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## **CRAFT SPIRITS PRODUCERS SOLD NEARLY 6 MILLION CASES LAST YEAR ALONE**

### **Craft Producer Distillery Growth, Job Growth, Export Growth, and Volume Growth Among Key Highlights at Annual U.S. Craft Spirits Industry Briefing**

**NEW YORK, NY** (October 24, 2017) – The American Craft Spirits Association (ACSA), Park Street, and the IWSR today presented highlights from the 2017 Craft Spirits Data Project (the Project) at the Second Annual Craft Spirits Economic Briefing at Kings County Distillery in New York. The Craft Spirits Data Project, which was first introduced in 2016, is a first-of-its-kind research initiative that aims to provide a solid and reliable fact base for evaluating performance and trends in the U.S. craft spirits industry.

The ongoing Project, which seeks to quantify the number, size, and impact of craft spirits producers in the U.S., is an effort led by ACSA, Park Street, and the IWSR, with collaboration from key government and industry organizations, including the U.S. Alcohol and Tobacco Tax and Trade Bureau (TTB), the National Alcohol Beverage Control Association (NABCA), American Beverage Licensees (ABL), and the Wine & Spirits Wholesalers of America (WSWA).

#### **Key findings and highlights revealed during the briefing include the following:**

- 1) The craft distilling industry sold nearly 6 million cases in 2016, up 18.5% in volume over 2015, with \$3 billion in sales and 25% growth by value.** The U.S. craft spirits market volume (cases) reached 5.8m cases in retail sales in 2016, growing at an annual growth rate of 18.5%. In value terms, the market reached \$3.0 billion in sales, growing at an annual growth rate of 25.0%. The market share of U.S. craft spirits reached 2.6% in volume and 3.8% in value in 2016, up from 1.0% (volume)/1.2% (value) in 2011 and 2.2% (volume)/3.0% (value) in 2015.
- 2) The number of active craft distilleries in the U.S. grew by 20.8%, with 1,589 distilleries.** The number of active craft distillers in the U.S. grew by 20.8% over the past twelve months to 1,589 as of August, 2017.
- 3) Employment in the craft spirits industry grew by 47.8% over the past twelve months, with nearly 6,000 new full-time jobs.** As of August 2017, the industry employed almost 19,600 full-time employees, an average of 10.5 employees per distillery.
- 4) Industry investments are on pace to double in 2017. As of August, 2017, industry investments reached \$600 million in just nine months, up from \$398 million for the entire 2016 calendar year. These investments primarily covered the build out of tasting rooms and other visitor experiences, equipment to increase production capacity, and associated labor costs.**

- 5) **Exports are up 8.2% since 2015, with more than half a million cases exported.** Exports of U.S. craft spirits reached 566,000 cases in 2016, adding more than 8.8% of additional volume to U.S. craft distillers' total sales. 2016 exports grew by 8.2% versus 2015.
- 6) **Distillery and tasting room sales make up 34% of all sales for small craft distilleries, while out of state sales make up 58% for larger craft distilleries.** Direct sales at the distillery are important for all craft distillers but especially important for small craft producers (between 0 and 10,000 proof gallons removed from bond annually). Direct sales make up 34% of all total sales across all craft distilleries. Out of state business is particularly important for large producers (between 100,001 and 750,000 proof gallons removed from bond annually), accounting for more than 58% of the total business.
- 7) **Some states are “craftier” than others, with California, New York, Washington, Texas, and Colorado** leading the pack. Geographically, the market remains concentrated. The top five states by number of craft distilleries – CA (148), NY (123), WA (106), TX (86) & CO (80) -- make up 34.2% of U.S. craft distiller universe, and the next five states -- OR, PA, NC, OH, FL -- comprise an additional 17.8% of the market. The remaining states represent 48.0% of the market.

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## **PROJECT BACKGROUND AND METHODOLOGY**

The Craft Spirits Data Project © 2017 is a proprietary research project whose goal is to provide a solid and reliable fact base for evaluating performance and trends in the U.S. craft spirits industry. The Craft Spirits Data Project, which was first announced and presented in 2016, is the beverage industry's first-ever comprehensive craft distilling study. The Project quantifies the number, size, and impact of craft spirits producers in the U.S.

For purposes of this research, U.S. craft spirits are distilled spirits that are produced in the U.S. by licensed producers that have not removed more than 750,000 proof gallons (or 394,317 9L cases) from bond, market themselves as craft, are not openly controlled by a large supplier, and have no proven violation of the ACSA Code of Ethics.

Together, the ACSA, Park Street, and the IWSR launched the Craft Spirits Data Project in October, 2015. 2017 data collection began in January, and remained ongoing through August, 2017. The Project collected data primarily from spirits producers (DSPs), distributors and retailers.

The program aims to create a deeper understanding of the U.S. craft spirits landscape among three key groups: DSPs, distributors and retailers. The study collected comprehensive data on craft distiller production size and patterns, sources of revenue, and the category's overall economic impact within the spirits industry. The Project also collected data on craft spirits business size, patterns and outlook on the distributor level and assess craft spirits business size and outlook by premise type at retail. The Project aims to provide findings on craft supplier best practices and success factors.

When estimating the number of producers behind the U.S. craft spirits production, the project team relies on a combination of official data released by regulatory authorities, survey data, other industry data sources both national (e.g., NABCA, ACSA) and regional (e.g., Guilds), as well as interviews and team assessments using the craft distiller definition.

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## **ABOUT ACSA**

The American Craft Spirits Association is the only registered non-profit trade association representing the U.S. craft spirits industry. Its mission is to elevate and advocate for the community of craft spirits producers, and membership in ACSA is open to anyone.

ACSA is governed by a Board of Directors elected by the eligible voting members of the Association. Voting members must be independent, licensed distillers (DSPs) annually removing fewer than 750,000 proof gallons from bond (the amount on which a Federal Excise Tax is paid), and who subscribe to ACSA's Code of Ethics.

### **ABOUT PARK STREET**

Park Street delivers productivity-enhancing and cost-saving back-office solutions, advisory services, and working capital to more than 5,000 alcoholic beverage brands from the U.S. and around the world. Established in 2003, the company provides a fast and reliable conduit to the U.S. and E.U. markets and a cost-effective operating platform. Park Street works with suppliers at all stages of growth and its clients range from entrepreneurial craft distillers to multi-brand global platforms.

The firm's major practice areas are 1) Back-Office Solutions, including regulatory compliance, logistics, national importing, distribution, warehousing, order-fulfillment, accounting, customer service, and more; 2) Advisory Services, including business building, route-to-market planning, organization effectiveness, strategic partnerships, joint ventures, negotiation support, and more; 3) Working Capital Solutions, including accounts receivable, financing, revolving credit facilities, term loans secured by accounts receivables and other assets, guarantees, and letters of credit. With its extensive expertise in the alcoholic beverage sector, Park Street provides clients comprehensive, turn-key solutions across its practice areas, all within the context of exceptional professional service delivery. For additional information, please visit [www.parkstreet.com](http://www.parkstreet.com)

### **ABOUT THE IWSR**

The IWSR is the leading source of data and analysis on the beverage alcohol market. IWSR is the longest-running research company specializing exclusively in global alcoholic drinks. The IWSR's comprehensive database quantifies the global and local market of wine, spirits, beer, cider and prepared cocktails by volume and value, and provides insight into short- and long-term trends.

The IWSR's methodology is unique. It is the only research company to annually visit distributors, importers, producers, retailers and duty-free operators in each market. This allows the IWSR to better understand market dynamics, real consumption figures, and to explain why certain trends occur. The IWSR conducts face-to-face interviews with 1,500 companies in 118 countries each year, with further input from 350 companies. It provides more detail on more brands, across more countries, than any other source. The IWSR produces several special reports each year; for more details, please visit [www.theiwsr.com](http://www.theiwsr.com)

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