

Ohio's craft beer industry says it generated economic impact of \$967 million in 2018

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2018 ESTIMATED IMPACTS ON THE STATE OF OHIO



Silverlode Consulting
Economic and Fiscal Impact of Ohio's Craft Beer Industry, May 2019

Ohio's craft breweries had a total economic impact on the state of \$967 million in 2018, a 39% increase compared to 2015, according to a new study by the Ohio Craft Brewers Association trade group.

The study, commissioned by the OCBA and conducted by Silverlode Consulting, shows a strong uptick in jobs, wages and tax collections. It's just the latest validation that Ohio's craft beer industry, the fourth-largest in the country by production, according to the Brewers Association, is bigger than ever.

There were 135 craft breweries in Ohio at the time of the 2015 study, which was conducted by Ohio State University. Those breweries produced an estimated 1.2 million barrels of beer annually.

The OCBA counts approximately 300 craft breweries operating today — with some brands operating more than one facility — with production around 1.4 million barrels. (There are some additional 65 breweries in planning stages.)

So between 2015 and 2018, the number of operating independent breweries increased by about 122%, while total estimated beer production grew just 16%. That means the craft beer market in Ohio is flourishing with multiple smaller, neighborhood brewery/taprooms. That hyperlocal, tap-room-focused business model has been a key strategy for brands like Platform Beer Co., which has been tagged as one of the fastest-growing breweries in America.

In total, the state's craft brewing industry employs an estimated 8,341 people today, with 1,942 (23%) of those in Greater Cleveland.

About 50 breweries opened in Ohio in 2018, according to the OCBA, reflecting an annual increase of 17%. There were just 10 closings in Ohio last year, with 296 breweries operating at year-end.

Notably, the rate of brewery openings across the U.S. has been particularly high in the Northeast compared to other markets, though that might just be this region playing catch-up with others.

According to a related OCBA survey, about two-thirds of approximately 140 brewery respondents said they plan to increase production in the next two years, while a little more than half said they expect to expand facilities in the same timeframe.

"Beer is big business in Ohio and our state's independent craft breweries continue to grow at an impressive rate," said OCBA executive director Mary MacDonald in a statement. "The study results are proof that craft breweries are a powerful catalyst helping communities and partner industries flourish."

She added: "The full-time labor force in the craft brewing industry has more than doubled over the past three years. As craft breweries grow and mature, we've seen a marked increase in hiring for manufacturing jobs in the brewhouse, sales positions, marketing and finance, business administration and other professional jobs. Small businesses fuel the economy, and craft breweries continue to generate substantial impact to the state of Ohio."

While Ohio's beer industry continues to grow, most stakeholders contend there's no bubble brewing and that there's still plenty of room for additional growth. Yet, a more crowded sector is creating additional competition for tap and shelf space at bars and retailers. That's influencing some craft brewers to expand product portfolios with trendy offerings such as hard seltzers or low-alcohol and gluten-free options, to appeal to drinkers.

The study also looks at the impact of breweries on local neighborhoods — something Crain's explored in this recent feature with an eye toward Great Lakes Brewing Co.'s revitalization of Ohio City — and how breweries give back to communities.

According to the OCBA, survey respondents reported combined charitable donations of \$1.15 million on behalf of their breweries and some 15,000 volunteer hours contributed between owners and staff.

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