



**The Investigation of the Potential for Sustainable Market Growth  
in the Beer Market.**

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## **Abstract**

Craft beer is a rapidly expanding segment of the alcoholic beverage market. The craft beer movement has entered the mainstream culture and become a vital aspect of larger movements such as neolocalism driven by millennials. What once was un-organised quirky industry that produced thousands of beers has reconfigured its strategy and the market.

The main purpose of this study is to investigate the “Potential for Sustainable Market Growth in the Beer Market.”. Emphasis is placed on the developing networks and collaborations that the craft breweries within the industry are trying to cultivate to create a sustainable ecosystem in which value is created at all levels of the industry.

Through several in-depth interviews conducted with craft breweries from both Ireland and the U.S exploring different topics the research finds impactful insight into the industry.

An interpretivist, inductive approach was used in this study, to capture a rich and meaningful data. Those views were interpreted using thematic coding. The findings of this research showed ways in which breweries could potentially sustain market growth.

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# 1. Introduction

Since its re-birth in the 1980s, the craft beer business has experienced extraordinary development. The global beer business has undergone a profound change due to craft brewing expanding significantly during the last ten years (Brewers Association, 2019; Brewers of Europe, 2017). In fact, between 2008 and 2013, excise charges on beer in the EU amounted to €10 billion, whereas the brewing business in the United States generated \$250 billion in revenue (Cabras & Higgins, 2016).

With advancements in agriculture, biology, chemistry, and production, modern craft brewing is pushing the boundaries of not only the craft brewing business but also the mainstream market. Both the customer demographic and the price points have shifted. Consequently, brewers' desires for beer have developed leading to Innovation and experimentation have altered the brewing, serving, cellaring, packaging, labelling, marketing, distribution, and sale of craft beer (Gatrell, Reid and Steiger, 2018).

Since the turn of the century, the craft category has shown sustained growth, while sales at major brewers have steadily declined (Hart, 2018). As indicated by the expansion of the premium and craft categories, key trends indicate that beer drinkers want quality over quantity (Brewers Association, 2020). This counter revolution against the macro "brewers" hegemony of the global beer market has been driven by the millennial generation, which is becoming increasingly significant in retail marketplaces with increasing enthusiasm for purchasing locally created goods to help local economies (Bronnenberg, Dubé and Joo, 2022).

Craft breweries have long proliferated similar sentiments emphasising regional uniqueness and originality while using specialised marketing techniques and intentionally satisfying customers' need for a sense of community. This neolocalism is the deliberate attempt made by companies



to create a feeling of place based on characteristics of their neighbourhood (Holtkamp et al 2016).

The abundance of breweries and the rising popularity of the global craft beer market has not gone ignored by academics. A growing body of research is now being conducted to understand the industry's origins, growth, branding, marketing, customer loyalty, brewers' entrepreneurial motivations and cooperative networking, as well as the local economic impact (Cabras, I., & Higgins, D. M., 2016; Gatrell, J et al., 2018; Koch & Sauerbronn, 2019; Garavaglia, C., 2020; D. W. Murray & O'Neill, 2012).

Today it near impossible to find impossible to enter either a supermarket, restaurant, or bar without being able to procure a craft beer. When the global pandemic hit in March 2020 the entire beer industry was left holding its breath as more than 50 per cent of their business closed overnight (Harfmann, 2020). The craft beer industry was forced to change their model for business as consumers changed the patterns of consumption. Craft breweries that were able to invest in new platforms and sales channels, such as e-commerce and third-party delivery services, developing new growth channels highlighted the agility and entrepreneurship of the industry.

Alcohol consumption dropped by 6% worldwide and 6.6% in Ireland according to a report by Drinks Ireland. The craft brewing industry has been able maintain its market position despite the market uncertainty. It is important to carry out a study providing insights craft beer entrepreneurs in the sector, showing evidence and results of studies, allowing them to guide strategic direction decisions in their markets. Therefore, to establish a systematised solid ground for potential sustainable market growth.

The aim of this study was to build on further understanding of the craft beer industry by investigating the strategy, actions, and ideals of craft breweries. The following are the study's

major objectives, which are intended to address the study's core research question; The Investigation of the Potential for Sustainable Market Growth in the Beer Market.

1. *To assess the importance of neolocalism in the craft brewing industry.*
2. *To assess the importance of innovation in the craft brewing industry.*
3. *To assess the importance of Collaboration in the craft brewing industry.*
4. *The importance of strategy and organisational flexibility in the craft brewing industry.*

This study employed the proper qualitative approach of in-depth interviews with three craft brewers to effectively achieve these aims. The researcher was able to get a knowledge of industry practitioners' ideas and opinions on several areas of the craft brewing sector thanks to these in-depth interviews. Throughout the review of the pertinent literature, recurring themes emerged (Holtkamp et al., 2016; Kraaijenbrink, 2012; Simoes Ferreira et al., 2021) and during the interview process. This study's findings were produced using thematic analysis, resulting in the emergence of core themes such as the environment, community, inter-industry collaboration, differentiation.

## **2. Literature Review**

### **2.1 Introduction**

Numerous scholars and practitioners have demonstrated that Blue Ocean Strategy can facilitate market dominance by overcoming the competition by concentrating on creating innovative value products that open up uncontested market space through a leap in value. There is no evidence, however, the provided tools by Kim and Mauborgne for describing previous accomplishments are not prescriptive (Aspara J et al. 2008, Parvinen P et al., 2010). Presently blue ocean lacks the organised pathways to envision novel goods and services to maintain market dominance (Borgianni, 2012).

While innovation plays a role in generating and servicing new marketing practices, particularly in this ever-changing digital age (Kim and Mauborgne, 2014), it is uncertain that it can maintain the market dominance it establishes. This thesis investigate how craft breweries could potentially create and sustain consistent growth, value, and market share.

In examining the elements responsible for the market dominance of leading organisations in the craft brewing industry. This literature review seeks to examine the impact of several theoretical strategic standpoints on achieving market dominance, laying the groundwork for the research questions that aim to determine how craft breweries stay compete against far larger corporations and achieve a sustainable market share.

### **2.2 Background**

Historically, the Irish beer market has been dominated by a few large companies that specialise in mass production of standardised products (Drakopoulou Dodd, Wilson, Bhaird and Bisignano, 2018). Despite this, craft breweries have carved out a niche in this market by attracting a unique clientele of beer enthusiasts whom identify with their mission and ethos (Cabras & Higgins, 2016; Garavaglia, 2020). There are several terms that can used to distinguish breweries from the large, corporate owned “macro” breweries. These include "craft

brewery," "artisanal brewery," "microbrewery," "independent brewery," "specialty brewery," and the phrase "local brewery." (Garavaglia and Swinnen, 2017).

### **2.3.1 Defining Craft Beer**

Craft beers are the focus of this research; consequently, it is vital to define the term, to structure the research and comprehend the market. Craft brewing can be segmented by several factors pertaining to ownership, production process, scale, age, and tradition have been utilised (Garavaglia and Swinnen, 2018). Although there is no universally accepted definition of craft beer, there are various legal definitions established by national legislation and numerous working definitions provided by regional or national trade organisations. Thereafter, the author will examine three definitions of craft brewery in various nations to illustrate the heterogeneity in the generic definition of "craft brewery."

- The United States (U.S.) the Brewers Association defines small, independent, and traditional as craft breweries with an annual production of 6 million barrels or fewer, less than 25 percent of its capital owned or controlled by a non-craft brewery, and sensory characteristics derived from fermentation of traditional or new brewing ingredients (Brewers Association, 2020a).
- Ireland defines an independent microbrewery as one that produces no more than 40,000 barrels of beer and is not owned by any other brewers (Feeney, 2018).
- According to the German Brewers Association breweries of this nature are categorised according to their size; microbreweries (less than 5,000 hectolitre (hL), small breweries (5,000 to 50,000 hL), medium-sized breweries (50,000 to 200,000 hL), large breweries (200,000 to 1,000,000 hL), and brewing groups (more than 1,000,000 hL) (Heyder & Theuvsen, 2008).

These variations in definition reflect varying perspectives and geographical conditions, as well as the difficulty of defining "craft beer" due to the fast evolution of the sector, and the

variability that exists in regulation between nations. In certain ways, it can be simple to identify a craft brewery, but it is more difficult to agree on whether certain beers are "craft" or not, and therefore how to define a "craft brewery" or "craft beer".

Every definition has its limitations as terms such as innovation, tradition and independent can be applied and claimed by many large “macro” brewers such as Guinness (Diageo PLC) and Heineken (Heineken NV) who have rich histories, and in Heinekens case, are still family owned (Age Gate - THC, 2020). Additionally, what is innovative in one nation may not be in another (Garavaglia & Swinnen, 2018). This is true in Ireland, where IPAs are being brought to the market for the first time, but in the United Kingdom (UK), IPA is a classic kind of beer (Poelmans & Swinnen, 2018).

Another question is to the expansion of craft breweries; what happens as craft breweries expand? Such examples in Belgium and the U.S. of breweries that began with tiny conventional or creative beers, thereby meeting the criteria for the category of craft brewery. Then, because of the demand side's enormous success, they increased significantly. In certain instances, they were even afterwards acquired by international breweries (Dessaucy and Steinwandter Wippel, 2019).

### **2.3.2 Evolution of Craft Beer**

The brewing of craft beer is not a new phenomenon; this method has a centuries-long history in the beer production of the U.S. and Europe; nonetheless, craft beer has recently arisen as a new market sector (Esposito, Fastigi, & Vigano, 2017). During the twentieth century encouraged by economies of scale companies favoured a shift from a diversified and local market to national and worldwide homogenised markets (George, 2011). The "Craft Beer Revolution" began on the West Coast of the US in the early 1980s (Schnell & Reese, 2014). In other nations and continents, such as Europe, the growth of the beer market has spread the revolution to South America (Toro-Gonzalez, 2015), China (Tsang & Li, 2016) to name a few.

Craft beer's rise is linked to the influence consumer behaviour has on the market. According to Prahalad & Ramaswamy (2004), consumers' roles have shifted: they are no longer isolated and passive as they were in the past, but rather connected, informed, and active participants. Co-creation has replaced the traditional value creation process, in which corporations and customers play discrete roles, with the first producing and the second consuming (Garavaglia & Swinnen, 2018). Changes in customer preferences or lifestyles often lead to the introduction of new products, which in turn allows for the emergence of new niches of differentiation that begin small but could expand into larger markets (Garavaglia & Swinnen, 2018).

Craft brewers do not rely on traditional distribution or advertising methods like "mass-production" brewers, which is a key contrast between the two. For them, the goal is to sell the product locally, regularly at local brewpubs and festivals and on the streets as well as sponsoring neighbourhood activities so that they may reap the benefits of the "buy local" movement (Garavaglia & Swinnen, 2018). (Garavaglia & Swinnen, 2018). Schnell (2003) cites People may "reclaim a feeling of home and a distinctive landscape in the face of our globalising economy" by supporting local businesses. This has enabled the craft brewing industry to transform the global beer market.

### **2.3.3 Craft Brewing Statistics**

Pre Covid-19, the U.S. led the world in the number of small breweries. The market contained 8,386 establishments made up of microbreweries, brewpubs, and regional craft breweries, with over 20,000 craft beer brands. (Callejo et al., 2019), accounting for 13.6 percent of market share in sales volumes and 25.2 percent of market share in dollar sales (Whatson, 2020). In 2017, figures from The Brewers of Europe (2018) showed total beer output was approximately 41,2 billion litres. This production was accomplished by over 10,500 brewers, of which 75 percent were microbreweries and small- to medium-sized breweries. The UK has 2,430 breweries, followed by Germany (1,492), France (1,100), and Italy (1,100) (Arthur, 2021). In

2017, there were approximately 75 independent craft breweries in Ireland, and craft beer accounted for 2.8 percent of sales (MacMahon, 2019).

#### **2.4 Blue vs Red Ocean Strategy**

The hypercompetitive nature of the craft beer industry is reflecting monopolistic competition such that Irelands market, where the majority of breweries compete for a 2.8 percent share of total sales in the beer market. However, when the Irish craft beer scene began to flourish in the new millennium, craft brewers were on the crest of a blue ocean, differentiating themselves by creating unique styles and types of beer coupled with interesting and eye-catching design.

BOS is widely accepted that it can help reconfigure market dominance by building an uncontested market and shifting the focus from the present competition to the creation of new value and demand, whilst conventional ROS used to emphasise competition (Alam and Islam, 2017).

Although innovation can stimulate short term gains and new market share, it is not clear that this strategy can sustain market dominance as competitors adapt and replicate the initial innovative success as seen in what is described as a “gold rush” situation (MacMahon, 2019). Strategies designed to carve out market share can quickly turn into immediate ‘tit-for-tat’ actions and forge a red ocean where competitors aggressively scramble for finite share and shrinking profits (Kim, 2005).

An example of this is the entry of pseudo craft brands from larger “macro” brand brewers as traditional beer consumption in Ireland fell from 45 percent in 2019 to 38 percent in 2020 (Drinks Ireland Ibec, 2021). Their strategy focuses on acquiring a bigger share of the artisan market and is regarded as a zero-sum game whereby one company's gain is always offset by the loss of another (Kim, 2005). This is witnessed in particular with large macro brands that have enormous resources and already dominate the industry market space such as Diageo who spent around €2.57 billion on marketing activities worldwide in 2021 (Conway, 2021).

In red oceans, firms compete with the same set of best-practice rules either creating greater value for customers at a higher cost or creating reasonable value at a lower cost. In the reconstructionist world, the strategy's objective is to break the existing value-cost trade-off and create a new blue ocean where both differentiation and low cost is achieved. Blue ocean craft brewers have disrupted the market by proliferating with unique flavours and superior offers that have revived a stale and lacklustre sector (MacMahon, 2019), while macro brewers have increased their profits through advertising and standards.

## **2.5 Blue Ocean Strategy**

Kim and Maulborgne (2005) stipulate Blue Ocean Strategy as a unique managerial perspective moving beyond the "structuralist view or environmental determinism", where market structure, determined by supply and demand factors, influences sellers' and buyers' behaviour, which decides final performance. As supply exceeds demand in an increasing number of industries, competing for a portion of shrinking markets, while vital, will not be sufficient to sustain high performance (Kim and Mauborgne, 2005).

Blue oceans refer to industrial markets that have yet to be identified. This uncharted, uncontested, and undisturbed market region is devoid of competitors. In this market, demand is generated rather than contested (Kim and Mauborgne, 2005; Pritchett, 2017). Companies move beyond the view that strategy is tied to market structures; that boundaries and markets can be redefined, and players are not tied to current status quos. The goal of the blue ocean strategy is to create a leap in value for both the buyer and the seller companies and goods must go beyond Porter's five forces framework and likeminded outmoded modelling such as Porter's value chain as prescribed in the 1980's (Porter, 1985) by objecting to the widely held belief that competitive advantage is a trade-off between differentiation and low cost.

It is not enough for a modern firm to merely satisfy its customers as, Yang and Yang (2011) note to be successful; it must also create value for its customers. This is achieved by supplying



products or services that enhance customer value. Pursuing differentiation and low cost collectively in order to create new market space and demand (Kim, 2015), rendering the competition obsolete. Priilaid et al (2020) work develops Kim and Mauborgne (2005) regarding exiting over-crowded market spaces through “value innovation” or value and innovation citing the concept that creating value without innovation is just cost-cutting which is essentially the pretext for red ocean scenarios.

Furthermore, a sole focus on existing customers will lead to new products and services only meeting current customer needs and wants which can be counter intuitive for growth, particularly as craft brewing businesses want to scale up and achieve economies of scale within ever dwindling market share. Non-customers have incredibly valuable insight into an industry's limits. They can identify areas of pain and intimidation that prevent an organisation from developing more extensively satisfying products and services. (Kim, 2015).

An optimal approach is utilising the concepts and actions of Blue Ocean Strategy in conjunction with an integrated model of value creation to identify and adopt suitable activities to improve customer value. The integrated model recommends incremental product changes that are expected to have significant effects on some of the various categories of "value" and are successful at "locking in" just current consumers (Treacy, 2004). However, breakthrough product innovations which are necessary to attract new customers, which Yang and Yang posit, should be considered:

1. Enhance the product's features: businesses may opt to improve an existing product or service by increasing (or "raising") the product's essential characteristics. This choice corresponds to the aforementioned “raise” action and has implications on “creative value” and “functional value”

2. Integrating important features into a new product: Companies are increasingly developing new products by incorporating critical features – particularly “very appealing traits” and “high value-added attributes” – into new products and services. This technique corresponds to the aforementioned "create" activity and will considerably add to "psychological worth" and "creative value."
3. Develop creative products: The strongest initiative of the 'create' action of the “blue ocean” strategy is to attract new consumers and non-customers by studying and producing a unique product. This has substantial implications on "psychological worth" and "creative value."

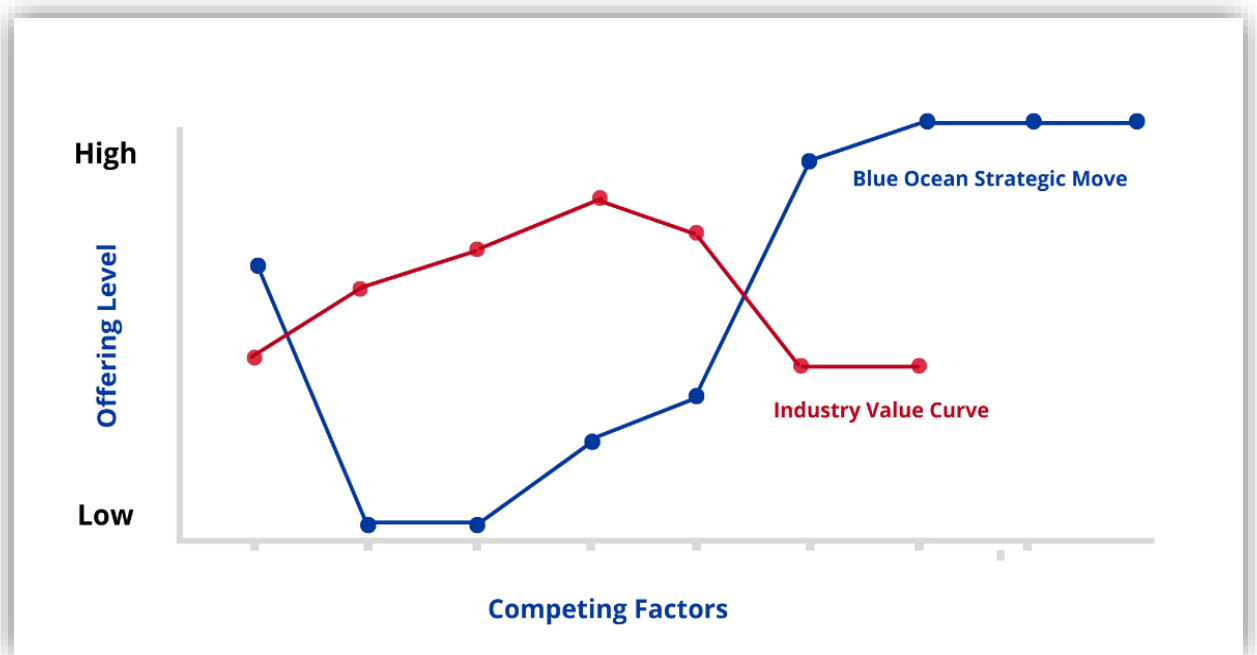
It is the contention of Yang and Yang's (2011) study, the integrated model offers an effective strategic tool for companies aiming to combine new product design, research and development, and marketing. This resulted discovery and potential implementation of actions that can increase the value that customers receive from an interaction with an organisation or its products and consequently, derive value from customers constituting a "win-win" approach.

### **2.5.1 The Strategy Canvas**

Strategy Canvas by Chan Kim and Renée Mauborgne is a primary diagnostic tool and an action framework for developing a compelling Blue Ocean Strategy. It graphically depicts the existing strategic environment and prospects for a firm in one easy snapshot. It captures the present state of play in the recognised market area, allowing users to observe the elements on which an industry competes and invests, what purchasers get, and the strategic profiles of the leading players. It motivates users to act by reorienting their attention from rivals to alternatives and consumers to noncustomers of the industry, and it enables you to envision how a Blue Ocean Strategy moves may diverge from the present red ocean reality. The strategy canvas conveys concisely the four important parts of strategy: the competitive factors, the offering level

customers get across these standards, and your own and your rivals' strategic profiles and cost structures (Kim and Mauborgne, 2005).

**Figure 1** The Strategy Canvas



(Kim and Mauborgne, 2022)

With this insight Kim and Mauborgne move to the main analytical principle underpinning blue oceans using the “Four-Action Framework” to rebuild buyer value components to create a new value curve based on what buyers really care about (Kim and Mauborgne, 2005). This is achieved through the following:

1. Which of the factors taken for granted by the craft beer industry that should be eliminated?
2. Which factors should be decreased significantly below industry standards?
3. Which factors should be elevated significantly beyond the industry norm?
4. What factors should be developed that the market has never provided?

## **Case Study: Sierra Nevada**

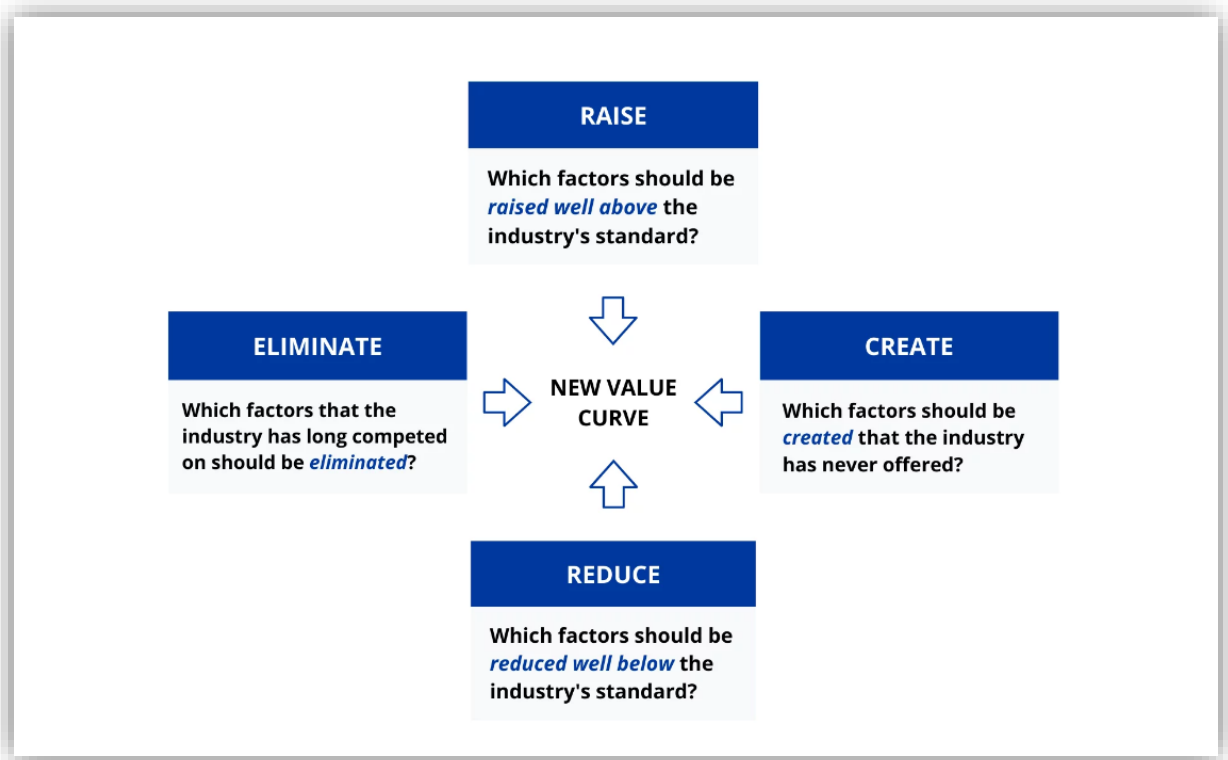
Sierra Nevada added Torpedo Extra IPA to the booming IPA category in 2009. The beer type was not new to the craft beer business, but the technology and equipment used to produce it were. Examining the procedure and method of "dry hopping" was the motivation for the innovation.

Dry hopping is the process of adding hops to beer after fermentation has already begun. Dry hopping imparts a fresh hop aroma to beer without bitterness. It also possesses a distinct taste profile. Hops' flavour and aroma are retained when introduced later in the brewing process.

Sierra Nevada's initial method used two enormous bags of whole cone hops in the fermenters, which comprised a significant portion of their brewing equipment, and utilised them for several days. In addition to being time-consuming and labour-intensive, this method of extracting such expensive ingredients in the brewing process was also exceedingly inefficient. Often, when the bags were removed after many days of soaking, they were saturated and dripped hop-rich beer over the brewery floor, squandering the precious liquid. This process was considered standard practice.

Ken Grossman, the company's founder, sought a more efficient method. Therefore, he planned and constructed a large percolator apparatus. Hops were placed into vessels with screens, and the beer was recirculated for three to five days, depending on the beverage, through those containers (decreasing the use of time-consuming and labour-intensive activities). This proved to be a far more effective method of dry hopping, producing greater fragrance and flavour (elevating the quality of the extracted liquid). The "Hop Torpedo" highlighted an efficiency never provided in the craft beer market, "it's been a real boon" (Grossman, 2022).

**Figure 2** “Four Actions Framework”



(Kim and Mauborgne, 2022)

The "Hop Torpedo" was a pivotal milestone in Sierra Nevada's innovation journey and the industry's approach to producing hoppy beers whilst increasing efficiency and maximising the flavour and fragrance extraction from whole-cone hops. Consequently, Torpedo Extra IPA was among the ten fastest-growing American beer brands in 2013 and remains one of their best-selling beers (Grossman, 2022). Although the Sierra Nevada case study may not have consciously employed the "four acts framework" of increase, decrease, remove, and build, it is comparable.

Sierra Nevada has positioned itself via innovation to simultaneously establish distinction and reasonable price. This helped them to reduce waste by optimising their process and recycling raw materials. They determined what other brewers were avoiding or just could not imagine and what quality concessions current consumers and producers must make. While

avoiding uninspiring enhancements and projects that lacked production-based efficiency and delivered little or no customer value, which was the benchmark. Instead, Sierra Nevada charmed the IPA industry with an aggressive yet balanced drink and experience.

### **3. The Limitations of Blue Ocean Strategy**

Despite the proposed techniques by Kim and Mauborgne, Blue Ocean Strategy still lacks a clear path to develop and identify new products or services and according to Buisson and Silberzahn (2010), BOS cannot effectively explain innovation leading to market dominance. Borgianni (2012) argued that the strategy does not provide enough guidance on how to select the most effective value propositions. BOS merely presents visual tools that can be used to represent the ideas and does not provide a prescriptive approach to identifying new opportunities. Kraaijenbrink (2012) identified four major risks associated with the Blue Ocean Strategy: ignoring relevant competition, reinventing the wheel, straying too far from a company's core competencies, and finding no or a limited number of "fish" (customers) in the newly created blue ocean.

Other academics have commented on the inability of those who create blue oceans to keep out competitors that ultimately may overtake them (Burke, van Stel, and Thurik, 2009; Herman, 2008; Hollensen, 2013). Pursuing regions disregarded by rivals requires a focus not just on markets but also on technology, goods, services, design elements, packaging, modes of distribution, and advertising and promotion techniques (Wee, 2016) all of which are universally achievable with the right backing and budgets.

David Deephouse (1998) investigated the effects of strategic similarity at corporate level on performance. Previous research has demonstrated that businesses frequently face demands both unique and comparable. Deephouse cited prior research indicating that by complying, businesses can demonstrate their legitimacy, while by differentiating, they can minimise

competition. The Deephouse study expanded on the notion of strategic balance by establishing a firm's performance may suffer if it is too similar or too distinct from its rivals. A reasonable degree of similarity may increase success.

Craft breweries demonstrate this phenomenon by manufacturing their product like “macro” brewers. However, customer awareness due to their exuberant branding and education of craft beer styles means that these beers are considered as distinct as their niche styles and lack the market penetration attained by macro manufacturers.

Despite the models and techniques created to analyse the optimal strategic move in the present red ocean of intense competition, the optimal strategic move remains elusive. The transformation is neither quick nor straightforward. Owing to the rapid speed of technical advancement in the present day, in those few instances when an organisation gains a competitive advantage, the competition quickly catches up by replicating the innovation.

#### **4. Purple Ocean Strategy**

Burke et al. (2009) note that BOS and ROS overlap, and that choosing between the two is unnecessary since they may coexist as short and long-term strategic priorities. The research of Dutch retailers suggested that BOS was the prevailing strategy for the long term through new brands and differentiation techniques have proliferated, resulting in increasing market segmentation, deeper and broader market boundaries, and the revitalisation of previously “tired” industries.

Buisson and Silberzahn (2010) establish that innovation can lead to market dominance and that this innovation can be achieved through four sorts of breakthrough either independently or simultaneously: techno-logical breakthrough, business model breakthrough, design breakthrough, process breakthrough.

According to Nithisathian, Kittichok, and Walsh (2013) organisations require both unique ideas and a variety of tactics to compete with rivals and remain functioning over the long run in a Purple Ocean Strategy (POS). Additionally, Cavagnetto and Gahir (2013) contend that there are no permanent blue oceans; the ocean will eventually turn purple. Drawing on Beach Theory (1929), comparing ROS and BOS, which proposes if there are profits to be made in a particular market, more vendors will arrive to serve that market until it reaches saturation.

Scarlat and Panduru (2021) argue that Purple Ocean refers to enterprises with mature products that develop new channels to distribute new products outside their primary business to ensure long-term survival and sustainability. This type of business "fights" its direct competitors on core competencies in red oceans but lacks the flexibility to reallocate resources and concentrate on developing new and innovative products and services. As advocated by Boni and Joseph (2019), organisations implementing POS understand the possibilities of creating new product lines in current markets that are distinct from their main markets.

These sentiments are reflected in the work of Işu and Scarlat (2020) who conclude a more sustainable means of retaining a competitive edge is via organisational flexibility, by being receptive to new opportunities, i.e., through entrepreneurial behaviour, such that direct rivalry becomes less significant. Elements of organisational flexibility, innovation and the pursuit of core competencies are reflected in the craft beer industry. An example of both a technological and design breakthrough would be the Nitrosurge and Microdraught dispensers created by Guinness. This innovation won the Red Dot Award for Product Design as it allowed outlets around the world to serve Guinness Draught on tap no matter their size or setup (Kennedy, 2022).



## **5. Neolocalism, Millennials and Opportunities**

Decades of globalisation have had a dramatic impact on the compression of time and space (Harvey, 1989) and all sectors of life and industry as a result of technological advancements that have facilitated the mass manufacturing and shipping of commodities, hence contributing to the creation of an identical, flattened urban landscape. This, in turn, led to the emergence of the so-called "anti-mass production movement" (Rao, 2008), which expressed resistance to growing homogenisation by inventing and promoting distinctive, unconventional, and high-quality goods such as craft beer and in the past two decades, the word 'local' has taken on a new meaning because of counter-globalisation (Schnell, 2013).

The craft brewing business has grown on the other hand, because of the growth of globalisation. The transmission of knowledge after the introduction of a new product to the market initiates the process of the diffusion of innovations, in which producers, consumers, and future followers participate. Now, equipment and raw materials are commercially available, and the products are now as regularly available as their “macro” brewer competitors.

### **5.1 Neolocalism**

Neolocalism is the practice of incorporating elements of local production and the specialised use of place branding to imbed a product into a particular location (Argent, 2017). Microbreweries are active participants in the neolocalism movement. Focusing on local identity and distinction, microbreweries use tailored marketing techniques and proactively appeal to the need for community connection.

Recently, Simoes Ferreira et al. (2021) proved that the neolocal and locavore tendencies had a significant impact on craft beer movement participants (Fitzgerald, 2016; Schnell & Reese, 2014). “Locavorism” was borne out of rising concerns about the detrimental environmental and microeconomic effects of industrialised food production the consumption (Prentice, 2006). Microbreweries in North Carolina offer potential further experiences such as farm-to-brewery

agritourism and add an extra layer of localness and authenticity to breweries' offerings, who already employ locally sourced ingredients such as oranges, peaches, strawberries, honey, and grain in their beers (Ferreira et al., 2020).

Similarly themed collaborative efforts can be seen in the Irish craft beer industry as breweries attach folklore, myths, colloquialisms, and ingredients to their products. In Holtkamp et al (2016), Use three elements to assess brewery participation:

1. the use of local names and imagery in labelling and marketing
2. environmental sustainability
3. social and community participation

Craft breweries define and create this by developing their branding around a sense of place and personifying their brands with storytelling based on myths and folklore pulled from the area and its past (Argent, 2017; Hede and Watne, 2013). In this way, these items have the capacity to reinforce local identity and develop a sense of belonging and commitment to place, as they are typically unique because they reflect the particularities of a given location (Schnell & Reese, 2003, 2014; Taylor & DiPietro, 2020).

## **5.2 Millennials**

Millennials are becoming a crucial market for the industry's future growth (IPK International, 2016). Ranging between 25–34-year-olds, according to market data, the age group most likely to consume craft beer (Mintel, 2013). They are "confident, self-expressive, liberal, optimistic, and receptive to change" (Pew Research Center, 2010). A Recent market study indicates that 57 percent of craft beer drinkers who consume it weekly are millennials. Globally they represent 23 percent of the population equating to around 1.8 billion (Neufeld, 2021). Regarding their purchasing preferences, they prefer to acquire services from firms that promote the resolution of certain social concerns, while perceived giant corporations to have excessive

power and influence (Carter, 2016). Millennials purchase products that reflect their community and are manufactured in an ecologically conscientious manner by socially responsible firms.

According to Nielsen (2022), 75 percent of Millennials are eco-conscious to the extent that they have changed their purchasing patterns to favour ecologically friendly items. Harris Group research found 72 percent of millennials prefer to spend their money more on experiences than on tangible possessions. This is a positive for the craft brewing industry who rely on generating experiences through beer providing people with a “beer journey” (Donnelly, 2022). Craft breweries due to their size of operations can provide different experiences, encompassing different forms of value.

Numerous studies have demonstrated the strong correlation between customer satisfaction and customer loyalty (Gorst, Kanji, & Wallage, 1998; Sirohi, McLaughlin, & Wittink, 1998). Evidently, customers who are satisfied make more frequent and larger purchases, transaction costs decrease, and the lower costs attract new customers. Due to these factors, customer loyalty and retention are becoming increasingly vital to achieving improved performance and financial profits.

### **5.3 Opportunity**

Craft beer enterprises are not immune to the sudden and drastic economic decline caused by the Covid-19 pandemic (Roy et al., 2021; Sigala, 2020). The tourism sector and adjacent industries, particularly micro-businesses, have been severely impacted (Morris, 2020). Fewer people traveling today. Consequently, craft beer companies must find their way into new local market segments and niches.

In addition to reaching out to minorities, Stone et al., (2020) point out that business may also need to target Gen Xers, who have a large disposable income and a propensity to travel for beer. According to an Eventbrite study of millennials, this generation not only values

experiences highly but also spend increased time and money on them, including attending concerts and social gatherings, sporting events, cultural experiences, and events of all types (Fueling the Experience Economy, 2022).

Pine and Gilmore (1998) introduced the experience economy framework for developing economic prospects in a variety of sectors, including tourism and hospitality. The craft beer industry is one of those industries which has utilised this across the world reflected in brewery tour, taproom and events. In Ireland due to regulatory policies the craft beer economy is only just beginning to execute their own plans of developing and growing this segment.

Therefore, this dissertation study seeks to comprehend the various components and relationship between demands and expectations of these new market niches and sectors previously described and how, collectively, they can support organisations in achieving sustainable market dominance.

## **6. Methodology**

### **6.1 Methodology Introduction**

In this section, the researcher will explain the methodology taken to compile the data for this study. As a prelude to that, this chapter will explain the rationale for using a qualitative framework for the thesis objectives and research questions. The chapter will further describe each of the data collection instruments employed, highlighting the advantages and disadvantages of each technique. Continuing from this, this chapter will discuss the study's intended participants and ethical considerations, including how the collected data will be analysed. The chapter will conclude by examining the limits of this study and arguing how this work might contribute to future research in this field.

## **6.2 Research Questions**

This thesis research seeks to address the following questions to determine the factors that potentially contribute to creating and sustaining consistent growth, value, and market share of craft breweries. The following are the study's major objectives, which are intended to address the study's core research question; The Investigation of the Potential for Sustainable Market Growth in the Beer Market.

- 1. To assess the importance of neolocalism in the craft brewing industry.*
- 2. To assess the importance of innovation in the craft brewing industry.*
- 3. To assess the importance of Collaboration in the craft brewing industry.*
- 4. The importance of strategy and organisational flexibility in the craft brewing industry.*

These research questions provide insight into how different craft breweries seek to be competitive within their own markets. The research explores this by gathering primary data of each brewery within their market with objective to identify commonalities in terms of vision, culture, and customer centricity, as well as the degree to which each of these aspects has impacted sustainable market growth

Lastly, this study seeks to add to the existing literature, which has primarily focused on innovation and competitive performance in relation to the Purple Ocean Strategy and additional approaches for maintaining sustainable market growth. This dissertation can be viewed as a contribution to the present work on innovation and competitive performance, while also addressing research gaps by examining market sustainability in the Craft brewing business.

## **6.3 Research Perspective**

This study will utilise Saunders, Lewis, and Thornhill's (2009) Research Onion, to examine the research perspectives of this study. This section emphasises the significance of selecting the

suitable research viewpoint. It lends credibility to the research, which enhances the potential value of this study and its contribution to business practice and theory (Crotty, 1998).

A research perspective or paradigm is a collection of commonly held assumptions about how to approach a research subject. Both Epistemology and Ontology are research philosophies, with the former emphasising how we know things, the nature of knowledge, and how it is obtained, and the latter on knowledge itself, what is in fact true and known in reality (Saunders et al., 2012).

Epistemology is concerned with how we know, while ontology is concerned with what we know. There is no ideal or "optimal" research philosophy per se; it is up to the researcher to establish one based on what they are attempting to learn (Saunders et al., 2012). Epistemology focuses on the study of knowledge. The paradigm of this study is epistemological, in that the researcher seeks a greater knowledge relating craft breweries' views and perceptions of identity, growth and competition by means of producing "acceptable knowledge" through qualitative in-depth interviews (Bryman and Bell, 2011).

Positivism, realism, interpretivism, and pragmatism are the four major theoretical viewpoints cited by Saunders et al. (2009) as underpinning a study's focus and knowledge development. There are three epistemological approaches: subjectivism, positivism, and interpretivism. Subjectivism was developed to prioritise diverse perspectives and obtain the individual's viewpoints in relation to their perspective on society (Saunders et al., 2016). Due to the qualitative perspective and the primary data obtained from the semi-structured interviews, the interpretivist framework is the most suited research philosophy for this thesis given its subjective perspective.

According to Saunders et al. (2016), interpretivism highlights the fact that persons from diverse cultural and situational backgrounds experience distinct social realities at any one time.

Interpretivism collects data about an individual's interpretation of what is meaningful to them. It is a popular technique in qualitative and commercial research (Saunders, et al., 2016). Critics such as Mack (2010) and Dudovskiy (2016) assert that the most significant downside of interpretivist research is that it is subjective, and hence the results cannot be applied to a population or context. However, this study aims to explore those opinions and experiences of its respondents of which each one is subjective and has their own thoughts and experiences.

## **6.4 Research Approaches**

There are two distinct research methodologies: deduction and induction. Saunders, et al. (2016) comments that the deductive process is based on the rule that if all evidence is true, so will be the conclusions. The deductive technique focuses on analysing and testing against existing ideas to establish a connection between the study and the existing theory (Bryman and Bell, 2011). Consequently, the deductive technique is intimately related with the quantitative research method (Saunders, et al., 2016) therefore it is not suitable for this research study.

Inductive reasoning detects gaps in logical arguments based on observations rather than the logical argument itself. Inductive reasoning, in contrast to deductive reasoning, uses theory throughout the research process and supports its conclusion with observations (Saunders, et al., 2016). Smaller sample sizes make the inductive method suitable for qualitative research (Saunders, et al., 2016). This research study is inductive in nature and seeks to gain insight into market sustainability in the craft beer industry.

## **6.5 Research Strategies**

### **6.5.1 Quantitative and Qualitative Research**

Quantitative and qualitative research approaches are both often employed. Quantitative research tests are measurable because they generate hypotheses by studying the correlations between the variables' measurements (Creswell, 2013). The qualitative research technique focuses on the complexity of a phenomena, seeks to comprehend the meaning experienced by humans, and comprises mostly of nonnumerical data. Studies around the craft beer

phenomenon and the craft beer industry have been primarily quantitative studies in their focus of the research (Murray and O'Neill, 2012) another research such as (Simoes Ferreira et al., 2021) focuses on the consumer-based research.

In an Irish context, the topic of craft beer and sustainable competitiveness is relatively understudied topic by either quantitative or qualitative means. Consequently, qualitative research in the field will provide the foundation for a deeper knowledge of craft breweries perspectives on the source, which can ground future quantitative study. Qualitative research is performed more naturally than quantitative (Quinlan, 2011). Particularly in the context of the craft beer industry which is relatively new and underdeveloped. Qualitative research considers each participant to be subjective, enabling the researcher to comprehend each participant's thoughts, feelings, opinions, and perspectives regarding a topic that might not fully be known to the participant. Therefore, qualitative research permits a first examination of the issue in order to develop greater understanding.

#### **6.4.2 Research Strategy**

As suggested in Saunders et al. (2016) a combined approach of an interpretivism perspectives and inductive approaches using qualitative methods provides useful research data particularly with small sample sizes over larger quantitative methods. Therefore, a qualitative approach including semi structured interviews with a small sample is employed. The objective of inductive inquiry is to identify obvious themes or patterns related with a phenomenon (Saunders et al., 2016). The purpose of in-depth interviews is to investigate a phenomena or individuals using unstructured or semi-structured interviews that run between 45 minutes and two hours (Bryman, 2008). The framework of a semi-structured interview stipulates certain questions will be prepared prior to assure the direction of the primary themes of interest, while others will be formulated during the interview (Collins & Hussey, 2013). Data collection in



this way has means that it has ability to be rich and informative beyond the researchers' initial scope of questioning.

### **6.4.3 Advantages and Limitations**

The advantages of combining aspects of structured and unstructured interviews provides semi-structured interviews with the benefits of both: comparable, trustworthy data and the ability to ask follow-up questions. If necessary, participants might be requested to clarify, elaborate, or rephrase their responses unlike structured interviews, questionnaires, and surveys (George, 2022).

However, the researcher notes several limitations. Flexibility can diminish the validity of semi-structured interviews. Depending on how much the interviewer deviated from the specified list of questions, comparing replies amongst participants might be difficult. The open-ended nature of semi-structured interviews might pose leading questions, thus influencing the answers. Inversely, respondents may also attempt to deliver the responses they believe want heard, resulting in social desirability bias (Nikolopoulou, 2022). Importantly each participant's willingness to contribute is distinct. It might be challenging to be both encouraging and objective (George, 2022).

### **6.4.4 Interview Structure**

The development of the interview guide is vital to the semi-structured interview and should be based on relevant literature and the researcher's prior knowledge (King, 2004). Interviews vary in structure and question formulation. The researchers are interested in evaluating the Craft brewers' potential for sustainable market competitiveness and have determined that semi-structured interviews with open-ended questions are the most effective method gaining a deeper understanding of the desired topics. "The interviewer commences with a set of interviews themes but is prepared to vary the order in which questions are asked and to ask new questions in the context of the research situation" (Saunders et al., 2007). This approach's

fluidity enables the researcher to gain a better comprehension of the individual's viewpoint or ideas (Saunders et al., 2007). Therefore, the semi-structured interview method with pre-written and open-ended questions as well as on-the-spot inquiries is deemed the most suitable for this study.

Topics concentrated on background, strategy, neolocalism, branding, innovation, the future, and collaboration. The background questions not only established an initial rapport between both parties it provided useful information, the participants position, the brewery's production capacity, and the number of employees, as well as the backdrop of the brewery's growth. Questions were developed based on the interpretations of concepts that were outlined in the initial literature review.

#### **6.4.5 Primary Data Selection Process**

The notion of convenience sampling was employed to pick interviewees, allowing researcher to start contact with interviewees through their networks (Collins & Hussey, 2013). This secured the collaboration's success. Sampling is of the highest relevance in qualitative research (Saunders et al., 2007). (Graziano and Raulin, 2010) A sample with a significant representation of target groups increases confidence in the generalisability of the study's findings. The researcher chose respondents based on the notion of theoretical sampling and their apparent expertise and experience in the microbrewery's operations and/or establishment (Murphy, Klotz, Kreiner, 2017).

The interviews were scheduled at the interviewee's convenience, and Zoom Video Communications was utilised where this was not possible. No interview lasted more than 45 minutes; nevertheless, the length of each interview varied based on the ability to respond and the conciseness of responses. The interviews were recorded to verify the accuracy of the results and provide an immutable record of the responses. This information was conveyed to the

interviewees prior to the interview. In order to ensure that the research was done in an ethical manner, the participants were told of the study's goal and cited data.

#### **6.4.6 Theoretical Saturation**

Theoretical Saturation is described as “a point at which observing more data will not lead to discovery of more information related to the research questions” (Lowe et al. 2018). The researcher employed an inductive thematic saturation strategy, continuing to interview participants until no new codes or themes emerged in regard to the topic of inquiry (Saunders et al., 2018). Riley et al (2000) outlined a need for the researcher to consider the studies limitations, objectives and the chosen research instrument when selecting the size of their sample, particularly when it comes to in-depth interviews. The researcher conducted three in-depth interviews with information being collected representing that of theoretical saturation.

#### **6.5 Research Method**

When conducting an inductive data analysis, the following strategies may be utilised: narrative analysis, discourse analysis, the grounded theory method, analytical induction, and template analysis (Braun & Clarke, 2006; 2013). The researcher(s) are the tools for analysing, coding, theming, contextualising, and recontextualising the data when doing data analysis (Starks & Trinidad, 2007). Each of the methodologies employs distinct methods for collecting, recording, and analysing data.

According to Hussey and Hussey (1997), a grounded method is effective when no previously known theory is being evaluated inside the study, i.e., there is no theoretical framework. This research will take this form. The thematic method is one form of grounded theory technique, which was selected for this research. Saunders et al. (2016) characterise thematic analysis as a stand-alone analytic technique that may be employed regardless of the philosophical perspective or whether the research is inductive or deductive.

Braun and Clarke (2006) suggest that thematic analysis is an effective tool for comparing the views of diverse study participants, highlighting similarities and contrasts, and generating unexpected findings. Using this method, all interviews are transcribed and meticulously reviewed for crucial phrases, ideas, and thoughts that emerge. Saunders et al. (2016) explain that codes can emerge in three ways: through the words of participants, through a collection of data labelled by the researcher, and through terminology existing in relevant theory and literature.

This inductive study, therefore, concentrates on the development of theory by allowing themes to emerge from the data gathering rather than the literature alone. The first codes were extracted from the collected data and organised into groups or topics; a process known as open coding (Quinlan, 2011). Axial coding was then performed to establish a connection between the codes. Then, using selective coding, the codes were suitably combined based on these links or similarities to form the research's overarching themes (Saunders et al., 2016).

## **6.6 Time Horizons**

Time horizons is one of the final considerations of the research onion and is concerned with the cross-sectional or longitudinal time spans. A longitudinal study gathers data over a longer period of time and several times to investigate a phenomenon, whereas cross-sectional research focuses on a phenomenon at a single moment in time and collects data just once. Due to the limitations imposed on this investigation, a cross-sectional design seemed most appropriate. During a two-week period in August 2022, the researcher gathered the data only once, interviewing each participant only once.

## **6.7 Data Collection and Data Analysis**

### **6.7.1 Data Collection**

Face-to-face interviews can be conducted at any convenient place. However, due to the restrictions such as distance and time two interviews were conducted using Zoom Video

Communications. One interview was conducted on a train at the convenience of the interviewee who was only available at that time. All interviews were scheduled at convenient times for the candidates. The interviews were conducted over the course of two weeks in July 2022, and each lasted between thirty-five and sixty minutes.

To mitigate any prejudice or misinterpretation on the side of the respondent, the questions were intended to be plain and concise. Therefore, open-ended questions enable interviewees to provide responses that are rich in detail and assist researchers to obtain a deeper grasp of the desired themes. Therefore, the semi-structured interview method with pre-written and open-ended questions as well as on-the-spot inquiries is deemed the most suitable for this study. To spark meaningful discussion a bespoke question guide was developed, which followed topics evident in the literature and questions thought acceptable for the specific portion in order to facilitate the search of useful data. The topics covered were background, innovation, neolocalism, branding, collaboration. To ensure descriptive validity, all interviews were audio recorded using “otter.ai.” mobile application which turns voice conversations into smart notes. All participants were informed of the recording and its use in the research. All participants gave their consent to the recordings. The researcher made it clear that all recordings and data obtained will be deleted following the conclusion of the study by erasing records.

### **6.7.2 Data Analysis**

Through the theoretical freedom afforded by theme analysis, a highly adaptable methodology may be developed to meet the requirements of various research. This is a comprehensive, extensive, and intricate description of the facts (Braun & Clarke, 2006)

The procedure of thematic analysis consists of six phases: (1) Familiarisation, (2) Initial Coding, Generation, (3) Searching for Themes, (4) Examining Themes, (5) Determining and Naming Themes, and (6) Report Production. It should also be mentioned that during the

research process, data gathering, data analysis, and report writing frequently occur simultaneously (Creswell, Hanson, Clark Plano, & Morales, 2007).

Despite Braun and Clarke's (2006) documentation of a linear, six-phased procedure, the theme analysis process is an interactive reflective approach that involves movement between the stages (Nowell, Norris, White, & Moules, 2017).

### **6.7.3 Ethical Considerations**

The researcher adhered to the National College of Ireland's "Ethical Guidelines and Procedures for Research Involving Human Participants" throughout the research procedure. A request for ethical review accompanied the submission of this study's proposal.

### **6.7.4 Voluntary Participation and Confidentiality**

Before each interview, the goal of the interview and the study were clarified so that all participants were aware of the nature of their participation. Each participant was required to read and sign a permission form to ensure they understood the study's goal. All candidates were advised that their interview responses will be utilised for this MSc dissertation and were given the option to remain anonymous (Jankowicz, 2000).

## **7. Findings, Analysis and Discussion**

This chapter's objective is to discuss and provide an analysis of the key results yielded from the in-depth interviews performed for this study. By examining the activities, emotions, and perspectives of craft brewing industry professionals, recurring themes became apparent. This section will address the purpose of this study by presenting each subject alongside a number of relevant direct quotes from the participants.

### **7.1 Research Objective 1**

*To assess the importance of neolocalism in the craft brewing industry.*

## **Interview Theme**

- 1. Local Branding and Imagery**
- 2. Environment**
- 3. Community involvement**

Neolocalism is the purposeful attempt of companies to create a sense of place based on the characteristics of their local area. Extensive study defines neolocalism and examines how firms interact with it. Holtkamp et al (2016), use three factors to evaluate the neolocalism of a brewery:

1. the use of local names and imagery in labelling and marketing
2. environmental sustainability
3. social and community participation.

### **7.1.1 Local Branding and Imagery**

Flack (1997) discussed the penchant that individuals have for locally made beer. He suggested that a part of this need was the desire to create attachments to local locations. Names and imagery in labelling and marketing is one way in which breweries sought to capitalise on this desire. Both Sierra Nevada (SN) and The White Hag (TWH) actively attempt to do this through their brands.

*“So, the White Hag itself, it’s basically steeped in Irish mythology. Sligo area is very relevant within the stories of Irish mythology.” TWH*

*“We were avid backpackers and particularly Ken my brother and he wanted to have a scene on the bottles that Ken noted the outdoors and our love for you know nature and the mountains.” SN*

Craft breweries contribute to the creation of a feeling of place and proliferate most strongly in areas with the largest concentration of newcomers (Schnell and Reese, 2014). SN now have four decades of success cultivating this sense of place, particularly in their Chico location.

*“The Chico dynamics still holds true. We are the hometown beer. Yeah, we have a lot of students come through the university. And I can safely say that many of them think it's their beer because that's the beer they grew up with.” SN*

The population densities and distances mean that the term local takes on different meanings for TWH and Rascals Brewing (RB). In the suburb of Inchicore, Dublin, where RB is based, the population sits at 2,460 in 1km<sup>2</sup>, while Ballymote, Sligo, where TWH is brewed, it is 1,549 in 1.598 km<sup>2</sup> Area (City Population - Population Statistics in Maps and Charts for Cities, Agglomerations and Administrative Divisions of all Countries of the World, 2022). Rascals have used “local” Dublin colloquialisms to emphasise local identity and uniqueness by employing tailored marketing techniques and intentionally linking people with place in their beer names “happy days” and “relax the cacks.”

### **7.1.2 Environment**

Even though the usage of local names and imagery are potent identifiers of place, this must be balanced with the other elements used to define the establishment's overall neolocal practices (Holtkamp et al, 2016). Large corporations wield too much power and influence, in the opinion of the millennial cohort. They favour purchasing services from businesses that promote certain social causes (Carter, 2017). Millennials are among the most devoted customers of sustainable products and services, according to a Tork (2014) poll. Additionally, 75 percent of respondents indicated they would be prepared to pay more for ecologically friendly items. All three breweries expressed a positive view towards the implementation of environmental practices.

The WH:



*“We’re signed up to Bord Bia Origin Green and have a, I suppose, a plan that we're executing yearly, which was government's guidelines that they would expect for business our size. So, in water usage, electricity usage we're working on that.”*

*“When we ship beer, we try to max maximise everything we do, or pallets, like we move to cans because it's more sustainable. I think the next big project will do will probably be solar panels within the business. Down our usage on the electricity supply from solid fuels”*

SN were, by far, the furthest along in the environmental sustainability journey. They have been committed to this for a number of decades and even constructed a new brewing facility to reduce the distance travelled by their products.

*“Half of our business is across the country on the east coast. So, it didn't make financial or environmental sense for us to continue to expand Chico and then transport beer across the country.”-SN*

*“We've been able to accomplish what we've been doing with an eye to environmental issues and producing our beer with as little impact as we can on the environment. The Mills River Brewery was the first LEED Platinum certified brewery in the country. And our Chico Brewer is LEED Gold. And I think one of the values we offer is that we were pioneers and we're sort of leading the way and I think a lot of breweries have followed our example. And I think that's sort of an important contribution to the industry to the for the beer drinker. And showing that you can have a successful business and be environmentally aware and friendly at the same time.”-SN*

Holtkamp et al (2016) cites the significance of millennials to the craft beer sector that prompted them to include these variables in the indicator tool as reliable surrogates for measuring neolocalism. It is worth noting that the technology, procurement and installation of an

environmental infrastructure system can be expensive, and this impacts the breweries' ability to install such a system.

*“Look we're doing we're doing things in terms of like we recycled our cardboard on site, we are doing as much as we can. We're doing for a collection now at the moment where we're looking at, you know, CO<sub>2</sub> and nitrogen generators. So, I think at this point you get, it's very hard to just start because it's so expensive.”- TWH*

### **7.1.3 Community Involvement**

Corporate social responsibility (CSR) is gaining relevance among both large and small enterprises. Consumers like to support businesses viewed as "giving back" to the community (Holtkamp et al., 2016). This form of outreach, which integrates enterprises into the fabric of the community, appears to be widespread among the examined brewers.

*“Strategies that I had always was to embed ourselves locally in the community, through sponsorships and donations and any kind of support for local groups, clubs, societies, organisations, including like St. Pat's. Athletic, core Youth Services, the schools, you know, the National Council for the Blind shop that's in the village, like just anything, anything that we were approached, to ask to have to be held to it and quickly built that quickly got us a huge amount of goodwill. Which has lasted and has paid back, you know, dozens of times over any money that was spent locally.”- RB*

*“Community events are very important that it's always been part of us and always been part of the craft beer movement, you know, very community oriented, and it's important to give back to the community as well and have community involvement.”- SN*

CSR occurs in several ways, depending on local needs and goals. Irish craft breweries are only beginning to open on-site retail outlets as their business and the movement grow. In developed

markets these local taprooms and venues serve their local community as a meeting place where new social networks and connections may be formed (Kiss, 2015).

*“Yeah, look, there's two parts of the taproom we want to create a local centre, come have a coffee in the morning or a beer in the afternoon. So, it's just a local hub that you can come in and the white hag will become that destination locally”-WH*

In examining neolocalism through the scope of the breweries' perspective, it is rational to assume that local support is a key part in development and longevity of each business. Each brewery serviced the needs of that community slightly differently but deriving the same loyalty and value. Craft brewing is an industry that brings together communities of customers and producers in search of quality (Alfeo et al., 2020). Each brewery ran festivals that seek to connect customer and producer and put a face to the brewery.

## 7.2 Research Objective 2

*To assess the importance of innovation in the craft brewing industry.*

### **Interview Theme**

- 1. Differentiation**
- 2. Co-operation**
- 3. E-commerce**
- 4. Seasonal Beer**

Innovation is a crucial business driver for sustainable operations in a competitive business climate, with the capacity to convey new ideas for the future (Luiz & Marinho, 2018). The craft

breweries identified this sentiment several times throughout the interviews as a key element that incorporates all aspects of their business.

### **7.2.1 Differentiation**

To ensure the recurrence of demand for products, continuous innovation of a product is required. Product differentiation refers to the key characteristics of a product or service that distinguish it from others which is the norm within the craft

*“We brewed probably six different beers to launch all of probably unseen styles in Ireland at the time. I suppose to keep the reason for craft brewers’ existence because experimentation and different flavours of seasonals allow us to do that” – TWH*

*“I love that sense of adventure and trying something different and surprising customers” – RB*

*“We were the first brewery to develop a West Coast pale, pale ale style, bottle conditioned cascade hops 5.6 percent Alcohol, which has been our flagship beer all these years” – SN*

### **7.2.2 Co-operation**

Cooperation and knowledge exchange amongst brewers are important in a developing industry (Wojtyra, 2020). This holds true in the craft beer industry. Innovation was not just one company’s success, but it was a shared opportunity that improved the quality of the products for the customer whilst raising the profile of the industry.

*“We had the opportunity to trademark the torpedo device, but Ken wanted to share his idea with the rest of the Brewers out there. So, you know, we had, we could have trademarked the idea, but that's that wasn't important to us. Yeah. It was important just to have some new developments in the industry.”- SN*

### 7.2.3 E-Commerce

The global pandemic can be considered a milestone not just in the global sense but also in the history of craft beer. As a survival and growth tactic, Singh et al. (2022) advise SMEs to build creative and adaptable business models that produce added value for clients. Each brewery discussed to varying length how Covid-19 affected their businesses. All expressed an initial shock to business as such a high percentage of their output was sold through on-premises sites. However, through the ability to be agile and responsive to market forces resulting from the Covid-19 shock, all companies were able to react and create new and alternative revenue streams.

*“We built the website, and we launched it in December 19. And we did I think we did 40 sales on the website for Christmas box. So, it was quite a flop.... in the first month of Covid, our E commerce, we out did our Irish like months distribution figures, you know, so it was just really amazing time” -TWH*

*“Up until March 2020. We sold about three or four cases online maybe a month. Yeah. Pandemic struck. And overnight, we have to become online retailers in order for our business to survive. At the end of 2020. We had averaged about 340 orders every month. We took in gross around quarter million on the web shop alone” -RB*

This relatively new way of retailing direct from a brewery was something that went against the industry norms of direct to customer sales. It received mixed views from the traditional retailer, but it was Rascals who highlighted *“ecommerce saved our company during COVID, no question about it.”* Both TWH and Rascals have continued with it as it offers customers the value of a subscription model that might not have access to their beer the ability to buy and be part of their community

*“we've an e-commerce model that we have a community of Clann members.”*

Clann is a brewery direct subscription service that continues to operate after covid due to the success of its subscribers and it also provides direct contact and feedback between consumer and brewery.

#### **7.2.4 Seasonal Beer**

The main source of innovation for these breweries is the way in which they produce beer. Each brewery was passionate about making good quality beer that people would enjoy. They were not limited to certain styles or flavours. The only limit was themselves in what they could imagine which they stated added its own value to different customers.

*“We have successfully launched probably over 100 different beers. So our innovation the quality of products, the brand and that community piece is probably what we're doing to add value for customers, you know, yeah, so it's all about the beer that we're doing.” -TWH*

### **7.3 Research Objective 3**

*To assess the importance of Collaboration in the craft brewing industry*

#### **Interview Theme**

- 1. Distribution**
- 2. Inter-industry collaboration**

#### **7.3.1 Distribution**

Based on the empirical findings the suggestion that collaboration and brewery networks have a strong impact on the acquisition, development, and management. Historically the literature describes craft beer collaboration as that between two or more breweries. The researcher found

that the craft breweries themselves see collaborations in all areas of their business citing growth and development as a collective goal through mutualistic relationships. Both TWH and SN highlighted the importance of their distributor relationship in which both parties derive value from the others success.

*“Well the distributor collaborations are the best of course. It allows an avenue for the sharing of ideas.”- SN*

*“In the Irish business, it's all about distribution.” -TWH*

*“Trying for our export guys to use Google Docs sheets for orders. They've never seen that done before it works quite well. Trying to do things that it's not the normal way. We're trying to reinvent things and innovate things.” -TWH*

The researcher noted that each of the breweries stated that they had multiple distributions networks both domestically and abroad. SN remarked that they had hundreds of distributors across the U.S with a few big players and were conscious of not wanting to impact their supply chain.

*“But we want to be cautious because we're represented throughout the country by our distributors. We don't want to impede on their business and start selling a lot of beer and their territories.”*

### **7.3.2 Inter-industry Collaboration**

The craft breweries identified that not only did they interact and collab with other breweries they also went outside the industry boundaries connecting with other local businesses to provide a linkage sharing resources, ideas and as a result patronage.

*“we're partnering with local distillery and Sligo to create a tourist map with beer and Whiskey.” -TWH*

*“The first thing like getting you know, support and sponsor in St. Pat's was the absolute best thing. Just had a need to immediately get to a lot of support, but there was a huge amount of goodwill ....saw it as a as an opportunity for a new business, to open up to employ locally and to provide a new place for people to go and Inchicore and we did all those things we do employ locally” – RB*

The Rascal Brewing had collaborated like the others but in this instance had created a product with Britvic Ireland brand “Club.” This co-branded beer encapsulates the true inter-industry collaborative nature that is being achieved in the development Irish craft beer industry. Rascals have brewed an alcoholic beer to mirror the Irish soft drink giants Club Rock Shandy which has had profound positive outcomes for the brewery.

*“Rock shandy pale exceeded our expectations. You could argue a change the fortunes of the company. I coined the phrase saying it's the Rock Shandy effect. That is every aspect of our business was raised by it.”*

#### **7.4 Research Objective 4**

***The importance of strategy and organisational flexibility in the craft brewing industry.***

##### **Interview Theme**

- 1. Reconfiguring strategy**
- 2. Core competencies & Core range**
- 3. Quality as a Strategy**
- 4. Millennials**
- 5. Non-Customers**



#### 7.4.1 Reconfiguring Strategy

When discussing strategy with craft breweries it was clear that each was at a different stage of its business life cycle with some just at the beginning and others further along. However, there were some commonalities in the formation and actioning. All started similarly as beer enthusiasts and almost all worked similar industries.

*“Emma Devlin and Cathal O'Donoghue, their background was a love of craft beer and homebrew.... they were good at home brewing, and they decided pack in the day jobs and take up brewing on a full-time basis” -RB*

*“He was in Craft Beer Distribution in New York and had six months’ work experience their selling O'Hara's while myself I had, I suppose, a number of years on my belt, Chartered Accountants looking after start-ups and SMEs in Ireland and in the northwest.”-TWH*

*“Started by my brother Ken and his partner Paul Camusi but prior to that, we were home brewers from the late 1960s” -SN*

While all confirmed they had a strategy within the early years. Each revisited their strategies adding more depth, planning and more realistic and achievable objectives.

*“There was a business plan, and the business plan was to be able to make was I think it was I think of was like 2500 or 3000 barrels a year. We thought we could be sustainable profitable like that.. the goals were fairly modest and then we had really come to the realisation that we have to sell a lot more beer to become profitable.”-SN*

*“I suppose we had one route to market which was the US at the time. And the concept was to basically satisfy the customers in New York State first and go from there. The Brewery's plan or strategy at the time was export led”-TWH*

*“That it was extremely naive to think from a tourism point of view that suddenly everyone was going to find you.”-RB*

Initially both the TWH and RB targeted export and tourism as the primary methods of selling their product. This could potentially be because the Irish craft beer was only a fledgling industry at the time. Both now target the local areas and by extension the entire Irish market as mentioned earlier they are active participants in their local and display neolocalism behaviours. This commitment and embeddedness have provided them with stability and value.

#### **7.4.2 Core Competencies and Core Range**

All the Craft breweries expressed the importance of seasonals as a way of innovation and expression. This is also a form of differentiation which is characteristic of the industry (Clemons, Gao, and Hitt, 2006). However, a term was identified throughout the interviews which was “Core Range” and “Core beer.” Each company had a selection of beer available all year round, the beers by craft beer standards are in-offensive and “drinkable” and “sessionable.” The attributes of which represent something that is very considered and mass market in nature and represents maturing in their business outputs and sustainability.

*“I would say, I definitely say maybe 80 percent 70 percent Maybe it is their core range ... you need your core range, and special editions”-RB*

*“The, I suppose the reason for that is just to give stability to distributor number one, but then also to maintain shelf space within supermarkets or pubs” -TWH*

#### **7.4.3 Quality as a Strategy**

SN have displayed quality as a strategy from the outset of their business with their Pale ale. This represents an iconic beer style that inspired an industry, and it is their “Flagship” beer.

*“First brewery to develop a West Coast pale, pale ale style, bottle conditioned cascade hops 5.6 percent Alcohol has been our flagship beer all these years.”-SN*

*“Pale is important because it established a new category. There was not a beer like that.”-SN*

*“It was an introduction to craft beer to many consumers today. Very important, iconic beer”-SN*

SN have produced this beer unchanged for over four decades. It is their top seller and provides them with enormous growth in the U.S making them the third largest craft beer producer (Brewers Association Releases the Top 50 Brewing Companies by Sales Volume for 2020, 2020) it is testament to how quality products are vital to long term strategy.

#### **7.4.4 Millennials**

Through the interviews the subject of target markets and millennials was discussed. Each brewery highlighted the importance of the age group and cited the ways in which they addressed their methods or actions that appealed to this important group of consumers at all levels of the consumer chain highlighting issues and practices that captured their attention.

*“I think they're also concerned right now going back to environmental thing again, I think they also have concerns about that. I think to share our message about what we're doing out there is an important a to have them you know, see what we're doing and enjoy our beer.”-SN*

*“From our paid social campaigns are all 25-34. Yeah, a lot a lot of females. So, I think literally by nature of our branding and our brand, tone and voice we're hitting.”-RB*

*“Yeah, they're, they're basically they want things done in the click of a button. So, they want to see livestock, they want to see the stock at 4 in the morning. lying in bed with the order, not necessarily talk to someone. So, I think there's going to be a shift in how, how we sell so it's more like customer service than actually sales.” -TWH*

The above comments highlight several things. Firstly, it shows the customer centric approach identifying the needs of the individual customer bases outside the realms of consuming beer. Secondly, it highlights the technologically advanced strategies of gathering information and leveraging it. Lastly, it shows a rounded meaningful approach to create value for customers that is not directly consumed in the traditional manner.

#### **7.4.5 Non-Customers**

Although the millennial cohort represents a sizeable proportion of the craft beer industry consumers. The interviews provided a unique insight into the current and future strategy approaches of the breweries. The next generation of craft beer drinkers Generation Z (1995-2020) and non-customers were discussed. It was expressed that this coming wave of consumers will be important in the sustainability of craft beer growth. The breweries outlined novel approaches in the craft brewing industry in capturing this customer market.

*“Being in like non craft beer, pubs or outlets is essential for business for us to grow because if we are all shooting in the same barrel for that space in terms of craft industry, it's not gonna work.”-TWH*

*“We did a launch of an airport bar last January, which will, again, mainstream. Guinness own the real estate. We got in there, with eight of our beers and then started doing a collaboration beer with the airport itself.”-TWH*

*“Getting people to form some loyalty early on, and then ideally move on to advocacy, you know, where they're recommending your brand to someone else. So, things like the Rock Shandy pale ale would have done a huge thing for that.”-RB*

This approach which shows the targeting of the mass market in search of growth through visibility of their products is vastly different to the initial craft beer movement that bracketed niche products that only accounted for 2.8 percent of the market (MacMahon, 2019).

*“I suppose outside threats in terms of competition will be your macros; your Guinness and Heineken because we're getting in the face of non-craft customers. Now we're in Irish ferries and at the airport. We're seeing huge how do I say it, basically Guinness and Heineken are really trying to stop our taps there. So yeah, there's a huge push at the moment. And it's all down to “marketing budgets” as they call them.”-TWH*

This strategy is clearly working as the bigger “macro” brewers in some instances are taking notice.

## **8. Conclusion**

This interpretivist study had two main goals: the first was to analyze the possibility for market sustainability in the craft beer sector, and the second was to give insight into the craft beer industry. The researcher examined how craft breweries operated and interacted with their markets and the industry in order to achieve sustained growth within their market. It was found that collaborations, networks, and neolocalism play a vital part in the craft brewing industry. The study has advanced both marketing strategy and academia surrounding the craft brewing industry by offering useful insights into the advancement of the sector.

The empirical results conclude that craft breweries are no longer unorganised businesses that pursue only hyper differentiation through the production of beer. They are business savvy and ambitious. They share significant resources such as technology and knowledge with other microbrewers because they consider huge beer conglomerates as their rivals, not other microbrewers. They believe that it is an industry wide effort to produce the best quality products.

The findings illustrated that they no longer pursue a singular strategy. Each brewery reflected this in their competitive pursuit of driving volume through their core range beers attempting to

compete at the most crowded points of the market. Due to their size and nature, they also pursue differentiation responding trends and culture through their seasonal beers which act as marketing tools raising the profile and attracting new customers.

The empirical evidence showed that these breweries are highly involved in their communities as they try to facilitate positive community growth through various initiatives such as branding, environmental awareness and events and festivals that foster goodwill and togetherness.

The identified research question, “The Investigation of the Potential for Sustainable Market Growth in the Beer Market.” Found that the craft breweries are seeking dynamic interconnected relationships and collaborations to enhance their business strategies. This in turn enhances the value of the entire network in which they attempt to sustain growth and increase value.

### **8.1 Limitations**

Due to the limitation of the researchers’ available contacts, international perspectives were not fully represented. The Irish market and the U.S market are at different points in their industry lifecycle and so the comparisons may be forced.

The researcher suggests that the study might have benefited from the inclusion of a bigger and more commercially established Irish craft brewery in order to provide greater depth to business strategy advancements that have happened within the sector since its inception.

The researcher was only able to spend a limited amount of time with each responder, despite the fact that in-depth interviews provided invaluable information into each brewery. In-person interviews with limitless time would have produced additional information.

### **8.2 Future Research**

The recommendations for further study are based on the constraints and the interview sources. Firstly, it would be interesting to continue the study focusing on “macro” brewers pseudo brands as they lack provenance and the local aspect present in this study. In general, it would

beneficial to revisit this study in a number of years to update the research. Another interesting approach would be to examine the industry from a distributor point of view. There are no studies currently available to the researcher's knowledge. This type of study could provide a crucial insight into many aspects of the craft beer industry.

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