Craft Beer - US - November 2012

Scope and Themes

"Beer drinkers younger than 35 have come of legal drinking age during a time when craft and craft-style beers have become commonplace in the market. Yet, with another 1,200-plus breweries in planning, an already crowded landscape is at risk of becoming overpopulated. Even the most dominant craft and craft-style brands could lose ground as consumers trade away to the latest beer releases. Thus, craft breweries should cultivate and cater to loyal fans who will stick with the brand regardless of competition."

– Jennifer Zegler, Beverage Analyst

In this report we answer the key questions:

- **Who is the craft beer consumer? Why do they choose craft beer? How often do they choose craft beer?**
- **How does the rate of and preference for craft beer consumption compare to domestic and imported beer consumption?**
- **How do consumers learn about craft beer brands? What marketing tactics have proven successful for these often smaller brewers?**
- **What are consumers' priorities when they purchase craft beer? How do they differ from the priorities of domestic or imported beer consumers?**
- **Where do consumers purchase craft beer?**
- **What are the leading craft and craft-style beer producers? How does craft-style beer compare to craft beer in sales?**

Consumer interest in the craft and craft-style beer market has been increasing, but drinking full-flavored craft beer options is not yet an everyday choice for most beer drinkers. The variety of breweries, brands, and styles available in the ever-expanding segment within the domestic beer category has left most mainstream consumers thirstier for knowledge than for imperial stouts or double India pale ales. Also impeding fervent purchase of

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craft beer, especially among high-volume beer drinkers, are the often premium prices that the brands command. Corporate-owned craft-style brands such as Blue Moon, Leinenkugel's, and Shock Top are offering consumers a point of entry into the segment through wide availability, mainstream marketing, and approachable taste profiles.

Meanwhile, even the three largest craft brewers—Boston Beer Company, Sierra Nevada Brewing Company, and New Belgium Brewing Company—have kept an eye on innovation and continue to release new products that showcase that the companies have not lost their creativity as they've grown. However, due to the pace of innovation and expansion from other craft brewers, some of the leading brands have lost market share and their dominance will continue to be challenged in the growing craft beer market. The Brewers Association, a trade association dedicated to small and independent American brewers, reports that 1,252 breweries are in planning as of June 30, 2012, which will join the 2,126 craft breweries already active in the U.S. market. Because the segment focuses on flavor, craft brewers and craft-style beer marketers should concentrate efforts on offering tastings and education to consumers who are curious about the craft beer segment.

For the purposes of this report, Mintel has used the following definitions:

Craft beer, also known as **microbrew beer**, refers to the segment of fully flavored, artisan-style beers made by U.S. brewers. Craft beers are available with a variety of ingredients, styles, and packaging that reflect their often hand-crafted origins. Varieties are typically associated with small independent local or regional brewers. The styles and positioning characterized by craft beer also have been acquired and/or adopted by larger brewing corporations including Anheuser-Busch InBev and MillerCoors, which Mintel has defined as **corporate-owned craft-style beer**.

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