Beat: Business

Micro Breweries - Here To Stay Or Is The Market Saturated

When will the home brew excitment fade?

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Rebel Miles Photography - Even to a relatively disinterested person it seems as though a new micro brewery opens every week on virtually any size scrap of available property. What was once a novelty has quickly become a multi million dollar tax boon for the state and many new jobs even in very remote areas.

The micro brew industry has exploded, however, how long can the industry continue to expand. When will the market become over saturated, or will it at all. It's a forgone conclusion that it will indeed become saturated. There are already early signs of that with a few micro breweries closing after weak sales. In 2012 Michigan had just over 100 brewing establishments which includes everything related to brewing including wholesalers, etc. Today that number has exploded to several hundred craft breweries alone with a new brewery opening monthly, if not weekly in some cases. This influx of business tax has provided the State with hundreds of millions of dollars in tax revenue. The question remains as to when the pace will begin to level off.

Conventional wisdom says that eventually the expansion rate will slow. The state economy is currently booming with an expanding real estate market among the positive indicators. Those of us that have experienced multiple regional bouts of “good times“ economically also know that it can't last. We can only ride a wave of prosperity so long until it finally crests and begins to fall. The question is will the fall be fast or slow and steady which is the preference without doubt. The victims in those cases are typically the mom and pop type businesses and if the wave crashes hard enough the mega giant businesses as well. Micro breweries are typically on the high end of mom and pop with more of those expanding into relatively large operations with regional or nationwide distribution. There is no doubt that micro breweries are here to stay. That piece of the puzzle has already been located and secured in a market craving quality small batch brew. The question is when the economy slows which places will have enough surplus funds to ride the wave down. What it comes down to is having enough in the coffers to survive an economic downturn or be diversified enough to be able to rely on other income streams, which after all is basic business and typically what separates the survivors from the others.

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