

U.S. Craft and Micro Distilling Industry Explodes *U.S. Goes from 24 to Over 580 Small Batch, Artisanal Distilleries*

The U.S. craft distilling market is growing exponentially. The number of identified craft distilleries has gone from 24 in 2000 to 234 at the end of 2011; at this rate of growth, it was estimated that there could be over 1,000 U.S. craft distilleries in the next decade.¹ However, with over 580 craft distilleries operating in the U.S. as of 2014, it is likely the number will soon surpass 1,000. Craft distilleries — also known as artisan distilleries, boutique distilleries, small batch distilleries and micro distilleries — produce spirits (liquor) as opposed to beer and wine. They use local ingredients to give their products a unique flavor.

According to the Distilled Spirits Council of the U.S. (DISCUS), the U.S. beverage alcohol industry as a whole accounted for approximately \$400 billion in U.S. economic activity in 2010; of that, approximately \$120 billion, or 30%, came from distilled spirits.² The craft distilling industry is quickly growing and contributing to a larger portion of the distilled spirits revenue.

The craft distilling industry suffered a blow when Prohibition hit and bootleggers lowered everyone's expectations of quality. Once Prohibition ended and liquor production and sales resumed, varying state laws stifled the resurgence of the small batch distilleries. The distilleries that were lawfully and financially able to resume operations were the mass produced, large players.

It wasn't until 1982 that the craft and micro distilling industry in the U.S. picked up again, when two craft distilleries, including Germain-Robin, opened in California. St. George Spirits and Charbay followed in 1983.³ By 2000, craft distilleries existed in only 12 U.S. states⁴ however, as of 2014, all 50 states and most provinces across Canada have craft distilleries. These spirits are receiving stellar reviews and have become favorites used in traditional and signature cocktails at bars and restaurants.

Many of the craft distillery owners worked to get state laws changed in order to be able to operate their businesses and/or to sell their products on the premises. For example, Evanston, Ill., was a dry town until the 1990s. After that, Paul Hletko, founder and master distiller of Few Spirits, helped to reverse the Prohibition-era laws so that he could operate a craft distillery in the town. Also, the owners of Pennsylvania's Philadelphia Distilling and Pennsylvania Pure Distilleries were instrumental in crafting legislation to allow them to have on-site tasting rooms and on-site liquor sales.

Changing laws are helping the industry grow, as is increased education about the industry. Some U.S. craft distillers had to travel overseas to get formal distilling education; however, U.S. higher education, the craft distillers themselves, and professional organizations are now offering distilling workshops and courses.

Cornell University's Enology Extension offers artisan distilling workshops. Wisconsin's Ethanol Technology Institute examines the science of alcohol production. Both Michigan State University

¹ Michael Kintslick. "The U.S. Craft Distilling Market: 2011 and Beyond." *Coppersea Distilling, LLC*. Presented at American Distilling Institute Conference, Apr. 2011.

² "Economics." *DISCUS*. Distilled Spirits Council of the U.S., 2013. Web. 29 Apr. 2014.

³ Kintslick.

⁴ Kintslick.

and Missouri State University have distilling programs. Finally, the Siebel Institute of Technology World Brewing Academy even offers distilling courses at its Chicago location. Many of the U.S. craft and micro distillers are also offering workshops and courses. For example, Scott and Becky Harris, owners of Virginia's Catocin Creek, offer full-day seminars and workshops to teach the basics of craft distillery operations. Also, Koval Distillery's Sonat and Robert Biernecker offer distilling consulting services and teach distilling courses.

The Distilled Spirits Epicenter in Louisville, Ky., allows visitors to learn about the distilled spirits industry through hands-on experiences in prototyping and testing batches and in the entire spirits production process. Also, its Moonshine University allows visitors to "study the methods used to derive, hone, and layer flavors" for distilled spirits.⁵ The American Distilling Institute also offers artisan distilling workshops.

Increased media attention has also led to an increased interest in the industry. Many media outlets are shining the spotlight on the local entrepreneurs behind these craft and micro distilleries. Also, top media outlets with fine dining sections such as the *NY Times* consistently give artisanal spirits high rankings, often above large scale distilled spirits, as top brands in the industry.

In addition to legislation, education, and media coverage, craft and micro distillery owners have formed a trade organization, the American Craft Distillers Association (ACDA), to support their industry. The ACDA, which is "governed exclusively by licensed craft distillers," aims "to promote and protect craft distilling in North America" and "to create a network of distilling entrepreneurs who collaborate by sharing knowledge and experience."⁶

Despite the economic instability over the last few years, the industry continues to thrive. According to David J. Reimer, Sr., author of *Craft and Micro Distilleries in the U.S. and Canada: The Definitive Guide to Small Batch, Artisanal Spirits*, "You can see the industry has exploded in the three years since the first edition of my book. A lot of that is because the industry pioneers were successful in changing legislation in their states to make it easier to own and operate a micro distillery."

Reimer adds, "Many people continue to give up lucrative careers in government, information technology, businesses, and sciences in pursuit of their passion. Their products give consumers what they're looking for — local, unique, and handcrafted flavor and quality."

⁵ *Distilled Spirits Epicenter*. Distilled Spirits Epicenter, 2013. Web. 29 Apr. 2014.

⁶ "About Us." *American Craft Distillers Association*. American Craft Distillers Association, 2013. Web. 29 Apr. 2014.