A CASE STUDY ANALYSIS OF THE CRAFT BEER INDUSTRY

A THESIS

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By

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The craft beer industry has been growing steadily for the last twenty years while big brewers are losing market share. The front range of Colorado is one of the epicenters of the craft brewing industry and hosts a wide variety of different brewing business models. As such, this study attempts to understand why the industry is growing, what threats it faces, and what trajectory it is on for the future by interviewing the people behind an assortment of breweries on the front range of Colorado.

KEYWORDS: (craft beer, brewing, microbrewery)
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CHAPTER I
INTRODUCTION

Being a beer lover in America has never been better. The modern American beer drinker has many choices when he decides to purchase beer these days. There are more beer options in the liquor store and in taprooms today than at any point in history, and the options are on pace to continue growing. The main driver behind the growing number of beers is the increasing number of craft breweries. According to American Brewers’ Association, a craft brewery is “small, independent, and traditional” and produces fewer than 6,000,000 barrels\(^1\) per year.\(^2\) Under the heading of craft breweries there are four distinct categories: microbreweries, brewpubs, contract brewing companies, and regional craft breweries.\(^3\)

The growth in popularity of craft beer is the reason why consumers have so many options today. However this has not always been the case. In 1900 there were 1751

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1 One barrel equals 31 US gallons


3 According to the Brewers’ Association, a microbrewery produces fewer than 15,000 barrels each year with 75% of the beer sold off-site of the brewery. A brewpub is a restaurant/brewery that sells 25% or more of its beer on site in the restaurant. A contract brewery is a business that hires another brewery to brew its beer. A regional craft brewery produces between 15,000 and 6,000,000 barrels of beer each year and its flagship beer is all malt based or that 50% of its volume come from all malt beers or from beers that use adjuncts (corn, rice) to enhance, and not to lighten, the beer.
independent craft breweries in the United States and in 2010 there were 1759.\textsuperscript{4} Despite the seemingly static nature of the beer industry based on the last statistic, between 1900 and 2010 there was great dynamism within the beer industry. By 1980 there were fewer than 100 independent craft breweries in the United States.\textsuperscript{5} So in just over 30 years’ time, from 1980 to 2012, the number of craft breweries jumped from fewer than 100 to 1,989 at the most recent count.\textsuperscript{6} Furthermore, when you account for the fact there were 250 new brewery openings in 2011, you see that craft brewing is continuing to grow.\textsuperscript{7}

Despite the surge in American craft breweries, the beer industry is still the most concentrated of the three major types of alcohol (beer, wine, and liquor/spirits), in terms of market share.\textsuperscript{8} Miller-Coors and Anheuser-Busch control 79\% of the domestic beer market.\textsuperscript{9} Large breweries\textsuperscript{10} still currently dominate about 95\% of the beer industry,

\begin{itemize}
  \item \textsuperscript{6} Brewers’ Association, “Number of Breweries” (Boulder: Brewers’ Association), http://www.brewersassociation.org/pages/business-tools/craft-brewing-statistics/number-of-breweries (accessed April 1, 2012).
  \item \textsuperscript{9} Ibid.
  \item \textsuperscript{10} Large breweries are defined by the Brewers’ Association as those breweries that produce over 6,000,000 barrels of bear per year
\end{itemize}
leaving the remaining roughly 5% for craft breweries. In fact, 2011 was the first year in which craft beer saw its market share surpass 5%, and it currently enjoys about 5.68%.\(^{11}\)

Despite the relatively punitive market share of craft brewers, craft beer is growing at a remarkable clip. Between 2004 and 2008, they enjoyed a 58% increase in dollar sales. In 2010 the craft beer industry grew 11% by volume and 12% by retail dollars up from growth in 2009 of 7.2% by volume and 10.3% by dollars. Meanwhile the overall domestic beer shipments declined by 2% in 2009 and by 1% in 2010, the first consecutive year drop since the mid 90s.\(^{12}\)

So why are craft breweries growing as fast as they are while the overall market is declining? Furthermore, can craft breweries sustain this growth and develop beyond an adolescent industry? Also, can the big brewers out compete small craft brewers and stifle the growth? All of these questions will be addressed throughout this study.

It is not surprising that the growth in craft beer comes at a time when “local”, “artisan”, and “sustainable” are very powerful buzzwords in consumer marketing. There is a trend occurring today that casts an unfavorable light on many mass-produced products. Because of this trend, craft breweries are performing exceptionally well and growing at a steady rate, and the big brewers are trying to tap into the market and emulate the feel of craft beer. There is perhaps no better example of the big brewers’ efforts in the craft industry than Coors’ Blue Moon Beer. Blue Moon looks as though it is from a small


brewer somewhere in the hills of Colorado, which is exactly the look Coors is striving for.

Despite the growth in what the craft industry dubs “faux craft” (such as Blue Moon), the real craft brewers are continuing to grow with grass-roots propulsion. The advertising budget for most craft brewers is close to nothing, and most of the marketing is word-of-mouth. On the other hand, the big three brewers’ total advertisements totaled $1,553,700,000 in 2008. This fact makes the craft brewers’ growth and the big brewers’ stagnation even more extraordinary.

The breweries opening today are as varied and differentiated as the brewers who start them, but the common denominator of all successful craft breweries is a passion for quality beer and the notion that the growth of the industry is not a passing fad. This insistence that craft beer will be fixture in the American economy translates to unwavering tenacity and unbelievable hard work by the craft brewers.

This study draws on interviews with craft brewers and experts in the industry about why they think the industry is growing, what threats it faces, and where the future lies. Some of the brewers who were interviewed for this study have been in business for over twenty years while others have been in it for fewer than six months.

Because of the limited nature of this study, it is not intended to represent a holistic view of the craft brewing industry. However, by analyzing a few breweries and talking to the people who run them, light can be shed on the nature of the industry and where it is going. The breweries interviewed for this study represent a wide variety of the types of

13 The big three are still considered Miller, Coors, and Budweiser, despite the merger between Miller and Coors

14 Beer Wars, directed by Anat Baron (Los Angeles: Ducks in a Row Entertainment Corporation, 2009), DVD.
breweries that are in operation, but the sample size is by no means comprehensive in its portrayal of different business models. The hope for this study is that it will provide a context for the booming craft beer industry in the United States and illuminate some of the reasons why it is growing and what the future might hold.

Chapter 2 of this thesis will provide a brief background of the beer industry and will show how craft initially began to grow. Chapter 3 will provide a theoretical framework behind many of the happenings within the craft beer industry today and some of the trends that are stoking the growth. Chapter 4 will outline the methodology by which the information was collected, and Chapter 5 will summarize this information. Finally Chapters 6 and 7 will analyze the information collected and discuss the implications, respectively.
CHAPTER II

BACKGROUND

Brewing has been dubbed the second oldest profession, second only to prostitution. Perhaps its simplicity can account for its old age. It is a beverage with four main ingredients: malt, flavoring additives (usually, hops, corn, or rice), yeast, and water. The domestication of grains in about 8000 BC is thought to be roughly the same era in which beer was first brewed.¹ Beer being beer, it was popular from the beginning and continued to be popular in 17th century England and within the early colonies of North America. In 1625, the first recorded public brewery was established in New Amsterdam, or what is now New York City. The early beer industry in America was greatly scattered and, unlike the current beer-scape, most of the brewing occurred in private households. In fact, brewing beer was even endorsed by legislation in the 17th century: Massachusetts passed an act that supported brewing as a form of public health and as an effort to keep spirited liquors out of the public domain.²

Until the middle of the 19th century, the beer consumed would be largely unrecognizable as beer to the modern beer drinker. The beer was unrefined, unscientific, and would be dismissed as trash by today’s drinker. Brewing was referred to as, “an art


and mystery.” However by about 1840 beer began to embark on its modern trajectory with the introduction of lager beer.³

Before this pivotal era of lagers, the beer being brewed and consumed was a reflection of English tastes and the resulting brews were mostly ales, porters, and stouts. The influx of German immigrants in the mid-19th century brought with it the taste for lagers and consequently an enormous change in America’s beer history. At the beginning of the 1850s there were roughly 430 brewers in America, but by 1873 there were over 4,100 breweries in America, substantially more than there are today.⁴ Because of this, 1873 is the “high water mark” for breweries in the United States. After 1873, the number of breweries began to decline as consolidation and prohibition took effect and slowly depleted the number of breweries.

The period of time between World War II and 1980 was particularly dynamic for the American beer industry. Before Prohibition, most beer drinkers bought their beer from local breweries, and more than 85% of the beer was sold from casks at public houses. But after World War II, two important changes occurred. For one, as noted before, there was an incredible amount of consolidation within the beer industry. Table 2.1 illustrates this fact nicely.

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³ Ibid, 223.

Table 2.1: Market Share of the Largest Brewers over Time

<table>
<thead>
<tr>
<th>Year</th>
<th>Five Largest Mkt Share %</th>
<th>Ten Largest Mkt Share %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1947</td>
<td>19</td>
<td>28</td>
</tr>
<tr>
<td>1954</td>
<td>24.9</td>
<td>38</td>
</tr>
<tr>
<td>1958</td>
<td>28.5</td>
<td>45</td>
</tr>
<tr>
<td>1964</td>
<td>39</td>
<td>58</td>
</tr>
<tr>
<td>1968</td>
<td>47.6</td>
<td>63</td>
</tr>
<tr>
<td>1974</td>
<td>64</td>
<td>81</td>
</tr>
<tr>
<td>1978</td>
<td>74.3</td>
<td>92</td>
</tr>
<tr>
<td>1981</td>
<td>75.9</td>
<td>94</td>
</tr>
</tbody>
</table>


The second factor that greatly influenced the beer industry after World War II was the advent of canned beer. Before World War II, only about 15% of beer was bottled, and it was much more expensive than draught beer. By 1935, however, the American Can Company canned its first beer, and coupled with the spread of home refrigeration after World War II, canned beer phased out the strangle hold that draught had on the beer market.5

By the late 1970s, the number of brewing companies sunk to only 44, and some experts predicted that the number of breweries would eventually shrink to five.6

Not only was the number of breweries shrinking, but also the wide array of varieties brought to America by immigrants was beginning to disappear. The legendary beer author, Michael Jackson, quipped at the time about the lack of variety, “They are


pale lager beers vaguely of the pilsner style but lighter in body, notably lacking hop character, and generally bland in palate. They do not all taste exactly the same but the differences between them are often of minor consequence.”

This uniformity in the beer industry came about because of successful marketing campaigns that advertised the low-calorie light-adjunct\(^8\) lager, which has continued to be popular to this day.

Because of the paucity of styles available for beer enthusiasts, the only way to experience and taste traditional beers was to brew them yourself. Consolidation and lack of variety in the beer industry catalyzed home brewers, which ultimately started the craft beer movement.\(^9\) So beer enthusiasts today can thank the homogeneity of the beer industry in the late seventies for the double India Pale Ale (IPA) they enjoy so much today.

During the 1980s, the trailblazers of the craft brewing movement began to gain momentum by brewing traditional, European style beers and shared them with their communities. Much of this activity was happening in California, which remains a hotbed for craft beer and beer enthusiasts.\(^10\) This era represents the infancy of the craft beer industry. These brewers represented a completely different strategy towards marketing:


\(^8\) Adjuncts are unmalted grains such as rice, corn, oats, barley, and wheat


instead of focusing on reaching particular price points, they would focus on the quality of the beers they were brewing.\(^{11}\)

In the early to mid-1990s, as home brewers became professional brewers, craft brewing continued to grow with 35% growth in 1991 to a high of 58% growth in 1995. Many of the first craft breweries, such as New Belgium and Sierra Nevada, are now some of the industry leaders (see Table 2.2). After 1995, growth slowed to about 1%-5% by volume between 1997 and 2003, but picked up again to between 6% and 12% from 2004 to 2008. The natural ebb and flow of industry has been benevolent to the craft beer industry. As you can see from Figure 2.1, over the course of the 20\(^{th}\) century and into the 21\(^{st}\), the number of small independent breweries has gone from 1,751 down to a low of 8 and up again to 1,927 by November of 2011.\(^{12}\)

\(^{11}\) Economic History Association, “A Concise History of America’s Brewing Industry” [http://eh.net/encyclopedia/article/stack.brewing.industry.history.us](http://eh.net/encyclopedia/article/stack.brewing.industry.history.us) (accessed March 5, 2012).

Table 2.2: 20 biggest craft breweries by barrels sold

<table>
<thead>
<tr>
<th>Brewery</th>
<th>Location</th>
<th>Barrels Sold in 2011</th>
<th>% growth 2010-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Boston Beer Company</td>
<td>Jamaica Plain, MA</td>
<td>2,440,000</td>
<td>8</td>
</tr>
<tr>
<td>Sierra Nevada Brewing Company</td>
<td>Chico, CA</td>
<td>858,000</td>
<td>9.2</td>
</tr>
<tr>
<td>New Belgium Brewing</td>
<td>Fort Collins, CO</td>
<td>713,000</td>
<td>7.9</td>
</tr>
<tr>
<td>Craft Brew Alliance</td>
<td>Portland, OR</td>
<td>635,000</td>
<td>8.5</td>
</tr>
<tr>
<td>Spoetzl Brewery</td>
<td>Shiner, TX</td>
<td>487,000</td>
<td>13</td>
</tr>
<tr>
<td>Magic Hat Brewing Company</td>
<td>South Burlington, VT</td>
<td>326,000</td>
<td>4.3</td>
</tr>
<tr>
<td>Deschutes Brewery</td>
<td>Bend, OR</td>
<td>223,000</td>
<td>9.9</td>
</tr>
<tr>
<td>Matt Brewing Company</td>
<td>Utica, NY</td>
<td>196,000</td>
<td>7.7</td>
</tr>
<tr>
<td>Bell's Brewery</td>
<td>Galesburg, MI</td>
<td>180,000</td>
<td>16.9</td>
</tr>
<tr>
<td>Harpoon Brewery</td>
<td>Boston, MA</td>
<td>173,000</td>
<td>15.3</td>
</tr>
<tr>
<td>Lagunitas Brewing Company</td>
<td>Petaluma, CA</td>
<td>165,000</td>
<td>55.7</td>
</tr>
<tr>
<td>Boulevard Brewing Company</td>
<td>Kansas City, MO</td>
<td>157,000</td>
<td>5.4</td>
</tr>
<tr>
<td>Stone Brewing Company</td>
<td>Escondido, CA</td>
<td>149,000</td>
<td>29.6</td>
</tr>
<tr>
<td>Dogfish Head</td>
<td>Milton, DE</td>
<td>144,000</td>
<td>19</td>
</tr>
<tr>
<td>Brooklyn Brewery</td>
<td>Brooklyn, NY</td>
<td>140,000</td>
<td>29.6</td>
</tr>
<tr>
<td>Alaskan Brewing Company</td>
<td>Juneau, AL</td>
<td>130,000</td>
<td>11.1</td>
</tr>
<tr>
<td>Shipyard Brewing Company</td>
<td>Portland, ME</td>
<td>129,000</td>
<td>31.6</td>
</tr>
<tr>
<td>Abita Brewing Company</td>
<td>Abita, LA</td>
<td>125,000</td>
<td>14.7</td>
</tr>
<tr>
<td>Great Lakes Brewing Company</td>
<td>Cleveland, OH</td>
<td>120,000</td>
<td>31.9</td>
</tr>
<tr>
<td>Long Trail Brewing</td>
<td>Bridgewater Comers, VT</td>
<td>120,000</td>
<td>10.1</td>
</tr>
</tbody>
</table>

Figure 2.1: Growth in the Craft Beer Industry

Why is this growth in specialty beer limited to small, independent brewers? The answer is, it is not. There have been huge plays in recent years by the big brewers, namely Anheuser-Busch InBev (ABInbev) and Miller Coors, to try to take a slice of the craft pie.

ABInbev, which controls almost half of the domestic market for beer, recently acquired Chicago-based craft brewery, Goose Island, for $38.8 million dollars. The brewing giant has also increased production of Shock-Top, one of their brands that sits adjacent to the craft beers on shelves but does not mention its origins on the packaging.\(^\text{13}\)

Similarly, MillerCoors, which owns Blue Moon, Leinenkugel’s and Grolsch under their Tenth and Blake brand, recently financed Athens, Georgia based craft brewery, Terrapin. The financing by MillerCoors will help the company’s capacity to grow to 45,000 barrels per year, up from 18,000 in 2011, says John Cochran, the president and co-founder of Terrapin.\(^\text{14}\) Clearly, big beer is taking craft beer seriously and is working hard to develop their own craft brands and to acquire existing brands.

In fact, the slogan for Blue Moon’s advertising campaign is “artfully crafted” and the packaging looks like any other craft beer. Moreover, nowhere on the bottle of Blue Moon will you find that it is brewed by Coors. Today Blue Moon boasts an impressive and sizeable portfolio of beers, including many seasonal beers. The prevalence of seasonal beers in Blue Moon’s lineup is simply a reflection of the national trend for

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\(^\text{14}\) Ibid.
seasonal beers. According to Jason Yester from Trinity Brewing in Colorado Springs, “the number one selling style is now seasonal ale.”

The beer industry has evolved considerably over the past thirty years, and almost every professional interviewed for this thesis feels confident that the industry will continue to evolve. But what is the impetus for this evolution, and can the industry evolve for another thirty years? To answer these questions it is important to know some of the theory behind the beer industry.

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15 Jason Yester – Founder / CEO of Trinity Brewing Company, interview by author, Colorado Springs, CO. 1 February 2012.
CHAPTER III
RELEVANT THEORY

Resource Partitioning

Much of the relevant theory about the beer industry has been written about the resource-partitioning model of organizational ecology. This theory can begin to explain why there is growth in the number of craft brewers yet the concentration of market share with respect to major brewers is small and even shrinking. As Carrol and Swaminathan put it, “resource-partitioning theory explains the rise of late-stage specialist segments within an industry as an (unexpected) outcome of the consolidation occurring among large generalist organizations as they compete for the largest consumer resource bases of the mass market.”¹ In other words, the renaissance of craft brewing was bound to happen because of the mass consolidation occurring among the generalists (Anheuser-Busch, Miller, Coors). Because consolidation in mature industries usually focuses on the lion’s share of the market, there is room for specialization on the peripheries.² Thus, because of the homogeneity of the big brewers, the craft brewing industry began to flourish.

This theory is particularly interesting because most economists predicted the opposite for small brewers before the craft movement began to gain traction. For


² Ibid, 719.
example, in 1980 Porter cited the huge economic barriers to entry as a reason why periphery brewers would fail. However there were a handful of thinkers who predicted the burgeoning of American specialist brewers. In the same paper in which Carrol outlines resource partitioning theory, he states, “the U.S. market appears ready for an upsurge of specialist breweries”.

Resource partitioning theory in relation to the beer industry helps explain the relationship between two trends. One is the fact that since prohibition, the concentration of market share has slowly and gradually decreased to a handful of big players in the beer industry, namely Anheuser-Busch and Miller-Coors. Looking at the historical market share of Anheuser-Busch clearly shows this trend: in 1965 they controlled just 12% of the beer market, by 1985 that number was 37%, and by 2005 it had climbed to 49%. Today Anheuser Busch sells one out of every two beers sold in America.

The second trend that is elemental for resource partitioning theory in the beer industry is the growth in the number of craft brewers, microbrewers, brewpubs, and contract brewers. Resource partitioning theory can begin to explain why these two trends occur at the same time.

The theory behind the growth of specialists in mature industries comes from the notion of resource space. For consumer products, this resource space can be thought of as simply consumer demand. The resource space that lies outside of the generalists’ focus

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3 Ibid, 716.

4 Ibid, 716.

5 Ibid, 718.

6 *Beer Wars*, directed by Anat Baron (Los Angeles: Ducks in a Row Entertainment Corporation, 2009), DVD.
represents an ideal space for specialists. However, because these resource spaces tend to be small, so too are the specialists. Once these specialists have created a viable market niche, the industry can be thought of as “partitioned.”

By this definition, the beer industry today can be described as “partitioned”. This is allowing small craft breweries and large macro-breweries to coexist, and to some degree, help one another.

_Hypothesis 1: Due to different market focuses, small craft breweries and big macro-breweries can coexist and even be symbiotic_

**Snob Effect**

Another major theoretical issue surrounding the growth of the craft beer industry is the snob effect or the idea of a Veblen good. The snob effect is the idea that uniqueness and price positively affects the demand of the product. A Veblen good, named after the economist Thorstein Veblen, is simply a good whose demand increases as price increases. “According to Veblen’s theory of conspicuous consumption, individuals emulate other individuals situated at higher points in the (social) hierarchy”.

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What Veblen calls “conspicuous consumption” is especially salient in the craft beer industry: “people spend money on artifacts of consumption in order to give an indication of their wealth to other members of society.” For the craft beer industry, an admirable “worldview” or the appearance of being educated might take the place of “wealth” in Veblen’s definition. This aspect will be illustrated more clearly later in this thesis, but one of the reasons that brewers make ornate designs on their bottles and support non-profits is so that people can identify with the product. People want to feel good about what they are buying, and increasingly more people want to convey what is important to them through the beer they drink.

_Hypothesis 2: The snob effect is present in the craft beer industry, but it is not ubiquitous nor is it the principal reason for the success of the industry_

**Industry Structure**

As Elzinga says, in _The Structure of the American Industry_:

The problem of determining the degree of concentration in brewing is inextricably tied up with delineating just how wide the markets are for beer . . .
brewing, like cement or milk, has regional markets, then delineating their boundaries is necessary before the industry’s structure can be ascertained.\textsuperscript{10}

This last quote is very important in today’s beer market. Craft breweries are changing the dynamic of the industry and pushing it in a regional direction. There are still national firms, but the regional craft breweries are gradually gaining momentum.

The big brewers have a very different business model than small brewers because they enjoy economies of scale. This idea is that as the quantity of the product being produced (in this case beer) increases, the cost per unit goes down (see figure 3.1). With this in mind, it is easy to see that the macro brewers reap the benefits of economies of scale because they are producing hundreds of millions of barrels of beer per year. One would think that all breweries would want to expand output continuously to realize the lower costs, but as will be shown later in this research paper, craft breweries and the people behind them are not always focused on growing fast, or may want to cap growth at a certain production level.

Competitive Space / Business Strategy

The idea of competitive space, how a firm fits into an industry at large, is very critical for craft brewers. The manner in which a brewery presents itself in the market is slightly different for every firm, and it is precisely this positioning that can translate to either success or failure for the venture. Similarly, a brewery needs to understand its competitors and how they are attempting to position themselves in the market.

Competitive advantage focuses on what is being produced, to whom it is being sold, and how the product is made and marketed. For almost all craft brewers the “what” is a premium quality beer that is claimed to be higher quality than mass-produced beer. To whom the beer is sold is a very important consideration for craft brewers. In fact, many brewers have built their success around a certain ethos or worldview that attracts
very particular consumers. For craft brewers, how the beer is made is usually by hand with high quality ingredients and in small batches.

As will be shown later in this research paper, all three components (what, who, and how) have been successfully leveraged by brewers in order to differentiate themselves and to create competitive advantage.

A brewery can take many different routes to compete in the beer industry. The macro-breweries are focused on cost leadership, which is brewing a beer as cheaply as possible. Craft breweries on the other hand, focus more on differentiating their beer by great quality and unusual styles. Obviously, craft brewers strive to reduce their costs, but they will not necessarily do so at the expense of quality. As Michael Porter says, “differentiation stems from uniquely creating buyer value.”

Hypothesis #3: Because of the nature of competitive advantage and differentiation, there will be extreme segmentation and very different business models within the craft beer industry.

Clusters

Another important theoretical idea for the craft beer industry is the notion of clusters. According to the definitions by the Census Bureau’s US cluster Mapping Project, clusters are collections of industries with high levels of co-location in terms of employment. There are regions where craft beer is very prevalent and others that have no craft breweries. Portland, for example has thirty-eight breweries, more than any other

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city in the world, and the state of Oregon has a total of eighty breweries.\footnote{Ben Jacklet, “Oregon’s Craft Beer Industry Grows Up,” Oregon Business, October, 2008, http://www.oregonbusiness.com/articles/20/251#ixzz1ky1Y4tFe (accessed March 18, 2012).} According to the Brewers’ Association, a Boulder Colorado based advocacy organization for brewers, there are 127 breweries in Colorado, the most per capita of any state, and more are opening every year.\footnote{Brewers’ Association, “Number of Breweries” (Boulder: Brewers’ Association), http://www.brewersassociation.org/pages/business-tools/craft-brewing-statistics/number-of-breweries (accessed December 18, 2011).}

According to Delgado, Porter, and Stern, this clustering effect can contribute to the survival of start-ups.\footnote{Mercedes Delgado, Michael E. Porter, and Scott Stern, “Clusters and Entrepreneurship,” Journal of Economic Geography (2010), 1, http://joeg.oxfordjournals.org/content/early/2010/05/28/jeg.lbq010.abstract (accessed March 23, 2012).} In their study from 2010, they write, “After controlling for convergence in start-up activity at the region-industry level, industries located in regions with strong clusters experience higher growth in new business formation and start-up employment.”\footnote{Ibid.} These authors claim that what causes this agglomeration of firms is sharing of knowledge, input-output linkages, similar labor markets, regional demand, and social networks.\footnote{Ibid, 3.} For the brewing industry it is likely that the biggest driver for agglomeration is demand. As Andy Sparhawk from the Brewer’s Association has pointed out, “The American Palate has changed. It used to be very much Wonder Bread and Kraft cheese slices, and now we’re going to amazing 70% cacao dark chocolates (and) awesome espresso drinks . . .”\footnote{Andy Sparhawk – Craft Beer Program Coordinator for The Brewers’ Association, interview by author, tape recording, Boulder, CO. 17 February 2012.} In other words, many people do not want an American
style light lager and would prefer to try something more adventurous or innovative. In
echoing this sentiment, Delgado, Porter, and Stern find that strong cluster environments
are often in regions with innovation-oriented consumers.\textsuperscript{19} It is no surprise, then, that so
many craft breweries are located in innovation-centric towns such as Portland, Boulder,
and San Francisco.

Local

Related to the idea of clusters is the idea of a focus on local economies and
sustainability. It is no coincidence that the areas in which there are clusters of craft
breweries also have economies in which local goods, sustainable practices, and smallness
are highly valued.

In fact, the growth of craft breweries has coincided with growth in other segments
that indicate an increased desire for local goods. In 2009, for example, farmers’ markets
grew to number 5,274, up from 2,756 in 1998 and 1,755 in 1994.\textsuperscript{20} Similarly in 2005
there were 1,144 community sponsored agriculture organization up from 400 in 2001 and
just 2 in 1986.

One does not need to be an economist to realize that local goods are in high
demand. But part of the reason craft beer is so popular right now is because of these
trends. As many brewers interviewed for this study echoed, people want to know the

\textsuperscript{19} Mercedes Delgado, Michael E. Porter, and Scott Stern, “Clusters and Entrepreneurship,” Journal of

\textsuperscript{20} US Department of Agriculture, Economic Research Service: Report Summary “Local Food Systems:
who, the what, the where, and the how behind their consumption decisions, including beer. Furthermore, there is the added benefit that in these hard economic times, you are supporting the local economy by buying the local beer. Because of the local multiplier effect\textsuperscript{21}, the more transactions that take place within a community, the better off that community is economically.\textsuperscript{22} As local or regional businesses, a craft brewery is a prime example of a firm that will cause a large local multiplier effect.

In a study done by Civic Economics in 2009, fifteen locally owned and operated retail stores in New Orleans were studied to see how much of their revenue was retained in the local economy in comparison to an average Target superstore. The results showed that of the revenue from the locally owned and operated retail stores, 32\% stayed in the local economy while 16\% of the revenue at an average Target was returned to the local economy.\textsuperscript{23}

In a similar study by Civic Economics conducted in Grand Rapids, Michigan, and the surrounding area, researchers examined the economic impact of shopping from a locally owned store compared with shopping at a chain. They found that if consumers in this area were to spend 10\% of their money at a local business that they otherwise would have spent at a chain, the area would see $140 million in added economic activity including $53 million in additional payroll and 1,600 new jobs. The study broke down independent business into four categories: pharmacies, restaurants, grocery stores, and

\textsuperscript{21} First Coined by John Meynard Keynes, the local multiplier effect (LME) is essentially how many times a dollar is recirculated in the economy before being used for an import


banks. Local restaurants, in particular, showed a high level of support for the local community. 56% of the revenue at a local restaurant gets returned to the local economy while the percentage is 37% for chain restaurants.24

Living during an era in which nearly every segment of consumer goods has a strong presence by industrial giants and with brand recognition at an all time high, people are beginning to want to know where their products are coming from, how they are made, and, if possible, who is making them. Not only do they want to know where their products come from, but they are also curious to know where, exactly, their dollar is going when they do spend their money. For these reasons, people can identify with craft beer because it is local, accessible, and transparent.

Hypothesis 4: One of the main reasons for growth in the craft beer industry is that craft breweries are local, small, and they try to be stewards to their communities and the environment.

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CHAPTER IV
RESEARCH METHODOLOGY

In order to gain relevant information about the growth of the craft beer industry, I visited many brewers, both big and small, and talked with craft beer experts. I conducted interviews with each of the people with whom I visited and varied my questions according to who I was interviewing.

Visiting breweries and talking to the owners, marketing experts, or head brewers was the most common type of interview. For these interviews, I asked questions pertaining to the brewery such as how many barrels per year they are producing. I would also ask their opinion on the craft beer industry as a whole and why they think it is growing as fast as it is. Similarly, I would question them about market differentiation and what it takes to be a successful craft brewer. Finally I would ask about their competition and whom they see as their biggest threat their livelihood.

For the beer experts I asked questions that would reflect the entire industry, not just one company, and their thoughts on the sustainability of the growth in the craft beer industry and what, if anything, could stop the growth.

Because this study is qualitative and limited to certain breweries, no definitive answers or conclusions can be drawn. Rather, the qualitative research paints a detailed and intimate picture of what is going on in the minds of those concerned with beer,
particularly craft beer. It illustrates the goals and the lessons learned of brewers and indicates that craft beer is a dynamic, stratified, and permanent industry.

The craft brewers included in this study are Bristol Brewing Company and Trinity Brewing Company in Colorado Springs, Odell Brewing Company, New Belgium Brewing Company, and Crooked Stave in Fort Collins, Left Hand Brewing Company in Longmont, Denver Beer Company in Denver, and Avery Brewing Company in Boulder. The beer experts interviewed were John Mann, a former marketing director for Coors, and Andy Sparhawk, the program coordinator for the Brewers’ Association.
CHAPTER V
SUMMARY OF BREWERY INTERVIEWS

Trinity Brewing Company1: “Past Craft”:

If anyone interviewed for this study is part of the next generation of craft brewers, it is Jason Yester, the founder of Trinity Brewing Company in Colorado Springs. Located in a strip mall in a suburban area since 2008, Trinity is a brewpub that focuses on local, organic food, and of course, beer. But this is not even craft beer, according to Jason. In fact, Jason describes his brewery as “past craft” and instead calls it artisanal or boutique beer.

Jason embodies the passionate brewer, and for him, the passion for brewing is clearly not some passing fad: He’s currently thirty-four years old and he has been brewing since he was seventeen. He is an alumnus of Colorado College with a degree in biology and wrote his senior thesis on beer. Jason was so engaged with brewing in college, that he is the reason why Colorado College prohibited brewing in the dormitories.2

This passion, he says, is at the heart of the craft beer industry along with an evolving clientele. He says:

1 Jason Yester – Founder / CEO of Trinity Brewing Company, interview by author, Tape recording, Colorado Springs, CO. 1 February 2012.

One of the things I see with people who do buy craft beer is they like to have a bit of an adventure, even if it’s just for an evening. Whereas if you’re buying a big macro-brew product, it would be more about the drunk or the buzz. It’s an experience when you drink a craft beer. There are stories behind the beer . . . There’re real people behind craft beer.

Jason’s ideas for his brewery are so different from a “normal” brewery that he likens his operation to wine producing. The parallels with wine are seen in the ageing of beers along with the packaging. There are no six packs at Trinity, and if you want to take a Trinity beer home with you, it will come in a 750 ml champagne bottle that was bottled by hand. Jason says, “I think the boutique and artisanal beers have more of a wine influence on them as far as quality of product, margins, (and) labor structure.”

Equating beer, historically a blue-collar staple, to wine begs the question of how prevalent the snob effect is in the new vanguard of brewing. Jason is not completely dismissive of the snob effect, but he says, “I hate that term, ‘the snob effect’. I like to look at things more positive.” However, he does concede that he has seen rare bottle sell on eBay for $380. Despite Jason’s incredible niche corner of the beer industry, he wants to keep beer at an affordable luxury and “never make them out of reach.”

Keeping the price point at an accessible level is not going to stop Jason from brewing assertive, esoteric, experimental beers. Trinity has brewed more than forty batches of different saison³ recipes.⁴ The flexibility of recipes and the creative freedom

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³ Saison, French for “season”, refers to a type of seasonal beer that was developed in the Wallonia region of Belgium and were traditionally the last beers brewed before the heat of summer prevented further brewing.

are what Jason loves most about brewing. He says, “I am more focused on the artistic interpretation of being a brewer.”

Overall, Jason has an incredibly positive outlook on the beer industry and brims with enthusiasm in talking about beer and in where beer is going. He says with conviction that “in the next ten years, you’re going to see a lot of really cool ideas.”

John Mann⁶, former head of market research at Coors: “it’s going up and up”

One of the professionals who contributed to this study who is not affiliated with any craft brewery is John Mann. John is a gregarious and friendly middle-aged fellow who started his career with Proctor and Gamble and worked in the product development unit for about ten years. After his run at Proctor and Gamble, John was hired by Coors in Golden, Colorado to run the market research department. With a background as an employee of a macro-brewery, John offered great insights into the dynamic beer industry, and offered a unique perspective on the relationship between craft breweries and the “big dogs”.

From an historical point of view, John offered insights into the origins of craft beer and what the perceived trajectory of the industry was in its infancy. John illustrated a beer culture of yesteryear that is completely different from that of today. He said that when you walked into a bar during the 1960s, there was one beer on tap. Because of this, John said, there was intense brand loyalty to the point where people were strict Bud guys, Coors guys, or Miller guys. You knew what beer you would be having when you went

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⁵ Ibid

⁶ John Mann – Former Marketing Director for Coors, interview by author, Tape Recording, Castle Rock, CO. 2 February 2012
over to a friend’s house. Then, John said, “people said wait a minute, this isn’t enough choices.” This, along with the political catalyst of Jimmy Carter repealing a law prohibiting brewing at home, according to John, were the impetuses of home brewing and eventually the birth of the craft beer industry.

Despite the birth of the craft brewing movement during Carter’s administration (1977-1981), in 1995, according to John, “the old beer guard believed that lighter beers were the future.” However, Blue Moon, the CoorsMiller foray into craft beer, was launched in 1995 and has since become a successful brand.

When asked about the threat of brands like Blue Moon or Shock Top to small craft breweries, John answered emphatically that there is not a significant threat. John then outlined the symbiotic relationship between the big brewers and small brewers. He said that craft breweries are undoing the big problem for macro-brewers in that craft beer is creating excitement and interest in beer again. This is especially great for the macro-brewers who have slowly seen the demographics moving away from beer and towards wine and spirits or craft beer. Conversely, for the craft breweries, brands like Blue Moon are not necessarily a threat because they are “stepping-stone” beers. What the craft industry calls “faux craft” is helping to create interest in different styles and different flavor profiles, which, according to John and many others interviewed for this study, will ultimately push people to be very interested in craft beer.

John is sure about one thing and that is that, “craft is going somewhere, it’s going up and up.” He notes a societal trend toward small, handcrafted goods, which fits nicely into the ethos of craft beer. However, he thinks that the “fanatical desire for smallness” will ebb and flow but that ultimately this will not affect the demand for craft beer because
people have already been exposed to the wide variety of flavors and have come to expect the sense of discovery with beer. John says, “you ask someone what their favorite beer is and they’ll say, ‘my next beer.’”

Denver Beer Company\(^7\) : “The craft beer drinker is a promiscuous beer drinker”

As the youngest brewery referenced in this study, the Denver Beer Company was incorporated in August of 2011. Patrick Crawford, twenty-eight, is the co-founder of the brewery / beer garden located in northwest Denver. The initial business model for Denver Beer Company was that it would be a Bavarian style beer garden, where the proprietary ales and lagers would only be available in the taproom at the brewery. However, the company has ambitious growth plans, and their beer will soon be on tap at three more locations throughout Denver.

Patrick and his business partner, Charlie, would like to grow the company, which may sound completely obvious, but there are more than a few breweries who are not interested in growth. Patrick says, “different breweries have their own goals Some are bent on growth and some aren’t.” However for Denver Beer Company, growth is incorporated in the business plan and they would like to be a big company in twenty years. At just over five months old at the time of the interview Patrick said, “We’re already working on a business plan to build a bottling or canning facility.”

Although the young brewery would like to grow, Patrick says, “We started the place because we love beer, not because we want to make a lot of money.” This passion

\(^7\) Patrick Crawford – Co-founder and owner of Denver Beer Company, interview by author, Tape recording, Denver, CO. 8 February 2012
for brewing, also seemingly obvious for a brewery operator, has been the common
denominator for successful breweries throughout the research and interview process.

Patrick offered a clear perspective on the success of individual firms in the craft
beer industry. He says,

Beer is so subjective; there is so much more to it than the taste of the beer. (Liking) New
Belgium means you’re helping the environment, you like to ride bikes, you like employee
ownership plans, you like to go camping, (and) you want to save the Poudre River . . .
and they craft that image. If you pick up a Dales Pale Ale, it means you’re a rough and
tumble guy who likes to go camping and like big, hoppy beers.

This is an important assessment of the craft beer industry, especially because it
comes from a new brewery operator who is currently trying hard to differentiate his
brewery and create a successful brand. He notes, though, that creating a winning brand is
very difficult in the craft industry because adventure, novelty, and the prospect of
something new is so prevalent in consumers who enjoy craft. For this reason, Patrick says
playfully that, “the craft beer drinker is a promiscuous beer drinker.”

Because Patrick claimed that the success of breweries is contingent on more than
just beer, the question of whether or not the snob effect is prevalent in the industry was
posed to him, and with a big smile and a chuckle he said, “100%, absolutely.”

Bristol Brewing Company\textsuperscript{8}: “There’s plenty of beer to be sold in Colorado”

Bristol Brewing Company is one of the most popular brands in Colorado Springs.
It was started in 1994 by owner Mike Bristol and initially did about six or seven hundred
barrels a year. Currently, the brewery is producing just shy of 10,000 barrels a year and
distributes only throughout Colorado.

\textsuperscript{8} Mike Bristol – Founder / Owner of Bristol Brewing Company, interview by author, Tape recording,
Colorado Springs, CO. 9 February 2012
Bristol is a perfect example of a company that grew initially, produced increasingly more, and settled into a position in which the owner and the company were satisfied. Mike says sensibly:

We don’t really have any plans to go out of state. New Mexico would make sense. I think brewing should be somewhat regional. It’s easier to keep control over the product (and) margins are better closer to home. You can really associate with your market, you can kind of be a part of it. Not to say it’s a better model, but it’s one that we’re more comfortable with. There’s plenty of beer to be sold in Colorado.

Mike is sure that there a lot of ways to be a player in the craft beer industry, but he acknowledges some essential characteristics that, despite different business models, all successful craft breweries must contain. He says there needs to be, first and foremost, a great product. Once you have a great product, Mike says that it needs to be marketed well, and there must be “some sort of business sense behind it.”

Another buzz word that Mike used was passion. He says succinctly, “Knowledge and passion. It’s a hell of a lot of work if you don’t love it. Well, it’s a hell of a lot of work either way, but if you love it, it makes some sense.”

One critical difference between craft brewers and the macro-brewers that Mike touched on is the motives behind the different beers that the two segments brew. For the big guys, brand creation and brewing are simply a formula for filling niches and catering to different demographics. But for craft brewers, it is the complete opposite. Most craft brewers are brewing beer that they want to brew and whoever likes it, likes it. As Mike says, “I know most of the brewers in Colorado and their brands reflect their personalities.”

Another important nuance of the craft beer industry that Mike discussed is the fine line that many of the bigger craft breweries walk between unrestrained growth and
remaining true to the smallness with which “craft beer” has become synonymous. Mike’s position is that customers who have ventured into craft beer want to know about the brands and have a connection to them. That possibility is greatly reduced when growth brings a beer brewed in Colorado to the shelves of an Asheville, North Carolina liquor store. Mike thinks that this will ultimately hurt many of the big craft brewers and some of the “faux craft” brewers as well. He says, “I think Blue Moon is a prime example of that. Because they don’t put Coors anywhere on it, they try to disassociate themselves, and I think that’s just an insult to the customer.”

Despite taking a few shots at Blue Moon, Mike does concede that it is a gateway beer and can open up a lot of doors to other great beers. He says, “Same Adams, Blue Moon, even Fat Tire are all easy ways to get from Budweiser to some of the other stuff we have to offer.”

Contrary to a few of the other people interviewed for this study, Mike does not take much stock in the notion of the snob effect. He says,

The people that I see everyday and who I talk to in the marketplace realize that there’s something to the product. People that have made the switch have a hard time going back. Imagine if all the sudden you had to go back to Coors Light? It’s a hard change. You’re not just swapping branding.

Mike offered a clear perspective from the point of view of a relatively mature craft brewery that has found a position that is right for them. Bristol is a perfect example of the type of managed growth that is so common in the craft beer industry.
New Belgium Brewing⁹: “Beer, whimsy, and sustainability”

New Belgium Brewery, located in Fort Collins, Colorado, was founded in 1991 after founder, Jeff Lebesch, took a bike trip through Belgium touring breweries. Fast-forward twenty years and New Belgium is the third largest craft brewery in the country and the seventh largest brewery overall. New Belgium is by far the biggest brewery interviewed for this study with distribution in twenty-nine state and a 2011 production level of over 700,000 barrels.

The company headquarters in Fort Collins is called the “Mothership”, and Penelope Gilliland, the “Mothership Hostess” was the person interviewed for this thesis. When asked about what makes a successful craft brewery, Penelope said, “our values, our culture, and our branding have had a lot to do with our success to help support the great beers we make.” New Belgium is known for their marketing savvy, and Wynee Odell, CEO of Odell Brewing Company down the road from New Belgium, goes so far as to call the people at New Belgium, “marketing geniuses”.

This marketing ability was the overwhelming impression that the whole ambiance and experience of the “Mothership” exuded during the interview. At New Belgium there are many tenants and lists of priorities. Penelope said, We are an employee owned company; we have ten core values (listed below). We have three pillars of our business: beer, whimsy, and sustainability. We also operate on the belief of supporting what we call the triple bottom line: profits, planet, and people

⁹ Penelope Gilliland – Mothership Hostess at New Belgium Brewing Company, interview by author, Tape recording, Fort Collins, CO. 13 February 2012
New Belgium Brewing Company Core Values and Beliefs: 10

1. Remembering that we are incredibly lucky to create something fine that enhances people’s lives while surpassing our consumers' expectations.

2. Producing world-class beers.

3. Promoting beer culture and the responsible enjoyment of beer.

4. Kindling social, environmental and cultural change as a business role model.

5. Environmental stewardship: Honoring nature at every turn of the business.

6. Cultivating potential through learning, high involvement culture, and the pursuit of opportunities.

7. Balancing the myriad needs of the company, our coworkers and their families.

8. Trusting each other and committing to authentic relationships and communications.


For New Belgium, these ideals are as important as the beer itself, if not more so. Penelope said candidly, “We could be making a ton of money and shitting on the planet and no one is going to buy our beers.” When asked whether the beer comes before the brand’s ethos or vice versa, Penelope replied that the two “sort of walk with one another.” At the end of the day, of course, New Belgium is a brewery and they make beer, but they have a very obvious target market. Take for example the following advertisement:

Whether or not the beer or the ethos is the product being sold at New Belgium, whatever they are selling is wildly successful. In the words of Penelope, “We’re too big to be small any more and we’re too small to be big”, a problem that many craft breweries (but not all) would like to have. Penelope proceeded to discuss whether or not this growth would eventually dissuade small-loving craft beer fanatics away from the brand. She
thinks that as long as they stay true to their values and the beer, people will say, “wow they are that big, but they really do these for their workers and their environment.”

Despite potential dissuaded customers, New Belgium is pushing ahead with slow and methodical growth. They are currently looking for the right location for an East Coast brewery and Penelope did not deny the possibility of one day going internationally with New Belgium’s beer.

Odell Brewing Company¹¹: “I’m starting to get more paranoid”

Right down the road from New Belgium in Fort Collins sits a much more modest brewery called Odell Brewing Company. Odell was founded in 1989 and is the second oldest craft brewery in Colorado after Boulder Beer Company. It is interesting to note that Odell was founded two years before New Belgium’s incorporation in 1991, and how different the growth trajectories of the neighboring breweries have been.

Wynne Odell, the CEO, has described her growth since 1989 as “pretty steady-state.” Odell follows a “manage-growth philosophy” with goals to grow at around 10% every year. She says, “Because we’re not hell-bent on getting bigger, we’re sort of our own gate keeper of how fast we’re growing.”

Odell Brewing Company is the tenth brewery in Fort Collins, a town of 139,000 people. How is it that a town of this size can sustain ten breweries? Wynee says:

What’s interesting with the industry now is it’s fragmenting. There are still people coming in who want to be the next Sam Adams, but then you have the nano and the pico breweries that just keep getting tinier and tinier. The majority of the new breweries aren’t going for volume, it almost seems like they’re hobby businesses.

¹¹ Wynee Odell – Co-founder / CEO of Odell Brewing Company, interview by author, Tape recording, Fort Collins, CO. 13 February 2012
Strangely, Wynee then proceeded to discuss how a number of breweries are currently investing heavily in capacity. She says, “everyone we’ve talked to is investing in new tanks, new buildings, new distribution” and she described how everyone in the craft industry is working under the assumption that the industry is going to continue to grow, including her company. Odell’s last expansion came in 2010, and they are in the planning stages of an expansion project for 2013.

As Wynee acknowledges, it is not only the small craft breweries that are making investments in the craft flavors. As discussed previously in this paper, many large breweries are either creating brands or are acquiring already successful brands, and Wynee offered a realistic perspective on the matter. About “faux” craft versus real craft she says, “The consumer, in general, doesn’t seem to care. I mean, beer geeks care. A lot of people are really indifferent whether it’s an Odell or a Blue Moon.” Many brewers cited in this study did not overtly express concern about the threat from large brewers, but Wynee certainly acknowledged it. She says with trepidation, “If the big brewers can get volume with faux crafts they’re putting out there, I think it’s a significant threat to the smaller brewers . . . I’m starting to get more paranoid.”

Despite her concern, she knows that her brewery offers a unique niche with which the big brewers cannot compete. She also describes brands like Blue Moon as stepping stone beers and says, “I’ve always thought it was great that we’re riding on their coat tails, as they are on ours . . .” In other words, big brewers may encroach on some of Odell’s flagship beers, but they will not brew the more specialty beers that Odell brews because in the words of Wynee, “. . . they have to do volume plays.”
Wynee Odell also discussed some interesting points a brand’s self image. Because New Belgium is down the road, she offers a unique point of comparison that other breweries in this study do not share. New Belgium, according to Wynee is about lifestyle, being green, appealing to the masses, and riding bikes. Odell does not reject sustainable initiatives or an active, healthy lifestyle, but her brewery is “all about the beer, quality, innovation, higher price attached with the higher image and the people side . . . fundamentally we’re a brewery, fundamentally they’re a marketing company.”

This does not mean that Odell does not have ideas of their own on how to market their beer. Wynee said that there is a shift going on in how young beer drinkers are advertised to. What she calls millenials, “don’t want to be advertised to, they want it to all be individual . . . as a group they’re much more individual and like to make their own discoveries . . . craft has so much of that personal based story . . .”

Finally, Wynne discussed her perceptions of the snob effect in the craft beer industry, and she thinks high prices are often very justified. She mentions that virgin American oak barrels (which can only be used once) used for some of their barrel-aged beers cost $650 a piece. Infection, she adds, is also a real possibility with barrel ageing, and the possibility of getting a bad batch when working with stronger ingredients is also high. She says, “I can absolutely defend our $25 dollar bottle of beer . . . For me the price point is justified based on the costs going into it and the brand credibility.”
Avery Brewing Company\textsuperscript{12}, “We blend art and science”

Avery Brewing Company, based in Boulder, Colorado has been brewing assertive and innovative beers since 1993. They represent a field of brewers that brew the beer that they want to brew and hope that people like them. On their website they write, “We are dedicated to making beer from the inside out: we brew what we like to drink – with utter disregard for what the market demands – and search out fans with equally eccentric palates . . .”\textsuperscript{13}

Joe Osbourne, the marketing director for Avery, was more than enthusiastic to participate in this study and imparted the ethos, strategy, and the innovative business model that Avery has. In 2010 Avery produced 23,000 barrels, 35,000 in 2011, and they project between 45,000 and 50,000 for 2012 production. This is a prime example of the rapid growth in the craft segment of the beer industry. These numbers are especially noteworthy when considering the macro trends in the segmented beer industry in 2011: the craft industry was up 13\% and the overall beer market was down 1.3\%\textsuperscript{14}

How does Avery maintain success? Joe Osbourne puts it succinctly, “our main story is quality and education . . . we blend art and science. On the quality side, we have four full time lab employees . . . there are very few breweries to have a full time lab.”

When discussing the growth potential for the craft segment, Joe was very optimistic. He points out that craft has “so barely scratched the surface of beer drinkers in

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\item Joe Osbourne – Marketing director for Avery Brewing Company, interview by author, Tape recording, Boulder, CO. 17 February 2012
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this country . . . the numbers show that for the next twenty years we could be a) growing
or b) sustaining a very successful model.”

Clearly Joe does not think the craft beer movement is just a fad, in fact he sees it
as a missing piece to the puzzle:

I think there will continue to be a want, a need, and a place for macros. There will also be
the place for beers that are trading on ebay for $150 a bottle. We are in epicurean
product. I think that’s what the craft movement has proven is that beer is just as epicurean
as wine or fine cigars.

After the interview, Joe gave a tour of Avery’s barrel-ageing warehouse in which
hundred of barrels filled with experimental beers are ageing. These beers range from a
pumpkin ale being aged in old rum barrels, a barrel-aged white ale that is not based on
any known style, and talk of potential ales brewed in old tequila barrels.

Avery is a great example of a brewery that gracefully walks the line between
brewing traditional styles and making a concerted effort to innovate and create new beers.
Many breweries do one or the other, but Avery is steeped in tradition while taking steps
forward.

Andy Sparhawk15, Brewer’s Association: “Our mission is to promote and protect”

The second non-brewery affiliated person interviewed for this study was Andy
Sparhawk, who works for the Brewer’s Association. Andy is a twenty-seven year old
beer lover who studied marketing at CU Boulder, landed an internship at the Brewers’
Association, and finally secured a full-time position. The Brewers’ Association is a trade
group whose mission is to promote and protect independent craft brewers.

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15 Andy Sparhawk – Craft Beer Program Coordinator for The Brewers’ Association, interview by author,
tape recording, Boulder, CO. 17 February 2012.
Andy, whose title is the Craft Beer Program Coordinator, is sure that craft beer is not simply a thirty-year old fad. He discusses other industries such as coffee and says, “my first opportunity to taste coffee was not Folgers at a car dealership, it was a caramel macchiato at Starbucks . . .”

Andy, like most, agree that this business is fueled by passion and he recounted a story in which Adam Avery, the founder of Avery Brewing Co. in Boulder, was brewing a lot of beers that the company thought the consumer would want. Because of this they were about to go bankrupt in the nineties, and Adam thought that if he was about to lose his life savings, he was going to start making beers that he wanted to brew. So he began brewing Hog Heaven, still one of their most popular beers, and the company turned around. Andy says, “. . .he just made beer that he wanted and people started coming along. They saw the authenticity in that.”

Left Hand Brewing Company\textsuperscript{16}: Our enemy is peoples’ apathy

Not too far north of Denver sits Longmont, Colorado, and in Longmont there is a brewery called Left Hand. Eric Wallace, the founder and CEO of the brewery, grew up in Germany as the son of a member of the Air Force. After graduating from the Air Force Academy in 1992, Wallace lived in Italy for a few years until his return in 1991. After returning to the States, Wallace travelled extensively around the western United States and visited many breweries in the process. He thought (correctly) that the craft industry was going to take off and incorporated Left Hand in September of 1993. Wallace did not

\textsuperscript{16} Eric Wallace – Founder of Left Hand Brewing Company, interview by author, tape recording, Longmont CO. 21 February 2012
even know how to brew beer at the time, but a friend of his from the Air Force Academy did and the two of them managed to start a fledgling brewery.

As for the origins of the name Left Hand, Wallace says that there was a local chief in the town of Nawat between Longmont and Boulder named Chief Left Hand who was very well respected. He was eventually killed at the Sand Creek Massacre, but he tried to keep the peace with the minors, settlers, and trappers in the area. For this, he is the brewery’s namesake.

Eric echoed many other brewers’ sentiments by saying that he started by brewing beers that he and his co-founder wanted to drink. This independent attitude continues for him today, and about his beer he says, “we hope you like it, but if you don’t, there are now 2,000 other breweries out there where most likely you’re going to find something you like.”

Wallace and Left Hand are different from many other breweries in that their flagship beer is a stout whereas most craft breweries’ flagship brews are an amber ale (Fat Tire) or a wheat beer (Easy Street by Odell). In response to this observation he said, “It’s pretty unusual; we are somewhat dark beer specialists. We like the dark beers.” This is yet another testament to the wide range of breweries that abound.

Wallace attributes at least some of his success to the lack of robust brewing competition in the early nineties. There were far fewer entrants in to the market so it was easier to compete. He says, “We started in a much more forgiving time. We were quite naïve when we started out, I had to learn how to read a balance sheet.”

Over time more and more breweries started being born and slowly craft beer has garnered more followers. Wallace contends that his biggest competition is “people who
don’t pay attention to what they’re putting in their bodies.” So much of the craft beer industry relies on grassroots advertising and word of mouth that Wallace has been very keen on educational outreaches. One of the initiatives that Left Hand has launched is called Ales for Females, which Wallace’s wife manages. During this bi-monthly event there are about forty women who taste and learn about one particular style that is usually paired with food. Similarly, Wallace say, “We have the most educated bartenders. We have an extremely rigorous training for the bartenders.”

Wallace also talked about the threat of macro brewers for his operation and he is of the school that brands like Blue Moon will only help smaller craft breweries. In a matter-of-fact manner Wallace says, “They’re actually damaging their own business by converting drinkers to more full-flavored beers.” Whether or not this is completely true remains to be seen, but Wallace is certain that brands like Blue Moon are stepping stone beers to the craft category.

Contrary to some clear demographic focuses by brands like New Belgium, Wallace says pithily, “We target people male/female age twenty-one to one-hundred and one. We don’t limit ourselves.” One thing Wallace is certain of is that there is no snob effect in his clientele. He says, “people aren’t drinking milk stout because it’s going to impress their friends, they’re drinking it because it’s real and it tastes great.” He adds with a smile, “Although it will make you smarter and better looking if you drink our beer.” But, Wallace says, the beer that costs more for the consumer costs more for his brewery to make: “we’re not looking to pick anybody’s pockets.”

Finally, when asked to paint an image of what the craft beer industry will look like in ten years, Wallace thinks that it will continue to evolve and become more and
more segmented. He says, “We’re seeing all these nanos popping up. You’re seeing a lot of guys pop up that are basically like a tasting room. They’re going to be more local . . . There’s going to be types of operations that you haven’t even thought of yet.”

Beer lovers everywhere have to like that prospect.

**Crooked Stave Artisan Beer Project**: “I call them wild beers”

Perhaps the most innovative brewery referenced in this study is the Crooked Stave Artisan Beer Project. For one, Crooked Stave does not have its own brewery. Crooked Stave is the only “gypsy” or contract brewer cited in this study. Currently owner and brewer Chad Jacobesen, twenty-eight, is brewing out of someone else’s brewery. Funkwerks Brewery in Fort Collins contracts out space and equipment to Chad so that he can grow his nascent business by making truly creative and unprecedented beers.

Chad is literally changing the brewing process. He studied at Colorado State University in Fort Collins and earned a degree in horticulture science with the goal of becoming a winemaker. After graduating, he moved to New Zealand where he continued his studies of winemaking. After travelling a bit more and taking on some different adventures, Chad found himself in London working as a sommelier but worked as an assistant brewer in his spare time. Eventually Chad came back to Colorado and tried one of New Belgium’s sour beers called La Folie. He thought it was such a unique flavor in part because of the yeasts used in sour beers. With his background in wine, he was very interested in yeasts and their different flavor possibilities. So after becoming more or less

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17 Chad Jacobsen – Founder / CEO of Crooked Stave Artisan Beer Project, interview by author, tape recording, Denver, CO. 2 April 2012
obsessed with sour beers, Chad wrote his masters dissertation on Brettanomyces yeast species and their use for the industries of permaculture fermentation.

As Chad explained, most yeasts used in beers are called, unsurprisingly, brewer’s yeasts. The scientific name for these yeasts is Saccharomyces. Almost all beers brewed today are brewed with Saccharomyces because the science behind them has been well established. Chad, however, has no interest in brewing with Saccharomyces. Instead Chad is on the vanguard of brewing with yeasts called Brettanomyces, or, as Chad call them, “Brett”. Brettanomyces are essentially wild strands of yeast. The word Brettanomyces comes from the Latin for British fungus, but as Chad explained, these yeasts have been found in winemaking regions all over the world, not just in Europe. However in wine, “bretts” are very undesirable. In beers, however, they can be controlled and can result in some very interesting and complex flavors. The problem is that bretts have been very understudied because historically they have been thought of as an infection. Brettanomyces beers ferment slightly differently, and Chad brews 100% of his beers using exclusively Brettanomyces.

The logical question that Chad proceeded to answer was that these brett beers, in fact, are not more expensive to brew. However, because so few people are brewing them successfully, Chad can price them at a premium and sell out every batch. Last year Crooked Stave produced “a whopping seventy-five barrels”, which, according to Chad, makes Crooked Stave one of the smallest breweries in the United States and the smallest in Colorado.

For Chad, a self-described academic, Crooked Stave is a way by which he can continually do research. He specifically chose his four main beers because each has its
own unique applicability to Brettanomyces science. In fact, Chad is currently working with Colorado State University to set up a brewing model for the students at the University which would be similar to the one that he used during his masters, and he would be an adjunct professor and a supervisor for the research.

Chad describes these beers as a third type of beer, which he calls wild beers. Now, Chad says, lagers and ales are not the only two types of beer being brewed. Chad sees the growth in craft beer as being inextricably tied to what he calls the “culinary revolution” in which people are waking up to different flavors and are willing to pay for quality. He uses the example that Whole Foods is not the only supermarket chain with cheese wheels and artisan chocolates any more. He also credits beer’s unpretentiousness when compared with wine because as he says, “you can literally get the best beer in the entire world for twenty bucks.”

Chad is a self-described member of the third generation of brewers. The first generation, he explained, were the home brewers who were just experimenting with different styles and seeing what worked and who eventually opened up breweries. The second generation, he says, were not as good of brewers as the first generation but were very business savvy and were able to grow very competitive brands. The third generation, of which Chad is a member, are “turning it on its head” and really experimenting. He says, “I could not exist without a bunch of the older brewers.”

Chad also talked about growth and how brands like New Belgium are perceived negatively by some people simply because they are growing. To this, Chad asks rhetorically, “isn’t that what business are supposed to do? Grow?” This is perfect evidence indicating the amount of respect within the craft industry and the understanding
that one breweries business model is not the definitive best. Chad says, “I’d be happy to cut off my production at a nice level. It means we won’t be as big as New Belgium.” He has the utmost respect for New Belgium despite not wanting to emulate its business model. In fact, harkening back to the idea of clusters fostering entrepreneurship, Chad says that New Belgium shares old barrels with him and even gives him some spices that they do not use.

Yet, Chad still wants to remain small. He thinks that part of his allure and leverage in the market will be having a limited number of bottles on the shelf and creating a high demand by making it limitedly available.

For Chad, the idea of macro-brewers dominating the market or crowding out the small breweries is not something that he is worried about. For one, Chad is doing something completely original and he thinks that the big brewers “are so afraid of using this (wild) yeast that the risk is too great for them.” Another interesting point that Chad makes about the big brewers is that Coors, for example, has the ability and the money to do everything. Chad thinks that if the big brewers did not want craft beers around then there would not be craft beers.

So what is next for a brewery that is breaking as much ground as Crooked Stave? First on Chad’s docket is to build his own brewery in Denver, have a taproom, and increase production to 2,000 barrels a year. Down the road, Chad would like to work with local restaurants to make quality beer menus that have historically been reserved only for wine. He said that for him to try and push for tap space at local pubs would not be “fighting the good fight”. For him, the good fight is to continue to push beer into a completely artisanal category. He wants to bridge the gap between fine beer and
restaurants, and if his success in making innovative beers is any indication, he will be successful in his next foray as well.
CHAPTER VI

RESULTS

Using the information collected during the interviews, some insights on the craft beer industry can be gathered. Again, as stated in the introduction, this is a limited sample size of breweries so the interviews do not paint a completely holistic view of the industry. Rather, by highlighting a few breweries and beer professionals it is meant to give a snapshot of a moment in time for breweries on the front range of Colorado. From this snapshot, however, much can be learned.

The impact of macro-brewers’ craft brands on small craft breweries:

Hypothesis #1 stated that due to different market focuses, small craft breweries and big macro-breweries can coexist and even be symbiotic. Based simply on the growth rates of the craft industry and the bleeding share of the macro-brewers, this is a tenable hypothesis. Again, in 2011 the craft beer industry grew by 13% by volume and 15% by dollars. These numbers are especially staggering in light of the fact that the 9,951,956 barrels of craft beer produced in 2010 is less than 5% of the 203,576,450 total barrels produced in 2010. For the craft industry, with a market share of about 5%, to be growing in double digits while the entire industry is down by a few percentage points is very telling of the buzz around craft beer and the desire for bigger and different tastes.
But this is not going to stop the big brewers from trying to get in on the growth of craft beer. As John Mann said, “the big guys are smart and are going to want their share of it.” But what do the individual breweries think about this threat? The answer depends on the business model and on what sort of customer the brewery is catering to. For example, Jason Yester at Trinity Brewing Company in Colorado Springs sells his beer on sight and in 750ml champagne bottles to-go at his brewpub. There is a critical difference between the type of consumer he is focused on serving and the type of consumer that Blue Moon caters to. Jason Yester describes his stance on Blue Moon, “Blue Moon is a decent beer, but our Belgian whit beer is head and shoulders above Blue Moon as far as the recipe goes. Among educated beer drinkers I think you’ll see some really hard resistance to buying the macro-brewers mock craft beers.”

Bigger, more regional breweries, such as New Belgium and Odell, seemed slightly more concerned about the threat from big brewers but still confident that there is an enduring niche in the market for their business model. Mike Bristol feels secure in his position because of the human aspect of craft and the personalities that are conveyed by small brewers. He also thinks that Blue Moon and other “faux” craft beers from the industry leaders are “easy ways to get from Budweiser to some of the other stuff we have to offer.” Mike also notes that because many craft brands are growing very rapidly, the aggressiveness and innovativeness will be compromised as they have to cater to an ever wider consumer base. As a small local and semi-regional brewery, Mike can brew simply what he wants to brew. It seemed as though what Mike was implicitly saying was that the big brewers including brands like New Belgium, will galvanize enough interest in new flavors to the point at which people will start looking for even smaller, more local beers.
Wynee Odell is on the other side of the coin in that she is not convinced that there will be an indefinitely secure market for craft. She says of brands like Blue Moon, “There’s been a renewed interest in the big brewers putting out what our industry calls faux craft, but which are rightfully craft beers. They’re the same quality that we’re putting out, different styles.” Apart from beer geeks, Wynee Odell thinks most people do not particularly care if you can trace the money back to Coors. She says, “If the big brewers can get volume with the faux crafts they’re putting out there, I think it’s a significant threat to the smaller brewers.”

Obviously it will take continuous work for craft breweries to continuously grow and create market share, but the overwhelming opinion of people in this industry is that craft beer will continue to grow despite plays by the macro-brewers. It really comes down to volume and style: the big brewers are not going to brew an esoteric style because the volume they will sell is not worth it to them. They will continue to brew the accessible entry-level beers and thus create interest and business for the craft industry.

The snob effect in the craft beer industry:

Hypothesis #2 is that the snob effect is a real phenomenon in the craft beer industry. The overwhelming consensus among those interviewed for this study was that the snob effect is very present, but only one of them said that they were guilty of perpetuating the effect. Most of the brewers said that their beers that cost more for the consumer, cost more for the brewery to brew.

It seems that most of the snob effect in the craft beer industry is disassociated from the breweries and is seen in secondary markets, where beer is traded. Many of those
interviewed for this study discussed a small group of beer connoisseurs who trade very expensive bottles on eBay. There was one sale on eBay of four 12oz bottles from a brewery in California called Russian River with a starting bid of $125 for all four. This would be almost a $190 six-pack which obviously did not cost the brewery even remotely that much to brew, but the add says “EXTREMELY RARE” and “this is an excellent addition to anyone’s collection”.

So like all hobbies, beer will have aficionados on the extreme that are willing to pay for rarity, prestige, and exclusivity. The brewers referenced in this study were certainly not trying to be malicious if they do price their beers substantially above cost. Chad at Crooked Stave said that his Brettanomyces beers do not cost more to brew, but he says, “I sell them for a lot more. But that’s business, that’s the economics behind the beer.” Because Chad brewed only 75 barrels of extremely rare and innovative beer last year, he can get away with charging a higher price. The difference is, he thinks his beers are worth every penny. As Chad say, the beer should speak for itself.

Patrick from the Denver Beer Company was quite honest about his mark ups and he has no reservations in saying that the snob effect is prevalent in his taproom. He described men who come into his bar, sit alone and take notes on the different beers. On Patrick’s side he says:

We have a Russian imperial stout that we add $2 to the price because we want to create the image that it is a premium brand. That beer doesn’t cost more for us to brew than others we sell for $5; in fact, it may be cheaper because it doesn’t have a lot of hops in it. Again, this comes down to the business model as well. Part of the process in becoming a premium brand is having premium prices. If brewers price too low, they run the risk of dissuading customers who are focused on quality and who connect price with quality.
This hypothesis is intrinsically tied to hypothesis # 4 in that customers who want to buy local goods are not shopping only for the lowest price; they value craftsmanship, quality, and passion too. These value sets can create a higher price than the cost leaders, and the craft breweries are a perfect example of this.

The snob effect would be omnipresent in the craft beer industry if the quality of most craft beers was not better than macro brewed beers. However, craft beer is almost synonymous with quality and quality costs extra. For the most part, craft beer experts think that you get what you pay for in craft and that prices reflect quality.

Segmentation within the craft beer industry:

Hypothesis #3 stated that within the craft beer industry there will be extreme segmentation and very different business models. This hypothesis is being reinforced very heavily in recent years. There are many types of breweries coming out, some of which focus on traditional six-packs, others on champagne bottles of beer, others on barrel-ageing their beers like wine, others on using wild yeasts and making “funk” and sour beers. Today, to say that a new craft brewery or microbrewery has opened in Colorado Springs really only scratches the surface as to what the brewery is doing and what they are focusing on.

Jason Yester perhaps best embodies this trailblazing attitude for beer. Yester has already begun the practice of making beers age well. Most beers have a very finite shelf life, but the beers Yester is brewing are brewed so they get better with time. He says about one of his brands:
So if a store were to hang on to a couple cases they could likely get a much better margin for a 2009 TPS Report than a 2012. Most cases of beer . . . you’re looking at $6-10 of profit . . . the bottles that we do here, you know, I’m looking at margins of $9-20 per bottle.

So the differing business models go beyond simply what a brewery is making and extend all the way to the pricing structures and the profit margins.

Another great example of this is the Crooked Stave Artisan Beer Project. For that company to be the only one doing what they are doing with yeast shows just how differentiated the breweries can be.

These differences also manifest themselves in growth strategies. New Belgium, for instance is planning a new brewery on the east coast and currently brews 713,000 barrels per year while Bristol, just over 100 miles to the south, distributes only in Colorado and brews about 10,000 barrels a year, or about 1.5% of what New Belgium brews. Yet, both are under the broad heading of “craft beer”.

Another testament to the segmentation in the industry is the saturation in places like Colorado, and in particular places like Fort Collins. For ten different breweries (one of which is the behemoth, New Belgium) to be in a town of 130,000 people is evidence that each must have their own niche. In talking with Penelope from New Belgium about this, she acknowledges that the other breweries in Fort Collins are her competition, but there is also a feeling of sharing and friendliness that she expressed in regards to the other breweries. She says, “we love them and they’re part of the brethren of the craft brew industry with us.”

While the industry of craft beer as a whole is growing, it will continue to become more and more segmented as different business models become realized.
Small and local as reasons for growth in the craft industry:

Hypothesis #4 stated that *One of the main reasons for growth in the craft beer industry is that craft breweries are local, small, and they try to be stewards to their community and the environment.*

Compared to the macro-brewers, every brewery referenced in this study is small. Some are smaller than others, but all of them have a firm location in one particular town. Everyone interviewed cited this locality and the sense of place as a reason for their success or for the success of the craft industry. As Jason Yester from Trinity Brewing says, “People like to be behind a movement that feels good”, and as local businesses, people can feel good about the breweries because they are down the street or a five-minute drive away. They may even know the brewmaster personally. With the macro-brewers, people do not know where their money is going because, like Erick Wallace says, the shareholders are spread out all over kingdom come.¹

The environmental and social aspects are also a huge point of leverage that many craft breweries have begun using. The best example of this marketing technique comes from New Belgium, whose bottles have written on them that the brewery is wind-powered and employee owned. New Belgium was not just hopping on the bandwagon, either: in 1999 they were the largest, private consumer of wind energy in the country and the first brewery to harness the wind.² Furthermore, New Belgium is a member of 1% For

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¹ *Beer Culture*, directed by Thomas Kolicko (Denver, CO: FM Productions, 2011), DVD

the Planet which is an organization whose members are dedicated to giving 1% of their revenue towards environmental organizations or causes.³

Social and community based initiatives are just as common and offer yet another reason to support a local brewery. Bristol, for instance, has an ale called Local 5 and 100% of its profits go to support local firefighter in Colorado Springs. The bottle says, “We’ve never met a firefighter we didn’t like. We mean it. And it’s not only because they’re the brave, selfless souls who run toward the fire, not away from it. They’re just a solid, good-natured sort, we’ve found. The kind you’d like to have a beer with.” This is the sort of initiative that people like supporting. By doing outreaches like this, Bristol is not going to gain customers in Alabama, but they do not want to be in Alabama. They want to remain regional, and initiatives such as the Local 5 help garner respect and business for this local brewery.

³ Ibid.
CHAPTER VII
CONCLUSION

This study is intended to be a glimpse into the current state of the growing craft beer industry. Because personal interviews are the principal source of data and because the number of interviews was limited, this study is not meant to be an authority on the craft beer industry. Rather, by using the interviews and combining them with some economic theory, it is meant to give a snapshot in time of the current state of the craft beer industry. By analyzing this snapshot in time, much can be learned about both the history of the craft beer industry and the rich future it undoubtedly has in store.

One of the principal question that this study seeks to answer is why the craft brewery is growing as fast it is. By looking at this question through a purely theoretical lens, one could say that the mature beer industry became too homogenous and therefore left room on the peripheries for specialists to enter the market. As many brewers and brewery founders have said in layman’s terms, peoples’ tastes are evolving and the demand for different choices is increasing. Gone are the days when there was one tap in a bar with the same beer being poured as the bar across the street.

Similarly, gone are the days when people did not care where their beer came from, so long as it came. There is an increased demand for products produced locally, conscientiously, and passionately, and the craft beer industry fits perfectly into those set
of demands. As long as the demand for local, transparent, and quality products continues to increase, so too will the craft beer industry.

This demand for things local is also the reason that big brewers will have a hard time stealing all the market share of craft brewers. As Andy Sparhawk from the Brewers’ Association says, “Choosing solely on taste is like giving up your vote. I have a choice of voting for what beer I have.” Big brewers have already been successful in creating and acquiring a wide range of brands that are different from the light lager style, but the familiar feel and face of a local or regional brewery will continue to be successful so long as people continue to value those aspects. As we have seen in the last several years, even recessions do not hurt the craft industry: craft has had double-digit growth years since the recession while other industries are tanking. In fact, craft may be booming because of, not in spite of, the recession because beer is an affordable luxury. As people cut back on vacations and dining out, they can still get some of the best beer in the world for a couple bucks more than the mediocre beer. In the world of beer, one can live like a king but also be on a budget.

Living like a king also entails having a world of choices, and the beer industry has catered to this demand, as well. There have been many successful craft breweries with very different business models, and the young brewers are continuing to create different models, marketing campaigns, and most importantly, beer. One can go to the beer store and pick up a six pack of Bristol or one can subscribe to Crooked Stave’s Cellar Reserve Membership and have barrel aged beers brewed with wild yeasts shipped to him as they are released in limited quantity. The new breed of brewers does seem to be getting smaller and smaller. Jason Yester of Trinity, a small brewery, says, “I think what we’re
going to see more of is boutique breweries, artisanal breweries, and small brew-pubs, small nano-breweries. Nano breweries are those that produce less than 100 barrels a year.” This evolution towards smaller breweries is more evidence that the demand for local is continuing to grow and that big brewers will have a hard time competing against so many small brewers.

When asked if craft beer is going anywhere, John Mann, a former employee of Coors, said, “Yeah, craft is going somewhere. It’s going up and up.” As new breweries continue to open up and new beers continue to be brewed, craft is gradually solidifying its place in American culture. As the current governor of Colorado, John Hicklenlooper said, “Craft beer is a perfect metaphor for the American dream.”¹ No one says being a craft brewer is easy, but they are all passionate about the beer and the movement, and they have all started the breweries from the ground up. This certainly sounds like the American dream.

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