

FISCAL FITNESS | BY BILL ANDERSON

## Headwinds Facing Craft Beers

**T**he craft beer industry is by far one of the most interesting segments of the industry to watch these days. It's an influencer segment all by itself—proof that raising taste profiles and pricing, while at the same time telling authentic, local brand stories, can lay the groundwork for sustained, impressive growth.

But will crafts continue to expand market share? John Hall, the founder of Goose Island, made the now oft-repeated prediction that craft beer share has the potential to double in the short term at a recent conference on high-end beer. The growth arc of this industry supports this prediction, but the problem lies in expansion production capacity. Crafts often feel compelled (rightly, I think) to continue to produce their single brews at their home base. The issue there is that it's expensive.

Dogfish Head and Allagash announced they were pulling out of a number of states due to their inability to fill the orders of distributors. In response to rising demand and planned geographic growth strategies, several leading craft brewers have announced expensive capacity expansion projects, including Dogfish Head, Stone and Sierra Nevada. So what is most problematic for craft's growth is the simple, but daunting challenge of production capabilities. And the new debt and/or equity might put additional strains on the operations and culture of these companies and may dramatically alter how crafts will grow in the future. **BW**



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