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Tapping into the Israeli Craft Beer and Beer Ingredients Market

Report Categories:

Beverages

SP1 - Expand International Marketing Opportunities

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Report Highlights:

The market share of craft beers is expanding as the sector sees growth and market penetration across Israel creating export opportunities for U.S. craft beer and U.S. beer ingredients.

Beer Manufacturers and Brand Share

The Israeli beer market is highly concentrated. The top two beer manufacturers account for over 75 percent of the market. The leading beer manufacturer in Israel is Tempo Beer Industries (Tempo), followed by Israel Beer Breweries Ltd. (IBBL). These two firms account for 45 percent and 32 percent of the beer market, respectively.

Tempo is Israel's largest brewer and the country's second-largest beverage company. The company manufactures and markets Goldstar, Maccabee, and Nesher beers. In addition, Tempo locally manufactures Heineken under a license agreement. The company imports beers such as Lagunitas and Samuel Adams. Goldstar is Tempo's leading beer brand, holding a 25 percent market share and selling over 40 million bottles per year.

Israel Beer Breweries Ltd. manufactures and markets Carlsberg, Tuborg, and Stella Artois beers. In addition, IBBL imports and markets Guinness, Leffe, and Weinshtepen.

Over the past decade, Israeli entrepreneurs established numerous craft breweries throughout Israel. The first craft brewery in Israel opened in 2006 and now there are dozens of licensed breweries. Currently, Israeli craft beer only accounts for two percent of the country's entire beer market. However, post expects the market share will continue to grow.

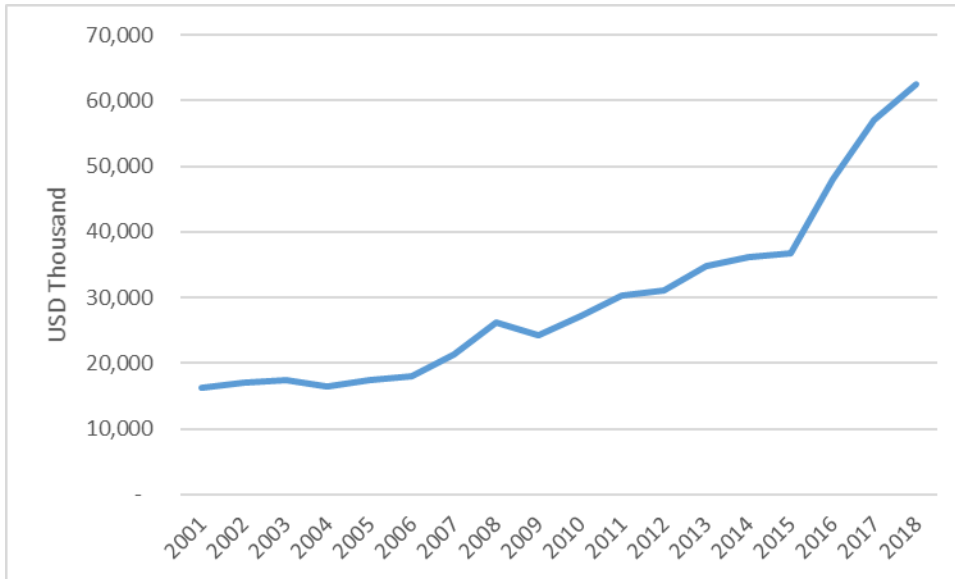
Consumption Facts

- The average Israeli consumes between 14 to 15 liters of beer per year.
- 60-70 percent of the beer consumption occurs in the summer.
- The annual barcoded sales is approximately \$150 million.

Trade Data

Over the last decade, Israel's beer imports have increased substantially. In 2008, imports were valued at \$26 million, while in 2018 they stood at \$62 million, nearly a 140 percent increase. Figure 1 presents Israel's beer imports between 2001 and 2018, in value terms.

Figure 1: Israel's Importation of Beer, HS Code 2203, (USD 1000)



Source: USDA/FAS and Israeli Central Bureau of Statistics

In 2018, the largest beer exporters to Israel were Mexico, Germany, and Belgium. These three suppliers accounted for 28 percent, 18 percent, and 15 percent, respectively. Beer exports from the United States accounted for a mere 0.4 percent. Table 1 presents the market share of the top 15 exporting countries between 2014 and 2018.

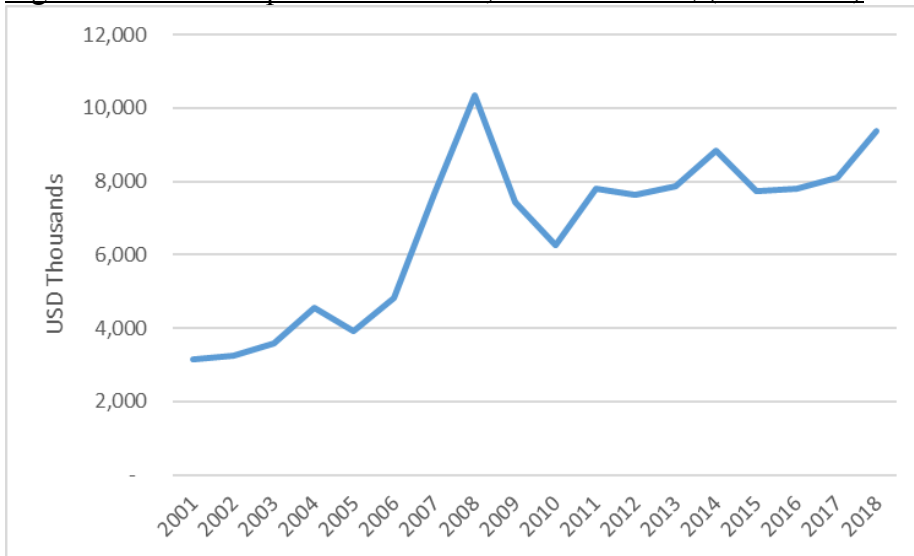
Table 1: Market Share of Top Beer Exporting Countries to Israel, (USD 1000 and Percent of Total Value)

	USD '000					Percent of Total Value				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Mexico	82	31	-	7	17,477	0%	0%	0%	0%	28%
Germany	6,623	6,832	7,591	9,562	11,085	18%	19%	16%	17%	18%
Belgium	6,099	5,072	10,218	13,432	9,182	17%	14%	21%	24%	15%
Netherlands	5,796	5,689	6,237	5,465	5,243	16%	15%	13%	10%	8%
Italy	1,650	1,767	1,292	1,452	3,349	5%	5%	3%	3%	5%
Thailand	347	395	1,686	1,485	1,627	1%	1%	4%	3%	3%
Ukraine	755	761	837	1,408	1,538	2%	2%	2%	2%	2%
Czech Republic	1,398	1,043	1,114	1,188	1,536	4%	3%	2%	2%	2%
Ireland	2,167	1,315	1,240	1,411	1,333	6%	4%	3%	2%	2%
Poland	1,244	2,691	1,572	1,568	1,311	3%	7%	3%	3%	2%
Greece	472	299	92	630	1,146	1%	1%	0%	1%	2%
United Kingdom	1,239	1,545	6,289	7,953	1,120	3%	4%	13%	14%	2%
Russian Federation	1,125	1,065	796	758	1,087	3%	3%	2%	1%	2%
Spain	2,203	2,397	995	845	832	6%	7%	2%	1%	1%
Austria	317	289	346	932	819	1%	1%	1%	2%	1%
Other	4,729	5,538	7,767	8,973	3,785	13%	15%	16%	16%	6%
Total	36,246	36,729	48,072	57,069	62,470	100%	100%	100%	100%	100%

Source: FAS USDA and Israeli Central Bureau of Statistics

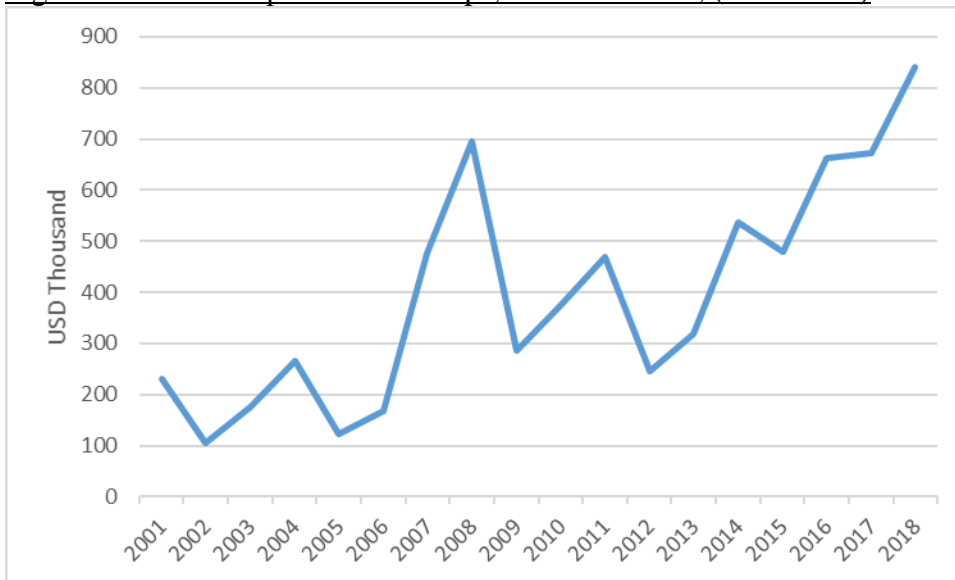
Israel is a producer and an importer of beer. In addition to the importation of beer, Israel imports inputs for the local production. Since Israel does not grow malt or hops, local beer production is dependent on imports. Figures 2, 3, and 4 present Israel's malt and hop importation between the years 2001-2018, in value terms.

Figure 2: Israel's Importation of Malt, HS Code 1107, (USD 1000)



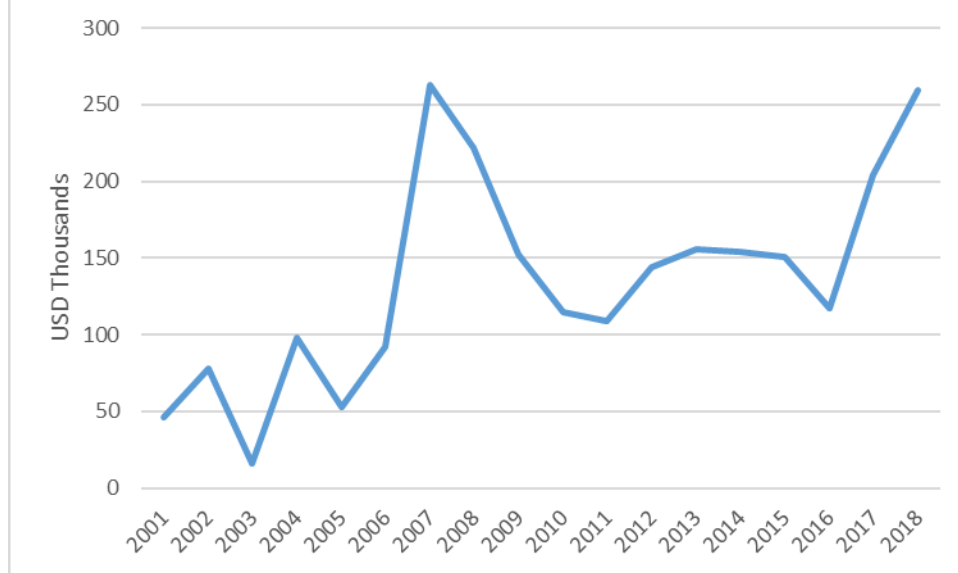
Source: FAS USDA and Israeli Central Bureau of Statistics

Figure 3: Israel's Importation of Hops, HS Code 1210, (USD 1000)



Source: FAS USDA and Israeli Central Bureau of Statistics

Figure 4: Israel’s Importation of Extracts of Hops, HS Code 130213, (USD 1000)



Source: FAS USDA and Israeli Central Bureau of Statistics

The main malt exporters to Israel are the Netherlands, and Germany. The United States holds a five-year average market share of 0.16 percent, with a high of 0.4 percent. Table 2 presents the top malt exporters to Israel.

Table 2: Top Malt Exporting Countries to Israel, (USD 1000 and Percent of Total Value)

	USD '000					Percent of Total Value				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Netherlands	1,178	1,123	1,807	2,853	3,452	13%	15%	23%	35%	37%
Germany	2,607	2,665	2,182	1,582	1,485	30%	34%	28%	20%	16%
United Kingdom	1,409	920	464	1,224	1,342	16%	12%	6%	15%	14%
Poland	-	-	-	3	1,165	0%	0%	0%	0%	12%
Ukraine	-	-	-	243	924	0%	0%	0%	3%	10%
Sweden	3,497	2,972	2,249	1,375	540	40%	38%	29%	17%	6%
Russian Federation	-	-	-	14	363	0%	0%	0%	0%	4%
Other	130	62	1,102	810	106	1%	1%	14%	10%	1%
Total	8,821	7,742	7,804	8,104	9,377	100%	100%	100%	100%	100%

Source: FAS USDA and Israeli Central Bureau of Statistics

The main hop exporters to Israel are Germany, Ethiopia, and the United States. The table below presents the market share of the top hop exporters to Israel. In this case, it is important to note that the trade data does not capture the origin of the hops. Through talks with the industry, Post learned that Israeli craft breweries often purchase USA grown hops from Germany.

Table 3: Top Hop Exporting Countries to Israel, (USD 1000 and Percent of Total Value)

	USD '000					Percent of Total Value				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Germany	346	270	438	497	563	64%	56%	66%	74%	67%
Ethiopia	131	94	135	109	145	24%	20%	20%	16%	17%
United States of America	32	20	52	46	86	6%	4%	8%	7%	10%
Other	28	94	37	21	46	5%	20%	6%	3%	5%
Total	537	478	662	673	840	100%	100%	100%	100%	100%

Source: FAS USDA and Israeli Central Bureau of Statistics

The main hop extract exporters to Israel are Germany, United Kingdom and the United States. Table 4 presents the market share of the top hop extract exporters to Israel.

Table 4: Top Hop Extract Exporting Countries to Israel, (USD 1000 and Percent of Total Value)

	USD '000					Percent of Total Value				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Germany	95	103	75	137	249	62%	68%	64%	67%	96%
United Kingdom	-	-	-	-	8	0%	0%	0%	0%	3%
United States of America	-	-	-	-	2	0%	0%	0%	0%	1%
Denmark	36	38	22	46	-	23%	25%	19%	23%	0%
France	12	10	10	21	-	8%	7%	9%	10%	0%
Other	11	-	10	-	4	7%	0%	9%	0%	2%
Total	154	151	117	204	259	100%	100%	100%	100%	100%

Source: FAS USDA and Israeli Central Bureau of Statistics

USA Beer Available in Israel

The following U.S. beers are imported to Israel:

U.S. Brewery	Importer	Website
Blue Moon	Hacarem	www.hacarem.com
Lagunitas	Tempo	www.tempo.co.il
Miller	YD 1986	www.yd1986.com
New Grist	Rimon Group	N/A
Rogue	Protary	www.protary.com
Samuel Adams	Tempo	www.tempo.co.il
Shipyard	Radex	www.radex.co.il

Trends

- Rising demand for craft beers, especially local craft beers
- Growing number of local craft breweries
- Interest in consuming healthier alcoholic drinks, such as organic beer
- Increased consumption of flavored beer

Outlook

- Growth of domestic craft breweries
- The market holds potential for U.S. craft beer exporters
- The market holds potential for U.S. hop exporters

Acceptance of local and imported craft beers is expanding as the sector sees growth and market penetration across Israel. A growing number of Israeli bars have begun to offer U.S. craft beer on the tap along with Israeli craft beer. Israeli craft beer prices are on par with the top end U.S. prices making U.S. craft beer competitive in the Israeli market. Israelis are willing to pay for a quality, craft beer and consumers are open to trying new tastes.

Similarly, as these products grow in popularity and Israeli consumers demand more, Israeli craft breweries will expand production. This expansion holds growing potential for U.S. beer ingredients exporters. Post expects growth in demand especially for U.S. hop varieties.

POST CONTACT AND FURTHER INFORMATION

For further information about the craft beer sector and beer ingredients market, please contact:

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For additional information, see www.fas.usda.gov.