Hop Growers Conference 2025

Brewing in the 21st Century: Demographic Shifts and the Rise of an All-Beverage Strategy

1.23.2025

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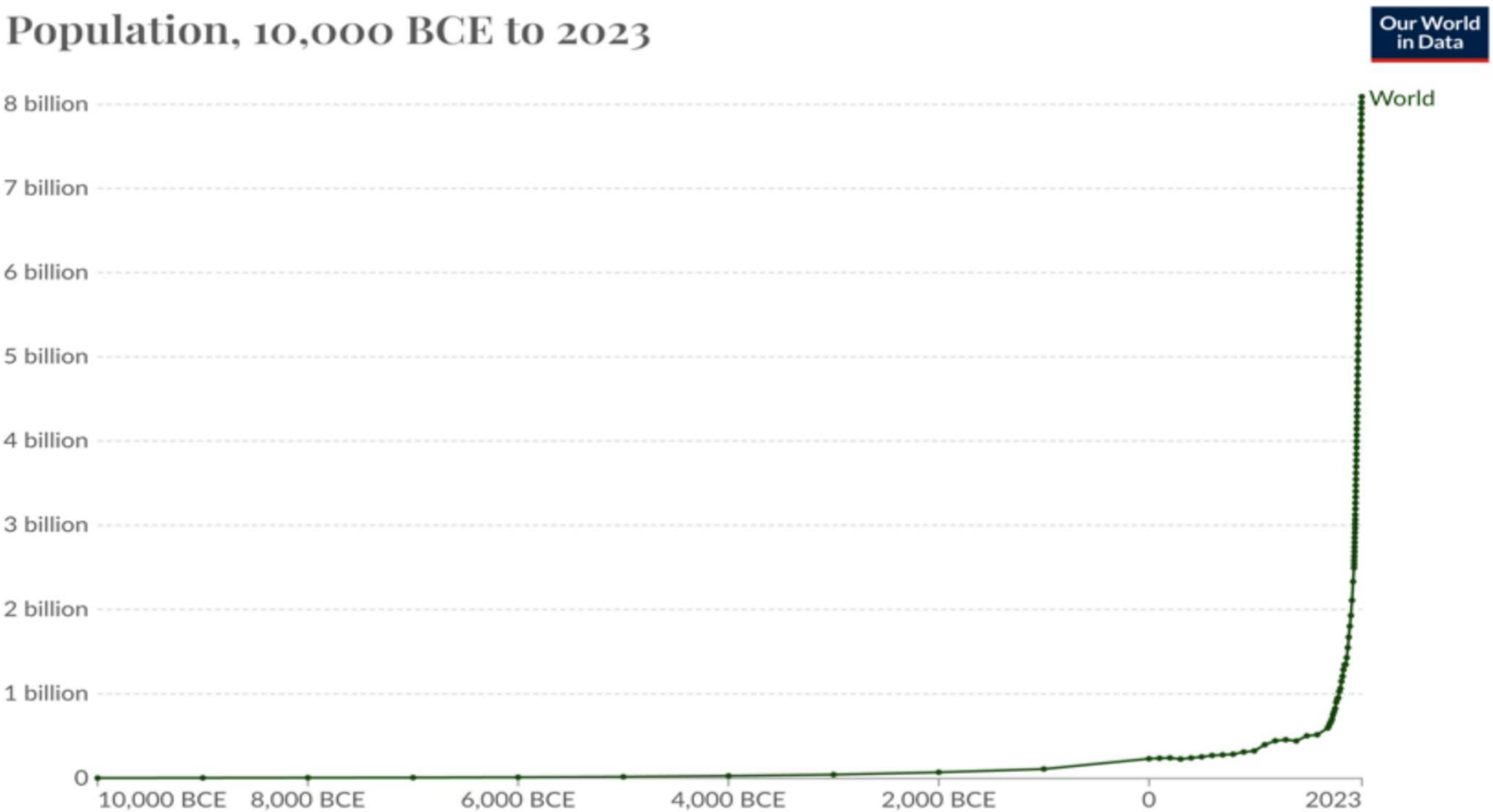
AFRICA BEER GROUP A PROUD MEMBER OF THE WORLD BREWING ALLIANCE

Beer's Differentiation Strategy

- The entire value chain for Beer must work together to tackle the threats posed by the WHO and the opportunities arising from the efforts of the WHO by concentrating on our differentiation strategy:
- Guiding consumers toward lower-ABV beverages.
- This involves shifting consumers in developing countries from illicit alcohol to beer and leaning into offering consumers in developed countries lower and non-alcoholic (NA) options.

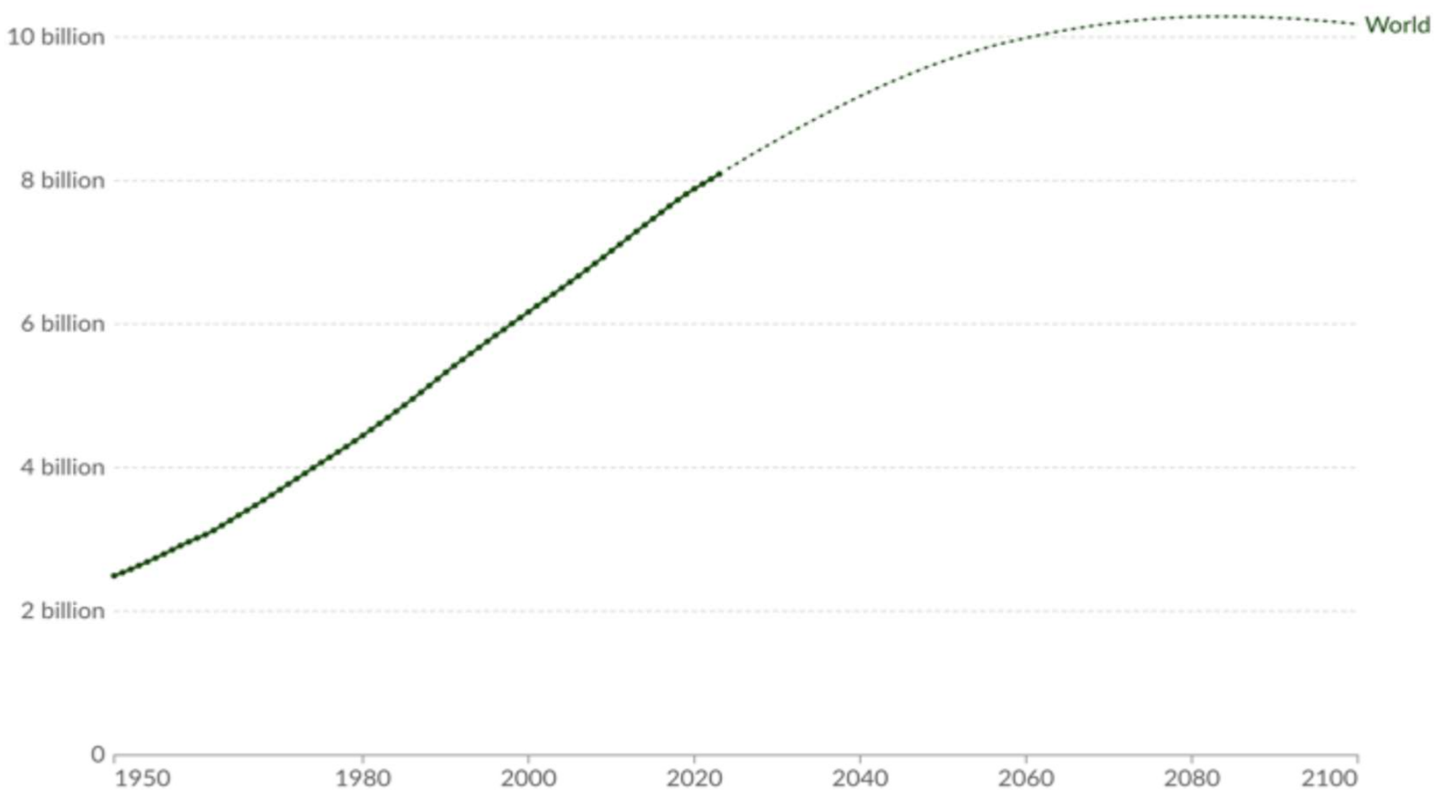
Population, 10,000 BCE to 2023



Data source: HYDE (2023); Gapminder (2022); UN WPP (2024)
Note: Historical country data is shown based on today's geographical borders.

Population, 1950 to 2100

Future projections are based on the UN medium scenario[1].



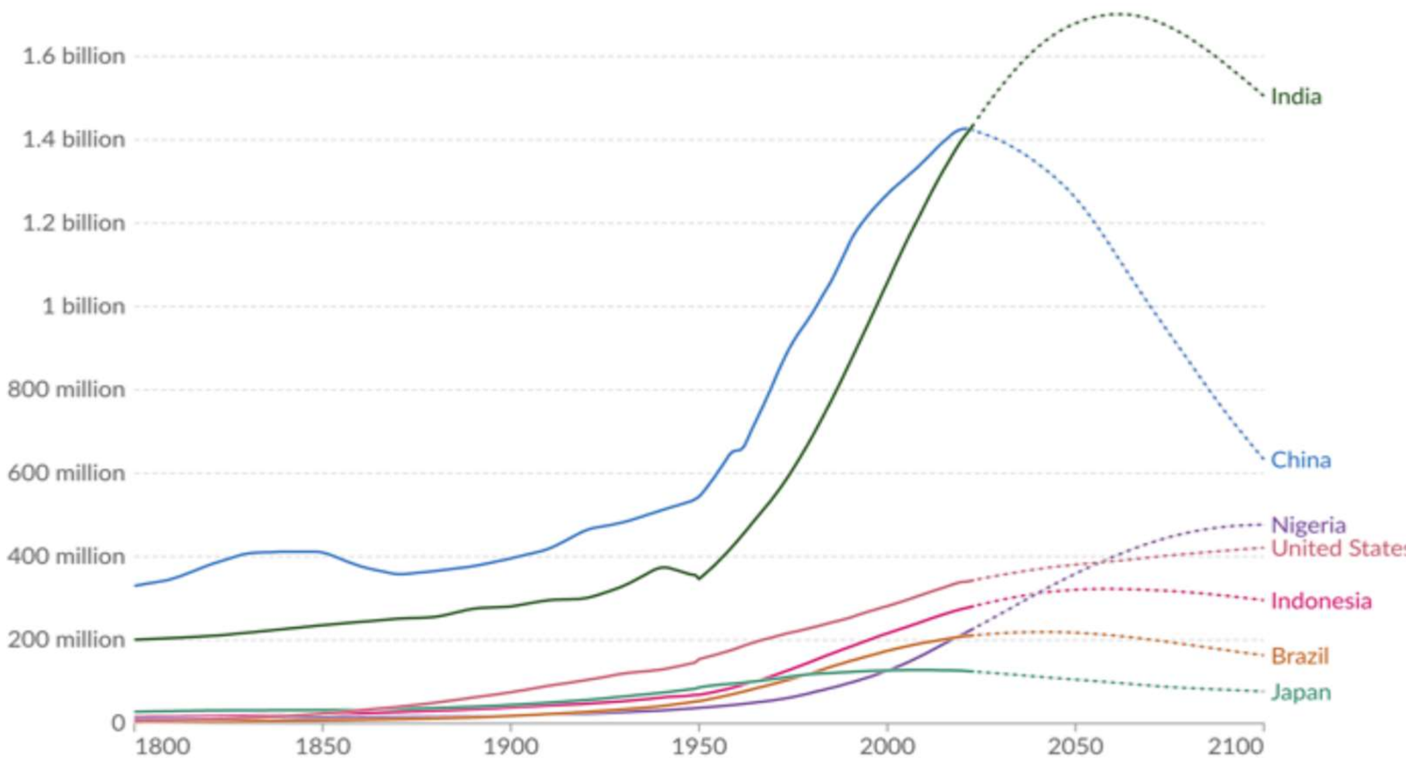
Data source: UN, World Population Prospects (2024)

OurWorldinData.org/population-growth |

1. UN projection scenarios: The UN's World Population Prospects provides a range of projected scenarios of population change. These rely on different assumptions in fertility, mortality and/or migration patterns to explore different demographic futures. Read more: Definition of Projection Scenarios (UN)

Population, 1800 to 2100

Future projections are based on the UN medium-fertility scenario[1].



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At a global level, we are witnessing the most rapid expansion of the middle class the world has ever seen

2016

Global Middle Class

3.2 billion

At the end of 2016, there were about 3.2 billion people in the global middle class. On average 160 million will join the middle class annually for the next 5 years.

160 million

Each year for the next 5 years will be added to the global middle class.

BROOKINGS

In only three years, the fast-expanding global middle class will reach a historic milestone

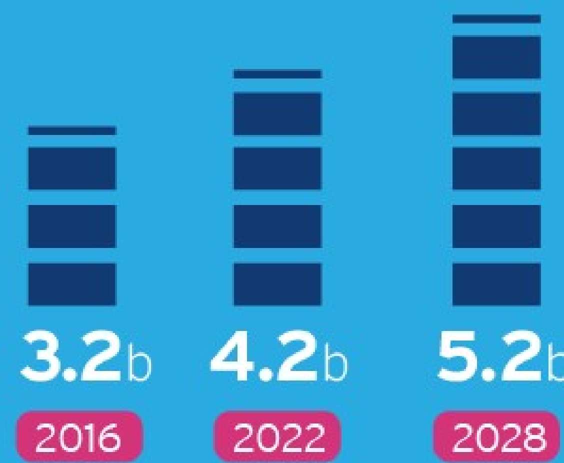
Around 2020, the middle class will become a majority of the global population for the first time ever.

UPPER CLASS

MIDDLE CLASS

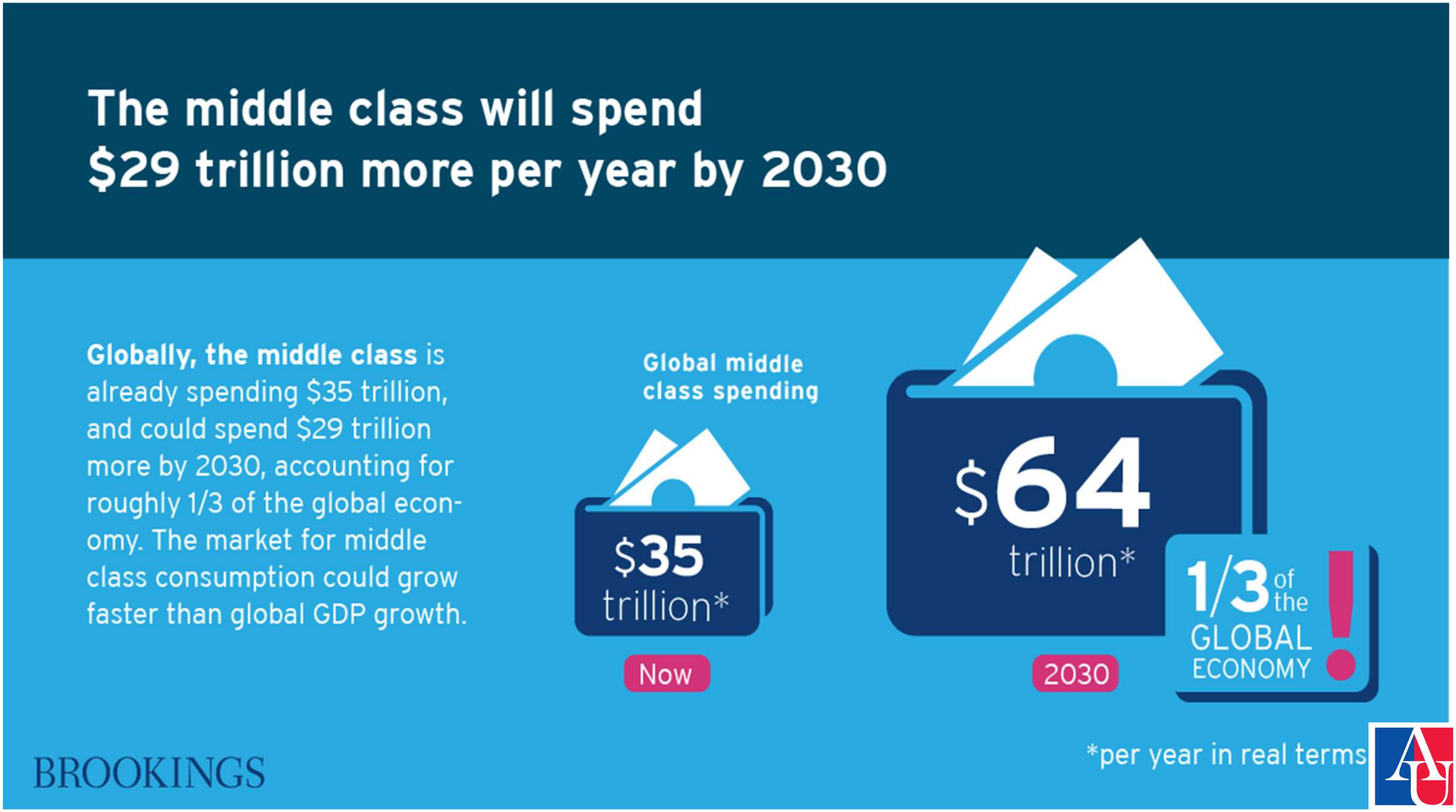
LOWER CLASS

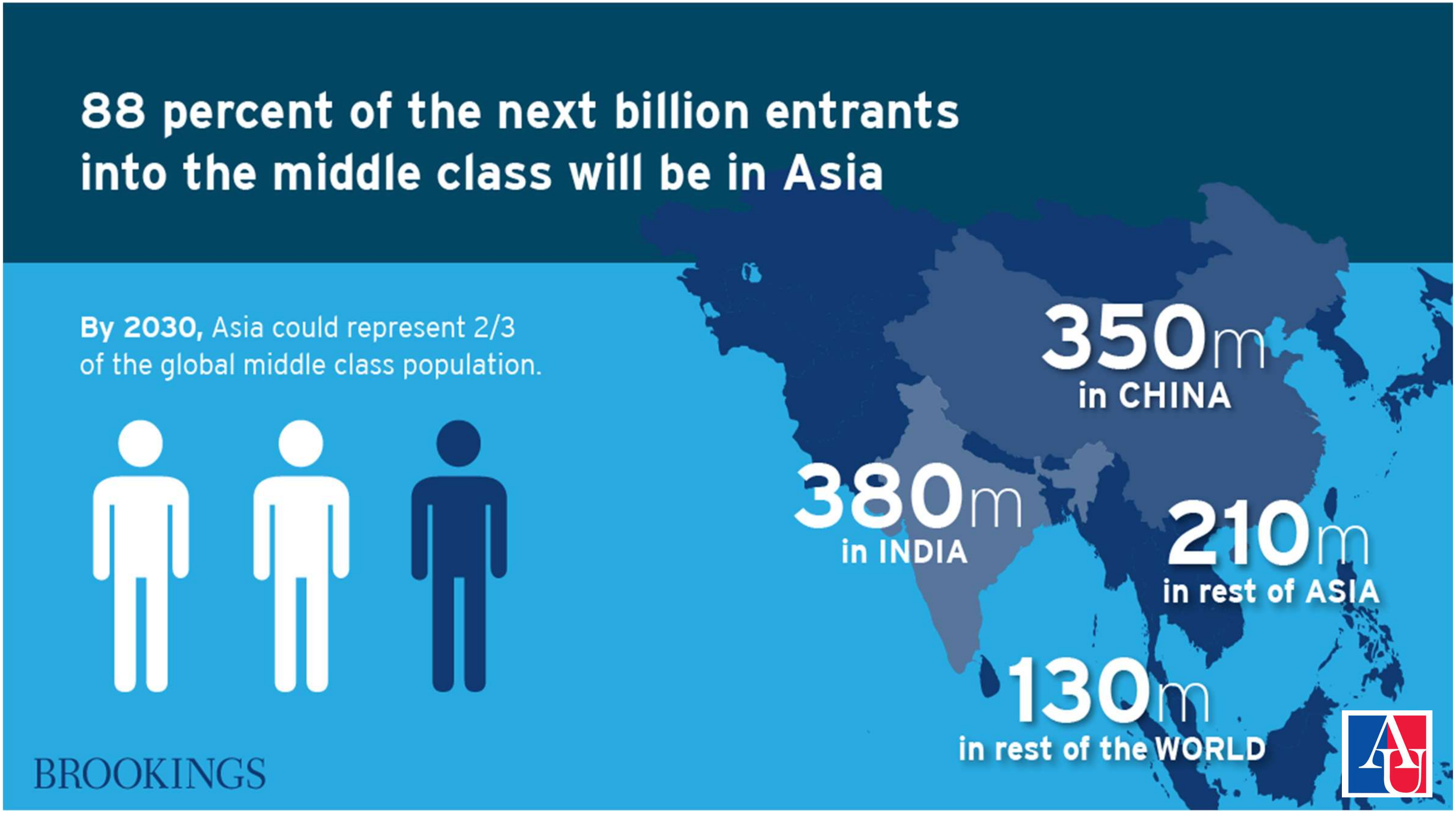
We are on pace to add another billion in seven years and another billion by 2028.



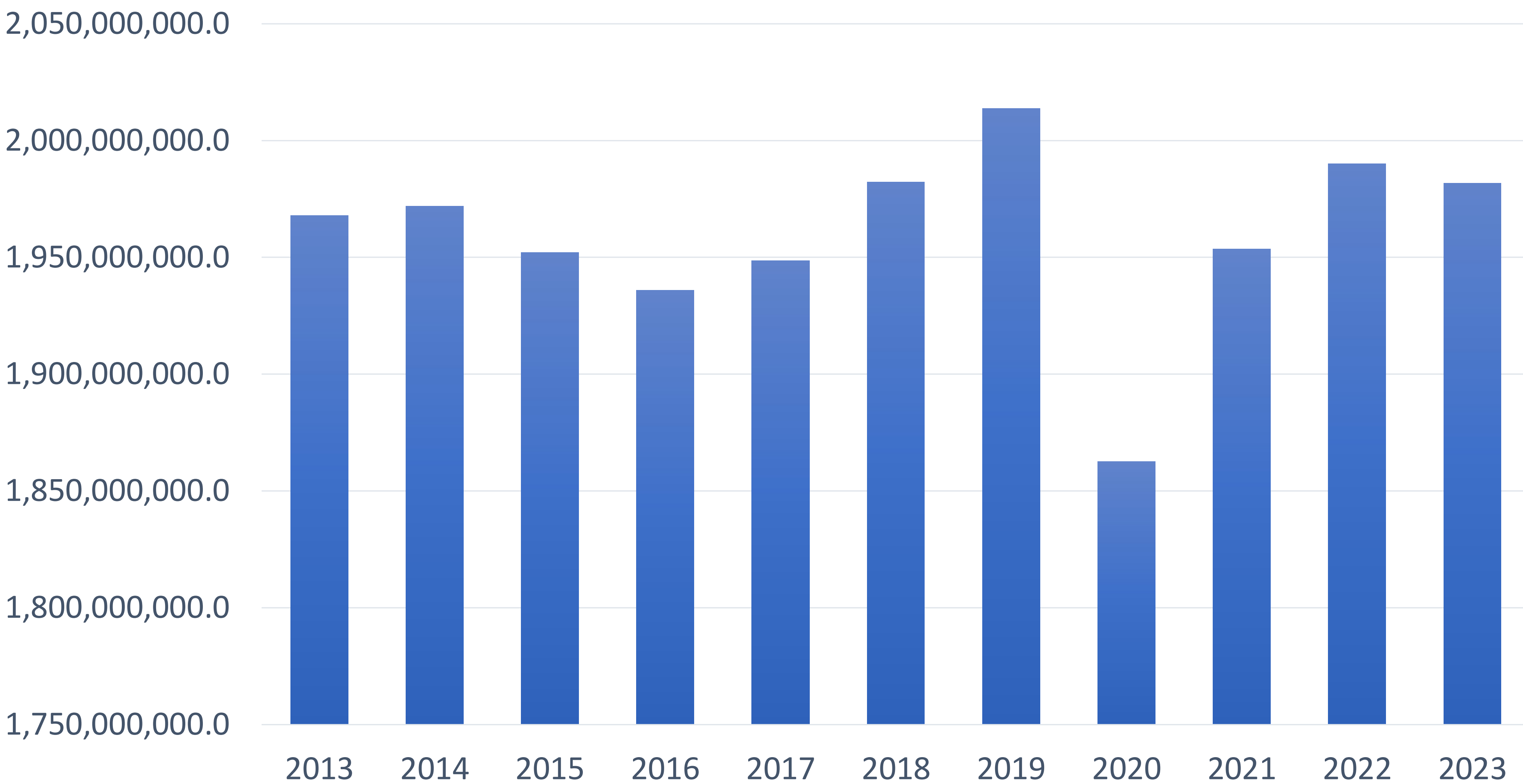
Global Middle Class

BROOKINGS


The middle class will spend
$29 trillion more per year by 2030
Globally, the middle class is already spending $35 trillion, and could spend $29 trillion more by 2030, accounting for roughly 1/3 of the global economy. The market for middle class consumption could grow faster than global GDP growth.
Global middle class spending
$35 trillion*
Now
$64 trillion*
2030
1/3 of the GLOBAL ECONOMY !
*per year in real terms
BROOKINGS

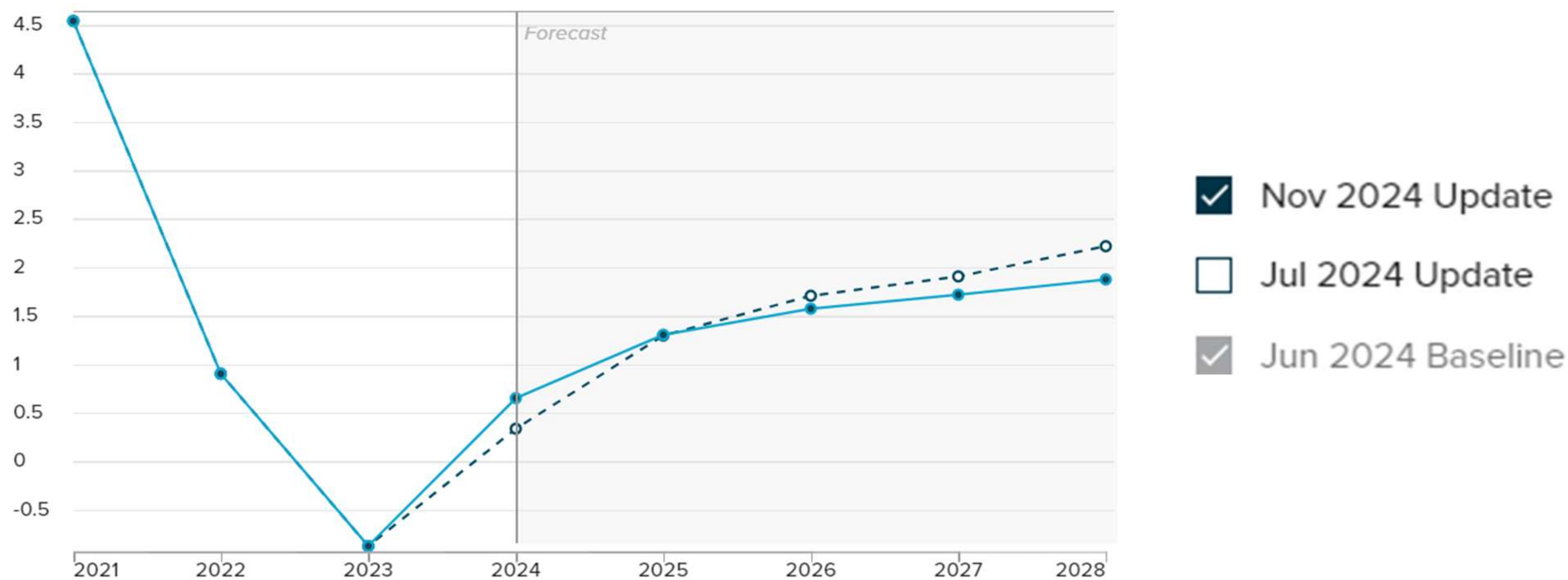

88 percent of the next billion entrants into the middle class will be in Asia
By 2030, Asia could represent 2/3 of the global middle class population.
350m
in CHINA
380m
in INDIA
210m
in rest of ASIA
130m
in rest of the WORLD
BROOKINGS

WORLD BEER VOLUME (HL)



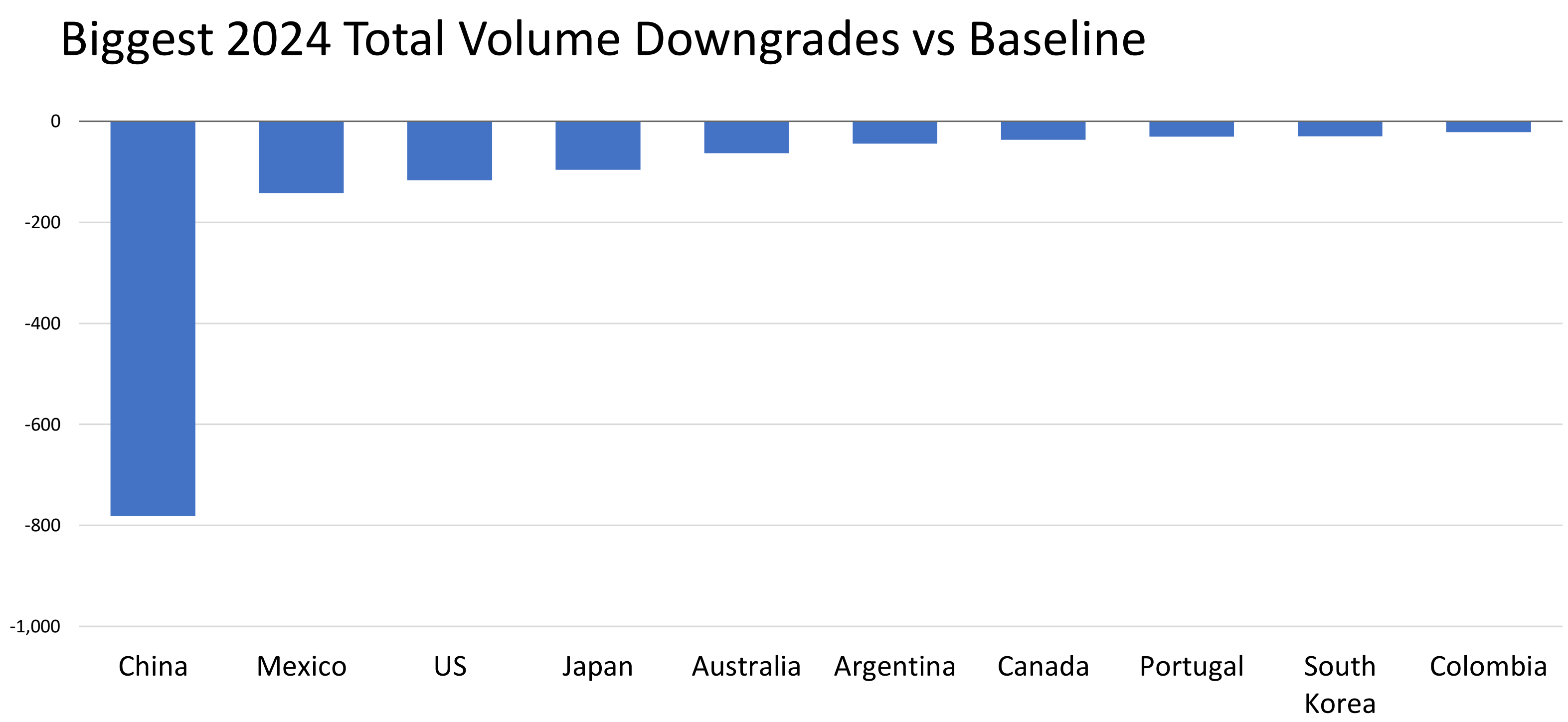
Anemic recovery is downgraded further, and macroeconomic storms are on the horizon

Global Alcoholic Drinks Volume Growth Baseline vs Half-Year Update 2021-2028



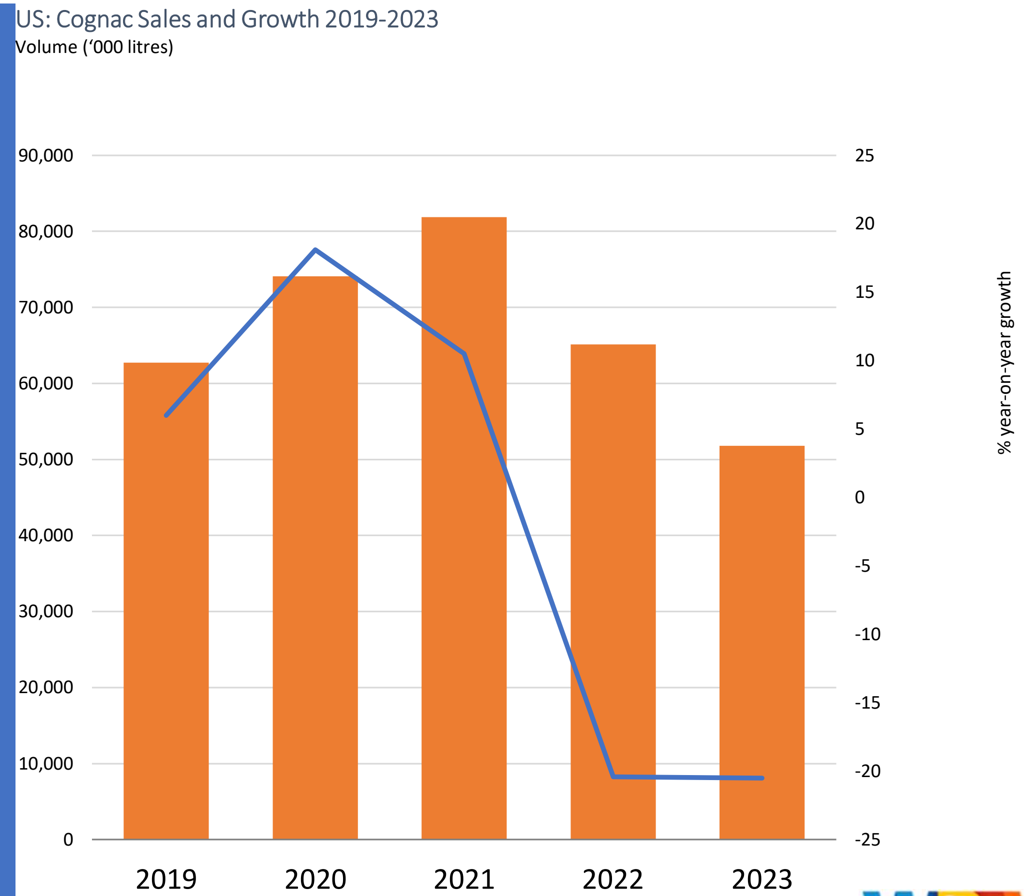
GLOBAL ALCOHOLIC DRINKS UPDATE

Green shoots of recovery are severed



Revisiting key trends: Testing the limits of premiumization: Still under pressure

- Premiumisation retains its totemic status but signs of bifurcation are becoming evident.
- The rekindled fears of rising inflation, sustained pressures on discretionary incomes and confidence levels will increasingly lead to more polarised drinking habits



1.3 billion hectoliters

Premiumization – from Illicit to Beer

Illicitly produced or distributed alcohol—accounts for 21% of the total worldwide alcohol consumption. Source WHO

In 2019, the global total alcohol consumption was estimated at 5.5 liters of pure alcohol per person aged 15 years and older.

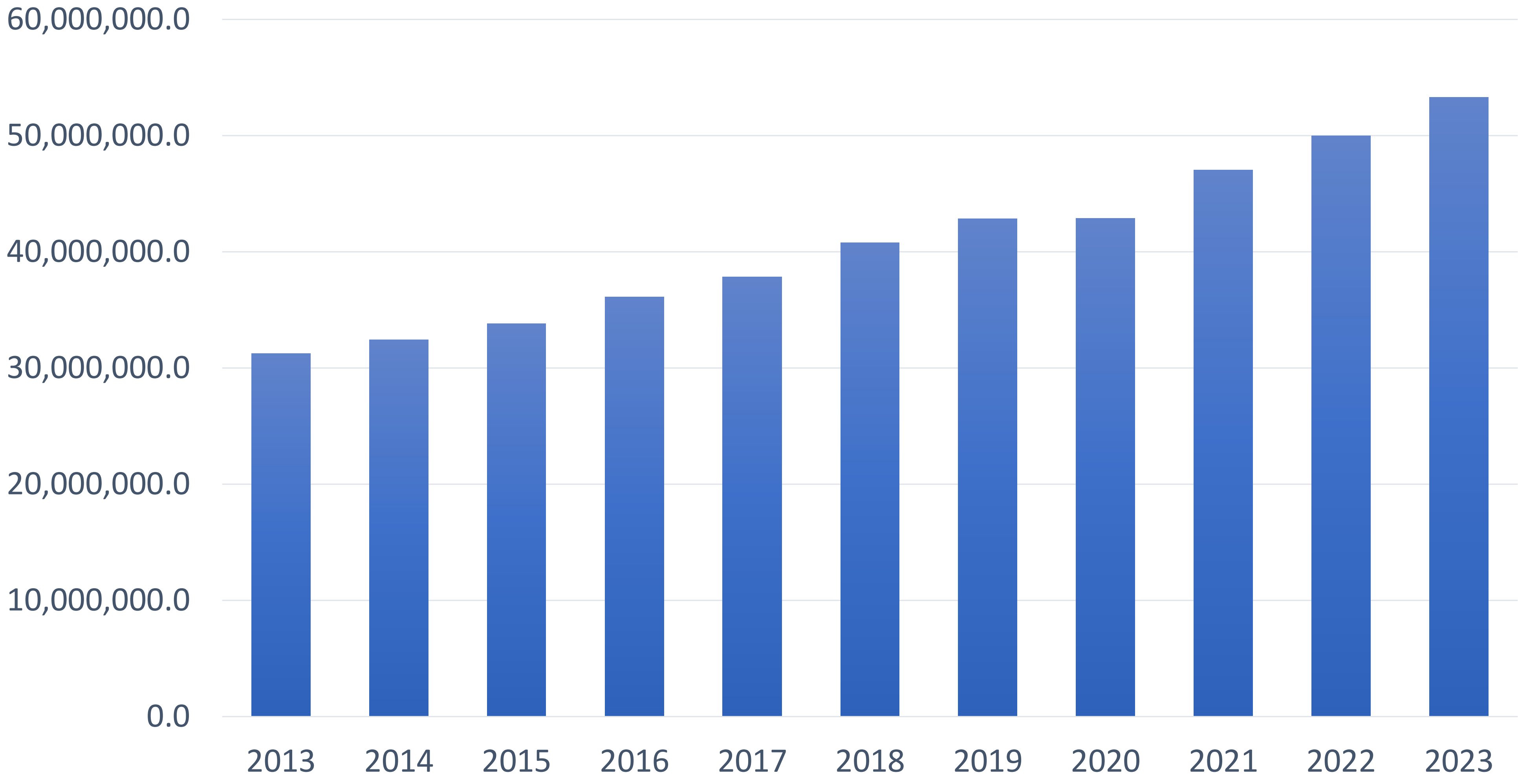
This means that unrecorded alcohol consumption represents about 1.16 liters per person annually.

Given the global population aged 15 and older, this translates to an estimated 6.5 billion liters of unrecorded alcohol consumed each year. The equivalent amount of beer at 5% ABV is 1.3 billion hectoliters

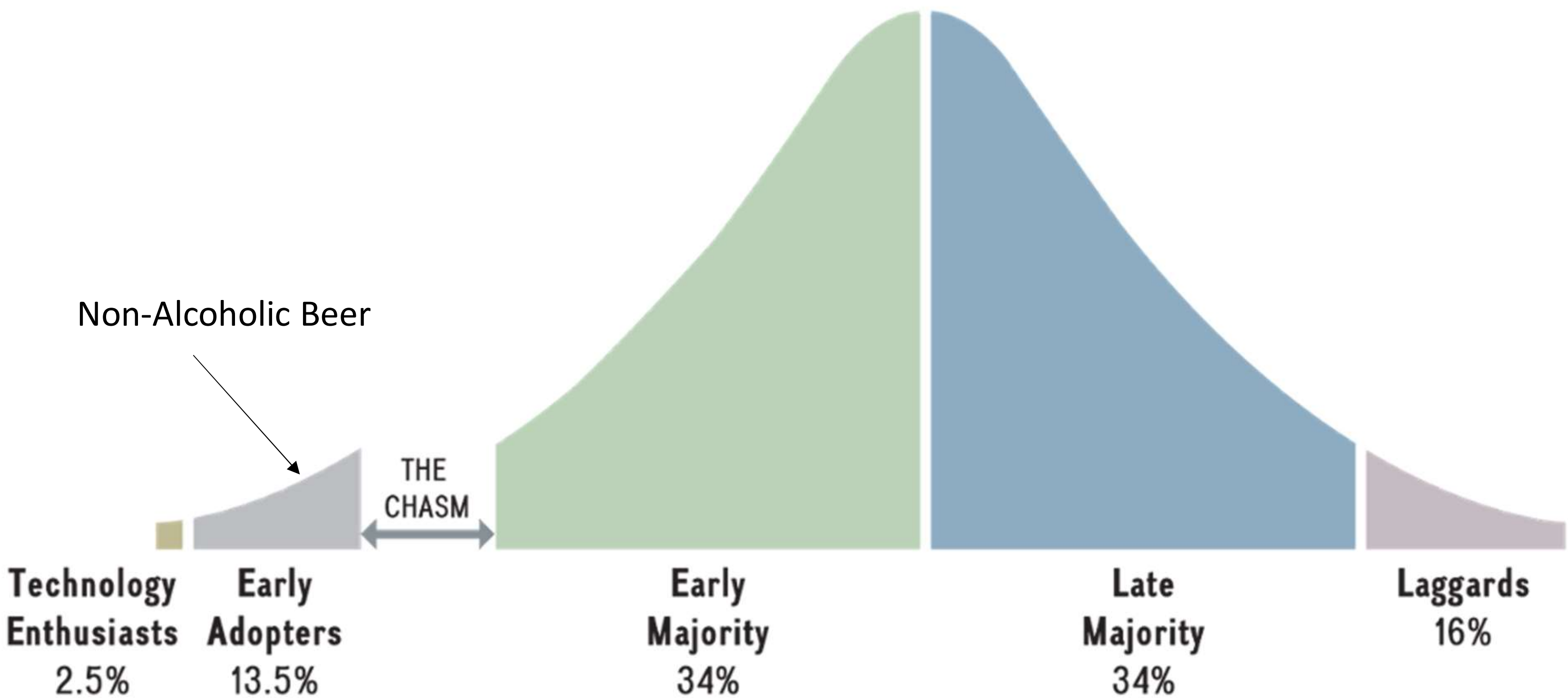
Soft Drinks

- Global Beer Volume – 19.8 B HL
- Global Beer Value - $750 B
- Global Soft Drinks Volume – 81.4 B HL
- Global Soft Drinks Value - $1.1 T

WORLD NON-ALC BEER VOLUME (HL)

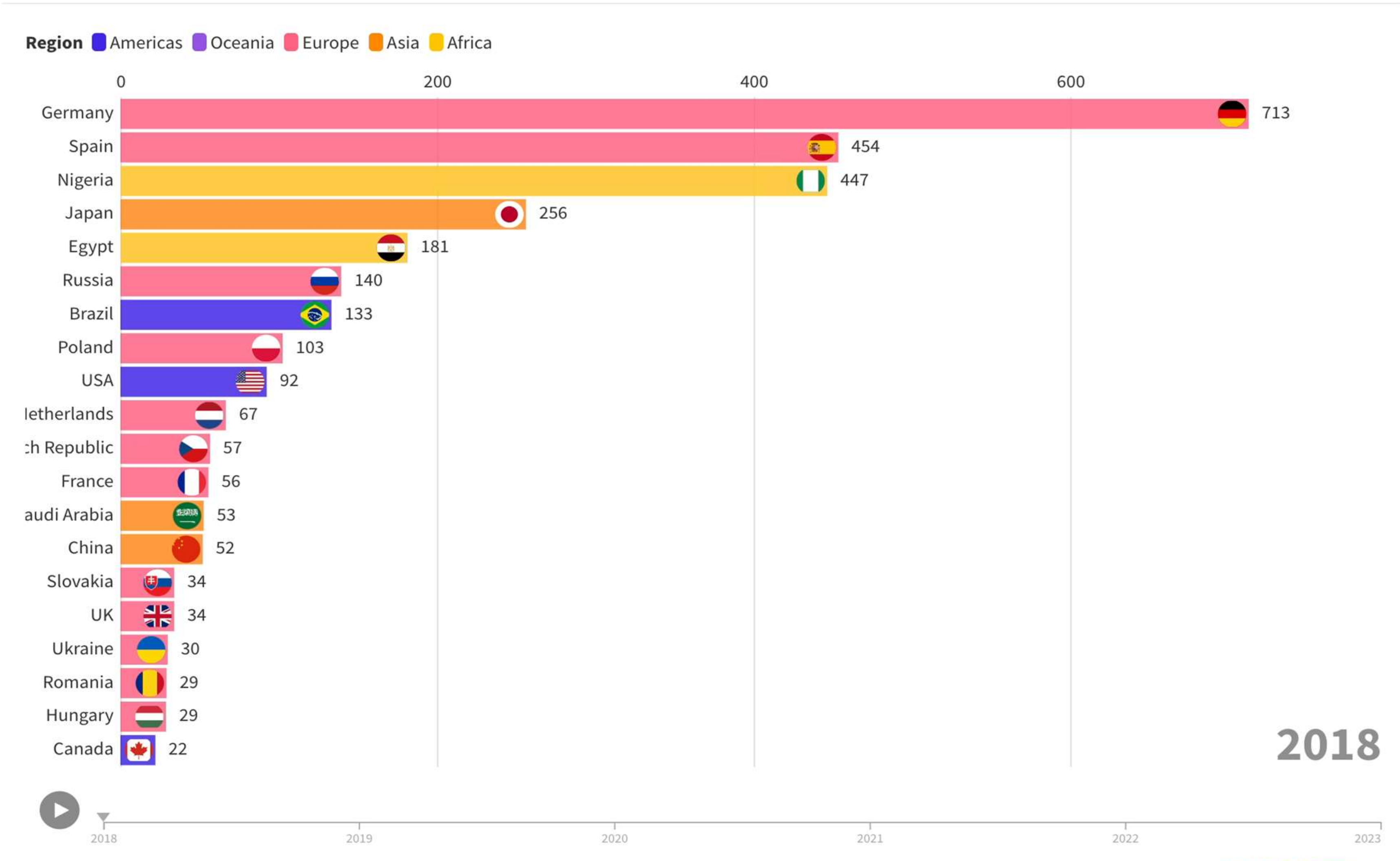


The Crossing-the-Chasm Framework

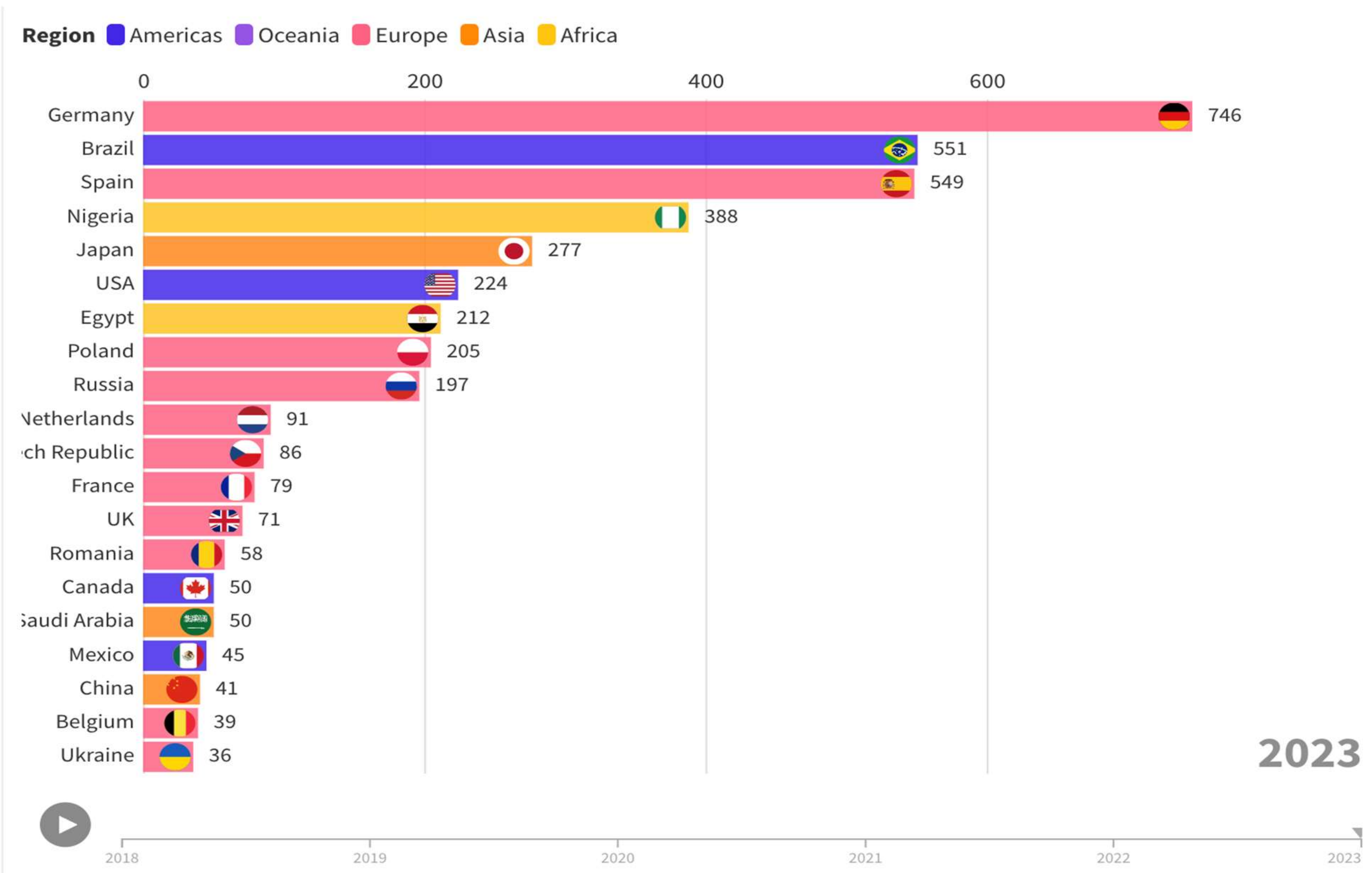


Source: Adapted from G.A. Moore (1991), Crossing the Chasm: Marketing and Selling Disruptive Products to Mainstream Customers (New York: HarperCollins), 17.

REGIONAL AND NATIONAL NA BEER MARKET GROWTH



NA BEER MARKET GROWTH



Non-Alcoholic Beer Market Analysis

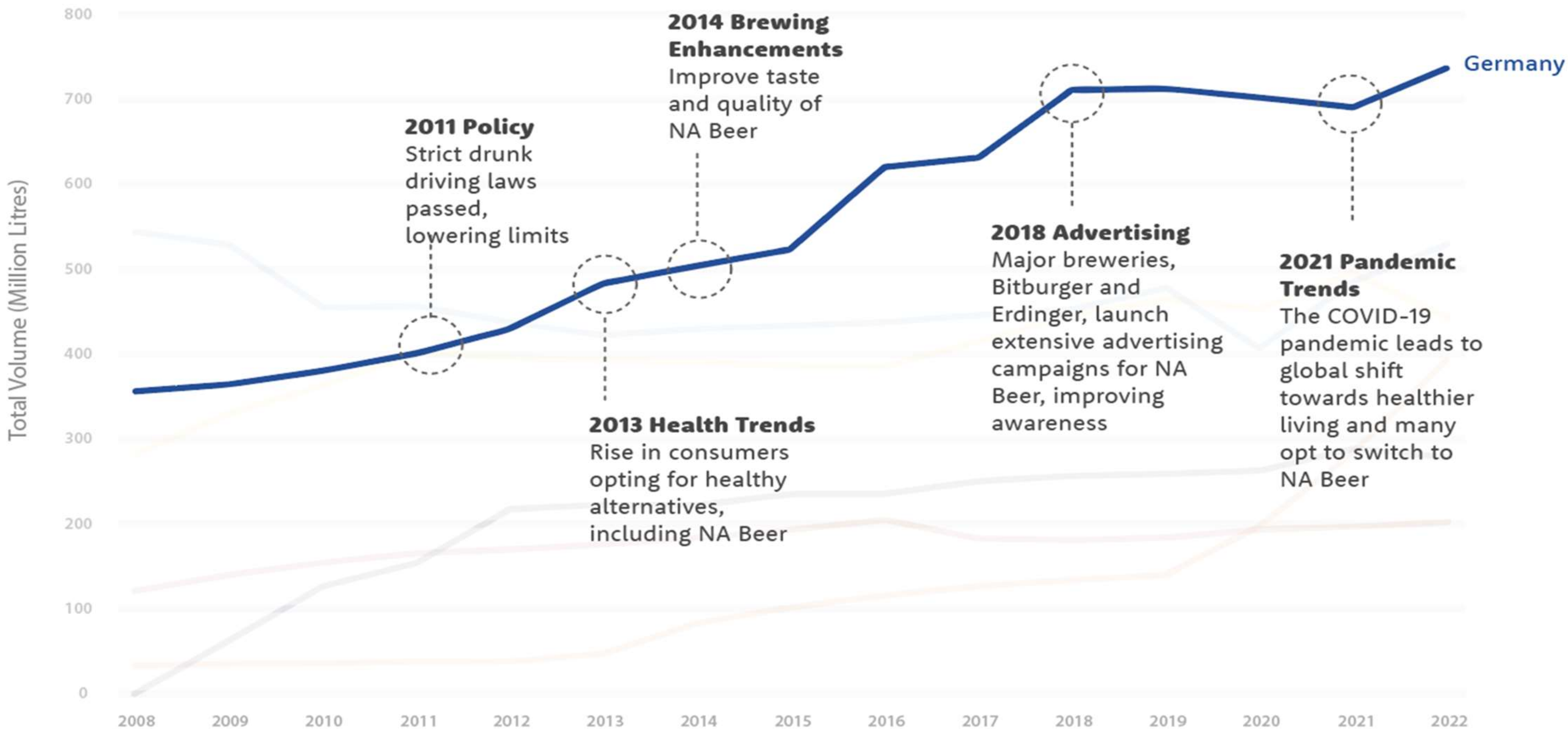
Successful adoption is unrelated to geography

The top countries are found on four different continents.

What do these markets have in common?
What are the key drivers?

KEY MARKET INDICATORS

NA Beer Adoption in Germany



KEY MARKET INDICATORS

NA Beer Adoption in Germany

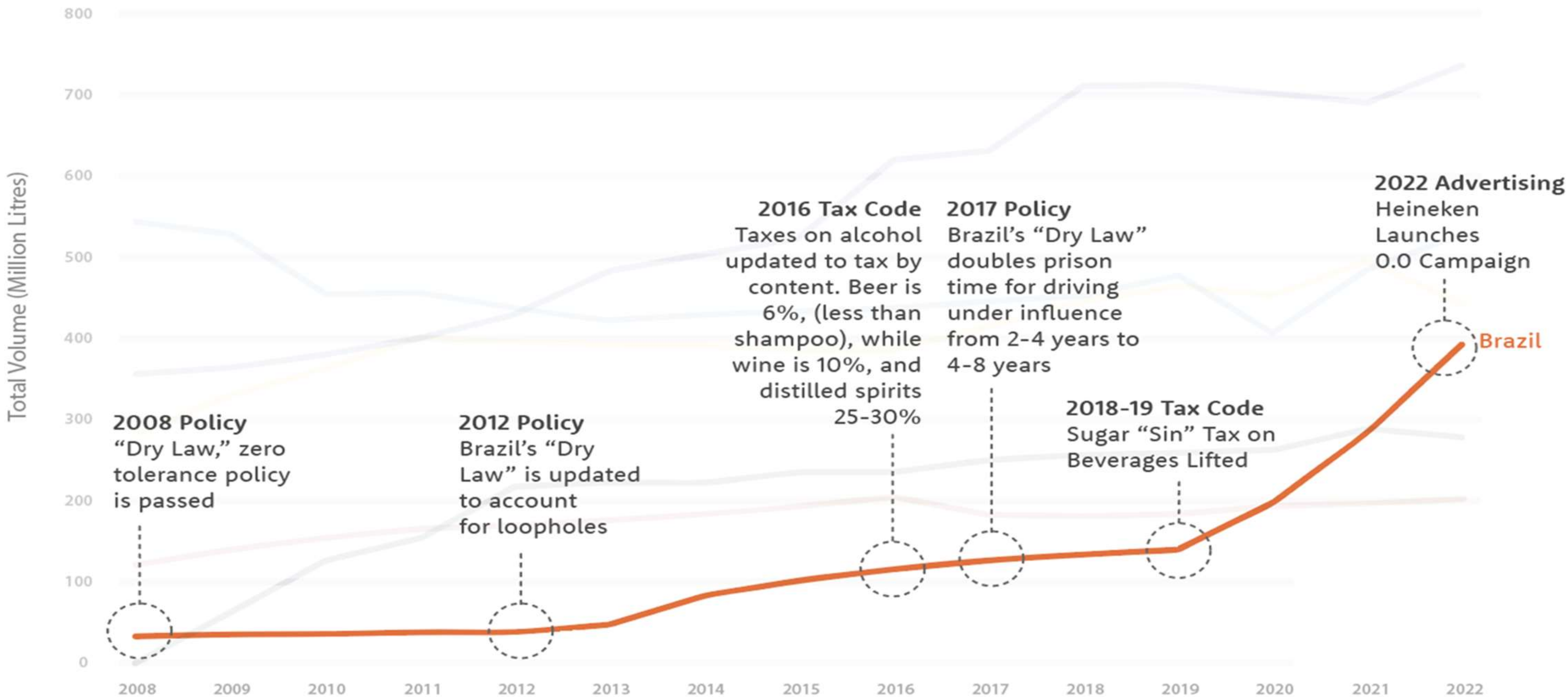
Key Findings:

- Stricter drunk driving laws enacted in 2011
- Promotion of health and wellness is engrained in the culture, including the benefits of NA beer
- Brewing technologies improved the taste of NA beer in 2014, positively impacting the adoption
- NA beer makes it to mainstream marketing by top brewers
- Brewers provide plenty of varieties to choose from
- Germany has the lowest tax rate on beer in the OECD

Germany crosses the chasm?

KEY MARKET INDICATORS

NA Beer Adoption in Brazil



KEY MARKET INDICATORS

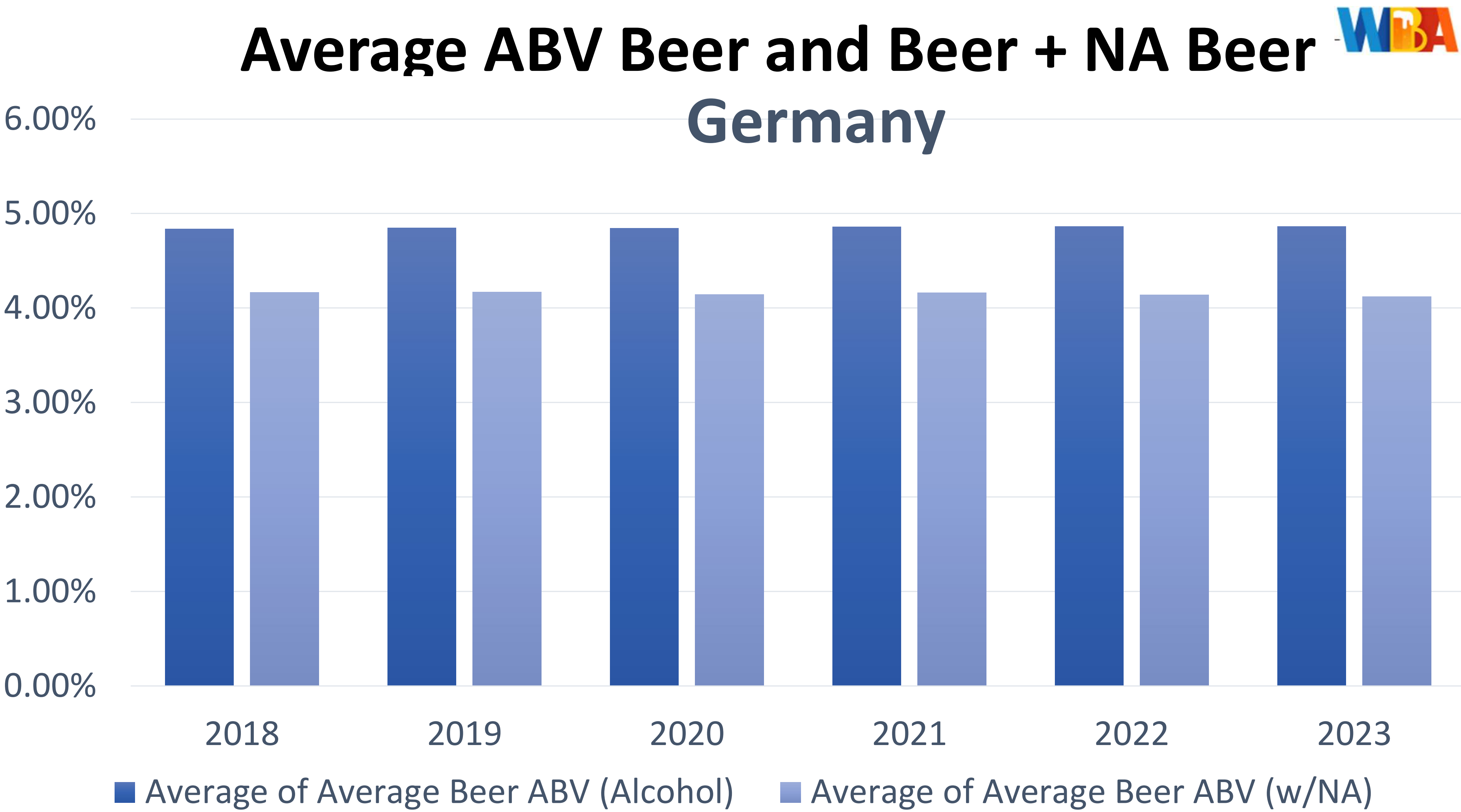
NA Beer Adoption in Brazil

Key Findings:

- "Zero tolerance" drinking and driving policy
- Low alcohol drinks (<5%), or Beer, are taxed far less (less than shampoo) and allowed greater flexibility in advertising
- Economics: 2003-2013
  Upper class grows 5.4%
  Middle class grows 18.4%
  Lower class shrinks 23.9%
- Younger generations are leading growth in health trends

Non-Alcoholic Beer's Impact on Beer's Average ABV

Brewers' investment in non-alcoholic beer is lowering the average ABV of beer.


Average ABV Beer and Beer + NA Beer
Germany
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
2018
2019
2020
2021
2022
2023
Average of Average Beer ABV (Alcohol)
Average of Average Beer ABV (w/NA)

OXFORD ECONOMICS

WBA
WORLD BREWING ALLIANCE

BEER'S GLOBAL ECONOMIC FOOTPRINT

FEBRUARY 2025

THE BREWERS' AGRICULTURAL SUPPLY CHAIN

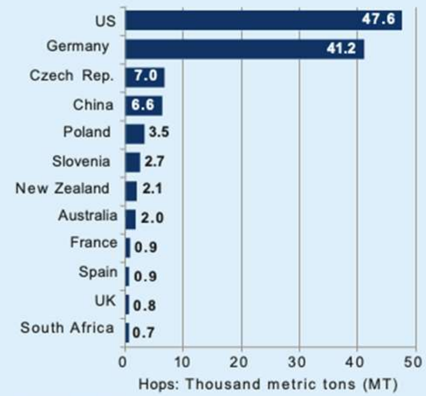
Most beer is made from three ingredients: water, barley malt, and hops. Every brewer has its own recipe, derived from decades and sometimes centuries of brewing expertise and regional traditions. But to give an indication of how beer is brewed, for an average Belgian beer, 1 kilogram of grains (barley malt) is combined with 10 grams of hops and 25 litres of water to produce 5 litres of beer.[17] As such, it follows that 9% of the brewers' total procurement in 2023 was spent with firms across the global agricultural sector.

Nearly 120,000 metric tons (MT) of hops were grown globally in 2023, across more than 60,000 hectares of cultivated land. Two areas produced the majority of the world's hops. Production in the United States is concentrated in the Pacific Northwest (Washington, Idaho, and Oregon), with these three states accounting for 39.9% of global hops production in 2023 (and the US as a whole 40.2%). In Germany, hop production is focused in the Hallertau area just north of Munich, which accounted for around 30% of global hop production in 2023 (with Germany accounting for 35%). The remaining production was mostly in rest of the European Union, which accounted for a further 14% of production (concentrated in Czech Republic, Poland, and Slovenia). Meanwhile, China produced around 6% of the global total (Fig. 19).

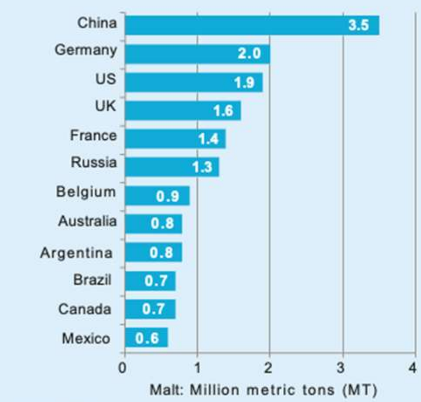
A greater volume of barley is required for the brewing process. Global production volumes are much higher than hops, with the crop available at a much lower price. Of the 142.6 million MT of barley grown in 2023, an estimated 20% was used for malt barley, totalling 30 million MT. While being the largest malting barley importer worldwide (over 90% of their barley needs), China is the largest malt producer with an estimated 3.5 million MT. Germany, the US, and the UK are large producers, mainly for their domestic brewing needs. France and Belgium follow this ranking, with more focus on serving export markets from Europe. Indeed, it is estimated 80% of France's malt is exported to more than 110 countries.[18]

Overall, we estimate the brewers supported a \$15.1 billion supply chain (indirect) contribution to GDP in the global agricultural sector, alongside 2.0 million jobs in 2023, as a result of their procurement spending with suppliers.[19]

Fig. 19: Global production of hops (top) and malt (bottom)



Source: Barth Haas



Source: WBA

Key Insights Overview

- The most comprehensive analysis covering 185 countries.
- 76 countries studied in detail, representing 90% of global beer GDP impact.
- Global beer production volumes increased by 2% since 2015, while GDP contribution rose by 10%.
- 33 million jobs supported worldwide—1 in every 100 jobs globally.

Employment Impact

- 620,000 people are directly employed by global brewers.
- Employment multiplier: 53 (52 jobs supported for every brewer worker).
- 6.4 million agricultural jobs supported (e.g., barley fields, hop farms).

Economic Productivity

- Brewers' workforce productivity is significantly higher than average:
- Lower-income countries: $117,000 GDP per worker (18.3x avg)
- Upper middle-income: $120,200 GDP per worker (5.4x avg)
- High-income countries: $238,200 GDP per worker (2.2x avg)

To Make Sure You Receive the Report and Link to the Microsite:

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THANK YOU!

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