

# The Alcoholic Beverage Industry Report 2021



An overview of a young and growing food industry sector in Sweden



# Introduction

**THE COVID-19 PANDEMIC HAS CAUSED** great stresses and major challenges for society. All individuals, businesses and social institutions were forced to adapt when the COVID-19 coronavirus spread around the world starting in the winter of 2020.

The COVID-19 pandemic is the biggest health crisis for humanity in modern times. Some functions have been hit harder than others. Medical and care sector workers have made tremendous efforts to save lives and try to stop the spread. In other sectors, such as hospitality and tourism, culture and events, and hotels and restaurants, government restrictions and the loss of visitors have had dramatic consequences, with revenue losses of nearly 70 to 80 percent or more. Many businesses were also forced to make severe staff cutbacks through lay-offs and redundancies.

The COVID-19 pandemic has also had far-reaching repercussions for the Swedish producers of alcoholic beverages. Restaurants and bars, the hospitality industry and the events sector, such as concerts, are important customers for many alcoholic beverage producers, not least the smaller ones.

Despite this situation, the phenomenon that is usually called the Swedish alcoholic beverage sensation still appears to have held its own during the 2020 pandemic year. Lacking current data about turnover and financial results for the industry, we can only observe that there has been no decline in the number of registered producers, as might have been feared given that many alcoholic beverage producers are recently established

and financially insecure. On the contrary: despite the pandemic and the constraints it has imposed on business operations, the number of producers continued to grow in 2020. At the turn of 2020–2021, there were 768 companies registered in Sweden to produce spirits, wine, cider and beer. At the same time a year earlier, before the pandemic, the number was 729. This corresponds to a growth rate of just over 5.3 percent.

The strong growth in the Swedish alcoholic beverage industry, which has primarily occurred over the past five to ten years, thus continues.

“The Swedish alcoholic beverage sensation appears to have held its own during the 2020 pandemic year.”

The aim of the Alcoholic Beverage Industry Report 2021 is to provide a description of the current state of the Swedish production of alcoholic beverages, the industry's size, structure, breadth and location, and its future challenges. This report is the fourth about the Swedish production of alcoholic beverages and covers the extent and location of the alcoholic beverage industry up to the end of 2020. The Alcoholic Beverage Industry Report 2021 consists of two parts. Part 1, "The Swedish alcoholic beverage sensation", presents developments in the industry during 2020. The statistics are based on data from Statistics

Sweden's Business Register, which have been processed and then supplemented with other source materials, including from the Swedish Wine Association (Föreningen Svenskt Vin), which has more comprehensive statistics on the number of Swedish wine producers. To enable comparisons, the previous year's number of alcoholic beverage producers has been adjusted based on the new information. Part 2, "The alcoholic beverage industry's views on its present and future", presents the results of an online survey conducted by the Ipsos market research company in October to December 2020 among Swedish alcoholic beverage producers about the current situation, the future, and the issue of farm-gate sales of alcoholic beverages. The survey was commissioned by the Federation of Swedish Farmers (LRF) Local Food & Beverages.

The Alcoholic Beverage Industry Report 2021 was produced on behalf of Swedish alcoholic beverage producers: the Swedish Wine Association, the Federation of Swedish Farmers Local Food & Beverages and Swedish Producers of Alcoholic Beverages (SPAA). Swedish-language versions of the previous Alcoholic Beverage Industry Reports of 2018, 2019 and 2020 are available for download at [www.spaa.se](http://www.spaa.se). The first two reports contain detailed accounts of the importance of the Swedish alcoholic beverage sector to food and

drink tourism and the hospitality industry, international development and responsible alcohol production.

#### How we produced the report

The section on the structure and size of the alcoholic beverage industry is based on statistics taken from Statistics Sweden's Business Register and supplemented with data on Swedish wineries from the industry organisation of Swedish wine producers, the Swedish Wine Association. Some 20 companies are registered as producers of two or more types of alcoholic beverage. For this reason, the total number of producers differs from the total of the producers in the respective beverage categories. The data refer to 31 December 2020 and 31 December 2019.

An inspection of Statistics Sweden's Business Register shows that a number of businesses are miscoded. They are registered as producers of alcoholic beverages but are actually involved in other activities. Double or triple registration has also been detected. In preparing this report, these errors have been eliminated as far as possible. The figures for the number of producers on 31 December 2019 have also been adjusted. This means that the 2020 and 2019 statistics on the number of producers are not directly comparable to those in previous years' Alcoholic Beverage Industry Reports.

"We were thrilled that we could quickly adapt to become an important actor in society and contribute during the acute stage of the pandemic. Many of our industry colleagues followed our lead and together we were able to significantly increase the availability of hand sanitiser to those who needed it most in a pressured situation."



ANNA SCHREIL, VICE PRESIDENT OPERATIONS, THE ABSOLUT COMPANY



# 1.

## The Swedish alcoholic beverage sensation

The production of alcoholic beverages is one of the fastest growing segments of the Swedish food industry. The number of producers has increased rapidly over the past decade. Despite the COVID-19 pandemic, the number of producers continued to grow in 2020.



**AT THE END OF THAT YEAR** 770 companies were registered as producers of alcoholic beverages, that is, beer, distilled spirits, cider and wine. This is an increase of 41 companies compared to 2019.

This represents a growth of 5.7 percent. This is lower than for the next-previous year, when the number of producers increased by double digits in percentage terms. However, given the COVID-19 pandemic in 2020, which particularly impacted the restaurant and hospitality industries, both crucial sources of revenue for alcoholic beverage producers, the creation of new businesses was surprisingly high. On average, each month saw three to four new start-ups. This is evidence of a strong entrepreneurial spirit and shows that people consider their involvement in the sector to be a long-term investment.

The majority of companies are registered as producing one alcoholic beverage. A smaller number, around 20, state that they produce two or more alcoholic beverages, for example beer and whisky.

The alcoholic beverage producers are distributed throughout Sweden. Production occurs in all 21 counties and in 75 percent of Sweden's 290 municipalities – including some of Sweden's smallest, such as Robertsfors, Sorsele and Åsele in Västerbotten, Jokkmokk in Norrbotten, Eda in Värmland and Ydre in Östergötland County.

The alcoholic beverage producers are most numerous in the three metropolitan regions of Stockholm, Västra Götaland and Skåne. The producers total just over 390 in number but the three metropolitan areas are actually underrepresented relative to the number of their inhabitants. The three counties are home to 53 percent of the Swedish population but have 51 percent of the alcoholic beverage producers. It should also be noted that a number of companies legally domiciled in the Stockholm region, for example, have their production elsewhere in the country.

What distinguishes Swedish alcoholic beverage production is instead its geographical distribution and the high representation of more sparsely populated counties.

At the end of 2020 Stockholm County had the most alcoholic beverage producers at 141, followed by Skåne County with 131 and Västra Götaland County with 122. Then came Halland and Uppsala Counties with 30 producers each. Västernorrland and Norrbotten Counties are in fifth and sixth place respectively among Sweden's 21 counties, each with 26 registered producers.

Gotland, Dalarna and Jämtland Counties are also on the list of leading counties, which further confirms that a large number of the new start-ups in recent years have been in rural areas and small localities.

“ This is evidence of a strong entrepreneurial spirit and shows that people consider their involvement in the sector to be a long-term investment.

Alcoholic beverage production facilities have become attractive tourist destinations in smaller localities, thereby boosting local business development and creating new jobs. This is clear not least from the media coverage in recent years.

Unsurprisingly, Sweden's largest cities in terms of population – Stockholm, Gothenburg and Malmö – have the highest number of alcoholic beverage producers among Sweden's 290 municipalities. However, it is perhaps less well known that Höganäs, Kungsbacka and Simrishamn are among the ten municipalities in Sweden with the highest concentration of alcoholic beverage producers – together with places like Helsingborg,

Karlstad and Sundsvall. As an important tourist destination, Gotland occupies a special position in terms of its number of producers relative to its population.

The Swedish alcoholic beverage industry consists mainly of small companies or ones led by entrepreneurs. Most were founded within the past ten years. There are also a handful of large companies with roots going back over 100 years. They include The Absolut Company, Carlsberg, Spendrups, Kopparberg and Saturnus.

There are no statistics on the number of employees but according to an estimate by the Federation of Swedish Farmers, Sweden's alcoholic beverage producers employ around 7,000 to 8,000 people. The new jobs have been created mainly in the smaller companies. The jobs are not only in the actual production process but also in related activities, such as tasting sessions, guided tours and serving. This is a strong increase compared to 2017, when a survey by the Federation of Swedish Farmers estimated the number of employees at 5,500. There is also indirect employment by subcontractors, service companies and the hospitality industry, which is very important in rural areas.

The COVID-19 pandemic has created major challenges for the industry. Restrictions and closures in 2020 caused many companies to suffer a sharp drop in sales. At the same time, much creativity has been applied in trying to adapt to this extreme situation. A number of producers chose to switch their production, for example over to lower-alcohol beers, in order to seek out new sales channels.

The onset of the COVID-19 pandemic in the spring of 2020 revealed that Swedish society was not sufficiently prepared to deal with a rapid spread of the disease. An acute shortage of protective equipment rapidly arose in the medical and care sectors. To remedy this situation, a number of alcoholic beverage producers switched over to producing raw materials for hand sanitisers or to actually producing hand sanitisers. The Absolut Company supplied a total of 3.4 million litres of ethanol, the most important ingredient in hand sanitiser, to some 20 hand sanitiser manufacturers. Stockholms Bränneri, Norrtelje Brenneri, Mackmyra, Spirit of Hven, Tevsjö Destilleri, Agitator Whisky, Skånska Spritfabriken and a number of small microbreweries also helped to solve the acute shortage.



"Interest in local and artisanal alcoholic beverages has totally exploded. I see it clearly at High Coast Whisky and Hernö Gin, which I'm involved in, and we've hit visitor records year after year. I regard the alcoholic beverage industry as a growth engine in rural areas."

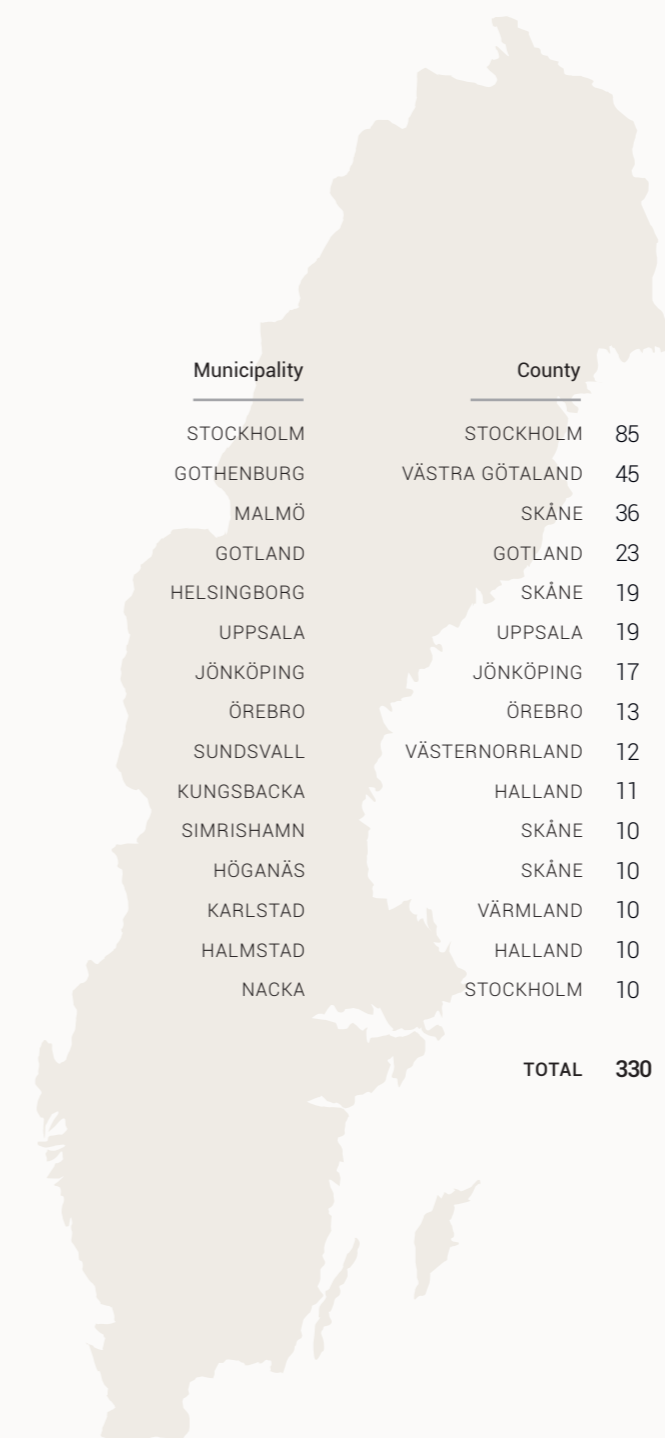
THOMAS LARSSON,  
FOUNDER AND FORMER CEO HIGH COAST DISTILLERY



## Counties with the highest number of alcoholic beverage producers\*



## Municipalities with 10 or more alcoholic beverage producers\*



# 2.

## A diverse and dynamic sector

Sweden's new alcoholic beverage industry is characterised by its versatility and creativity. Sweden now produces a wide range of alcoholic beverages: beer, grape wine, fruit wine, cider, mulled wine, mead and a variety of distilled products such as vodka, aquavit, whisky and gin. A number of producers have enjoyed international success and won competitions, and ever-increasing volumes are being sold for export.

### Beer: continued growth despite the pandemic

**THE SINGLE LARGEST CATEGORY** among Swedish producers of alcoholic beverages is beer breweries. At the end of 2020 there were 581 registered beer producers in Statistics Sweden's Business Register. In the course of that year 24 breweries were added, an increase of just over four percent.

A survey by the Swedish Brewers Association in collaboration with the beer blog Portersteken concluded that at the end of 2020 there were 453 active breweries with their own brewing equipment in Sweden. The difference is explained by the fact that the surveys are based on different source materials and methodologies. The same survey reported that 40 new breweries were added during the year.

“Breweries are a typical start-up industry and a large number of entrepreneur-run companies have been established within the past five or ten years.

Both studies give the same picture of the long-term development of the brewing industry. In 2010 there were about 40 breweries in Sweden. Since then the number has increased more than tenfold. Few industries have experienced such explosive growth. In terms of its number of breweries, by 2018 Sweden had already surpassed Belgium, which is world-famous for its beer culture.

Breweries are the category with the broadest geographical spread, being present in all 21 counties and in 185 of Sweden's 290 municipalities. Many are located in the

most densely populated regions. Stockholm has 114 registered beer producers, 47 of which are in the city of Stockholm itself. The corresponding number is 105 in Västra Götaland County and 31 in Gothenburg.

The highest concentration, measured as the number of breweries per capita, is in Gotland, Jämtland – both major tourist destinations – and Västernorrland Counties. Halland and Norrbotten Counties also rank high among the counties with a high proportion of breweries.

Breweries are a typical start-up industry and a large number of entrepreneur-run companies have been established within the past five or ten years. A number of smaller municipalities with 10,000 to 20,000 inhabitants may have two or more beer producers. The largest companies, and those with the longest history, are well-known groups such as Carlsberg, Kopparberg, Spendrups and Åbro. The entire alcoholic beverage industry had a tough year in 2020 due to the pandemic. At first the breweries were in a difficult situation but many of them succeeded in switching their production to medium-strong beer and finding sales outlets via the food industry.

Top five beer-producing counties	Number	Per 10,000 inh.
Stockholm	114	48
Västra Götaland	105	61
Skåne	75	54
Halland	26	77
Uppsala	26	67

Municipalities with most producers	Number
Stockholm	47
Gothenburg	31
Malmö	15
Uppsala	13
Gotland	12

## Spirits: Medal-winning production with deep roots

**SWEDEN HAS A LONG TRADITION** as a producer of distilled beverages. The foundations of the two largest companies, The Absolut Company, part of the Pernod Ricard group, and the family-owned Saturnus, were established back in the late 19th century. In the 21st century these two have been joined by many new companies which produce or handle distilled alcoholic beverages. At the end of 2020 there were 86 registered companies in Sweden. In 2020 alone the number increased by almost nine percent.

This makes spirits the second-largest category after beer in the Swedish alcoholic beverage industry. Almost half the companies are located in the counties of Stockholm, Skåne and Västra Götaland. But less populated counties such as Norrbotten, Västernorrland and Gotland also stand out with a number of producers. They also have the highest concentration of producers per capita.

The distribution within the counties is also large. The 86 companies are located in 58 of Sweden's municipalities. Historically, Swedish production has focused on brännvin or vodka. The large number of new producers in the past 10 to 20 years has broadened the product range considerably. Today Swedish spirits production is characterised by diversity, innovation and creativity. In addition to vodka, brännvin and aquavit, gin, whisky, punch and liqueurs are also made.

The Absolut Company, with its production in Nöbbelöv and Åhus in Skåne, is by far the largest of the Swedish producers. Absolut Vodka is the Swedish food industry's biggest export success and 99 percent of its production is exported to more than 120 countries. The business generates around 2,000 full-time jobs, of which 500 are direct employees. Saturnus in Malmö, founded in 1893, produces spiced brännvin and gin, among other things, but is also Sweden's largest producer of mulled wine.

Some of the producers which were founded in the 2000s and which have enjoyed international success are Mackmyra, a pioneer in Swedish whisky, High Coast Distillery, Hernö Gin, as well as Spirit of Hven and Purity Distillery, which produce gin, vodka and whisky. There are also a number of smaller local distilleries, such as Norrtelje Brenneri and Stockholms Bränneri, plus Norrbottens Destilleri, Sweden's most northerly spirits producer, in Töre in Kalix municipality. All three produce gin.

A number of the Swedish producers have also won a range of prestigious awards over the years. Purity Distillery won the medal for the world's best gin in 2020 and in 2019 the medal for the world's best vodka. Spirit of Hven won the award for the world's best whisky made from maize and Hernö Gin won the award for the world's best gin for gin & tonic. Most recently, Absolut Vodka won gold in the World's Spirits Competition 2021 (out of 3,500 competitors).

These successes have increased foreign interest in Swedish spirits production and contributed to a growing export and hospitality business.

Top five spirits-producing counties	Number	Per 10,000 inh.
Stockholm	19	8
Skåne	12	9
Västra Götaland	10	6
Norrbotten	8	32
Västernorrland	6	25

Municipalities with most producers	Number
Stockholm	11*
Gotland	5
Skellefteå	3
Lund	3
Malmö	3

\*) Five of the producers are legally domiciled in Stockholm but have their production facilities elsewhere, e.g. in Åhus and Arboga.





## Cider: The fastest growing alcoholic beverage

**CIDER IS THE CATEGORY OF ALCOHOLIC BEVERAGE** that has grown fastest in recent years. At the end of 2020 there were 68 registered producers of cider, compared to 59 at the same time in 2019, which is a growth rate of 15 percent.

This category also includes producers of fruit wines, mulled wine and mead. Cider began being produced in Sweden as early as the 19th century and on a larger scale in the 1950s. Cider was long classified as a soft drink with an alcohol content of no more than 2.25 percent by volume. Stronger cider was called fruit wine. This was changed in the 1990s and since then cider has been a designation for both stronger and weaker beverages.

Cider producers are located in 17 of Sweden's 21 counties. Skåne, Stockholm and Västra Götaland have the most producers, followed by Västerbotten, Gotland and Örebro. Measured per capita, the concentration is highest on Gotland and in Västerbotten.

The largest producer is Kopparbergs Bryggeri, whose cider is exported to some 30 countries, with the UK as

the largest market. In recent years production has been expanded to include vodka, gin and rum.

Other major producers with a long tradition of production are Herrljunga Bryggeri, Kivik Musteri and Åbro Bryggeri. New cider producers representing the new, innovative and high-quality "apple wave" include Brännland Cider in Vännäs in Västerbotten, Fruktstereo in Malmö, Tosterups Gård in Tomelilla, Pomologik in Strängnäs and Kullabygdens Musteri in Mjöhult.

Top five cider-producing counties	Number	Per 10,000 inh.
Skåne	11	8
Stockholm	10	5
Västra Götaland	8	5
Västerbotten	6	22
Gotland	4	67

Municipalities with most producers	Number
Malmö	5
Stockholm	5
Gotland	4
Jönköping	3
Gothenburg	3

percent compared to the same time in 2019. In the past five years alone some 20 new wineries have been founded.

Wine production currently occurs in 12 of Sweden's counties, mainly in the southernmost parts of the country, where the climate is more favourable for viticulture. The total area of land under vines is estimated to be around

100 hectares but this is expected to increase in the years ahead by 50 to 150 hectares depending on whether farm-gate sales of alcohol will be permitted.

Skåne is the centre of Swedish wine production, accounting for more than 60 percent of all wineries. The largest concentration is in six municipalities: Höganäs, Kristianstad, Simrishamn, Ystad, Helsingborg and Båstad.

Blekinge, Halland, Gotland and Stockholm also have a number of wine producers. Because the vines need time to grow before they can produce grapes, it takes several years to establish wine production.

In recent years Swedish wineries have enjoyed great success in international wine competitions. In 2020 Swedish wines won 25 medals, including four gold, at competitions in Spain, Germany, France and England. The corresponding numbers were four medals in 2017, seven in 2018 and 13 in 2019.

As a step in the development, professionalisation and degree of organisation that Swedish viticulture is undergoing, some 20 wineries formed the Swedish Industry Organisation for Oenology & Viticulture (SBOV) in the spring of 2021.

Top five wine-producing counties	Number	Per 10,000 inh.
Skåne	36	25
Halland	4	12
Blekinge	3	19
Stockholm	3	1
Gotland	2	3

Municipalities with the most producers	Number
Höganäs	5
Kristianstad	5
Simrishamn	4
Ystad	4
Helsingborg	3
Karlskrona	3
Båstad	3



# 3.

## The alcoholic beverage industry's views on its present and future

The COVID-19 pandemic has created major challenges for Swedish alcoholic beverage producers. However, belief in the future is strong, with improved profitability, more employees and increased investment predicted in the years ahead.

**THIS IS THE RESULT OF AN ONLINE SURVEY** among Swedish alcoholic beverage producers conducted by the market research company Ipsos at the end of 2020 on behalf of the Federation of Swedish Farmers Local Food & Beverages.

The survey included just over 20 questions and was conducted between 26 October and 3 December 2020. A total of 95 producers of beer, wine, cider and spirits participated, representing a response rate of 51 percent. The majority (78 percent) of the companies were established in the past ten years and just over a third (37 percent) in 2017 or later. They are therefore young businesses; many are still in the start-up phase.

This is also reflected in the number of employees. Four of ten companies currently have one to two full-time employees and one in four has between three and ten. However, more than half (57 percent) expect to increase their employee numbers over the next three years. Of these, half believe they will increase their employee numbers by one to two.

Just over half (57 percent) plan to make major investments in the years ahead and of these, 46 percent plan to invest from SEK 100,000 to SEK 2 million.

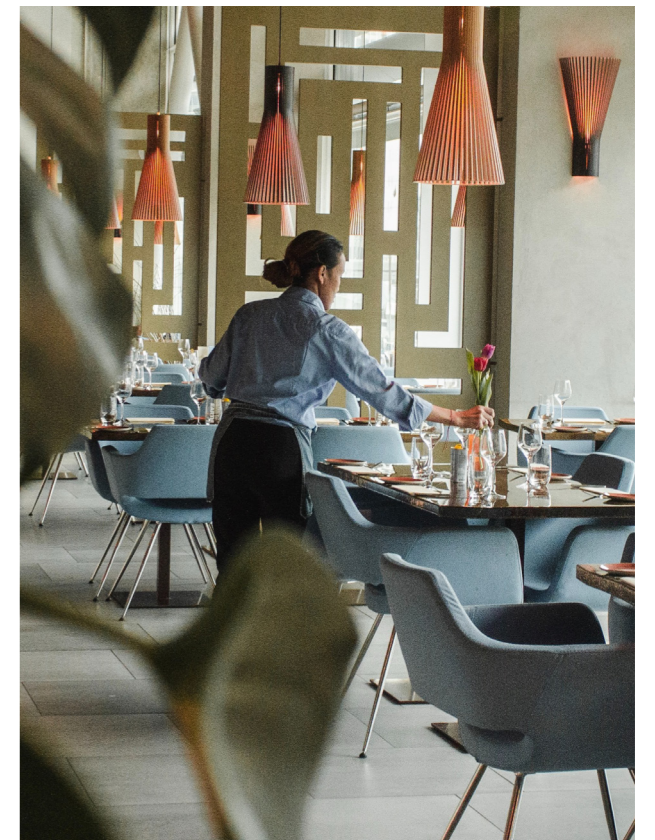
There is wide variation in how the companies have invested. The median investment is SEK 1.6 million and the average investment is SEK 8.3 million. Most (81 percent) have invested their own money. Almost half (46 percent) have also taken out bank loans. Capital has also been raised with the help of external financiers, investment grants and new owners. Crowdfunding plus friends and family have also been sources of investment.

Just over half (57 percent) plan to make major investments in the years ahead and of these, 46 percent plan to invest from SEK 100,000 to SEK 2 million. Ten percent plan to invest SEK 5 million or more.

The companies mainly plan to invest in machinery and equipment (85 percent of companies) but also in sales and marketing.

The COVID-19 pandemic has created major challenges for the alcoholic beverage companies. In particular, sales to restaurants and bars have fallen but exports have also been impacted. Almost six in ten companies say that their profitability is currently poor and that in 2020 it came in below budget. Twelve percent say their profitability improved during the year and 21 percent say it was unchanged.

The COVID-19 pandemic and the resulting restrictions have also caused half the companies to abstain from making planned investments.



Even though the pandemic has caused financial losses, most of the producers are optimistic about the future. When asked what they think about their profitability in three years' time, 56 percent say it will be good or very good. However, this is less than in 2017, when the same question was asked in a similar survey. At that time 68 percent believed their profitability would increase.

In December 2020 the Swedish government appointed a commission of inquiry into farm-gate sales of alcohol directly to consumers. Systembolaget currently has the monopoly on all sales of alcoholic beverages in Sweden. The commission is due to present its report in December 2021.

The survey also included a number of questions about the attitude of alcoholic beverage producers to farm-gate sales and the impact it would have on their own businesses.

Eight out of ten responded that they would start farm-gate sales of their beverages if permitted. The main arguments are that such sales would be an important part of the hospitality industry, good for the local community

and attract foreign visitors. 80 percent also believe that farm-gate sales would increase profitability, as they would generate significantly more visitors. Many predict that the number of visitors would increase multiple times.

Farm-gate sales would also be positive for the number of employees. Three out of four companies expect to need to increase the number of their full-time employees as a result of introducing farm-gate sales. On average, the number of full-time jobs is estimated to increase by 2.17 per company. As many are small businesses with one or two employees, for many companies this would mean an increase of up to 200 percent.

Just over half the companies believe that farm-gate sales would have no or marginal effect on their sales through Systembolaget. A quarter believe that farm-gate sales would contribute to increased sales through Systembolaget.

I notice a great interest in local produce and raw materials throughout Sweden, whether it's cheese, meat, vegetables, beer, cider or spirits. It's clear to me that there is huge potential for food and drink tourism and an opportunity for growth all over the country.

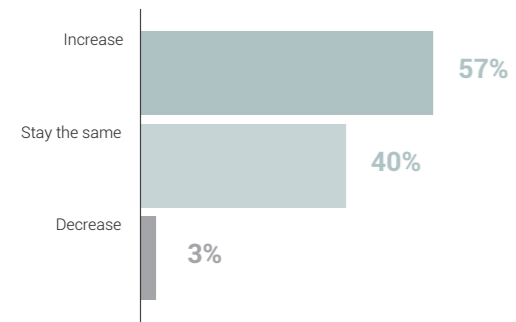


ANNA KAIJSER,  
CHIEF OF LOCAL FOOD & BEVERAGE, THE FEDERATION OF SWEDISH FARMERS

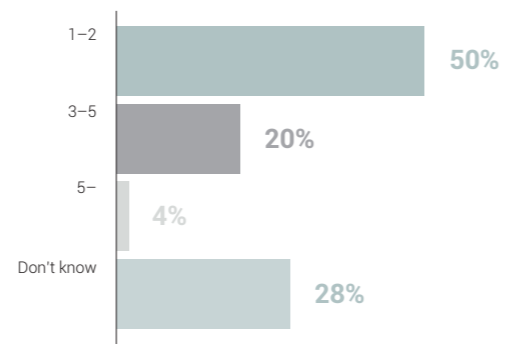


# Market survey of Swedish alcoholic beverage producers

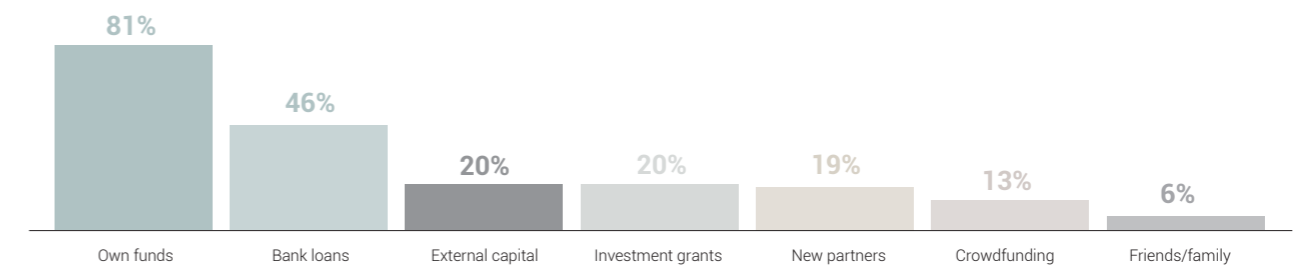
How do you predict your company's employee numbers will develop over the next three years?



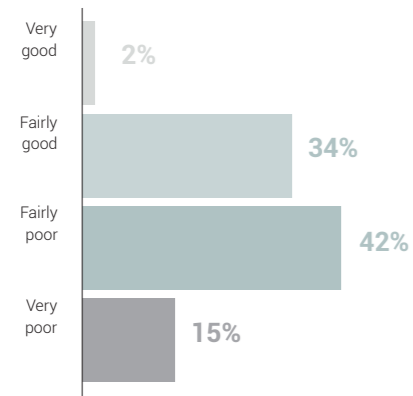
By how many do you think the number of employees will increase in the next few years?



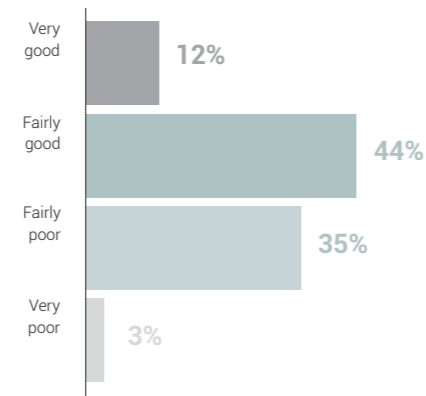
How are you financing your investments?



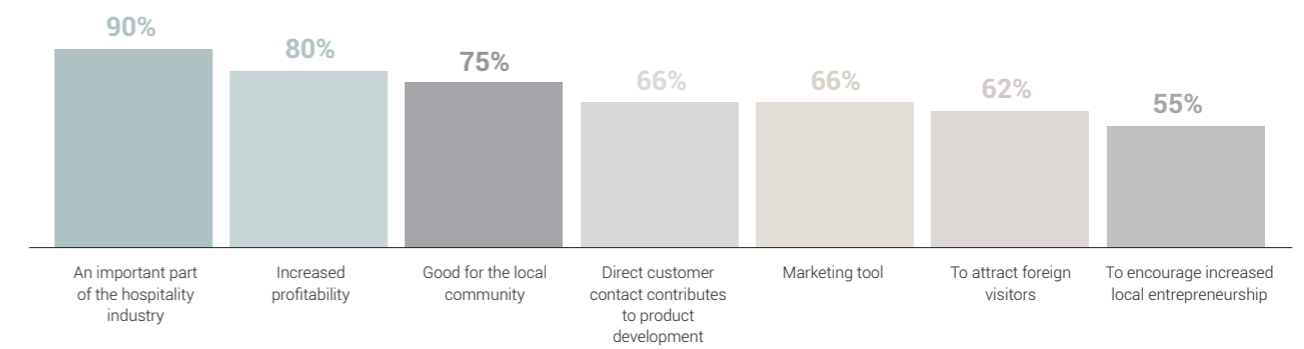
What is your view of your company's profitability today?



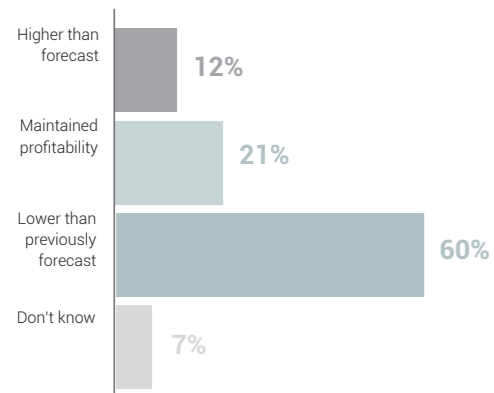
What is your view of your company's profitability in three years' time?



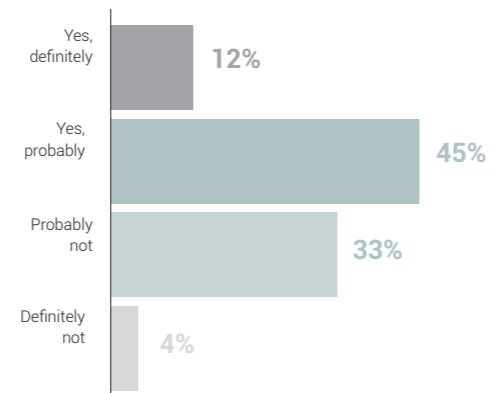
Why would you start farm-gate sales of alcohol if they are permitted?



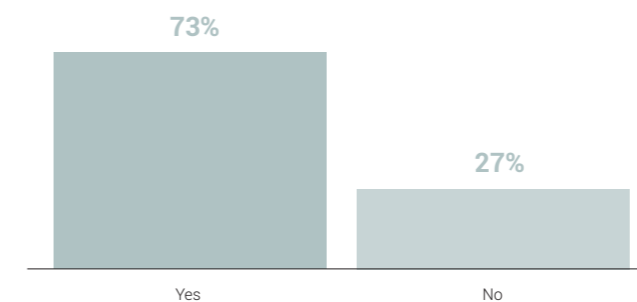
How did the pandemic affect your profitability in 2020?



Are you planning to make major investments in the next three years?



Do you believe that the number of full-time jobs would increase as a result of the introduction of farm-gate sales?



## About the report

The Alcoholic Beverage Industry Report 2021 describes the current situation of the Swedish production of alcoholic beverages. The report was compiled by the Federation of Swedish Farmers (LRF) Local Food & Beverages, the Swedish Wine Association (Föreningen Svenskt Vin), and Swedish Producers of Alcoholic Beverages (SPAA). This year's report (in English and Swedish) and previous years' reports (in Swedish) from 2018, 2019 and 2020 are available at their respective websites.

<https://spaa.se/>

<https://svensktvin.se/>

<https://www.lrf.se/om-lrf/organisation-branschavdelningar/lrf-lokal-mat-och-dryck>

