



Economic and Alcohol Industry Review

Lester Jones, Chief Economist/VP Analytics

NBWA

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BEER SERVES AMERICA

America's beer industry supports more than two million jobs

Provides more than \$102 billion in wages and benefits

Contributes more than \$331 billion to the U.S. economy

Includes more than 37,000 agricultural jobs

The NBWA represents 3,000+ independent beer distribution industry.

Summary from 2019 Presentation

- Economy was hitting 115 months of continued economic growth following Great Recession, wondering what would kill the expansion
- Labor Force participation was shifting to more female. Service sector white collar employment growing
- Population was getting older, fewer new drinkers each year
- Stable and predictable consumption at 2.5 to 2.6 gallons...very small incremental growth as economy improved 2010-2018
- Different people, different drinks, in different places
- High end segment – craft and imports growing
- Beer prices were rising faster than inflation 2008 to 2018!

Working More, Doing Less

U.S. Bureau of Labor Statistics

Labor Productivity

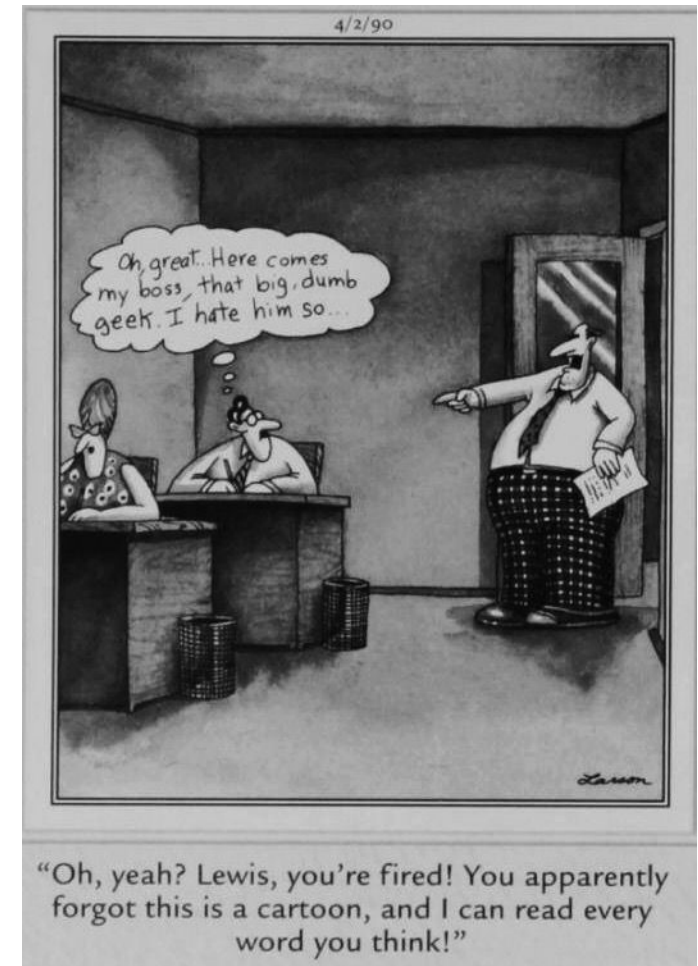
- Nonfarm business labor productivity **decreased 5.9 percent** in the first quarter of 2022!
- Business output decreased 2.5 percent and hours worked increased 3.6 percent (revised)
- This is the **largest decline in quarterly productivity since the third quarter of 1947**, when the measure decreased 11.7 percent.
- Q2 improved to -4.1%
- Q3 improved to 0.8% (Yay!)
- YTD 2022 -1.3%

Source: <https://www.bls.gov/productivity/>

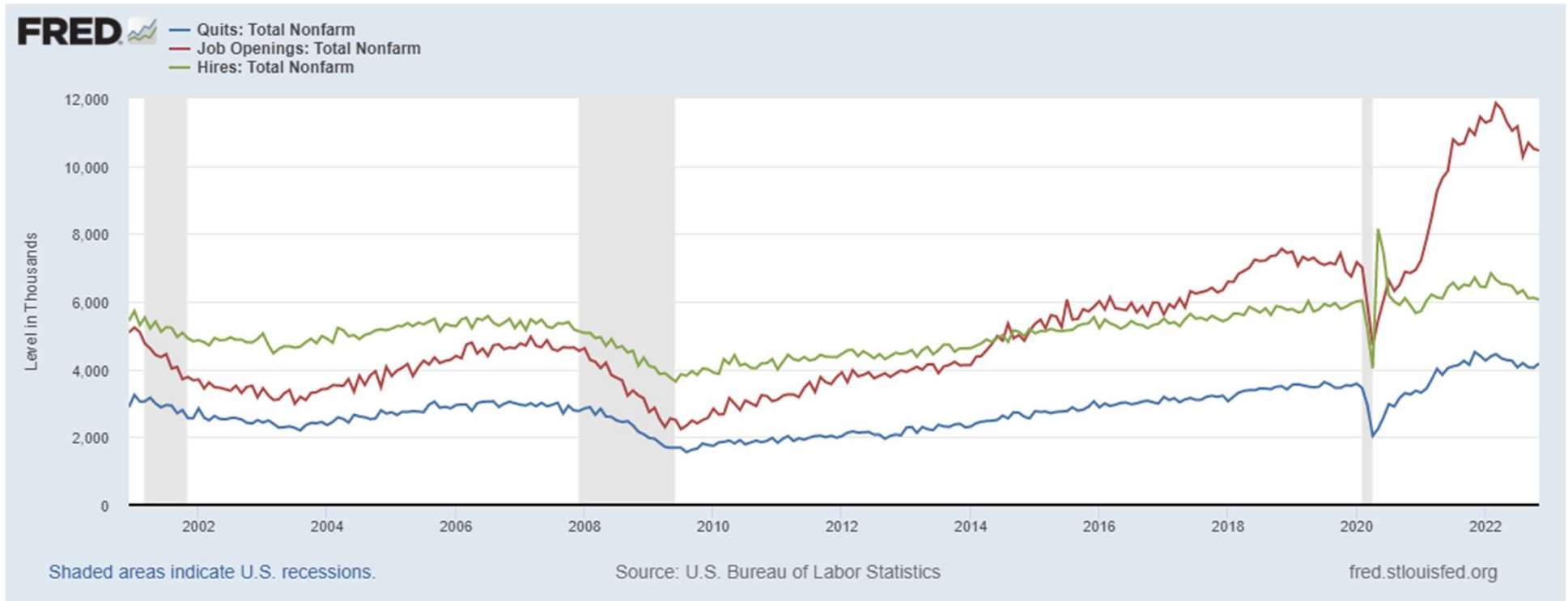


Economy is at an inflection point

- Tesla laying off 10% of its workforce
 - Netflix eliminated 150 positions
 - Peloton let go 2,800 worldwide positions
 - Carvana lay off 2,500 employees, about 12% of its staff
 - Coinbase to Lay Off 18% of Staff Amid Crypto Meltdown
 - Gopuff laying off 1,500
 - Amazon, Ford, Loan Depot, Twilio, Twitter, Google, Meta ...
 - <https://layoffstracker.com/> (tracks tech vs non tech layoffs)
-
- December jobs report added 233,000 (slowing)
 - November Job Openings, Hires and Quits (slowing)
 - Unemployment at 3.5% (more about labor force participation)
 - GDP Q4 2022 +2.9% Q3 revised 3.2%
 - Covid Inflation is leveling off - but not tamed in Services
 - Economy continues shifting back to services from goods



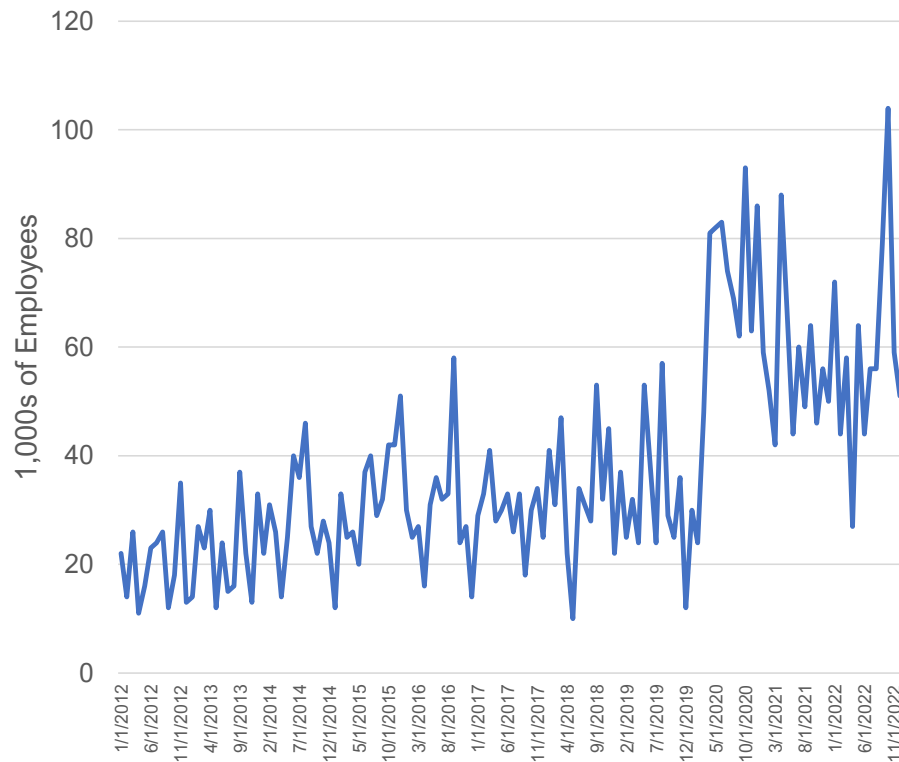
Gap Between Job Openings and Hires Closing Total Quits Turning Down



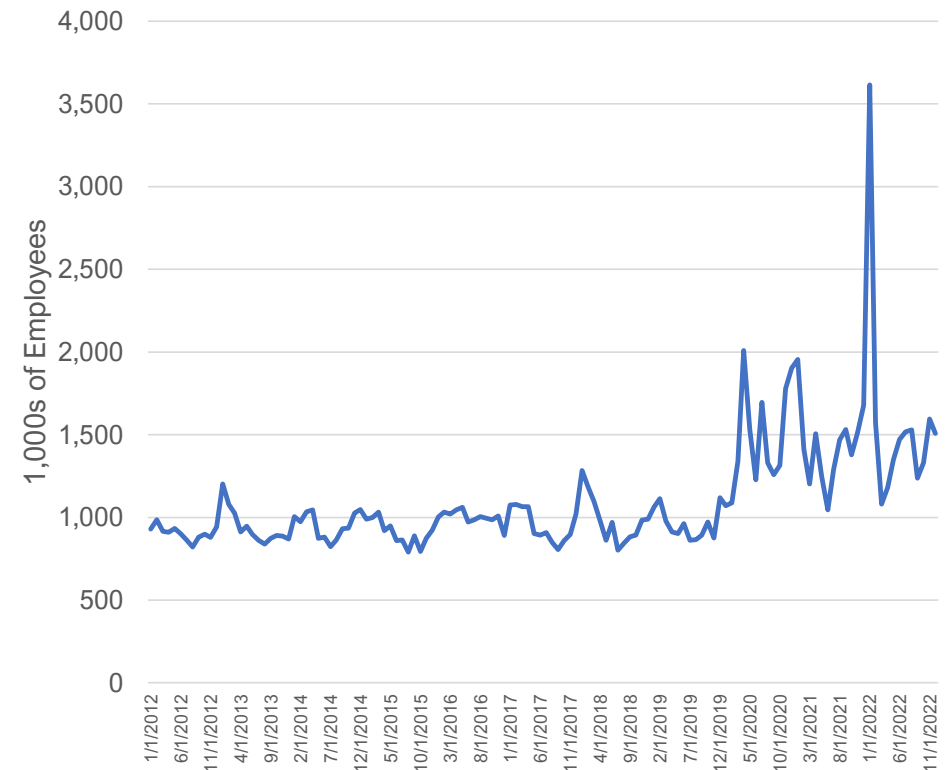
Small companies have been responsible for all the net job growth in the U.S. since the onset of the Covid-19 pandemic and account for almost four out of five available job openings (Wall Street Journal 1/25/2022)

Employed But Not Working Absences For Illness still a Problem

Missing Work for Lack of Child Care

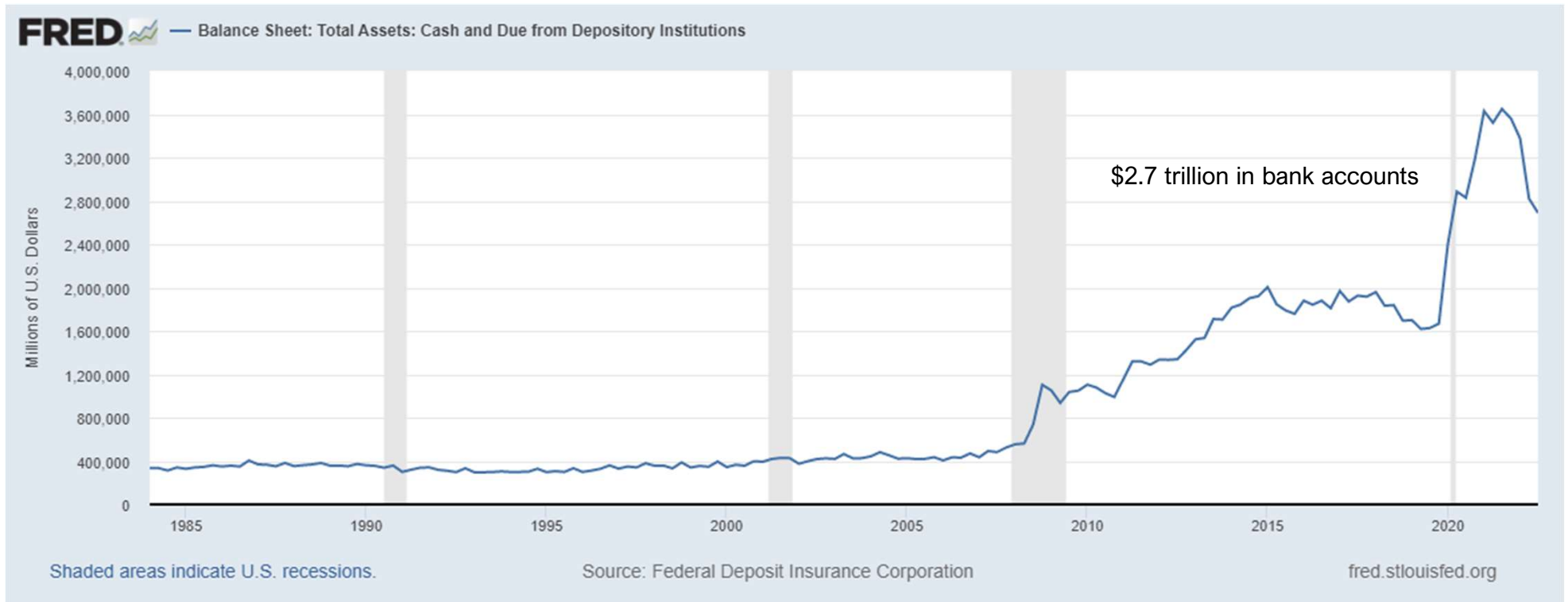


Missing Work for Personal Illness

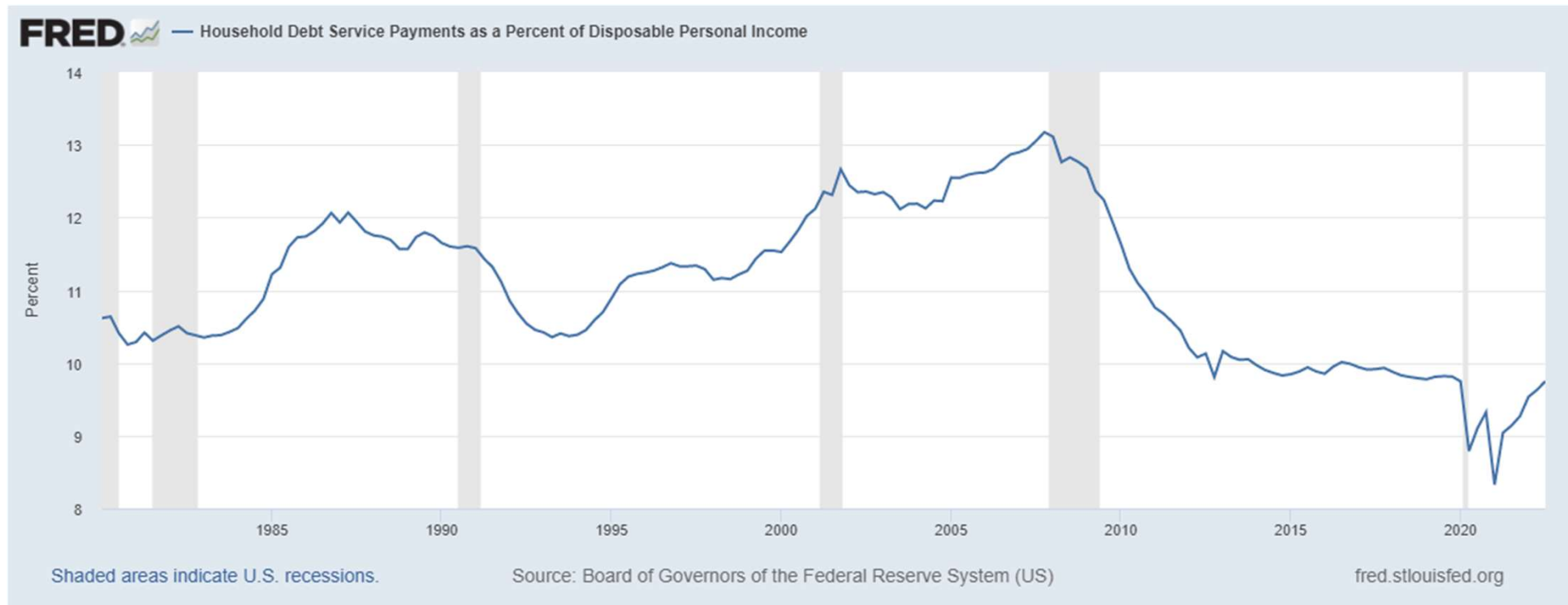


Source: <https://www.bls.gov/cps/absences.htm>

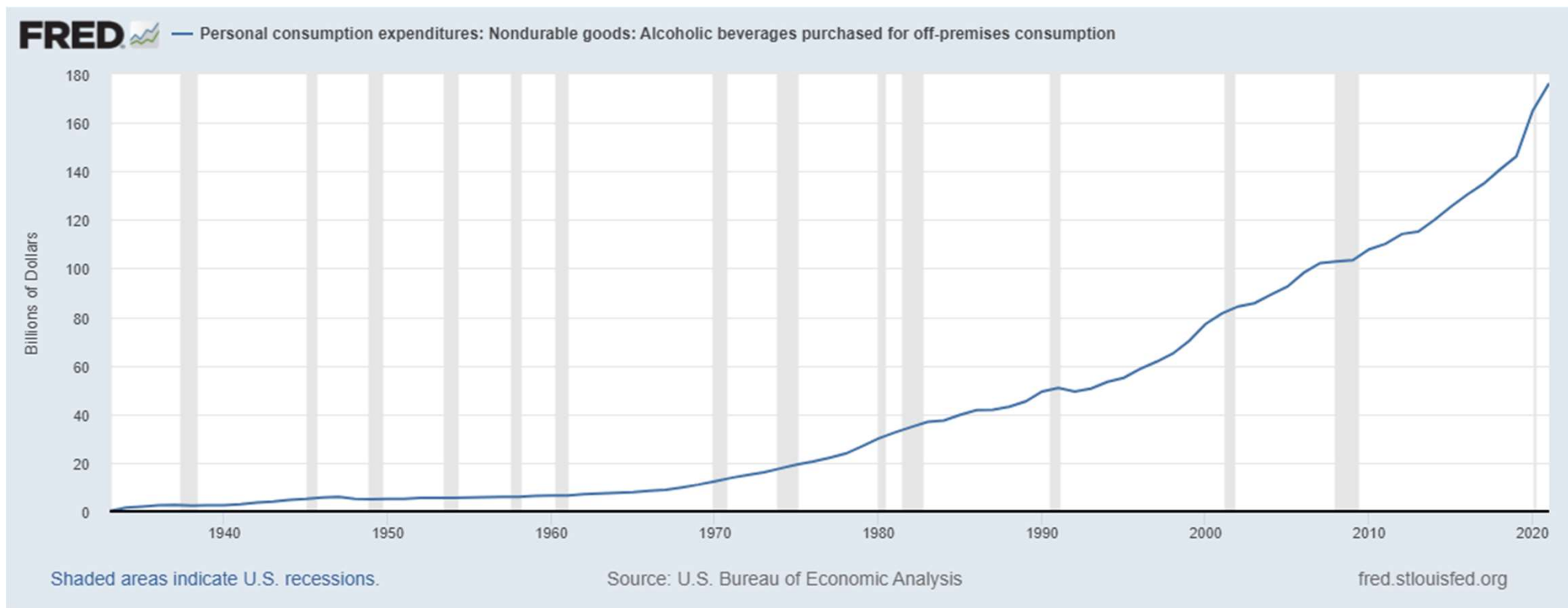
The Economy is still well funded...



Households are in relatively good financial shape...



Off Premise Alcohol Beverage Consumption Expenditures are Recession Resilient 1940 to 2021

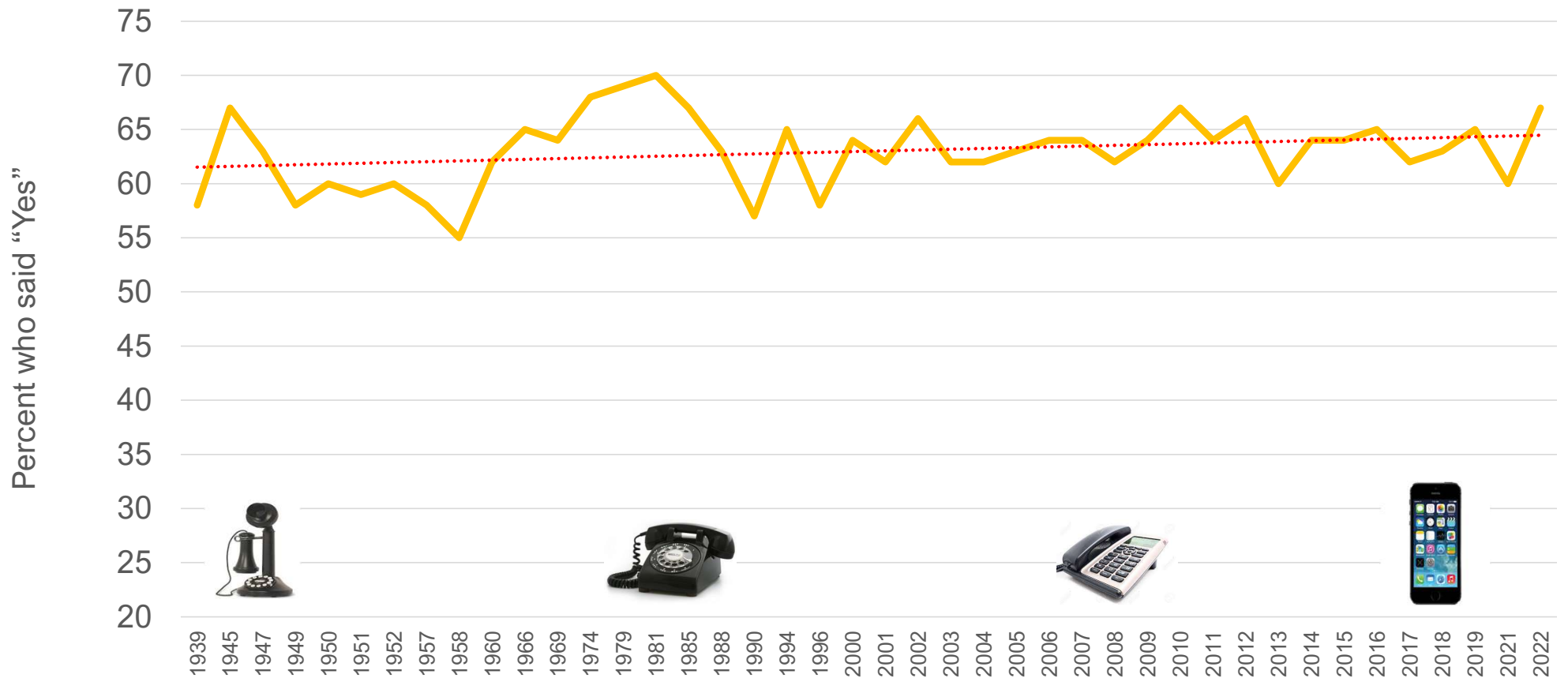


Average Alcohol Beverage Spend Per Household 1996 to 2021



Alcohol Consumption Is Consistent Over Time

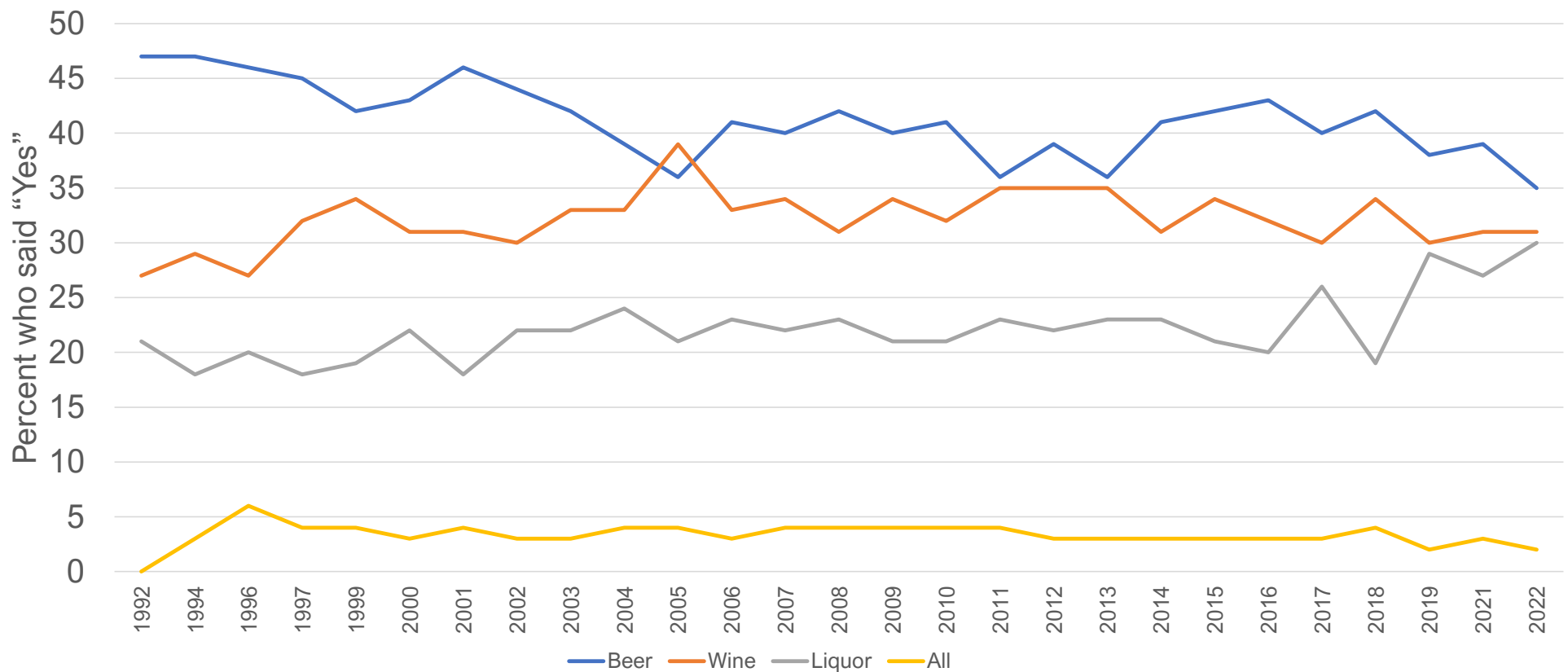
“Do You Have Occasion to Drink Alcohol?”



Source: Gallup Poll, 2022.

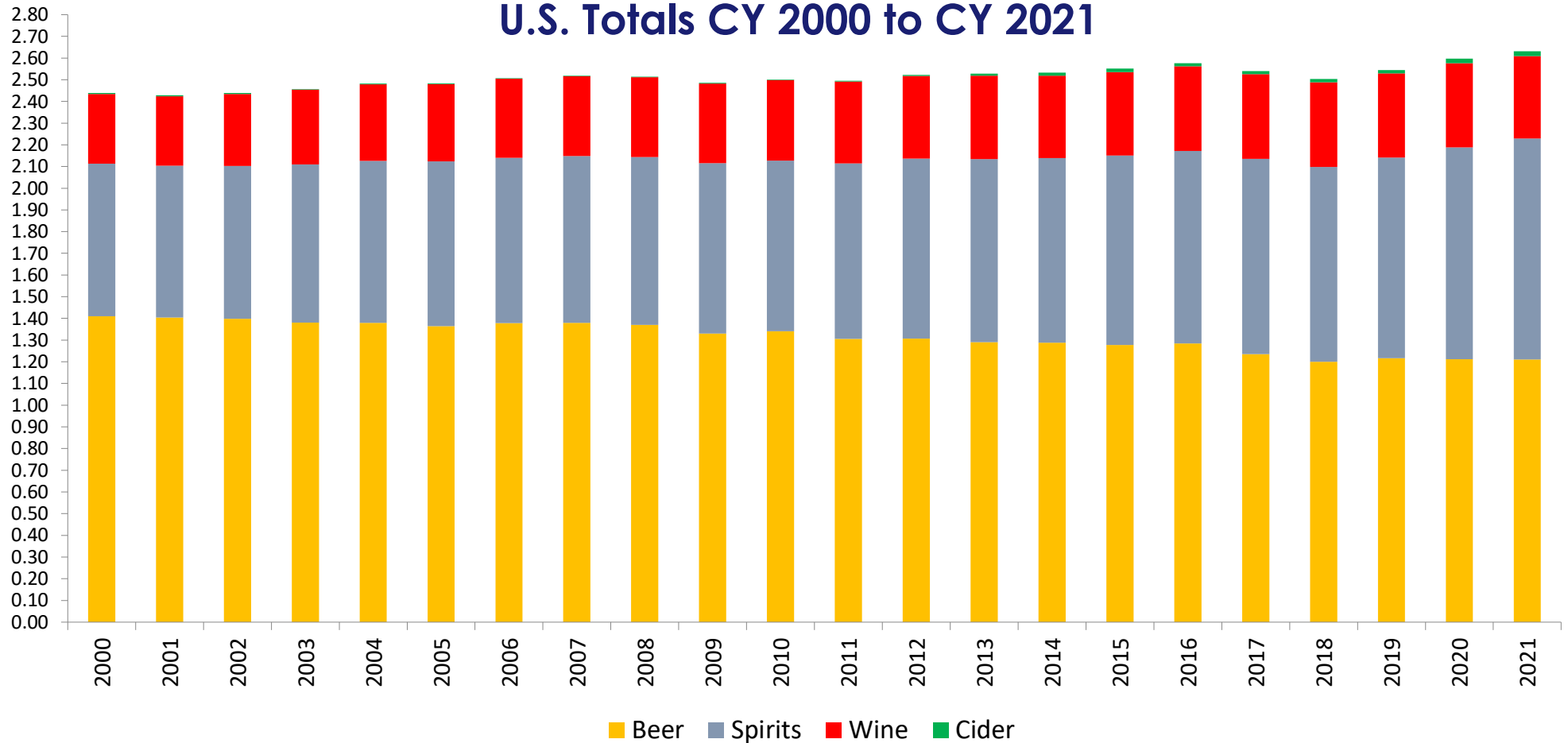
Beer is the Preferred Beverage of Consumers But Lines are blurring (1992 to 2022)

Beer continues to be preferred beverage of choice for US consumers of legal drinking age. (4 pts +/- margin of error)



Source: Gallup Poll, 2022: *Do you most often drink beer, wine, or liquor?*

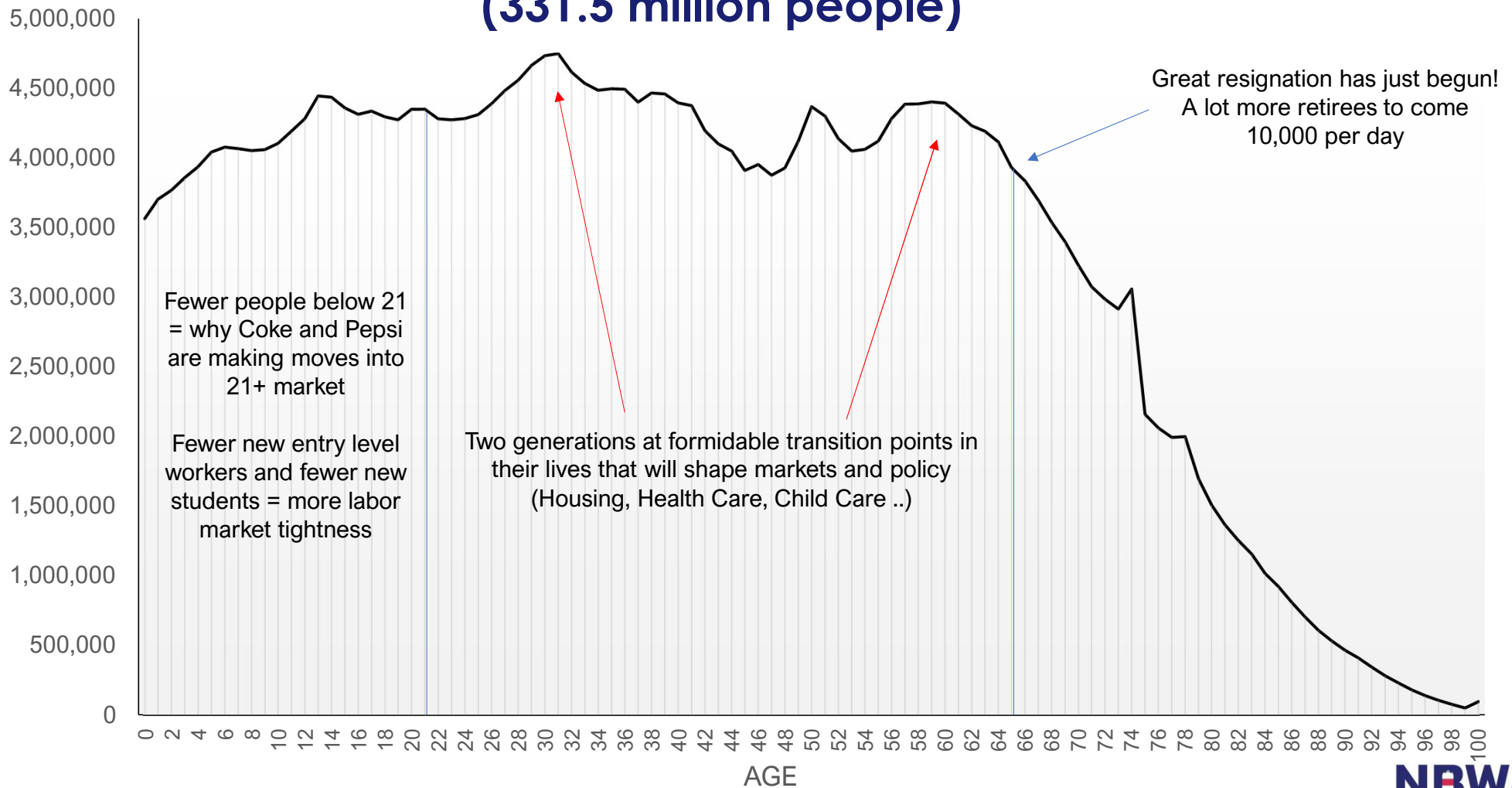
Gallons of Ethanol Supplied Per Capita 21+ U.S. Totals CY 2000 to CY 2021



Between 2020 and 2021 = 1 extra drink per person per month

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U.S. Population by Age CY 2021 (331.5 million people)

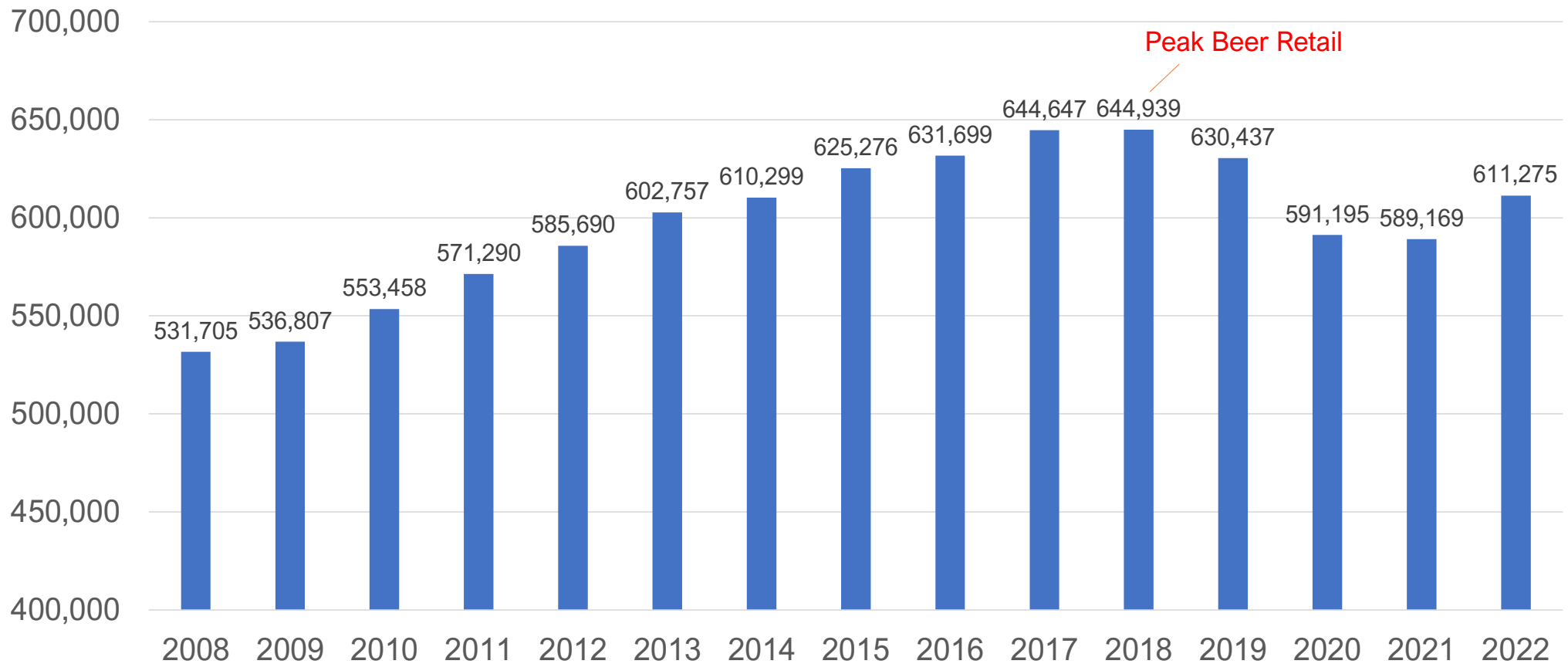


Source: U.S. Census Population Estimates and NBWA Industry Affairs, 2022.

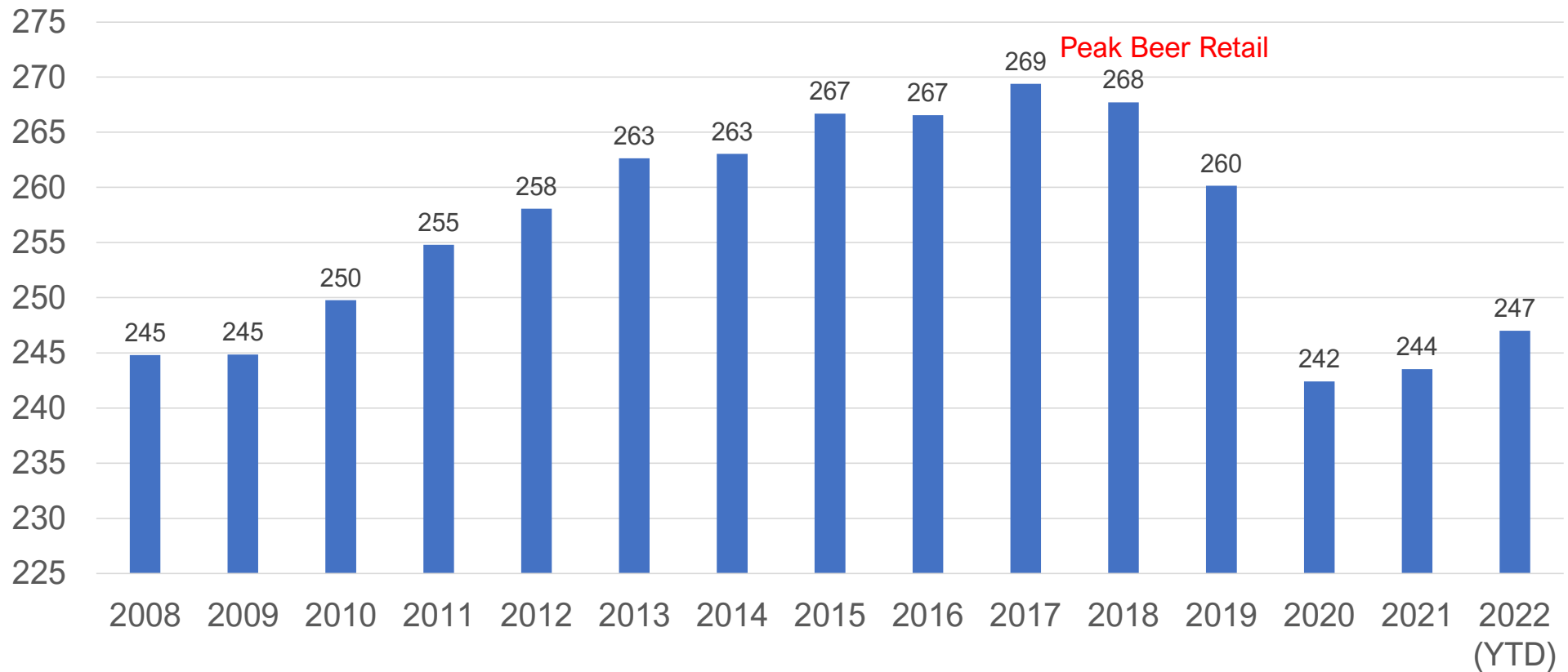


**What We Drink, Where we Drink and When
We drink will always change...**

Total U.S. Retail Establishments Selling Beer Yearly 2008 to 2022 YTD (Dec)

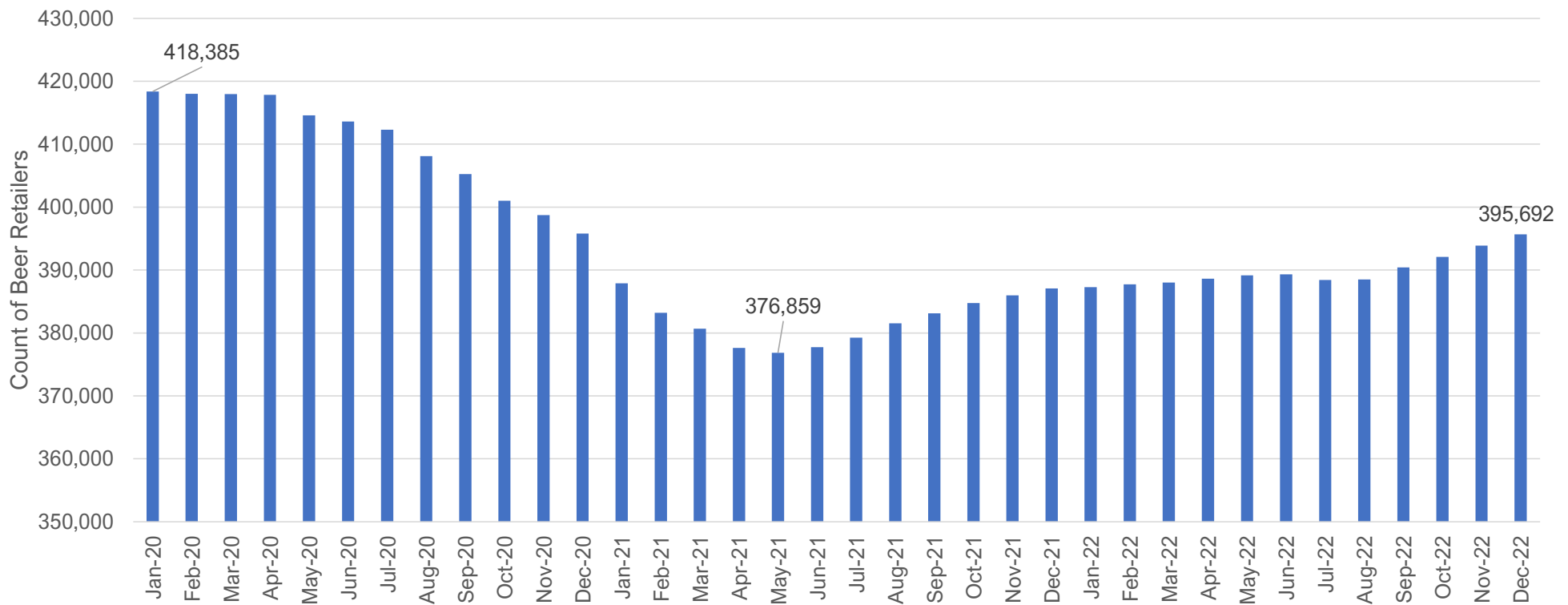


Total U.S. Retail Establishments Selling Beer per 100,000 LDA Consumers Yearly 2008 to 2022 (Dec)



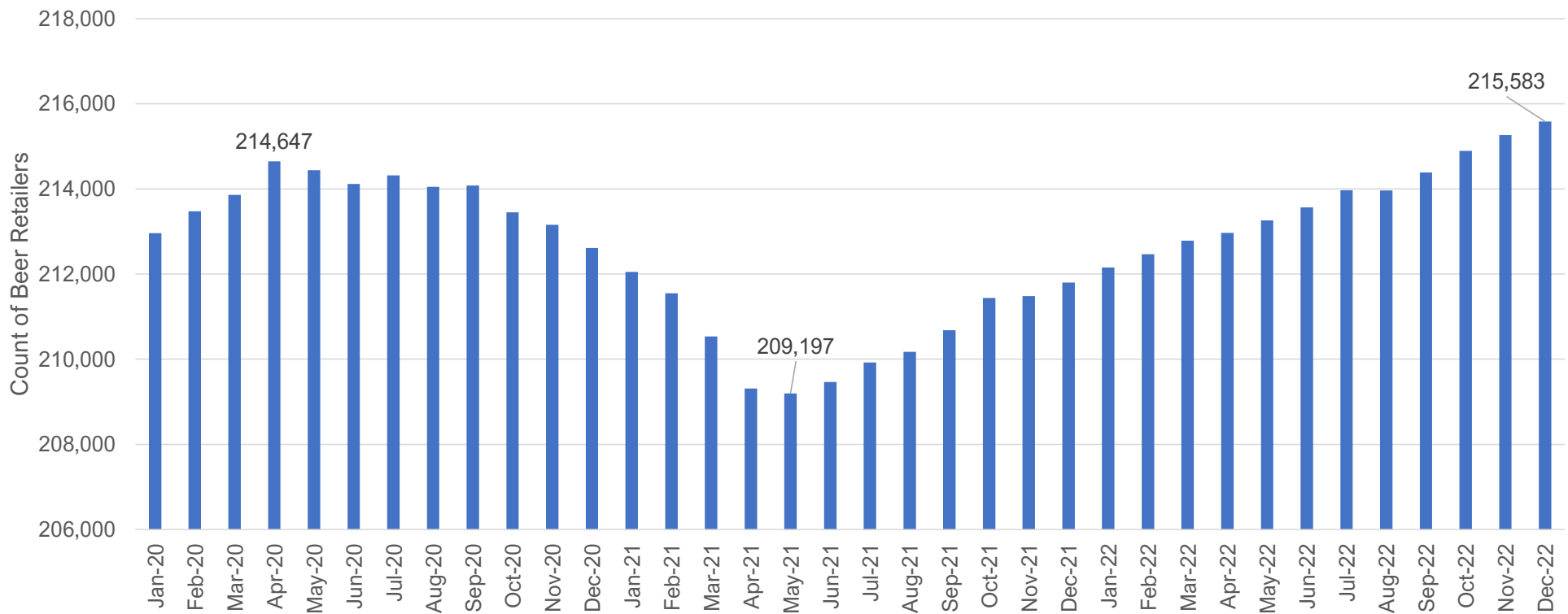
The Fall and (slow) Rise of Independence

Fewer Independent Beer Retailers in Post Covid Economy

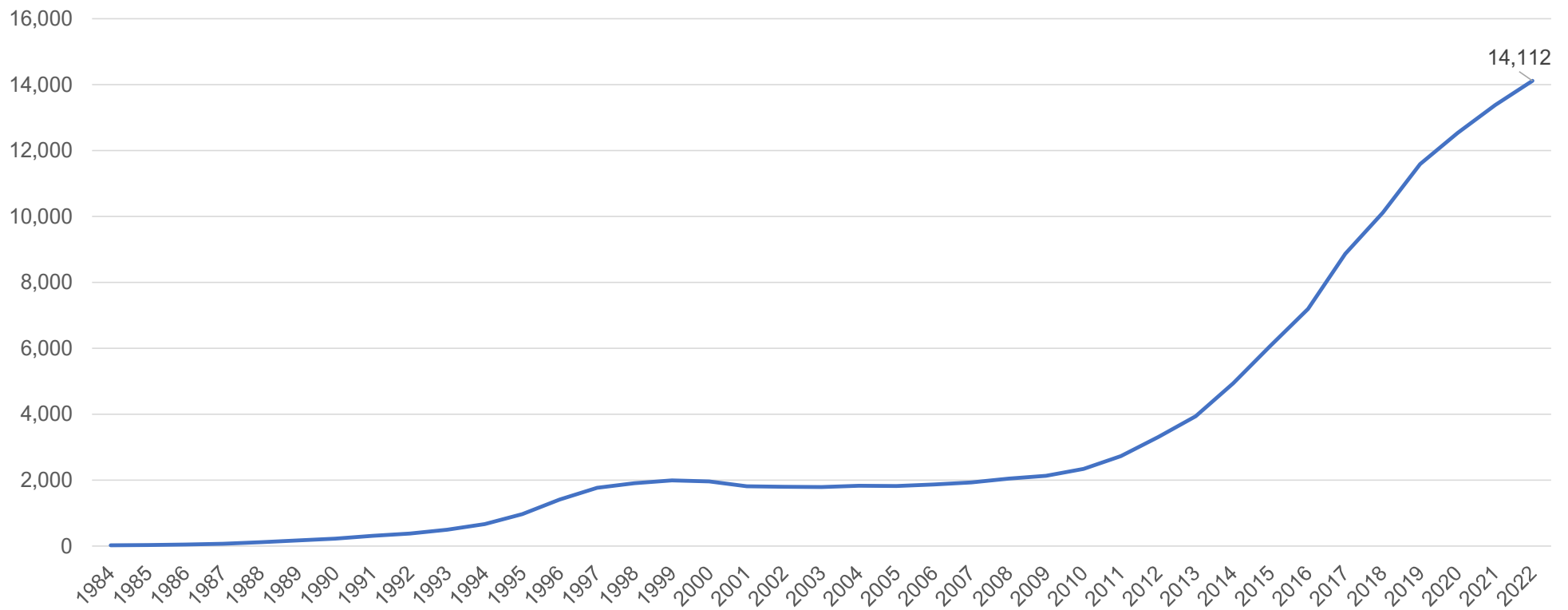


Chains recovered quickly

Chain Beer Retailers in Post Covid Economy



U.S. TTB Brewery Approvals 1994 to 2022



U.S. Tax and Trade Bureau Brewery Count
14,112 Total Brewers CY 2022

State	Count	State	Count	State	Count
Alabama	84	Kentucky	138	North Dakota	33
Alaska	75	Louisiana	75	Ohio	563
Arizona	184	Maine	227	Oklahoma	102
Arkansas	82	Maryland	200	Oregon	451
California	1,571	Massachusetts	340	Pennsylvania	761
Colorado	614	Michigan	670	Rhode Island	54
Connecticut	176	Minnesota	314	South Carolina	164
Delaware	54	Mississippi	33	South Dakota	64
DC	21	Missouri	249	Tennessee	220
Florida	571	Montana	139	Texas	618
Georgia	234	Nebraska	82	Utah	61
Hawaii	52	Nevada	72	Vermont	117
Idaho	129	New Hampshire	156	Virginia	479
Illinois	436	New Jersey	211	Washington	692
Indiana	295	New Mexico	161	West Virginia	40
Iowa	166	New York	762	Wisconsin	391
Kansas	92	North Carolina	578	Wyoming	59

U.S. Tax and Trade Bureau Brewery Count 732 New Brewers CY 2022

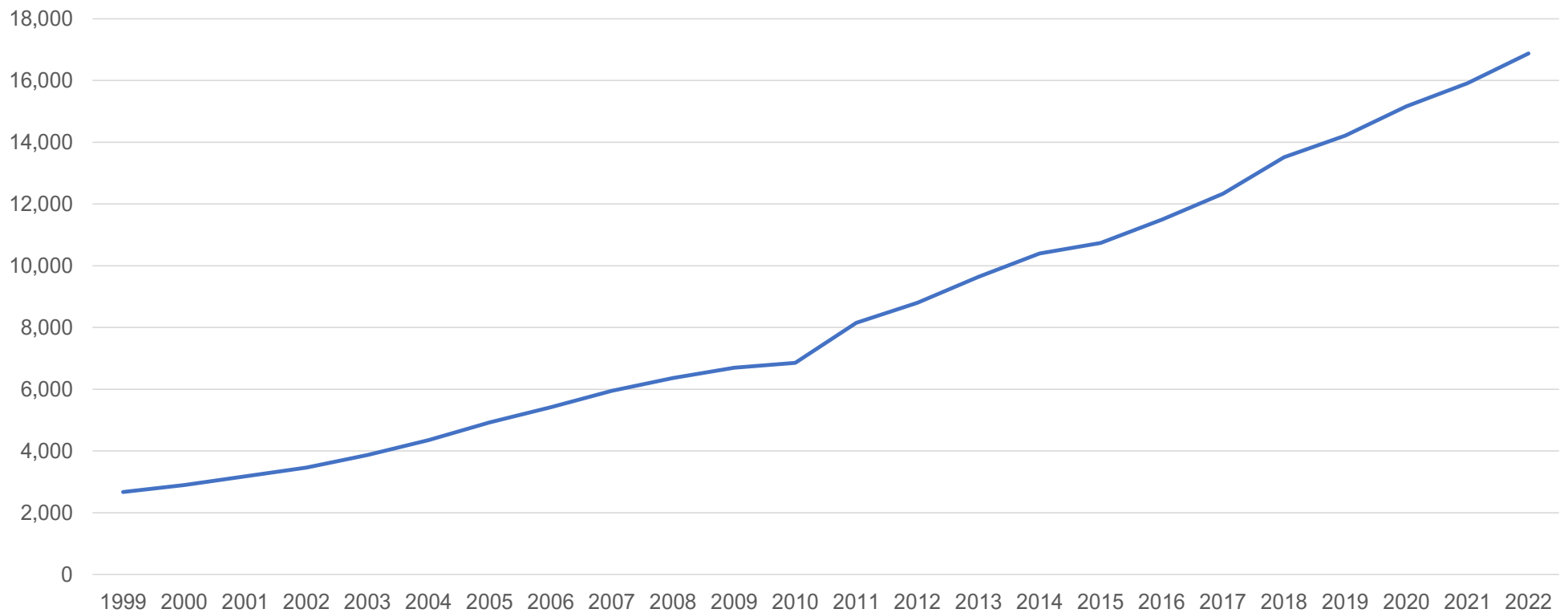
State	Count	State	Count	State	Count
Alabama	7	Kentucky	10	North Dakota	-1
Alaska	3	Louisiana	6	Ohio	38
Arizona	5	Maine	15	Oklahoma	7
Arkansas	6	Maryland	12	Oregon	10
California	47	Massachusetts	19	Pennsylvania	49
Colorado	28	Michigan	34	Rhode Island	2
Connecticut	4	Minnesota	13	South Carolina	15
Delaware	3	Mississippi	1	South Dakota	1
DC	2	Missouri	19	Tennessee	15
Florida	40	Montana	2	Texas	37
Georgia	26	Nebraska	4	Utah	6
Hawaii	2	Nevada	-1	Vermont	6
Idaho	9	New Hampshire	16	Virginia	32
Illinois	18	New Jersey	13	Washington	25
Indiana	7	New Mexico	6	West Virginia	2
Iowa	12	New York	42	Wisconsin	17
Kansas	4	North Carolina	34	Wyoming	3

Source: NBWA Industry Affairs and U.S. Tax and Trade Bureau, 2023

Permits Per Capita (100,000 residents) U.S = 5.8
CY 2022 (2022 Estimated Population)

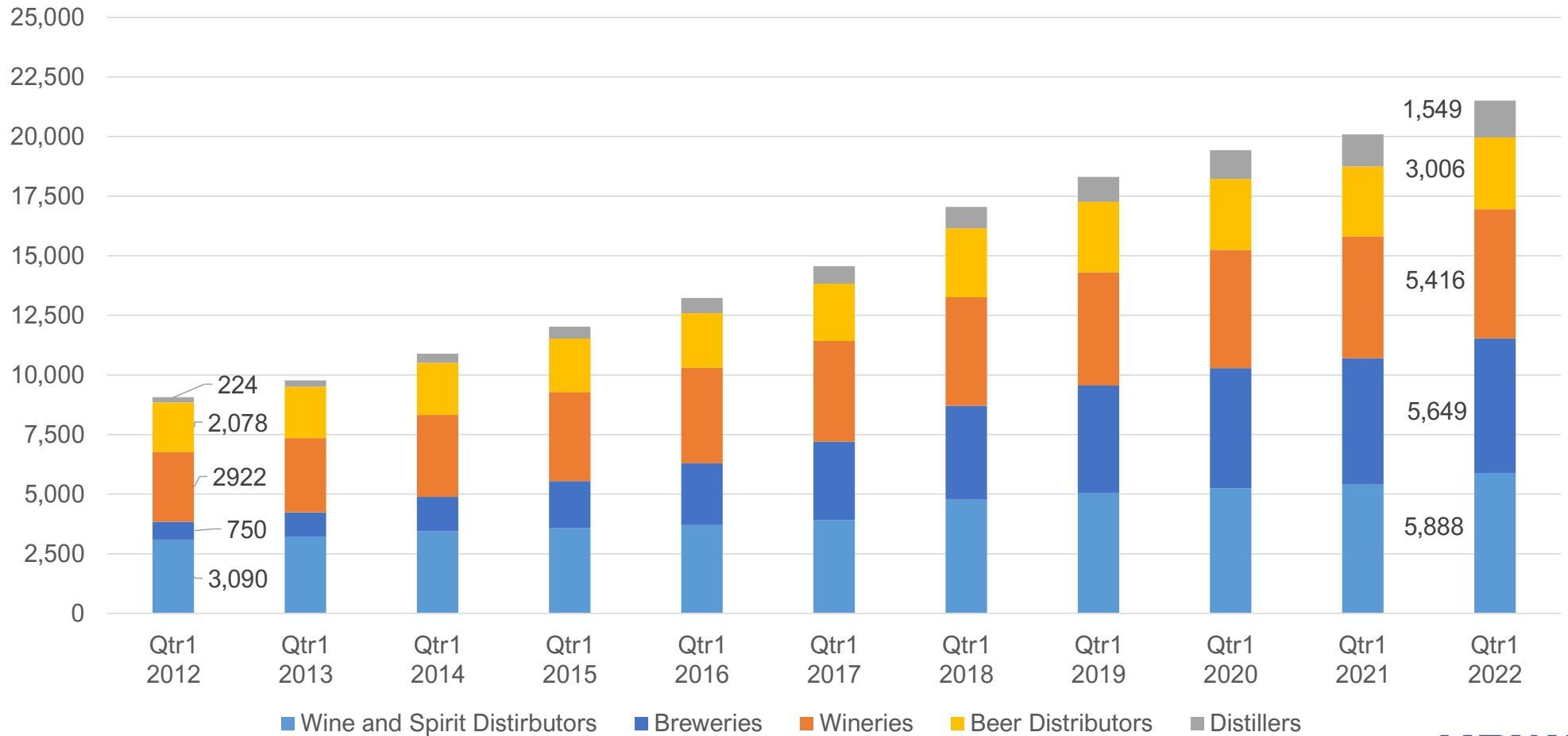
State	Count	State	Count	State	Count
Alabama	2.2	Kentucky	4.1	North Dakota	5.9
Alaska	14.2	Louisiana	2.2	Ohio	6.4
Arizona	3.4	Maine	20.9	Oklahoma	3.6
Arkansas	3.7	Maryland	4.3	Oregon	13.9
California	5.4	Massachusetts	6.4	Pennsylvania	7.7
Colorado	14.0	Michigan	8.9	Rhode Island	6.4
Connecticut	6.4	Minnesota	7.5	South Carolina	4.2
Delaware	7.0	Mississippi	1.6	South Dakota	10.0
DC	4.2	Missouri	5.5	Tennessee	4.2
Florida	3.4	Montana	16.5	Texas	2.9
Georgia	3.0	Nebraska	5.8	Utah	2.7
Hawaii	4.7	Nevada	3.0	Vermont	23.1
Idaho	9.2	New Hampshire	14.3	Virginia	7.4
Illinois	4.6	New Jersey	3.0	Washington	11.8
Indiana	5.9	New Mexico	10.3	West Virginia	3.0
Iowa	7.1	New York	5.0	Wisconsin	8.9
Kansas	4.4	North Carolina	7.4	Wyoming	13.9

U.S. TTB Winery Approvals 1999 to 2022



Source: NBWA Industry Affairs and U.S. Tax and Trade Bureau, 2023

Above Normal Profits Attract New Entrants to Industry
 Count of Alcohol Industry Establishments: 2012Q1 to 2022Q1
 Bureau of Labor Statistics: Quarterly Census of Employment and Wages



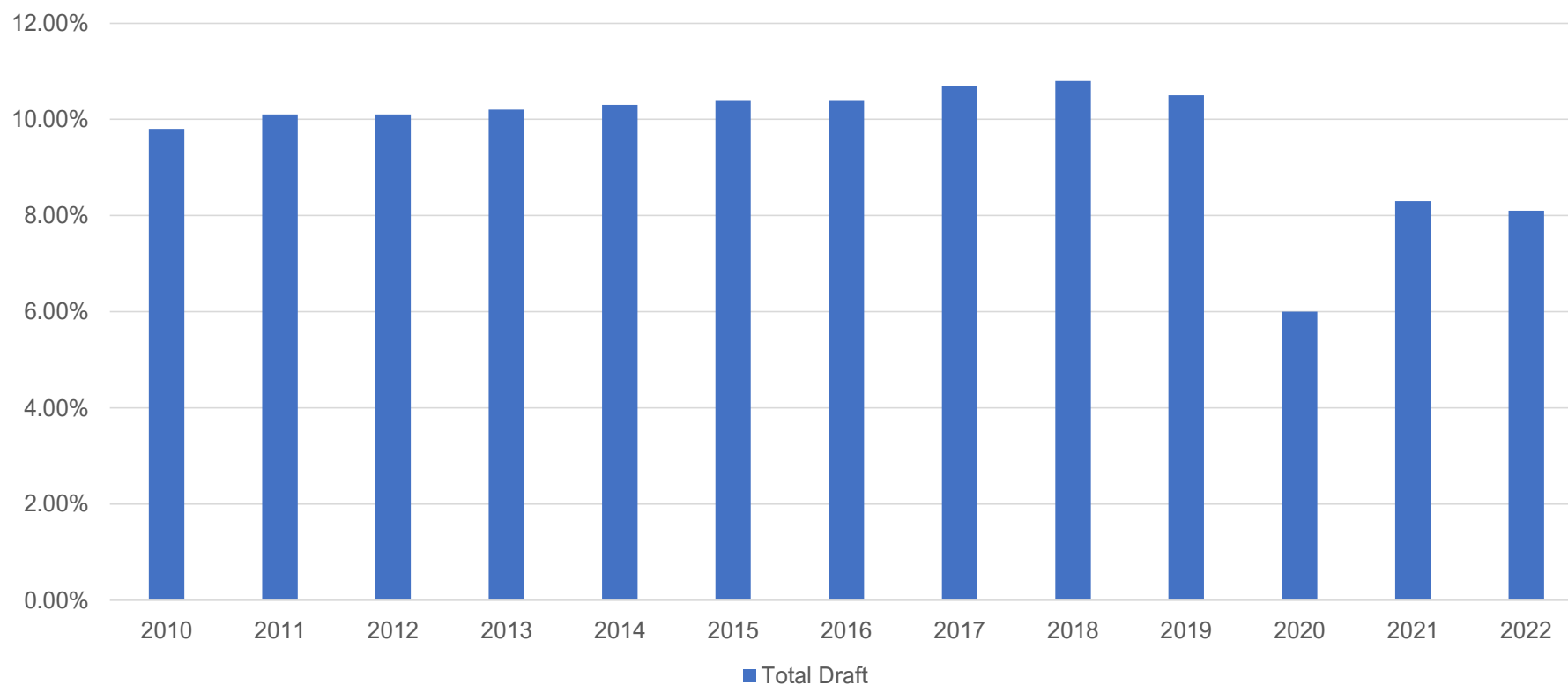
Source: <https://www.bls.gov/cew/> and NBWA Industry Affairs, October 2022.

U.S. Malt Beverage Industry, 2021 vs 2022 (Excluding Cider, Tax Free Exports and Non-Alcs) YTD 2021 Q3 VS YTD 2022 Q3

Volume (millions Barrels)	2021 Barrel Volume	2022 Barrel Volume	Volume Change	Percent Change	Share in 2021	Share in 2022
Domestic Tax Paid	129.5	125.8	-3.7	-2.9%	81.2%	80.1%
Imports	29.9	31.3	1.4	4.6%	18.8%	19.9%
Total Volume	159.4	157.0	-2.3	-1.5%	100%	100%
Package Mix						
Domestic Cans	93.2	89.0	-4.2	-4.6%	58.5%	56.7%
Import Cans	10.1	10.6	0.5	5.2%	6.3%	6.7%
Total Cans	103.3	99.6	-3.7	-3.6%	64.8%	63.4%
Domestic Bottles	24.8	24.6	-0.3	-1.0%	15.6%	15.6%
Import Bottles	18.2	19.1	0.8	4.6%	11.4%	12.1%
Total Bottles	43.0	43.6	0.6	1.4%	27.0%	27.8%
Domestic Draft	11.4	12.2	0.8	7.0%	7.2%	7.8%
Tax Determined	3.2	3.4	0.2	5.2%	2.0%	2.2%
Import Draft	1.6	1.6	0.0	0.7%	1.0%	1.0%
Total Draft	13.0	13.9	0.8	6.2%	8.2%	8.8%

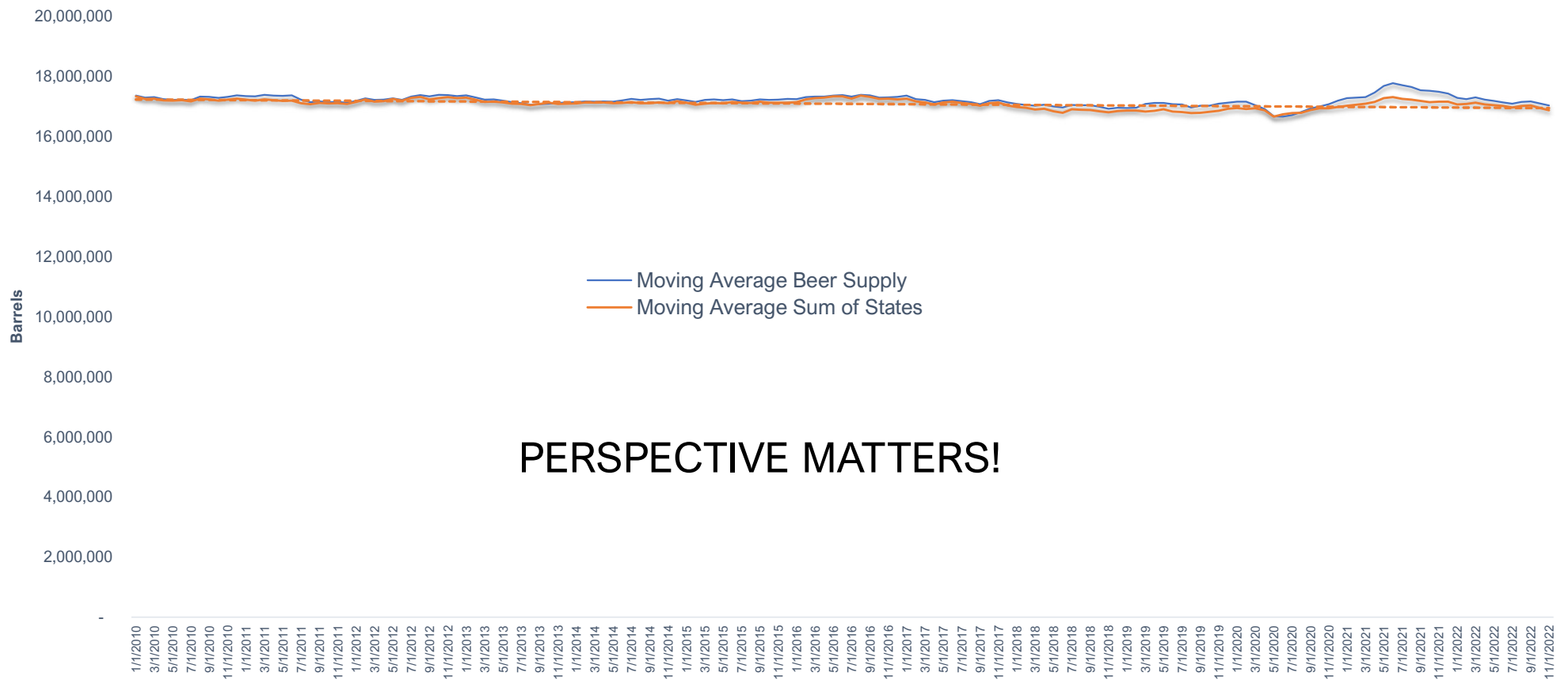
Source: Compiled by NBWA from U.S. TTB, Department of Commerce, CMI and GPI, 2023

Draft Growth is Missing Link for Beer Industry Recovery



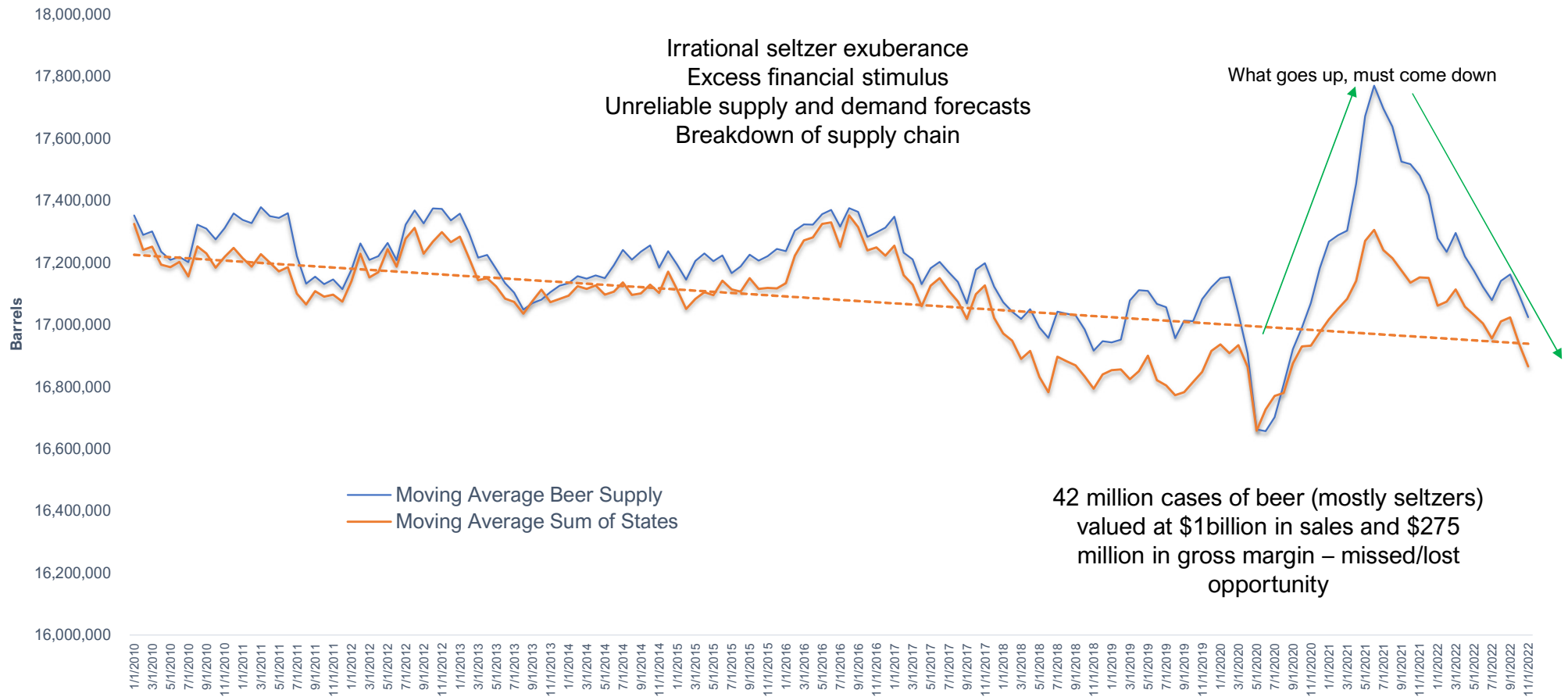
Source: NBWA Industry Affairs and U.S. Commerce Dept and US TTB (YTD 2022 includes data through August 2022)

Total Beer Industry Supply (Domestic + Imports) vs. Beer Institute's STWs 12 Month Moving Average Jan 2010 to Nov 2022

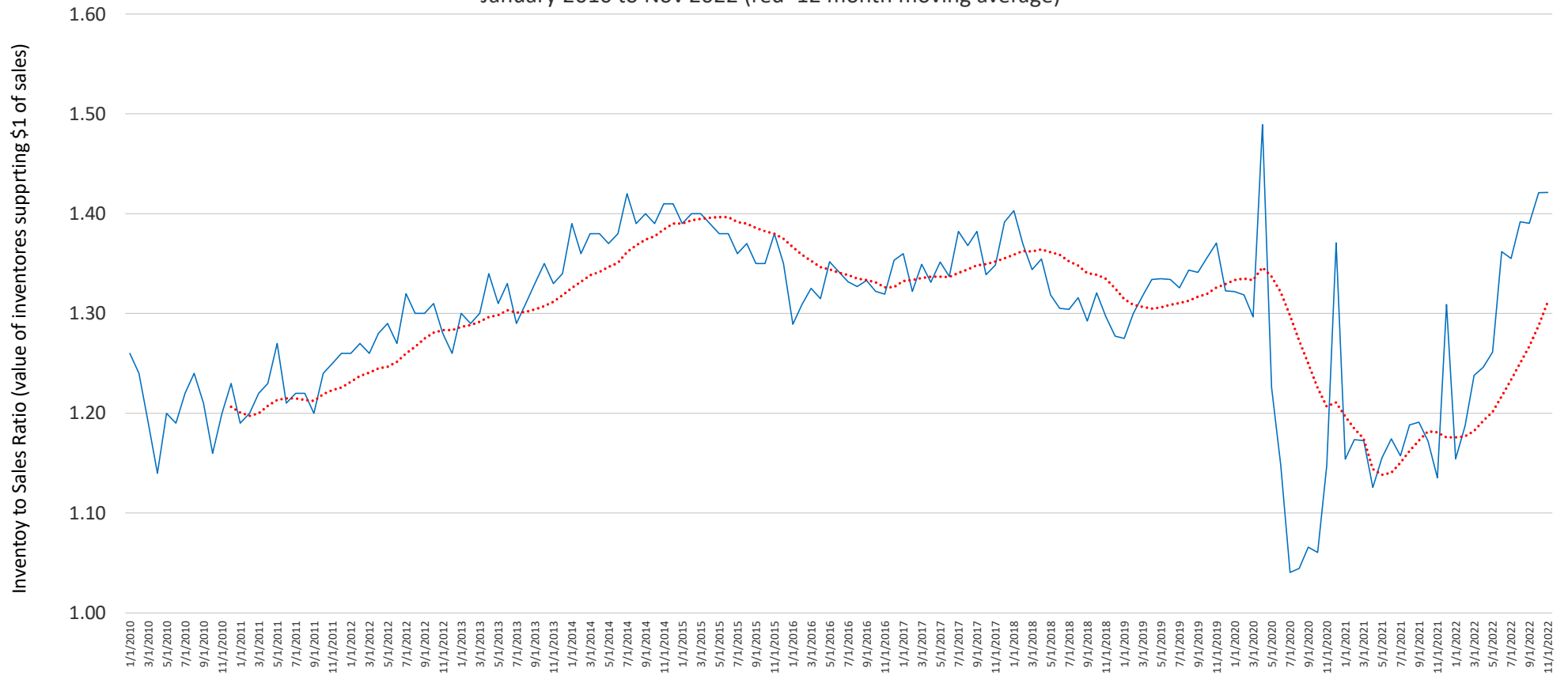


PERSPECTIVE MATTERS!

Total Beer Industry Supply (Domestic + Imports) vs. Beer Institute's STWs 12 Month Moving Average Jan 2010 to Nov 2022

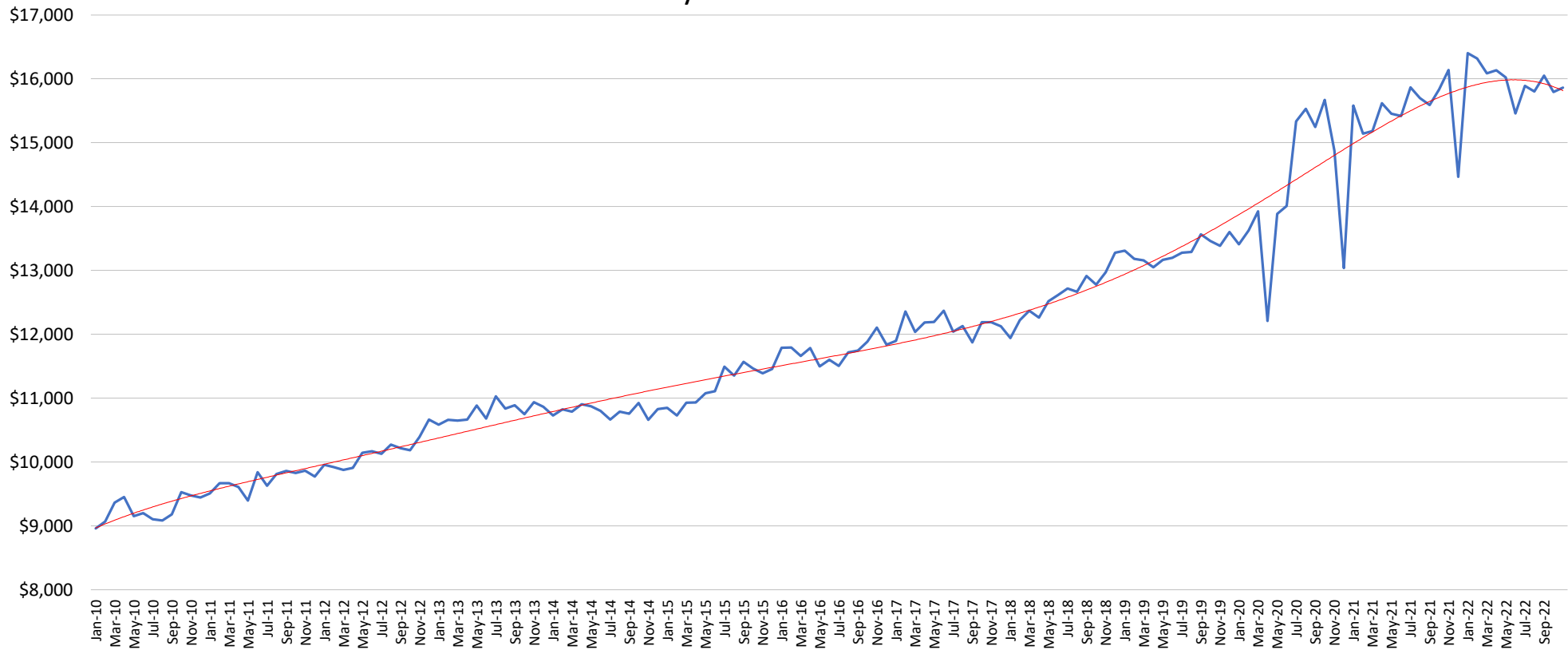


U.S. Census of Wholesale Trade - Total Alcohol Beverage Distributors
 Alcohol Beverage Inventory/Sales Ratio
 January 2010 to Nov 2022 (red=12 month moving average)



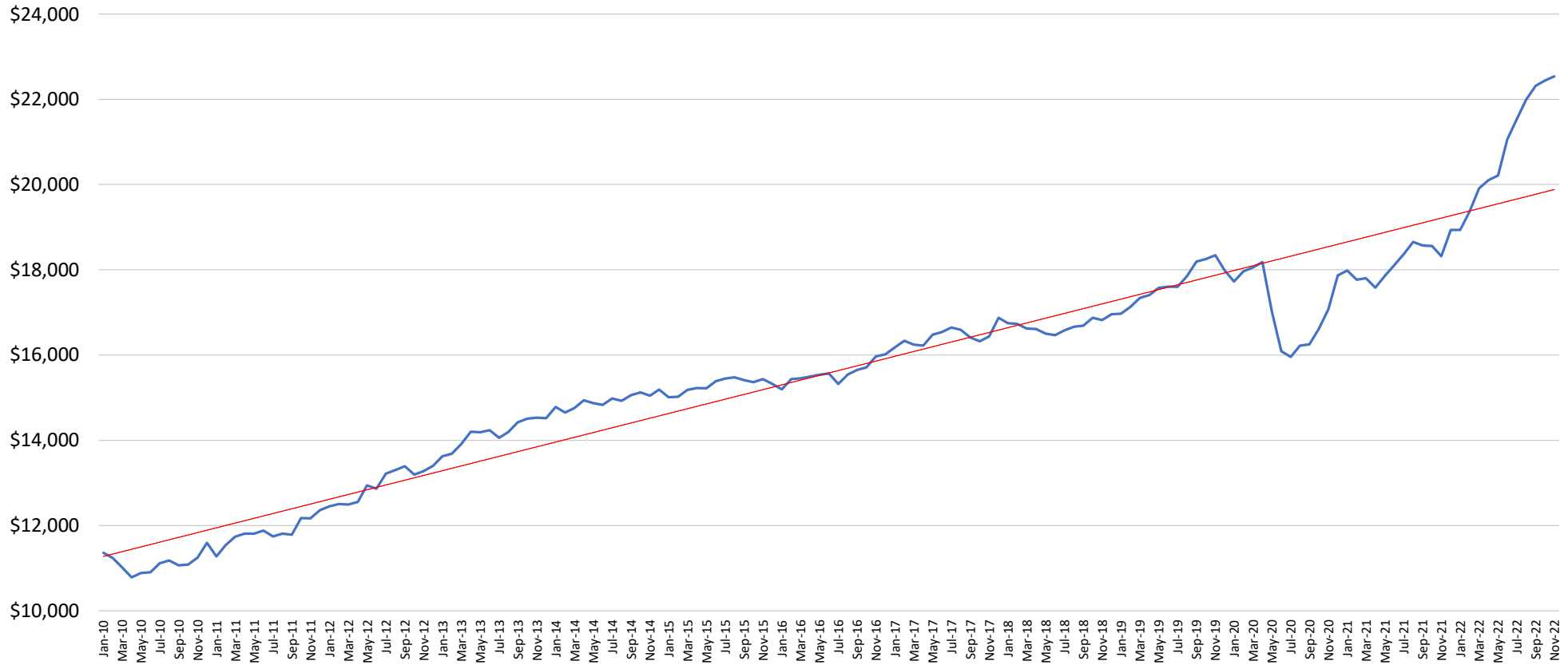
Source: NBWA Industry Affairs and U.S. Census of Wholesale Trade, November 2022

U.S. Census of Wholesale Trade - Total Alcohol Beverage
Alcohol Beverage Sales by Distributors
January 2010 to Nov 2022



Source: NBWA and US Census of Wholesale Trade. January 2023

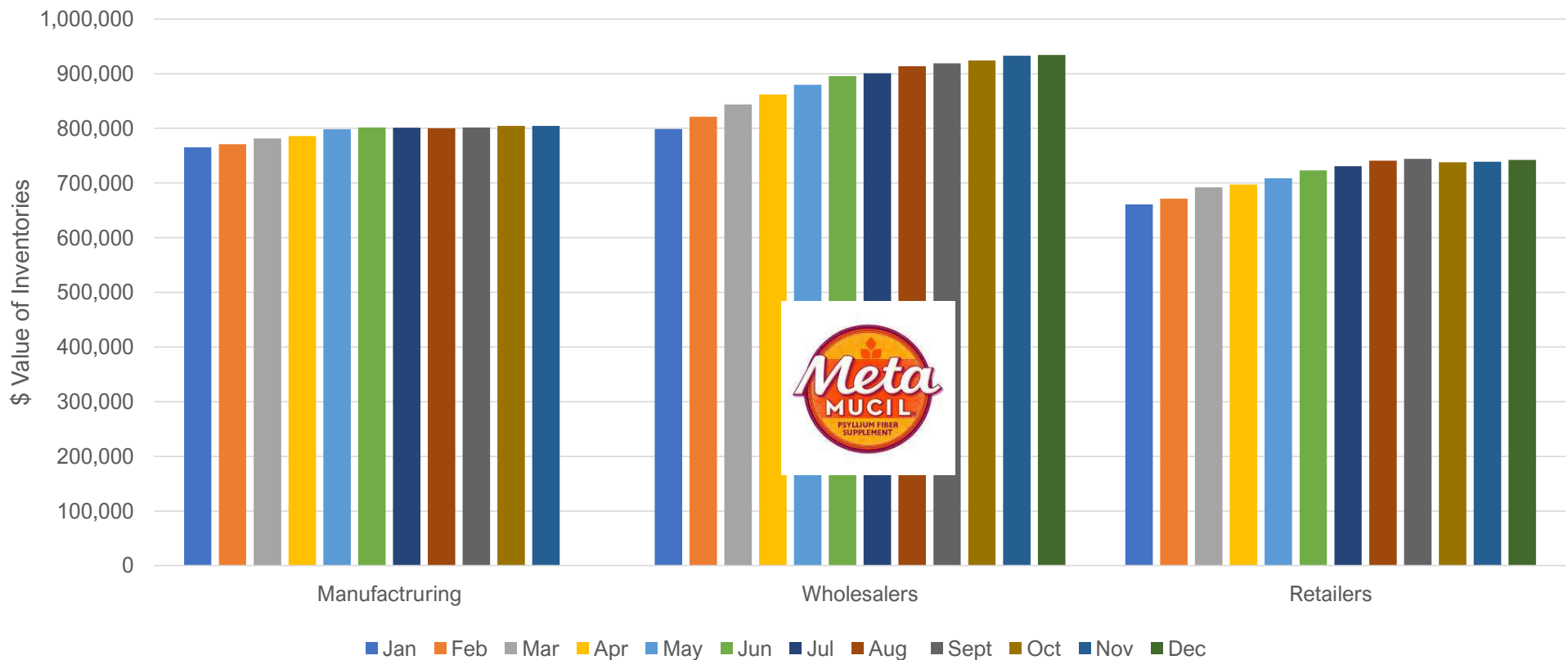
U.S. Census of Wholesale Trade - Total Alcohol Beverage
Alcohol Beverage Inventories at Distributors
January 2010 to Nov 2022



Source: NBWA and US Census of Wholesale Trade. January 2023

Across the Entire US Economy.. Inventories Continue to Grow, Bloated in the Middle

Monthly Inventory \$ Values 2022 (seasonally Adjusted)



Source: <https://www.census.gov/mtis/index.html> (Updated January 2023)

How to get rid of too much stuff...?

Amazon shoppers shrug off second Prime Day sale

PUBLISHED FRI, OCT 14 2022•3:57 PM EDT | UPDATED FRI, OCT 14 2022•4:50 PM EDT



Annie Palmer
@ANNIERPALMER

SHARE    

KEY POINTS

- Amazon's 48-hour "Prime Early Access Sale" ran through Wednesday.
- Data from third-party analysts shows the discount event failed to attract as many shoppers as Amazon's Prime Day in July.
- But one analyst suggested it accomplished what Amazon set out to do, which is reduce a glut of product in its warehouses.



 TV

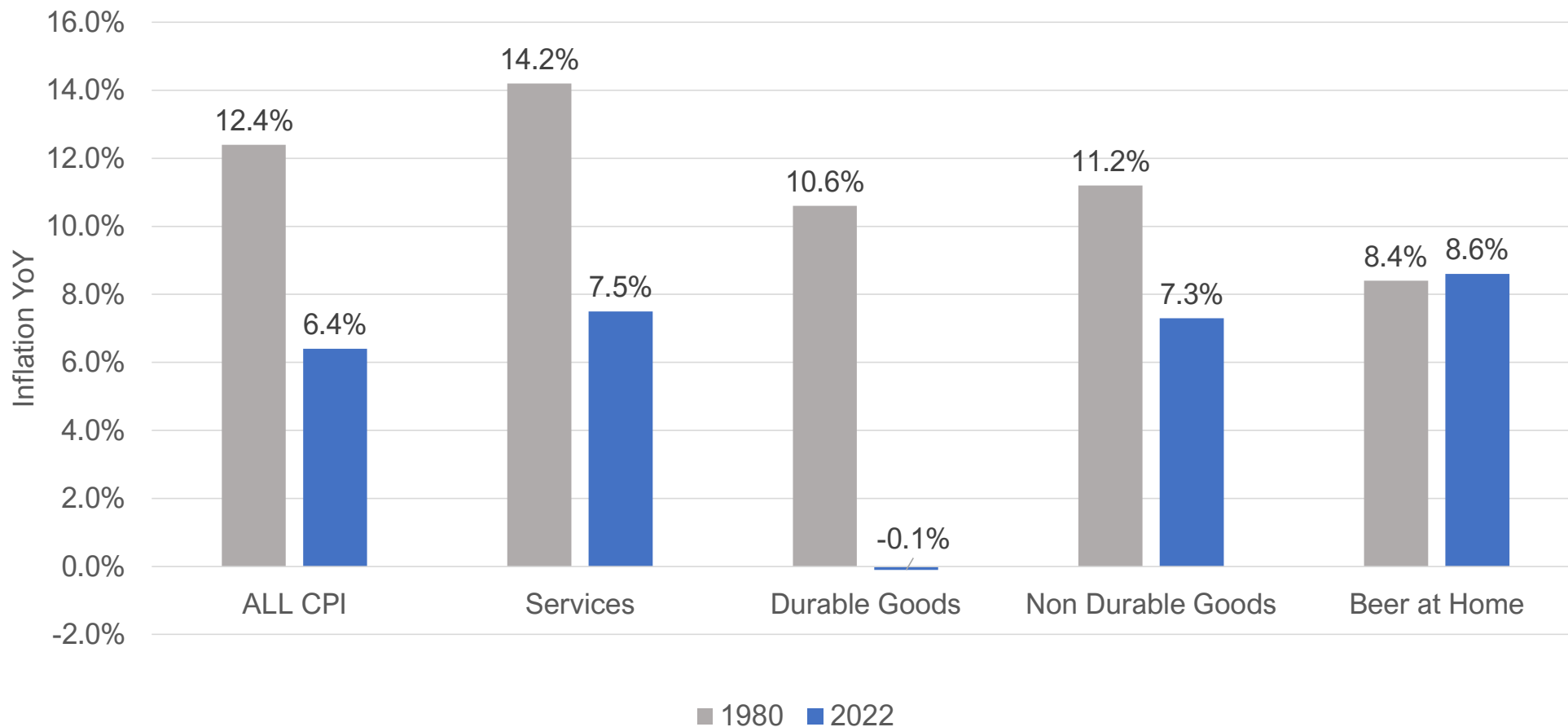
Squawk B

UP NEXT | **Squaw**
09:00 am ET

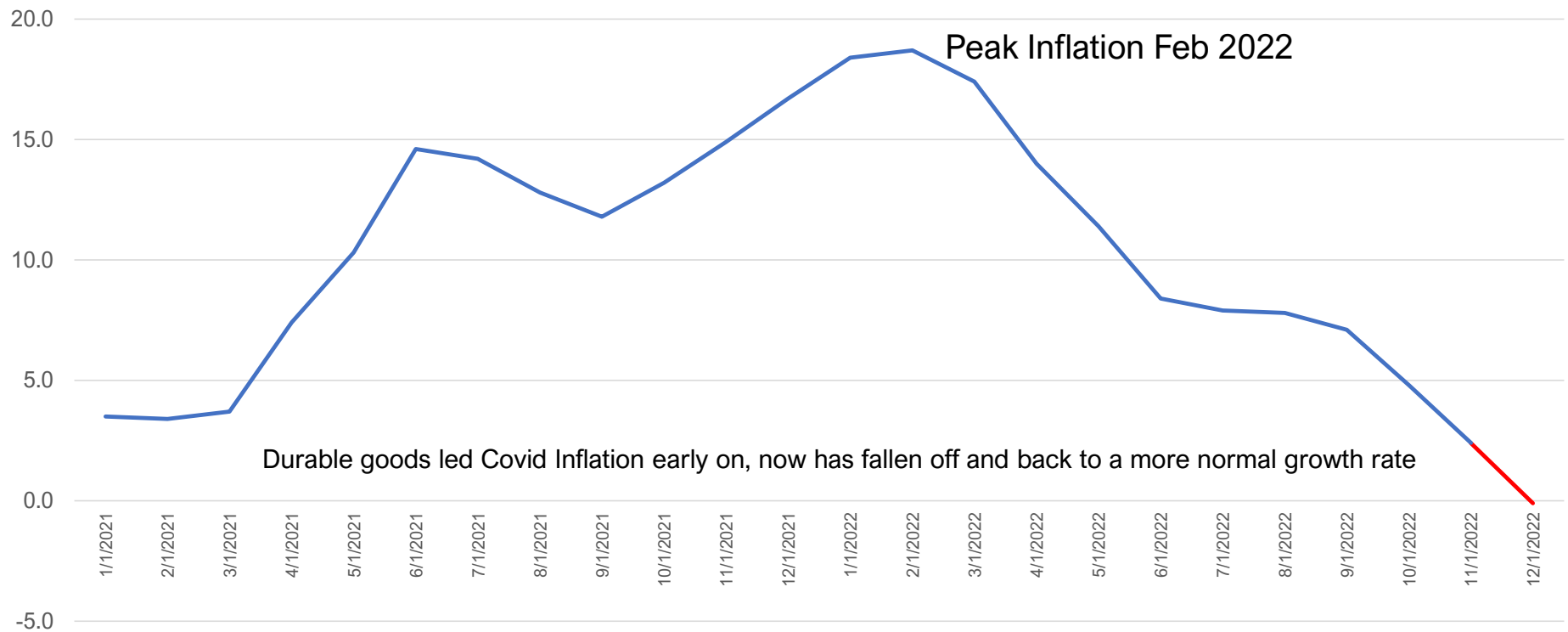


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Inflation in 2022; Not Like Any Past Inflationary Periods YoY Inflation December 1980 vs. December 2022 (SA)

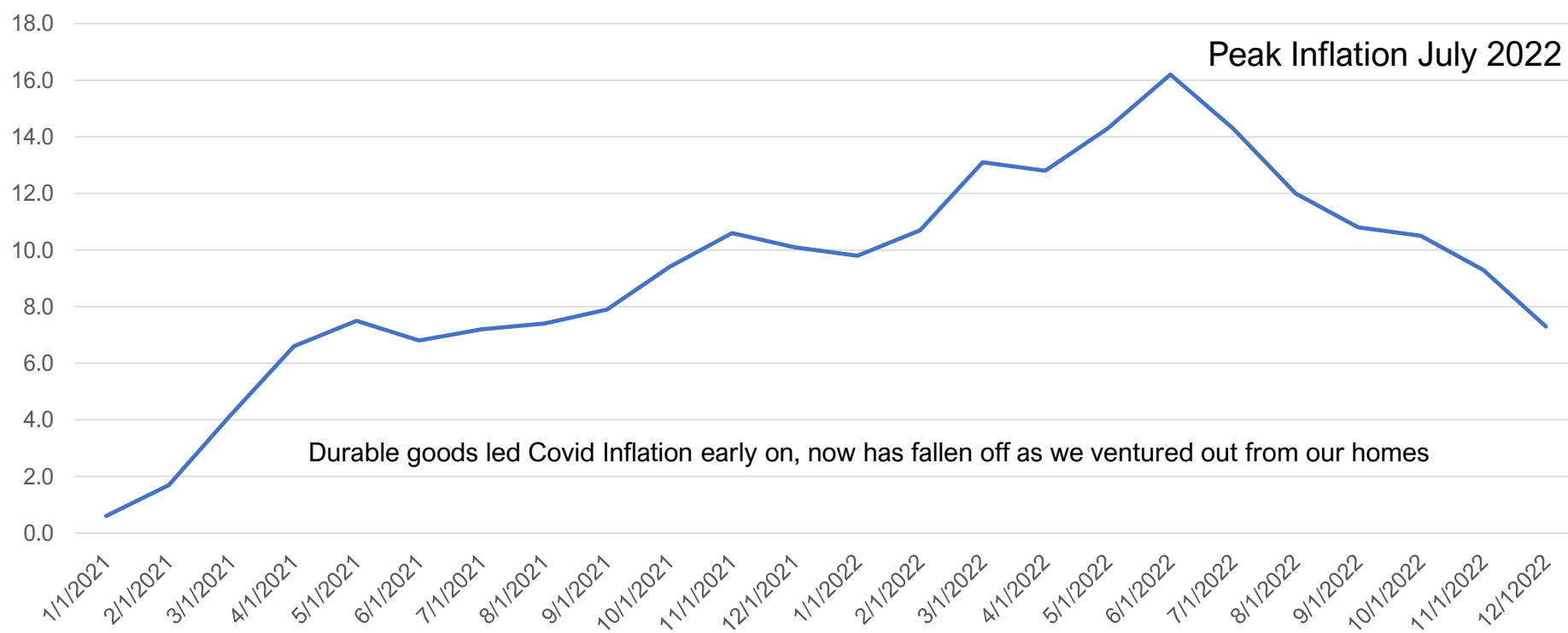


Durable Goods Led Covid Inflation Early, Now Prices are Falling...(YoY Inflation in Durable Goods)



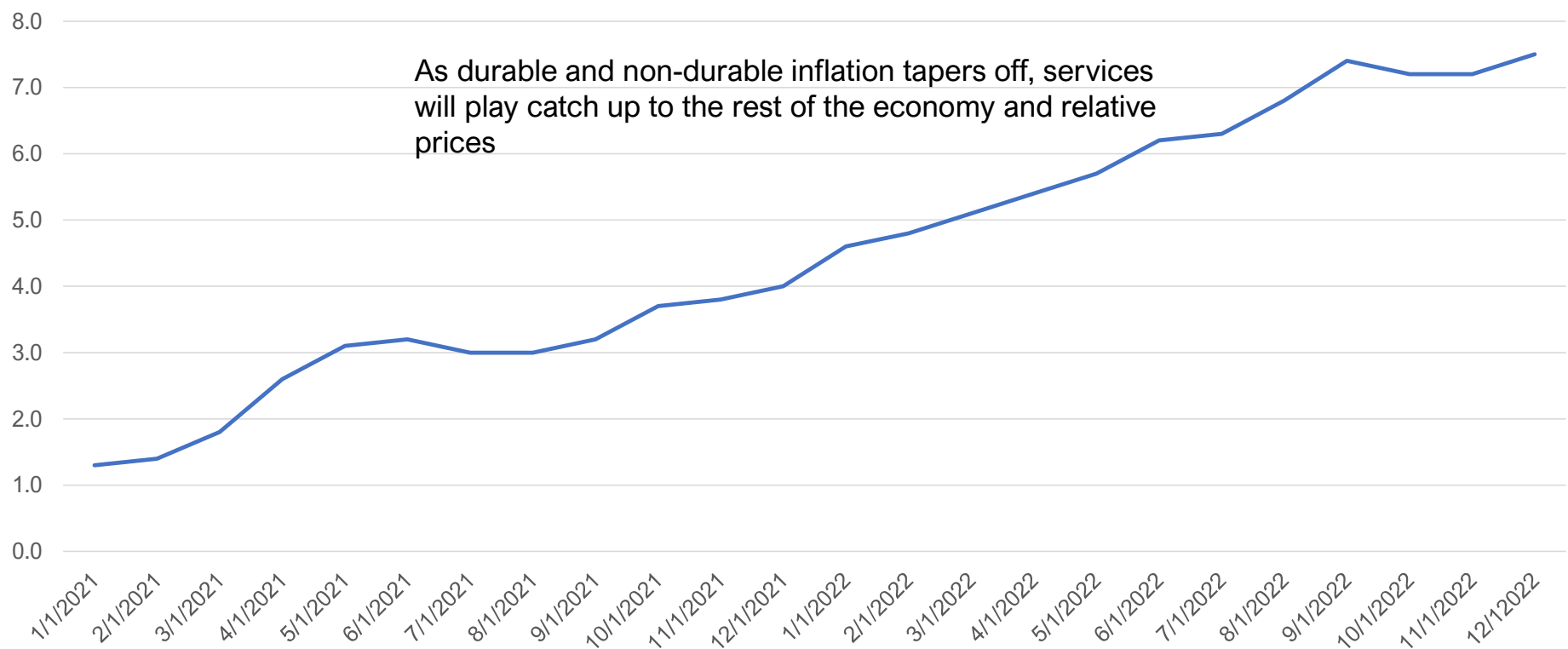
Non-Durable Goods – Peaked Later in 2022

(YoY Inflation in Non-Durable Goods)



Source: BLS-CPI and NBWA Industry Affairs, January 2023

Services Continue to be Impacted by Higher Prices (YoY Inflation in Still Elevated)



Source: BLS-CPI and NBWA Industry Affairs, January 2023

THE

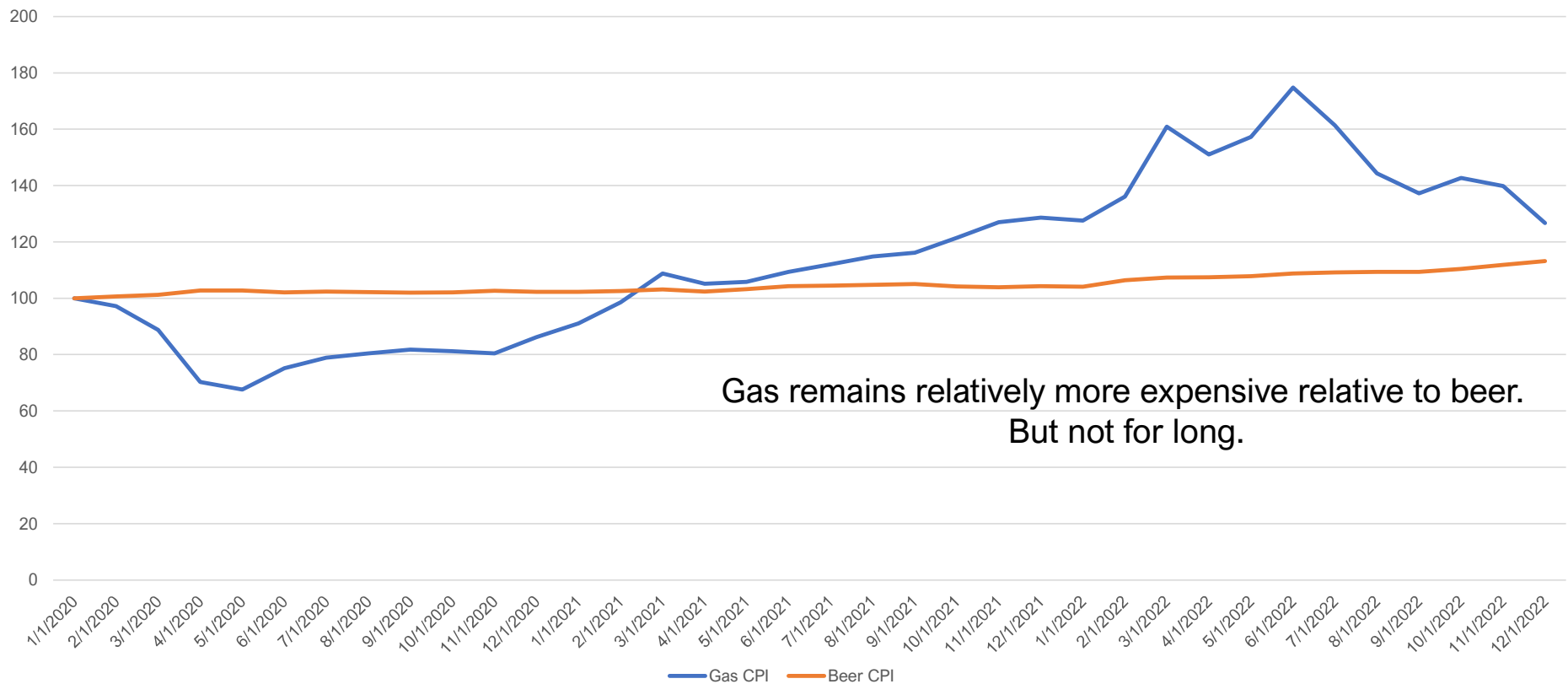
Olympic Tavern

A RESTAURANT & BAR

**BEER IS NOW
CHEAPER THAN GAS
DRINK. DONT DRIVE**

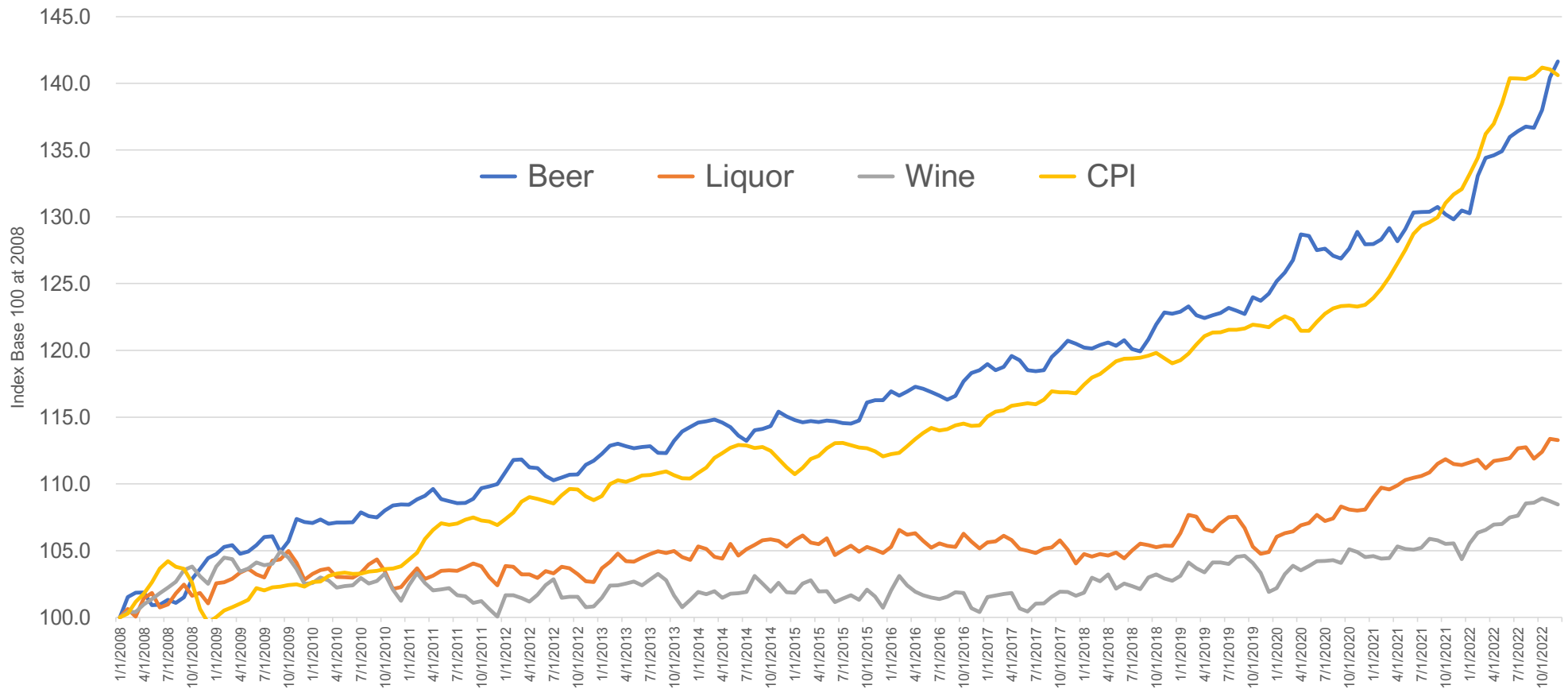
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Correct! Gas vs Beer Prices BLS-CPI January 2020 to December 2022



Source: BLS-CPI and NBWA Industry Affairs, December 2022

Alcohol Beverage Inflation BLS at Home (Off Premise) Consumer Price Index Jan 2008 to December 2022



Source: BLS-CPI and NBWA Industry Affairs, January 2023

Change in Relative Prices

Using BLS- CPI in Alcohol Beverages - Benchmark to 2008 = 100

Assume \$1.00 buys you the following
In 2008

\$1.00

\$1.00

\$1.00



2008

To purchase the same amount in 2022
you will need

\$1.38

\$1.09

\$1.12



2022

Change in Relative Prices

Using BLS- CPI in Alcohol Beverages - Benchmark to 2008 = 100
Perspective Matters!

Assume \$100 buys you the following
In 2008

\$100

\$100

\$1.00



2008

To purchase the same amount in 2022
you will need

\$138

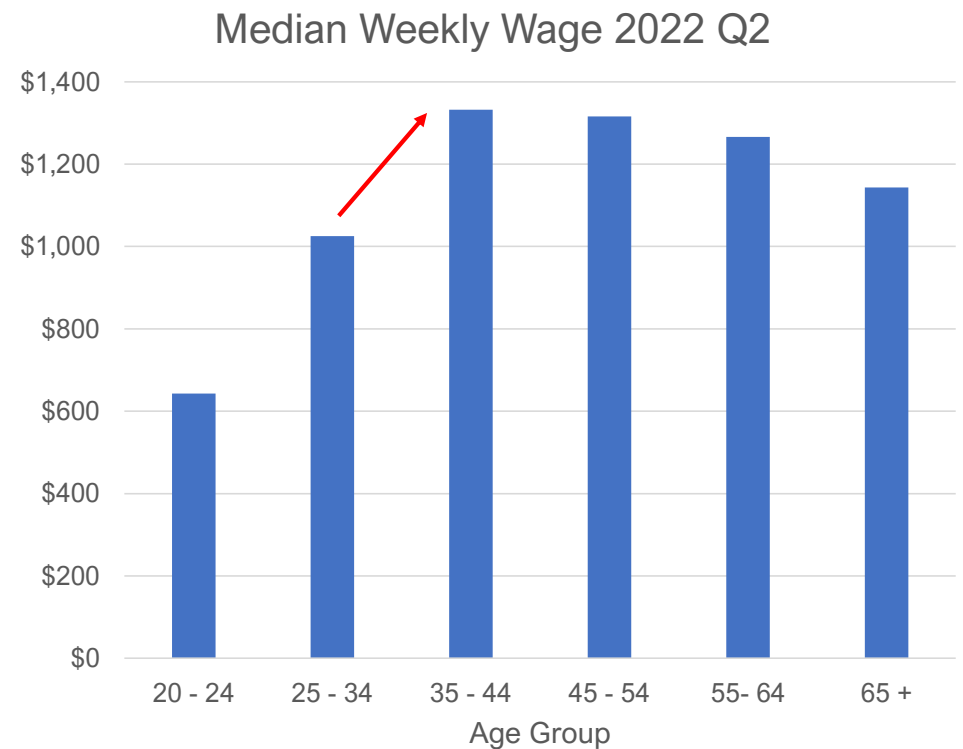
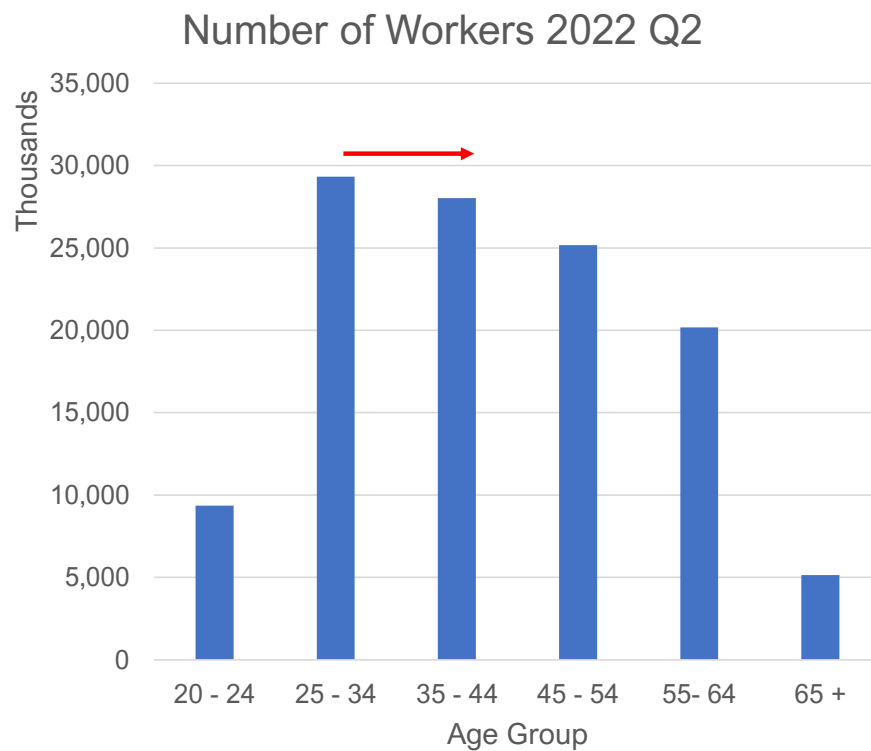
\$109

\$112



2022

28 million workers (25-34) will get a 20% raise as they mature in the Labor Force
They consistently spend about 1% of income on alcohol



Source: <https://www.bls.gov/news.release/wkyeng.t03.htm>.

U.S. Total Wealth Tops \$150 Trillion in 2021

Average American Net Worth by Age

Americans tend to see their net worth increase as they approach retirement age.

■ MEDIAN NET WORTH ■ MEAN NET WORTH

AGE 35 OR LESS

\$13,900
\$76,300

AGE 35-44

\$91,300
\$436,200

AGE 45-54

\$168,600
\$833,200

AGE 55-64

\$212,500
\$1,175,900

AGE 65-74

\$266,400
\$1,217,700

AGE 75+

\$254,800
\$977,600

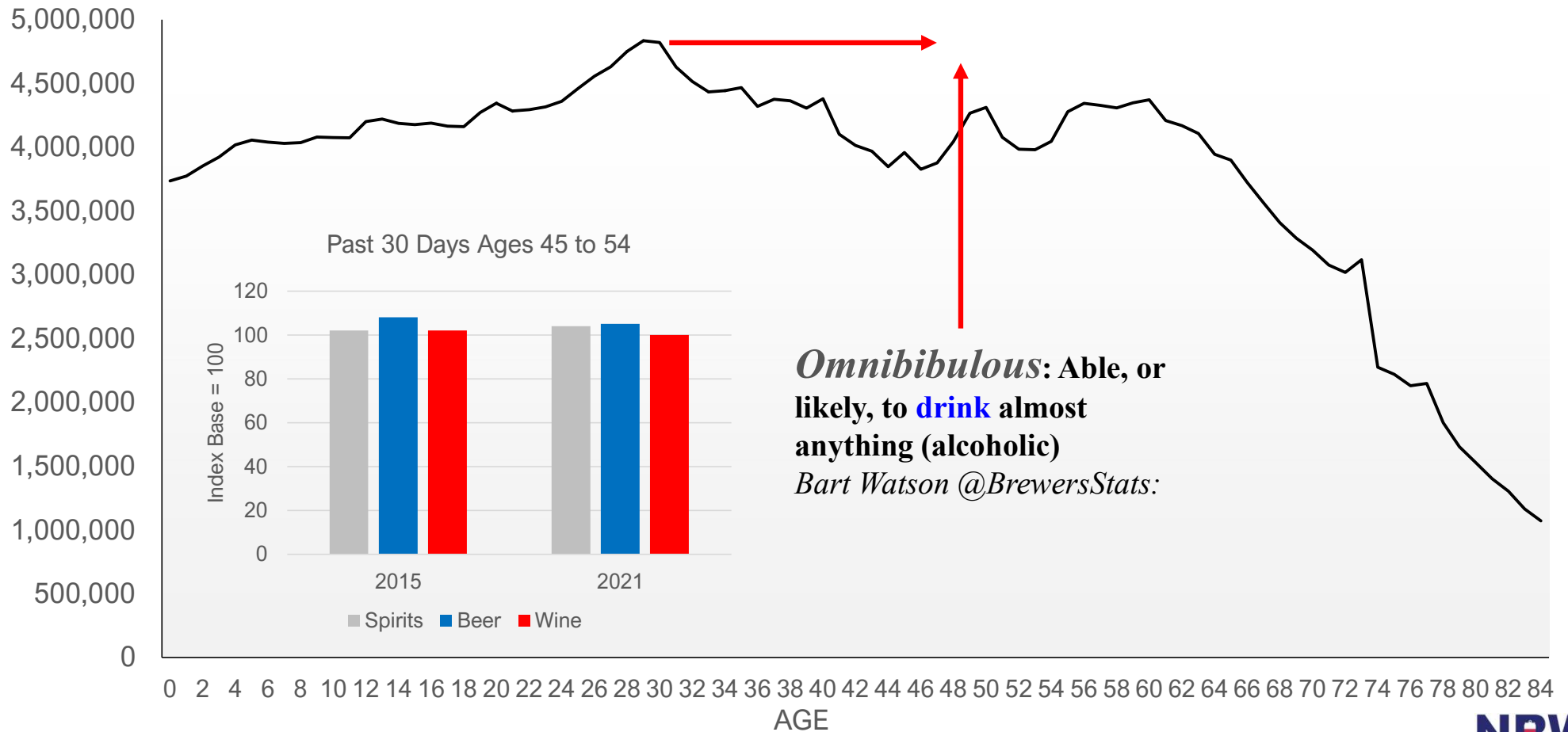
Millennials are banking on the Great Wealth Transfer. The Silent Generation and the Baby Boomers, upon their death, will transfer an estimated \$30 to \$68 trillion to adult children.

The narrative goes ... that the transfer will transform young consumers into alpha buyers of real estate, other big-ticket items.

Source: <https://www.federalreserve.gov/publications/files/scf20.pdf>

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Where is Consumption Headed? U.S. Population by Age in 2022 and beyond



Source: U.S. Census Population Estimates and NBWA 2021.

The Public's Perception of Alcohol

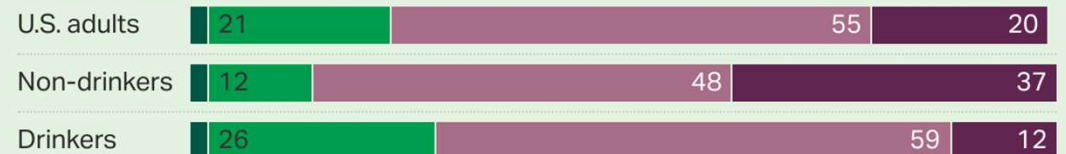
Gallup Poll July 2022

Perceived Effect of Alcohol Use, by Subgroup

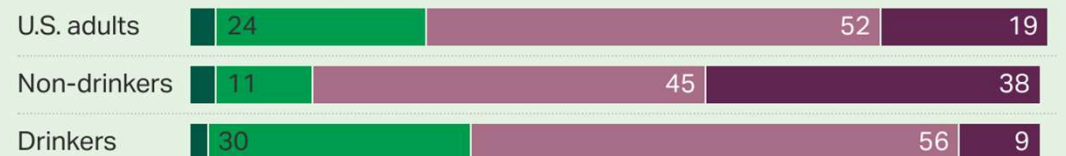
What effect do you think the use of alcohol has on [society/most people who drink]?

■ % Very positive ■ % Somewhat positive ■ % Somewhat negative ■ % Very negative

Effect of alcohol on society



Effect of alcohol on most people who drink



Those with no opinion are not shown.

Media and Public love “outrageous” alcohol news story

Does Dry January Dry Up Bar Sales?

The alcohol-abstaining month is over, but bars are still feeling the effects on their bottom lines

by Jaya Saxena | Feb 14, 2020, 11:30am EST

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INDY/LIFE

MOTHERS WITH YOUNG KIDS CONSUMED 300% MORE ALCOHOL DURING PANDEMIC, STUDY REVEALS

‘Policymakers should be prepared to respond to the public health consequences of such a sudden, sustained increase in alcohol consumption,’ health economist says

Americans Are Drinking 14% More Often During Pandemic, Study Finds

October 5, 2020 - 4:49 PM ET

REESE OWEN



WELLBEING AUGUST 19, 2021

U.S. Alcohol Consumption on Low End of Recent Readings

BY MEGAN BRENNAN

“Sixty percent of U.S. adults currently report drinking alcoholic beverages such as liquor, wine or beer, marking a decrease from 65% in 2019 when the measure was last tracked.”

Alcohol Use Among Older Adults

Poll finds risky drinking patterns in older adults during the COVID-19 pandemic

During the COVID-19 pandemic, 27% of older adults reported a decrease in their alcohol use, 14% an increase, and 59% had no change in their alcohol use.”

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More News Keeps Coming

By Ben Turner published March 10, 2022

Just one pint of beer a day can make the brain look two years older.



Just two units of alcohol a day are enough to make brains appear two years older. (Image credit: Shutterstock)

health Life, But Better Fitness Food Sleep Mindfulness Relationships

LIVE TV Edition 🔍 🗨️ ☰

Need for liver transplants due to heavy drinking soared during the pandemic, study finds



By Jen Christensen, CNN

Updated 2:59 AM ET, Thu October 28, 2021



Researchers found the number of people who got a liver transplant or were put on a waiting list due to alcoholic hepatitis was 50% higher than what was forecast based on pre-pandemic trends.

(CNN) — The need for liver transplants because of heavy drinking soared during the pandemic, researchers reported Tuesday.

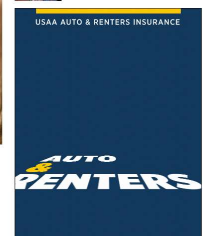
Sponsored Content



Pisaki tests positive for Covid, last saw Biden Tuesday



CNN witnesses 9-year-old being sold for marriage to 55-year-old...



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The New York Times

Canada's New Guidelines for Alcohol Say 'No Amount' Is Healthy

The guidance builds on growing evidence, after decades of sometimes conflicting research, that even small amounts of alcohol can have serious health consequences.



Give this article



56



Most Recently...

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BEER SERVES AMERICA

America's beer industry supports more than two million jobs

Provides more than \$102 billion in wages and benefits

Contributes more than \$331 billion to the U.S. economy

Includes more than 37,000 agricultural jobs

#BEERFIRST

#BEERSTOTHAT



Thank You

Lester Jones, Chief Economist, NBWA

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Twitter [@joneslester](https://twitter.com/joneslester)