

A smiling man and woman are standing in a brewery. The man, on the right, has dreadlocks and a beard, wearing a maroon and grey sweater, holding a tall glass of beer. The woman, on the left, has long dark hair and glasses, wearing a black sweater, holding a glass of dark beer. They are both smiling at the camera. The background shows brewery equipment, including pipes and a stainless steel door with a 'DANGER' warning sign.

# 2022 DIRECT TO CONSUMER Beer Shipping Report

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SOVOS  
ShipCompliant



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PHOTO © BREWERS ASSOCIATION



# The State of Direct-to-Consumer Beer Shipping in 2022

**11 + D.C.**

Number of states that permit DtC beer shipping



**47 + D.C.**

Number of states that permit DtC wine shipping

**92%**



Among regular craft beer drinkers who would like to purchase beer DtC, percentage who say if they could do so, they would make these purchases once a month or more

**67%**



Percentage of regular craft beer drinkers who aspire to have beer shipped directly to their homes in 2022



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# Introduction

The interest and enthusiasm for direct-to-consumer (DtC) beer shipping documented in the 2021 Direct-to-Consumer Beer Shipping Report has not waned in 2022, even as the past year has brought some relief from the COVID-19 pandemic, including greater access to on-premise beer purchases along with other off-premise purchase opportunities.

In fact, for many craft beer drinkers, their favorite beverage ranks with other goods they would like to have shipped to their front door, such as food, clothing and household products.

At the same time, breweries' engagement with the DtC shipping channel continues to grow, with many craft brewers expressing interest in selling and shipping beer to consumers in other states.

To understand regular craft beer drinkers' desire for DtC beer shipping, as well as to gain insights on potential future behaviors surrounding it, Sovos ShipCompliant, in partnership with the Brewers Association, commissioned a consumer survey and an economist's review of the DtC beer shipping opportunity.

## A Limited but Expanding Marketplace

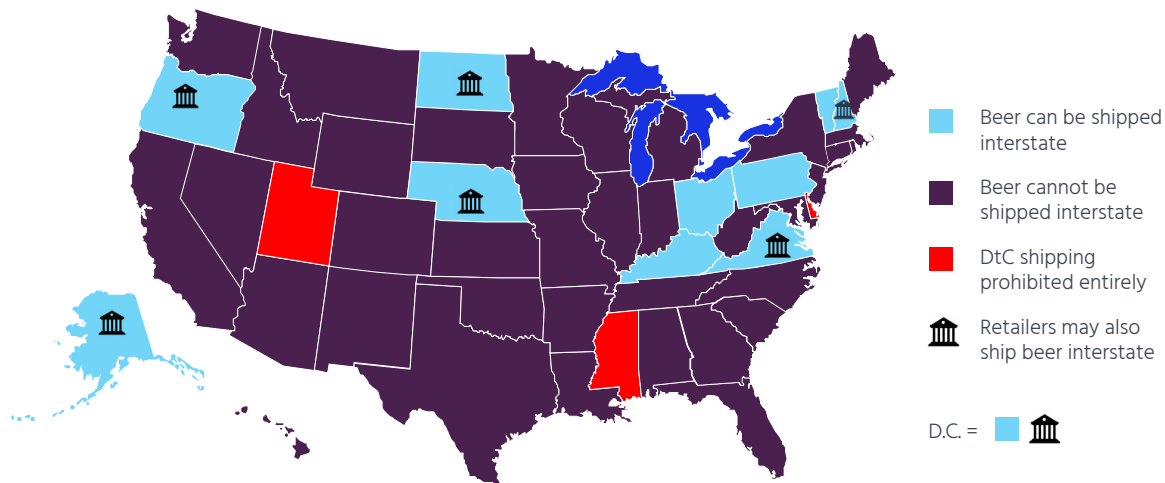
But first, a definition. Direct-to-consumer shipping is the shipping of alcohol directly to the purchaser through delivery by a third-party carrier (e.g., UPS or FedEx). In DtC shipping, the sale is made directly from the producer to the customer, who receives the order shipped directly at their residence or other personal address. In order to ship their beer, a producer must abide by the laws and requirements of the state they ship into, which often includes getting licensed and paying taxes on their shipments.

As of this report (March 2022), brewers may ship beer DtC in the 12 states that permit it—see map below. Sovos ShipCompliant also tracks [DtC Beer Interstate Shipping Compliance Rules](#) online; visit this page for the most up-to-date information as states make rules changes.





# The Regulatory State of DtC Beer Shipping



\* Oregon will only issue licenses for beer shipping to breweries located in states that themselves permit DtC shipping of beer

\* Pennsylvania will only issue licenses for beer shipping to brewers that hold specific wholesaler or off-premises retailer licenses; a manufacturing license alone, even one that grants such permissions, is insufficient

Accurate to February 2022

The rules and regulations for shipping beer in each state that allows it vary; any brewery interested in shipping into one of these states should thoroughly research the legal parameters for shipping beer. As of March 2022, the only states that provide clear, statutory authority for brewers to legally solicit and fulfill sales remotely and across state borders are Alaska, Kentucky, Nebraska, New Hampshire, North Dakota, Ohio, Oregon, Vermont and Virginia, as well as the District of Columbia.

Specific state-level concerns for breweries to keep in mind include the following:

- Pennsylvania will only issue a shipping license to a party licensed in their home state as an off-premises retailer or wholesaler. A manufacturing license that permits the holder to also act as a wholesaler or retailer is insufficient; the brewery must hold a separate license specifically for wholesalers or retailers.
- Oregon will only issue a shipping license to brewers located in states that themselves allow beer to be shipped DtC.
- Rhode Island will only permit beer to be shipped that was sold to a consumer who was physically present at the brewery's premises at the time of purchase.

## Recent Regulatory Trends

Despite the clear interest for greater DtC shipping rights that exists within the beer community, state laws failed to progress in 2021. Indeed, rather than expanding the map of available ship-to states, availability shrunk when Nevada passed a bill sponsored by local wholesaler interest groups that revoked the right for brewers to ship their products to Nevada residents. (Similarly, distillers and off-premise retailers also lost their right to ship DtC into Nevada.)

However, there was reason for optimism in other states, such as New York and California, where DtC beer shipping legislation received a great deal of support. While those bills did not pass in 2021, they were being reintroduced in the 2022 sessions. Where there isn't an active bill, the best way brewers can support direct-to-consumer sales is to work with their state guild to introduce a bill. Where there is a bill, the best thing brewers can do to support passage of these bills is to encourage local consumers to contact their legislators and demand the right to receive DtC shipments of beer to truly access the national beer market.

Direct-to-consumer beer shipping is in its early days compared to DtC wine shipping—a \$4.2 billion market with more than 15 years of history and a much broader map of where shipping is permitted—but nonetheless there is plenty of opportunity for this channel to grow.



# Consumer Preferences and Intent

Our new 2022 consumer survey demonstrates that when it comes to the convenience of purchasing products for direct-to-consumer shipping, the desire to purchase beer in this manner nets out about the same as many everyday use items. Furthermore, there is strong purchase intent for beer via DtC shipping, as well as purchasing from out-of-state breweries, with annual spend projections high—if beer lovers were able to do so. Interest in purchasing craft beer via DtC shipping is particularly strong among regular craft beer drinkers who have children under 18 living in the household.

This pent-up demand reminds us that current DtC beer shipping laws inhibit not only brewers and the craft brewing industry, but also the would-be purchasers who would like to enjoy brands that may not be available locally.

Our consumer survey was conducted online by The Harris Poll on behalf of Sovos ShipCompliant in January 2022 among 1,951 adults ages 21+, among whom 562 are regular craft beer drinkers, defined as those who drink craft beer at least once per month.

## Desire for DtC Shipping of Goods: Beer Is On Par With Everyday Use Items

For regular craft beer drinkers (again, defined as those who drink craft beer at least once per month), the products they would like to be able to purchase and have shipped directly to their homes or someone else's home via a third-party carrier, beer (54%) is just as popular as several everyday use items such as clothing (58%), self-care products (57%), paper products (56%), cleaning products (56%) and food (53%).

Some demographic propensities are of note. College grads and those with children under 18 living in their household are particularly interested in purchasing beer via DtC. Among regular craft beer drinkers:

- Those with a college degree or higher are more likely than those with a high school diploma or less to say they would like to be able to purchase beer and have it shipped directly to their homes/someone else's home via a third-party carrier (58% vs. 43%).
- Those with children under 18 living in their household are more likely than those who do not have children under 18 living in their household to say they would like to be able to purchase beer and have it shipped directly to their homes/someone else's home via a third-party carrier (62% vs. 46%).





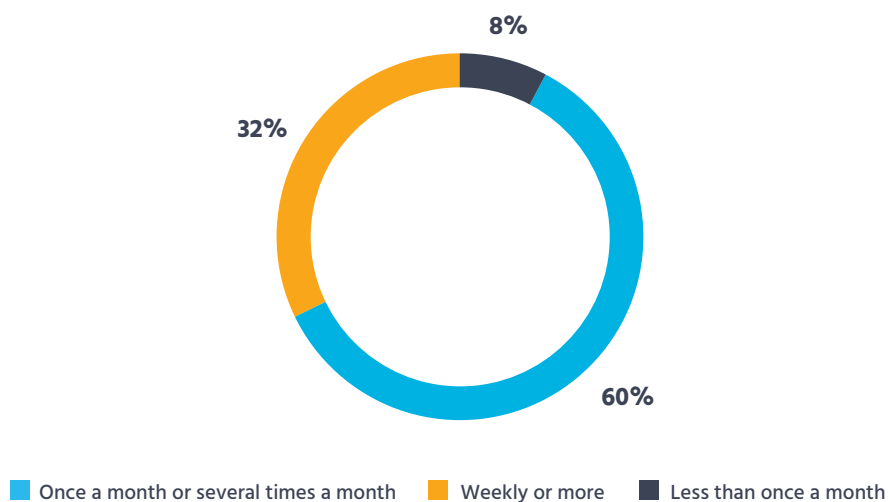


***Craft beer drinkers don't differentiate between beer and other household goods in terms of what they'd like to have conveniently shipped to their homes.***

## DtC Beer Shipping Intentions: Majority Would Purchase Monthly, With Sizeable Average Spends

Given current beer shipping laws and the comparatively small number of states that permit the direct-to-consumer shipping of beer, not all Americans can take advantage of this convenient purchasing method, meaning there could be quite a bit of money left on the table. Among regular craft beer drinkers who would like to purchase beer DtC, an overwhelming majority (92%) say if they could do so, they would make these purchases once a month or more often, and nearly a third (32%) say they would do so weekly or more often.

Frequency of Purchasing Beer via DtC Shipping Given the Ability



Source: Jan. 2022 Sovos ShipCompliant/Harris Poll survey among 299 regular craft beer drinkers who would like to purchase beer DtC

Weekly or more often purchase intent is especially strong among those with children under 18 living in their household. In fact, among regular craft beer drinkers who would like to purchase beer via DtC, those with children under 18 living in their household are more likely than those who do not have children under 18 living at home to say if they could do so, they would make these purchases weekly or more often (43% vs. 18%).

When asked how much they would spend on DtC beer purchases each month, roughly two thirds (68%) say they would spend \$50 or more, and more than two in five (45%) say they would spend \$100 or more monthly.





***Opportunity lost: 68% of regular craft beer drinkers who would like to purchase beer DtC say they would spend \$50 or more a month.***

While it's difficult for consumers to precisely project future spending amounts, what is striking here is the openness to and enthusiasm for purchasing beer shipped direct-to-consumer.

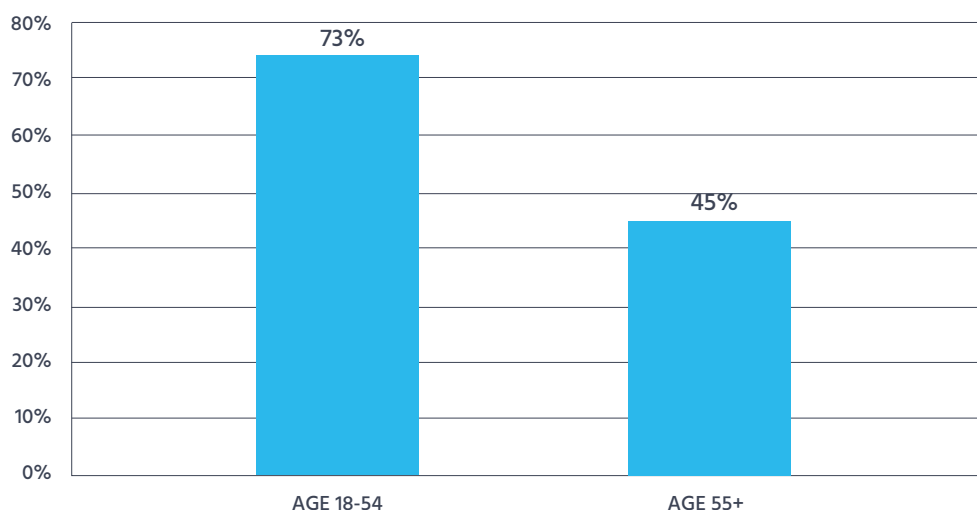
## **DtC Craft Beer Purchasing: Future Purchase Intent Is High, Especially When It Comes To Trying Out-Of-State Breweries**

Our survey results show that a majority of regular craft beer drinkers (67%) say they plan to purchase beer via DtC shipping this year. Given the limited map for legal DtC beer shipping, this high number may currently be somewhat aspirational—but again it speaks to craft beer drinkers' mindset and preferences, specifically, the wish to have their favorite beverage conveniently shipped directly to their front door.

With future purchase intent, we see some patterns by demographics, particularly among younger adults and those with children under 18 living in the household. Among regular craft beer drinkers:

- Adults ages 18-54 are significantly more likely than those ages 55+ to say they plan to purchase beer via DtC shipping in 2022 (73% vs. 45%).
- Those with children under 18 living in the household are more likely than those without to say they plan to purchase beer via DtC shipping in 2022 (79% vs. 57%).

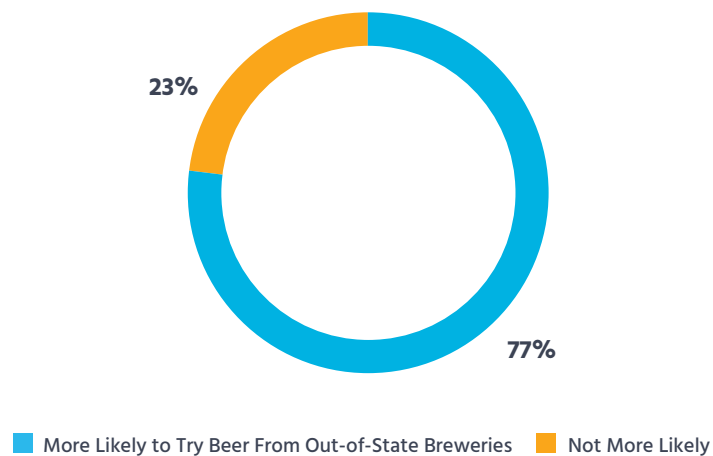
Likelihood of Purchasing Beer via DtC Shipping in 2022



Source: Jan. 2022 Sovos ShipCompliant/Harris Poll survey among 562 regular craft beer drinkers

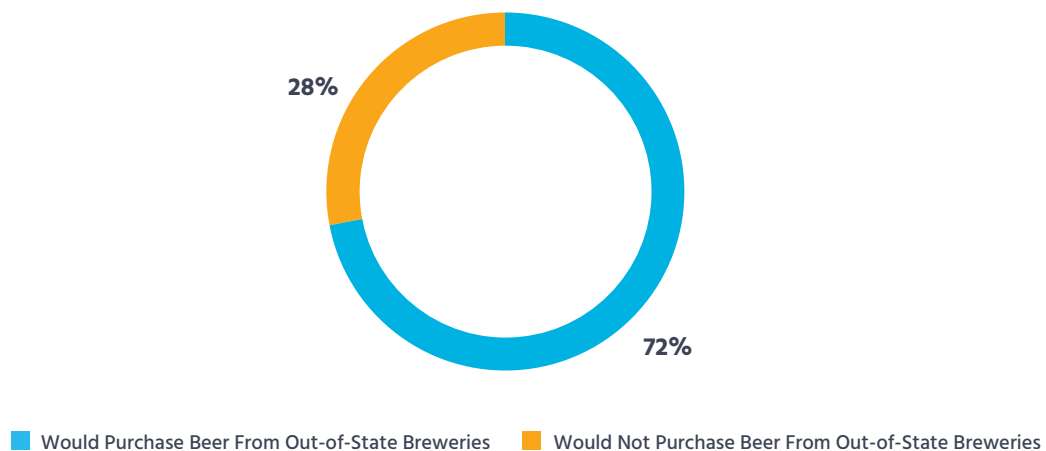
These survey results tell a powerful story for craft breweries. If more states permitted DtC shipping of beer, there could be a substantial boost in brewery sales, with most regular craft beer drinkers indicating they would purchase larger quantities and try beer from out-of-state breweries if they could have it shipped directly to their home. Three quarters of regular craft beer drinkers (75%) would purchase more craft beer if they were able to have it shipped directly to their home versus having to go to a retail location to purchase it. Roughly three in four regular craft beer drinkers say the ability to purchase beer via DtC would make them more likely to try beer from out-of-state breweries (77%) and they would purchase craft beer from out-of-state breweries via DtC shipping if they could do so (72%).

**Likelihood of Trying Beer From Out-of-State Breweries Given the Ability to Purchase Beer via DtC Shipping**



Source: Jan. 2022 Sovos ShipCompliant/Harris Poll survey among 562 regular craft beer drinkers

**Would Purchase Beer From Out-of-State Breweries Given the Ability to Purchase Beer via DtC Shipping**



Source: Jan. 2022 Sovos ShipCompliant/Harris Poll survey among 562 regular craft beer drinkers

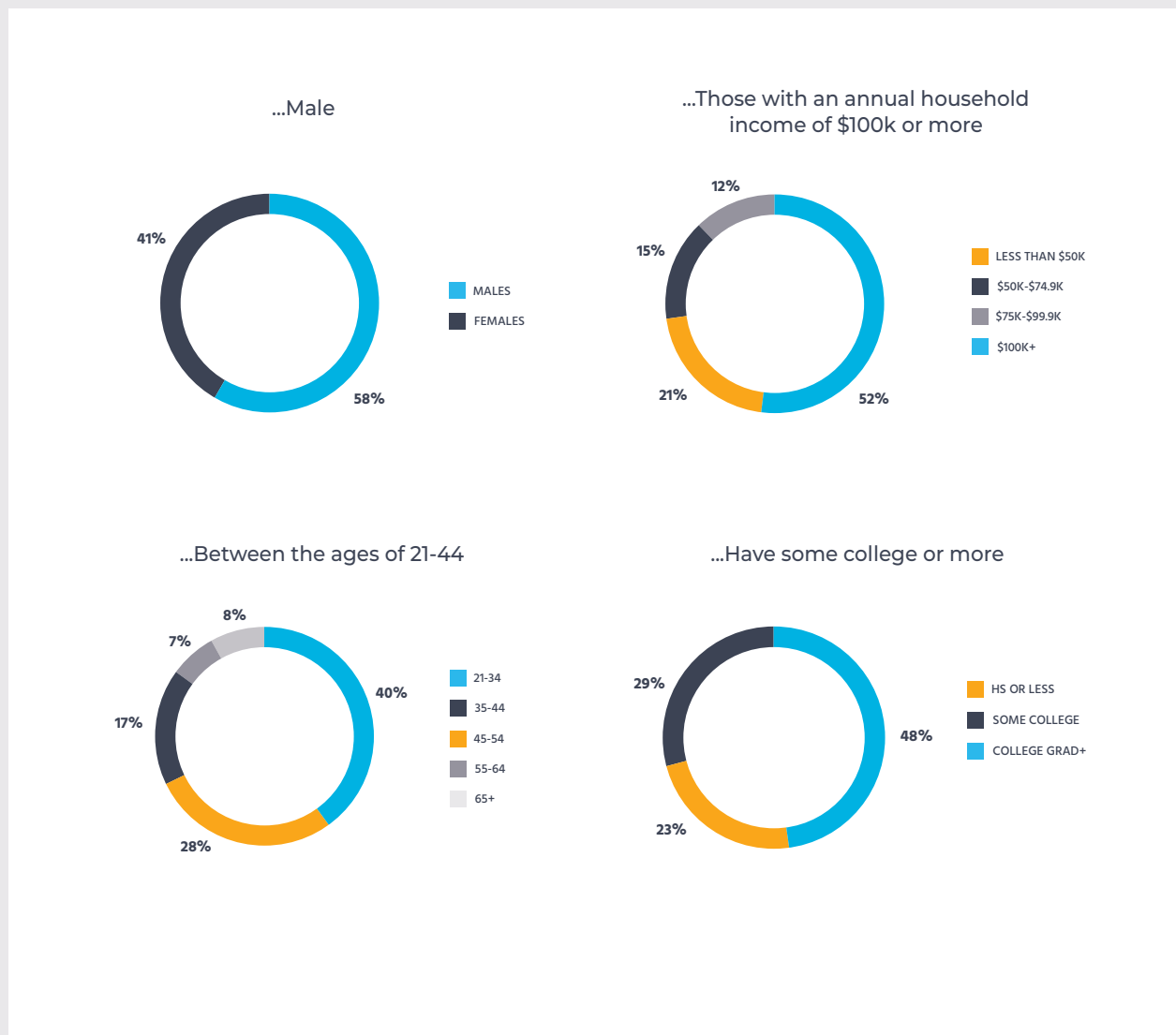


These sentiments are particularly strong among regular craft beer drinkers with children under 18 living in the household, as they are more likely than those without children under 18 living in the household to say:

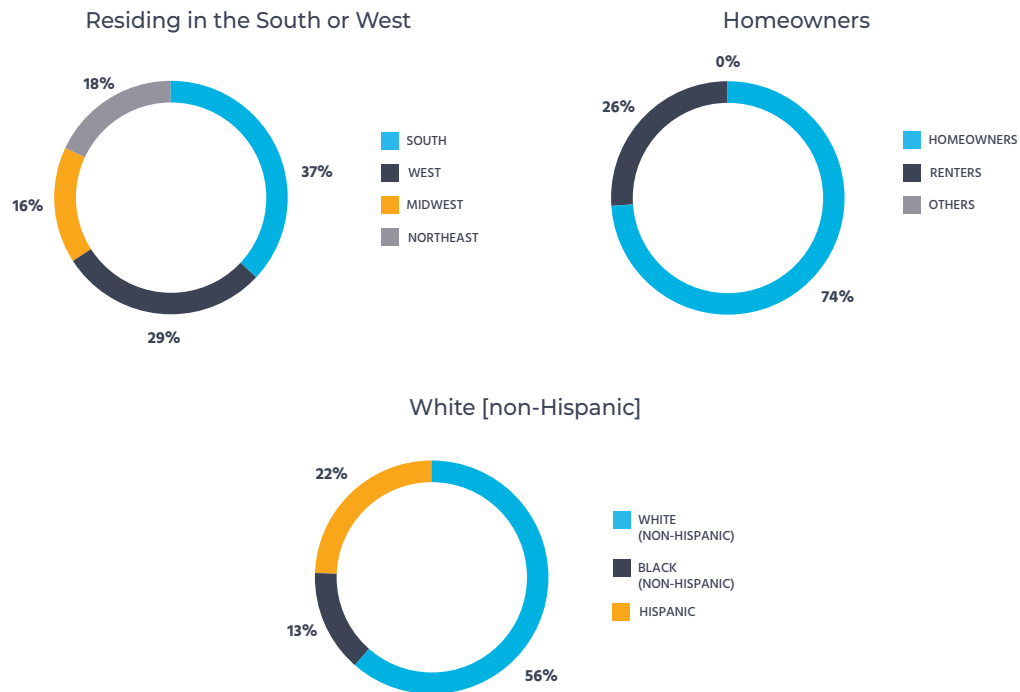
- If they could purchase craft beer from out-of-state breweries and have it shipped directly to their home or someone else's, they would do so (82% vs. 64%).
- They would purchase more craft beer if they were able to have it shipped directly to their home versus having to go to a retail location to purchase it (84% vs. 67%).
- The ability to purchase beer via DtC would make them more likely to try beer from out-of-state breweries (84% vs. 72%).

## Demographics: Future DtC Craft Beer Purchaser Profile

Regular craft beer drinkers who say they plan to purchase craft beer via DtC shipping in 2022 are predominately:

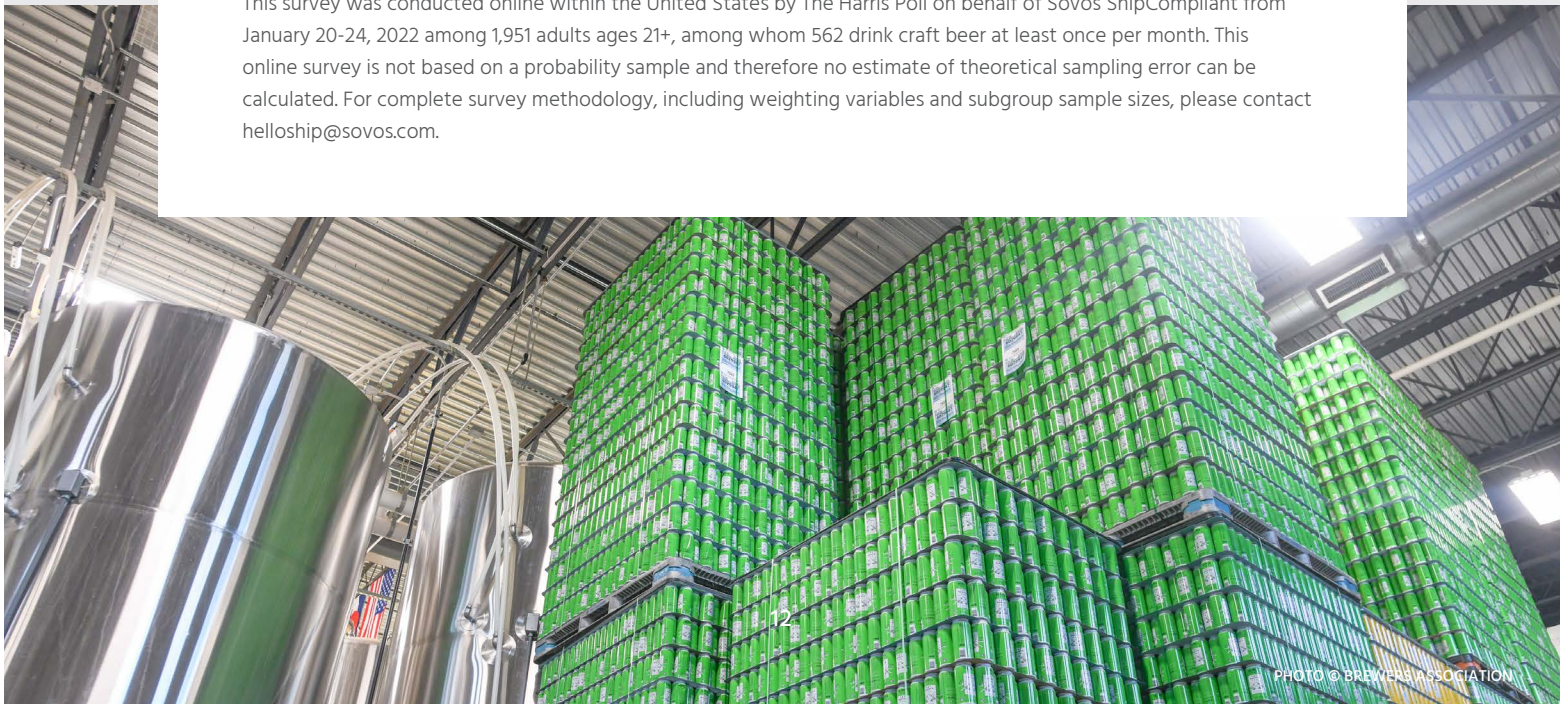


### Regular craft drinkers who have purchased beer DtC tend to be:



## Consumer Survey Methodology

This survey was conducted online within the United States by The Harris Poll on behalf of Sovos ShipCompliant from January 20-24, 2022 among 1,951 adults ages 21+, among whom 562 drink craft beer at least once per month. This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated. For complete survey methodology, including weighting variables and subgroup sample sizes, please contact [helloship@sovos.com](mailto:helloship@sovos.com).





# The Opportunity for Craft Brewers: Brewers Association Perspective

The direct-to-consumer market space is currently a small one for beer, as described above in this report, but one that is poised to grow in the coming years. As the beer and beverage alcohol markets continue to grow in brands and competition, direct-to-consumer shipping offers a pathway for smaller brands to reach consumers across a wider range of places. While beer has some structural impediments to reaching the direct-to-consumer market size and share of wine, even modest growth translates into a potentially large market for both consumers and brewers.

Let's start with some background on why direct-to-consumer is primed to grow. Competition in beer has been increasing at the same time that distribution has been consolidating. A recent report by the Department of Treasury on Competition in the Markets for Beer, Wine, and Spirits highlighted both the trends toward distributor consolidation as well as the ability of direct-to-consumer access to counterbalance that consolidation. The report outlines how distributor consolidation may exacerbate the tendency of distributors to focus on their largest suppliers and how DtC "offers distinct distribution opportunities for small producers, opportunities for innovation, and the possibility of serving small niches."<sup>11</sup> As the beer and beverage marketplace continue to see a growth in producers coinciding with distributor consolidation, this pressure to find new modes of market access will only increase for smaller, niche producers.

The market potential for beer remains to be seen, but certainly far surpasses the current levels of sale. Sovos ShipCompliant's Direct-to-Consumer Wine Shipping Report pegged total wine DtC shipping value at \$4.2B in 2021. Given the different legal environment, the weight relative to value for beer versus wine, and the greater geographic dispersion of breweries, a similar share for beer seems unlikely in the near future. That said, there are plenty of signs that beer's DtC market could be many times greater than it currently stands with greater legal market access.



First, beer direct-to-consumer interstate shipping is currently only available to 14.8% of the 21+ U.S. population, versus 96.7% of the 21+ population for wine. Simple parity in shipping availability would grow the potential consumer market 6.5X for beer.



***Simple parity with wine for DtC shipping availability would grow the potential consumer market 6.5X for beer.***

Secondly, the portion of the beer market that would be most applicable for DtC shipping—i.e., high value products from the smallest producers—is a portion of the market that is growing most rapidly, although the highest value products are not seeing that growth. Looking at independent craft brands, those priced above \$50 a case equivalent grew volume sales by 1.5% in 2021, versus a loss of 6.3% by volume for brands below that price point. Interestingly, the highest priced brands, those priced at \$100 a case equivalent or more, were down slightly more than 20%, suggesting they are struggling in distributed markets. This is a perfect illustration of where direct-to-consumer markets might offer those brands greater opportunities to grow and find consumers who might not have a chance to purchase them in more traditional retail channels.

Brewers of all sizes are recognizing the potential of what direct-to-consumer sales and shipping could offer their businesses and how it allows them to remain relevant with craft beverage buyers. Paul Reiter, CEO and co-founder of Great Notion, noted on a recent Brewers Association CollabHour that their brewery's strategy has always been to sell 90% of their beer direct-to-consumer. For most breweries, that means taprooms or brewpubs. But when each new taproom can cost half a million dollars, that strategy is incredibly capital intensive to scale. Great Notion's solution was to find additional ways to sell direct, including DtC shipping.

For regional breweries, direct-to-consumer provides a niche to build brands and sell higher value-added products than those they are growing in traditional distribution. Direct-to-consumer also allows data to increase that value. Kevin Darst, Manager of New Belgium's direct-to-consumer program, stated on the same CollabHour that their subscription program has encouraged them to "find more ways to give value to the consumer."

So while many breweries may not currently have brands with enough value to make direct-to-consumer shipping viable, an iterative and learning approach can find ways to add that value. In all, breweries are still learning and navigating direct-to-consumer, but in today's crowded marketplace, it is an increasingly important tool for breweries in a vibrant craft marketplace.

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<sup>[1]</sup> "Competition in the Markets for Beer, Wine, and Spirits." Department of the Treasury. February 2022. P. 17.



## Learn More

Sovos ShipCompliant has been the leader in automated alcohol beverage compliance tools for more than 15 years, providing a full suite of cloud-based solutions to breweries, wineries, distilleries, cideries, importers, distributors and retailers to ensure they meet all federal and state regulations for direct-to-consumer and three-tier distribution. ShipCompliant solutions reduce risk, lessen the burden of compliance, accelerate bringing products to market and enable revenue growth. For more information, visit [Sovos.com/ShipCompliant](https://Sovos.com/ShipCompliant).

The Brewers Association (BA) is the not-for-profit trade association dedicated to small and independent American brewers, their beers and the community of brewing enthusiasts. The BA represents 5,600-plus U.S. breweries. The BA's independent craft brewer seal is a widely adopted symbol that differentiates beers by small and independent craft brewers. For more information, visit [BrewersAssociation.org](https://BrewersAssociation.org).





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