

2019 State of the Homebrew Industry

American Homebrewers Association®



Antitrust Guidelines for Meetings

We cannot discuss any of the following topics:

- Prices, pricing procedures, margins, what constitutes a fair profit level, changes in or stabilization of prices, terms or conditions of sale.
- Pricing practices of any industry member.
- Forecasts of price increases or decreases.
- Specific credit terms, discounts, rebates, freight allowances, profits, profit margins or costs, market shares, allocation of markets, any limitation on sales, sales territories or distribution practices.
- Selection, rejection, boycott, refusal to deal with, or termination of any suppliers or customers.

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What is the Industry Sub-Committee?

Committee's function

The Industry Subcommittee was formed during the National Homebrewers Conference of 2010.

The committee's primary goals are to foster better communication between the AHA and industry entities, as well as provide resources, assistance, and guidance to the AHA based on concerns brought forward by said members of the homebrewing industry.



2018/2019 Activities

1. Help generate content for the Industry Newsletter- “Talking Shop”
1. Review and develop questions for the annual industry survey and semi-annual revenue survey. Help generate participation in the surveys.
2. Engage with and contribute to our industry forum.
3. Explore methods, campaigns and ways to promote the hobby and activity of homebrewing on a national level.
4. Provide insights and feedback from Industry to the AHA, and AHA Governing Committee on trends in the hobby and community



2019 Homebrew Supply Shop Survey Results



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2019 AHA Homebrew Supply Shop Survey

154 responses

37 states

82% —Home beverage making supplies is primary source of income for business

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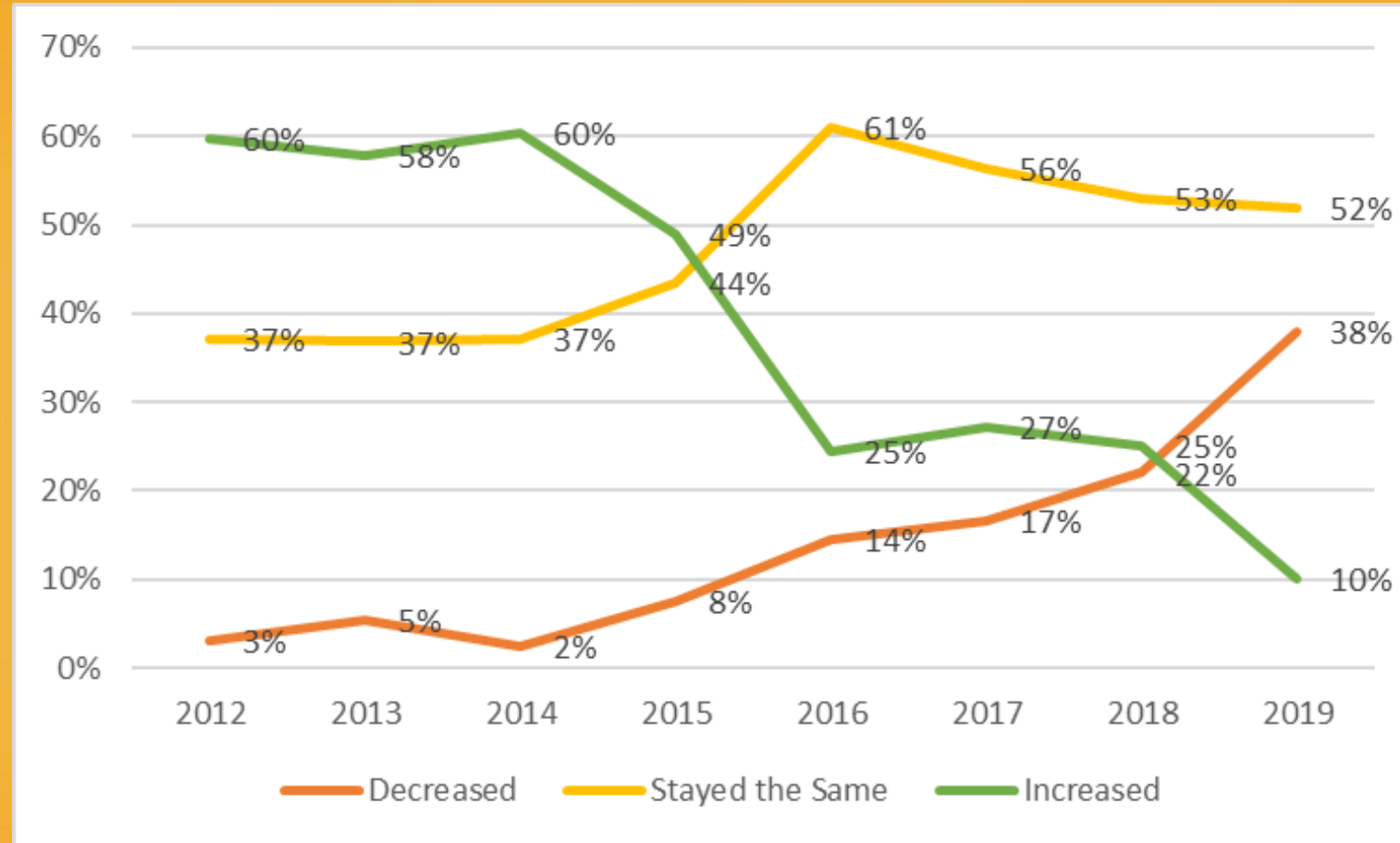
Years in Business

- Average: 9.4 years
- Median: 5.5 years
- 31% open \leq 3 years (21% in 2018 survey)
- 10% open \leq 1 year (8% in 2018 survey)



Openings/Closings

How has the number of home beer & wine retailers in your area changed in the last year?



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YOY Gross Revenue

	% Δ Gross Revenue			
	2018	2017	Q4 2018	Q4 2017
All Shops	1.0%	3.7%	-4.5%	3.5%
Primarily Homebrew	1.2%	3.7%	-4.6%	4.0%
Homebrew - 70% online	-3.0%	1.3%	-5.7%	-4.0%
Homebrew - 70% online; 5+ years	-5.3%	-0.7%	-8.1%	-4.9%

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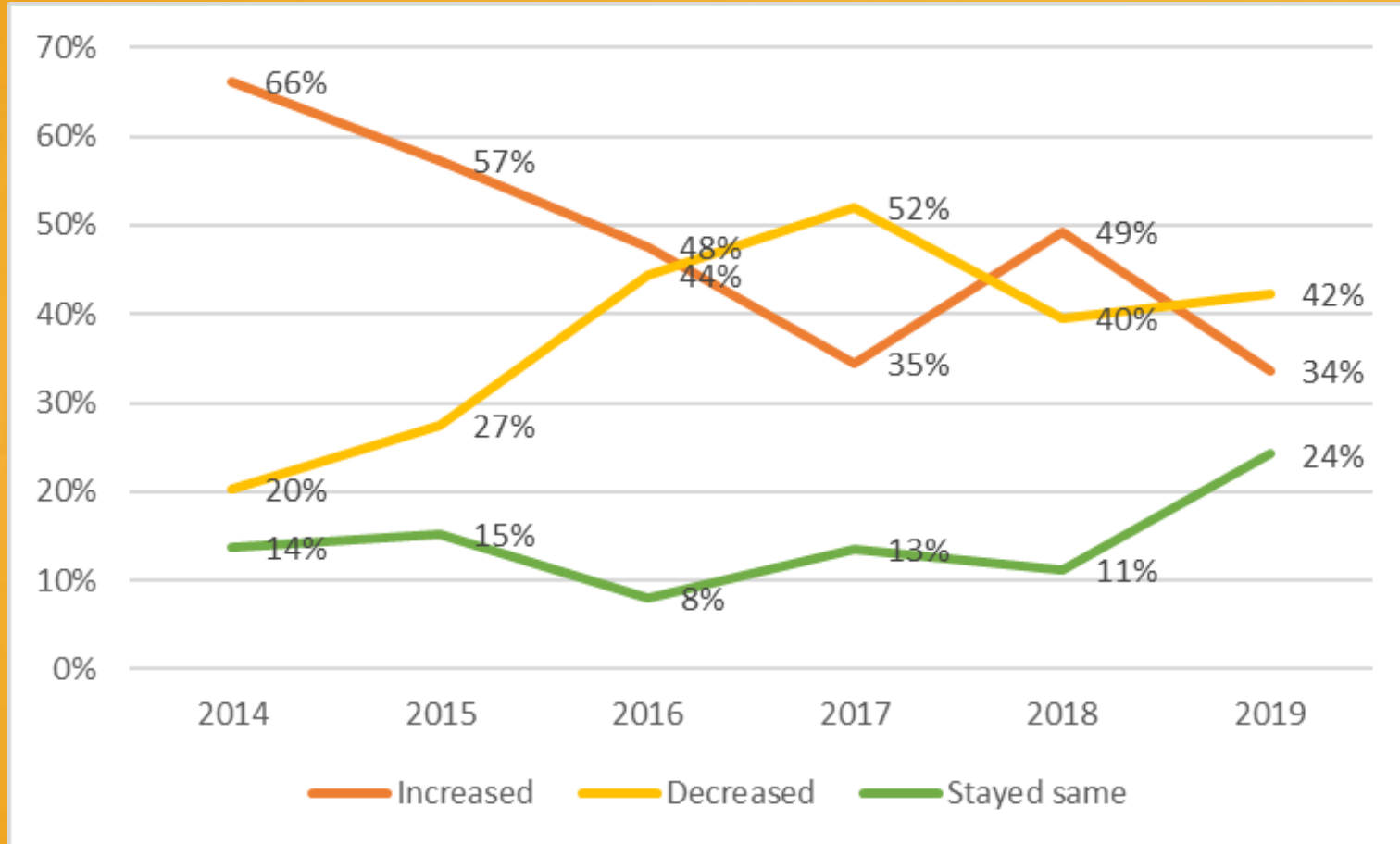


Revenue

- 14% \geq 10% growth in 2018 (25% in 2017)
- 10% \geq 20% growth in 2018 (17% in 2017)
- 58% experienced a decline in 2018 (58% in 2017)



Beginner Beer Kit Sales

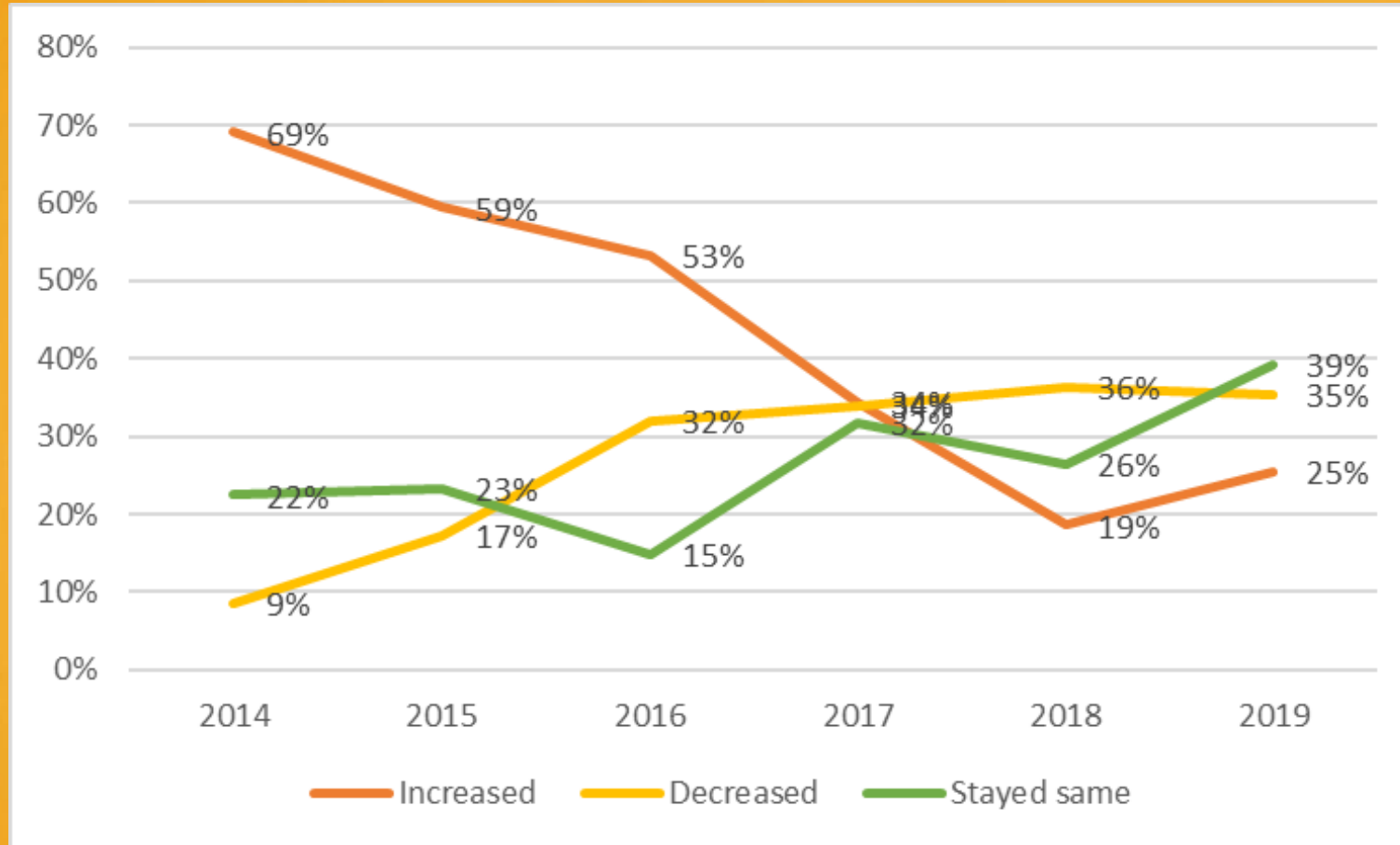


	Average	Median
2019	-4.3%	0%
2018	-2.4%	0%
2017	-8.5%	-5%
2016	-1.3%	8%
2015	7.4%	10%

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Beginner Wine Kit Sales

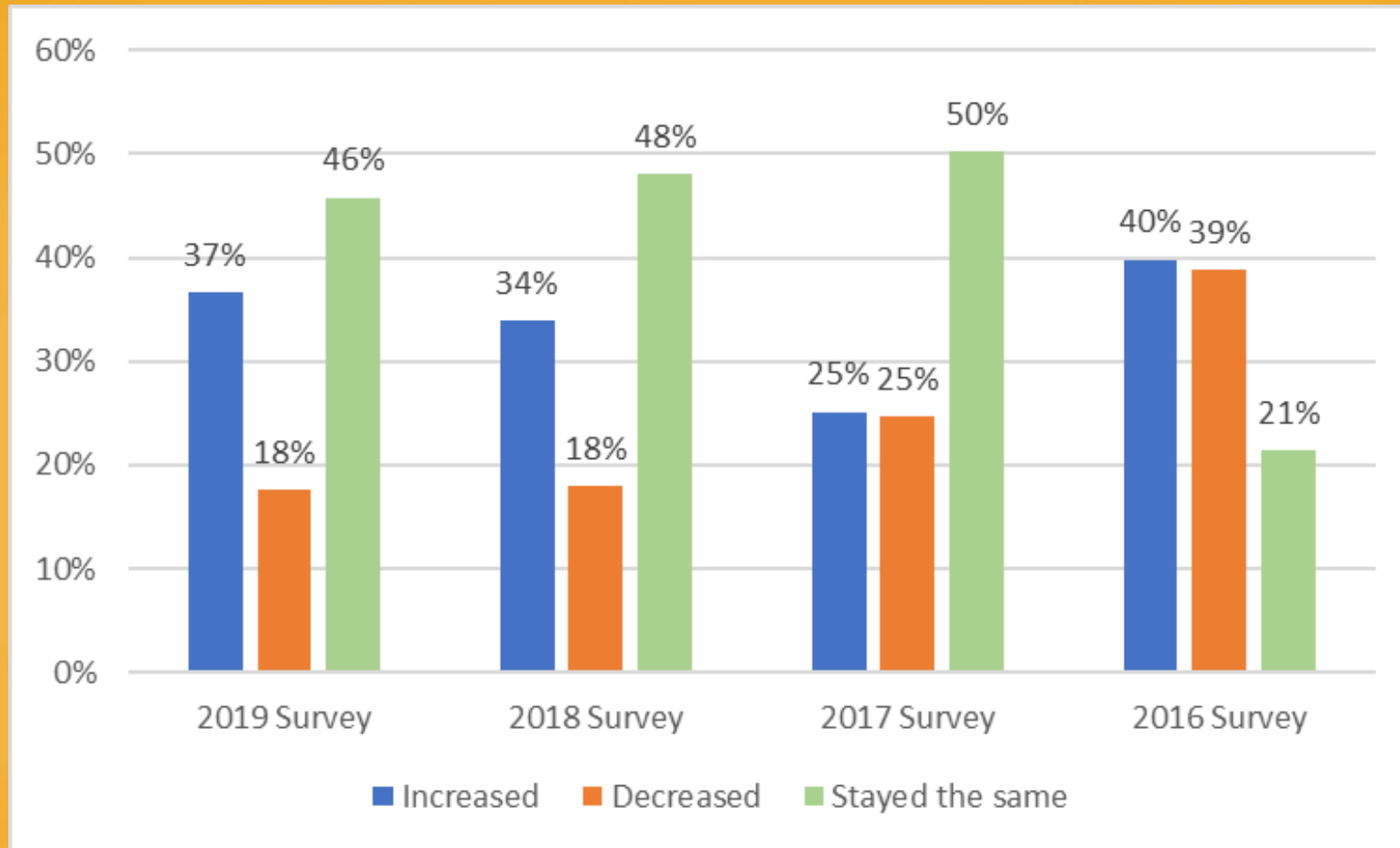


	Average	Median
2019	-7%	0%
2018	-1%	0%
2017	-4%	0%
2016	2%	3%
2015	11%	5%

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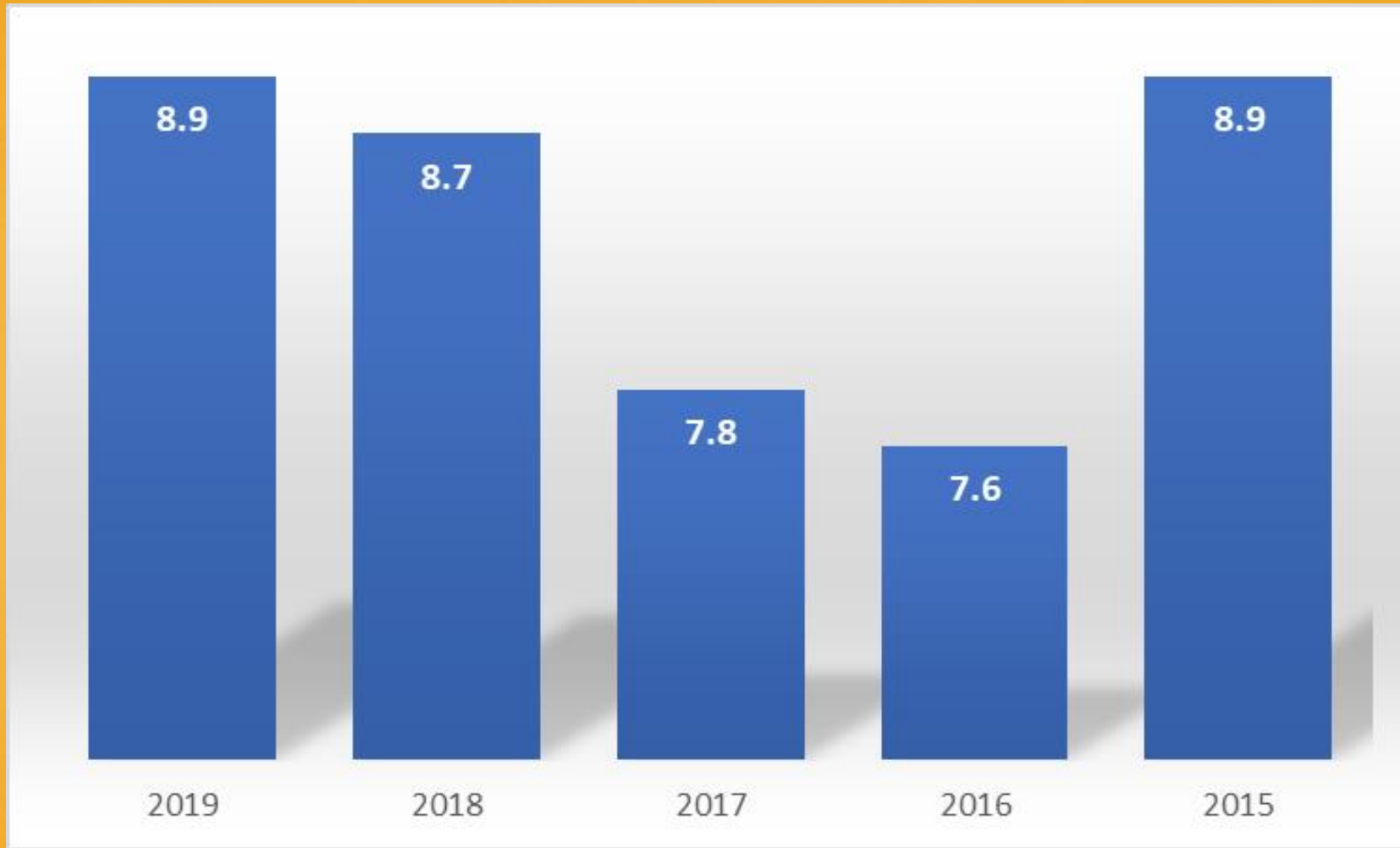
Customer Spending



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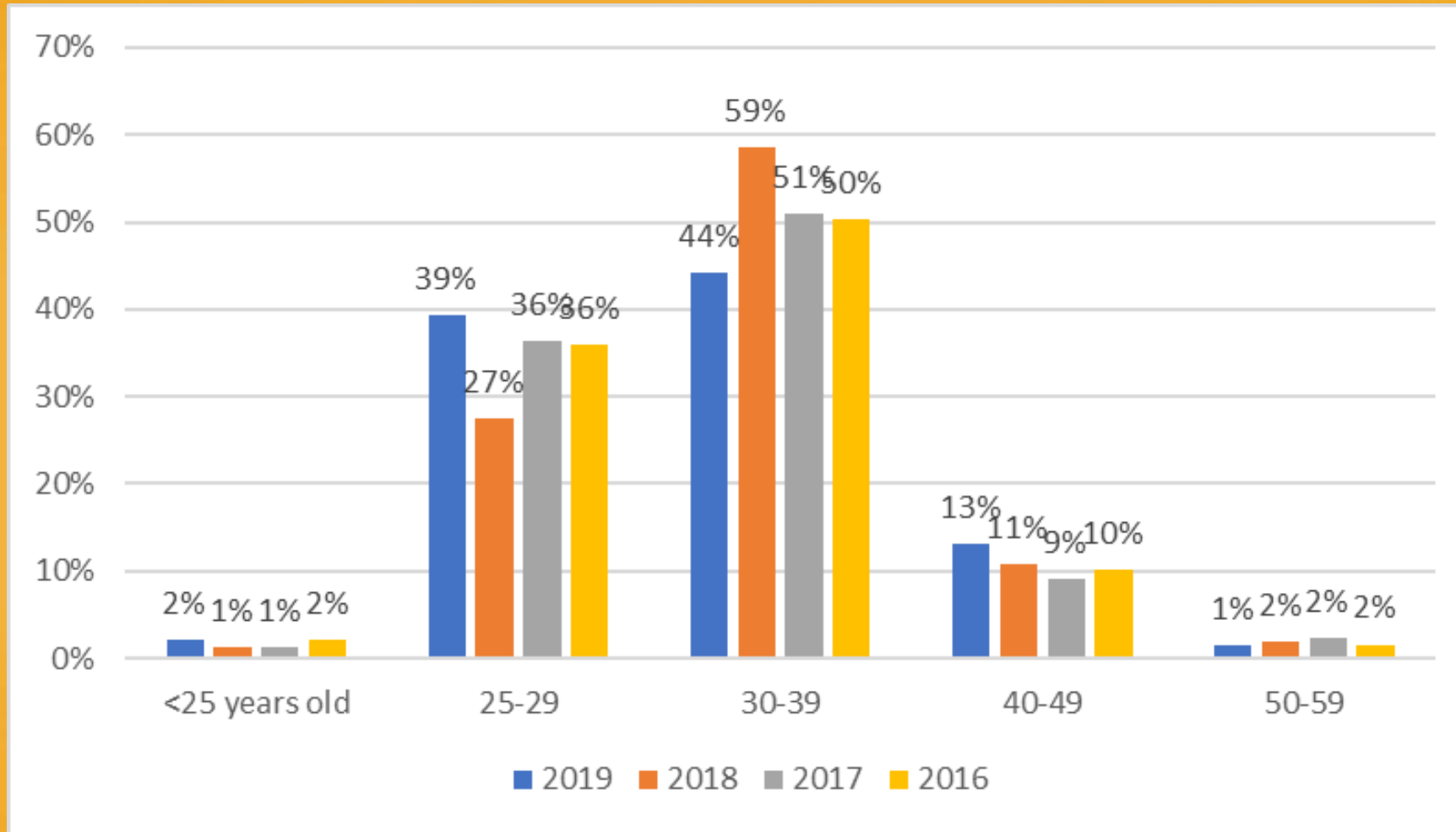
Customer Frequency (visits per year)



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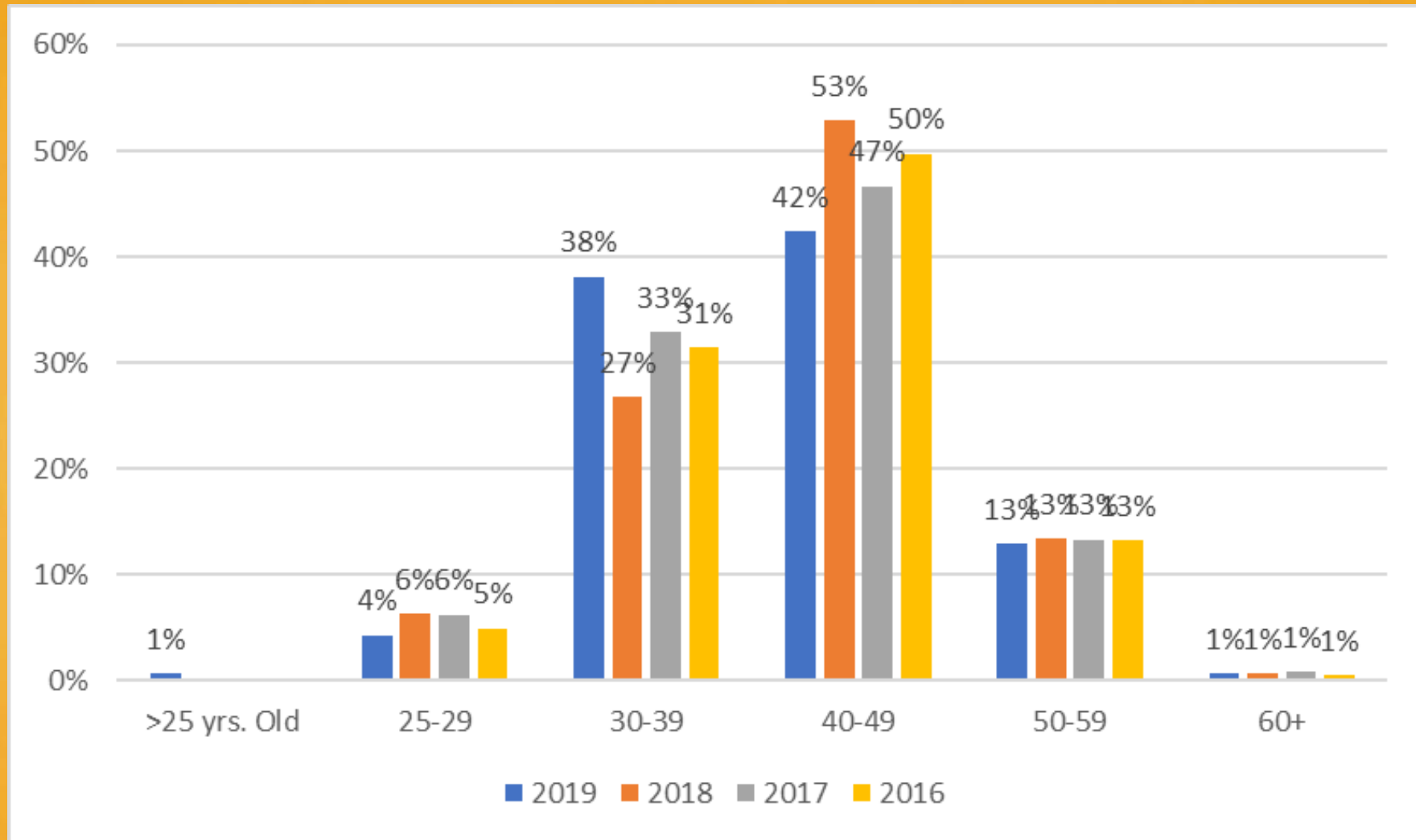
Estimate Most Common Age Group (Beer)



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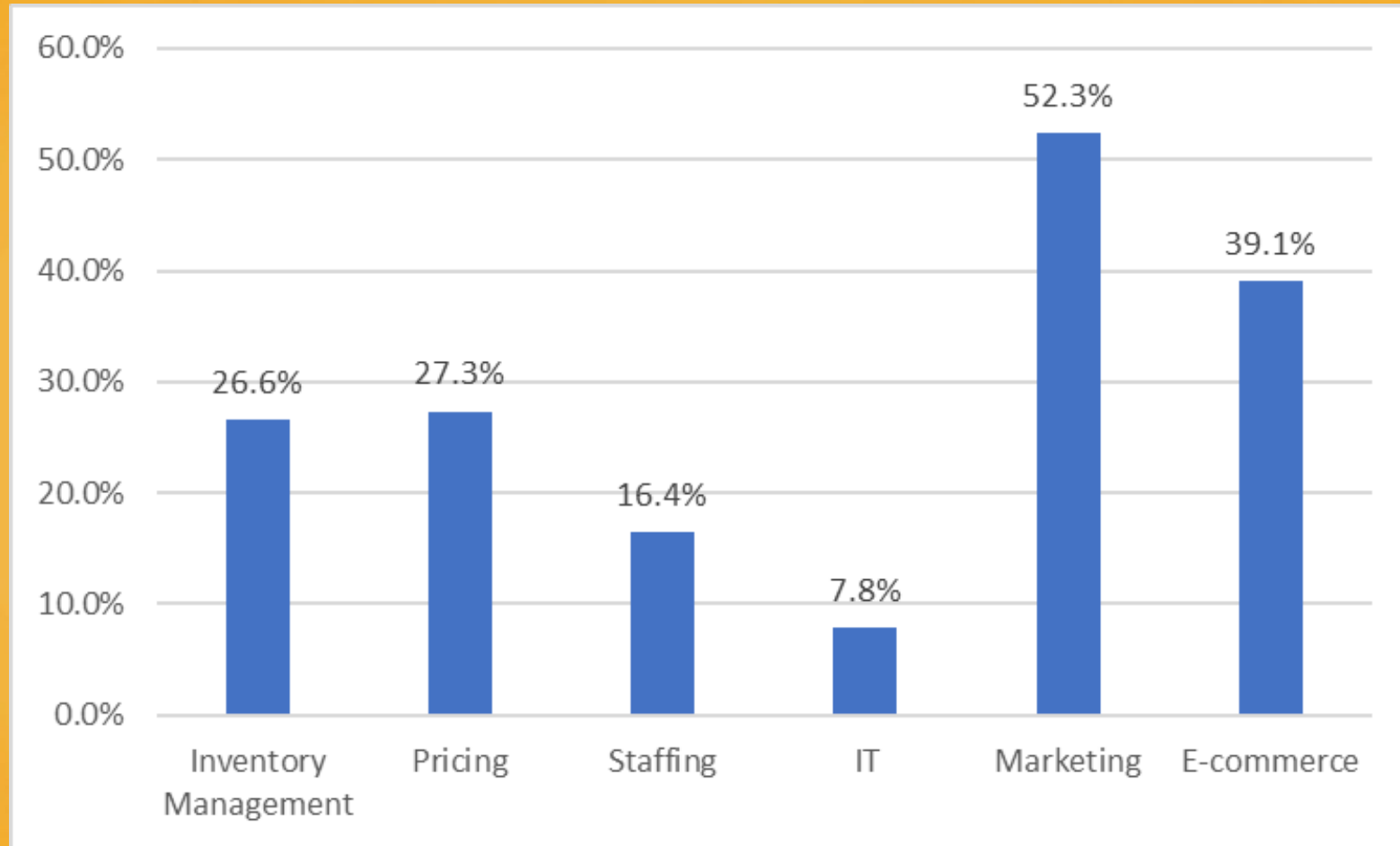
Estimate Most Common Age Group (Wine)



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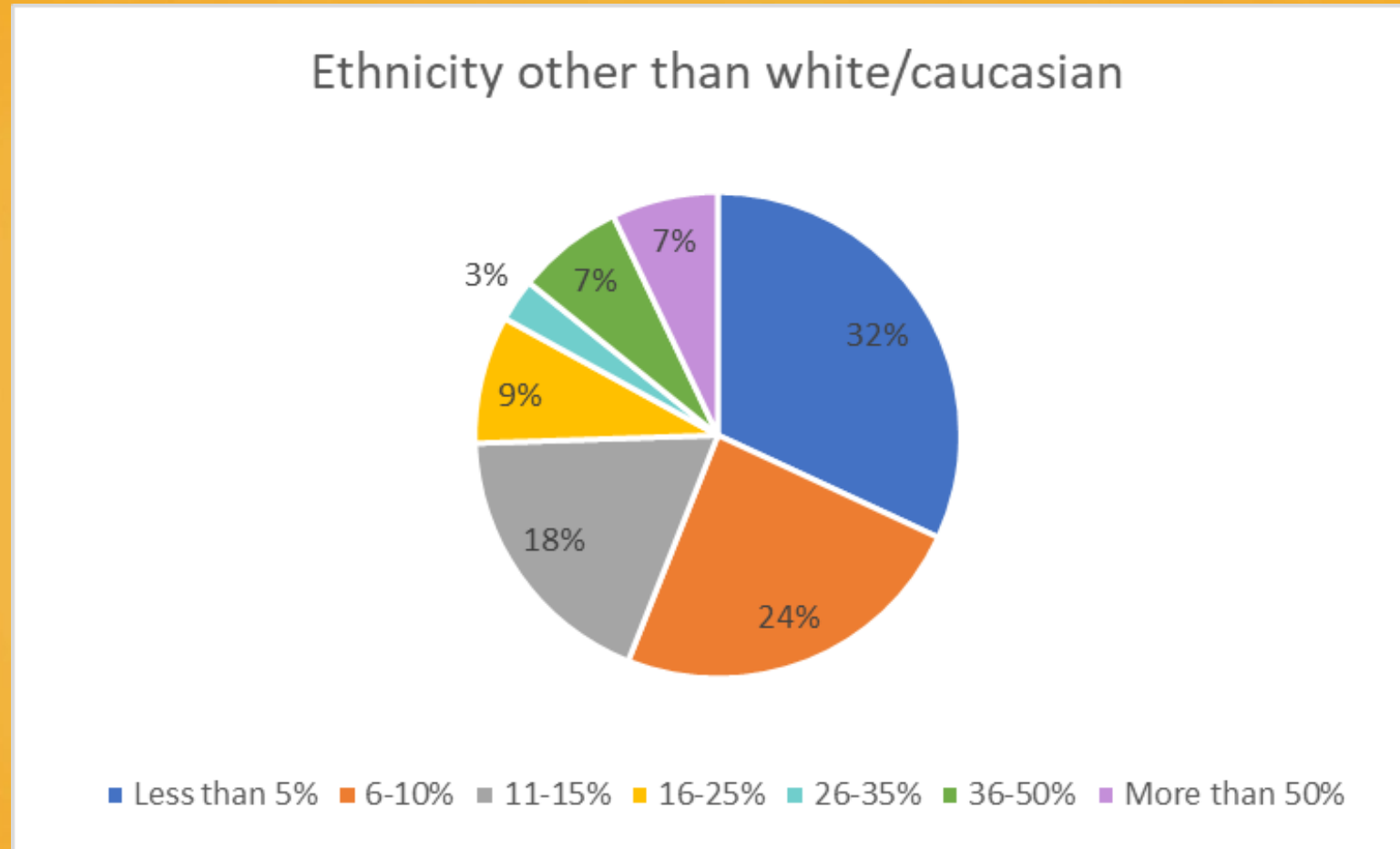
What areas of operation do you struggle with most in running a homebrew supply shop?



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Estimate percentage of customers that identify as an ethnicity other than white/caucasian



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Summary

- Overall # of Shops Down
- Sales of beginner homebrew kits down
- Customer Spending & Frequency perceived to be up YoY
- Shift towards a younger brewing demographic
- Retailers open longer without e-commerce seeing single digit declines

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This Week – West Lobby/Sabin Place

Thursday 6/27

- 9am – 2019 State of the Homebrew Industry
- 10:15am – The Price Is Right: How Consumers Perceive Pricing Changes

Friday 6/28

- 9am – Inventory Management: Part Science, Part Art
- 10:15am – Creating and Organizing a Homebrew Event

Saturday 6/29

- 9am – Product Diversity in Your Shop: How to Successfully Go Beyond Beer- and Winemaking Equipment and Ingredients
- 10:15am – Distributor Panel: Selling & marketing to the new homebrewer

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[homebrew recipes](#)[how to brew beer](#)[community](#)[events](#)[competitions](#)[membership](#)[magazine](#)[Featured Stories](#)[Governing Committee](#)[AHA Forum](#)[Clubs](#)[Homebrewing Rights](#)[Homebrewing Stats](#)

NEWS & CULTURE



American Homebrewers Association (AHA) Diversity, Equity & Inclusion Strategic Plan

The [American Homebrewers Association® \(AHA\) Governing Committee](#) has instituted a Diversity Subcommittee. The Diversity Subcommittee will provide the AHA with ideas and advice to create a more diverse membership, encourage an inclusive community, and enhance member benefits for everyone. The Diversity Subcommittee is chaired by AHA Governing Committee members Debbie Cerda and Kathy Yan Li.

The Diversity Subcommittee has established the following goals and tactics:



Goal 1: Establish an organizational structure within the American Homebrewers Association (AHA) that is committed to diversity, equity, and inclusion.

- Tactic 1.1: AHA Governing Committee shall assemble a Diversity Subcommittee.
- Tactic 1.2: Allocate an annual budget for activities to support diversity, equity, and inclusion in the AHA.
- Tactic 1.3: Annually review and report efforts to promote diversity, equity, and inclusion in the AHA.

Goal 2: Collect, analyze, and disseminate data to promote equity, diversity, and

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BREW

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Dr. J. Nikol Jackson-Beckham



DIVERSITY AND INCLUSION FOR SMALL AND INDEPENDENT BREWERIES



Laying the Groundwork

The first resource in a five-part series

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Brewers Association Independent Supporter Seal

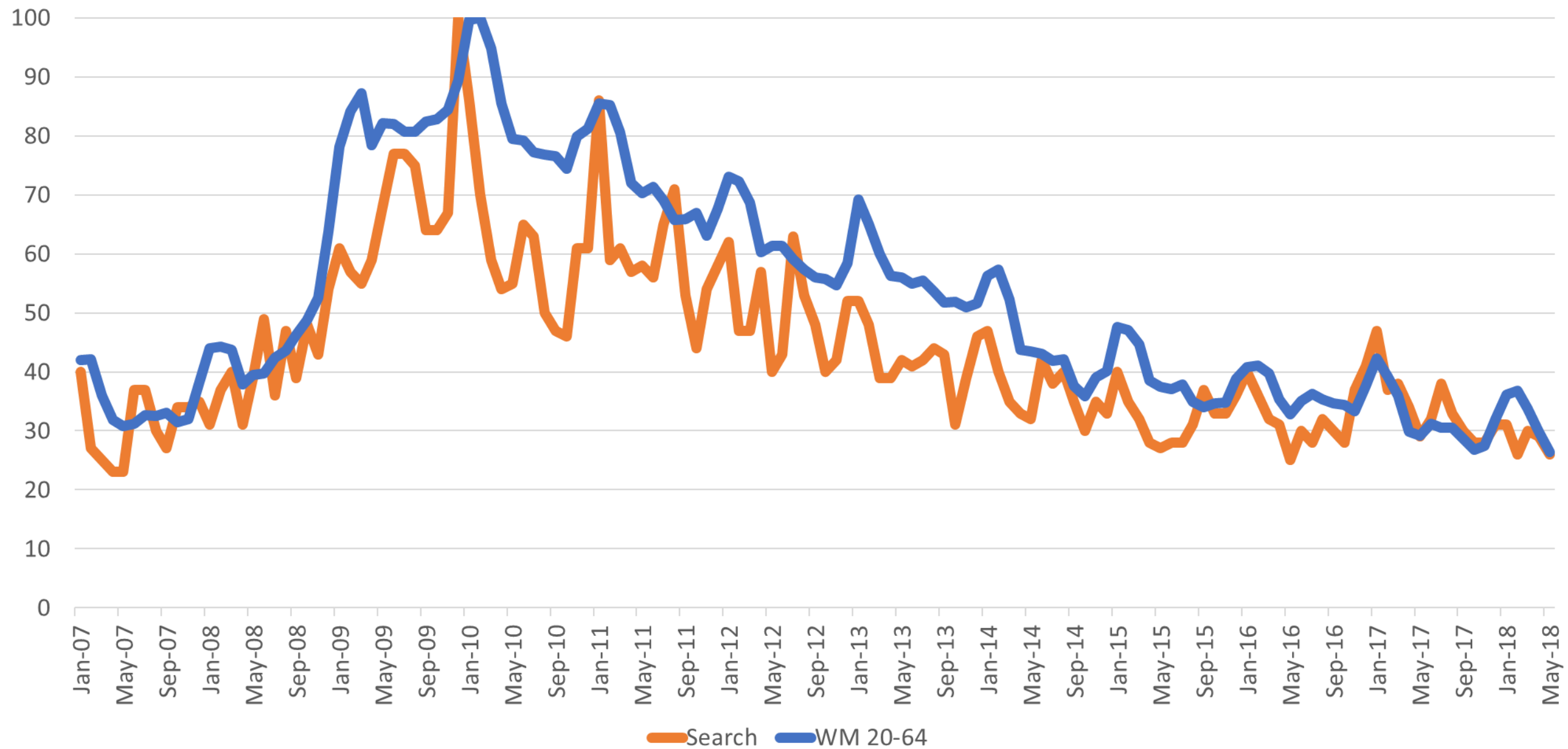


SupportIndependentBeer.com

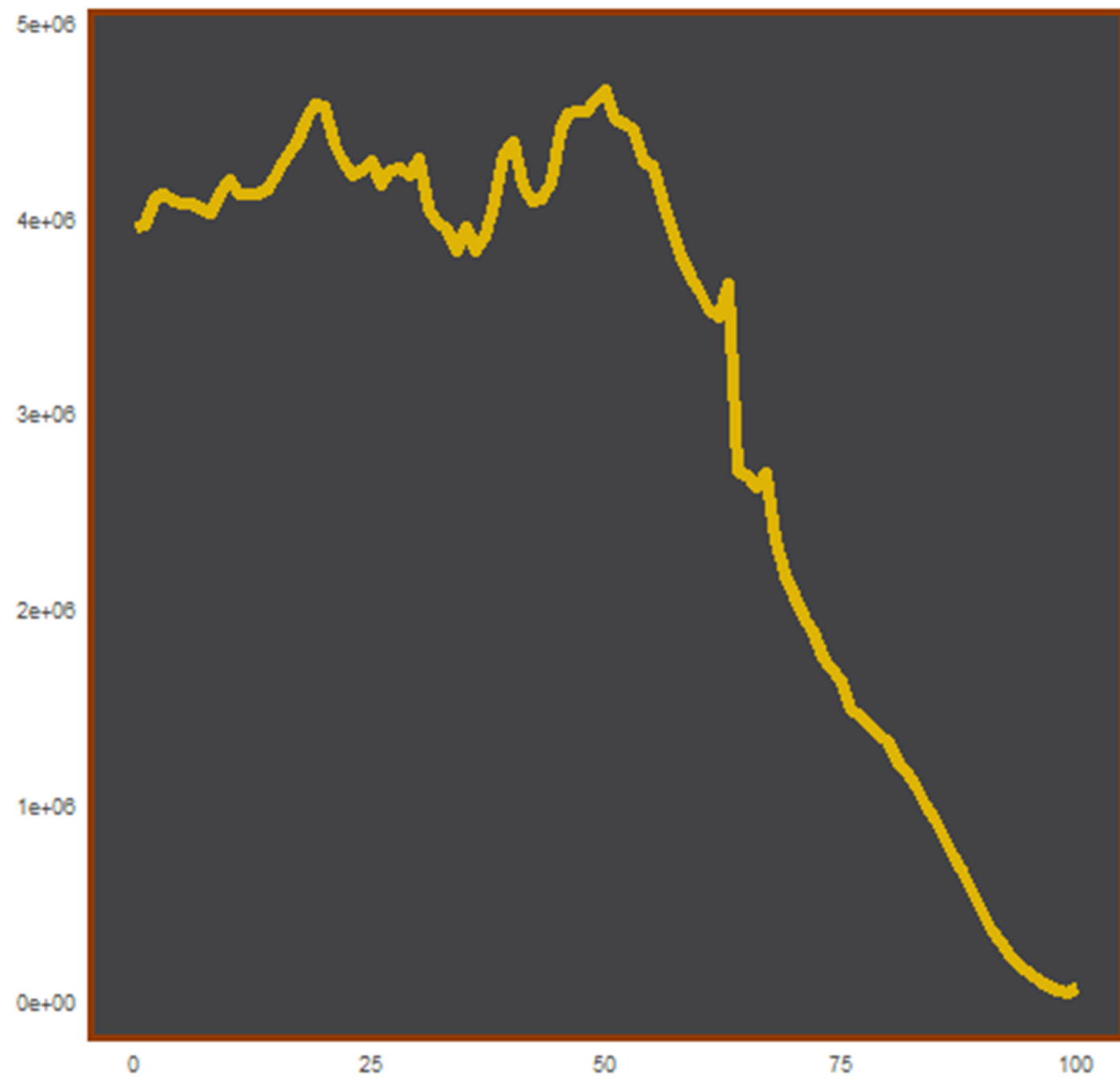
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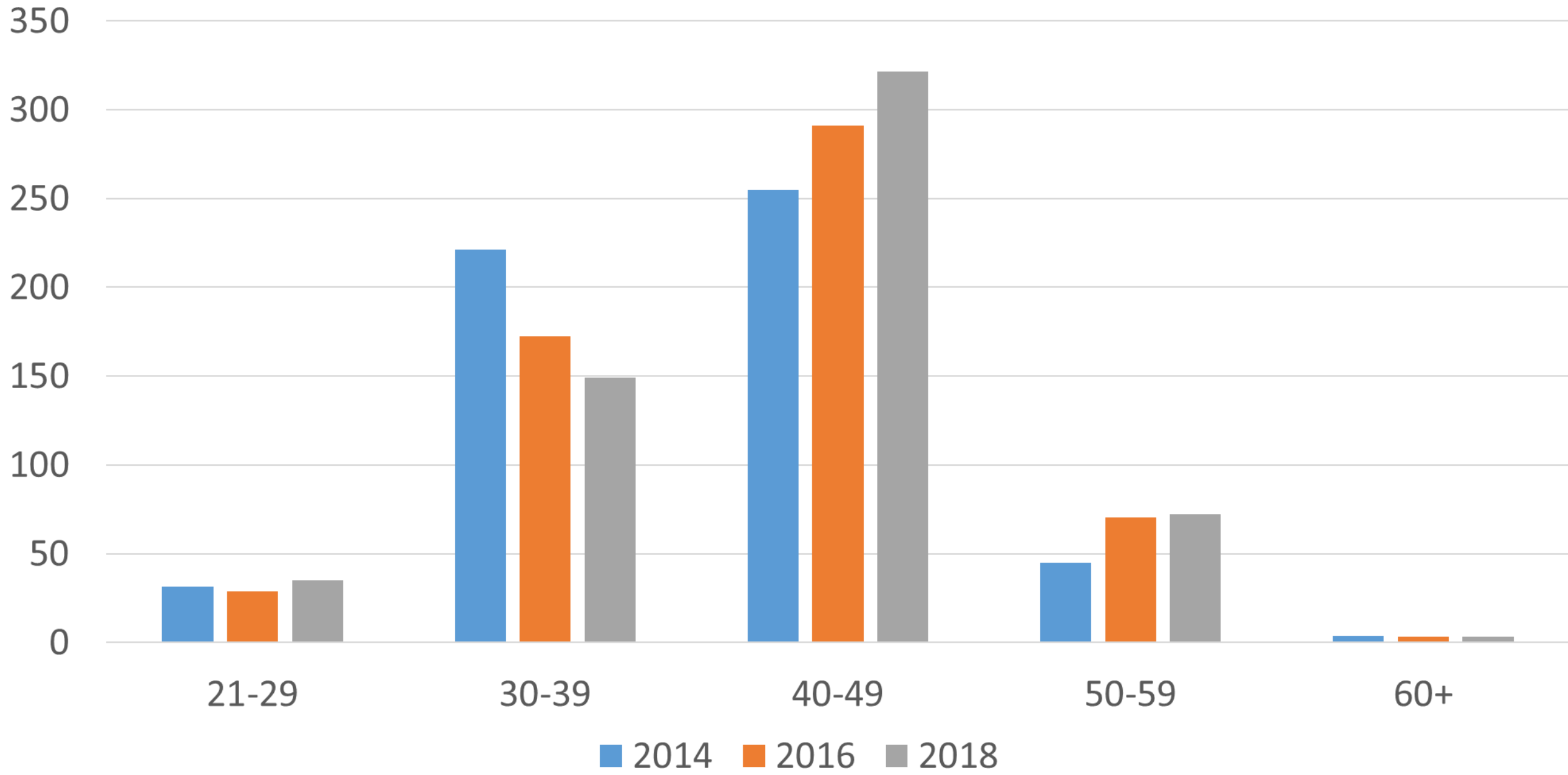
Indices, U.S. Google Searches for “How to Homebrew” vs White Male (20-64) & Other Unemployment, 2007-2018



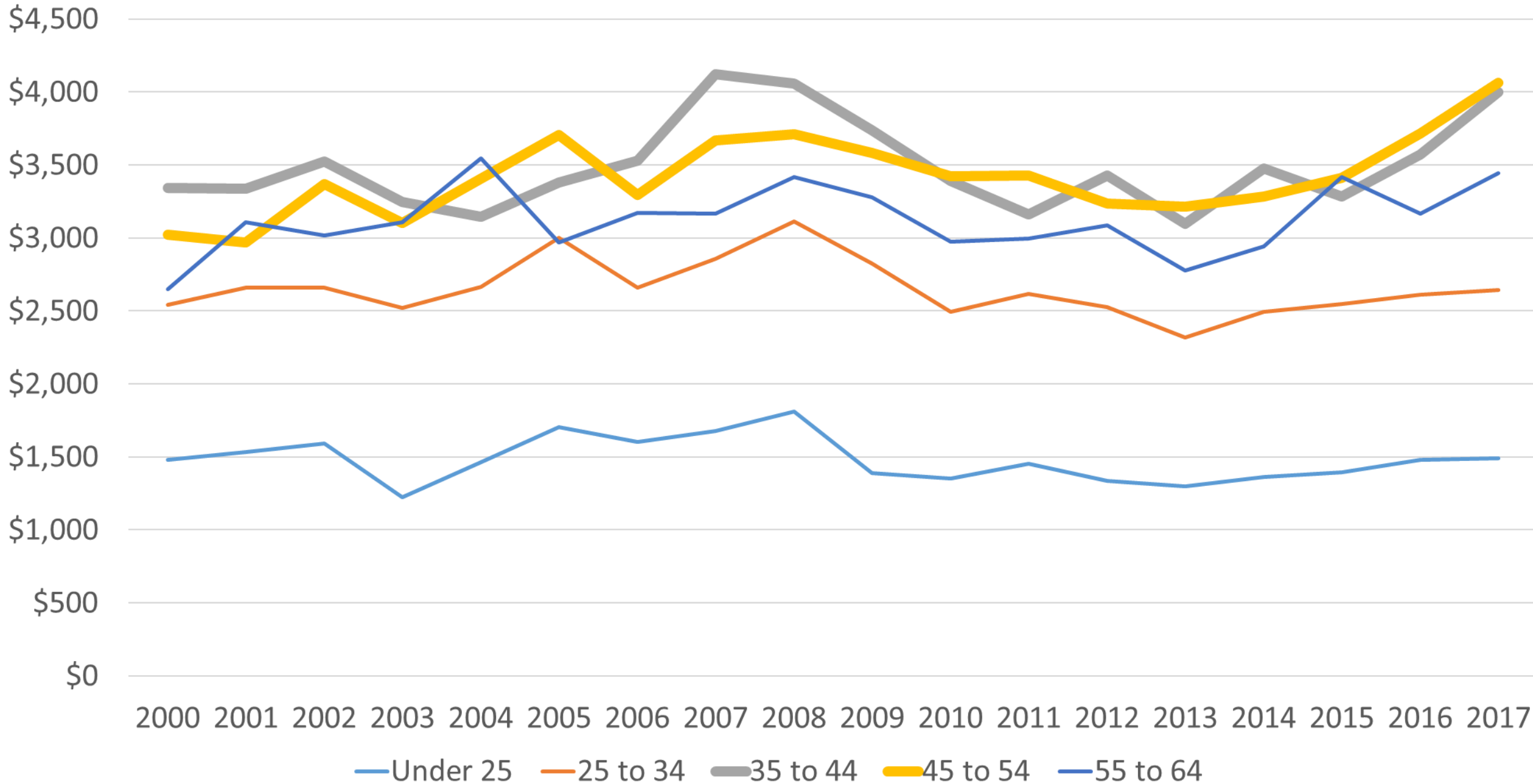
Year: 2010



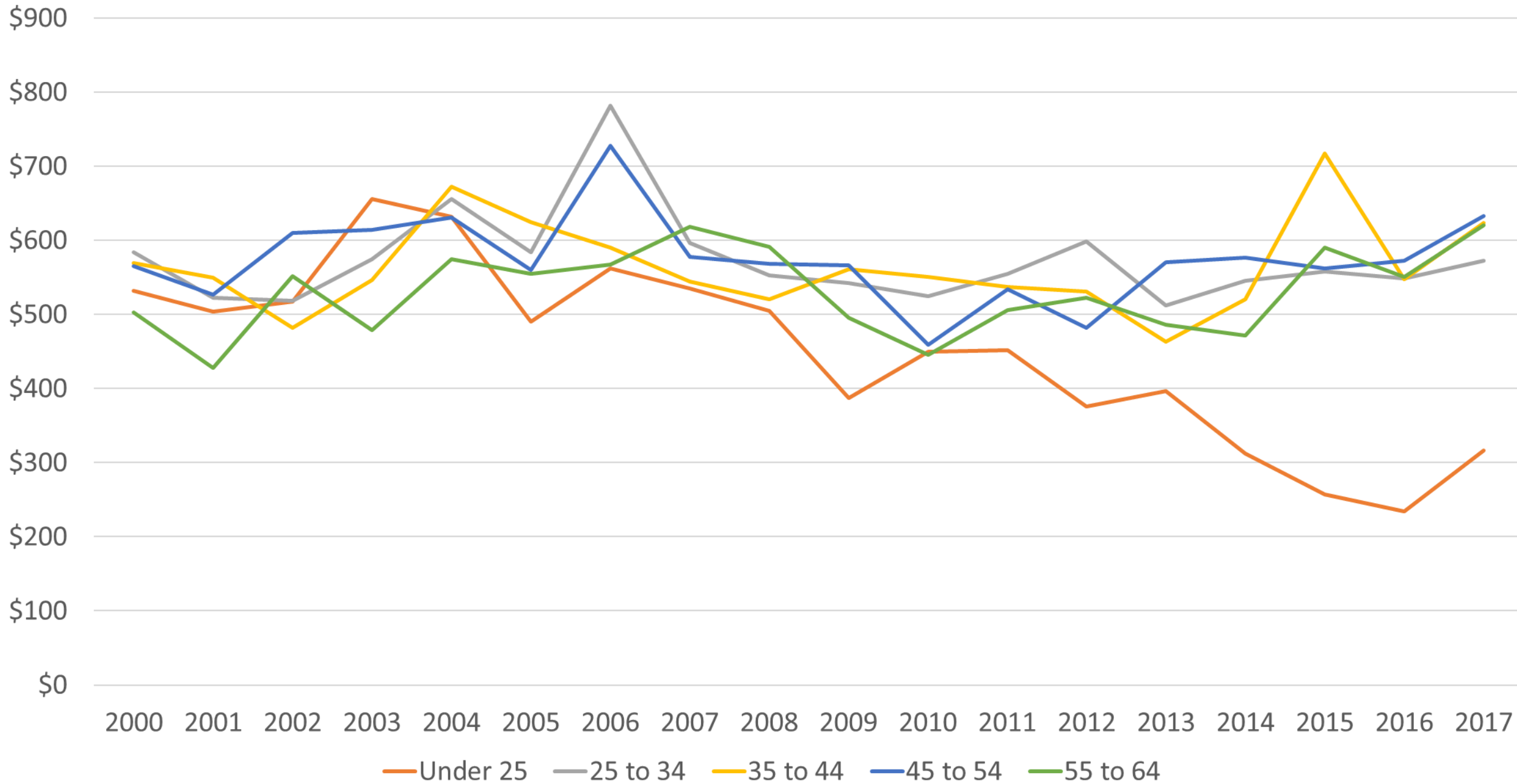
Index, Homebrewing by Age



Expenditure Per Capita, Entertainment (Real Prices), by Age



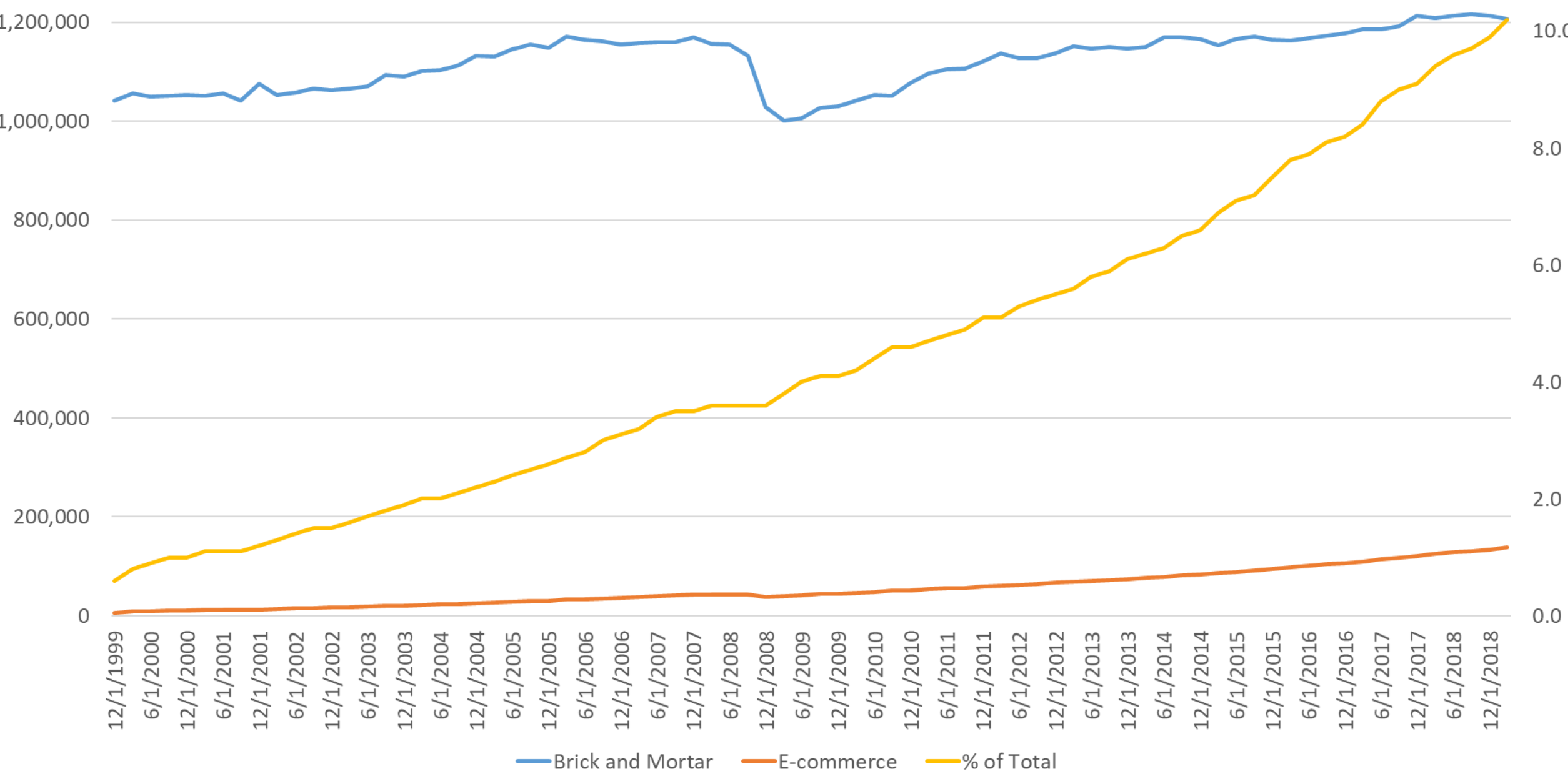
Alcoholic Beverage Expenditure, Real Prices, by Age Group



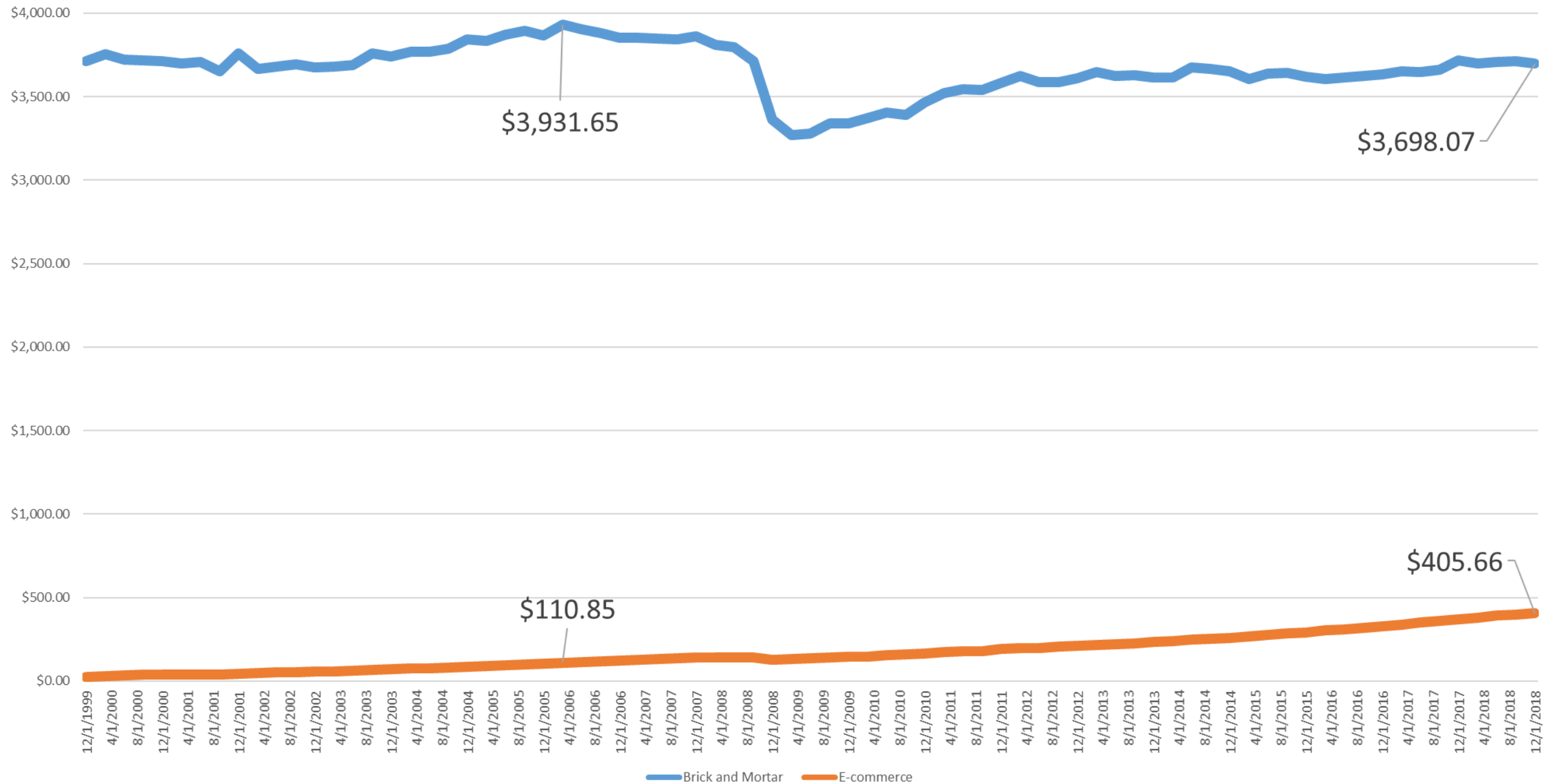
Mindful Drinking (2019 CIP Survey)

	Age		
	21-24	25-34	35-44
That is low calorie	47%	27%	21%
That aligns with my fitness goals	44%	16%	10%
That is organic	34%	23%	21%
That is low carb	30%	24%	19%
That is non-alcoholic	30%	4%	5%
That is low ABV/non-alcoholic (Net)	27%	9%	15%
That is made with local ingredients (i.e., grown locally in town/city)	26%	29%	32%
That is made with health-centric ingredients (e.g., acai, ginger)	25%	18%	13%
That is low ABV (i.e., alcohol by volume or the percentage of alcohol in a given beverage)	23%	13%	12%
That is gluten free	20%	9%	7%
In smaller formats (e.g., 8oz can versus a 12oz can)	16%	14%	18%
N/A - I was not interested in mindful drinking a few years ago, and am not interested now	4%	7%	3%
None - I am less interested in mindful drinking choices now than I was a few years ago.	4%	2%	5%

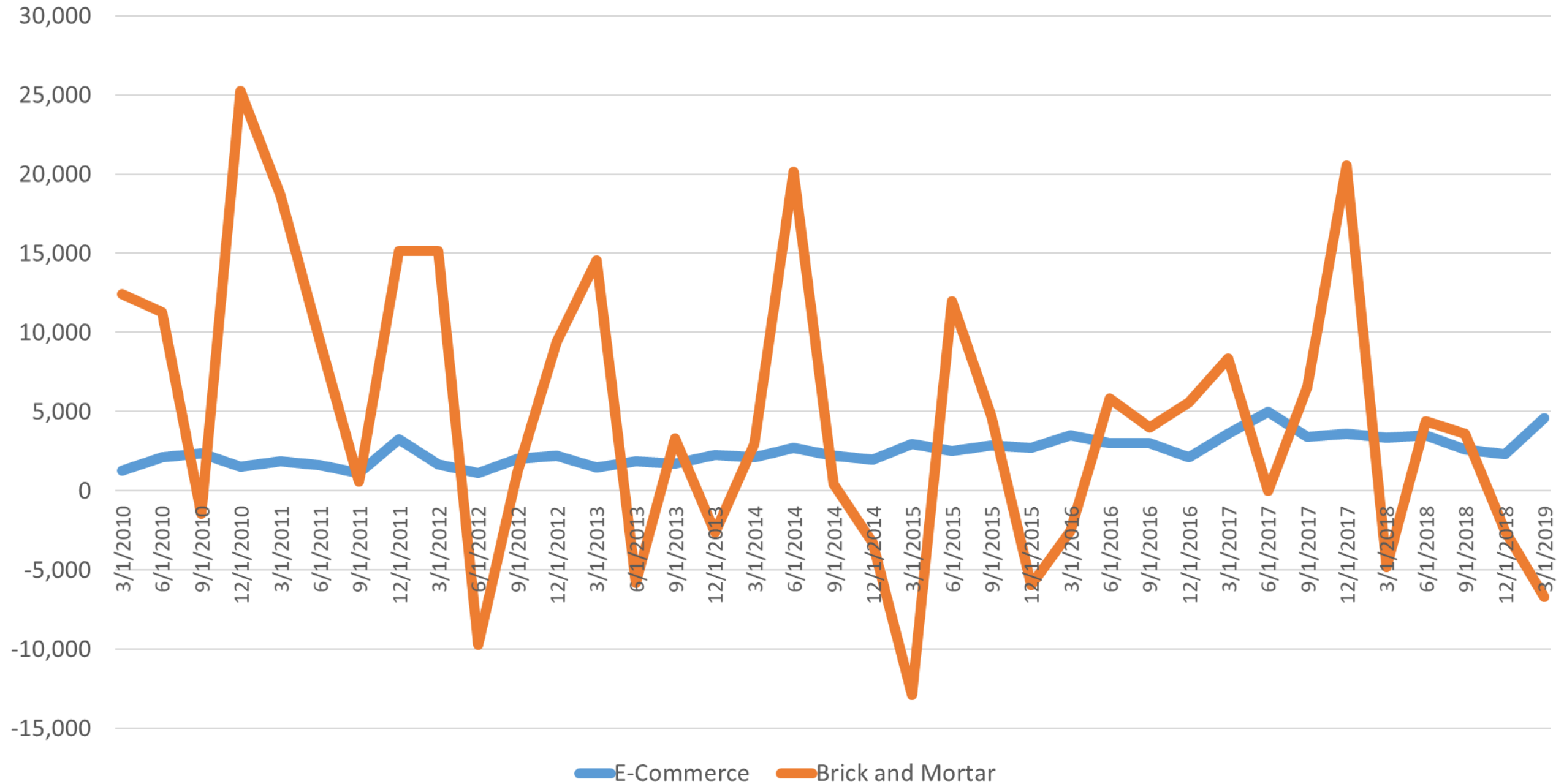
Quarterly Retail Sales, Real Prices, Q4-99 to Q1-18



Per Capita (Real Dollars)



Growth by Quarter



Working with Legislature & Administrative Agencies

Jen Blair,
AHA Industry Subcommittee Chair

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Brief Civics Lesson

- Three branches of government
 - Legislative: makes laws
 - Executive: carries out laws
 - Judicial: evaluates laws
- Know which branch you are contacting
 - Senators and Representatives: elected by citizens
 - Administrators, Commissioners, etc.: appointed/hired, not elected by general population

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How to Locate Your Representatives & Administrators

- State & Federal Legislators:
<https://www.congress.gov/state-legislature-websites>
- State Regulatory Agencies: www.ttb.gov/wine/state-ABC.shtml

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Getting Started

- Understand the law or regulation
 - Be patient and don't get frustrated by legalese and boiler plate
 - Ask questions for clarification and motivation
- Details to note from the outset
 - When the comment period ends
 - Who the contact is

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NOTICE OF TEXT
[Authority G.S. 150B-21.2(c)]

OAH USE ONLY

VOLUME:

ISSUE:

CHECK APPROPRIATE BOX:

- ☒ Notice with a scheduled hearing
☐ Notice without a scheduled hearing
☐ Republication of text. Complete the following cite for the volume and issue of previous publication, as well as blocks 1 - 4 and 7 - 13. If a hearing is scheduled, complete block 5.
Previous publication of text was published in Volume: Issue:

1. Rule-Making Agency: Alcoholic Beverage Control Commission
2. Link to agency website pursuant to G.S. 150B-19.1(c): www.abc.nc.gov
3. Proposed Action -- Check the appropriate box(es) and list <u>rule citation(s)</u> beside proposed action: <input checked="" type="checkbox"/> ADOPTION: 14B NCAC 15A .2301 - .2307 <input type="checkbox"/> READOPTION <u>with</u> substantive changes: <input type="checkbox"/> READOPTION <u>without</u> substantive changes: <input type="checkbox"/> AMENDMENT: <input type="checkbox"/> REPEAL:
4. Proposed effective date: January 1, 2019
5. Is a public hearing planned? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes: Public Hearing date: October 10, 2018 Public Hearing time: 10:00 a.m. Public Hearing Location: ABC Commission Hearing Room, 400 East Tryon Road, Raleigh, NC 27610
6. If no public hearing is scheduled, provide instructions on how to demand a public hearing:

Notice of Text 0300 - 11/2014

7. Explain Reason For Proposed Rule(s): To adopt permanent rules regulating the possession, transportation and uses of homemade alcoholic beverages as set forth in G.S. 18B-306, as necessitated by S.L. 2017-87, Section 10.

8. Procedure for Subjecting a Proposed Rule to Legislative Review: If an objection is not resolved prior to the adoption of the rule, a person may also submit written objections to the Rules Review Commission. If the Rules Review Commission receives written and signed objections in accordance with G.S. 150B-21.3(b2) from 10 or more persons clearly requesting review by the legislature and the Rules Review Commission approves the rule, the rule will become effective as provided in G.S. 150B-21.3(b1). The Commission will receive written objections until 5:00 p.m. on the day following the day the Commission approves the rule. The Commission will receive those objections by mail, delivery service, hand delivery, or facsimile transmission. If you have any further questions concerning the submission of objections to the Commission, please call a Commission staff attorney at 919-431-3000.

☐ Rule(s) is automatically subject to legislative review. Cite statutory reference:

9. The person to whom written comments may be submitted on the proposed rule(s):

Name: Walker Reagan
Address: 400 East Tryon Road
Raleigh, NC 27610

Phone (optional): 919-779-8367
Fax (optional): 919-661-6165
E-Mail (optional): walker.reagan@abc.nc.gov

10. Comment Period Ends: November 5, 2018.

11. Fiscal Impact (check all that apply):

If this form contains rules that have different fiscal impacts, list the rule citations beside the appropriate impact.

- ☐ State funds affected
☐ Environmental permitting of DOT affected
Analysis submitted to Board of Transportation
☐ Local funds affected
☐ Substantial economic impact (≥\$1,000,000)
☐ Approved by OSBM
☒ No fiscal note required by G.S. 150B-21.4
☐ No fiscal note required by G.S. 150B-21.3A(d)(2)

12. Rule-making Coordinator: Walker Reagan

Address: 400 East Tryon Road, Raleigh, NC 27610

Phone: 919-779-8367
E-Mail: walker.reagan@abc.nc.gov

Agency contact, if any:

Phone:
E-mail:

13. The Agency formally proposed the text of this rule(s) on
Date: August 8, 2018

14. Signature of Agency Head* or Rule-making Coordinator:

Walker Reagan

*If this function has been delegated (reassigned) pursuant to
G.S. 143B-10(a), submit a copy of the delegation with this form.

Typed Name: Walker Reagan

Title: Rule-making Coordinator

Notice of Text 0300 - 11/2014

Contact Info

Comment Period

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Communication

- Avoid form letters and petitions
- Clearly identify the action, phrase, sentence
 - Include page numbers, columns, paragraph citations
 - Make it clear and unambiguous what you are commenting on
- Tell your story:
 - Explain how the proposed regulation or law impacts you
 - Suggest an alternative action with an explanation



Mobilizing Community Action

- Emphasize communications must be POLITE, concise, and specific
- Explain the Call to Action in a clear way that makes action accessible and possible, even if someone hasn't contacted a legislative or administrative office before
 - Post guides or suggestions on your website and social media
 - Empower your community to tell their own stories and avoid forms or copy and paste statements
- Explain the role of the office involved and the preferred process for contacting the legislator or agency involved:
 - State Representative Turner serves on the Alcohol Beverage Control Committee, which is currently considering a bill to allow homebrew at beer festivals
 - Online forms, emails, letters, phone calls, etc.

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Proposed Permanent Homebrew Rules Guide

Send emails to: Mr. Walker Reagan, Walker.Reagan@abc.nc.gov

SUBJECT LINE: Proposed Permanent Homebrew Rules – 14B NCAC 15A.2301-2307

Draft Rules & Details: <https://abc.nc.gov/PublicResources/Announcement/184>

Call to Action:

- Email Walker Reagan by **Monday, November 5th** to voice your concerns with the proposed rules
- Be courteous. The permanent rules were not proposed maliciously. It is our job as homebrewers to politely provide the North Carolina Alcohol Beverage Commission with information regarding how homebrew clubs and competitions operate.
- Be specific with your concerns and explain how the proposed rules affect you:
 - **Example:** As someone who stewarded at homebrew competitions before becoming a judge, I disagree with sections 2302(a) and 2302(c)(2). Being able to sample homebrew as a steward was an important part of my learning process and is a practice that should be allowed to continue.
 - **Example:** Entering homebrew competitions around the state is the best way for me to receive objective feedback so that I can become a better homebrewer. It is not feasible for me to personally transport my homebrew to locations across North Carolina. If drop off sites are no longer allowed, I will not be able to receive as much feedback on my homebrew. Therefore, I disagree with section 2306(c) and respectfully request that it does not get adopted as a permanent rule.
 - **Example:** Although I live in South Carolina, I not only enter my homebrew into competitions in North Carolina, but I also regularly travel to North Carolina to volunteer as a judge or steward in competitions. If these proposed rules are adopted, it will become too burdensome for me to participate in homebrew competitions in North Carolina and therefore I will not be spending money in North Carolina on travel-related expenses, such as lodging and dining.
 - **The above are intended to act as guidance in writing your own comments, please DO NOT copy and paste them.** Thoughtful comments that reflect your viewpoint are far more impactful than form emails.

- Useful stats from the AHA to consider using in your comments:
 - Minneapolis Homebrew Con (2017)
 - The AHA estimated **\$2.48 million** as the **direct impact**, but they estimated **another \$1.5 million** in **indirect economic impact** for a total of **\$3.98 million**.
 - **State tax revenue** was estimated at **\$186,000** and **local tax revenue** at **\$100,000**.
 - The economic impact of the last AHA East Coast Homebrew Con in Baltimore (2016) was **\$2.3 million**.
 - The AHA also estimates **at least 90%** of professional brewers started out as homebrewers. There are **260 breweries and brewpubs in NC**.
 - In North Carolina there are:
 - **59** AHA registered clubs.
 - **25** AHA registered local homebrew supply shops.
 - Nationwide:
 - Estimated **1.1 million homebrewers** in the U.S.
 - **705** homebrew shops in the U.S.
 - **2100** homebrew clubs in the U.S.
 - **2 out of 5 craft beer drinkers** are very interested in homebrewing=**19 million people** coming in to support the homebrewing industry.
- **Proposed rules with commentary are on the following page.** Thank you to Dave Byer for providing the bullet points.



AHA Resources

- [State Beer Media Lists](#)
- [Seminar Recordings](#)
- [AHA Industry Forum](#)
- Industry subcommittee forum board
- [Go Brew Yourself! Intro to Homebrewing Guide](#)
- [HomebrewersAssociation.org](#)
- [Five individual staff AHA memberships](#)
- [NEW! Diversity Best Practices](#)
- NEW! Independent Beer Supporter Seal



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Questions? Concerns? Feedback?

Get in touch!

millie@brewersassociation.org

Ahagc-retailer@brewersassociation.org

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Thank you for coming!



HomebrewersAssociation.org