Tampereen ammattikorkeakoulu

The Paradox of a Stronger Beer

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Degree Programme in Business Administration
Proakatemia

ABSTRACT

Tampere University of Applied Sciences
Degree Programme in Business Administration
Proakatemia

ASKO MÄNTYMÄKI
The Paradox of a Stronger Beer

Bachelor's Thesis 30 pages, appendices 1 pages
June 2019

The thesis is done for a foreign beer brand, who is seeking for an opportunity and market for a new product. The main point for this thesis is to find out that is there reason to bring a stronger new product to the Finnish markets in the Czech pils section.

Czech pils is one of the fastest growing beer styles amongst the Finnish consumers. Because of the new alcohol law that allowed a stronger beers to the Finnish supermarkets, there is a urge to bring more stronger products to the markets. However, one of the discoveries in this thesis was that the beer makers and importers do not speak the same language than the beer selection managers in the supermarkets and that is why the reasons behind a stronger beers are sometimes misunderstood.

The thesis was done by qualitative research methods and the theme interviews were used. The interviews contained answers from the breweries and the supermarkets beverage managers. All the interviews are done anonymously. During the thesis the difference of thought between the two sides starts to unveil to the researcher and most of the hypothesis of the researcher start to vanish.

The thesis only consist material from the off-trade (retail) side of the table and the on-trade (restaurants) business of Finland is ignored.

Key words: please use lower case initial letters

TIIVISTELMÄ

Tampereen ammattikorkeakoulu
Liiketalouden koulutusohjelma
Proakatemia

ASKO MÄNTYMÄKI
Vahvan oluen paradoksi

Opinnäytetyö 30 sivua, joista liitteitä 1 sivu
Kesäkuu 2019

Opinnäytetyö on tehty ulkomaiselle olutbrändille, joka etsii mahdollisuutta ja markkinoita uudelle tuotteelleen Suomessa. Pääajatuksena olisi selvittää, onko uudelle vahvemmalle tuotteelle tilaa markkinoilla Tšekki- pils kategoriassa.

Tšekki- pils on yksi nopeimmin kasvava kategoria Suomessa. Uusi alkoholilaki mahdollistaa nykyisin vahvemmat oluet ruokakauppoihin, ja siitä syystä on halua tuoda Suomeen ja markkinoille uusia sekä vahvempia tuotteita. Yksi huomioista opinnäytetyön edetessä oli, etteivät oluen tekijät ja maahantuojat puhu samaa kieltä kuin kauppojen juomahyllyjen päälliköt liittyen oluen vahvuuteen ja alkoholiin oluessa.

Opinnäytetyö on tehty laadullisia tutkimusmenetelmiä käyttäen, sekä siinä on käytetty teemahaastatteluita. Haastattelut pitävät sisällään vastauksia panimoilta, sekä ruokakauppojen juomaosastojen päälliköiltä. Kaikki haastattelut on tehty nimettömästi. Opinnäytetyön aikana alkoi selviämään eri puolten ajatusten erilaisuus liittyen aiheeseen. Opinnäytetyön tutkijan omat ennakkoajatuksen osoittautuivat täysin vääriksi opinnäytetyön edetessä.

Opinnäytetyö sisältää materiaalia vain off-trade (jälleenmyynti) puolelta ja on-trade (ravintolat) puoli on jätetty kokonaan huomioimatta tutkiessa Suomalaista alkoholikulttuuria.

CONTENTS

1 INTRODUCTION

In this thesis, the idea is to understand what the current state of stronger beers are in Finnish grocery stores. Is there any more room in the market for stronger variants of import beers?

Examination mainly consists of bottom yeast fermented beers, mostly known as lagers and pilsners. The main reason for this thesis and for this topic was the newest change of the Finnish alcohol law at the beginning of 2018. For the first time, the law enabled stronger alcoholic beverages to be displayed in grocery stores. The previous law had a limit for alcohol beverages that was put at 4,7 % and beverages had to be made by fermentation. The new alcohol law raised the limit to 5,5 % and made it possible to sell other types of alcoholic beverages rather than just fermented ones. This is often referred to as, "Ready to Drink" (RTD) long drinks.

Different theme interviews will be used throughout this thesis and the interviewees are professionals of the different alcohol and retail industries. With different themes, a wider picture can be created rather than just what is happening in the alcohol industries, especially under the new alcohol law. Usage of the qualitative research is relevant to get into this topic and is a tool theme interviews use.

2 WHY AND HOW THIS THESIS IS DONE

2.1 Point of this thesis

This thesis is meant to clarify if there is a reason that Beer label X are to import a stronger variant to Finnish markets. Beer label X is a Czech based brewery which has been a top category leader for a long time in Finland and is one of the first imported beers in the region. The new alcohol law has made their competition increase a lot especially in the grocery stores. They have a 4,6 % (III-beer) of alcohol containing pale product in all Finnish supermarkets, but because of the new alcohol law, their competitor, who has a stronger variant, came to the same supermarket's shelfs that product X is on. During the previous alcohol law, there was greater gap between the few Czech beer labels because others had to stay in Alko's inventory and others (such as beer laber X) were at grocery stores because of the different alcohol by volume variants.

To sum this up in one question; Should beer label X bring a stronger (A-beer) variant of beer to Finland and does the amount of alcohol in product determine that customer wants to buy it?

2.2 Why this topic?

The researcher of the thesis has been working with the alcohol past 12 years. He has been mainly bartending, but the past year he also worked as an alcohol representative with mostly beer products. The endgame of this is to deepen the knowledge of this profession and especially his field of work by this thesis. It would be nice to know trough this thesis how off-trade retailers see the beer industry and how they make their decisions about their selection of beverages. The researcher should become a better professional and to understand off-trade business even more after this thesis.

2.3 Qualitative research

Qualitative research is a method to harvest and analyse information. It is a tool to understand different phenomenon's and a human behaviour. Usually qualitative research antonym is quantitative research which is based on a hard data. The idea behind qualitative research is to understand the examinable phenomenon from many sides not just by numbers. This usually happens by different interviews, classical ethnography, case studies, narration, focus groups, observation, transcript poetry and researches. (Saaranen-Kauppinen & Puusniekka 2006.)

Usually qualitative research is done without a hypothesis. The researchers own thoughts should be as objective as possible so they could not affect the outcome. In this thesis, the case is that the researcher has a strong opinion about the field, but it should not have effects on the subject and that it is recognized early by the researcher. (Tuomi & Sarajärvi 2009, 96-97.)

In qualitative research, material is harvested from discretionary sampling. It means that there is no purpose to collect as much research as possible rather than focusing on quality over quantity. Means of harvesting data plays an important role and careful preparation is also a key to success. There should be a preplanned way to perform data harvesting. In this case, theme interviews and the people who the data will be gathered by, have to be thought trough. (Eskola. & Suoranta 1998, 19-20.)

2.4 Theme interviews

The researcher does a theme interview for the Finnish breweries and Finnish beverage managers from the stores which sell beer. He is especially focusing on the bigger supermarket chains, store owners and including small kiosk owners. In the brewery category, he is trying to interview those from small to medium sized breweries because beer label X is not competing with big Finnish breweries like Hartwall or Sinebrychoff and for their bigger domestic consumers. In this thesis, the results from all the breweries, supermarkets and interviewed persons are going to be un-named and classified.

2.4.1 Themes of the interviews

The main themes that are going to be investigated are following:

- Stronger beer (A-beer) markets
- Customer behaviour with beers and alcohol percentages
- The new alcohol law and the pros/cons

These themes have been decide because you just cant just ask the potential competitor what should beer label X do. The purpose is to try gather information around these topics by particular questions.

You should always approach themes of the interview by many directions. Research problems (what kind of answers you need to answer yourself to the base question), theory (how this theoretical concept could come up in interviewees answers), and also how interesting that topic is for the research subject. (Viinamäki & Saari 2007, 38-39.)

2.4.2 What is theme interview?

The theme interview stands by its formality between form interview and open interview. The interview does not follow a persistent route between set details rather than it just freely floats around predesigned themes. Theme interview are still a lot more structured than open interviews because all the themes are the same with the interview-able persons. (Hirsjärvi & Hurme 2001, 47-48.)

Theme interview is a discussion type event where the interviewer and interviewee follow pre-set themes. The interviewer should have short notes from the themes and they should be understood by the person who is asking the questions. Theme interview demands a high understanding of the topic in hand from the interviewer, because he has the responsibility to keep interviewee at pre-set themes. He should still not have any effect on interviewees answer and opinions rather than just guide him to follow the topics. (Saaranen-Kauppinen & Puusniekka 2006.)

3 HISTORY & CURRENT STATE OF THE ALCOHOL INDUSTRY

3.1 Prohibition

Finland had a prohibition of the alcohol from 1919 – 1932. During that time, it was common to smuggle spirits from the other parts of the Europe to Finland by sea and home distilling was also a big problem that the government tried to eliminate. During prohibition violence was high and the people clearly wanted to use alcohol against the governments will. The government also lost a lot of potential tax income because of illegal products and after several votes, the prohibition was cancelled in the year of 1932. (Kauta 2017.)

3.1.1 After Prohibition, first steps of the Alko

There were a lot of different points that caused the ending of a prohibition in Finland. Government lost their tax income, hard spirits caused violence and smuggling was at an all-time high during the late twenties. The government held a referendum at 1931 and over 70 % that voted wanted to revoke the law that banned alcohol. That referendum showed to the politicians that there is no good reason to have prohibition anymore. Some parties still strictly regarded the prohibition, but overall, the parliament finally made their mind about dis-continuing the law. In the early 1931 came a new alcohol law that allowed only state-run alcohol stores to retail alcohol to the citizens. The first alcohol stores (Alko) were opened at the 5th of April in 1932 ten o'clock am and that made a memorable number combination to the Finns 543210. The restaurant business was also liberated in some extent, but it had a lot of different regulations that are in use still now a days. (Kauta 2017.)

After prohibition, Oy Alkoholiliike Ab had all the rights to import, sell and manufacture alcoholic beverages in Finland. The company/government owned major alcohol factories such as Altia. Within that company it consisted of other retail stores of Alko. Alko has been open since 1932 and was the only place where people could by alcohol. They were not the most welcoming of places and there was subpar customer service. For instance, smiling to the customers was not aloud. Products labels were not to be seen, because that might invite to people to buy more alcohol. (5-4-3-2-1-0: Alkon historia. n.d.; Löyttyniemi 2013.)

During the second world war, the government started to regulate more of how people could buy products from Alko. It became known as the era of "viinakortti" (alcohol-card). Through alcohol-card, the government could easily regulate how much one person could purchase. If you did not have an alcohol-card with you during your visit at local Alko, you could not buy anything. You also had to always purchase from the same store and that way it was also easier to control any alcohol related misuse. Police also informed to all alcohol related arrests to the Alko. That was also one way to control people's alcohol use. The alcohol-card was in use between 1944-1970. Alko also was interested about your actions if you suddenly stopped using Alkos products, because that was a clear sign that you were buying your alcoholic beverages somewhere else (illegally) or distilling it by yourself. The visits to the Alkos supposed to be regular and not dubious at all. (5-4-3-2-1-0: Alkon historia. n.d; Löyttyniemi, 2013.)

3.2 New revolution, beer became a grocery

In the year of 1969 there became a new and revolutionary law related to alcohol. For the first time ever, it was possible to purchase an alcoholic beverage from a grocery store. #3 taxation class beers (III-beer) became available in every day grocery stores and since then, III-beer has been the most popular alcoholic beverage in Finland. III-beers alcohol volume is maximum of 4,7 %. During that time III-beer had to be at least 3,7 % because of lower taxation classes, but new alcohol tax law removed those tax classifications in 1994. Still today III-beers limit is same as in the early days. (Löyttyniemi, 2013; Tuominen n.d.)

Because of the new alcohol law, it was also finally possible to open up a restaurant outside of the cities. Old alcohol laws with restaurants were clearly bias towards the cities and in country sides there were no restaurants. For example, in Vantaa, there was only one restaurant and it was at the Helsinki-Vantaa airport. So, when the liberation of III-beer came, also liberation for the country sides restaurant policy. Also, remember that there were literally no Alkos either in any rural area. After the new alcohol law happened, also something interesting related to beer and restaurants in Finland happened. Between the 70's and 80's, restaurants started serving only IV-beers especially on draft. IV-beer (aka. A-beer) was between 4,7 % and 5,5 % of alcohol and it has a more sophisticated image around it. III-beer lost its image especially in the cities because now everybody could buy it from grocery stores and farmers could buy it from the restaurants. III-beer became kind of "redneck" thing to drink. During that time there were not many Alkos in the countryside either and because of the new law, beer was not only a city thing anymore. Afterall, in the 80's, the III-beer had a huge success and it finally established its footing at the restaurants and since then the number one selling alcohol beverage in Finland has been III-beer. (Löyttyniemi 2013.)

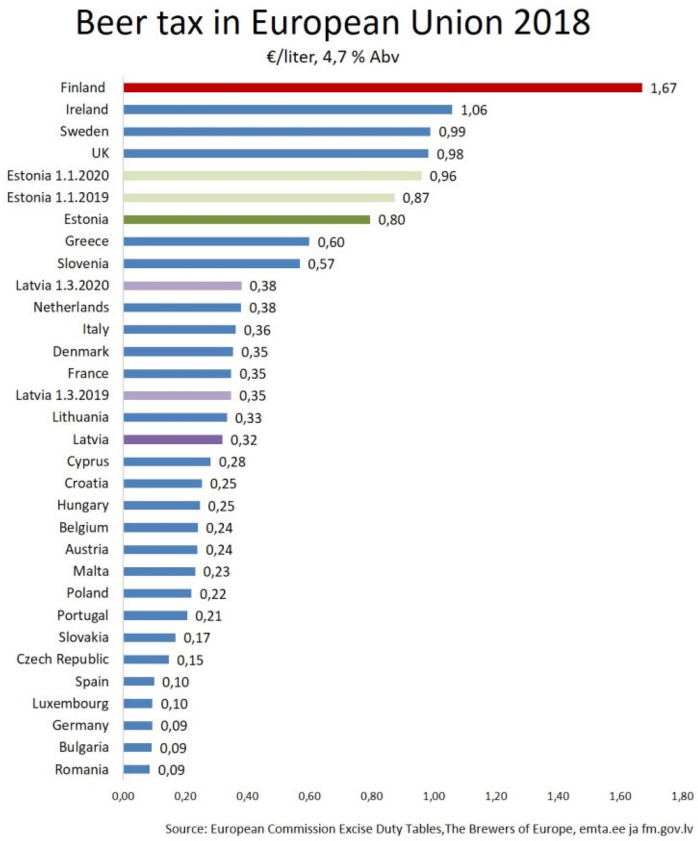
3.2.1 Cheap alcohol from Estonia

It has been a local phenomenon to bring a cheap alcohol (mostly beer) from Estonia to Finland in the past twenty years. Here are some guideline limits to bringing alcohol with you from other EU-country are following:

- 110 litres of beer (over 0.5%)
- 10 litres of other alcoholic beverages (over 1.2% ethyl alcohol content, e.g. strong alcoholic beverages, long drinks made from ethyl alcohol)
- 20 litres of intermediate products (max. 22%, including aperitifs, e.g. vermouths, bitters, sherries)
- 90 litres of wine, of which 60 litres can be sparkling wine (includes long drinks and ciders produced through fermentation)

Travelers can import more alcohol than the guidelines allow for private use, but if requested, they must be able to present credible proof that the amount of alcohol that exceeds the guideline limits is meant for private use. So as an example, if you are having a wedding or some kind of private party, you can obviously exceed those limits, but you have to have some kind of proof about the event. (Bringing back alcohol n.d.)

According to the European brewery unions head associations research, The Brewers of Europe, Estonia makes 143 million litres of beer but used domestically only 93 million litres in 2012. They also import 42 million litres to Estonia. Most of those litres were imported to Finland by travelling Finns and the government lost a lot of tax income from the alcohol that was imported. The reason for such amounts of alcohol imported to Finland is a massive gap between Finland and Estonia's alcohol tax. By the following chart you can see that Finland has the biggest beer tax in the whole European Union and with the pure alcohol tax Finland is also in top 3 at the whole Europe. (Oluen matkustajatuonti jopa 60 prosenttia oletettua suurempaa. 2013.)



3.2.2 Taxation changes in recent years

During the same time than Estonia joined to the EU, Finland tried to solve travelers importing beer problem by reducing alcohol taxes in 2004. For example, beer tax got reduced by 32 %. Since then the alcohol tax has been overall climbing more and more.

- 2008 stronger alcohol got increased by 15 % and other alcoholic beverages by 10 %.
- 2009 all alcoholic beverages taxes got increased by 10 % twice.
- 2012 mild alcoholic beverages increased by 15 % and stronger alcohol by 10 %.
- 2014 beer got increased by 8,2 %, wine 8,6 % and strong alcohols by 5,3 %.
- 2018 beer had a 10,9 % increase, fermented ciders and long drinks had a 10,7 %, wines tax increased by 13 % and strong alcohols increased by 5 %.
- 2019 beer tax increased by 2,7 %, fermented ciders and long drinks had a 2,1 % increase, wines had a 3,7 % increase in taxes and strong alcohols got increased by 2 %. (Alkoholiverotus n.d.)

3.3 New age of the alcohol law, comprehensive reform of Alcohol Act

The political work on the comprehensive Alcohol Act reform began in February 2016, when the Minister of Family Affairs and Social Services presented his preliminary proposal to the ministerial working group, the parliament discussed the preliminary proposal, and its key policies regarding the reform were outlined in May 2016. The summary for the new alcohol law was completed in March 2017. (Tuominen n.d.)

The purpose of the Alcohol Act is to prevent negative effects of alcohol, but also dismantle all unnecessary and outdated norms in the current legislation. The newest changes for the Finnish alcohol law have been introduced to the public in the beginning of the year 2018. Execution of those new laws were implemented in two separate stages. (Tuominen n.d.)

At the start of the year 2018, there was the first wave of the newly revealed laws. There has been a lot of criticism towards the timetable of the first wave. The bill was adopted on 19th of December 2018 and President of Finland approved it on the 28th of December. There was too little time to start making drastic changes especially on small breweries, but also in the retail stores to implement these new rules. (Tuominen n.d.)

The general manager of Laitilan Wirvoitusjuomatehdas, Rami Aarikka, said to the interview of Kauppalehti (2017), that he requested from the parliament some sort of transit schedule to the end of March, but there was no such thing happening. Aarikka said that the big breweries are in a much better position because they have bigger buffers and the products are ready. Big breweries also distribute their products themselves, so they get their stronger beers, long drinks and ciders to the stores shelfs much faster than others.

3.3.1 New rules, new laws

There were numerous changes and new laws in the Alcohol reform, but we are going to focus on just the retail effects of the new law in this thesis. The simplified list to all the changes that are not related to off-trade business is in the following according to Ministry of social affairs and health :

On-trade

- No more different tier restaurants that determines how strong of alcohol they can serve. One license covers all the beverages.
- At every shift in the restaurant there must be legal aged supervisor. There are no more specifications who this person can be, only certificate to sell alcohol is enough.
- Restaurants will be allowed to share serving areas.
- The regular serving hours still end at 1.30 am. However, restaurants and bars can continue to serve alcohol until 4.00 am after notifying the regional state administrative agency of the extension.

Advertising

- Restaurants can advertise Happy Hour discounts.
- Producers of strong alcoholic beverages, wholesalers and restaurants and bars can present their products for example in online price listings.

Production at home

- The new Alcohol Act will impose no restrictions on the raw materials used in home production of beer and wine. However, distilling will still be prohibited.

Passenger importing

- According to the new Alcohol Act, passengers are required to spend at least 24 hours in the non-EEA country (such as Russia) to have the legal right to import alcoholic beverages.

3.3.2 Off-trade legislation, stronger beers in stores

The main thing that is interesting for the researcher in this thesis, is the change in the off-trade business. At the start of 2018, the maximum strength of alcoholic beverages sold in retail stores was raised to 5,5 % alcohol by volume, and the requirement for production by fermentation was removed. Also, independent breweries and microbreweries have the right to sell their own craft beers at the brewery. The limit for the microbrewery's capacity is 500,000 litres per year to be considered as a microbrewery. This means that some of the products that were key selling items to the Alko, were now available in supermarkets. Alko's opening hours were also extended by on hour from 8:00 pm to 9:00 pm. (Tuominen n.d.)

The new alcohol law was a big blow to monopolised Alko. For example, Alko's number one selling product was the Original long drink from Hartwall. The beverage is made from gin and grapefruit flavours and it is 5,5 % of alcohol by volume strong. Because of the new law the product is now available in everyday markets and there is no point for customers to go to the Alko because of it. Hartwall also increased their long drinks sales in 2018 by + 47 % according to their sales figures. On the other hand, Alko's long drink sales went down 49,2 % according to Alko's own sales chart of 2018. (Attachment #1, Alko's sales report from the 2018)

4 PRICE AS A FACTOR

During the theme interviews, there were couple occasions when supermarket beverage managers answered that the price is a more determinative issue for the customer than the alcohol percent.

The question where the price came up, several occasions followed:

“Is the alcohol percent in special beers determinative factor to customers?”

- *“No, I don’t think so, usually I would say that the price has more value to them.”*
- *“No, not really. But I would definitely say that the price is the most important thing what makes a customer to buy the beer.”*

The price tells a lot for the customers about the product. It brings out different emotions from them. If you price your product a lot cheaper than the competitors, it usually can lead to different outcomes. There is a risk involved with cheap products. They could be seen as less quality items. A cheap price can also implement that the product may break easier than more expensive competitor, but with a cheaper price, a company may attract more customers who value saving money and they tend to go with the cheaper product. Having a cheap price is a double edge sword. If you on the other hand, price your product more expensive than the competitors, then you might scare away some customers with that. For some people buying a more expensive products is also a guarantee for a quality product. For example, with wines, for some reason, they are more expensive and also customers critique the idea that the wine should taste better. After all, the alcohol business in general is a field where the customer is buying an experience rather than just product. (Hawkins & Mothersbaugh 2013, 681)

The customer is ready to pay for a certain product determining how much money he or she has and how they determine the products value. The price is a direct indicator of the value and the easiest for the customer to notice. When two equal products are competing for the customers attention in the same price point, then then customer usually chooses the more notable brand over the unknown rival. If we do not take stand on the “hipster” effect. In the “hipster effect” the customer chooses more unknown product over popular ones as a counter movement. This usually is seen in everyday items rather than more expensive products. (Hinnoittelun ABC – Opas tietotuotteiden ja palveluiden hinnoitteluun. 2005.)

5 INTERVIEWS

The theme interviews were made over the phone. For this thesis, there were 8 total interviews with the breweries and 8 phone calls with supermarkets. Phone calls were an average of 10 minutes long and consisted of 5 questions. After the questions were asked, there was also time for a short "free speech" from the interviewee about the new the alcohol law and other related subjects. For the thesis there have also been some "unofficial" interviews with alcohol distributers and marketing personnel. Their thoughts have also been taken notice.

5.1 Questions & answers

5.1.1 Breweries

The questions for the breweries were following:

- General thoughts about the new alcohol law, had it any effect on your brewery's daily tasks?
- Have you changed any products alcohol percentage because of the new alcohol law?
- Have you made any new products just because of the new alcohol law?
- Have your over 4,7 % of alcohol beers (A-beers) sales or production increased during this year?
- Do you see Alko's position as a specialty beer distributor changed drastically?

All the breweries that were interviewed commented that the new alcohol law was a great thing and it should have a positive impact on local breweries. There also were some interesting arguments of why the new alcohol limit for the grocery stores was set to 5,5 %. Two of the interviewed breweries named Hartwall and their long drink (5,5 %) as a biggest winner of this new limit and they think that Hartwall's lobbying was greatly influential for the new limit. Also, there were a lot of criticising about the timetable of actions and enforcing the new laws during start of the year 2018. A lot of breweries said that they had too much of hurry during the new year.

- *"It has been a good thing for all of us. Finally, there is some sort of sense in this nation's alcohol laws. Right after the law changes were informed to us, we started brewing a stronger A-beer. Also unfermented long drinks have been on our table after this."*
- *This is a good thing. We have been waiting this for a long time, but still were a bit shocked that it happened this easily"*
- *"Good thing in general, but the timing was really off. We sold out our inventory really quickly and because we are a bit smaller, we did not have any buffer to create because if the law did not go through, then we would be in deep trouble."*

Only one brewery said that they changed their product to a stronger variant after the new law.

- *"Yes, we did a change for one beer. Now it tastes finally like it should be."*

Many breweries answered that they started right away thinking of new products and that they felt more liberated to create and perform recipes because now they did not have to cut down from the percentage to get the products to supermarkets and under 4,7 %. Also, long drinks do not have to be fermented and that was mentioned several times. One of the interviewed breweries was satisfied of their old selection.

- *"Yes, we started right away creating new long drink and ready to drink mixers. Our focus has been now to expand our line of products."*
- *"Well there was right away couple of new beer styles that we wanted to try out."*
- *"Our first move was to make good solid IV-beer to the markets."*
- *"Because we are smaller brewery, we were not going to expand our selection more, rather than we just concentrated to get our existing selection a better spread to grocery stores."*

To the question about the increased sales of the stronger beers, almost everyone stated that they have seen at least a small rise. A couple of breweries also stated that the new law made competition even harder and they have seen more imported competitors at stores as well.

- *"Of course, there is an increase in sales. We right away multiplied locations for our products and it shows."*
- *"Yes, there is a slight chance to the positive. At first it felt like that the stores just buy anything from us, but after the rush start it has slowed a little bit."*
- *"A small rise yes, still our #1 selling product is III-beer pale lager."*

The question about Alko's position was interesting. Some breweries were happy that the Alko's monopoly got a small dent, but they also have concerns about their other products. Someone answered to this question more personally than behalf of their company.

- *"Well it chanced all right. I am happy to see that the Alko is not the only place where you can buy quality beer anymore. Hopefully the whole alcohol industry will open up some day."*
- *"I am a bit worried what happens to the rest of the beers that are over 5,5%. I bet that random customers don't anymore go "window shopping" to Alkos for interesting beers that much and they might forget that there is still quality beers left in Alko."*
- *"Specialty beers are not anymore the reason to go Alko that much. I think that a lot of spirits are not going to be sold anymore because the possibility to impulse purchase will be lost."*
- *"I hope people will still use Alko. There is a lot of good products to be discovered."*

5.1.2 Grocery stores

The questions for the grocery stores were following:

- How did your basic A-beers selling started right after the law change?

- Did the new law change your beer selection someway? Domestics vs Imported?
- Does the alcohol percent effect on your customers decision?
- Has the new law increased beer sales in general?
- Has your customer wished more stronger beers?

All the grocery stores stated that the sales of stronger beers went up right away after the new law change. There were lot of people just looking for what kind of products are on the markets and a lot of people probably bought products "just for fun" because now it was possible. Feedback from the customers was positive right from the start. Some beverage managers said that almost everything got sold during the first wave.

- *We were prepared for the start of the year with bigger inventory and more staff. Some products like Hartwall long drink was flying out of the shelfs."*
- *Right after the year started the strong beer isle was like a sight to see. There were a lot of people just looking different products and trying stuff out."*
- *Surprisingly there has not been huge downfall after the start. Specialty beers are in high demand."*

For the beer selection, there were different answers from the supermarkets. Some of them have seen increase in domestic beers and others have seen demand for imported beers. Some say that there has been overwhelming variety of selection to choose from. There is not enough space for everything.

- *"Now there is so much newcomers in Finnish markets who want to be placed in our shelfs. There is no more room and it is getting a bit annoying that everyday we say "no" to somebody"*

In this thesis the question about the percentage of the beer and its effect on customers decision was eye opening. Almost all of the stores said that it does not effect the customers decision, but the price is an extremely important thing. If people want to drink stronger beers and get drunk, they usually buy the cheapest beverage from Estonia and those are not the customers type that are in grocery stores special beer isles are after. Only a few said that the percent of the alcohol matters.

- *“I would say that the price is more important than the percentage.”*
- *“For some customers the percentage might be bigger factor but usually they just want good tasting beer.”*
- *“The percentage does not interest customers if the product is overpriced.”*
- *“People don’t want just strong beers. They want good beers.”*

About the increased sales in general. There has been increase in sales overall, but no one can tell if it is because of the new alcohol law or just that because the hot summer in the year 2018. Still, all the grocery stores biggest seller is III-beer, but last year’s beer selling total was good and the demand was high.

There have been some wishes from the customers to get certain beers in the store’s selection. There has been demand especially for foreign products, but the percentage has not been the main topic. People are more interested about the taste rather than the percentages.

- *“People drink their beer because of the taste, not the percentages.”*
- *“Yes, they want the selection to be as wide as possible. People want craft beers.”*

A couple of the beverage managers of grocery stores also mentioned that they are waiting for wine to be next in supermarkets. They say that it demands more from the staff and the stores, but they are up to the challenge. There was also critique about the current 5,5 % limit and one person said that it does have any effect on anything. Also, at the free speech part, many mentioned that Harwall’s long drink is a highly demanded product. You must have it on shelfs otherwise the customer will be very disappointed.

6 ANALYSIS

After the interviews, it became time to analyse them. During a phone call, the conversations were written down in a computer. Between separate interviews there were recurring themes for the several topics and questions. Content analysis was started by verifying notable themes and understanding them. After the themes were identified, then clear patterns started forming.

John Dudovskiy writes on his 2016 book, The Ultimate Guide to Writing a Dissertation in Business Studies: A Step-by-Step Assistance, that *“Unlike quantitative methods, in qualitative data analysis there are no universally applicable techniques that can be applied to generate findings. Analytical and critical thinking skills of researcher plays significant role in data analysis in qualitative studies.”* Some of the outcomes were discussed with beverage industries professionals and their opinions also played notable role in the analysis. (Qualitative Data Analysis 2019.)

In the same book there is a paragraph about searching for the missing information. The information was there in the interviews. Both parties, the makers of the beer and the sellers of the beer were talking about the same thing, beer alcohol percent. Both parties spoke about it in totally different context. (Qualitative Data Analysis 2019.)

The main theme became alcohol voltage in the specialty beers. That was the original question behind this whole thesis, but after the interviews, it came out in totally new light. It is now clear that the beer makers, breweries, beer sellers and the stores do not speak the same language and in the same context. They see the same content in different ways and because of that, they say the same things but have different meanings.

In the secondary theme, it was the price. The price was not in original themes for the thesis, but especially after the interviews and analysis of the grocery stores beverage managers answers, it became clear that the price must be also mentioned in this thesis.

7 RESULTS

7.1 Strong beer paradox

After the interviews there is a clear difference between breweries and the grocery stores answers. Both speak about the alcohol percent, especially after it was asked, but in a different context. This is also backed up in the "unofficial" interviews with alcohol importers who represent import products.

According to importers: "*Usually grocery stores beverage managers don't know about the nuances of the alcoholic beverages. They do not know what makes a beer good and what doesn't. All they know and think about is that what sells and what doesn't, but they don't know why. They do not worry if their Belgium pale ale shelf is a bit unbalanced, if the products move, they are happy. They might not even know why the certain beer is stronger than others.*"

This was pretty eye opening because when you ask from the beer professionals about the higher amounts of alcohol in beer, they say that it should be there, and it brings more taste to the product. The higher the alcohol there is not to make you drunk, it is higher because that is how it should taste. During this thesis, it has been said many times that earlier, breweries had to make compromises to recipes and to the taste of the product to get the beers in grocery stores.

On the other hand, it felt like during the interviews of the grocery stores that they did not know why they were asked about the percentage. They might get the idea that the questions were asked for the thought that customers want stronger products because of the higher alcohol volume, but the case was one layer deeper. The higher alcohol makes some products better and especially taste how it is meant to. That is also a reason why it is so hard to make good non-alcoholic beers because in good beer, there should be an alcoholic taste in it. It makes the beer have a richer and deeper flavour. The problem was, either wrong kind of questions were asked or the beverage managers of the supermarkets did not understand what was being asked.

7.2 The paradox

The paradox of the stronger alcohol might be even further away than just between breweries and supermarkets. It probably is also within the customer and in our society as well. There is still some part of the customer sector who thinks that the beer has alcohol in it just to get you drunk. It is well known, because even the researcher of this thesis likes to use beer as an intoxicant sometimes, but primarily they are not the kind of customers who breweries of the specialty beer are after.

Alcohol consumption has been reducing in recent years especially amongst the Finnish youth. The youth welfare report (2017) states that less and less under 20-year old Finns use alcohol. It is not “cool” anymore to be seen drunk and intoxicated. If we ever want our drinking habits and legislation to stay on the same level as the rest of the Europe, it will take time. It is seen that in the future there will be more détentes in the alcohol laws, but this will come later. Hopefully, when alcohol becomes much less of a taboo in our society, it is a path to more instructive conversations, and it will take us towards a healthier stand with alcohol.

8 DISCUSSION

8.1 Summing up the key points of the thesis

The basic idea behind this thesis was to discover that is there room in the supermarkets to add a stronger variant of well-known products in Finland. The earlier topics were wrapped around in the frame of the alcohol percent, but after the discussions between beverage managers, it is clearer that the alcohol percent does not matter that much after all. The more important point is, how you price it.

Finnish people are still buying more III-beers than the A-beers, even though that they are at the supermarkets side by side. Stronger beers are more of a service product than the moneymaker, but a new interesting variant might rejuvenate an older brand and might took notice by the consumers.

The interesting part of the thesis was to discover that the beer makers and the beer sellers do not understand each other in the same way, when the topic is beer percentage. It is starting to be clearer that the importers and distributers play an important link between supermarkets and the breweries and hopefully they, as professionals in both fields, they can help both parties to understand each other better.

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APPENDICES

Appendix 1. Alko’s sales report of 2018

MYYNTI TUOTERYHMITTÄIN, LAAJA

Försäljning per varugrupp, fullständig - Sales by Product Group, comprehensive

	12/ 2018		Lkm Antal	1-12/2018		Lkm Antal
	1000 l	+/- %	Number*	1000 l	+/- %	Number*
VODKAT JA VIINAT - VODKA OCH BRÄNNVIN - VODKA AND SPIRITS	**1 347**	**-5,9**	**388**	**13 251**	**-3,7**	**442**
Maustamattomat vodkat - Okryddat vodka - Unflavoured vodka	524	-8,0	97	5 197	-6,9	115
Maustetut vodkat - Kryddat vodka - Flavoured vodka	9	-40,1	43	52	-34,9	49
Maustamattomat viinat - Okryddat brännvin - Unflavoured spirits	571	-5,3	36	5 920	-1,9	43
Maustetut viinat - Kryddat brännvin - Flavoured spirits	187	-1,1	69	1 558	0,2	74
Ginit ja geneverit - Gin och genever - Gin and geneva	47	3,0	115	441	6,9	132
Akvaviitit - Akvavit - Aquavit	4	-6,3	15	22	-3,6	15
Anistisleet - Anisdistillat - Aniseed spirits	5	-8,1	13	60	-6,2	14
MUUT VÄKEVÄT - ÖVRIGT SPRIT - OTHER SPIRITS	**974**	**-5,4**	**1 179**	**7 340**	**-3,7**	**1 379**
Konjakit, vs - VS-konjak - Cognac VS	82	-12,8	58	509	-10,7	70
Konjakit, vsop - VSOP-konjak - Cognac VSOP	73	-4,0	54	308	-4,4	61
Konjakit, xo ja muut - XO- och övrigt konjak - XO and other cognacs	40	-15,1	67	123	-15,2	77
Muut viinitisleet - Övrigt vindestillat - Other wine brandies	142	-0,1	71	1 260	0,4	77
Viskit,skotlantilaiset blended - Skotsk blended-whisky - Scotch blended whisky	121	-8,8	87	1 104	-6,1	94
Viskit,skotlantilaiset mallas - Skotsk maltwhisky - Scotch malt whisky	29	-2,8	205	137	2,9	261
Viskit, irlantilaiset - Irländsk whiskey - Irish whiskey	24	3,9	45	174	8,9	58
Viskit, kanadalaiset - Kanadensisk whisky - Canadian whisky	13	-16,4	9	123	-16,1	11
Viskit, yhdysvaltalaiset - Amerikansk whiskey - American whiskey	18	8,5	37	118	15,0	40
Viskit, muut - Whisky övrigt - Other whiskys	2	14,8	30	7	9,1	45
Rommit, vaaleat - Ljus rom - White rum	16	-9,7	13	157	-3,2	15
Rommit, tummat - Mörk rom - Dark rum	65	1,5	96	485	-1,2	108
Tequilat - Tequila - Tequila	2	6,5	23	17	-0,3	25
Calvados ja muut hedel.tisleet - Calvados och övriga fruktdestillat - Calvados and other fruit brandies	5	-1,4	39	22	-6,3	43
Marjaliköörit - Bärlikör - Berry liqueurs	22	-17,4	58	185	-9,8	66
Hedelmäliköörit - Fruktlikör - Fruit liqueurs	25	2,5	64	209	-4,8	73
Mausteliköörit - Kryddlikör - Spice liqueurs	84	-9,1	72	673	-3,4	90
Kahviliköörit - Kaffelikör - Coffee liqueurs	46	-5,5	22	429	-4,4	23
Yrttiliköörit - Örtlikör - Herbal liqueurs	57	-1,8	36	474	-1,9	40
Salmiakkiliköörit - Salmiaklikör - Salmiac liqueurs	33	-1,0	24	322	0,5	26
Kerma- ja muut liköörit - Grädd och övriga likörer - Cream and other liqueurs	57	-3,2	41	310	-7,1	43
Katkerot - Bitter - Bitter	17	-7,3	28	196	-4,8	33
VAKEVAT VIINIT - STARKVIN - FORTIFIED WINES	**598**	**0,2**	**224**	**2 640**	**-4,6**	**270**
Vermutit - Vermouth - Vermouth	9	-6,4	12	92	-8,5	18
Portviinit - Portvin - Port wine	25	-7,2	83	81	-9,3	104
Madeirat - Madeira - Madeira	2	-6,7	12	7	-10,4	14
Sherryt - Sherry - Sherry	17	-7,8	23	123	-11,6	27
Glögit - Starkglögg - Strong mulled wine	395	3,6	15	653	3,9	23
Muut väkevät viinit - Övriga starkviner - Other fortified wines	151	-5,4	79	1 684	-6,5	84
PUNAVIINIT - RÖDVIN - RED WINE	**3 323**	**-5,3**	**2 408**	**22 637**	**-6,5**	**2 938**
VALKOVIINIT - VITVIN - WHITE WINE	**2 023**	**-4,2**	**1 592**	**21 353**	**-0,3**	**1 864**
KUOHUVIINIT - MOUSSERANDE VIN - SPARKLING WINE	**773**	**-8,6**	**982**	**5 500**	**-1,1**	**1 239**
Kuohuviinit - Mousserande vin - Sparkling wine	703	-8,3	563	5 128	-0,7	662
Samppanjat - Champagne - Champagne	69	-11,8	419	372	-6,8	577
ROSEEVIINIT - ROSEVIN - ROSE WINE	**70**	**29,0**	**201**	**1 401**	**31,1**	**253**
MUUT MIEDOT VIINIT - OVRIGT SVAGVIN - OTHER WINES	**340**	**-21,2**	**120**	**1 523**	**-10,6**	**150**
Aromat. ja muut miedot viinit - Aromatiserat och övrigt svagvin - Aromatised and other wines	58	-30,1	120	563	-4,3	150
Hedelmäviinit - Fruktvin - Fruit wine	57	-32,7	46	614	-16,1	54
Glögit, miedot - Mild glögg - Mild mulled wine	224	-14,7	14	345	-10,0	21
SIIDERIT - CIDER - CIDER	**45**	**-27,6**	**109**	**536**	**-19,2**	**124**
LONGDRINKIT - LONG DRINK - LONG DRINK	**222**	**-57,9**	**96**	**2 932**	**-49,2**	**113**
OLUET - ÖL - BEER	**610**	**-33,9**	**833**	**5 671**	**-30,9**	**1 153**
Lager - Lager - Lager	154	-57,0	103	1 923	-47,4	125
Tumma lager - Mörk lager - Dark lager	47	45,3	26	177	-5,8	32
Pils - Pilsner - Pils	16	-43,2	34	171	-37,2	43
Vahva lager - Stark lager - Strong lager	187	-12,3	47	1 957	-10,4	57
Vehnäolut - Veteöl - Wheat beer	28	-42,9	51	248	-35,3	66
Ale - Ale - Ale	87	-30,7	279	641	-23,7	414
Stout & porter - Porter & Stout - Porter & Stout	41	-25,3	123	261	-14,5	180
Erikoisuus - Specialitet - Speciality	51	-19,4	170	293	-22,3	231
Luokittelematon - Oklassificerad - Unclassified				0	-88,9	5
ALKOHOLITTOMAT - ALKOHOLFRITT - NON-ALCOHOLIC BEVERAGES	**63**	**0.0**	**135**	**475**	**6.5**	**150**
YHTEENSÄ - *Sammanlagt - Total*	**10 387**	**-10,3**	**8 267**	**85 259**	**-8,5**	**10 075**
YHTEENSÄ 100 %:N ALKOHOLINA *Sammanlagt i 100 % alkohol - Total in 100 % alcohol*	**1 796**	**-7,2**		**14 757**	**-5,4**	

*) Tuotteiden lukumäärä, Antal produkter, Number of products