



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

This market report was updated by Business Gateway in **March 2021**. 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:

- ◆ 40% of beer drinkers had drunk a craft beer in the 3 months to September 2020, on a par with October 2019 (39%). The drinking of craft beers peaks among drinkers of ales; 67% of golden/light ale drinkers drink craft beer as do 61% of drinkers of other ales or bitters (Mintel, *Beer: including impact of COVID-19, UK*, November 2020).
- ◆ Industry demand and revenue has fallen amid government-mandated lockdown measures. According to a survey conducted by the Society of Independent Brewers (SIB), sales of craft beer fell by 82% between 9 and 14 April 2020, with 65% of breweries stopping production all together and a further 31% stating production had slowed. (IBISWorld, *Craft Beer Production in the UK*, October 2020).
- ◆ In response to a sharp decline in demand from the on-trade market due to the forced closure of pubs and bars from March 2020, beer producers have adapted and realigned their business strategies to support sales. According to SIBA, online beer sales increased by 55% in April 2020, while 70% of UK independent breweries now offer delivery or takeaway services (IBISWorld, *Beer Production in the UK*, January 2021).
- ◆ Last year was a big year for beer sales in the Scottish off trade, as consumers sought to replicate the on-trade experience at home. Current beer category trends suggest Scotland's convenience retailers can also expect a strong 2021, as the Covid-19 pandemic continues to affect consumer behaviour – including their approach to beer. (Scottish Grocer, *Brewers predict pandemic boost to beer sales is set to continue throughout 2021*, February 2021)
- ◆ 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, February 2021*** - The growing market for craft beers, premium gin, en primeur wines, real ales and premium spirits has led to a rapid introduction of new products. Increased demand for niche alcoholic beverages has led to operators expanding their product ranges, which is a trait of an industry in the growth phase of its life cycle
- ◆ **Mintel – *Alcoholic Drinks Review: Including impact of COVID-19, April 2020*** - The closure of foodservice and onpremise venues in March 2020 in an effort to combat the COVID-19 outbreak has effectively stopped drinks sales through these channels. Although some of this demand will be displaced, and at-home sales should benefit to a degree, Mintel's consumer data suggests that only 20% of adults expect to spend more on alcoholic drinks for drinking at home.

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

- ◆ The SIBA British Craft Beer Report 2020 (tinyurl.com/2859feb7) made several findings on trends in the consumption of craft beer in the UK in 2019/20. Key points included an increased percentage of consumers holding the belief that beer must be produced by small independent brewery to be considered craft beer, an almost doubling in the percentage of women beer consumers since the 2019 survey, and a rise of 6% (up to 23%) of 18-24 year olds now abstaining from all alcohol.
- ◆ Visit Scotland has a map of Scottish craft beer on their website (tinyurl.com/4e89dmk9) 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](https://www.siba.org.uk)) 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) publishes a range of statistics for free on their website (tinyurl.com/bpvun57u) on topics including the size of the UK beer market, beer exports by country and year, and the price of beer in the UK., as well as other areas. You do need to become a member to access the full range of the data available on their site, however.

Disclaimer: This report has been updated in March 2021 - we have included Post COVID-19 market material where available. Please note that this research may contain copyrighted material. Copyright belongs to the holders credited above and, as such, recipients of this research reproduce and repurpose this information at their own risk.

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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