MAKING LOVE IN A CANOE NO LONGER? TOURISM AND THE EMERGENCE OF THE CRAFT BEER MOVEMENT IN CALIFORNIA.

Alison Dunn
Gerry Kregor
University of Tasmania

ABSTRACT
Exploratory research was conducted on craft breweries in California to assess how and why these breweries use tourism to assist market penetration of their beer. Little research has been conducted into the relationship between craft breweries and tourism. This paper focuses on the supply-side perspective of craft brewers which is explored through in-depth interviews. To overcome the market control exercised by mega-brewers, such as Anheuser-Busch, craft brewers have adopted a strategy of fostering a craft beer culture that connects directly to consumers via brewery visits, beer events and social media. Craft brewers have few connections with tourism organisations a situation which parallels wineries during the emergence of wine tourism. The paper adds to our understanding of the relationship between craft breweries and tourism but finds that brewers need to liaise with tourism organisations more extensively before beer tourism regions can be developed in similar fashion to wine tourism regions.

Key words: Craft breweries, supplier perspective, beer culture.

INTRODUCTION
The Monty Python sketch (Monty Python, 1982) referred to in the title likens "American beer" to water. This is confirmed by Caroll and Swaminathan, (2000: 725) who described American beer as 'industrial beer' which grew "paler and ever more tasteless." By the 1990s however, the US craft beer movement had emerged, producing "flavourful beers that ... contrasted markedly with the predominant bland American lagers of the day" (Bockway, 2013).

The emergence of craft breweries created new opportunities for visitors to visit small breweries to learn about, sample and buy craft beer and meet the brewers. Little has been written on the provision of craft beer experiences or on the tourists who consume them. This paper adopts an exploratory approach from the supply-side perspective of craft brewers examining how and why craft breweries encourage visitors. The geographical focus is California which is identified as a pioneer State in the US for craft beer (Bockway, 2013). According to the California Craft Brewers Association (CCBA) the economic impact of craft breweries in the State was approximately $3 billion in 2011 (CCBA, 2013).

As little has been published on breweries and visitors, the paper will discuss the emergence of alcoholic beverage tourism, especially wine tourism, and then the development of craft breweries in California. Analysis of the interviews will be presented and the discussion will highlight the parallels that can be drawn with the emergence of wine tourism and the implications for craft brewery managers and tourism organisations who may want to embrace the benefits a healthy relationship with tourism can bring for craft breweries and the development of craft beer tourism regions.

LITERATURE REVIEW
Plummer, Telfer, Hashimoto and Summers (2005) wrote one of the few papers on beer tourism which included the following definition: "beer tourism can be defined as visitation to breweries, beer
festivals and beer shows for which beer tasting and experiencing the attributes of beer regions are the prime motivating factors for visitors" (Plummer et al, 2005: 449). Their definition is derived from Hall, Johnson, Cambourne, Macionis, Mitchell and Sharples's, (2000) definition of wine tourism. Plummer et al (2005) retained reference to beer regions which is surprising as craft breweries are frequently located in urban, light industrial sites that offer little intrinsic interest for visitors. Getz and Brown (2006: 149) placed emphasis on "the combination of physical, cultural and natural environments" that help attract wine tourists which highlights a major difference between the two tourism experiences.

Wine tourism is a specific segment of tourism that attempts to provide tourists with an engaging experience with wine when on holiday. Wine tourism is defined by Hallet al, (2000:3) as "visitation to vineyards, wineries, wine festivals and wine shows for which grape wine tasting and or experiencing the attributes of a grape wine region are the prime motivating factors for visitors." For O'Neill and Palmer (2004) the main benefits of wine tourism to wineries include building brand equity, value adding and distribution at low marginal cost. Fraser and Alonso (2006) confirm that cellar door sales reduce transport costs and avoid wholesaler fees.

But the relationship between wine and tourism had to be encouraged before it flourished. Hall et al (2000) refer to suspicion between wine producers and representatives of tourism organisations trying to promote wine tourism. They proposed that wine producers viewed tourism as a lower class activity that would not match the exclusive associations of wine branding. Similar attitudes were uncovered by Charters and Menival (2011) among champagne producers in France. In practical terms wineries may also have regarded that time spent hosting tourists would be better spent on wine production (Fraser and Alonso, 2006). Howley and van Westering (2008) demonstrated that some winery owners did not understand wine tourism; they appeared to equate tourism with mass numbers and did not consider visitors to their cellar doors as tourists.

Similar trends have been highlighted in other drinks industries. Martin and Haugh (1999) studied the development of a Malt Whisky Trail in Speyside, Scotland. They found initial reluctance among distillers to become involved in the trail as they did not want to cooperate with other distilleries who they viewed as direct competitors. Once the trail was established the study found that the distillers regarded collective marketing as one of the main benefits of membership of the Trail.

Literature on the US brewing industry indicates that consolidation was the major trend of the twentieth century. In 1934 Swaminathan (1998) asserts there were 933 breweries which declined to 43 by 1983. Tremblay, Iwasu, and Horton Tremblay (2005) calculated 766 breweries in 1935 declining to 20 in 2005. Although the numbers differ the trend towards consolidation is clear. Consolidation in US brewing was facilitated by improvements in technology that allowed brewing, packaging and transport on a mass scale (Adams, 2006; Carlson & Wehbring, 2011; Warner, 2010).

By the 1990s US brewing mainly "produced a uniform American lager on a mass scale, their products being differentiated via mass marketing" (Bastian, Oakley Simpson, Mlead, Menkhaus, Alstep, Ogden, & Whipple, 1999: 552). Clemmons, Gao & Hitt, (2006) agree that mass advertising, (Anheuser Busch spent $2.6 billion on marketing in 2004) and numerous brand names were used to create an illusion of differentiated products, for example Anheuser Busch produced three brands in 1970 but 40 brands by 2000 (Carroll & Swaminathae, 2000).

Towards the end of the twentieth century the craft beer movement reversed the declining trend in the number of US breweries. Tremblay, et al (2005) identified eight craft breweries in 1980 swelling to 1492 by 2003. The Brewers Association (US) put the total number of US craft breweries in 2013 at
2,360 (Brewers Association, 2013). A craft brewery is defined by the Brewers Association (BA) as small (> 6 million barrels per year), traditional and independent (BA, 2013; Plummer et al, 2005).

Swaminathan (1998) concluded that changes in consumer preferences created the rise in demand for craft beer. Nelson (2005) noted that the demand for imported beer in the US had risen from 1.1% in 1975 to 11% in 2001 and Warner (2010) suggests that consumers of imported beers were looking for an alternative to bland mega beers. Some US consumers were prepared to pay more for beer that was perceived to have more flavour. Flack (1997) argues that if consumers were only interested in flavour imported beers would satisfy this market. He suggests the increase in demand for craft beer represents a preference for a quality local product. Yaeger (2008) confirms that craft beer is brewed using traditional methods that do not rely on preservatives making craft beer a fresh product that is at its best when consumed locally.

The film Beer Wars (Baron, 2009) portrays the stranglehold the mega-brewers had on the US beer market by the end of the twentieth century through control of distribution networks and mass advertising. Swaminathan (1998), findings of a decrease in the number of wholesalers supports the views expressed in the film that emerging craft breweries faced difficulties in building awareness and distribution channels for their beer. Clemons, Gao and Hit, (2006) suggest that craft breweries relied on internet beer rating sites which allowed them to quickly build brand awareness thus circumventing these barriers. Other strategies included beer festivals and tasting bars that brought visitors to the beer. Craft breweries began to follow the lead of winery cellar doors by connecting directly to consumers on site.

Literature on wine tourism clearly demonstrates that wine producers initially did not regard their businesses as tourist attractions. They also needed encouragement to recognise the potential benefits of cooperating with tourism industries to form wine tourism regions (Hall et al, 2000; Alonso and Liu, 2010; Charters and Menival, 2011). In relation to beer, Plummer et al (2005) highlighted that breweries on the Wellington-Waterloo Trail should liaise with tourism industry representatives. Their 2006 follow up paper however, found that suspicions between brewers and tourism organisations were not fully reconciled leading to the demise of the successful ale trail (Plummer, Telfer & Hashimoto, 2006). Participants in the Ale trail alliance were critical of the breweries for being preoccupied with beer sales. Although the study found problems with communication in the Alliance it could be inferred from their study that the breweries viewed tourism (ie the Ale Trail) as a vehicle for building brand awareness and distribution channels and once this was achieved the need for tourism diminished. Little empirical research has been conducted into the relationship between craft breweries and visitors. Getz and Brown (2006; 149) writing about wine tourism stated that “theoretical development usually lags descriptive analysis in a new field of inquiry.” This paper therefore explores attitudes of brewers to tourism in an attempt to answer the research question how and why do craft brewers incorporate tourism into their business and is tourism viewed as a temporary means to the end of building brand awareness and beer distribution channels. Comparisons will be drawn between the attitudes of brewers and wine makers during the emergence of wine tourism.

METHOD

The data presented in this paper is drawn from semi-structured interviews with seven Californian craft breweries. Each face to face interview lasted between 60 and 120 minutes and was conducted at the brewery. Brewery owners and managers were targeted to access their key informant knowledge and experience of how their brewery utilises tourism.
Two hundred and thirty three breweries were identified in California but the population required for the study was reduced using three criteria. First, were they a craft brewery? Second did they attract visitors and third were they available to participate during the timeframe of the study. The thirty seven who matched the criteria were contacted and seven agreed to participate.

As little has been written on craft brewery adoption of tourism an exploratory approach was pursued. Alsono and Liu (2010) recommend exploratory research as it can generate insights to help define poorly researched or ambiguous issues. The interview questions were framed in an open-ended manner, to allow the interviewees to reflect on their experience and their future plans for the incorporation of tourism into their business strategies. The collection of primary data using a semi-structured interview method allowed the informants to tell their own story in their own way, thereby allowing the researchers direct access to their experience (Clandinin & Connelly, 1994).

The interviews were recorded, transcribed and thematically analysed to extract emerging themes. The interview schedule included questions on business start-up, visitor services, marketing, distribution, associations, challenges and future plans including the incorporation of visitors into the business.

RESULTS AND DISCUSSION

To answer the research question how and why do craft breweries incorporate tourism into their business, responses on visitor services, marketing, associations and future plans for tourism at their breweries will be discussed and parallels with the literature will be drawn.

<table>
<thead>
<tr>
<th>Number</th>
<th>Location</th>
<th>Opened</th>
<th>Capacity (2010)</th>
<th>Staff</th>
<th>Tourism Facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Los Angeles</td>
<td>Feb 2010</td>
<td>12 Barrel</td>
<td>3 family + 1</td>
<td>Tasting Bar; Tours; Events</td>
</tr>
<tr>
<td>2</td>
<td>San Diego North</td>
<td>1996</td>
<td>50 Barrel</td>
<td>&gt;40</td>
<td>Tasting Bar; Tours; Events</td>
</tr>
<tr>
<td>3</td>
<td>San Diego North</td>
<td>July 2010</td>
<td>1.5 Barrel</td>
<td>Owner + 1</td>
<td>Tasting Bar; Tours</td>
</tr>
<tr>
<td>4</td>
<td>San Diego North</td>
<td>1996</td>
<td>2 x 120 Barrel</td>
<td>&lt;340</td>
<td>Tasting Bar; Tours; Events; Garden; Restaurant</td>
</tr>
<tr>
<td>5</td>
<td>San Diego North</td>
<td>May 2006</td>
<td>n/a</td>
<td>28</td>
<td>Tasting Bar; Tours</td>
</tr>
<tr>
<td>6</td>
<td>East San Diego</td>
<td>2002</td>
<td>12 Barrel</td>
<td>2 in brewery; 18 in restaurant</td>
<td>Tasting bar; Bar; Restaurant</td>
</tr>
<tr>
<td>7</td>
<td>North of Los Angeles</td>
<td>1996</td>
<td>60 Barrel</td>
<td>&lt;40</td>
<td>Tasting Bar; Tours; Events</td>
</tr>
</tbody>
</table>

Table One demonstrates that the sample of breweries was diverse ranging from a tiny part time brewery to the biggest craft brewery in Southern California which distributes its beer nationally. All
seven breweries were opened after 1995 and therefore form part of the second wave of craft breweries (Bockway, 2013). Location can play a role in shaping the strategies of breweries, for example Brewery Seven was located in a wine region prompting the brewery to promote itself in the region and collaborate with wineries. The owner of Brewery One, the only brewery in the sample from Los Angeles (LA) was keen to develop a beer culture. Recently the craft beer movement has emerged in LA as noted by Brewery Two “LA is taking off, it was a wasteland for a long time, now there are some good breweries in LA.” The other five breweries were located in or near San Diego which is recognised as a craft beer city hosting more than sixty craft breweries (NUSIPR, 2012).

All the breweries where interviews took place had a tasting bar that attracted visitors to the brewery. All but one of them (Brewery Six) offered guided tours. Each brewery displayed some level of written interpretation about the brewing process, awards from competitions and sold merchandise. Visitors could taste the beers and buy bottled beer to take away. As Brewer One stated, “if you want the beer come to the brewery.”

All the tasting bars were open for limited hours. The smallest brewery (Three) said they opened “Wednesday to Saturday till 7pm but if a group is in, we will stay later.” The reason for the limited hours is partly due to local licensing restrictions. A comment from Brewery Five sums this up “the tasting bar isn’t really a bar. We have to follow certain rules to make sure it is not seen as a bar. We only open short hours.” All the tasting rooms were closed by 10 pm.

Three reasons were behind the breweries decision to open a tasting room:- retail sales, promotion and education. Hall et al’s (2000) study of wine tourism found similar motivations for operating winery cellar doors. The retail sales opportunity was particularly welcomed by craft breweries as they make far more from retail sales than wholesale. Brewer One stated “using a wholesaler will eat into profits. I would have to pay a wholesaler and sell the beer at wholesale rates. I get retail rates at the tap room.” Retail sales were crucial for Brewer Three “I sell it here as fast as I can make it. If I sold it wholesale I would make half what I get retail and with the small batches that would be a loss.”

Distribution of craft beer can be difficult. The mega brewers not only brew on a mass scale they wield massive power over the distribution networks and retail outlets hampering craft brewers’ market access (Baron, 2009). The strategy of attracting visitors to the brewery helps overcome distribution difficulties which align with Fraser and Alonso’s (2006) findings regarding the benefits cellar door sales generate for wineries.

Brewery Seven was the most enthusiastic about the promotional role of his tasting bar. “I’ve made it like a member of our sales team. Its promotion, it sells beer, we drive a lot of what we’re doing through the tasting room.” Educating drinkers about craft beer appears to align with promotion and developing product awareness. Brewer Two conveyed:

When I started the brewery I realise I needed to get out & meet people & bring them samples of the beer. When I got an opportunity I’d get in there & try to educate the staff. I’d have the entire staff taste our beer and tell the story.

Brewer One stated “I wanted a place people could hang out and talk about the beers. The tap room is to educate people on the complexities of beer & to build a beer community.” Brewer Three concurred, “Tourism is good to show off the brewery it gives people an idea what a small brewery looks like. You let people see the brewing process, they have no idea what it looks like. They think it’s awesome!”

The need to educate consumers about craft beer is also aligned to the market dominance of what Bastian et al, (1999: 552) referred to as “uniform American lager” of the mega brewers. The massive
advertising of brewers such as Anheuser Busch attempts to maintain their control of the market (Clemons, Gao & Hilt, 2006) but, as Warner (2010) and Swaminathan (1998) have argued, since the 1990s consumer tastes have changed to demand beer with flavour. The educational and promotional role of the tasting rooms and the breweries’ presence at beer festivals have aided the swing in consumer preference allowing craft breweries to claim a progressively larger share of the US beer market.

Building a beer culture or community is also evident in the low key nature of the advertising done by craft brewery tasting rooms. All the breweries in the study had no, or subtle signage for their tasting rooms. Even the biggest (Brewery Four) stated “we have no sign on the building, like it is a secret.” Brewer One said of his tasting room “I want it to be a hard-to-find, special place.” Similarly the manager of Brewery Seven said “we don’t actively promote it, we have a balance between having people find us on their own and promotion.”

Word of mouth marketing was important to all the breweries interviewed. Craft breweries understand they cannot compete with the mega breweries’ advertising budgets (Clemons, Gao & Hilt, 2006) but they are also fostering an image for their beer as premium quality and extraordinary. Craft beer is not a mass product; you need to learn about it by coming into contact with the craft beer culture. All of the brewers expressed the belief that their beer would do the talking. They do not follow classic marketing practice by brewing beers that suit a market demand. They brew the beers that they like to the highest quality they can.

Social media offers craft breweries the opportunity to spread the reach of craft beer culture. Locals can keep in touch with new beers and events as can people on the other side of the country or world thus simultaneously circumventing mega brewers’ stranglehold on advertising and fostering the distinctive nature of craft beer. Brewery Two’s comment summed up the sentiment of the breweries and their adoption of social media to augment word of mouth marketing:-

Social media is allowing people not paid by you to say great things about our beer. Our fans will talk for us and that seems to be the most authentic way to spread the word about what you’re doing. People who are not paid by you to say these great things are going out and in a viral way telling all of their friends and more about what they like about what we do. It’s a fantastic thing and it doesn’t require too much from us except to get the beers out there and to get the info out to these people so they can taste it and try it and tell a million of their closest friends... it’s like word of mouth on steroids.

Craft breweries made further attempts to reach consumers through events such as beer festivals and competitions. Brewery Seven’s interviewee said of events “Absolutely, next to social media, that would be the next largest thing that we do.” Brewery Four participated in 300 events annually. The smaller and newer breweries (Breweries One and Three) were only getting started but planned to become more involved. Craft breweries favour making direct connection with their consumers through a craft beer culture which is fostered by visits to the brewery, beer events and social media.

A further aspect of craft beer culture involves the alliances breweries build. All the breweries interviewed spoke highly of the national organisation the Brewers Association (BA) whose purpose is “to promote and protect small and independent American brewers, their craft beers and the community of brewing enthusiasts” (Brewers Association, 2013). Brewer One, reported “the BA has been a huge help with legal, political, education, technical advice even to looking after your health.”
The three biggest breweries in the study were linked to their local Chamber of Commerce but only the largest two had any connections to tourism organisations. Even the two with tourism links were not fully involved. Brewery Four’s interviewee stated “I work with San Diego Visitor Bureau... host visiting journalists but our brochures are not in their racks we use the brewery map produced by the Brewers Guild.” Brewery Seven in the wine region was the only brewery to be a member of a tourism organisation but they found they got more from their membership of their local Wine Country Alliance “we promote ourselves to the wineries so when people ask them what else can I do here, they recommend us.”

The craft beer community is further strengthened through informal collaboration between breweries. Brewer Four noted that “the American craft beer industry is based on camaraderie rather than competition”. All the interviewees talked of sharing ingredients and expertise or of doing collaborative brews. Brewery Five confirmed that “a great beer community exists; there is lots of sharing.” The interviewee from Brewery Seven’s comments were more qualified “the brewers have a brotherhood thing happening but when you get into the marketing and sales sides, they don’t really like each other.”

The attitudes of the craft breweries to collaboration are reminiscent of the discussion of early wine tourism. Charters and Menival (2011), Hall et al (2000), Howley and van Westering (2007) all discuss wineries’ reluctance to become involved in tourism. In Martin and Haugh’s (1999) paper on whisky tourism the distilleries were reluctant to cooperate with who they saw as their direct competitors but, with craft beer, cooperation between breweries is the norm. Brewery Three thinks that “San Diego is not saturated yet. I’d like to see more breweries.” All the breweries shared the viewpoint of Brewery Two “a lot of brewers are collaborating because we are like-minded people ... and we have the attitude that a rising tide floats all boats.”

Plummer et al’s two papers on the Wellington Waterloo Ale Trail in Canada (2005, 2006) traced the breweries early enthusiasm for an ale trail which later dwindled. They suggested that once breweries established distribution channels for their beer the need to be involved with tourism diminished. The future plans of all the current interviewees included expansion of their brewing capacity and their visitor facilities. Brewer Two replied “Absolutely, having people connected directly to the brewery is a huge benefit. They champion our cause.” Brewer Three said “Definitely, every night is meet the brewer night” and Brewery Four responded “Absolutely, come in and see what we are doing would be part of the plan.” Brewery Seven said “Absolutely, were are in the process of building a new tasting room and retail centre.”

Thus in contrast to the findings of Plummer, Telfer and Hashimoto (2006), continuing to attract visitors to their breweries is a leading and ongoing part of the business strategies of all the craft breweries in the study. Tourism is not viewed as a temporary vehicle for developing awareness and building distribution channels which will be discarded once channels have been established. The two biggest breweries in the study already distribute their beer nationally and internationally but both are planning to extend their breweries’ visitor facilities. However promoting the development of beer tourism regions or collaborating with tourism organisations is not at this stage on their agenda.

Craft breweries have successfully attracted visitors to their breweries and social media sites. Flack (1997) argues they have positioned craft beer as a premium product, appreciated at its best at the source, the brewery. The breweries have chosen to participate in the development of a craft beer culture but they have demonstrated little interest in tapping into existing local tourism networks that may offer an additional strategy for craft breweries to be regarded as an authentic, local, cultural experience that continues to attract locals and tourists. Parallels can be drawn with the emergence of wine tourism. Craft breweries could learn from the experience of wineries where initial reluctance to
form wine tourism regions hampered the development of wine tourism. Craft breweries could circumvent the barriers to the development of beer tourism regions but only if they liaise with local tourism networks.

CONCLUSION AND IMPLICATIONS

This study has demonstrated that the principle focus of craft breweries is beer. Their strategy is to build direct links to consumers locally and beyond through a craft beer culture which is supported by brewery visits, events and social media. This strategy has helped them break into a beer market heavily dominated by mega brewers. Currently the brewers believe there is scope for growth in craft beer but as market saturation approaches attitudes to cooperation may change. The evident camaraderie could be channelled into extended cooperation in tourism development which can only be generated if brewers and their organisations recognise their tourism role and tourism organisations make more overtures to help craft breweries appreciate the extended benefits beer tourism could offer.

In this way craft beer may follow wine and whisky that have over time come to embrace tourism. Parallels can be drawn between the emergence of wine tourism and the newer field of beer tourism adding to our understanding of how new niche tourism can be fostered.

The study is limited by the small number of breweries who agreed to be interviewed although an in-depth insight was gained from those that responded. A larger scale study is needed to verify the exploratory nature of these findings. Comparisons to other craft beer producing regions could also extend understanding of craft brewery strategies and their relationships to visitors. Research on demand would also prove useful to identify tourists' motivations for involvement in brewery visiting.

REFERENCES


