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Tariffs Reshape U.S. Beer Market as Costs Rise and Small Breweries Face Pressure

Study finds higher prices and reduced consumer choice likely, with large multinationals poised to gain most from policy shifts

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Recent research from the University of Illinois Urbana-Champaign suggests that tariffs imposed during President Trump’s administration could have significant effects on the $117 billion U.S. beer market. The study, led by agribusiness management professor Aaron Staples and co-authored by Michael McCullough of California Polytechnic State University, analyzed how increased tariffs might influence beer demand, market shares,

and consumer welfare in the United States.

The researchers focused on the three main segments of the U.S. beer industry: small craft breweries, domestic noncraft beer produced by multinational firms, and imported beer. According to Staples, tariffs can raise production costs for domestic beer and increase the price of imported beer. These higher costs are often passed down to consumers, which can change purchasing habits.

Using experimental data from more than 700 U.S. beer drinkers, the study found that while tariffs could encourage more domestic beer production, most of the benefits would likely go to large multinational companies rather than small craft brewers. The report highlights that small breweries may lose market share because they face higher proportional price increases due to their limited economies of scale and less flexible supply chains compared to larger competitors.

The study estimates that higher beer prices caused by tariffs could reduce consumer welfare by between $53.1 million and $306.4 million, depending on how tariffs are structured and how much prices rise.

Staples explained that although tariffs are not directly charged to consumers, their impact is still felt at the retail level. Since 2013, imported beers have grown from 14% to 24% of the U.S. market, with Mexico accounting for about 83% of those imports. While Mexican beers were initially exempt from some tariffs under the United States-Mexico-Canada Agreement (USMCA), a 50% tariff now applies to the aluminum content in imported beer cans. If these costs are passed along, American consumers could see higher prices for popular Mexican lagers.

There is also concern that smaller international brands may stop distributing in the U.S. if tariffs make it unprofitable, reducing product variety for consumers. In such a scenario, any gains in domestic market share would likely benefit multinational firms with strong advertising budgets rather than local craft breweries.

Staples noted that some multinational companies are already adjusting their business strategies in response to these changes. They are investing in new production facilities and marketing their products as “American made” to appeal to national pride.

Tariffs do not only affect imported beers. Many domestic brewers rely on international trade for key ingredients and materials such as malt, hops, steel, and aluminum. When these inputs become more expensive due to tariffs, production costs rise for all brewers. Larger companies can often absorb or offset these costs thanks to their size and negotiating power, but smaller craft brewers—who typically operate with tighter margins—are more vulnerable.

If small breweries struggle or close due to rising costs, there could be negative effects on local economies where these businesses often play a significant role. Staples warned that while the impact of tariffs might not be immediate—since some breweries may initially absorb higher costs—the effects will become clear once inventories run low or when absorbing costs is no longer possible. Historically, once beer prices increase due to such factors, they rarely decrease again.

The issue remains unsettled as debates continue over tariff policies and their legality. Staples described the situation as fluid and uncertain but pointed out that current trends suggest higher consumer prices and a changing landscape for both producers and drinkers in the U.S. beer market.

The full study appears in the journal Food Policy under the title “Tariffs and U.S. beer demand: How protectionist policies could impact market shares and consumer welfare.”