



Market Report

A Snapshot of your Market Sector

Craft Beer

Cost of Doing Business Support

For information on **reducing the cost of running your business**, the [Find Business Support](#) website has links to advice, funding and regional support.

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), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **July 2023**. 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:

- ◆ Over the five years through 2022-23, **industry revenue is expected to decline at a compound annual rate of 1.1% to £1.4 billion**. Falling consumer confidence over the majority of the period has dampened revenue growth, as it has made consumers less likely to choose premium products and make discretionary purchases. Furthermore, rising health consciousness has driven consumers away from alcoholic beverages and increased external competition. **Over the five years through 2027-28, industry revenue is expected to increase at a compound annual rate of 3.5% to reach £1.7 billion**. Rising living costs are expected to weigh on demand in the short term, as the Bank of England only estimates inflation to return to approximately 2% in 2024-25. (IBISWorld, *Craft Beer Production in the UK*, October 2022).
- ◆ Craft beer is drunk by a **third of beer drinkers**. There is no significant difference in usage of craft beer between those with 'Healthy', 'OK' and 'Tight' finances. This reflects the fact that even premium/ craft beers tend to be cheaper than other alcoholic drinks such as wine, making it easier for people to trade up. This, and the **view of beer as an affordable treat held by 66% of craft beer drinkers**, bodes well for the category to continue to appeal amidst the income squeeze. (Mintel, *Beer, UK*, 2022).
- ◆ In 2022-23, **craft IPAs are expected to account for 36.6% of industry revenue**. Craft lager is expected to account for **27.5%**, craft pale ales are expected to account for **27.4%** and double IPAs are anticipated to account for **4.7%** of industry revenue. (IBISWorld, *Craft Beer Production in the UK*, October 2022).
- ◆ During a survey period in 2019, it was reported that **44%** of polled individuals in the UK stated that they **preferred craft beers sold in bottles due to its recyclability**. That compares to **33% quoting the same reason for cans**. Also, approximately **63% of responding craft beer drinkers** stated that they **always check where the beer was brewed**. The same amount of respondents agreed or agreed strongly when asked if they would pay a premium for imported craft beer. (Statista, *Craft Beer in the UK*, June 2023).
- ◆ Small independent breweries lead the way in innovation – producing the UK's most flavoursome, interesting and high quality beers – yet only account for 6% of the UK beer market, which is still dominated by globally-owned, main stream brands. (The Society of Independent Brewers, *British Craft Beer Report*, 2023)
- ◆ The 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.

- ◆ **IBISWorld - Online Alcohol Retailing in the UK, March 2023** - The growing craft beer movement in the UK will also translate into e-commerce opportunities for online alcohol retailers. E-tailers that can partner and source beer from craft breweries will open up a massive market for growth. The increasing popularity of craft beer has mitigated the decline of this segment's revenue, with large online retailers like beer hawk expanding product ranges and consumers opting for craft or locally produced beer subscriptions.
- ◆ **Statista – Beer Industry in the UK** - This dossier presents a range of statistics and facts about the beer market in the United Kingdom. The presented content includes an industry overview, data on beer production, trade, on trade and off trade sales, beer consumption and beer brands on the UK market. Several key insights on low and no alcohol beers as well as the dynamic craft beer market have also been included.
- ◆ **Euromonitor – Beer in the United Kingdom – June 2023** – This report and corresponding statistics can show market size, forecast, year-on-year growth, company and brand shares, distribution, off-trade vs on-trade and craft vs standard data for beers, craft beers, ales and lagers in the UK.

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

- ◆ **The SIBA British Craft Beer Report 2023** (tinyurl.com/4bh5kw2p) which features new brewery survey data, industry analysis and commentary, as well specially commissioned consumer research via YouGov – shows more people than ever are discovering their local brewery bar or taproom, or buying direct from the source via a webshop.
- ◆ **Visit Scotland** has a map of Scottish craft beer on their website (tinyurl.com/2zavu833) which lists beers and the location their brewery is based in across the country. The resource is aimed more at tourists rather than industry users, but could be used to get an idea of what kind of products are currently on the market and being produced in Scotland, and where those businesses are located.
- ◆ **The Society of Independent Brewers (SIBA)** releases a quarterly magazine which you can find on their website. This provides an overview of industry news stories, expert opinions and feature articles which should be of interest and use to someone who wants to get a start in the sector.
- ◆ **The British Beer and Pub Association (BBPA)** (tinyurl.com/5n6sjucu) publishes a range of data and statistics profiling our industry. From pubs in communities across the UK to historic data on beer prices.

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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 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 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 [Market and customer research](#) will help you to identify new trends, opportunities, customers and competitors.

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 Accountant](#)" 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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You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

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