

THE SIBA CRAFT BEER REPORT 2023

THE UK'S INDEPENDENT
BREWING SECTOR IN FOCUS



THE SOCIETY OF
SIBA
INDEPENDENT
BREWERS

in association with

EST. 1872

CROSSONS
William Crosson

Welcome

FOREWORD BY ANDY SLEE, CEO, SIBA



Survival mode

Behind the skill and passion that goes into brewing that perfect pint, or the bonhomie in the taproom on a busy Friday night, lies a sense of worry and foreboding.

Independent brewing in the UK has been a rare manufacturing success story. We represent the vibrant beating heart of the sector and generate far more than our fair share of goodwill towards Britain's national drink.

In this, the fourth edition of SIBA's Craft Beer Report, we have the first chance to assess the effects that the economic crisis and Brexit have had on a post-pandemic sector.

The last 12 months have not been kind to many brewers and this report charts some dramatic changes in the beer market caused by the economic and political turbulence of our time. But amidst this turmoil, there is optimism as a result of the decisive action many brewers took during lockdown to radically overhaul their businesses to face a changing world. It is this investment and innovation that is paying off for them now.

Driving direct

With margins being squeezed like never before, it is higher-margin direct-to-consumer sales that have understandably been the key focus for SIBA members in 2022. Our report this year finds huge growth again in the number of independent breweries now selling their beer through their own webshops, taprooms, brewery shops and pubs.

While SIBA Members' production volumes continued to recover in 2022, overall beer volumes remain down on pre-pandemic levels, so pushing beer through more profitable routes to market is a shrewd move.

It is incredible to see the huge growth in this direct route to market happen in such a short space of time, transforming independent brewing from a mainly production-focussed industry into a vertically integrated retail sector.

Another positive effect of this expansion is to bring independent brewers much closer to their end customers, making it easier to communicate their values and the provenance of the beers they produce, and it also gives brewers direct control over the quality of beer at dispense.

Cask is recovering

At the start of last year, SIBA members were predicting another muted year for cask ale, with average production levels not expected to increase above those of 2021, which were themselves significantly down on 2019 volumes. How wrong they were!

Our report this year shows that SIBA brewers have not forsaken cask, and the percentage of production they devoted to cask in 2022 has grown – at the expense of can and keg. While still not back to 2019 levels, this is a positive sign for cask, especially since there had been concern that the shuttering of the on-trade during the pandemic might have been the death knell for a format that has been in constant decline for many years.

Independent breweries have always been champions of cask. And while it is heartening to see that brewers have been investing in it again in 2022, there is a lot of work to do, for the whole beer industry, if we are to turn its fortunes around in the longer term. Ironically, it has all the qualities consumers are looking for – it is fresh, hand-crafted, local, environmentally friendly – yet quality and pricing issues and an image problem are seeing consumers desert the category in droves, especially, according to this report, female drinkers. The SIBA team will be working closely with the cross-industry group launching the Cask Fresh campaign this year, aiming to begin addressing this issue.

Consumer confidence

Our YouGov poll for the Craft Report this year made for quite difficult reading in parts, with a significant fall not only in the number of consumers ever drinking beer, but also in the number visiting pubs – which makes it a double whammy. Add to that the accelerating rise in the number of consumers choosing to go teetotal and there is plenty there of concern for independent brewers. The cost-of-living crisis could certainly be driving some of this behaviour – and painful as it is, it will ease eventually – but the move towards drinking less alcohol, and growth in consumer concern about health and wellness generally, looks set to stay. Our solution as independent craft brewers has got to be in premiumisation – encouraging consumers who are drinking less, to drink better quality premium beers.

Independent craft brewers certainly have the quality products to capitalise on this, but we will have to fight, at least in the short term, against an increasingly price-conscious consumer who is watching every penny.

Tackling diversity

Yet again this year our report suggests there has been little or no progress within the industry in 2022 in tackling the lack of diversity among the craft brewing workforce. While we can all make excuses, and cite the enormous challenges facing the sector right now, this is not an area that we as an industry can afford to just sweep under the rug. We are a 97% white industry, in a country with an 82% white population, and we can and must do better on this issue. Programmes such as apprenticeships and mentoring schemes, when targeted correctly, have been shown to improve diversity among recruits, something our industry can perhaps build on. This issue will certainly be on SIBA's agenda this year.

SIBA in 2023

The findings from this report help me and the Executive team to shape our strategy and ensure that the support we are providing to our members is the right support, in the areas where you need it the most. As an organisation, especially in the challenging times we find ourselves in, our mission has never been more important – to give our members the information, tools and support they need to face those challenges and grow their businesses, while representing your voices at the very highest levels of government and wherever decisions that affect you are being made. The power of our community cannot and should not be underestimated, and we face the challenges of the year ahead so much stronger together.

THANK YOU!

We would like to thank all the SIBA members who took the time to fill out our members' survey this year, especially in such challenging times. We had 278 responses, which represents 41% of SIBA's brewing membership, slightly down on the 310 from our 2022 survey. Of those respondents, 188 completed the full set of questions (28% of SIBA brewing membership, a very high response for a membership survey), and there was a good geographical spread among the responses, giving us a good, balanced insight into the current craft market.

5 CAUSES FOR OPTIMISM

1. A sale direct to consumers, whether by pub, bar, website or taproom, is the **most profitable route** for most brewers. These sales seem to be growing fastest with over a quarter of all output now sold through these channels.
2. Cask beer is a fresh, hand-crafted product, sold in reusable containers, often in local communities. SIBA members appear to be **leading cask beer recovery**.
3. A growing number of consumers believe that genuine craft beer should be produced by an **independent brewery**. Only 3% believe it can be made by a global brewer.
4. Nine out of 10 SIBA members would **recommend SIBA membership** to a friend, which presents SIBA with a huge opportunity given we still represent less than half of all registered independent brewers.
5. Independent brewers are **local heroes**. Eight out of 10 consumers say a well-run independent brewery has a positive effect on its local community, and 98% of SIBA brewers consider their local community to be important to them. Two-thirds of SIBA brewers are planning to grow this year.

5 CAUSES FOR CONCERN

1. SIBA member breweries saw average production recover further in 2022, after the devastating impact of the pandemic in 2020, but it still remains **-11% below 2019 levels**.
2. Brewers were only able to increase their prices by 2%, which represents a **real term fall** in prices in an environment of double digit inflation.
3. There has been a **significant fall** in the overall number of consumers ever drinking beer, especially among women, and more than a fifth of consumers say they no longer drink any alcohol.
4. **Pub visits fell sharply** with more than a fifth of all consumers not visiting a pub in the last 12 months. This means broadening routes to market is essential for brewery survival.
5. The craft beer sector is still failing to make in-roads on the issue of **inclusion and diversity**, with a continued and very significant over-representation of white males in the workforce.



A word from our Official Industry Partner

TIM CROXSON, CEO, CROXSONS



“He is a wise man who invented beer.” I think Plato put it best. So, first of all, thank you for the investment each of you and your teams have made in continuing to produce incredible beers that I, our team, and the whole nation enjoy.

There was no doubt that we would support the latest Craft Beer Report again this year. It is a genuine pleasure to continue supporting SIBA and the beer industry as a whole. We don't just say that as a key supplier to the industry, a role we take as seriously as we do our pursuit of well-crafted beer, but also because we recognise the value, both economically and socially, that beer delivers for this country.

Beer has been at the heart of our business for over 150 years, and whilst our customers and bottles themselves might look different today than when we first started, breweries and contract fillers remain a big part of our business. As an industry, we might be facing headwinds currently, or at some stage in the future, but we know that whether you are a brewer, supplier or an interested reader, this industry is resilient when we demonstrate that we are stronger together.

Last year, we spoke about playing our part when it comes to the environment. We pledged, and subsequently delivered on, the planting of 150,000 trees as a first step. This year, we have also started offsetting the carbon footprint of every single employee alongside completing the final steps of the journey to becoming a carbon neutral business. Our offsets are gold standard, independently examined and qualified, yet still go further, hitting 15 of the 17 United Nations Sustainability Development Goals. We can't do everything, but we believe we must do something.

Whether your business is first generation or, like ours, stretches into the annals of history, collectively we know the value of a sustainable business and industry. There is no point in pursuing profit if it isn't with a view to building a long-term future. Here at Croxsons, our history teaches us to think long-term, to think generationally - what are we leaving for the next generation?

With this at the heart of our business practices as well as environmental impact, we believe that we can, together with our customers, create a sustainable future for the beer industry. Join us on this journey.



THE SIBA CRAFT BEER REPORT 2023

THE SOCIETY OF **SIBA** INDEPENDENT BREWERS

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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 fourth such report that SIBA has produced, although due to the uncertainty in the market during the first 18 months of 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 2023. We have also commissioned some exclusive new consumer research through YouGov to help uncover underlying trends.

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



Caroline Nodder

SIBA's definition of craft beer

For the purpose of this report, unless otherwise stated, 'craft beer' has been defined as 'all beer produced by truly independent UK brewers'.



Professor
David Tyrrall

Professor
Geoff Pugh

The 2023 Annual SIBA Members' Survey

Unless otherwise stated, all statistics relating to SIBA brewing members in this report are taken from the annual members' survey as analysed by Mr David Tyrrall, 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 2023 and survey results were compared with those of previous years to highlight trends.

YouGov Craft Report Survey

The SIBA team commissioned a YouGov survey of 2,000 UK consumers in late January 2023 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 from 2019, 2020 and 2022 to see how consumer attitudes have changed.

Industry Insight & SIBA Independent Brewer

We commissioned expert analysis by CGA Strategy's Paul Bolton and were granted access to data from CGA and Nielsen IQ for the report as well as referencing research from the wider industry and using 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.



Paul Bolton

Section 1 The Craft Beer Market in 2023

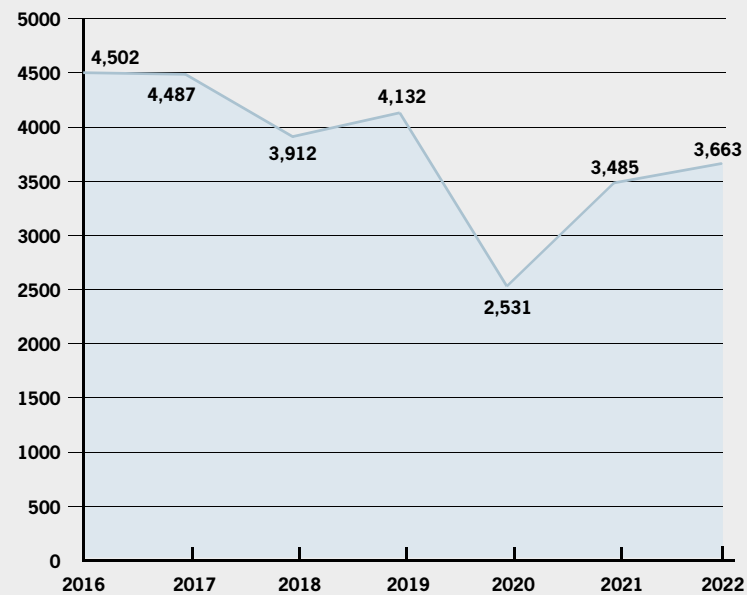
Three years after the pandemic began, our survey finds that craft beer production from SIBA member breweries has still yet to recover to 2019 levels, although average 2022 volumes did show an increase on the previous year. There is no doubt that the speed of recovery from the effects of Covid has been slowed in 2022 by the evolving economic crisis in the UK, as well as continued nervousness among both retailers and consumers about returning to pre-pandemic buying patterns.



The new world

This year's SIBA Members' Survey reveals that average annual production for 2022 among SIBA members rose +5% from 2021 but remains -11% below 2019 levels. This is likely to reflect not only the lingering effects of the pandemic, in particular the failure of cask volumes on which SIBA members are generally heavily reliant, to bounce back after Covid. But it also demonstrates the growing influence of the strong economic headwinds brewers now find themselves fighting against, and the impact the cost-of-living crisis is starting to have at the tills.

AVERAGE ANNUAL PRODUCTION BY SIBA MEMBER BREWERIES 2016-22 (HL)*



*Production data from SIBA's membership returns

BEER MARKET OVERVIEW*

OVERALL BEER SALES GREW BY IN 2022

+4.9%

BUT...

REMAINED DOWN ON 2019 LEVELS

-4.7%

THIS FOLLOWS....

A DRAMATIC FALL OF IN 2020 DURING THE PANDEMIC

-14.2%

AND...

RECOVERY OF IN 2021

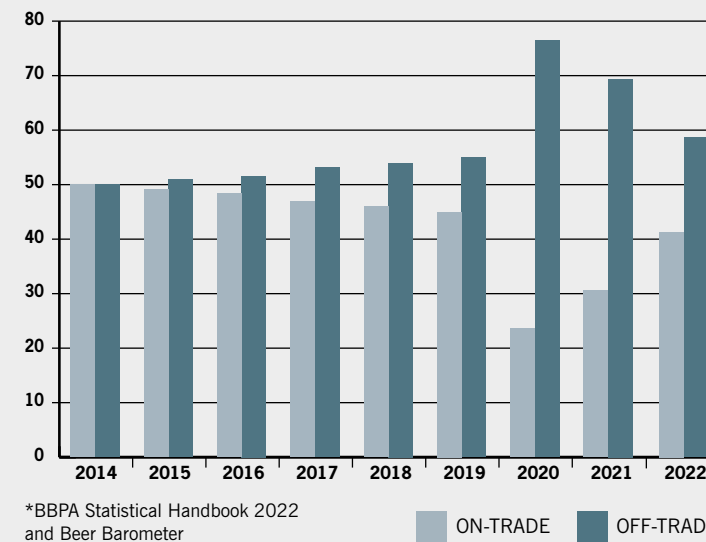
+5.9%

*BBPA Beer Barometer

Off again, On again

The latest British Beer & Pub Association (BBPA) Beer Barometer figures reveal quite an interesting picture when it comes to the balance between overall beer sales in the on-trade vs the off-trade. Sales in the on-trade have continued to recover from pandemic levels (growing +41% in 2022), and although they have yet to reach 2019 levels again, they are now only -13% behind. In contrast, off-trade sales, which boomed during the pandemic while on-trade sites were shuttered, saw a further -11% fall in 2022, making them only fractionally higher (+1.8%) than they were in 2019. This brings the percentage split between the on/off-trade back down to around 40/60 from where it was in 2020 at roughly 25/75. Historically there has been over two decades of consistent decline in on-trade sales, broken only for one year in 2018 when they rose marginally, likely as a result of the rapid growth at that time in craft beer and also some major sporting events that year. Looking at 2022 figures it might therefore seem surprising that the rebound from the pandemic has brought off-sales almost back down to pre-pandemic levels, especially given consumers' love of at-home drinking seems not to have diminished. However, these on-trade numbers will no doubt have benefitted from the initial honeymoon period for pubs after consumers were released from Covid restrictions and rushed to socialise. It will be interesting to see if next year's report shows a continuation of such growth, given the growing pressure on consumer spending and rising price of draught products.

PERCENTAGE OF TOTAL UK BEER SALES*



*BBPA Statistical Handbook 2022 and Beer Barometer

ON vs OFF

ON-TRADE UP 41%
ON-TRADE BEER SALES GREW BY +41% IN 2022, BUT REMAINED -13% BELOW 2019 LEVELS

OFF-TRADE DOWN 11%
OFF-TRADE BEER SALES WERE DOWN -11% IN 2022, TO END THE YEAR ONLY +1.8% UP ON 2019 LEVELS*

925m

925 MILLION MORE PINTS OF BEER WERE SOLD IN THE ON-TRADE IN 2022 COMPARED TO 2021*

41% OF BEER SALES WERE MADE IN THE ON-TRADE IN 2022, UP 10% FROM 31% IN 2021*

41%

*BBPA Beer Barometer figures for the whole beer market





SIBA MEMBER BREWERIES
ACCOUNT FOR

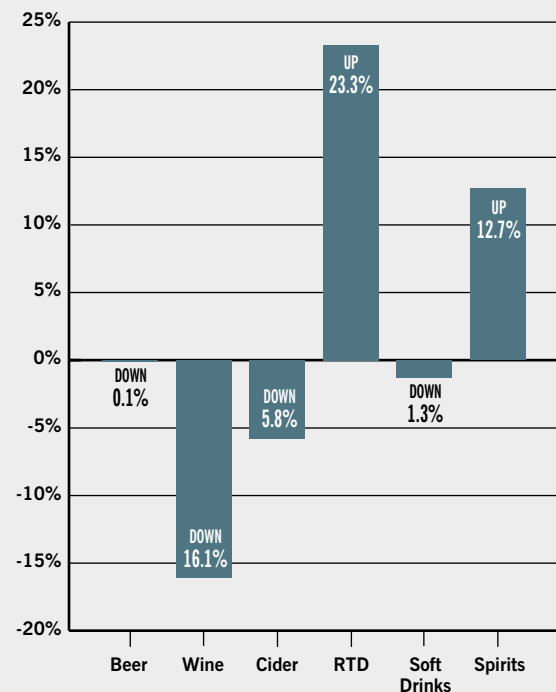


OF ALL UK BREWERIES

On-trade recovery*

The beer category as a whole was still fractionally down last year on pre-pandemic levels in the on-trade in 2019 (-0.1%) but has recovered better than other categories, notably wine which remains -16.1% down on 2019. The big winners in the on-trade in 2022 appear to be RTDs and spirits, both up significantly on 2019 levels.

WET SALES BY CATEGORY 2022 COMPARED TO PRE-PANDEMIC LEVELS IN 2019*



* CGA OPMS data to P13 2022, MAT % change

SIBA's new UK Brewery Tracker

In January 2023, SIBA launched a new quarterly UK Brewery Tracker, setting out 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 Report to not only give a confident figure for overall UK brewery numbers, but to relate some of our report findings to the size of the overall market.

AT THE START OF 2023
SIBA'S UK BREWERY TRACKER
SHOWED THERE WERE



ACTIVE BREWERS IN THE MARKET

SIBA had a total of 684 brewing members at the beginning of 2023, down from 702 at the start of 2022. This fall of -2.6% reflects the continuing and severe financial pressures in the market, which have led to a rash of closures in 2022. It is a similar fall to that seen in last year's report. SIBA's UK Brewery Tracker showed that at the start of this year there were 1,828 active brewers in the UK, which means SIBA breweries represent almost 40% of the total universe. The UK Brewery Tracker gives SIBA an authoritative measure of brewery market size in the UK, and will enable us to monitor the vibrancy or otherwise of the sector over time, acting as a key barometer of the health of the industry.



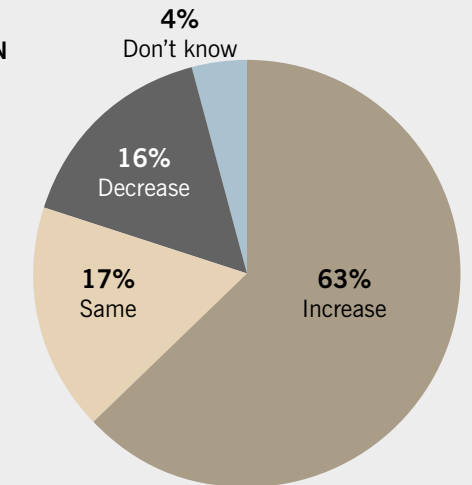
"I think there have been a volume of new breweries that have opened up in the pandemic, a lot of it was from the fact that people sat at home for at least a year, wondering about what they'd rather do with their careers. But I think it's getting much harder for some of those new start-up breweries that are going to struggle and unfortunately some of them are going to go under. There's also sadly some well-established breweries that just aren't able to compete now, because of all the new breweries coming in, and possibly undercutting them, or just flooding the market with new and different beers, and they're now struggling to get their products out there."

Wayne Smith, Co-Founder, Brew York

Predictions for 2023

The severity, and suddenness, of the economic downturn in the UK, plus other factors such as the war in Ukraine, could not have been foreseen at the beginning of last year, when SIBA brewers were optimistically predicting average volume increases for 2022 of 26% which sadly have not materialised. Nevertheless, this year's survey found that there is some optimism still for growth in 2023, with 62% of brewers saying they expect their turnover to increase this year.

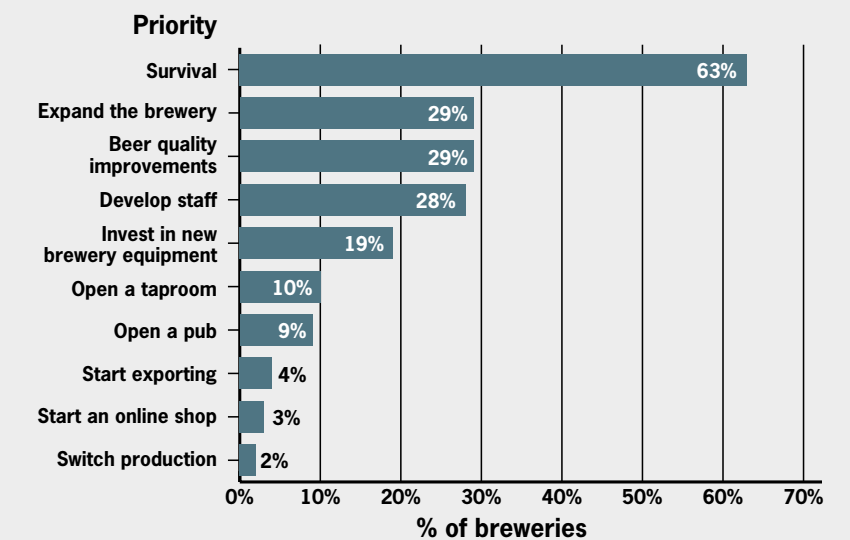
EXPECTED CHANGE IN
TURNOVER IN 2023



Survival mode

However, our survey this year underlines how serious the economic challenges in the market are for what is a membership predominantly made up of small businesses, not equipped with the kind of cash reserves that big beer can call on in this situation. The survey reveals that 45% of SIBA breweries have a turnover below £250,000 and 65% fall below the £500,000 mark - nearly two thirds of SIBA's membership. Overall, 82% of SIBA breweries earn under £1m per year. At this size, they lack the economies of scale to absorb skyrocketing overheads while consumer spending falls. It is no wonder, then, that our survey found almost two thirds of member breweries are concerned about their survival in 2023. What is slightly more positive is that just under 30% said they would be focussing on expansion, and a very similar number said they were prioritising quality improvements or investing in their team. This again underlines that the SIBA membership is a diverse one and there are both winners and losers in the current challenging market.

BUSINESS PRIORITIES FOR SIBA MEMBERS IN 2023



HIGHLIGHTS FROM THE 2023 SIBA MEMBERS' SURVEY...

+5%

INCREASE IN AVERAGE BEER VOLUMES IN 2022

SIBA MEMBERS' PRODUCTION INCREASED LAST YEAR BUT WAS STILL -11% DOWN ON 2019

*Production data from SIBA's membership returns



+7%

GROWTH IN CASK PRODUCTION

FROM 46% OF SIBA MEMBERS' PRODUCTION IN 2021 TO 53% IN 2022



-4%

FALL IN CAN VOLUMES

CANS NOW ACCOUNT FOR 9% OF SIBA MEMBERS' PRODUCTION IN 2022 DOWN FROM 13% IN 2022



684

SIBA BREWERIES AT THE START OF 2023

MEMBERSHIP DOWN JUST OVER -2.5% FROM 702 IN JANUARY 2022



57%



OF SIBA BREWERS ARE NOW USING THE ASSURED INDEPENDENT BRITISH CRAFT BREWER SEAL

43% USE THE SEAL ON THEIR BOTTLED BEERS



68%

OF SIBA MEMBER BREWERIES NOW HAVE A WEBSHOP

OVER HALF (54%) NOW HAVE A BREWERY SHOP AND 40% HAVE A TAPROOM



15%

OF SIBA MEMBERS PRODUCED LOW AND NO BEERS IN 2022

A RISE OF +5% ON 2021

26%

OF SIBA MEMBERS PRODUCED A GLUTEN-FREE BEER IN 2022

A RISE OF +11% ON 2021

84%

OF SIBA MEMBERS PRODUCED A PORTER/STOUT IN 2022

A RISE OF +25% ON 2021



ONLY 1%

OF SIBA MEMBERS' BEER PRODUCTION WAS EXPORTED IN 2022

ONLY 15% OF SIBA BREWERIES DO ANY EXPORT



91%

OF SIBA MEMBERS WOULD RECOMMEND SIBA MEMBERSHIP TO OTHER BREWERS

75% OF SIBA MEMBERS CONSIDER SIBA MEMBERSHIP TO BE VALUABLE OR VERY VALUABLE

SIBA MEMBERS
ACHIEVED AN AVERAGE

+2%

PRICE INCREASE ON
THEIR BEERS OVER ALL
CHANNELS IN 2022

DUE TO RISING COSTS THIS EQUATES
TO A REAL TERM LOSS



98%

OF SIBA MEMBERS
SAY THEIR
RELATIONSHIP WITH
THEIR COMMUNITY
IS IMPORTANT

+8% UP ON 2022



30%

OF SIBA BREWERY
EMPLOYEES ARE NOW
FEMALE, ROUGHLY THE
SAME PROPORTION
AS IN 2022

BUT...

ONLY
3%

OF FEMALE WORKERS
ARE BREWERS,
ALTHOUGH 24%
WORK IN BREWERY
MANAGEMENT



594*

NEW JOBS WILL
BE CREATED BY
SIBA MEMBER
BREWRIES IN 2023*

THIS REPRESENTS A SIGNIFICANT
DROP FROM THE 732 IN OUR
2022 SURVEY

*Number estimated from SIBA survey results



WHAT YOU NEED TO KNOW...

- The volume of beer being produced by SIBA members grew by +5% in 2022 but this growth was slower than expected and volumes remain -11% below those of 2019. This is likely due to the growing economic crisis.
- Overall UK beer sales were up +4.9% in 2022, and on-trade sales clawed back Covid losses with growth of +41%, with the off-trade falling by -11% to end 2022 only +1.8% up on 2019.
- SIBA membership fell to 684 from 702 at the start of 2022, a decrease of just over -2.5%, but a smaller percentage drop than in 2022. SIBA members make up around 37% of breweries in the UK.
- There is some positivity about growth in 2023, with 62% of SIBA brewers expecting to grow turnover this year, but almost two thirds (62%) of SIBA members said their business priority this year was simply survival.

Section 2 The Craft Beer Category

Craft continues to out-perform the beer category as a whole but its growth is now slowing, and the economic crisis looks set to impact it further. The effect of the pandemic in driving craft sales into the off-trade looks to have been well and truly reversed in 2022 as consumers flocked back to pubs to enjoy draught beer again. This honeymoon period may now be nearing its end though, as drinkers feel the pinch of the cost-of-living crisis.

BEER TYPES BY VOLUME IN ON-TRADE 2022 COMPARED TO PRE-PANDEMIC LEVELS IN 2019*



* CGA OPMS data to P13 2022, MAT % change

CRAFT BEER IN THE OFF-TRADE IN 2022*

CRAFT SHARE AS VALUE OF THE TOTAL BEER CATEGORY IS **6.6%**

CRAFT HAS GROWN VALUE SHARE OF THE OVERALL BEER CATEGORY BY **+0.2% PTS**

TOTAL BEER HAS DECLINED IN VALUE VS YA BY **-12.3%**

LONDON HAS SEEN THE WORST DECLINE IN VALUE AT **-16% VS YA**

BUT CRAFT DECLINED IN VALUE AT A SLOWER RATE OF **-10%**

WITH THE SOUTH WEST FAIRING BEST AT **-3% VS YA**

PROMOTIONS ARE BECOMING MORE IMPORTANT, ACCOUNTING FOR **35.5% OF ALL CRAFT SALES****

CANS CONTINUE TO GROW IN THE OFF-TRADE WITH VALUE SHARE OF THE CRAFT CATEGORY NOW **88% FOR CANS** COMPARED TO **12% FOR BOTTLES**

*Source: Nielsen Scantrack MAT WE 05.11.2022 | Total Coverage
** In the twelve weeks to 5.11.22

Can down

One of the headlines in last year's Craft Report was the accelerated swing from cask and keg to can, as brewers pivoted from pub to packaged. But this year our survey reveals something rather different. Cans have declined as a percentage of volume from 13% of production last year to 9% this year as brewers embrace the re-opening of the on-trade, the spiritual home of the independent brewer. This still represents a significant leap from 2019 when cans only represented 3% of production, and it seems likely cans will find their level and not decline back to this pre-Covid figure as consumers continue to embrace the colourful and portable format.

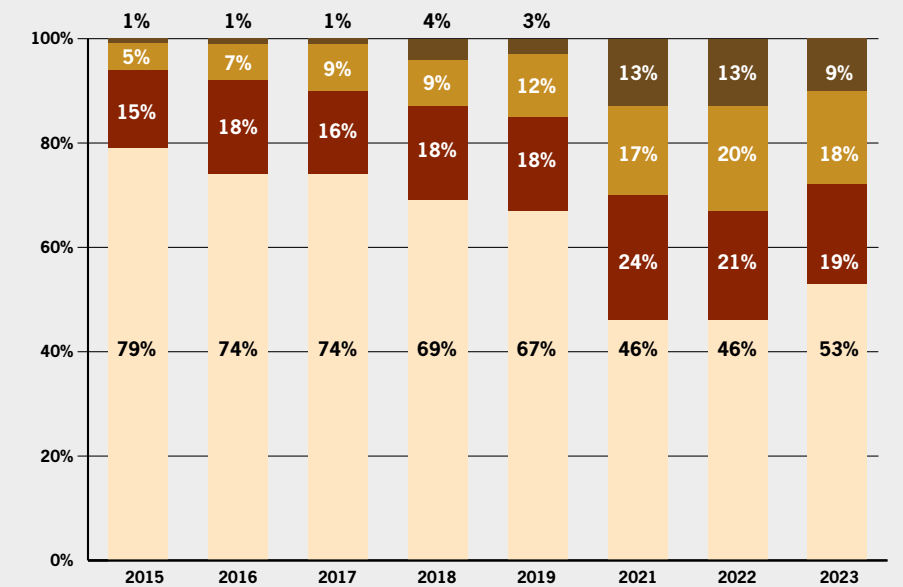
Cask champions

While overall cask beer volumes continue to fall, our survey shows that SIBA members are going back to cask, with the percentage for this format recovering from 46% in both 2022 and 2021 to rise to 53% in this year's survey, making it the big winner in this year's report. While not back to 2019 levels (67%) this does at least show that SIBA brewers have not forsaken cask. Indeed, these findings contradict predictions from our survey last year, which found that brewers were not expecting their cask production percentages to grow in 2022, nor were they anticipating less volume going into can. Bottles fell back again this year from 21% to 19% of production, although less steeply than the 3% fall the year before. Meanwhile, perhaps more surprising is the fall in keg production from 20% last year to 18% this year, especially since reports were widespread in 2022 that pubs were favouring the more consistent format after concerns over cask throughputs and quality issues post-Covid. SIBA brewers have always been champions of cask, and with a growing focus on quality and consistency and close relationships with the pubs they supply, our report shows they are certainly succeeding with cask where others are not.

PERCENTAGE OF BEER OUTPUT BY PACKAGING TYPE*

- Can
- Keg
- Bottle
- Cask

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



! WHAT YOU NEED TO KNOW...

- Craft grew its value share of the overall beer category in the off-trade by +0.2%PTS in 2022 but it declined overall by -10%, albeit a smaller decline than the beer category as a whole at -12.3%.
- There was a fall in the volume of SIBA members' beers going into cans, falling from 13% in 2021 to 9% in 2022, likely as a result of the on-trade revival post-Covid.
- Cask volumes unexpectedly rallied, increasing from 46% of production last year to 53% in 2022, this contradicts last year's predictions by brewers that they would not be increasing cask production.
- Keg production fell by -2% from 20% of production last year to 18% this year, again contradicting predictions in last year's report.

Section 3 The Retail Environment

After being forced to turn their distribution strategies on their heads during the pandemic, as the on-trade closed its doors, SIBA brewers were no doubt relieved to be back in local pubs at the start of 2022. But little did they know, the pub sector was heading into a new crisis.

Accelerated pub closures

Already badly hit by the pandemic, pubs were dealt a further body blow in 2022 with escalating energy prices and the cost-of-living crisis hitting them particularly hard. With annual cash reserves usually built up in the busy weeks over Christmas, pubs began 2022 in a much tighter financial position than usual following the re-introduction of Covid restrictions over the festive period at the end of 2021 which meant Christmas for most pubs was effectively cancelled. Then came the rapid onset of an economic crisis in the UK which has seen inflation soar, energy prices triple and pub-goers rein in their spending.

This perfect storm has left many pubs teetering on the edge of viability, and has accelerated a pub closure rate that had stabilised in the years leading up to the pandemic, but then almost doubled to 1,800 in 2020 as lockdown after lockdown took its toll. Figures from CGA suggest the closure rate doubled in 2022, down -2.6% to just over 36,000 pubs following a decrease in 2021 of -1.3%. More recently, according to research by CGA and AlixPartners, this new crisis has led to the failure of 1,600 businesses in just the three month period to February 2023.

PUB NUMBERS IN ENGLAND, SCOTLAND AND WALES (EXCLUDING NI)*

YEAR	TOTAL PUB NUMBER	%CHANGE FROM PREVIOUS YR
2017	42,099	DOWN -2.1%
2018	40,930	DOWN -2.8%
2019	39,859	DOWN -2.6%
2020	38,022	DOWN -4.6%
2021	37,506	DOWN -1.3%
2022	36,537	DOWN -2.6%

*CGA data

OUTLOOK FOR PUBS IN 2023*



*Joint membership survey by BII, UKH, BBPA and Hospitality Ulster, Feb 2023

OVER 1,600*

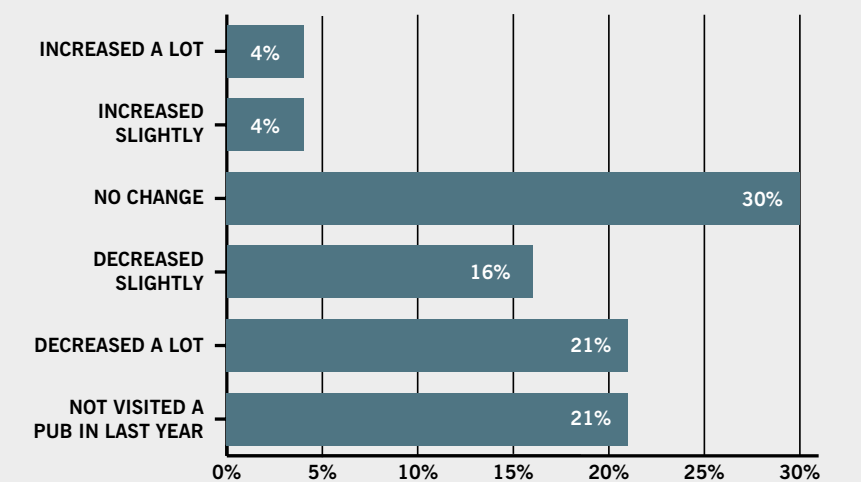
HOSPITALITY BUSINESSES FAILED IN THE THREE MONTHS TO FEBRUARY 2023

*CGA and AlixPartners research

Cost-of-living crisis

Consumer leisure behaviour is no doubt being influenced by the current cost-of-living crisis, and our 2023 YouGov Craft Beer Report consumer survey found that 37% of consumers were visiting pubs less frequently as a result of financial pressures. Only 8% said they had increased their visits to the pub, despite the fact that pubs hoped to take advantage of a consumer wish to socialise more following the restrictions of Covid. Younger drinkers have perhaps gone down that route, as 13% of 18-24-year-olds said they had slightly increased visits to the pub in our 2023 survey, but in contrast, 27% of 45-54-year-olds say they have significantly decreased visits. Most concerning is the 21% - more than a fifth - of consumers who have not visited a pub at all in the last 12 months. This rises to 26% - more than a quarter - of female consumers.

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



*YouGov Craft Beer Report consumer survey, Jan 2023



Expert Insight Paul Bolton



A forest of tap handles, axe-throwing and Monday hangovers: the role of craft beer in another 'new normal'

CGA Strategy's Client Director Paul Bolton examines a tumultuous year for the UK's on-trade...

"As the Covid pandemic finally began to subside at the start of 2022, the on-trade began to see the light at the end of the tunnel. Despite the fact that costs had been mounting up for months, as outlets were unable to open fully (or at all) for large periods of 2021, most licensees were looking forward to a year where consumers would be back with a bang to help them to recoup their losses.

But another crisis, in the form of cost-of-living pressures on consumers and businesses, sent confidence crashing as the year was only a few months old. CGA's business leaders survey, which interviews operators in the on-trade on a quarterly basis, saw confidence in the market drop from 65% in February to 23% in June. Higher costs were cited by almost all of those interviewed, with rising inflation and energy bills called out as the biggest issues. Many businesses began to worry if consumers would still turn up to their pub, bar or restaurant, or if they'd even be able to afford to keep the lights on. Tragically, over 13,000 [on-trade] outlets closed between March 2020 and December 2022, with the rate of closures continuing to accelerate.

But despite economic and social pressures that weigh heavily on hospitality, there are still plenty of reasons to be optimistic in the on-trade. But just how can craft beer see through the gloom and make the most of the opportunity in yet another 'new normal'?

Before we delve deeper into the subject, it's worth looking at how craft beer* has performed in the last 12 months.

It is now worth over £1.1 billion, a figure that is +7% ahead of where we were pre-pandemic. This may not sound impressive given current inflation, but the beer category as a whole is £16 million (-0.1%) behind where it was at the end of 2019. Craft has stolen share (+0.7pp) from mainstream categories like standard and premium lager, who have seen the heaviest declines. This is partly to do with the loss of many mainstream pubs and clubs, but there has also been a fundamental shift towards brands sitting at the higher end of the pricing ladder.

This trend started during the restriction-afflicted Covid period, where younger, more engaged, more affluent and more fearless consumers were the first to go out and splash cash that they'd been unable to spend on higher quality drinks. With cost-of-living pressures growing in 2022, consumers' pockets have been squeezed, which in turn has affected spend, but with frequency also down, many are willing to treat themselves when they do go out.

In fact, over two-thirds of consumers agree that eating and drinking out is the treat that they most look forward to, ahead of spending money on clothes, day trips and entertainment packages. The good news is that it's still the younger, most engaged consumers (who also happen to be craft's key demographic) that are keeping the on-trade afloat. In fact, total drinks value stayed consistently ahead of 2019 and way ahead of 2021 for most of 2022, defying grim predictions about Covid-like performance.

Craft beer's quality therefore puts it in a strong position as an option for treat spend, especially as we know 33% of consumers are planning to prioritise premium/high quality drinks over cheap options in the next few months.

But it's not just about what consumers are choosing to drink, it's also about where they're visiting. Experience remains as key as ever in the on-trade, with the rise in popularity of experiential-led venues continuing post-pandemic. But experience doesn't just mean a room full of arcade machines, axe throwing or crazy golf. Outlets are more and more incorporating pop-up food sellers, live music, quizzes and sampling events to keep bringing the punters back in, which craft beer can play a natural role in.

Localisation is another trend that suits craft beer and we see continuing throughout 2023. 59% of consumers partially or fully worked from home in late 2022, which has continued to shift the way occasions in the on-trade have played out. In the capital, for example, Friday has gone from being 23% to 20% of weekly value, as more consumers work from home and miss out on the traditional Friday night drinks. Some of this share has shifted to Sunday, as drinkers perhaps extend their

occasions knowing they are not in the office on the Monday. It has become easier to stay local with the rise in choice of outlets; it's no longer just the local pub, but restaurant chains, taprooms and even experiential venues setting up shop in the suburbs. Gaining distribution in local outlets is a sensible option for craft brewers, especially as 35% of drinkers define craft beer as being made by a local company.

However, there are still plenty of obstacles in craft's way. Visibility remains a vital part of attracting a consumer to craft in the on-trade, given the competition not just in the category, but on the wider bar. There's a 'forest of tap handles' (and eye-catching fonts) becoming more common on this side of the Atlantic, as big brewers continue to back accessible options in the craft category, as well as world lager and stout, which have seen huge share gains in beer.

Craft beer drinkers are still drawn to outlets with the best ranges for the category, but demand variety, including a mix of their favourite brands/brewers, as well as new beers to try, with good enough descriptions of taste. And of course, the quality of a pint remains key, particularly in cask. If a craft beer consumer doesn't think the range or quality are right in an outlet where they expect it, it risks either another category picking up that spend or even worse, means they may never return.

Looking ahead to the rest of the year, there's no doubt that the on-trade still faces plenty of challenges and there will still inevitably be more business failures caused by crippling costs and less money in consumers' pockets.

But already this year, performance in January has been better than expected, as consumers continue to prioritise visits that are vital to their lives. Craft can continue to play a huge role for consumers looking for the high quality option in beer and add to an overall experience that they will be unable to recreate in their living rooms. Independent brewers need to ensure though that their brands are ticking all the boxes around quality, taste, range and branding to make sure they remain the best beer options to suit the best experience."



Paul has been working at CGA for nine years, joining the company as an analyst after a stint working for a brewer. During his time in the GB drinks client service team, where he is now a Client Director, he has aided a range of brewers to shape their On-Trade strategies, utilising his expert knowledge of category and brand insights and CGA's powerful volumetric, outlet and consumer tools.

*CGA's definition of craft beer takes into account higher pricing, modern branding and consumer perception and does not exclude large brewery-owned brands



68%

OF SIBA MEMBERS NOW HAVE AN ONLINE SHOP

THIS IS A SIGNIFICANT +17% INCREASE ON 2022



54%

OF SIBA MEMBERS NOW HAVE A SHOP

A +14% INCREASE ON 2022

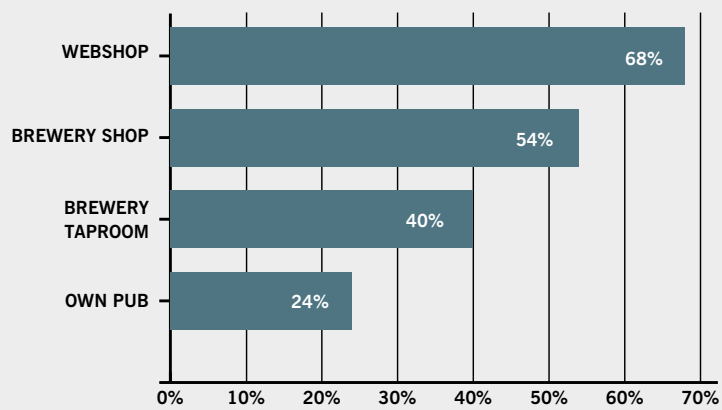
Online

Webshops were almost an essential for craft brewers during the first phase of the pandemic, enabling them to sell direct to their customers at a time when they couldn't open their taproom doors to them. And our survey this year shows that webshops have not lost their appeal now taprooms and pubs are fully up and running again. In fact, the percentage of SIBA members reporting that they now have a webshop has risen an impressive +17% again this year, with well over two thirds of members now selling online through they own shop. It is likely that this is the result of the improved margin that direct sales offer, as well as continued consumer interest in home deliveries and in being able to source new and unusual beers from across the country from the comfort of their armchairs.

Direct drivers

Webshops are not the only direct routes to market that have been getting some love in 2022. SIBA member breweries have also been investing in their own retail sites like never before, with a huge rise in the number that now have on-site taprooms, brewery shops and their own pubs. In fact, the number of taprooms has risen +10% in 2022, with 40% of brewers now operating one, and brewery shops have fared even better, growing +14% on 2021 to 54%.

PERCENTAGE OF SIBA MEMBER BREWERIES WITH DIFFERENT RETAIL OPERATIONS



"We were always very 'taproom first'. And the reason behind that was that, to us, craft beer is great and you get all these different flavours, but at its heart beer is about bringing communities together. It's about people coming in for a beer, and we wanted to set the taproom up very much like a local pub where people would come and get to know one another and have a chat over a beer."

Oli Hurlow, Co-Founder, Attic Brew Co



40%

OF SIBA MEMBERS NOW HAVE AN ON-SITE TAPROOM

A +10% INCREASE ON 2022

24%

OR ALMOST A QUARTER, OF SIBA BREWERS NOW HAVE THEIR OWN PUB



43%

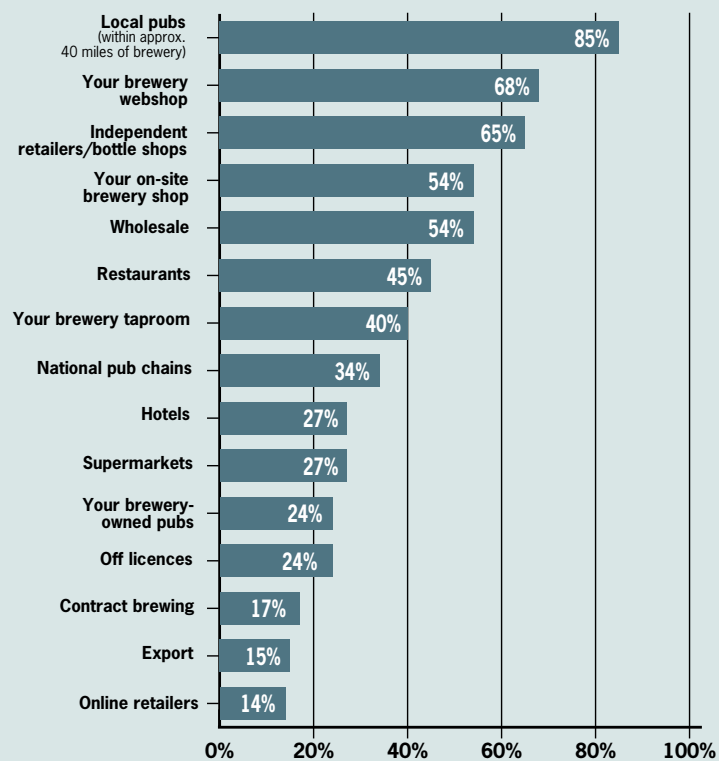
OF SIBA MEMBERS' BEER IS SOLD THROUGH LOCAL PUBS (WITHIN 40 MILES OF THE BREWERY)

THIS IS DOWN SLIGHTLY ON 44% IN 2022

Diversification

The sector has struggled for years with a lack of diversification when it comes to routes to market, relying extremely heavily on local pubs taking their beers, but as a result of the pandemic they have been forced to re-examine this. The upshot has been a revolution in the way craft brewers reach their end customers, spreading distribution across a number of routes that not only help to improve margins by growing direct sales, but also protect the future of the business should one of these routes suddenly shut down, as happened to the on-trade in 2020. Looking at how many brewers have expanded from solely supplying local pubs, our survey found that although 85% do sell beer through local pubs, more than two thirds now sell through their own webshop and more than half sell through their own brewery shop. Even more impressive is that 45% are selling their beer through restaurants, a long-neglected part of the retail sector when it comes to craft beer. However, these new routes will take time to bed in, and in terms of beer volumes in 2022 43% of SIBA members' beer was still sold in local pubs, down slightly on 44% in 2021 but remaining by far the largest route to market. However, if we include all direct retail routes – webshop, shop, taproom and owned pubs – our survey reveals that 27% of the beer is now sold direct by the brewery, a figure likely to grow over the next few years. Direct comparison with last year's survey results is unhelpful in looking at trends, since so much beer was forced down certain routes in 2021 because of continued Covid restrictions in the on-trade, that percentages for direct retail routes were much higher.

PERCENTAGE OF SIBA BREWERIES SELLING BEER VIA DIFFERENT ROUTES



PERCENTAGE OF BEER OUTPUT SOLD BY DIFFERENT ROUTES

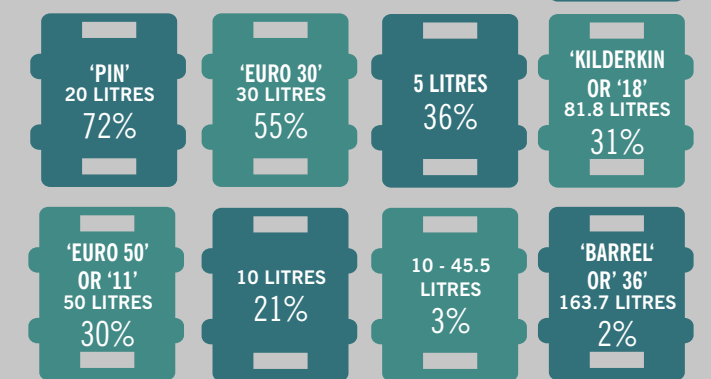


Size matters

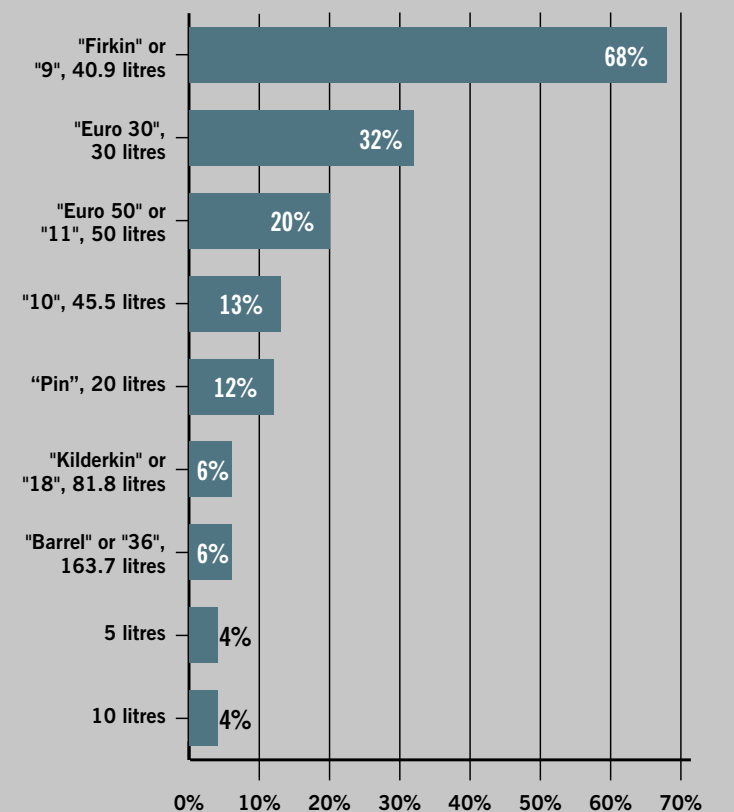
On average, SIBA brewers use between three and four different sizes of container to distribute their beers. Most popular by far – with 91% of our respondents using them – is a 'firkin' or 'nine' which contains 40.9 litres. Over two thirds of SIBA members' beer by volume is sent in firkins. Next most popular is a 'pin' – 20 litres – with almost three-quarters of brewers using them, but on average only 12% of beer produced travels in a pin. In contrast the next most popular container – the Euro 30 – is used by just over half of brewers but accounts for a fifth (20%) of their beer volume.

MOST COMMONLY USED CONTAINER SIZES*

*PERCENTAGE OF BREWERS USING THEM



AVERAGE PERCENTAGE OF BEER PACKAGED BY CONTAINER SIZE



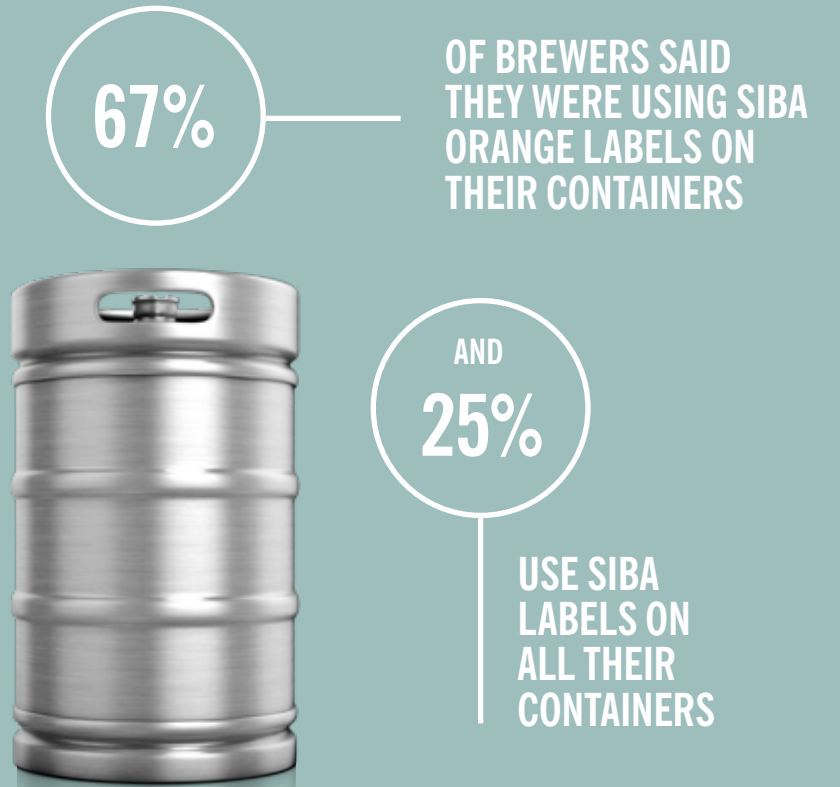
Container management

Missing containers are a growing concern for SIBA brewers who have neither the cashflow nor the resources to chase down these errant vessels. More than 8 out of 10 brewers report missing containers and on average just under 10% of their container fleet does not return to the brewery. This represents a significant increase in the number going missing year on year, rising +3% from an average of 6% in last year's survey. This is even more of a concern since 90% of member breweries own their own containers, so are solely responsible for replacing them or locating them. This figure represents a small increase from an average of 87% owning their own containers in last year's survey, and shows again how independent brewers are seeking more self-sufficiency and control over all areas of their business. Also worth noting is a rise in the number of brewers using one trip plastic containers, from 20% in our 2021 survey to 37% this year. This may seem surprising from an environmental perspective, however a number of new schemes have launched in the last 12 months which allow these containers to be dismantled and recycled, so it is possible that this might explain the increase, at least in part. Alternatively, the rise could also be explained by a more urgent need to address the cost of missing containers during the economic crisis, something one trip vessels certainly avoid.



SIBA Orange Labels

SIBA introduced its Orange Label low-cost container repatriation scheme to help address the growing issue of missing containers. The scheme uses distinctive orange stickers to track, trace and help recover containers that have gone missing either by alerting brewers to their location of having them collected by Kegwatch. More than two thirds of the breweries responding to our survey this year said they were using the scheme, and a quarter - 25% - said they now use Orange Labels on all their containers. In this year's survey SIBA brewers said 'container management' was the fourth most important benefit of SIBA membership.

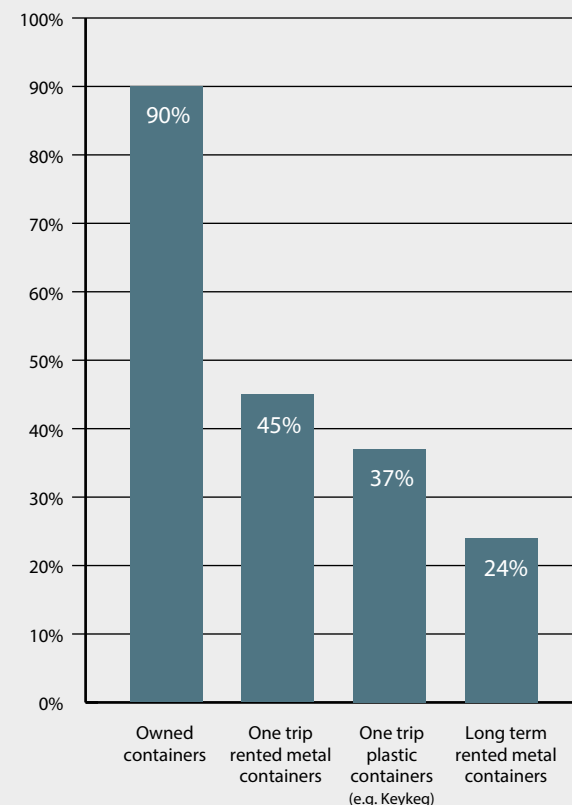


82% OF SIBA BREWERIES REPORTED MISSING CONTAINERS IN 2022

9% ON AVERAGE ALMOST ONE IN EVERY 10 CONTAINERS WAS REPORTED MISSING

CONTAINER MANAGEMENT WAS THE 4TH MOST IMPORTANT BENEFIT OF SIBA MEMBERSHIP ACCORDING TO OUR 2023 SURVEY

OWNERSHIP OF BREWERY CONTAINERS



Craft Exports

There has been a significant drop in the number of SIBA member breweries exporting their beers in this year's survey, and the reason for this is likely to be two-fold.

Firstly, the impact of additional red tape caused by Brexit has no doubt affected the number of brewers exporting to Europe, not just because of the extra time and effort it takes to fill out the paperwork, but also because partner distributors in some countries are unwilling to take British beer because of the extra resources needed to import it.

Secondly, as we have seen from some of the responses elsewhere in this survey, brewers have a lot of other major challenges at the moment, and many may well have chosen to withdraw from export to focus instead on their business closer to home, at least until the economy stabilises and the cost-of-living crisis eases. Historically, the percentage of SIBA members' beer which goes abroad has always been extremely low, even when more brewers were doing some export, so this has never been a priority.

15% OF SIBA MEMBERS EXPORT BEER
THIS IS A FALL OF -6% FROM 21% IN 2022

ONLY 1% OF TOTAL BEER VOLUMES PRODUCED BY SIBA MEMBERS WAS EXPORTED IN 2022

! WHAT YOU NEED TO KNOW...

- The pub market shrunk by an estimated -2.6% in 2022, double the percentage decline of -1.3% in 2021, and this rate is predicted to accelerate in 2023 as the cost-of-living crisis worsens.
- A worrying 37% of consumers have already stopped visiting pubs as regularly as a result of the cost-of-living crisis, and 21% have not visited a pub at all in the last 12 months.
- Small brewers have diversified their routes to market even further in 2022, with 68% now having a webshop (up by +17% from 2021), 54% with a brewery shop (up +14% on 2021) and 40% opening a taproom (up +10% since 2021).
- There has been a fall in the number of breweries that export (15% in 2022 compared to 21% in 2021). The volume of SIBA members' beer that is exported is now only 1%.

Section 4 SIBA Membership

As in previous years, respondents to the members' survey rate SIBA's lobbying work and campaigning as the most valuable benefit they receive as members. However, there has been a slight change of focus when it comes to the top five most valued benefits this year.

THE TOP 5 MOST IMPORTANT BENEFITS OF SIBA MEMBERSHIP

- 1 GOVERNMENT LOBBYING
- 2 PROMOTION OF INDEPENDENT BREWERIES
- 3 INDUSTRY NEWS AND COMMUNICATIONS
- 4 CONTAINER MANAGEMENT
- 5 SIBA INDEPENDENT BEER AWARDS

SIBA'S LOBBYING WORK WAS RATED MOST IMPORTANT, AS IT WAS IN 2022

Offense and defense

While half of all respondents said SIBA's work in lobbying Government was the most important benefit of SIBA membership, coming in second this year was SIBA's role in promoting the independent brewing sector. Members therefore value not only SIBA as a defender of the sector but also SIBA on the front foot actively selling the positives of independent brewing. Also new to the top five this year is news and communications, do doubt as a result of the ever-changing Covid restrictions, on-going political upheaval and sheer quantity of new legislation hitting the craft beer sector it has become very important for brewers to be kept up to date with all the latest information they need, and that is one of SIBA's key priorities. Finally, we see 'container management' also making an appearance in the top 5 for the first time, underlining perhaps the ongoing issues with missing containers and also the positive impact that SIBA's Orange Label scheme is having.

For the first time in this year's survey we asked SIBA brewers if they would recommend SIBA membership to other brewers and more than nine out of 10 said they would.

Three new SIBA Membership categories launched in 2022

Last year SIBA launched three new membership categories for bottleshops, international brewers and homebrewers, bolstering SIBA's reach in the sector and bringing on board some new voices.

SIBA International Brewing Membership is open to independent breweries anywhere outside of the UK and includes a range of membership benefits, including access to the newly launched SIBA International Beer Awards. SIBA Members are encouraged to invite any international brewers they know or are collaborating with to join.

Homebrewer Membership is open to all amateur brewers across the UK who want to improve their brewing skills, including entry to SIBA's brand new Homebrew Beer Awards, judged by professional brewers at BeerX UK. Many of our SIBA brewing members started out as enthusiastic homebrewers so it is important to welcome these professional brewers of the future in to our organisation.



"It's unlikely you'll find a brewing team in the UK that doesn't include a former homebrewer. With only a few professional brewing courses on offer, it is perhaps the most likely way someone will get into the industry. As a hobby that also has a very direct professional vocation, it's also inevitable that some will decide this is what they want to do with their days."

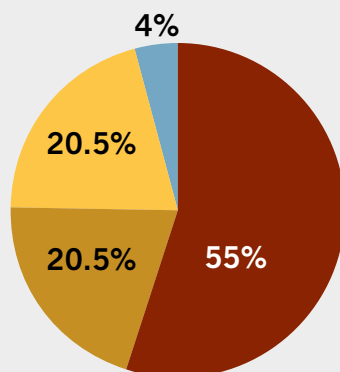
Jonny Garrett, Current British Guild of Beer Writers' Beer Writer of the Year and enthusiastic homebrewer

SIBA Bottleshop Membership is open to independent bottleshops and beer retailers all across the UK, and provides a range of membership benefits including a free legal helpline, legislative support and advice, networking and promotional opportunities and more. Bottleshops and independent brewers work extremely closely and many collaborated during the pandemic to support each other and their communities so we are delighted to welcome them to the fold.

Find out more at www.siba.co.uk/about-siba/siba-membership

HOW MUCH DO YOU VALUE SIBA MEMBERSHIP?

- Valuable
- Very valuable
- Neutral
- Not very valuable



SIBA BEERX UK 2023

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, and the largest event of its kind, BeerX UK.

BeerX is back in Liverpool this year on March 15th-16th for what promises to be our biggest and best event yet, with tickets yet again free and unlimited for all SIBA Members.

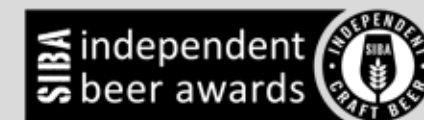
The event, held annually at Exhibition Centre Liverpool, is the biggest trade event in the UK for beer and brewing businesses, homebrewers and craft beer retailers.

SIBA is delighted that Kegstar is continuing its partnership with BeerX UK for another three years as our headline sponsor.

Attracting over 3,000 attendees from the beer industry in 2022, 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

91% OF SIBA MEMBER BREWERIES WOULD RECOMMEND SIBA TO OTHER BREWERS



The SIBA Independent Beer Awards

As the fifth most important membership benefit, according to our 2023 survey, our Independent Beer Awards are a really important part of what we do.

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, and we look forward to judging the finals of the first new-look competition at BeerX in March.

! WHAT YOU NEED TO KNOW...

- A large majority, 91%, of SIBA brewing members said they would recommend SIBA membership to other brewers.
- Three quarters (75%) of SIBA members said they consider SIBA membership to be valuable or very valuable.
- SIBA Members who were surveyed said SIBA's lobbying work was the most important benefit of SIBA membership.
- New to the top 5 most valued SIBA member benefits this year is promotion of independent breweries and container management.

Section 5

The Craft Beer Drinker

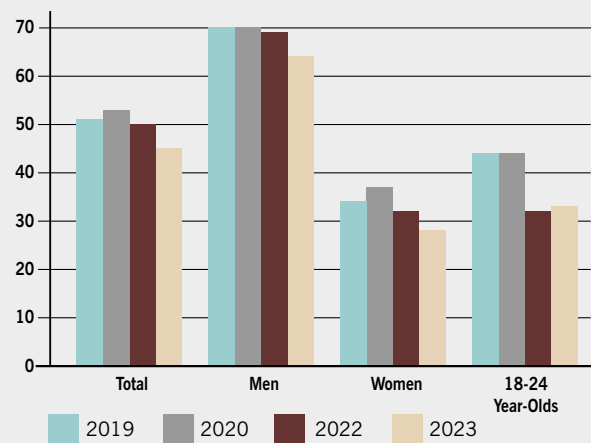
The Craft Beer Report consumer survey, conducted in January 2023 through YouGov, used a good representative sample of 927 beer drinking adults from 2,051 total consumers. We compared the results to those of the previous YouGov surveys commissioned by SIBA in February 2019, January 2020 and January 2022 to see how drinking habits have evolved.

HIGHLIGHTS OF THE 2023 YOUNG CRAFT BEER REPORT CONSUMER SURVEY

Beer drinking down

The most concerning finding from our 2023 survey is the decline in the overall number of consumers drinking beer.

PERCENTAGE OF CONSUMERS WHO EVER DRINK BEER



This year the overall percentage of consumers who ever drink beer fell -5% to just 45% of our overall sample. This signals the acceleration of a trend we have been seeing over the last few reports but is by far our steepest fall to date. Beer drinking is most prevalent among 45-54-year-olds with 51% in that group saying they drink it, and least common among younger drinkers with only 33% of 18-24-year-olds – a third – saying they drink beer. While this number has stabilised after falling significantly post-pandemic, it is particularly concerning as this age group matures without the beer drinking culture of previous generations. Geographically there is quite a difference in beer drinking habits, with 52% of consumers in the South West drinking beer compared to only 38% in the East of England.

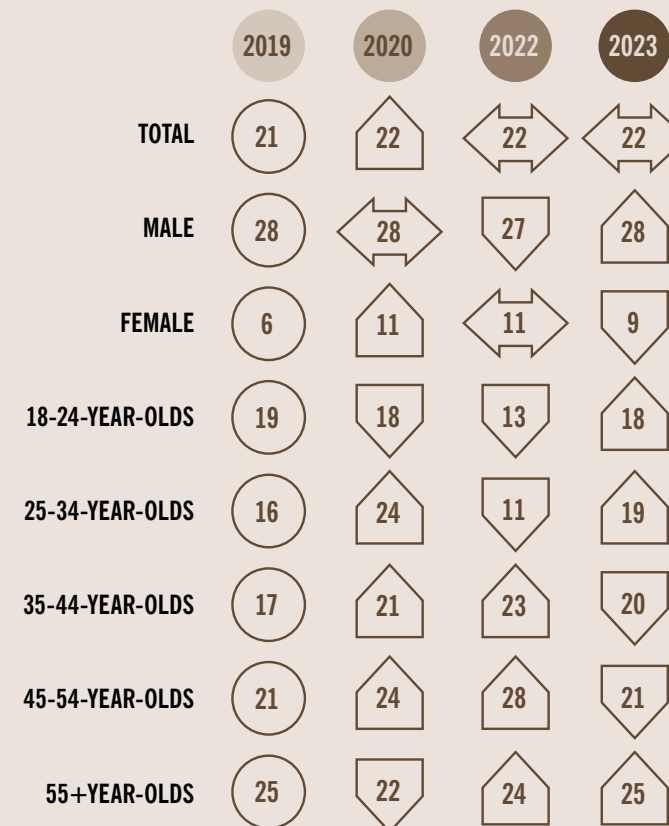
Female friendly?

Perhaps even more concerning is that only 28% of female consumers say they ever drink beer – meaning that approaching three-quarters of our surveyed women are not beer drinkers. This tallies with a fall in the number of female consumers drinking beer more than once a week – down to just 9% in our 2023 survey – as compared to 28% of men. Beer has fallen well behind some other drinks categories in the 2023 survey, with wine the most drunk category with over half of consumers saying they drink it, and spirits/mixed drinks also rating above beer – this could partly be due to the huge boom over the last few years in sales of mixed gin drinks. On a positive note, it seems that younger consumers have actually been drinking beer more regularly in the last 12 months, with the percentage of 18-24-year-olds drinking it more than once a week up +5% and 25-34-year-olds up +8%. However, these figures have to be seen in the context of the on-trade reopening in 2022 after the lockdowns of 2021, allowing easier access to draught beer and perhaps explaining this increase.



WHAT ARE CONSUMERS DRINKING IN 2023?	PERCENTAGE
WINE	55%
SPIRITS OR MIXED DRINKS	53%
BEER	45%
CIDER	37%

PERCENTAGE OF CONSUMERS DRINKING BEER MORE THAN ONCE A WEEK



“One of the primary reasons craft beer consumption is slowing is due to increased competition within the beverage alcohol space. With more choice than ever before American craft brewers are facing stiff competition from wine, liquor, spirits, seltzer, cider,

FMBs (flavoured malt beverages), RTDs (ready to drink) and more. In the survey [The Brewers Association’s annual consumer survey: Harris Poll 2022, among 1,900 US adults aged 21+], the number of consumers indicating increased consumption over a 12-month period decreased from 14% of respondents in 2017 to 7% in 2022. Furthermore, 11% of American craft beer drinkers claim they drink less craft beer now because they drink more of something else, up from 8% in 2017. And 90% of weekly craft beer drinkers say they drink at least one other beverage alcohol category weekly. When a consumer walks into a bar these days they’re not thinking ‘what craft beer shall I try first?’ they’re thinking ‘what beverage alcohol shall I buy today?’”

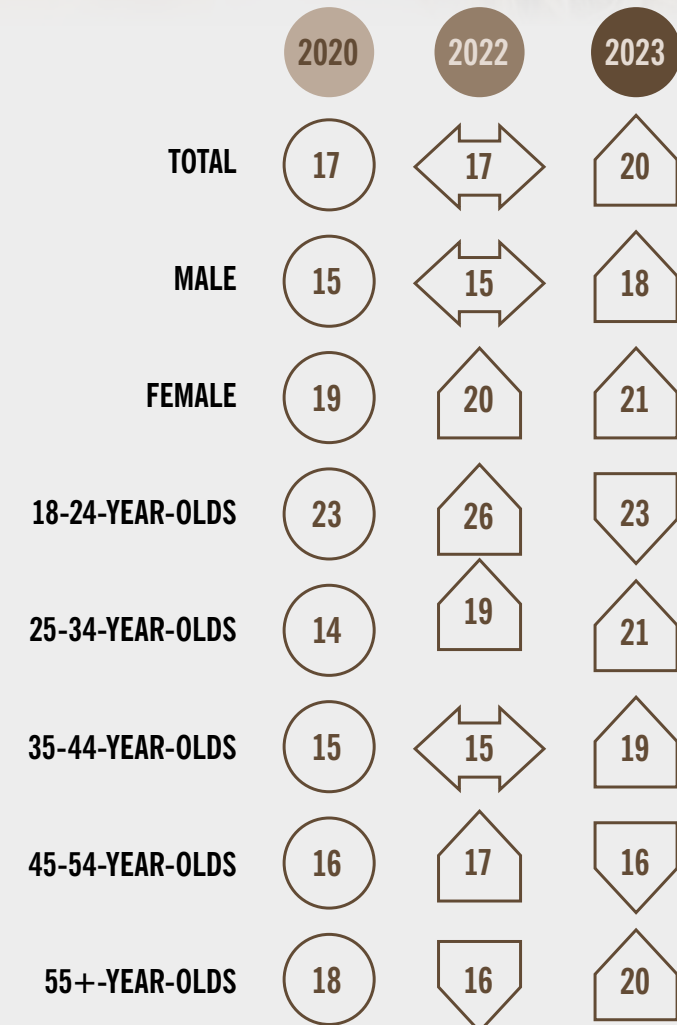
Lotte Peplow, The Brewers Association’s American Craft Beer Ambassador for Europe, speaking about the latest research in the US.

Club sober

Our 2023 YouGov survey shows the overall number of consumers who never drink alcohol has risen this year, having plateaued between 2020 and 2022. A fifth (20%) of consumers have now gone tee-total, and interestingly this is not due to a rise in the younger consumer group, 18-24-year-olds, as you might expect, but rather an incremental increase across a number of the older age groups. Most significantly, 20% of over 55s are now abstaining, up from 16% in last year's survey. Interestingly, the number of 18-24-year-olds who drink alcohol has actually risen this year, albeit our survey suggests those who do drink alcohol are evidently not choosing to drink beer.



PERCENTAGE OF CONSUMERS WHO NEVER DRINK ALCOHOL



50%

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

UP FROM 48% IN OUR 2022 SURVEY

ONLY 3%

THINK CRAFT BEER CAN BE MADE BY A MULTINATIONAL GLOBAL BREWER

THIS FIGURE IS UNCHANGED FROM OUR SURVEY IN 2022

Independently minded

Our 2023 YouGov survey shows that 50% of consumers believe genuine craft beer must be produced by an independent brewery, an increase on the 48% in our 2022 survey. Our survey also found that 49% say that genuine craft beer should be made by a small brewer.

In contrast, only 3% of those surveyed said they believed craft beer could be made by a multinational, global brewer – exactly the same figure as in last year's survey.

Independence being cited as the most important factor in defining genuine craft beer is a strong indication that consumers recognise and value the provenance of the beer they drink and that they associate craft products with artisan businesses. This also offers an opportunity for SIBA and its members to explain, highlight and promote their independence to consumers as a way of helping drinkers choose genuine craft beer over mass-produced 'crafty' beers from national or global brewers.

Worryingly, 11% of our surveyed consumers said they didn't know what qualities a craft beer has, rising to 22% of 18-24-year-olds, which shows that there remains an education gap among consumers when it comes to identifying genuine craft and the breweries that make it.

49%

THINK CRAFT BEER SHOULD BE PRODUCED BY A SMALL BREWER

THIS IS VERY SIMILAR TO THE 50% IN OUR 2022 SURVEY

34%

BELIEVE CRAFT BEER IS CRAFTED NOT MANUFACTURED

THIS IS A SLIGHT FALL FROM 38% IN 2022

31%

THINK CRAFT BEER MUST BE MADE USING TRADITIONAL METHODS

SLIGHTLY DOWN FROM 35% IN LAST YEAR'S SURVEY

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.

Our 2023 members' survey found that 57% of member breweries are now using the Seal, most commonly on their bottles (43%) and website (13%). The Seal is also being used on cans, in taprooms and on a range of different marketing materials.

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 about the campaign at www.indiecraftbrewers.co.uk



57% OF SIBA MEMBER BREWERIES USE THE ASSURED INDEPENDENT CRAFT BREWER SEAL

43% USE THE SEAL ON THEIR BOTTLED BEERS

45%* OF CONSUMERS SAY SEEING THE SEAL WOULD MAKE THEM MORE LIKELY TO BUY A BEER

* SIBA YouGov Craft Report survey 2022



"SIBA created the Assured Independent Craft Brewer badge, available for all SIBA brewery members to put on their products to differentiate them from mega corps. This is a great idea, and we feature them on all our cans, but without a large public awareness campaign there is not enough recognition to have an impact, and consumers continue to be misled. This confusion is compounded when others, such as journalists, pubs or retailers, refer to beers from big brewers such as Marstons as 'craft'. Brewing conglomerates have many advantages over microbreweries; the genuine handcrafting of products and high quality is our key USP, and it should be protected from co-optation by these giants, both for the breweries sake and the consumer."

Jess Magill, Co-founder, Powderkeg Brewery

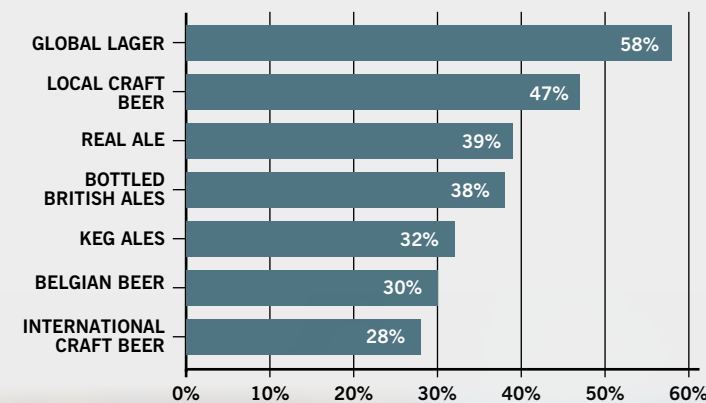
Global vs local

Global lager continues to dominate in terms of the most-consumed type of beer among UK consumers with 58% saying they drink it, however this does represent a fall of -4% from last year's figure of 62%, which could be taken as a positive sign by craft brewers. However, unfortunately the number who said they drink local craft beer has also fallen from 51% last year to 47% in 2023, which indicates that craft is not benefitting from this fall.

Interestingly, a higher proportion of women than men drink global lager – 60% compared to 57% for men – which seems surprising, but could be explained by the continued failure of the craft beer sector to effectively speak to female consumers in a language they understand. There is also an age factor, with far more younger drinkers (74% of 18-24-year-olds) drinking global lager as compared to only 46% in the 55+ bracket. This might also be a result of the on-trade outlets most frequented by these groups, with younger drinkers more likely to visit chain pubs, the spiritual home of global lagers.

Men are more likely than women to choose local craft beer (49% compared to 43% for female consumers) but interestingly more women than men (31% compared to 30% of men) are drinking Belgian beers. Could this be proof that glassware, provenance and European style serves really are the way to a woman's heart?

CONSUMER CONSUMPTION OF DIFFERENT BEER TYPES



WHAT BEER CATEGORIES ARE MOST POPULAR WITH CONSUMERS?

58% DRINK GLOBAL LAGER

THIS IS DOWN FROM 62% IN 2022

57% OF DRINKERS IN THE SOUTH WEST DRINK LOCAL CRAFT BEER, THE MOST OF ANY REGION

47% DRINK LOCAL CRAFT BEER (55% OF 25-34 YEAR-OLDS AND 38% 18-24 YEAR-OLDS)

THIS COMPARES TO 51% WHO SAID THEY DRANK IT IN 2022



Mind the gender gap

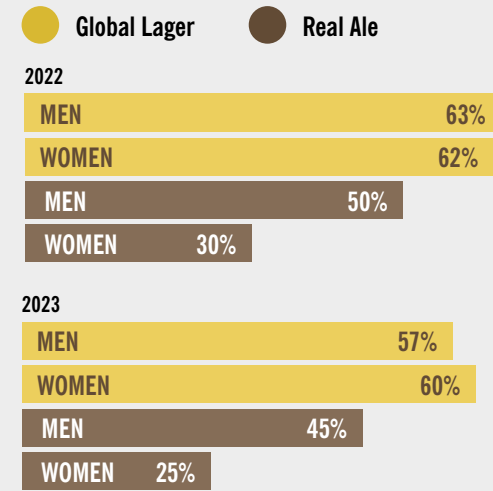
The trend we have seen emerging over the last few years among female consumers, who are deserting 'real ale' in favour of global lager, continues this year and the male/female divide widens. Although fewer men and women are drinking both global lager and real ale, there is now a distinct difference between male and female habits, with only a quarter of female consumers (25%) now drinking real ale, 20% less than the 45% of male consumers who drink it, and a startling gap that has started to open up. With cask as a category struggling to regain ground post-Covid, its image with female drinkers as a stuffy, male-dominated category, is certainly in need of an overhaul. Quality could also be coming in to play here as well, as both male and female consumers are moving away from real ale. Pub throughputs of fresh beer have yet to fully recover from lockdown, so maintaining quality is more difficult in the cellar and some pubs have opted to cut the number of handpulls or even move to keg instead.



"More younger people are moving away from cask and going into craft, which means there are less people drinking cask, which means that the beer is not getting such good throughputs, so the beer is not always in such great condition. So the pumps are going from four pumps to three pumps from three pumps to two pumps, there's less variety. And it's just an ever-decreasing circle as far as I can see."

Ian Rogers, Managing Director, Renegade Brewery

BEER TYPES CONSUMED BY GENDER



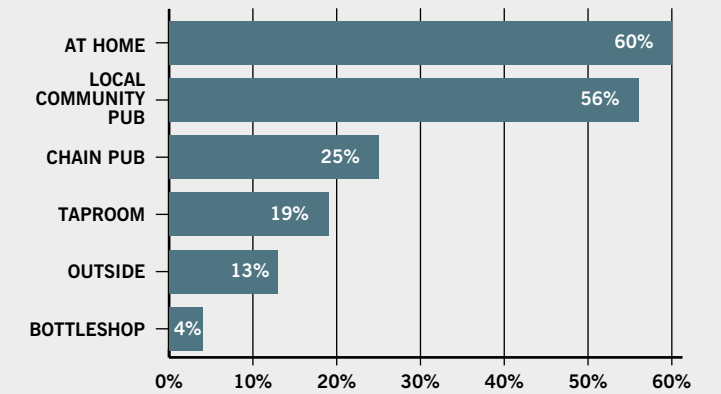
**CRAFT BEER DRINKERS MAKE UP
A THIRD
OF OVERALL BEER DRINKERS IN
THE ON-TRADE**

In or out out?

Has the pandemic-induced consumer love affair with their sofas waned now that pubs are fully back open again? The answer, according to our 2023 YouGov poll, is 'sort of'. We asked consumers where they prefer to drink beer, and while more than half – 56% - said they preferred to drink it in a local community pub, a larger proportion – 60% - said they preferred to drink beer at home. If we examine this figure in more detail, it is older drinkers who are deserting pubs in favour of their couch, with 68% of 45-54-year-olds opting to drink beer at home. In contrast, younger drinkers are more likely to go to the pub to drink beer with 65% of 18-24-year-olds and 66% of 25-34-year-olds choosing the pub. This is actually a positive for the independent craft beer sector, which heavily relies on pub sales, since it implies that the new generation of drinkers are still pub-orientated. However, if we look at the survey as a whole that younger generation is not choosing to drink craft beer in the same way older drinkers are. Looking at consumers visiting taprooms, the survey also shows us that female drinkers – at 24% - are bigger fans than men, at 17%. This is a great sign that craft brewers are getting their offer right in their taprooms, making the spaces appealing and inclusive.



PREFERRED LOCATION FOR DRINKING BEER

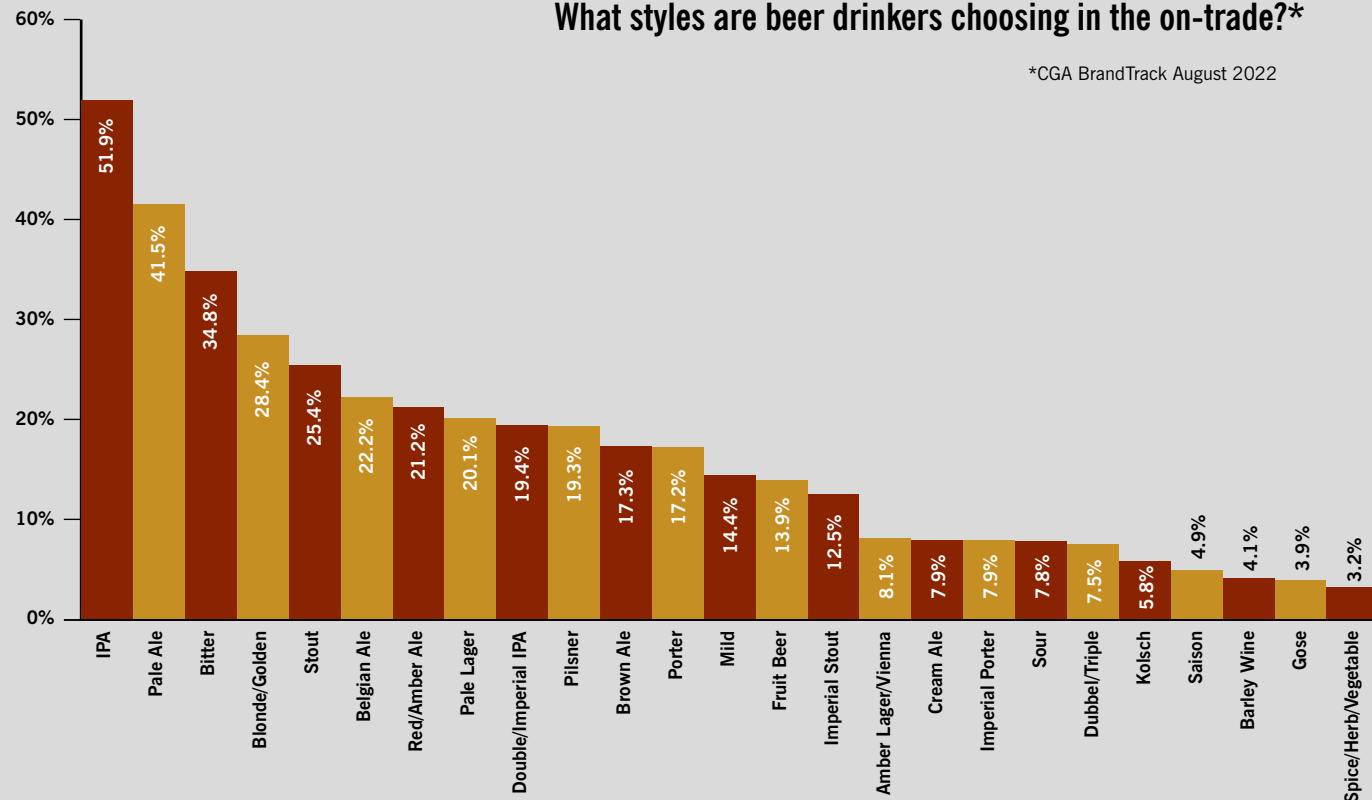


"Gone are the cold, industrial warehouses of old, with a few benches littered between the roaring, giant steel tanks - now, they've been replaced by warm, lively, multi-purpose spaces that bring people together from all sections of the community. Welcoming with open arms friends old and new, taprooms are utilising their space for good – and with that comes hope. Maker's markets, running clubs, film showings, open mic nights, street food, local artists, live music, charity fundraisers, speed dating, home-brew competitions, drag shows, quizzes, food bank collection points, beer festivals, even Bake Off showings - the list goes on. Taprooms are far from just being a spot to get a good pint."

Emmie Harrison-West, beer writer, and fierce advocate for women's rights, and good beer

What styles are beer drinkers choosing in the on-trade?*

*CGA BrandTrack August 2022



! WHAT YOU NEED TO KNOW...

- The number of beer drinkers has fallen overall by 5% in 2022 to 45% of those surveyed in our 2023 YouGov Craft Report consumer poll. Only 28% of female consumers in our poll said they ever drink beer, and only 9% now drink it regularly.
- The number of consumers who never drink alcohol is rising, with 20%, a fifth, now saying they are teetotal in our 2023 YouGov consumer poll.
- 50% of consumers believe genuine craft beer must be produced by an independent brewery, an increase on the 48% in our 2022 consumer survey. Only 3% believe craft beer can be made by a global brewer.
- 57% of SIBA brewers are now using SIBA's Assured Independent Craft Brewer seal to indicate their beers are genuine craft beer.
- Only 47% of beer consumers drink local craft beer, down from 51% who said they drank it in our 2022 YouGov poll. In comparison, 58% drink global lager and 55% drink wine.
- Only 25% of female consumer now drink real ale, down from 30% in our 2022 survey.
- 60% of consumers prefer to drink beer at home, compared to 56% who would rather drink it in their local pub, according to our 2023 YouGov poll. But taprooms are attracting female consumers with 24% preferring to drink beer in one.

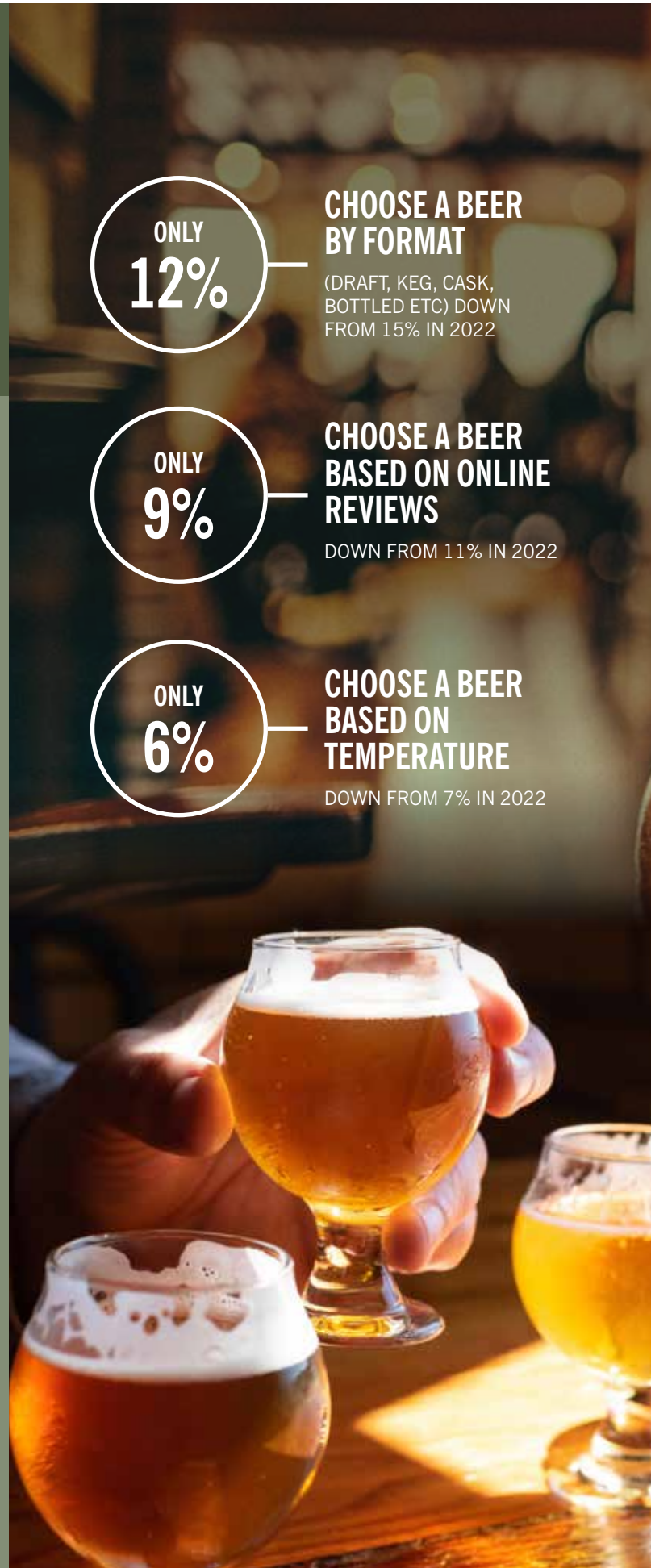
Section 6

Consumer Motivation

Understanding why consumers are choosing craft beer and what behaviours are leading to changes in the consumer market are key to planning for the future.

TOP 5 REASONS FOR CHOOSING A CRAFT BEER

- 1 **53% FLAVOUR**
DOWN FROM 60% IN 2022
- 2 **44% PRICE**
UP FROM 39% IN 2022
- 3 **42% BEER STYLE**
(eg IPA, LAGER ETC) DOWN FROM 46% IN 2022
- 4 **36% FRIEND RECOMMENDATION**
UP SLIGHTLY FROM 35% IN 2022
- 5 **=29% DESCRIPTION OF THE BEER / MADE BY AN INDEPENDENT BREWERY**
STILL EQUAL BUT DOWN FROM 32% IN 2022



ONLY 12% **CHOOSE A BEER BY FORMAT**
(DRAFT, KEG, CASK, BOTTLED ETC) DOWN FROM 15% IN 2022

ONLY 9% **CHOOSE A BEER BASED ON ONLINE REVIEWS**
DOWN FROM 11% IN 2022

ONLY 6% **CHOOSE A BEER BASED ON TEMPERATURE**
DOWN FROM 7% IN 2022



Price conscious

While flavour continues to top the charts when it comes to reasons consumers give for choosing a particular craft beer, there is another factor that has risen up the charts and should be of some concern to brewers this year, and that is price. In last year's survey we saw price displaced from second place on the chart to third, with consumers saying beer style was more important in their decision-making. This was a clear sign that premiumisation was working and that the work craft brewers had been doing to educate consumers on the provenance and artisan nature of their beers had led to consumers being more relaxed about paying a bit more for the product. However, with the economic storm that has hit the country over the last 12 months, there is absolutely no doubt that consumers will be watching the pennies a bit more in 2023. Price is back at number two in the chart with 44% of consumers saying it is a factor in choosing what beer to purchase.

If we break this down a bit more, we can see that female consumers are a little less price-sensitive than male consumers (43% compared to 45%), even more reason for craft brewers to appeal to the female market with branding and marketing, and younger consumers are more concerned about price, with 49% of 18-24-year-olds saying price is a factor compared to only 38% of 45-54-year-olds. Regionally, 50% of consumers in both the South East and South West say price is a concern for them, perhaps reflective of the higher prices they are already experiencing at the till.

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

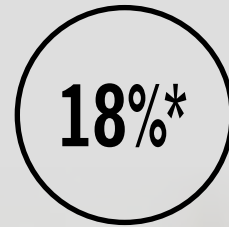
	2020	2022	2023
AVERAGE	42%	39%	44%
MALE	42%	41%	45%
FEMALE	41%	35%	43%
18-24	47%	55%	49%
25-34	47%	42%	50%
35-44	43%	47%	49%
45-54	33%	30%	38%
55+	41%	35%	41%

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

Low & No is go

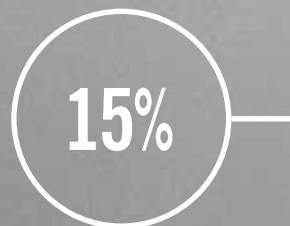
The number of SIBA member breweries producing a low or no alcohol beer went up by 50% in 2022 from 10% at the start of last year to 15% at the beginning of 2023. Low and no had been slowly gaining popularity over the last few years, with 8% of brewers producing low and no beers in 2020, to 10% in last year's survey, but the 2023 survey seems to have seen the category reach a tipping point. This mirrors a steady rise in the number of consumers who are drinking low and no beers, with this year's YouGov Craft Report consumer survey showing 18% drinking beer from the category, a rise of +2% on our 2022 survey. It is also reflective of not only the growing number of consumers who are choosing to give up alcohol – 20% or one in five of consumers in our 2023 YouGov survey say they don't drink alcohol – it is also reflective of the growth in consumer awareness of health and moderation.

Examining this year's consumer survey in more detail we can also see that more women than men are drinking low and no beers – 19% compared to 17% for men – but more interestingly it is not a category necessarily driven by younger consumers, even though we often attribute its rise to the habits of Gen Z. In fact, only 12% of 18-24-year-olds drink low and no beers, compared to 23% of 35-44-year-olds. However, this could be explained by two things, firstly the fact they may be choosing other low and no products over beer – kombucha for example – and secondly more of them are not drinking alcohol at all than other groups so their figures will reflect fewer low rather than no alcohol products.



18%*
OF DRINKERS NOW DRINK LOW & NO BEERS

UP FROM 16% IN THE 2022 SURVEY
*YouGov 2023 Craft Report Survey



15%
OF SIBA MEMBER BREWERIES MAKE A LOW & NO BEER

UP FROM 10% IN THE 2022 SURVEY



"The growth in popularity of the alcohol-free category isn't primarily driven by those who never drink alcohol, but rather the huge number of Brits who want to moderate their intake. This isn't about a growing teetotal population but accepting that our relationship with alcohol is shifting and consumers are demanding an alternative. We now see a modern consumer who is more aware of the risks of alcohol, where their leisure time is not so focused around drinking culture and who are in tune with their consumption, therefore more likely to take action to ensure that they are drinking at what they consider to be responsible levels."

Katy Moses, Founder & MD, KAM

Low & No 2022: Customer Insight

Insight specialist KAM produced a report on the low and no sector in 2022, in conjunction with alcohol-free brand Lucky Saint, which looked at how the market has developed since the pandemic and what the opportunities are for brands to enter this category.

KEY TAKE-OUTS FROM THE KAM REPORT

- 1 Awareness and consumption of alcohol-free/Low and No has increased year-on-year, and is now at an all time high.
- 2 The demand is there from the consumer, but brands and operators must focus on ensuring that alcohol-free is visible, accessible and available to serve those who are seeking it, but to also disrupt those consumers on auto-pilot purchasing of 'traditional' soft drinks.
- 3 Shelf space in grocery channels and visibility in the on-trade are paramount to realise the opportunity for alcohol free.
- 4 Taste and quality remain the main drivers for consumer choice.
- 5 Consumers may not fully understand the category, yet, but they have clear occasions and missions in which they want to consume it – so brands and operators must adapt and ensure their products are front of mind at each of these consumer touchpoints.
- 6 The size of the prize for alcohol free shows the commercial benefits – alcohol free can drive an increase in visit frequency, occasions, dwell time and spend.

KAM CONSUMER RESEARCH CARRIED OUT IN MAY 2022 FOUND...



55%
OF CONSUMERS WERE LOOKING TO REDUCE THEIR ALCOHOL CONSUMPTION IN THE NEXT 12 MONTHS

THIS IS A SIGNIFICANT INCREASE ON 32% IN 2021



95%
OF CONSUMERS ARE AWARE OF THE LOW AND NO CATEGORY

79% ARE AWARE OF THE LOW AND NO BEER CATEGORY SPECIFICALLY



29%
OF PUB VISITS INVOLVE NO ALCOHOL

UP FROM 25% IN 2021



40%
OF CONSUMERS THOUGHT THE QUALITY OF LOW AND NO BEERS HAD IMPROVED IN THE LAST 12 MONTHS



64%
OF ALCOHOL-FREE BEER CONSUMERS ARE FEMALE

Different diets

Tied into the wellness trend, and also growing concern over climate change, consumers are increasingly choosing to change their diets. There has been a huge rise in those going vegetarian, vegan or flexitarian, as well as those choosing to go gluten-free. Add to this the growing number of consumers who are cutting back on meat or adopting a more health-focussed approach to what they eat and drink, and this 'free from' part of the market begins to look extremely significant. In fact, a growing number of SIBA brewers are producing gluten-free beers, up significantly in 2022 to 26% from 15% in 2021.

26% OF SIBA BREWERIES NOW PRODUCE GLUTEN-FREE BEER

THIS IS A SIGNIFICANT INCREASE OF +11% ON THE 15% WHO DID IN 2021

AT LEAST 10% OF CONSUMERS FOLLOW A GLUTEN-FREE DIET

*Coeliac UK



Quality is king

Quality continues to be the key driver when it comes to choosing craft beer in the on-trade according to the latest data from CGA. Price is again creeping in at number two, though, in yet another sign that the cost-of-living crisis is starting to bite. Interestingly in third position is the availability of craft beer brands that the consumer has not tried before, overtaking those looking for their favourite craft brand. This supports the results of our members' survey this year that found in 2022 brewers were brewing a wider variety of beer styles than in 2021, in order to give beer drinkers 'something new' to keep them coming back.

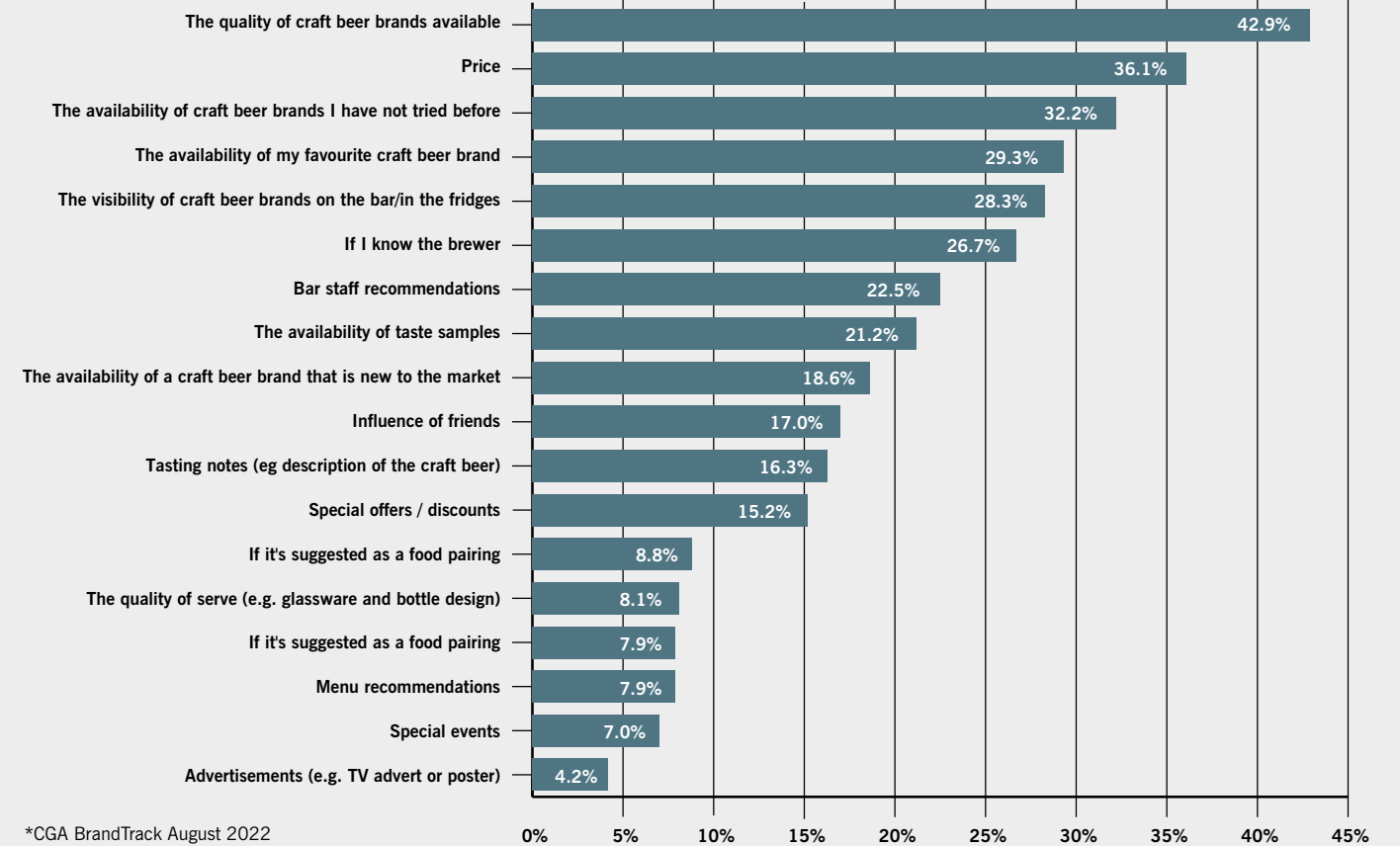
Also worth noting is the importance consumers place on the visibility of beer brands on the bar and in the fridges.



"Challenges include the external headache of quality, so the bigger you get, the less forgiving your consumer base is. So we've invested very heavily in analytical equipment, in things like an almost £100,000 centrifuge for clarification and stability of our product. A new canning line, which has the lowest level of oxygen pickup for a line of its type in the UK. All these things are constantly driving quality."

Lee Grabham, Co-Founder, Brew York

REASONS FOR CHOOSING CRAFT BEER IN THE ON-TRADE*



*CGA BrandTrack August 2022

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



In 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.

! WHAT YOU NEED TO KNOW...

- Flavour remains the top reason for choosing a beer, with 53% of consumers saying that is the most important factor. Communicating flavour in a simple and easily accessible way is crucial to capitalising on this.
- Price has become more important again to consumers, back at number two in the top 5 reasons for choosing a craft beer. This is a clear indication that the cost-of-living crisis is affecting consumer choices.
- More SIBA member breweries than ever before are making low & no beers, with 15% now brewing at least one beer in this category. This mirrors our consumer poll which found 18% now drink low & no beers.
- A lot more SIBA members are brewing gluten-free beers – up +11% to 26% in 2022.
- Quality remains the top reason consumers choose a craft beer in the on-trade, followed by the availability of brands drinkers have not tried before.

Consumer insight: Global Trends

There are some new consumer trends emerging in 2023, partly driven by the consumer response to the pandemic and partly shaped by the current turmoil in the political and economic situation globally. We have analysed reports by Mintel and Euromonitor International, as well as broader research from around the globe to bring you our top 5 trends for 2023...

1 Consumer trend: Wallet watchers

No surprise here at the top of our list is a trend driven by the cost-of-living crisis and the impact that is having on disposable income. Consumers have reacted to the crisis in a number of ways, with some moving away from well-known brands for cheaper 'own-brand' alternatives and other cutting out occasions where they socialise outside the house, or moving from dinner at a fine dining restaurant to a meal in the local pub. What is emerging, though, is that there is a value calculation that governs what consumers are willing to spend and on what. Emphasising the premium qualities of a product is the key to maintaining price here, and to consumers believing their purchase represents good value. There is also an opportunity to add value to purchases through offers and bonus extras, and also to upsell to consumers who might not be going out as much but want to treat themselves when they do.

Rewards

Businesses can tap into this consumer need for value through loyalty programmes and membership schemes that offer the opportunity for customers to earn something extra from their purchases. Many independent brewers already offer this kind of scheme but it is certainly worth revisiting it in the current climate to make sure it is being marketed correctly and that customers know what value it brings them. Schemes might also need adapting now that price has become more of a concern among consumers, so rather than offering members early or exclusive access to merchandise or new beer launches there might be a discount on taproom products or a members-only price on a case of a particular beer.

Perfect presentation

How your product reaches the consumer is key to how much value they attach to it. Beer quality has to be a top priority here, along with branding, customer service, packaging and glassware.



RECENT KAM RESEARCH AT THE START OF 2023 FOUND:

MORE THAN 1-IN-2 CONSUMERS EXPECT TO BE MUCH MORE AWARE OF HOW THEY SPEND THEIR MONEY OVER THE NEXT 12 MONTHS

1-IN-3 BRITS SAY THEY ARE ALREADY GOING TO RESTAURANTS, PUBS AND BARS LESS FREQUENTLY COMPARED WITH 3 MONTHS AGO

WHEN PEOPLE DO EAT AND DRINK OUT

1-IN-4 SAY THEY'VE BEEN CHOOSING CHEAPER MENU ITEMS

1-IN-5 HAVE BEEN CHOOSING CHEAPER DRINKS

47%* OF BEER CONSUMERS IN THE UK SAY USING THE 'RIGHT' GLASSWARE (BRANDED OR MATCHED TO THE BEER) MAKES DRINKING BEER MORE ENJOYABLE

*MINTEL UK BEER MARKET REPORT 2022

2 Consumer trend: Personal goals

Last year's report found that consumers, having been confined during lockdown, were seeking out community and social situations. But this year we are seeing the reverse happen, with consumers becoming more introspective in 2023.

Rebelling against the constant stress most consumers have been under, worrying about family, friends, employment etc, supporting their communities and social groups, it is easy to see why focussing back on themselves and their own lives is high on consumer agendas this year. Setting goals for themselves, learning new skills or creating something tangible like an art work allows them to measure personal achievement.

25%*

OF UK CONSUMERS WHO HAVE TAKEN PART IN ANY HOBBY/ INTEREST IN THE PAST 12 MONTHS HAVE PURSUED THESE AS A FORM OF CREATIVE EXPRESSION

*MINTEL GLOBAL CONSUMER TREND REPORT 2023

Artistic flair

There has been a boom in consumer interest in taking up a new hobby or regular activity, and a desire for 'self-improvement' or the learning of new skills. Many consumers find such activities 'calming' and by focussing on a practical class, for example, they can escape the constant scrolling online and very much live in the moment, as well as feeling like they have personally accomplished a goal. Taprooms are the perfect place for such activities. Whether it be knitting, life drawing, photography, lino-cutting, embroidery, candle-making or wood carving, these individuals will spend time and money in your taproom on a quiet Tuesday night and come away feeling as if they have done something positive for themselves.

Personalisation

This is something we saw emerging in last year's report, and it forms part of the move this year towards a more personal perspective for consumers. Brands that focus on offering a personal experience, individual customisation and treat customers very much as individuals will win over these consumers, as will those that can bring something new to market, making customers feel they are the first to discover it. The tone of communication with customers is key here, online, on social media, and in person, the language should be very much be about speaking to customers as individuals.



3 Consumer trend: Less is more

Too much information is constantly being thrown at consumers in today's society, with most of us spending a large amount of time online, where algorithms constantly spew out advertising and brand messaging. In 2023, consumers are looking for brands and businesses that can cut through all that garbled marketing speak and communicate in simple, no-nonsense terms.

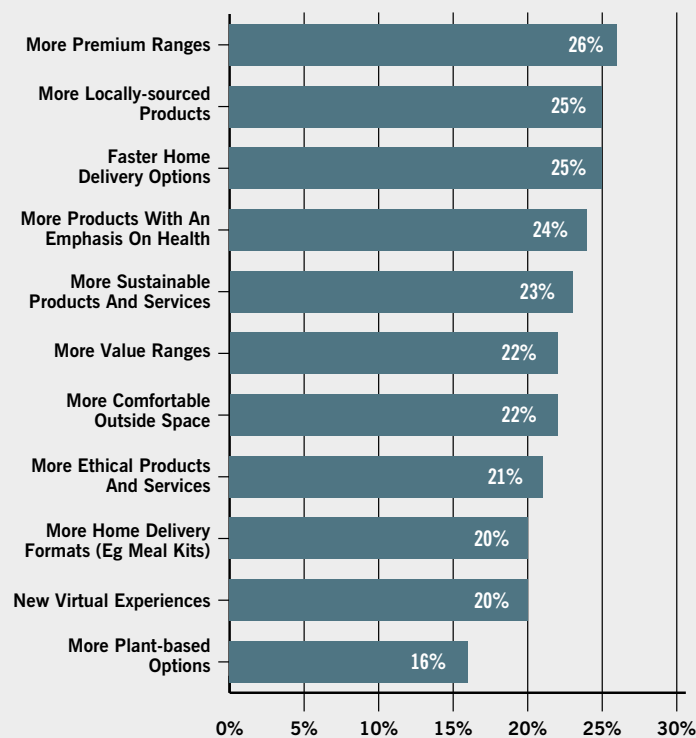
Labelling lingo

The Ronseal brand has been known for years as the king of simple marketing – 'it does exactly what it says on the tin' – and similarly craft beer jargon has no place on a beer label, or indeed anywhere else consumer-facing. Consumers need to be able to look at your beer in can/bottle/on the bar and immediately understand what style, colour and strength it is. Simple language and plain English descriptors, nothing technical, with the information clearly visible. Keep it simple, stupid.

Be honest

Brands that show honesty and integrity will be the big winners with consumers in 2023, as consumer patience with being sold lies by big business and politicians is wearing thin. If you make a mistake as a business, own it. If something goes wrong, tell your customers about it. It will make you seem far more relatable, and the trust your consumers have in you will grow, along with their willingness to buy from you.

BARCLAYS 'UK HOSPITALITY'S NEXT CHALLENGE' REPORT 2022 LOOKED AT HOSPITALITY BUSINESS PRIORITIES FOR 2023



59%* OF CONSUMERS VIEW BEER AS AN AFFORDABLE TREAT

*MINTEL UK BEER MARKET REPORT 2022

29%** REGULARLY BUY THEMSELVES LITTLE TREATS

**EUROMONITOR INTERNATIONAL VOICE OF THE CONSUMER: LIFESTYLES SURVEY

4 Consumer trend: Seize the day

Consumers have spent far too much time in recent years worrying about the future, so in 2023 they are keen to live in the moment, enjoy life again, as well as spoiling themselves from time to time – albeit with one eye on their finances.

Here and now

Small, impulse purchases are on the increase among this consumer group, so your brand's visibility, availability and image is key. Little regular treats are a common purchase for this group, and a quality craft beer certainly fits the bill. The idea of savouring a quality beer – perhaps splashing out on a barrel-aged speciality beer for example – offers exactly this experience.

Unique experiences

Consumer interest in experiences is not going away any time soon, and these 'treat seekers' are also on the look-out for that little bit extra, whether that be at home drinking beer on their sofa or out with friends in the local taproom. Beer flight? Sharing platter? Presentation beer pack with a branded glass? These consumers will spend that bit extra as a little reward to themselves.

5 Consumer trend: Shared values

Consumers in 2023 have become even more conscious of social and environmental issues, and are increasingly careful about who they spend their money with. They want not only to know that a business operates in a fair way, treating staff well and being kind to the planet, but they want to see businesses and brands actively standing up for what they believe in.

One of the team

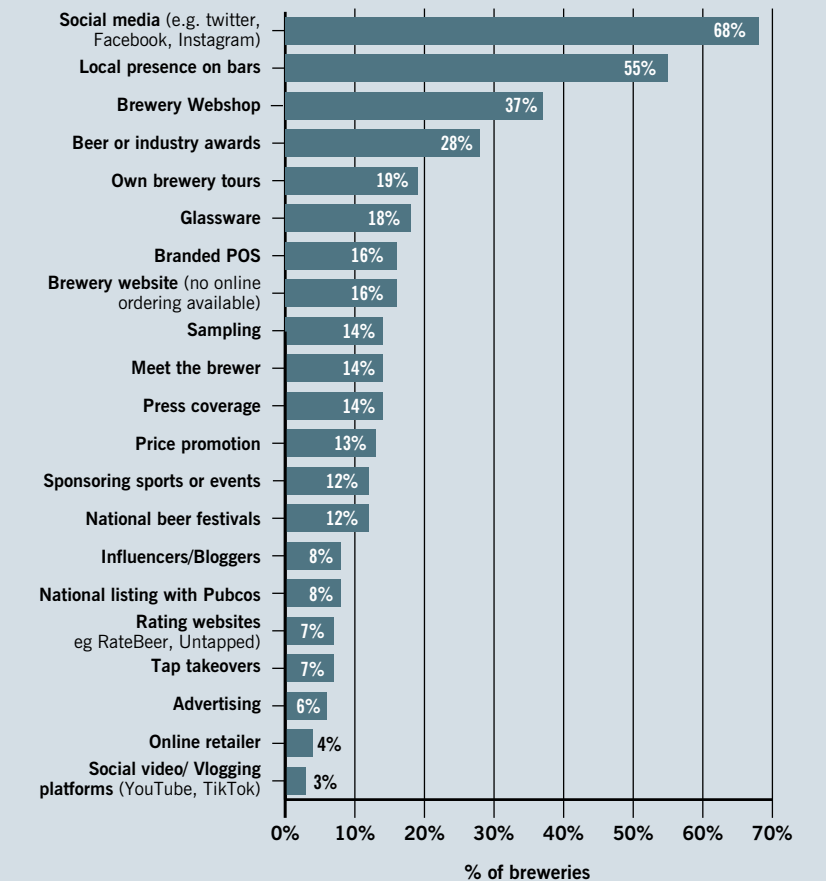
Consumers want to relate to a brand's view of the world, they want to share opinions on ethical and social issues, and trust that brand to be true to its word. Consumers are increasingly looking to be involved in what brands are doing and thinking, to feel like 'one of the team' and will actively avoid buying products from businesses they believe are not socially or politically aligned to the causes they see as important to them.

Speaking out

Independent craft brewers hold a unique position within their communities, and are perfectly placed to embrace this consumer trend. Think about messaging on merchandise, local causes you are supporting, or even setting up a community values committee that brings together a group of local customers to decide on charity donations, organise community events or even decide on a strategy for tackling an issue such as diversity.

How are SIBA brewers communicating with their customers?

Social media tops the charts again this year in terms of the most popular way of communicating with customers. Back at number 2 this year, though, is having a local presence on bars – something that for obvious reasons fell down the table during the pandemic. Awards, and presumably the publicity and consumer awareness they bring with them, are also increasing in importance, and again this year traditional advertising comes right down towards the bottom of the list with only 6% using this channel.



! WHAT YOU NEED TO KNOW...

- Consumer behaviour is being driven by underlying global factors such as the economic downturn, political upheaval and also a need to distance themselves from the stress of the pandemic. There are also factors such as the growing focus on health – both physical and mental – and wish to support ethical brands.
- The five global consumer trends our report has highlighted are:
 1. **Wallet watchers** – consumers are being squeezed by the cost-of-living crisis and are seeking good value in their purchases.
 2. **Personal goals** – breaking away from the pandemic herd, consumers want to be treated as individuals and focus more on themselves and their achievements in 2023.
 3. **Less is more** – today's buyers seek simple communication, clear messaging, easy to understand information and less marketing noise.
 4. **Seize the day** – small treats, upgrading purchases or experiences and living for the moment are all part of the 2023 experience for consumers.
 5. **Shared values** – consumers want to support brands and businesses that share the same set of ethical values they do, and they want involvement in setting standards and actively campaigning on issues they care about.

Section 8

Beer Styles in 2023

There has been a step-change this year in the average number of styles of beer being produced by each of our members, which accelerates the trend we saw emerging last year.

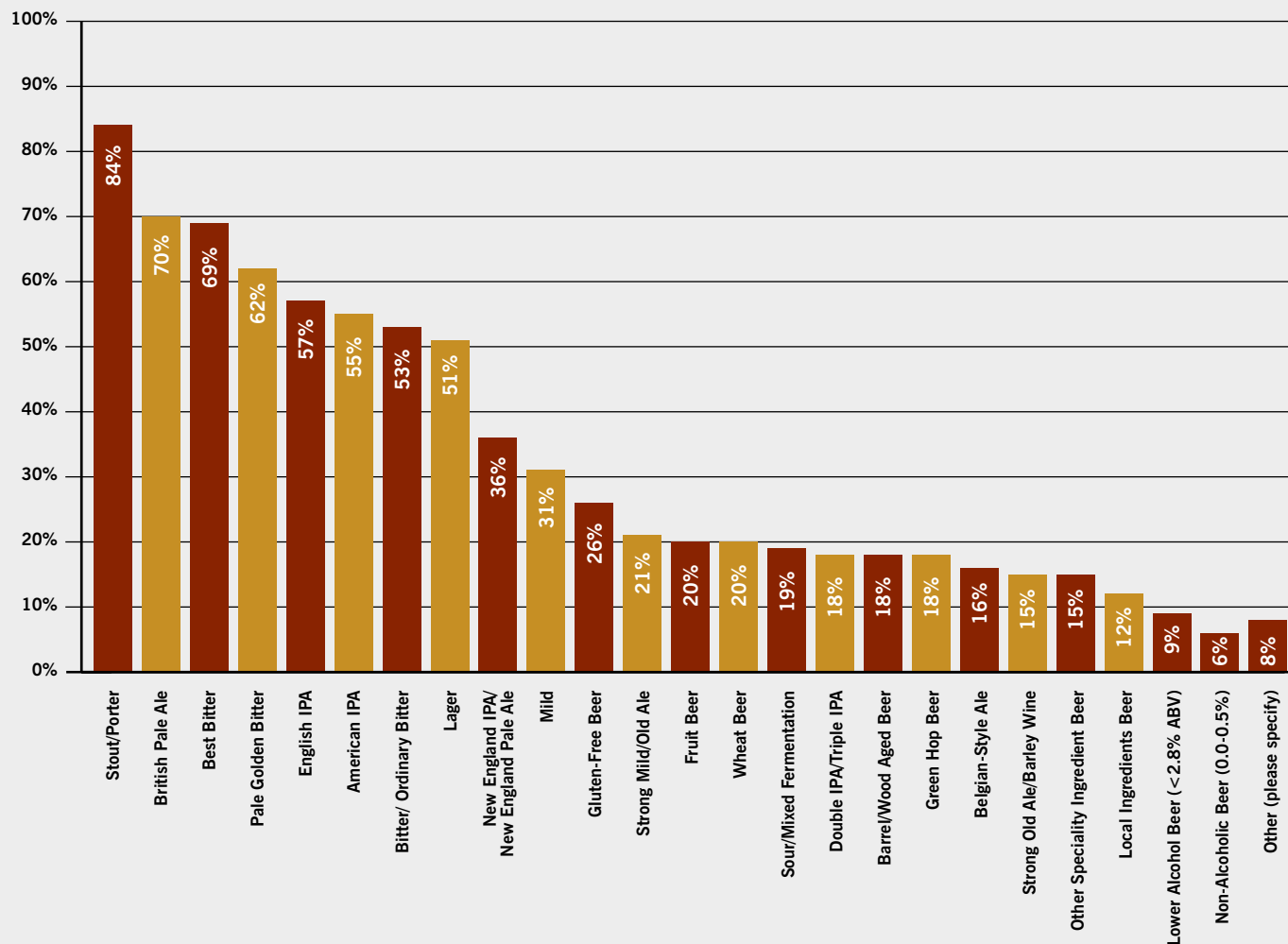


More choice

Our most popular style last year – stout/porter, as it is again this year – was being produced by 59% of SIBA breweries, but this year we see this has risen +25% to 84% of breweries. There have been similar percentage increases across the board, showing that on average a wider range of styles is being produced by each member brewery. This is great news for beer drinkers, with more choice than ever, and indicates

that to keep consumers loyal to a brewery brand, brewers are broadening their portfolio to keep things new and interesting for their customers. It also reflects increasing experimentation among SIBA members with new styles, and supports a more adventurous craft beer consumer after being given access to a much broader range of beers in lockdown with the rise of the webshop. There is also increased pressure on brewers in such a crowded market to compete in terms of their range, and keep up with emerging trends.

PERCENTAGE OF SIBA MEMBER BREWERIES OFFERING DIFFERENT BEER STYLES



What styles made it big in 2022?

The love affair with stouts and porters continued in 2022. For the first time in our report last year this style of beer overtook golden ales to top the charts, and the style consolidates its lead in this year's survey.

Other big winners in 2022 were British Pale Ales which rocketed up the charts to number two with 70% of brewers producing at least one beer in this style, as well as lagers which grew from 39% last year to 51%. It seems also that the rumoured return of traditional mild to consumer repertoires is actually happening, with 31% of SIBA brewers now producing a mild, as compared to only 16% in last year's survey.

Finally, 2022 saw a continuation of the trend in 'free from' products with the percentage of brewers producing gluten-free beer rising from 15% last year to 26% - over a quarter - in this year's survey. Low and no also enjoyed continued growth, albeit more modest, increasing from 10% to 15%, although breaking this down the bulk of that increase was in the low category (+4%) rather than no alcohol beers which only grew +1%.



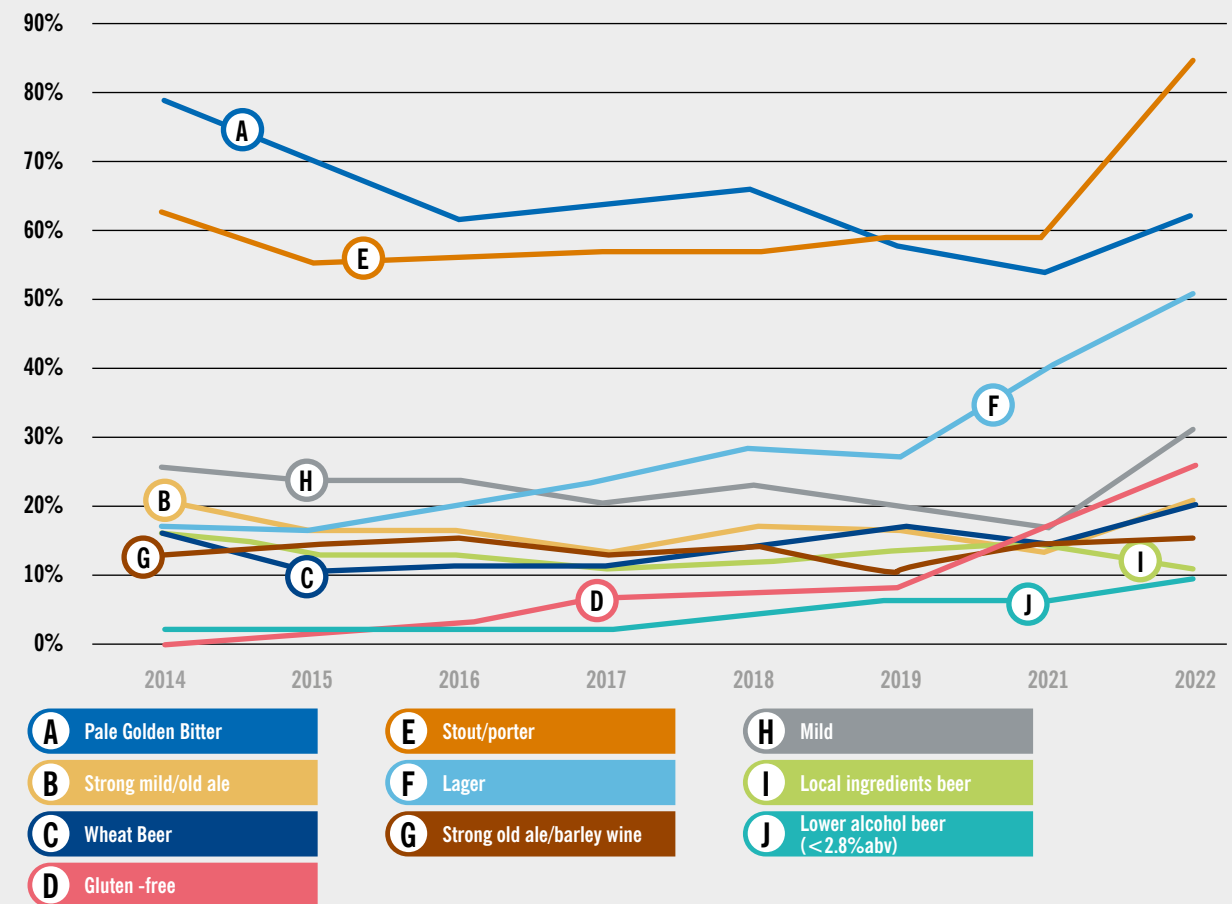
36% OF THOSE PRODUCE A DISTILLED SPIRIT AND THE REST MAKE A RANGE OF PRODUCTS INCLUDING CIDER, MEAD AND SOFT DRINKS/SODA



"It used to be that the States always felt like it was 10 years ahead of us. And then it was five years ahead. And now it's probably 12 months ahead of us. And I've seen it in the States, over recent visits, that there's still loads of wacky stuff going on around the sides, but it definitely seems to have settled down and people actually are more interested in that heritage. Being true to style, understanding what a good representation of a style is, and a well brewed consistently brewed product."

Tom Fozard, Commercial Director, Rooster's Brewing Co

THE CHANGING POPULARITY OF BEER STYLES AMONG SIBA BREWERS OVER TIME



4%
ABV

IS THE AVERAGE STRENGTH OF BEER PRODUCED BY SIBA MEMBER BREWERIES IN 2022

THIS IS DOWN FROM 4.3% ABV IN 2021

Strength in numbers

This year the average strength of SIBA members' beers has fallen from 4.3% ABV in 2021 to 4% this year, which is reflective of both the growth in no alcohol beers, but also the growing consumer demand for lower strength beers as part of a conscious move towards moderation. The 4% ABV average gives an average annual Hectolitres of Pure Alcohol (HPLA) of 147 HPLA, a measurement which will become extremely significant following the proposed changes to the Alcohol Duty system expected in August, with HPLA being key to the amount of duty paid under the new rules.

Our survey found 93% of brewers currently produce beer between 3.5-4.2% ABV, making up 55% of their production, and slightly more, 98%, of brewers produce beer between 4.3-6% ABV, although this makes up only 42% of production. While only 4% of brewers said they produced a no alcohol beer in 2022 (0.0-0.5% ABV), those that did devoted on average 18% of production to it. This is likely indicative of specialist no alcohol breweries completing our survey who devote 100% of production to this growing category.

PERCENTAGE OF PRODUCTION BY ABV

	% of breweries	% of production
0.0-0.5%	4%	18%
0.6-2.8%	9%	9%
2.9-3.4%	18%	6%
3.5-4.2%	93%	55%
4.3-6%	98%	42%
6.1-7.4%	46%	6%
7.5-8.4%	18%	4%
8.5-10%	15%	2%
Over 10%	9%	2%

Refining recipes

For the first time in this year's Craft Report we have taken a closer look at the data from our survey which shows where brewers are sourcing their malt, hops and yeast from, and what varieties are most popular with SIBA members. This also gives us some insight into the styles brewers are focussing on right now, as well as how important locally sourced ingredients have become given environmental concerns and also the growing demand from consumers for local products.

Top of the hops

Respondents to this year's survey named 64 different varieties of hops that they were using in their beers, a marked increase on the 40 varieties in the data from last year, and a sign of brewers expanding their repertoires in order to compete in a crowded market and regularly offer something fresh and new to keep drinkers interested. The four varieties topping our charts last year were Cascade, Citra, Golding and Mosaic, but this year Fuggles has made its way up the charts, overtaking Mosaic. This mirrors the continued rise in popularity of porters and stouts, in which it is commonly used, as can be seen in this year's most popular styles.



British hops have grown in popularity over the last few years, not just because brewers want to source ingredients locally, but also because their availability and quality has doubtless improved. Indeed, several of the larger, more rural SIBA breweries now harvest their own hops, making their operation even more sustainable. In 2021, just over 30% of brewers were using British hops in 50% or more of their beers, and this year nearly 40% of brewers reported that home grown hops were their most-used. This now puts British hops on an almost equal footing with American hops at just under 34% market share compared to just over 34% for US varieties. This shows how the UK craft beer market is no longer as focussed on directly emulating US beer styles but is now firmly forging its own path. It is also an even clearer reason for drinkers to choose craft beer which is a growing champion for local ingredients.

COUNTRY OF ORIGIN FOR HOPS USED IN 2022



"As malt is the main ingredient of beer, some say 'the body of beer', surely it does matter. So how is it, we in the malting industry appear to have collectively failed to ensure that in all cases our customers not only know the specifications of the malts they buy, but also know, and fully understand, the variety, or varieties, we are

supplying to them? So that they know their malts intimately, like they know their hops? Sadly, the answer lies in the commoditisation of malt which has needed to overlook this detail, enabling the blending of different varieties according to availability and price. We are talking about malt production driven by economics, another victim of the industrialisation of food and drink."

Robin Appel, Maltings Principal, Warminster Maltings Ltd

Malt matters

Perhaps unsurprisingly, almost all brewers responding to our survey this year said they use mainly British malt. In terms of varieties, over 40 different varieties were named in our survey this year but there were very clear favourites at the top of the table with pale malts, Maris Otter and Crystal topping the charts. In 2021 these were also the most popular varieties but with a lower percentage, so it seems that SIBA brewers are increasingly choosing British malts from a narrowing number of varieties, representing a consolidation in the malt market that perhaps also explains and reflects the closure of some key maltings over the last few years. Also worth noting is the appearance of Lager and Pilsner malts in the top 5 most popular for 2022. Certainly a reflection of the recent boom in this style of beer in the UK craft market.

Most used malts in 2022

- 98% British
- 58% Coloured
- 30% Adjuncts
- 26% Speciality
- 31% European



To say the yeast

Self-propagated house yeasts are by far the most popular with our SIBA member breweries, with over half of respondents using house yeast(s) as their top choice. British and American ale yeasts come in second and third respectively, again perhaps underlining the importance of sustainability, with most brewers choosing self-sufficiency, or if not then buying British.

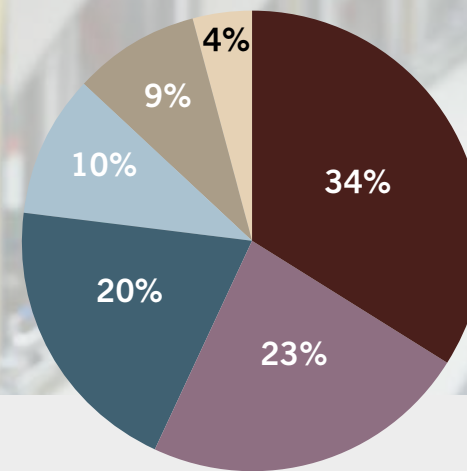


! WHAT YOU NEED TO KNOW...

- The 2022 report sees stout/porter gain more ground as the most produced style, with 84% of breweries producing a beer in this style, an increase of +25% on 2021.
- Average ABV has gone down, falling to 4% this year from 4.3% in 2021. This is likely reflective of consumer demand growing for lower alcohol options and more sessionable beers.
- SIBA brewers are producing a wider range of styles of beer than ever before, keeping consumers excited by new, fresh product choices.
- 40% of SIBA brewers said they are using British hops as their most-used hops putting UK hops on almost a level footing with American hops.

Section 9 Financial Performance

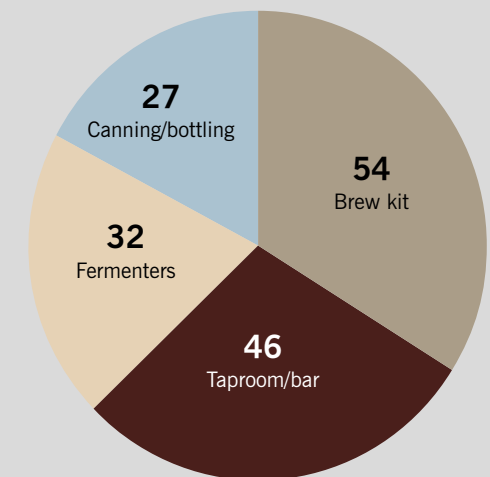
Given the high rate of inflation and rising energy and ingredient costs, for the 2023 Craft Report we have looked at whether SIBA brewers have been able to implement price increases for their beers and if so at what level. We have also looked at investments brewers have been making in 2022.



Raising funds

Our survey found that the majority of breweries had made some sort of investment in equipment, property or transport during 2022, but looking at the ways brewers are seeking to fund this there has been a move away from the crowdfunding route which had gained popularity over the last few years. Only 3% of brewers who had raised funds from external sources said they used crowdfunding, likely a result of the financial squeeze affecting disposable income and making such schemes less attractive to the smaller investors they usually attract. It could also reflect the rash of recent brewery closures, some of which had crowdfunding investors who lost money. Our survey found most breweries had funded capital investment projects internally through re-investing profits or through friends and family.

CAPITAL INVESTMENT SCHEMES IN 2022



There were 159 investment projects reported in our 2023 members' survey, perhaps unsurprisingly this represents a significant fall from last year when 178 projects were reported just in canning or bottling lines alone. Having invested so heavily the year before, 2022 saw a move away from packaging projects, with the majority of investments in brew kit, followed by taprooms/bars.

Pricing

We looked at average pricing for best-selling products across a number of channels and found that, while there had been price increases, these were generally well below the rate of inflation and certainly below the rate at which energy costs, wages and ingredients have risen. The average price for a firkin was £81 direct to on-trade, compared to £75.12 in last year's survey, showing an 8% price increase. And the average price for a keg directly to on-trade is £93 compared to £89.89 last year – a 3% increase. Our survey found that while 58% of breweries achieved price increases, with only 19% experiencing decreases, there was overall only a net gain of 2% across all respondents. This is well below the level needed to offset rising overheads and therefore represents in real terms a loss for brewers.

AVERAGE PRICES ACHIEVED BY BREWERIES FOR THREE TYPES OF TRADE

BESTSELLING DRAUGHT BEER DIRECT TO ON-TRADE	ABV	4
	£/firkin	£81
	£/ keg	£93
BESTSELLING DRAUGHT BEER DIRECT TO WHOLESALERS	ABV	4
	£/firkin	£72
	£/ keg	£80
BESTSELLING DRAUGHT BEER DIRECT TO PUB COMPANIES	ABV	4
	£/firkin	£67
	£/ keg	£83

! WHAT YOU NEED TO KNOW...

- Our survey found that while 58% of breweries achieved price increases on their beers, with only 19% experiencing decreases, there was overall only a net gain of 2% across all respondents which does not match rises in energy bills, wages and ingredient costs so equates to a real term loss.
- Capital investments in 2022 were re-focused on brew kit following the large number of canning and bottling line installations last year. There were 159 investment projects reported by SIBA members.

Section 10 Local Heroes

During the pandemic independent brewers really came into their own, supporting local people and causes, setting up shops, making deliveries and putting on events once they were allowed to, to bring the community back together. It is no wonder, then, that eight out of 10 consumers in our 2023 YouGov poll said a well-run independent brewery had a positive impact on its local community.

Local heroes

Our 2023 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 found that almost all SIBA brewers (98%) consider their community to be important to them, an increase of +8% on last year's 90% and unsurprising given the growing reliance on each other that communities and local brewers have had during the struggles of the past three years.

80%*

OF CONSUMERS SAID HAVING A WELL-RUN INDEPENDENT BREWERY HAS A POSITIVE EFFECT ON ITS LOCAL COMMUNITY

AND NONE OF OUR SURVEYED CONSUMERS SAID IT WOULD HAVE A NEGATIVE EFFECT

*2023 YouGov Craft Report consumer survey, January 2023

98%

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

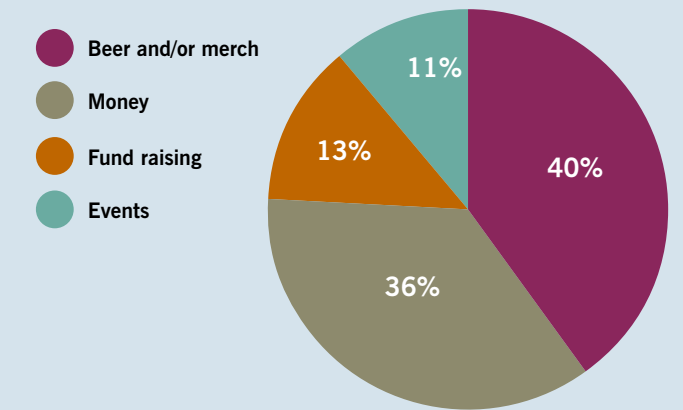
AND 61% SAY COMMUNITY IS EXTREMELY IMPORTANT TO THEM



Charity champions

Our 2023 members' survey finds that independent brewers have been more generous than ever before when it comes to charity donations, with 80% of SIBA member breweries giving financial or practical support to at least one charity during 2022. Furthermore, the average level of charity donations has doubled between 2021 and 2022 with a total of over £400,000 raised by SIBA members and an average donation of £2,500, up from £1,200 in our previous survey. More than half of the charities that benefitted from this support (56%) are charities local to the brewery, with 37% UK-based and 7% worldwide. The figure for international support has increased from 3% in 2021, but this is likely a result of the war in Ukraine resulting in a lot of fundraising in 2022 for international charities providing humanitarian support on the ground.

WAYS SIBA BREWERIES SUPPORT THEIR CHARITIES



80% OF SIBA BREWERS SUPPORTED AT LEAST 1 CHARITY IN 2022 WITH FINANCIAL OR OTHER DONATIONS

£2,500 WAS THE AVERAGE AMOUNT DONATED BY SIBA MEMBER BREWERIES TO CHARITY IN 2022 UP FROM £1,200 IN 2021



45%*

OF PROFESSIONALS SAID INVESTING IN SUSTAINABILITY INITIATIVES IS A STRATEGIC PRIORITY FOR THEIR COMPANY IN THE NEXT FIVE YEARS

*Euromonitor Top 10 Global Consumer Trends 2023



Seeking sustainability

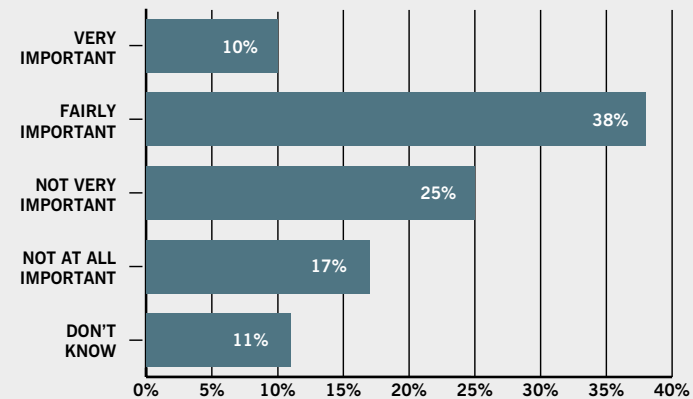
Sustainability is a key focus for SIBA member breweries in 2023, especially as many of the new technologies now available are not only good for the environment but also save businesses money and make them more self-sufficient. Our 2023 YouGov Craft Report consumer poll shows that almost half of consumers (48%) think the sustainability credentials of a brewer are an important factor when choosing a beer, and female consumers are more likely to look for sustainable credentials with 52% saying this is an important factor. Younger consumers also put greater importance on sustainability with 55% saying it is important, and as that age group matures there is likely to be a growing emphasis among consumers on buying from sustainable businesses in the future.



"Helping our customers make better choices by knowing more about how beer is made, how it should be drunk, and stocking sustainable products is a great start. It is clear that cask beer is king for taste, supports traditional brewing methods and should be the choice of environmentally savvy pubs and consumers. It is up to all of us to take responsibility for the planet so we can all continue to enjoy a pint of craft cask beer in our local."

Greg Pilley, Managing Director, Stroud Brewery

HOW IMPORTANT ARE THE SUSTAINABILITY CREDENTIALS OF A BREWERY WHEN BUYING BEER?*



*YouGov Craft Beer Report consumer survey, Jan 2023



"As a fledging business, we wanted to start on the right foot and do as much as possible to be sustainable in the long term. Environmental issues are close to my heart (I must admit, initially inspired by my partner Lauren),

and we keep our home as low/no waste as possible. Also now that I have a daughter, Robin, I want to make sure my business does as little damage to the world I'll leave behind for her. At the same time we recognise that being a sustainable business will also appeal to our target audience and customers, and be beneficial in a crowded beer market."

Jacob Liddle, Founder, Jiddler's Tipple Brewery



Sustainability and SIBA

Sustainability is an important part of SIBA's strategy and we have been sharing information and case studies from within the SIBA membership to help members understand the opportunities of new technology.

We want to hear from brewers about existing sustainable elements of your businesses, on-going environment projects and any initiatives that have made a difference within your business.

Are you doing something innovative to make yourself more sustainable? Offering a product or service that will help brewers be more green? Has hydrogen or steam power made a difference to your environmental impact? Has carbon capture for your fermenters reduced the reliance on purchased gas? Or have you made a number of small changes that have had a big impact on your footprint?

SIBA wants to pull together the best advice and ideas from across the brewing industry to improve the brewing industry and make that knowledge available to all.

We will also be including news, comment and features on sustainable projects and ideas regularly in future issues of Independent Brewer magazine.

Email membership@siba.co.uk with your thoughts.



! WHAT YOU NEED TO KNOW...

- 80% of consumers said having a well-run independent brewery has a positive effect on its local community according to our 2023 YouGov Craft Report consumer survey.
- Community is more important to small brewers than ever before with 98% of SIBA brewers saying it is important this year, up +8% since our 2022 report.
- 80% of SIBA breweries said they had supported at least one charity during 2022.
- SIBA breweries raised an average of £2,500 for charity in 2022, double the £1,200 average donation in 2021.
- Almost half of all consumers (48%) in our 2023 YouGov consumer poll said the sustainability credentials of a brewery were important when buying beer.

Section 11 The Craft Beer Workforce

Our 2023 SIBA Members' Survey shows a total workforce comprised of 2,673 staff employed in 186 participating breweries, with an average of 14 members of staff per brewery.

This compares to our 2022 survey when we captured 1,975 staff in 201 responding breweries with an average of 10 employees per brewery. This shows a growth in average team size over the last 12 months, an indication, perhaps, that brewery businesses are up-staffing – or perhaps re-staffing – again now that the pandemic has passed. 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 brewer – the largest section of the membership - has only two staff members on average.

Overall, 71% of the workforce at the start of 2023 was working full-time, compared to 68% in our 2022 survey. This represents a small year on year increase in full-time employees, although the craft brewing sector still lags behind the national average when it comes to full- vs part-time employment with the Government reporting 77% of working age people in the UK economy in full-time employment as of 2021.

14

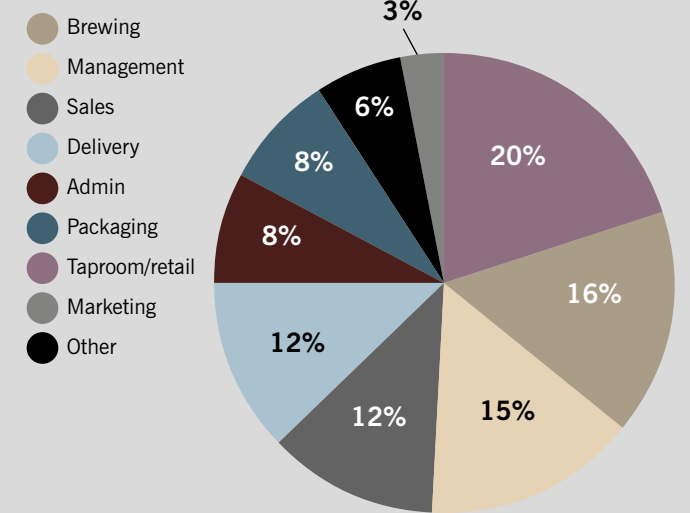
THE AVERAGE NUMBER OF STAFF PER BREWERY



Management focus

For this year's survey we separated out 'management' roles, previously not recorded as a separate category. This gives us a better insight into job function, and we can see in this year's report that while brewing is still the largest function – with 16% of the workforce employed here – the management function accounts for a very close second at 15% of workers. Overall, these two sections of the business make up 31% of the workforce, compared to 27% in last year's survey. Retail has remained at 20% of the workforce this year, but we have seen falls in both the numbers working in admin (-5%), and in marketing (-3%) in 2022, with a -2% fall in sales roles. This makes sense in the context of the economic downturn, with many businesses cutting roles they consider 'non-essential', but is somewhat concerning as these functions are very important in growing business. However, it should also be noted that as 'management' was not recorded separately in last year's survey, some managers may have instead been recorded by their main job function instead.

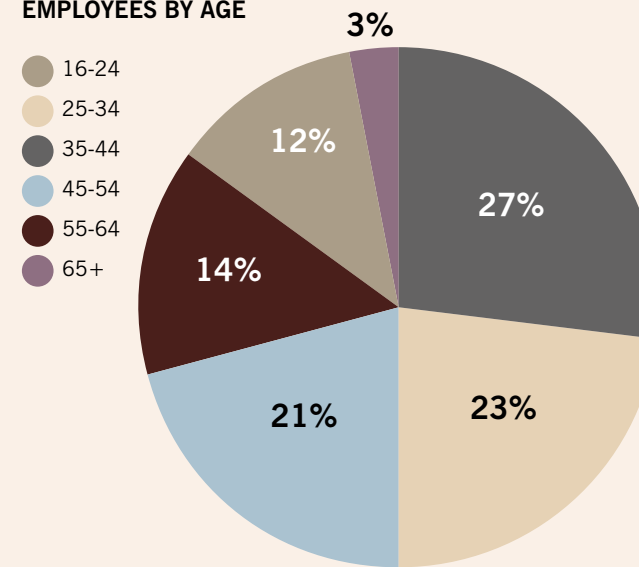
EMPLOYEES BY JOB FUNCTION



Getting younger

Our 2023 survey shows that while the youngest age range among employees within the sector has grown slightly as a proportion of the total workforce, with 16-24-year-olds now making up 12% of the workforce – most likely the result of a growth in the take-up of apprenticeships in 2022. Older workers, those aged 55 and above, are falling as a proportion of workers, and now make up 17% of the workforce, down from a fifth (20%) last year. This may be the result of a reported wave of early retirements brought on by the pandemic, but it will be interesting to see if this figure rises again next year as the staffing crisis and cost-of-living crisis collide to encourage brewers to look outside the usually recruitment pool or indeed potentially force older workers into a job change or retirees back to work.

EMPLOYEES BY AGE



Salaries

There have been some not insubstantial pay increases among the craft brewing workforce over the last 12 months, not unexpected as we are experiencing the highest level of inflation in many years. While inflation was running at between 10% and 11% for much of 2022, these pay increases do not quite reach that level, but generally sit at around 5-8% which is a not insignificant wage bill increase for brewers. Especially at a time when they have only reported an average 2% increase in the price they get for their beers.



"[Becoming a Living Wage Employer] was something we had in mind from the outset and something that we always wanted to do. And it's something that we've maintained also across our retail operation as well. So it's not

just production, but it's barstaff in the taproom and the Pembury Tavern. I think it's been amazing, it's been a real asset, and it's been a real draw for people to come and work at the brewery. And these days, loads of breweries are Living Wage accredited, which is great. That's such an amazing thing for the industry. And it's been a real positive for us. Certainly, at the more entry level positions, that is definitely a draw, and a reason for staying and sticking around."

Gregg Hobbs, Co-founder, Five Points Brewing Co, which was the first UK brewery to be accredited as a Living Wage Employer.



Recruitment plans

Perhaps unsurprisingly given the current economic challenges facing brewers, the number of new jobs brewers expect to create in 2023 has fallen significantly from last year, from 732 last year to 594 in this year's survey. On a more positive note, 62% of SIBA member breweries – almost two-thirds – said they will be creating at least one new role this year.

62%

**OF SIBA
BREWERIES ARE
INTENDING TO
CREATE NEW JOBS
THIS YEAR**

594

**NEW JOBS WILL
BE CREATED BY
SIBA MEMBER
BREWERIES
IN 2023***

THIS REPRESENTS A SIGNIFICANT DROP FROM THE 732 IN OUR 2022 SURVEY AND IS A CLEAR SIGN OF INDUSTRY CAUTION AMID THE GROWING FINANCIAL CRISIS AND CONTINUED UNCERTAINTY IN THE MARKET

*Number estimated from SIBA survey results



26%

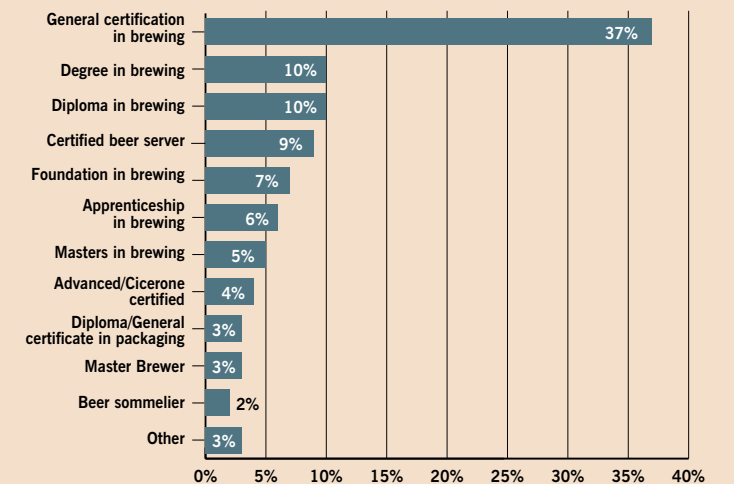
**OF THE WORKFORCE
HAS OR IS WORKING
TOWARDS FORMAL
TRAINING/
QUALIFICATIONS**

THIS IS A SIGNIFICANT INCREASE FROM 19% IN LAST YEAR'S SURVEY

Time for some training

There is finally some good news this year, as our report shows a significant increase in the proportion of the workforce that holds or is working towards some sort of formal qualification. This figure has historically remained disproportionately low compared to other sectors and fell just short of 20% in last year's survey, but this year it has risen to 26%, an increase of 7%. There are likely to be a number of reasons for this, not least the current recruitment crisis which is affecting the sector, with formal training one of the key ways to encourage workers to stay on with the business, and also a very effective way of growing your own talent, brewers are no doubt going down this route. Also significant is Covid itself, a time during which many brewers had more time on their hands than usual and may well have chosen to spend it wisely upskilling themselves and their team in preparation for the challenges ahead.

QUALIFICATIONS HELD OR BEING WORKED TOWARDS IN 2022



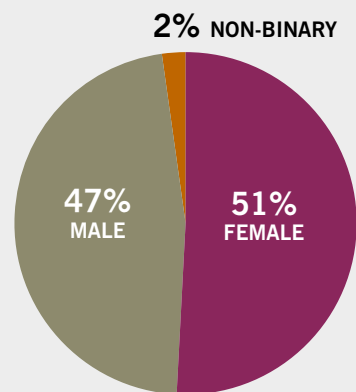
The gender divide

Our 2023 survey shows no overall increase in the number of workers identifying as female, at 30% of the workforce. However, in order to better understand this figure in this year's report, we broke down our question about job roles to include a 'management' function, and what is positive to see is that 24% of those working in management identify as female. However, even fewer female workers are employed as brewers according to our survey this year – only 3% of the female workforce, and 5% of brewers overall. This is a fall from last year (when 8% of the female workforce were brewers). However, we must consider this figure in context, and it could be that some of the female workers working in management registered themselves as brewers last year in the absence of a management category within the survey. It will be interesting to see if this is the case when we compare the figures next year. Either way these numbers are disappointing, especially when you also consider that 68.5% of admin staff are female. This year our survey also showed that 1% of the craft beer workforce identifies as non-binary, the highest proportion working in taprooms. The UK Census data from 2021 indicates that somewhere in the region of 0.1% to 0.3% of the population identifies as non-binary.

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 2023 CRAFT BREWING WORKFORCE IS NON-BINARY, AND DOES NOT IDENTIFY AS EITHER MALE OR FEMALE
THE HIGHEST PROPORTION OF NON-BINARY WORKERS WITHIN THE SECTOR CURRENTLY WORK IN ROLES WITHIN BREWERY TAPROOMS (50%)

THE TAPROOM WORKFORCE



THERE HAS BEEN NO INCREASE IN THE PROPORTION OF FEMALE EMPLOYEES

WITH 30% OF EMPLOYEES IDENTIFYING AS FEMALE IN OUR 2023 SURVEY
THIS IS EXACTLY THE SAME AS THE FIGURE IN OUR 2022 SURVEY

24% OF MANAGEMENT ROLES WITHIN CRAFT BREWING ARE NOW FILLED BY WOMEN

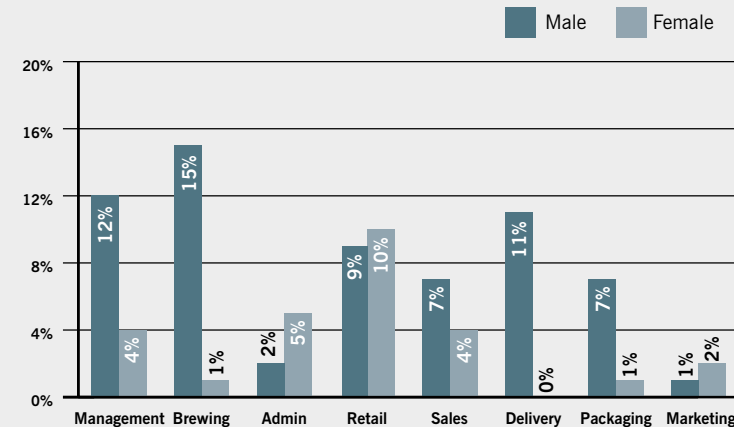
LESS THAN 3% OF THE TOTAL FEMALE WORKFORCE IS EMPLOYED AS A BREWER
THIS HAS FALLEN -3% FROM 6% IN 2022 AND -8% FROM 11% IN 2019

ONLY 5% OF ALL BREWERS ARE FEMALE

17% OF THE FEMALE WORKFORCE WORKS IN ADMIN
DOWN SIGNIFICANTLY FROM 26% IN OUR 2022 SURVEY

BUT... 69% OF ADMIN STAFF ARE FEMALE

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



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



Journalist David Jesudason is a director of the British Guild of Beer Writers where he helped set up a diversity grant in collaboration with Good Beer Hunting.

"It's a shame though that I can't take the kids to my local taproom because the brewery has no interest in seeking out members of the diverse community it's based in – despite profiting from the area and the lower rents it provides. But someone who does the opposite of this and seeks to make their business diverse is one of the strongest role models I can show my kids."

David Jesudason, Journalist

Ethnicity

For the first time this year we asked SIBA members to report on the ethnicity of their workforce so we can better understand the challenge the industry faces when it comes to improving diversity. The results make for sobering, albeit not unexpected, reading, with a huge bias industry-wide towards male workers who are white.

97% OF THE CRAFT BREWERY WORKFORCE IN OUR SURVEY IN 2023 IS WHITE

This highlights the challenge ahead for the whole craft brewing sector in attracting employees from outside the craft brewing 'bubble' and encouraging them to join the workforce. According to 2021 UK Census data, 82% of people in England and Wales are white, and 18% belong to a black, Asian, mixed or other ethnic group. This shows how far the craft brewing industry needs to go to at the very least become representative of the general population. Now that we have a starting point quantified in this 2023 report, we will be able to track progress made over the coming years.

! WHAT YOU NEED TO KNOW...

- The craft beer sector continues to have a big issue with lack of diversity in 2023. Despite 30% of employees being female, it is disappointing that the number of those working as brewers has actually fallen to 3% this year. This shows that the industry has to become more proactive on this issue.
- Another area which needs focus is ethnic diversity, with an overwhelming 97% of the workforce coming from a white background.
- Levels of training have improved in 2022 with 26% of the workforce holding or working towards some form of formal qualification, up from 19% last year.
- Estimated recruitment among SIBA's membership overall for 2023 will be 594 new employees – down on last year's 732 which is unsurprising in the current economic crisis.
- Small brewers must do better across the board on issues of diversity and inclusion as this year's report shows very little progress has been made since 2021.

Section 12 Conclusions & Sources

The future for genuine craft beer

Just as the craft beer sector was emerging from the final stages of the pandemic at the start of 2022, when we published our last Craft Beer Report, the cost-of-living crisis, global economic downturn, energy price rises and rising interest rates began to bite.

Our 2023 report suggests another challenging year ahead for independent craft brewers.

However, there are some positives to be taken from this year's findings. Independent craft brewers have not sat on their laurels when it comes to innovating and adapting to the challenges in the market. Diversification has accelerated in 2022 and more SIBA member breweries are selling their beer through more channels than ever before, becoming less reliant on just the on-trade, they are brewing more styles of beer than ever before and creating a strong, profitable, direct-to-consumer route to market through investment in webshops, taprooms and owned pub sites.

These are not the same operations they were in 2019. And if independent craft brewers can see their way through the current economic headwinds, that investment in evolving their businesses should finally start to pay off.

What makes a genuine craft beer?

Our exclusive YouGov survey, conducted in January for the 2023 SIBA Craft Beer Report, further underlines the findings of the 2022 survey, and 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 2022, Barclays 'UK Hospitality's Next Challenge' report 2022, Bidfood's 2023 Food & Drink Trends report, Market Reports by Coeliac UK, The Vegan Society and the Vegetarian Society, Euromonitor International's Top 10 Consumer Global Trends report 2023, Euromonitor International Voice of the Industry: Alcoholic Drinks 2023, KAM x Lucky Saint No and Low Report 2022, the Global Consumer Trends 2023 and Global Consumer Food & Drink Trends 2023 reports by Mintel, The Food Standards Agency annual survey of consumer eating habits 2022, membership surveys by BII, UKH, BBPA and Hospitality Ulster, research by CGA and AlixPartners on business failures, CGA OPMS and BrandTrack data and market reports and Nielsen IQ craft market updates.

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The joy of working with independent brewers is that you are, independent. Not corporate beasts who don't care about relationships. As a 150 year old family business, supplying into UK brewers for all of that time, we understand what it means to work together.

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CUSTOM CLOSURES FOR UNIQUE BEERS

Having already supplied over 100m crowns to craft brewers in the last two years alone, we are making it easier for brands to go bespoke, creating an important connection at point of opening, as well as higher visibility for your brand.

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We've even made it easy to order at any time to suit you - just head to our website, croxsons.com/webshop



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

www.siba.co.uk



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