

I. Executive Summary

Economic impact analyses of the U.S. Beer industry have been performed at both the national and state levels for several decades. Previous studies that focused exclusively on the distributor tier, however, have been limited to just a few states, and most of these studies have focused almost entirely on the economic impacts of the operations of the distributors – their purchases of materials and services to support their operations and the spending of employees and the resulting multiplier effects.

This report, produced for the National Beer Wholesalers Association (NBWA), quantifies the magnitudes of different kinds of beer distributor activities (direct operations, capital investment activities and community involvement activities) and calculate their economic impacts. The findings for the United States include:

- (1) Beer distributors directly employ approximately 130,000 full-time equivalent persons in their operations. When the distributors' capital investment and community involvement activities are added and their interplay with other sectors of the economy (multiplier effects) are taken into account, beer distributors generate more than 345,000 jobs across the United States.
- (2) Beer distributors add \$54 billion to the national total value of production (gross domestic product).
- (3) For jobs, wages and salaries and the total value of production, the multiplier effects – including the contributions from capital investment, community involvement and interstate effects – are 2.7, 2.1 and 2.5. These multipliers are appropriately larger than

those found in other studies because of the quantitative importance of the expanded impacts. The multipliers show how direct beer distributor activities result in total effects on their communities that are far larger.

- (4) Beer distributor activity generates federal, state and local taxes totaling approximately \$10.3 billion. This sum can be used for various government functions. For example, it is sufficient to fund nearly 400 million hours of public school teacher instruction or to provide maintenance of nearly 400,000 miles of highways in the U.S. each year.¹ This figure does not include an additional \$11 billion in federal, state and local excise and consumption taxes on beer sold in the United States.
- (5) Beer distribution is intimately tied to the fabric of the American economy, evidenced by the multiplier processes that connect beer distribution to the other parts of the economy. Personal services sectors are most impacted by beer distribution. Beer distribution also significantly impacts food services and drinking places, real estate, credit cards, pension funds and retail stores.
- (6) The existence of the distributor tier in the beer industry produces significant efficiencies for suppliers (brewers and importers), retailers and the economy by reducing the costs of transporting beer, servicing retailers and providing consumers with a wider range of choices than they would otherwise enjoy. This report follows solid

¹ Teacher hours calculated at \$27.50/hour and highway miles at \$26,667.00/mile.

academic research findings in quantifying the total magnitude of these efficiencies. The transportation efficiencies that enhance consumer choice save the American economy approximately \$22 billion per year. These efficiencies generated by beer distributors amount to more than \$42,000 per year per retailer on average, or \$116 per day every day of the year per retailer. Another way of viewing the \$22 billion is in terms of social goods that can be provided to the U.S. by the efficiency gains. For example, more than 800 million public school teaching hours per year could be supported, or more than 825,000 miles of public highways could be maintained. Beer distributors also contribute to the economy through their role in reducing the cost of collection of taxes and providing easier enforcement of alcohol regulations. In this role, distributors act like quasi-government agencies that do not require public funds.

- (7) Beer distributors are good citizens in their communities across the U.S. They support numerous community events, a wide array of charitable activities and many activities promoting local economic development. In addition, they play a role in efforts to eliminate drunk driving, alcohol abuse and underage drinking through alcohol awareness, server training and education initiatives in schools and the media.

Beer distributors' economic impacts discussed for the United States as a whole, and for individual states, in the preceding paragraphs originate at the level of individual beer distributors in every state. The U.S. total discussed above is the sum of these state-level impacts because distributors' impacts extend beyond their own states' borders; this report quantifies this effect.