1 Introduction

“May you live in interesting times” may have no authentic Chinese heritage, despite it being referred to as the Chinese Curse. Nonetheless it is a very apposite descriptor of the current state of the world’s brewing industry. At one extreme we have the mergers of major brewing concerns to become truly global operators, led by Anheuser-Busch InBev and SAB-Miller. At the other pole there is a multiplicity of small brewing companies springing up, almost daily in some countries, rejoicing in the umbrella terms “craft” or micro-breweries.

Brewers of all scales would justifiably refer to themselves as “crafts persons,” but the term craft is not easily defined. A recent attempt in the United States\(^1\) (US hereafter) would have it that such a brewer is “small.” For the Brewers Association, this represents less than 6 million US barrels (7.15 million hectolitres) – only a little less than the entire volume brewed per annum in Ireland. Such definitions appear to be arbitrary and politically driven.\(^2\) What cannot be denied is, while the craft sector in many countries is the only component of the brewing industry wherein volumes are growing, the volumes of some long-standing brands from the large companies is in decline. These trends focus our attention not only on the nature of volume change in the world’s beer markets but also on the factors that are impacting the beer business.

This chapter’s main objective is to ignite a fruitful debate about the current state of the beer and brewing industry worldwide. By developing their argument from an economic perspective, the authors examine multiple issues related to consumption, perception, taxation, appreciation and education towards beer. Data and information are explored...
in the light of possible future developments at a global level, with outcomes evaluated in relation to the type of contribution that different stakeholders operating in the beer industry may provide.

2 Beer volumes

Table 1.1 reports data gathered from the British Beer and Pub Association (BBPA, 2014) that describe levels of production in different countries. Whereas there is remarkable growth in the volume of beer being sold in counties such as China, Brazil and South Africa, the traditional beer markets, such as the United Kingdom (UK hereafter), Germany, Belgium, the Netherlands, Czech Republic, Ireland and Denmark, are in sharp decline. Interestingly, most countries reporting a downturn in beer consumption witness healthy growth in the sales of wine, although the opposite trend exists in a few counties, e.g. Spain, where beer is gaining the ascendancy over wine.

The data, however, disguises a shift in the dynamic within the brewing sectors of some nations. For instance, in the US and the UK, where beer sales are in overall decline, there is a healthy upturn in beers belonging to the so-called craft or micro-brewing sectors (Brewers Association, 2014; BBPA, 2014; SIBA, 2014). This positive trend in both countries has occurred in the past 30 years. As shown by Figure 1.1, the number of breweries in the UK was about 142 in 1980, increasing to 1,113 in 2012 (BBPA, 2014). An even larger growth was registered in the US within the same period, with the number of breweries passing from 92 to 2,751, although this figure comprises both craft/micro-breweries and brewpubs (1,149 and 1,155 respectively) alongside larger brewers (Brewers Association, 2014). Notwithstanding the space left to new entrants by the high concentration processes in the brewing industry, several other factors which deserve some consideration contributed to reviving micro-brewing in the two countries.

In the UK the growth occurred in three waves. The first wave, arriving between the late 1970s and mid-1980s, was mainly due to a general dissatisfaction about the decline in the variety of beers available to customers, which led to the creation of the Campaign for Real Ale (CAMRA), a movement of beer lovers who lobbied for the revival of “real-ale,” viz. cask-conditioned ales brewed by traditional methods. CAMRA activities and campaigns increased awareness of traditional ales, creating a potential customer base for new breweries representing an alternative to mass producers (Mason and McNally, 1997). The second wave, which arrived in the early 1990s, was mainly characterized by the entrance to the industry