

Craft Beverages

2025 NEW HAMPSHIRE FOOD AND AGRICULTURE STRATEGIC PLAN

Purpose: To understand the challenges and opportunities that impact the economically viable production of New Hampshire grown and processed beverages, including beer, wine, cider, kombucha, and spirits.

What's at Stake?

Craft beverage producers contribute to the character and culture of New Hampshire. They create beautiful community spaces and unique local products, attractive to both tourists and residents alike. As the craft beverage market becomes increasingly crowded and competitive, and small New Hampshire farmers continue to struggle to sustain profitability, a collaborative opportunity arises: New Hampshire's farmers and craft beverage producers can work together to increase awareness and drive profitability by crafting beverages with New Hampshire grown ingredients. With backing from the state, challenges related to regulation, equipment, and distribution can be mitigated, and craft beverage producers can become an increasingly important part of New Hampshire's economy and food system.

Current Conditions

Despite dramatic growth in the New Hampshire craft beverage industry over the past 14 years, the market is retracting; the state has lost 22 craft brewers since 2022 and 43 since 2011.

The challenging market conditions are based on a number of factors: the cost of running a business has increased dramatically since the pandemic, alcohol consumption is decreasing due to healthier lifestyle trends and lower-calorie substitutes, such as THC beverages, and producers aspiring to source local ingredients face challenges of limited supply, higher prices, climate instability, and difficult logistics.

In addition, bureaucracy and differing regulations across municipalities create a challenging landscape for craft beverage producers to operate. In order to sell more than one full glass of product, operators must offer food. As a result, many craft beverage manufacturers grapple with the additional regulations, challenges, and low margins of running a restaurant, including learning a new industry: hospitality. In addition, potential "low hanging fruit" revenue streams for our state's small craft manufacturers, such as selling full pours directly at third party events, requires an additional license and fee. Further compounding the issue is the inconsistent interpretation and enforcement of regulations from town to town.

Finally, New Hampshire lacks a strong brand identity, which limits the ability of New Hampshire businesses to market to consumers. The state is also unique in owning state liquor stores, which do not currently sell beer or kombucha.

THE ECONOMIC IMPACT OF CRAFT BREWING IN NEW ENGLAND, 2023

State	Craft Breweries	Economic Impact	Employment
MA	224	\$1,480M	10,023
ME	156	\$696M	4,594
CT	125	\$753M	4,636
NH	108	\$457M	3,754
VT	74	\$419M	2,764
RI	41	\$242M	1,512
TOTAL	728	\$4.0B	27,283

SOURCE: Brewers Association, *State Stats*.

Challenges and Opportunities

CHALLENGES

- > New Hampshire legislation is financially and administratively hamstringing beverage producers, the majority of which are small businesses.
 - Laws across municipalities are interpreted differently, causing confusion.
 - The three-tier system, often criticized for facilitating markups, is often the only way small producers can get their products into the state's large grocery chains and chain restaurants.
 - Tourism and other revenue-generating opportunities related to cannabis-derived beverages are illegal.
- > New Hampshire state liquor stores do not sell craft beer, which is confusing to out-of-state customers and inconvenient for New Hampshire consumers.
- > The rising cost of ingredients and labor, the growth in alternative beverages and “better for you” substitutes, and the explosion in competitive brands have resulted in shrinking margins, making it harder for smaller craft beverage businesses to prioritize using locally grown inputs.

OPPORTUNITIES

- > Many small craft beverage producers in New Hampshire are supported by loyal customers excited to try new products, such as innovative, locally-sourced beverages that represent New Hampshire's terroir. These adventurous consumers love novelty and seek out “rare” beers.
- > THC beverages are one of the fastest growing segments of the market and there is increasing interest from breweries. The infrastructure for production is already in place, which could offset dwindling sales and fill tank space in larger contract breweries. Opening this multi-billion dollar opportunity for cannabis beverages, with a projected 57.5% Compound Annual Growth Rate (CAGR), can help small farmers and craft beverage producers generate additional, much-needed revenue streams.

CRAFT BEVERAGE PRODUCERS IN NEW HAMPSHIRE



New Hampshire is home to over 160 craft beverage producers, 11 of which have been recognized as Sustainable Craft Beverage Producers by the NH Department of Environmental Services.

Recommendations

- **Develop a clear labeling program for New Hampshire craft beverages.** The labelling program should offer both a “NH Crafted” signifier and a “NH Grown and Crafted” signifier for those growing or sourcing a minimum percentage of local ingredients.
- **Fund research to define New Hampshire’s craft beverage terroir.** Fund research to understand and analyze the unique flavor profiles of ingredients used in New Hampshire grown craft beverages, such as grapes, hops, and barley, with the goal of defining a New Hampshire terroir that can differentiate and drive demand for “NH Grown and Crafted” beverages.
- **Highlight “NH Grown and Crafted” beverage producers to drive tourism.** Drive tourism with a “Live Free” campaign to attract “adventurers” visiting our state by highlighting “NH Grown and Crafted” beverage producers, the variety and freshness of their offerings, and their proximity to outdoor activities.
- **Allow all craft beverage producers to sell through NH State Liquor Stores.** Increase market access for New Hampshire craft beverages by allowing all small “NH Grown and Crafted” beverage producers (not just wine and liquor) to sell through NH State Liquor Stores, along with the appropriate Point of Sale (POS) materials detailing the value and impact of these offerings.
- **Legalize cannabis, with a focus on cannabis-infused beverages.** Legalizing cannabis would open up a multi-billion dollar market opportunity to New Hampshire farmers and beverage producers, with intentional inclusion of and focus on cannabis-infused beverages made with New Hampshire grown inputs.

Authors

Lead Author: Nicole Carrier, Co-Founder & President, Throwback Brewery and Hobbs Farm

Contributing Authors:

CJ Haines, Executive Director, New Hampshire Brewers Association

Helen Leavitt, Founder/CEO, Auspicious Brew

Brian Ferguson, Proprietor, Distiller/Winemaker, Flag Hill Distillery and Winery

New Hampshire
*Department of Agriculture,
 Markets, and Food*



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For more information, including references and opportunities to get involved, visit the 2025 NH Food and Agriculture Strategic Plan web page on nhfoodalliance.org or scan the QR code on the inside front cover of the print version.