ale stockist

- ✓ Busier Mon-Thurs
- ✓ Higher % of spend from local guests
- ✓ Lower Average Transaction Values
- ✓ Over-index with guests aged 45+
- ✓ Have slightly more frequent visitors



Keg beer stockist

- ✓ Busier on Fridays and Saturdays
- ✓ Over-index with guests aged under 45, especially 25-44-year-olds
- ✓ Over-index on visitors who just visit once a year



Packaged beer stockist

- ✓ Busier Mon-Thurs
- ✓ Over-index with guests who live 5+ miles away
- ✓ Higher Average Transaction Values



In conclusion, the HDI report found:

£3BILLION

IS AVAILABLE IN POTENTIAL RETAIL SALES FOR INDEPENDENT BRITISH BEER BASED ON ANALYSIS BY OUTLET TYPE ACROSS THE WHOLE ON-TRADE

INDEPENDENT BEER HAS THE POTENTIAL TO MAKE UP



INDEPENDENT BREWERS NEED TO

BRANCH OUT FROM CASK

AS INDEPENDENT BEER IS UNDER-REPRESENTED IN KEG AND PACKAGED FORMATS



MANAGED PUBS DO NOT CURRENTLY STOCK ANY INDEPENDENT CRAFT BEER



! WHAT YOU NEED TO KNOW...

- There is an opportunity for independent craft brewers to target the 4 in 10 managed houses which currently don't stock independent beer.
- The opportunity across the on-trade as a whole equates to a potential £3Billion in sales, with the end goal of being 1 in every 3 pints poured.
- Independent British brewers are too focused on cask ale where they have the best market share, and should be trying to broaden distribution in both existing and new sites across other categories.
- The targets for cask, keg and packaged independent British beer are different styles of outlets and need to be approached differently.

Section 8

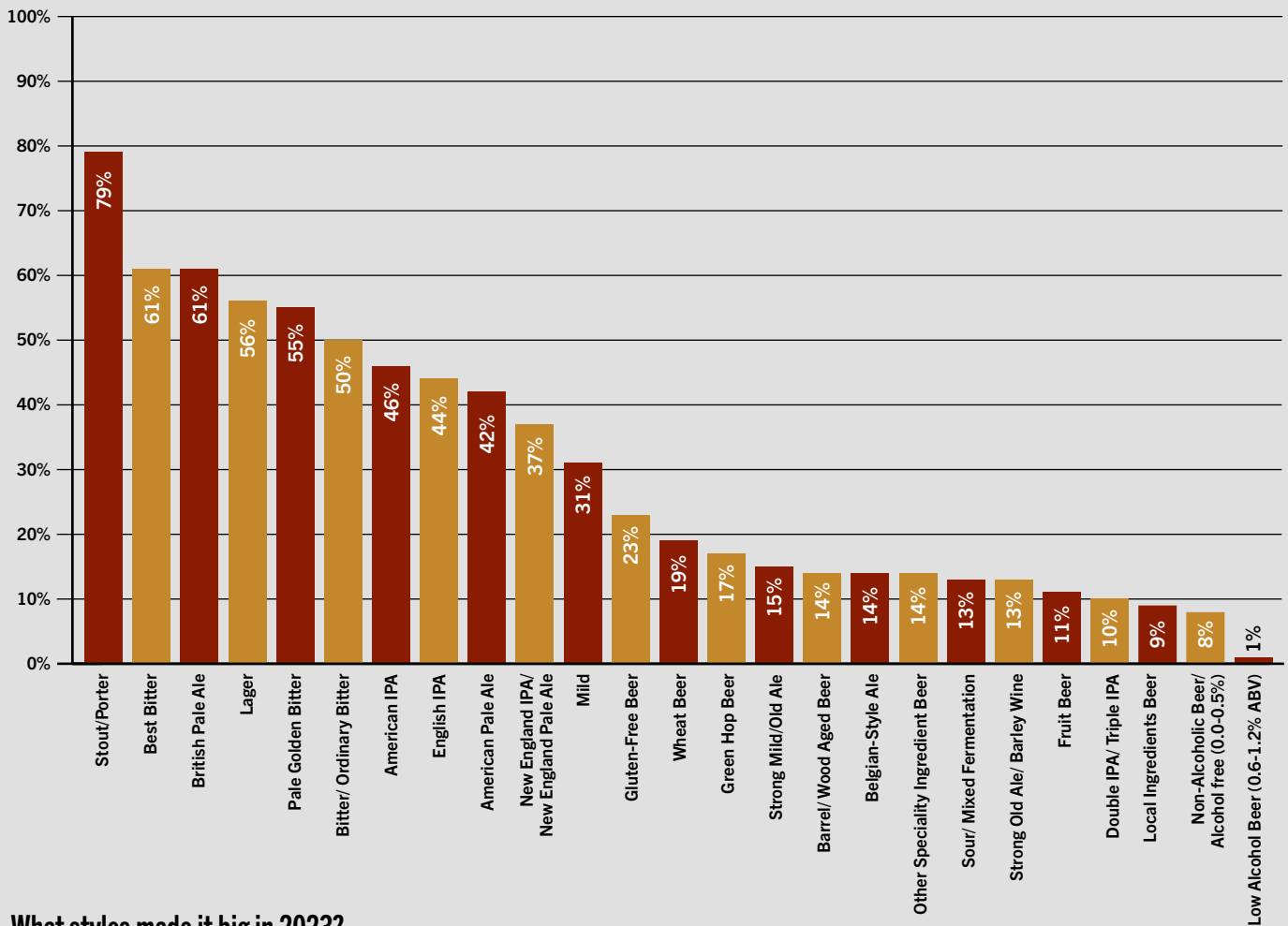
Beer Styles in 2024

There has been a general fall this year in the number of styles being produced by SIBA brewers. The percentage of brewers making each style has fallen almost across the board, with only a handful of exceptions. Have tough times forced brewers to focus in on what they do best?

Low range

Having seen huge growth last year in the range of styles being produced by SIBA breweries, this year we see a different picture emerging. Our most popular style last year – stout/porter, as it is again this year – has fallen in popularity from its peak last year when 84% of breweries reported making a stout or porter to 79% this year. This still puts it well out in front but brings it slightly closer to the next most popular styles, best bitter and British pale ale, both of which are on 61% but falling significantly from 69% and 70% respectively last year. Overall, there are only three styles in growth this year, which begs the question of what is going on? It is likely the answer to this is two-fold. Firstly, the pressures being felt by brewers during the economic crisis are likely to have made them more risk averse, so sticking to the styles they know will sell well seems the likely outcome, paring back on vanity projects and more niche styles. Secondly, consumers are placing more emphasis on quality and are choosing brands and products they can trust which may have led to less experimentation overall and a greater emphasis on beers they recognise.

PERCENTAGE OF SIBA MEMBER BREWERIES OFFERING DIFFERENT BEER STYLES

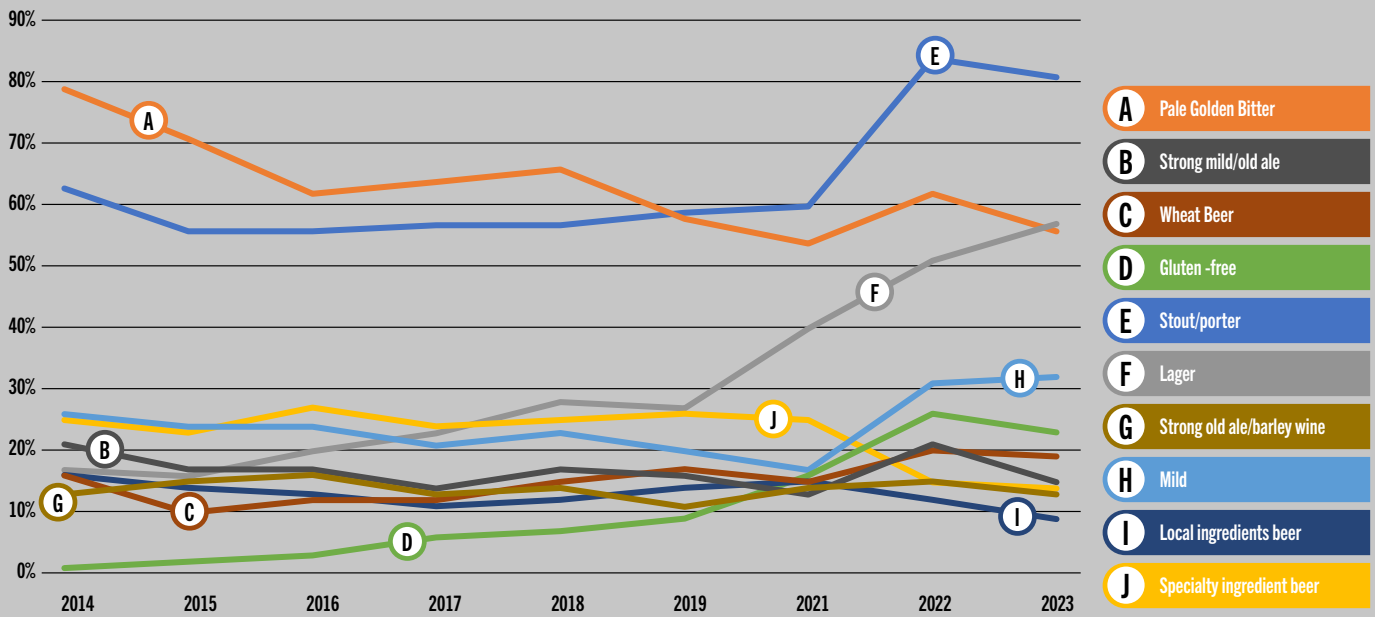


What styles made it big in 2023?

Despite the contraction in the average number of styles each brewer is producing, there are still some clear winners from our survey. Most notably, lager, which has continued its rise up the charts to number 4 this year, with 56% of brewers now producing a craft lager, up +5% on last year’s survey and our biggest growth story for this year. Also on the up is non-alcoholic

beer with a +2% growth in the number of breweries making a NA beer in 2023 to 8% of breweries. And finally we see a modest +1% growth in the percentage of brewers producing a NEIPA/ NEPA in 2023, up to 37% of breweries. In contrast, among our biggest losers this year was English IPA, falling -13% to 44% this year – perhaps losing out to its American cousin?

THE CHANGING POPULARITY OF BEER STYLES AMONG SIBA BREWERS OVER TIME



22%

OF BREWERS PRODUCE ANOTHER PRODUCT AS WELL AS BEER

UP +10% FROM 12% IN LAST YEAR'S SURVEY

44%

OF THOSE PRODUCE A DISTILLED SPIRIT AND 29% PRODUCE A CIDER

THE REST MAKE A RANGE OF PRODUCTS INCLUDING SOFT DRINKS, MEAD & WINE



"We weren't ever going to be very good at chasing trends. We're much more keen to nail our core beers and make sure they're really consistent and really good. When we started it was a point in time when Camden was the default lager for lots of restaurants. But then as soon as it goes into the supermarkets, and it's in all the pubs? That's a problem. I think the ambition with the brewery is not to become some huge mega brewery, it's to just be the quality lager choice for lots of places."

**Nick Trowe, Co-founder, lager specialist
Braybrooke Beer Co**

TOP 10 STYLES OF CRAFT BEER ORDERED IN THE ON-TRADE*

- 1 IPA
- 2 PALE ALE
- 3 BITTER
- 4 BLONDE/GOLDEN ALE
- 5 STOUT
- 6 DOUBLE/IMPERIAL IPA
- 7 RED/AMBER ALE
- 8 PILSNER
- 9 BELGIAN BEER
- 10 = PORTER
= PALE LAGER

*CGA BrandTrack August 2023

The new alcohol duty system

In August last year changes to the alcohol duty system were brought in that increased duty rates on packaged beer but gave a discount of 9.2% on duty rates for draught beer less than 8.5% ABV in containers of 20 litres or more.

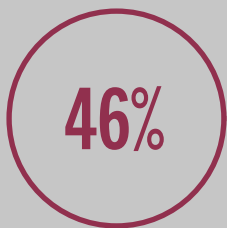


IS THE AVERAGE STRENGTH OF BEER PRODUCED BY SIBA MEMBER BREWERIES IN 2023

THIS IS UP SLIGHTLY FROM 4% IN 2022

Going strong

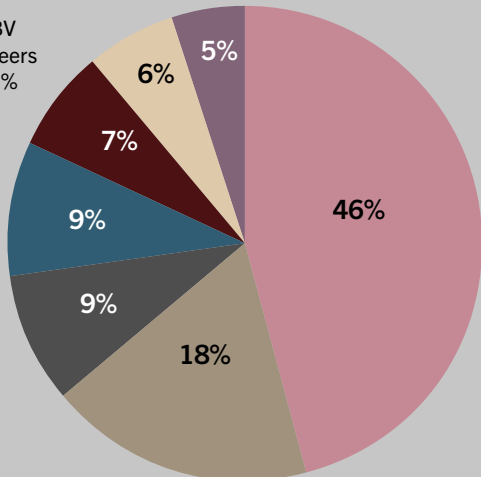
The average strength of SIBA member's beers increased from 4% ABV in 2022 to 4.3% in 2023, which might seem surprising given the change to the alcohol duty system which took place mid-2023. However, it seems that the changes have had little effect on the majority of SIBA members' decisions when it comes to the strength of their beers overall, with 46% saying there had been no conscious changes made, and certainly given the increased production this year of cask it may well be that this slight increase in average strength reflects more on draught beer, which benefits from the draught duty discount.



OF SIBA BREWERS SAY THE CHANGES TO THE DUTY SYSTEM HAVE HAD NO EFFECT ON THE STRENGTH OF THEIR BEERS

HOW HAS THE ALCOHOL DUTY SYSTEM CHANGES IMPACTED THE ABV STRENGTH OF YOUR BEERS?

- No impact
- Introduced new beers below 3.4% ABV
- Reduced ABV of existing beers to below 3.4%
- Reduced ABV of existing beers to below 8.5%
- Stopped producing some beers above 8.5%
- Stopped producing all beers above 8.5%
- Other (please specify)



Top of the hops

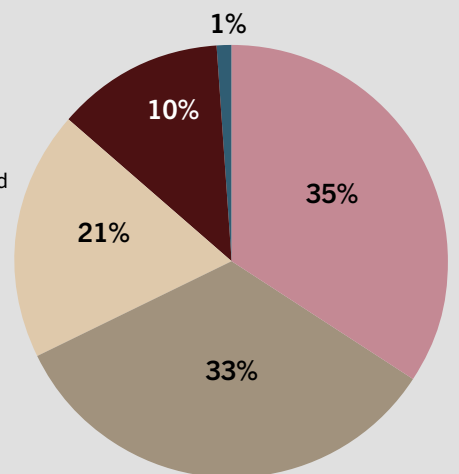
Respondents to this year's survey named 69 different varieties of hops that they were using in their beers, up from 64 in last year's survey. Our top 3 – Cascade, Citra and Golding - remains the same as it was last year, but Fuggles and Mosaic continue vying for position at number 4 and have switched again this year with Mosaic taking the place back. This could be a result of the fall in the number of SIBA brewers making a stout or porter this year, and growth in other areas such as lager and NEIPA/NEPAs.



This growth in NEIPA/NEPAs could also explain the slight uptick in the proportion of American hops being used in 2023, growing from 34% to 35%. Meanwhile, the use of British hops has remained stable year-on-year with a third (33%) using home grown hops, despite a -3% drop in the number of SIBA brewers making a beer specifically using local ingredients in 2023. This could indicate that British hops are being used more widely across various styles of beer, not just confined to a special 'local' beer. European hops have grown slightly in popularity (up +2% to 21%), possibly motivated by environmental factors with brewers trying to buy nearer to home.

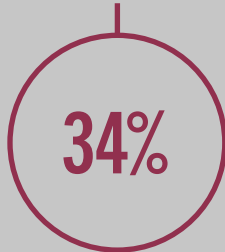
COUNTRY OF ORIGIN FOR HOPS USED IN 2023

- American
- UK
- European
- Australian /New Zealand
- Other





99% OF SIBA MEMBER BREWERIES USE BRITISH MALT AND



34% OF ALL MALT USED IS BRITISH

Top Five

Pale Ale	54%
Maris Otter	48%
Lager	32%
Wheat	24%
Crystal medium	24%

PERCENTAGE OF BREWERS USING MALT

Malt moves

No surprise that almost all brewers responding to our survey this year said they use mainly British malt – in fact the number is up from 98% to 99% this year. In terms of varieties, pale malt remains the most popular type this year with exactly the same proportion of brewers - 54% - as last year, and Maris Otter retains its second place with a slight increase in usage in 2023. However, the big change this year is the growth in the use of lager malt, which mirrors our production figures for 2023 showing lager is one of the few styles that was in growth in 2023. Lager malt was used by 19% of brewers in last year's report but that climbs by +13% to 32% in our report this year.

MOST USED MALTS IN 2023

British	99%
Coloured	79%
Adjuncts	41%
European	37%
Speciality	31%
US base malts	3%



"It's easy to underestimate the importance of hops in darker beers. As beers such as The Porter aren't primarily hop-forward beers, it's tempting to not give too much thought to the hops, or to conclude that you really don't need to use that many at all. In a sense, the opposite is true. Given how bold the malt characteristics can be the hops really have to work hard to make themselves known. Whether you are trying to balance out the malt sweetness with some hop bitterness or add some nice punchy fruit aromas to the beer, it's always worth thinking about how much malt character you are up against."

Paul Anspach, Co-founder, Anspach & Hobday

To say the yeast

British ale yeasts take the top spot this year with 55% of brewers using them, ahead of self-propagated house yeasts which were in first place last year. Most interesting again is that lager yeasts have climbed up the charts this year, similarly to lager malt, as that style grows in popularity, with 47% of brewers now using them making them almost as widely used as house yeasts in 2023.

Top Five

British ale yeasts	55%
House yeasts	48%
Lager yeasts	47%
US ale yeasts	44%
New England yeasts	24%

TOP 5 MOST USED YEASTS IN 2023



WHAT YOU NEED TO KNOW...

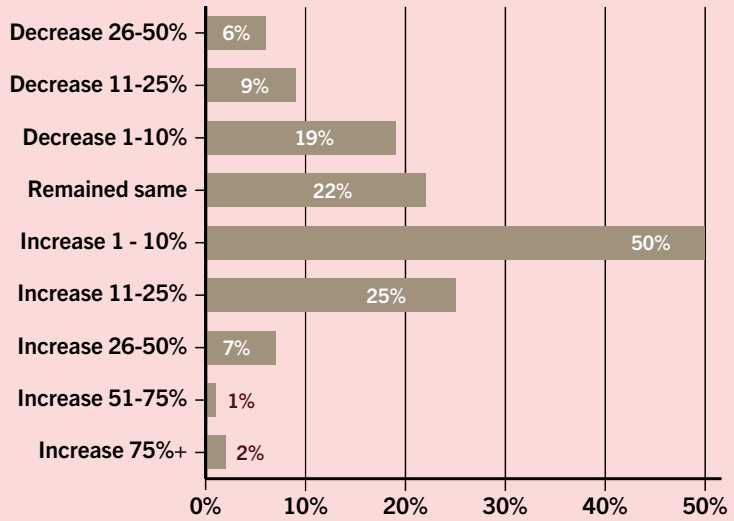
- The overall number of styles being produced by SIBA brewers fell in 2023 with a decrease in the percentage of brewers making almost every style. This is likely the result of brewers playing to their strengths during the financial crisis.
- Stout and porter remains the most popular style with 79% making at least one beer in that style, a fall from 84% last year.
- Lager showed the most growth this year with a +5% increase to 56% of breweries. Lager malt and lager yeasts have also climbed up the list of most used ingredients, mirroring this growth.
- Average ABV has gone up slightly to 4.3% from 4% last year, which means there seems to have been no impact on ABV so far from the change in August 2023 to the alcohol duty system. Our survey also found 46% of brewers said they had not made any adjustments as a result of the new system.

Section 9

Financial Performance

With many independent brewers really feeling the pinch from the financial crisis, we looked at whether they had been able to offset increases in their own costs by increasing the price they sell their beer for across the key selling channels, and what financing options they were using.

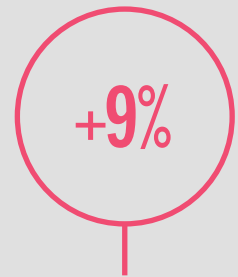
AVERAGE PERCENTAGE CHANGE IN PRICE



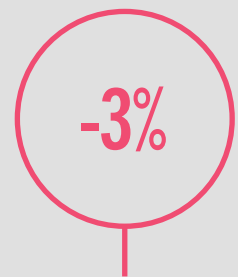
Pricing

Given the smaller size of SIBA breweries it is more difficult to absorb extra costs during a period of high inflation. In this year’s survey, 45% of the brewers have a turnover below £250,000, 63% are below £500,000 and a significant 80% turnover under £1million a year. Of the brewers surveyed, 60% reported that they had been able to increase their selling prices in 2023, but 40% said their prices had either stayed the same or, in some cases, had actually fallen. On average during 2023, brewers had seen a small increase in the selling price they get for their beer, but the largest proportion of these increases was in the lowest 1-10% range and the average net gain was only +5.2%. While this is a small improvement on the +2% average increase SIBA brewers reported in 2022, it still means that given inflation rates across the year this translates yet again into a real terms loss.

PRICE CHANGES BETWEEN 2022 AND 2023

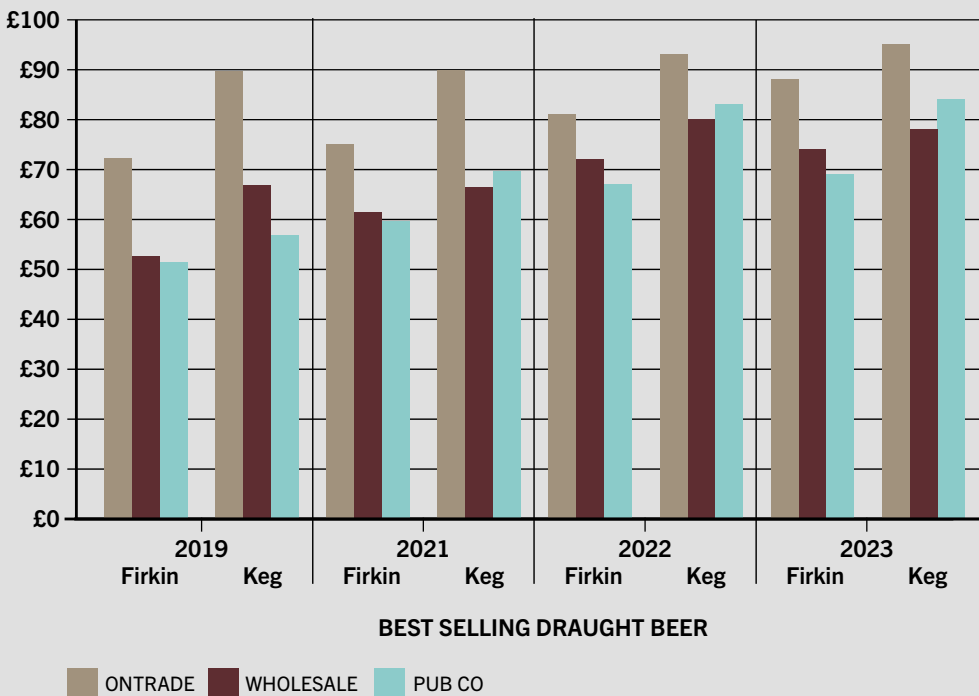


INCREASE IN THE AVERAGE SELLING PRICE OF A FIRKIN IN THE ON-TRADE



FALL IN THE AVERAGE SELLING PRICE OF A KEG IN TO WHOLESALE

AVERAGE PRICE ACHIEVED BY SIBA BREWERS ACROSS ALL CHANNELS

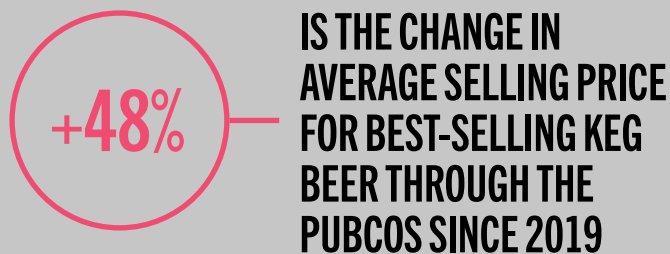


BEST SELLING DRAUGHT BEER

ONTRADE WHOLESALE PUB CO

Across the channels

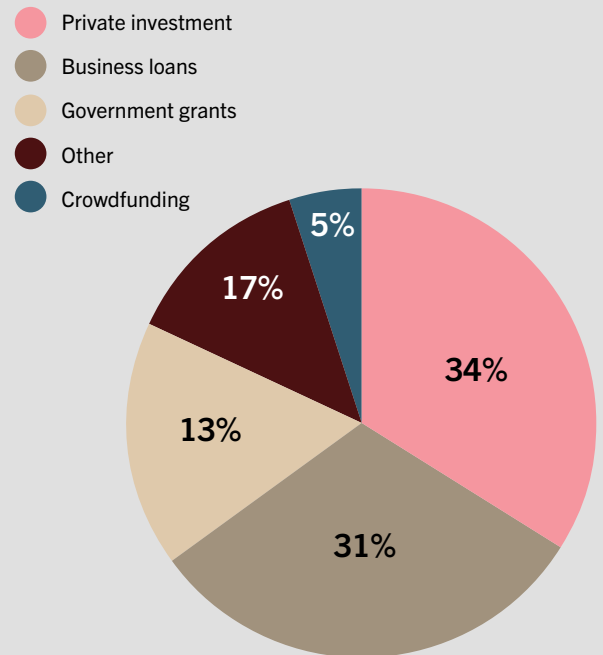
If we look at how the average selling prices for SIBA brewers' best-sellers have changed over the years across all channels we can see that certain routes have performed far better than others. SIBA brewers have only managed to achieve a +6% increase in the average price they sell a keg for in the on-trade since 2019. If you consider that during this same four year period the price of milk and bread, according to the Office of National Statistics, rose with inflation by around 28-30% this is a financial blow for brewers. Some channels have seen better price improvements, notably selling keg beer to pubcos has become more profitable with a +48% increase in average prices for keg beer. However, this must be taken in the context that keg beer was under-priced in 2019 by pubcos compared to other channels, selling on average for £32.76 less per keg than in other on-trade routes, so this price increase arguably just brings it back into line. Comparing 2023 prices to 2022 we can see prices in the on-trade for firkins have increased +9% while in contrast for kegs at wholesale brewers have actually seen prices fall by -3%.



Financial investment

Only about a third of SIBA brewers who responded (64) had sought any financial investment in 2023 for their business, which ties in with the low number who have made any significant capital investment spend in the last 12 months. This is likely to reflect the fact that brewers are facing a range of financial challenges and have pared back on growth plans until the crisis abates. As you would expect, the most used methods of financing for all small businesses were also those most used by small breweries – ie internal (from the business, family or friends) is the top source, next comes their bank, and all other sources come a long way behind. Crowdfunding was only used by a very small number of breweries in 2023, perhaps reflecting more of a reluctance to go down this route while small investors who would usually support crowdfunders are also financially stretched.

IF YOU HAVE RAISED FINANCIAL INVESTMENT IN 2023 WHAT METHOD DID YOU USE?



WHAT YOU NEED TO KNOW...

- Our survey found that while 60% of breweries achieved price increases on their beers in 2023, there was overall only a net gain of +5.2% across all respondents which does not match rises in energy bills, wages and ingredient costs so equates to a real terms loss.
- Selling prices across certain routes to market have failed to keep up with rising costs over the last five years, with the average selling price for keg beer in to the on-trade rising only +6% since 2019.
- Average prices achieved for keg beer sold into wholesale actually fell between 2022 and 2023 by -3%.
- Financial investment and capital expenditure were both cut back in 2023 as brewers faced uncertainty and rising costs and opted to focus on stability rather than growth.

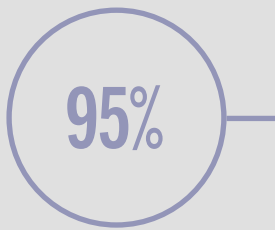
Section **10**

Sustainability & Community

Sustainability and community go hand on hand for independent brewers who are real champions when it comes to both.

Community champions

Our 2024 members' survey highlighted the vital role independent craft breweries play within the local communities they serve, and indeed how important those communities are to the breweries themselves. The survey showed that more than eight out of 10 brewers believe their community is very or extremely important to their business and a whopping 95% say community is important.



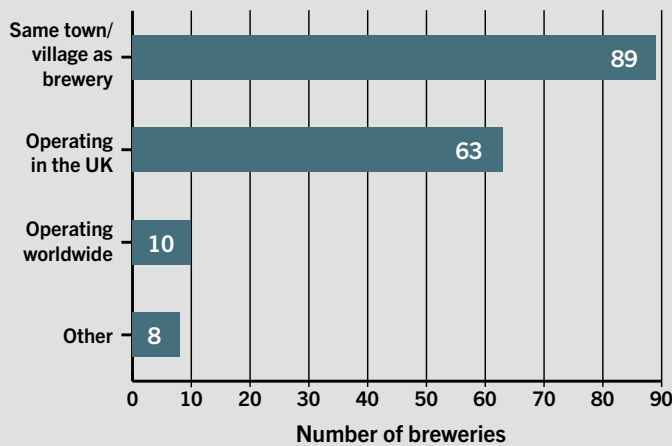
OF SIBA MEMBERS SAY THEIR RELATIONSHIP WITH THEIR COMMUNITY IS IMPORTANT TO THEM

AND 83% SAY IT IS 'VERY' OR 'EXTREMELY' IMPORTANT TO THEM

Charity starts at home

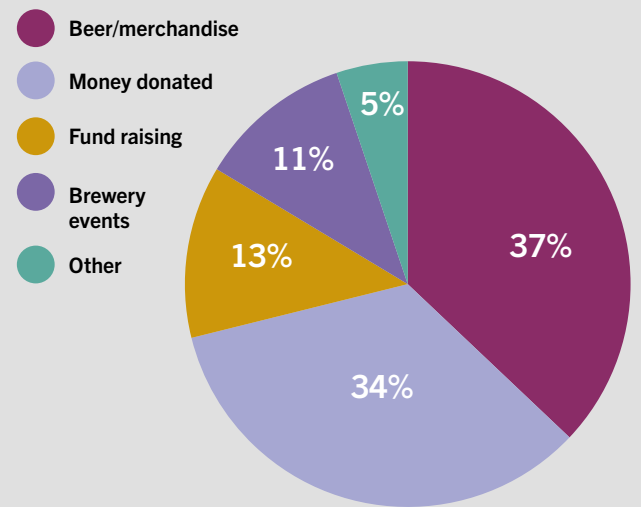
This year's members' survey shows that even though they are facing some of the toughest trading conditions seen in decades, SIBA breweries have actually grown the support they give to charity, arguably right when they need it the most. An incredible 82% of breweries supported at least one charity during 2023, and more than half of those gave money and/or practical support to a charity based in their local town or village. Almost 90% of SIBA brewers support charities operating in their home market of the UK.

WHERE IS THE CHARITY YOU SUPPORT LOCATED?



OF SIBA BREWERS WHO SUPPORTED A CHARITY CHOSE TO SUPPORT ONE IN THEIR OWN LOCAL TOWN OR VILLAGE

WAYS SIBA BREWERIES SUPPORT THEIR CHARITIES





82%

**OF SIBA BREWERS SUPPORTED AT
LEAST 1 CHARITY IN 2023 WITH
FINANCIAL OR OTHER DONATIONS,
UP +2% FROM 80% LAST YEAR**

Finding your footprint

Our survey found that just over 13% of our SIBA brewers are already calculating their overall carbon emissions, which is the first step for businesses looking at cutting their carbon footprint. And a further 23%, or almost a quarter, are planning on starting the process. Almost half, however, (just over 48%) have no current plans to start measuring their footprint, and a further 13%, more than one in 10, saying they are not intending to.

This number may seem surprising at a time when consumers are placing more and more emphasis on buying from sustainable businesses. However, it is likely to be another symptom of the current financial crisis, with brewers having to focus closely on business operations and cut back on investment in other areas. There is usually a cost to measuring carbon emissions, with many businesses using consultants to do it. However, on the positive side we see two thirds of our survey respondents are making changes to their businesses already to help cut their carbon footprint, so although they may not have measured emissions, positive change is already happening.

SIBA partners with Zevero to help independent breweries move to Net Zero

SIBA announced in 2023 it has partnered with Zevero to help breweries to measure and reduce their environmental impact.

Zevero, a leading carbon measurement and reporting platform, is developing a new tool aimed at small independent breweries. This will be offered to SIBA members for free to measure their emissions and compare them against industry benchmarks. It will mean that breweries can better understand their impact and consider ways to reduce their emissions.

65%

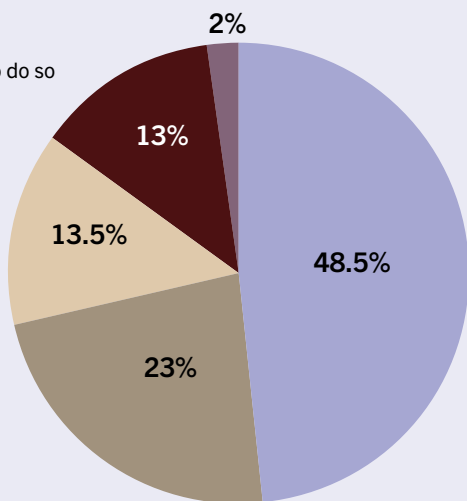
OF SIBA BREWERIES, MORE THAN TWO THIRDS, HAVE DONE SOMETHING POSITIVE TO LESSEN THEIR CARBON FOOTPRINT IN 2023

36%

OF SIBA BREWERIES ARE ALREADY CALCULATING OR PLANNING TO START CALCULATING THEIR OVERALL CARBON EMISSIONS

ARE YOU CALCULATING OR PLANNING TO CALCULATE YOUR CARBON EMISSIONS?

- No current plans
- We intend to start
- Yes, we are
- Not intending to do so
- Don't know



"We've linked up with a decarbonisation software company called Zevero. It basically allows us to measure our carbon usage. And it's very impressive, it integrates with all of our systems, and it gives you a true carbon usage report, monthly and yearly. So that then gives us the knowledge to know where we can move forward and how we can essentially either reduce our carbon footprint, but also offset it. So we've been in talks with offsetting companies where we can then start looking at lots of different things to invest into to offset. And we're also looking at the reduction strategies. We've just bought a nitrogen generator, that's going to reduce our CO2 usage considerably. The goal is to become net zero in 10 years. So 2033 is our target."

Ben Cleary, Founder, Full Circle Brew Co



The SIBA Sustainability Strategy

SIBA's sustainability strategy sets out plans for helping independent breweries to meet the ambitious Net Zero targets set by the Government.

The practical 'Brewing our way to Net Zero' sustainability strategy sets out how independent breweries can achieve their Net Zero obligations with help and support from SIBA as well as examples from breweries that lead the way.

SIBA has identified six key areas on which they will focus to help small breweries achieve the Net Zero targets, these are: Energy Use, Ingredients, Transport & Logistics, Packaging & Recycling, Solid Waste Management, and Water.

Within each of the key areas SIBA has set out short, medium and long-term goals to achieve Net Zero for the independent brewing sector by 2045 – 5 years ahead of the Government's legally binding Net Zero emissions targets, which dictate Net Zero emissions by 2050 and to reduce national emissions 78% by 2035 and 68% by 2030, compared to 1990 levels. SIBA's role is to assist members to calculate, identify and reduce carbon emissions by working with supplier associates and others to set out ways to do so in an economic rational way and by lobbying Government to reduce regulatory burdens and to introduce technological assistance, financial support and grants.

Find out more at: siba.co.uk/siba-sustainability-strategy/



WHAT YOU NEED TO KNOW...

- 95% of SIBA brewers say their community is important to them and 83% say it is very or extremely important.
- 82% of breweries supported at least one charity in 2023, up from 80% last year, and almost 90% of those support a charity in their own town or village.
- 65% of SIBA brewers have done something positive to lessen their carbon footprint in 2023 and 36% either have already, or are planning to, measure their carbon emissions.

Section **11**

The Craft Beer Workforce

Our 2024 SIBA Members' Survey shows a total workforce comprised of 1,667 staff employed in 154 participating breweries, with an average of 11 members of staff per brewery. This compares to our 2023 survey when we captured 2,673 staff in 186 responding breweries with an average of 14 employees per brewery. This suggests that average team size may have fallen in the last 12 months – which would be understandable given the economic climate. However, these figures must be put into the context of the SIBA membership as a whole, with member businesses varying significantly in size. A 'typical' small SIBA brewer – the largest section of the membership - has three staff members on average, which is actually an increase on the two in last year's survey.

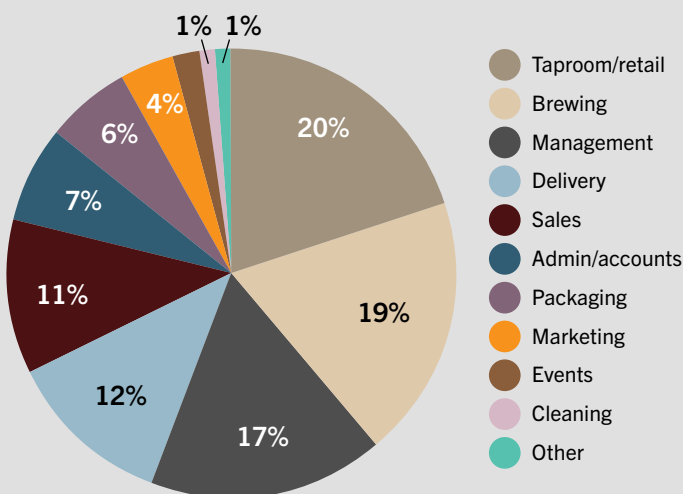
Overall, 69% of the workforce at the start of 2024 was working full-time, a slight fall compared to 71% in our 2023 survey. Again, this figure needs to be taken in context, but it is likely to reflect decisions at some breweries to cut hours in order to address rising overheads, especially given wage increases.

Other way

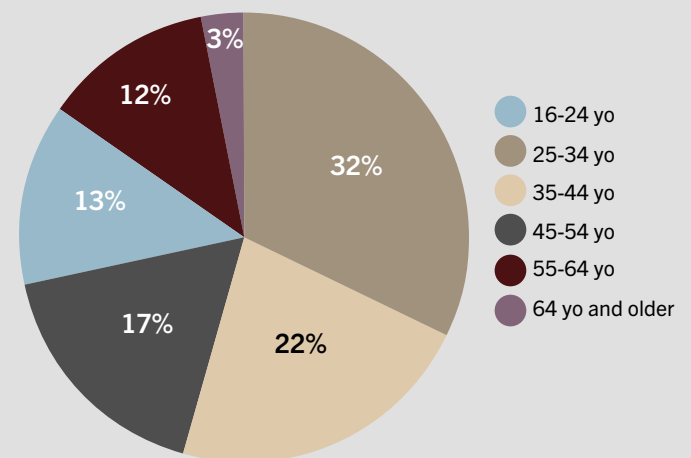
For this year's survey we have included some additional job functions in order to further break down the 'other' category which last year made up 6% of our workforce, and we added cleaning and events as two new job functions. This seems to have been successful, with only 1% this year falling into the invisible 'other' group. We can see in this year's report that while the taproom/retail side of the business is still the largest in terms of employee numbers - with 20% of the workforce, exactly the same as last year - the proportion working in brewing is almost catching up, and has increased +3% to 19% this year. Management has also grown +2% to 17% this year, while in contrast packaging has fallen -2%. This could be explained by the decline on off-trade sales in 2023 and SIBA brewers' renewed focus on cask ale, or indeed improved automation as technology continues to advance on packaging lines.

The biggest change in terms of age range in our 2024 survey is an almost 10% increase in the number of employees in the 25-34 age group, which now makes up almost a third of the workforce. This has expanded at the expense of older age groups, with a continued fall in the number of workers over 55 (down -2%) and also this year in the 35-44 age group which is down -4% to 17%. It means that 45% of our workforce is now under 35, and could reflect the growth in the brewing function this year where that age group is likely to be prevalent. The youngest age group – 16-24s – has not seen any great change this year, growing by just +1%, which is disappointing as it indicates no big rush to take up brewing apprenticeships across the sector. This could be another sign that brewers are holding steady until the financial crisis eases, but is concerning for the future as apprenticeships are not only a less costly recruitment method, but enable the sector to home-grow talent when skilled job seekers are scarce.

EMPLOYEES BY JOB FUNCTION



EMPLOYEES BY AGE





Salaries

There was an average annual wage in our survey this year of £25,900, which equates to just under £500 a week. In contrast, the Office of National Statistics reported that the average UK wage in April 2023 was £682 per week, giving an annual average wage of £35,464. Even allowing for the possibility of bonus payments and regional variations in our survey sample, this clearly demonstrates once again that as in previous years the independent brewing sector pays less than the national average. At a time when recruitment is challenging this is likely to play badly for the independent brewing sector in the medium to longer term, especially when wages are going up significantly in other industries.

21%

**OF THE WORKFORCE HAS
OR IS WORKING TOWARDS
FORMAL TRAINING/
QUALIFICATIONS**

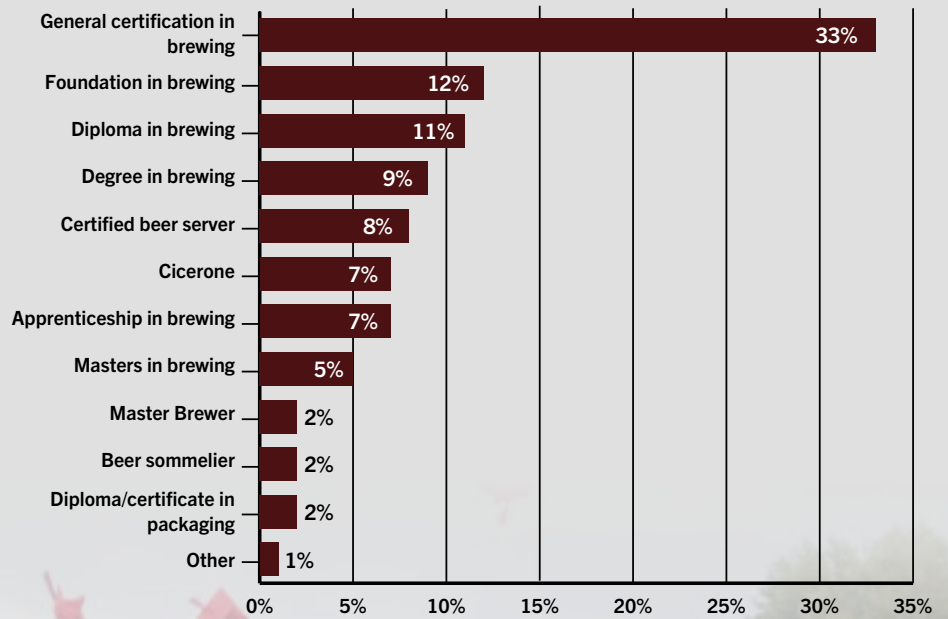
THIS IS DOWN -5% FROM 26% IN
LAST YEAR'S SURVEY

Training and qualifications

Following a rise in last year's report in the proportion of the workforce who have, or are working towards, a qualification, we see that figure fall again this year back down to 21%, or just over one in five. This is disappointing at a time when recruitment can be difficult, as studies show that training and qualifications generally lead to staff staying in their role, and with the business, longer, and can be a good way to add value for new recruits.

Growing the number of workers with qualifications generally, also raises the professional perception of a sector and is considered a positive, so this is a figure to watch in future reports. We would hope that perhaps the current financial situation has led brewers to scale back on the cost of training and that it will return as a priority once the crisis is over.

QUALIFICATIONS HELD OR BEING WORKED TOWARDS IN 2023



Renewed recruitment

On a more positive note, it is good to see that the number of new jobs that SIBA breweries intend to create in 2024 has significantly increased from last year to 768, which takes it back up above 2022 levels. Last year we saw the number fall back to below 600, likely as a result of the huge uncertainty in the market about what 2023 would bring. However, as we have seen elsewhere in this report, now that brewers have adjusted for the tough economic climate, they are perhaps more confident about forward planning.

768

NEW JOBS WILL BE CREATED BY SIBA MEMBER BREWERIES IN 2024*

THIS REPRESENTS A SIGNIFICANT INCREASE FROM THE 594 IN OUR 2023 SURVEY AND IS A CLEAR THAT BREWERS ARE FEELING MORE CONFIDENT ABOUT PLANNING FOR THE YEAR AHEAD

*Number estimated from SIBA survey results

The gender gap

Our survey this year shows that there has yet again been no overall increase in the number of workers identifying as female, which has been stuck at 30% of the workforce since 2022. We would have hoped to have seen an increase in female representation, not least as a result of continued growth in direct retail where we saw a higher representation of female workers last year. However, this year we see that the proportion of the taproom and retail workforce that identifies as female has actually fallen back to 48% from 51% last year, with male workers once again now making up the majority. Elsewhere, there is some more positive news this year, with female brewers now making up 9% of overall brewers in the workforce, a rise of +4% on 5% last year. This means 6% of female workers now work in brewing, a doubling of the 3% who did last year, although still behind the 11% who worked in brewing in 2019. This has to be seen overall as a big positive, in a part of the business that has historically been male dominated. We also see this year a slight increase in the number of females in managerial roles, up from 24% to 25% this year, meaning one in four brewery managers is now female. Nevertheless, we continue to see a disproportionate female representation in roles seen traditionally as more 'female', for example 82% of admin and accounts workers are female.



THERE HAS AGAIN BEEN NO INCREASE IN THE PROPORTION OF FEMALE EMPLOYEES

WITH
30%

OF EMPLOYEES IDENTIFYING AS FEMALE IN OUR 2024 SURVEY

THIS IS EXACTLY THE SAME AS THE FIGURE IN OUR 2023 AND 2022 SURVEYS

25%

OF MANAGEMENT ROLES WITHIN CRAFT BREWING ARE NOW FILLED BY WOMEN

THIS IS FRACTIONALLY UP FROM 24% LAST YEAR

6%

OF THE TOTAL FEMALE WORKFORCE IS EMPLOYED AS A BREWER

THIS HAS DOUBLED FROM 3% LAST YEAR BUT REMAINS BELOW THE 11% IN 2019

9%

OF ALL BREWERS ARE FEMALE

THIS IS AN INCREASE OF +4% ON 5% LAST YEAR

32%

OF THE FEMALE WORKFORCE WORKS IN THE TAPROOM/ RETAIL ESTATE AND A FURTHER 20% WORKS IN SALES AND MARKETING

82%

OF ADMIN/ACCOUNTS STAFF ARE FEMALE

SIBA Values: Inclusivity

SIBA believes that the brewing industry should be accessible to and accepting of everyone, regardless of who you are. We believe everyone has a right to enjoy independent beer and not be harassed, judged or discouraged from being a part of the independent brewing community.

1% OF OUR 2024 CRAFT BREWING WORKFORCE IS NON-BINARY, AND DOES NOT IDENTIFY AS EITHER MALE OR FEMALE

THIS HAS NOT CHANGED FROM OUR 2023 REPORT

48% OF TAPROOM WORKERS ARE FEMALE

51% OF STAFF IN TAPROOMS ARE MALE

<1% OF TAPROOM STAFF ARE NON-BINARY

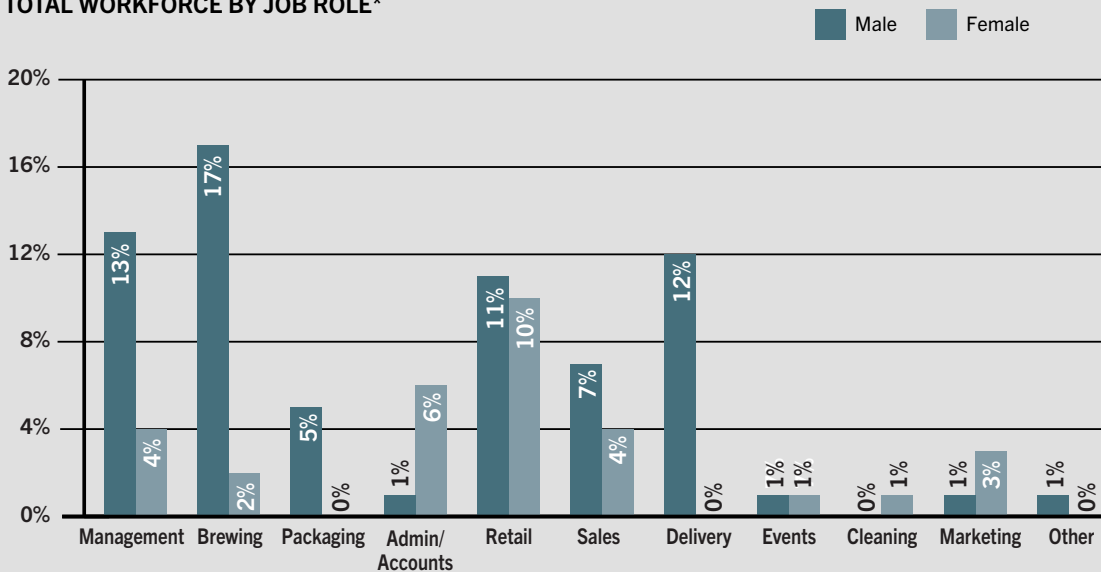


“I think it all comes back to not the industry of brewing, but the industry of drinking. If you go to pubs, taprooms, beer festivals - even though there’s amazing work being done by people like the Coven, and beer influencers, and lots of people who are talking out in the beer drinking community - it’s still an incredibly male dominated industry. And it’s not just about the people that are drinking, it’s about when you go into those spaces. We might be welcome. But are we considered individually? Has anyone put thought into the consideration of what does a woman in this

space need? There are lots of things, like baby changing facilities, space for prams, just a quiet area, somewhere where you can go if you are with children or a baby or just want to have a conversation, because women communicate differently to men as well. I’m generalising massively, but I don’t want to go into a lounge space and shout over a bar table and not be able to hear them over the sound of all the other people around me shouting over a bar table. I want a place with decent acoustics. I want somewhere I can hang my handbag and coat. And it seems like such a small thing. But you have beer bars and specific beer venues that are not engineered for women. It looks like a clubhouse for 30-year-old guys, so it becomes a clubhouse with 30-year-old guys.”

Kate Hyde, Head Brewer, Hand Beer Co, on addressing diversity issues in craft beer

MALE/FEMALE WORKFORCE AS A PERCENTAGE OF TOTAL WORKFORCE BY JOB ROLE*



*Note: Percentages have been rounded up or down to nearest whole number



Ethnicity

This is only the second year that we have asked SIBA members to report on the ethnicity of their workforce so it is the first time that we can start to monitor any trends over time, albeit it will take several years for that data to show consistent trends. In an industry that has been woefully unsuccessful in diversifying, and reported 97% of its workers were white last year, it is heartening to see a fall in that number this year to 94%. This is only a small drop of -3%, and it does not bridge the gap to the national population average (according to the ONS) of 82%, but it is a move in the right direction and one to watch in years to come.

94%

**OF THE CRAFT BREWERY
WORKFORCE IN OUR
SURVEY IN 2024 IS WHITE**

THIS IS DOWN -3% ON 97% IN OUR
2023 SURVEY



WHAT YOU NEED TO KNOW...

- Lack of diversity remains a big issue for the craft beer sector in 2024, although there has been some incremental positive change this year.
- Despite the proportion of female workers stuck at 30% again this year, the percentage of those working as brewers has seen a small but welcome increase to 6% (from 3% last year) and the overall percentage of brewers that are female has risen +4% to 9%.
- Another area where there has been an extremely modest but positive move is in ethnic diversity, with 94% of the workforce coming from a white background this year as compared to 97% last year. A move in the right direction at least, but there remains a huge amount of work to be done by the industry if it is to improve diversity in an impactful way.
- Levels of training have declined in 2023 with only 20% of the workforce holding or working towards some form of formal qualification, down from 26% last year.

Conclusions & Sources

The future for genuine craft beer

Our report this year shows beer production from independent brewers finally back at 2019 levels, after a long and slow recovery made tougher by the growing economic crisis.

Despite the continuing challenges they face in 2024, SIBA brewers have spent the last year adjusting to the economic storm, focussing on maintaining their business and curbing major capital investment until the crisis eases. This has left them in a more stable position than last year, when uncertainty over energy prices and inflationary increases has left a majority in survival mode. This number has fallen now, although there remains concern over profit margins and falling turnover.

On a positive note, the changes to business structure, and in particular the diversification of routes to market, brought about by the pandemic, have left independent brewers in a much stronger position to weather this storm. And there has been a return to cask production, which is almost back at 2019 levels this year, and some success stories such as the growth of craft lager and an overall, albeit small, increase in craft beer consumption in our 2024 YouGov consumer poll.

The next 12 months is highly likely to see economic improvement, as inflation eases and interest rates fall, but the challenge ahead lies in attracting younger drinkers to the craft beer category, differentiating genuine craft beer from mass produced beer at the point of sale, and underlining its premium credentials.

What makes a genuine craft beer?

Our exclusive YouGov survey, conducted in February for the 2024 SIBA Craft Beer Report highlights the key credentials consumers expect from a genuine craft beer:

- 1 It is made by a **small independent** brewery
- 2 It is brewed with the finest **quality ingredients by artisanal brewers**
- 3 It has **genuine provenance** from a brewer embedded in its community
- 4 Beer **quality and consistency** are guaranteed through the SIBA FSQ or similar
- 5 It commands a **premium price** which consumers are happy to pay
- 6 It comes from an **innovative** brewing business
- 7 It is full of **taste and flavour**
- 8 It comes from a business that **reinvests profit** in its local community
- 9 It is made by a brewery with **strong ethical values**
- 10 It is a **hand crafted** product with a lot of human input in the production process

Sources

The following statistics and analysis formed part of the research for this report: The SIBA UK Brewery Tracker, The British Beer & Pub Association Beer Barometer and Statistical Handbook 2023, Bidfood's 2024 Food & Drink Trends report, Market Reports by Coeliac UK, ONS data on pricing and inflation levels since 2019, ONS census data for 2021, UK Alcoholic Drinks Review Market Report 2023 – Mintel, UK Beer Market Report 2023 – Mintel, KAM x Lucky Saint No and Low Report 2023, The Future of Beer and Cider 2024 – Mintel, Industry Trends Report - Future of the Hospitality Sector – Comarch, Joint membership surveys by BII, UKH, BBPA and Hospitality Ulster, research by CGA and AlixPartners on business failures in 2023 and CGA by NIQ OPMS and BrandTrack data and market reports.



Published by the Society of Independent Brewers and Associates
PO Box 136, Ripon, North Yorkshire HG4 5WW
SIBA Head Office: 01765 640441

www.siba.co.uk

 SocietyOfIndependentBrewers  @SIBANational