Exploring the relative importance of consumer motives when purchasing craft and premium beer, and the ignored role of intermediaries: A preliminary analysis with British consumers

Introduction

The beer industry has seen substantial growth in the "craft beers" sector. According to Euromonitor (2015) the number of Microbreweries in the UK more than doubled between 2010 and 2015. These numerous small businesses have established microbreweries to sell a range of high quality beers, often limiting themselves to selling within their own region. The brewers often market their products by emphasising some element of the heritage of the area in which they are operating or by trying to create some heritage around the type of brew they are making.

A recent study by Karampela and Waehning (2016), which involved interviews with 26 breweries in York and Scotland, identified a gap between the marketing messages brewers intend to communicate and the messages that are being communicated by intermediaries, i.e. bar staff in pubs and shopkeepers when selling craft and premium beer. Indicatively, on the one hand, the brewers seem interested in attaching to their brewery *"a really good story and some good branding"* (participant BE2), always in alignment with the history and unique characteristics of the location in which the brewery operates. On the other hand, when the researchers asked owners of pubs and bottle shops whether they communicate those brand narratives the breweries want to associate with their products, those intermediaries suggested they are not actively engaging in elaborating on those stories. For example, a pub owner mentioned:

> *"Not really, not the brand of it, no. Well I mean sometimes you get a bit more time with the customers who are interested in that but most of them are just interested in what kind of beer it is and how well it is… They are not as interested about the actual brewery, sorry. They don't care about the people who make it, just if it tastes nice."* (Pub/Bottle shop owner, selling craft beer)

These examples from the study seemed to be more the norm than the exception. This experience sparked the interest to get a better understanding of consumer motives to purchase craft beer. After an initial literature review, only scarce research was identified looking into consumer motives to purchase beer. Specifically, past research has explored how price impacts consumer motives to purchase beer (Tremblay and Tremblay, 2005), while studies by

Gao et al. (1997), Swinnen (2011), Vinopal (2004) and Spacil and Teichmannova (2016) have identified quality (taste) as being the main motive that impacts consumers' purchase of beer. Other suggested motives have been identified by Steven et al. (2003), who concluded that neolocalism is one of the main drivers of consumer craft and premium beer consumption, while more recently, Swinnen (2011) also evaluated availability, change of taste and peer influence as influencing factors. Those studies have suggested that different motives are important, hence have not provided concluding evidence on what drives consumers' purchasing decisions when it comes to craft beer. Moreover, the role of intermediaries in shaping those motives, as perceived by consumers, has not been explored.

Based on these examples and demonstrated limited academic research, it is timely and relevant to identify and evaluate a complete list of motives driving consumers to purchase craft and premium beer. This will add to our theoretical understanding of the relative importance of different motivations behind the purchase of products deeply-embedded in local contexts, and will also have practical contributions, via enabling breweries to adopt more effective ways of marketing their products to their target audiences.

Background of the study

Overview of the UK Beer Industry

According to Euromonitor (2015), the number of Microbreweries in the UK more than doubled between 2010 and 2015 growing from 778 to 1670 in that period. Many authors have identified this trend: "The David and Goliath battle in the world of beer is starting to tip slightly in David's favour." (Morris, 2014), "Microbreweries shake up Europe's beer market" (Daneshkhu, 2014), "one of the fastest growing segments of the UK's food and beverage market" (Simmonds, 2015), are some of the messages during the last few years in relation to the British brewing industry. Such positive news continue to appear in news outlets, as the impressive growth of the craft beer sector has attracted the interest of media across the country (The Guardian, 2016a; 2016b).

Faced with the huge success of microbreweries and their craft and premium beers, the larger companies however also want a piece of this "cake" and therefore have started to commercialise the term craft beer by buying original microbreweries like Camden Town. This movement, in combination with a fairly saturated beer market, gives cause for concern (Euromonitor, 2016).

In the study by Karampela and Waehning (2016), in which the data was collected in the early months of 2016, it was becoming apparent to many of the brewers that there was a need for change in the micro-brewing market, with regards to developing and adopting a more elaborate strategic marketing approach. Breweries participating in the study acknowledged the need to develop a plan to get a better understanding of their customers' motivations:

> "*I think it would be interesting to get a mass study on people's drinking preferences and their understanding of what beer is [...]. There is a lot of research on whether people drink lager/ale or cider or spirits or whatever. That exists but the thing that I definitely have not come across is sort of the understanding, [...] of the general public about beer because we make a lot of assumptions that people like this sort of thing and what have you." (participant BE10)*

Moreover, many brewers are aware that their marketing approach and skills is limited, with some admitting that they do not actively market their products:

> *"Well we don't, ha ha ha, well we market it in the sense of a point of sale for customers and so our brand is marketed through our labels and our pump clips. Until very recently we did no positive marketing, we don't stick up adverts anywhere, we don't send out flyers." (participant BE5)*

Given their limited resources in terms of time and finances, it is crucial for microbreweries to achieve a more in-depth understanding of consumer motives for purchasing craft beer, as well as of the factors influencing those motives. This will enable them to communicate with their consumers more effectively and efficiently, especially in such a highly competitive market. The need for more in-depth insight on these motives becomes more urgent as larger, international breweries begin to target more aggressively the same craft beer segment.

Existing research on consumer motives

Consumer behaviour, rightly, receives a great deal of attention from marketers. It has been defined by Blackwell et al (2001) in Sethna and Blythe (2016, p.6) as *"the activities people undertake when obtaining, consuming and disposing of products and services"*. The way people respond to their environment will have a major impact on the purchase decisions they make and which companies they buy from. It has been argued by Sethna and Blythe (2016, p.6) that *"understanding the processes involved in making those decisions is central to establishing policy"*. Solomon et al (2013, p.7) states that *"Very simply, understanding* *consumer behaviour is good business.”*. For these reasons, it can be argued that understanding the behaviour of beer consumers at the time they are making decisions regarding their consumption will have a substantial effect on the success of the individual brewery, and the brewing industry as a whole.

Previous research has highlighted the role of various motives as influencing consumer purchase decisions. In the beer context, price has been considered as a key motive: using a sample of international students based in the USA, Tremblay and Tremblay (2005) revealed that consumers are price sensitive when buying beer. Other studies, such as by Gao et al. (1997), Swinnen (2011), Vinopal (2004) and a later one by Spacil and Teichmannova (2016), considered quality (taste) as being the main motive which impacts consumers’ purchase of beer. Swinnen (2011) also added availability, change of taste and peer influence as factors impacting consumers’ beer consumption, while an earlier study from America by Steven et al. (2003) identified neolocalism as a key driver of craft beer consumption. Neolocalism was first introduced by Flack (1997) and refers to a motivation relating to consumers’ need to consciously develop and maintain an attachment to a local place. According to Steven et al. (2003), this trend of consumers seeking products with strong local connections is going to increase in our constantly homogenizing world in which multinational companies offer the same products across the globe.

The above findings from academic sources are partly in line with anecdotal evidence from a national survey by Mintel (a Global Market Intelligence agency) which evaluated, in one of their projects, the main associations consumers have with craft beer in the UK (N=1298, internet users aged 18+). The survey found that consumers were influenced when purchasing beer by various factors, such as high quality ingredients, price, long heritage and history, made by craft brewers, and distinctive taste (Mintel, 2015).

Those purchase motives named by Mintel - high quality ingredients, made by craft brewers, long heritage and history - fit within the goods classification of ‘credence’ products. Credence products, according to Darby and Karni (1973), are products of which value, even after being used by consumers, is difficult or impossible to determine. The credence product category is different from the ‘search’ and ‘experience’ product categories because according to Nelson (1974) in case of a ‘search’ product, consumers can determine the added value before the actual purchase. For example, a consumer can compare different cars and know exactly what the added value of one car is in comparison to other cars. Experience products according to Nelson (1974) and Klein (1998) are products of which their added value can only be determined after purchase. Therefore, credence products are distinctively different from search and experience products because, without investing disproportionate amounts of time, it is impossible to prove the specific added value (Girard et al., 2003). Moreover, according to Wirth et al. (2011), growing numbers of consumers are willing to pay more for products with a credence feature like long heritage and history, which can help explain why large companies show increasing interest to enter this already competitive market segment.

Based on this diverse information mainly from American academic sources and the anecdotal evidence from the UK, a diverse list of factors can be identified but it is not clear to what extend those factors indeed compile a comprehensive list of consumer motives to purchase craft or premium beer. For instance, based on preliminary evidence by Karampela and Waehning (2016), the role of intermediaries in shaping those motivations has not been investigated. Moreover, the relative importance assigned to these factors is worth exploring further within the context of a highly-saturated beer market, such as the UK. Therefore, this study will aim to address the above gaps, and will shed further light on the role of intermediaries in influencing consumers' beer purchase decisions.

Empirical research design

In order to get a clearer understanding of consumer motives to purchase craft and premium beer, the research methodology of this study includes an exploratory qualitative stage and a large scale quantitative phase. The participants in this study will be consumers of craft/ premium beer and will be recruited through the authors' current existing network of breweries, shop and pub owners.

Phase one: In spring 2017, a series of semi-structured interviews will be conducted until theoretical saturation is reached, in line with recommendations from literature (Lincoln and Guba, 1985; Merriam, 2009). Semi-structured interviews will enable the researchers to explore a variety of consumer motives when purchasing craft and premium beer, and to achieve consistent topic coverage when interviewing participants. Participants will be recruited following a quota sampling technique. Specifically, data will be collected from three distinct groups of participants to capture as much variation as possible (Malhotra, 2009): consumers that purchase their beers in Campaign for Real Ale (CAMRA) registered pub pubs; consumers that purchase their beers in non-CAMRA registered pubs; and consumers who buy their beer from craft beer and specialised bottle shops. It was important for this study that the respondents represented customers purchasing their beers in different places, because according to Myers and Newman (2007) it is crucial to generate insight from interviewees who represent various voices. The interviews will be tape recorded and data will be analysed via content analysis. Findings from this phase will be presented in the Beeronomics conference.

The identified topics will then be used to develop the second phase of the study, a survey, to validate the findings using a large-scale sample. Surveys allow researchers to reach a large number of customers, they provide anonymity and are relatively quick (Malhotra, 2009). Following a pilot testing - where the "think aloud" approach will be used, allowing participants to elaborate on any misunderstandings the questionnaire may create, and helping researchers identify misinterpretations and areas where questions can be phrased more accurately (Czaja, 1998) – the final survey will be launched. Again, quota sampling techniques will be applied, similarly to phase one. The final sample size will depend on the number of independent variables, in line with the independent variable ratio recommendations in the literature (Field, 2009), which suggest that a minimum of 10 questionnaires are needed for each independent variable tested in the study.

Contribution

The expected contribution of this research is threefold. First, it will provide further insight on the relative importance of different consumer motivations for purchasing craft and premium-priced products. While previous research has explored purchase motivations in depth, extant literature has not examined those in the context of product categories and industries where high levels of saturation are observed, and hence differentiation amongst offerings is much more difficult. The study's findings will also shed light on the role of intermediaries for purchasing of such products, highlighting the importance of communication gaps between producers, intermediaries and consumers. In terms of practical contribution, the study will offer in-depth insight on consumers' purchase motivations for craft beer, which will enable microbreweries in the UK context to adapt their communication plans in order to target their end consumers more effectively, and thus to improve their strategic positioning in such a growing, competitive market environment.

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