Profiling Some Central and Eastern European Craft Beer Breweries through their Branding Strategies

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Affidavit

I hereby affirm that this Bachelor's Thesis represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

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Abstract

The craft beer market is becoming overly saturated, and the most effective way for breweries to differentiate their products is to rely on their branding strategies. According to various theories, place-based branding strategies, including the emphasis and integration of local heritage, history, and narratives, can create reinforced connections with the consumers, as well as an authentic brand identity. As such, emphasizing and integrating local values might help to gain recognition in this competitive market. A research interest took shape to segment the craft beer market by the different breweries' branding strategies and market positions, focusing on their conscious adoption of local values. Furthermore, as the neolocal movement is becoming more and more prevalent in the United States, this thesis aims to shed light on the emergence of this movement in the inspected Central and East European countries, namely Austria, The Czech Republic, Germany, Hungary, Romania, and Slovakia.

As a result, three distinct craft beer brewery profiles were identified through hierarchical clustering that show what "archetypical" brewery profiles are prevalent in the craft beer market. The primary data was acquired through an online survey where the participants were craft breweries from the countries mentioned above. These brewery profiles might be helpful for companies to develop future branding strategies and develop a comprehensive outlook on the current market. Moreover, the thesis also investigates the relationship between newly established brands and product innovation, local narratives in rural breweries, and the impact of COVID-19 on primary revenue sources.

Table of Contents

List of Tables

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List of Figures

List of Abbreviations

SoP = Sense of place

CBI = Consumer-brand identification

CBD = Consumer-brand disidentification

1 Introduction

Currently, branding is indispensable in today's increasingly growing and extraordinarily segmented market, and it is of great importance for small businesses engaged in niches (Gatrell et al., 2018). Their small scale characterizes craft beers, independent production and longer fermentation process compared to traditional industrial brews (Brewers, Association 2019). Moreover, craft beers are more prone to be innovative to enhance product differentiation, mainly focused on developing unique formulas by occasionally evoking historical styles with modern interpretations (Brewers Association, 2019). The increased awareness of beer quality is a prevailing trend among consumers (Mejlholm & Martens, 2016). Thus, craft breweries provide an alternative to mass-produced beer brands (Gomez-Corona et al., 2016) since beer drinkers are distancing themselves from multinational beer brands, and the reason lies in their homogeneity (Hede & Watne, 2013).

According to Calvo-Porral (2019), beer is consumed differently among cultures; some European countries are most prevalently wine consumers, while a handful of others principally consist of beer consumers, such as Germany and the Czech Republic. Therefore, a research interest arose to inspect the branding strategies of European nations that are located in this proximity: Austria, Hungary, Romania, Slovakia, and indeed Germany and the Czech Republic. In addition, American craft beers are becoming more prominent and popular in the European market due to the reason that consumers are enthusiastic about the innovative beers that are produced by U.S. based breweries (Margolis, 2012). Evidently, the American exports of craft beers to the U.K. have doubled between 2011 and 2015 (Chaudhuri, 2016).

An immense variety of craft beers and many brands are scattered across the exponentially growing and highly segmented market resulting in endless purchasing options (Gatrell et al., 2018). Thus, branding strategy is essential in this highly competitive market regardless of the high quality and reasonable pricing of a product, which should resonate with the target local, regional, or national consumer segment (Mann, 2016, as cited in Gatrell et al., 2018). Gatrell et al. (2018) believe that the conscious adaptation of spatial concepts can strengthen the viability of a company and the place in which it operates by creating an authentic brand identity. These place-based branding strategies that incorporate the emphasis and integration of local values, including local heritage, history, and narratives, might help to empower brands and position their products in the extremely competitive craft beer market (Gatrell et al., 2018). According to Hede and Watne (2013), future research should concentrate on data collection from craft breweries to discover whether their utilization of branding strategies linked to a sense of place is a conscious choice. Moreover, if so, how they decide to implement those. The contribution of this research to the existing literature is closely linked to the previously mentioned knowledge gap. Therefore, this thesis will highly emphasize the local values derived from the construct of place reflected in the branding strategies of craft beer breweries. The acquisition of primary data from these companies would aid to develop a deeper understanding of the incentives for the applied branding strategies. As a result, distinct brewery profiles have been identified based on their branding strategies and market positions through a clustering algorithm that facilitates identifying shared patterns among the breweries' responses. The aim of segmenting the craft beer market is to observe the different branding strategies and market positions of craft beer breweries from the selected, mainly central European countries. By creating a comprehensive and straightforward market structure model, managerial implications can be derived that might be helpful for future branding or market positioning-related decisions. The second part of the research subsequently tests hypotheses that emerged from the clustering analysis:

Is the neolocal movement prevalent among the selected European countries?

Are rural breweries more prone to the adoption of local heritage and history?

Are rural breweries more prone to the adoption of local narratives?

Do the newly established brands focus more on product innovation?

What was the impact of COVID-19 on the primary revenue sources of craft breweries?

2 Literature review

2.1 Sense of Place

The theory of a sense of place is widely inspected in the environmental psychology academic community. It refers to the transformation of mere space into a personalized place that provides a sense of individual belonging (Hay, 1988). The factors of individual living conditions and place settings may significantly alter the perspective of a person, and these factors not only contribute to the development of an individual sense of place, but they also influence one's relationship with the environment in which he/she is located in (Shumaker & Hankin, 1984). SoP is not only an aspect of shared space, "it is the role that an individual's place of residence takes in their life" (Hay, 1988), and it can "create and reinforce emotional attachments between brands and consumers" (Hede & Watne, 2013).

The type of individually developed sense of place depends on the community the person belongs to, the personal preferences and the experiences gained throughout one's life (Eyles, 1985; Hay, 1986; Nogue i Font, 1985, as cited in Hay 1988). It also benefits self-identification by the extension of self and community building (Hay, 1988). Thus, the sense of place can be either positive or negative. The three main contributors to a sense of place are place attachment, place identity and place dependence, which is not relevant to this thesis since beer is not considered a necessity (Long et al., 2018).

2.1.1 Place attachment

Place attachment refers to the positive emotional bond between an individual and a particular place and the tendency to uphold a long-term relationship and closeness to such place (Williams et al., 1992; Hidalgo & Hernández, 2001). Whereas a sense of place can be either positive or negative, place attachment is the positive connection of an individual between his/her place (Long et al., 2018). Hidalgo and Hernández (2001) addressed two dimensions of place attachment: social and physical, which refer to three ranges: house, neighbourhood, and city. The study mentions that people do not feel attached to these places to the same degree; the house and the city seem to develop an emotional bond, in contrast with the neighbourhood where the attachment is weaker. They further discuss that social attachment is more significant than a physical attachment, where the city provides a more robust physical attachment while the house has a stronger social attachment. However, these two aspects are interrelated, and they form a general emotional feeling toward the physical and social dimension of the place of residence. According to Hidalgo and Hernández (2001), the degree of place attachment is more significant in women in contrast with men, and it increases with age. Thus, it can provide a starting point for a more specialized target market for breweries. When a break or distancing from the place of attachment occurs, it becomes conscious to the individual, while in constant exposure, the attachment remains unconscious (Hidalgo & Hernández, 2001). Thus, in further research, a tendency to choose local craft beers can be observed among those who no longer live in the given country, which may provide a new perspective on place-based marketing strategies for local craft beer breweries.

Place attachment is focused not only on the physical proximity of the individual, but it may also be extended to symbols associated with that place (Kaltenborn, 1997). According to Long et al. (2018), locally produced craft beer may become the symbol of a particular region promoted by its myths, folklores, and stories. For instance, in the U.S., where strong associations with the locality of craft beer production on the state level are prevalent, there is a causation that local craft beers may become a symbol of the area, so as with other agricultural goods (peaches of Georgia, cattle of Oklahoma, etc.).

2.1.2 Place identity

Place identity can be described as "dimensions of the self that define the individual's identity in relation to the physical environment" (Proshansky, 1978). Place identity is the gateway to developing a sense of place since the basis of it is formed by individual perceptions and meanings of events that happened in that place (Rubinstein & Parmalee, 1992), and it may alter the consumer's local product purchasing choices (Long et al., 2018).

2.1.3 Locality of production

Although craft beer is produced locally, its raw material supply in most cases comes from abroad or from another region of the country. Therefore, concerns may arise about the impacts on consumer purchase choices, considering local production. Do consumers still perceive craft beer as an authentic local product, even though its ingredients are not necessarily locally cultivated (hops, grains, etc.)?

According to Schnell (2013), distance from the source of the food has less importance from the consumer standpoint, and it is more about creating ties between food consumption and food production. Thus, the concentration of production in a particular place may shape consumer experiences to form powerful linkages with places since food is a crucial element of direct experience and sensory input (Schnell, 2013; Long et al., 2018). Long et al. (2018) addresses the research gap about the inspection of the newly emerged place attachments among the consumers by their motivation to buy locally produced craft beer products.

2.1.4 Neolocalism

According to Holtkamp et al. (2016), “neolocalism can be defined as a conscious effort by businesses to foster a sense of place based on attributes of their community”.

Holtkamp et al. (2016) identified three main parameters that determine whether a business is engaged in neolocalism or not. These include the conscious adaptation of local values in their names, packaging design, and marketing; they emphasize environmental sustainability; and emphasize social and community engagements. The mentioned aspects are highly relevant in creating a sense of place, which is essential for neolocalism (Schnell & Reese, 2003).

In order to establish means of comparisons, the U.S. craft beer market should be further inspected where the neolocal movement is flourishing among the microbreweries. According to Schnell and Reese (2014), Americans are attempting to re-establish a sense of place in contrast to their globalized economy since they realized that most of the towns in the U.S.A. are indistinguishable from one to another due to the homogenous scene of large franchises and global brands. As a form of response, they are on the mission to establish new senses of place, new attachments with the locations they live in and reinforce their local economies (Schnell & Reese, 2014). The neolocal movement's primary actors are the microbreweries enforcing strategies of neolocalism in their marketing and branding; this facilitates their differentiation from the national and international large brewing companies (Eberts, 2014). These entities became the advocates of place attachment in their local communities (Schnell & Reese, 2014). Their branding aspects are the most recognizable in the naming choices of these microbreweries. Some of them are named after the location they are operating in, after the local geographical features, or significant historical events are referenced in their name choices (Eberts, 2014). Certainly, the branding strategies of the microbreweries are not uniformly alike; however, there is a much greater probability that microbreweries are engaged in such branding strategies than large commercial brewing companies (Eberts, 2014). Unlike as the previous literature treats sense of place as being simply inherited, it can rather also be created and actively preserved (Schnell & Reese, 2014). The main characteristics of the neolocal movement are commitment and effort that are essential for the sustenance of a sense of place and community, especially in our utterly mobile society (Schnell & Reese, 2014). Therefore, the existence of microbreweries might support the evidence that an increasing number of Americans feel a need for local connections and are willing to support businesses engaged with a "reconnection with the economy, history, environment, and culture of their home" (Schnell & Reese, 2014). Brewing companies recognized that closeness could be formed with their customers by reflecting the local history, stories, heroes, and folklores in their naming, branding, and marketing (Flack, 1997; Hede & Watne, 2013; Schnell & Reese, 2003). With the reliance on these local values that are well-known by residents, an enhanced place attachment or sense of place can be fostered; thus, newbie visitors or tourists can associate with this form of storytelling of the breweries (Schnell & Reese, 2003).

By considering the neolocal movements in the U.S. craft beer market among the microbreweries, a research interest arises whether this phenomenon of conscious enforcement of place attachment is prevalent in the European market.

2.1.5 Brand humanization

For craft beer breweries, in most cases, it is not feasible to be present on broader markets due to their small-scale production; thus, such breweries predominantly have a strong connection with the place they are producing and being located at (Long et al., 2018). To maintain that connection, breweries emphasize brand humanization in the forms of local narratives: folklores, myths, and heroes derived from the sense of place. Storytelling is a fundamental part of being human, and brand managers implemented this technique to establish connections between brands and consumers (Woodside et al., 2008).

Key strategies used by marketers for brand humanization are anthropomorphization, personification, and user imagery. Anthropomorphization refers to the usage of humans or stylized icons, and those brands utilizing such humanization seems to be the most popular ones (Ronald McDonalds, Johnnie Walker, etc.) (Brown, 2010). Personification indicates the labeling of brands with adjectives, even with gender identification occasionally since people are prone to view aspects of the world as humanlike because it mitigates the dissonance one might feel in his surroundings (Guthrie, 1995; Gilmore, 1919, as cited in Hede & Watne, 2013). Finally, user imagery is defined by the consumers' pursuit to match their personality with the chosen brand (Kressmann et al., 2006). Storytelling linked to a sense of place may connect consumers with a place, along with its products and services related to it (Hede & Watne, 2013).

The hero is a Jungian archetype, and that may explain why the consumers associate and connect with it on an unconscious level, which brings pride and admiration towards them (Hede & Watne, 2013). Local breweries tend to employ local heroes to their brand image related to the given region; heroes may appear as logos, labels, or even brand names (Hede & Watne, 2013). Examples of such breweries are Nøgne from

Norway, Mikkeller from Denmark, and Wellington brewery from Canada (Hede & Watne, 2013).

Folklores have a flexible nature; thus, they can be adapted to tell the local history or to contribute to a new storyline that is associated with the local community, and consumers can relate to these folklores by adding or removing elements in a word-of-mouth fashion (Hede & Watne, 2013). Examples of breweries that adapt folklores to their branding strategy are La Chouffe from Belgium and Holgate Brewhouse (Hede & Watne, 2013).

Finally, myths tend to reveal a "sense of the divine, unknown and mystical" to the consumers and connect with them; moreover, consumers may incorporate those myths based on their interpretations (Hede & Watne, 2013). Breweries that adapt tales are The Trappist breweries from Belgium and the Netherlands (Hede & Watne, 2013). The adaptation of these storytelling features might result in creating a well-differentiated product.

This thesis aims to shed light on the conscious utilization of branding strategies linked to a sense of place to reveal untapped opportunities for sense of place-based branding strategies. The adaption of a sense of place in a craft beer branding strategy seems to be utterly advantageous for successfully connecting consumers with local breweries on an emotional level. Furthermore, there is a large room for creativity to adapt such real or fictional myths, folklore or heroes, and consumers may become indirectly involved in the process of brand-narrative creation (Hede & Watne, 2013) and local heritage maintenance. Lastly, incorporating a sense of place seems to create a local appeal for craft beer breweries (Hede & Watne, 2013).

2.2 Branding

2.2.1 Brand identity, positioning and image

"One key to successful brand-building is to understand how to develop a brand identity – to know what the brand stands for and to express that identity effectively" (Aaker, 1996, p. 35, 71). A company's competitive advantage is not secured by its brand only because the path to success lies in the capability to manage its brand properly, reflect its identity, and specify its uniqueness, elements, and equity (Janonis et al., 2007). Under intense competition, the attempt to show brand identity to potential customers by developing brand image might also accentuate the position of a business (Janonis et al., 2007).

According to Janonis et al. (2007), "the conception of brand identity includes everything that makes the brand meaningful and unique", and its inclusion of moral values, image, and aims collectively form the essence of individuality while differentiating the brand at the same time (Chernatony, 2010). Communication is a vital part of a brand because it is a principle to remain in the market; additionally, identity facilitates the creation of a relationship between the customer and the brand (Janonis et al., 2007). The discovery of identity is induced from goods or services that confirm "brand, symbol, logo, country of origin, advertising and package", whereas these attributes refer to the primary sources of brand identity (Janonis et al., 2007). The identity prism below, developed by Kapferer (2003), outlines the composition of brand identity.

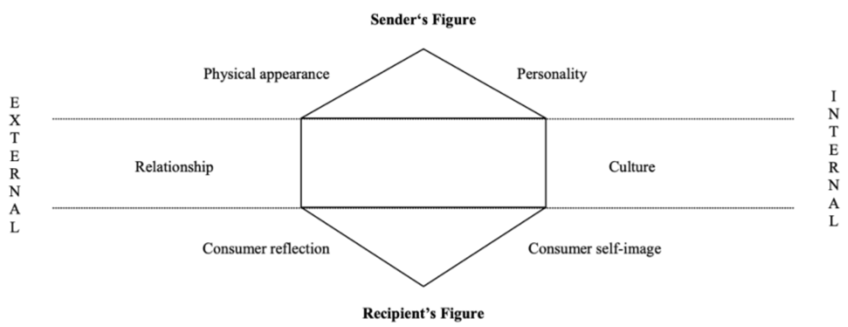

***Figure 1**: The prism of brand identity*

- *Physical appearance*: it is the core of the brand and its value added; it is linked to quality (Janonis et al., 2007)
- *Personality:* by its communication a brand character is being created; the self-image of consumers is tightly linked with brand personalities (Janonis et al., 2007)
- *Relationship*: created by brand communication (advertisements and other supporting elements, or direct consumer communication) (Kapferer, 2003)

- *Culture*: holds the value system, aims and culture of the company; it plays a significant role in brand differentiation while indicating the moral values that are incorporated in goods and services (Janonis et al., 2007)
- *Consumer reflection:* "consumers use goods of certain brands seeking to create their own identity" *(*Janonis et al., 2007)
- *Consumer self-image:* is a "set of beliefs about oneself"; the customers would like to receive the same features in the chosen brands with which they identify themselves (Janonis et al., 2007)

The concept of brand image has been defined by Aaker (2002), as cited in Janonis et al. (2007), who states that it is how the brand is conceived by consumers. Therefore, businesses should focus on matching their brand image with consumers' expectations; otherwise, competitors might exploit the resulted opportunities (Janonis et al., 2007). The market success of a brand is a result of its brand image, which is the most effective form of conversation with customers because it reveals the importance of the brand identity; therefore, it is a great differentiating factor (Park, 1986; Kapferer, 2003).

Brand positioning is the most crucial stage in the development of a brand image. It can be defined as the "emphasis of distinctive features that provide dysfunction compared to competitors and become attractive for society" (Kapferer, 2003; Janonis et al., 2007). As Figure 2 presents, brand positioning is a gateway step to get the brand identity transferred to the consumers (Janonis et al., 2007).

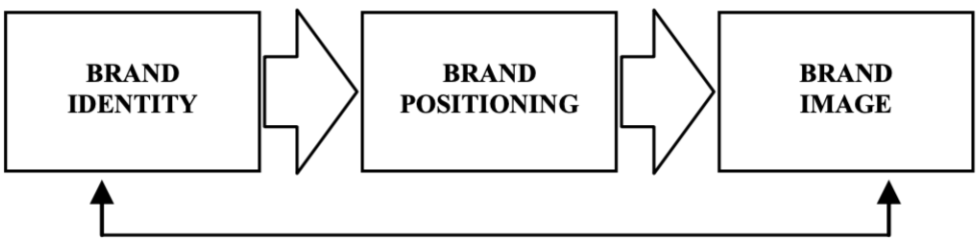

***Figure 2**: Theoretical model of brand identity and image relationship (Janonis et al., 2007)*

2.2.2 Brand authenticity

According to Bruhn et al. (2012), a universal definition of brand authenticity is difficult to find in marketing research. To conclude the variety of interpretations accumulated throughout the years, brand authenticity can be defined in three ways. Firstly, it refers to the contrast of market offerings and authentic human features. Secondly, individual evaluations form the basis of brand authenticity instead of the brand's intrinsic characteristics (Beverland et al., 2010). Finally, although there is a lack of a broad definition, brand authenticity needs to be differentiated from "brand involvement, brand image, and brand satisfaction" (Bruhn et al., 2012); besides, it suggests that it is the consumers' positive association with a brand. Therefore, an authentic brand presumably results in a definite increase in the perceived image of a brand from the consumer standpoint (Bruhn et al., 2012).

From a large subset of respondents, Bruhn et al. (2012) identified four dimensions of brand authenticity: continuity, reliability, originality, and naturalness. Based on the findings, Bruhn et al. (2012) formed recommendations for brand managers to successfully embrace brand authenticity, which takes multiple steps. The brand managers have to identify the values of a specific region and its culture. Then, based on these values, symbols need to be reviewed. Once such symbols are defined, they can be integrated into the brand design (e.g., packaging, logo, etc.) and utilize as brand communication tools (e.g., advertisements). In conclusion, companies should strive for consistency, congruence regarding their statements and behaviour, and implement distinct communication instruments, whereas the continuity of brand communication is required (Bruhn et al., 2012).

2.2.3 Consumer-brand identification and disidentification

A brand repulses and engages with distinct consumer segments simultaneously through consumer-brand identification (CBI) and consumer-brand disidentification (CBD). A brand with a strong personality appeals to a specific range of consumers through CBI (Wolter et al., 2016). Still, it generates alienation among others through consumer-brand disidentification (CBD), or as a neutral case, it leaves them with no self-relevance (Wolter et al., 2016). Thus, CBI refers to the consumer’s conscious view of a brand reflecting his or her self-concept, and CBD is "a consumer's active, cognitive rejection of a brand" (Wolter et al., 2016). From the perspective of local craft beer brewery management, the consequences of product attraction and alienation of consumer segments must be taken into consideration by assessing the revenue and the cost of such trade-off (Wolter et al., 2016). A gain from a good reputation is negligible compared to the damage caused by a brand's bad reputation. Therefore, branding is essential in attaining great brand and product attraction (Wolter et al., 2016).

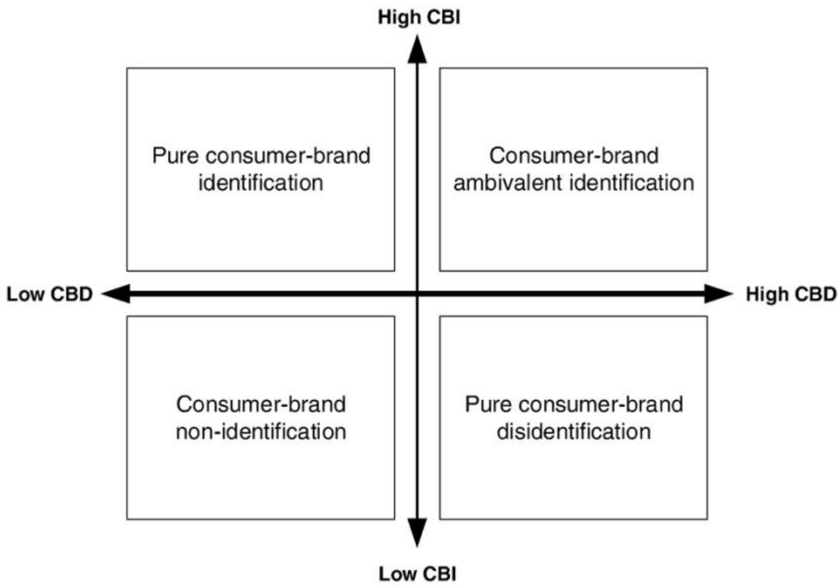

***Figure 3**: Illustration of the relationship between consumer brand identification, disidentification, ambivalent identification, and non-identification (Wolter et al., 2016)*

Figure 3 presents the different stages consumers experience depending on their CBI and CBD levels (Wolter et al., 2016). A "consumer-brand ambivalent identification" results from the customer's perception of some parts of a brand being misrepresentative while other parts are representative of themselves (Wolter et al., 2016). For instance, some customers become upset when their beloved craft beer brand is bought by a big corporation (Cizmar, 2015, as cited in Wolter et al., 2016). On the other hand, "consumer-brand non-identification" refers to any brand outside of the consumers self-association, having small symbolic meaning to them, characterized by low CBI and CBD (Wolter et al., 2016). Whenever CBI and CBD are in contrast, the results are "pure consumer-brand identification" or "pure consumer-brand disidentification".

2.2.4 Attribute specific competitive market structure and innovation

A fundamental question arose throughout the literature review: why do customers have certain preferences for distinct brands? In order to explore this seemingly simple question, one first needs to comprehend why customers select products based upon their attributes (Gwin & Gwin, 2003). Attributes are the different characteristics of given products, whereas each product is a collection of a set of attributes (Gwin & Gwin, 2003). For instance, automobiles and motorcycles have different product attributes, such as horsepower, styling, gas mileage, and safety; according to Lancaster's theory (1966, 1971, 1979, as cited in Gwin & Gwin, 2003), individuals select between the products based on their basic attributes (Gwin & Gwin, 2003). In beer brands, these attributes mainly include the label and packaging design, name, the style of beer, etc.

"The task of competitive market analysis is to derive a configuration of brands in a specific product class which adequately reflects inter-brand competitive relationships as perceived by consumers" (DeSarbo et al., 1993). One of marketing research's essential areas is competitive market structure analysis because it plays a significant role in explaining the extent and nature of the competition among brands and their products (Elrod et al., 2002). In its essence, market structure analysis, from the demand-side point of view, outlines the extent to which the inspected products "are substitutes for or complements to competing products in the market" (Kim & Kim, 2015). For competitor analysis, it is helpful for companies to utilize the competitive market structure analysis because it facilitates designing new products or making modifications to the existing product lines (Kim & Kim, 2015). According to Kim & Kim (2015), businesses should identify "attribute specific competitive landscapes" and establish "competitive innovation strategies" at the attribute level of their products.

The model proposed by Kim & Kim (2015) is based on reference-dependent consumer choice for product quality, which can record the "asymmetric effect of innovation shock on the competitiveness of product attributes". With the help of the incorporation of reference quality, the competitive market structure can be identified on the product attribute level, which enables the companies to focus on "attribute-specific product design strategies", for instance, a strategy for product innovation (Kim & Kim, 2015). Reference quality refers to the notion of making consumer purchase decisions based on gain and loss values versus the quality reference point (Wang et al., 2021). In Kim & Kim's (2020) proposed model, the elasticity of product attributes can be used to solve competitive concerns such as product design and innovation by the adaptation of product quality as a changeable variable, such as the pricing for a particular product depending on the evolving reference quality of the market. The reference-dependent choice model will assist businesses in identifying the flaws and strengths of each product attribute compared to competitor products and selecting the most successful attributes for increasing or retaining their market share. Constant product innovation could result in becoming a leader in the quality reference at the attribute level. Furthermore, it can also be achieved by marketing actions, such as advertising, which is particularly focused on the product's specific attributes (Kim & Kim, 2015).

2.2.5 Rebranding

The concept of rebranding can be defined by “the practice of building anew a name representative of a differentiated position in the mind frame of stakeholders and a distinctive identity from competitors” (Muzellec et al., 2003). Moreover, by rebranding, a brand undergoes a change of some or all of its tangible (its physical expressions) and intangible elements, such as its image, values, and evoked feelings (Daly & Moloney, 2004).

The main reasons for rebranding are “decisions, events or processes causing a change in a company’s structure, strategy or performance of sufficient magnitude to suggest the need for a fundamental redefinition of its identity” (Muzellec et al., 2003). These drivers can be separated into four main categories, as the figure below indicates.

Figure 2 **Drivers of Rebranding**

Change in ownership structure	*Change in corporate strategy*
Mergers and acquisitions Spin-offs and demergers Private to public ownership	Diversification and divestment Internationalisation and localisation
Change in competitive position	*Change in the external environment*
Outdated image Erosion of market position Reputation problems	Legal regulation Crises/catastrophes

***Figure 4**: Drivers of Rebranding (Muzellec et al., 2003)*

Muzellec et al. (2003) identified the so-called "The Rebranding Mix: 'The Four Elements of Rebranding", which consists of "repositioning, renaming, redesigning, and relaunching (communicating the new brand)".

Figure 3 **The Rebranding Mix: 'The Four Elements of Rebranding'**

Repositioning	Renaming
Redesign	Relaunch

***Figure 5**: The Rebranding Mix: 'The Four Elements of Rebranding' (Muzellec et al., 2003)*

The shifting market trends and pressure resulting from competitors demand a dynamic brand positioning that needs to be fine-tuned regularly to meet these market forces (Muzellec et al., 2003). However, occasionally due to the extreme market conditions, companies need to drastically reposition themselves in terms of what they are and how they are presenting themselves (Muzellec et al., 2003). The name of the brand is one of the primary engaging points between the customers and the companies (Muzellec et al., 2003); therefore, renaming is advised when the company wants to send a solid signal about their shift in strategy, activity refocus or change in its ownership (Kapferer, 2002, as cited in Muzellec et al., 2003). The redesign touches all of the company's visible elements of its desired position, such as brochures, advertisements, website, etc. (Muzellec et al., 2003). Lastly, the relaunching refers to introducing the rebranded company to the general public through press releases and marketing campaigns to raise awareness around the newly rebranded company and aid its adoption by different stakeholders (Muzellec et al., 2003).

2.3 The craft beer market

Unfortunately, a lack of research characterizes the European craft beer market because an overwhelming amount of studies are being focused on the American market since the craft beer revolution has its roots in the USA for decades. Therefore, there is a data scarcity regarding the production constraints of a European craft beer brewery. According to the Brewers Association (2019), a craft beer brewery has an annual production below 6 million barrels, and it can be narrowed down to four categories: microbreweries (<15.000 barrels), brewpubs (<15.000 barrels), regional craft breweries (between 15.000 and 6.000.000 barrels) and contract breweries (send their production to base breweries, do not market their production).

2.3.1 Market segmentation

According to Murray and O'Neill (2012), the appeal of craft beers is increasing, which is demonstrated by the overall growth of the market and the tendency to choose craft beer type offerings by traditional industrial breweries. Craft beer enthusiasts are a niche market, and their primary motivation is based on the frequency of change and their bias towards new products (Murray & O'Neill, 2012).

In the European beer industry, there is an increasing demand for new beer products, and therefore more, and more small and medium-sized breweries appeared on the scene to satisfy the needs and wants of customers. As a result, new beer brands and styles appeared on the European market by product innovation (Calvo-Porral, 2019), and as a consequence, a large number of craft breweries emerged on the market as an alternative to traditional industrial mainstream beer (Kleban and Nickerson, 2012; Gomez-Corona et al., 2016).

Calvo-Porral (2019) conducted a cluster-based analysis of beer consumers and found four major categories: "occasional-social consumer", "millennial weekend drinkers", "homelike circumspect women", and "beer lovers". This latter defined beer enthusiasts' segment might be the most cost-effective for craft beer breweries to target, even though "beer lovers" represent 17.08% of their inspected sample. However, this segment is defined by high product loyalty, and they are prone to pay a higher price for unique beers while having higher buying power than the other clusters analyzed.

Moreover, "millennials attribute authenticity to a brand when the brand shows coherency over time, coherency between brand promise and its actual delivery, and coherency between the brand identity and consumers' identity" (Pattuglia & Mingione, 2018). Their statement suggests that breweries should focus on long-term coherency regarding their product offerings and quality and to focus on millennial consumer segmentation to make their brands aligned with the targeted millennial identities. This is justified by Gatrell et al. (2018) since increasing demand for craft beer is experienced by millennials that seek "authenticity, diversity, individualism, and creativity." Moreover, they prefer word-of-mouth-based recommendations or online reviews over traditional advertisements.

There is an emerging trend among craft beer breweries to support sustainability actions regarding sustainable management of the brewing process by enhancing efficiency and water and energy management (Calvo-Porral. 2019).

2.3.2 Going corporate

The term 'local beer' may be deceptive and controversial since larger breweries, such as Heineken, AB InBev, and Carlsberg, are spreading by mergers and acquisitions of local breweries to enter new markets (Melewar, 2020). These actions may alter the consumers' perceptions of the locality. For instance, the study by Melewar (2020) focuses on a local Corfu based real authentic local brewery in contrast with two other 'local' breweries owned by multinational corporations. The study addressed that no differences were perceived between those brands from the consumer standpoint, since most consumers recognized all of those brands as authentically Greek, given that their names reflect Greek associations (Alfa, Mythos, and Corfu Beer). On the other hand, this shows that small breweries can increase their market shares relative to multinational corporations owned local brands by designing their brand names, reflecting a place of origin to further reflect local authenticity.

Selling out of small scale and authentic craft beer breweries is a great concern of consumers, and it is considered as an inauthentic behaviour since authenticity is among the main competitive advantages a small craft beer brewery has (Frake, 2016). In 2011 the merger and acquisition of Goose Island, which was a well-respected craft beer brewery, with the multinational AB InBev resulted in a consumer upheaval due to their perception of "selling out", which is considered as a path towards inauthenticity, also because the former handmade features of beer production got replaced by machinery (Frake, 2016). Thus, from a managerial perspective, by pursuing to obtain authenticity of a craft beer brewery to enter new markets or enhance its production capabilities, one should consider that this action may harm the former authenticity that induced attraction in the first place (Frake, 2016).

3 Methodology

The methodology section justifies the chosen research method for the study. Additionally, the survey development, data collection, and data analysis processes are further explored and outlined. Lastly, the research ethics part covers all the ethical considerations followed while conducting the primary data collection and analysis.

3.1 Research method

Three different research approaches can be distinguished to acquire primary data for conducting a study: quantitative, qualitative, and mixed-method (Creswell, 2014). A qualitative research approach seeks to understand the meaning of a relationship between a social or human problem and the individuals or groups conducted in an inductive style to emphasize personal meaning and the relevance of delivering a situation with its complexity (Creswell, 2014). It uses ethnographies, case studies, focus groups and narrative and grounded theories (Creswell, 2014). A quantitative research approach by the inspection of the relationship between variables tests objective theories. In contrast, these variables are measurable on instruments, and data analysis is possible by the utilization of statistical tests which are conducted in a deductive fashion to avoid biases, restrict alternative explanations, and make the replication of the data possible (Creswell, 2014). The quantitative data come from surveys and experiments. Mixed methods integrate the quantitative and qualitative data to provide a more profound apprehension of a research problem (Creswell, 2014). The quantitative approach employs a postpositivist worldview to test a theory to reject further or approve hypotheses using statistical tools, whereas the data is judged beforehand and after the experiment (Creswell, 2014). On the other hand, the qualitative approach may have a constructivist (used in ethnographic designs — behaviour inspection) or a transformative worldview (used in open-ended interview sessions). Lastly, the mixed method applies a pragmatic worldview that suggests that gathering multiple data types will result in a more accurate understanding of a problem; as aforementioned, it starts with a broad survey followed by interviews (Creswell, 2014).

According to Fowler (2002), a survey can eliminate biases to make generalizing possible by its probability sampling. Moreover, its standardized measurement allows the survey to provide reliable and comparable responses, and finally, it enables the researchers to collect data that was non-existent beforehand (Fowler, 2002). The advantages of online surveys are simplified data collection, low cost, ease of data storage by automation, increased response rates, convenience, and flexible design. Still, on the other hand, there are disadvantages to utilizing an online survey, which is related to frauds and sample self-selection (Sincero, 2012).

For the reasons above, the chosen research design is a quantitative approach. An online survey was created and utilized for acquiring primary data since it facilitates the exploration of relationships between the variables. Additionally, the research worldview is postpositivist, in the sense that the formulated hypotheses are based on the current literature. However, the researcher decides to either reject or accept those hypotheses, depending on the results of the data analysis (Creswell, 2014).

3.2 Survey development

Based on the theory covered in the literature review, an online survey has been developed, which was segmented into multiple question categories assigned to each relevant topic. These categories were the following, in order:

- *Place attachment and brand humanization*
- *Branding*
- *Additional strategies*
- *Market position*
- *Personal information*

The first section explored the tendency of the surveyed craft beer breweries to incorporate local history and heritage into branding and marketing. The assessment of this category was by the utilization of a 4-point-Likert scale for various statements, whereas *'1 = do not agree'* and *'4 = totally agree'* for statements such as *'We emphasize local heritage in our beers'*, and *'Local heritage and history are integrated into our brand strategy'.* An in-depth question followed these statements, which was only shown to those participants that chose the option of *'2'* or above, meaning that they emphasize local heritage and history in some form in their beer brand. This in-depth question inquired about the inclusion of various local narratives into their brands, such as *heroes, folk tales, legends, and myths*. This type of question aimed to generate a subset of those participants engaged in reflecting local values, which eventually led to enhanced and more detailed profiling. Additionally, multiple-choice questions were added to *Place attachment and brand humanization,* which inspected the type of beer-related attributes that reflect local heritage and history in their *brand name, brand logo, beer name, beer packaging style, local traditional beer styles, and historic brewery*.

The second part of the survey covered the breweries' branding approaches. The first question assessed *'To what extent are the local values integrated into the following aspects?'*, including *brand name, label design, packaging attributes, logo, and advertisements*. A 4-point-Likert scale measured these aspects, whereas *'1 = not at all'* and *'4 = to a large extent'.* This section also aimed to explore the act of rebranding and the motivations behind it. Those that rebranded their company were given an in-depth question, in a multiple-choice fashion, which asked the reason for their rebranding. The last question of this section was open-ended, which was intended to inquire about the brief short description of the participants' label design elements of their craft beers.

The third section was designed to be the shortest of all. It examined on a 4-point-Likert scale *('1 = do not agree', '4 = totally agree'*) to which extent the participating breweries *brew their beer in a sustainable fashion and promote the brewery's sustainable actions, emphasize product innovation, and promote the brewery's innovativeness.*

The *Market position* phase of the survey examined the community building, market segmentation, primary revenue source before and after COVID-19, and the breweries' most demanded style of beer. The researcher decided to collectively call these characteristics mentioned above as 'market position', an umbrella term used throughout this thesis. The first question of this category referred to the extent to which the breweries focus on *local and online community building*. The participants were asked to measure their community-building focuses on a 4-point-Likert scale, *where '1 = do not agree'* and *'4= totally agree'* with the statements *'Our brewery focuses on local community building' and 'Our brewery focuses on online community building'.* The rest of the questions in this phase of the survey were created in a single-choice fashion with pre-determined answer categories, including *'Who do you consider to be your primary customer?'*, *'What do you consider to be your brewery's primary revenue source?'*, *'What is your brewery's primary revenue source during the COVID-19 pandemic?'*, and *'Which type of beers are the most demanded by your customers?'.* Hereby, six beer style categories were formulated to simplify the respondents' task and develop comprehensive variables for future data analysis. These categories were developed with the help of the official "Beer Style Guideline", developed by the Brewers Association (2021) to ensure applicability:

- *Ales (IPA, stout, porter, etc.)*
- *Lagers (märzen, helles, bock, pils, etc.)*
- *Hybrids (wheat beer, altbier, kölsch, etc.)*
- *Lambics (gose, Berliner weisse, kriek, etc.)*
- *New wave beers (NEIPA, West Coast IPA, APA, etc.)*
- *Experimental beers (coffee stout, pastry stout, DDH sour, etc.)*

The scope of the last section of the online survey was to collect personal data from the participants about the location of their brewery, the area in which it is located (*urban or rural*), the years passed since their establishment, and the type of their brewery (*nanobrewery, farmhouse brewery, microbrewery, brewpub, regional craft brewery, and gypsy brewing*). These questions in this phase of the survey consisted of predetermined answer categories in a single-choice design.

This online survey was distributed in two languages, namely in English and in Hungarian. The participants were free to select at the beginning of the survey in which language they would like to fill out the questionnaire. Even though the survey was created with the intention to be simple and easy to understand, the choice of translating it to Hungarian was justified to attain an even superior comprehension by the Hungarian speaking participants. The reason for not translating it to other languages is simply because of the lack of resources to do so. Moreover, whenever technical terminologies were used, explanations were provided for those terms to avoid misinterpretations from the participants' behalf.

3.3 Data collection

The field of research consists of two main types of phases: secondary and primary analysis. The primary analysis indicated that the data has been gathered through first-hand research which, in the case of this study, was with the help of a distribution of an online survey. On the other hand, secondary data refers to the "original data collected by other researchers" (Bryman & Bell, 2011).

As mentioned earlier, an online survey was utilized to collect primary data and to be further analyzed with statistical software. The main advantage of using such a web-based self-completion survey is the respondents' honesty due to the interviewer's absence because the social desirability bias is less present in their responses (Brace, 2018). Moreover, the geographic and physical obstacles could be easily eliminated with an online survey; thus, larger audiences can be reached in this way. For this particular research, an open-source online survey structure has been used, called

LimeSurvey in which the survey itself has been developed and distributed accordingly to the selected participants through e-mail.

The sample gathering process had a few steps: the identification of the resident countries, the selection criteria of the craft beer breweries, and gathering their contact data. Firstly, the research interest focused mainly on Central European countries since this area is subject to an emerging craft beer presence. The way the breweries were selected from the resident countries was through their fulfilment of the researcher's criteria: the brewery should still be active, it is a craft beer brewery, brews in substantially smaller quantities relative to commercial beer breweries, has a website/social media page, and provides contact info on the website/social media page. As a result, 236 breweries were contacted from Austria, the Czech Republic, Germany, Hungary, Romania, and Slovakia; 66 responded, and 31 responses were usable for statistical analysis. The survey was open for a month; thus, enough time was left for the participants to fill it out.

3.4 Data analysis

Since the online survey assessed the answers of the participants on multiple measures and it was designed in a rather complex manner (Likert-scales, Yes/No questions, single- and multiple-choice questions, and in-depth question), it made sense to utilize an unsupervised machine learning-based algorithm for the data analysis, namely hierarchical clustering. Therefore, various patterns were possible to be extracted from the dataset in a semi-automatic way. As a result of the cluster analysis, distinct brewery profiles have been identified, which facilitated the exploration of the defined research questions and created an intuitive and comprehensive framework for the whole thesis. Thus, one may conclude that the so-called "backbone" of this research is clustering.

According to Reutterer and Dan (2020), cluster analysis is a universal term for "statistical techniques and methods", which aids the identification of certain groups in data sets that are "internally more homogenous than the entities across the categorized groups". Instead of taking the whole dataset into consideration, clustering analysis helps compress the data, which is an act of summarization of the original entities by generating narrowed-down groups or representing points (Reutterer & Dan, 2020). Clustering methods are mainly involved in market segmentation and competitive market structure analysis. In contrast, market segmentation encompasses the homogeneous reaction of customers to distinct marketing mix variables or any psychometric constructs, such as perceived value and product image (Reutterer & Dan, 2020). On the other hand, competitive market structure analysis aims to extract “a configuration of brands in a specific product class which adequately reflects inter-brand competitive relationships as perceived by customers” (DeSarbo et al., 1993). In this study, instead of identifying customer market segments, the craft beer market was attempted to be segmented by breweries that share similar characteristics.

Generally, one can distinguish between model-based and distance-based clustering; for our data analysis, the latter was adapted, which is more exploratory by nature and can be further divided into hierarchical and non-hierarchical procedures (Reutterer & Dan, 2020). There are two hierarchical clustering techniques: divisive and agglomerative, whereas the former follows a top-down approach, and the latter a bottom-up one. However, the agglomerative approach is claimed to be more widely used in marketing-related research because it successfully links pairs of clusters based on their shortest mutual distance from a previous stage (Reutterer & Dan, 2020). Furthermore, to measure the similarity between the individual data points, the Gower distance measuring method was utilized. This method, proposed by Grower (1971), measures the (dis)similarity between two individual points, and it is able to process multiple types of variables simultaneously. Having the capacity to analyze multiple types of variables in parallel enabled the development of distinct clusters since the data at hand was composed of diverse variables, such as categorical, ordinal, and binary data. Eventually, a hierarchical procedure was adapted with an agglomerative approach to identify different clusters that have been formulated based on those shared (dis)similarities identified by the Gower distance method and have been visualized with a dendogram. This is a common way to assess the results of the clustering algorithm since it serves as a visual guideline of the outcoming clusters. For the dendogram, the analogy of a “reversed tree” can be easily recognized, as one leaf represents an object from the dataset (in the case of this thesis, each object represents a craft beer brewery), the branches display a cluster at a particular point of the agglomeration procedure, and the root encloses all of the clusters (Reutterer & Dan, 2020). The vertical axis indicates the "height" of linkage, which measures how (dis)similar are two objects or clusters from one another (Reutterer & Dan, 2020). The further one moves toward the "root" of the dendogram, the more the merged objects become dissimilar (Reutterer & Dan, 2020).

For the statistical tests, clustering, and data visualizations, the R ecosystem has been used throughout the analysis because it offers high control over the dataset.

3.5 Research ethics

Prior to launching the primary data collection through the beforementioned online survey, ethical considerations were monitored from existing literature to ensure that the participants are treated professionally.

According to Brace (2018), the broad subject matter should be provided for the respondents; thus, they can formulate an idea about what is expected of them and what is the area of inquiry. By providing an overview of the online survey and research area, the participants can make an informed judgment whether they are willing to participate in the survey or not (Bryman & Bell, 2011). When the participants are reached, they must know how their personal contact information was acquired to be selected for the sampling procedure (Brace, 2013). The researcher's responsibility is to assure that the collected data is held confidentially, and it is solely for analytical aspirations only; this should be made clear for the participants in the covering letter or the introduction section of the survey (Brace, 2013). Certain precautions have to be taken when the results of the data analysis are published to veil the organizations or individuals. Thus, they are not identifiable by the public, except if permission of consent has been issued by the participants that the findings can be made identifiable by the researchers (Bryman & Bell, 2011). The purpose of the study should be clear for the survey developer because he or she has an ethical commitment to assure that the questionnaire matches the framework of his or her purpose. Otherwise, a bias might be involved on behalf of the researcher to support a distinct perspective. This act is unethical in nature (Bryman & Bell, 2011).

The data collection and treatment of the participants were in accordance with the inspected theory about ethical factors and considerations. Consequently, the answers were recorded and published anonymously (the name of the breweries are substituted with numbers), the data has been destroyed after successful statistical analyses and report, the respondents were initially well-informed about the online survey and its future intentions (that it is for a bachelor thesis), and they were free to skip questions in case they felt uneasy about answering them. The data has not been manipulated because it came from real participants' real inputs. Since the brewery's contact information is available publicly through their online presence, by indicating that the online questionnaire was solely developed for craft beer breweries from the pre-selected European countries the sample creation became intuitive for the participants. Additionally, the email addresses of those participants that were interested in the final results of the research will be retained until the official approval and publication of this thesis. After a fruitful distribution of the material via email, all the remaining data will be destroyed.

4 Results

This section aims to present the findings of the clustering and statistical analyses. In the beginning, the demographic distributions of the respondents are outlined. Then the various identified brewery profiles are thoroughly discussed that were derived from the cluster analysis. The second part of the findings is related to the research questions that evolved throughout the hierarchical clustering; these include:

Is the neolocal movement prevalent among the selected European countries?

Are rural breweries more prone to the adoption of local heritage and history?

Are rural breweries more prone to the adoption of local narratives?

Do the newly established brands focus more on product innovation?

What was the impact of COVID-19 on the primary revenue sources of craft breweries?

4.1 The sample

A total of 66 breweries participated in the online survey from Austria, the Czech Republic, Germany, Hungary, Romania, and Slovakia. However, only 31 respondent's answers were used in the statistical analysis since 35 of them submitted an incomplete survey, and it was statistically unusable. The table below shows the percentage-wise distribution of the breweries' country of origin and whether they come from an urban or rural area. Out of the 31 respondents 16 were located in an urban and 15 in a rural area which accounts for 51.61% and 48.49% distribution of these regions, respectively.

region	Hungary	Austria	Romania	Czech Republic	Germany	Slovakia	total
urban	12,90%	12,90%	12,90%	6,45%	6,45%	0,00%	**51,61%**
rural	16,13%	6,45%	3,23%	9,68%	6,45%	6,45%	**48,39%**
total	29,03%	19,35%	16,13%	16,13%	12,90%	6,45%	**100,00%**

***Table 1**: Frequency table of countries by regions*

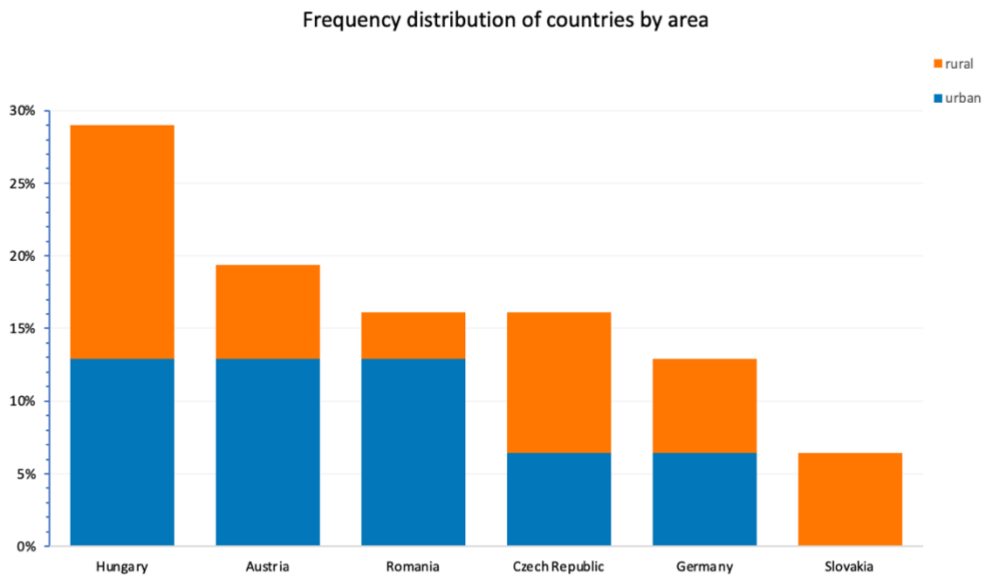

Figure 6: Frequency distribution of countries by area

The company age (measured since the year of establishment) was believed to play a significant role, especially in defining the various brewery clusters and making correlations with various other variables, such as sense of place and rebranding. The majority of the respondents' brewing companies have been established for 3-5 years (38.71%), but on the other hand, the minority of the answers came from young (1-2 years) and relatively old breweries (11-20 years); these companies made up only 3.23% of the sample, respectively.

The last main personal information of the respondents is their brewing company's type. The majority of them are microbreweries (40.54%), and the least featured brewery type was the farmhouse brewery (2.7%). It is worth mentioning that the respondents were allowed to select more than one options for their brewery type since one might operate a brewpub which is a micro/nanobrewery itself or might be a gypsy brewery and a microbrewery at the same time.

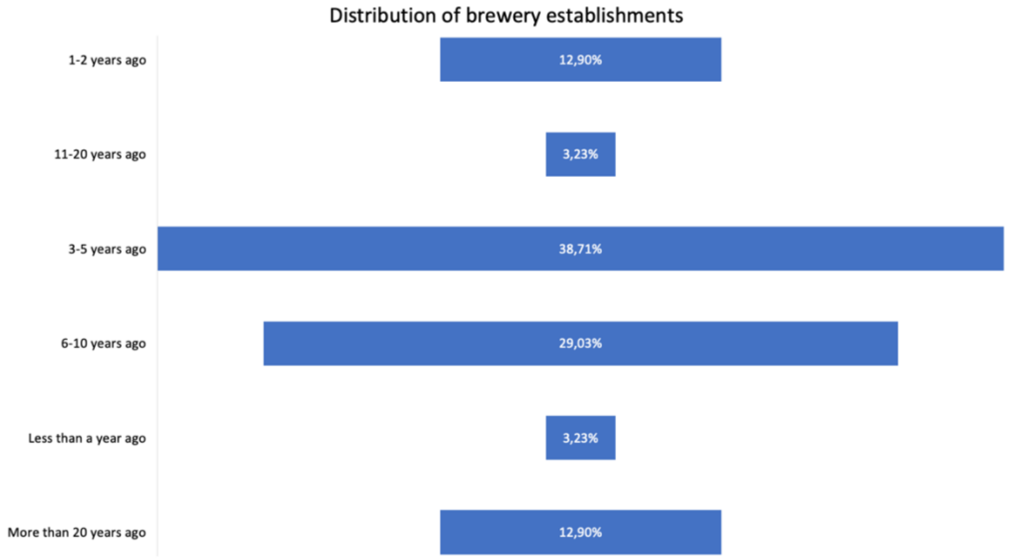

Figure 7*: Distribution of countries by area*

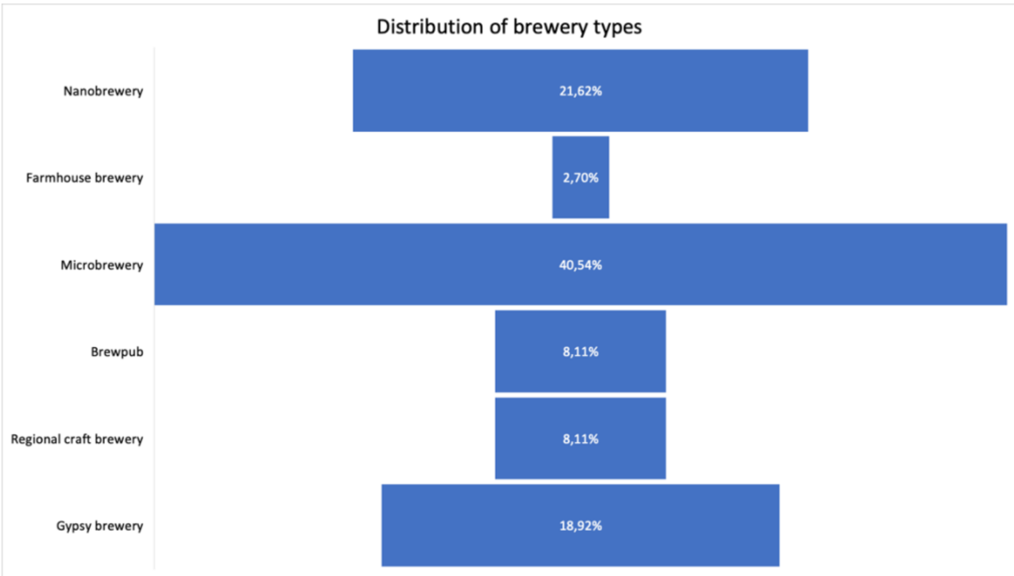

Figure 8*: Distribution of brewery types*

4.2 Clusters

In this section, the formulated clusters of craft beer breweries are presented and thoroughly described. Each of these clusters outlines the characterization of the breweries in terms of identified shared or dissimilar patterns that include emphasis and integration of local values, packaging attributes, innovation, sustainability, community building, market position, and personal information. The resulted clustering analysis reports three craft beer brewery profiles that are substantially differentiated from each other. Each cluster was named by the author based on the traits it holds. The table below summarizes the clusters in terms of the survey questions and their corresponding results. Moreover, the dendogram (Figure 9) is also presented, which results from the hierarchical clustering and aims to display the way the clusters are organized and selected accordingly. The illustrations (Figure 10, 11, and 12) are solely used for visual representations of the clusters, and special permissions were asked from the featured breweries to use their images.

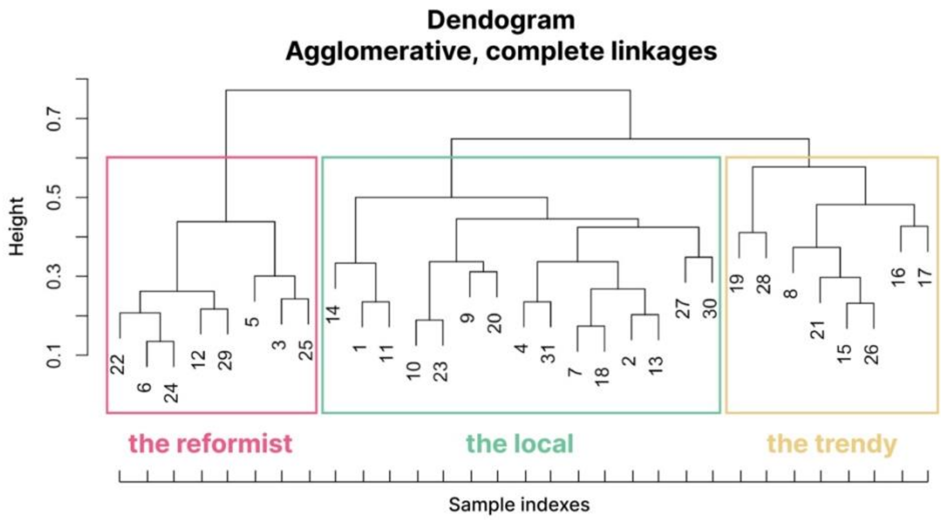

Figure 9: Dendogram

do not agree		neither disagree, nor agree		totally agree
0-9%	10-44%	45-54%	55-89%	90-100%

Variables	Indicators	Cluster 1 (n=8)	Cluster 2 (n=15)	Cluster 3 (n=8)
emphasis on local heritage and history in beers	median	1	2	3
integration of local heritage and history in branding strategy	median	1	2	3,5
local narratives	heroes	N/A	13,33%	12,50%
	folk tales	N/A	13,33%	12,50%
	fairy tales	N/A	6,67%	12,50%
	legends	N/A	26,67%	37,50%
	myths	N/A	0,00%	25,00%
aspects emphasizing local heritage and history in beers	brand name	N/A	40,00%	37,50%
	brand logo	N/A	26,67%	37,50%
	beer name	N/A	66,67%	50,00%
	beer label	N/A	60,00%	37,50%
	beer packaging style	N/A	20,00%	0,00%
	local traditional beer styles	N/A	26,67%	12,50%
	historic brewery	N/A	13,33%	0,00%
the extent of the integration of local values	brand name (median)	1	2	2
	label design (median)	1	3	1
	packaging attributes (median)	1	1,5	1
	logo (median)	1	2	1
	advertisements (median)	1	2	1
rebranding	yes	37,50%	0,00%	100,00%
	no	62,50%	100,00%	0,00%
the reason for rebranding	to keep up with the newly emerging design trends	25,00%	N/A	62,50%
	initially my brand was miscommunicated	12,50%	N/A	12,50%
	to reach new customer segments	12,50%	N/A	12,50%
	to keep my brand relevant	0,00%	N/A	25,00%
	to keep up with the competition	12,50%	N/A	12,50%
	negative publicity	0,00%	N/A	0,00%
	legal issues	0,00%	N/A	12,50%
sustainable brewing	median	3	3	4
promotion of sustainable actions	median	2	3	2
product innovation	median	4	3	4
promotion of innovation	median	4	3	4
local community building	median	2,5	3	3
online community building	median	3	3	2

primary customer	beer enthusiasts	37,50%	33,33%	50,00%
	mass market	12,50%	6,67%	0,00%
	local community	25,00%	33,33%	25,00%
	online community (through online delivery)	0,00%	6,67%	0,00%
	tourists	0,00%	6,67%	12,50%
	exporters	12,50%	6,67%	12,50%
	residents who no longer live in your country	0,00%	0,00%	0,00%
	other	12,50%	6,67%	0,00%
primary revenue source	my local pub, taproom, or brewpub	12,50%	33,33%	25,00%
	webshop	0,00%	0,00%	0,00%
	special beer stores	50,00%	20,00%	25,00%
	supermarket	12,50%	0,00%	25,00%
	brewery tours	12,50%	0,00%	0,00%
	other	12,50%	46,67%	25,00%
primary revenue source during COVID-19	my local pub, taproom, or brewpub	12,50%	13,33%	0,00%
	webshop	37,50%	40,00%	50,00%
	special beer stores	37,50%	33,33%	25,00%
	supermarket	12,50%	0,00%	25,00%
	brewery tours	0,00%	0,00%	0,00%
	other	0,00%	13,33%	0,00%
most demanded type of beers	Ales	25,00%	33,33%	25,00%
	Lagers	25,00%	46,67%	25,00%
	Hybrids	0,00%	0,00%	0,00%
	Lambics	0,00%	0,00%	12,50%
	New wave beers	25,00%	20,00%	25,00%
	Experimental beers	25,00%	0,00%	12,50%
country of origin	Austra	12,50%	20,00%	25,00%
	Czech-Republic	0,00%	26,67%	12,50%
	Germany	25,00%	0,00%	25,00%
	Hungary	37,50%	20,00%	37,50%
	Romania	25,00%	20,00%	0,00%
	Slovakia	0,00%	13,33%	0,00%

region	urban	50,00%	66,67%	25,00%
	rural	50,00%	33,33%	75,00%
years since establishment	less than a year ago	0,00%	6,67%	0,00%
	1-2 years ago	0,00%	26,67%	0,00%
	3-5 years ago	62,50%	33,33%	25,00%
	6-10 years ago	37,50%	20,00%	37,50%
	11-20 years ago	0,00%	6,67%	0,00%
	more than 20 years ago	0,00%	6,67%	37,50%
type of brewery	nanobrewery	37,50%	13,33%	37,50%
	farmhouse brewery	0,00%	0,00%	12,50%
	microbrewery	50,00%	46,67%	50,00%
	brewpub	0,00%	13,33%	12,50%
	regional craft brewery	0,00%	6,67%	25,00%
	gypsy brewing	25,00%	33,33%	0,00%

***Table 2**: Percentage and median distribution of clusters by variables derived from the survey (main table)*

4.2.1 Cluster 1: "The reformist"

"*The reformist"* is the first cluster which represents 25.80% of the sample (*n=8*). This segment is equally shared by breweries located in rural and urban areas (50% respectively); the majority of them has been established 3-5 years ago (62.5%) and are mainly comprised of microbreweries (50%). Hungary represents 37.5% of this cluster, along with being 25% from Romania, 25% from Germany, and 12.5% from Austria.

The main shared commonality between this cluster's participants is that every one of them without exception rejects the emphasis and integration of local history and heritage into their branding; their packaging attributes do not reflect local connotations at all. "*The reformist*" shows relatively low signs of rebranding actions (37.5%) and claims to have "modern, minimalist and unique" label designs that are great differentiating factors compared to the other clusters. Regarding sustainability and innovation, this cluster emphasises sustainable brewing. It has no significant sustainability promotion actions; however, its product innovation plays an important role and is very much promoted. Compared to the local community, the online community building is more crucial for "*the reformist"*. Regarding its market position, 37.5% of its customers are beer enthusiasts, special beer stores are the main revenue sources for half of these breweries, and 37.5% of them had their main revenue sources from webshop sales during COVID-19, which shows an increase, although its special beer store sales during COVID-19 remained consistent (37.5%). Lastly, 50% of this cluster's most demanded beer styles by their customers are *ales* and *lagers* (25%

and 25%), and *new wave beers (NEIPA, West Coast IPA, APA, etc.),* along with *experimental beers (coffee stout, pastry stout, DDH sour, etc.),* accounting to a total of another 50% in total. These new styles further support the agenda of "*the reformist*" being the cluster which is engaged the most in these modern beers.

***Figure 10**: Illustration for "the reformist"*

To conclude, "*the reformist*" is considered to have the most modern approach to its branding and market position. The rejected integration of local history and heritage sends a clear signal that "*the reformist*" pushes a paradigm shift in the long-sustained brewery branding and market position approaches that honour sense of place and place attachment. As mentioned earlier, the engagement in the production of these modern beer styles might be linked to this so-called secession from the local values. This modern movement might also be explained by their predominant young ages (3-5 years). Notably, "*the reformist*" is fixed to none of the geographical regions (urban or rural); thus, we may conclude that this cluster is not region-dependent, and it can occur in every region, which further strengthens its agenda. As stated in the literature review, in Europe, the demand for new beer products is increasing. As a result, more small and medium-sized breweries are established to satisfy these customer demands (Calvo-Porral, 2019). Consequently, by the breweries' large emphasis on product innovation, new brands and styles are presented to the market (Calvo-Porral, 2019). Evidently, "*the reformist*" breweries are nano- microbreweries that emphasize product innovation, brew modern, sometimes out of the ordinary beers with fascinating flavour profiles that are rather non-conformists in nature, as Figure 10 also demonstrates it. Moreover, this cluster still focuses on traditional beer styles, such as ales and lagers; however, the branding of these beers does not accentuate any local values.

4.2.2 Cluster 2: "The local"

"*The local*" represents the largest cluster, accounting for 48.4% (*n=15*) of the sample. This section is dominated by breweries from urban regions (66.67%), a third of these companies in this cluster were established 3-5 years ago (33.33%), 26.67% 1-2 years ago, and 20% 6-10 years ago. "*The local*" segment is represented by 46.67% microbreweries and 33.33% of gypsy breweries.

This segment places a relatively mild emphasis on the reflection of local values, history, and heritage; however, the ones that do, recall "local artists, meaningful historical dates, inventions and local stereotypes", according to their individual answers. The integration of these motives into the label design was predominant in the case of "*the local*" (*median = 3*), whereas 66.67% of the respondents emphasized local heritage and history in some form in their beer names, 60% in beer labels, and 40% in their brand name (assessed with multiple choice answers). "The local" has never rebranded its company and claims to have label designs portraying design elements that are "modern, traditional with a modern touch, local, modern folk, and simple". The cluster emphasizes sustainable brewing and product innovation along with the promotion of these actions. For "*the local*" online and local community building is equally important to a large degree. Regarding their market position, 33.33% of their primary customers are beer enthusiasts, and 33.33% is the local community itself. 33.33% of this cluster's primary revenue source is their local pub, taproom, or brewpub; 46.7% receives their primary revenue from other craft beer bars and pubs, or even restaurants. During COVID-19, the main revenue source has shifted to webshop sales for 40% of the cluster, while 33.3% of the respondents claim to have their primary revenue source from special beer stores during the pandemic. The most demanded beer styles of the "*the local*" are *lager* beers (46.67%) and ales (33.33%); however, in the case of 20% of the cluster, new wave beers are brewed as well.

"*The local*" as a label for this cluster very much reflects its orientation towards local values; although, this group is predominantly consisting of urban breweries, not as one might presume it initially. As the data shows, the brand name and beer label emphasize local values the most. These branding elements might enforce a heightened sense of place among the locals that happens to be one of the main customers for these breweries. According to these breweries' individual responses, the exhibition of history, tradition, local cuisine, and stereotypes fit into the neolocal movement to a certain degree that has been mainly observed and researched in the U.S.A. Moreover, traditional and historical does not necessarily mean obsolescence for these breweries since these motives are represented with a modern touch in their branding approaches, such as label design. Sustainability plays a vital role for these breweries, which is strongly linked to neolocalism. "*The local*" has never rebranded its brewing company, which may be a strong indication that these breweries found their brand and market position satisfying, and their brand communication is well justified from the perspective of their customers. The most demanded beer styles of "*the local"* are lagers and ales that now might be considered classic and emblematic representations of the craft beer scene, especially the *ale* styles. It is worth considering that a large portion of this cluster claims to have its primary revenue source from other beer bars, pubs, and restaurants (46.67%). Furthermore, the local community forms 33.33% of their main customer base; thus, these beers might be found on the taps of local bars and pubs. The *lagers* and *ales* might support more the traditional aspect of these breweries since ales and lagers have a long history and are linked to certain places. 26.7% of the respondents are from the Czech Republic, which has an utterly significant beer history; thus, preserving these beer and brewing traditions might be an objective of "*the local*", but with a "modern touch". As this cluster's respondents claim, modern approaches are vital parts of their design elements, and *new wave beers* are part of their most demanded beer styles to a certain degree, one might summarize that "the local" is a crossover between the two extremes of ultra-contemporary and conservative craft beer breweries which still mainly focuses on the region in where their operations are. For example, the illustration below (Figure 11) demonstrates how "*the local*" emphasizes local values in the beer label and name, referring to the city of Győr (Hungary) while having modern touches on the design elements. Also, this beer is a *lager* type which is prevalent for this cluster.

***Figure 11**: Illustration for "the local"*

4.2.3 Cluster 3: "*The trendy*"

The last group of breweries was named "*the trendy*" and accounted for 25.8% of the sample (*n=8*). This cluster consists of breweries predominantly located in rural regions (75%). The majority of them can be considered relatively old companies since 37.5%

were established 6-10 years and another 37.5% more than 20 years ago. 50% of "*the trendy*" is composed of microbreweries, 37.5% nanobreweries, and notably 25% regional craft breweries.

Regarding local heritage and history, "*the trendy*" tends to emphasize them, and the integration of these local values is utterly significant in the case of these breweries. "*The trendy's*" emphasis on local heritage and history is more distributed among the listed aspects compared to the previous cluster: the beer name emphasizes the local values the most (50%), while the brand name, brand logo, and beer label highlight those values with 37.5%, respectively (on a multiple-choice assessment). However, the local values are not integrated to a significant extent into the product attributes and advertisements of "*the trendy*". One of the most significant features of this cluster lies in the shared commonality of having their companies rebranded throughout the years (100% of the respondents). The cluster's dominating reason for rebranding is to keep up with the newly emerging design trends (62.5% of the answers); although 25% of the answers indicate the rebranding was justified for keeping their brand relevant. "*The trendy's*" short description of their current label design mainly indicate that it is "artsy, abstract, and clear". Sustainable brewing and product innovation have significant importance for the respondents of this cluster; however, the promotion of these actions vary: the promotion of innovativeness has utmost importance, but on the other hand, sustainability promotion is pursued on a low level. Local community building is relevant for "*the trendy*", yet online community building is not among the main focuses of this cluster. The market position of these breweries is defined by having 50% beer enthusiasts and 25% local community as main customers. The primary revenue source is slightly diversified in this cluster: the most profitable for 25% of the respondents is their local pub, taproom, or brewpub; for 25%, it is a supermarket, and for another 25%, the special beer stores are the main revenue sources. However, during COVID-19, it has been altered. Now 50% of the breweries' primary revenue source has become their webshop; the 25-25% distribution ratio for supermarket and special beer stores as primary sources of revenue remained consistent during COVID-19. In the case of "*the trendy*", there is no significant beer style specially demanded by their customers (25% for ales, lagers and new wave beers).

First and foremost, the main feature of this cluster is their rebranding, to keep up with the newly emerging design trends and to keep their brand relevant which might be highly associated with being the “oldest” cluster in terms of years since establishment of the companies. The emergence of new wave beers might be another signal for the efforts of this segment to reach new customer segments, alter their brand image, or completely change it. Sustainable brewing, product innovation, and the promotion of brewery innovativeness may be supporting acts for those beforementioned aspirations.

***Figure 12**: Illustration for “the trendy”*

“*The trendy*” segment is comprised of predominantly rural breweries, and if the following sections of this thesis can reveal whether breweries that are located in rural regions tend to adopt more local values in their branding, one might be able to conclude that “*the trendy*” is more prevalent in the case of rural breweries. Moreover, this cluster tends to emphasize local heritage and history in their beer names, brand name, beer label, and brand logo. The increase in the induced migration to webshop sales due to the pandemic might also be part of the reason why rebranding actions were necessary for these breweries to reach new market segments; although, these participants have an average focus on online community building. In conclusion, one may summarize "*the trendy*" as a brewery profile which is highly attentive towards local values, but its appearance is more sophisticated and "artsy", presumably as a result of the rebranding actions. A great example for these traits is the beer illustration above (Figure 12).

4.2.4 Notes on the clusters

As one might have observed, there are significant differences between the clusters in certain approaches and characteristics. However, some of the features of the groups vary to a certain degree, but not to a compelling extent, such as the country of origin, brewery types and primary customers of the inspected breweries. Thus, so far, we might conclude discreetly that differences can be observed in the branding strategies of these breweries; however, their market position is somewhat universal, which might be linked to the overall craft beer market's position. Therefore, these breweries are mainly differentiating their products by various branding strategies: "modern, minimalist, unique", "modern, traditional with a modern touch, local, modern folk, and simple", and "artsy, abstract, clear" (but still capitalizing on local history and heritage, with rebranding actions).

Notably, the largest cluster among all was the "the local", indicating that craft beer can bring the local community together. Its customers find it important to connect with local products, reinforcing a sense of place and place attachment. Seemingly the branding of the breweries in "the local" cluster and their products reflect local values on a moderate level but in a modern and elegant manner. Brand authenticity is measurable to a certain extent because the reflection of local values in their beer name and beer label is predominant. As Bruhn et al. (2012) recommended, once brand managers successfully identify the values of a region and its culture, symbols can be defined that can be integrated into the brand's design elements, such as packaging, logo, etc., and "the local" seems to comply with these steps to some degree.

Boundaries are pushed by "*the reformist*" companies that consistently refuse the adoption of local motives and are focused on the innovation of new wave and experimental beers to share it with an online community in most cases. Finally, it seems like throughout the rebranding actions, "*the trendy*" might strive to follow the path of "*the reformist*" since these breweries predominantly claim that they have rebranded their company to follow the new design trends. On the other hand, as the minority of this cluster stated, their reason for rebranding was to keep their brand relevant, which might be due to various reasons, including changes in preferences. It is noteworthy that "*the trendy*" is the most favoured by the beer enthusiasts among all the clusters. From the individual responses and high Likert-scale results, one can conclude that the local values are adopted consciously in the case of "the trendy" and "the local".

4.3 Differences and similarities among the clusters

Statistical tests were utilized to prove the differences and similarities between the clusters by their corresponding p-values. Since some questions were measured on a Likert scale, it was necessary to perform the required statistical tests to display the results properly. Even though the cluster analysis took the Likert-scale answers into account, the researcher decided to perform statistical tests to show evidence of the similarities and dissimilarities between the groups in terms of these questions. For the following 4-point-Likert scale questions, Kruskal-Wallis Tests were used. The table below aims to present all the Likert scale questions listed in the survey with their corresponding median scores linked to the three clusters. The p-values from the Kruskal-Wallis tests are visualized with two distinct colours to show where can one observe significant differences between the clusters. The light green colour indicates the significant differences between the groups ($p\text{-value} < 0.05$) in terms of the listed 4-point-Likert scale questions. On the other hand, the light red suggests no significant differences between the clusters ($p\text{-value} > 0.05$).

Likert scale questions	Clusters	Medians	p-values (from Kruskal-Wallis Tests)
To what extent do you agree with the following statements?			
We emphasize local heritage and history in our beers.	first	1,0	0,0001945
	second	2,8	
	third	2,9	
Local heritage and history are integrated into our branding strategy.	first	1,0	0,0006802
	second	2,6	
	third	3,0	
To what extent are the local values integrated into the following aspects?			
Brand name	first	1,4	0,1327
	second	2,4	
	third	2,0	
Label design	first	1,3	0,01027
	second	2,7	
	third	1,6	
Packaging design	first	1,0	0,04786
	second	1,6	
	third	1,2	
Logo	first	1,1	0,02909
	second	2,4	
	third	1,7	
Advertisements	first	1,4	0,06207
	second	1,7	
	third	1,5	
To what extent do you agree with the following statements?			
Our company brews beer in a sustainable fashion.	first	2,6	0,3729
	second	3,0	
	third	3,1	
We promote our brewery's sustainable actions.	first	2,1	0,8755
	second	2,3	
	third	2,4	
Product innovation is an important part of our brewery.	first	3,7	0,2554
	second	3,1	
	third	3,3	
We promote our brewery's innovativeness.	first	3,4	0,1248
	second	2,7	
	third	3,4	
To what extent do you agree with the following statements?			
Our brewery focuses on local community building.	first	2,6	0,2769
	second	3,3	
	third	2,6	
Our brewery focuses on online community building.	first	3,0	0,345
	second	3,1	
	third	2,5	

***Table 3**: Kruskal-Wallis Tests for the Likert-scale questions*

As mentioned before, significant differences can be seen in the branding strategies of the clusters, but their additional strategies, such as product innovation, focus on sustainability and their promotions, are rather universal in the case of these craft beer breweries, which might be linked to the overall craft beer market's approach to these strategies. Therefore, the previous conclusion can be reinforced that some clusters are capitalizing more on local values than others, according to their 4-point-Likert scale responses.

4.3.1 Rural breweries and the adoption of local values

Likert scale questions	p-value (from Kruskal-Wallis Tests)
To what extent do you agree with the following statements?	
We emphasize local heritage and history in our beers.	0,8693
Local heritage and history are integrated into our branding strategy.	0,6503
To what extent are the local values integrated into the following aspects?	
Brand name	0,4151
Label design	0,7463
Packaging design	0,2469
Logo	0,4481
Advertisements	0,8692

***Table 4**: Kruskal-Wallis Tests for rural breweries and their adoption of local values*

One might have presumed that urban and rural breweries tend to have differences in respect to their adoption of local values. In order to validate this assumption, the urban and rural breweries were compared with each other. However, as the Kruskal Wallis Tests' p-values present, we failed to reject the null hypothesis, namely that there is no significant difference between the two regions. This suggests that the rural and urban regions tend to reflect local values to the same extent.

4.3.2 The neolocal movement in the selected European nations

Since the "*the trendy*" and "*the local*" clusters showed more signs of neolocalism, it was sensible to investigate only these two groups because "*the reformist*" rejects all local value-based branding approaches.

Likert scale questions (Cluster 2 & 3)	p-value (from Mann-Whitney U-Tests)
To what extent do you agree with the following statements?	
We emphasize local heritage and history in our beers.	0,8357
Local heritage and history are integrated into our branding strategy.	0,4168
To what extent are the local values integrated into the following aspects?	
Brand name	0,6233
Label design	0,03614
Packaging design	0,1695
Logo	0,1597
Advertisements	0,08982

Table 5: Mann-Whitney U-Tests for Cluster 2 & 3 based on the adoption of local values in their branding

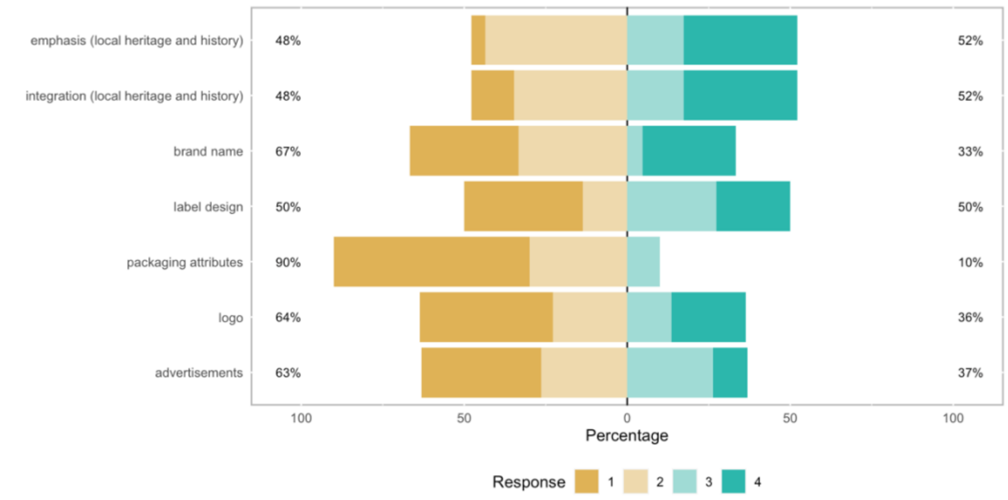

Figure 13: Frequency distribution of Likert-scale type questions regarding the emphasis and integration of local values, and different product attributes

To answer whether these inspected European breweries are generally engaged in the neolocal movements that originated in the U.S.A., firstly, the researcher is required to observe the extent to which the breweries emphasize heritage and history in their branding strategies. According to the Mann-Whitney U-Tests, no significant differences were detected between the clusters regarding their answers on the 4-point-Likert scale-based questions (p-values > 0.05), except for the integration of local values into the label design (p-value < 0.05), where significant differences between the clusters were observed. For the first two main but more generalized questions, the respondents were slightly more prone to emphasize and integrate the local values in their beers and branding strategies (52% each).

However, the integration of these values to the branding aspects of the companies are less significant in both cases; therefore, one might state that in the branding strategies of the selected European breweries, the incorporation of local values is not too significant, according to Figure 13 above. In the case of "*the trendy*", the integration of local heritage and history is more prevailing due to the reason that its median is the highest, among all (3.5) compared to the other two clusters, and it is sufficient on a Likert scale of 1-4 to be considered as this aspect reflects local values to a large extent.

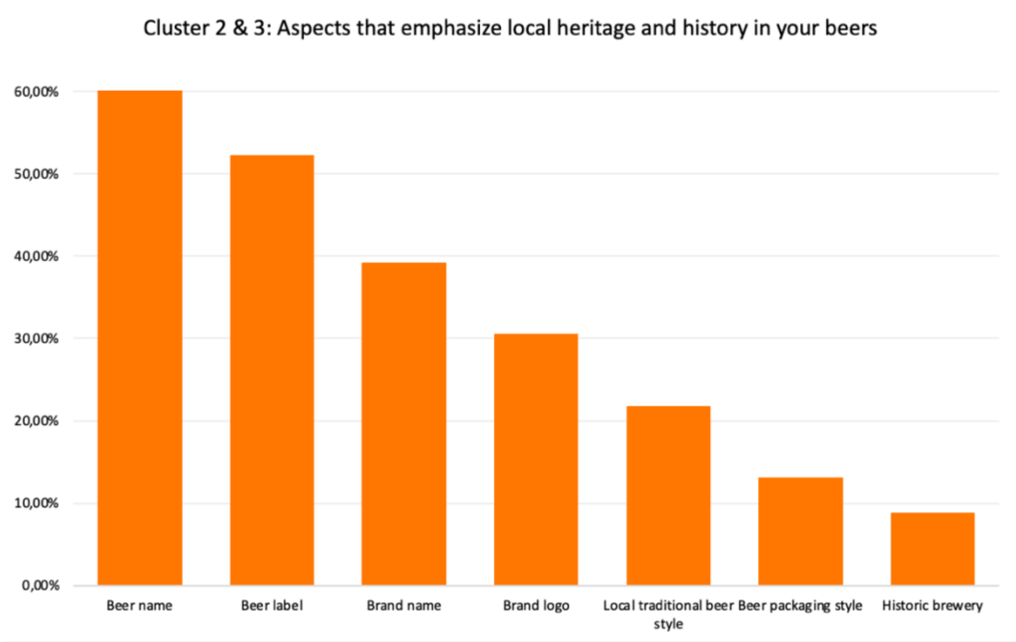

***Figure 14**: Aspects that emphasize local heritage and history in the participants' beers (Cluster 2 & 3)*

Since the 4-point-Likert scale-based distribution is not intuitive enough to decide whether neolocalism is prevalent to a certain extent in the case of "*the local*" and "*the trendy*", the multiple-choice question "*Which of the following aspects emphasize local heritage and history in your beers?*" was further observed. As Figure 14 shows, the beer names emphasize local heritage and history to the largest extent (60%), which are figurative names reflecting local values. The rest of the aspects are prevalent to some degree but are minuscule to prove that the neolocal movement is active within the selected European countries.

Community building, in general, is an important part of these two clusters, especially their focus on the local community building (70%), as Figure 15 presents it. The online community building might have emerged during the pandemic since most of the face-to-face contact locations were closed for a substantial period of time, which forced the breweries to alter their existing strategies regarding their market positions.

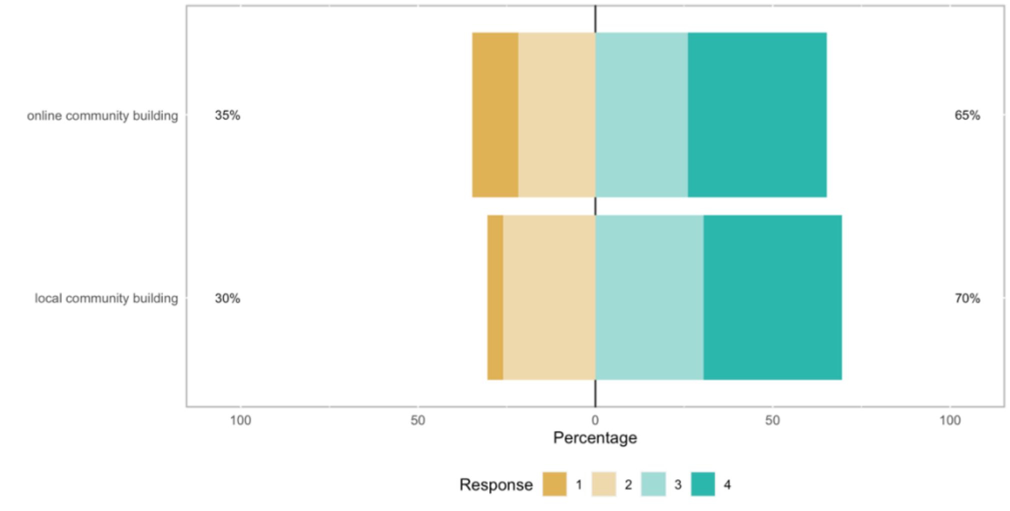

Figure 15: Frequency distribution of Likert-scale type questions regarding online and local community building

Likert scale questions (Cluster 2 & 3)	p-value (from Mann-Whitney U-Tests)
To what extent do you agree with the following statements?	
Our company brews beer in a sustainable fashion.	0,5607
We promote our brewery's sustainable actions.	1

Table 6: Mann-Whitney U-Tests for the sustainability initiatives of Cluster 2 & 3

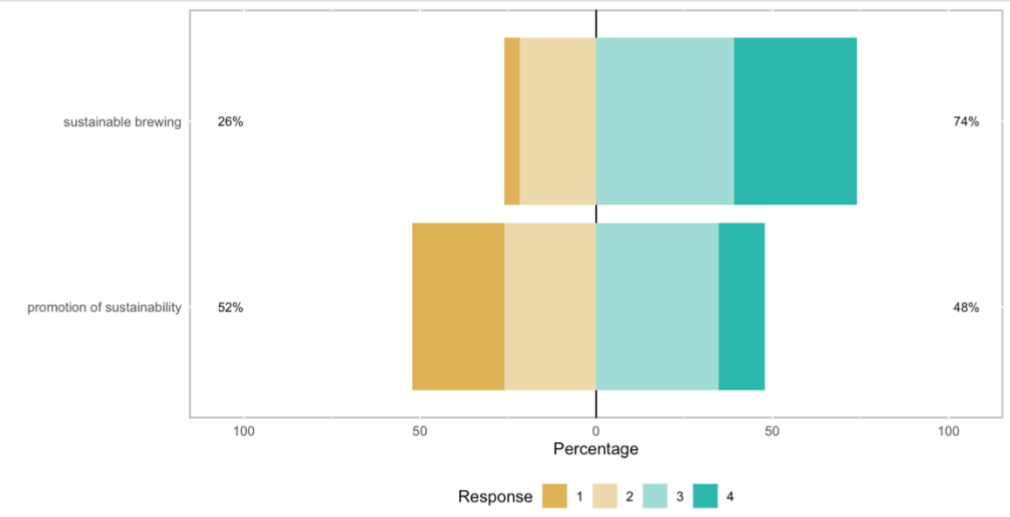

Figure 16: Frequency distribution of Likert-scale type questions regarding sustainable brewing and promotion of sustainability

Regarding sustainability actions, as seen on Table 6, no significant differences were found between Cluster 2 and Cluster 3 (p-values > 0.05); therefore, these two clusters share similarities with each other to a certain degree. As Figure 16 shows, these clusters brew beer in a sustainable fashion (74%); however, the promotion of these actions are not too significant (48%). Thus, an emphasis on environmental sustainability is common among these breweries, which is a necessary element of neolocalism.

Lastly, "*the local*" comprises 60%, and "*the trendy*" consists of 87.5% nano- and microbreweries. These brewery types support the theory behind neolocalism, which states that the breweries engaged in this movement are expected to be smaller production facilities.

A definitive answer to the question of whether the neolocal movement is prevalent among the selected European breweries cannot be given. As stated in the literature review previously, according to Holtkamp et al. (2016), companies engaged in neolocalism consciously adopt local values in their names, packaging design and marketing; environmental sustainability plays an important role for them; and community building is essential too. "*The local*" and "*the trendy*" tends to emphasize local heritage and history in their beer names and beer labels. However, the integration of these local values to the branding elements is less significant than their advertisements.

Therefore, it would be too courageous to state that the local values reflected by the branding and marketing of these breweries heavily support the neolocal movement. On the other hand, as an outcome of sustainable brewing, environmental sustainability is much more frequent. The prioritization of the local community further supports the concept of neolocalism. Nonetheless, since the local elements in branding hold great significance in the definition of the neolocal movement, it is hard to conclude the existence of this phenomena within these European craft beer breweries. The data at hand implies that neolocalism is in its infancy at the moment in these European countries because some local values are still emphasized and integrated into the branding strategies of the breweries. Since environmental sustainability and local community building could be linked to other goals, outside of the scope of a reinforced sense of place and environmental consciousness, a direct link between these variables is difficult to make. All things considered, the neolocal movement is not as prevalent in these European countries as it is in the U.S.A.

4.3.3 Local narratives in rural breweries

An additional research question arose throughout the data analysis process: is it more likely that local narratives get adopted by rural breweries? To further explore this hypothesis, urban and rural breweries have been compared with each other in terms of the conscious utilization of local narratives by the breweries. The results of the Chi-Square Tests show that there are no significant differences among the urban and rural breweries. Therefore, urban breweries tend to reflect local narratives in their brands, such as heroes, folk tales, fairytales, legends, and myths to the same extent as rural.

Local narratives (rural & urban)	p-value (from Chi-Square Tests)
Does your beer brand reflect the following local narratives?	
Heroes	0,9356
Folk tales	0,9356
Fairytales	1
Legends	0,8902
Myths	1

Table 7*: Chi-Square Tests for rural and urban breweries regarding their local narratives*

Since the question regarding local narratives was a special, more in-depth question, to those that emphasize and integrate local heritage and history to some extent in their beer brand, only a subset of the participants' answers has been recorded. Therefore, the percentages shown in Figure 17 correspond to this new subset created from the total participants (n=23; 74.19% of total respondents). This subset consists solely of Cluster 2 and Cluster 3 because Cluster 1 has universally rejected any emphasis and integration of local values. Thus, Cluster 1 has not received this special question regarding local narratives and was automatically skipped for them.

As Figure 17 shows below, local narratives are being roughly equally distributed between urban and rural breweries. Notably, legends are the most widely reflected local narratives in the beer brands, although still to an insignificant extent.

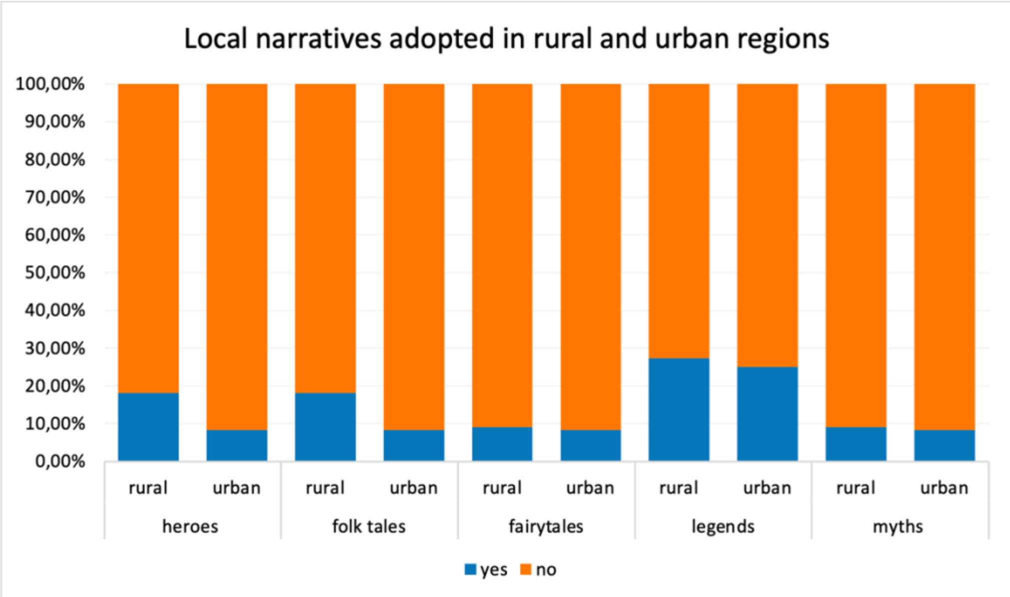

Figure 17: Local narratives adopted in rural and urban regions

After a successful statistical test and data visualization one may irrefutably conclude that rural breweries are not subject to local narratives to an overrepresented extent. Instead, these motives are expressed by urban breweries to the same extent, although neither urban nor rural regions reflect them to a significant level.

4.3.4 The newly established brands and product innovation

One might suspect that the newly established breweries in the craft beer scene tend to place a higher emphasis on innovativeness. This section aims to test this hypothesis by showing the statistical significances between the 4-point-Likert scale questions linked to the importance of product innovation and the promotion of the brewery's innovativeness.

Innovation and brewery age	p-value (from Kruskal-Wallis Test)
To what extent do you agree with the following statements?	
Product innovation is an important part of our brewery.	0,6575
We promote our brewery's innovativeness.	0,856

Table 8: Kruskal-Wallis Tests for innovation and brewery age

The Kruskal-Wallis Tests displays no significant differences among the age groups of the breweries in terms of these two questions (p-values > 0.05). Therefore, as seen from the cluster analyses, all of the respondents accentuate innovativeness.

For the bar plots below (Figure 18 and 19) classifications were created to distinguish the new breweries from the old ones. The category for “new” companies (number of years since the establishment year) is comprised of breweries that were established: “less than a year ago”, “1-2 years ago”, and “3-5 years ago”. On the other end of the spectrum, the “old” breweries are the companies that are active since: “6-10 years”, “11-20 years”, and “more than 20 years”.

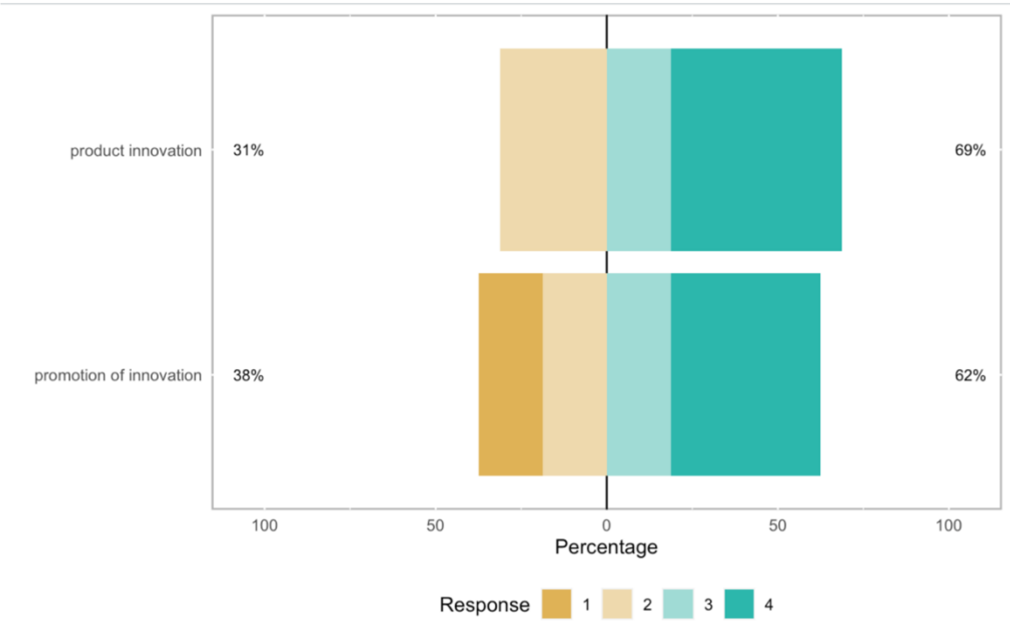

Figure 18: Frequency distribution of Likert-scale type questions regarding product innovation and promotion of innovation (“new” breweries)

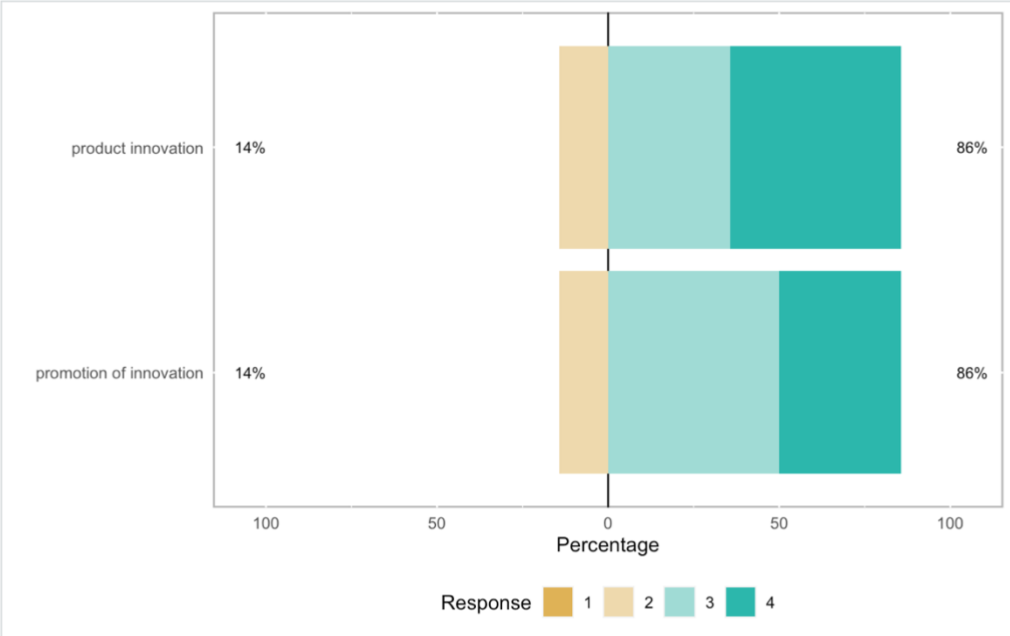

__Figure 19__: Frequency distribution of Likert-scale type questions regarding product innovation and promotion of innovation ("old" breweries)

As discussed before, product innovation and its promotion are universally emphasized among the breweries. Remarkably, the old breweries are placing slightly more emphasis on innovation and promotion than the new ones, as Figure 19 presents.

4.3.5 Primary revenue source changes as a result of COVID-19

The pandemic forced most of the businesses to adapt to the new circumstances of COVID-19, and the beverage industry was no exception. The chart below presents the changes experienced by craft beer breweries during COVID-19 in terms of their main revenue sources.

As it was presumed, the webshop sales became the dominating revenue sources for the breweries that account for 42% of the total respondents. It is worth highlighting that before the pandemic the webshop sales have not been the primary revenue sources for any brewery from the sample.

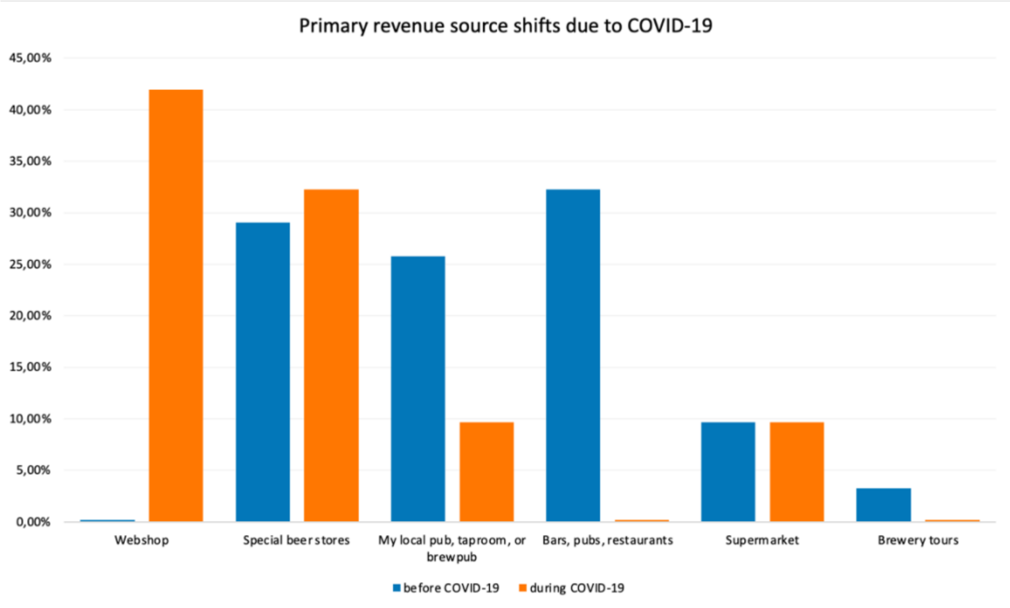

Figure 20: Primary revenue source shifts due to COVID-19

A slight increase in the special beer store sales can be observed, which might have its advantages since it is not necessarily spatial dependent. Thus, more customer engagement can be attained, so as with webshop sales due to the wide shutdowns of facilities concerned with hospitality. A sharp decrease can be witnessed with reference to sources of revenue for the breweries. Since supermarkets were allowed to stay open, those breweries that were having their products on the shelves of supermarkets were not affected at all by the hit of the pandemic. Lastly, brewery tours have been the primary revenue source for a small proportion of the respondents only; however, during COVID-19, it has decreased even lower.

The objective of this section was to reveal the new sources of brewery revenues and draw attention to the impact of the forced conversions to webshop sales on the sense of place and place attachment. Since these theories highlight the locality of the brand, online shopping that excludes the local experience, SoP, place attachment, and place identity might lose their relevance. However, if the local community is convergent enough, it may sustain the brand throughout the rough times. Brands that highly capitalize on local values might turn to rebranding to reach new customer segments in the online sphere; thus, it might come as an opportunity as well.

5 Managerial implications, limitations and future research directions

5.1 Business recommendations

The thorough exploration of the craft beer market in the case of the selected European countries resulted in the identification of three distinct brewery profiles: "*the reformist*", "*the local*", and "*the trendy*". Brewing companies that are planning to rebrand or would like to expand their businesses might find these brewery profiles valuable in their decision-making process because they outline the market in the sense of branding strategies, market positions, and competitors. Also, opportunities are created for newly established breweries to either consciously adopt a profile or avoid the assimilation with any of them.

As the data shows, local values are emphasized and integrated into the branding of a number of breweries but with enhanced modern appearances that are in line with contemporary design. This might be critical, and local values are not projected in a hidebound and over-traditional fashion as the clusters present. Instead, some elements are utilized to bring coherency to the brands and frame distinct concepts regarding various product lines, such as the history of mining or local artists. Therefore, local heritage and history, along with certain local narratives may be worthwhile to explore in branding, presented with a stylistically modern approach because people have an innate need to connect or reconnect through the local values of certain places, especially if they already have an emotional attachment with that specific location. One may have held the stereotype that the projection of local values is closely tied to rural regions. Nonetheless, as the data shows, urban areas show signs of capitalization on local heritage and history to the same level as the rural ones. Therefore, breweries that are willing to accentuate the local values are not constrained by their locality because examples can be found in both regions to the same extent.

Regarding local community building, the pandemic forced businesses to migrate to digital spaces which might result in the absence of that fundamental personal connection between the customer and the brewery. That physical contact results eventually in engagement and long-term customer loyalty. Therefore, companies might find ways to underline their local characteristics and still keep the local community close to their brand through online sales.

5.2 Limitations

The study encountered a few limitations throughout the research process. First of all, the generalization of the results must be taken with a grain of salt since the data's scale was relatively small. Moreover, the findings cannot be generalized to the whole European market either since the continent is far too culturally segregated. It might be possible that in Southern Europe, the results would significantly differ from Central or Northern Europe.

Another possible limitation of the study could have been the assessment method, namely the online survey. For non-fluent English or Hungarian speakers, it might have been discouraging to answer. It might have affected the participation rate and the answers themselves that could have altered the outcome of the results. For example, some feedbacks were received that a few participants were not speaking in English; therefore, this might have been another reason for the low participation rate.

The survey was conducted during COVID-19, and a substantial number of breweries were inactive or even shut down entirely throughout this period, which resulted in a decreased participation rate for the distributed survey.

5.3 Future research directions

The research has been limited to mainly centrally located European countries; therefore, it might be sensible to conduct future research that is more inclusive towards other nations and outline the neolocal movement of Europe more comprehensively. Moreover, a qualitative study might be sensible to further explore the motivations behind the conscious adoptions of local values. Furthermore, it might be intriguing to conduct studies from the customers' perspective, examine whether the consciously induced sense of place and place attachment is effective, or whether the customers feel the need for a connection or reconnection towards specific locations or not.

6 Conclusion

This thesis was an attempt to explore the conscious adaptations of the local sense of place induced branding strategies of craft beer breweries aligned with their market positions and additional strategies to derive a comprehensive market structure of craft beers with the help of a clustering algorithm. As a result, three distinct craft beer brewery profiles were identified that are distinguished based on emphasis and integration of local values, additional strategies, and market position. The emerged brewery profiles derived from the cluster analysis were named after the distinct characteristics they hold, as an outcome, "*the reformist*", "*the local*", and "*the trendy*" have been determined by the author.

"*The reformist*" rejects any forms of local value adoption in their branding strategies, and product innovation is a critical part of their businesses since the demand for new beers has been experienced in Europe. Therefore, "the reformist" presents new beer styles to the market in the forms of experimental and new wave beers. This cluster still has a focus on more classical beer styles, such as ales and lagers, although their branding does not reflect any form of traditionalism.

"*The local*" forms the largest segment of the subset, and it focuses on the implementation of local heritage and history on a moderate but noteworthy level but claims to present their products' designs with a modern touch. The beers of "the local" might be found on the taps of local bars, pubs, and restaurants, which signals that the local community is a vital part of these breweries, as it was also presented throughout the data analysis. Thus, "*the local*" is a brewery profile that tends to accentuate local values with a close link to modern approaches, especially in their branding actions.

“*The trendy*” is the group of breweries that are aiming to keep up with the newly emerging design trends through rebranding actions while still emphasizing local values with sophisticated and artsy product attributes that are a result of those brand identity alterations through rebranding. Notably, “the trendy” breweries are the oldest in terms of years since their establishment and are the most favored by the beer enthusiasts among all the other brewery profiles.

Regarding the prevalence of neolocalism among the selected European countries, the data analysis suggests that this movement blooming in the U.S.A. is still in its infancy. Thus, a well-defined explanation cannot be provided of the state of the neolocal movement among Austria, the Czech-Republic, Germany, Hungary, Romania, and Slovakia even though that the answers of “*the local*” and “*the trendy*” suggested its presence to a certain extent. Unfortunately, the results were not compelling enough to undoubtedly affirm the existence of the neolocal movement.

Throughout the research, it has been proven that there is no significant link between rural breweries and the adoption of local values. Thus, urban and rural breweries tend to reflect the local heritage, history, and narratives to the same extent. Although, local narratives such as myths, legends, and fairytales that are closely linked to brand humanization, are not overly represented among the breweries. Moreover, throughout the research process a captivating conclusion has been drawn which outlines that among older breweries product innovation can be observed to a greater extent compared to the relatively newly established ones. Although, product innovation is generally vital to all the participants.

Lastly, the data analysis proved that the conversion to webshop sales during COVID-19 has largely increased; therefore, excluding the local experiences in the online spheres might come as a challenge to those breweries that capitalize more on those local aspects.

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Appendix

Survey transcript

Craft Beer Survey

I would be honored if you would take your time to fill this survey out, which I am conducting for my bachelor thesis to be able to finish my current studies at Modul University Vienna. My research interest concerns the branding strategies of craft beer breweries from Austria, Germany, Hungary, Romania, Slovakia and The Czech Republic.

There are 18 questions in this survey.

To what extent do you agree with the following statements?

Please choose the appropriate response for each item:

	1	2	3	4
We emphasize local heritage and history in our beers.	○	○	○	○
Local heritage and history are integrated into our branding strategy.	○	○	○	○

1 = do not agree ; 4 = totally agree ; No answer = not applicable as well

Does your beer brand reflect the following *local narratives*?

❶ Check all that apply
Please choose **all** that apply:

- ☐ Heroes
- ☐ Folk tales
- ☐ Fairy tales
- ☐ Legends
- ☐ Myths
- ☐ Other:: ______

Which of the following aspects emphasize *local heritage and history* in your beers?

❶ Check all that apply
Please choose **all** that apply:

- ☐ Brand name
- ☐ Brand logo
- ☐ Beer name
- ☐ Beer label
- ☐ Beer packaging style
- ☐ Local traditional beer styles
- ☐ Historic brewery
- ☐ Other: ______

you can choose one or more

To what extent are the local values integrated into the following aspects?

Please choose the appropriate response for each item:

	1	2	3	4
Brand name	○	○	○	○
Label design	○	○	○	○
Packaging attributes	○	○	○	○
Logo	○	○	○	○
Advertisments	○	○	○	○

1 = not at all ; 4 = to a large extent ; No answer = not applicable as well

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Have you ever *rebranded* your beer company?

Choose one of the following answers

Please choose **only one** of the following:

- ◯ Yes
- ◯ No
- ◯ Other

Rebranding = the process of changing the company image; it is a market strategy of setting a new name, symbol, or change in design for an already-established brand

Why have you *rebranded* your company?

- ☐ To keep up with the newly emerging design trends
- ☐ Initially my brand was miscommunicated
- ☐ To reach new customer segments
- ☐ To keep my brand relevant
- ☐ To keep up with the competition
- ☐ Negative publicity
- ☐ Legal issues
- ☐ Other:

How would you describe the *label design* of your beers?

Please write your answer here:

By using keywords or adjectives please write here what is reflected by the design elements of your craft beer labels.

To what extent do you agree with the following statements?

Please choose the appropriate response for each item:

	1	2	3	4
Our company brews beer in a sustainable fashion.	◯	◯	◯	◯
We promote our brewery's sustainable actions.	◯	◯	◯	◯
Product innovation is an important part of our brewery.	◯	◯	◯	◯
We promote our brewery's innovativeness.	◯	◯	◯	◯

1 = do not agree ; 4 = totally agree ; No answer = not applicable as well

Promotion refers here to various media channels, such as social media, advertisements, websites, etc.

To what extent do you agree with the following statements?

Please choose the appropriate response for each item:

	1	2	3	4
Our brewery focuses on local community building.	◯	◯	◯	◯
Our brewery focuses on online community building.	◯	◯	◯	◯

1 = do not agree; 4 = totally agree; No answer = not applicable as well

Online community building through the usage of social media, newsletters, various online marketing strategies etc.

Who do you consider to be your primary customer?

❶ Choose one of the following answers
Please choose **only one** of the following:

- ◯ Beer enthusiasts
- ◯ Mass market
- ◯ Local community
- ◯ Online community (through online delivery)
- ◯ Tourists
- ◯ Exporters
- ◯ Residents who no longer live in your country
- ◯ Other

What do you consider to be your brewery's primary revenue source?

❶ Choose one of the following answers
Please choose **only one** of the following:

- ◯ My local pub, taproom, or brewpub
- ◯ Webshop
- ◯ Special beer stores
- ◯ Supermarket
- ◯ Brewery tours
- ◯ Other

before COVID-19

What is your brewery's primary revenue source during the COVID-19 pandemic?

❶ Choose one of the following answers
Please choose **only one** of the following:

- ◯ My local pub, taproom, or brewpub
- ◯ Webshop
- ◯ Special beer stores
- ◯ Supermarket
- ◯ Brewery tours

Which type of beers are the most demanded by your customers?

❶ Choose one of the following answers
Please choose **only one** of the following:

- ◯ Ales (IPA, stout, porter, etc.)
- ◯ Lagers (märzen, helles, bock, pils, etc.)
- ◯ Hybrids (wheat beer, altbier, kölsch, etc.)
- ◯ Lambics (gose, Berliner weisse, kriek, etc.)
- ◯ New wave beers (NEIPA, West Coast IPA, APA, etc.)
- ◯ Experimental beers (coffee stout, pastry stout, DDH sour, etc.)
- ◯ Other

Where is your brewery located? *

❶ Choose one of the following answers
Please choose **only one** of the following:

- ◯ Austria
- ◯ Czech-Republic
- ◯ Germany
- ◯ Hungary
- ◯ Romania
- ◯ Slovakia

In which area is your brewery located? *

❶ Choose one of the following answers
Please choose **only one** of the following:

- ◯ Urban
- ◯ Rural

MODUL UNIVERSITY
PRIVATE UNIVERSITY VIENNA

When was your brewery established?

❶ Choose one of the following answers
Please choose **only one** of the following:

- ◯ Less than a year ago
- ◯ 1-2 years ago
- ◯ 3-5 years ago
- ◯ 6-10 years ago
- ◯ 11-20 years ago
- ◯ More than 20 years ago

What type of brewery are you?

❶ Check all that apply
Please choose **all** that apply:

- ☐ Nanobrewery
- ☐ Farmhouse brewery
- ☐ Microbrewery
- ☐ Brewpub
- ☐ Regional craft breweries
- ☐ 'Gypsy' brewing
- ☐ Other: ____________

nanobrewery = conducts small-scale operations, on relatively small brewing systems, and it is independent

farmhouse brewery = conducts small-scale operations, some of the ingredients are grown at the farm's location

microbrewery = producing <18.000 hL (1.8 million Liters) annually, often independent

brewpub = producing <18.000 hL annually, the beers are served directly on the premises

regional craft breweries = between 18.000 hL and 7 million hL

gypsy brewing = brewing beer at someone else's venue using their equipment and pay them a fixed fee to do it

if you choose 'brewpub' along with another option that means you are operating both

Thank you very much for your time and patience to participate in this survey. If you are interested in the survey results, please provide an e-mail address in the empty slot below.

Cheers! 🍺

Please write your answer here:

____