THE SIBA CRAFT BEER REPORT 2022

THE UK'S SMALL INDEPENDENT BREWING SECTOR IN FOCUS

INDEPENDENT · SIBA · CRAFT BREWER ·

THE SOCIETY OF SIBA INDEPENDENT BREWERS

Welcome

FOREWORD BY JAMES CALDER, CEO, SIBA

A brave new world

This is the third edition of SIBA's Craft Beer Report, and the first full report we have produced since the pandemic began in 2020.

The two years since our last report have been arguably the most unpredictable and transformational for the craft beer sector of any we have ever known, and that makes our report this year very timely, as we finally shake off the last of the Covid restrictions and fight our way back to some new idea of normality.

It also means that this report identifies some quite dramatic changes in the craft beer market, and our analysis suggests that many of these changes will be permanent.

We can see that the pandemic has accelerated some of the trends we were already seeing in our 2020 report. This is change that was already afoot, but would likely have happened gradually over a decade rather than suddenly over 18 months like this.

On the plus side, this is predominantly change that will benefit small brewers in the medium to long term – those who have weathered the storm have, in effect, been set up by it for future success.

Delivering diversification

One of the major differences in the post-pandemic landscape is that small brewers are no longer putting all their eggs in one basket and relying so heavily on draught beer sales through pubs.

By necessity, routes to market have expanded over the last two years, and SIBA brewers have started to build a strong direct route to the consumer through webshops. There has also been growth in the independent off-trade, and bricks and mortar shops, taprooms and pubs owned by small brewers.

This is good for small brewers not only because margins are higher for these routes, but also because it spreads the risk should one of these routes face challenges – as we saw in the early stages of the pandemic when the on-trade was shuttered.

While online sales may shrink back as hospitality picks up again, it is likely that consumer habits have been permanently changed and this route will continue to add a string to small brewers' bows.

This sort of diversification is something that previous reports have found to be much needed, but sorely lacking, so a very positive sign for the future.

Yes we can!

Another dramatic change since 2020 is the acceleration in the move away from cask and into can. This was slowly starting to happen in our 2020 report but can volumes have tripled since early 2020 and our members predict continued growth in 2022. Cans really came into their own for deliveries through webshops in particular, and for distribution in the newly expanding off-trade route.

In contrast, our report highlights the disastrous effect the last two years have had on cask. Not only was the closure of the on-trade catastrophic for cask but we are not seeing it recover even now. Brewers do not plan to up the proportion of cask they are producing, even now the on-trade is back up and running, and pub operators are more wary of it as a format having had no option but to pour so much of it down the drain at the start of lockdown. Throughputs remain unpredictable, so the fear is that quality will suffer or beer will spoil, and many are switching to keg as a safer format.

Could the pandemic be the beginning of the end for cask? It is a sobering prospect.

Premium product

There are promising signs in our 2022 report that consumers are increasingly treating craft beer as the premium product it is, and therefore price is becoming less important to them.

Drinkers continue to believe craft beer must be produced by small, independent brewers, and that it is a hand-crafted, not manufactured, product.

The majority of the beer drinkers we surveyed for the report also told us they would be more likely to buy a beer if it was badged as a genuine craft product with our SIBA Assured Independent British Craft Brewer seal, which underlines how important it is for brewers to communicate their genuine craft credentials in the fight against big 'crafty' brands.

Make diversity a priority

One issue on which SIBA and the whole craft sector absolutely has to act is diversity. We have spoken a lot about it in 2021, but our report shows that these words have not led to change. We must do better. Myself and the team at SIBA must do better, and all of us across the industry must do better. When you see the proportion of female brewers actually falling since our report in 2020 you know something is seriously wrong. This is something I am making a key focus for our organisation this year.

A brighter future

There can be no denying that the pandemic has caused the small independent brewing sector enormous pain, and there will be some permanent casualties as a result. But for those that made it through 2020 and 2021 intact, some of the trends emerging from this report signal a very positive future for small brewers. Structurally, the sector has come out stronger and better positioned for growth, with broader routes to market, more diverse packaging formats and a consumer base actively seeking out and supporting local artisan businesses and willing to pay more for their products.

SIBA in 2022

This report helps SIBA to shape and develop the support we offer for our members and we constantly review what we do to make sure we really are living by our pledge – Delivering for Brewers. As an organisation we are completely focussed on giving you the tools and information you need to grow your business as well as ensuring your voice is represented at the very highest level of Government and wherever decisions that affect you are being made. This year, more than ever before, the strength in our numbers is needed as we build back better.

10 THINGS TO TAKE AWAY

1. SIBA member breweries saw average production recover in 2021, after a dramatic fall in 2020, but it remains **below 2019 levels**.
2. The volume of SIBA members' beer going into cans has **more than tripled** since 2019.
3. **Cask volumes** were decimated in 2020 and 2021 and are unlikely to recover in the short to medium term, with brewers switching to more reliable keg and can formats.
4. A third of SIBA members have **launched a webshop** for the first time during the pandemic. There was also growth in the number of bricks and mortar shops. These are more profitable routes to market.
5. Just under half of UK beer drinkers say they would be more likely to buy a beer badged with the **SIBA Assured Independent British Craft Brewer** seal.
6. Consumers believe genuine craft beer is produced by a **small independent** brewery.
7. **Stout/porter** has replaced golden bitter as the most commonly produced beer style for the first time in 2022. Small brewers are making a wider variety of beer styles than ever before.
8. More small brewers than ever before are **putting 'local' at the heart** of everything they do.
9. **Sustainability and ethical values** will be a growing driver of consumer buying behaviour.
10. The craft beer sector has failed 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.

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 310 responses, which represents just over 44% of SIBA's brewing membership, a significant increase on the 270 that filled in the survey for our last report in 2020. This makes the survey a strong, statistically valid insight into the current market.

A word from our Official Industry Partner

TIM CROXSON, CEO, CROXSONS

As Jack Nicholson put it, "Beer, it's the best damn drink in the world", and I doubt very much that many reading this will disagree! There are many reasons we are in the beer industry, but we wouldn't be doing it but for the love of the product; so first of all, thank you for the passion that you have for what you do, for continuing to produce cracking beers that I, our team and the whole nation enjoy.

I echo James Calder's welcome to this publication. When we considered supporting the latest Craft Beer Report, it was a 'no-brainer.' We love beer; that certainly helps, but it goes beyond that and not just because of our 150 years of supplying into this great British industry, and not just because breweries and contract fillers are a big part of our business. It's also because we know the value of the British brewery, the British pub, and British beer. Whether you are a brewer, supplier or interested reader, this industry is so much better when we demonstrate that we are stronger together.

Sustainability is rightfully a hot topic for businesses up and down this country, we could talk about all that we are doing, such as planting 150,000 trees this year for example, or offsetting the carbon footprint of all our staff, but the sustainability of the industry itself is key. We could all make marginal gains for the environment, but without a beer industry itself, life outside the office, Friday nights, celebrations, British BBQs would be much duller. As a supplier into your industry, we ask that you continue to work with us, communicate with us, partner with us and those who have the same heart. Let's work together to create not just a future that is environmentally sustainable, but an industry that is sustainable for future generations.

This Craft Beer Report comes with an opportunity to take stock; to see where we are as an industry, point the way for us to overcome challenges and to grow stronger. Regardless of whether you are at the start of your brewing journey, or have a history like ours, we know SIBA is a fantastic home for British brewers. We will continue to support its members through whatever means possible, we are genuinely here for you; it could mean taking advantage of the SIBA Assured crowns at equitable pricing, or working with us as we pursue a carbon neutral future.

My great, great grandfather started Croxsons in the heart of London, and spent decades in the railway arches in Druid Street, now home to many SIBA members. I carry the legacy that sits on my shoulders and as the fifth generation of the Croxson family I am honoured to lead this company and am equally conscious of our role within the supply chain of this industry. We work hard for you, our customers, and through all seasons, we will continue to champion and celebrate you. If you keep on making fantastic beers then we will keep on drinking it; and mine's a pint of your best please!

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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 small brewers.

This is the third 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 2022. 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 key statistical sources opposite to help draw out emerging trends and highlight potential future growth areas and opportunities for small independent craft brewers and beer retailers.

Caroline Nodder

The 2022 Annual SIBA Members' Survey

Unless otherwise stated, all statistics relating to SIBA brewing members in this report are taken from the annual members' survey analysed by Professor David Tyrrall, a retired university lecturer and former policy maker, and Professor Geoff Pugh, Professor of Applied Economics at Staffordshire University. Both professors 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 2022 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 2022 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 and 2020 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.

Professor
David Tyrrall

Professor
Geoff Pugh

Section 1

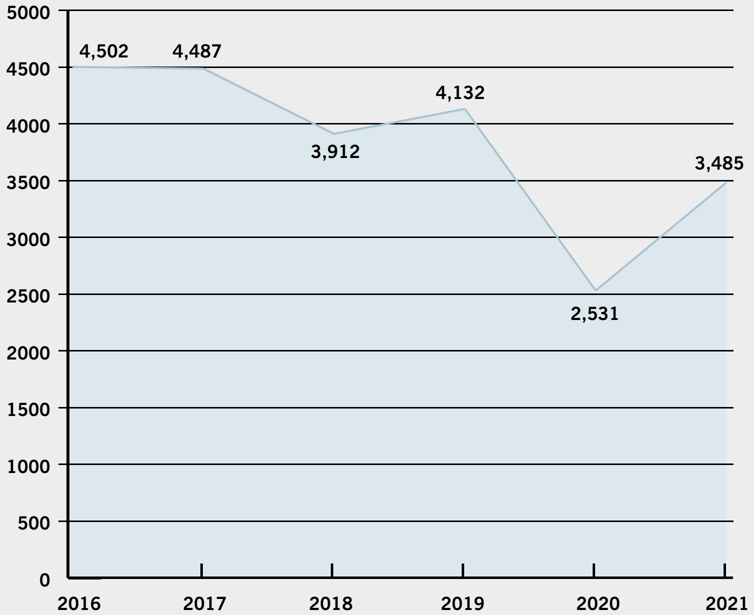
The British Craft Beer Market in 2022

The pandemic has changed the face of the British craft beer market, arguably forever. Craft beer production has yet to recover to 2019 levels, and Covid has significantly accelerated some of the existing trends within the market including the move into cans and growth in off-trade sales.

The Covid effect

This year's SIBA Members' Survey reveals the true extent of the impact that the pandemic has had on the independent craft beer market, with average annual production for members falling by almost 40% during the initial stages in 2020. This reflects the reliance many small breweries have on the distribution of cask and keg beer through local pubs. With the on-trade largely shuttered during the first stage of the pandemic, those draught beer sales disappeared. And while 2021 saw production rebound, overall volumes have not yet returned to pre-pandemic levels and average annual production among members in 2021 remained 16% down on 2019. Despite continuing uncertainty, there is positivity among the membership that this recovery will continue in 2022, with a significant 68% of members expecting revenues to increase in this financial year.

AVERAGE ANNUAL PRODUCTION BY SIBA MEMBER BREWERIES 2016-21 (HL)*



* Production data from SIBA's membership returns. Not directly comparable with the production data in previous reports.

BEER MARKET OVERVIEW*

OVERALL BEER SALES FELL **14.2%** IN 2020 AS A RESULT OF THE PANDEMIC

BEER SALES IN 2021 RECOVERED +5.9% BUT REMAINED **9.1%** DOWN ON 2019 LEVELS

1.4 BILLION FEWER PINTS WERE SOLD IN 2021

*BBPA Beer Barometer

Switching to off

The latest British Beer & Pub Association (BBPA) Beer Barometer figures reveal that Covid has speeded up the existing growth in off-trade sales. In 2020 the Barometer recorded overall beer volumes in the on-trade falling a whopping 55%, while off-trade sales climbed by 19% as consumers switched to their sofas. In 2021 there was a small bounce-back for on-sales but the off-trade was still up 15% on 2019. And while total off-trade sales had overtaken on-trade sales back in 2015 and had continued to grow steadily until 2019, they rose dramatically in 2020 by over 20 percentage points to make up more than three quarters (76.4%) of total beer sales in that year.

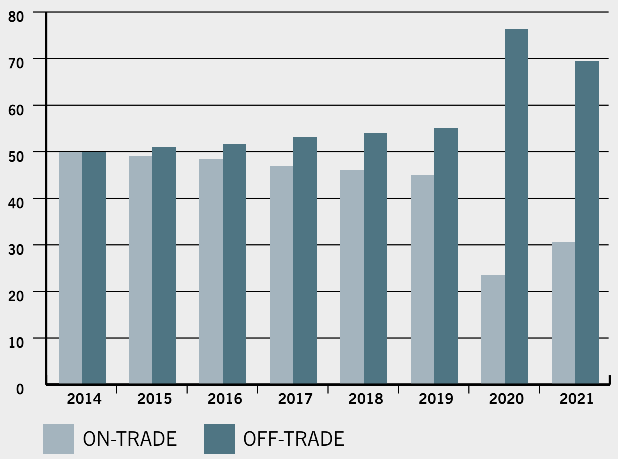
OFF-TRADE BEER SALES WERE UP OVER **19%** IN 2020, FALLING SLIGHTLY IN 2021 TO END THE YEAR ALMOST **15%** UP ON 2019 LEVELS*

*BBPA Beer Barometer

"The dynamic between the off-trade and on-trade has moved more towards the off-trade. So I think brewers are going to have to accept that and find solutions for avenues to get into the off-trade more. Have the right kind of package and have the beers in the right packaging format. Pubs are not dead by any means. And the pub industry will bounce back. We just really hope it comes back as strong as before."

Nick Dolan, Co-Owner of Real Drinks

PERCENTAGE OF TOTAL UK BEER SALES*



*BBPA Statistical Handbook 2021

Market size

At the start of 2022, SIBA had a total of 702 member breweries, compared to 723 at the beginning of 2020 before the pandemic.

This represents a fall of just under 3%, and follows a number of years of sector consolidation that have seen SIBA membership fall and then stabilise, with a drop of just over 9% in our 2018 members' survey followed by a smaller drop of 4% in 2019.

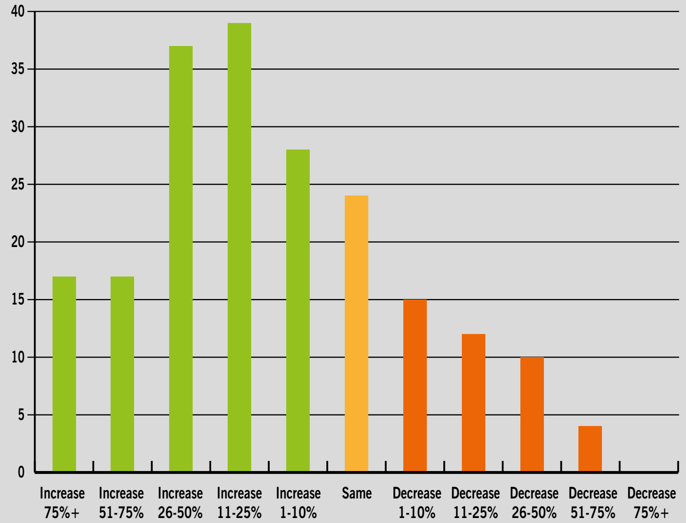
This year's figure may seem surprisingly small given the impact Covid has had on a large section of the small brewing community, however given that the first half of 2022 looks set to be extremely challenging, following a disappointing festive period and lack of government support, there could be more casualties later in the year. There will also be closures that have not yet been registered with Companies House, which can take some months.

On a positive note, SIBA has also welcomed 113 new members during the pandemic, a sign perhaps that the need for a collective voice has never been greater.

Growth in 2022

Given the severe impact that the pandemic has had on beer production, with levels still 16% below those of 2019, the majority of small brewers expect their revenue to increase for the financial year to April 2022. While not surprising, given beer volumes are increasing again as the UK lifts restrictions, it is also likely that this figure has been positively impacted by the pandemic shifting production to small pack and leading many small brewers to sell direct to consumers, a more profitable route to market.

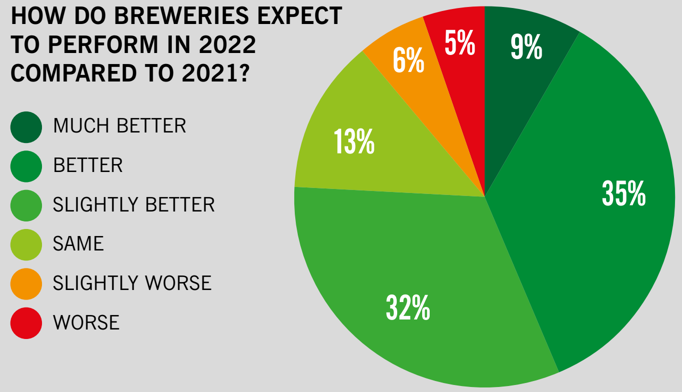
EXPECTED CHANGE IN REVENUE BETWEEN FINANCIAL YEARS 2020/21 AND 2021/22



Continuing recovery

Overall, there is a good level of positivity among small brewers, with a significant 75% saying they expect to perform better in 2022 than 2021. The survey also found 13% of breweries expected performance to be the same in 2022 as in 2021 – a figure that can be interpreted in two ways depending if the responding breweries bucked the trend during the pandemic and performed well so are expecting their success to continue, or experienced poor performance during 2021 and do not expect the situation to improve. It is likely there are brewers in both camps. Sadly 12% of our respondents thought performance would be worse this year, although only 1% said 2022 would be significantly worse for their business.

HOW DO BREWERIES EXPECT TO PERFORM IN 2022 COMPARED TO 2021?



HIGHLIGHTS FROM THE 2022 SIBA MEMBERS' SURVEY...

-21%

FALL IN CASK PRODUCTION

ONLY 46% OF TOTAL 2021 SIBA MEMBERS' PRODUCTION IN CASK DOWN FROM 67% IN 2019

-40%

DECLINE IN AVERAGE BEER VOLUMES IN 2020, RECOVERING TO -16% IN 2021

SIBA MEMBERS PRODUCTION RECOVERED IN 2021 BUT WAS STILL SIGNIFICANTLY DOWN ON 2019

*Production data from SIBA's membership returns

702

SIBA BREWERIES

MEMBERSHIP DOWN 3% FROM 723 AT THE START OF 2020

+10%

GROWTH IN CANS

CANS NOW ACCOUNT FOR 13% OF SIBA MEMBERS' PRODUCTION IN 2021 UP FROM 3% IN 2019

96%

OF SIBA BREWERS ARE NOW AWARE OF THE ASSURED INDEPENDENT BRITISH CRAFT BREWER SCHEME

53% OF THOSE WHO ARE NOT YET USING IT SAID THEY WOULD BE BY THE END OF 2022

49%

OF BREWERS SAID BREXIT HAD ADVERSELY AFFECTED THEIR BUSINESS

ONLY 4% SAID IT HAD A POSITIVE IMPACT

33%

OF SIBA MEMBER BREWERIES LAUNCHED A WEBSHOP DURING THE PANDEMIC

AND 40% NOW HAVE A BRICKS AND MORTAR STORE

10%

OF SIBA MEMBERS PRODUCED NO AND LOW BEERS IN 2021

A RISE OF +2% ON 2019

90%

OF SIBA MEMBERS SAY THEIR RELATIONSHIP WITH THEIR COMMUNITY IS IMPORTANT

+7% UP ON 2020

60%

OF SIBA BREWERS SUPPORTED A CHARITY IN THEIR LOCAL TOWN OR VILLAGE

AND 1 IN 10 GAVE TO MORE THAN 5 CHARITIES

ALMOST 1 in 3

EMPLOYEES IS NOW FEMALE

BUT FEWER THAN 10% OF FEMALE WORKERS ARE BREWERS, A FALL FROM 11% IN 2019

732*

JOBS CREATED IN 2022

SIBA MEMBER BREWERIES EXPECT TO CREATE SLIGHTLY MORE NEW JOBS THIS YEAR THAN WAS PREDICTED IN 2020

*Estimated from SIBA Members' Survey data

! WHAT YOU NEED TO KNOW...

- The volume of beer being produced by SIBA members fell almost 40% in 2020 in the early stages of the pandemic, rallying in 2021 but closing the year -16% down on 2019.
- Overall UK beer sales were down -14.2% in 2020, recovering in 2021 by +5.9% to -9.1% down on 2019. The off-trade grew by over +19% in 2020 and was still up +15% in 2021.
- SIBA membership fell to 702 from 723 at the start of 2020, a decrease of just under 3% but a smaller drop than in 2020. This reflects continued brewery closures in a crowded market, and the fallout from the pandemic, although since 2020 there have been 113 breweries who have joined SIBA.
- There is a more positive outlook for 2022 than for 2021, with 75% of SIBA brewers expecting a better financial performance this year and only 12% expecting it to be a worse year, only 1% of those predicting it will be much worse.

Section 2 The Craft Beer Category

Generally, craft beer has outperformed the beer market over the last two years, but it was a tale of two halves for the category, which was decimated in the on-trade on draught but growing more strongly than the overall beer market within the off-trade in small pack.

CRAFT BEER IN THE OFF-TRADE IN 2021*

CRAFT GREW SHARE OF THE OVERALL BEER CATEGORY BY +0.8% PTS IN 2021

TOTAL BEER HAS DECLINED IN VALUE IN LAST 12 MONTHS BY 3.6% BUT CRAFT HAS GROWN 9.9%

TESCO ACCOUNTS FOR ALMOST 1 in 3 CRAFT SALES IN THE OFF-TRADE

CRAFT CONSUMERS REDUCED CRAFT SPEND TO 18% OF THEIR OVERALL BEER SPEND

CANS GREW +19.2% IN THE OFF-TRADE WITH VALUE SHARE OF THE CRAFT CATEGORY NOW 86.9%

CRAFT'S SHARE OF OVERALL BEER SALES VALUE IS NOW 6.5%

*Nielsen IQ - Craft Beer Market Update Q4 2021

Cask to can

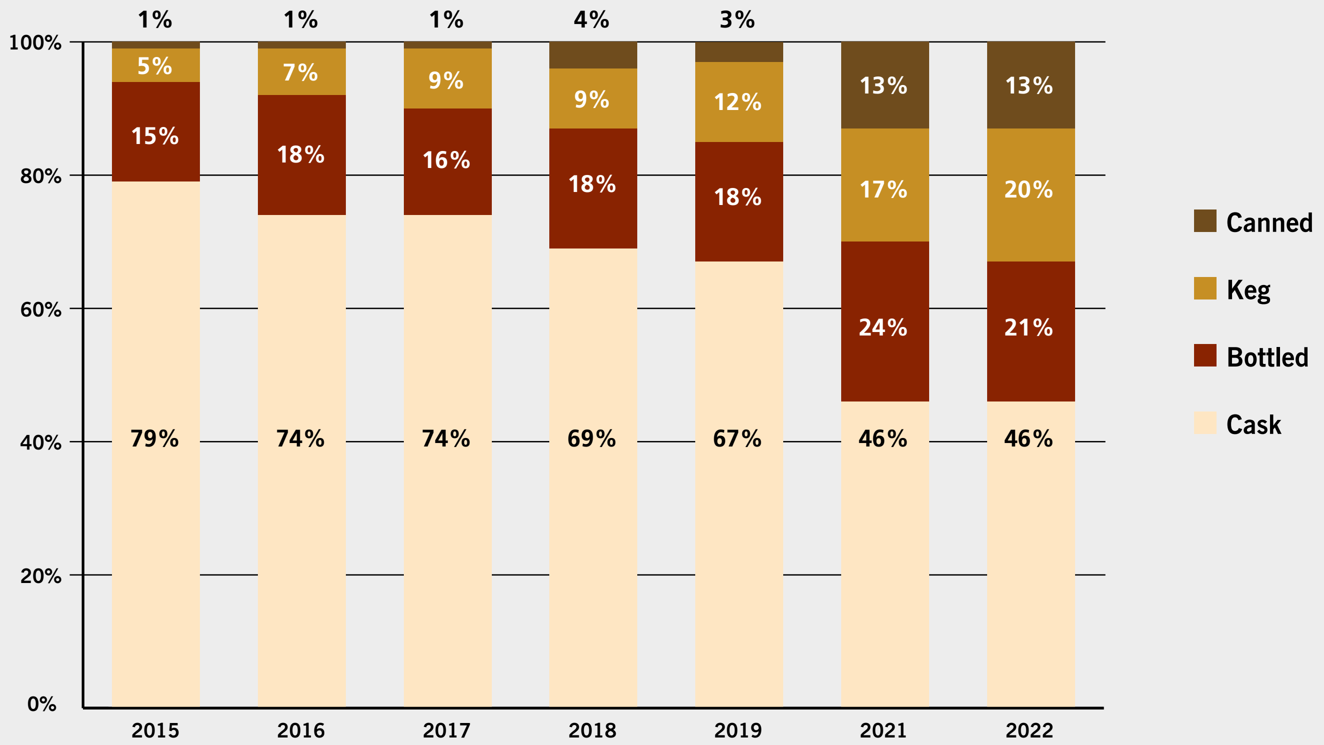
One of the most marked changes brought about by the pandemic is the acceleration in both the growth of cans and decline of cask. As hospitality closed, small brewers switched production into cans, with our survey showing 13% of overall production went into cans in 2021, a huge increase from 3% at the end of 2019. Most interestingly, although brewers are expecting production volumes to go up 26% overall in 2022, SIBA members said they did not expect the percentage going in to cans to fall in 2022 despite the continued recovery of the on-trade, indicating that this is likely to be a permanent switch in packaging format. Worryingly for fans of traditional cask ale, brewers also said they did not expect the percentage of cask they are producing to increase in 2022 from the depleted levels seen in 2021, when volumes were down from 67% of production in 2019 to just 46% last year. This is a further blow to the declining cask category, and is indicative perhaps of nervousness among both brewers and retailers over the potential for poor cask throughputs to lead to wastage that they can ill afford. Hundreds of thousands of gallons of cask beer were poured down the drain in the first stages of the pandemic when hospitality was forced to close and cask's shorter life span is leading to a further shift to the more reliable keg format. Our survey found that brewers expected further growth in keg in 2022 (+3% to 20% of production), but they indicated bottles would also decline (-3% to 21% of production), again suggesting a permanent switch to the more reliable can format which also has the benefit of being more easily and safely transported. This growth in cans has been backed up with investment, and our survey shows new or replacement canning lines were the number one investment for SIBA members in 2021.

SURVEYED SIBA MEMBER BREWERIES UNDERTOOK

178 INVESTMENT PROJECTS

TO INSTALL OR REPLACE CANNING AND/OR BOTTLING LINES

PERCENTAGE OF BEER OUTPUT BY PACKAGING TYPE*



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

WHAT YOU NEED TO KNOW...

- Craft grew its share of the overall beer category in the off-trade by +0.8%PTS in 2021 showing that it remains a growing part of the beer market.
- There was a large increase in the volume of SIBA members' beers going into cans, rising from 3% in 2019 to 13% in 2021 and reflecting the dramatic increase in off-sales and online sales direct to the consumer.
- SIBA members predict a 26% increase in overall production volumes for 2022 but are not expecting to increase the proportion of cask ale they are making, showing that confidence in cask format is shrinking.
- Keg format is predicted to grow by +3% to 20% of production in 2022 while bottles will shrink further to 21%. This shows the move from cask and bottle to keg and can may be permanent.

Section 3

Retail revolution

There is no doubt the pandemic has shaken up the retail market, accelerating existing trends and forcing small brewers to pivot like they've never pivoted before.

Shrinking pub market

Over the five years preceding the pandemic, the pub market had been stabilising, with annual losses hovering at just over 1,000 in both the years 2018 and 2019, according to the latest figures from CGA. With the onset of the pandemic in 2020 and the sudden closure of hospitality, however, the rate of closures almost doubled to over 1,800 closures, which is an average of five pubs closing every day in 2020. There was more positive news in 2021 when we see the rate of closures fall right back to less than a third of what it was in 2020 at just over 500 closures for the year. This is likely to be largely the result of government measures such as furlough and grant schemes to support businesses through the various lockdowns and restrictions, and with that support now ended and the festive period last year a washout for many pubs, we can unfortunately expect a further wave of closures in 2022.

PUB NUMBERS IN ENGLAND AND WALES*

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%

*CGA data

ON-TRADE BEER SALES*

ON-TRADE BEER SALES WERE OVER

-55%

DOWN IN 2020, RECOVERING IN 2021 TO FINISH THE YEAR

-38%

DOWN ON 2019 LEVELS

ONLY

13%

OF ALCOHOL WAS CONSUMED IN THE ON-TRADE IN 2020, DOWN FROM 30% IN 2019

*BBPA Beer Barometer

WET SALES BY CATEGORY 2021 COMPARED TO 2019*

BEER - DOWN	CIDER - DOWN	RTD - DOWN	SOFT DRINKS - DOWN	SPIRITS - DOWN
38%	41.7%	4.1%	37.8%	28.2%

* CGA OPMS data to P13 2021, MAT % change

BEER TYPES BY VOLUME IN ON-TRADE 2021 COMPARED TO 2019*

STANDARD LAGER - DOWN	RLD/SPECIALITY LAGER - DOWN	NON-CRAFT CASK ALE - DOWN	CRAFT LAGER - DOWN	CRAFT KEG ALE - DOWN	CRAFT CASK ALE - DOWN
48.2%	16.4%	47.7%	33.4%	29.6%	37.9%

* CGA OPMS data to P13 2021, MAT % change

Expert Insight Paul Bolton

Is craft sitting pretty in the on-trade bounce-back?

CGA Strategy's Client Director Paul Bolton offers an overview of what the post-pandemic world is looking like for the craft beer category in the on-trade…

"Back in April 2020, as the owner of the tap house knocked on the door and handed me another flagon that I wasn't allowed to collect physically from him, despite living four doors down, I wondered whether drinking craft beer would ever go back to being 'normal'.

In spite of the huge amount of financial pressure that Covid-19 and ongoing government restrictions have stacked on the on-trade, there is finally a sense that we're not far from 'normal'. In January, 70% of consumers said they are feeling confident about going out, which is the highest figure since the start of the pandemic. But what is 'normal' becoming and what opportunities and challenges does it bring for the independent craft beer sector?

It's worth bearing in mind for a moment the position that the craft beer* category in the GB on-trade was in pre-Covid. After being thrust into the mainstream in 2015/16, aided by big brewery takeovers, the category was worth over £1 billion in February 2020 and was stocked in over half of all outlets. However, it was also declining year-on-year, as operators (and some major brewers) pulled back on extensive ranges that were not proving their worth, instead pushing well-supported world lager brands.

Fast-forward almost two years and the Covid rollercoaster has hit everyone hard, but has produced a number of opportunities arising from the new 'normal' that are in the independent brewer's favour. The figures speak for themselves; despite beer being down almost -8% on the latest quarter, craft is up +3% vs two years ago, with craft lager, keg and cask ale all contributing to a share gain of +1pp to 9% of total beer value. This has come at the detriment of more mainstream lager, as well as non-craft keg and cask ale, which are all in double-digit decline. But what is behind this performance?

Firstly, lockdowns and ongoing restrictions have seen a significant proportion of consumers chomping at the bit to get back out once they were allowed. Younger, more affluent, more engaged and more fearless consumers were the most likely group to be back first and continue to go out, which has fitted the profile of the craft drinker far more than the older, more mainstream and less confident drinker. Added to this, consumers in general have told CGA that they are more willing to trade up for a better quality drink, which has meant craft has benefited from drinkers moving into or staying within a category that offers high quality beer for a premium price point.

Pre-pandemic, 78% of craft consumers considered ranging as an important part of choosing where they are going out to drink. Lager and pale ale styles are still dominant in craft thanks to big brewery owned brands trying to appeal to a more mainstream consumer, but we know that consumers are now even more willing to experiment post-lockdown, giving a strong argument for operators to stock a wider variety of craft styles.

Another trend handily playing into craft's hands is the move towards locality. With more consumers working from home and initially unable or unwilling to travel into city centres, local outlets (including independent craft's heartland of the tap house/ bottle shop) have picked up the pieces and raised the bar to cater for a consumer used to quality and variety seen in city centres. But this doesn't mean the opportunity away from the suburbs has gone. Consumers are looking to support local businesses across the board, meaning a huge opportunity for local brewers to appeal to these drinkers in the right outlets, wherever they are located.

With opportunity though comes threat, with emerging trends meaning we need to be reminded that it will not be plain sailing for the sector. Firstly, there is competition from within craft from the bigger players; only four of the current top 20 brands by value are not owned by large brewers, with their deep pockets and often far-reaching distribution networks able to take advantage of premiumisation trends much quicker. There is also a major threat in the wider beer category, with world lager still playing on the same premiumisation trends and continuing the phenomenal growth we saw pre-Covid, often taking taps away from the craft category in the process with more recognised brands.

Even more broadly, the threat of spirits cannot be ignored, with the category stealing a significant share away from beer, as an explosion of cocktail availability has suited consumers looking to make up for lost celebrations. Added to this, any stigma there has been around draught cocktails over the last few years has now dissipated, as they're now hard to miss and can take away potential tap space on the bar. Optimistically taking future Covid issues out of the equation, the last threat is a general point as to when the on-trade's 'welcome back' party will end. Cost of living increases are already biting consumers, with polarisation expected to widen.

It is hard to predict whether we're at a 'new normal' yet, but independent brewers are in a strong position to take advantage of the trends emerging from Covid, despite headwinds. Working with the right operators to list brands in the right place remains key, given the importance of ranging. But we also know that craft drinkers are more likely to be persuaded by high quality, on-trend (and local) brands, that are worth paying more for vs the average, with taste being the key factor of choice. Those elements define all that is great about craft beer and ultimately mean that the category has an important part to play in the on-trade's return to 'normality'."

Paul Bolton has been working at CGA for eight 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

Digital developments

Perhaps the most striking change within the retail landscape for small brewers is the enormous growth in the number of SIBA members that operate a webshop and are selling direct to consumers through it.

Our survey found that just under half of breweries (46%) had increased usage of e-commerce over the previous two years, and a third (33%) had launched a webshop for the first time as a result of the pandemic. While just over 1 in 5 (21%) still don't have an online shop, this represents a remarkable change to the way small brewers do business, which has happened in a very short space of time. It demonstrates, certainly, how nimble and how successful small brewers have been in adapting their operations rapidly to the demands of the pandemic.

As well as diversifying brewers' routes to market and lessening reliance on any one channel, the development of online sales has improved margins for brewers and also brought SIBA members closer to their end consumer. This positions small brewers for growth in the longer term.

"We've always focussed on direct to consumer sales, through the taproom and online, so that was always our model. The market forces of the pandemic allowed for that to come into effect. So we actually saw what it was like to have the model that we wanted from the start. But it was short term. So now, we're back out in all the bottle shops - we were in the bottle shops during the pandemic, but we can really down facilitate those bottle shops now. We don't plan to go into the supermarkets. Our plan is to service those independents and our taproom and grow our volume but keep the structure we have now in terms of our sales distribution."

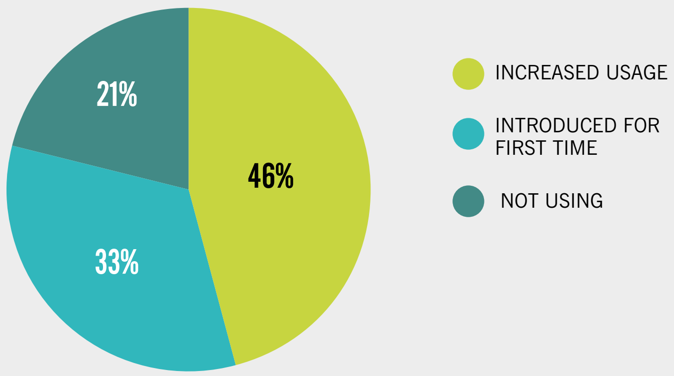
Theo Freyne, Co-Founder of Deya Brewing

"There are so many websites where you have to repeatedly click in and go back, or the search doesn't work properly. The images aren't tagged properly, or whatever it is, just basic stuff. A lot of brewery owners have been suddenly trying to set up websites and you see the default Shopify sites where everything's a category with one product, and it's just really hard to use, they are not good. So really minimise the number of clicks, keep the user experience through to check-out as simple as it can be."

Dave Hayward, IT consultant and Co-Owner of A Hoppy Place

10% OF BEER SALES ON AVERAGE FOR A SIBA BREWERY NOW COME FROM THEIR ONLINE SHOP

BREWERIES USING E-COMMERCE OVER LAST 2 YEARS



Retail focus

Pub acquisitions were down significantly in 2020 according to our members' survey, from 47 sites in 2019 to only 15 in 2020. This is quite evidently the result of Covid uncertainly and the various lockdowns of that year, rather than a decline in demand among brewers for this direct route to market and acquisitions are likely to pick up again in 2022. There was, however, growth in the percentage of small breweries that now have shops (40% in our 2022 survey compared to 37% in 2019). This reflects the importance of that direct route to market even during the pandemic, and in many cases bottle shops were quickly opened on production sites and became vital to both brewers and consumers, especially when hospitality had closed. Taprooms also continue to play a key role in operations, with 30% of brewers saying they have an on-site taproom, the same number as in 2019, and although this number has not grown significantly this year that is likely to be a result of the pandemic and we would expect to see those numbers rise again next year.

15 PUB SITES WERE ACQUIRED BY SURVEYED MEMBERS IN 2020

SIGNIFICANTLY DOWN FROM 47 IN 2019

30% OF SIBA MEMBERS HAVE AN ON-SITE TAPROOM

THE SAME PERCENTAGE AS IN 2019

40% OF SIBA MEMBERS NOW HAVE A SHOP

UP FROM 37% IN 2019

Diversification

Interestingly, the last two years have seen small brewers, for reasons of necessity, diversifying their chosen routes to market, something previous reports have found had been disappointingly slow to happen. Heavy reliance on sales of draught beer into freetrade pubs has dominated the route to market for small brewers, with 52% of sales going into the freetrade in 2019, and very little change to that figure in the previous few years. Our 2022 report shows freetrade sales down by 8% to 44%, with a corresponding increase of 7% in the sales going through taprooms and pubs owned by SIBA members. Supermarkets now account for almost 10% of sales (up from just over 3% in 2019) and online retail (combining both webshops and sales through third party online stores) is now 13%, with 10% going through independent bottle shops. This is all good news in a sector that has been looking to diversify for some years and the growth in those more profitable channels – especially online and direct retail – is likely to continue in 2022 and beyond.

BEER SALES THROUGH DIFFERENT RETAIL CHANNELS IN 2021

FREETRADE PUBS	TAPROOMS	OWNED PUBS	SUPERMARKETS
DOWN 8%	UP 4%	UP 3%	UP 6%
TO 44%	TO 18%	TO 17%	TO 9%

Staying local?

When we look at how far small brewers distribute their beers around the country, two interesting things have emerged from the 2022 SIBA members' survey.

The first underlines just how important 'local' is to many small brewers, as the survey finds that more brewers than ever before are deciding to stay within their very local market and not to distribute any of their beers outside a 40 mile radius of their brewery. The survey found 26%, over a quarter, of members have decided to stay local in this way, an increase of 7% on the 19% in 2019.

However, if we look at the number of respondents selling more than 20% of their beer beyond a 40 mile radius the 2022 survey shows this as 26%, exactly the same as the 2019 result, which itself showed a steady consistent decline over the previous three years. The stabilisation of this number is likely to indicate that the growth in webshop sales, and ease of distribution in can, combined with growth in consumer demand for trying new and different beers, has led to wider geographical distribution for some small brewers, balancing the growth in those staying very local at the other end of the scale.

26% SELL MORE THAN 20% OF THEIR BEER BEYOND A 40 MILE RADIUS

THE SAME NUMBER AS IN 2019

26% DON'T SELL ANY BEER OUTSIDE A 40 MILE RADIUS

AN INCREASE OF 7% ON 2019

Craft Exports

There has been no change in the number of SIBA breweries that export their beers since our 2019 survey, with just over a fifth (21%) still saying they do some export. This lack of change may seem unexpected since the intervening years have brought turmoil with both the pandemic and Brexit potentially impacting this side of the business. However, if we look at how many brewers said they are not currently exporting but would be interested in doing so in future we can see that a lot of them have been put off the idea. The number saying yes has fallen -12% in fact to 39% which is significant and suggests issues around Brexit may have stifled what should have been a growing part of the market. Our survey found that almost half of breweries (49%) said Brexit has had a negative impact on them, with a further 47% saying it has had no effect on them, and only 4% indicating a positive impact.

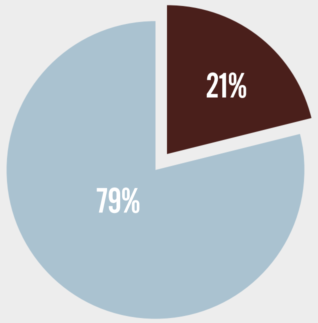
40% OF SIBA MEMBERS WAIT FOR EXPORT ENQUIRIES TO COME TO THEM

49% OF SIBA MEMBERS SAY BREXIT HAS HAD A NEGATIVE IMPACT ON THEIR BUSINESS

39% WANT TO EXPORT IN FUTURE DOWN 12% ON 2019'

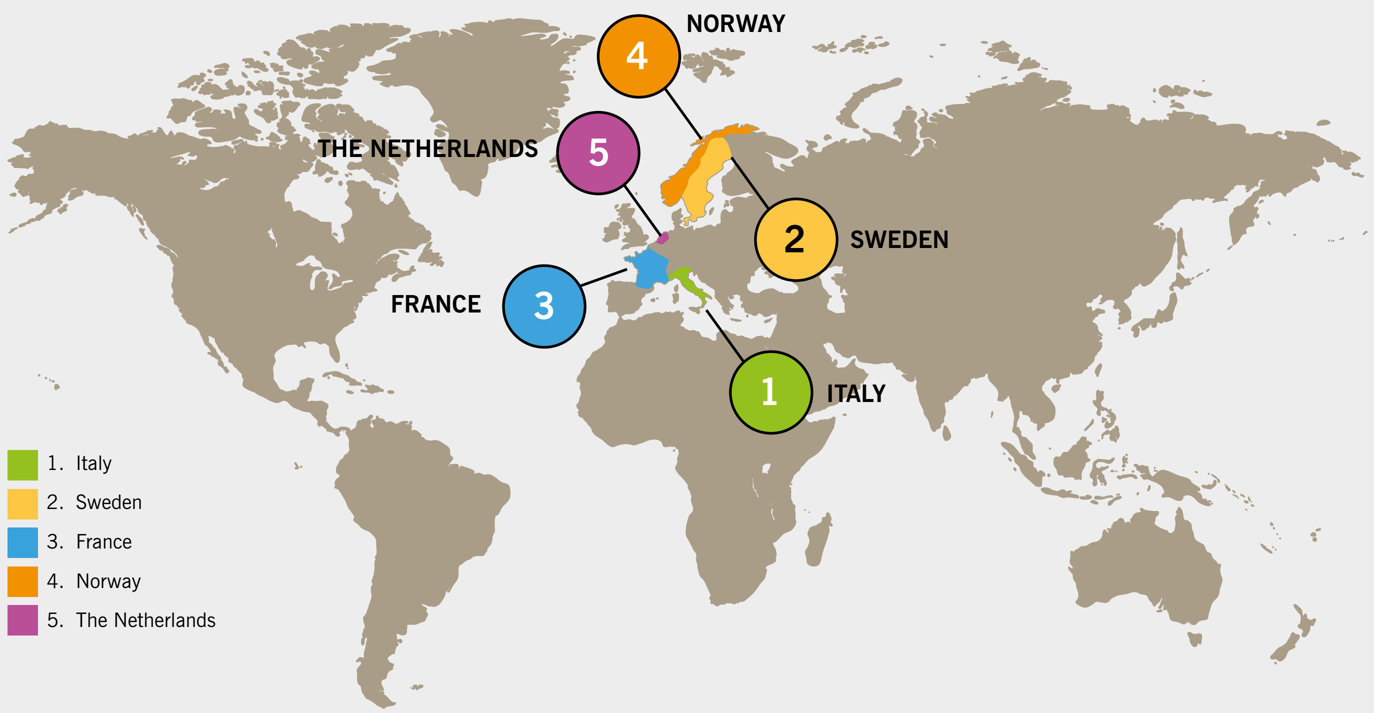
61% ARE NOT INTERESTED IN EXPORTING UP 12% ON 2019

EXPORTS BY SIBA MEMBER BREWERIES



Overall, the average volume for export is still less than 5% of annual production so export remains a very small part of what most SIBA member breweries do. The top destination for craft beer exports remains Italy, as it has been since 2015, and this is despite the effects of Brexit. Brewers continue to be quite passive when it comes to expanding export sales or growing into new markets with the vast majority (40%) still relying on potential customers and distributors approaching them rather than proactively seeking out new markets. Given the additional red tape caused by Brexit, and the resulting extra costs, we would expect to see a decline in EU exports over the next few years, especially as the internal EU craft market itself is growing and distributors can more cost effectively supply from their own producers or from other more established markets.

TOP 5 EXPORT MARKETS



"Some of the export countries just can't afford to take beer in at the moment because the price is too high. So we've lost some export markets. It's been really challenging in that respect. In 18 months we've probably changed our business plan five or six times. Some of our European export partners just don't want to bother any more. Brexit means there's a lot of extra red tape, a lot of extra cost. So they've stopped completely, we've probably lost at least half of the European export markets. I guess it has accelerated what would happen as markets mature. I guess that's one of the things that Brexit is going to do in time, we will have a better local market in the UK, as imports become fewer, but exports really aren't going to be what they used to be."

Dave Grant, Co-Founder of Fierce Beer

! WHAT YOU NEED TO KNOW...

- Only 13% of alcohol was drunk in the on-trade in 2020 compared to 30% in 2019 and on-trade sales were down -55%, recovering to finish 2021 -38% down on 2019.
- Pub closures have been accelerated again by the pandemic, but small brewers have diversified their routes to market, with a fall in reliance on freehouses (down 8% to 44% of production) balanced by the growth in volumes through webshops (33% launched a webshop during the pandemic) and SIBA members' own on-site shops (40% now have a shop), pubs and taprooms (30% have a taproom). This also shows a move to more profitable channels.
- Pub acquisitions are down significantly as a result of the pandemic – with only 15 sites acquired in 2020, down from 47 in 2019. We would expect this number to pick up again as the pandemic subsides.
- A growing number of SIBA Members are focussing on their local market, within 40 miles of the brewery, capitalising on rising consumer demand for local products.
- There has been no change in the number of breweries that export (21%) even though 49% says Brexit has had a negative impact on their business. But the number planning to start exporting has dropped significantly.

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.

Best benefits

The top 3 benefits, as rated by our members on a scale of 1 to 5 in the survey, relate to SIBA's work in representing small brewers' interests when it comes to the key issues and, unsurprisingly given that it was top of the political agenda for most of the past 12 months, the defence and development of Small Breweries' Relief is once more rated as the most important benefit, as it was in 2019.

THE TOP 5 MOST IMPORTANT BENEFITS OF SIBA MEMBERSHIP

1. DEFENSE AND DEVELOPMENT OF SMALL BREWERIES' RELIEF
2. POLITICAL REPRESENTATION AND LOBBYING AT A NATIONAL LEVEL
3. CAMPAIGNING ON ALCOHOL ISSUES
4. SIBA MEMBER TOOLBOX ALERTS, GUIDANCE AND COMPLIANCE
5. BEER COMPETITIONS AND FESTIVALS

SIBA'S LOBBYING WORK AND CAMPAIGNS WERE RATED AS THE TOP THREE MOST IMPORTANT MEMBER BENEFITS AS THEY WERE IN 2019

"I've been involved as a SIBA member for over six years. I got involved as I passionately believe that the industry needs a strong trade organisation to make a positive difference for all of its membership. I think that being involved in SIBA is an amazing way to give something back to this industry that we all love. We need members to have a voice, to be active, to drive our industry forward, and the best way we can do that is by having a strong voice locally and regionally, and that then dovetails into a strong voice nationally."

Roy Allkin, SIBA National Chair and owner of Boss Brewing

Small Breweries' Relief changes

It will be interesting to see if lobbying on SBR remains at the top of the most valuable benefits in next year's survey, now that the Treasury has published its final changes to SBR.

The intensive lobbying work done by SIBA on behalf of its members on this issue over the last three years paid off, and the Treasury amended the proposed changes to be far less damaging to small brewers than they could have been.

In a statement in late 2021, SIBA responded to the changes, saying: "After three years of deliberating, the Treasury has announced far-reaching changes to SBR - at last providing some certainty for small brewers so they can plan for the future.

"It is welcome that the Treasury has listened to SIBA's representations on behalf of small brewers, and the views of MPs from across the political divide, to increase the 50% threshold from the proposed 2,100hl to 2,500hl.

"While it is disappointing that some small brewers between 2,500hl to 5,000hl will have to contribute more in beer duty under the new system, our worst fears have been averted and the rate is more manageable than was proposed in the consultation. The changes also remove the 'cliff edges' that hindered brewers in the past and sets out a path to growth and a workable framework for the future.

"These changes demonstrate the Treasury has recognised the important role that SBR has served for the past 20 years in levelling up the brewing sector, investing more in the scheme and expanding it to include more breweries.

"We must now carefully consider how these new policies sit within the wider changes to the alcohol duty announced in the Budget and work through all the implications to ensure that small brewers can compete against the global giants that dominate the beer and cider sectors."

Summary of changes to SBR

- The Treasury will move SBR to the marginal band scheme (option 4 that was presented in the consultation).
- The start point of the taper will be 2,500hl instead of 2,100hl as planned by the Treasury.
- The marginal rate will be 55% for the first section meaning a 52.5% rate for a 5,000hl sized brewer.
- Above 5,000hl the taper will be divided into three bands with the marginal rate at 75% between 5,000-10,000hl and 85% from 10,000-20,000hl and 100% up to 30,000hl. This will extend the taper up to 100,000hl.
- Brewers will be allowed to adjust their production levels in year where these have been materially affected by an exceptional event.
- There will be a transitional relief for brewers that merge which will be phased over a three year period.
- There will not be a specific cash cap mechanism but SBR will move to a hectolitres of pure alcohol based on average ABV as detailed in the alcohol duty systems consultation.

95% OF SIBA BREWERIES SAY SMALL BREWERIES' RELIEF IS IMPORTANT OR VERY IMPORTANT TO THEIR ABILITY TO WORK AND COMPETE AS A SMALL BUSINESS

THIS FIGURE IS UP +6% FROM 89% IN 2019, SHOWING JUST HOW CRITICAL THIS ISSUE IS FOR SMALL BREWERS

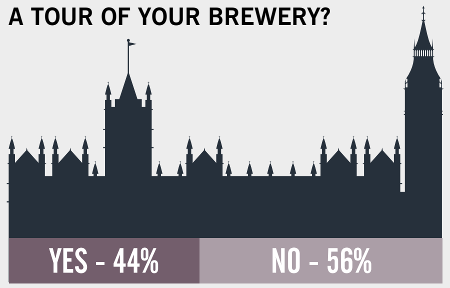
"The industry is very lucky to have some very effective trade bodies that lobby on specific policies whether it be beer duty, business rates, the Deposit Return Scheme, sugar taxes. The list is endless. But nothing is more effective than MPs understanding how their local brewers play a vital role in their constituency. Surprisingly many small and medium sized companies can be as good (and sometimes better) than the big boys in building relationships with their local MPs. Time and again I see MPs proudly singing the praises of their local brewery in debates and calling on Government to support the sector. This ground swell of political good will makes it much easier for trade associations to argue their case. Just about every MP in the country has at least one brewery in their constituency. This presents a fantastic opportunity to build an even more powerful body of support in the House."

Mike Wood MP, Chairman of the All-Party Parliamentary Beer Group

Political power

Increasingly, MPs are influenced by the personal stories of their constituents and SIBA has been working with its members for a number of years to encourage them to host visits from their local MP as a way of building a relationship and influencing how they vote on key issues that affect small brewers. Given the sector's need for political support is greater now than ever before in the post-pandemic world, it is heartening to see that small brewers have stepped up their engagement with their MPs this year. Our 2022 survey found a marked increase in the number of breweries that have hosted a visit from their MP – up +10% to 44% since our 2019 survey – and of those who have not yet done so, a very positive 58% said they hoped to invite their MP to visit in 2022.

HAVE YOU GIVEN YOUR LOCAL MEMBER OF PARLIAMENT A TOUR OF YOUR BREWERY?



Why not get your MP on board?

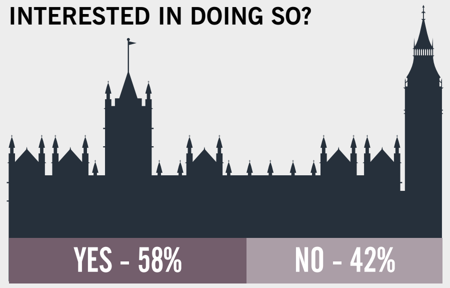
We would encourage all brewers to invite their MP to visit this year to find out more about what they do and perhaps even brew a beer! We would also encourage MPs to contact their local breweries to raise a glass of independently brewed British beer - this can be great profile for both the MP and the local brewery.

Find contact details for your local MP at: www.parliament.uk/get-involved/contact-your-mp

SIBA can help organise and provide briefings - email political@siba.co.uk

INDEPENDENT SIBA CRAFT BREWER

IF YOU HAVEN'T YET HOSTED YOUR MP WOULD YOU BE INTERESTED IN DOING SO?



BeerX UK: A unique celebration of small independent brewers, back for 2022!

One of the SIBA's core values is building community. We believe that beer is a force for good. In pubs and taprooms across the UK, people come together, have a beer and put the world to rights. And that is exactly what we aim to do at BeerX UK each year when we bring the brewing community together to reconnect, share ideas and discuss solutions to some of the key challenges we face.

Our flagship BeerX UK event is the largest event of its kind and we are finally back at the Liverpool Exhibition Centre in 2022 with a packed schedule of workshops, panel debates, networking opportunities, an expanded exhibition of suppliers and services, and the SIBA AGM - plus a trade-only beer showcase exclusively featuring award winning independent craft beers in cask, keg, bottle and can.

The 2022 event will also feature the presentation of our National Beer Awards and SIBA Business Awards, hosted this year by multi-award-winning Guild of Beer Writers Beer Writer of the Year Pete Brown.

! WHAT YOU NEED TO KNOW...

- SIBA Members who were surveyed said SIBA's campaign on Small Breweries' Relief was the most important benefit of their membership, and the top three perceived benefits all relate to campaigning and lobbying work which shows how important that aspect of SIBA's work is.
- More SIBA members that ever before have engaged with their local MP in 2021, with 44% hosting an MP visit, up +10% on 2019. This is a positive sign as it has been shown to be effective in encouraging political support for small brewers but is also a sign of how important political decisions are to the sector at the moment.

Section 5 The Craft Beer Drinker

The British Craft Beer Report survey, conducted in January 2022 through YouGov, used a good representative sample of 1,052 beer drinking adults from 2,103 total consumers. We compared the results to those of the previous YouGov surveys commissioned by SIBA in February 2019 and January 2020 to see how drinking habits have evolved.

Provenance is a priority

Three quarters (75%) of beer drinkers surveyed in our 2022 YouGov poll said they thought it was important that their local pub offered a range of craft beers from small breweries. This shows the growing emphasis consumers place on the provenance of the beers they buy, and this is a trend that has certainly been accelerated by the pandemic. Consumers are increasingly seeking out smaller artisan producers and expect their products to be available at retail.

Interestingly, that figure rises to 81%, more than 8 in 10, among the women surveyed, perhaps showing provenance, and buying from smaller producers, is of even more importance to female consumers – a part of the market small brewers continue to woo.

It is also markedly more important to older drinkers, with an average of 78% of those in age groups over 35 saying it was important for their local pub to stock small brewers' beers. This compares to only 61% among 18-24-year-olds.

The survey also found that almost a quarter of respondents (24%) said they thought craft beer should be made by a brewer in their local area, again underlining the importance of provenance to consumers.

75% OF CONSUMERS SAY IT IS IMPORTANT FOR THEIR LOCAL PUB TO STOCK A RANGE OF BEERS FROM SMALL BREWERIES

81% OF WOMEN WANT TO SEE A SELECTION OF SMALL BREWER'S BEERS AVAILABLE IN THEIR LOCAL PUB

Independently minded

Our 2022 YouGov survey shows that 50% of consumers believe genuine craft beer must be produced by a small brewery, and 48% say that it should be made by an independent brewery.

In contrast, only 3% of those surveyed said they believed craft beer could be made by a multinational, global brewer. This is a strong indication that consumers recognise and value the provenance of the beer they drink and that they associate craft products with smaller artisan producers.

Perhaps surprisingly, these figures have not changed at all since our 2020 YouGov poll which found exactly the same proportion of consumers - 50% - thought craft beer should be produced by a small brewery and 3% believed it could not be made by a global brewer. Given the increasing emphasis consumers place on provenance, and the on-going efforts by small brewers to communicate their small, artisan nature to consumers, this could be viewed as disappointing.

On a more positive note, the survey did find that almost two fifths (38%) of consumers think craft beer is a crafted product and not manufactured, more than a third (35%) believe craft beer must be made using traditional methods and more than a quarter (27%) said craft beer is better quality beer. These are all qualities that perfectly describe SIBA member breweries and a positive sign that consumer perception aligns with the sector's core values.

CRAFT BEER DRINKERS MAKE UP **36%*** OF OVERALL BEER DRINKERS IN THE ON-TRADE

*CGA Brandtrack October 2021

HIGHLIGHTS OF THE 2022 YOUGOV CRAFT REPORT CONSUMER SURVEY

50% OF CONSUMERS THINK CRAFT BEER SHOULD BE MADE BY A SMALL BREWER AND ONLY **3%** THINK CRAFT BEER CAN BE MADE BY A MULTINATIONAL GLOBAL BREWER

BOTH THESE FIGURES ARE UNCHANGED FROM OUR SURVEY IN 2020

48% THINK CRAFT BEER SHOULD BE PRODUCED BY AN INDEPENDENT BREWERY

38% BELIEVE CRAFT BEER IS CRAFTED NOT MANUFACTURED

35% THINK CRAFT BEER MUST BE MADE USING TRADITIONAL METHODS

Gender revealing

Most concerning in this year's survey, although possibly not surprising, is that there has been a fall in the overall number of consumers who drink beer. Our survey showed a drop of -3% to 50% in overall beer drinkers, having seen an increase in our 2020 survey. Even more concerning is a fall in the number of women who drink beer – down by -5% to 32%. There has also been a slight fall (-1%) in the number of men drinking beer from 70% to 69%, which, although not hugely significant, does fractionally increase the significant gender gap which in previous years had been closing.

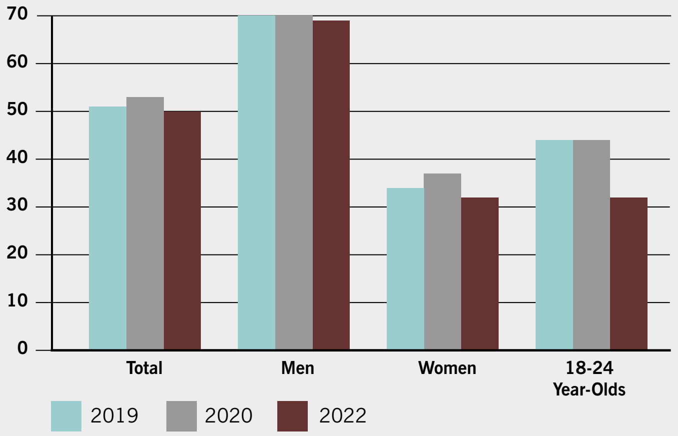
While hardly encouraging, these numbers do have to be seen in the context of the pandemic, which has severely restricted consumer access to beer in the on-trade, the category's mainstay. Looking in more detail at the results for female consumers, there is also some good news in that the number of women drinking beer more than once a week (11%) has stayed the same as it was in our 2020 poll despite the fall in overall numbers.

There have also been slight falls in the number of consumers drinking the two most popular categories, wine (down -3% to 59%) and spirits/mixed drinks (down -5% to 57%), which might reflect growing consumer pre-occupation with wellness leading to lower alcohol consumption overall.

There is also a worrying trend among younger drinkers, with the number of 18-24-year-olds drinking beer falling significantly in 2022 – down -12% to just 32%. This figure had remained constant in the previous two surveys in 2019 and 2020 at 44%, so is likely to be related to the pandemic, possibly an indication that younger drinkers are more likely to drink beer in the on-trade and so have switched to other categories during lockdown. There are also a growing number of younger drinkers going teetotal, and they may also move to other categories. Only 7% of our consumers said they had tried hard seltzers overall, but among young people this almost doubled to 13%.

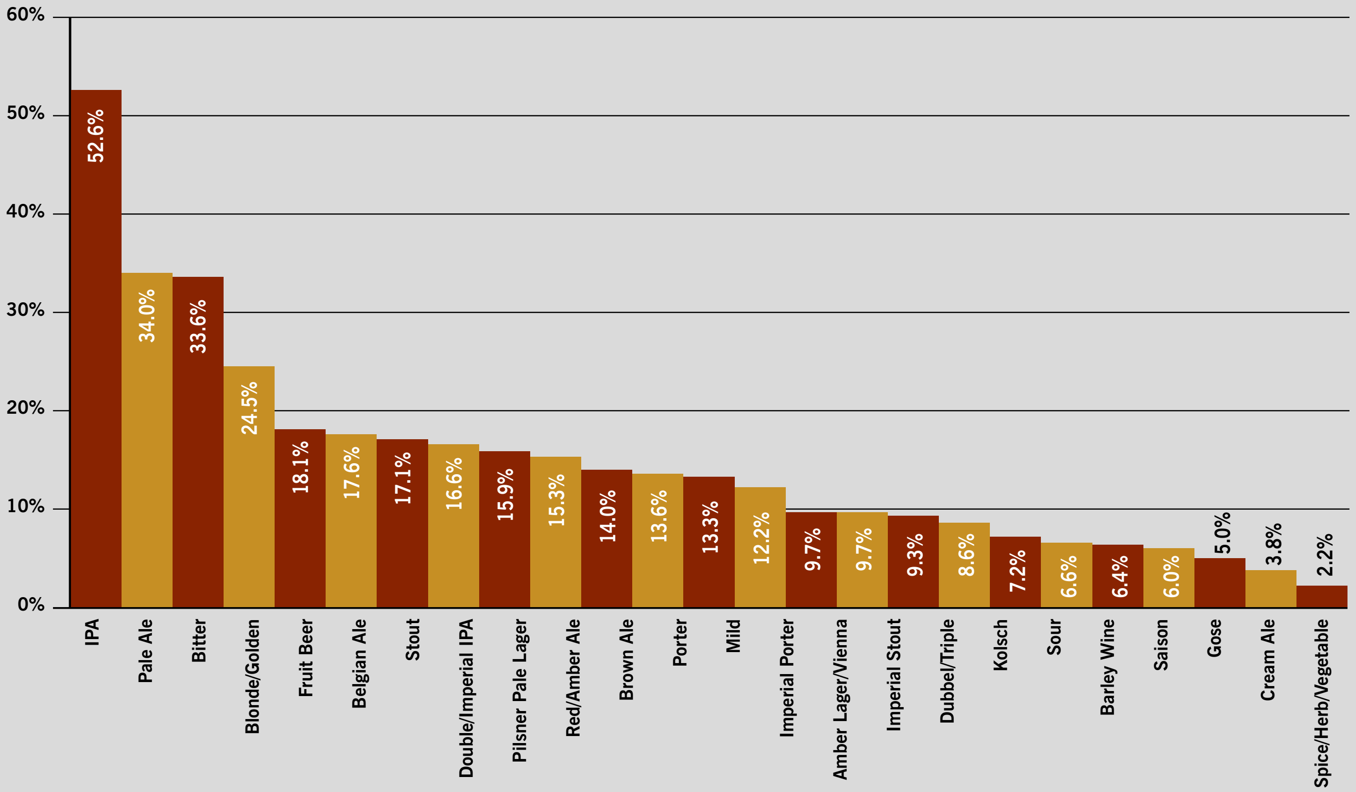
All this further underlines the need for premiumisation within the independent craft beer sector. If volumes are falling then brewers must fight harder to command a premium price for craft beer that the consumer considers to be good value for a superior quality product.

PERCENTAGE OF CONSUMERS WHO DRINK BEER



WHAT STYLES ARE BEER DRINKERS CHOOSING IN THE ON-TRADE?*

The IPAs that first brought the craft beer category to the attention of the UK's beer drinkers continue to dominate in the on-trade, despite the growth of the craft lager category and more recent revival of some more traditional British styles.



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

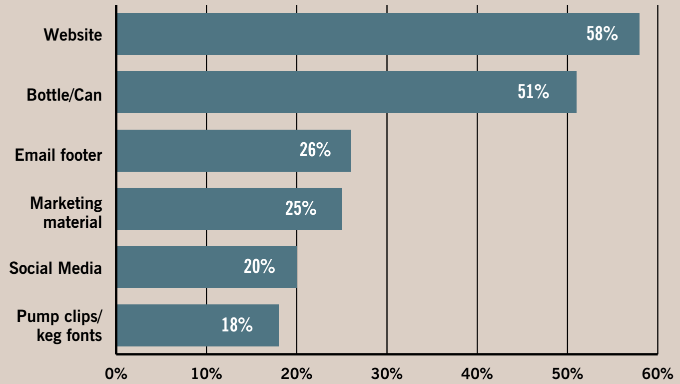
Five years ago, SIBA launched the Assured Independent British Craft Brewer scheme to help in differentiating our members' beers from mass produced global brands.

Our 2022 members' survey found almost all SIBA brewers (96%) are now aware of the scheme, and over half (53%) of those not yet using the seal are planning to do so by the end of 2022. This shows the growing importance small brewers place on differentiating themselves from 'crafty' producers and it also acts as a badge of premium quality, signalling to consumers that it is genuine craft beer from a small independent artisan producer and should command a premium price.

96% OF SIBA BREWERS ARE NOW AWARE OF THE ASSURED INDEPENDENT BRITISH CRAFT BREWER SCHEME

AN INCREASE FROM 89% IN OUR 2020 REPORT

WHERE ARE SIBA BREWERS USING THE ASSURED SEAL?



53% OF SIBA BREWERS WHO ARE NOT CURRENTLY USING THE ASSURED SEAL ARE PLANNING TO IN 2022

Consumers can now find the Assured Seal on pumpclips, bottles and cans to help them identify beers from genuine small independent breweries and better inform them about the provenance of the products they drink.

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.

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

Find out more about the campaign at: www.indiecraftbrewers.co.uk

Sobering up

While our 2022 YouGov survey shows the overall number of consumers who never drink alcohol has remained stable over the last few years at around 17%, there has been a definite shift among the under-35s. Over a quarter (26%) of 18-24-year-olds and almost 1 in 5 (19%) 25-34-year-olds now say they don't drink any alcohol. Both numbers are up significantly on the 2020 survey (+3% and +5% respectively) and represent a big increase on The Portman Group's research in 2019 that found just under 10% of 18-24-year-olds were then teetotal, although the same report also found that 22% were even then considering giving up alcohol. At the other end of the scale, older drinkers are drinking more, not less, with the number of over 55-year-olds who abstain from drinking alcohol actually falling -2% to 16% this year.

This is backed up by our 2022 survey results on the regularity of beer drinking among different consumer groups. The survey found that while the overall number of regular beer drinkers (those consuming beer more than once a week) has remained stable since 2019 at around 22%, there has been a polarisation since then by age group. Fewer younger drinkers are drinking beer regularly, while more older drinkers are drinking more frequently. The number of 18-24-year-olds drinking beer more than once a week fell from 19% in 2019 to only 13% in the 2022 survey, but 28% of 45-54-year-olds are now drinking beer regularly in 2022 compared to 21% in 2019.

Percentage of consumers who never drink alcohol

	2020	2022
TOTAL	17	17
MEN	15	15
WOMEN	19	20
18-24-YEAR-OLDS	23	26
25-34-YEAR-OLDS	14	19
35-44-YEAR-OLDS	15	15
45-54-YEAR-OLDS	16	17
OVER 55-YEAR-OLDS	18	16

Percentage of consumers drinking beer more than once a week

	2019	2020	2022
TOTAL	21	22	22
MALE	28	28	27
FEMALE	6	11	11
18-24-YEAR-OLDS	19	18	13
25-34-YEAR-OLDS	16	24	11
35-44-YEAR-OLDS	17	21	23
45-54-YEAR-OLDS	21	24	28
OVER 55-YEAR-OLDS	25	22	24

Local vs Global

According to our survey, just over half (51%) of all beer drinkers drink local craft beer, a rise of +2% on 2020. This varies slightly by age and also by region, with older drinkers generally more likely to choose craft beer from a local brewery although this figure falls again in the over 55s. The North East is the most amenable to local craft beer with six out of 10 beer drinkers opting for local, whereas in Northern Ireland only half that number (30%) are choosing local, understandably perhaps given the beer market there is dominated by the big brewers. Global lager is the most popular beer category by choice, with 62% of consumers saying they drink it, although this figure has fallen by -2% since our 2020 survey. Interestingly, global lager does not suffer from gender bias in the same way that other styles do, in particular real ale. An almost identical 63% of men and 62% of women drink global lager, as compared to 50% of men and only 30% of women drinking real ale.

Beer types consumed by beer drinkers

51% — **DRINK LOCAL CRAFT BEER**
42% OF 18-24-YEAR-OLDS
57% 35-54-YEAR-OLDS

60% — **OF DRINKERS IN THE NORTH EAST DRINK LOCAL CRAFT BEER**

33% — **DRINK INTERNATIONAL CRAFT BEER**

62% — **DRINK GLOBAL LAGER**

! WHAT YOU NEED TO KNOW...

- Three quarters of consumers believe their local pub should offer a good range of craft beers from small breweries. This included 81% of female drinkers showing the growing importance of provenance to all consumers but in particular women.
- Consumers continue to believe that genuine craft beer should be hand-crafted by a small independent brewery, with 50% saying the producer should be small and 48% that it should be independent. Only 3% believe craft can be made by a big global brewer. This shows that consumer values align with those of small brewers.
- There has been a fall of -3% in the number of consumers drinking beer overall, to 50%, with female beer drinkers down -5% to 32% and 18-24-year-olds falling -12% to 32% as well.
- A growing number of SIBA brewers are engaged with and using the SIBA Assured Independent British Craft Brewer seal to badge their beers as genuine craft, with 96% now aware of the scheme. Most importantly, 45% of consumers said they would be more likely to buy a craft beer if it had the seal on it.
- More people in certain demographics are choosing not to drink alcohol. There has been a definite shift among the under-35s. Over a quarter (26%) of 18-24-year-olds and almost 1 in 5 (19%) 25-34-year-olds now say they don't drink any alcohol

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. **60% FLAVOUR**
   UP FROM 57% IN 2020
2. **46% BEER STYLE**
   (e.g. IPA, LAGER ETC) UP FROM 42% IN 2020
3. **39% PRICE**
   DOWN FROM 42% IN 2020
4. **35% FRIEND RECOMMENDATION**
   DOWN FROM 41% IN 2020
5. **=32% DESCRIPTION OF THE BEER OR MADE BY AN INDEPENDENT BREWERY**
   DESCRIPTION IS NEW TO THE TOP FIVE AND THE IMPORTANCE OF BEING INDEPENDENT IS UP FROM 29% IN 2020

Flavour bomb

Flavour continues to top the charts when it comes to reasons consumers give for choosing a particular craft beer with six out of 10 consumers giving flavour as one of the key deciding factors. Meanwhile, price has fallen to number three in the top five after coming joint second with beer style in 2020. If consumers are placing less emphasis on price when choosing a craft beer this implies that the category is becoming better defined as a premium product. Our survey also further underlines that consumers are actively seeking out independent brewers when choosing a craft beer, with a growing number (32%), saying that they look for beers produced by independents. This further emphasises the importance of the SIBA Assured Independent British Craft Brewer seal in helping drinkers identify genuine independent beers.

ONLY **15%** CHOOSE A BEER BASED ON FORMAT (DRAFT, KEG, CASK, BOTTLED ETC)

ONLY **7%** CHOOSE A BEER BASED ON TEMPERATURE

ONLY **10%** CHOOSE A BEER BASED ON ONLINE REVIEWS

"Instead of vague words like "malty" or "hoppy", use language that describes the aroma and flavour contribution from your malt, yeast or hops – whichever ingredient or combination of ingredients is driving the beer's overall flavour.

All consumers will respond to flavour descriptors, because we all eat, drink and experience different flavours on a daily basis. For example, malt flavours often tie in nicely to baked goods, from bread dough, to digestive biscuits. Hops range from herbal, to hedgerow, to fruit salad flavours. Yeast's esters can be as specific as banana foam sweets, while its phenols, black pepper and clove, are straight off the spice rack.

Simply by featuring familiar flavours in our descriptions, we can make beer much more welcoming, without any knowledge of what it's made from or how it's made.

While terms like 'malt-forward' or 'hop-forward' can let better-informed drinkers know to expect more sweetness or bitterness in the balance, this information should complement your flavour descriptors, not replace them."

Natalya Watson, beer educator, Beer Sommelier, and Advanced Cicerone®

10% OF SIBA MEMBER BREWERIES MAKE A LOW & NO BEER
UP FROM 8% IN 2020

16%* OF DRINKERS NOW DRINK LOW & NO BEERS
*YouGov 2022 Craft Report Survey

42%* OF DRINKS INDUSTRY LEADERS SEE LOW & NO AS THE NUMBER 1 EMERGING TREND
*CGA Business leader trend predictions 2021

"Looking at no and low we brought out the Table Beer, and we are looking into whether we can do our first 0% or 0.5% ABV. For the very smallest breweries that is quite a challenge. If you look at a lot of the ones on the market they are made in quite large facilities because you need to pasteurise them. We are not in a place to do that, but as far as our low ABV Table Beer goes it is a more traditional brew simply using less malt so it is a lighter beer. That has been really fun and as far as researching Table Beers, a lot of people think of them as being a bit modern – I remember the Kernel's Table Beer was probably the first - but it is not a new idea at all. For a long time, Table Beers with that lower ABV would probably be the mainstay drink, especially when water purity would have been a real issue. It is only because water became cleaner you see a drop in their visibility, but in my mind they are making a comeback. It is actually just history repeating itself, albeit they are a lot more hoppy than they were a few hundred years ago."

Jack Hobday, Co-Founder of Anspach & Hobday

Low & No

A growing number of SIBA member breweries are producing a low or no alcohol beer, a side of +2% since 2020 to 1 in 10 (10%) and this figure is likely to grow further over the next few years as consumer interest in the category grows.

The key issue for consumers is the taste of the product, the expectation in 2022 is that a low & no beer, in whatever style, should still have all the taste of its alcoholic version. Consumers are also seeking a much better range of low & no options that they are currently seeing in both the on- and off-trade, so there are opportunities for brewers to expend their low & no repertoire with a number of different styles.

Low & No 2021: The Customer Perspective

Insight specialist KAM Media produced a report on the no and low sector in 2021 which looked at how the market has developed since 2020 and what the opportunities are for brands to enter this category.

KAM MEDIA CONSUMER RESEARCH FOUND…

1 in 3 OF GENERATION Z ARE TEETOTAL

OFF-TRADE LOW & NO SALES UP **+30%** IN 2020, ACCORDING TO NIELSEN

98% OF THOSE WHO HAD CONSUMED LOW & NO IN 2020 SAID THEY WOULD CONTINUE TO DO SO

10 KEY TAKE-OUTS FROM THE KAM REPORT

1. **The desire to reduce alcohol intake remains high**
35% were planning to cut their alcohol intake in 2021 (the same as in 2020).

2. **Low & no has entered into mainstream consumer consciousness**
Low & no awareness increased across all categories. Overall, 88% of UK adults believe they can purchase non-alcohol versions of traditionally alcoholic drinks.

3. **With increased awareness comes increased expectations**
The flip-side of consumers becoming more aware and engaged with low & no products is that their expectations of range and choice have now increased. Customers expect and demand a quality selection of products and brands across both grocery and hospitality venues.

4. **Lockdown has had an impact on alcohol consumption**
1 in 4 have reduced their alcohol intake as a direct result of lockdown. Older age groups are more likely to have reduced their alcohol consumption due to lockdown.

5. **Habits adopted during lockdown look to continue**
For those who say they have reduced their drinking during lockdown, it appears that these habits are going to stick. 3 in 4 who have already reduced alcohol consumption say they will continue to drink less alcohol. Again this is higher within the older age brackets.

6. **Younger drinkers are drinking more low & no**
1 in 4 had been drinking more low & no versions of alcoholic drinks in 2020. This is significantly higher with the younger age groups. This suggests that they are far more open to trying these products and have less barriers to trial than the older demographics.

7. **Low & no is a true omnichannel category**
1 in 2 consumers purchased a low & no product in 2020. The flexibility within this category is clear as we see purchases in non-traditional channels such as gyms and cinemas. This demonstrates the potential reach for brands operating within this space.

8. **Existing brand strength can play a vital role in encouraging entry into the low & no category**
Awareness rates for low & no brands, which have an existing alcoholic variant, are high. The challenge for exclusively low & no brands is increasing awareness as their conversion to purchase rates are much stronger than other brands.

9. **Taste testing is key as ingrained consumer perceptions still exist**
Consumers want to have the same experience drinking low & no as they do with alcoholic drinks. Meeting consumer expectations around taste and flavour is critical in winning over sceptic consumers.

10. **Beer category is strong in low & no**
The beer is the most competitive category within low & no, with many brands relying on existing brand strength to boost sales.

25%*

OF CONSUMERS HAVE CUT BACK ON EITHER MEAT OR DAIRY OR BOTH SINCE 2020

*The Vegan Society

Dietary requirements

Tied into the wellness trend, and also growing concern over climate change, consumers are increasingly choosing to adopt different 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 +2% in 2022 to 15%. Interestingly, research by DSM Food Specialities in 2020 found that consumers also value products in the 'free from' space more highly, consider them to be premium products, and are happy to pay more for them which is good news for brewers entering this space and makes it important to emphasise 'free from' on packaging and at point of sale.

15% — **OF SIBA BREWERIES NOW PRODUCE GLUTEN FREE BEER**

THIS IS AN INCREASE OF +2% ON 13% IN 2020 AND UP FROM 9% IN 2019

THE DSM FOOD SPECIALITIES 2020 REPORT 'BEER - THE PATH TO PREMIUM' FOUND THAT…

59% of consumers are concerned about the health aspect of drinking beer – and this is the main reason behind reducing consumption.

65% of beer drinkers say weight gain is their biggest concern.

52% find a gluten-free claim appealing and **39%** will happily pay more for it.

54% are heavily influenced by ingredient claims.

75% of consumers were attracted to a beer described as 'premium' and associated that word with low-calorie, gluten-free and local.

The veggie opportunity

As the number of consumers going meat-free grows, there are also a growing number of brewers having their beers certified as vegan and acting to remove isinglass – a substance made from the dried swim bladders of fish and used to clarify beer that also means most beer is not vegetarian.

Another opportunity for brewers lies in the pairing of vegetarian and vegan food with their beers. Beer is routinely marketed as pairing with meat dishes, but with the growth in vegan and vegetarian diets, brewers are missing a trick if they don't consider alternative pairings and the sector has been extremely slow to pick up on this.

14%* — **OF ADULTS IN THE UK (7.2 MILLION) ARE FOLLOWING A MEAT-FREE DIET**

A FURTHER **8.8 MILLION*** **BRITS PLAN TO GO MEAT-FREE IN 2022**
(THE HIGHEST FIGURE IN 4 YEARS)

THE UK COULD HAVE A TOTAL OF **16 MILLION*** **MEAT-FREE CITIZENS AT THE BEGINNING OF 2023**

*Data and research by Finder.com

"We're constantly welcoming in diversely different drinkers, with diversely different diets. Food is an important gateway through which those new (and also existing) drinkers can gain easier access to beer. With so much beer choice now it can be a baffling, alienating experience to look at shelves of technicolour bottles and cans, or scroll online shops, or read beer menus with dozens of unfamiliar names. You and I might know what a DDH NE DIPA is, or a Galaxy Gose, but to others that's incomprehensible. Food can be a guiding suggestion which gives something relatable to go with a beer which might not be understood, and pairings listed on labels and on websites are helpful to a lot of people. Yet where the beer industry is fast to bring out a new on-trend beer, it's slow to change its reliance on animal products for food pairings."

Mark Dredge, newly fledged vegan, award-winning beer writer and presenter

Quality and consistency

Quality issues are inexcusable in today's market, where one bad pint can see a customer be put off a craft beer brand permanently.

70%* **OF ALE DRINKERS HAVE BEEN SERVED A STALE OR OFF PINT**

*Marston's Eureka Survey 2019

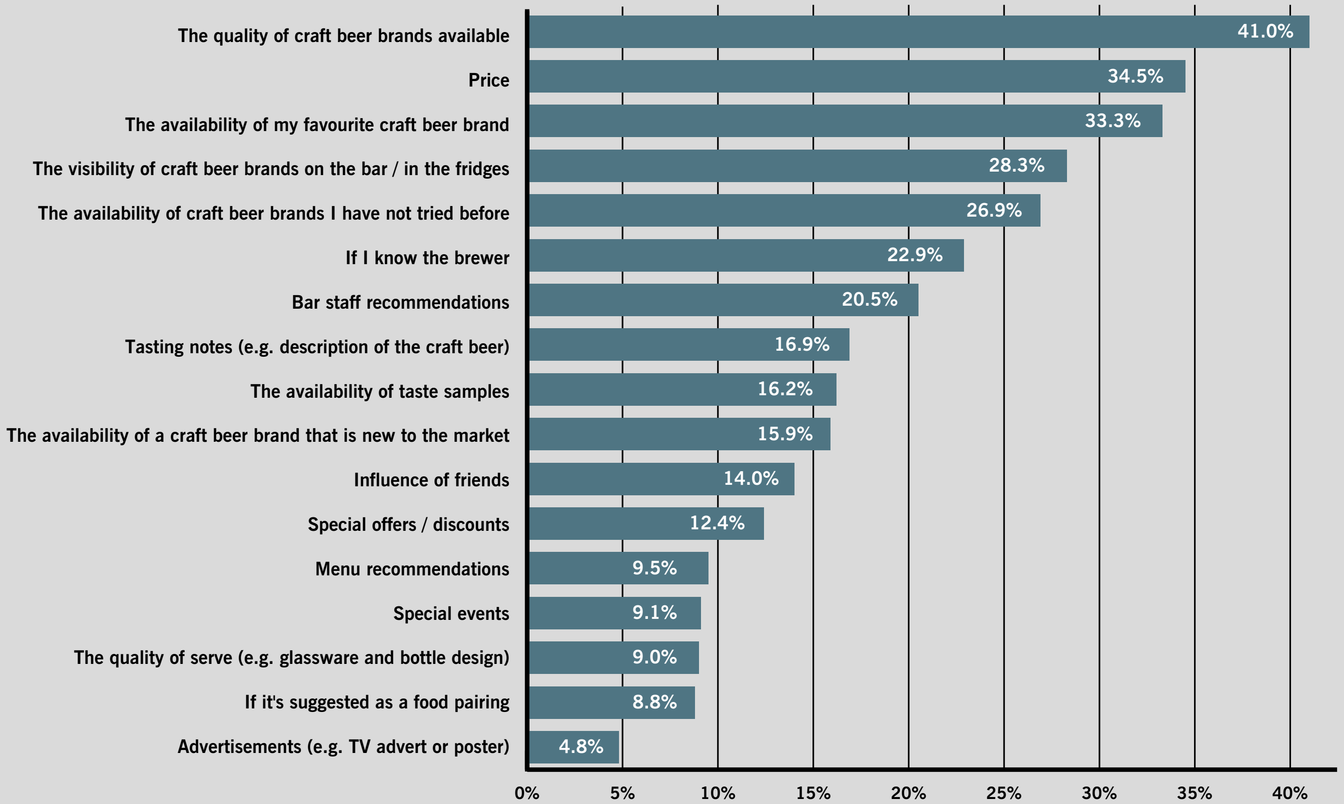
Poor beer quality has for years topped the list of reasons why consumers are put off returning to a pub or bar, and good quality can encourage sales and lengthen a consumer stay in the on-trade. Marston's 2019 Eureka Survey of beer drinkers found that 40% of ale drinkers had stayed away from a pub because of the poor quality of the beers, 39% had avoided a brand because they had a bad quality pint and 37% had told their friends about a bad experience.

Quality and consistency are also two key factors for a retailer to consider when choosing to stock a particular beer.

"The number of breweries in the UK now, it's hundreds and hundreds and growing all the time. And certainly by the number of samples that we get sent every week, there's a lot of new breweries popping up all the time. We tend to work with breweries that we know can be relied upon for consistency and for quality. Consistency is such a key point. We've been burned a few times. We'll try samples and think, well, these are really great. And, of course, we get the beers and they've been sometimes just terrible, terrible quality. So I think that's one of the most important things that a new brewery can get right is to be consistent."

Jen Ferguson, Co-Owner of Hop, Burns & Black

REASONS FOR CHOOSING CRAFT BEER IN THE ON-TRADE*



*CGA BrandTrack August 2021

The SIBA FSQ (Food Safety & Quality Certificate): Underlining the importance of quality

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.

Quality standard: Relaunch of the New and Improved SIBA Independent Beer Awards

One of the most important aspects of what SIBA does is recognising and celebrating quality through its regional and national beer competitions.

This year marks a turning point for the competitions, with the re-launch of SIBA's 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.

The process to get to this point has been thorough and taken place over the course of a number of years; it started in 2018 with a motion from the South East Region which passed at the National AGM, calling for SIBA to 'undertake a fundamental review of the SIBA Beer Competitions category structure, with the aim of producing a more comprehensive, vibrant, representative and industry-leading structure.'

From there a thorough process of Member Brewery feedback and consultation - including review by the SIBA Competitions Committee, Board and Executive Board - refined the proposal into a practical and workable competitions structure which would place SIBA Independent Beer Awards in a position to be industry-leading in the UK.

The changes to SIBA's Independent Beer Awards in 2022 put the competition in a strong position to continue to grow and position itself as the premiere beer awards in the UK.

! WHAT YOU NEED TO KNOW...

- Flavour remains the top reason for choosing a beer, with 60% of consumers saying that is the most important factor. Communicating flavour and ingredients in an accessible way is crucial to capitalising on this.
- Price has become less important to consumers, dropping from the second most important factor in purchasing decisions in 2020 to come in third in 2022. This is an indication that there has been some successful premiumisation going on in craft.
- More SIBA member breweries than ever before are making low & no beers, with 10% now brewing at least one beer in this category. This mirrors our consumer poll which found 16% now drink low & no beers.
- More SIBA members are brewing gluten-free beers – up +2% to 15% in 2021 – and consumers consider gluten-free to be a premium option and are willing to pay more for it.
- There is an opportunity for the craft sector to capitalise on the growth in vegan, vegetarian and flexitarian diets by becoming more adventurous with food and beer pairings which are currently dominated by meat dishes.
- In a crowded market, quality and consistency have become increasingly important and small brewers need to ensure their processes and quality checks are faultless or face delisting by retailers or losing consumers to other brands.

Section 7 Consumer insight: Global Trends

There are some new consumer trends emerging in the post-pandemic world, on a global level, that could end up influencing strategy and marketing for brands in the craft beer space. Many of these are influenced by some core underlying consumer behaviours. We have analysed reports by Mintel and Euromonitor International and bring you our top 5 trends for 2022…

The Mintel Global Consumer Trend report 2022 suggests the seven trend drivers this year will be:

1. **WELLBEING** - SEEKING PHYSICAL AND MENTAL WELLNESS.
2. **RIGHTS** - FEELING RESPECTED, PROTECTED AND SUPPORTED.
3. **VALUE** - FINDING TANGIBLE AND MEASURABLE BENEFITS FROM INVESTMENTS.
4. **IDENTITY** - UNDERSTANDING AND EXPRESSING ONESELF AND ONE'S PLACE IN SOCIETY.
5. **EXPERIENCES** - SEEKING AND DISCOVERING STIMULATION.
6. **SURROUNDINGS** - FEELING CONNECTED TO THE EXTERNAL ENVIRONMENT.
7. **TECHNOLOGY** - FINDING SOLUTIONS THROUGH TECHNOLOGY IN THE PHYSICAL AND DIGITAL WORLDS.

"I think we have to almost adopt big beer thinking in the sense of, we have to create a brand that goes beyond what's in the glass. So I think we have to focus on building a full circle value proposition. So before, during, and after drinking a beer, we build a brand that people can resonate with, and they attribute some value to, I think that's extremely key. I think that the more that we can build that intangible value, the greater we can compete. With the advent of digital technology, and social media, it's kind of democratised things so we can compete with these new tools, whereas before you'd be more limited by investment and budget. We also have to maintain the quality in crafting what we do. And I think education by brewers to drinkers is extremely key, I think if we can make drinkers or consumers understand, what is craft? Why is it different? Why do we deserve a premium? I think that will go a long way to hopefully giving us the tools to compete in the market."

Nadir Zairi, MD of Salt Beer Factory

1) Consumer Trend: Emotions in Check

Wellbeing has been at the top of the consumer agenda since before the pandemic, but it is a trend that has accelerated over the last two years. The focus is shifting now, though, from being about health, exercise and 'eating clean' to feeding your brain, relieving anxiety and stress and taking care of your mental health. The stressful and uncertain climate of the pandemic has placed a lot of focus on emotional wellbeing and mindfulness and made people reassess the pace of their everyday lives.

Another key to this trend is that brands that harness it correctly automatically premiumise themselves in the eyes of the consumer, and price become far less important. However, authenticity is key – consumers must believe in the benefits of the product, and see proof of its positive effects.

Ingredients

Some brands are altering packaging and product ingredients to emphasise the benefits the product might have for mental wellbeing. This might be natural ingredients like nuts and cereals that contain vitamins and minerals like B6, that is considered good for mental wellbeing. Some brands are emphasising a lower alcohol content in a product as part of a more mindful diet. Others are starting to focus on 'nutrient density' which is a measure of mindful eating and drinking that looks at the quantity of natural 'healthy' ingredients compared to calorie content

Ritual

Packaging can be an important way to approach this trend because ritual is very important to emotional wellbeing, as evidenced in the Asian markets where ancient 'tea rituals' have made a huge comeback. Brands are encouraging consumers to 'take time for themselves' with suggested ways to serve and prepare their products, special glassware, even including herbs or oils to produce an aroma that helps consumers relax or candles to set the mood.

2) Consumer Trend: Sharing is Caring

In our last report in 2020, we featured the pre-pandemic trend for personalisation, with brands looking to treat consumers as individuals with options tailored just for them. Interestingly, the pandemic has thrown up a trend which is almost the exact opposite. Isolation was an unwanted side-effect of the Covid restrictions for many and it has led to a big emphasis being placed on community.

Consumers want to be a part of a likeminded group, sharing values and experiences, and beer brands can be a great catalyst for this trend.

Start the Conversation

Traditional marketing and advertising are dropped, in favour of engaging your customers in conversations either online, through your social media or webshop reviews and purchase interactions, through your loyalty programme or face-to-face in your taproom. You can select loyal customers to try a new product, get immediate feedback on your products and connect customers with each other, adding value and authenticity to your brand in their eyes. It is also the perfect way to convey your story, the provenance of your products and your ethical values.

Mobilise

Once your community is established, and your values are aligned, you can mobilise your consumer group into action on issues or causes that they are passionate about – whether that be environmental causes or a local planning proposal. Action speaks louder than words when it comes to brand loyalty.

26%* OF UK CONSUMERS DISAGREE THAT FOOD OR DRINKS THAT CLAIM SPECIFIC BENEFITS USUALLY DELIVER ON WHAT THEY PROMISE

*MINTEL GLOBAL CONSUMER, FOOD AND DRINK, 2020

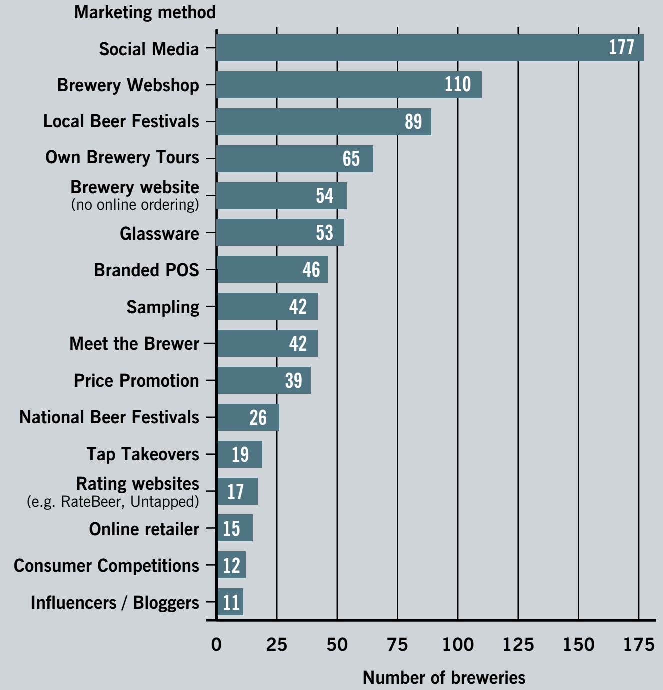
77%* OF ADULTS IN CHINA REPORT HAVING A SENSE OF RITUAL IN DAILY LIFE HELPS LIFT MOOD

*MINTEL REPORTS CHINA, MANAGING EMOTIONAL WELLBEING, 2020

How are SIBA members talking to their customers?

Our 2022 Members' Survey found that craft brewers are already ahead of the game when it comes to the Caring is Sharing trend – craft beer by its very nature has built a community around itself as it has grown as a sector. Very much in the way artisanal coffee has done. But what has changed markedly from our 2020 survey is the channels that brewers are using to communicate through.

As webshops have sprung up, so brewers have begun using them as a key channel – second now only to social media - through which to communicate with customers, not just at the point of purchase but when following up via email to check on the purchase experience, communicate the latest offers, ask for product reviews or answer customer questions.



3) Consumer Trend: In the Driving Seat

The pandemic left many consumers feeling that they were no longer in control of their own lives and this has led to a greater need for detailed information and a demand among consumers to be given choices and make decisions for themselves.

Information

Is there such a thing as too much information? Consumers want to know exactly what goes in to the products they consume, how they are made, where they come from, what their environmental credentials are, how healthy they are, who makes them. You name it, consumers want information about it so they can make an informed decision. Packaging and websites much offer detailed information, and facts to back it all up.

Options

Consumers want to be given a choice – whether that is various ways to pay, delivery options, product range or how a drink is served to them. They want to be in control of some aspect of their brand experience.

4) Consumer Trend: Playful Punters

This is a continuation of the trend for experiences that we saw emerging pre-pandemic, but it has morphed into a more playful trend in the post-pandemic landscape.

Consumers have moved away from conspicuous consumption, and now want to enjoy brand experiences, wherever they take place.

From the growth in competitive socialising, escape rooms, the revival of traditional family board games, virtual reality headsets, and even the surprise success of a game like Wordle, consumers are seeking fun and playfulness in every area of their lives – you could almost call it a regression after the horrors of the pandemic and restrictions of lockdown.

Personality

Brands that will do well out of this trend are ones that have bags of personality and high engagement with their audience – and don't take themselves too seriously. Many small craft brewers will definitely fall into this category, and are small and nimble enough to keep up the level of innovation needed to really make this work.

5) Consumer Trend: Ethical Evidence

The idea that a brand can share its values with consumers and that customers will gravitate towards brands with an ethos and ethical stance they embrace is not a new one.

However, what we are seeing in 2022 is a move on from this. Consumers want action, not just words. They want to see that brands are not just playing lip-service to their values, they want proof that the brand is living by its own words.

Show them the evidence

Do your customers know how the reed bed water purification plant you put in works, how your effluent is monitored, how you've increased the local bee population, how you are off-setting your carbon footprint, or even how much you pay your team? Interact with consumers to prove to them how what you are doing to be more socially aware is having a real impact. Live your values, and be seen to be living them, don't just write them down in your business plan.

64%

TWO THIRDS OF CONSUMERS ARE MORE LIKELY TO BUY FROM BUSINESSES WITH A SOCIAL GOAL

*NET ZERO PUBS AND BARS INITIATIVE, 2021

CONSUMER BEHAVIOUR*

28% OF CONSUMERS TRIED TO PURCHASE LOCALLY SOURCED PRODUCTS AND SERVICES IN 2021

67% OF CONSUMERS TRIED TO HAVE A POSITIVE IMPACT ON THE ENVIRONMENT THROUGH THEIR EVERYDAY ACTIONS IN 2021

78% OF PROFESSIONALS THINK THAT CLIMATE CHANGE WILL IMPACT CONSUMER DEMAND, CHANGING BEHAVIOURS, NEEDS AND PREFERENCES

*EUROMONITOR INTERNATIONAL: TOP 10 GLOBAL CONSUMER TRENDS 2022. DATA FROM EUROMONITOR JANUARY 2022.

"I think people are getting more adventurous and people are trying new experiences. And we're trying to reflect that in some of the projects we've got coming up. Like the new Haymarket bar, that's going to be one of the smallest bars in the UK, it's just over 20sqm including the toilet! But it's there to give people a taste of what we are all about. It is the kind of place where you'd go and sample beer in a third, or even smaller measures, and try a whole bunch of different styles. It's all about exploring, exploring the styles that we make, and the experiences that we provide. We're also putting in a 250-person capacity taproom into our Portobello brewery. It's got a downstairs bar with a tree trunk in the middle of it. And if you go upstairs, you're into this kind of beautiful forest or secret garden type thing, with swings and firepits, and possibly a waterfall - although nobody can tell me how to get a waterfall into an industrial estate!"

Steven Smith-Hay, Co-Founder of Vault City Brewing

"Our whole ethos is that we want to offer rehabilitation and reduce reoffending through employment. We all recognise that there are massive injustices in society every day. We all come from positions of privilege where we have grown up as part of families and we have had the opportunity to get a University education, but so many people just don't come from that background. So many people are born into a life that is just not that supportive for them and they don't have great experiences as a result of that. I think it is very important to recognise that when you do have that position of privilege you can support other people through the work that you do and offer people a supporting hand and put them on the same playing field. In terms of ex-offenders and the route that has led them there, so often it is factors that are so far beyond their control, so it is quite difficult to see that there is such a stigma around offending and around the prison system. For us it was about changing the whole conversation about offenders and about the whole social climate of working with people who have had major hardships and are now ready to move on and better their lives. It is about giving people a step up and long term support, so it is not just a one-time handout, it is a sustainable long term solution for this."

Tess Taylor, Co-Founder of Tap Social Movement

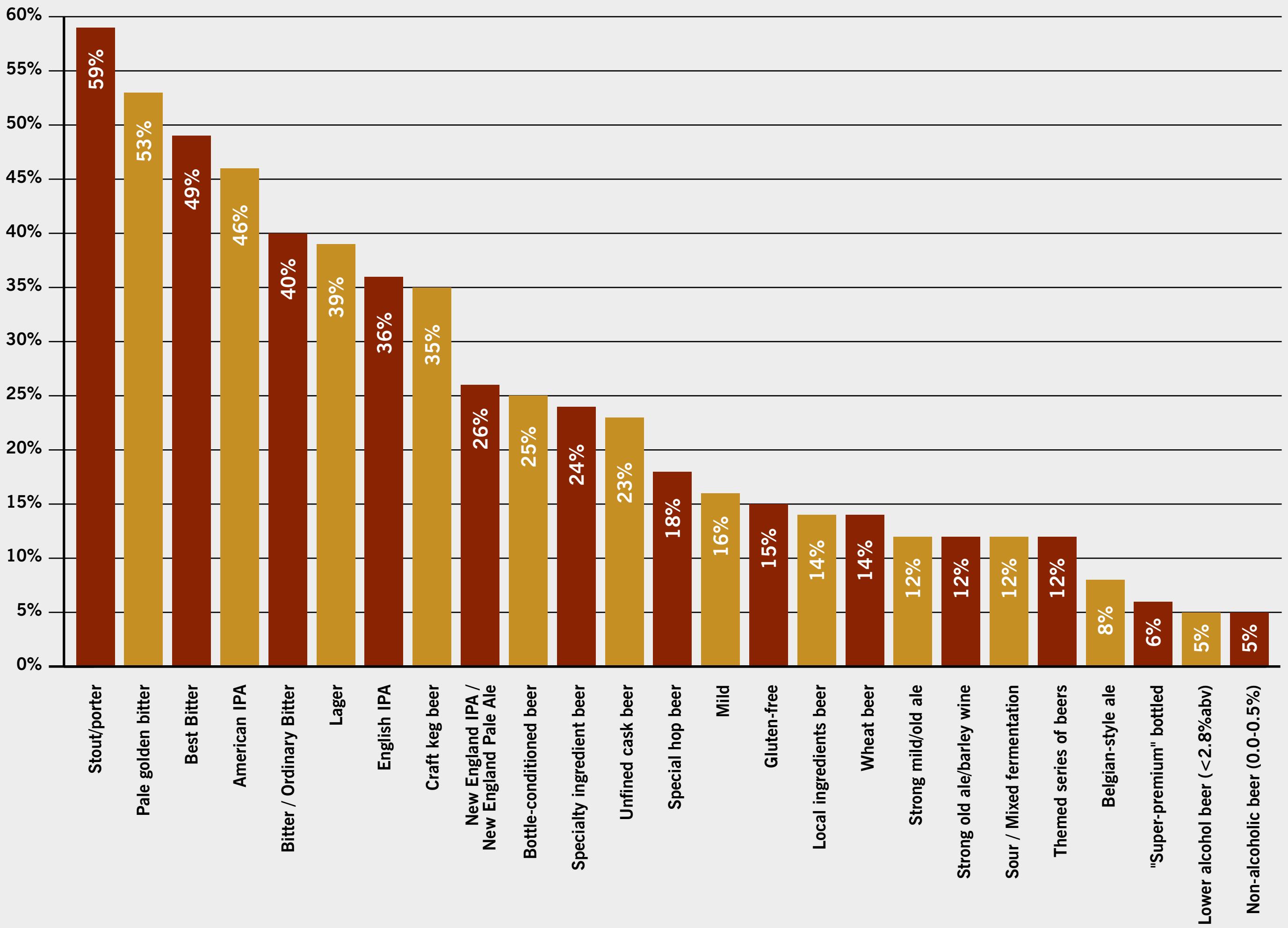
! WHAT YOU NEED TO KNOW...

- Consumer behaviour is being driven by underlying drivers: wellness, rights, value, identity, experiences, surroundings and technology.
- Five global consumer trends our report has highlighted:
  1. Emotions in check – consumers care increasingly about their mental and emotional wellbeing and how products and brands support that.
  2. Sharing is caring – being part of a community of likeminded individuals is important to consumers and brands can help bring these groups together.
  3. In the driving seat – after the pandemic, consumers want to feel in control of their lives again. Brands can support this by offering choice.
  4. Playful punters – a progression of the demand for experiences, this brings a child-like quality to consumer experiences with brands, and is a reaction to the harsh experiences in the pandemic, with a regression to simpler happier times.
  5. Ethical evidence – consumers no longer just want to hear about brand values that align with their own ethical stance, they want to see proof that the brand is living by those values.

Section 8 Beer Styles in 2022

What a difference two years makes! It's all change in this year's members' survey when it comes to the variety and popularity of different beer styles. SIBA members are producing a wider range of styles than ever before and moving away from reliance on some of the old favourites. No doubt partly pandemic-led, the move into more adventurous territory shows not only that consumers are much more comfortable experimenting with new styles, but also that brewers in such a crowded market are working hard to differentiate themselves.

NUMBER OF SIBA MEMBER BREWERIES OFFERING DIFFERENT BEER STYLES



What styles made it big in 2021?

Yet again the pandemic appears to have speeded up an existing trend which we saw emerging over the previous two reports in 2019 and 2020, namely a slow expansion in the number of styles that small brewers were producing and a move away from their former heavy reliance on standard bitter, which in 2019 featured in 90% of breweries' ranges. In this respect, the 2022 survey is a revelation. Not only do we see a much more even spread across the various styles – indicating that brewers are experimenting much more with new and different styles rather than relying on two or three session beers – but classic golden ales have been knocked well and truly off their perch as most popular style. Instead, we see stout/porter topping the table, with 59% of brewers producing as least one beer in that style. This mirrors the recent boom in the popularity of barrel-ageing among small brewers and shows how far consumer tastes have evolved when it comes to these more challenging styles. The 59% brewing stout/porter is, however, the largest percentage for any one style in our survey, with a much more even spread across all styles showing that small brewers want to offer a wider choice to consumers but also a range which sets them apart from other brewers. There are a few other trends reflected in the survey results this year as well. The rise in consumer focus on 'free-from' products is seen in the increase in production of gluten-free beers this year - +3% to 15% this year – and no and low beers, which now feature in the repertoires of 10% of brewers, are up from just under 8% in 2020.

4.3% ABV

IS THE AVERAGE STRENGTH OF BEER BEING PRODUCED BY SIBA MEMBER BREWERIES

THIS IS MARGINALLY UP ON 4.2% ABV IN 2020

"I have definitely noticed more smaller breweries are now producing better lagers. There are a lot of craft beer drinkers who enjoyed the IPAs and hazy IPAs now getting turned on to lager which I think can only be good for our segment. Small breweries like Bohem and Braybrooke are trying to do lager right rather than make a lager in an ale brewery. I see a lot of positive change. There are more styles of lager being brewed now than there were before so consumers are more aware a lager isn't just gold bland and fizzy, it means a lot more. There can be dark lagers, red lagers, hoppy lagers as well as your Foster's. There are definitely a lot of positive developments within the lager community, although one thing I do think is still an issue is a lot of ale breweries having a token lager, which quite often isn't even actually brewed with lager yeast. I think that does a disservice to our segment but we just hope through more awareness, and as brewers learn more about lager brewing in this country the beers will improve and customers will have more choice."

Jeremy Swainson, Head Brewer, Utopian Brewing

! WHAT YOU NEED TO KNOW...

- The 2022 report sees a move away from session beers which have always topped the most popular beer styles in the past, with stout/porter the most produced style for the first time. This shows the growth of barrel-ageing has had an impact and also demonstrates the diversification taking place in the market as small brewers compete by carving out their own niche.
- Average ABV has remained almost the same, rising slightly to 4.3% this year from 4.2% in 2019.
- 'Free-from' products are increasing in production with more gluten-free beers being produced this year than ever before - +3% to 15% of brewers this year, and low & no is also is growth at 10%, the highest ever number.

Section 9 Pricing

For the 2022 Craft Report we have looked at two sides of the pricing conundrum. Firstly, the prices and value that small brewers received for the beer they sell to market through the on- and off-trades, wholesalers and retail. This varies a lot depending on the sales route and also by format. Pricing also comes in to play at retail, with consumers looking for value more than ever in the post-pandemic world. Again, the format of a beer can affect how much a consumer is willing to pay, and far more than that the branding and messaging can be crucial.

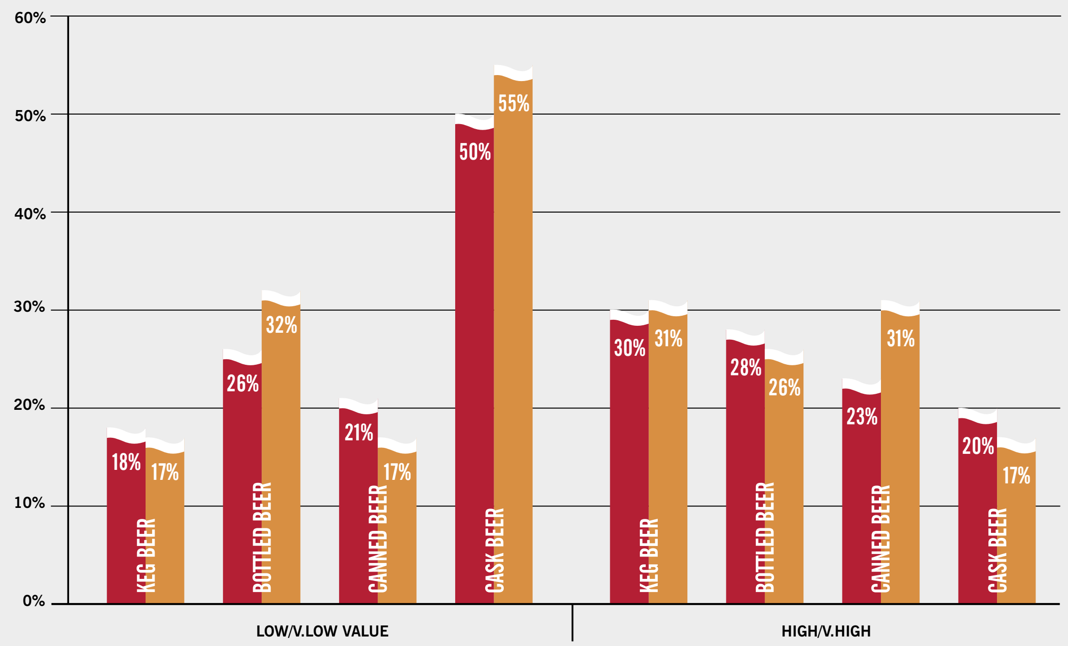
Value vs volume

With small brewers caught between rising overheads and downwards pressure on margins from a similarly squeezed retail sector, they really are stuck between a rock and a hard place. 'Big beer' has the ability to undercut smaller producers in both the on- and off-trade, keeping the price of a keg or firkin artificially low. With lower annual production volumes, and therefore less benefit from economies of scale, the only way to compete is to differentiate small breweries' beers from the mass produced global product in the consumers' eyes so that they will value it enough to pay a fair price at retail.

The price small brewers are achieving for their beer also varies by format and our 2022 survey reveals that cask, in particular, continues to present problems for brewers. A huge 55% of SIBA members said they felt cask prices offered low or very low value – a further fall of -5% on the 2020 survey. Meanwhile, cans have rising up the rankings to equal the value from kegs, with 31% of brewers saying cans offered high or very high value.

HOW MUCH VALUE DO SIBA BREWERS FEEL THEY GET FROM SELLING THEIR BEER IN THE CURRENT MARKET?

2020 2022



Consumer confidence

Our 2022 YouGov consumer poll shows that price has become less of a factor for consumers in influencing their decision to buy a craft beer. Only 39% said price has a key driver of their decision, a fall of -3% on the 42% who said price was a key factor in our 2020 poll.

This is good news for small brewers, especially given that the pandemic, rising energy costs and current inflation in the UK market are putting more, not less, pressure on consumer wallets.

If we look in more detail it is also interesting to note that women are less concerned than men about the price of craft beer – 35% compared to 41% said it was an issue – and the results also vary quite significantly by age. A very significant 55% of younger consumers in the 18-24 age group say price is a concern – perhaps not surprising given their generation tends to be less wealthy – compared to between 30% and 35% among the two oldest age categories, widely regarded as the wealthiest.

Overall, the signs are there that small brewer's efforts to premiumise craft beer, and persuade consumers that it is worth paying more for, seem to be starting to pay off.

How important is price to consumers when choosing a craft beer?*

	2020	2022
Average	42%	39%
Male	42%	41%
Female	41%	35%
18-24	47%	55%
25-34	47%	42%
35-44	43%	47%
45-54	33%	30%
55+	41%	35%

*2022 and 2020 SIBA Craft Report YouGov consumer polls

! WHAT YOU NEED TO KNOW...

- A large proportion of SIBA brewers consider the value they get from selling their cask beer to retailers or wholesalers to be low or very low – 55% in this year's survey. This squeeze on margins has led small brewers to focus on higher margin keg and can products and direct retail.
- Price has become less of a factor for consumers in influencing their decision to buy a craft beer. Only 39% said price has a key driver of their decision, a fall of -3% on the 42% who said price was a key factor in our 2020 poll and a good sign that premiumisation is working in the craft market.

Section 10 Community Champions

If the pandemic has taught us anything, it is the immeasurable value of community. So needless to say, our survey this year found that community was more important than ever before so SIBA members. Nine out of 10 brewers said their relationship with their local community was important to them, up from 83% in 2020, reflecting a growing focus on buying from and supporting local businesses among consumers.

Charity begins at home

Small brewers have yet again proven what a generous bunch they are, and in our 2022 survey we can see they have really focussed their charitable efforts close to home. Almost 60% said they had supported a charity in their own local village or town during 2021, up significantly from 49% in our 2020 survey. Of the rest, just over 40% said they supported a charity based in the UK and only 3% said they had opted to support an international charity. The most popular way to give money to charity is to give a percentage of sales revenue from a particular beer, but brewers have also been supporting charities in other ways with free beer and mech, running events at their brewery taproom and offering to promote the charity through the brewery network to help raise funds.

90% — OF SIBA MEMBERS SAY THEIR RELATIONSHIP WITH THEIR COMMUNITY IS IMPORTANT

AN INCREASE OF +7% SINCE 2020

76% OF SIBA BREWERS SUPPORTED AT LEAST 1 CHARITY IN 2021 AND **1 IN 10** GAVE TO MORE THAN 5 CHARITIES

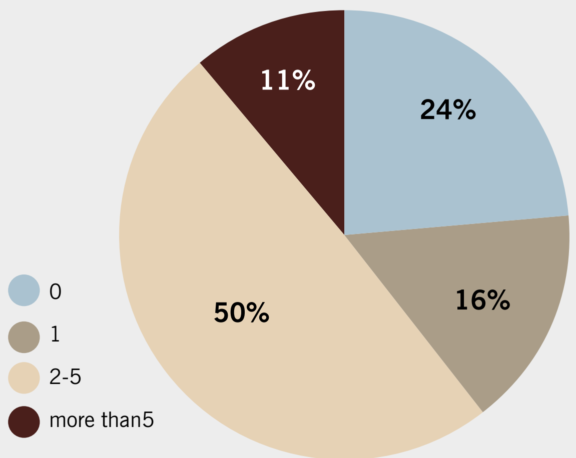
"Dalston Sunrise, a beer that we launched as we came out of the first lockdown in July last year, is the first time we've used the name Dalston in a beer name. We are giving a percentage of our profits each month from the canned sales of that to a local grassroots charity or initiative in Hackney. We vote on it internally every month. And we've supported everything from Hackney migrants, to a soup kitchen to a couple of our customers' pubs that were doing school pack lunches. And as we grow that beer I want to be able to give more each month."

Steve Ryan, Co-Founder of 40ft Brewery

HOW HAVE BREWERIES BEEN SUPPORTING CHARITIES?

78% — OF SIBA MEMBER BREWERS GAVE MONEY TO CHARITY IN 2021

HOW MANY CHARITIES HAVE YOU SUPPORTED OVER THE LAST 12 MONTHS?



AN AVERAGE OF **3 CHARITIES** WERE SUPPORTED BY EACH SIBA MEMBER BREWERY IN 2021

£1,200 — WAS THE AVERAGE AMOUNT DONATED BY SIBA MEMBER BREWERIES TO CHARITY IN 2021

A sustainable future

Sustainability is a key focus for SIBA member breweries in 2022, especially as the pandemic continues to subside.

Not only are SIBA members keep doing their bit for the planet, sustainable values are of increasing importance to consumers in choosing where they spend their money, and we are seeing a rise in the number of consumers who have stopped buying products from brands who do not meet their own sustainability values. Not only that, but consumers want brands to lead the way on sustainability through education and communication and are willing to pay more for products that have sustainable credentials.

Deloitte's report, Shifting sands: Are consumers still embracing sustainability? found that…

- Sustainability remained a key consideration for consumers in 2021 with 32% of consumers highly engaged with adopting a more sustainable lifestyle
- Equally important, 28% of consumers have stopped buying certain products due to ethical or environmental concerns
- Gen Z are adopting more sustainable behaviours than any other groups: 50% reduced how much they buy and 45% stopped purchasing certain brands because of ethical or sustainability concerns
- Consumers want to do more but many want brands to take the lead with 64% of consumers wanting brands to reduce packaging, 50% want information on how to recycle and 46% need clarity on sourcing of products
- 50% are willing to pay more for environmental and ethical brands

"There's definitely a change in consumer habits taking place. During the pandemic, it felt like there was a big switch to supporting local and thinking more carefully about your purchases. There is so much discussion around sustainability at the moment and customers are very aware of the need for urgent change, businesses that don't act now will be left behind. We have always felt frustrated that there is no national audit for small and large food and drink producers regarding their carbon footprint. It would be good if there was a responsible body that you could chose to be audited by, which would give you some sort of a rating which could then be displayed on the packaging. Similar to the Red Tractor and Farm Assured systems."

Emily Hutchinson from Bluestone Brewing Co in Pembrokeshire

SUSTAINABILITY IN BREWING

Sustainability and SIBA

Sustainability is an important part of SIBA's renewed strategy and we are in the process of developing new tools and advice for brewers in order to help you make your businesses more sustainable in a variety of ways.

In the meantime, though, we want to hear from brewers about existing sustainable elements of your businesses.

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.

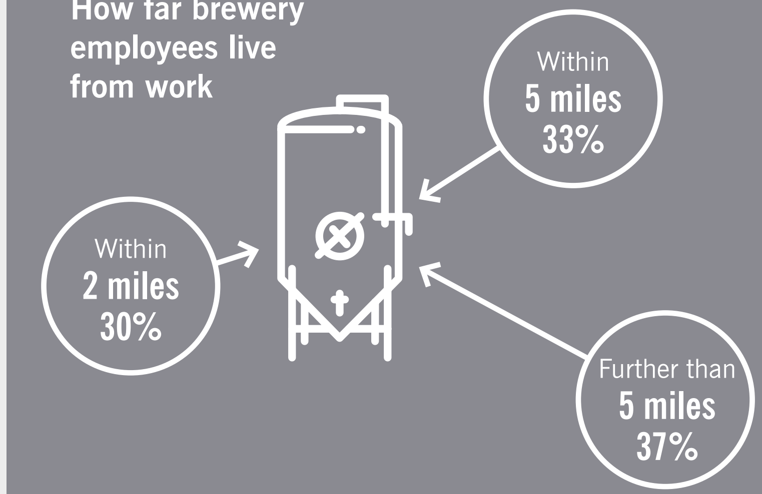
We will also be including news, comment and features on sustainable projects and ideas regularly in future issues of Independent Brewer magazine.

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

Local jobs for local people

One of the key contributions small brewers are making to their communities is through employment and the local economy.

The vast majority of brewery employees – almost two thirds (63%) – live within five miles of the brewery, with 30% living less than two miles away. This shows how important small breweries are to their local economy as a significant employer of local people, with the knock-on effect that employees will be spending their money in local shops and on local services, further boosting the community coffers.



WHAT YOU NEED TO KNOW…

- Community is more important to small brewers than ever before with 90% of SIBA brewers saying it is important this year, up +7% since our 2020 report. This reflects the growing emphasis placed by consumers on provenance. Likewise, almost 60% said they had supported a charity in their own local village or town during 2021, up significantly from 49% in our 2020 survey.
- Consumers are increasingly seeking out sustainable and ethical brands, and 50% are willing to pay more for them.
- Two thirds of brewery employees live within five miles of the brewery site, proving how important small brewers are to their local economies both in terms of funding local jobs but also the knock-on effect of the workforce spending money on local businesses and services.

Section 11 The Craft Beer Workforce

Our 2022 SIBA Members' Survey shows a total workforce comprised of 1,975 staff employed in the participating breweries, of whom 1,334 (or 68%) are full time employees.

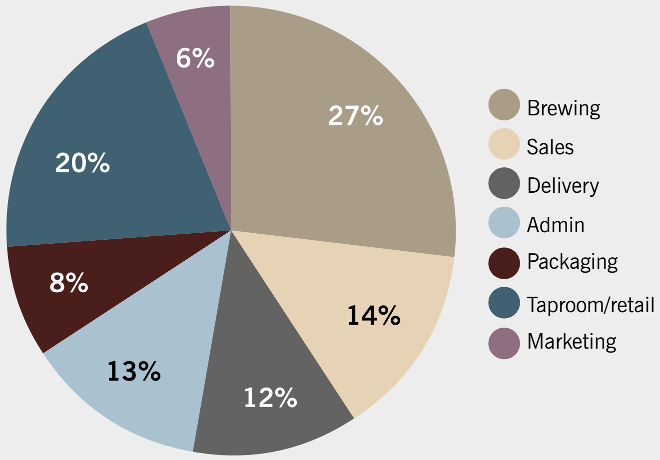
While unsurprisingly the greatest proportion of employees works in brewing (27%), it is interesting to note that one in five (20%) of employees now work on the retail side of the business. This demonstrates how important this route to market is for small brewers now.

Our 2022 survey also shows that the oldest and youngest age ranges among employees within the sector have both grown as a proportion of the total workforce. With 16-24-year-olds increasing +3% to make up more than one in 10 (11%) of the workforce in 2022 and over 55s now make up a significant 20%, or one in five, of the workforce – up a not insignificant +7% on 2019, understandably in an ageing population like the UK's.

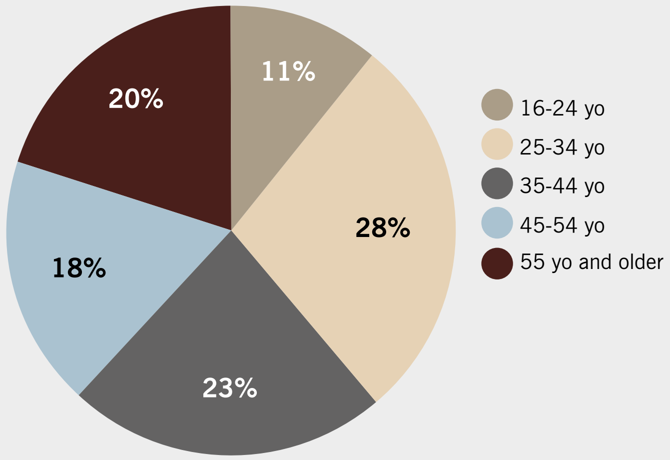
There continues to be an issue around training within the sector, with only 41% of breweries saying they provide specific training for their workforce, and only one in five (19%) of the workforce reporting any formal qualifications or training. With a recruitment crisis already affecting the hospitality industry it is likely brewers will have to step up their game when it comes to training in order to retain and develop their team.

On a more positive note, while only 7% of brewers currently run apprenticeships, twice that (15%) said they planned to take on an apprentice in the next 12 months, a sign that perhaps training is back on the agenda post-Covid.

EMPLOYEES BY JOB FUNCTION



EMPLOYEES BY AGE



Recruitment plans

There is positive news on recruitment in the post-pandemic world, with 62% of the small brewers who responded to our survey saying said they did intend to recruit new team members this year.

In total, our surveyed breweries who are planning to recruit intend to hire a total of 217 new recruits. This means that estimated recruitment among SIBA's membership overall for 2022 will be 732 new employees – very similar to the 730 new recruits anticipated in our 2019 survey. This is a positive sign that small brewers are intending to grow their business this year and have the confidence to take on new employees.

NEW JOBS WILL BE CREATED BY SIBA MEMBER BREWERIES IN 2022* — 732

THIS IS A SMALL INCREASE ON THE 730 IN OUR 2019 SURVEY AND A POSITIVE SIGN OF INDUSTRY GROWTH TO COME THIS YEAR

*NUMBER ESTIMATED FROM SIBA SURVEY RESULTS

19% — OF THE WORKFORCE HAS FORMAL TRAINING/ QUALIFICATIONS

32% — OF SMALL BREWERIES DO NOT OFFER ANY SPECIFIC TRAINING

7% — OF SMALL BREWERS ARE RUNNING APPRENTICESHIPS

15% — OF SMALL BREWERS SAY THEY WILL BE TAKING ON AN APPRENTICE IN THE NEXT YEAR

"With our equality and inclusivity practices we are making sure that when we hire it is clear we are an anti-assimilation company. I think it is a complete nonsense to bring someone into the company and require that they match your existing culture, that they just become a part of the workforce and just another operator. It is far better to be changed by your incoming staff, their perspectives, their life experiences, their hopes, their dreams, their fears, have to become yours not the other way round. So we talk a lot in the company about the 'headwinds', the societal difficulties and pressures people face, and by doing so we give ourselves a chance internally to make sure we are not perpetuating any suffering that society levies out to people based on their gender or sexuality or beliefs or skin colour. That is very important to us."

Paul Jones, Co-Founder and MD, Cloudwater

"We need good staff, and attracting the right people is going to be a challenge. Touch wood we've been fine. We've had a few people that have wanted to have a career change during lockdown, people are reassessing what they want to do in life, but we've managed to find some new amazing people for the business. I think that that's going to be the issue not just for us but for all hospitality businesses it's about getting the right people. Being the best employer with the right culture is important."

Marko Husak, Co-Founder of Bundobust

Inclusivity

There has been an increase in the proportion of female employees in the craft beer workforce, growing from one in four (25%) in 2019 to almost one in three (30%) in 2022.

However, if we look more closely at the makeup of the workforce we can see that the industry has a long way to go before it can claim to be addressing the gender gap.

Shockingly, only 8% of the female workforce is actually working as a brewer, while the majority of admin roles (62%) are taken by female employees. Even more concerningly, the proportion of the female workforce working in brewing roles has actually fallen since our last survey of 2019 when 11% were working in brewing.

There is work to be done here by the whole industry to address inclusivity.

ALMOST 1 in 3 — **EMPLOYEES IS NOW FEMALE**

UP +4% TO 30% OF THE WORKFORCE COMPARED TO 26% IN 2019

BUT…

ONLY 8% — **OF THE TOTAL FEMALE WORKFORCE IS EMPLOYED AS A BREWER**

THIS HAS FALLEN -3% FROM 11% IN 2019

MORE THAN 1 in 4 — **(26%) OF THE FEMALE WORKFORCE WORKS IN ADMIN**

ONLY 23% — **OF FULL TIME STAFF ARE FEMALE**

SIBA Values: Inclusivity

Sustainability remained a key consideration for 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.

Speaking out

There was an outpouring of stories on social media around the globe in 2021, outlining failures in craft brewing workplaces to address serious issues of misogyny, racism, bullying, sexual assault and failures to treat workers fairly, respectfully and decently. We featured regular articles in Independent Brewer Magazine on this incredibly important issue and will continue to do so in 2022.

"In an industry comprising predominantly a homogenous demographic, serving an audience predominantly of that very same demographic, via channels seemingly only facing that demographic, how can it possibly be inclusive, or diverse, as so many claim? If we're all committed to a more diverse, and equitable, and inclusive, and welcoming industry, why do we continue to market to, for the most part, only people who look, and act, and are like us? It's all very well putting a rainbow sticker on the door of your pub, but it's no use if the only people who know about your pub and its welcoming of us queers are people for whom that makes little difference. My issue with much of the industry's diversity and inclusion efforts is this: these efforts primarily speak to people for whom diversity and inclusion is simply not important. As long as the industry serves the same customers through the same outlets, waiting for a more diverse audience to find its way in and discover these efforts, it is essentially ensuring a state of stasis."

Lily Waite, Beer Writer of the Year 2020 and founder of The Queer Brewing Project

"What I found shocking about these shared anonymous stories was the sheer volume of them — and how many times I checked myself and thought, ah, yes. I have experienced this too, and brushed it off (or was told to brush it off), believing that this was just the way things were. That I had chosen to work within and around the beer world, and that to do so I would need to "loosen up", change how I reacted to unwanted comments or advances, become more amenable. Quieten down. This is not acceptable. I know that so many of you will agree. We want our industry to be a safe and supportive place for everyone to work in. The sad truth is that there is unacceptable behaviour being allowed to continue unchecked, either through a lack of confidence in knowing how to deal with such matters, or through ignorance, or even through acceptance."

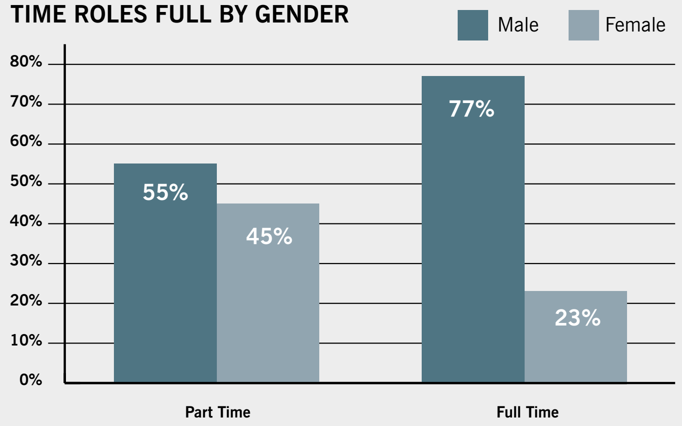
Katie Mather, writer and associate editor of Pellicle magazine and owner of Corto bar

Gender bias

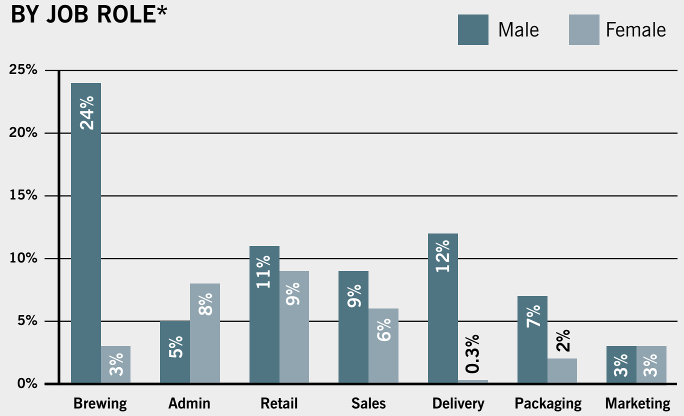
If we break down the proportion of the total workforce working in full and part time roles and also in different job functions, the gender bias becomes even more apparent.

There are very few women working in stereotypically 'male' roles such as brewing (3%) and delivery (0.3%) and a much larger number of female roles are part time (only 23% of full time roles are filled by female employees). This demonstrates clearly the continuing gender divide and attitudes to female workers.

PERCENTAGE OF FULL AND PART TIME ROLES FULL BY GENDER



PERCENTAGE OF TOTAL WORKFORCE BY JOB ROLE*



"Who can blame women for not feeling welcomed in this predominantly male industry? We've had beers named after us, and after the act of sleeping with us, (namely the 'titillating, neurotic' Trashy Blonde's, Leg Spreaders, and Raging Bitches - though that one makes me laugh) and we often have beer explained to us, without being asked first. We've even had beers made for us (who can forget the Pink IPA?). Truthfully, things are getting better. Women are speaking out against toxic behaviour in the industry, with international attention; female brewing clubs and collabs are only increasing, and female brewers are getting televised to the nation. People are buying beer made by women - not for. But this industry needs to learn to ask questions, to women, queer people and POC who work in beer, about what will make everyone feel welcomed. About how we can work together to stop making deemed 'minorities' in brewing feel unwelcome."

Emmie Harrison-West, beer writer

! WHAT YOU NEED TO KNOW…

- Gender bias is alive and well in the craft beer sector. Despite almost 1 in 3 employees now being female – an increase from 1 in 4 in our last report in 2020 - it is disappointing that the number of those working as brewers has actually fallen to less than 10% this year. This shows that the industry has to become more proactive on this issue.
- Another area which needs focus is training, where there continues to be a lack of formalised training programmes with only 41% of SIBA brewers offering specific training for their workforce and only 1 in 5 employees reporting any formal qualifications.
- Estimated recruitment among SIBA's membership overall for 2022 will be 732 new employees – very similar to the 730 new recruits anticipated in our 2019 survey and a good sign that the sector is recovering.
- Small brewers must do more on the issue of diversity and inclusion. There has been a lot of talk within the sector but little quantifiable action/results.

Section 12 Conclusions & Sources

The future for genuine craft beer

Despite the enormous impact of the pandemic on the craft beer sector over the last two years, our 2022 report finds an industry poised to take advantage of what are likely to be permanent changes in the market both in terms of its structure, and the behaviour of its consumers. According to the findings of this report, genuine craft beer is uniquely placed within the beer sector to offer consumers the local, high quality, hand-crafted products they are increasingly demanding. And investment by small brewers in their businesses, to overcome the challenges of the pandemic by moving into small pack and growing new direct routes to market, have speeded up change within the sector. By doing so, craft brewers have set themselves up for growth in an evolving market, and those that have made it through the challenges of Covid look well placed to succeed in the new post-pandemic world.

What makes a genuine British craft beer?

Our exclusive YouGov survey, conducted in January for the 2022 SIBA Craft Beer Report, further underlines the findings of the 2020 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 British Beer & Pub Association Beer Barometer and Statistical Handbook 2021, APPG 'Raising the Bar' report, Euromonitor International's Top 10 Consumer Global Trends report 2022, Molson Coors 'The Future of Cask' report, Deloitte report 'Shifting sands', KAM Media's No and Low Report 2021, the Global Consumer Trends 2022 and Global Consumer Food & Drink Trends 2022 reports by Mintel, CGA OPMS and BrandTrack data and market reports, Nielsen IQ craft market updates, Vegan Society and Vegetarian Society Market Reports, Altus Group report on pub closures, DSM Food Specialities 2020 report 'Beer - The Path to Premium', Net Zero Pubs & Bars 2021, Marston's Eureka Survey 2019, Data and research by Finder.com and the Heineken 'Pub of the Future' reports.

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CROXSONS
William Croxson
A FAMILY OF PACKAGING

BRINGING FAMILY VALUES TO INDEPENDENT BREWERS

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.

Offering UK designed and produced beer bottles, as well as the best that the rest of the world has to offer, it's all done with Croxsons care.

SHARE THE EXCITEMENT OF BEERX UK 2022

Croxsons have been a long-term supporter of SIBA and their brewing members, leading to partnering for the Craft Beer Report. But it goes beyond that.

Our partnership for the SIBA Assured crowns offers this marque of quality and independence to SIBA members at equitable pricing, ensuring even the smallest brewer benefits from the same pricing for these crowns.

We like to think that we understand and know what it means to be independent, fighting against the 'big boys.' We've been doing it for 150 years, and although we are quite different all these years later, our ethics, our approach and our spirit to support independence hasn't changed and we do whatever it takes for our customers.

We will continue to support, above and beyond, our SIBA member customers.

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.

It starts from just 50,000 crowns, but for those wanting flexibility in colours, we offer a full range of plain colours, available to order from just 6,000 crowns. We've even made it easy to order at any time to suit you - just head to our website, croxsons.com/webshop

CELEBRATING A REMARKABLE MILESTONE

As Croxsons celebrates 150 years of being a family-owned business, we are commemorating this momentous landmark by planting 150,000 trees throughout the UK and in other areas of deforestation. Our vision is to develop a sustainable industry in which we can exceed client expectations as well as contribute to preserving our planet's resources.

From locally-brewed craft beers to globally-recognised classic beers – whatever the style, Croxsons has the bespoke container, closure and decoration to give your brand the premium edge with desirable and sustainable packaging.

VISIT CROXSONS.COM FOR MORE INFORMATION

THE SOCIETY OF SIBA INDEPENDENT BREWERS

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