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THRIFTY BREWING TIPS SPRING 2026

WHEN THE TAPS GET SQUEEZED: SUPPLY CHAIN REALITIES FOR NZ BREWERIES IN A FUEL-SHOCK ENVIRONMENT

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You've already faced Covid, supply chain turmoil, and a cost-conscious customer. The Strait of Hormuz issue has been lingering for months and shows no sign of easing. Your brewery will be affected. How will you respond?

TUSSOCK LANE

What's happening?

- The Strait of Hormuz disruption has now been affecting global shipping and energy markets for months. Freight costs remain elevated, and suppliers of malt, hops, CO_2, packaging, and other inputs are continuing to pass those costs through.
- The NZ dollar is weak - imported inputs cost more in Kiwi dollars regardless of world price.
- Duration is the key risk. As discussed in a recent Brewers Guild webinar hosted by Craigs, a short-lived disruption would limit the economic impact. A prolonged disruption could keep cost pressures high, weaken consumer spending, and slow the recovery outlook.
- You can't control how long it lasts, but you can control how prepared your brewery is.

Where the pressure lands

- **Freight & distribution:** Costs remain elevated. Every delivery costs more. If your logistics costs rise or your distributor's margin gets squeezed, that conversation will find its way to you.
- **Raw materials:** Malt, hops, CO_2 and packaging carry embedded freight — and for any imported goods, you're paying for it with NZ currency at decade lows.
- **Consumer demand:** When household fuel bills rise, discretionary spend will reduce - typically on-premise volume softens first.
- **Cash flow timing:** Cost increases hit your P&L before any pricing change reaches customers. That gap is where your business solvency risk lives.

What to do right now

- **Know your exposure:** Map your key suppliers, freight providers, and major input costs. Understand what's fixed, what's variable, and where cost increases could still emerge.
- **Talk to suppliers before they talk to you:** Understand any contract terms and have proactive conversations for volume commitments or consolidated orders for price certainty.
- **Scenario-plan your cash:** Model a 10–20% volume decline on your P&L and know your break-even.
- Review working capital: Stock in raw materials or finished goods is a real risk when cash is tight. Match holdings to realistic forecasts, not optimistic ones, and consider which SKUs really matter to you.
- **Consider extreme measures if the worst prevails:** Would you consider brewing at a local competitors to share resources? What secondary/limited SKUs would you stop in order to keep your flagship available?
- **Keep that local focus:** A strong venue and/or local market reduces dependency on finished goods freight, it provides the best cashflow and a strong loyal base provides a platform for growth.
- **Hold your on-premise relationships:** Hospitality is under its own pressure - being easy to work with now is volume you won't have to rebuild later.

THE BIGGER PICTURE

The breweries that succeed won't be the lucky ones.
They'll be the ones that understand their risks and act early.

Conditions will improve eventually. Breweries that protect cash flow and customer relationships now will be best placed to grow when they do.