

## **Microbreweries and the Sharing Economy in Finland**

Nuutti Raevuori

09 June 2019



<b>Author(s)</b> Nuutti Raevuori	
<b>Degree programme</b> Tourism, Master	
<b>Report/thesis title</b> Microbreweries and the Sharing Economy in Finland	<b>Number of pages and appendix pages</b> 30+2
<p>This study was conducted to research the possibilities of the sharing economy in the microbrewing community in Finland. The aim of the study was to find out if there were possibilities to increase contract brewing in Finland, and if the brewers' attitudes towards the phenomenon support growth. An attempt was also made to find out what is in the way of increasing contract brewing.</p> <p>The theoretical framework explains the sharing economy as a phenomenon and explains what is considered a microbrewery in Finland. The term "contract brewing" or "gypsy brewing" is also explained. A quantitative survey containing 11 questions was sent to all registered microbreweries in Finland. The survey also included open questions so respondents were able to elaborate their answers.</p> <p>According to the results, most brewers are familiar with the sharing economy and some have had experiences with contract brewing. A majority of brewers see the phenomenon in a positive light. According to the survey, the biggest issues in the way of increasing contract brewing in Finland are legal issues, followed by disruptions to day-to-day business and pricing issues.</p> <p>As a recommendation, it is advised that the government follows this phenomenon closely, and adjusts laws accordingly so that obstacles in the way of positive progress are removed.</p>	
<b>Keywords</b> Sharing Economy, Brewing Industry, Microbreweries, Contract Brewing, Breweries	

## Table of contents

1	Introduction .....	1
1.1	Background and Research Problem .....	2
1.2	Objectives of the Study .....	3
2	The Sharing Economy .....	4
2.1	The Concept of Sharing Economy .....	4
2.2	The Role of Sharing in the New Economy .....	6
2.3	Idling Capacity .....	6
2.4	Trust between Strangers .....	7
2.5	The Internet and the Sharing Economy .....	7
2.6	The Sharing Economy and the Environment .....	8
2.7	Contracts, Insurance and Tax .....	8
2.8	The Future of Sharing .....	10
3	Microbreweries and Contract Brewing .....	11
3.1	Definition of Microbrewery in Finland .....	11
3.2	Contract Brewing .....	12
4	Research Methods .....	13
4.1	Qualitative and Quantitative Approaches .....	13
4.2	Data Collection and Analysis Process .....	14
4.3	Reliability and Validity .....	15
5	Key Results and Discussion .....	16
5.1	Yearly Production Amount .....	16
5.2	Idle Brewing Capacity .....	17
5.3	Familiarity with the Concept of Contract Brewing .....	18
5.4	Experience from Other Sharing Platforms .....	18
5.5	Brewing Community Benefits from Sharing Economy .....	19
5.6	Interest in Renting Out Brewing Capacity .....	20
5.7	Preferred way of contact .....	20
5.8	Environmental Benefits from Contract Brewing .....	21
5.9	Future Prospects for Contract Brewing .....	22
5.10	Obstacles for Contract Brewing .....	23
5.11	Comments about Contract Brewing in Finland .....	24
6	Conclusions and Recommendations .....	26
6.1	Conclusions .....	26
6.2	Recommendations .....	28
7	References .....	30
	Appendix 1. Survey Questions .....	32



## 1 Introduction

Craft beer has been a worldwide trend for years, and there are already more than 70 microbreweries in Finland, with many new breweries starting up yearly. Consumers are demanding high quality local products that have a personality, instead of mass-produced varieties, and are willing to pay the extra euros for a can, bottle or glass. At the same time, brewing beer at home has become a popular hobby, as it has already been for years in other parts of the world, USA leading the trend.

In Britain, the interest in homebrewing increased rapidly in 2008, along with the recession. As drinking craft beer in pubs was quite expensive, customers were left with three choices; drinking less, choosing a cheaper alternative, or making it themselves. However, the new generation of homebrewers do not brew to save money, but for the experience. It brings great satisfaction to brewers to experiment with ingredients, and end up having a glass of their own, unique beer. While popularity of the hobby has grown, and money has been pumped into market, the quality of brewing kits and apparatus has risen so that the end result is often almost professional-grade. At the same time, there is a bigger trend ongoing with other vintage crafts, such as baking, and self-sufficiency in general is rising in popularity. The whole industry of brewing has changed and can nowadays be called a “creative industry” and brewing as “almost an art”. (The Telegraph, 2014)

Sharing economy companies enable consumers to have access instead of ownership in anything from apartments and cars, to household appliances. They have built peer-to-peer marketplaces, in which products and services are sold through dedicated platforms. The platform owner then takes a small transaction fee. There are examples like Airbnb, Uber, and Lyft, which have grown into multi-billion-dollar companies without owning any properties or vehicles.

The subject for this study is based on personal interest. As a homebrewer, I know well, that it brings great pride and satisfaction to drink a self-made, unique beer. Almost every homebrewer has surely thought, after brewing a successful batch of beer, that maybe there would be a possibility to produce more, so that others can taste it too, and even to get some money from it. Easier said than done - how could a homebrewer get access to equipment that would allow making bigger amounts, and how could it be sold? Could the sharing economy be an answer to their questions, possibly in the form of contract brewing? While contract brewing, or gypsy brewing, is not a new phenomenon even in the Finnish brewing scene, could it be made more accessible to homebrewers, using the principles of the sharing economy? I decided against having a commissioner for this thesis,

because I wanted to keep the survey independent and have a result that could bring at least some benefit to the whole brewing community in Finland.

Alcohol production is highly regulated by legislation in not only Finland, but in most countries. This definitely forms obstacles for the sharing economy in the brewing industry, but equally important is the mindset of the brewery entrepreneurs. Legislation can always be changed by political means, but what are the professional brewers' attitudes towards the model of thinking known as the sharing economy?

In this study, the Microbreweries' attitudes towards the sharing economy will be researched. An attempt will be made to find out what kind, and how much idle brewing capacity is available in Finland, and how much of it could be shared with other brewers. How do microbrewers see the possibilities of sharing their capacity, as an opportunity or a threat?

## **1.1 Background and Research Problem**

As the craft beer market is growing, there are more and more people interested in brewing their own beer, and it has become an increasingly popular hobby. However, home brewing is still estimated to become more popular, as it is already in for example Sweden and the United States. Homebrewers do not make beer for cheap alcohol, but to get a refined drink with a personality. Starting the hobby is relatively cheap, it can be done with basic kitchen utensils, and even the first batch of beer can be a success, comparable to commercial craft beer sold in shops and restaurants. (Yle Uutiset, 2016)

What if a homebrewer feels like taking the next step, and wants to start brewing to more people than just themselves? Basically, there are three alternatives:

1. Buy a bigger kettle, make more beer at home, and sell it to your friends. This is completely illegal and violates more than one law and regulation in Finland.
2. Start your own brewery. This alternative is costly and time-consuming, as it means making investments measured in tens of thousands of Euros. It also takes a lot of time and effort to obtain licenses for producing and selling alcohol. Very risky indeed.
3. Rent brewing equipment from a brewery and make one-off batches with this equipment (contract brewing). Preferred option for brewers who do not have the finan-

cial resources to start their own brewery, but still want to sell their beer to the public. If breweries even have spare capacity, it should be a win-win situation for brewer and brewery.

This research will concentrate on finding out if alternative 3 would really be a realistic option from the breweries' point-of-view. Contract brewing is already a known phenomenon in Finland, so the research will attempt to find out if breweries would be open to renting out their spare capacity, and if a platform for distributing this capacity would be needed in Finland, and if not, what would be required to make it possible.

A Eurobarometer survey made in 2016 showed that a majority of respondents had either used or were aware of sharing economy platforms. Almost one third of respondents who have used the services of collaborative platforms also provided service on this kind of platform at least once. This tells us that users are likely to act as service providers as well. In particular, users appreciated that sharing economy services are cheaper and easily accessible compared to traditional services and that services or products can be exchanged, rather than paid for. Three main drawbacks identified by respondents were lack of awareness of who is responsible in case a problem arises, lack of trust in the provider/seller, and lack of trust in Internet transactions generally. When answers of the survey are broken down by country, the responses from Finland, however, look different. 60% of respondents have never heard of any sharing economy platforms, 30% have heard of but not used, and 8% have used these platforms. The rate is fourth lowest in the EU, only Cyprus (2%), Montenegro (4%) and Czech Republic (7%) have a lower percentage of respondents who have used a platform at least once. The percentage in Finland is very low compared to the top countries France (36%) and Ireland (35%). (EU Open Data Portal, 2016)

## **1.2 Objectives of the Study**

The objectives of this study are to find out if a skilled homebrewer could benefit from the sharing economy, and do microbreweries have unused capacity that they would like to turn into an income? Contract brewing, or so-called gypsy breweries are already popular, but could it be made more accessible for the occasional brewer? What kinds of questions must be resolved before the sharing economy can take over microbrewing in the same way that Airbnb has taken over accommodation, and is it even a realistic possibility in Finland? What are the means that the microbrewing community are ready to use to enable the sharing economy?

There are already many kinds of sharing economy platforms and marketplaces. Could they be useful to the brewing community, and would there be a chance to make a business, in the form of provisions, from sharing brewing capacity?

## **2 The Sharing Economy**

In this chapter, as a theoretical framework, the concept of Sharing Economy will be explained, along with facts that have influenced the rise of the phenomenon. Also explained are the key elements of this thesis, idling capacity, trust between strangers, environmental issues, and regulations and tax. Also, theoretical views about the future of the sharing economy will be explained.

### **2.1 The Concept of Sharing Economy**

The Sharing Economy is also called shared, peer, or access economy, or collaborative consumption. It does not have a single definition but can be described in many ways. It can be analyzed by comparing it to the “traditional” economy, where products and services are bought to own, as in the sharing economy resources are temporarily shared with customers, either free or for a return. The sharing or exchange of goods is normally facilitated via online platforms, usually created and managed by private companies. The most common platform is a peer-to-peer model where individuals offer and request services and goods, which are then intermediated by the platform. (European Union 2015, 2)

The sharing economy is a relatively new phenomenon and movement. It is a combination of ancient community practices and new ways of communication made possible by modern internet technology. These make sharing and trading of possessions, resources and skills possible in a way and scale that was not possible before. (Lahti & Selosmaa 2013.13)

Collaboration drives down the prices of services and goods and makes them more accessible to individuals. Some platforms also provide opportunities to get income from already owned goods. (Friedman 2015, 99)

As Alex Stephany states in his book “The Business of Sharing” (2015, 9): “The sharing economy is the value of taking underutilized assets and making them accessible online to a community, leading to a reduced need of ownership for those assets.”

The globally most successful and well-known sharing platforms are ones used for accommodation (Airbnb, Couchsurfing, Knok), ridesharing and car-sharing (Uber, Lyft, Zipcar, Sidecar, Carpooling, Relayrides), and sharing office, storage, or parking space (Sharedesk, ImpactHub, StorageMarket, Storemates, Justpark). However, the same principles can be applied to almost anything, making possibilities endless. There are even peer-to-peer banks, in which people lend money through service to those in need and get an interest which is lower than what banks offer, making it cheaper for those in need of a loan. Shared labor platforms like TaskRabbit and Airtasker let people make money by doing tasks from grocery shopping to small household tasks or repairs. (Stephany 2015, 50-51)

According to Vesa-Matti Lahti and Jenni Selosmaa (2013, 14), the following factors have influenced the development of the sharing economy:

- A cultural change in consumer behavior to valuing access to products instead of valuing ownership.
- Technological advancements. Improvements in internet infrastructure, broadband access, and web applications after the early 21<sup>st</sup> century, have created new kinds of social networks and made it possible to start new kinds of internet marketplaces.
- The significance of sustainability to consumers has grown. A concern for the environment has risen, and consumers are ready to intensify recycling and the use of resources.
- Economic crises have created pressure to give up hyper consuming, and to reuse goods and resources. Frugality and coming up with new kinds of earning possibilities have risen in value.
- The new generation of entrepreneurs and investors have understood the possibilities of the sharing business, enabled by the internet.

People involved in the sharing economy prefer renting against buying things, and they can use different new tools for communication to earn money or other commodities with some part of their property, for example with their apartment or car. Also considered a part of the sharing economy is a distributed way of producing goods, in which people and companies share tools, knowledge and skills openly to create something new together. (Lahti & Selosmaa 2013, 14,15)

## **2.2 The Role of Sharing in the New Economy**

Reciprocity is at the core of the most successful peer marketplaces. One side saves money while the other side makes money. One side receives an experience while the other side curates one. Also, according to a research, about two thirds of people who share, have the primary motivation of making or saving money. Sharing platforms can also offer rich social experiences through interaction with other people, creating a sense of humanness and belonging. For example, the reason why Airbnb is so successful, is because it has been able to scale meaningful social experiences. In addition to money and experiences, very often both parties involved, in addition to the startup itself, have an aligned vision. Users believe in the principles of the platform, and vote with their time and wallets. Successful sharing platforms have a way to make customers feel good about spending their money. Most sharing economy businesses blend elements of all previously mentioned factors, which makes them appealing. (Stephany 2015, 44.)

The popularity of the sharing economy has also increased because many people want to be less dependent on global corporations. The charm in sharing to them, is that it is community-based, and you interact with peers instead of companies. The sharing economy is, in fact, a combination of communal values and practices and new technology, and as an economic mechanism it balances individual needs with the needs of communities and the whole planet. (Lahti & Selosmaa 2013, 16)

There is an evolution taking place between physical products, ownership, and self-identity. We don't want the things or objects anymore, just the needs or experiences they produce. For example, we don't want the CD, just the music it plays.

## **2.3 Idling Capacity**

People own a lot of things that they do not use often. A lot of people own, for example, a bicycle, and only use it occasionally. The same is true of power drills, most people use one between six and thirteen minutes during their whole lifetime. Still, there are approximately 50 million power drills across the United States in homes not being used. It makes no rational sense to own something you use for only a few minutes, especially something expensive. The unused potential of those 50 million drills when they are not in use is called idling capacity. People are surrounded by idling capacity, from cars, spare bedrooms and office space to tools and evening dresses. In the United States, 80 percent of the items that are owned, are used less than once a month. The main point of collaborative consumption is finding out how we can take this idling capacity and redistribute it elsewhere. Modern solutions, such as social networks and GPS –enabled smartphones offer

ways to solve this problem. As Robin Chase, founder of Zipcar, says, “This is what the internet was made for, an instant platform sharing excess capacity among many people.” (Botsman & Rogers 2010, 83-84)

## **2.4 Trust between Strangers**

In most forms of collaborative consumption, we are required to trust someone we don't know. In ride-sharing programs, we have to trust that the person is harmless and reliable, and in marketplaces, that the item that is being sold, swapped or given away is in the condition described by the seller. (Botsman & Rogers 2010, 91)

Before, we did not have to trust one another, because there were usually trustworthy agents to handle and control transactions, and there were set rules in place. In collaborative consumption, the role of the middleman is eliminated, as they are no longer needed to police the trade in an infinite marketplace of peer-to-peer exchanges. Ratings of peers become equivalent to references from someone we've actually met and help us to make decisions about who to trade with. Peer-to-peer trust is relatively easily created and managed, and usually the trust is strengthened instead of broken. (Botsman & Rogers 2010, 92-93)

Trust is built by transparency, and it is very important in today's marketplaces. Online consumers can easily find out facts they need to make decisions about where to invest their money. Companies which choose to openly share their process with viewers have the strongest respect. Proactive, authentic and consistent approaches get the most respect from consumers and markets. (Friedman 2015, 36-37)

## **2.5 The Internet and the Sharing Economy**

The internet, and especially social media have connected people in a new way. In new groups, also sharing is easier than before. People have started using the internet to share things, information, skills and experiences systematically and more widely. We now have a new media which helps us combine powers almost for free. Real-time interaction makes sharing easy even with complete strangers, and the traditional barriers of suspicion have weakened, thanks to social media. Increased sharing online is also increasing sharing offline, in the real world. (Jakonen & Silvasti 2015, 163)

Under 55 –year-olds living in developed countries are more open than the older generation to sharing, because they are used to computer technology, mobile devices, and using

social media. These are factors that make the sharing economy possible. (Jakonen & Silvasti 2015, 169)

Social media has forced companies to rethink their ways of communicating with consumers and stakeholders. Open access to content about business decisions and structures, and open communication with companies is what consumers expect. Businesses now rely on trust built between them and their customers and stakeholders to fuel growth and sustainable success, and there is no alternative to being transparent. Any internet user can easily find information on what kind of reputation a company has. (Friedman 2015, 36)

To create your own sharing economy, you don't necessarily need advanced skills for Internet infrastructure building. You only need to think about what resources you can share with your neighbors, family members, or friends. Creative collaborative consumption can save you time and money from groceries to tools. (Friedman 2015, 103)

## **2.6 The Sharing Economy and the Environment**

A big part of resources used in the manufacturing and delivery process of any goods, are no longer in use after the production process. If instead of privately owning goods that are not used often consumers would use sharing economy services, there would be substantial environmental benefits. For example, the sharing economy can reduce the need to produce new cars, but still give us capacity for transport. It can also reduce the need for building new hotels, but still give us the accommodation capacity. These are the kinds of changes that can reduce the use of our natural resources and reduce our carbon footprint. With new internet technology, goods can be shared for free or traded for other commodities. This kind of renewing of the distribution system promotes recycling and reduces waste while reducing the need of resources used for production of new goods. The basic idea is simple: Sharing reduces waste and the use of energy and can provide people with a way to fulfill their needs without debt and harming the environment. (Jakonen & Silvasti 2015, 171)

As the Sharing Economy is still a relatively new phenomenon, not much research has been made about the environmental effects. (Jakonen & Silvasti 2015, 170)

## **2.7 Contracts, Regulation, Insurance and Tax**

Turning free capacity into profits makes sense and sounds easy. However, it requires time and work to turn that capacity into money. JustPark is a good example of a platform which is simple, you just let someone park in your spot or driveway, and the money appears on

your account. Airbnb hosts usually at least have to wash the sheets in between patrons. However, when considering offering your services or property on a share platform, you should also consider insurance, as well as contractual issues. Would subletting your apartment breach your lease, or would freelancing be against your employment contract? What about renting out your company car, would it affect the tax status of your employment benefits? (Stephany 2015, 65)

Tax is usually the most complicated issue. In the US, a website has been established which helps with questions regarding taxation of earnings in the shared economy. It answers questions like “Are crowdfunding perks considered charitable donations?” or “I have sold goods using an online exchange, should I report that?” It is inevitable that websites or services like this will be established in other countries as well. At the moment, most money earned from peer-to-peer services go unreported. (Stephany 2015, 65)

In the EU, some activities are regulated at local level. For example, some cities have started regulating short-term home rentals. However, there are differences to the cities approaches, which, for hosts, can make this kind of rental more or less attractive. In Germany, Berlin has passed a law which bans short-term rentals, and in Brussels, Belgium, hosts will have to ask permission from the commune and the building’s co-owners. In comparison, Paris, France does not require such permissions if the rented property is the primary residence of the host. Other cities, such as Amsterdam and London short-term rentals are regulated in other ways, but in ways that are more favorable for the development of the sharing economy. The European Commission has not taken any official position on the sharing economy, but has noted in 2015, that it “offers opportunities for increased efficiency, growth and jobs, through improved customer choice, but also potentially raises new regulatory questions”. (European Union, 2015, 3-5)

In Finland, the government has not fully recognized peer-to-peer services as a form of legal income and does not have a model in place to easily collect tax from transactions. A simple system to report earnings should be created quickly to avoid losing increasing amounts of tax money, as the sharing economy will grow inevitably (Friedman 2015, 32-33).

In July 2017, Uber Finland announced that they will be suspending their services until July 2018, when new legislation in Finland takes effect. Uber operated in Finland for two and a half years before suspending operations and had continuous confrontations with the Finnish taxi legislation. The new legislation somewhat liberalizes the system, but taxi driver permits will still be controlled. Uber sees Finland as a forerunner in Europe, making the

introduction of digitalization, new technology and new business concepts into transportation possible, and hopes that other European countries will follow. (Uber, 2017)

## **2.8 The Future of Sharing**

The macro trends which are behind the sharing economy are not going away. The main ones are population growth and urbanization. Sharing platforms work better in dense megacities, where an increasing number of people will live in the future. The earth's limitations will be in the way of economic growth, and people will have to look for more alternatives to ownership. Environmentalism has not been a key driver to the sharing economy, because people are lazy short-termists by nature. Of course, its significance might increase, but only as a by-product of convenience. (Stephany 2015, 184)

The beginning of the new sharing economy has often been linked with Airbnb being established in 2007. Although the establishment of one company does not mean the birth of the phenomenon, the growth rate of Airbnb has been astonishing. In 2008, it had only a few properties enlisted, but in 2013 the number had grown to more than 300000 properties, and today it serves millions of travelers yearly. It is estimated, that in 2013 the size of the sharing economy was about 3.8 billion Euros and is estimated to grow to an 8.4-Billion-Euro market. For example, in The United States, Great Britain, and France, the sharing economy is expected to grow in the coming years. (Jakonen & Silvasti 2015, 167)

Latitude Research and Shareable Magazine made a research about the future of the sharing economy. In the report, four out of five respondents estimated their own use of the sharing economy to increase in the future, especially in the fields of transport, rarely used appliances and built spaces, such as workspaces. (Lahti & Selosmaa 2013, 154)

Local services for sharing in neighborhoods have not succeeded in being profitable. There are several reasons for this. First of all, the financial incentive in sharing relatively cheap items is not sufficient. The second reason could be that all neighbors do not, or do not even want to know each other. The most popular sharing platforms have been marketplaces between strangers. The third reason could be, that it is difficult to get the critical mass for bilateral trading when the area is restricted. It is much more viable to concentrate on one product and create a worldwide marketplace. Also, it is thought that the reasons for sharing with neighbors are thought to be more social than economical. In Europe, the growth of the sharing economy is slower than in the United States because of language barriers and a more fragmented market, however in Europe the basic values are possibly more open to the ideology. In addition, English is becoming the mutual language for all

people online. In developing countries, the possibilities of succeeding are enormous, due to high population. Critical mass can be reached quickly, and errors made by western countries don't have to be repeated. (Lahti & Selosmaa 2013, 155)

According to Lahti & Selosmaa (2013, 163), the following measures should be taken by the public sector in Finland to be forerunners in developing the sharing economy:

- Renewing legislation, clarifying rules and making aligned principles. Legislation will get old and interpretations more complicated as new kinds of markets are created. Needs for renewal include regulations concerning for example crowdfunding, in-currence for shared items and taxation of time-sharing.
- Increase awareness. The scaling of sharing depends on the level of knowledge about the phenomenon.
- Invest in new financial and business models that support sharing economy startups.
- Renew physical infrastructures. Invest in for example bike-sharing networks, and effective mechanisms for circulating used goods.
- Increase sharing of public spaces. Develop new ways to share public spaces, as is done now in using schools for evening activities.
- Promote car-sharing. Benchmark successful car-sharing models from abroad, and promote these in especially densely populated areas.

### **3 Microbreweries and Contract Brewing**

The definitions of Microbrewery and Contract Brewing will be explained. It is also explained how a brewery is classified as a microbrewery in Finland, therefore qualifying to be part of the survey for this thesis.

#### **3.1 Definition of Microbrewery in Finland**

According to the Oxford Dictionary of English (Oxford Dictionaries, 2016), a microbrewery is "a brewery which produces limited quantities of beer, typically for consumption on its own premises".

In Finland, microbreweries are officially defined and classified according to their production capacity, which should not exceed 10 million liters per year. This is based on a discount in alcohol tax received by the breweries according to their yearly production volumes. In other words, a brewery stops to exist as a microbrewery when its yearly production volume exceeds 10 million liters. (Tulli, 2016)

Yearly Production Volume	Discount in Alcohol Tax
200 000 liters or less	50 percent
More than 200 000 liters, up to 3 000 000 liters	30 percent
More than 3 000 000 liters, up to 5 500 000 liters	20 percent
More than 5 500 000 liters, up to 10 000 000 liters	10 percent

Table 1. Discount in alcohol tax according to production volume. (Finlex, 2015)

### 3.2 Contract Brewing

According to Hampson (2008, 338), “contract brewing is a commercial arrangement in which the creator of a beer contracts to have it produced at a brewery with spare capacity”.

In contract brewing, you can hire a brewery to brew and package your beer for you, or you can brew the beer yourself. The recipe and beer are owned by you, and it is usually much less labor- and time-intensive to get your beer on the market. (USA Today, 2017)

The startup costs for a microbrewery (in the United States) can be up to 1 million dollars, depending on the size and capacity of the facility. This includes essential equipment for brewing, such as kettles, boilers, fermentation tanks, and kegs. Also, there are a lot of compliance issues to be dealt with when making alcohol in the U.S. (USA Today, 2017)

With the help of contract brewing, a brewer can launch a beer brand for 5000 dollars. However, when starting, one has to think about marketing and building a following. The key with craft beer brands today is the people and presence behind them. Also, the brewery behind it needs to be trustworthy, and close cooperation is usually needed to oversee the brewing process. (USA Today, 2017)

## 4 Research Methods

This chapter explains which research methods were applied in this study. It also explains how data was collected and analyzed, and how validity and reliability were taken care of.

### 4.1 Qualitative and Quantitative Approaches

The simplest classification of research approaches is based on the qualitative and quantitative research. The decision between using qualitative or quantitative research should be determined by the nature of the phenomenon. When using quantitative research, there must always be a good understanding of the phenomenon. (Kananen 2015, 54)

Qualitative research is considered to be the base of all research activities, and quantitative research is based on qualitative research. The aim of qualitative research is to understand a phenomenon, and to explain the factors of the phenomenon. When a phenomenon is not known, or there are no theories explaining the phenomenon, qualitative research is used. Understanding of the phenomenon is produced by qualitative research, or it answers the question: "What is the phenomenon about?" (Kananen 2015, 59)

Quantitative research originates from theories or from the fact that it is known what this is about. It always begins by defining a problem and research questions that derive from it. One of the most used methods of collecting data for quantitative research is a survey where supplementary questions derived from research questions are used to produce data. (Kananen 2015, 140)

In quantitative research, questions are used to collect data. According to Kananen (2015, 147,148) questions can be open or with pre-defined options. Depending on the following factors, the questions can be effective and good:

- Questions are easy to understand, and the respondent answers them correctly.
- A respondent knows about the issue.
- A respondent wants to give information associated with the questions.
- The questions are unambiguous.

The options for an answer are an answer with options or an open answer. Suggestions for options depend on what is asked, how it is asked, and what precision is desired. A question should be short, simple, and easy to understand. It should contain only one question

and be plain in language. Negative questions should be avoided, as well as leading questions, two questions in one, and undefined or unlimited questions. The questions must be in a logical order, one topic at a time and from general to detailed. Difficult and personal questions should be put in the very end of the survey, as when respondents are engaged in a survey, they respond to more sensitive questions. Respondents do not always want to answer a question, or they don't have knowledge about the topic of the question. Therefore, there must always be an option which expresses the respondent not wanting or being able to answer the question. (Kananen 2015, 147-152)

As the Sharing Economy, or Collaborative Consumption has already been explained as a phenomenon, there is no need to use qualitative research to find out what it is about. The aim is to research attitudes of microbreweries towards the phenomenon, and their willingness to take part and contribute to it. Therefore, quantitative research will be conducted in the form of a survey, to find out the general attitudes of microbreweries towards the concept of sharing in general.

## **4.2 Data Collection and Analysis Process**

The list of respondents will be collected from Valvira's list of permits for alcohol production, which will be cross-referenced with information from recently updated websites displaying a list of microbreweries in Finland. Email addresses for the breweries will be collected from company websites and other internet sources. There were more than 130 companies holding permits. All companies not producing beer were removed from the list, as well as big breweries which produce more than 10 million liters per year. There are three major breweries in Finland, Olvi, Hartwall, and Sinebrychoff, which cannot by any means be called microbreweries. Olvi has reported to have produced more than 150 million liters of beer in 2015 (Olvi Oyj, 2015). Sinebrychoff and Hartwall are owned by multinational beverage corporations, and they produce hundreds of millions of liters each year.

A total of 79 breweries qualified as microbreweries, and thus qualified for taking part in this research. The survey was sent via email to all breweries, which had a valid form of contact mentioned on their website or company directory. An invitation to the survey was finally sent to 74 breweries, of which 30 answered, making the reply rate 40.5%.

As stated in chapter 3, in Finland, a microbrewery is a brewery that produces less than 10 million liters of beer per year. A question concerning production volumes will be included

in the survey to determine which breweries are eligible for tax discounts, and therefore eligible to take part in this survey. Based on my knowledge and previous research on microbreweries, all of the respondents should qualify, so the question is just to make sure.

The questionnaire had 11 questions, of which 10 had options, and 1 was an open question for general thoughts and comments about the subject. Questions were asked in Finnish and English, so that proficiency in Finnish would not be an obstacle to answering.

The questionnaire was sent to the breweries on 2nd October 2017 by using the Webropol survey tool. Time to reply was until 9th October 2017. A reminder was sent on 6th October 2017 to breweries that had not responded to the questionnaire. Before sending, a preliminary survey was tested by four respondents, and minor modifications were made to the questionnaire to reach a logical pattern. The structure of the questionnaire was kept straightforward and simple, so that it would be as easy as possible to answer. Analysis of the data will follow the structure of the survey. Answers will be analyzed individually.

### **4.3 Reliability and Validity**

The reliability of the search results for online research is problematic because the population is not always known. If those visiting web pages are targeted and are expected to respond to a survey, there is no way of knowing who visited the web pages, and whether the group of respondents was representative. Representativeness means the respondents being a small sample of the whole population. There are differences in willingness to respond to surveys amongst visitors of web pages. This reduces the statistical reliability of the results of the research. (Kananen 2015, 278)

Reliability refers to the consistency of the research results but does not guarantee validity. The only way to ensure reliability is to repeat the survey multiple times over time, but even in this case reliability is not guaranteed as a phenomenon may change over time. (Kananen 2011, 126)

The survey was sent directly to breweries through email addresses published online, so the targeted respondents had already been selected, eliminating the problem of the respondents being selected from visitors of web pages. The reply rate of this survey, 40.5%, is very satisfactory, and contributes to the reliability of this research.

External validity may be the most important type of validity, and it refers to the generalizability of the findings of the research, a feature typical to quantitative research. It means

that in similar situations, the research results are valid. When all the members of a population are included in the study, external validity is not relevant. If all the members of a population are easy to reach and the data collection costs are not high, sampling is not worth consideration. (Kananen 2011, 126)

Care was taken to identify all microbreweries in Finland, and assuming that Valvira has up-to-date information about licenses, this was achieved. As the number of microbreweries in Finland is about 70, the survey can easily be sent to the whole population, eliminating the question of external validity. It is highly likely, that if a similar questionnaire was made within a short time, the result would be highly similar, of course only if the same respondents gave answers.

As the business environment is unique in each country, especially legislation when production of alcoholic beverages is in question, the results of this study are only valid in Finland.

## **5 Key Results and Discussion**

This chapter discusses the results of the questionnaire in detail. The chapter is broken into themes in order to categorize the results based on the theoretical framework and the structure of the questionnaire.

A link to the survey was sent to 74 recipients, out of which 30 answered, which adds up to a 40,5% response rate. The rate is very satisfactory and affects the reliability and validity of this research positively. It also shows, that the brewing community is active in Finland, and interested in phenomena concerning their industry.

### **5.1 Yearly Production Amount**

To determine if the respondents were officially classified as microbreweries in Finland, their yearly production amounts were asked in this question. See chapter 3.1, Table 1, for definition of microbrewery in Finland.

The majority, 76.67% (N=23) of respondents informed their yearly production amount to be 200 000 liters or less. 20% (N=6) responded their yearly production amount to be between 200 000 and 3 000 000 liters. One brewery (3.33%) stated their yearly production amount to be between 5 500 000 and 10 000 000 liters. None of the respondents produced between 3 000 000 and 5 500 000 liters per year.

What is your Brewery's total production amount per year?	N	%
200 000 liters or less	23	76,67%
More than 200 000 liters, up to 3 000 000 liters	6	20%
More than 3 000 000 liters, up to 5 5 000 000 liters	0	0%
More than 5 5 000 000 liters, up to 10 000 000 liters	1	3,33%

Table 2. Yearly production amounts of participants

The result of this question was not a surprise, as the respondents had already been pre-selected based on their yearly production amounts, and only a few major breweries were left out. Nevertheless, this question was a good base for the reliability of the survey.

More than 75% of the respondents, were in the lowest production category with the highest amount of tax discount. This was actually what was anticipated, as there are lots of newcomers in the market, which typically start with smaller amounts, and would need substantial investments to move into the next category. Another thing which should be taken into account when raising production amounts, is that the scale is not completely progressive. This means that if a brewery, for some reason, produces even a liter more than the next threshold, it will have to pay the higher tax for the whole production amount. This can sometimes lead to holding back production until the threshold can be passed so clearly that the profit exceeds the decrease in the tax discount.

## 5.2 Idle Brewing Capacity

This question attempted to find out if the breweries had spare capacity. As stated in chapter 2.3: "The main point of collaborative consumption is finding out how we can take this idling capacity and redistribute it elsewhere."

16 (53,34%) out of 30 respondents had unused brewing capacity, as 13 respondents (43,33%) did not. 1 of the breweries was unable to say if they had spare capacity or not.

Do you have unused brewing capacity?	N	%
Yes	16	53,34%
No	13	43,33%
Cannot say	1	3,33%

Table 3. Unused brewing capacity

The fact that more than half of the respondents had unused brewing capacity, is essential for this research. On the other hand, it is also positive for the industry that a big part of the breweries is using their whole capacity, which usually means that they are also selling the beer produced. Depending on type, brewing a batch of beer typically takes only one or two weeks, meaning that it is quite easy to answer growing demand to an extent. It also does not make sense to brew too much in anticipation of demand, as the shelf life of beer is typically only one year, and even within a few weeks or months, the drink loses a lot of its freshness and character.

### 5.3 Familiarity with the Concept of Contract Brewing

Question 3 was asked to find out if the breweries had initial knowledge about the concept of Contract brewing.

25 of the respondents (83,33%) were familiar with Contract Brewing, while 5 (16,67%) did not have knowledge about the phenomenon.

Are you familiar with the concept of Contract Brewing?	N	%
Yes	25	83,33%
No	5	16,67%

Table 4. Familiarity with Contract Brewing

For respondents who were not familiar with the concept, the following was stated following the question: “Contract Brewers / Gypsy Brewers do not have their own brewing equipment, instead they rent facilities from other breweries.” This was to help in answering the rest of the questions, even if the concept was initially unknown. As stated earlier, contract brewing is by no means a new phenomenon in Finland, so the high percentage of familiarity does not come as a surprise. More surprising is the high number of respondents who do not know about it. The brewing community is considered to be quite small and close-knit, and word about contract brewers should have spread among breweries through networking, and at least through media to those following industry trends even slightly.

### 5.4 Experience from Other Sharing Platforms

Question 4 was asked to find out if the respondents had any experiences from the sharing economy. The companies mentioned were chosen because of they are among the most widely known sharing economy companies in the world, excluding ResQ Club, which is building a name for itself in Finland and already branching out to other countries.

16 respondents out of 30 (53,34%) have used at least one of the mentioned platforms before. This means that the basic mechanisms and the platforms should be familiar to them. However, it cannot be concluded how happy they were with the experience. 13 respondents (43,33%) had heard but not used the platforms, which means they would probably have an idea about them, but no opinion based on their own user experience. 1 respondent answered that they had never heard of any sharing economy platforms.

Are you familiar with any sharing economy platforms or companies, such as AirBNB, Uber, Couchsurfing, ResQ Club?	N	%
I have used at least one of the mentioned or other platforms	16	53,34%
I have heard of but not used any of the mentioned or other platforms	13	43,33%
I have not heard of or used any of the mentioned or other platforms	1	3,33%

Table 5. Familiarity with Sharing Economy companies

Almost all respondents were familiar with sharing economy companies, and more than half had used at least one. This shows that compared to the Eurobarometer result explained in chapter 1.1, the brewing community is more aware of the sharing economy than the whole Finnish population. Only 3.33% of respondents had never heard of any sharing economy platforms, whereas according to Eurobarometer, 60% of the whole population were not familiar with them.

Personally, I am not as surprised about the high rate of familiarity among the brewers as I am about the low rate found in the Eurobarometer survey. This result goes to prove, that brewers are very not only knowledgeable about what is going on in their own industry, but also aware of the economic trends worldwide and in other industries.

## 5.5 Brewing Community Benefits from Sharing Economy

Question 5 asked if the respondents agreed, that the brewing community in Finland would benefit from increased Contact Brewing. The types of benefits were not specified in the question, the aim was only to find out if the respondents see contract brewing as something positive to the industry.

12 of the respondents (40%) saw that there would be benefits to increased Contract Brewing. 6 (20%) answered that there would be no benefits, and 12 (40%) could not say.

Do you think that the brewing community in Finland could benefit from the sharing economy in the form of increased Contract Brewing?	N	%
Yes	12	40%
No	6	20%
Cannot say	12	40%

Table 6. Benefits to the Brewing Community

## 5.6 Interest in Renting Out Brewing Capacity

Question 6 asked if the respondents would be interested in sharing their idle capacity with contract brewers.

Half (50%/N=15) of the respondents were interested in sharing their idle capacity, while 13 respondents (43.33%) answered negatively. 2 respondents (6.67%) answered that they already are renting capacity to other brewers.

Would you be interested in renting out your idle brewing capacity to contract brewers?	N	%
Yes	15	50%
No	13	43,33%
We already rent capacity to others	2	6,67%

Table 7. Interest in Renting Out Brewing Capacity

2 respondents (6.67%) already rent out their brewing capacity, which means that contract brewing is already active in some form. However, the most significant finding from this question is, that 50% of the respondents are interested in renting out idle capacity to contract brewers. This means that there are possibilities for growth of contract brewing in Finland, if ways are found to connect breweries with potential partners. It is extremely important that an openness exists towards new ways of doing business.

## 5.7 Preferred way of contact

Question 7 asked about the preferred way to communicate available brewing capacity to possible contract brewers. Chapter 2.5 explained about the importance of the internet in the sharing economy. This question was based on the theoretical findings, and the objective was to find out if the respondents were open to communicating through a platform in

the internet or a smartphone app or through social media, or if they preferred more conventional ways, such as meeting at industry fairs or contacting the breweries directly, for example using telephone or email.

Out of 30 respondents, 8 (26.67%) thought that a web-based platform or smartphone app would be the best way to communicate. 2 respondents (6.67%) thought social media was the best way. 4 respondents (13.33%) preferred other ways of networking, for example industry events. The majority, 16 respondents (53.33%) however, preferred to be contacted directly, using for example email or telephone.

In your opinion, what would be the best way to communicate available capacity to possible contract brewers?	N	%
Web-based platform / Smartphone App	8	26.67%
Social Media	2	6.67%
Other networking, for example industry events	4	13.33%
Direct contact to brewery, for example via email or telephone	16	53.33%

Table 8. Communication between Breweries and Contract Brewers

The answers to question 7 were spread out more evenly than in other questions. What is somewhat surprising, is that more than half of the respondents would prefer to be contacted directly, and not for example through a smartphone app or a web-based platform. The brewery owners are probably concerned about their equipment, and the quality of the beer which would be produced by the contract brewers. This could be a reason why they prefer to connect in person, to make sure that the contract brewers actually know what they are doing, and are familiar with the brewing process. As it appears in the last question of this survey, there is a concern of loss of reputation of the brewery, if an unskilled contract brewer brews a bad beer and uses the host's name for marketing purposes. This is very understandable, as while the recipe for a premium beer can be surprisingly simple, there are multiple things that can go wrong in the process if the brewer is not paying attention or has little or no experience.

## 5.8 Environmental Benefits from Contract Brewing

Question 8 was based on chapter 2.6, and asked about environmental benefits of contract brewing. The question was formulated to find out if the respondents see environmental benefits in sharing their idle capacity.

10 respondents out of 30 (33.33%) thought that there are environmental benefits to renting out idle capacity, while 9 respondents (30%) thought there would be no benefits to the environment. 11 respondents (36.67%) could not say if it had environmental benefits or not.

Do you think renting capacity to contract brewers has environmental benefits?	N	%
Yes	10	33.33%
No	9	30%
Cannot say	11	36.67%

Table 9. Environmental Benefits of Contract Brewing

The results of this question were surprisingly evenly distributed into thirds. What is remarkable, is that only one third of respondents thought that contract brewing has environmental benefits, and 30% thought that there were no benefits to the environment. It can be that respondents thought that the benefits would not be remarkable, as they are on a small scale. That is probably true in this scenario, but the whole thought behind the sharing economy aims at producing less waste, therefore using less energy, and being environmentally friendlier in the end.

If we take AirBnB as an obvious example, it is the biggest accommodation chain in the world, and it does not own any property. Think about how many hotels should have been built through the years to accommodate all of their customers? Of course, one cannot rule out all of the apartments that have been built and sold only for renting out on AirBnB and similar peer-to-peer marketplaces, a market of its own has definitely been created. Still, it is unquestionable that sharing economy companies have decreased the building of new hotels and therefore contributed to the environment in an increasing way.

In this question, one third of respondents also thought that the environment would benefit from contract brewing. This is positive, as the reason behind taking part in the sharing economy is often partly about acting sustainably and getting a better conscience about consumption. This can also mean that a third of the respondents would be more open to hosting contract brewers, as in this way they could contribute to saving natural resources.

## 5.9 Future Prospects for Contract Brewing

Question 9 asked for the respondents' opinion about future prospects, and if contract brewing was seen as an increasing phenomenon.

14 respondents (46,66%) thought that contract brewing would increase in Finland in the future, while only 5 respondents (16,67%) had a negative view, and thought that it would not increase. 11 respondents (36,67%) did not have a view about the issue.

Do you think that contract brewing will increase in Finland in the future?	N	%
Yes	14	46,66%
No	5	16,67%
Cannot say	11	36,67%

Table 10. Future Prospects of Contract Brewing in Finland

### 5.10 Obstacles for Contract Brewing

Question 10 asked about the respondents' opinions about the obstacles they see for contract brewing in Finland. Chapter 2.4, "Trust between Strangers", and 2.7. "Contracts, Insurance and Tax", both contributed to this question. In addition, alternatives were added according to knowledge accumulated while reading and discussing the subject. Respondents could pick a maximum of 2 alternatives out of 6, one alternative being "Other reason", and one being "No obstacles". A total of 54 answers were given, which means that some respondents gave only one or no answer.

None of the respondents thought that there were no obstacles, and 2 respondents (6,67%) thought there were other, unspecified reasons. The majority, 63,33% of respondents, thought that legal issues was the biggest obstacle for contract brewing in Finland. Also, 50% of the respondents thought that contract brewing caused disruptions to their breweries' day-to-day business. Pricing issues were thought as an obstacle by 40% of respondents, while trust issues between contract brewer and host were answered by 20% of respondents.

Which of the following (max 2) are, in your opinion the biggest obstacles for contract brewing in Finland?	N	%
Trust issues between contract brewer and host	6	20%
Pricing issues	12	40%
Legal issues	19	63,33%
Disruptions to day-to-day business	15	50%
No obstacles	0	0%

Other Reason	2	6,67%
--------------	---	-------

The last multiple-choice question attempted to find out what issues should be resolved before the microbrewing community would be ready for the sharing economy and increased contract brewing. It was easy to foresee, that some obvious reasons would be popular choices. As expected, legal issues were most thought to be an obstacle, with more than 60% of respondents answering so. These issues can only be resolved in coordination with lawmakers and regulatory authorities. While alcohol legislation is strict in Finland, there are aspects to it that can vary depending on interpretation. These are issues which can be resolved by negotiating and testing, but they definitely require some bold moves from an entrepreneur which can be risky and result in fines or revoking of licences.

50% of respondents thought that contract brewing would cause disruptions to their day-to-day business. This can be true of course, especially if the host is fully employed, and feels like the contract brewer would be a disturbance to their own business. This alternative can also be linked to the first alternative; trust issues between contract brewer and host, as it can be imagined, that a brewer can feel that they need to keep an eye on the contract brewer, and due to this cannot concentrate on their own business.

40% felt that pricing issues were an obstacle. It can be hard to define pricing for renting out equipment, and the contract brewer might not want to pay too much for the rental. This, however can be worked out as in any other leasing agreements, and surely there is a formula to be developed to create a pricing model that would be beneficial to both counterparts.

This question was perhaps the most practical question in the survey, as from it can be concluded the issues which need attention in order to increase the popularity of contract brewing in Finland. Each alternative could be further researched to get a deeper understanding of the things that should be done.

### **5.11 Comments about Contract Brewing in Finland**

Question 11 was an open question about Contract Brewing in Finland. An open question was asked so the respondents could give out their comments on the issue. 10 respondents answered the question, but only 5 gave valuable comments, other than “No comments” etc. Many valuable points were brought up in this question, both positive and negative, but mostly in a very constructive way. Only one comment was openly positive, the

rest had points of criticism in them. The following comments are all translated from Finnish, and will be in no particular order, however classified in groups depending on the comment being positive, negative, or neutral.

Positive comments:

- “We think the idea is good, although we have no own experiences in contract brewing. It lowers the threshold for new brewers to enter the market and partly enables the brewing of experimental and unique beers.”

Negative comments:

- “Contract brewers attempt to blur or disguise the information given to consumers about the original manufacturer. The tax discount aimed at microbreweries could end up benefiting the wrong counterpart, thus endangering the whole tax system”
- “Errors in marketing can confuse consumers about the origin of the beer. It could be hard for a consumer to tell if a beer is locally produced or not. For example, a beer can be manufactured in Estonia and marketed as a local beer in Finland. I am not against the principle but prefer not to be involved myself. However, my thoughts can change if I see some benefits and everything is possible.”
- The responsibility for sales is usually left to the manufacturing brewery. Contract brewers usually have a view about their product, that it brings additional value, which is too bright. They assume that by bringing in their own brand, the sales will be done for them automatically”
- “A contract brewer is not a brewery. It is misleading to use the name Gypsy Brewery.”

Neutral comment:

- “Contract brewers should be able to take financial risks themselves. They should be able to buy a whole batch of beer into their own licenced storage after it is put in containers and do all marketing and sales by themselves. This means that they should have at least a license to store and sell alcohol as a wholesaler. Valvira has also asked about this, and it is not always so simple just to make beer for other companies when it comes to the tax discount.”

Although more negative than positive comments were given, important issues were brought forward that should be considered. Especially thoughts about disguising the real manufacturer or country of origin are things that can easily confuse consumers. At the same time, concerns about product quality and trust in contract brewers' skills are mentioned.

## **6 Conclusions and Recommendations**

In this chapter, conclusions will be made based on the findings of the research compare to the theoretical framework. Recommendations will follow on how to use the information gathered by this research. Also, the author will discuss the writing of the thesis and reflect the learning process.

### **6.1 Conclusions**

First of all, the response rate to the survey was very high, more than 40%. This shows that the microbrewing community is very active in Finland and interested in the future of their industry. The craft beer scene has been rising in Finland in the past years, and almost as many beer festivals are held as there are cities and towns in the country. Modern consumers have become more interested in the quality and character of the beer they drink, than its price. Personally, I think that there is definitely a place in the market for mass-produced cheap lager, but I still usually prefer to drink a local beer with a character and a story behind it. There is a strong megatrend in the global food and beverage industry that focuses on local ingredients, craftsmanship and brands with a story behind them. It is yet to see if it is just a trend - most likely the phenomenon is here to stay. Environmental issues are also becoming more and more important to consumers, people are worried about their carbon footprints and therefore act in favour of local and seasonal products.

It is not hard to notice when shopping for groceries in Finland, that local produce, be it beer or carrots, are usually considerably more expensive than mass-produced, often imported varieties. Finland is, and will remain an expensive country to produce any goods, due to the country's high wages and taxation policies. Luckily there are an increasing number of consumers who prefer to pay more to receive a product with a shorter production and logistics chain, and to have an idea about who their money is going to.

As the craft beer market is growing quite rapidly in Finland, it is clear that not all start-ups will survive. As in any industry, the first steps are the most difficult for an entrepreneur, and in brewing the most important is to have a solid product, and as the amount of brands increase, to have some way to differentiate from competitors. The sharing economy and

contract brewing can be a solution for aspiring brewers. It would be a good way to get products on the market and to test brewing and marketing skills before making a big investment in an own brewery. Making a conclusion from questions 2 and 6, more than half of the respondents have idle brewing capacity, and almost the same amount would be interested in renting some of it to contract brewers. This can be interpreted as a clear signal stating that the brewers would prefer to make use of their whole capacity and would even consider having someone else brewing on their premises. The concept of contract brewing was familiar to most brewers (questions 3 and 4), so it should be just a question of bringing together idle capacity with aspiring contract brewers.

As an important question, I see question 4, which asked about experiences with sharing economy companies. This tells us if the respondents were familiar with the functionalities of any on-line platforms. In retrospect, there should have been a question about how pleased they were with the product, as the present question does not give any insights into their satisfaction with the platforms.

The aim in question 5 was to get a view about the respondents' general attitudes towards the sharing economy, and if they thought it was a positive thing for their business and the whole brewing community. Surprisingly many respondents, 60%, either could not say, or answered that there would be no benefits. In comparison to the theoretical framework, the response should be more positive than only 40%. The microbrewing community is quite small in Finland, and it is hard to survive without cooperation with other breweries. It would make sense to have even more people involved and make brewing more accessible. There still is room for growth in the craft beer market, so brewers should not be afraid of losing sales, but be open to new possibilities. Another point is, that the question did not specify contract brewing, but only asked about the sharing economy in general. This is a point which should have been given more thought when planning the survey. However, the next question, question 6, went straight into the subject and asked about interest in renting out idle brewing capacity. Surprisingly more than half of the respondents were either interested or already renting. This creates some controversy, as only 40% answered that the industry could benefit from the sharing economy. Nevertheless, the result of this question was positive in regard to the aims of this study and made it easier to go forward with the next questions.

Question 7 asked about preferred ways for contract brewers to contact breweries. More than half of the respondents preferred direct contact, using traditional methods, for example telephone or email. Although the next most popular alternative was a web-based plat-

form or smartphone app with over 20%, this question was somewhat of a surprise considering the possibilities of advanced sharing platforms. While the traditional barriers of suspicion are weakening, it can be seen that the respondents are still hesitant to make reserving capacity too easy. Hopefully, as the sharing economy spreads more, trust issues become less of a concern. Question 10 concentrated on obstacles that respondents see in the way of contract brewing. Not surprisingly, legal issues were most seen as an obstacle. Finnish alcohol legislation is very strict, and breweries have to go through vast amounts of paperwork to be able to start legally brewing and selling their beer. In the free comments section, one response stated that the officials have already started keeping an eye on contract brewers, even if it is still a small phenomenon. If brewers are not cautious, it could mean a stop to all contract brewing, which is what some are afraid of.

Half of the respondents answered that contract brewing would cause disruptions to their day-to-day business. This was to be expected, as it probably would make the brewers plan their activities differently. However, when renting out capacity, it should be kept in mind that hosting contract brewers could be made into a part of day-to-day business, and a way to get a steady income where the profit is not dependent on the quality of your beer or your marketing and sales efforts. Of course, reputation is important and bad beer is not something brewers want to come out of their companies, be it brewed or not brewed by the owners themselves.

Question 9 addressed the future of contract brewing in Finland, if the respondents thought it to be increasing or not. Almost half of the respondents thought it would be increasing, which is in line with the theoretical assumption in chapter 2.8, which states that the sharing economy is not going away but increasing as a worldwide macro trend. In Finland, as in most countries, the development of the sharing economy is highly dependent on the political circumstances and decisions. Fortunately, there is a new rising generation of politicians who share modern liberal views in economics and believe that there is no alternative but to be a part of the sharing economy instead of hindering it with short-sighted political decision making.

## **6.2 Recommendations**

This research aimed to find out if Finnish craft breweries had idle capacity, and if they were open to the idea of renting out to enthusiastic brewers hoping to sell their beer to the public, but not having the resources or the motivation to start their own actual brewery. The idea or phenomena of contract brewing is not new in any way, and there are many successful contract breweries in the world who do not own any equipment themselves but

use other breweries' equipment. Perhaps the most known gypsy brewer is Danish Mikkel-ler, which produces beer in many different breweries all over the world, and is a sought-after partner for breweries, as their brand is one of the best known in the craft beer business. Collaboration between breweries is getting more popular also in Finland, with more and more breweries working together to create small batches of unique brews.

There are also breweries which specialize in hosting contract brewers and therefore do not have a beer brand of their own. In Finland, a brewery called UG Brewery, "UG" being short for "United Gypsies" was founded in 2017, and it offers a capacity of 500 litres per batch. Brewers can come in with just a recipe, and the company helps them brew accordingly. It also markets branded beer for special occasions or companies. UG Brewery, however did not qualify to take part in this study, as their brewery is founded solely for this purpose, and they are not really selling idle capacity. The same principle applies for example when a car-sharing company owns cars which can be shared. This study was aimed more to find out usability of already existing capacity, not capacity created for the purpose of sharing.

From a researchers point-of-view, this study was successful as the response rate was very high. On the other hand, I was personally expecting an even higher amount of answers, as the Finnish micro brewing scene is very vibrant and active. Nevertheless, the results give us quite a good understanding about the thoughts of the community towards contract brewing.

It can be concluded that the respondents were divided into different opinions from very cynical to extremely positive, and everything in between. However, it is pleasing to see that as a whole, there was a cautious indication of a green light towards the increase of contract brewing.

As a final recommendation made in the light of this study, I strongly believe that the popularity of contract brewing will grow in Finland in the future and brewers should be ready to take advantage of what it has to offer. Changing ways of working is a risk for any business, but well-managed change could result in new streams of income for breweries.

## 7 References

Botsman, R. & Rogers, R. *What's Mine is Yours – The Rise of Collaborative Consumption*. 2010. Harper Collins Publishers. New York.

EU Open Data Portal. Flash Eurobarometer 438: The Use of Collaborative Platforms. 2016. Directorate-General for Communication. Readable at: [http://data.europa.eu/eu-odp/en/data/dataset/S2112\\_438\\_ENG](http://data.europa.eu/eu-odp/en/data/dataset/S2112_438_ENG). Accessed: 11.11.2016.

European Parliament - Committee on Transport and Tourism. Report on New Challenges for the Promotion of Tourism in Europe. 2015. European Parliament. Readable at: <http://www.europarl.europa.eu/sides/getDoc.do?type=REPORT&reference=A8-2015-0258&format=XML&language=EN>. Accessed: 1.11.2016.

European Union. Briefing – The Sharing Economy and Tourism. 2015. European Union. Readable at: [http://www.europarl.europa.eu/RegData/etudes/BRIE/2015/568345/EPRS\\_BRI\(2015\)568345\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2015/568345/EPRS_BRI(2015)568345_EN.pdf). Accessed: 20.11.2016.

Friedman, Thomas L. *Crowdsourcing – Airbnb, Kickstarter and the Distributed Economy*. 2015. Lightning guides, Berkeley.

Hampson, Tim. *The Beer Book*. 2008. Dorling Kindersley. London.

IPK International. *ITB World Travel Trends Report 2015/2016*. 2015. Messe Berlin GmbH. Berlin. Readable at: [http://www.itb-berlin.de/media/itbk/itbk\\_dl\\_all/itbk\\_dl\\_all\\_itbkongress/itbk\\_dl\\_all\\_itbkongress\\_itbkongress365/itbk\\_dl\\_all\\_itbkongress\\_itbkongress365\\_itblibrary/itbk\\_dl\\_all\\_itbkongress\\_itbkongress365\\_itblibrary\\_studien/ITB\\_World\\_Travel\\_Trends\\_Report\\_2015\\_2016.pdf](http://www.itb-berlin.de/media/itbk/itbk_dl_all/itbk_dl_all_itbkongress/itbk_dl_all_itbkongress_itbkongress365/itbk_dl_all_itbkongress_itbkongress365_itblibrary/itbk_dl_all_itbkongress_itbkongress365_itblibrary_studien/ITB_World_Travel_Trends_Report_2015_2016.pdf). Accessed: 15.10.2016.

Jakonen, M & Silvasti, T. *Talouden uudet muodot*. 2015. Into Kustannus. Helsinki.

Kananen, J. 2015. *Rafting Through the Thesis Process – Step by Step Guide to Thesis Research*. JAMK Publications. Jyväskylä.

Kananen, J. 2011. *Online Research for Preparing Your Thesis – A Guide for Conducting Qualitative and Quantitative Research Online*. JAMK Publications. Jyväskylä

Lahti, V & Selosmaa J. Kaikki Jakoon – Kohti yhteisöllistä taloutta. Atena Kustannus Oy.

Olvi Oyj. Olvi Oyj konsernin yhtiöt. 2015. Readable at: <http://www.olvi.fi/web/fi/112>. Accessed: 20.10.2016.

Stephany, A. The Business of Sharing – Making it in the New Sharing Economy. 2015. Palgrave Macmillan. Hampshire.

The Telegraph. 2014. How Britain Became Hooked on Homebrew. Readable at: <http://www.telegraph.co.uk/men/the-filter/11803139/How-Britain-became-hooked-on-homebrew.html> Accessed: 15.9.2017.

Tulli. 2016. Pienpanimoalennus. Readable at: <http://www.tulli.fi/fi/yrityksille/verotus/valmisteverotettavat/alkoholi/lisatietoa/Pienpanimoalennus.pdf>. Accessed 1.11.2016.

Uber. 2017. UberPOP jää vuodeksi tauolle Suomessa. Readable at: <https://www.uber.com/fi/blog/uberpop-tauolle/>. Accessed 20.09.2017.

USA Today. 2017. Contract Brewing: A Low-Cost Alternative for Brewery Start-ups. Readable at: <https://www.usatoday.com/story/money/business/smallbusiness/2017/05/17/contract-brewing-low-cost-alternative-brewery-startups/101466676/>. Accessed: 1.10.2017.

Valvira. Valmistusluvan haltijat. Alkoholijuomien valmistuslupa. 2016. Readable at: [http://www.valvira.fi/documents/14444/189219/Luvanhaltijat\\_valmistus.pdf/7681632d-ce3f-4e0d-add0-87e3181ff161](http://www.valvira.fi/documents/14444/189219/Luvanhaltijat_valmistus.pdf/7681632d-ce3f-4e0d-add0-87e3181ff161). Accessed 23.9.2017.

Yle Uutiset. 2016. Oluen paneminen kotona lisääntyy – laadussa tavoitellaan persoonallista ja hienoa juomaa. Readable at: <http://yle.fi/uutiset/3-8892553>. Accessed: 10.11.2016.

## Appendix 1. Survey Questions

1. What is your brewery's total amount of production per year?
  - a. 200 000 litres or less
  - b. More than 200 000, up to 3 000 000 litres
  - c. More than 3 000 000 litres, up to 5 500 000 litres
  - d. More than 5 500 000 litres, up to 10 000 000 litres
  
2. Do you have unused brewing capacity?
  - a. Yes
  - b. No
  - c. Cannot say
  
3. Are you familiar with the concept of Contract Brewing / Gypsy Brewing?
  - a. Yes
  - b. No
  
4. Are you familiar with any sharing economy platforms or companies, such as AirBNB, Uber, Couchsurfing, ResQ Club?
  - a. Yes, I have used at least one of the mentioned or other platforms
  - b. I have heard of but not used any of the mentioned or other platforms
  - c. No, I have not heard of or used any of the mentioned or other platforms
  
5. Do you think that the brewing community in Finland could benefit from the sharing economy in the form of increased Contract Brewing?
  - a. Yes
  - b. No
  - c. Cannot say
  
6. Would you be interested in renting out your idle brewing capacity to contract brewers?
  - a. Yes
  - b. No
  - c. We already rent capacity to others

7. In your opinion, what would be the best way to communicate available capacity to possible contract brewers?

- a. Web-based platform / smartphone app
- b. Social Media
- c. Other networking, for example industry events
- d. Direct contact to brewery, for example via email or telephone

8. Do you think renting capacity to contract brewers has environmental benefits?

- a. Yes
- b. No
- c. Cannot say

9. Do you think that contract brewing will increase in Finland in the future?

- a. Yes
- b. No
- c. Cannot say

10. Which of the following (max 2) are, in your opinion the biggest obstacles for contract brewing in Finland?

- a. Trust issues between contract brewer and host
- b. Pricing issues
- c. Legal issues
- d. Disruptions to day-to-day business
- e. No obstacles
- f. Other, please specify

11. Please share your experiences or comments concerning contract brewing or related sharing economy in Finland?