



# BREWING IN NEW ZEALAND



THE BREWING INDUSTRY CONTRIBUTED

**\$2.8B** TO THE NEW ZEALAND  
ECONOMY IN 2021



BREWERS ADD OVER

**\$637M** TO GROSS  
DOMESTIC PRODUCT



BREWING INDUSTRY SUPPORTS

**6,632 JOBS**

DIRECTLY AND INDIRECTLY



BREWING PROVIDED GOVERNMENT WITH

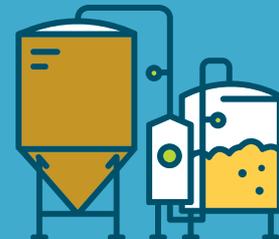
**\$906M**

**\$426M** IN GST AND  
**\$480M** IN EXCISE\*

ESTIMATED



**1,116%** INCREASE IN  
ZERO ALCOHOL  
BEER SALES SINCE 2016



**33%** INCREASE  
IN LOW CARB  
BEER SALES IN THE LAST YEAR



# BREWING IN NEW ZEALAND 2021

The information in this report was produced by the New Zealand Institute of Economic Research with additions from the Brewers Association of New Zealand. It highlights the positive economic impact the brewing industry generates, not only for the brewers themselves but also for their supply chains, Government tax revenue and the wider economy.

## Economic analysis

The New Zealand brewing industry was valued at \$2.8 billion in the year to September 2021. The brewing industry contributed \$637 million to gross domestic product (GDP) in the year to December 2020<sup>1</sup>.

The industry also provides a notable financial contribution to government with an estimated \$480 million in excise tax and collects \$426 million in GST (\$273 million from on-licences and \$154 million from off-licences.)

## Sales

On-licence sales account for 64% of the estimated value at \$1.8 billion, and off-licence sales account for the remaining 36% at \$1.03 billion in the year to September 2021.

The percentage distribution of volume for on-licence and off-licence sales was 29% and 71%, respectively.

The contrasting relationship in volumes and value for on-licence and off-licence sales reflects the higher cost structure for on-licence venues, which is captured in the value of the sales.

## Supply chain

New Zealand brewers purchase \$404 million of intermediate products from New Zealand suppliers, of which \$343 million includes raw ingredients and materials

## Consumer preference and alcohol consumption

There has been a 1116% increase in the volume of low alcohol content beer (i.e. less than 1.15%) since 2016. This is being driven by an increase in the number of zero alcohol beers available and consumer demand for these options, accounting for 2% of supermarket volume sales – with a 28% increase in zero alcohol beer volume sales for the year to October 2021 alone.

The next largest increase is the more than 5% alcohol category, with a rise of 116% in sales volume since 2016. This growth reflects the shift in preference towards craft and premium beers. This is further supported in the annual increase in volume sales for craft with a 7.3% increase year ending October 2021.

Premium and mainstream lagers still dominate supermarket sales at 40% and 29%. Craft beer has increased to an 18% share of value (year to October 2021) from a previously reported 12% (year to September 2020).

One of the notable growth areas observed in 2021 was in the Low-Carb category, with this growing 33.6% in the year to October 2021 and accounting for 8% of overall supermarket and off licence sales.

Ministry of Health data shows the number of New Zealanders who consumed alcohol in the past year has declined by 3.1% and is at its lowest in 10 years. In 2020/21, 78.5% of Kiwis chose to drink alcohol compared to 81.6% in the previous year. The number of people who had a drink in the previous 12 months is declining, notably, adults aged 25-34 years (-4.8%), 45-54 years (-4.3%) and 65-74 years (-4.7%), and in the Māori population (-2.7%).

## Employment

The brewing industry directly employs 1,950 people, paying \$141 million in wages per year. The density ranking of job location remains unchanged, with the Auckland region employing the most at 710 people, followed by the Wellington and Canterbury regions (310 and 270 respectively).

Other regions have also contributed to jobs growth in the industry over the year, with the increase in the Hawke's Bay region being the largest contributor at 35 new jobs in the year to February 2021.

The brewing industry also supports 4,682 people in other industries through its purchases of intermediate inputs for the brewing process. This amounts to \$268 million in wages per year for the year to February 2021.

## COVID-19

The global pandemic continues to impact the brewing sector as with many others; the alert level and lockdown restrictions in our largest city Auckland, affecting the high-value on-licence trade.

Brewers have faced cost pressure in areas such as logistics, with costs up anywhere from 20-65% in local or sea freight for imported product, double digit cost increase across raw materials and packaging as well as steep increases in terms of things like electricity.

The recent Delta outbreak, which sent New Zealand into level 4 restrictions, coincided with a sharp increase in off-licence beer sales before rapidly returning to pre-lockdown trends (i.e. a decreasing trend). This contrasts with the sustained increase in supermarket and liquor store sales during the initial New Zealand COVID-19 level-4 lockdown in 2020.



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<sup>1</sup>Data for year ending 2021 not yet available