



Crafting Growth: Exploring emerging potential & challenges of extended collaboration for Scotland's craft beer sector

Main objectives and context

The overall aim of the Crafting Growth project was to provide a platform for Scottish brewers and relevant industry bodies to work alongside their counterparts from across Europe to:

- Identify and scope key growth areas of concern in the craft beer sector where creative future developments are required;
- Apply international academic expertise in small business growth that has been successfully used to address issues in other countries and industries;
- Facilitate sharing of knowledge and practice, to inform and influence SME and sectoral policy and support;
- Co-create collaborative action plans as launch-pads for future sector growth.

The focus on this particular context, the craft beer industry, was decided for many reasons. The sector has exhibited impressive growth levels in recent years, and has been highlighted as a critical sector in the Scottish economy. Specifically, it features prominently in Scotland's Food & Drink most recent export plan as a high-potential product. Much of this growth has been attributed to the strong levels of collaboration in the sector, as evidenced by co-brewing and joint distribution practices. However, insight from research undertaken by the core programme team as well as discussions with industry representatives has highlighted key areas where the sector faces barriers and difficulties that limit further growth potential. The project attempted to uncover those areas and facilitate the development of co-created solutions.

An account of the insights resulting from the programme

The highly interactive nature of the programme meant that insights were generated in both the workshops of all participants. The choice of issues highlighted emerged from individual brewers, so the findings can be clearly seen to be driven by the industry rather than being imposed from the organisers.

Workshop 1 provided insights on key areas of challenge and opportunity within the sector at an individual, regional, national and European level. Key challenges highlighted were: Funding; Marketing; Developing New Markets; Skills; Legislation; and Controlling the Supply Chain. Key areas of opportunity were: Educating Consumers; Developing New Distribution Channels; NPD (New Product Development) and Innovation; Collaboration; and the Need for Sectoral Positioning.

Workshop 2 focused on ways of building growth through the deployment of entrepreneurial capitals. Brewers worked one-on-one with academic partners to identify the growth-driving resources which their brewery currently possesses, as well as those which they believe to be needed, if they are to build the growth of their venture. This workshop therefore provided each brewer with a summary of their current resource base, as well as those assets required to fuel their growth, thus providing a firm foundational and strategic understanding of the resource implications of their growth plans. Several over-arching themes emerged, of



relevance to many of the workshop's brewers to highlight the resources needed for craft brewery growth. These are expressed in terms of: Financial Assets, IPR (Intellectual Property Rights), Tangible and Intangible Business Assets; Personal Dispositions, Knowledge, Know-How, Skills and Capabilities; Reputation, Qualifications, Honours, Distinctions and Associations; Connections, Networks, Alliances and Relationships.

Main outcomes and (expected) impact

Planned outputs that we are being made available via the SUII website include:

- i) A series of videos capturing the challenges that multiple stakeholders in the broader Scottish craft-brewing industry face with regards to the four main critical growth areas, as well as emerging opportunities and models of further collaboration.
- ii) Following each event, a synopsis document was prepared.
- iii) A White Paper summarising the main issues and the main recommendations for policy is being distributed via University of Strathclyde communication channels.

One of the crucial aspects of impact achieved was that the events facilitated knowledge exchange between academics, support agencies and practitioners. The events had clear impact for all three groups of stakeholders. Specifically:

For academics

- Connecting researchers from across Europe working on similar topics of interest in relation to growth challenges and potential for the craft beer industry;
- Sharing findings and exploring potential for learning from and across other sectors;
- Providing the opportunity to shape future research and potential for European research collaboration;
- Shaping policy agendas.

For practitioners

- Sharing of best practice;
- Discussion of key areas of concern;
- Reaching joint understanding of the main issues of concern;
- Co-creation of solutions to barriers to individual firm and sectoral growth.

For policy/support agencies

- Raising awareness of key issues in the industry;
- Understanding the needs of the sector and individual firms (at every stage/section of the value chain);
- Facilitating their understanding of brewers' perceptions of the difficulties at each layer/level of operations (e.g. multiple and localised legislative practices);



- Providing evidence to show the value of existing support mechanisms and also scope for future activities.

The workshops were viewed by participants as highly successful. A clear indicator of this was the strong attendance and participation across both workshops. Participants from industry, academia and support agencies were all incredibly positive about the impact of the workshops. Two illustrative quotes that were emailed to us after the events are included below:

“Bringing together a true cross section of geographically diverse craft breweries, each at different stages in their business development, to a forum under the same roof was a masterstroke. It provided many useful insights into this burgeoning marketplace not least those that highlighted the challenges, the opportunities and the distinct market nuances in each brewer’s ‘own back yard’. The Building for Growth Craft Beer summit put Glasgow in the front and centre seats of craft beer revolution and I feel privileged to have been sat in one of them! Thank you.”

Colin Wilde, Managing Director, Castle Rock Brewery

“We are very happy to have participated in the two SUII events. Initially, we did not have a clear idea about the many faces or topics this emerging sector of craft-brewers entail. But once we took part in the initiatives you led at your Faculty, and saw the realities from all the participating brewers, we felt encouraged to see this industry as a good arena for studying the same issues we study in Marketing and Management sciences: on B2B buyer-seller relationships, innovation, coopetition, entrepreneurship, social capital...Just as we could say in the closing meeting, we think this sector has many clues that can be evidenced or seen in other industries.”

Jon Charterina, Associate Professor of Marketing, University of the Basque Country - UPV/EHU, Spain

Key recommendations for end user / policy communities

The partnership has allowed for new insights and solutions into sustaining the rapid growth of the craft beer sector to be developed, of relevance to the SMEs, and to support policy and legislative sectors.

Industry partners from different countries were able to meet, discuss areas of concern, and reach joint understanding of the main growth challenges as individual businesses, as regional sectors, and as a European sector. They were facilitated to draw comparisons between the collaboration practices of craft beer clusters in other regions and to gain insight into the types of collaborative models that could be applied to their own clusters.

Many of our brewery-partners have now proceeded to collaborate at different levels and business functions. For instance, some have agreed to collaborate on co-production, as well as on facilitating each other’s exporting activities.

At the same time, the collaboration has had positive benefits for not only the breweries, but also for the support agencies. Specifically, this collaboration, through the active involvement of key representatives from



such bodies, has managed to raise awareness and bring to the forefront key issues of concern in the craft beer industry not previously considered. For instance, key agencies in Scotland have been rather focused on facilitating joint events/activities so that brewers can collaboratively export their offerings. The workshops clearly demonstrated that brewers do not necessarily find value in such activities. The collaboration therefore has enabled support/industry bodies to:

- Gain a deeper understanding of the needs of the sector and of individual firms, at every stage/section of the value chain;
- Consider brewers' difficulties at each layer/level of operations (e.g. multiple and localised legislative practices);
- Assess the value of existing support mechanisms and scope for future activities.

Planned follow up activities

The consortium is continuing working towards disseminating the knowledge and insight from the workshops in various formats:

- Participation at a final conference event in March 2018 organised by SUII for participants in this call.
- Development of four short videos about the challenges the craft beer industry faces with regards to economic, social, cultural and symbolic capitals.
- A White Paper will be submitted by the end of 2017 and is planned to be disseminated via the SUII website, University of Strathclyde channels, The Brewers' Association of Scotland, and the Society of Independent Brewers.
- We are planning a special session on Craft Beer for the EMAC2018 conference in June 2018 to discuss key outputs from research currently being conducted across Europe .
- Application for follow-up funding from SUII to support follow up activities for this project.
- The consortium is also in discussions to extend insight via other relevant funding calls.