



# Market Report

A Snapshot of your Market Sector

## Craft Beer

This pack has been designed to provide information on setting up a business in the Craft Beer industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website ([www.bgateway.com/businessplan](http://www.bgateway.com/businessplan)), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in July 2018. If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); we will use your comments to help improve our service.

## What do I need to know about the Craft Beer market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- ◆ Overall, beer volumes have remained broadly flat between 2012 and 2016, fluctuating around the 4.2-4.3 billion litres mark. **Value sales posted modest growth, reflecting inflation but also the growth of more expensive craft beers.** An equal share of beer drinkers agree and disagree about being happy to pay more for craft beers than standard beers: 45% vs 43%. (Mintel, *Beer*, December 2017).
- ◆ **24% of beer buyers are prepared to pay £4 per pint for craft beer** in the on-trade, with the category's core users – men, under-35s, ABs and Londoners – the most likely to do so. (Mintel, *Attitudes Towards Craft Alcoholic Drinks*, February 2016).
- ◆ Craft brewers are driving the premium agenda within the beer market, regularly launching new variants and flavours. Insufficient supplies of popular hop types are increasingly leading the **smaller brewers to focus more on limited edition beers** and making fixed batches on the ingredients they can source. A growing number of craft brewers are also exploring the low and non-alcoholic drinks sector. (Mintel, *Alcoholic Drinks Review - UK*, February 2018).
- ◆ Small independent brewers that produce high-quality beers in a variety of styles have revolutionised the craft beer market. Craft brewer BrewDog has been exemplary in this regard with the **company's revenue increasing by 55.2% in 2017**. (IBISWorld, *Beer Production in the UK*, June 2018).
- ◆ According to CGA, consultants to the food and drink industry, **craft beer and ale sales grew by 30.3% in 2014**, helping to drive the first increase in overall beer sales for nearly a decade. (IBISWorld, *Alcoholic Beverage Retailing in the UK*, May 2018).
- ◆ Cask ale is proving resilient in today's tough market conditions, maintaining strong market share and developing new products to sustain customer loyalty. Among pubs with a focus on cask and quality beer generally, 65% have seen cask sales grow in the last year, with just 7% experiencing a dip. (Cask Marque, *Cask Report 2017-18*, September 2017 [tinyurl.com/ybxxx2t9](http://tinyurl.com/ybxxx2t9)).
- ◆ One national organisation for this industry is the [Craft Brewing Association](#). Other industry bodies include [Society of Independent Brewers](#) (SIBA), [The Brewers Association of Scotland](#), [Scottish Craft Brewers](#), [The Brewers Association UK](#) and [The British Beer and Pub Association](#)



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## Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email [info@bgateway.com](mailto:info@bgateway.com).

- ◆ **Mintel - Beer (December 2017):** Defining craft beer has been a long-running talking point within Britain's beer industry. It has never been strictly defined in the UK market, leading to customer confusion. The craft segment continues to see brewers regularly launch new variants and flavours. Another craft trend is collaboration brews in which two breweries team up to develop new beers. More than 300 new breweries opened in 2016, and with further new openings in 2017, the total number of British breweries has now passed 2,000.
- ◆ **Mintel – Alcoholic Drinks Review – UK (February 2018):** Ale has been a much smaller segment in the beer industry but has been a stronger performer than lager in recent years helped by the growth of craft beer. Many supermarkets have boosted their craft beer ranges while pubs have looked to tap into the craft boom, with brewhouses and brewpubs becoming more prevalent in many cities across the country.
- ◆ **IBISWorld – Beer Production in the UK (June 2018):** In line with the craft beer revolution, the Society of Independent Brewers surpassed 850 members in 2017, an estimated increase of 55% from 2007. Over the five years though 2018-19, the number of UK brewers is forecast to increase at a compound annual rate of 11.1% as the popularity of craft beers has presented lucrative opportunities for independent brewers, despite subdued value sales in the wider beer market.
- ◆ **IBISWorld – Alcoholic Beverage Wholesaling in the UK (May 2018):** More recently, sales of traditional lager have declined as consumers switched to more varied, high-quality beer such as craft beer and imported or foreign, premium lagers. Craft beer has taken off in the UK on-trade in recent years. In 2015, Matthew Clark Wholesale reported an increase of almost 30% in the number of outlets taking on craft beers since 2011.

There are also a number of online resources you may find helpful:

- ◆ **Visit Scotland – Craft Beer and Brewery Tours in Scotland – Map** ([tinyurl.com/ycwa8sdx](http://tinyurl.com/ycwa8sdx)). This online resource includes details on brewery tours and beer festivals in Scotland.
- ◆ **Scotland Is Now – The Refreshing Success of Scotland's Craft Beer Industry, June 2017** ([tinyurl.com/yb4mbvkg](http://tinyurl.com/yb4mbvkg)) Scotland has always been at the leading edge of brewing and today there are nearly 100 craft breweries across Scotland. This has gone up massively from 1970 when there were only 11. Amazingly, across the whole of the UK there are now more breweries per head of population than anywhere else in the world.
- ◆ **Scottish Field – Scotland's Craft Beer Scene is Booming with these Gems, April 2018** ([tinyurl.com/yb4mbvkg](http://tinyurl.com/yb4mbvkg)) This article looks at some of the smaller craft breweries in Scotland which are starting to make name for themselves.

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## How can I find out about my competitors?

Business Gateway's online guide to [Competitor Analysis](#) explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- ◆ General business directories such as Yell, Thomson Local or Google Maps
- ◆ Trade specialists like EuroPages (European directory), The Wholesaler or Free Index
- ◆ Business to business (B2B) specialists such as Kompass

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the [Scottish Chambers](#) website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- ◆ Look for articles or adverts in local newspapers, trade press and directories.
- ◆ Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- ◆ Search for information on limited UK companies via the Companies House website
- ◆ Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing [info@bgateway.com](mailto:info@bgateway.com) or by calling **0300 013 4753**



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## What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please [info@bgateway.com](mailto:info@bgateway.com) or by calling **0300 013 4753**.

## Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Retaining and Grow Your Customer Base](https://tinyurl.com/c2fw4o4) (tinyurl.com/c2fw4o4) will help you to identify who your customers are, how to use this information to sell more effectively and how to actively compete in your marketplace.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these website, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the National Records of Scotland (NRS). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the Census Area Profiles. Clicking on your area of interest will give the latest population figures, including estimates by age.
- ◆ Understanding Scottish Places has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- ◆ Scottish Government Statistics provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.
- ◆ The Scottish Household Survey provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- ◆ Office for National Statistics (ONS) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

## How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

### Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "[Find a Chartered Account](#)" tool

### Funding

[Practical information](#) on finance and funding for starting and growing your business

### Insurance

[Business insurance guide](#)

### Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" tool

### Pricing

Business Companion [Pricing & payment guide](#).

**Please note:** the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

### Promotion

[BG guides to Marketing](#)

### Training

[Skills Development Scotland's My World of Work](#)

[Funding for training](#)

[Small Business Bonus Scheme \(Scotland\)](#)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Report useful and we'd love to hear your feedback [here](#).

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**Updated by: Fiona Elliot**

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