

# **Craft Beer Marketing. Do You Have to be First, Best, or Unique to Succeed?**

Benjamin Lahnalampi

<b>Author</b> Benjamin Lahnalampi	
<b>Program</b> Hotelli- ja ravintola-ala koulutusohjelma - keittiömestari	
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<p>This thesis deals with the interplay of marketing and design in the craft brewing industry in Finland. The goal was to figure out what craft brewers do to successfully market their products. The thesis first explains that craft beer is different from generic beer in that it is uncompromising in its ingredients, special flavours, and sole focus on the beer rather than stock prices. Craft breweries use grassroots and guerrilla marketing tactics. They are heavily involved in social media marketing and keep close ties to their customers to get face to face feedback.</p> <p>The method was a case study of three Finnish craft breweries performed by interviews with: Maku Brewing, Fat Lizard Brewing Co., and Iso Kallan Panimo. The hypothesis was that a craft brewer must be first, best, or unique in order to be successful but it was proven not entirely true. While the above statement is true initially, the keys to succeeding as a craft brewery are a focus on quality, commitment, knowledge, perseverance, and a crystal clear brand. The craft brewer needs a quality product with the attitude and passion to succeed. Consumers of craft beer are buying into the feeling and the passion behind the brand. They may drink craft beer to be part of a community, have the best quality they can get, or be part of something new and exciting. Marketing and design of craft beer are irrefutably linked because the customer is buying more than just the liquid in the bottle; they are buying an experience.</p> <p>The future of craft beer in Finland is bright as can be seen by new craft breweries popping up each year and the selection of craft beer in stores and bars continuously expanding. Future studies of craft beer and marketing could be designing marketing plans for up and coming breweries, studying why the craft beer trend began, or looking into marketing craft beer when (if) the market becomes saturated.</p>	
<b>Key words</b> Craft beer, brewery, design, microbrewery, marketing	

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# 1 Introduction

Craft beer is so plentiful nowadays and the market is absolutely booming. It is by no means yet a saturated market but there is fierce competition. Designing craft beer is as much art as it is technical prowess. The goal of this thesis is to find out how leaders and innovators in the industry of Finnish craft beer are combining marketing with their design of great craft beer to be successful. The product obviously has to be good but marketing it correctly is very important. The question then becomes how do small breweries successfully market their craft beer?

Initially, the thesis will provide a definition of craft beer so the reader can differentiate it from mainstream, large scale brewery beer. The theory section will also offer information about craft beer marketing to create a basis of knowledge for how craft brewers go about marketing their products. Marketing a niche product like craft beer for a company that may not have the budget of big breweries is significantly different from marketing traditional beer. The theory section will go briefly into brewing ingredients as well as brewing processes to distinguish craft from standard beer. Craft beer uses many of the same ingredients as traditional beer but they generally use the ingredients of the highest possible standard to provide taste experiences.

Information will be gathered by performing three case study interviews with brew masters and marketing experts from successful local Finnish craft breweries. The craft breweries chosen for this thesis are Maku Brewing, Fat Lizard Brewing Company, and Iso Kallan Panimo. The goal is really to find out what makes the craft brewers so successful; it is a study into the industry of craft beer and the craft beer consumer's psyche. This thesis uses Word's Harvard referencing method.

## **2 Theory**

Craft beer marketing and brewing are a complex mélange of taste, skill, technique, trial, and error. The theory section of this thesis will help guide the reader in understanding what goes into brewing great beer and marketing it. With a focus on design and marketing of craft beer, the main theoretical basis will be marketing principles and brewing basics. The basics of beer are explained through the ingredients that make it up and the process that goes into brewing it. Furthermore, marketing can cover a plethora of research topics in itself so this thesis will focus on the influence of design intermingled with the marketing of craft beer. The thesis will focus on the areas of marketing that are important to understand in order to succeed in the craft brewing industry. The theory section aims to provide the reader with enough information to critically compare the final results of the thesis and understand the jargon of the craft beer industry.

### **2.1 What is Beer?**

Beer as defined by the Merriam-Webster dictionary (n.d.) is “an alcoholic beverage usually made from malted cereal grain (as barley), flavored with hops, and brewed by slow fermentation or a carbonated nonalcoholic or a fermented slightly alcoholic beverage with flavoring from roots or other plant parts.” There are endless versions and styles of beer but the following sections will explain what beer is made of and how it is made.

### **2.2 Brewing Ingredients**

Beer is made up of a few basic ingredients: water, barley, hops, yeast, and sometimes other ingredients for additional flavouring. Ingredients used in brewing often date back to The German Beer Purity Law of 1516 (Reinheitsgebot). The law states that only water, barley and hops can be used in the production of beer (Sundby, 2013). Yeast was not included until later in the 16<sup>th</sup> century because it was never cleaned out of the brewing equipment and not considered an additive (Sundby, 2013). Medieval brewers were often putting all kinds of things into beer for various purposes such as flavouring and reducing cost with sub-par ingredients but law was put in place to protect the average citizen from consuming drink that could very well poison them (Day, 2001). Whilst many breweries in Germany and around the world still conform to The Reinheitsgebot, many do not. According to Ron Pattinson of the European beer guide (2013) there are many food safety law in existence today and adherence to The Reinheitsgebot to may restrict craft beer production more than it looks out for consumer’s health. Some beer drinkers prefer flavoured beers and breweries like Rekolan Panimo have met the demand with rye, juniper, ginger, and buckthorn essences in their beer (Rekolan Panimo, 2011).

### 2.2.1 Water

Water is what makes up most of a beer and thus a crucial part of the beer itself. That is why it is so important to start off with the most pure water available. Finnish craft brewers are at an advantage because their water is so pure. In a UNESCO study of water quality within 122 countries, Finland's water was unsurpassed (World Water Assessment Programme, 2003). Water is important in brewing because its pH and mineral content impact the flavour of beer and some aspects of the brewing process (Daniels, 2000, p. 63). Pure water with a neutral pH lets the brewer start off with a clean slate without worrying about having to distill the water.

When beginning to brew it is important to know what kind of water you are dealing with. With that it is also important to understand the main constituents of water and how they impact the beer. Water is of course H<sub>2</sub>O with a multitude of minerals and salts in nature. Calcium (Ca) is one of the main factors in water that impacts hardness and has a part to play in the mashing process. Magnesium (Mg) also contributes to the hardness of water and works as a nutrient for the yeast. Sodium (Na) brings a certain sourness to beer if there is not too much of it. At excessive levels (above 5 ppm) sodium can kill yeast. Iron (Fe) adds metallic and earthy taste to the brew but it should always be under 0.3 ppm. (Daniels, 2000, p. 70).

Water impacts the final outcome of beer so much that the same brewing recipe used in different parts of the world can turn out two totally different products. Some brewers add mineral salts to their water in order to mimic the original water quality of certain cities like Munich and Pilsen (Daniels, 2000, p. 69). Different water produces different beers. Light bodied lagers need very soft water whilst dark lagers and many top-fermenting beers need water that is harder. Traditionally, the brewery water determined what kind of beer the brewer produced. In the Czech town of Plzen the water is quite soft and perfect for brewing the great lagers and pilsners they are known for. On the other hand, London has access to harder water, perfect for porters, and is well known for their dark beers. Soft water is very beneficial to brewers because salts can be added to the water to brew different beers. It is significantly more challenging and expensive to remove hardness from water. (Sysilä, 1997, p. 56).

Local water available to the brewery has long defined the unique taste in a beer. Bill Chappell (2012) of NPR's *The Salt* explains that craft breweries are limited by the quality of water they have available and in turn make the style of craft beer that best suits their

water. Chappell (2012) continues that everything has become so sterile in major wine making and brewing but craft brewers are bringing beer back to its roots by introducing “terroir” (the flavour produced naturally from the local area) that local water provides. Water is the first thing that makes a craft beer unique from that of large breweries. It is therefore very important that a brewer know their water thoroughly before beginning the brewing process.

### **2.2.2 Grains**

Viking malt (2015) explains that grain provides the body of the beer and most of the time that is in the form of malted barley. Before going into the different types of grain used it is important to understand the malting process. Beer is not made from just dried grain. Viking Malt is a Finnish malting company that is one of the most renowned in the world for producing the highest quality malt. They explain quite concisely that:

*Malt is a natural product, created by germinating grains. A successful germination process requires an experienced maltster, who is precise and has sharp senses, cultivated through experience. Based on these attributes, maltster determines the exact amount of time needed for each stage of the germination process. Therefore the duration of the malting process may fluctuate between seven to ten days. (Viking Malt, 2015).*

Malting is a three step process. Steeping is the first step where grain is rinsed and let soak in tanks. The amount of water in contact with the grain is varied throughout the steeping process in wet and dry periods to produce the best environment for which the grain can begin to germinate. The next step of the process is germination. Whilst started in the steeping process it is continued so that the grain produces enzymes. This allows for a freeing of the natural sugars in the grain so that it can be used by yeast later in the brewing process. The final stage of the malting process is kilning, which is basically the removal of moisture from the grain. Kilning stops the germination process before the seeds begin to grow again. The heating, drying, or roasting of the grain during this stage is what really develops aroma and colour in the malt. (Viking Malt, 2015).

As mentioned before, the majority of grain used in a typical beer is barley. So much so that the ingredients may often just read: water, malt, and hops. However, the varieties of malted barley are seemingly endless. To simplify it, there are two categories of malted barley: base malts and specialty malts. The first malts (base) “...provide most of the enzymatic (diastatic) power to convert starches into fermentable sugars. The base malts provide the highest extract potential” (Goldhammer, 2015). The base malts are: pilsner, pale



ale, mild ale, Vienna, and Munich. Pilsner malt is the most common used in the making of lager beers. The idea behind pilsner malt is to maximize the enzyme content and produce less flavour and aroma in the beer (Goldhammer, 2015). The result is a cleaner taste that can accentuate the hop aroma. Specialty malts differ from the base malts as they contribute less diastatic capability but more aroma and colour. Some common examples of specialty malts are: chocolate, crystal (also called caramel), and smoked. Smoked barley malt is interesting because during the drying process it is infused with smoke from sources such as peat (Jackson, 2002, p. 13). The wonderfully richly smoked malt is usually used in porters or stouts such as Aecht Schlenkerla Rauchbier Märzen.

Barley is not the only grain used in brewing. With the rise in popularity of craft breweries and home brewing, brewers are making beer with almost any grain one can imagine. Nevertheless, the most common used grains are wheat, oat, and rye but brewers use corn and rice as well. Rye malt is darker than barley malt and gives the beer both bitterness and malted sweetness (Jackson, 2002, p. 13). Wheat malt, as the name indicates, is crucial in making wheat beer. The high amount of "...protein gives the beer a fuller mouthfeel and enhanced beer head stability. Other benefits claimed are improved beer clarity and palate fullness" (Goldhammer, 2015).

The use of corn and rice in beer is sometimes a hot topic amongst beer enthusiasts because they are relatively less expensive and they add little or no taste to the beer. The controversy is that big brewers are potentially using rice and/or corn to cut down on costs. However, rice and corn, when used correctly can give beer a light colour and soft body without adding unwanted taste. (Reis, 2013).

The main difference that makes craft beer special against traditional macrobreweries' products is that they do not compromise on their malt by using extracts or cheap and poor quality products. Chris Blancette (2015), Brand Experience Manager with Central City Brewers + Distillers, says that craft beer malt is chosen very carefully to brew the perfect colour into beer and uniquely arrange complex flavours. Brewer Grant Puza (2014) remarks that while hops are very important to craft beer the body and base of the beer come from malt and that craft brewers use the absolute best malts they can find to make the best beer possible.

### **2.2.3 Hops**

Hops are the flowered buds of the *Humulus lupulus* vine that provide aroma, bitters, and a natural preserving affect for beer. It is not the whole flower that provides these affects but

parts of the seed cone, also called strobilus, which contain the alpha and beta acids in resin. (Plants For A Future, 2012). Hops contain somewhere between 250 and 300 different chemical compounds. These compounds can be found in such things as citrus fruits, celery, and blueberries. (Jackson, 2002, p. 15). Hops are what give beer its wonderful aroma and depth of flavour. Blanchette (2015) points out that craft brewers take their hops extremely seriously and are not afraid to use a lot. He also ponders that hops are not significantly present in mainstream beer because the bittering taste they produce is not yet acquired by the average beer consumer. Hops are something that really define craft beer from that of mainstream beer states Puza (2014).

Hops are relatively new to the brewing industry, having been used in beer for about 500 years, compared to the thousands of years that malted alcoholic beverages have been produced. Before the use of hops, brewers used a combination of many spices and herbs to balance out the malty sweetness of their fermented drinks. (Daniels, 2000, p. 72). Hops are also responsible for one of the identifying measurements of beer: the International Bitterness Unit, or IBU. The number of IBUs a beer has is a mathematically derived formula and not how much the hops taste in a certain beer or how bitter the taster perceives the drink to be (Harbison, 2013). Many IBU calculators can be found on the internet by simply using a search engine. One "...IBU can technically be defined as one milligram of iso-alpha acid per liter of beer, which also equals one part per million" (Oliver, 1999). The IBU measurement scale begins at 0 and technically has no top value. However, iso-alpha acids can only be dissolved so much in water before saturation is reached and it has been proposed that human taste buds also have a limit to the amount of bitterness they can sense. (Harbison, 2013). For a perspective about IBUs a typical light lager has between 8 and 12, pale ale has up to 45, and a double India pale ale may have up to 100 IBU (Daniels, 2000, p. 74).

There are so many varieties of hops that it requires a whole new thesis to discuss just that topic. It is worthwhile to understand a few of the most significant varieties used in craft beer. Hops can technically be divided into two major sub-groups: aroma hops with lower acidity and powerfully fragrant oils and bittering hops with high acidity (Freshops, 2014). Everything to do with hops starts with the four European noble varieties: Hallertauer Mittelfrüh, Tettnang, Spalt, and Saaz. The noble hops are in fact named after the cities in which they were grown. Hops, in general, are highly influenced by terroir just as wine grapes are and thus, true noble hops must come from their original location. For example, Saaz hops are produced in many places but the original aroma hops can only be obtained from Žatec, Czech Republic and surrounding area. (Carpenter, 2015). Brewers must be

careful in selecting the hops they want to use because buying the same varietal from different growth areas can lead to altered results.

In continental Europe the two most known varieties of hops are Hallertauer Mittelfrüh and Saaz. Hallertauer Mittelfrüh is a delicate and floral variety with hints of lemongrass. Saaz on the other hand offers a fresh and clean taste with notes of chamomile. Great Britain's top hops are Goldings and Fuggles. Goldings, or as it is also known Kent Goldings, is a wonderfully citrusy hop that is also earthy with a touch of cedar. Fuggles is quite aromatic and bitter with suggestions of tropical flavours. Finally, some of the most renowned hops from North America are Mount Hood and Cascade. Mount Hood is an offspring of the Hallertauer Mittelfrüh hop and is full of herbal and floral aromas. It also carries hints of elderflower, apple, and mint. Cascade, on the other hand, has a strong presence of pine and citrus. It is very aromatic and was originally spawned from the Fuggles variety. (Jackson, 2002, p. 15). There are so many possibilities and combinations of craft beer thanks to the use of hops.

#### **2.2.4 Flavouring**

As has been explain previously, the common ingredients of beer are water, malt, and hops. With the rise of craft beer and the enthusiasm that surrounds it, many brewers are experimenting more and more with a multitude of additives and flavours in beer. While flavoured craft beers differ from the mega brewery beers around the world, they are by no means anything new to the world of brewing. Brewers have been adding all sorts of ingredients to beer from as far back as written history goes. Mesopotamians, thought to be the very first brewers, were adding sweeteners to their beer that some researchers believe to be honey (Jackson, 2002, p. 16). Additives and flavouring in beer are by no means unusual. They have been used from the beginning of brewing history until today save for a few periods such as the time of the Reinheitsgebot (Sundby, 2013). Some of the most common beer flavourings are flowers, herbs, roots, spices, fruits, and beans like coffee and chocolate.

Traditionally, beers brewed with herbs, roots, and spices were called Gruit or Grut. The three herbs linked to Gruit are Sweet Gale, Yarrow, and Wild Rosemary. These herbs provided Gruit with a resinous and astringent taste that was also spicy with a bitter aftertaste. (Bessette, 2012). There are still some breweries that produce Gruit and many microbreweries are experimenting with herbal beers but it is nowhere as popular as it was during medieval times. It can be stated that Gruit is the grandfather of modern flavoured beer and one of the main reasons why brewers are using herbs and spices in beer. Some greens

used in modern brewing are chamomile, cilantro, clover, and spruce sprouts (Jackson, 2002, p. 17). Spruce sprouts give Sinebrychoff/ Brooklyn Two Tree Porter its harmonious pine finish (Sinebrychoff, 2013).

Many beers are also spiced without the addition of the aforementioned herbs (save hops of course). Winter beers are famous for using spices like cinnamon, allspice, ginger, and clove to add flavour that mimics common foods and desserts eaten at Christmastime like gingerbread cookies. Belgians and Brits have used Grains of Paradise since the 18<sup>th</sup> century that give beer the bite associated with pepper and touches of floral and Christmas-time spice. (The Spice House, 2016). Belgian Wit beers like Hoegaarden are almost always flavoured with coriander seeds, cinnamon, and orange zest (Jackson, 2002, p. 17). Craft beer journalist Gary Glancy (2015) comments that spices like ginger and cinnamon bring a different level to craft beer that hops and malts alone cannot and consumers love it.

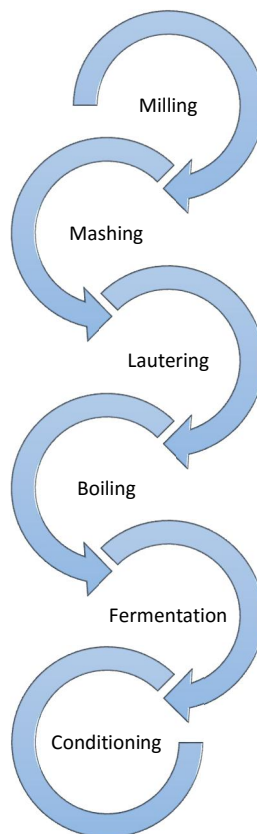
Wine and spirits usually come to mind when thinking about fruits and berries in alcoholic beverages because beer is made with grain. There are many beers that use fruits and berries for flavouring as well as adding natural sugars to supplement alcohol production during fermentation. Probably the best known fruit beers are Belgian Lambics. Common Lambic flavours are: peach, cherry, raspberry, blackcurrant, grape, and strawberry. (Jackson, 2002, p. 17). There have been non-traditional fruity beers but have never gained much popularity because of the use of artificial flavourings and syrups (Jackson, 2001). For something more modern one has to look no further than Brewdog's Hello My Name Is Päivi (Brewdog, 2014). It is a strongly hopped India Pale Ale with a sweet and sour twist of sea buckthorn.

Other than herbs, spices, fruits there are beers flavoured with almost anything that is edible. It is quite common nowadays to find beers infused with coffee, chocolate, or chili the local beer store. In the 20<sup>th</sup> century there were still brewers that were using meat in their beers like the chicken used in the brewing of Boston Beer Company's Cock Ale 1996 (Jackson, 2002, p. 17). After a short respite, brewers are again using meats to flavour their beers. Craft Brewers are going all out with extreme ingredients and concoctions. Rogue Ales makes all sorts of crazy beers but their Voodoo Doughnut Maple Bacon Ale is definitely something to check out. It contains: "Briess Cherrywood Smoked Malt, Weyermann Beechwood Smoked Malt, House-smoked Hickory Malt, Great Western 2 Row, C40, C15, C75 Malts; Applewood-Smoked Bacon, Pure Maple Flavoring; Rogue Farms Revolution & Independent Hops; Pacman Yeast, (and) Free Range Coastal Water"

(Rogue Ales, 2014). Rogue Ales like many craft breweries definitely produce unique and exciting craft beer.

### 2.3 Brewing Beer

Brewing beer is an age old process that's been refined and perfected for thousands of years. It never ceases to amaze the amount of totally different products that can be achieved with simple ingredients. Beer can be made almost anywhere from over a fire pit to the mega-breweries producing millions of liters a year. For the purpose of this thesis, focus will be primarily on small-scale brewing procedures that are commonly used in craft beer applications. The brewing process can be divided into seven steps: milling, mashing, lautering, boiling, fermenting, conditioning, and packaging. If the brewer is malting their own grain, that is the first step. Superior quality malt is readily available to purchase and many brewers can save money and time by buying their malts. Many malting companies have years upon years of experience in producing high quality malts of different varieties and thus makes it commercially beneficial to trust their expertise. Picture 1 shows the order in which the brewing process is carried out.



Picture 1. Brewing process

### 2.3.1 Milling

Milling is just what it sounds like: milling or crushing the malted barley/grains to bare the starch that is inside the grain. The Beer Temple's explanation is thorough and simple.

*This crucially important step can make or break a beer before it has even begun. The key is to crush the grains enough so that it exposes the starchy center of the barley seed without damaging the grain hulls that encase them. If the crush is too course, not enough of the starch will be converted to fermentable sugars. If the crush is too fine, the husks, which act as a filter bed for the brew will be destroyed, and the brew will become gummy and unusable. (The Beer Temple, 2011).*

In theory, completely pulverizing the malt would provide the most starch to be fermented by the yeast. However, this is not practical because it would be nearly impossible to get the clear wort out of the mash (the lautering process). When malt is milled properly the grain husks can be easily filtered out of the wort. The most typical method used for milling in craft brewing applications is the roller mill. (Sysilä, 1997, p. 57). The mill works by spinning two cylinders on their long axis' at a specific distance from each other that crush the malt in between them. The distance between the cylinders affects the size of the grist produced. Craft brewers, as the name suggests, usually mill their grain by hand partly because automatic milling machines are expensive but mostly because they take a literal hands-on approach to brewing.

### 2.3.2 Mashing

Mashing is the process where water is added to the milled malt and heated so the enzymes can convert starches to sugars. The sugars can in turn be converted to alcohol and CO<sub>2</sub> for the fermenting process. (Korpinen & Nikulainen, 2014, p. 19). Different enzymes in the barley work best at different temperatures so the brewer observes the mashing process very closely. The sugars created at lower temperatures can be easily converted by yeasts unlike those created at higher mashing temperatures. Mashing at a lower temperature thus makes a dryer beer and vice versa for mashing at higher temperatures. The brewer already begins to control the dryness of a beer by fluctuating the mashing temperature. Mashing takes about 1 – 2 hours. At the end of the mashing process the liquid is quickly boiled to kill off the enzymes. This is usually called mashing out. (The Beer Temple, 2011). Craft brewers are constantly tweaking and perfecting their mashing times and temperatures to get the best out of their recipes and others are working unique mashing methods (Carpenter, 2016). Craft brewers spend a lot of hands on time focussing on

how they can improve their mashing techniques and give craft beer that edge over generic beer.

### **2.3.3 Lautering**

During this stage the brewer sees for the first time the liquid that will become beer. Lautering separates the wort from the used up grist. The filtering happens by moving the mash to a vessel with a perforated false bottom. The Grist stays on one side and the wort drains to the other. Sparging is performed during the lautering stage where extra water is added to get the most starch out of the malt (The Beer Temple, 2011). There are many different sparging methods that craft brewers play with to get the desired levels of fermentable sugars; some brewers add water while draining and others only once the wort has been completely removed. Excessive sparging is not good because the tannins will begin to be flushed into the wort (Jackson, 2002, p. 20). These tannins are not the kind of bitterness brewers are looking for.

### **2.3.4 Boiling**

Once the brewer has their wort after lautering they begin to boil it. The boiling usually lasts for one to two hours. While the boiling is important for many reasons, the most critical in history was to sanitize the beer (The Beer Temple, 2011). City water was in many places in horrendous shape being full of toxins and microbes. Boiling the wort made the water safe to drink even though the founders of beer didn't know what in the brewing process made it non-toxic. Boiling the wort also stops the enzymatic process by denaturizing the proteins and dissolves and isomerizes the oils in hops (Einari & Mäkinen, 1993, p. 83). Hops added earlier in the boil are meant to bitter the beer whilst hops added at the end are used to add aromatic quality.

When malt is dried, mashed, and the wort is boiled a reaction happens between the amino acids and sugars present called the Maillard reaction. This can be seen basically when sugars brown and flavour is produced. During boiling, the compounds formed by the Maillard reaction combine to form more desired flavours. Certain undesired compounds are also removed through evaporation. (Einari & Mäkinen, 1993, p. 85).

### **2.3.5 Fermentation**

Fermenting the wort into an alcoholic beverage is when the liquid being worked with finally starts to become beer. Fermentation happens when the right atmospheric circumstances (temperature) are present with yeast and sugars. The yeast can then begin to convert the

sugars to alcohol and carbon dioxide. Beer Advocate (2016) explains that there are basically two general forms and one special form of beer fermentation. The two common forms are top-fermenting and bottom-fermenting. The third form is called spontaneous fermentation. Top-fermenting yeast is used to make ales. The yeast forms a head or plumes on top of the liquid that is then scraped off after the process is complete. Bottom-fermenting yeast settles to the bottom of the tank after fermentation where it is siphoned off. Bottom-fermenting yeast is used in the production of lagers. (Beer Advocate, 2016). The third method of fermentation is spontaneous. It is some combination of the aforementioned two. Julia Herz, Craft Beer Program Director for the Brewers Association, (2014) explains that the beer is left in open vats or barrels where natural yeast from the surrounding environment is allowed to settle in the liquid and ferment it. Spontaneous fermentation is used to produce for example Belgian Lambic beer.

### **2.3.6 Conditioning**

Conditioning the beer means ageing it in some manner to improve the taste and mouth-feel. Beer author John Palmer (2015) explains that yeast produces many compounds that lead to flavours like green apple, butter, and honey. Conditioning allows for the brewer to control which of these flavours to accent or remove. There are a wide variety of conditioning methods and styles used that produce very different effects. Palmer (2015) continues by explaining that conditioning can also be referred to as a secondary fermentation where the yeast have broken down all sugars and then turn their attention to manipulating the remaining fermentables. Generic beer is conditioned for a few weeks in gigantic vats under strict temperature control while craft beer may be filled into old wine or liquor kegs or even bottle fermented. (Palmer, 2015). Craft brewers use special and unique fermentation techniques to bring aroma and flavour to their beer that generic brands just don't have. It all depends on the taste and style the brew master wants to achieve.

## **2.4 What is Craft Beer?**

Firstly, a definition for craft beer must be formed in order to give a basis from which to move forward. Craft beer is the exact opposite of bulk beer; it is handmade in small batches as oppose to machine-made in large batches. In Finland, small breweries get tax benefits. Brewers producing 500 000 liters per year or less get a discount of 50 % on their taxes (Raitolahti, 2015). For the purpose of this thesis, craft beer will be from a brewery that produces at most, 500 000 L/y.



The first question of the interviews asked the respondents what craft beer means and sets a base for the definition of craft beer for this thesis. The three breweries were in concurrence with their comments. Based on the interviews (see attachments 2 – 4), craft beer has everything to do with the passion that goes into making it. Craft beer is fresh and of the highest quality. Making craft beer is about the feeling and emotion that goes into making something that people really appreciate drinking. Craft brewers break the rules and push boundaries in taste and design. In addition to the respondents' opinions, the thesis will also define craft beer as handmade. Brewfanatics.com (2016) explains that craft brewers are unique because all of their focus goes into making the best beer they can with the most premium ingredients rather than worrying solely about profit. Brewfanatics.com's (2016) definition of craft beer fits in with responses gained from the interviews performed for this thesis.

To understand what craft beer is it is important to understand the reasons why people make it. Craft beer is synonymous with the reason why brewers brew it. According to the responses during the interviews (see attachments 2 – 4) the reason that these brewers got into the industry was surprisingly unanimous: a love of beer and home brewing turned into a business. The three respondents all shared a great passion for high quality craft beers and funneled that into a business idea. They all had dreamed of their own breweries and share in a passion for great beer. Therefore, craft beer is unanimous with quality and passion for the product itself.

The interviewees were also asked whether their approach to craft beer was more technical or artistic in order to ascertain what craft beer actually is (see attachments 2 – 4). The truth is that all respondents wanted it to be more artistic than it actually is. The process is nearly completely technical. An artistic approach can work just fine but it encounters problems when the desired result is consistently good beer. Creating balance in craft beer is the most important and that is produced from a purely technical standpoint. The brewers also agreed that the artistic aspect come into play during the initial design and planning stage as well as the look of the final product. Ideas run wild when they first start to plan a new product. Once the initial plans have been created and the testing phase begins so does the technical process. In summation, craft beer is defined not as art but as an ultra-high quality product produced by a brewery with a maximum production of 500 000 L/y. Craft beer is unique and made with passion by people who really care about the product that they produce.

### **2.4.1 Common Craft Beer Styles**

This section will also provide a rundown of some of the more common styles of craft beer. Understanding the basics about craft beer styles will provide the reader with sufficient information to appreciate their difference from generic beer. Craft brewers will often take a traditional style and twist it in a mix of art and science to create new styles and tastes (Brewers Association, 2016).

### **2.4.2 India Pale Ale**

Indian Pale Ale (IPA) is likely the most popular style of craft beer. IPAs are light coloured top-fermenting beers with midrange alcohol (5-7% ABV) and mid to high bitterness. They are characterized by the significant amount of hops that are used in their production giving them fruity, floral, and bittering aromas. There are also American Pale Ales (APA) and American Indian Pale Ale (AIPA) that are similar to IPAs but are brewed with American hops that give off a more resinous and citrusy aroma. They tend to be slightly less bitter than IPAs. (Brewers Association, 2016).

### **2.4.3 Stout and Porter**

Stouts and Porters are also quite popular amongst craft brewers. They are usually top-fermenting and always dark beers that vary wildly in bitterness, alcohol volume, and flavour. The mildest versions are Milk and Oatmeal Stouts full of malty sweetness, smooth, and full bodied. The strongest versions are Imperial Stouts and Porters with up to 12 % ABV and layers of upon layers of malt and hop aromas. (Brewers Association, 2016).

### **2.4.4 Wheat**

Craft Wheat beers are based on classics like Belgian Witbier, German Weisse and Hefeweizen styles brewed with at least 30% wheat grain. Craft Belgian style Wheat beers are brewed with un-malted wheat and spiced with coriander and citrus zest. German style craft Wheat beers are made with malted wheat and the flavours of banana and clove that come from the distinct types of yeast used. (Brewers Association, 2016).

### **2.4.5 Bock**

Craft Bock beer is a malt forward brew with sweetness and toasted nuttiness from the malts used. Doppelbock styles are similar but stronger in colour, taste, and alcohol. Bock varieties are known for their ability to pair with many foods because of their multiple layers of malt aroma. (Brewers Association, 2016).

## 2.5 Examples of Craft Beer

This section of the thesis will explain a few different craft beer styles in Finland to give the reader an idea as to what makes it different from mainstream beer. The craft brewery usually uses a unique and eye-catching label. They also give a thorough explanation of the beer as to what malts and hops are therein used. The craft brewers often inform the consumers of what colour the beer is and of its bitterness using standard units like EBC (European Brewing Convention) and EBU/ IBU (European/ International Bitterness Units) respectively.

### 2.5.1 Iso-Kallan Panimo American Ale

An American ale is a craft beer made using top-fermenting yeast. The ale is referred to as American because it uses commonly American hop varieties with a unique citrus flavour. Iso-Kallan Panimo's American Ale is part of their flagship Savo line of craft beers. It is a deep amber coloured ale. The taste brings forth dark malted toffee and powerful hoppy citrus aromas. The ale is meant to be enjoyed with hamburgers or spicy foods. See Picture 3 to get an idea of the label.



Picture 2. Iso-Kallan Panimo American Ale

The picture above demonstrates uniqueness, branding, ingredients and defines what the beer is. Below in Table 1 is a breakdown of what is used to produce American Ale as stated by Iso-Kallan Panimo on their website (Iso-Kallan Panimo, 2016).

Table 1. Iso-Kalla's American Ale Info sheet

Malt	Pilsner, Dark Ale, Pale Ale, Crystal
Hops	Simcoe, Centennial, Cascade
Alcohol	5.6% ABV
Gravity	12.1%
Bitterness (EBU)	50

Craft brewers broadcast all sorts of information about their beer to show exactly what goes into it. In Table 1, Iso-Kallan Panimo's American Ale is broken down into its individual parts so that the consumer can really get into the feeling of the beer. Gravity is the amount of sugar present in the wort before fermentation.

### 2.5.2 Maku Brewing Saison

A saison is Belgian in origin and typically a fruity summer beer that is effervescent and spicy (Oliver, 2011, p. 711). Maku Brewing's Saison stays true to its Belgian roots and is unfiltered, fruity, and mildly sour (Maku Brewing, 2016). See Picture 4 for a visual of their product.



Picture 3. Maku Brewing Saison

Picture 2 shows distinctly what kind of beer is in question. The label is important in bringing the feeling associated with the beer to the customer. Below in Table 2 is a breakdown of the contents of Maku Brewing's Saison (Maku Brewing, 2016).

Table 2. Maku Brewing's Saison Info sheet

Malt	Pale Ale, Wheat, Vienna, Cookie
Hops	Magnum, Saaz, Styrian Goldings
Alcohol	6.0% ABV
Colour (European Brewing Convention)	12
Bitterness (European Bitter Units)	24

### 2.5.3 Fat Lizard Brewing Co.'s Jesus Lizard IPA

Fat Lizard's Jesus Lizard IPA is a modern India Pale Ale (IPA). The IPA is a complex and distinctly hopped ale that really showcases the intricacies that can be attained with hops (IPABEER.com, 2013). Jesus Lizard IPA is a demonstration of the chemistry between fruits and hops. The fruitiness of the passionfruit plays in nicely with the sweet aspects of the hops. (RateBeer, 2016).



Picture 4. Fat Lizard Brewing Co.'s Jesus Lizard IPA

Picture 5 is the label for Jesus Lizard IPA. As can be seen, it is quite unique and colourful. The beer was released for Easter and thus the religious referencing. Below in Table 3 is a breakdown of what makes up Jesus Lizard IPA.

Table 3. Fat Lizard's Jesus Lizard IPA info sheet

Hops	Magnum, Citra, Mosaic.
Alcohol	5.9% ABV
Colour	Cloudy orange, white head
Bitterness (IBU)	75

#### 2.5.4 Comparison: Sinebrychoff's Koff APA

Sinebrychoff, the biggest brewery in Finland, has produced something slightly different from their normal lager. Many larger brewers are labelling their products as craft beer to play off the trend even though they are not craft beers. Whilst it has more flavour than typical Sinebrychoff products it is mass produced and lack the pizzazz of craft beer. The label is quite traditional as is typical for the Sinebrychoff brand (picture 6). (Sinebrychoff, 2016).



Picture 5. Sinebrychoff's Koff APA

Sinebrychoff is now also posting their hops on the can as is common with craft beer producers. It is definitely not as exciting as craft beer should be. Table 4 gives a breakdown of what Koff APA is.

Table 4. Sinebrychoff's Koff APA

Hops	Citra, Mosaic.
Alcohol	4.5 vol-%
Colour (EBU)	10
Bitterness (IBU)	35

## 2.6 What is Marketing?

Marketing is a critical aspect of any business. Bolton and Tarasi (2007, p. 8) explain the interaction of marketing and business in five distinct areas: “making strategic choices that foster organizational learning, creating value for customers and the firm, managing sources of value (acquisition, retention, etc.), investing resources across functions, organizational units, and channels, and globally optimizing product and customer portfolios”. As referenced above, marketing is a serious part of any business. This thesis deals with craft beer marketing and thus will focus on niche marketing in a competitive environment. The following sections breaks down grassroots marketing, business missions, strategic marketing, and segmentation with regards to the craft brewing industry.

### 2.6.1 The Mission in Marketing

A craft brewery should have a solid mission statement to provide goals to strive for; the goals, in turn, open a pathway to strategically developing concrete objectives (Kokemuller, 2016). This statement has the function of providing an all-encompassing goal and direction for the company. “A mission statement is a proclamation about why the firm exists and what really matters. It should speak about the firm’s values and describe what the business hopes to achieve while describing the nature of the business” (Jackson, 2007, p. 4). A mission statement should be kept short and sweet so that it remains as clear as possible. Reading different company’s mission statements, one can see that they are kept quite short and concise. A mission statement should comprise of the: customers, industry, products, differentiation, philosophy, and brand (Jackson, 2007, p. 4). Executive coach Glenn Smith (2016) explains that a mission statement is the foundation to be built upon for the whole company that keeps everything on route for the planned future. The importance of a clear mission is no less in the craft beer industry and as mentioned previously, a mission leads to the strategic implementation of a company’s goals.

### 2.6.2 Strategy in Marketing

With a solid mission statement intact, the next logical step is working out strategic marketing. The 4 P's provide a framework for planning marketing strategy. The P's are product, place, price, and promotion. A company must know about their personal relation to the 4 P's in order to make a decent marketing strategy. The 4 P's are stated as "(putting) the right product in the right place, at the right price, at the right time" (Mind Tools Editorial Team, 2016).

Julian Yudelson (1999, pp. 60-67) explains the four P's in a modern world as beginning with defining the product that will satisfy the customer's needs. Knowing what the product is and why it is needed allow for easier marketing of it. Place refers to where as in where will it be sold, can customers find it, who will bring it there, and how are competitors doing things? Price is not only the physical number on the product but the value and cost of it. What the customer is willing to pay must be taken into account as well as what is the value of similar existing products. Promotion means how a company gets its products into the market and into the minds of consumers. It deals with when and how a company will advertise and maximise their exposure. (Yudelson, 1999). The 4 P's are routinely referred to as the marketing mix. An effective marketing strategy is by no means stagnant as it must continually be updated to meet the demands of the customer base. Resources must be carefully divided amongst the different aspects of the marketing mix. (Purely Branded, 2016).

A newer school of thought has adjusted the meaning of the marketing mix by modernising it to today's standards. Dr. Bob Lauterborn (1990) of the University of North Carolina thinks that the 4 Cs are more sensible. Lauterborn (1990) defines the 4 Cs as "...customer wants and needs, cost to satisfy, convenience to buy, and communication." It is believed that a focus on a customer's needs and wants is more important than focussing on the product itself. They are almost the same thing but looking at the product from the customer's point of view allows a company to produce the things that consumers want.

Lauterborn (1990) continues by explaining that price has often been looked at as what are other charging for similar service and what is a customer willing to pay. Cost to satisfy takes the standpoint that customers will pay for satisfaction. Some want high quality and others are satisfied with less but they will be happy with a good price-quality ratio. Furthermore, place is replaced by convenience to buy. A company must understand where and how their customers would like to purchase good. In a modern age it is very important to understand this because goods can be bought from anywhere and delivered anywhere within a matter of days. The focus becomes how a firm can make the buying experience



as convenient as possible. The fourth C changes promotion to communication. According to Jackson (2007, pp. 12-19) the advertising market is saturated and customers are more educated buyers than ever. The customer can see through many ad gimmicks and is essentially numb to mass advertising. Many buyers search for information and compare products on their own so communication between buyer and seller is more important than ever. (Jackson, 2007, pp. 12-19). The ideas of the 4 C's are essentially the same as their predecessors. What's new is the adaptability that they produce. The market is different than it was only a few decades ago and consumers are ever more demanding. Appealing to customers and direct truthful communication seem to be the keys to a future of successful marketing strategy.

### **2.6.3 Segmentation and Positioning Craft Beer**

Segmentation and positioning influence craft beer marketing. In his book, *First, Best, or Different*, Jackson (2007, pp. 20-21) explains the importance of segmentation and positioning in niche markets like craft beer. Segmentation refers to which segment of the consumer base is a company focussing on. Segmentation can be broken down into many sub-groups defined demographically, geographically, socially, and so on. However, the smaller the segment is, the better a company can tailor its products to. Segmentation is crucial when talking about niche markets because it is very important to know exactly who the customer is. Positioning on the other hand, refers to positioning a product strategically amongst the competition and within the customers mind. It can be positioned by price, quality, size, and a multitude of other factors based on the firm's marketing strategy. (Jackson, 2007, pp. 20-21).

There is a constant dichotomy when designing a segmentation strategy for a business. A small market will likely have less competition but fewer customers. A larger market will have more competition and customers. (Jackson, 2007, pp. 20-21). From a niche market prospective it is important to focus on a smaller customer segment at the same time as making sure that it is big enough to fulfill profit projections. If the niche is too small there will simply be too little revenue to make the production worthwhile. Once a segment has been decided upon, it is time to move to product positioning and differentiation. Jackson (2007, p. 27) describes three requirements in for creating differentiation as customer needs, values, and measureable difference. Know what the consumer wants and needs is imperative in positioning the product in the customer's mind and differentiating it from competitors. The product must be considered valuable, distinctive, or superior so that it may be useful to the end user. Finally, the differences in a company's product and those

of the competitor's must be easily measureable so that consumers will be drawn to the better option. (Jackson, 2007).

## 2.7 Niche Marketing

As best defined by Business Dictionary (2016), a niche market is a smaller and defined section of a larger market and "...do not 'exist' but are 'created' by identifying needs, wants, and requirements that are being addressed poorly or not at all by other firms, and developing and delivering goods or services to satisfy them." Craft beer is a niche market; the majority of beer sold in Finland is still of the mass produced bottom-fermenting variety (Valvira, 2015). Consumption of top-fermenting beer (most craft beer in Finland) is on the rise and new microbreweries are popping up every year according to Valvira (2015) so it is ever more important to focus on niche marketing in the craft beer marketplace.

Jon Reynolds (2013) of BrewPlan Inc. says that craft breweries must be unique, have catchy names, edgy icons, special ingredients, and higher alcohol content than generic beer to market successfully. It is therefore suggested in the coming hypothesis that a craft brewer must be first in their market, make the best beer, or be unique from their competition in order to succeed. Reynolds (2013) continues that craft brewers should not underestimate the importance of marketing because its produced cash flow is important and investment in brand building should take precedence over equipment. Craft beer definitely stands out from the generic beer market as can be seen with the Tree Hugging Wood Chopping Mother-Nature Loving IPA by The Flying Dutchman Nomad Brewing Company in picture 2.



Picture 6 The Flying Dutchman's humorous and exciting brand

Craft beer consumers can be a finicky bunch and are generally more educated about beer than the average beer consumer. In a study of craft beer and consumer behaviour, it was

found that general beer drinkers fit into categories based on situations like partying and sporting events. In the same study, craft beer drinkers could only be defined by the specificity of the beer they drank. Craft beer drinkers were thus much particular about the beer they drank. (Carpenter, et al., 2013). It is thus important to find the correct segment and size of population to whom the company will market. “The (brewery) must estimate the size of the segment and the volume it is likely to generate. The segment should provide a good match for the (brewery’s) output. Most important, the (brewery) must be able to provide the benefits that the target segment desires” (Moulton & Lapsley, 2001, p. 35). As an example, if a microbrewery has a capacity of 30 000 L/year, it is effective to find a market segment that is that same size. This will allow the brewery to focus all of its time and energy on its specific consumer base. A segment that is too small will mean that there is beer left unsold while an oversized segment will mean that marketing resources are wasted.

### **2.7.1 Craft Beer Marketing Channels**

There are distinct tools and marketing channels that craft brewers use that differ from those of large brewers with large marketing budgets. McQuiston (2013) is of the opinion that craft breweries need to start a conversation about their beer and utilize grassroots marketing tactics. Naturally, the channels where craft brewers market their beer are the same places where they interact with their customer base. Since small – medium craft breweries do not have multimillion euro budgets, they must be more creative than mega breweries. Social media is quite important in craft beer marketing and that is discussed in the next section. The channels in which craft breweries market their products in Finland can be broken down into three groups: bars/ restaurants, festivals/ expos, and beer stores.

Craft breweries can market through bars and restaurants where premium and craft beer is sold. Being in contact with the staff lets craft brewers receive direct feedback as to what is selling and what needs improvement. The benefit of most bars and restaurants is that they can sell stronger than 4.7% ABV beer which the customer will not find in grocery stores. There are also opportunities for the craft brewers to arrange meet and greets in the bars so they get facetime with the final consumer. Columnist Jason Nottle (2016) suggests that meet and greets with the craft beer drinkers are a novel way to get them more interested in the particular craft beer brand. Craft breweries will generally advertise these meet and greets through their social media channels and through those of the bar/ restaurant. This marketing works on the principle of mutual benefit where the more the bar sells the more the brewer sells.

Craft beer is also marketed through beer, food, and music festivals or expos. Stalls at expos and festivals do cost somewhat but there are buyers there who are interested in craft beer so it is a targeted audience. Craft brewers are also able to connect with their peers while they are all under the same roof. The Brewers Association (2016b) explains that beer expos are great places to invest in because they put you face to face with customers and in touch with a great number of industry professionals. International beer expos let brewers get in touch with emerging trends from outside of Finland.

The final marketing channel common to craft breweries is through Alko and grocery stores that sell beer. Many craft beer consumers find new products by browsing the shelves of their local store. Corie Brown (2015) quotes David Hayslette, marketing strategist at MeadWestVaco, in saying that 73 % of craft beer buyers already know what they are going to buy from the store but are ready and open to try new things. Brown notes that 64 % of the aforementioned will buy a new beer after reading a few of the labels. Brown (2015) also remarks that craft beer customers spend on average 9 times longer (4.5 minutes) reading beer labels than generic beer consumers. The shelf space and display of the brand in stores becomes very important because craft beer drinkers take the time to find new craft beer to buy.

### **2.7.2 The Personal Touch and Social Media**

Marketing of craft beer differs from that of general beer in a few distinct ways. Notte (2016) says that there are four points that craft breweries should follow to ensure success in their endeavours as he draws from experience in seeing dozens of craft breweries come and go in the Portland, Oregon area. Firstly, the craft brewery must have a great story behind them that makes them unique and differentiates them from the crowd. The craft brewer must also be innovative and bring something new to the table that hook the customer's attention. Thirdly, craft breweries are successful when they play on their local ties. Notte (2016) explains that merging oneself into the neighbourhood builds trust but lets you tell a better story. Finally, Notte (2016) sums up by saying that a newer craft brewery should give nothing away because finance and cash flow are critical in the initial stages of a craft brewery's life and giving away all kinds of labelled glassware and coasters eats into the tight budget of craft brewers. Craft beer marketing is different from big brand marketing because it has to be. Craft brewers simply don't have gigantic marketing budgets. Marketing Manager Taylor McQuiston (2013) summarises that success in craft beer marketing stems from grassroots marketing strategies and focus on the quality of the

beer. McQuiston (2013) continues to say that much of a craft brewery's marketing happens in person at events, festivals, tastings, promotions, and in bars and restaurants. Social media can then connect the craft brewery's daily activities with an even wider audience.

The power of social media is not to be underestimated. McQuiston (2013b) explains that social media brings your story to many more people than you can tell personally every day. McQuiston (2013b) continues that social media helps tell your narrative at a scale incomparable whilst still connecting with interested parties one-to-one. There are also a few concrete things that craft brewers can do in marketing their product through social media. Professor Gerry Moran of St. Joseph's University, Philadelphia (2013) points out three things that craft breweries do to market more successfully. Craft brewers use hashtags (#) to make their brewery and products easy to link to and send to other users on social media platforms. The idea is also to get customers to take pictures of the craft brewery's products so that they are promoting the craft beer themselves. Instagram is a powerful picture based service that can connect to customers in real time. Finally, craft breweries should post daily updates on Facebook to keep their customers up to date on the latest goings-on. (Moran, 2013). Publisher and CEO of Cider Creek Hard Ciders, Melanie Collins (2015) insists that successfully harnessing social media platforms for marketing means being extremely interactive and engaged. Collins (2015) reminds that only about 16 % of Facebook posts make it to the final viewer. The more active a page is, the more posts get seen by potential customers. All in all, social media can be the ultimate tool for guerrilla/ grassroots marketing strategies of craft brewers.

### **3 Hypothesis**

Successfully marketing design beers is not a fluke or a stroke of luck. The key to success is to have a well thought out marketing and business plan. Accomplishment in the competitive niche market of craft brewing can be achieved by being first, best, or unique amongst the competition. Based on the previous statement, success requires an in depth knowledge of one's product and customer base.

### **4 Method**

The data collection method used in the thesis was a semi-structured interview (see Attachment 1) performed by the writer of this thesis Benjamin Lahnalampi. It was decided that this would be the best method in order to achieve the desired results as open ended questions promote discussion and bring forth a plethora of information. The interview consisted of a set list of open ended questions that led to dialog about the topic. The questions were created based upon the theory section of this thesis in order to figure out what craft beer really is and how its design interacts with its marketing.

The interviewer went through the questions one by one; if there was not enough information received about a specific question, the interviewer asked the interviewee to explain more about the given topic. The interviews were conducted in Finnish as the brewers were all Finnish-speakers and were able to provide better information in their native tongues. After the interview, the answers were then translated into English by the interviewer. The breweries were approached by e-mail and subsequently a meeting time was arranged for the interview. The interviews lasted between 30 minutes and 1 hour.

#### **4.1 Maku Brewing**

The interview with Maku Brewing was conducted with Henri Parviainen, the head of marketing for the brewery. Maku Brewing was founded in 2014 in Tuusula, Finland by a group of friends that brought together their diversity in knowledge and love of great beer. (Parviainen, 2016).

#### **4.2 Fat Lizard Brewing Co.**

The interview with Fat Lizard Brewing Company was conducted with Heikki Ylinen, the CEO of Fat Lizard. They are an indie brewery that focusses on ultra-fresh easy drinking beers from Espoo, Finland. (Ylinen, 2016).

### **4.3 Iso Kallan Panimo**

The interview with Iso Kallan Panimo was conducted with Marko Pietikäinen, the co-owner of Iso Kallan Panimo. They are a Savonian brewery located Kuopio, Finland founded in 2013. They brew beer that they themselves love and pay homage to Savonian tradition. (Pietikäinen, 2016).

## **5 Results**

The results of the thesis are a compilation of the similarities and differences of answers amongst the interviewees (see Attachments 2 – 4). The questions firstly seek to discover how the brewers see craft beer and who they target their product to. Secondly, the questions aim to uncover their successes in marketing and segmentation. Ultimately, the results answer: why craft beer works and how it's marketed. The results are broken down on a question by question basis as to how they relate design and marketing of craft beer.

### **5.1 Basing the Product on the Customer**

With regards to whether the products were customer based or artistically driven, the responses were similar but not unanimous. All of the respondents said that they made beer that they would like to drink themselves as well as something that would sell. The brewers are constantly following trends in the craft brewing industry from all over the world and implementing those ideas into their own production. With reference to the theory section, the breweries are very careful that they are making the best product they can while making sure that they fit their products to their customer segment. The brewers understand that they cannot be purely artistic but must position their products correctly in order to sell.

So whilst every beer is designed, the brewers are making their products with their customers in mind. Fat Lizard mentioned that it was really important that the beer they make fits in with their brand. They have developed a customer base that has grown to know and trust the unique taste that is common to Fat Lizard products. A deviation from this commonality would be, in their opinion, breaking the meaning of their brand. If Fat Lizard makes a significantly different beer they are sure to clearly label it as a one-off so that customers know it differs from the usual product. Maku Brewing, on the other hand, has two branches of products: seasonal and standard. Their standard products are designed to fill slots in the marketplace of common craft beer styles like wheat beer and India pale ale. The seasonal products are more experimental and artistic designed to fulfil niche markets inside the craft beer market. If seasonal products are a hit, they go into standard production.

Craft brewing is watching trends with a combination of trial and error to satisfy the many palates of beer aficionados. Iso Kallan Panimo also said that they made beer that they wanted to drink themselves but only those that they feel would sell. So in turn, they make making beer for their customer base because they themselves are a representation of the craft beer consumer. They have been right so far as everything has sold that they make.



## **5.2 Marketing from Inspiration**

As mentioned previously, niche markets are created by discovering needs in a population. The brewers look on to their own ideas and those of the trends in the craft brewing industry to get a better handle on what will sell. Their own inspiration combined with influence of trendsetters around the world greatly increases their marketability. Influence and inspiration for the respondents comes from many different places. It is important to know what inspires and influences craft brewers because of the feeling goes directly into the beer and that is what the customers are paying for. All of the brewers were hobby brewers for many years before they started businesses. Much of the inspiration comes from the brew master themselves because of the experience they have gained from many years of trial and error. The interviewees responded similarly that they all are constantly tasting all sorts of different craft beer that they can get their hands on.

Beer can be brewed into almost infinitely different varieties so inspiration comes from trying what's out there. The USA's craft brewing scene has greatly inspired all of the interviewees with their new styles, experimentation, and attitude. The USA is a hotbed for craft beer with thousands of breweries making bold brewing concoctions. Maku Brewing said that you should not try to reinvent the wheel but pick and choose things that work for you and suit your brand best. Fat Lizard also gets inspiration from food, which many breweries around the world also do. Mixing chefs with brewers opens a whole new world to taste and brewing adventures. Iso Kallan Panimo draws inspiration from their Savonian heritage and culture. They make beers that pay homage to their history as well as playing off the consumer's want for local products that they can relate to.

## **5.3 Limitations as a Strength**

The next question related to what restrictions and/or limitations the brewery had and how those have influenced the company. Limitations can be powerful as they can guide determined breweries to push harder and strive for the best that can be produced. The interviewees gave interesting responses as to how they have dealt with the restrictions that they are faced with. The most common limitation was the 4.7% ABV maximum for sale in stores. The brewers all complained about this limitation and were of the same opinion that it did not make any sense to have this restriction. They also said that it makes them try harder to make high quality craft beer under the 4.7% ABV limit.

The brewers also try to get their stronger beers into Alko and straight into bars and restaurants. Another challenge for some of the brewers was lager beer because it must be brewed and conditioned at a lower temperature and they just did not have the facilities for that yet.

Fat Lizard said that their limitation is that they only produce their beer in kegs and thus can only sell to bars and restaurants. However, craft beer is so popular and their customers are quite loyal that beer lovers go in search of establishments that carry Fat Lizard's products. Finally, water is both a hindrance and benefit based on the results. The water in southern Finland was very pure and allowed the brewers to use it without filtration whilst the water in Savonia was quite hard and left residue in the tanks if not filtered. While restrictions seemed to affect all the brewers in one way or another, they all had found ways to overcome them or turn them into advantages.

#### **5.4 Identifying Success**

The brewers all had well defined missions in marketing their products. A clear mission is the precursor for a stable brand (Kokemuller, 2016). The subsequent question asked where the brewers have succeeded in marketing and where they found room for improvement. The brewers responded unanimously that product and brand consistency were where they have all succeeded. Consistency was by far the most important aspect in their marketing plans. A strong and unanimous brand not only attracts customers but keeps them coming back because they know what to expect every time they try the product.

Fat Lizard said that their success also rests in their strong consumer interaction. The brewer delivers the kegs himself to bars and picks them up as well. This way they get direct and instant feedback on how the product is selling and what is working out best. Iso Kallan Panimo uses their heritage and cultural draw to attract customers. They have received feedback from Savonians living around other parts of Finland that their Savo line of craft beer reminds them of home. Their products sell really well in their hometown of Kuopio but also in other major cities where there are a lot of Savonian ex-pats. All of the brewers said that it is such a great time to be in the craft beer market because everything that they make sells. The future however, may not be so as competition increases. The brewers were in concordance that they have to start marketing more outside of the aficionado beer market. Maku Brewing, for example, began to sponsor a basketball league to get their brand out to the average beer drinker. The brewers have found their customer base by creating a brand that attracted like-minded consumers.

#### **5.5 Segments and Channels**

The brewers all had well defined customer segments that were quite similar to each other and market in many of the channels that were discussed in the theory section. The craft beer market is in itself a niche market so it is reasonable for the brewers to have similar

customer profiles. First of all, the brewers sell to bars, restaurants and grocery stores being that the law is the way it is in Finland. The brewers said that their customers are those who appreciate quality and uniqueness and is willing to pay a bit more for it. They are the customers that are pairing their food with beer as has been done with wine for a long time. Sales of craft beer show that there are many customers willing to spend more money for quality over quantity.

Maku Brewing also focusses their marketing on people that go out to eat in restaurants that are not beer related. They want to be a premium option to the big brewer's products in more high-end restaurants where people are going to spend the money anyway. Fat Lizard tries hard to build brand loyalty. They also look for a customer that sticks to a certain brand once they have found something they like. Fat Lizard also makes an effort to meet and greet their customers to build a better relationship. Iso Kallan Panimo said it's important for them to focus more on customers in bigger cities. In their experience, customers of shops and bars in smaller cities tend to buy the cheapest available lager rather than their premium craft beer. Ultimately, the best explanation of the brewers customer segment was beer lovers that are looking for something unique and high quality and are willing to spend a bit more for it.

## **5.6 Design as Marketing Strategy**

One of the more pertinent questions that was asked of the brewers was if and how do marketing and design of craft beer go together. Iso Kallan Panimo's response differed from the other two. They said that their principle is to make beer that they themselves want to drink. Everything they make sells quite quickly so the principle has worked for them. Through customer feedback they find which products are favoured and thus make more of those. Iso Kallan Panimo did not say that marketing strategy affects their design per say. Maku Brewing and Fat Lizard, on the other hand, said that marketing strategy directly affected their design and vice versa.

Maku brewing starts with an idea for a beer, for example their golden ale. They then think about where that beer should be enjoyed. The perfect place for their fresh, bright golden ale would be a sunny patio in the spring with friends. They then begin to design a label that reflects that same atmosphere (see attachment 5). They test it themselves and then with customer panels to see if the whole idea is coherent. Maku Brewing believes that a customer buying a craft beer is not just buying the taste but the whole experience. The combination of the time of year and the place with the craft beer brings together a unique feeling that the customer is willing to pay for.

Design and marketing are linked because finding that feeling the customer wants and providing it is Maku Brewing's key to success. Fat Lizard has a similar ideology related to marketing and design. Their brand is fresh, funky and easily approachable. Their beer, in turn, must also be fresh, approachable, and easy drinking (see attachment 6). Fat Lizard believes that their branding and marketing must match exactly their product or else they are being untrue to their customers. When they design new craft beer they are sure to follow the ideology behind their brand. They have a loyal customer base that has grown to expect a certain taste and feeling in their product. Fat Lizard was also clear in saying that if they did make a craft beer that differed from their brand they were very clear in labelling it as so. In all, the results point to a correlation between marketing strategy and designing craft beer.

### **5.7 First, Best, Unique?**

After asking the interviewees of the connections between designing beer and marketing, the next question prodded deeper by seeking an answer to the hypothesis. The interviewees were asked whether success meant being first, best, or unique and what was their advantage. Maku Brewing did not agree totally with the statement. In their opinion, success means building a good reputation, creating a good product, and having good sales skills. Success is a balance of many qualities. Maku Brewing is a combination of professionals from many different industries (brewing, marketing, IT, etc.) who all bring a different perspective to the business. Their self-proclaimed advantage is their diversity in experience and their combined commitment to premium craft beer.

Fat Lizard also disagreed with the hypothesis because the novelty of being first wears off quickly, someone is always doing something better than you, and being too unique can limit the size of your customer segment. Fat Lizard believes that success is firstly, having a great product and secondly, a great brand. In their opinion, success means that customers relate to the brand; Fat Lizard is fresh, funny, and approachable just like their customers are. Iso Kallan Panimo agreed, to a point, that success had something to do with being first. They were the first craft brewery in the Kuopio region but have stayed successful by their commitment to quality and producing the best beer they can. Branding and quality are what has kept Iso Kallan Panimo a successful craft brewery. All in all, designing and marketing a craft beer are strongly linked in the opinions of the respondents.

## 6 Conclusion

Marketing and designing great craft beer is really about the attitude a brewery has towards the product. It means wanting to think outside the box and breaking the rules whilst having that passion for making something great. The whole approach to first making then marketing has to have a congruent and specific boldness with the focus on freshness and big taste. Passion stems from really loving the product and the craft beer industry on a whole. Brewing craft beer is extremely technical but the artistic aspect comes into play during initial design, branding, and marketing phases. Craft beer differs from the oil painting in that it must be produced in large quantities and consistent every time. The final product must be something that will sell in significant number to turn a profit whilst the painter may only sell one painting a year.

The respondents were all of the opinion that you cannot make your beer so unique that the customer segment is too small to be worthwhile; craft beer is a business first. The brewers must answer the question posed by the quintessential customer of why buy a beer for € 5 when you can get one for € 1. The answer they provide is two-fold. The customer buys the experience, feeling, and passion supplied by craft beer and secondly, the premium quality and unique taste of the product.

It came to attention that successful craft breweries make beer that they want to drink and is high quality. They are steadfast behind their products. At the same time they must pick and choose from those beers the ones that actually sell. It is a compromise by not making every wild style of craft beer but still high quality product that meets customer demand. The interviewed craft brewers find out what is in demand by constantly tasting craft beer and following up on macro and micro trends from the craft beer industry around the world. Inspiration comes from the brewer's personal experience as well as trends such as local produce and the restaurant industry.

Everything that Finnish craft brewers are producing is currently selling out but that may not always be the case as competition increases and the market evens out. It becomes ever more important to really focus on what sells best and why. The craft brewers are successful because they listen and react to feedback from bars, restaurants, and consumers. It also came to attention that limitations on breweries make them try harder and focus more on their branding. The 4.7% ABV limit for sale in convenience and grocery stores makes craft brewers focus more on the taste that they can develop with that volume of alcohol. Limits based on the product capacity and size of the brewery mean that everything they produce must be top notch. There is really no room for failure when every liter of beer

counts. Through the interviews it became clear that the breweries do not really see these as limitations, rather they push the envelope to make the absolute best they can with what they have.

## **6.1 Successful Marketing**

The key to successful marketing and design then becomes having a product that the customer can relate to, something that gets noticed, and beer that people really want to try. Maku Brewing is cool, modern and approachable. Fat lizard Brewing Co. is super fresh and works really hard on customer relations. Iso Kallan Panimo uses ultra-premium ingredients and plays of their heritage. For craft beer, people are buying your brand and they are buying into you as something that they can easily relate to. The interviewees all focussed segmentation on those who are looking for premium craft brewery products and are willing to pay a little bit more the quality that comes with them.

The brewers were also focussing on expanding the size of the market by getting into high quality restaurants. People going out to eat are already planning on spending some money and the brewers' ideology is to get them to have a premium craft beer with their meal as oppose to the traditional glass of wine. This way they can get people to taste their products that normally would not go out and buy a craft beer.

## **6.2 Quality and Branding**

The hypothesis was not entirely correct. The initial idea was that success in designing and marketing craft beer came from being first, best, or unique. The answers provided by the respondents were that the hypothesis was partially true but being first doesn't last forever, there is always someone better, and almost every craft brewery is unique. Being first, best, and unique initially creates an advantage but in the long run it is a different story. The keys to succeeding as a craft brewery are a focus on quality, commitment, knowledge, perseverance, and a crystal clear brand. The craft brewer needs a quality product with the attitude and passion to succeed.

In summation, it seems that great craft brewers have to be doing it because they love it in order to successfully market their beer. Craft beer is also very technical even though it may come off as artistic. The real art is in the brand and convincing the customer of what you are selling. Craft brewers are constantly looking to each other and following trends; the industry as a whole seems to work together for common goals in carving out a piece of the pie from big brewers. Branding is as important in marketing as the craft beer; the customer is buying the brand not just the beer. The product has to be good and then the

brand needs to attract and keep customers. Being first, best, or different helps initially but craft brewers really need to have a great product and brand that keeps consumers coming back for more.

## 7 Discussion

I initially started this thesis as a guide to what craft beer was. After discussion with my supervisor, we decided that it would be more interesting and beneficial to add the marketing aspect as oppose to just a guide about craft beer (of which there are many). We found that it would be better to figure out how the design and marketing of craft beer impact each other. The thesis is not purely focussed on marketing but more so what the brewery is and how that makes their beer marketable.

I may have rushed with the interviews because I did not have the clearest of ideas on what to ask the interviewees. The questions range a lot from what equipment the brewers use to what is their marketing strategy. More focus and patience in designing the questions would have significantly improved the results. Questions focusing more on the marketing and design would have given me a clearer picture of what that really entails. I was hoping to have at least five interviews for the thesis but was unable to procure more than three for my study. The quality of the results would of course be better with more respondents but because of the similarity in the responses I feel that the results hold true. The breweries were also quite different from each other and yet the responses all followed the same path. I feel this lends credibility to the outcome of the thesis but of course more interviews would have been better.

The modern craft beer trend is fairly new and the literature available is not as vast as for wine, whiskey, and traditional beer. Most of my references came from internet based sources partly because of the lack of existence of anything better. The sources are however current and the craft brewing industry is growing and evolving quickly. Maybe the future will see more peer-reviewed journal articles relating to craft beer marketing and design. I hope that as craft beer becomes more popular in Finland that more people are also interested in studying it. Craft beer and brewing are a real passion of mine and I hope to see more being studied about the topic.

Possible areas of future research are numerous. Of interest to me would be the roots of the craft beer trend. Is it that people are going back to the roots of brewing, organic and local produce is more interesting, consumers are tired of drinking the same old bland lager, or some other reasons? Research could also focus on designing marketing plans for craft breweries because so many breweries are popping up every year and they could really use the help. I feel that the industry of craft beer is still well in the growing phase and there is much more to come. Research into craft beer and breweries is worth it especially now as you can get access to the CEOs and brew masters themselves. They are happy to



talk about their companies and products. The respondents all said that the future of craft beer is bright in Finland and around the world and we will be seeing a lot more of it as time goes on.

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## Attachments

### Attachment 1. Interview questions (English and Finnish)

What does craft beer mean to you?

Mitä craft beer tarkoittaa teille?

Why did you first decide to start making craft beer?

Miksi aloititte valmistamaan craft beer?

What drives your approach to making and designing craft beer; technique or art?

Onko oluen valmistus teille enemmän tekniikka- vai taidelaji?

Is your product customer based or artistically driven and why?

Aloitatteko oluen suunnittelun asiakkaan näkökannasta vai taidelähtöisesti?

What are your influences and inspiration for making craft beer?

Mistä saatte vaikutteita ja inspiraation oluen valmistukseen?

What equipment and processes do you use and why is that? Do you have an equipment wish list?

Mitä laitteita ja prosesseja käytätte oluen valmistuksessa? Haaveiletteko jostain muista laitteista?

What are your limitations/restrictions here and how do they create benefits for you?

Mitkä ovat oluen valmistuksessanne rajoitteena ja miten olette hyötynneet näistä?

Where have you succeeded in marketing your beer and where have you had to rethink things?

Millä tavalla olette onnistuneet markkinoimaan teidän oluita ja missä voisitte tehdä parannuksia?

Who is your ideal customer? What is your customer segment?

Kuka on teidän idyllinen asiakas? Mikä on teidän asiakassegmentti?

Can the marketing strategy effect how a beer is designed; if so, then how?

Voiko teidän markkinointistrategia vaikuttaa oluen suunnitteluun ja jos vaikuttaa niin miten?



Do you agree that being successful means being the first, best, or unique? Which is your advantage?

Oletteko samaa mieltä, että menestyvän yrityksen pitää olla ensimmäinen, paras tai ainutlaatuinen? Mikä on teidän kilpailuetu?

What does the future hold for you and for craft beer?

Mitä tulevaisuus tuo teille tullessaan ja käsityöoluille?

## **Attachment 2. Interview – Henri Parviainen – Head of Marketing at Maku Brewing**

What does craft beer mean to you?

Craft beer means making it ourselves and has everything to do with the process itself. Craft beer is about the feeling that is linked to the beer. Means making a beer that we want to drink ourselves. Craft beer can include automation but I wouldn't mind not having to break our brew master's back. Craft beer means different and being allowed to break the rules. It means that we are allowed to make mistakes and try new things.

Why did you first decide to start making craft beer?

It is a shared hobby that we all have that has been turned into a business. It was the dream of our CEO who gathered us beer lovers from very different backgrounds (marketing, IT, home brewing, and sales). Everyone has different passions and strengths but we all love beer.

What drives your approach to making and designing craft beer; technique or art?

It's both. Two people make beer; one is more of an artist that likes to try things and doesn't like to measure. The other is very technical and keeps the other in check. It's the perfect balance. If something or someone is too creative then it is very hard to reproduce and consistence is a key in the brewing business.

Is your product customer based or artistically driven and why?

Everything kind of starts with an argument. Everyone wants something of their own taste. But we have to remember that the beer has to sell. It is all about the balance. First brainstorming then figuring out what is actually possible. We have two trains of thought one is seasonal beers that are a bit more free range and experimental and the other is our standard range that are more simple. For our standard beers we look to what is selling right now and what others in the industry are doing. The whole team is involved in the planning phase and we have to often try many times before we succeed. The marketing teams give feedback from customers to the brew master so he can better tailor the products to suit the needs of buyers. We should make products that are more customer based because at the end of the day it is a business.

What are your influences and inspiration for making craft beer?

We get a lot of inspiration for the brew master. Before the business was started we toured many countries like japan and the USA to look at what's going on in the craft brewing world. Brewdog has been a huge inspiration to us in the way that it is a whole brand. We all drink Finnish craft brew constantly to get new ideas and keep our fingers on the pulse.

Cooperation in the Finnish brewing industry is awesome, we all help each other out with what works and what didn't work. Don't try and reinvent the wheel. We tried to be like Brewdog at first (aggressive and punk) but found that that just wasn't us. We are more laid back and easy going. You have to make a beer that reflects yourself.

What equipment and processes do you use and why is that? Do you have an equipment wish list?

We have pretty standard equipment. Some of it was bought new and others are used. We have our own bottling line and can line which many don't have. Improving we would like to increase quality control. Better filtration, faster temperature control and more laboratory equipment for testing our products.

What are your limitations/restrictions here and how do they create benefits for you?

Lager is not really possible yet because we can't ferment at a cool enough temperature. The law is a huge restriction here in Finland. We can deal with it but there is no reason for there to be a 4.7% restriction. We just have to try harder that's all. We can't sell online here either. We are lucky that we have a bigger group of people. Some small breweries have to do everything with only 2 guys, we have 5.

Where have you succeeded in marketing your beer and where have you had to rethink things?

We made a consistent brand in a very short time. There is a clear line between our brand our labels our logo and the taste of the beer. I think you can taste a Maku beer when you have one. Consistency and coherency. We've had great feedback from buyers. We are a modern brand and try to stay that way. The product need to be easy to buy. At Suuret oluet pienet panimot we won best IPA. Things to improve on would be that normal people don't know our beer yet; it is still just in the beer circles. We are currently selling everything that we make but in the future maybe not. We need more people outside of the beer hobbyist to know our brand. We are going to hair conferences, sponsoring basketball, and making a beer for the band Amorphis. It's all about cracking into bigger markets. Euros need to come in that they can be used.

Who is your ideal customer? What is your customer segment?

30-40 year old men who are interested in beer. But we are interested in the opening that up to women as well. We are looking to include people that respect quality and that are ready to pay for that something that is a little bit more special. The customer is one who goes out to eat but not just beer based eateries.

How does the design of beer impact how it is marketed?

It should impact. For example our golden ale. Where do you drink it and when. On the patio in summer. We put on a patio design on the label and started marketing it as a summer patio beer. They are quite connected. Our amber ale is a beer to be drunk during the fall. Drinking the beer has a connection to the time of year and the place. The feeling that you get is important and that's what we are trying to connect to. Creating that feeling that the consumer wants. People are ready to pay for that experience. A good marketer has the sense to understand the customer.

Do you agree that being successful means being the first, best, or unique? Which is your advantage?

Don't think so. It has to be a good product, have a good reputation, and good sales. It's all about the balance of those things. You can sell a bad product once, but probably not again. Our strength is that we come from different backgrounds and can see the picture from many different angles. Different people with different skills is the best. Our selling force is very strong.

What does the future hold for you and for craft beer?

Finnish beer abroad, putting Finland on the beer map. Beer culture to become like wine culture. Restaurants offer beer pairing with food just was with wine. More people will believe in Craft Beer and appreciate the quality of well-made microbrews. Craft brewers will continue to cooperate for the greater good of the industry. Craft brewers work together in competition with the big brewers. There is room for all of us in Finland. We plan on being the size of Nokian Panimo.

### **Attachment 3. Interview – Heikki Ylinen – CEO of Fat Lizard**

What does craft beer mean to you?

Craft beer doesn't need to come from a microbrewery, big brewers can also make craft beer. The difference is how one approaches the beer. Craft beers are specialty and high quality beers. It's the feeling and quality that goes into making the beer.

Why did you first decide to start making craft beer?

It has been a hobby of mine for a long time. I felt like there were many craft brewers but no one was making really fresh beer. I wanted something that went straight to the customer. Speed in delivery equates to freshness. I really thought about it for a long time and finally decided to get together with my friends and start brewing professionally.

What drives your approach to making and designing craft beer; technique or art?

We all (craft brewers) want it to be art but for real it's mostly engineering. I would say it ends up being about 90% technical and then 10% artistic. The planning and recipe phase is where we get to be really creative and artistic.

Is your product customer based or artistically driven and why?

We start by listening around to what kind of beer we could make. We then sit together and think about what could actually sell. We are constantly tasting different and interesting beers to get a feeling of what is out there. What of the beers that are out there best fits our company's style? The taste has to fit in with our brand. We then brew test batches and sample them ourselves and with some customers. We try a lot of different things to see what happens. Manly we make beers that we would like to drink ourselves.

What are your influences and inspiration for making craft beer?

We are inspired by many things. Everyone throws in ideas from personal experience. We also follow the craft beer scene from the USA. Food also gives us a lot of inspiration. We think about how we can pair our beer with different foods. An example is our saffron IPA.

What equipment and processes do you use and why is that? Do you have an equipment wish list?

Our brewery is pretty much home made from scrap metal. We all have some form of a programming background so we also programmed the brewing automation. We programmed it so we can have full control over everything. Full control gives us consistency and quality. It's always easy to make the same thing again and again. We would like to

get a 3000L tank next. We will however still build the control panel ourselves so that we know exactly how everything works and save on the costs of buying a new custom one.

What are your limitations/restrictions here and how do they create benefits for you?

We have really great water in Finland so we can make any beer we want just by adding mineral salts. There is no need for us to filter or clean the water before use. Our capacity is a bit small so we have to sell our stuff quickly. We can't really make lager yet because it takes too long to condition and eats up our storage space. Lager is not financially feasible yet. We don't have a bottling or canning line yet so everything goes out in kegs. Kegs are a good thing though because we have customers hunting our products down. We can only sell to bars now because of the lack of bottles or cans. We have to be careful with what kind of beers we make because bars want taps that sell fast. If we make a really heavy or strange beer, it will likely sell a lot slower and make bars hesitant to buy it in the first place.

Where have you succeeded in marketing your beer and where have you had to rethink things?

We have some strong relationships with a few bars that always buy from us and will eagerly try our new products. Our logo and products are consistent and recognizable. We try to project a funny and fresh image that our customers like and that grabs attention. We've done quite well in Helsinki but we need to branch out farther. Customer relations are so important and we do everything face to face. We even deliver our own beers so we can get direct feedback from the bar owners. When we do things face to face the bartenders also know us better and will be able to recommend our products more effectively. We also go on tour around bars and interact with our customers. Our marketing is strongly grass-roots. We make good friends with good bars. It's all about the connections that you build.

Who is your ideal customer? What is your customer segment?

Our ideal customer is someone that knows how to appreciate great beer and drink a lot of it. It's also someone that picks a favourite (like ours) and tends to stick with it (brand loyalty). We want people that will pair it with food so that we can take some sales from wine. Right now we are pretty much just selling to bars so they are very important customers. We build strong relationships with them so that they can sell them forward to the right consumers. It's important that the bartenders know what they are selling.

Can the marketing strategy effect how a beer is designed; if so, then how?

Yes, we are building a brand that reflects and approachable and easy drinking beer. The beer itself then must be easy drinking. It limits us making heavier beers. Vision is very important and brand consistency when you're making a new beer. If we make a special beer it is clearly marked on the label that it is different from what we usually make.

Do you agree that being successful means being the first, best, or unique? Which is your advantage?

Not really, it's more of a combination of many things. Being first can be good but that won't last forever and doesn't really mean anything in the future. You can't be the best in everything and there is always someone better than you. Being different is limiting your market base. You have to stand out but not be too weird that no one buys your products. You have to have quality first and then the right brand that connect with your customer base; something that that your customer can relate to. Branding attracts the customer and great taste/quality keep them coming back. You have to really understand what the customer wants. You can relate it to cars that someone may not buy a BMW because he does not want to be labelled like a BMW owner but will buy and Audi because that's more cool. We want our customers to be proud to drink our beer. For that reason there is room for many different craft brewers in Finland. We are funny, fresh, and easily approachable, just like our customers are.

What does the future hold for you and for craft beer?

We want to really get our brand out there so more people know who we are. We think that more people will be drinking craft beer, better beer, and easy beers not just your basic Koff. New generations of people are experimenting and tasting new beers, quality is becoming really important. We think that the beer market will become like the wine market that selection is huge and people go searching for cool great tasting beers. There is definitely room for more craft breweries in Finland. We hope to be about the size of Saimaan Panimo at about 1mL/year but not more because then our freshness will suffer. After that the market goes into light lagers and we're not really into that as it goes against what we stand for as a brand.

#### **Attachment 4. Interview – Marko Pietikäinen – Iso Kallan Panimo Co-owner**

What does craft beer mean to you?

Craft beer is handmade and doesn't come from a large brewery. It is really about freshness. We don't skimp on the ingredients and try to use the best we can find. We don't use additives or concentrates. That's what craft beer is to us. It's really all about the taste.

Why did you first decide to start making craft beer?

I planned for at least five years about getting into the brewing industry. I have an education in wine and was pursuing that but found that you really can't grow decent grapes in Finland and I wasn't about to make berry wine. This led me on to beer. I got together with my long-time friend, now our co-owner and brew master, and we got started. The brewery came out of a mutual passion for great beer.

What drives your approach to making and designing craft beer; technique or art?

As much as we want it to be artistic it is almost purely technical. The process is so important. If anything goes wrong then the whole batch is spoiled. Cleaning and sanitation is most of the job. From my point of view the label and the final look of the product is where we can be artistic. Building the brand is where the art comes in.

Is your product customer based or artistically driven and why?

We started by making beer that we would drink. High quality, great craft beer and it worked. We still make what feels right and have some insight from the American craft beer scene. We also private label; it accounts for about 10% of our total sales.

What are your influences and inspiration for making craft beer?

We definitely follow trends in craft beer as well as making what we feel will do best. APA and American ales have influenced us greatly. We also are inspired by Savo because we are from here. Savo is a theme that is carried through our five standard beers. Mainly the inspiration comes from what we want to drink.

What equipment and processes do you use and why is that? Do you have an equipment wish list?

Pretty normal equipment. We do a lot of spiced and flavoured beers like oatmeal stout, salmiakki porter etc. We would definitely like to work on our storage capacity and get a lift. The next step is bigger fermentation tanks to increase capacity and grow as a business.

What are your limitations/restrictions here and how do they create benefits for you?



Kuopio's water is not the best possible. It's fine in making the beer but the problem comes when washing the equipment as it can leave a residue that affects the beer. So we had to install a filtration system and now there is no problem.

Where have you succeeded in marketing your beer and where have you had to rethink things?

We do really well in the Kuopio and Helsinki Regions. Everything we make sells. As we increase capacity, we need to focus on more of the bigger cities in Finland and the greater Helsinki area. Our brand is consistent and reminds people that have moved out of Savo about home. Savo people around Finland are a big customer base.

Who is your ideal customer? What is your customer segment?

Right now the restaurants and retail stores are our direct customers. We sell really well in Kuopio stores and bars. Smaller towns are not so great for us because it seems that people just want the cheapest beer and won't try something slightly more expensive. Our customer as an individual is someone who likes things a little different not just your basic light lager drinker. They are the ones that are willing to spend a little more money for the uniqueness and quality of a great craft beer.

Can the marketing strategy effect how a beer is designed; if so, then how?

Like I said earlier we tend to make beers that we like to drink. Depending on sales we then see which are successful and we make more of those types. Right now everything we make gets sold but the speed that it sells and the feedback we get from customers tells us what we need to make more of. For example our American Ale sells really well and Alko also took it on as a product. We then make lots of American ale.

Do you agree that being successful means being the first, best, or unique? Which is your advantage?

Yes, to a point. We were the first in Kuopio and that has given us the advantage in Savo. People know us here and like our product. We have a really high quality product and we're proud to be from Savo. People here buy local and support us. People from Savo living in the south of Finland buy our product for nostalgia.

What does the future hold for you and for craft beer?

We are trying to expand and get more out there. Last year we made 40k L and this year up to 70k L. In the near future we hope to be doing 200k L/year. 500k L/year may be the limit because that's the maximum that a brewery can produce to stay in the lowest tax

bracket. Craft breweries can be big as long as they stay loyal to their customers and quality. The future looks bright for craft beer in Finland and there is definitely room for us. I just hope that people don't keep drinking watery light lagers.

## Attachment 5. Maku Brewing Golden Ale



Maku Brewing's Golden Ale. The label reflects the feeling they want to give the drinker. It depicts spring time on the patio amongst the hustle and bustle of the city waking up after winter.

Attachment 6. Fat Lizard Brewing Co. Jesus Lizard.



An example of Fat Lizard's labelling and advertising. They keep their brand in coherence with the actual product: fresh, funky, and easygoing.