Oregon Brewers Guild
EST'D 1992

An Overview of the State of the Oregon Beer Industry
For the HB 3610 Task Force on Alcohol Pricing and Addiction Services

Ben Edmunds
President, Oregon Brewers Guild + Brewmaster, Breakside Brewery

Overview

1) History, Cultural Significance, Community and Economic Impact of the Oregon Beer Industry

2) State of the Current Beer Market

3) What Does It Cost to Produce Beer? Where Does the Money Go?

4) Our Responsibility in Addressing Addiction and Promoting Treatment

Oregon’s Breweries Then and Now

- Commercial brewing in the state dates to 1852 + hop growing to 1867
- The 1985 Brewpub Bill was a watershed piece of legislation and allowed a cottage industry of small breweries to start and thrive
- Today, 319 breweries operate over 400 retail locations around the state – and 317 of those are operated by craft breweries, which are small and independently owned
- Our breweries are reputed for their quality and earn worldwide recognition, including 29 medals at last week’s World Beer Cup
- Over 9,500 Oregonians are employed directly by the beer industry or in closely allied-industries
- Most breweries in the state are small owner/operator businesses that serve and give back to their local communities

The Beer Market Today

- Sales are down
  - 2023 saw a record number of brewery closures in Oregon (20+) and was the first year closures outnumbered openings
  - Medium and large Oregon breweries reported volume losses between 5 and 10% in 2023
  - Market volatility cause material impacts to our revenue, profits, and ability to stay float
    - 15% drop off in Q1 2023 vs 2022
    - Single month swings of >35% in revenue and volume

- Costs are up
  - Barley prices increased >40% between 2020 and 2022
  - Packaging materials and CO_2 shortages have caused double digit increases
  - Lagging sales have caused long backlogs on pre-existing hop contracts
  - Entry-level pay for brewery labor up 20-30% vs. pre-2020

- The craft styles and formats that are selling the most are very low margin
  - Raw materials inputs for IPA often 75-90% higher than other styles
  - $6.25-7.50 in COGS for a 4-pack of IPA cans often means 4-7% margin

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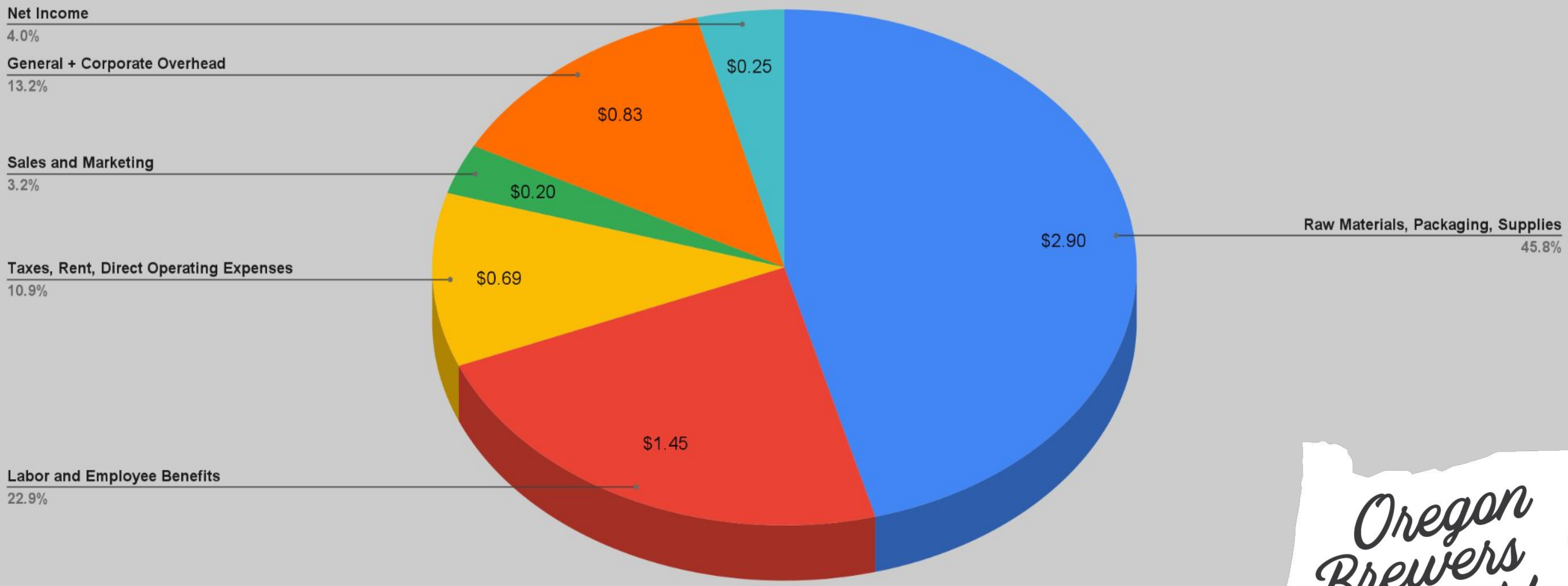
Where Does The Revenue Go From A Six Pack of Craft Beer?

Revenue of $6.33 to the Brewer



Our Responsibility and Community Commitment

- **Beer, and especially craft beer, is the beverage of moderation and the beer industry is committed to promoting a culture of moderation**

- **Our businesses suffer when people abuse alcohol and don't receive proper treatment**

- **Such a small amount of the tax dollars we already pay are being used for current programs. Where does the other 97% go? Can it be rerouted to serve the ends that we all want for our community?**

- **Producers make the least margin and are saddled with the biggest tax burden. Our margins in this market are already so thin. Increasing taxes will price many of us out of business.**

- ***What are the ways that breweries can help the treatment community achieve our shared goals without harming our businesses?***

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THANK YOU

Contact

Ben Edmunds - ben@breakside.com

Oregon Brewers Guild - info@oregonbeer.org