

## 3 A high employment effect

### 3.1 Highlights

#### Highlights of employment effect of beer

- ▶ 2.5 million jobs in Europe can be attributed to the production and sale of beer.
- ▶ Approximately 6% of these jobs are created directly by the breweries in the 31 countries.
- ▶ For each job offered in the European brewing sector, one job is generated in retail, two in the supplying sectors and more than 12 in the hospitality sector.
- ▶ 1% of all jobs in the European Union (EU-27) plus Norway, Switzerland, Turkey and Croatia can be attributed to the production and sale of beer

### 3.2 Total employment

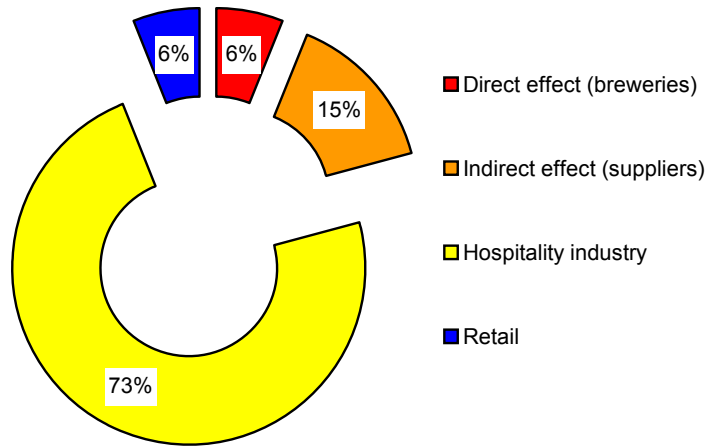
The preceding chapters pointed out that Europe has a strong brewing sector which spends a lot of money on goods and services within Europe. The consumption of beer also leads to a large turnover in the retail and hospitality sectors. Considering this, it is not surprising that the contribution of beer to the European economy is considerable. One of the main effects is the employment generated from the production and sale of beer. In 2008, 3723 breweries in Europe leads to 2.5 million jobs.

If we express this figure as a share of the total number of jobs in the European Union (EU-27), Norway, Switzerland, Turkey and Croatia (approximately 251 million jobs<sup>6</sup>), it becomes clear that approximately 1% of all jobs can be attributed to the production and sale of beer. The total employment effect of the brewing sector is comparable to the total employment of countries such as Finland (2.5 million jobs<sup>7</sup>) Norway (2.5 million jobs) or Slovakia (2.4 million jobs).

<sup>6</sup> Estimate based on Eurostat: European Union Labour Force Survey, 2008.

<sup>7</sup> Source: Eurostat: European Union Labour Force Survey, 2008.

**Total employment because of beer in EU-27 + Norway, Switzerland, Turkey and Croatia: 2.5 million jobs**

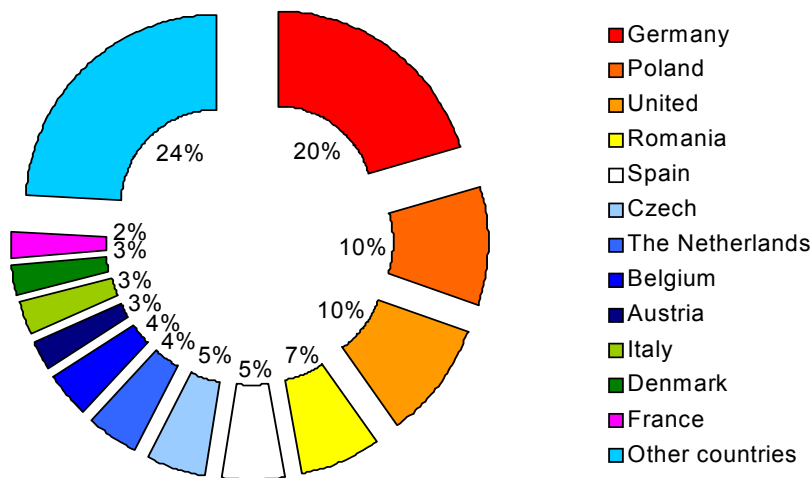


Source: Ernst & Young calculation (2009) (see Annex III for an explanation of the methodology).

**3.3 Direct employment**

The European breweries together provide 150,600 jobs; this is the so-called direct employment effect. These jobs are spread across Europe. Germany has the largest number of employees (approximately 30,700 jobs) followed by Poland, the United Kingdom and Romania.

**Direct employment: 150,600 jobs**

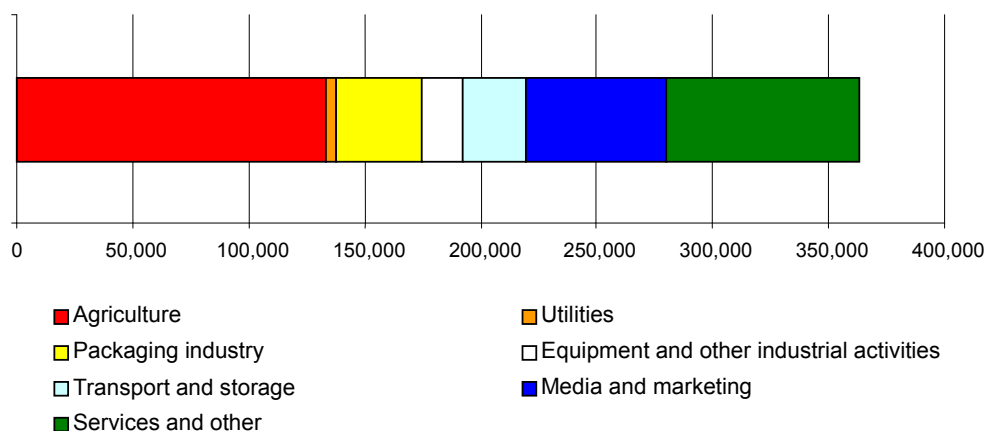


Source: Ernst & Young calculation (2009) (see Annex III for an explanation on the methodology).

### 3.4 Indirect employment

The brewing sector also generates a considerable indirect employment effect. The production and sale of beer by breweries is only possible because various sectors provide the necessary goods and services, ranging from barley, hops and malt to energy and transportation capacity, and including a variety of industrial products and services. Some 363,100 jobs in these supplying sectors can be attributed to the production and sales of beer.

#### Indirect employment in EU 27 and Switzerland, Norway, Turkey and Croatia



Source: Ernst & Young calculation (2009) (see Annex III for an explanation on the methodology).

Chapter 2 stated that almost 40% of the total purchases made by European breweries involve the services sectors (including marketing and media), and 18% the agricultural sector. The figure above and table 1 below show that the service sector and media and marketing sector together generate 40% of the indirect employment, and agriculture 37%. The share of the agricultural sector in the employment effect is much higher than its share in the total purchases by the brewing sector. Although 37 percent of the total number of jobs generated by the brewing sector consists of jobs in agriculture, only 18 percent of the purchases by breweries occurs in this sector. This is explained by the relatively low turnover and labour costs per employee in the agricultural sector in comparison with other sectors. A one million euro impulse in the agricultural sector generates approximately 30 jobs, whereas the same impulse into for example marketing and media or other services generates only 15 jobs.

**Table 1: Number of jobs generated per sector due to beer sales.**

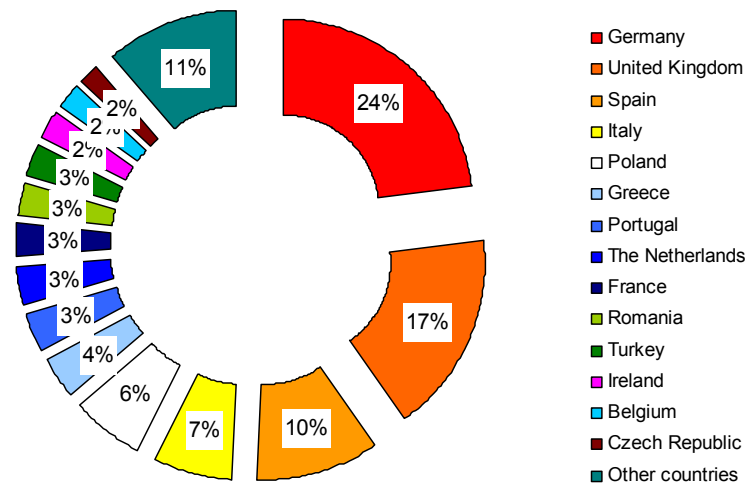
Sectors	Number of jobs	Share in total indirect employment
Agriculture	133,100	37%
Utilities	4,900	1%
Packaging industry	36,500	10%
Equipment and other industrial activities	17,400	5%
Transport and storage	27,400	8%
Media and marketing	60,800	17%
Services and other	83,000	23%
<b>Total</b>	<b>363,100</b>	<b>100%</b>

Source: Ernst & Young calculation (2009) (see Annex III for an explanation on methodology).

### 3.5 Induced employment

In addition to the direct and indirect impact of the brewing sector, the number of jobs created by beer sales in the hospitality and retail sectors exhibits a far greater effect. Almost 1.8 million jobs of the total of 11.7 million jobs in the hospitality sector can be attributed to the sales of beer. This means that approximately 15 percent of the jobs in the hospitality sector can be attributed to the sale of beer. The other jobs in the hospitality sector can be attributed to the sale of other products. In countries where the majority of beer is sold in the hospitality sector, the induced employment effect turns out to be very high. Examples are Ireland, Spain, Greece and Portugal with over 60% of beer being sold in pubs and restaurants. The largest number of jobs in the hospitality sector related to beer sales is however found in Germany. In the retail sector another 150,100 jobs can be attributed entirely to the sales of beer.

**Employment in the hospitality sector: 1.8 million jobs**



Source: Ernst & Young calculation (2009) (see Annex III for an explanation on methodology).