INDEPENDENT BREWERS ASSOCIATION

FutureBrew 2031 – tapping the potential

A Roadmap for the Australian independent beer industry

The Independent Brewers Association (IBA) makes this material available on the understanding that users exercise their own skill and care with respect to its use.

The IBA gives no warranty and makes no representation whether expressed or implied, that the information contained in this strategy is error-free.

The material contained in this strategy is made available on the understanding that the IBA is not thereby engaged in rendering professional advice for a particular purpose. Before relying on the material in any important matter, users should carefully evaluate the accuracy completeness and relevance of the information for their purposes and should obtain appropriate professional advice relevant to their particular circumstances.

The material in this strategy may include views or recommendations of third parties which do not necessarily reflect the views of the IBA or indicate its commitment to a particular course of action.

Introduction

As I write this in 2021, I can only imagine what the beer market will look like in 10 years' time.

In 2031, I'm seeing independent brewers with 15% of the beer market in Australia. There's a local taproom or brewpub in every town, and indie brewers and beers are household names. Their stories are well known, embraced, and celebrated by our nation's beer drinkers.

It'll be a time when our breweries are supported by government, regulators and legislators.

The industry will be seen as one that minimises our impact on the environment, leads with a social conscience and independent brewers will be a valuable thread in the fabric of local communities. The taprooms and brewpubs will continue to cement their place in providing employment opportunities, a meeting place and a welcome respite to a fast-paced modern world.

You will be able to walk into any bottle shop or venue and find the independent seal guiding you to a choice of beer that explains where it's made and the provenance of the ingredients. You might even learn the owners are the parents you see at school pickups each morning.

This Roadmap is designed to get us there, but before we do, we need to understand how we got to where we are now.

The independent or 'craft' beer industry was borne here thanks to a few brave folk who stuck their neck (and wallets) out to establish an Australian owned, local, beer culture based on quality ingredients and exceptional flavour.

Since around 2012 the industry has grown by 26% and now boasts more than 600 independent breweries around the country. This growth has been exciting for beer connoisseurs, but with rapid change comes the need for good guidance to ensure growth is supported, and risk mitigated.

In mid-2021 we were lucky enough to receive funding from the NSW state government who saw an opportunity and supported us to engage KPMG in undertake the requisite research and planning for the industry in the long term.

This plan responds to key insights from consumers, independent brewers across the country and our valued supply chain partners. It has created short, medium and long term tasks focused on the sustainable growth of the independent beer industry.

The opportunities for new investment, innovation, employment growth and greater support of our national agriculture industry should ensure that this Roadmap is owned and embraced by all relevant stakeholders, including some that may not be aware they are even stakeholders yet.

The independent beer industry is already on a journey of growth however, this Roadmap proposes that we push the boundaries and welcome disruption to really see how far we can go.

We have laid down our plan but now the hard work really begins.

Kylie Lethbridge
CEO IBA

Minister's Foreword

The NSW Government is committed to supporting independent brewers through this Roadmap for the Australian independent beer industry, developed in collaboration with the Independent Brewers Association (IBA) and as part of implementing our NSW Food and Beverage Manufacturing Industry Development Strategy. We are working with the IBA to deliver programs and regulatory changes that will grow the industry and help it thrive following the global COVID-19 pandemic.

The 200 breweries, brew pubs and contract brewers operating across NSW are creating new jobs and driving innovation, offering excellent customer service and unique tasting experiences, aligned to the NSW Government's industry and economic growth priorities.

The independent brewing industry was hit hard by COVID-19. Many independent brewers, especially those in regional areas that rely on tourism and taproom trade, saw their cashflow reduced to zero.

I cannot be more grateful for the way so many brewers pivoted to produce hand sanitiser for their local communities at a time of great need. The NSW Government supported the industry through this crisis, changing liquor licenses, offering business and financial support, and funding free IBA membership for NSW brewers.

The resilience and flexibility of our independent brewing industry is testament to the industry's ability to adapt in the face of adversity, making it an excellent example for the wider Australian industry and an exemplar for independent brewers worldwide.

We are eager to continue delivering best practice support for our brewers to facilitate their ongoing success and expansion domestically and internationally. We will continue to promote its relevance, market potential, advanced manufacturing capabilities, skills and workforce development prospects, and tourism potential on the national and international stage.

The independent brewing industry has a unique opportunity to position itself as an Asia-Pacific centre of excellence for craft beer and continue contributing to skills development, job creation and economic growth.

Cheers to your resilience and I'll raise a toast to growing stronger in our recovery!

The Hon. Stuart Ayres

Minister for Jobs, Investment, Tourism and Western Sydney and Minister for Industry and Trade

Contents

Developing the Roadmap for the Australian independent beer industry

The Roadmap for the Australian independent beer industry started with our key vision: to capture 15% market share of the domestic beer market by 2031.

The purpose of this Roadmap is to set out the steps required to achieve our vision and call on our network of stakeholders to help us get there. We're asking independent brewers across Australia to unite behind a shared vision and collaborate to share resources and knowledge and overcome issues of scale.

We have consulted brewers and technical experts from across the industry to inform key recommendations and identify tangible actions and key responsibilities. These are set out across the five pillars within this Roadmap.

Industry Engagement

To develop the Roadmap, our key priorities were to:

1. Understand the industry
2. Understand key challenges
3. Identify and validate solutions
4. Prioritise tangible actions

Market Research

We conducted primary and secondary research to develop a deep understanding of the industry. Key market trends, macro-economic forces and challenges were examined to inform our initial hypotheses and recommendations, which were then validated with industry stakeholders and experts.

Consumer Research

We conducted a comprehensive consumer research study including 6 focus groups with 32 participants, and a survey of 508 identified craft beer drinkers. This research sought to explore and validate: consumer associations of independent craft beer, craft purchasing priorities and habits, consumption drivers and behaviours and consumer awareness of the independent seal.

Expert Consultations

We spoke with 21 industry stakeholders and subject matter experts to capture their perspectives and define what our industry needs to grow.

Brewers Survey

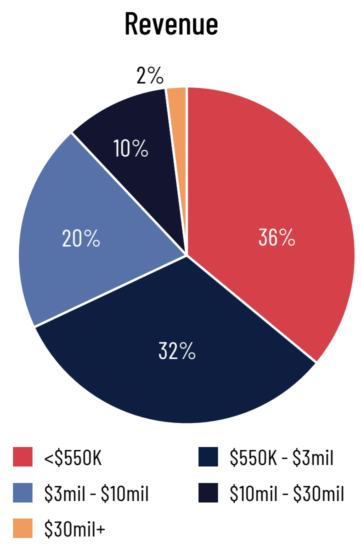
Informed by the prior research consultations, an industry survey was distributed throughout the IBA network to understand our industry's challenges and priorities. Over 108 brewers responded to the survey, the results of which played a critical role in the formation of key actions for our industry.

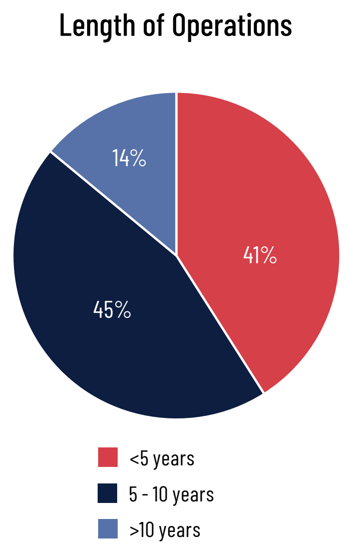
Industry Workshop

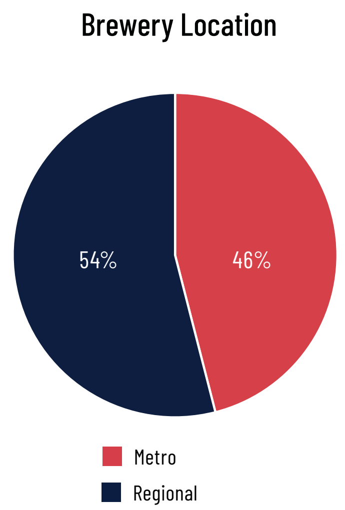
Three stakeholder workshops were conducted with 32 breweries of varying size and scale in each state and territory across Australia. These workshops validated and challenged the proposed recommendations, prioritising actions over the next ten years.

Industry Survey Summary

107 brewers responded to the survey, representing 39.3% of the industry.

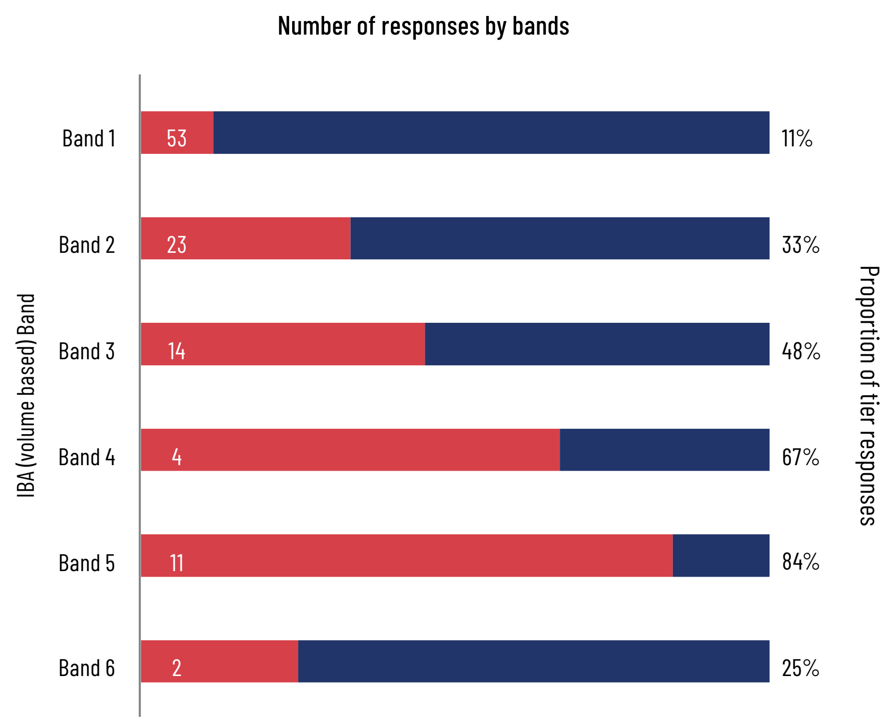






107
total brewery responses

39.3%
of the independent brewing industry participated



Volume of beer sold (L)

Band 1	<99,000	Band 4	700,000–999,999
Band 2	100,000–299,999	Band 5	1,000,000–4,999,999
Band 3	300,000–699,999	Band 6	5,000,000–40,000,000

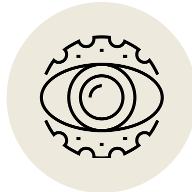
Our Vision for Growth

Our independent brewing industry makes up around 7.3%[1] of the Australian beer market (2020) and includes over 600 breweries. Based on current growth projections, our industry has the potential to represent 15% of domestic beer production by 2031. However, achieving our vision requires a clear Roadmap for growth.

This Roadmap sets out the key pillars and enablers that will underpin our industry's growth over the next 10 years. It will form the basis of a collaborative industry effort, under the leadership of the Independent Brewers Association (IBA).

This document will become the Roadmap by which success is monitored and measured, setting out priority actions and the stakeholders responsible for them.

Our vision for the future includes:

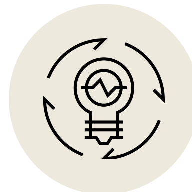


A united and inclusive industry that works together towards a common vision.

A strong and loyal customer following who understand the value and benefits of independent beer.

Recognition of the industry for its contribution to the economy and regional communities.

A strengthened partnership with the agriculture industry to support them in growing sustainably, achieving diversity in the workforce and becoming Australia's most trusted industry.



An agile and innovative industry, continually improving its efficiency and sustainability.

Our industry has experienced 17.7% revenue growth in 2021[2] from 2019-20. By 2031, our industry is set to achieve its vision through unlocking new markets, accessing new consumers, and continually adapting to change.

1. IBA, 2021. Note: 588 excise paying entities as reported by the ATO has been used in the analysis as independent beer producing entities.

2. Unless otherwise stated, industry facts, figures, quotes and 2021 insights throughout this report have been sourced from: IBA Independent Brewers Survey, KPMG Australia (2021), IBA Independent Brewers Workshop, KPMG Australia (2021) and IBA Consumer Research, KPMG Australia (2021)

Defining Independent Beer

Independent beer is differentiated from others in the commercial market through the use of high-quality ingredients and production methods, guarantee of authenticity, artisanship and diversity of flavour.

Importantly, our independent breweries are primarily Australian-owned and operated, employing and contributing to the local communities where they are located. We pride ourselves on the passion we bring to producing beer, which is evident in the way we operate, innovate and continue to evolve.

Currently, the IBA constitution defines independent beer based on litres of beer sold in a year and ownership. However, based on our consumer research, size is not a key attribute for defining independent beer. To ensure that the term 'independent beer' resonates with consumers, the definition of independent beer should align more closely with consumer perception of what defines independence.

Currently consumers associate independent beer with the following:

The way our independent brewers perceive independent beer also differs to that of consumers. As reported by our industry, characteristics associated with independent beer include:

This highlights the need for the IBA to revise its constitution to ensure it accurately reflects what independence means to consumers. Further, our industry and the IBA to align behind a common value-statement and clearly communicate what independence means to consumers. Specifically, the traits of:

1

Quality ingredients and production standards, delivered by passionate brewers.

2

Authentic local and sustainable businesses that care about people and their communities.

3

Entrepreneurial small businesses with a creative flair for delivering new products.

4

Makers of creative, exciting and delicious beers that are brewed for enjoyment over profit.

Our Industry Today

Currently, we have over 600 independent breweries in Australia, employing an estimated 8,672 people and contributing over $304 million in direct wages in 2021. We are primarily small-to-medium, community-based breweries, with nearly two-thirds operating in rural and regional areas. Our breweries contribute significantly to their local communities through job creation, tourism development and demand for raw materials and inputs.

Despite Australian beer consumption currently at a 65-year low due to a general decline in alcohol consumption per capita and a growing trend towards health consciousness, our independent brewing industry is flourishing. This is driven by increasing consumer demand for high-quality products with provenance and a story consumers can buy into. Production volumes of independent beer have increased 67.8% since 2012. This reflects a growth in market share from 1.9% in 2012 to over 7.3% in 2020.

Our industry experienced extraordinary growth and transformation in the decade leading to 2021. We contributed $1.93 billion to the Australian economy between FY19 to FY20.

DIRECT CONTRIBUTION TO THE INDEPENDENT BEER INDUSTRY

$304m
directly spent on wages in FY21

$1,052m
total industry revenue in FY21

130m
litres of beer sold in FY21 and projected to increase to

273m
litres of beer sold by FY24

$183m
spent on brewery equipment between FY19-FY21

8,672
total directly employed in FY21

1,445 Brewing

4,819 Hospitality

787 Logistics and Packaging

1,619 Other
(marketing, sales, administration, finance and management)

These results were collected during a period affected by COVID-19 and hence may differ from a regular operating period.

INDIRECT CONTRIBUTION TO COMPLEMENTARY INDUSTRIES

$595m
indirectly spent on wages in FY20[3]

$48m
in contribution to canning materials in FY21

$281m
in transport and freight for Australian-made beers in 2020[4]

26,345
employed in downstream sectors such as agriculture, manufacturing and logistics in FY20[5]

Independent brewers used

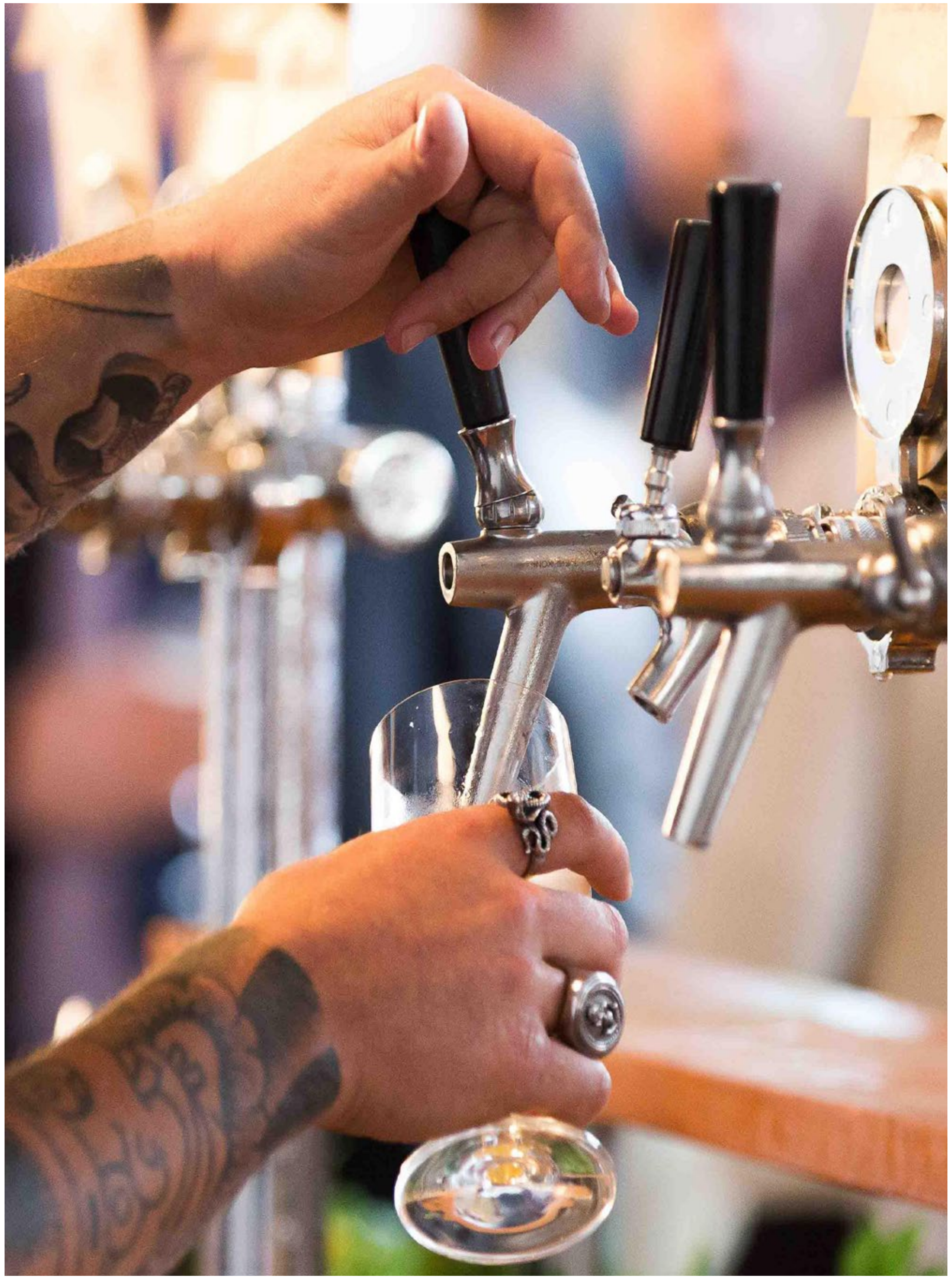
650
tonnes of hops

26,000
tonnes of malted barley in FY21

3. Urban Enterprise, Independent Brewers Association Research and Economic Impact Assessment, 2021

4. Brewers Association 2021, Beer in the Economy, https://www.brewers.org.au/beer-the-facts/beer-in-the-economy/

5. Urban Enterprise, Independent Brewers Association Research and Economic Impact Assessment, 2021



To continue on this growth trajectory and realise our vision of 15% domestic market share by 2031, we must enhance consumer awareness of independent beer and expand into new market segments. Further, our industry must develop new, innovative products and distribution methods to anticipate changing consumer needs.

Top 3 channels to market

% of breweries that distribute through:

78% Liquor retailers, bars, restaurants

59% Own hospitality venue

44% E-commerce, direct to consumer

Taprooms

Of the breweries surveyed:

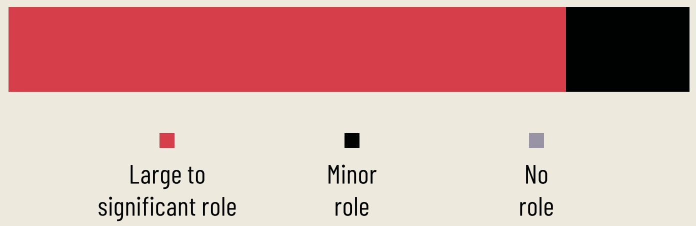
80% have a taproom

50% average revenue derived from the taproom

14% don't have a taproom but are considering one in the future

Tap Contracts

96% of brewers believe tap contracts play a large to significant role in reducing the competitiveness of independent beer



The majority of independent breweries surveyed have implemented the independent seal.

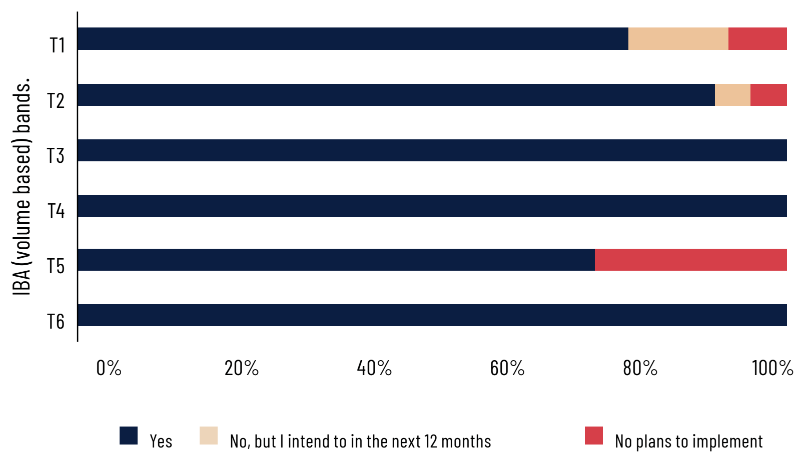
83%

of breweries surveyed have implemented the independent seal

8% intent to do so in the next 12 months.

77% of the total cohort surveyed by volume have implemented the seal.

Seal implementation by band



Note: These results were collected during a period affected by COVID-19 and hence may differ from a regular operating period.

Mega Trends Influencing Our Industry

To continue on our growth trajectory, our independent beer industry must consider how to respond to and capture the opportunities associated with the following trends.

Trend	Description	Opportunity
Increased demand for premium products with impactful brand stories	Demand for premium food and beverages is growing, specifically those that use high-quality ingredients and production standards. Consumers are seeking brands they believe align with their personal values.	Independent beer is already associated with high-quality inputs and production. Effective communication of these attributes will be critical, including equipping brewers with the marketing skills to do so.
Less brand loyalty and increased demand for innovation	Consumer loyalty is shifting, as experimentation with products, flavours and experiences gains momentum. Social media is influencing demand for new and innovative trends resulting in rapidly changing consumer preferences.	Our independent brewing industry should increase R&D and partnerships with universities and research organisations to take advantage of trends towards flavour experimentation, agile production processes and the development of innovative products and unique consumer experiences.
Increasing health consciousness without compromising taste or quality	Australian consumers are becoming more health conscious, with the growth of low and non-alcoholic beverages increasing in Australia by 2.9% in 2020, and expected to grow by 16% between 2020 and 2024[6]. As a result, the proportion of people consuming beer declined 2.8% in 2020[7].	Because of agile nature of small-medium sized independent brewers, the industry is in a strong position to develop new and innovative products that address evolving consumer preferences and consumption trends.
Demand for businesses to take charge in ESG outcomes and reporting	Consumers are increasingly concerned with Environmental, Social, and Governance (ESG) outcomes and transparency in reporting, specifically for food and beverage products.	Long term ESG considerations must be considered across operations and supply chain strategies. Our industry needs a whole-of-sector approach to improving, monitoring and communicating long-term ESG outcomes. A lack of transparency and action poses reputational risks to our industry.
Shifts towards e-commerce as the preferred channel	Demand for online purchasing platforms increased from 19% in 2019 to 27% in 2020[8]. Although primarily driven by COVID-19, consumer expectations and demand for alcohol delivery services will continue to increase.	Independent brewers must conduct Cost Benefit Analyses (CBA's) to evaluate the feasibility of adopting develop sophisticated digital platforms, systems and processes to cater to online demand. This should take into account existing customer relationships and competition. This includes warehousing, inventory planning and development of effective marketing, consumer engagement and novel delivery strategies.

6 IWSR 2021, No- and Low-Alcohol Products Gain Share Within Total Beverage Alcohol, IWSR, https://www.theiwsr.com/global-low-and-no-alcohol-strategic-study/
7 Roy Morgan Research 2021, Number of Australians drinking alcohol increases for first time in 4 years in 2020 – powered by wine, spirits and RTDs, http://www.roymorgan.com/findings/8686-alcohol-consumption-april-2021-202104190630
8 Beer Cartel 2020, 2020 Australian Craft Beer Survey Results, https://www.beercartel.com.au/blog/2020-Australian-craft-beer-survey-results/

Consumer Trends

Consumer research was conducted to identify consumer values and behaviour around craft and independent beer. This included a survey and focus groups comprised of light, medium, and heavy craft beer drinkers.

Consumer Insight	Detail	What it means for our industry
Consumers' understanding and relationship with craft comes from word-of-mouth, experimentation and events.	When asked what would drive greater consumption of craft beer, drinkers wanted more exposure through events such as beer festivals, or recommendations from friends and family.	Drive consumer advocacy through referral incentives and social events, including through industry clusters. Promote experimentation through product lines encouraging sampling (in packaged and menu items).
Ultimately, taste is the number one driver for consumption for both trial and repeat purchase.	Taste is the primary driver for repurchase of craft beer for all consumer segments (light, medium, heavy). However, there are significant differences in other drivers of repurchase across segments.	Encourage sampling of different product lines, such as through gift packs, events and variety packs. Promote superior taste as a primary characteristic of independent beer.
Consumers most frequently purchase craft and mainstream beer from larger retailers and bottlers.	90% of consumer most frequently purchase craft beer from a bottle shop. 52% of these are from a large distributor such as Dan Murphy's or First Choice.	Build brewers' capabilities in trade negotiations and skills to expand in key market areas. Review role and impact of tap contracts on industry competitiveness to inform policy change.
There is a low understanding around ownership and the IBA.	Independence alone does not appear to be enough to drive an increase in purchase and consumption across the board.	Clearly define independence and what it means for consumers - notably, local and Australian, the use of high-quality ingredients and production standards, authenticity and diversity of flavour. Promote independence through the seal, targeted marketing campaigns and events aligned with drivers of consumption (e.g. great taste, quality).
Heavier craft consumers are more likely to look for the independent seal and use an app when next searching for or purchasing a craft beer.	Easier access to a range of craft beer and better understanding of different beers would increase my consumption on independent craft. This includes an app that gives recommendations of other breweries.	With an increased consideration in independence, local, and the story behind a craft beer, a focus in branding these key areas is needed to spread independent beer through various channels.

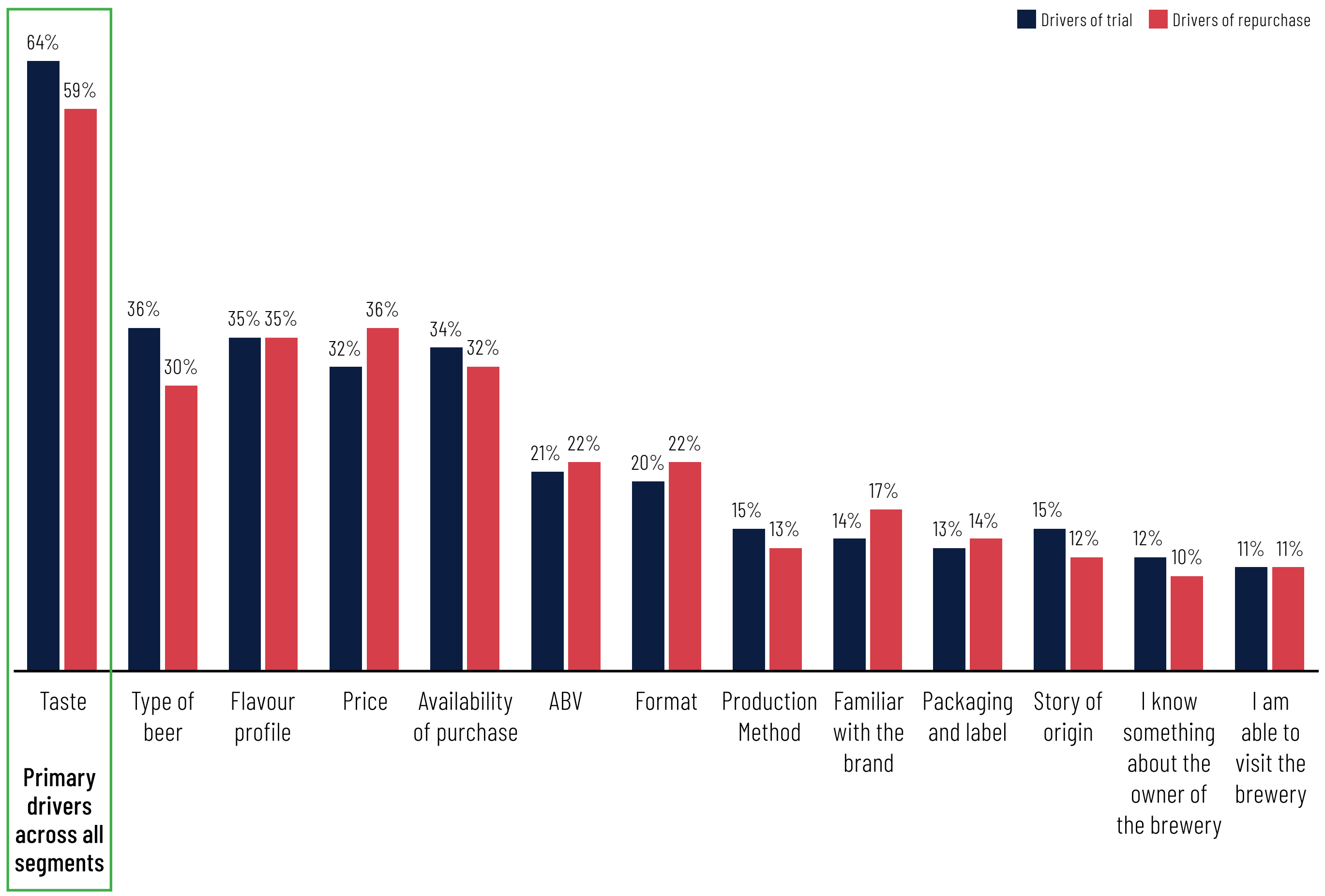
90%
say friends and family influence the craft beer they drink

84%
like the experience of trialling new beers

81%
try new craft beers at events and festivals

25%
name a mainstream beer when asked for their favourite craft beer – suggesting low engagement with the category in terms of ownership

Craft beer drivers of trial & repurchase — rated 'very important' - By Total



Industry Collaboration to Realise Growth

We need a full ecosystem approach to overcome challenges associated with scale and succeed in delivering our growth vision. This will require the energy and commitment of all our stakeholders referenced below:

Key Partners

The IBA family:
IBA members, partners, and stakeholders.

Independent Brewing Industry:
Independent breweries, regional clusters, local, and global associations.

Government:
Federal, state, territory, and local governments.

Community:
Australian and global community.

Research and Extension Bodies:
Research and development corporations, universities, government research and extension agencies, and technical advisors.

Value Chain Partners:
Supply chain participants, farmers, input providers, distributors, logistics providers, transporters, complementary industries, and tourism bodies.

Education and Training Providers:
Schools, higher and vocational education and training (VET) providers, leadership, and professional development bodies.

“We cannot compete with the big players on resources and scale. However, by working together we can tap into a strong network of global and local knowledge”

— Independent Brewer, 2021

Our 2031 Growth Pillars

We have identified five core pillars that will enable us to unlock and realise our growth potential. The enablers within them set out the priority actions required over the short, medium, and long term and who is responsible for each.

By working together and uniting behind this Independent Brewers Roadmap, our industry can implement change and monitor its progress against a clear set of strategic directions to guide growth over the next 10 years.

Pillars Levers to support industry growth	**01** Customers and Channels	**02** Supply Chain and Manufacturing	**03** Workforce and Skills Development	**04** Regulation and Legislation	**05** Breweries of the Future
Description	Attracting and educating consumers to access new markets	Optimising the supply chain to ensure supply chain transparency / traceability from production to consumer	Developing and attracting a talented workforce	Reducing regulatory burdens and positioning the industry for growth	Positioning breweries to tackle challenges of the future, including building resilience for future disruptions such as COVID
Enablers The enabling actions to support growth	Strengthening the independent beer brand Exploring alternative distribution channels Anticipating and responding to consumer trends Developing export capability	Optimising and digitising supply chains Embedding quality control and quality management systems Ensuring the future supply of raw materials	Upskilling and retaining industry talent Ensuring competitive salaries and first-class working conditions	Improving and managing the regulatory landscape	Driving innovation, research and development Structuring for growth Embedding ESG considerations across brewery operations

Pillar 1:
Consumers and Channels

It's 2031. Australian Independent beer is well recognised domestically and internationally as an iconic beverage and the premium beer of choice. Customers consciously choose independent beer by looking for the golden independent seal, knowing they are supporting local, Australian businesses.

Consumers visit taprooms to connect with their local community and many are members of independent beer loyalty programs. Breweries offer immersive experiences including indie beer trails, and communicate a compelling brand story and mission to consumers and the community.

1.1 Strengthening the independent beer brand

Australian drinkers currently have a limited understanding of what ownership and the IBA means to them. The IBA can capture this opportunity to further strengthen the independent beer brand and reputation, and communicate the value of the product to consumers.

2021 Insight

67% of craft beer drinkers declare it is important that the craft beer they drink is made by an independent brewer, although 68% of beer consumers do not recognise the independent seal.

- IBA Consumer Research, KPMG Australia (2021)

ASPIRATION		ACTIONS	LEAD
For 2031 Consumers immediately recognise the independent seal and automatically associate it with authenticity, provenance and community, driving conscious purchasing behaviour.	Short term (1-3 years)	1.1.1 Refine and develop the shared value proposition for independent beer to drive consumer recognition through immersive brewery experiences, events, informative labelling, and online marketing channels.	IBA
		1.1.2 Develop online tools and resources to build marketing capability (e.g. regulations regarding alcohol marketing, developing brand identity) to help brewers deliver effective marketing strategies that resonate with consumers.	IBA
	Medium term (3 - 5 years)	1.1.3 Review and align IBA constitution (including membership criteria) with consumer perceptions of what independence means to them.	IBA
		1.1.4 Increase adoption of the independent seal amongst breweries to drive recognition in the market of independent beer and its value.	IBA Independent Breweries
		1.1.5 Tailor marketing strategies and harness digital channels to attract untapped consumer segments which currently see low consumption levels.	IBA Independent Breweries
	Long term (5 - 10 years)	1.1.6 Prepare resources and workshops to develop capabilities for tailored marketing in international markets.	IBA
		1.1.7 Continue to partner with venues to promote the independent seal and extend promotion of seal across alternate channels (e.g. indie beer trail).	IBA
		1.1.8 Explore grant and funding options to enable industry investment in social media and tourism advertisement campaigns.	Independent Breweries

MEASURES OF SUCCESS

1. By 2025, 95% of packaged beers produced by IBA members carry the independent seal.
2. 80% of craft beer drinkers recognise and understand the value of the “independent seal”.
3. Independent beer represents 15% of the domestic beer market by 2031.

“We won’t grow by expanding capacity, but by expanding demand”

Independent Brewer, 2021

1.2 Exploring alternative distribution channels

Bottle shops, specifically larger retailers, are currently the dominant channel consumers purchase beer from. In the short term, the industry should aim to improve the adoption of the ‘independence seal’ on independent beer brands sold in bottle shops. However, with the growth of online channels and social media, the way consumers purchase and consume is changing. To respond, the independent beer industry must explore new and innovative channels to drive consumer engagement.

2021 Insight

54% of consumers purchase craft beer through large bottle shops (e.g. Dan Murphy’s, First Choice) however they are increasingly seeking alternative distribution channels to purchase beer (including online).

- IBA Consumer Research, KPMG Australia (2021)

ASPIRATION		ACTIONS	LEAD
For 2031 Brewers utilise a variety of channels to access new consumers, including ‘direct to consumer’ online and social media channels, retailers, supermarkets (for non-alcoholic beers) and participate in a network of ‘indie beer’ events such as “ale trails” and “indie festivals”.	Short term (1 - 3 years)	1.2.1 Develop resources to assist independent brewers to better service online customers. This includes building better websites, e-commerce strategies and logistics arrangements to service online customers.	IBA
		1.2.2 Explore memberships, loyalty and reward programs to improve community engagement and encourage advocacy of independent beer to consumers’ broader social networks.	Independent Breweries
		1.2.3 Collaborate through industry collectives and regional clusters to host “Indie Beer” events including ‘ale trails’ and ‘indie festivals’ in every major city and regional centre.	IBA Independent Breweries
	Medium term (3 - 5 years)	1.2.4 Develop brewer negotiation and sale capabilities to enable access and partnerships with key distributors (e.g. national retail chains). Work with National chains to negotiate favourable rates and trading terms.	IBA
		1.2.5 Make indie beer more visible at non-beer focussed events to drive consumer awareness.	IBA Independent Breweries State Chapter
		1.2.6 Establish partnerships with tourism bodies to develop visitor experiences such as indie beer “Ale Trails” and adventures in collaboration with food offerings.	IBA Independent Breweries

MEASURES OF SUCCESS

1. Widespread visibility of the indie seal at point of sale promoting independent beer.
2. Inclusion of indie beer as a standard offering in mainstream, non-beer related events and festivals.
3. Ale trails a standard offering in every major city and major regional centre.

1.3 Anticipating and responding to consumer trends

To capture new market opportunities, the industry needs to ensure ongoing collection, analysis and sharing of consumer data including about consumer psychographics, sentiment and purchasing behaviour, the types of products they want and the distribution preferences.

2021 Insight

The taste (88%), type of beer (82%), and flavour profile (81%) are key factors craft beer drinkers look for when deciding to try a new beer. Responding to these trends will be important to attracting new consumers.

- IBA Consumer Research, KPMG Australia (2021)

ASPIRATION		ACTIONS	LEAD
For 2031 Independent brewers feel confident in their decision-making, equipped with accurate information regarding new (domestic and international) market trends including packaging, product types and distribution channels.	Short term (1 -3 years)	1.3.1 Understand key data gaps and create a plan to periodically collect consumer insights to develop a deeper understanding of consumer purchasing behaviour and what it takes to get mainstream drinkers to adopt indie beer.	IBA
		1.3.2 Examine ways in which brewers can share the cost of consumer research (co-funding) and use platforms to distribute research completed throughout the industry.	IBA
	Medium term (3 - 5 years)	1.3.3 Provide technology, tools, and training on demand forecasting such as customer relationship management (CRM) and build capabilities for predicting purchasing behaviour.	IBA
		1.3.4 Continue to consolidate and distribute data and consumer insights across the independent beer industry.	IBA
	Long term (5 - 10 years)	1.3.5 Continue to invest in IBA internal digital marketing capabilities to support members in reinforcing what independence means.	IBA
		1.3.6 Collaborate with global associations to share international market insights and resources i.e. information about events, market entry, consumer trends.	IBA

MEASURES OF SUCCESS

1. Independent beer represents 15% of the domestic beer market by 2031.
2. Independent breweries are informed on macro-consumer trends to enable good strategic business planning.

Consumer Insight:

Trial and experimentation are key components of consumer purchasing habits.

Light craft drinkers are inherently less adventurous in purchasing new tastes and types, while medium and heavier drinkers have a preference for familiar brands, but are willing to experiment through trial.

1.4 Developing export capability

Australian independent beer is currently internationally recognised for its high-quality and superior taste. In the medium-term, the industry will need to consider developing its export capability and improve its understanding of international consumers to capitalise on this opportunity.

2021 Insight

"Accessing international markets is costly and can be risky – some of the key challenges with export include dealing with customs brokers, re-labelling, distribution channels and filling up refrigerated shipping containers to meet export demands".

- IBA Independent Brewers Survey, KPMG Australia (2021)

ASPIRATION		ACTIONS	LEAD
For 2031 Australian independent beer is available on a commercial scale in multiple international markets. Independent brewers are confident in their ability to access consumers, navigate compliance and pursue new export opportunities in international markets.	Short term (1 -3 years)	1.4.1 IBA to build connections with other international associations where members can help each other, leverage resources and access new markets.	IBA
		1.4.2 Conduct feasibility assessment on potential export markets to inform export strategy, considering regulation, distribution networks and market potential.	Austrade IBA
		1.4.3 Work with Austrade to analyse potential export markets and develop plan for promotion and export of Australian independent beer to inform resources and investment.	Independent Breweries
	Medium term (3 - 5 years)	1.4.4 Leverage export development programs and provide resources to help brewers understand export requirements and regulations (e.g. trade tariffs and labelling compliance).	Austrade
	Long term (5 - 10 years)	1.4.5 Consider collective networks and partnerships with complementary industries (e.g. agriculture, wine) to share freight and logistics capability to reduce costs and enable new market access.	IBA Independent Breweries
		1.4.6 Support IBA members to participate in international trade shows to showcase Australian independent beer and drive global recognition of the industry.	Austrade

MEASURES OF SUCCESS

1. Independent beer brands have grown their presence in international markets to become a $3.6 million export trade per year.
2. Independent brewers are confident in their ability to access new customers and manage regulatory requirements in international markets.

Case Study: Heaps Normal

Quiet XPA – Pioneers of a new consumer segment

Ice-cold tinnies without the hangover – Heaps Normal is brewing a full-bodied beer, sans alcohol.

Heaps Normal was launched in Canberra, July 2020 by Andy Miller, Ben Holdstock, Peter Brennan and Jordy Smith – four mates on a mission to recreate the beer taste and experience with their alcohol-free "Quiet XPA". After months of trial brews and finally arriving at the perfect recipe, the company has produced 300,000L in the past year.

Ben Holdstock, Head Brewer of Heaps Normal describes the challenges of entering an industry with a product that confronts the "normal". He says pre-conceived ideas of non-alcoholic beer "tasting bad" and the belief that the products were a push for sobriety were stigmas Heaps Normal was determined to overcome. This required clear messaging about the company's mission to challenge drinking culture by providing a choice to continue enjoying a beer, whether at a weekday lunch, or after a few drinks on a bar hop. Heaps Normal beers are marketed as tasty first and non-alcoholic as a bonus.

The innovation underpinning Heaps Normal beer is enticing, but there are always precautions to be considered before the industry hops too quickly onto emerging trends (mind the pun). For example, before brewing non-alcoholic beer, heavy research in quality control is required – including management of pasteurisation processes and food safety issues. Marketing considerations pose further hurdles, with similar regulations to alcoholic brands required for non-alcoholic beer.

Beyond these challenges, Ben shed light on what is needed to successfully bring a product to market. This includes deep consumer and industry insights and understanding the segment of consumers that want to drink less but not give up beer. The brand needed to resonate with modern drinkers by feeling like a familiar beer with its style and taste.

So, what's the next thing to transform the industry?

As the industry matures and beer consumption fluctuates, consumers are looking for well-brewed, niche and high-quality products. Breweries will continue to face the challenge of reinvigorating consumer tastes and navigating external pressures such as complying with labelling requirements (e.g. for energy and nutrition).

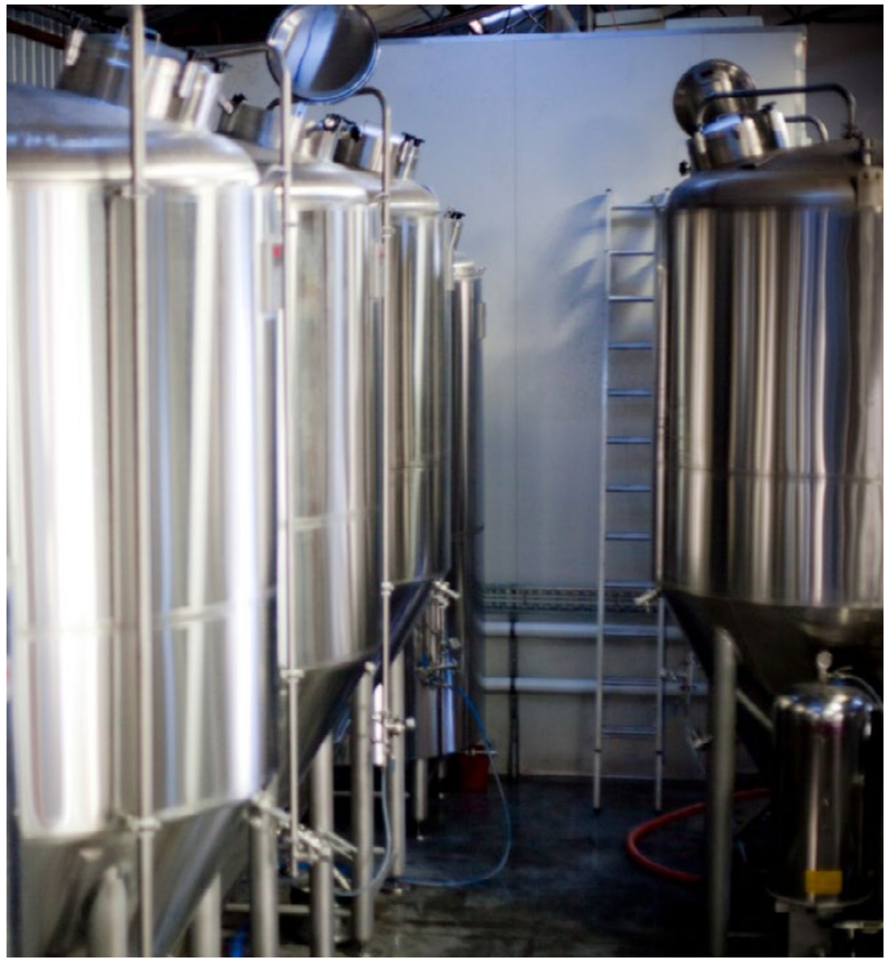
Pillar 2: Supply Chain and Manufacturing

It's 2031. Independent brewers operate within an efficient, transparent and digitised supply chain, supported by strong quality control and management systems. The industry is working with an ecosystem of partners, collaborating with upstream industries including packaging, materials and agriculture. The independent beer industry supports the agriculture industry in achieving its 2030 vision to increase domestic production and support employment in the Australian economy.

Brewers collaborate to overcome issues of scale and work with complementary industries to share resources and supply chain capability. Transparent and sustainable supply chains have improved the competitive edge of the independent brewing industry and reputational risks are minimised.

2.1 Optimising and digitising supply chains

To optimise supply chains and overcome issues of scale, the industry needs to invest in digital solutions and collaborate to leverage shared resources.



2021 Insight

The top two priorities that will enable supply chain optimisation include access to funding to invest in capital equipment (99%) and supply chain technology (94%).

- IBA Independent Brewers Survey, KPMG Australia (2021)

ASPIRATION		ACTIONS	LEAD
For 2031 Collaboration across the entire ecosystem and adoption of digital solutions has optimised supply chains, leading to increased profitability and operational efficiency.	Short term (1-3 years)	2.1.1 Create resources to help independent breweries develop their customer value proposition, customer service policy and service delivery models by identifying key challenges within supply chains to prioritise resources and investment.	IBA to support Independent Breweries
		2.1.2 Explore opportunities to build collective sourcing initiatives or cluster groups to enable shared transportation, freight and logistics, particularly in regional areas.	IBA Independent Breweries
	Medium term (3 - 5 years)	2.1.3 Develop online resources to share industry-best-practice processes, technology and case studies including guidance for implementation of appropriate technology, inventory management software and manufacturing equipment at each stage of business maturity.	IBA
		2.1.4 Leverage data to improve core competencies and supply chain visibility and traceability (i.e. across suppliers, vendors and customers) to facilitate informed decision-making, improve inventory management and manage performance.	Independent Breweries
		2.1.5 Develop partnerships with overseas associations to leverage supply chain best practice technology and software.	IBA
		2.1.6 Develop partnerships with key suppliers (agriculture, energy, and water) to increase supply chain transparency to build trust with independent breweries and reduce input costs through mutually beneficial relationships.	IBA to support Independent Breweries
	Long term (5 - 10 years)	2.1.7 Provide training on technological solutions such as Enterprise Resource Planning (ERP) to ensure quality management is integrated into brewery systems and to mitigate inherent risks during manufacturing processes.	IBA
		2.1.8 Examine development of bespoke inventory management and software 'tools', designed to suit the scale and structure of independent breweries.	IBA

MEASURES OF SUCCESS

1. Faster and more cost-effective supply chains leading to reduced risk.
2. Ease of expansion into new markets through agile and dynamic supply chains which are able to respond to market demands.
3. Adoption of industry best practice across supply chains through regular sharing of industry-best practice technology and processes i.e. case-studies, how-to-guides and conferences.

2.2 Embedding quality control and quality management systems

As labelling and food safety regulations increase, maintaining consistency and product safety will be vital to minimising product recalls and reputational risks.

2021 Insight

"We must continue strengthening quality control through education and working with Government to ensure we are able to compete with other larger players in the Australian beer industry".

- IBA Independent Brewers Survey, KPMG Australia (2021)

ASPIRATION		ACTIONS	LEAD
For 2031 The industry has developed and defined world-standard best-practice quality assurance processes for all aspects of beer production and these processes have been formally adopted by 80% of independent brewers to provide assurance to consumers and the channel that Australian Independent beer is of the highest quality, safety and marketability.	Short term (1-3 years)	2.2.1 Continue to develop educational resources (forums, online tools) and knowledge-sharing initiatives on how to implement quality assurance / quality control programs.	IBA
	Short term (1-3 years)	2.2.2 IBA to work with equipment manufacturers on partnerships with IBA so members can more easily invest in quality control equipment.	IBA
	Short term (1-3 years)	2.2.3 Evaluate quality standards and management of production processes (e.g. calibration) including challenges in brewery technology, systems, and standard operating procedures to determine areas of improvement against agreed industry standards.	IBA to support Independent Breweries
	Medium term (3 - 5 years)	2.2.4 Improve adoption of internationally recognised food safety certifications e.g. HACCP accreditation, FSSC, BRC.	IBA Independent Breweries
	Medium term (3 - 5 years)	2.2.5 Invest in quality control equipment such as O2/CO2 meters, ATP monitors, alcolysers and seam measurement and implement robust quality control and assurance programs through leveraging educational resources.	Independent Breweries and IBA (through formation of Cluster Groups)
	Medium term (3 - 5 years)	2.2.6 Partner with complementary industries (i.e. food and beverages) to leverage shared resources and third-party logistics to reduce supply chain timeframes and costs.	IBA

MEASURES OF SUCCESS

1. Definition of best-practice standards for all aspects of production.
2. Adoption of best-practice standards by member organisations.
3. Increase in overall quality, safety and marketability of independent beer.
4. Reduction in product recalls and reputational risks.
5. Faster and more effective complaints handling and product recall processes within independent breweries.
6. Greater market access through effective control systems and logistics management.

2.3 Ensuring the future supply of raw materials

To secure the supply of raw materials, the industry needs to develop a strong ecosystem of partners including those in agriculture, packaging and materials.

2021 Insight

26% of independent brewers state access to production inputs as the biggest supply chain challenge impacting their growth. A further 15% state access to raw materials as their biggest growth inhibitor.

- IBA Independent Brewers Survey, KPMG Australia (2021)

ASPIRATION		ACTIONS	LEAD
For 2031 The independent beer industry has forged strong relationships with suppliers of key inputs, specifically the agriculture industry ensuring consistent and reliable supply of hops and barley and collaboration to foster sustainability in production.	Short term (1-3 years)	2.3.1 Develop online resources to provide information on technological solutions which enable accurate demand forecasting and availability of raw materials.	IBA
	Short term (1-3 years)	2.3.2 Facilitate collaborative relationships with upstream suppliers (i.e. packaging and materials and the agriculture industry) to enable effective communication, knowledge-sharing and reliable supply.	IBA
	Short term (1-3 years)	2.3.3 Assess the growth of new trends, develop data capabilities and regularly communicate with suppliers to ensure there is sufficient supply of raw materials, particularly for specific types of hops with high aromatics and different flavour profiles.	IBA to support Independent Breweries
	Medium term (3 - 5 years)	2.3.4 Explore collective buying power through the IBA network and/or regional clusters to improve economies of scale and hedge against supply chain risks associated with shortages of raw materials and storage. This includes leverage 3PL relationships for these clusters to allow off-site storage.	IBA to support Independent Breweries

MEASURES OF SUCCESS

1. The independent brewing industry has cemented a strong relationship with Australian farmers, providing opportunities for innovation in the agriculture industry to grow yield and diversify products.

Case Study: Eagle Bay Brewing and South West Western Australian (WA) brewers

Independent Beer Clusters – A New Model for Collaboration

Eagle Bay Brewing Co (EBBCo) was founded in 2010 by third generation local farming siblings Nick, Astrid and Adrian d'Espeissis. EBBCo is on course to sell 700 kL this year – a huge leap from the 65 kL in their first year of distribution, in 2013. Prior to this beer sales were limited to the restaurant, located on the family farm at Eagle Bay, which sits adjacent to the brew house, and has become a 'go to' venue, for visitors to the Margaret River region.

After attending a DPIRD 'Cluster' workshop, a group of eleven local brewers got together to explore opportunities for collaboration to overcome shared challenges. They identified four distinct areas in which they could work together and developed a set of broad-based goals, all of which served to achieve a 'common good'. After further workshopping and a commitment from members to support the initiative, an alliance was formed.

Keith Warrick, General Manager of EBBCo, and inaugural chair of the Alliance, alongside other brewery members, a facilitator and representatives from DPIRD, South West Development Commission, Department of Industry and Austrade, have since developed four key working groups and associated goal sets. These groups include:

Training and Employment

With the local TAFE, a business case is being developed to introduce Certificate III in brewing to meet skills shortages, along with plans to present the brewing industry as an employer of choice.

Sustainability, Environment and Community

A code of practice for wastewater is being developed; benchmarking and adoption of best practice in relation to the consumption of resources; (LPG, scheme or rainwater, electricity, or green alternatives, e.g., solar) and steps towards Carbon Zero.

Export and Logistics

The group pools knowledge and experience to develop export markets, including joint marketing, attending trade fairs and cold chain logistics to establish margin rich export sales, optimise capacity and leverage buying power.

Beer and Tourism

Collaboration with Alliance members on touring itineraries, venue marketing and growing awareness of independent brewers in the region. The group also works with local, regional and state tourism organisations to promote beer tourism, in line with their respective strategies.

Key actions for brewers seeking to establish similar 'clusters':

- Keep it simple from the outset, work on goals and objectives that do not require the sharing of commercials, until you have runs on the board.
- Leverage resources that are available in your region, state and nationally, through associations such as the IBA, who may already be working on common objectives and avoid duplication of effort.
- Strive to have a fairly equitable time commitment from all the participating brewers.
- Maintain regular communication within the member network, e.g., our model includes bi-monthly Alliance meetings, with working groups meeting in the intervening month, reporting back on progress to the Alliance.

Pillar 3:
Workforce and Skills Development

It's 2031. The nation's independent beer industry is world-class, continuing to attract the best talent from Australia and around the world.

Independent brewing is a highly sought-after profession and the industry is recognised as a viable and exciting career option within the Australian food and beverage industry. The industry has affordable and recognised qualifications that are consistent across each state.

Qualifications align with current demand for educational courses and support the ongoing professional development of the workforce.

3.1 Upskilling and retaining industry talent

The independent beer industry needs to provide ongoing education and upskilling to improve retention of people sharing the industry's values and vision for growth. The industry must develop nationally and state recognised dedicated training and qualifications, create a platform for knowledge-sharing to overcome skills shortages and deliver consistently across all states and territories.

2021 Insight

82% of independent breweries experience difficulty in finding staff with adequate skills and training.

- IBA Independent Brewers Survey, KPMG Australia (2021)

ASPIRATION		ACTIONS	LEAD
For 2031 A highly skilled and flexible workforce equipped to lead and support the industry's growth and adapt to changing consumer demands.	Short term (1 -3 years)	3.1.1 Address key industry skill gaps, particularly in brewing, hospitality, beer manufacturing (i.e. canning, labelling and packaging) and business leadership by developing apprenticeships and trainee programs for Brewers in all states and on-the-job learning resources.	IBA
		3.1.2 Identify critical workplace challenges and develop frameworks to improve employee conditions and workplace satisfaction (benefits, remuneration, management and leadership).	IBA
		3.1.3 Advocate to the Government to support and fund nationally recognised Vocational and Educational (VET) training program including in technical brewing (Cert III in Brewing) and beer manufacturing.	IBA
	Medium term (3 - 5 years)	3.1.4 Add brewing to the skilled occupation list (Medium and Long-term Strategic Skills List (MLTSSL)) to allow for TSS and ENS visas.	
	Long term (5 - 10 years)	3.1.5 Advocate for a Commonwealth supported place (CSP) for post-graduate students to enrol in advanced brewing courses through tertiary study via the Australian Government's StudyAssist program.	IBA
		3.1.6 Develop a dedicated industry-led industry leadership and mentorship program (e.g. Emerging Breweries Leadership Program) and a clear workforce development strategy to enable opportunities for existing talent to upskill.	IBA
		3.1.7 Create a collective network and/or cluster groups for knowledge-sharing amongst breweries such as inter-brewery secondments.	Independent Breweries
		3.1.8 Develop a unified national curriculum for Cert III and Cert IV that is endorsed by the IBA.	IBA

MEASURES OF SUCCESS

1. Breweries state that they have the required workforce skills and capability to support industry growth.
2. IBA provides valuable support to enable industry collaboration and knowledge sharing amongst independent breweries.
3. Independent breweries provide career development opportunities and have established strong foundations for further training to upskill their employees.
4. Strong pipeline of industry leaders who support the future growth of the industry.

3.2 Ensuring competitive salaries and first-class working conditions

The independent brewing industry is not widely recognised for its career opportunities or progression. In order to facilitate future growth, the industry needs to develop subsidised courses, dedicated apprenticeships and actively attract best in class talent from complementary industries and international markets.

2021 Insight

The top three skillset shortages experienced by the industry include brewing (63%), hospitality staff (61%) and other beer manufacturing skills (25%).

- IBA Independent Brewers Survey, KPMG Australia (2021)

ASPIRATION		ACTIONS	LEAD
For 2031 The industry attracts highly skilled talent and has clear career pathways to guide and support their ongoing professional development.	Short term (1-3 years)	3.2.1 Develop a plan to promote the industry as a career option through innovative channels (social media marketing strategies, university beer societies, internship programs or placements).	IBA Independent Breweries
	Short term (1-3 years)	3.2.2 Support access to international talent pools through global internships and advocating to the Federal Government to include 'brewing' on Australia's Temporary Skills Shortage Visa lists (subclass 457).	IBA
	Short term (1-3 years)	3.2.3 Continue to develop resources and guidelines on how to build an inclusive workplace which supports and encourages diversity, attracting the right talent to work in the industry.	IBA
	Medium term (3 - 5 years)	3.2.4 Explore targeted non-financial and financial incentives to promote diverse labour participation and establish independent breweries as employees of choice through competitive employment conditions (scholarship programs, industry innovation, career opportunities and flexible working arrangements).	Independent Breweries
	Medium term (3 - 5 years)	3.2.5 Develop leadership and mentoring programs to identify and train future leaders, including diversity programs to ensure the sustainable growth of the industry. Explore cooperative partnerships with universities to attract students taking adjacent competencies to explore the industry.	IBA
	Long term (5 - 10 years)	3.2.6 Develop formal industry accolades, award ceremonies and qualifications to acknowledge brewer education, achievements and skills to ensure appropriate recognition, remuneration and career development i.e. Certified Brewers accreditation.	IBA

MEASURES OF SUCCESS

1. The industry is recognised as an employer of choice and attracts a strong pipeline of local and global talent.
2. Industry recognised as a leading employer for workplace inclusion, opportunities for career progression and job satisfaction.

Pillar 4: Regulation and Legislation

It's 2031. Brewers enjoy a streamlined and agile regulatory environment that supports ease of establishment and expansion, including across state and international borders.

Brewers are supported to manage their compliance obligations through the sharing of resources and tools, the adoption of regulatory technology and effective planning.

"As we grow in scale, our biggest regulatory burdens include Work, Health and Safety Compliance, CDS and labelling regulations."

– Independent brewer, 2021.

4.1 Improving and managing the regulatory landscape

Given the complex nature of the current regulatory landscape, the industry needs to unite behind a strategic policy platform and advocacy plan to work with state and federal government to ensure a level playing field.

2021 Insight

The top four regulatory burdens that independent breweries face include the impact of tap contracts on distribution (94%), the lack of national alignment in regards to the Container Deposit Scheme (95%), delays relating to town planning and local development (83%) and liquor licensing requirements across states such as the variation in licence fees and criteria (83%).

- IBA Independent Brewers Survey, KPMG Australia (2021)

ASPIRATION		ACTIONS	LEAD
For 2031 The industry benefits from a dramatically simpler and less costly Container Deposit Scheme (CDS), the abolition of or amendment to tap contracts to improve competition. Indie beer is recognised by State and Federal Governments as a key industry, leading to a supportive policy framework, similar to what the wine industry enjoys today.	Short term (1-3 years)	4.1.1 Develop an advocacy plan to address strategic policy priorities which align with Government timelines and budget cycle.	IBA
		4.1.2 Develop a communication and knowledge-sharing platform for breweries to assist with navigating regulatory obligations (Work Health and Safety, labelling requirements).	IBA
		4.1.3 Continue to advocate regulators such as the Australian Competition and Consumer Commission (ACCC) to re-examine tap contracts and their impact on industry competitiveness.	IBA
	Medium term (3 - 5 years)	4.1.4 Advocate for the alignment of state and territory regulations in regards to the Container Deposit Scheme (CDS) to reduce costs and administrative burden.	IBA
		4.1.5 Advocate to state and local government to reduce town planning restrictions to facilitate cost-effective establishment and expansion of brewery operations.	Independent Breweries IBA
		4.1.6 Advocate for the alignment of state licensing and permit requirements to reduce administration burdens for brewers when operating across states.	IBA
	Long term (5 - 10 years)	4.1.7 Explore and adopt digital solutions to help manage and reduce key regulatory obligations for brewers.	Independent Breweries

MEASURES OF SUCCESS

1. Industry is united behind a common set of policy priorities and a sophisticated advocacy platform.
2. IBA has advocated for alignment of regulations across states and has simplified regulations around town planning.
3. IBA improves the regulatory landscape for independent brewers in relation to tap contracts, the container deposit scheme, town planning and liquor licensing.

Pillar 5: Breweries of the Future

It's 2031. Australia is recognised for its world class independent beer, and the independent brewing industry represents 15% share of the Australian beer market.

Independent brewers continue to boast a diverse portfolio of products and lead the way in sustainable production and inclusive employment.

Brewers are continually looking forward, anticipating consumer trends and innovating to remain competitive.

5.1 Driving innovation, research and development

With consumer preferences evolving rapidly, opportunities are emerging for the industry to collaborate with both Government and R&D organisations to develop innovative products and streamline manufacturing processes to capture market share.

2021 Insight

For the independent brewing industry to unlock the most growth over the next 10 years, investment in production technology and quality management will be essential.

- IBA Independent Brewers Survey, KPMG Australia (2021)

ASPIRATION		ACTIONS	LEAD
For 2031 Recognition from State and Federal Governments of the contribution of indie beer to local and national economy and resulting support for R&D, production technology, quality management and export capability. This includes funding for IBA to take a leadership in developing the indie beer industry.	Short term (1-3 years)	5.1.1 Through industry collaboration, identify, prioritise and deploy solutions to areas of risk and constraints that could impact the speed of delivering R&D and innovation.	IBA Independent Breweries
		5.1.2 Maintain IBA platform and resources to ensure food safety standards are in place during new product development. These include production requirements to ensure industry quality and reputation is protected. Use platform to share and maintain market trend data and new techniques from suppliers for use by independent brewers.	IBA
		5.1.3 Leverage available government incentives such as, but not limited to, the R&D tax incentive as grants to advance manufacturing, improve business processes and growth through R&D.	Independent Breweries
	Medium term (3 - 5 years)	5.1.4 Develop R&D, manufacturing and supply chain capability to enable innovation to capitalise on emerging market needs and market trends including low-alcohol, value added products and seltzers.	Independent Breweries
		5.1.5 Explore and engage with Government on mechanisms such as support programs to inform business model innovation and digital adoption.	Independent Breweries
	Long term (5 - 10 years)	5.1.6 Collaborate with the representative organisations of allied industries to share insights on new business growth opportunities, enable knowledge sharing amongst members and guide industry innovation.	IBA
		5.1.7 Collaborate with breweries and universities to facilitate the development of a Centre of Excellence (CoE) committed to driving industry innovation through entrepreneur programs and brewery education.	IBA
		5.1.8 Build an R&D and innovation ecosystem (e.g. brewlab) through collaboration with Government, universities, technical experts and industry organisations to obtain insights and encourage positive change for the industry.	IBA

MEASURES OF SUCCESS

1. Breweries have established processes for continuous improvement in manufacturing and product development, supported by an ecosystem of innovation and R&D.
2. Independent beer represents 15% of the domestic beer market by 2031 through ongoing innovation of product offerings.

5.2 Structuring for growth

Independent breweries must prepare for challenges at each stage of the business lifecycle by adopting robust models that enable sustainable growth and minimise future risk.

2021 Insight

Cashflow pressures and access to capital are two of the single greatest challenges brewers face in growing their businesses.

- IBA Independent Brewers Survey, KPMG Australia (2021)

ASPIRATION		ACTIONS	LEAD
For 2031 Breweries have access to diverse sources of funding and have established effective business processes, systems and contingency plans to support future growth and minimise risk.	Short term (1-3 years)	5.2.1 Develop educational resources and industry workshops to improve cashflow management and ability to attract funding.	IBA
	Short term (1-3 years)	5.2.2 Develop brewery business plans and explore financial advisory options to assist breweries manage their operations and structure them correctly at inception.	IBA
	Short term (1-3 years)	5.2.3 Identify new and alternative forms of capital investment to underpin ongoing brewery growth and expansion.	Independent Breweries
	Medium term (3 - 5 years)	5.2.4 Work with independent brewers to create Contingency plans, including through sharing of effective plan templates, training modules and guides to help brewers manage unforeseen risks when they occur i.e. COVID, fire, drought and input shortages.	IBA and Independent Breweries
	Medium term (3 - 5 years)	5.2.5 Provide resources and external advisory services for business growth and succession planning and business growth to encourage breweries to remain independent.	IBA
	Medium term (3 - 5 years)	5.2.6 Develop an industry change-response plan to enable breweries to anticipate key legislative and industry changes, including a clear communication plan and tools to aid business response.	IBA

MEASURES OF SUCCESS

1. Independent breweries have effective business models and processes in place to facilitate sustainable growth and capture market share.
2. Brewers have sufficient cashflow and resources to accelerate growth through capital investments.

5.3 Embedding ESG considerations across brewery operations

In line with consumer expectations, independent brewers will need to prioritise and invest in improving Environmental, Social and Governance (ESG) outcomes across their operations. The industry will require a realistic and cohesive ESG strategy and collective action to achieve and communicate their desired outcomes.

2021 Insight

93% of Independent Breweries say ESG considerations will have a "significant" to "very significant" impact on their operations over the next 10 years.

- IBA Independent Brewers Survey, KPMG Australia (2021)

ASPIRATION		ACTIONS	LEAD
For 2031 Independent brewers have embedded ESG considerations across their operations and continue to measure themselves against industry benchmarks to improve their impact and outcomes.	Short term (1-3 years)	5.3.1 Identify and prioritise ESG areas of most material impact to the industry to inform a whole-of-industry approach to driving sustainability outcomes.	IBA
	Short term (1-3 years)	5.3.2 Develop an industry-wide ESG Strategy to enable a collaborative and coordinated response regarding how to address the most material issues. Establish a process for review and measurement.	IBA
	Short term (1-3 years)	5.3.3 Provide information and guidelines to implement ESG strategy and actions across operations, ensuring data collection mechanisms are in place for monitoring and reporting.	IBA
	Medium term (3 - 5 years)	5.3.4 Continue to facilitate access to technical specialists with expertise on how to reduce waste and manage sustainable supply chains and manufacturing processes.	IBA

MEASURES OF SUCCESS

1. The industry has a clear ESG focus and strategy that supports breweries' continuous improvement and strengthens the industry's reputation.
2. Breweries are equipped with the tools and expertise to embed and measure ESG outcomes across their operations.

Case Study: Gage Roads

The Road to Growth

In 2002, with a $25,000 credit card, two brothers and a couple of mates launched Gage Roads Brew Co, just outside of Fremantle. The brewery has followed an interesting journey, rapidly gathering fandom among consumers for their characteristic beers. Gage Roads listed on the ASX in 2006 and in 2021 became Good Drinks Australia (GDA), to represent its full range of brands including Gage Roads, Matso's Brome Brewery and Atomic.

In 2018, Gage Roads beat out the big guys to be named as the official beer supplier to the new world-class Perth Optus Stadium. Gage continues to proudly serve fresh and local beer to armies of sports and music fans. Growing from a handful of employees in the early 2000s, Gage Roads now has more than 200 staff in all corners of the country. With more than 20% employee ownership, the brewery is proudly independent.

Clare Clouting, Operations and Systems Manager at Gage Roads says to prepare for growth, brewers need to also think about the long term and plan for success from early on.

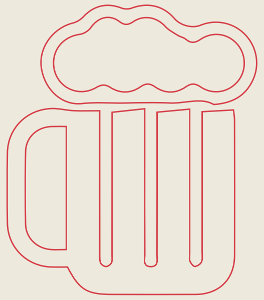
"Having an ability to quickly increase your capacity, especially when it comes to space for adding equipment and tanks is an advantage for growth. Opportunities can emerge quickly in this industry, and the business must be at the ready to respond".

As trends come and go, consumer sentiments change, and regulations impose further challenges. Clare highlights the importance of backend planning in enabling breweries to pivot quickly and respond to changes in the market. To manage regulation and baseline compliance, Clare says staying ahead of key technical changes through resources such as the IBA and leveraging the expertise of suppliers has been key.

"The beauty of the IBA is that it provides brewers with access to industry expertise through events, networking, online forums and other helpful resources such as fact sheets. As a collective, independent brewers can work together on typically complex areas such as brewery planning, OH&S and compliance".

What should breweries be considering next in their operations? Gage Roads is taking steps towards achieving diversity within the workplace including optimising their recruitment practices to attract more diversity among their applicants. In 2021, they partnered with Pink Boots to deliver leadership training scholarships to women in the brewing industry. A key factor for improving the representation of women in the industry is to have women in lead decision-making roles.

The next ten years promises even more change to the industry. Australian drinking culture is evolving, posing challenges and opportunities for brewers to respond to and anticipate new trends and preferences. Brewers need to ask themselves:



How do we produce delicious beers for an increasingly health conscious market?

How do we set up our operations to deliver great quality beer as quickly and seamlessly as consumers expect?

How do we meet consumer demands for environmental and social sustainability as well grow our market through greater diversity and inclusion?

The best place to start is by putting these items on the agenda. By doing this, it will stay front of mind, allowing consideration for where you are today and what can be done in the short, medium, and long term to achieve the vision.

As they say, if you don't know how to get there, the beginning is a very good place to start.

2031 IBA Roadmap for the Australian independent beer industry

Our independent beer industry is already on a journey of growth. However, this Roadmap proposes that we push the boundaries, and welcome disruption in order to really see how far we can go. We have laid down our plan for the future, but now the hard work really begins.

The following summarises the IBA's key actions required to achieve our vision. It separates those actions into short, medium and long-term priorities and identifies who is responsible for each.

There is no single entity that will deliver our vision of 15% market share. Success will rely on our ability to work as a team, to lean in and leverage our individual strengths to achieve progress.

ACTIONS TO CONSIDER NOW (1 - 3 YEARS)

1. Educate consumers about the meaning and value of independent beer, with promotion of key attributes including high quality ingredients and production standards, localism and authenticity and diversity / superiority of flavour.
2. Develop a central platform to share educational resources and tools and data among independent brewers to drive innovation, collaboration and upskilling.
3. Develop collaborative relationships with supply chain partners (including agriculture, packaging and materials industries) to ensure long-term security of supply.
4. Periodically collect consumer and industry data to inform industry benchmarking and market insights to enable brewers to improve operations and capitalise on market trends.
5. Create an industry-wide ESG strategy, including regulator monitoring of performance against industry benchmarks and collaboration with complementary industry bodies and associations to drive strategic action.

ACTIONS FOR LATER (3 - 5 YEARS)

6. Develop formal training (TAFE and Australian Apprenticeships) and development pathways into the industry as well as formal recognition (certification and formal recognition of skilled talent).
7. Develop a cohesive and comprehensive advocacy platform and plan to represent the industry in the halls of parliament. Using this plan, advocate for key regulatory changes including reviewing the role of tap contracts, harmonisation of state legislation (including CDS), and simplifying administration processes including town planning and liquor licensing.
8. Develop industry clusters to facilitate collaboration, sharing of resources, benchmarking and to overcome issues of scale.

LONG TERM ACTIONS FOR FURTHER CONSIDERATION (5 - 10 YEARS)

9. Create an independent brewers Centre of Excellence, partnering with complementary industries and universities to develop an ecosystem that supports innovation and R&D.
10. Iteratively review role and structure of the IBA, including governance structures, policy priorities, funding pipeline and spending requirements, informed by regular industry surveys and communication.

Role of the IBA

The Independent Brewers Association (IBA) provides a united voice for independently-owned breweries across Australia. Our mission is to build a strong, sustainable future for our industry and to unify our industry under the vision of Quality Independent Beer Everywhere[9].

Between 2021 – 2031, the IBA will work hand in hand with the industry to grow market share to 15% as well as navigate challenges and harness the opportunities the future presents.

Through consultation with our industry, the core roles of the IBA have been defined as the following:

- Raise the profile of independent beer by educating consumers about the benefits and value of independent products and increase adoption of the independent seal.
- Facilitate collaboration across our industry to overcome issues of scale and drive innovation. This includes supporting the development of regional clusters and expanding the IBA's online platform for resource, data, and knowledge-sharing.
- Represent the interests of our independent brewers to drive regulatory change by developing an active and committed policy platform and strategy.

The four strategic policy priorities for the IBA to advocate for, as reported by our independent brewing industry include:

Improving access to tap contracts

"The reduction/removal of tap contracts at bars would give indie brands a much more level playing field".[10]

Nationalisation of the container deposit scheme to reduce regulatory burdens

"Container deposit scheme (CDS) costs and reporting obligations. Currently, CDS inequity between beer and wine and other exempt beverage containers. The CDS costs have grown to the point where all the new excise rebate goes straight to CDS costs".

Simplification of liquor licensing regulations and reducing restrictions

"Liquor licensing laws and strict rules of types of licences inhibit the ability to promote our product and engage with customers on and off premise".

Reducing the complexity and lack of flexibility associated with planning and local development

"The reduction of overcomplicated planning / zoning processes through local council".

9 Independent Brewers Association 2021

10 Unless otherwise stated quotes and 2021 insights throughout this report have been sourced from: IBA Independent Brewers Survey, KPMG Australia (2021), IBA Independent Brewers Workshop, KPMG Australia (2021) and IBA Consumer Research, KPMG Australia (2021)

In response to the changing requirements of our rapidly growing industry, the role of the IBA will continue to evolve. Brewers are seeking support from the IBA to represent them and provide a voice on behalf of the industry to Government, take a leading and proactive role in the promotion of independent beer to consumers to drive demand, facilitate innovation across the industry and support the industry to continue to attract and retain talent.

As the industry grows, the IBA will continue to position itself as the pre-eminent and single voice representing independent brewers. They will work hand-in-hand with independent brewers, fostering collaboration to ensure the industry realising the strategic ambition to 2031 as set out in this Roadmap.

To support the industry by 2031, the IBA will:

- Provide independent brewers with key tools and information by delivering regular market research and consumer data, industry benchmarking, business templates and information regarding key regulatory changes and market updates.
- Drive independent beer excellence through facilitating R&D and innovation programs across Australia, partnering with universities and research bodies to lead the market in new product development, including incubator programs.
- Facilitate the provision of research scholarships and bursaries (domestically and internationally) to attract and retain people within the industry.
- Build business sustainability, excellence and leadership by accelerating the adoption of research outcomes and best practice.

iba.org.au
communications@iba.org.au
membership@iba.org.au