

# THE STATE OF CRAFT BEER IN THE BASQUE COUNTRY

2018



**EUSKO JAURLARITZA**  
**GOBIERNO VASCO**

# INTRODUCTION

For the first time ever, we present this technical report entitled "The State of Craft Beer in the Basque Country" with 2018 beer data.

Participation in the survey that we sent to all craft beer brewers in the Basque Country was extremely high - around 92% got involved - highlighting the need for the sector to have its own data and the importance of such to move into the future armed with as much information as possible.

## **"20 of the 22 breweries in the Basque Country participated in this technical report"**

This questionnaire, commissioned by EGE (Euskal Garagardo Elkartea) and directed by BBF (Barcelona Beer Festival) with the help of the Basque government Department of Agriculture, Fishing and Food Policy shows that there are 22 breweries in the Basque Country, more than half of which have opened in the last five years. There was a boom of new breweries in 2014 which has remained steady over the last two years with one new brewery opening per year.

When it comes to production measured in litres made, a steady 30% annual increase can be seen

over the last two years, with over a million litres of beer being produced in the Basque Country for the first time ever in 2018.

The sector is currently generating 76 direct jobs and 85% of breweries predict an increase in staff numbers over the next three years.

The sector is beginning to become established in the local market where a large number of breweries are concerned about transmitting the values and prestige of the craft beer brand. However, the fast internationalisation of such a young sector is also remarkable as 19% of sales came from exports to other countries.

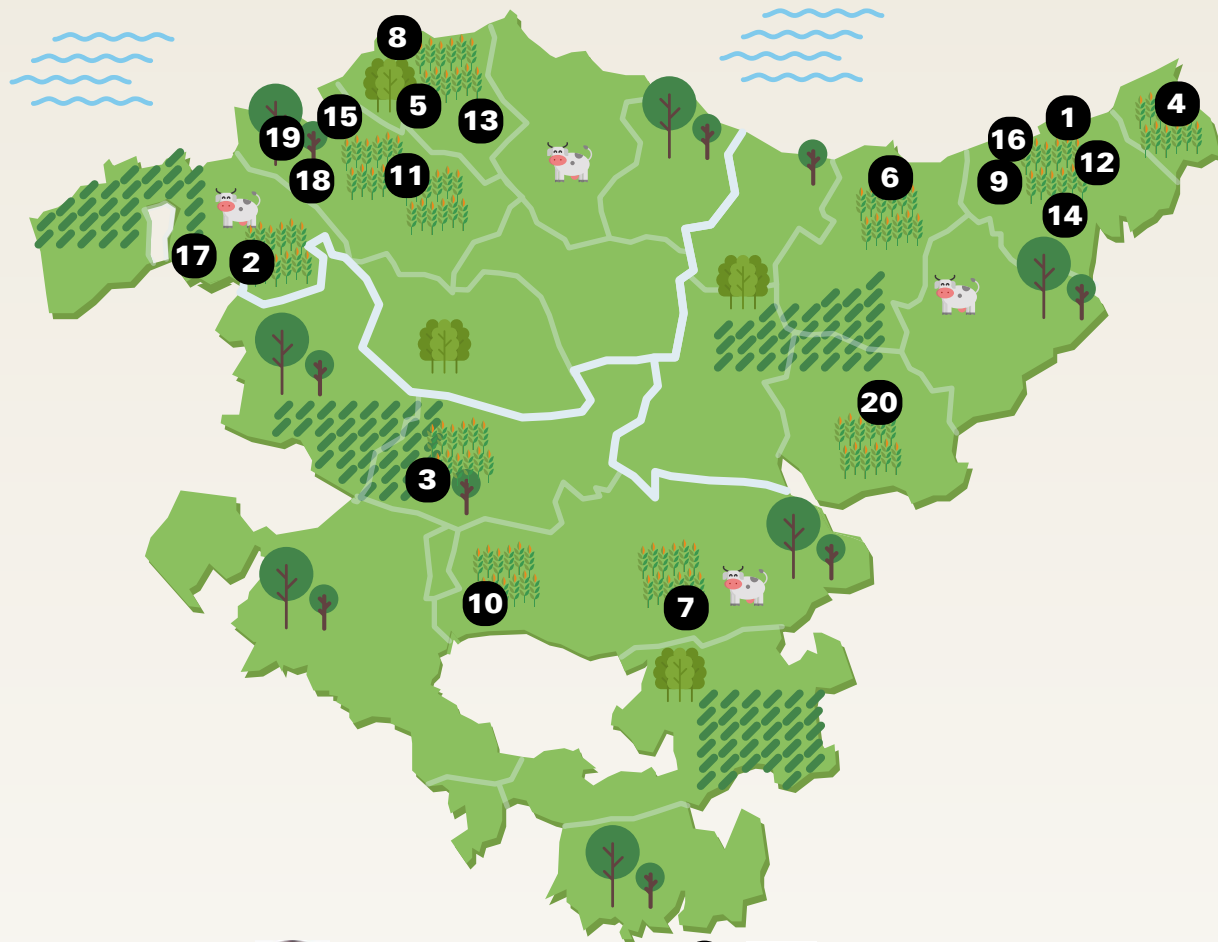
## **"More than 1.25 million litres were produced in 2018, representing a 30% increase on the previous year"**

We invite you to have a read through the data we've found and thank everyone involved for the time, effort and passion they dedicate to producing, promoting, selling, enjoying and making our beer even greater!


**Jabier Ortega**  
President of Euskal  
Garagardo Elkartea





# PARTICIPATING BREWERIES



**1**  **Olañeta**  
Errenteria - Gipuzkoa

**3**  **Baías**  
Urkabustaiz - Araba

**5**  **Etxeandia**  
Urduliz - Bizkaia

**7**  **Olbea**  
Agurain - Araba

**9**  **Gar & Gar**  
Donostia - Gipuzkoa

**11**  **Urban Beer**  
Zamudio - Bizkaia

**13**  **Boga**  
Mungia - Bizkaia

**15**  **Txorierra**  
Sondika - Bizkaia

**17**  **Maiken**  
Balmaseda - Bizkaia

**19**  **La Salve**  
Bilbo - Bizkaia

**2**  **La Gar**  
Gordexola - Bizkaia

**4**  **Bidassoa**  
Irun - Gipuzkoa

**6**  **Zarautz**  
Zarautz - Gipuzkoa

**8**  **Tito Blas**  
Gorliz - Bizkaia

**10**  **Byra**  
Iruña Oka - Araba

**12**  **Mala Gissona**  
Oiartzun - Gipuzkoa

**14**  **Basqueland**  
Hernani - Gipuzkoa

**16**  **Gross**  
Donostia - Gipuzkoa

**18**  **Basquerry**  
Bilbo - Bizkaia

**20**  **Basebe**  
Legorreta - Gipuzkoa

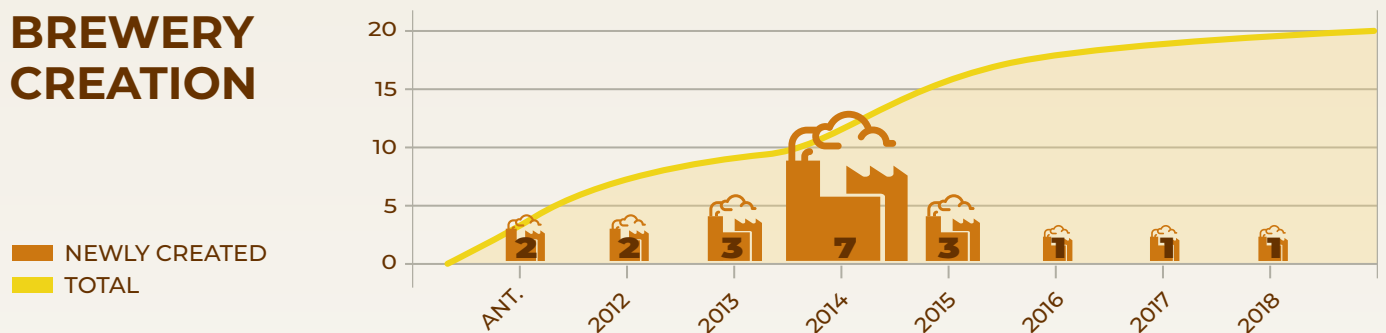


# BREWERIES IN THE BASQUE COUNTRY

This technical report has been written using 2018 production data from breweries producing craft beer in the Basque Country. The General Health Registry for Food Businesses and Food, as well as small establishments that mainly sell the beer they produce to the final consumer on the premises (known as brewpubs), were used as a basis.

There are 24 registered business projects in total. One of these had never been active and another wasn't active in 2018, as it began later on. Of the 22 remaining, two declined the invitation to participate in this project so a total of 20 responses were received (a significant 91%).

## BREWERY CREATION

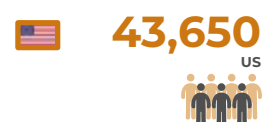
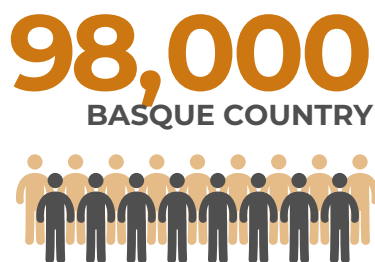


A set of questions was drawn up and separated into seven main categories (initial data, production, employment, product, sales and distribution, beer tourism and keys to the future). The specialised software SurveyGizmo was used to create online surveys and contact all the breweries by phone to explain the project and encourage participation.

The craft beer movement in the Basque Country gained momentum in 2012 with just a few pioneering projects and had its brewery creation boom in 2014 with 7 new breweries becoming established. Details from each year can be seen in the chart above.

The breweries are spread across the region, with three in the province of Araba, ten in Bizkaia and eleven in Guipuzkoa. Of the 24 projects, only five are situated in the capital of their respective province and twelve are in towns with less than 10,000 inhabitants. The number of beer projects in relation to the number of inhabitants (98,000 inhabitants/brewery in the Basque Country) is a good indication of the sector's progress compared to other countries nearby and/or with a more deeply engrained beer culture. It is significant that the Basque Country average is lower than that of the whole of Spain due to the introduction of craft beer being more deeply engrained in the former.

## INHABITANTS PER BREWERY



# PRODUCTION

One of the most significant pieces of data in this report is the total production of craft beer in the country. This is because the whole of the sector made 1,252,513 litres in 2018, crossing the million litre mark for the first time. Production data has also been collected from the five previous years, back to 2013.

This development, which started with around 80,000 litres, gives witness to the impressive rise of the sector. In these five years of continuous growth, the original volume has been multiplied by over 15. Data with very high normal growth (some years, it more than doubled from the previous year) was produced in the early years and, in 2018, it reached a 31% increase on 2017.

## NUMBER OF BREWERIES ACCORDING TO LITRES PRODUCED



It is important to situate this growth in relation to the number of breweries each year and the appearance of new projects. The diagram shows that the largest amount of growth coincides with the year in which most new breweries appeared. The number of breweries in the Basque Country doubled in 2014, so it is logical that 2014 and 2015 are the years that showed the largest percentage of growth in craft beer production.

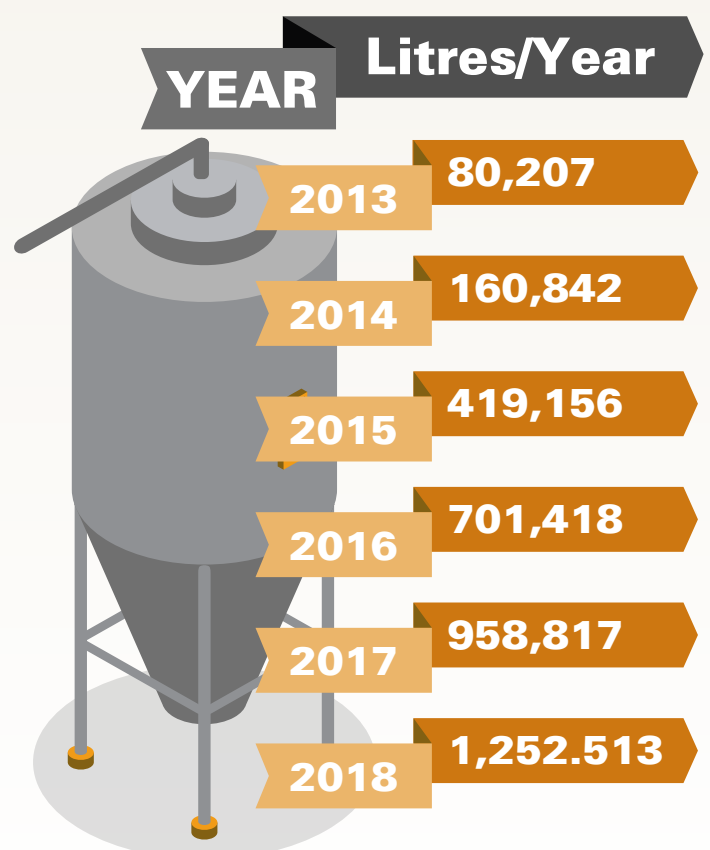
Another significant item of data is the brewery annual production volume, as the litres produced are directly related to other beer project numbers such as turnover and number of employees.

## "1.25 million litres of craft beer were made in the Basque Country in 2018"

It is important to differentiate between breweries that produce beer to sell via their distribution channels and breweries that produce it for consumption on the premises, normally linked to hospitality.

The diagram below shows that the majority of projects produce less than 50,000 litres. These projects are usually run by a single self-employed staff member. There are four projects producing between 50,000 and 100,000 litres - a level of production which is usually able to generate employment. And it is in the larger projects (three in the case of the Basque Country) that a professional specialisation appears in the company structure.

## TOTAL LITRES PRODUCED



# MARKET SHARE

Another piece of data which is key to understanding the growth of breweries and the sector in general is the average litres produced divided by the number of breweries. During the first years with data available, the values correspond to a period with a high level of new brewery creation and launching. It can be understood that the volume per brewery is low.

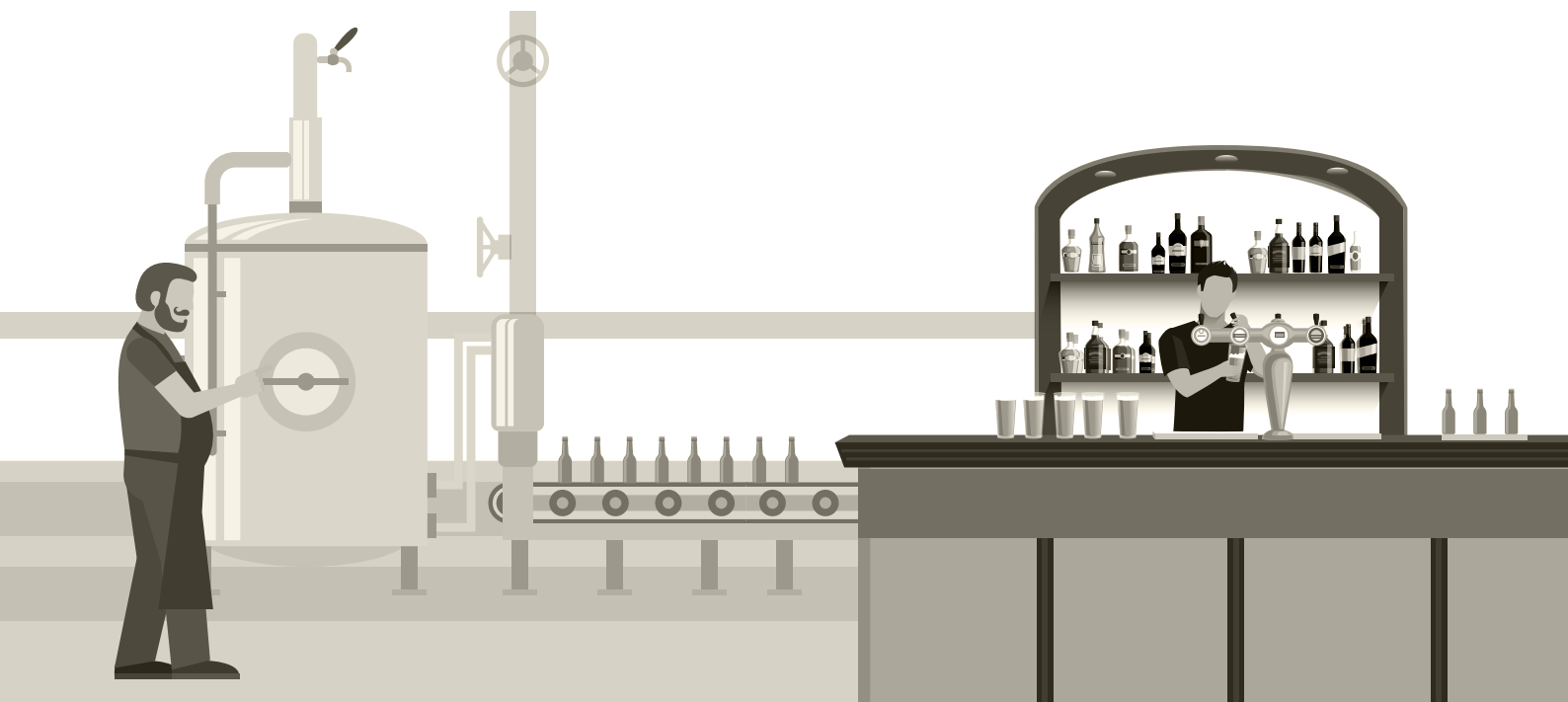
When a certain level of stability is reached, the average per brewery increases very significantly each year. It is then no longer about creating new breweries, but rather about existing ones strengthening their foundations and growing sustainably over the years.

Although it makes no real sense to establish a unique brewery model based on the average, the 2018 average of 62,625 litres/year is indicative of the sector's good health in a period of growth. As a reference, this figure is slightly higher than that of other countries in which the craft beer movement began previously, such as Catalonia with an average of 51,300 litres/year.

Beer is a popular drink present in many areas of society, such as gastronomy, entertainment and social life, and it is thus very much a part of a large fraction of the population's everyday life. It has been calculated that a total of 131.6 million litres were consumed in the Basque Country in 2018, so the production share of craft beer was 0.95% of the total beer consumed.

**"One in every 100 beers is a craft beer, representing 2.1% of the market share."**

The concept of market share can be understood as the percentage of sales in relation to the overall sector sales. For this reason, the price per unit is an important part of the calculation. Craft beer generates a higher turnover than the same amount of litres of industrial beer, which has a lower price per unit. For this reason, its market share was 2.1% in the Basque Country in 2018.



**0.95%**  
PRODUCTION SHARE

**2.1%**  
MARKET SHARE

# BEER

The real protagonist of the sector is none other than the beer itself. The world of craft beer has helped society revive long-lost styles and provides a wide variety of beer, playing with all of its characteristics from appearance to smell, and from taste and sensation in the mouth to alcohol content.

A total of 292 different beers were made in the Basque Country in 2018 across the 20 breweries that participated in the survey. This figure gives a clear idea of the wide variety in the craft beer world, with an average of almost 15 different recommendations per brewery. It is common practice to differentiate between two types of beer. Firstly, there are standard range beers that are produced all year round and are always in stock. They are important for the brewery as they help people to identify it. Then there is the beer known as special edition or seasonal which is only made at specific times of the year or even only once. It isn't usually stocked and it isn't replaced when it runs out.

Of a total of 292 beers, 125 formed part of the standard range and 167 were special edition. This suggests that the standard range is usually made up of around six beers on average and that breweries make an average of eight extra beers throughout the year.

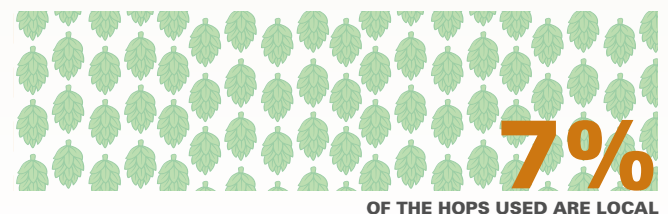


A lot of emphasis was placed on the use of local raw materials in this report, as the link with the region and the agricultural sector is considered one of the cornerstones of the craft beer sector. It was thus discovered that twelve breweries (60%) regularly use raw materials. When the production data is analysed in more detail, it can be estimated that 26% of the malt used is local, whereas the figure is 7% for another of the key ingredients of beer making - hops.

## "292 different beers in 2018 shows a high level of creativity in the sector"

An innovative practice is the use of wooden barrels (that may or may not have previously contained other alcoholic drinks). When questioned in this regard, seven brewers (35%) indicated that this practice already exists in their brewery, making a beer with both more character and added value.

The conclusion was drawn that large barrels (47%) are used almost as much as small bottles and cans (53%) during the packaging stage. Something that stands out considerably is that five of the breweries are already starting to opt for cans in their ranges, following a global trend in the craft beer sector.

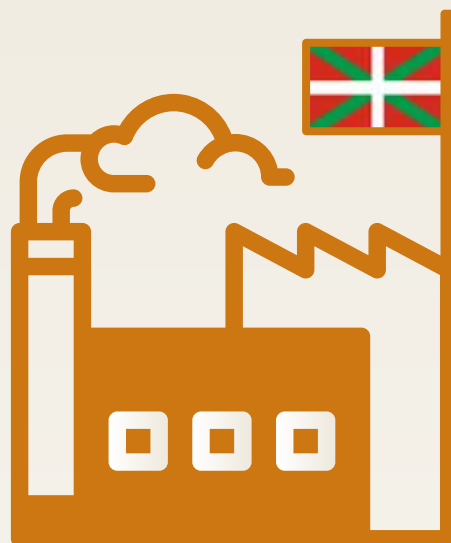


# JOB CREATION

Craft beer in the Basque Country has created 76 direct jobs across the breweries in the region. Undoubtedly, all the other jobs in the value chain must also be added to this figure, such as those in the agricultural sector and final distribution and sales. Although not in the scope of this technical report, similar studies in the beer sector show that direct jobs make up a smaller part of the overall jobs created, and they especially highlight those created indirectly in hospitality.

Half of the breweries (ten) are projects with 1-2 employees, five have 3-6 employees and another five have more than 6 employees, the maximum being 9. This shows that this type of brewery is classified as a microenterprise structure.

The job profile is mainly males (87%) of between 24 and 35 years old (36%) in a position of founding partner (60%) working full-time (79%) with a certificate of higher education (66%) but without specific beer training (66%) and with an average salary of between €18k and €24k (26%).



**76**  
DIRECT JOBS  
IN CRAFT BEER



**26,500 LITRES PER YEAR**



**550,000 LITRES PER YEAR**



When the total production of craft beer is divided by the number of workers, each makes on average 16,500 litres, although this figure varies substantially according to brewery size. Each worker makes around 550,000 litres per year in the industrial beer sector. It is thus not absurd to say that craft beer creates 33 times more work per litre produced and, more importantly, jobs spread across the country and not just in large cities.

In the evolution of staff numbers, more than a third of the breweries (7 out of 20) increased their number of employees throughout 2018, showing the growth of this active sector. Likewise, almost half of participating breweries (9 out of 20) indicated that they were having difficulty in filling some of the roles, with business being the most required and production coming in at second.

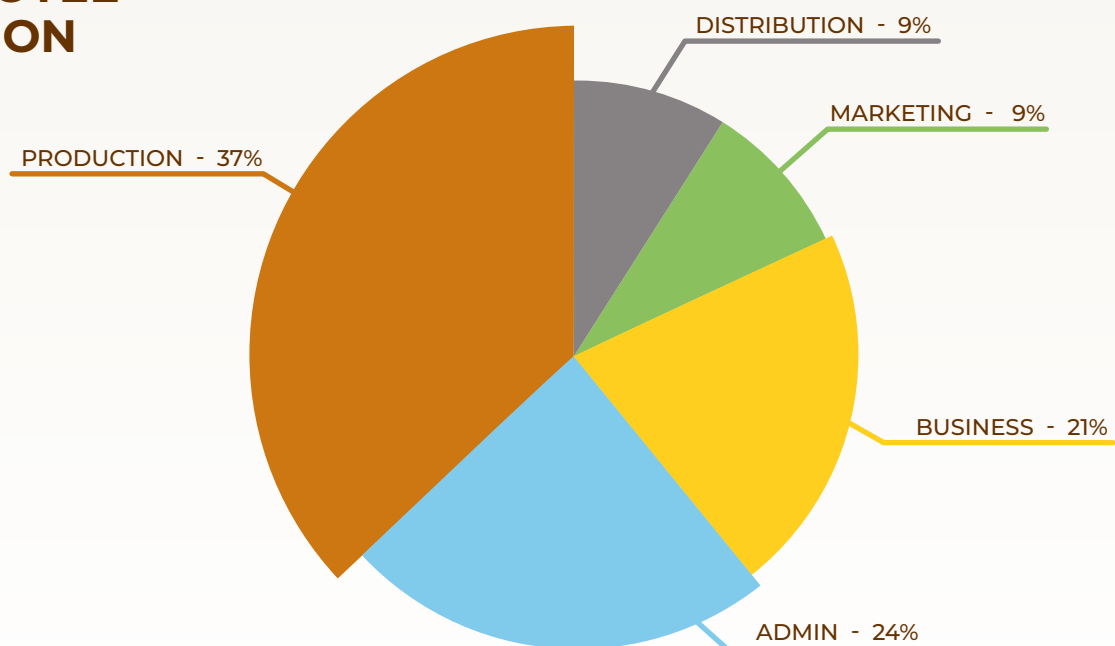
Alongside the beer making activities, economic, cultural and social events are being developed through activities and/or welcoming visitors to facilities. The majority (18 out of 20) of participating breweries organise activities, with the main ones being guided tours (18 breweries carry them out), tastings and pairings (17), concerts (7), cultural activities (6) and beer making workshops (4).

It is estimated that around 12,000 people participated in an activity in the breweries throughout the year. This is especially significant in small towns, where breweries have an activation and cohesion role in the town's social and cultural life.

## "Almost 12,000 people participated in activities organised by craft brewers"

When the brewers were asked how they split tasks between employees, their answer was divided into five main areas: production (37%), admin (24%), business (21%), marketing (9%) and distribution (9%). The emphasis placed specifically on production highlights it as being the main activity. The biggest effort, as is usual with handmade products, is in the making of the beer. Equal resources are used for admin and business, and less for marketing (still relatively undeveloped in the sector in general) and distribution (externalised in some cases).

## EMPLOYEE DIVISION



# SALES AND DISTRIBUTION

The commercial aspects of the beer projects were emphasised in this section. Thus, keys to distribution, exports, beer making for third parties and points of sale were analysed.

Four breweries have a distribution system which is completely their own, five have a completely externalised one and the eleven remaining have a model which mixes the two forms. When a more in-depth analysis of the values obtained is carried out, it can be seen that 78% of all craft beer in the Basque Country is commercialised through a distributor, whereas 22% is sold directly from the brewery.

The life and soul of craft beer is in the proximity, both of the raw materials, as was shown in the previous section, and during consumption. 43% of the craft beer produced is thus consumed within a radius of 30km of the brewery. This figure increases to 54% when the beer consumed in the Basque Country is considered.

Sales in specialised shops were also analysed and found to represent 49% of total sales, showing the importance of these types of establishments in the sector thanks to their capacity to describe and spread the craft beer culture.

Half (ten) of the breweries export their products. In these ten breweries, 27% of the beer produced is sold internationally, that is, 19% of the total export quota for craft beer produced in the Basque Country. The main countries that import Basque beer are France, Finland, Russia, Portugal, the United Kingdom and Germany.

**"54% is consumed in the Basque Country and 19% is exported."**

Finally, nine breweries produce beer for other brands that don't have their own facilities, representing 26% of the average production of the former that make beer for 28 companies in total. It is very probable that there are duplicates in this figure but, as the names of clients weren't asked, it is impossible to exactly know the names of companies that operate by renting breweries to others.



# KEYS TO THE FUTURE

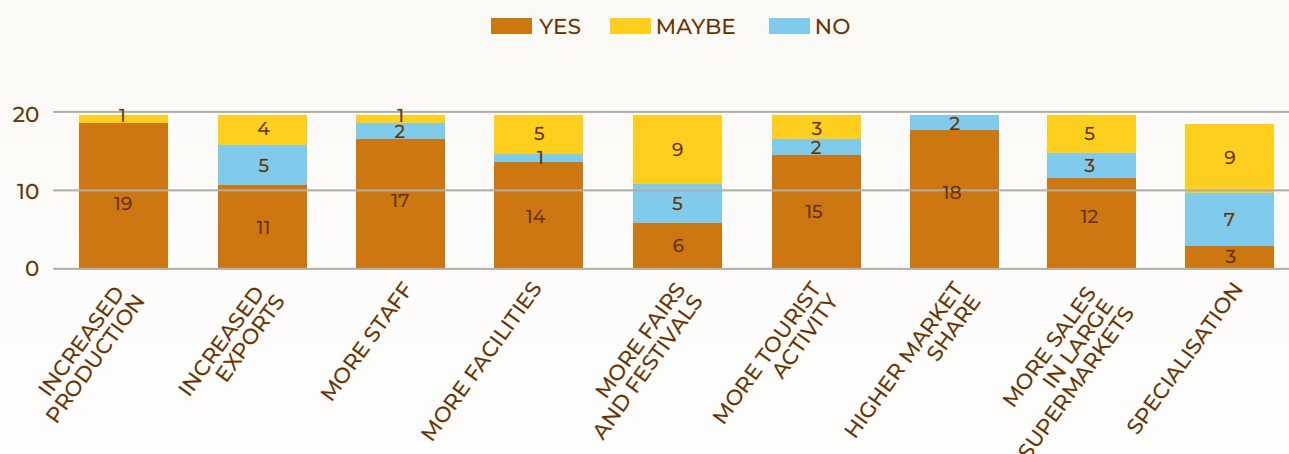
To get a real picture of the state of craft beer and get up to speed with the sector, it is also important to get to know the vision of the brewers - both how they envisage themselves and the sector in general in the coming years. In order to achieve this, they were asked two questions about key points for the correct development of their projects and how they envisaged the scene in three years' time.

They were asked to grade how important they deemed different factors to be for the development of their beer project on a scale from 0 to 10. An average of the 20 brewers' answers has been taken and ordered from highest to lowest:



An average grade of more than 7 indicates an aspect being important for the sector. In a deeper analysis, there are several questions with a wide variety of answers (half high and the other half low) which plant very different visions within the sector.

Information about the vision that brewers have for three years' time was requested, both with regards to their project and the sector itself. For this reason, they were asked if they thought that a series of premises would occur in three years and they had to give one answer choosing between yes, no and maybe.



**This technical report of The State of Craft Beer in the Basque Country in 2018 paints a reliable picture of a sector emerging with a wide distribution across the country.**

**91% of the breweries making beer in the Basque Country participated in making the report, thus generating results that are very true to reality in areas such as production, local raw materials, sales, job creation, distribution and vision for the future.**

**This data allows the reader to learn about the state of craft beer in the Basque country first-hand and, in particular, map out paths of where it is headed.**



**[www.basquebeer.eus](http://www.basquebeer.eus)**

**[eege@basquebeer.eus](mailto:eege@basquebeer.eus)**

El presente informe técnico ha sido  
realizado por la empresa  
**Beer Events SL** organizadora del  
**Barcelona Beer Festival**