The Contribution made by Beer to the European Economy

Switzerland - March 2020

Europe Economics

The Brewers of Europe

Switzerland

1 | Country profile

Table 1. Country profile

	2018
Population	8,484,130
Currency	Franc
GDP per capita in PPS (2012, EU28 = 100)	155

Source: Eurostat and National Statistical offices.

2 | Highlights Switzerland

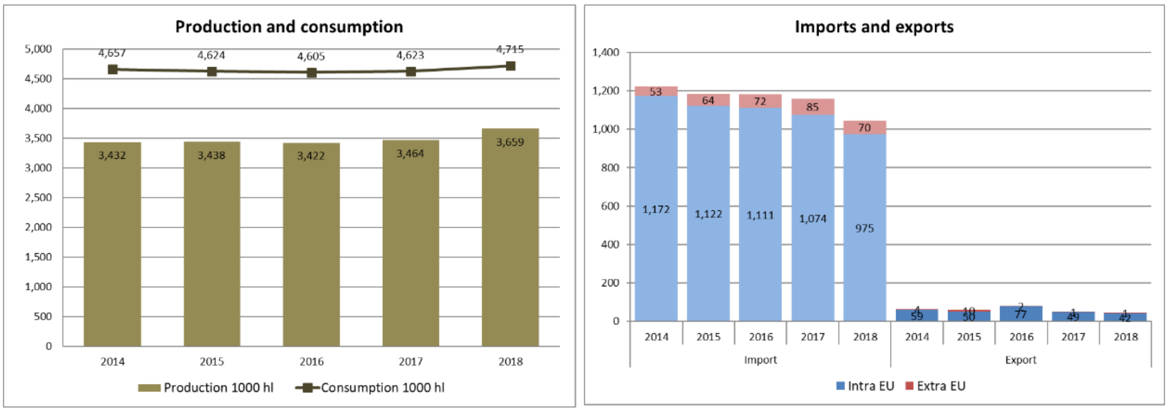
Table 2. Economic impact summary (and % change over the period)

		2015	2016	2017	2018
Total number of jobs	[-19.7%]	40,578	38,246	32,641	32,589
Value-added (mEuro)	[-2.9%]	1,289	1,285	1,260	1,252
Government revenues (mEuro)	[-7.3%]	683	656	635	633

Source: Calculations - different sources.

Swiss beer drinkers consume considerably more than the litreage produced by domestic brewers, owing the difference to an active import sector. However, whilst total beer imports have been falling steadily since 2014, domestic production has stepped-up to meet the increasing level of demand.

Figure 1. Evolution of main indicators (2014-2018)



Source: National associations.

3 | A snapshot of the brewing sector

Domestic producers have brewed an increasing quantity of beer in the last four years. 2018 saw a slight spike in production, thanks in part to warm weather and continued growth in the presence of microbreweries.[1] Yet, around 99% of all beer produced in Switzerland comes from just 51 breweries, each selling over 100,000 litres per year. The total number of breweries surpassed 1,000 in 2018, marking an increase of 64% since 2015.

Table 3. Basic characteristics of the beer sector (2015-2018)

	2015	2016	2017	2018
Total production (in hectolitres)	3,438,000	3,422,000	3,464,000	3,659,000
Brewing companies	623	753	869	1,021
Breweries (including microbreweries)	623	753	869	1,021
Microbreweries	573	703	818	933

Source: National Associations.

4 | Looking at the beer market

Consumption rose to 470 million litres in 2018. An increasing proportion is being consumed in the retail sector. This could be attributed to the slight reduction in the average retail price of beer between 2015 and 2018 (from €3.06 per litre to €2.80) while the price in hospitality rose (from €10.77 to €13.30). Consequently, beer on the shelves of shops and supermarkets is being increasingly more attractive for consumers than the beer sold at bars and restaurants.

Table 4. Basic characteristics of the beer market (2015-2018)

	2015	2016	2017	2018
Total consumption in hectolitres	4,624,000	4,605,000	4,623,000	4,715,000
Total consumer spending (in million Euro)	2,984	2,882	3,286	3,251
Consumption of beer per capita (in litres)	55	55	54	55
Beer consumption hospitality	44%	40%	40%	39%
Beer consumption retail	56%	60%	60%	61%
Consumer price hospitality (€ / litre)*	10.77	12.30	13.30	13.30
Consumer price retail (€ / litre)*	3.06	2.23	2.98	2.80

Note: * Prices are averages inclusive of taxes and duties.

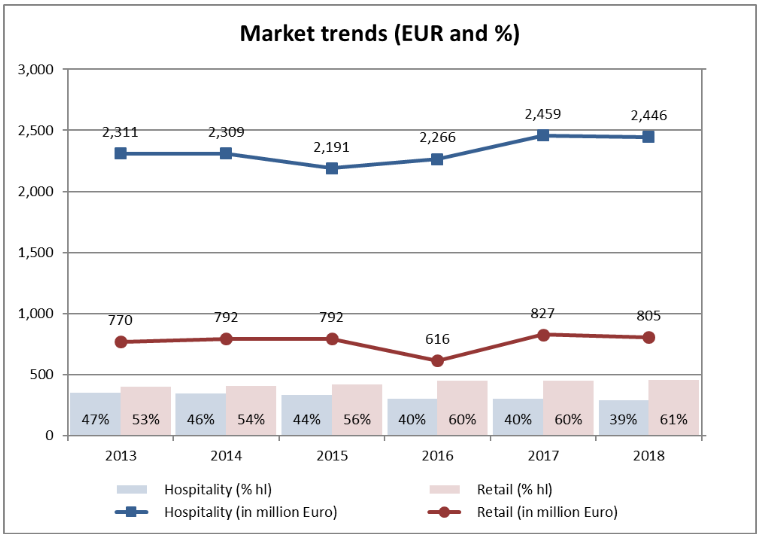
Source: National Associations.

[1] Swissinfo.ch (2018) "Hot weather and microbreweries boost Swiss beer sales".

5 Trends and developments

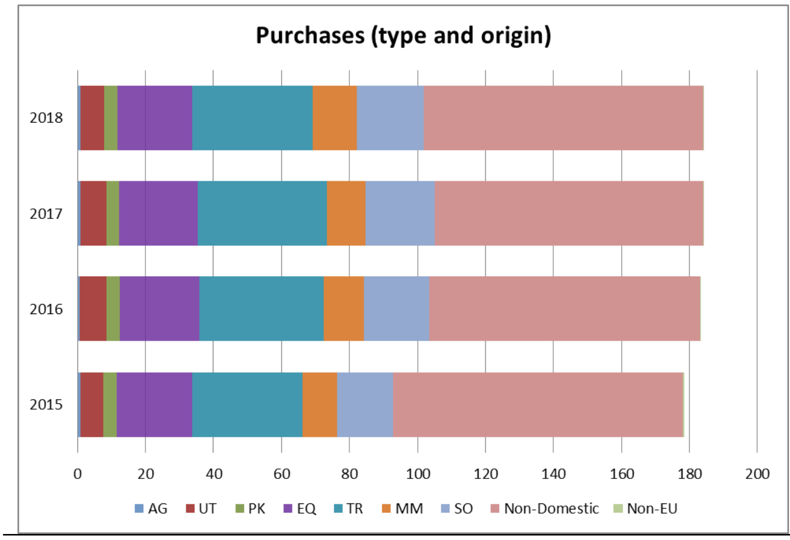
The values of the beer markets in the hospitality and retail sectors have continued to rise gradually at their long-term trend growth. The hospitality market is verging on €2.5 billion and the retail is nearing €1 billion. We also see a change in the consumption patterns. While in 2013 there was a close to 50-50 split in the retail and hospitality consumption, by 2018 this has changed to 60 per cent of consumption in retail and 40 per cent in hospitality. These long-term market characteristics however, do not display all the changes underway in the consumption patterns of Swiss beer drinkers. The Swiss Breweries' Federation reports that its members experienced trends in the form of: greater diversity in the beer produced and consumed, a reduction in the volume of lager beers, and an increased preference for non-alcoholic beers. These developments look to continue in the coming years as consumers reveal a preference for more variety in drinking habits.

Figure 2. Recent consumption trends (2013-2018)



As a small country, Switzerland's brewers import their inputs from other EU countries. Non-domestic purchases account for more than 40 per cent of the total purchases in the sector. Moreover, total purchases have remained stable at around €180 million in the period 2015-2018.

Figure 3. Importance up the chain



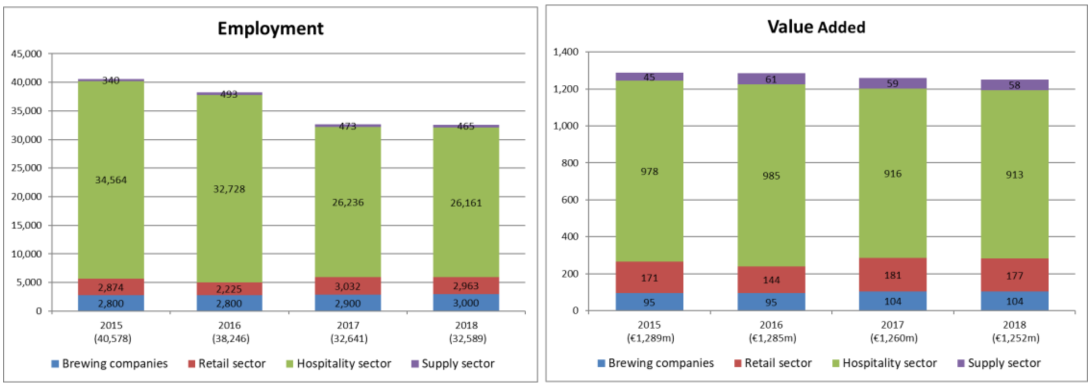
Note: AG – Agriculture; UT – Utilities; PK – Packaging; EQ – Equipment; TR – Transport; MM – Media / marketing; SO – Other services.
Source: Calculations based on data from Eurostat, and the Individual Brewers Questionnaire.

6 | The impacts beyond the sector: related jobs and value added

The hospitality sector employs the vast majority of Swiss workers in the beer industry. Total employment has fallen somewhat from a period-high of approximately 41,000 in 2015 to under 33,000 in 2018.

The reduction in employment has not been mirrored in the value added (only modest reductions are observed). In terms of value added, as with employment, it is mainly the hospitality sector which contributes the most.

Figure 4. Change in employment and value added (2015-2018).

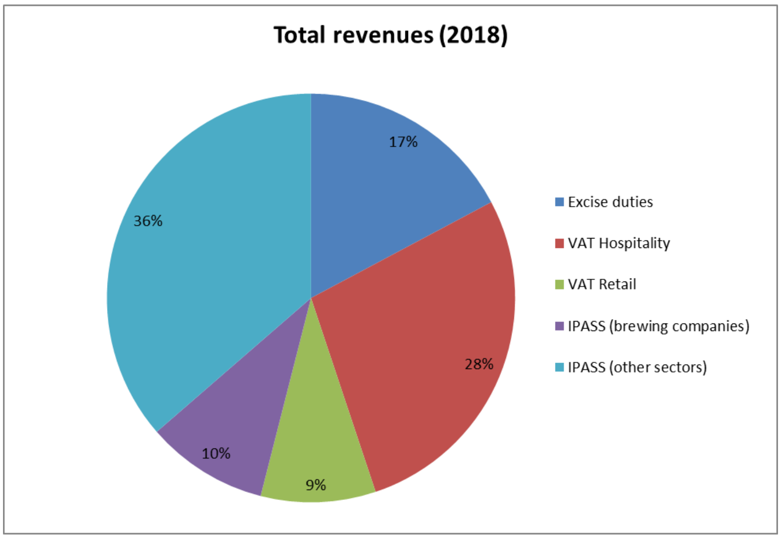


Source: Calculations based on data from Eurostat, National Associations, and the Individual Brewers Questionnaire.

7 | Government revenues related to beer

A considerable share of total tax receipts (36%) comes from the taxes on income, payroll and social security contributions (IPASS) of the sectors involved in the production of beer. The shares of VAT collected in both hospitality and retail sectors of the total government tax receipts are smaller than in other European countries. The low VAT rate of just 7.7% in 2018 may explain this.

Figure 5. Government revenues generated by beer in 2018



Source: Calculations based on data from Eurostat, and the National Associations.

Total government revenues have fallen in the period 2015-2018. The main driver of the decrease is the overall decrease on revenues coming from IPASS from other sectors.

Table 5. Government revenues, mEuro (2015-2018)

	2015	2016	2017	2018
Excise duties	100	100	94	109
VAT Hospitality	162	168	182	175
VAT Retail	59	46	61	58
IPASS (brewing companies)	67	65	65	61
IPASS (other sectors)	295	278	232	230
Total government revenues	**683**	**656**	**635**	**633**

Source: Calculations - different sources.

The Swiss Breweries' Federation have noted the importance for the sector of: developing a positive message (in favour of breweries), quality (of the brewed beers), image (of beer and the brewing sector) and education (of young brewers in Switzerland).

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