

2014

**HOMEBREW
SUPPLY SHOP
SURVEY**



American Homebrewers Association®

**2014 American Homebrewers Association
Homebrew Supply Shop Survey**

The American Homebrewers Association (AHA) conducted its fifth annual survey of home beer and wine supply retailers in the first quarter of 2014. The survey's goal is to collect aggregate industry data that is useful to home beer and wine supply retailers and to provide industry statistics for the AHA to use when promoting the hobby to media.

We saw 348 responses, representing 408 retail locations, to the 2014 survey—a 48 percent increase from the survey we conducted in 2013. This report compares 2014 survey data to 2013 and 2012 survey data when applicable, however, due to the increased sample size some time series comparisons may not be valid.

The 2014 survey indicates that shops are doing well on the whole. On average, participating shops saw gross revenue increase by 10 percent in 2013.

Retailers are encouraged to contact AHA Business Coordinator Steve Parr (steve@brewersassociation.org; 720.473.7687) with suggestions for improvements to this survey.

2014 survey results follow.

1. In which state is your shop located?

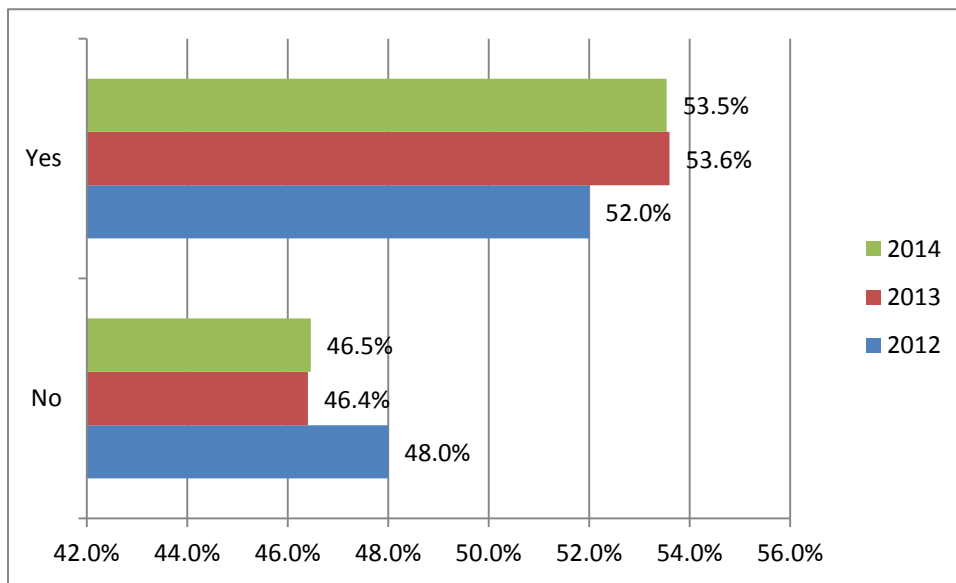
Shops in 48 states, representing every region of the United States responded to the survey.

2. How many years has the shop been open under the current proprietor?

	Years
Average	10.4
Median	5.0

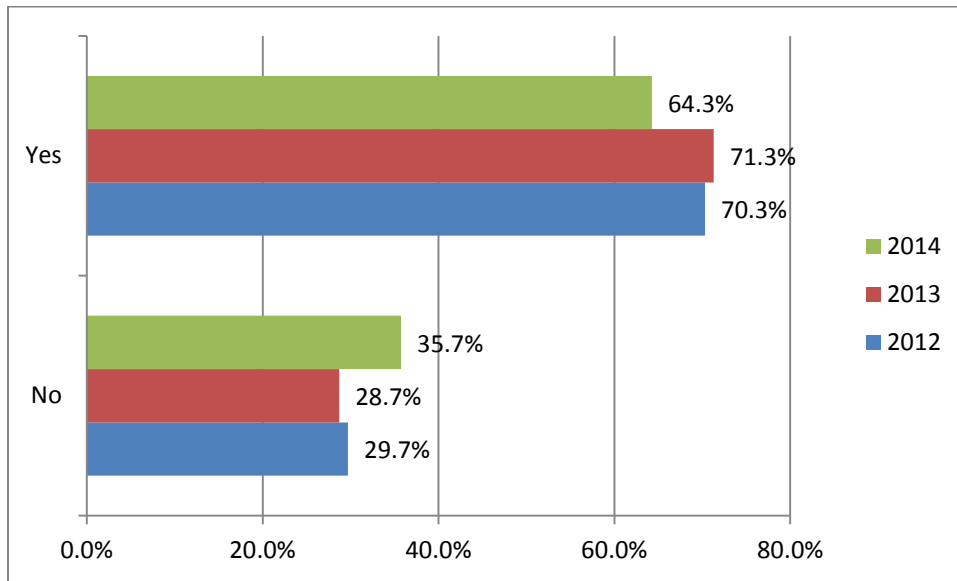
- The average period of time a shop had been open in the 2013 survey was 9.7 years.
- 37% of the respondents (34% in 2013) have been in business under the current proprietor for more than 10 years.
- 37% have been open for three years or less (43% in 2013).
- 7% have been under the current proprietor for less than a year (7% in 2013).

3. Is the shop the primary source of income for the proprietor?



- The number of respondents indicating that the shop is the primary source of income for the owner is about the same as last year.
- The longer a shop has been in business, the more likely it is to be the primary source of income.

4. Is selling home beverage making supplies the primary source of income for your shop (i.e., do sales of homebrew/winemaking supplies make up the majority of your revenue)?



- Some businesses sell homebrew/home winemaking supplies as a supplemental source of income to a core business model unrelated to home beer and wine making (e.g., hardware and gardening stores, plus breweries that also carry homebrewing supplies).
- According to the survey respondents, those types of business make up nearly 36% of homebrew retailers, up from nearly 29% in 2013.
- Shops that answered “No” indicated a wide variety of products including gardening supplies, hobby supplies, beer, wine, tobacco, keg and draft systems, brew on premise services, and beer distribution. On average, 22.6% of their total sales revenue comes from homebrew/winemaking supplies.

5. How many square feet is your business, including all storage and office space, and what percentage of your total space is dedicated to retail?

Table 1				
All Shops				
	Total Sq. Ft.		% Retail	
Year	2014	2013	2014	2013
Average	5,400	3,700	66%	62%
Median	2,000	2,000	66%	67%

Table 2				
Shops selling home beverage making supplies as primary source of income				
	Total Sq. Ft.		% Retail	
Year	2014	2013	2014	2013
Average	3,422	3,427	66%	62%
Median	1,800	2,000	70%	67%

Table 3				
Shops selling home beverage making supplies as primary source of income, not including those with 70% or more of their sales from online/mail order				
	Total Sq. Ft.		% Retail	
Year	2014	2013	2014	2013
Average	2,370	2,950	68%	63%
Median	1,800	1,920	71%	69%

Table 4				
Shops selling home beverage making supplies that have been open for 5+ years				
	Total Sq. Ft.		% Retail	
Year	2014	2013	2014	2013
Average	5,367	3,937	62%	60%
Median	2,125	2,300	67%	66%

Table 5				
Shops selling home beverage making supplies that have been open for less than 1 year				
	Total Sq. Ft.		% Retail	
Year	2014	2013	2014	2013
Average	1,627	2,563	63%	65%
Median	1,400	1,675	75%	63%

6. How many days per week and how many total hours per week is your shop open?

	Days Per Week	Hours Per Week
Average	6	49
Median	6	48

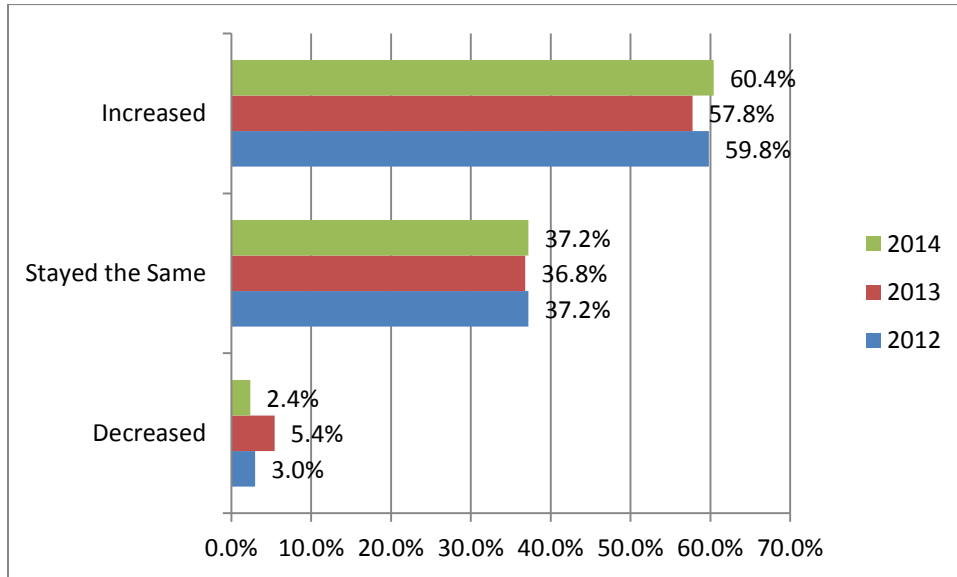
- In the 2013 survey, shops reported being open an average of 45 hours per week.

7. How many employees does your business employ, including owners if they work in the store?

	Full Time	Part Time	Total
Average	4	3	6
Median	2	2	3

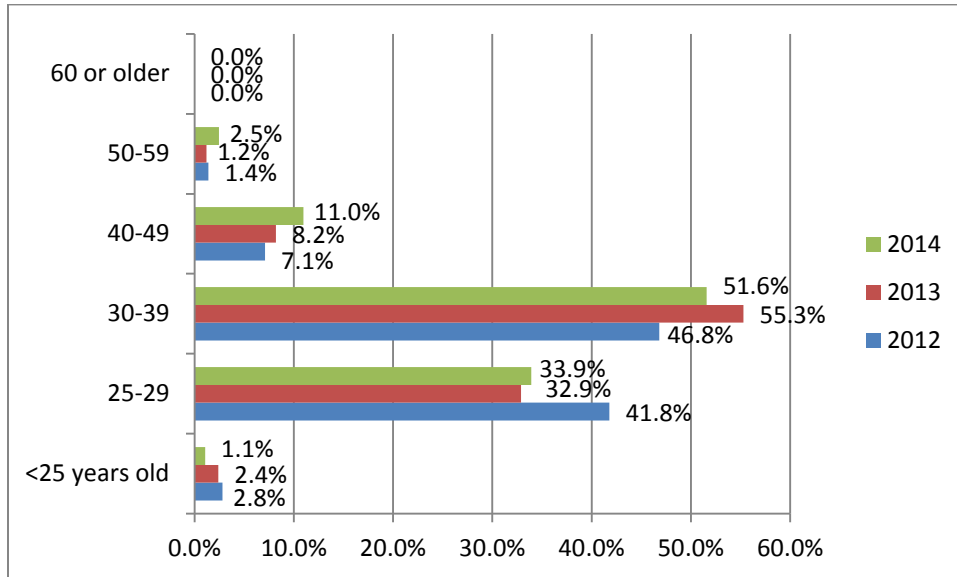
- These results are similar to the 2013 survey.
- Note that the total is not necessarily the sum of part time and full time figures due to figures being rounded to the nearest whole number.

8. How has the number of home beer and wine retailers in your area changed over the last year?



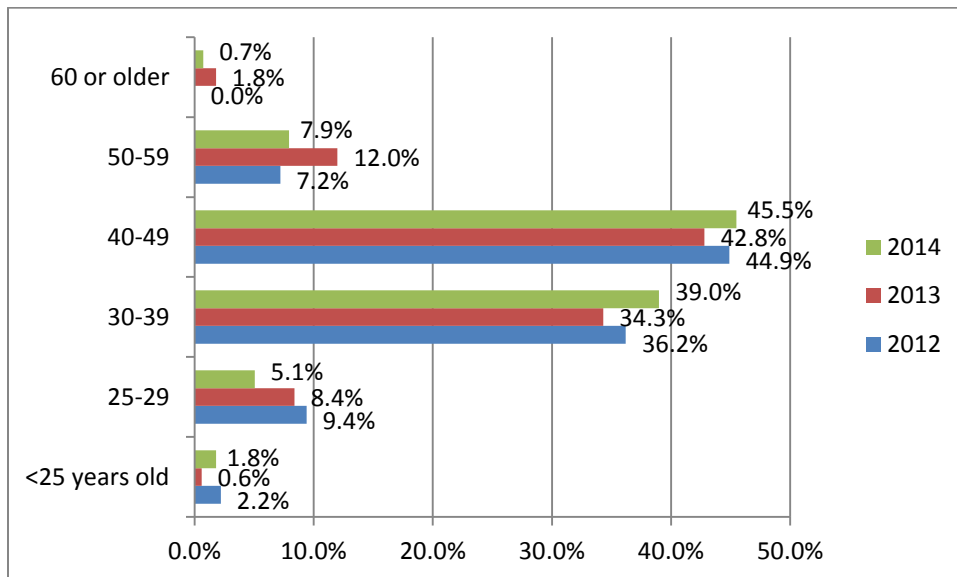
- With 60% of the shops seeing a new shop open in their area over the past year, it is clear that there are a substantial number of shops opening across the country.

9. Among the customers who buy beginner homebrew equipment kits at your shop, please estimate what would be the most common age group.



- This was the first year in four years there was a drop in the age 30-39 category.
- The two most common age groups (25-29 and 30-39), make up 85.5% of the responses (88.2% in 2013, 89% in 2012).
- Over the past three years there has been a drop in those in their early 20s, however there continues to be growth in those buying homebrew equipment in their 40s and 50s.

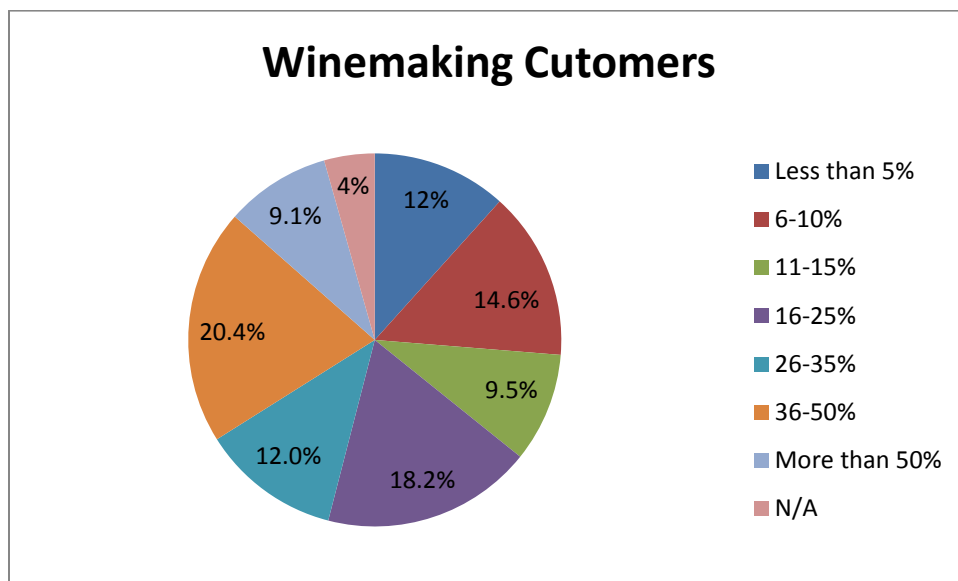
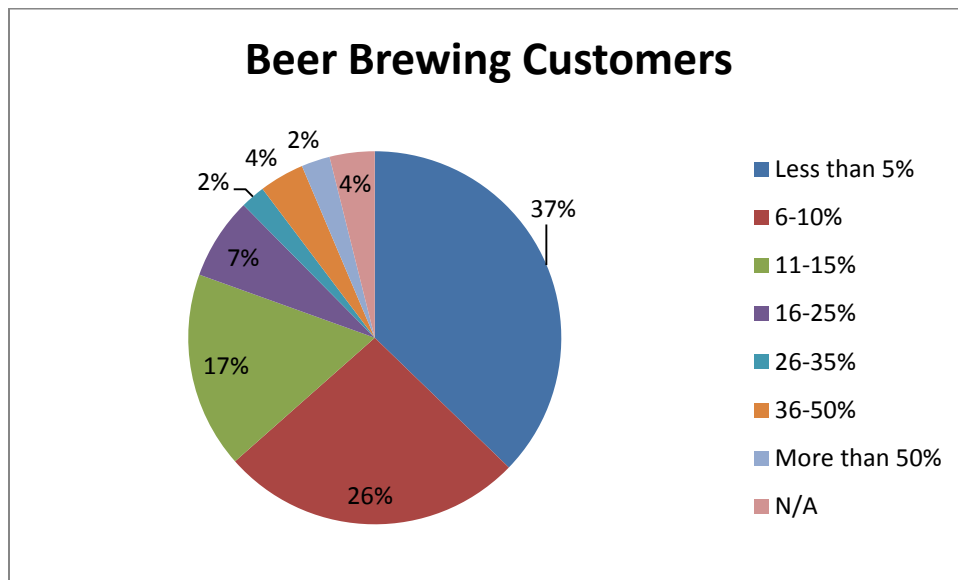
10. Among the customers who buy beginner winemaking equipment kits at your shop, please estimate what would be the most common age group.



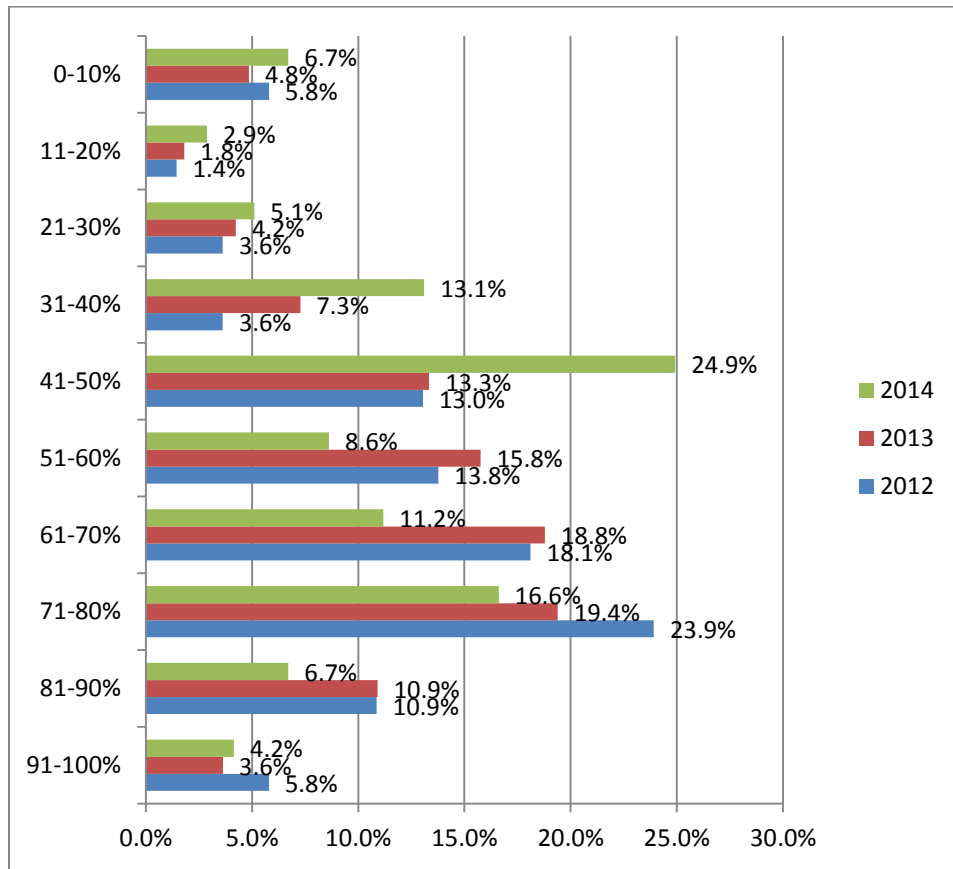
- Retailers saw growth in purchases of beginner winemaking equipment kits among those 30-49 years old.

11. Estimate the percentage of your beer and wine making customers who are female.

Percentage of Female Customers		
Survey	Average Response	
	Beer	Wine
2014	10.9%	25.7%
2013	11.1%	23.6%
2012	9.3%	24.1%
2011	11.7%	27.2%

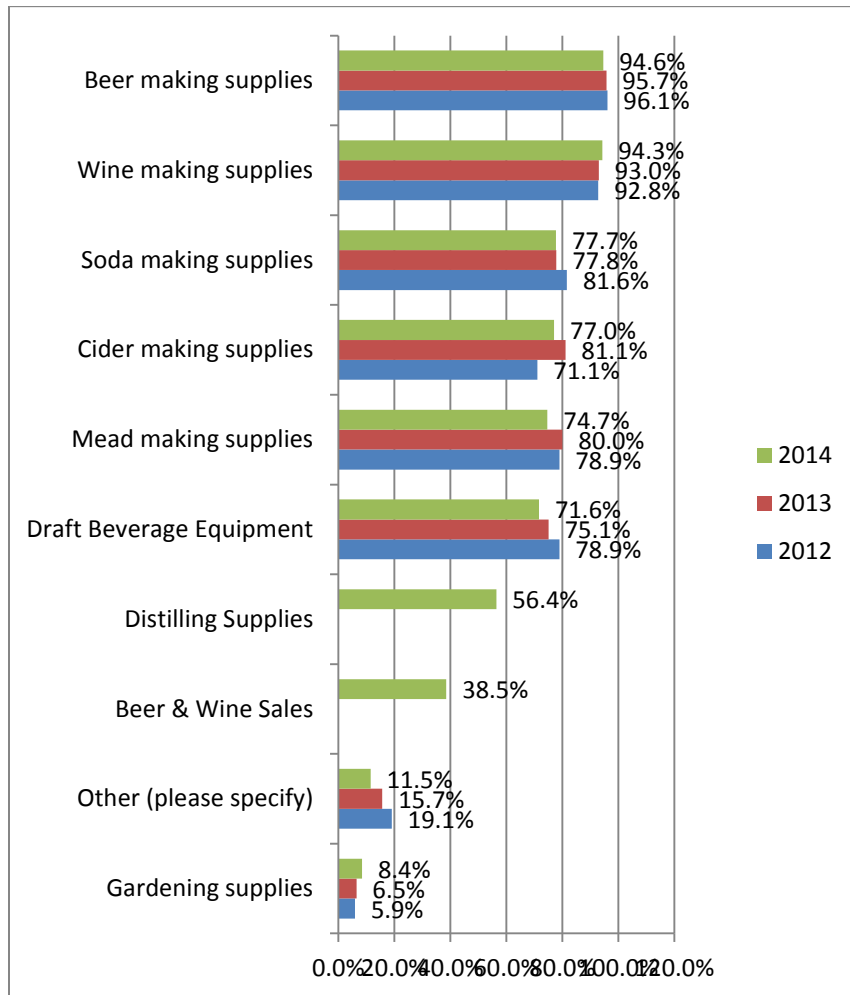


12. When customers buy ingredients for a batch of beer, what percentage of those purchases includes malt extract (as opposed to those buying for all grain batches)?



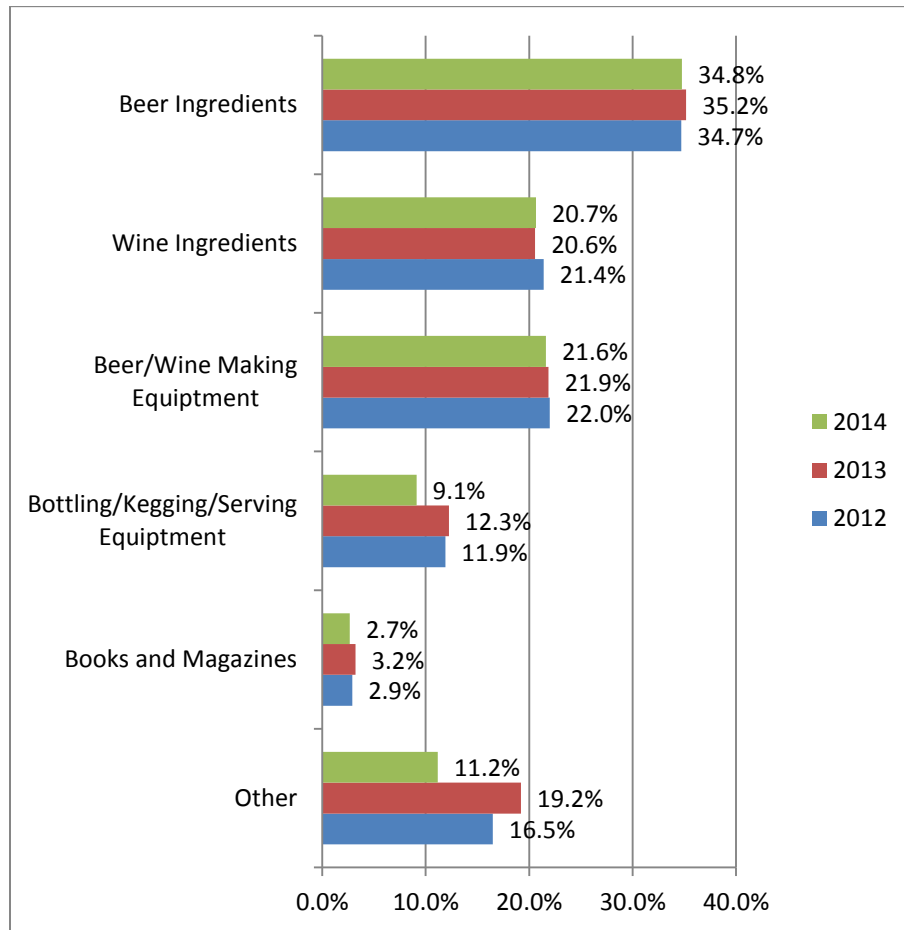
Percentage of Purchases Including Malt Extract		
	Average	Median
2014	55.1%	50.0%
2013	61.1%	65.0%
2012	64.0%	70.0%

13. Which of the following does your shop carry?

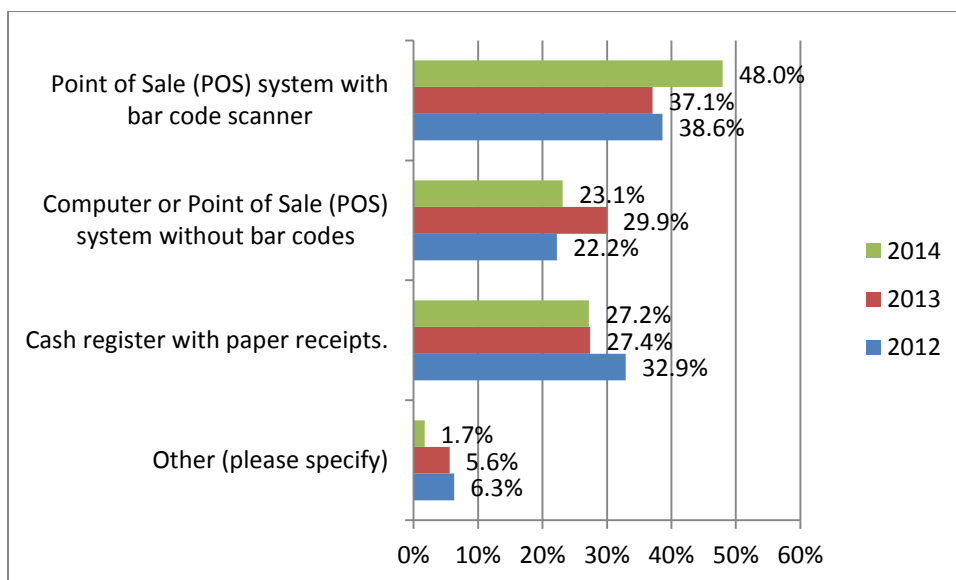


- Respondents to this survey primarily carry beer and wine making ingredients.
- Distilling supplies and beer and wine sales were not included in past years' surveys.
- There was a wide array of responses to the "Other" category, including cheese making supplies, fermentable food supplies, and tobacco/smoking accessories.

14. What percentage of your sales revenue comes from:



15. Which of the following best describes the system you use for checking out customers in your store?



16. How many individual customers did you have who made at least one purchase within the last year?

All Shops			
	2014	2013	2012
Average	5,444	6,492	6,795
Median	850	575	700
"I don't know"	58%	58%	44%

Shops selling home beverage making supplies as the primary source of income			
	2014	2013	2012
Average	6,298	8,129	8,299
Median	1000	715	1000
"I don't know"	76%	56%	61%

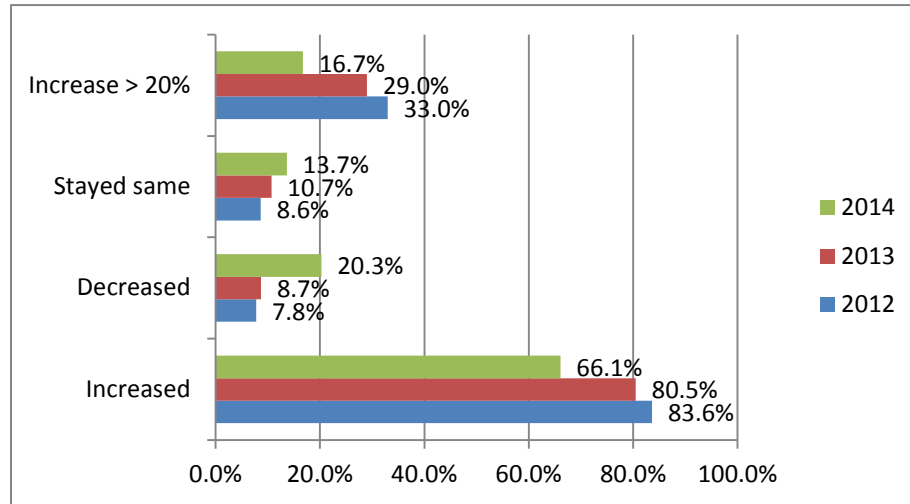
Shops selling home beverage making supplies as the primary source of income, not including those with 70% or more of their sales from online/mail order business			
	2014	2013	2012
Average	1,957	1,527	1,622
Median	600	500	600
"I don't know"	58%	58%	43%

- Given the large percentage of respondents that indicate that they do not know the answer to this question, the results presented may not accurately reflect the industry as a whole.

17. Over the past 12 months, have your sales of beginner homebrew equipment kits increased/decreased/stayed the same?

Homebrew Equipment

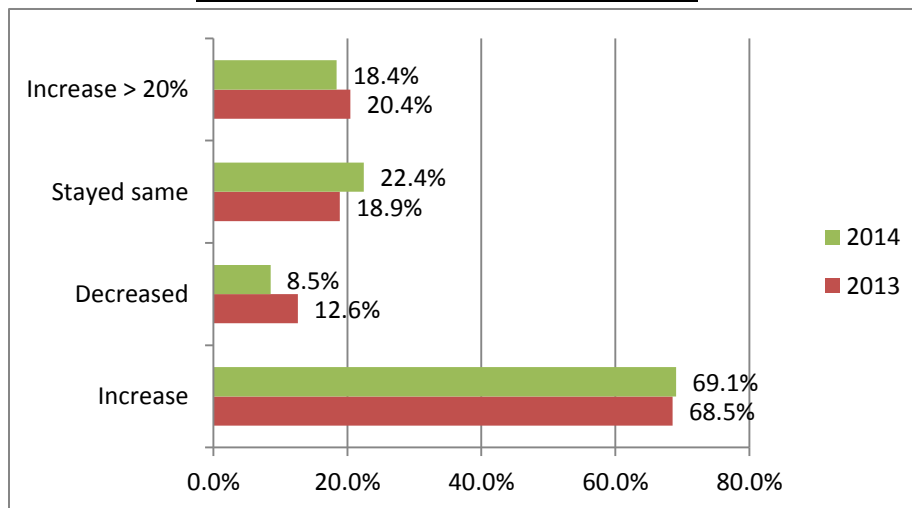
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Average Increase in Sales	23.7%	23.1%	16.4%
Median Increase in Sales	15.0%	18.0%	10.0%



- The majority of shops continued to see an increase in sales of beginner homebrew equipment.
- While the average increase in sales is 23.7%, the number of shops seeing greater than 20% growth is declining. This means that a small segment of the shops are seeing big increases in sales. Those seeing the most growth are retailers primarily carrying homebrew supplies that have only been open two to three years.

Winemaking Equipment

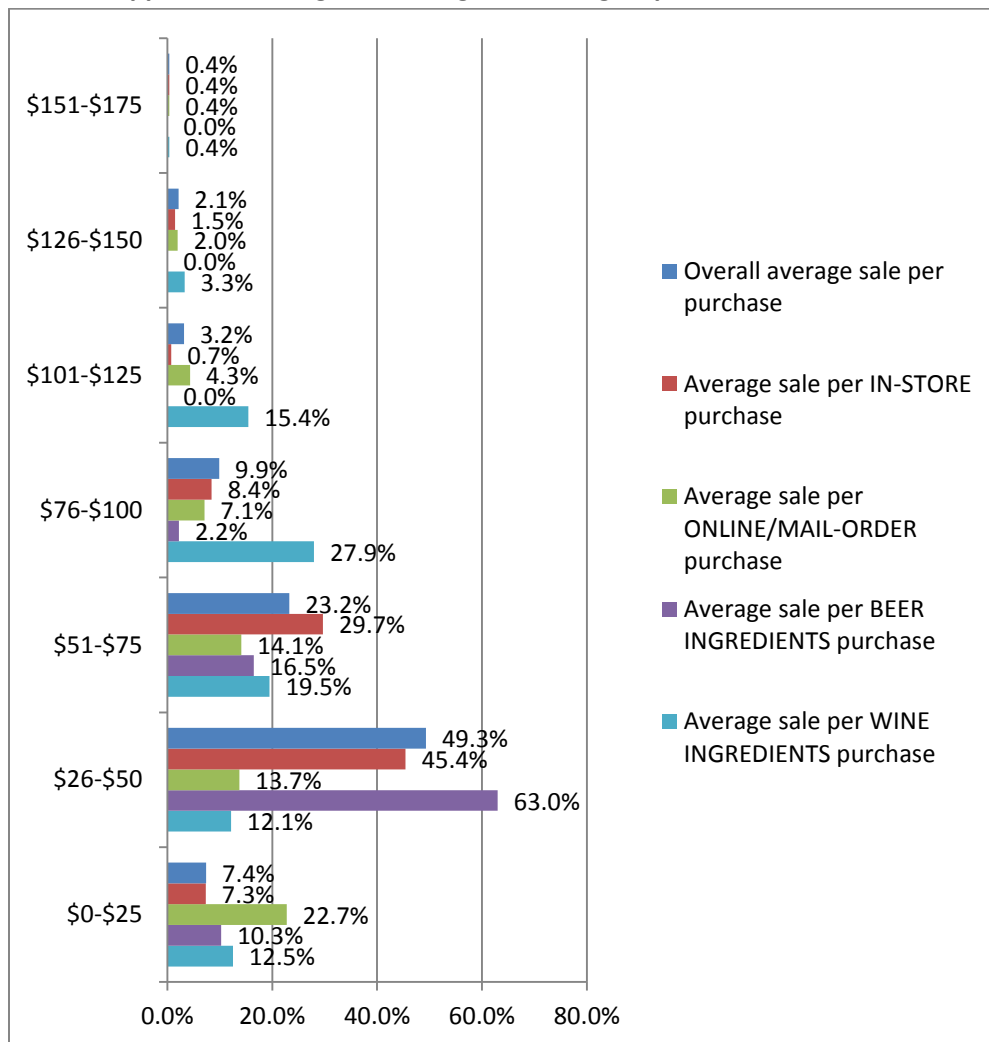
	<u>2014</u>	<u>2013</u>
Average Increase in Sales	21.4%	15.3%
Median Increase in Sales	10.0%	8.0%



18. Please answer the following regarding the frequency of various customer purchases (i.e., customer visit in which the customer purchases one or more items). Keep in mind that your “average” customer is probably not making purchases as often as your most frequent customers.

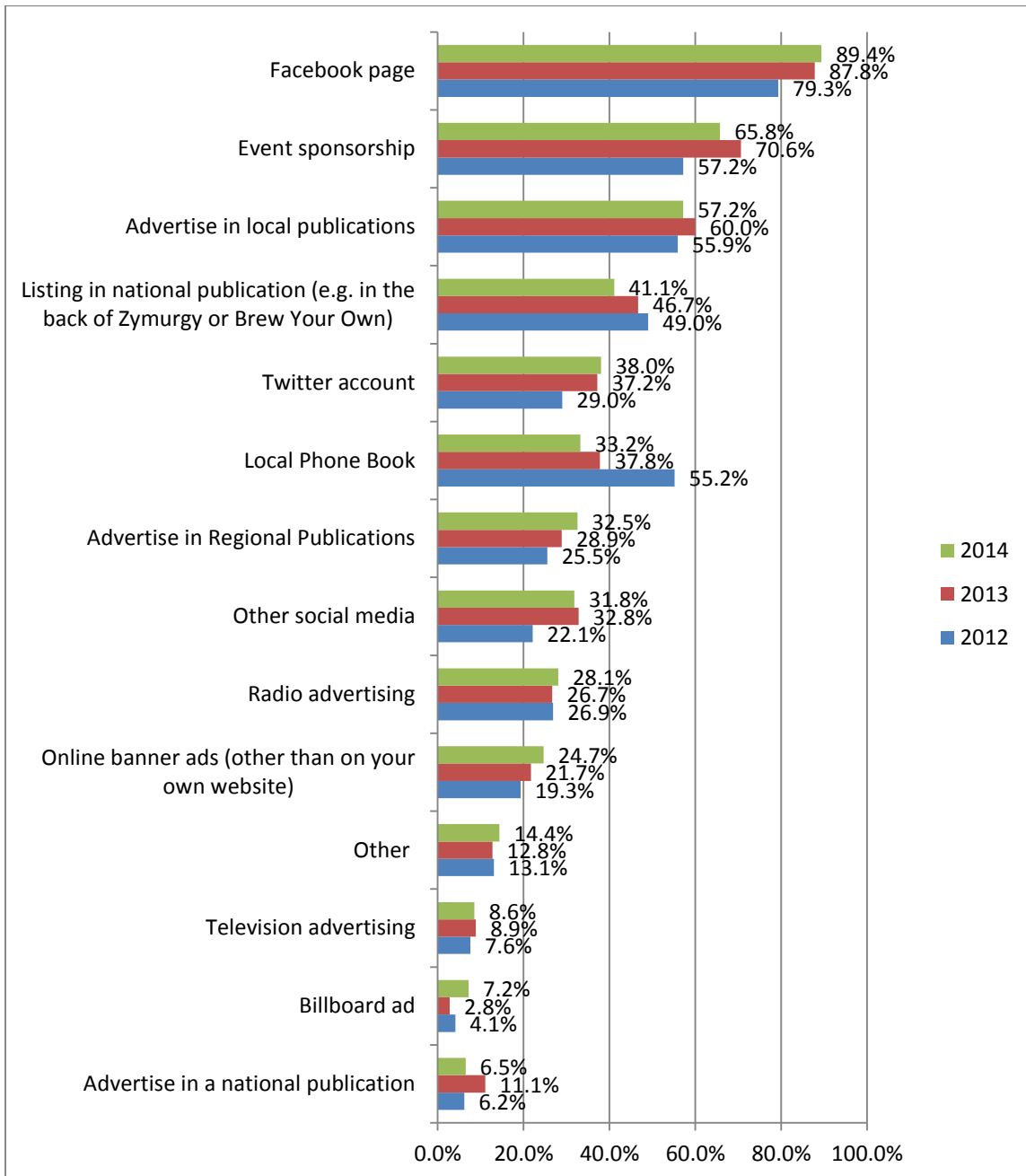
	Overall (Visits per year)		Beer Brewing Customers (Visits per year)		Wine-Making Customers (Visits per year)	
	2014	2013	2014	2013	2014	2013
Average	9.05	10.80	9.88	10.75	5.67	6.08
Median	8	8	9	9	4	4
Don't Know	35%	36%	35%	35%	30%	36%

19. Please select the applicable average sales range for each group of customers listed below.



- Overall response average: \$26-\$50 range (same response from 2013 survey).
- Wine ingredient dollar sales are higher than beer ingredient sales, with 66.5% averaging more than \$50, 18.7 for beer ingredients. Sixty-three percent of beer ingredient purchases fall within the \$26-\$50 range.

20. Which of the following marketing techniques do you use?



- Facebook continues to be the most popular marketing technique at 89%, up from the previous year. Advertising in a national publication took over billboards as the least popular advertising technique.
- Facebook, Twitter, advertising in regional publications, radio and billboards ads increased in use over the previous year.
- Comments in "Other" included blogging, email marketing and newsletters, Google, homebrew club meetings, and pushing word of mouth.

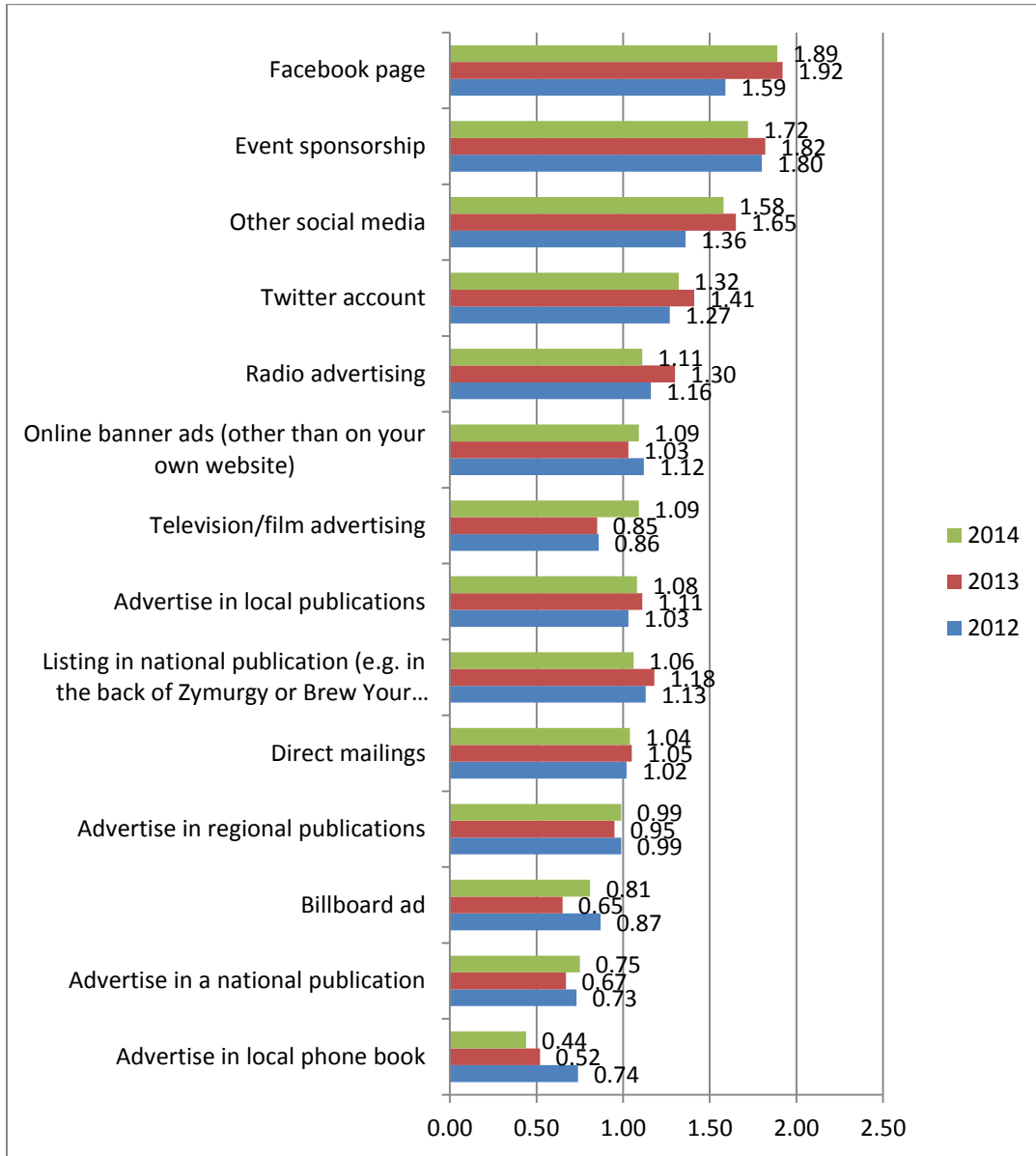
21. Please rate your perception of the effectiveness of each of the following marketing options:

Very Effective=3

Effective= 2

Somewhat Effective= 1

Not Effective= 0



22. What was your gross revenue in 2013 and 2012?

Table 1		
All Shops		
	2013	2012
Average Gross Revenue	\$950,434	\$876,349
Median Gross Revenue	\$260,000	\$225,000
Average % Change	10.4%	20.1%

Table 2		
Shops selling home beverage making supplies as the primary source of income		
	2013	2012
Average Gross Revenue	\$1,093,606	\$1,006,601
Median Gross Revenue	\$282,664	\$225,000
Average % Change	10.5%	23.9%

Table 3		
Shops selling home beverage making supplies as the primary source of income, not including those with 70% or more of their sales from online/mail order business		
	2013	2012
Average Gross Revenue	\$323,225	\$286,771
Median Gross Revenue	\$250,000	\$200,000
Average % Change	13.8%	19.30%

Table 4		
Shops selling home beverage making supplies as the primary source of income, that have been in business 5+ years under current proprietorship, not including those with 70% or more of their sales from online/mail order business		
	2013	2012
Average Gross Revenue	\$356,186	\$341,450
Median Gross Revenue	\$250,000	\$225,000
Average % Change	5.6%	18.35%

- 2012 growth figures are from the 2013 survey.
- Respondents were given multiple options to answer this question. 2013 growth figures are a weighted average of these responses and may not correlate with the growth between 2013 and 2012 average revenue figures.
- 54% of respondents experienced growth of 10% or more from 2012 to 2013 (57% from 2011 to 2012).
- 34% of respondents experienced growth of 20% or more from 2012 to 2013 (40% from 2011 to 2012)
- 17% of respondents experienced a decline in gross revenue from 2012 to 2013 (18% from 2011 to 2012). Of those that reported a decline, they averaged a 13% decrease from year to year.
- Overall, most shops are seeing a small decline in the rate of growth.

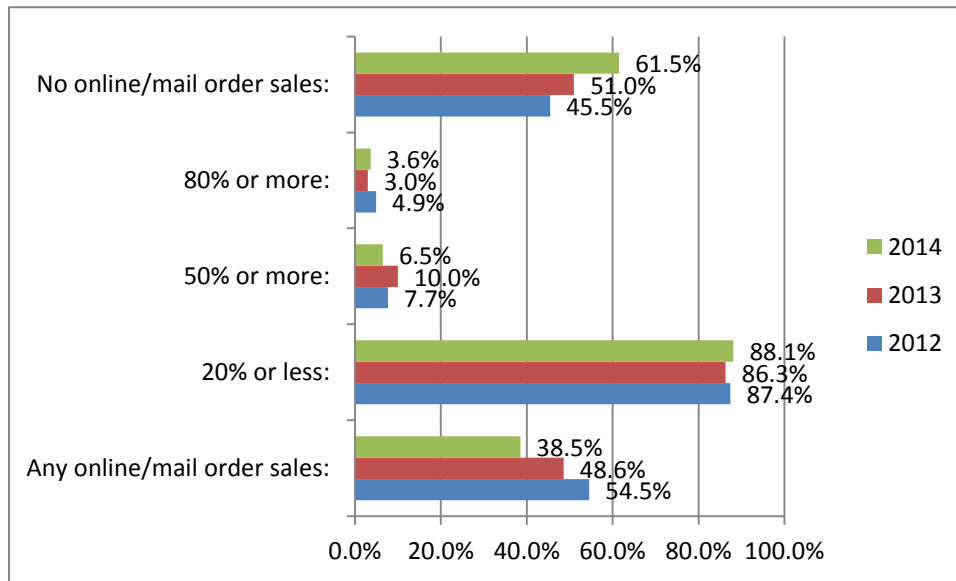
Average Gross Revenue from Online/Mail Order Sales

	2013	2012
All Shops	\$844,352	\$673,210
Home beverage Making Only	\$1,009,818	\$852,124
Home Beverage Making Only, Only 70% or More Online	\$4,953,923	\$5,493,450
Home Beverage Making Only, Without 70% Online	\$60,312	\$97,037
Home Beverage Making Only, Without 70% Online, Open 5+yrs Only	\$71,726	\$126,305

- 2012 data is from the previous year's survey.

23. What percentage of your total sales revenue comes from online or by mail order sales?

	2014	2013	2012
Average	8.7%	9.7%	10.0%
Median	0.0%	0.0%	1.0%



- On average, fewer shops are conducting a major portion of their sales online or through mail order.
- Of those businesses that do conduct online or mail order sales, the average percentage of total sales revenue was 22%.
- In this year's survey, 55% of the reported gross revenue for 2013 came from online sales (55% in 2012). Focusing on just those shops that primarily sell homebrew supplies, this increases to 62% of total revenue for the industry (63% in 2012).

Average Annual Gross Revenue Per Square Foot

	2013	2012
All Shops	\$ 113.92	\$ 105.04
Home Beverage Making Only (HB)	\$ 217.28	\$ 199.99
HB, Without 70% or More Online Sales	\$ 105.15	\$ 93.29
HB, Without 70% or More Online Sales, Open 5+ Years Only	\$ 107.96	\$ 103.49

24. If selling home beverage making supplies is not the primary source of income for your shop, what portion of your gross revenue is dedicated to this area?

	2013	2012	% Change
Average Gross Revenue	\$81,198	\$75,561	7.5%
Median Gross Revenue	\$56,000	\$53,467	-

- 45 businesses indicated that home beverage making supplies was not the primary source of income for the shop. On average, this area made up 21% of their total gross revenue, with a median of 20%.

25. Estimate what percentage of your gross revenue you spend on marketing/advertising.

	2014	2013
Average	6.5%	6.4%
Median	5.0%	5.0%

- 1.8% indicated they do not spend any of their gross revenue on marketing/advertising (4% in 2013).
- 13.9% indicated that they spend greater than 10% of their gross revenue on marketing/advertising (13% in 2013).

26. What was your gross revenue in the fourth quarter of 2013 and 2012?

Table 1		
All shops		
	2013	2012
Average Q4 Gross Revenue	\$371,057	\$328,069
Median Q4 Gross Revenue	\$91,070	\$74,073
Average % Change	13.1%	-

Table 2		
Shops selling home beverage making supplies as the primary source of income		
	2013	2012
Average Q4 Gross Revenue	\$410,927	\$361,239
Median Q4 Gross Revenue	\$92,000	\$80,000
Average % Change	13.8%	-

Table 3		
Shops selling home beverage making supplies as the primary source of income, not including those with 70% or more of their sales from online/mail order business		
	2013	2012
Average Q4 Gross Revenue	\$110,453	\$102,350
Median Q4 Gross Revenue	\$80,000	\$69,000
Average % Change	7.9%	-

Table 4		
Shops selling home beverage making supplies as the primary source of income, that have been in business 5+ years under current proprietorship, not including those with 70% or more of their sales from online/mail order business		
	2013	2012
Average Q4 Gross Revenue	\$132,119	\$128,090
Median Q4 Gross Revenue	\$90,140	\$80,000
Average % Change	3.1%	-

- 44% of respondents experienced growth of 10% or more from 2012 to 2013.
- 37% of respondents experienced growth of 20% or more from 2012 to 2013.
- 19% of respondents experienced a decline in fourth quarter gross revenue from 2012 to 2013. Of those that reported a decline, they averaged an 11% decrease year over year.
- 10% of respondents reported no growth in fourth quarter gross revenue.

27. What was your net income for 2013 and 2012?

Table 1		
All Shops		
	2013	2012
Average Net Income	\$120,823	\$105,951
Median Net Income	\$37,500	\$36,750
Average % Change	11.3%	-

Table 2		
Shops selling home beverage making supplies as the primary source of income		
	2013	2012
Average Net Income	\$134,529	\$118,018
Median Net Income	\$37,500	\$37,500
Average % Change	10.8%	-

Table 3		
Shops selling home beverage making supplies as the primary source of income, not including those with 70% or more of their sales from online/mail order business		
	2013	2012
Average Net Income	\$83,343	\$78,621
Median Net Income	\$29,821	\$28,500
Average % Change	8.0%	-

Table 4		
Shops selling home beverage making supplies as the primary source of income, that have been in business 5+ years under current proprietorship, not including those with 70% or more of their sales from online/mail order business.		
	2013	2012
Average Net Income	\$116,738	\$118,737
Median Net Income	\$38,750	\$39,000
Average % Change	2.2%	-

- Respondents were given multiple options to answer this question. 2013 growth figures are a weighted average of these responses and may not correlate with the growth between 2013 and 2012 average revenue figures.
- 38% of respondents experienced growth of 10% or more from 2012 to 2013.
- 23% of respondents experienced growth of 20% or more from 2012 to 2013.
- 22% of respondents experienced a decline in net income from 2012 to 2013.