

“My favourite beers to brew, Piña-Colada and Blonde-Voyage”: Meet the Scottish Micro-craft Brewers

M. Marck, The University of Strathclyde m.marck@strath.ac.uk*

S. Ennis, The University of Strathclyde sean.ennis@strath.ac.uk

B. Caemmerer, ESSCA Barbara.caemmerer@essca.fr

Abstract

The aim of this working paper is to investigate the branding strategies of the micro-craft breweries in Scotland who have less than five employees. Key contributions of this qualitative research has been the ability to interview the brew masters or their brand. The contribution to marketing academics and industry practitioners is exploring the unique branding strategies and practices originating from this artisan industry. Micro-craft breweries in the Scotland have created employment and export opportunities while fulfilling innovative brand experiences for beer lovers who are seeking a quality, differentiated product while supporting local businesses that have grown one pint at a time.

Key words: Scotland; Micro-craft breweries; Brand Promotion

Introduction/Background

The craft beer industry emerged from the USA in the early 1980's and today has become popular in the UK, Europe, Australia and rapidly expanding to China. The key defining attributes of a craft brewery include: small production (for example in the USA craft beer annual production is less than 6 million barrels of beer per year) independent; traditional (flavor derives from traditional or innovative brewing ingredients and their fermentation). See the appendix for a full listing of the industry's attributes and characteristics. The chart below shows the eye-opening reality that American craft beer industry is exploding.

USA Craft Brewers Stats	2013	2014
Volume of the USA beer market	7.8%	11%
Share of the total USA Beer market	14.3%	19.3%
Retail dollar value from Craft breweries	\$ 14.3 billion	\$ 19.6 billion

(Brewers Association, 2016)

In January 2015 The Brewers' Association of Scotland was established with Scotland's leading craft brewers with the aim to give a voice to a sector that has expanded exponentially in recent years. This newly formed association established quality standards for the artisan beer sector and provided a joined-up focus on market development, promotion and innovation. The goal of this association is to have an effective industry body to help the craft brewers to achieve their business aspirations (Huband, 2015). The benefits of such a body are clear: more choice, greater levels of consumer awareness and understanding, high quality, higher growth, all underpinned by targeting support from local governmental agencies.

Sales for Craft beer currently account for 2.5% of all beers sales in the UK, and 20% of UK consumers surveyed say they drink craft beer. One hundred and seventy new craft breweries opened in the UK in the last 18 months, taking the total number of breweries in the UK to 1,300 – more per capita than any other country (Scottish Enterprise, 2016). Most importantly against the back drop of a largely flat UK market for beer consumption, craft beer is growing at 23% annually (Scottish Enterprise, 2016). There are currently over 100 craft breweries operating across Scotland, with numbers increasing on a monthly basis, servicing both a growing market in the UK and overseas. The UK premium bottled ale market, for example, is worth an estimated £490 million – up 10.5% year on year, with estimates that this will grow to over £1bn by 2020 (Carmichael, 2016).

Craft beers appeal to customers who are seeking a taste revolution where the product features enhances their economic benefit, resulting in more satisfaction (Kleban and Nickerson, 2012). This economic benefit results in much lower price elasticity and allows the craft breweries to charge higher prices capturing higher margins. The breweries are differentiated by geographical location and capitalise on the perceived economic value consumers acquire and the very experience of drinking craft beer. A well connected craft brewery can create a localised beer that a large brewery would find difficult to compete with. This leads to the crucial strategy whereby craft breweries compete by offering either a highly diversified specialist beer or a locally connected product (Watne and Hakala, 2013). The craft breweries have demonstrated that one of their key critical success factors is to connect with the local community (Holden and Kingham, 2010) and offer either a highly diversified specialised beer in taste or alcohol content.

There is abundant literature about the growth of the craft beer industry, particularly in America but very little research conducted about their actual branding promotions. It is important for academics and industry practitioners to research micro-craft breweries since there are known for their competitiveness, entrepreneurship and growth strategies. For Scotland the industry provides employment, a boost to tourism and is a co-partner to the country's whiskey trade.

Promoting brands falls into three categories:

1. Interactional marketing – face-to-face activities between the seller and buyer
2. Transactional marketing–known as the traditional approach, mass communication, impersonal, focus on the product
3. E-marketing – use of the internet or interactive technologies with known customers

The extant literature has stressed that SME's perform little transactional activities instead favouring transactional activities due to their limited capital, production capacity and inability to target mass markets (Centeno and Hart, 2012; Brodie et al., 2008). Coviello et al., (2000) suggest that SME's use a variety of promotional strategies at different times with certain groups of customers stressing their uniqueness. Achieving sales goals remains important and to be successful the SME brand does more than just sales activities including: close and personal communications in the form of face-to-face branding activities such as trade shows; personal selling; WOM; sponsorship of special events or creating their own unique promotional strategies (Centeno et al, 2013). The literature addresses e-marketing as an electronic dialogue with customers (Coviello, 2001) which opens communication with customers and suppliers. SME's web sites usually have two components, a basic element providing information and a web 2.0 function of interaction (Kessler, 2007). In addition SME's have quickly adapted digital functions of ecommerce, promotions, customers sharing experiences, educational videos and chat rooms.

Methodology

A qualitative approach was appropriate since it is well suited for exploratory research and has been recommended for use in unknown areas, such as SME brands (Easterby-Smith et al., 1991; Creswell, 1998). Qualitative research explores the evolving and dynamic context of marketing activities within SME's (Carson and Cromie, 1990). In-depth interviews were conducted at eight Scottish microbreweries with 12 respondents (8 brew masters and four brewery brand managers). The interviews were held at the breweries lasting approximately seventy-five minutes and were conducted over a period of four months, March-June, 2016. There were also many opportunities to observe the brew masters' branding techniques and lively chats with customers "providing a closer access to reality" (Gummesson, 2007, p 130).

Data collection, analysis and interpretation of the data was completed solely by the authors of this paper. A set of structured questions to elicit the brew masters' responses describing their branding strategies were the cornerstone of the research. The interviews were transcribed verbatim and analyzed using the qualitative software package N-Vivo 11. The main benefits of structured interviews is that researchers can move far beyond 'snapshots' of 'what' or 'how many' to probing questions relating to 'how' and 'why' type of questions and thus to explore links between phenomena in real life settings (Miles and Huberman, 1994).

Findings and Discussion

The brew masters and brand managers provided a variety of responses, unsurprisingly most of the branding strategies focused on these key antecedents: quality of product;

uniqueness; being local; promoting themselves (as brew masters); and foremost promoting the craft beer industry in a collaborative manner.

“We learn from each other . . . the idea is for someone to make a great beer, then someone improve upon the experience . . . it’s perpetual tinkering to make the beer better and grow the industry one craft beer brewery at a time” (Black Wolf Brewery Brand Manager)

“Are craft breweries competing? . . . not really, it’s sort of a knock-down effect . . . once a craft brewery gets established in a pub, that’s a win! . . . then another craft brewery will follow . . . we open up the market for each other” (Tryst Brew master)

All of the breweries had their own websites, which provided personal stories and antidotes about their start-up challenges. The websites offered on-line sales of product and merchandise. The majority had Facebook pages and encouraged fans to share their experiences and ‘ask the brew master’ questions. Promoting special events, either at the brewery or within the local community were also prevalent on the websites. Announcing the launch of a new beer was also a key website strategy

The next common response focused on the products’ quality.

“Our customers expect quality . . . tested and proven quality every time . . . not sometimes (Loch Ness Brew Master)

“Quality and consistency . . . only good sometimes doesn’t cut it . . . customers expect proven quality (Fallen Brew Master)

“The whole reason customers are turning their backs on mass-marketed rubbish is that they want choice. The more choice, the better (Brewdog Brew Master)

As the literature has stated today’s beer connoisseur is seeking a new experience, fresh taste where quality is expected and guaranteed.

The uniqueness of the product was very evident in the craft beers names, flavours, brand design and packaging. These factors were the strongest attributes that identified and differentiated the breweries and their brands. The most interesting findings include:

“My favourite beers to brew, Piña-Colada and Blonde-Voyage . . . unfortunately I couldn’t get the banana flavor right with the Piña-Colada (Campervan Brew master)

“This summer (2016) we’ve teamed up with a local ice-cream parlour and created ‘honey beer flavoured’ ice cream . . . different yes . . . there’s a limited production and it won’t last long . . . pray for a warm summer! (Beehive Brae Brew Master; Guthrie, 2016)

“We have created a great way customers can meet our brewing team . . . come to Drygate and create your own beer using our expertise . . . and create your own personalised beer label <http://drygate.com/brewed-fearlessly/studio-kit/>

The literature for SME’s has provided a clear directive that the owner/operator is the brand and must exemplify the brand elements that differentiates them from competitors. This can be substantiated with the following quotes:

I am the company. . . I am the brand and that’s what people want to see . . . and that’s what they get (Campervan Brew master,)

“I don’t rely on dodgy sales people to sell my business . . . I sell my beer so I can see the look on the buyers faces when they taste my beers” (Fallen Brewmaster)

Due to the microbreweries lack of scale, limited capital and employees unique strategies to innovative strategies must be created to distribute their beers. Campervan Brewery, where the brewmaster is the only employee, has converted a 1973 VW camper van into his ‘travelling brewery’ exhibited the most innovative distribution strategy.

“I can be anywhere and brew 50 litters in the van. Customers love the retro-ness . . . (laughing) and when I get my two kids involved they wear t-shirts saying ‘hoppy helpers’ . . . at Camper Van we firmly believe there is a journey inside all of us (* Brew master stating his brewery’s tag line)*

“Ever wanted to take home craft beer? We have created ‘growlers’, a one litter jug . . . refillable, so they’re environmentally friendly . . . you can savour your favourite, freshly brewed craft beer at home” (Brewdog Brew Master)

“We have recently re-fitted a small tanker truck with our beer whereby our customers can book the truck for any festive occasion . . . meaning, the beer comes to you in endless supply” (Brewdog Brand Manager)

The above findings exemplify the creativity of microbreweries ability to extend their distribution channels while building their brand equity.

Recommendations and Conclusions

This study has examined the branding strategies that Scottish micro-craft breweries have actioned to provide their customers with unique and highly satisfying beers. It is recommended that micro-breweries or similar sized micro-businesses (cafes, bakeries, wineries) continue to use unique branding promotions discussed in this paper that build brand equity around the values, ethos and particularly the passion of the business owner. A unique product that incorporates local heritage, local ingredients targeted to the local customer’s tastes is also imperative. In addition incorporating a unique brand experience that will further fortify the businesses’ brand and build sustained customer loyalty.

A significant finding from this research was the collaboration between all of the Scottish micro-craft breweries. This camaraderie was seen with the formation of member associations, activities where breweries sell and promote other brewers’ products and foremost they built on each other’s successes. Collaboration has resulted in more choice, more experience and demonstrated the owners’ passion and conviction. This has resulted a flourishing industry with loyal fans and brought substantial economic growth to a currently sluggish Scottish economy. The Scottish craft beer industry is applauded for their success as they continue to surpass the demands of their dedicated followers’ hearts and taste buds one pint at a time.

References

- Bernot, K., 2015. Here’s why (and where) we’re buying craft beer, according to Nielsen data. Available at: <http://draftmag.com/nielsen-data-craft-beer-trends/> accessed June 19, 2016
- Black Wolf Brewery (2016). Available at: <http://blackwolfbrewery.com/>
- Brewers Association, (2016). Available at: <https://www.brewersassociation.org/statistics/craft-brewer-defined/>
- Beehive Brae (2016). Available at: <http://www.beehivebrae.uk/>
- Brewdog; <https://www.brewdog.com/> accessed June 20, 2016

- Brewdog: available at: <https://www.brewdog.com/lowdown/blog/here-comes-the-brewtruck> accessed June 19, 2016
- (Brewers Association (2016). Available at: <https://www.brewersassociation.org/statistics/craft-brewer-defined/>
- Brodie R., Coviello, N., Winklhofer, H., (2008). Contemporary marketing practices research program: a review of the first decade, *Journal of Business and Industrial Marketing* 223 (2) 84-94
- Campervan Brewery; available at: <http://campervanbrewery.com/> accessed: June 20, 2016
- Carmichael, J. (2016) Growth Brewing for the Scottish Craft Beer Industry. Available at: <http://www.foodanddrink.scot/news/article-info/6625/growth-brewing-for-scottish-craft-beer-industry-in-2016.aspx>
- Carson, D., Cromie, S. (1990). Marketing Planning in small enterprises. A model and some empirical evidence, *Journal of Consumer Marketing* 7 (3) 5-18
- Centeno, E., Hart, S. (2012). The use of communication activities to the development of small to medium-sized enterprise brand, *Marketing Intelligence and Planning* 30 (2) 250-265
- Caviello, N., Brodie, R., Munro, H. J. (2000). An investigation of marketing practice by firm size, *Journal of Business Venturing*, 15 (5/6) 523-545
- Coviello, N., Milley, R., Marcolin, B. (2001) Understanding IT-enabled interactivity in contemporary marketing, *Journal of Interactive Marketing* 15 (4) 18-33
- Centeno, E, Hart, S., Dinnie, K. (2013). The Five Phases of SME brand-building. *Journal of Brand Management* 20 (6) 445-457
- Creswell, J. W. (1998). *Qualitative Inquiry and Research Design: Choosing among five traditions*, London Sage
- Drygate Brewery (2016). Available at: <http://drygate.com/brewed-fearlessly/studio-kit/>
- Fallen Brewery. Available at: <http://www.fallenbrewing.co.uk/>
- Easterby-Smith, M., Thorpe, R., Lowe, A., (1991). *Management Research: An introduction*. London Sage
- Gummesson, E., (2007). Access to reality: observations on observational methods, *Qualitative Market Research: An International Journal* 10 (2) 130-134
- Guthrie, C., (2016). Scottish craft beer creates honey beer ice cream for Aldi. Available at: <http://craftbeerworld.co.uk/un-bee-lievable-honey-beer-ice-cream-created-aldi-festival-30174> accessed June 28, 2016
- Holden, K., Kingham, I. (2010). In focus-craft beer. *Drinks trade* 14, 44-46
- Huband, G. (2015). Launch of the Brewers Association 2015. Available at: <https://www.thecourier.co.uk/business/business-news/126743/launch-of-the-brewers-association-of-scotland/> accessed June 19, 2016
- Kessler, C. (2007). "Where were you when Youtube was born?". *Journal of Brand Management*, 14 (3) 207-210
- Kleban, J., Nickerson, I., 2012. To brew or not to brew-that is the question: an analysis of competitive forces in the craft brew industry, *Journal of the International Academy for Case Studies* 18 (3) 59-81
- Loch Ness Brewery (2016). Available at: <http://www.lochnessbrewery.com/core-range/>
- Miles, R., Huberman, A. M., (1994). *Qualitative data analysis: An expanded sourcebook* (2nd edition). Sage, Thousand Oaks, CA.
- Scottish Enterprise (2016). Funding Boost for Scotland's Craft Beer Industry. Available at: <https://scottish-enterprise.presscentre.com/Press-releases/Funding-boost-for-Scotland-s-craft-brewing-industry-809.aspx>
- Tryest Brewery. Available at: https://www.google.co.uk/search?q=Tryest+brewery&sourceid=ie7&rls=com.microsoft:en-GB:IE-Address&ie=&oe=&gfe_rd=cr&ei=tSh1V6KIKqfP8AexraXgCw&gws_rd=ssl

Tempest Brewing Company. Available at: <http://www.tempestbrewco.com/>accessed June 20, 2016

Watne, T. A., Hakala, H., (2013). Inventor, Founder or Developer? An enquiry into the passion that drives craft beers in Victoria, Australia, *Journal of Marketing Development and Competitiveness* 7 (3) 54-67

Appendix: Characteristics of Craft Breweries (Brewers Association, 2016)

<https://www.brewersassociation.org/statistics/craft-brewer-defined/>

Craft brewers are small brewers

- The hallmark of craft beer and craft brewers is innovation. Craft brewers interpret historic styles with unique twists and develop new styles that have no precedent.
- Craft beer is generally made with traditional ingredients like malted barley; interesting and sometimes non-traditional ingredients are often added for distinctiveness.
- Craft brewers tend to be very involved in their communities through philanthropy, product donations, volunteerism and sponsorship of events.
- Craft brewers have distinctive, individualistic approaches to connecting with their customers.
- Craft brewers maintain integrity by what they brew and their general independence, free from a substantial interest by a non-craft brewer.