



# **The Economic Contribution of Craft Brewing in Montana**

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# Who we are & what we do

## Research branch of UM's School of Business Administration

- Regional economic analysis
- Survey research
- Kids Count
- Publications
- Industry analysis



➤ Manufacturing (brewing, wood products, etc.)

# Prior work done by the BBER

Entities we have worked with through contracts and agreements:

- State of Montana
- DNRC
- Dept. of Labor
- DPHHS
- State Auditors Office
- The University of Montana
- Montana Tavern Association
- Montana Brewers Association
- US Forest Service
- Montana Chamber of Commerce
- Arch Coal
- Rocky Mountain Laboratories
- Major hospitals around the state
- Tribal Councils
- And many others...

# Research Approach

- Research question: what would the Montana economy look like if the craft brewing industry did not exist in Montana?
- Good data on the income flows that the industry itself produces is a critical starting point for the analysis.
- BBER utilized a well respected economic model (REMI) to project how the economy would look minus brewing industry activities.



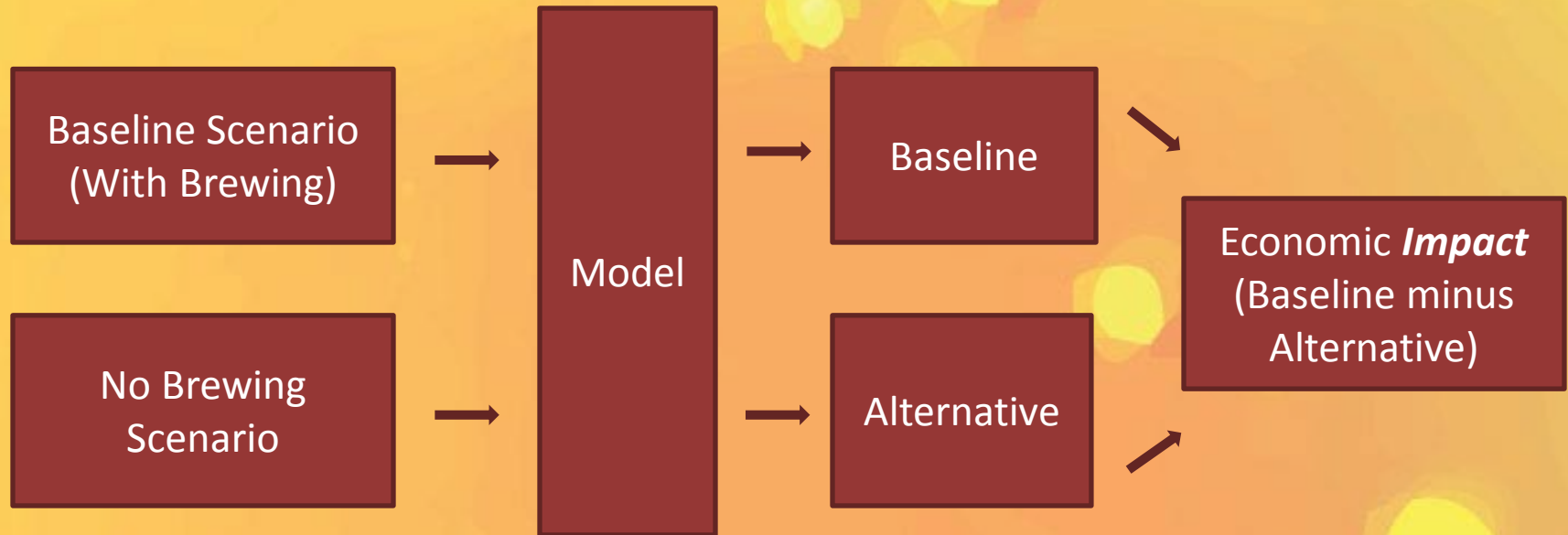
# Data Collection

- A survey was administered via email and phone to all Montana brewers.
- Production, sales, employment, compensation, expenditures, benefits.
- 97% of brewers (30 of 31) that operated in 2010/2011 responded to the survey.
- Survey data were aggregated and input into the economic impact model.

# Impact Study Research Notes

- Not a “shutdown” scenario – this research imagines an economy where the industry never existed in the state.
- Uses operational and financial data collected from Montana brewers for calendar year 2011.
- All impacts presented compare a “with brewing” scenario to a “without brewing” scenario.
- The figures represent the total contribution of the operations of craft brewers to the Montana economy.

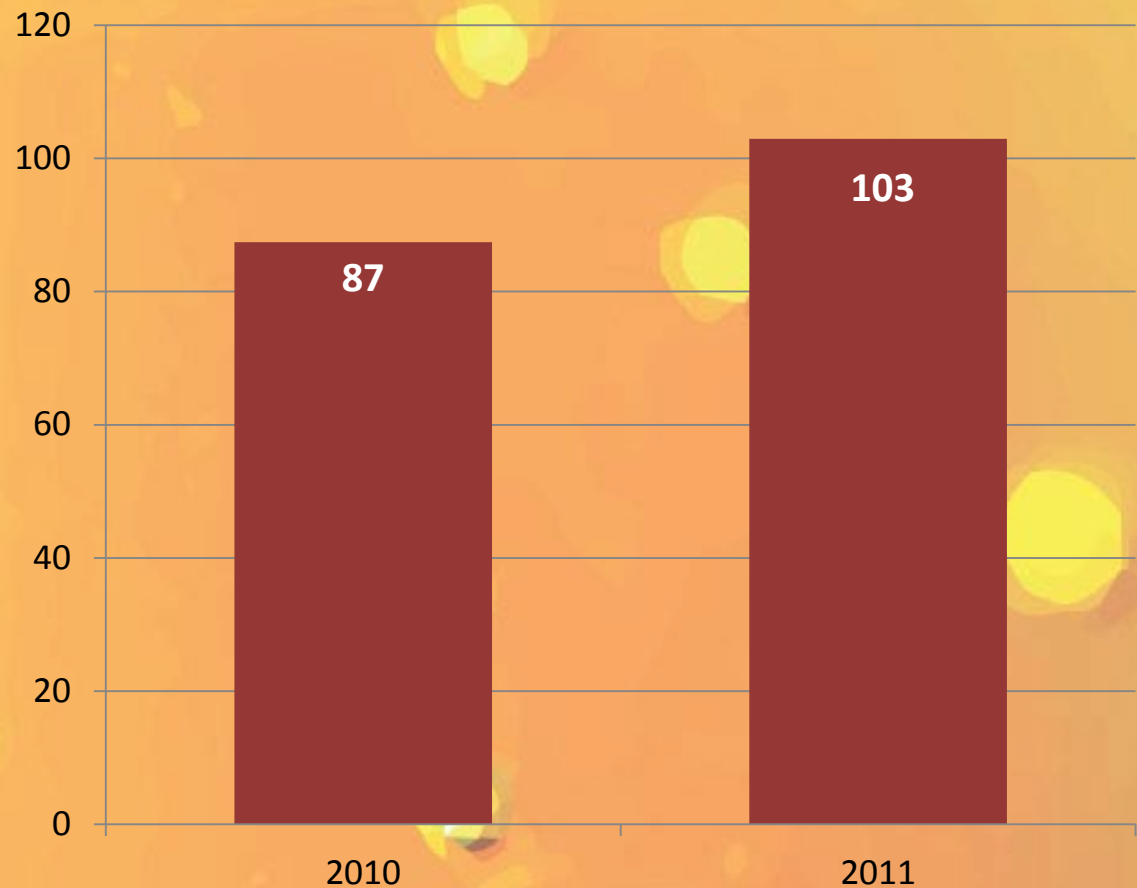
# Research Design



# Summary Survey Data

Production (1,000 bbl)

Production increased from just over 87k bbl to nearly 103k bbl from 2010 to 2011 – an 18% increase

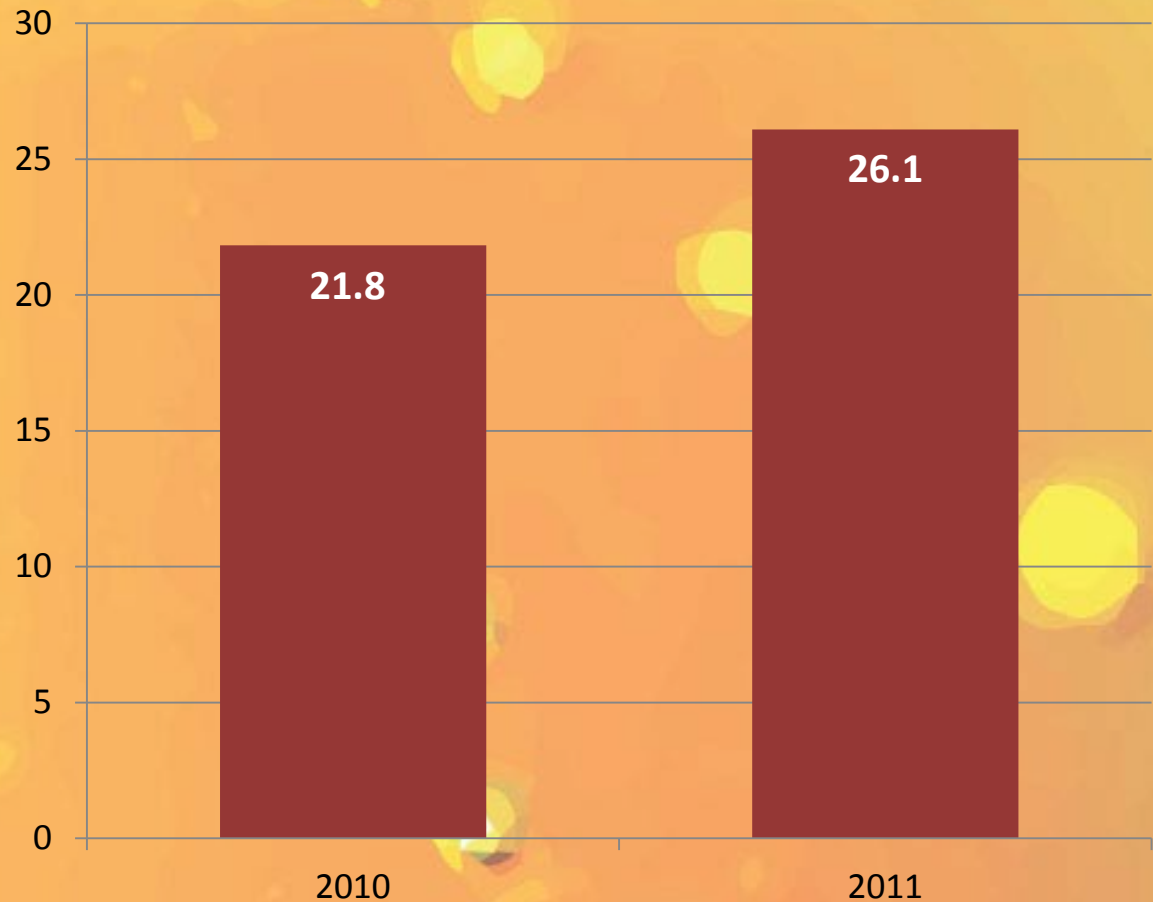




# Summary Survey Data (cont.)

Sales (\$Millions)

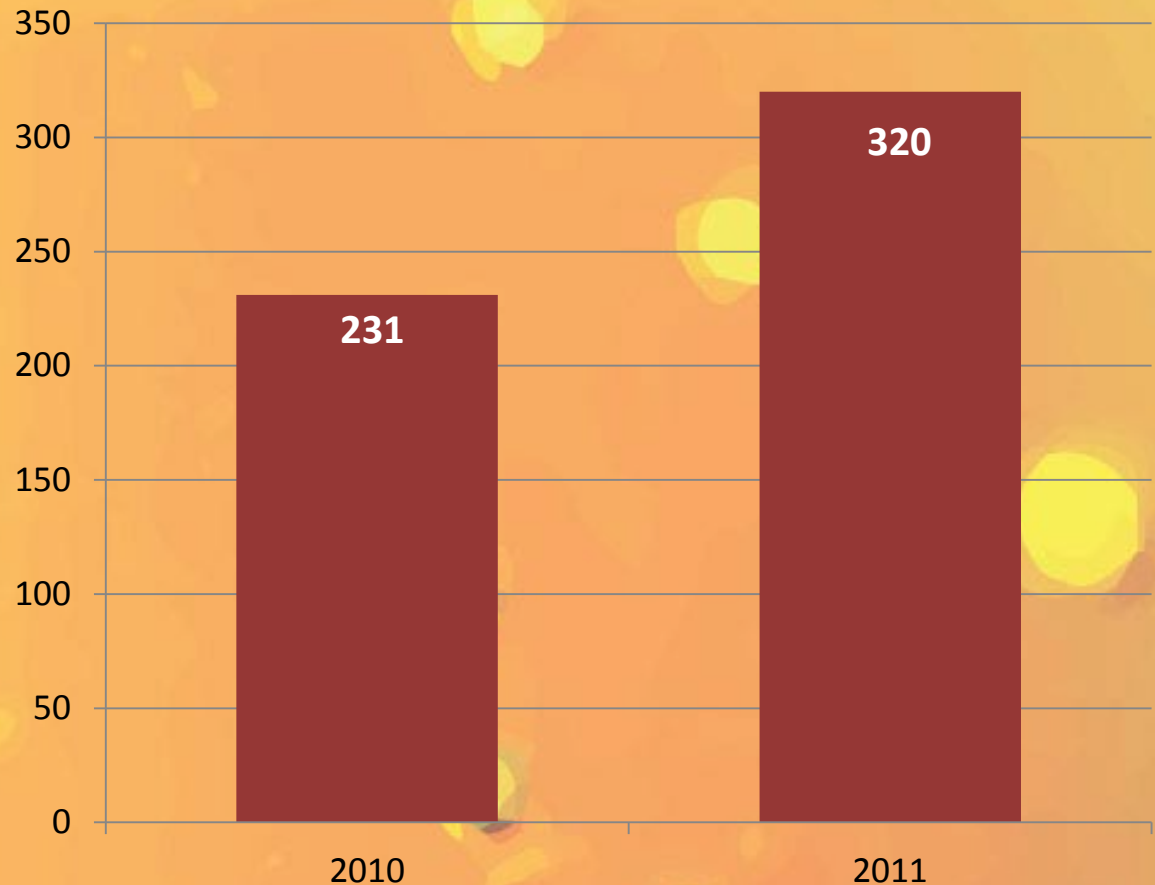
Sales increased from just under \$22 million to over \$26 million from 2010 to 2011 – a 20% increase



# Summary Survey Data (cont.)

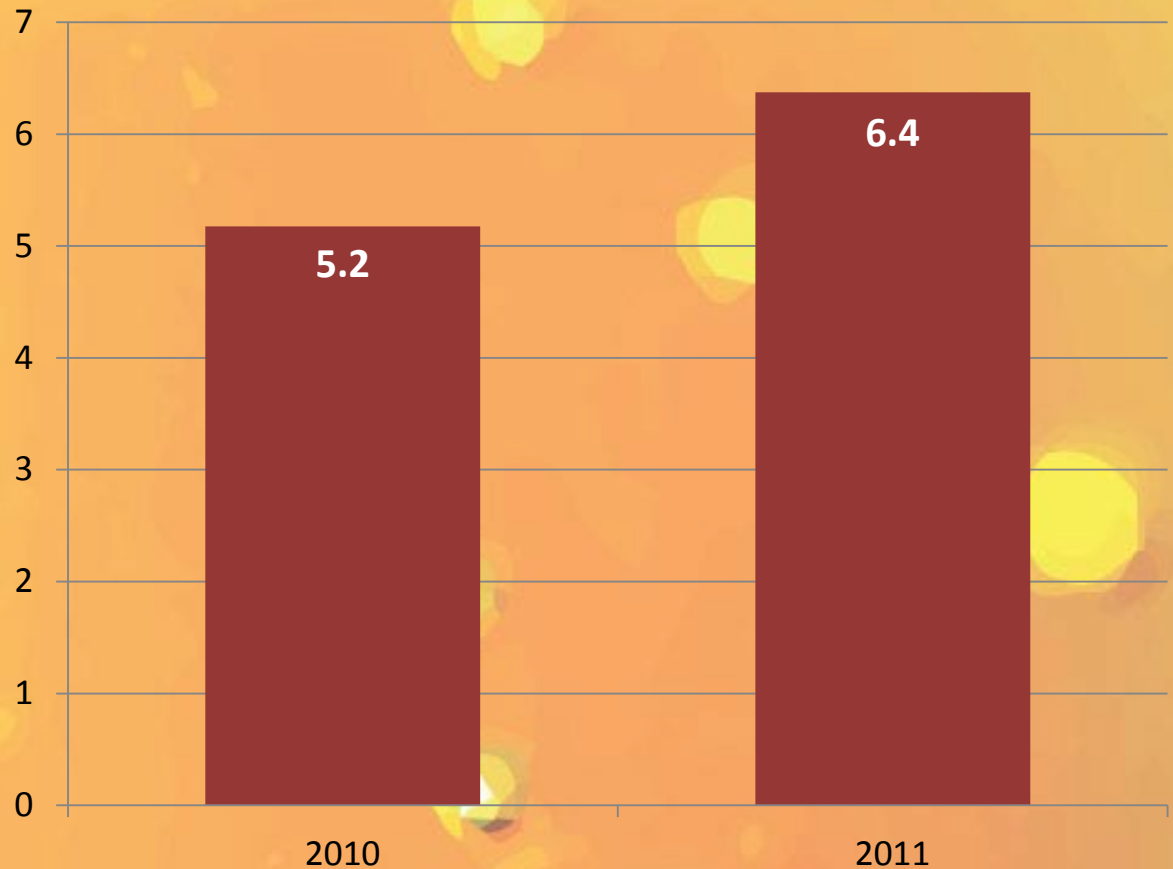
Employment increased from 231 to 320 from 2010 to 2011 – a 39% increase

Employment (full & part-time jobs)



# Summary Survey Data (cont.)

Compensation (\$Millions)

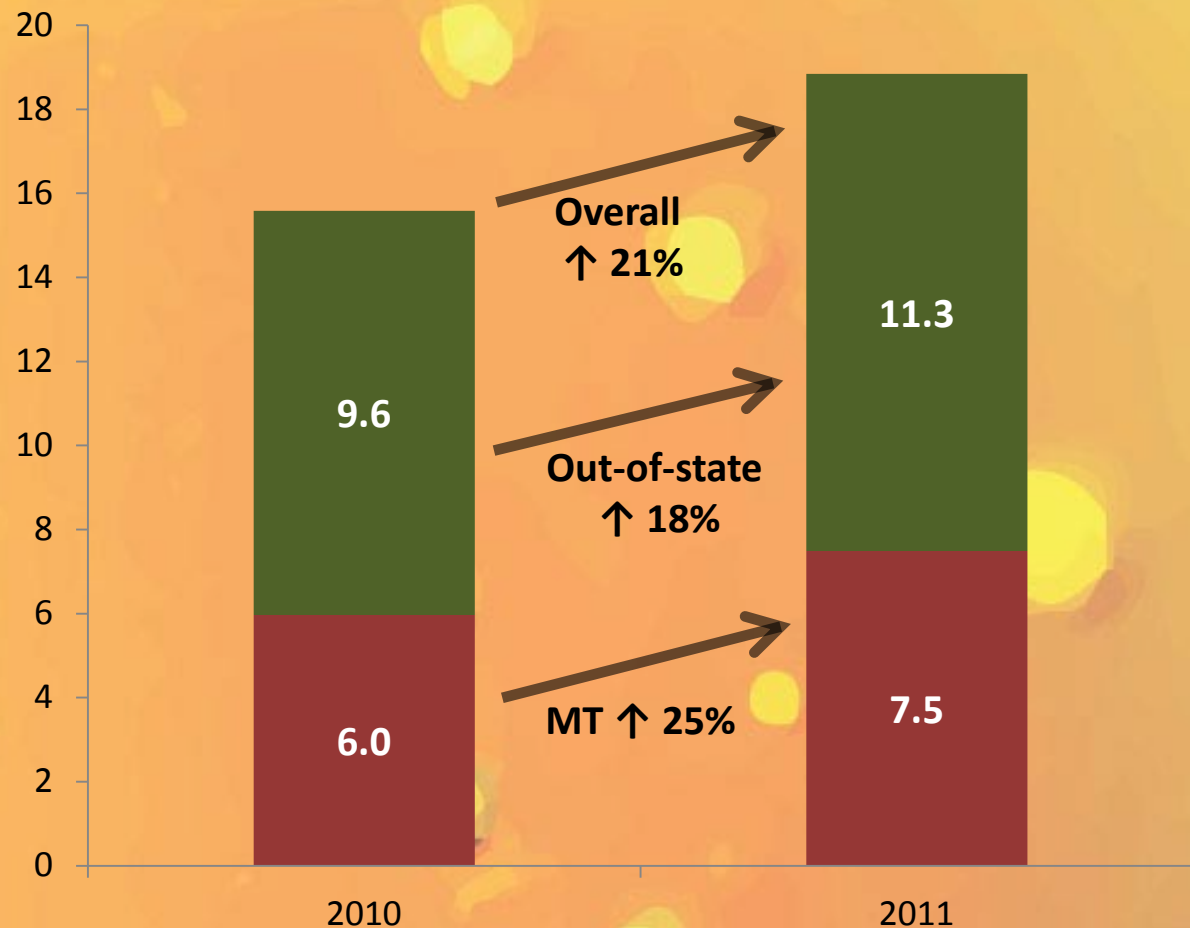


Compensation increased from \$5.2 million to \$6.4 million from 2010 to 2011 – a 23% increase

# Summary Survey Data (cont.)

## Brewery Expenditures (\$Millions)

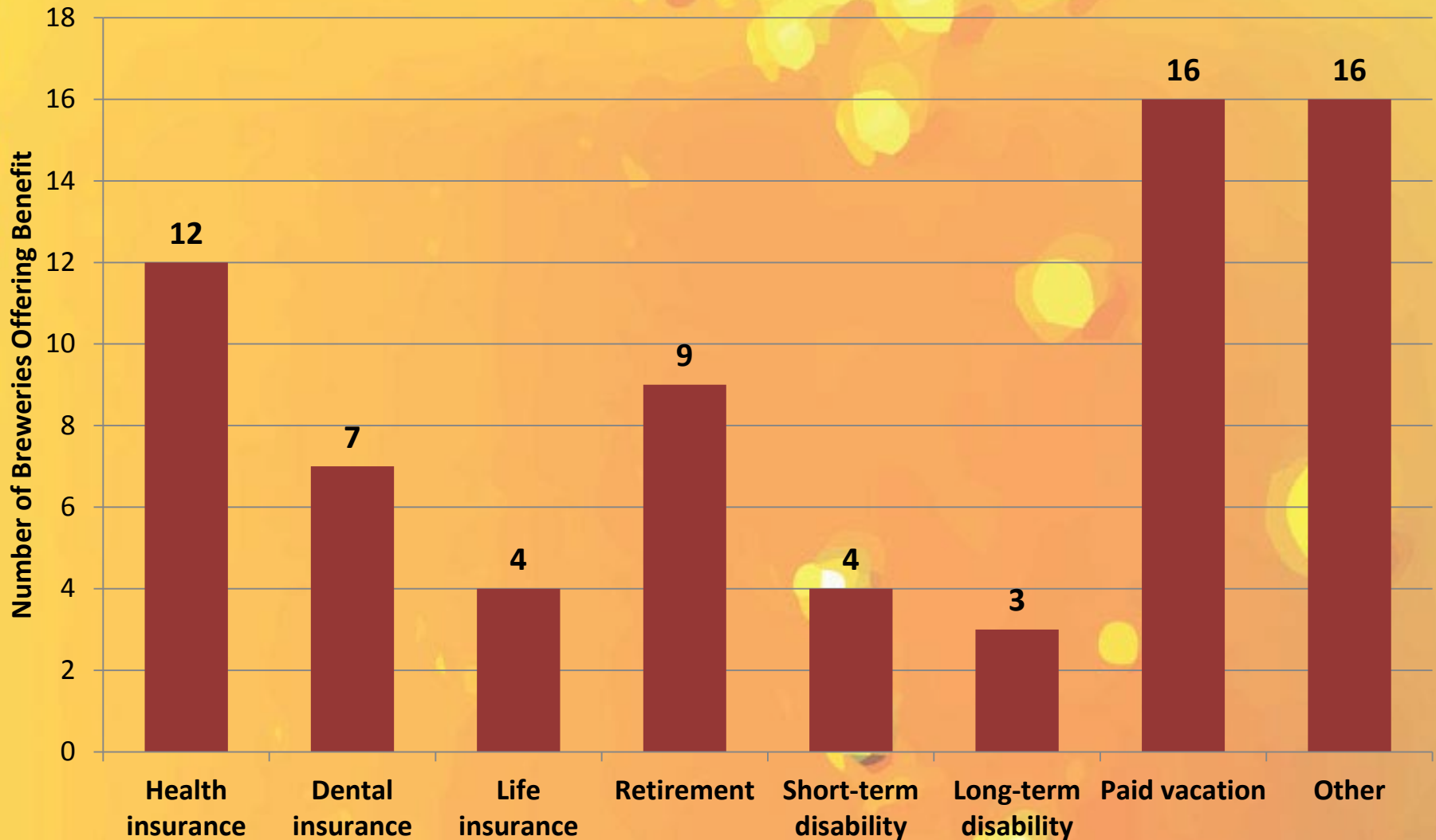
Expenditures (excluding labor) increased from \$15.6 million to \$18.8 million from 2010 to 2011 – a 21% overall increase





# Summary Survey Data (cont.)

## Employee Benefits



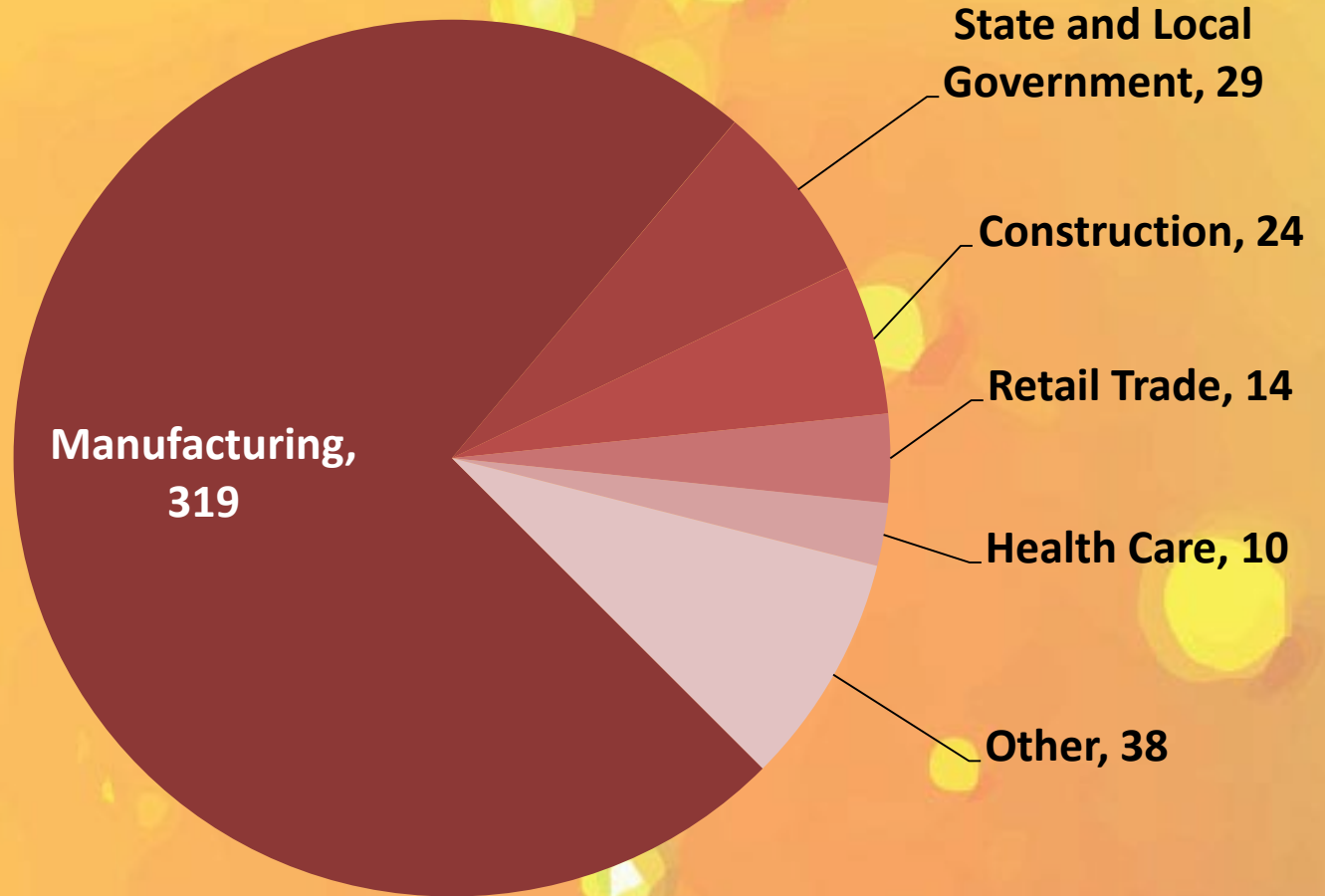
# Statewide Economic Impacts Summary

Category	Units	Impact
Total Employment	Jobs	434
Output (private sector sales)	\$ Millions	48.4
Compensation (private non-farm)	\$ Millions	9.8
Compensation (government)	\$ Millions	1.8
Population	People	36
State government revenues	\$ Millions	1.5

Note: "Impact" refers to the difference between the baseline *with brewing* scenario, and the alternative *without brewing* scenario

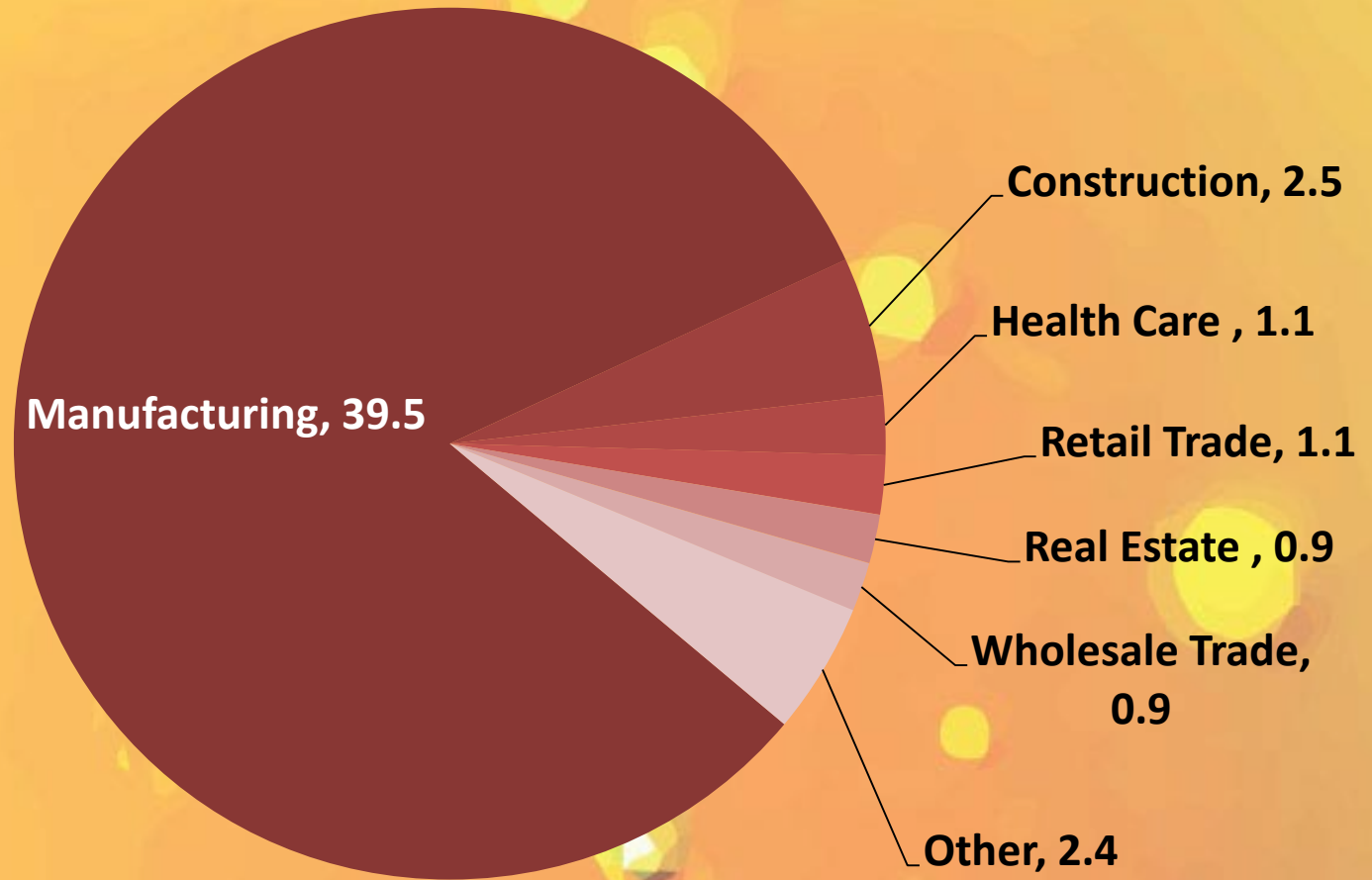
# Employment Impacts by Industry

(Number of Workers)



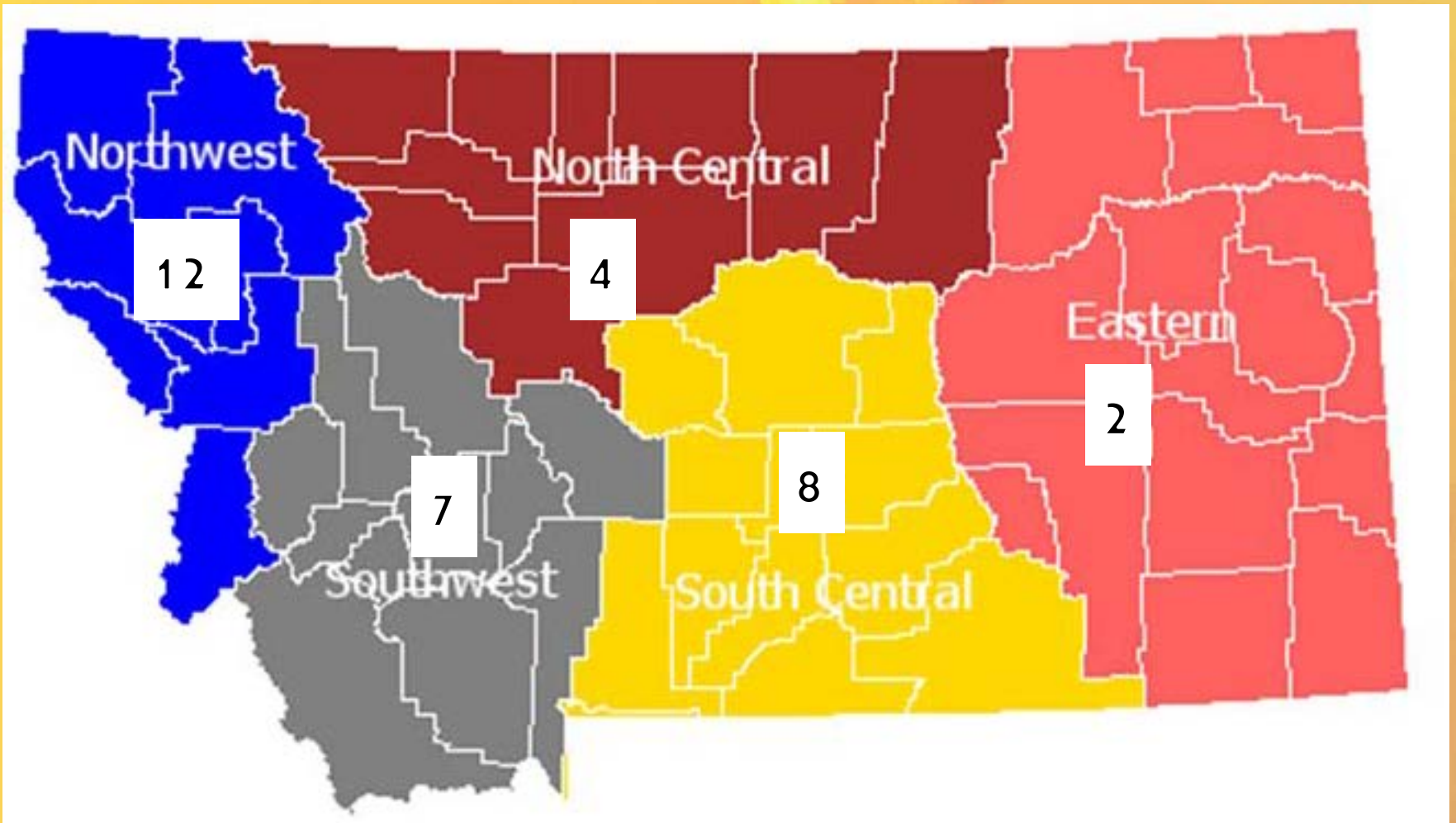
# Output (Gross Sales) Impacts by Industry

(Private Sector, \$Millions)

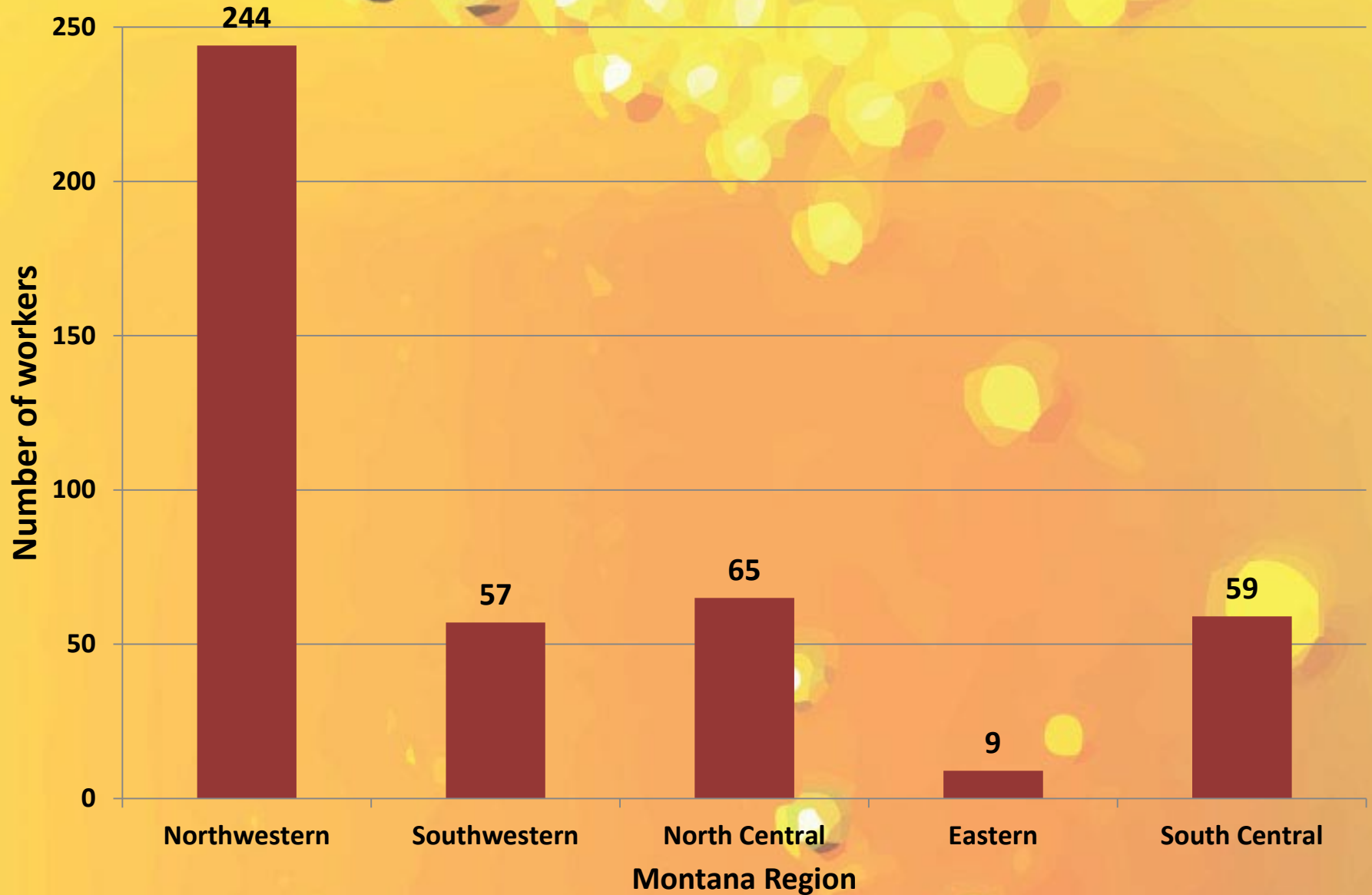




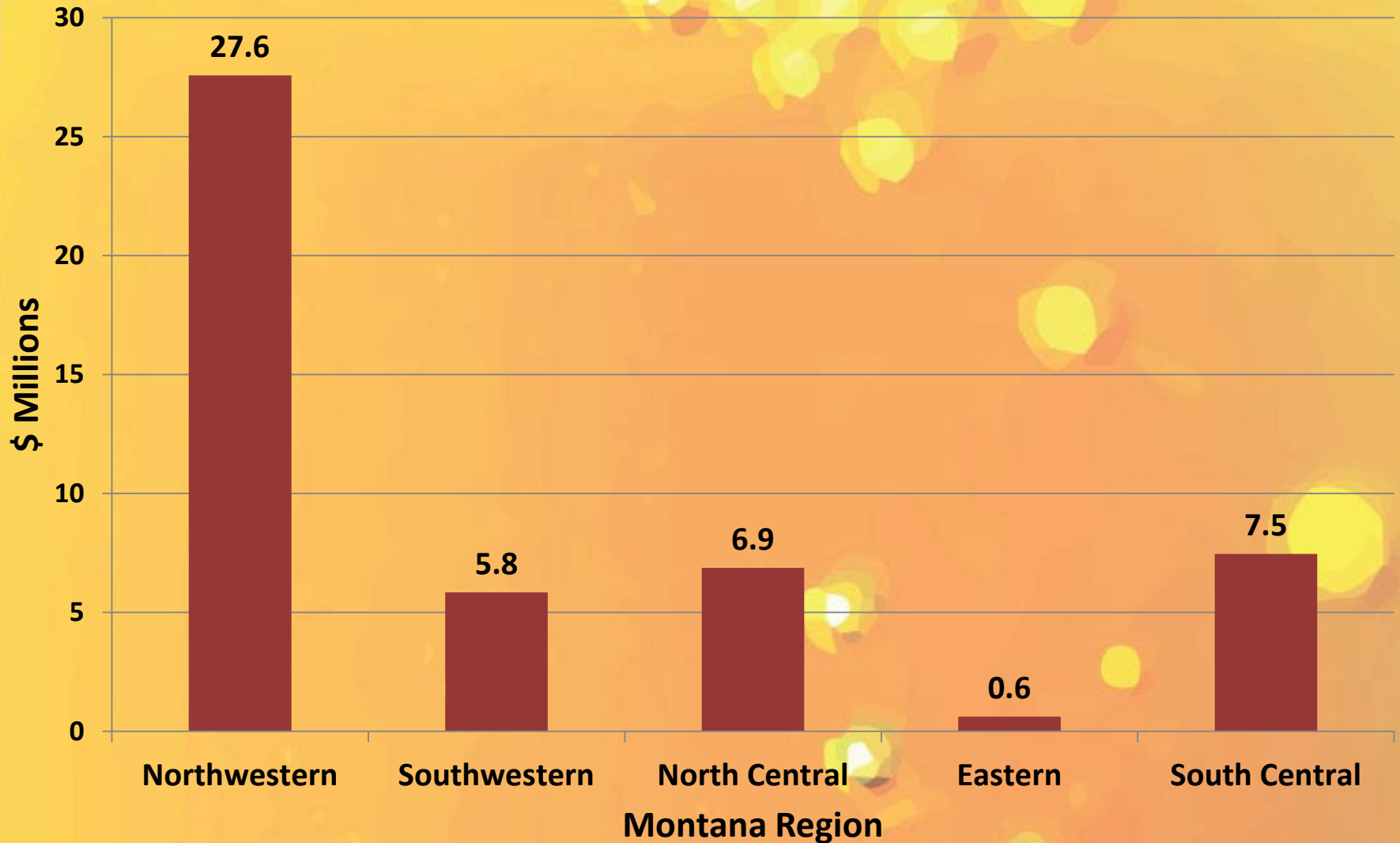
# Economic Regions & Number of Active Breweries, 2011 (33 total)



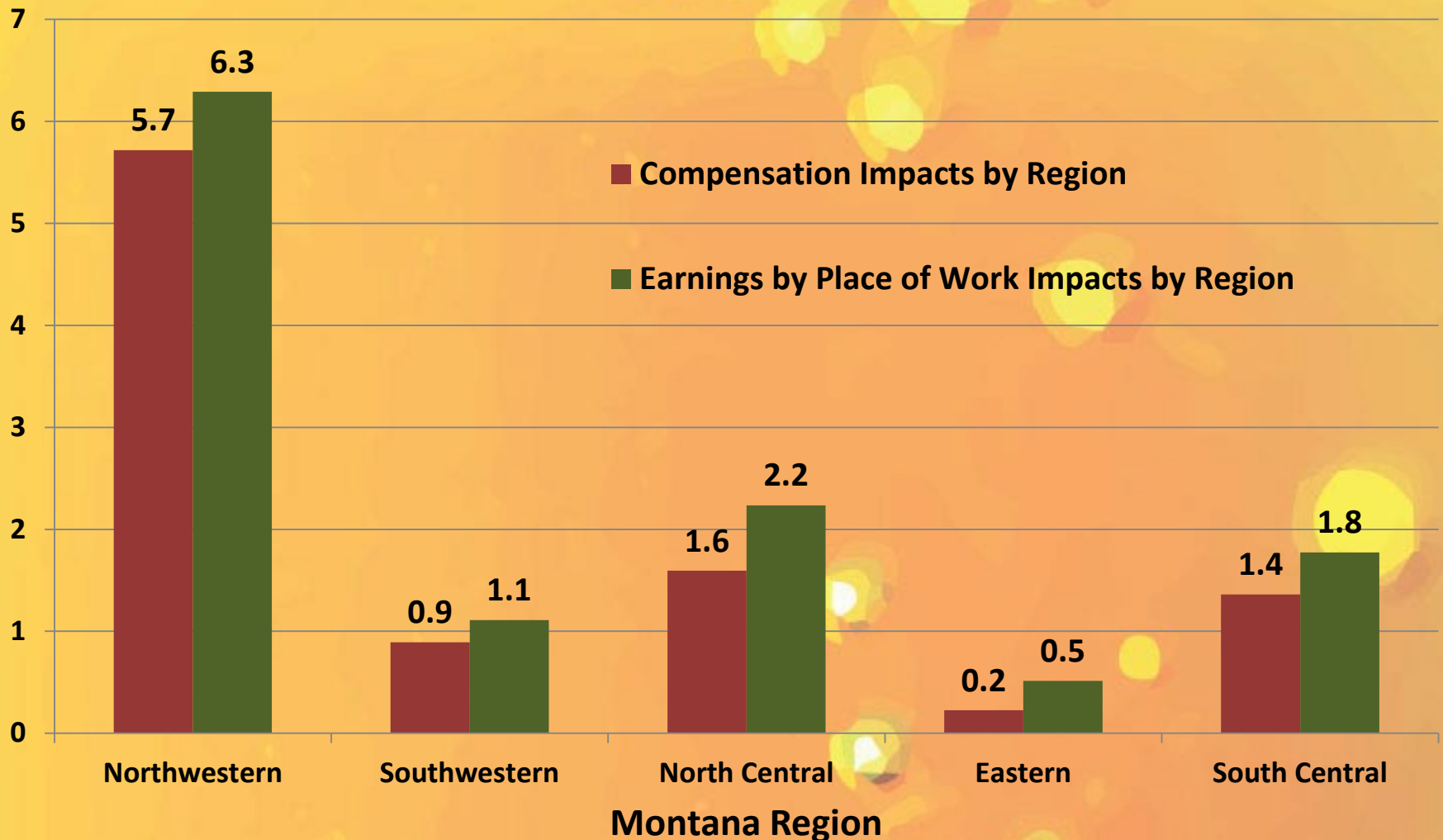
# Employment Impacts by Region



# Output Impacts (Gross Sales) by Region



# Private Non-Farm Compensation and Earnings Impacts by Region



*Note: Earnings include proprietors' income*



# Top 5 States for Fewest People per Craft Brewery

State	People per brewery
1. Vermont	27,206
<b>2. Montana</b>	<b>30,919</b>
3. Oregon	31,662
4. Alaska	35,512
5. Colorado	39,600

Source: Brewers Association, May 2012

# Summary

- The Montana brewing industry has been growing rapidly. From 2010 to 2011:
  - ✓ Production +18%
  - ✓ Sales +20%
  - ✓ Employment +39%
  - ✓ Compensation +23%
  - ✓ Expenditures +21%

# Summary (cont.)

- Operations of craft brewers produce a significant impact on the state economy
- Over 430 jobs, nearly \$50 million in private sector sales, \$9.8 million in private non-farm compensation, \$1.8 million in government compensation, and \$1.5 million in state government revenues exist in the economy due to craft brewing operations
- Jobs are spread across wide spectrum of the economy
- Impacts recur every year the brewing industry operates

# Conclusion

- We now have a baseline of the industry's current economic impact in Montana
- Possible future work
  - Revisit the analysis to quantify the change in economic impact over time
  - Analyze potential impacts of policy initiatives or changes in legislation (e.g. 10,000 bbl limit)



# **Thank you. Comments/Questions?**



Photo: Brewers Association

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