Defining the Craft Beer Market

- And Staying Relevant as a Small/Medium-sized Brewery

Photo Source: To Øl

BSc Business Administration - Subject Module B, 5th Semester

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Roskilde University, Fall 2018

Number of Characters: 180.036

Abstract

This research paper focuses on defining the craft beer market. The research aims to investigate in the dynamic and agile environment of craft brewing and how the brewers like Mikkeller and To Øl can manage to stay innovative in the constantly changing and moving market. By using a social constructivist approach and combining it with relevant marketing theories and concepts, we explore the agility and differentiation needed to stay afloat and navigate in this ever-changing industry. The findings in this paper shows that swift decision making combined with extensive adaptability and distinctive marketing are all factors that help To Øl and Mikkeller spread their marketing activities on a wider geographical scale instead of tackling macro breweries head-on. Furthermore, we reflect on the future of these companies based on developing trends in the modern day beer market and how to face the challenges that arise on almost a daily basis.

The empirical data collected in this paper has been obtained through qualitative, semi-structured, expert interviews as well as sweeping the internet for relevant journal articles and second-hand interviews. In the final pages of the project, we account for the findings that we have made throughout the project and conclude on our initial research question.

Introduction

A brief introduction to the history of brewing

Beer is one of the oldest and most popular alcoholic beverages in the world, as one of the earliest traces of a brewery was found in Israel, with fermentation residues that date back as long as 13.000 years ago (Liu et al., 2018). The process of making and drinking beer is seen as an important social event through many passed millenia, and the fermentation process has led mankind to discover many pivotal findings - such as cereal (Ibid.).

In the modern day, beer is still a social lubricant and foundation for social events, as pubs, beer clubs, home breweries and festivals bring people together (Sherer, 2001). Although the brewing process had long been a social occasion and something that could be done by hand, in 1777, during the industrialisation, Messrs Cook & Co were the first brewery to buy a steam-powered engine. This engine would make the process of milling crops much easier, allowing them to attain a much higher output of beer in the end. This quickly became the industry standard, and along with the improvement of refrigeration standards, large industrial breweries had gained a large market share by the start of the 1800's and beer brewing had gone from an artisanal craft to industrial manufacturing (Bogner, 2018).

In the 1970's, effective marketing campaigns had made light lager the beer of preference for most consumers, and in the US, the top 10 breweries accounted for 93 percent of the market share by the start of 1980 (BeerHistory.com, 2018). This was also the decade that the art of craft brewing started to appear. Home breweries and smaller microbreweries wanted to reintroduce the general public to what beer could also be and taste like, instead of the traditional mass-produced light lager. Throughout the 1980'ies, the quality of these craft breweries increased, and the microbreweries began to distribute their products, as well as brewpubs, pubs with on-site breweries, started to appear (Watson, 2018).

In Denmark, beer has a long tradition and the Danish people are one of the top beer-consuming nations, drinking an average of 57.6 litres per person (Kirin, 2017). Historic companies like Carlsberg and Royal Unibrew own a combined market share of approx. 79 percent (Statista, 2018). However, craft breweries like To Øl and Mikkeller have defied an ongoing trend, as craft beer sales are steadily rising, in spite of the general beer consumption and sales dropping (Danish Brewers' Association, 2017).

Mikkeller, founded in 2005 by Mikkel Borg Bjergsø and Kristian Klarup Keller, initially tried to replicate existing beer types in their kitchen. As they learned more about the process, they eventually began experimenting - and with huge success. Bjergsø, who was a high school chemistry teacher at the time, brought the fermentation and brewing process to his high school class and performed experiments herein (Bjergsø, 2017). In his class were Tore Gynther and Tobias Jensen who listened keenly to Bjergsø's success stories with the homebrewing processes and soon became his protegés. In 2010, Gynther and Jensen founded To Øl, a company with many similarities to Mikkeller. Both To Øl and Mikkeller grew as the years passed and began to outsource the brewing to already established breweries - and thus becoming gypsy brewers.

To Øl and Mikkeller are part of a growing craft beer industry, but the challenges are many. The general beer market is dominated by few macro breweries that have more or less monopolized the industry with almost unfathomable market shares. Recently, technology has allowed these macro breweries to enter the craft beer market as well, as innovative shelf life and preservation processes mean that the craft breweries can produce niche products with less risk of it having to be depreciated.

In this project, we will examine the conditions of the overall beer market, as well as the global and local craft beer markets. We wish to understand the markets in which To Øl and Mikkeller operate, analyse the challenges and growth potential as well as the need to stay innovative and relevant. We also want to analyse the organizational challenges of aforementioned companies and discover what it takes for these companies to be a recognized and successful force on international levels.

Problem Area & Motivation

In the initial brainstorming of this project, we wanted to explore the Danish craft beer market and the challenges and possibilities embedded herein. We expected to find a homogenous market with low levels of complexity and rather straightforward business processes. However, it soon became apparent that this was not the case and that positioning a craft beer company can be a complex and extensive process. Intrigued by this challenge, we set out to dissect and extinguish our ignorance on the matter and acquire knowledge on how to act in dynamic markets that require vast amounts of agility as well as willingness and capacity to adapt. With the artistic and uncompromising approach to craft brewing, we chose to focus on To Øl and Mikkeller as the main subjects of our research. Being comparatively young breweries, we wanted to look into some of the challenges that these breweries might have, related to operating in these markets. Unsure of what the market - or markets - consist of, we arranged for an interview with To Øl to figure out some of the challenges that they face as a company, and possibly help out with some of the unanswered questions. This leads us to the following research question:

Research question:

How can small and medium-sized craft breweries, To Øl and Mikkeller in particular, define and predict dynamic markets and continue to stay innovative?

For in-depth analysis of this research question, we have added a quartet of working questions:

1. What defines craft and gypsy breweries?
2. How can To Øl and Mikkeller define their markets?
3. How can To Øl and Mikkeller tackle the challenges of these markets?
4. What is the motivation for To Øl and Mikkeller to continue to evolve, and how do they stay relevant and innovative?

In the following chapters, we will account for:
The background of the topic by giving the necessary and relevant information. This includes a brief rundown of the history of brewing, an introduction to the global beer market as well as a short summary of the history of our two focal companies, To Øl and Mikkeller.

A discussion of the methodology and methods we used in order to gather and understand our data and the philosophy of science. Herein social constructivism for understanding the general perception of the previously stated problem, an explanation of interviews and how they may help us in obtaining and analyzing first-hand data as well as a methodological framework to critically analyse the data that has been obtained through various collection methods.

An explanation of the theories used in the project, with an emphasis on classic marketing management as well as organizational and strategic analytical tools, such as Porter's Five Forces and SWOT-analysis.

Analysis by using the relevant theories - thus applying aforementioned theories to the data collected through research and interviews, accounting for the problems previously stated in the problem formulation and slavishly explain these theories and their relevance.

Discussion of the research problem and using our findings through theoretical analyses to discuss the research problem as well as combining interdisciplinary concepts to back up arguments related to the problem area.

A conclusion of the research, summarizing our findings in the discussion section and stating an answer to the initial research- and working questions.

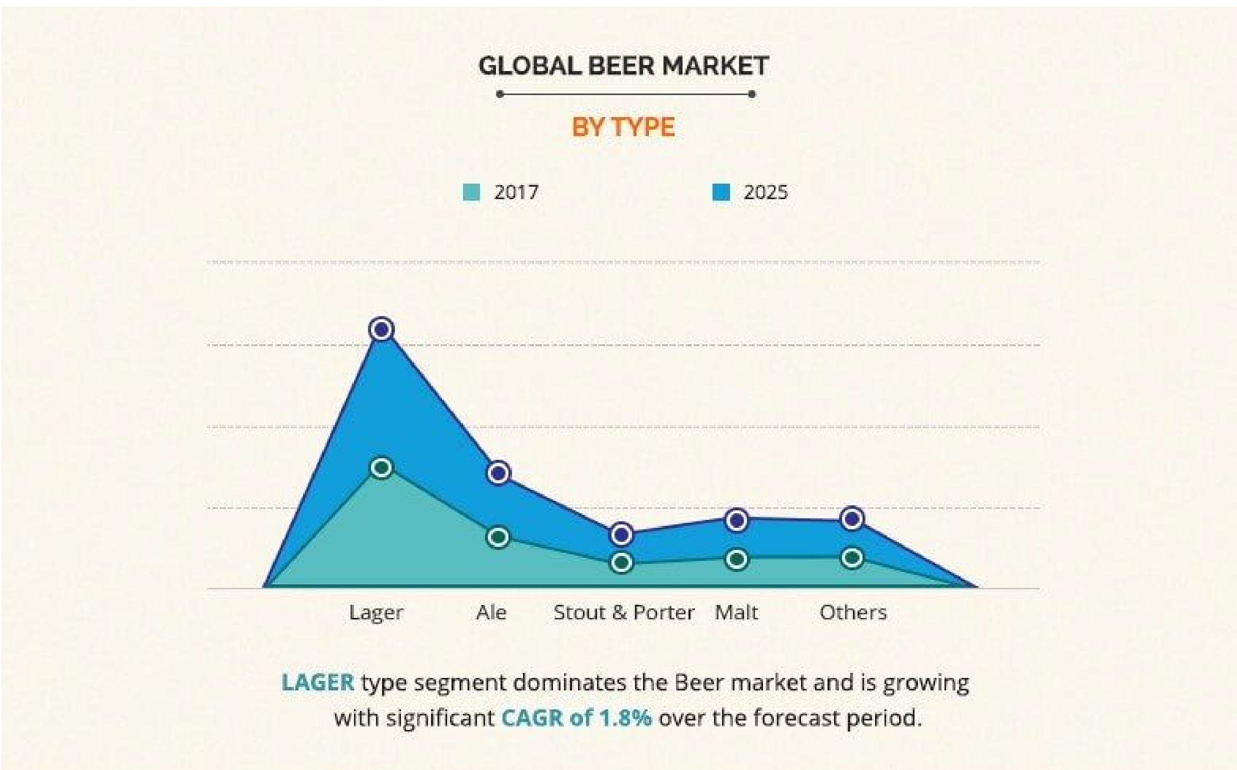
Background

Brewing is the process of making beer, a method already in use at least since 2500 BC in Mesopotamia (Beerhistory, 2018). Before becoming a proper business aimed to produce excesses, brewing was originally a cottage industry, with production taking place at home; by the ninth century, farms and monasteries started to produce beer on a larger scale, selling the excess and making more profits (Ibid).

The Global Beer Market was valued at $593,024 million in 2017, and is projected to reach $685,354 million by 2025, growing at a CAGR, which is the Compound Annual Growth Rate that is required for an investment to grow from its beginning balance to its ending balance, of 1.8 percent from 2019 to 2025 (Allied Market Research, 2018). Beer is generally prepared using four basic ingredients - malted cereal grains, hops, water and yeast, and undergoes the process of fermentation over a certain period of time. In addition, flavouring ingredients, such as herbs and fruits, are used in beer. The two most commercially consumed beers within the global market are ale and lager. The primary difference between a lager and ale is the temperature level at which they are fermented. The former is brewed at high temperature (60°-80°F), whereas lagers are brewed at a lower temperature (45°-60°F) (Ibid).

The consumption of beer has risen exponentially in recent years due to the rise in disposable income and increasing consumer preferences for beer over other alcoholic beverages. Moreover, cultural changes and the adoption of western culture have influenced the perception of consumers toward alcoholic beverages, especially beer. The beer industry offers numerous growth opportunities in the near future, owing to the introduction of naturally sweetened and non-alcoholic beer.

The global beer market is segmented into type, category, packaging, production and region. Based on the type, the market is divided into lager, ale, stout & porter, malt and others. According to the category, it is classified into popular-priced, premium and super premium. Based on packaging, it is divided into glass, PET bottle, metal can and others. Based on production, the market segmentation includes macro brewery, microbrewery, craft brewery and others. The biggest difference between the macro brewery and micro is that the former production is greater than six million barrels per year, while a microbrewery has to produce less than six million barrels per year (Thorpedistributing, 2016). Regarding the difference between a microbrewery and a craft is classified by the number of beer barrels produced in a year, which for a craft brewery cannot brew more than two million gallons of beer per year and is owned independently. Unlike a microbrewery, a craft brewery has set limitations on the techniques of their beer production. Also, a craft brewery's beer must contain at least 50 percent traditional malt (Ibid).



Source: Allied Market Research (https://www.alliedmarketresearch.com/beer-market*) [accessed: 14. 12. 18]*

Brewing companies range widely in the volume and variety of beer produced, ranging from a microbrewery, brewpub, farm brewery, regional brewery or macro brewery. A micro brewery or craft brewery is a brewery that produces small amounts of beer, typically much smaller than large-scale corporate breweries, and is independently owned. Therefore, craft beer is a small, independent, and traditional.

They also can be labelled under contract brewing, when one brewery hires another brewery to produce its beer - this is also called Gypsy or nomad brewing, which by definition does not include having own equipment or facilities.

Breweries can be divided into many different markets, as already mentioned. Different types, categories, packaging, production and regions are all variables. It is always difficult to analyze different companies and their brands to make some comparisons, but looking on the official statistics and paying attention to the most reliable data in the beer market, which is the output volume expressed in million hectolitres, we will make comparisons to some of the global market leaders as of 2018 (TechNavio, 2018) (Oleinic, 2017). As we only focus on the three big breweries, AB Inbev, Heineken and Carlsberg, a small introduction is given from the top ten list.

1. Anheuser Busch Inbev

Output Volume (million hectolitres): 433.9

Anheuser has its headquarters in Leuven, Belgium and is the absolute leader in the global beer market, with a market share of around 28 percent. It owns around 400 beer brands in 50 countries, having expanded significantly after the recent merger with SABMiller.

Anheuser Busch Inbev NV most popular global brands include Budweiser, Corona, Stella Artois, Beck's, Hoegaarden and Leffe. In the U.S, Anheuser Busch Inbev NV controls around 45 percent of the beer market, with its leading brand Bud Light being the most popular beer in the country.

2. Heineken

Output Volume (million hectolitres): 200.1

Heineken was founded in 1864 in the Netherlands and since then has been a global brewing leader for the last 150 years. Today, this Company is worldwide considered the second brewer in the world and the first one in Europe, improving their production via the use of advanced technologies such as Big Data and Artificial Intelligence (AI) to its operations, advertising and customer experience. The company owns over 165 breweries in more than 70 countries as of 2018. Heineken produces regional, local, international and speciality beers and ciders. The company's international beer brands include Amstel, Desperados, Sol, Affligem, Tiger, Tecate, Moretti, Red Stripe and Krusovice.

4. Carlsberg

Output Volume (million hectolitres): 116.9

Founded in 1847 by J.C. Jacobsen, Carlsberg is one of the leading international brewery groups in the world today, with a vast portfolio of beer and other beverage brands. The Carlsberg Group is headquartered in Denmark but operates production facilities in many countries, including Russia, Ukraine, Kazakhstan, Latvia, Poland and Sweden, among others. Since the 1990s, Carlsberg has been achieving steady but modest growth in sales and profits, despite an intensely competitive beer market. Carlsberg's flagship beer goes under the Carlsberg brand, but it also owns the Tuborg and Kronenbourg brands, Belgian Grimbergen beers and Baltika, Russia's most popular beer. It also has a large portfolio of local brands, such as Birrificio Angelo Poretti in Italy, Holsten in Germany and Wusu in China. The company now operates 140 beer brands worldwide.

Other large beer companies include the Chinese Tsingtao Brewery Group and the Beijing Yanjing Brewery, the Japanese Asahi and Kirin.

These statistics show us how relevant the beer industry is inside the life and economical international trade. Beers are one of the most valuable goods inside some societies and markets, definitely one of the products that have always been a constant which has been keeping reliable profits. So, as we can see from these numbers macro breweries play a more than a considerable role in the beer market. In 2017, the top ten largest beer companies in the world were collectively responsible for over 63 percent of the global production of beer (Oleinic, 2017).

Therefore, we can ask ourselves how can be possible the world of small/medium craft breweries is raising and can survive against these giants?

The answers are not easy to reach at all, and part of this project is trying to light some cultural and marketing aspects which praise the growth of all these craft and gypsy breweries.
Surely, the culture and willingness of the local society is an essential premise to give these breweries the opportunity to express themselves along the market and leave their message.
In the case of Denmark, where small and nomad breweries have been always present in a slight or more present form, the hipster culture mixed with the international vibe helped to raise the wave of these craft breweries. For both Mikkeller and To Øl, whose founders were the original co partners of one of the Mikkeller Bar, Mikkeller & Friends, the idea of working with creativity and originality have always been essential keywords. So, working with bizarre fruits, like passion fruit and blending its strong taste with beer, is part of the process that from one side enjoys the people behind these two small breweries realizing this idea from the scratch to the and also challenges consumers by making them try something they might not have tried before.

History of Craft Brewing

The history of craft brewing shows its best results in the US market, starting from the late 1970s. The traditions and styles brought over by immigrants from all over the world were disappearing.
Highly effective marketing campaigns had changed America's beer preference to light-adjunct lager. Low-calorie light lager beers soon began shaping the growth and nature of the American beer industry (Brewery Association, 2018).

At the same time as the American brewing landscape was falling in taste and size, a grassroots homebrewing culture emerged, because the only way a person in the United States could experience the beer traditions and styles of other countries, was to make the beer themselves. And so what we refer as "craft brewing" industry grew in popularity. Increased homebrewing activity inspired beer enthusiasts to start their own small brewing companies. Their intent was always to reintroduce the public to more flavour and to the traditions of beer.

The quality of beer from these small breweries improved over the years, especially during the 1980s, which marked the decade of the microbrewing pioneers. These companies emerged with their passion and a vision, serving their local communities a taste of full-flavoured beer and old world European traditions; all with what was to become a uniquely American character. Through extraordinarily difficult market conditions, the microbreweries and brewpubs of the

1980s struggled to establish the foundation for what was to become the proliferation of craft beer in America.

Momentum began to pick up for the microbrewing phenomenon in the early to mid-1990s with annual volume growth increasing from 35 percent in 1991, to a high of 58 percent in 1995. Craft brewer volume growth slowed to between one and five percent annually between 1997 and 2003. 2004 saw an acceleration of craft brewer sales with annual growth percentages for the craft segment of between six and twelve percent each year from 2004 through 2008, as beer drinkers increasingly connected with small and independent breweries and local breweries (Brewery Association, 2018).

Craft Brewers have succeeded in establishing high levels of quality, consistency and innovation, expanding the minds of the beer consumers and creating the most diverse brewing culture in the world. While craft brewers only had four percent of the U.S. beer sales in 2008, there is a tremendous upside for beer drinkers and craft brewers.

The number of craft brewers in the U.S has gone from eight in 1980 to 537 in 1994, to over 6,000 in 2018 (Brewery Association).

Craft beer in Europe

"*Beer is back*"

The craft beer industry in Europe is booming in the recent years. As of 2015, there are 7500 breweries across Europe, almost twice the amount of 2010 (Brewers of Europe, 2016).

In this project, we decided to focus mainly on two specific gypsy breweries: Mikkeller and To Øl.

As previously explained, a gypsy brewery is a brewery that does not own their own physical brewery but uses others in a collaboration project.

Mikkeller

Mikkeller is a small but ever-growing beer brewing company based in Copenhagen, Denmark. Mikkeller is a portmanteau of the names of its founders Mikkel Borg Bjergsø and Kristian Klarup Keller. Formed in 2005, the two old-time friends started out by trying to clone existing beer types in their home brewery. After success in various blind tastings, the pair decided to try out in creating their own recipes. The very limited editions of Mikkellers first original beers gained a lot of success in the beer community and won a lot of awards.

After Mikkel's twin brother, Jeppe Bjergsø, started a beer shop in Copenhagen, Mikkeller decided that they wanted to go a step further and distribute their products to a wider audience (Mikkeller, 2011). Very soon, Mikkeller's brand grew and drew attention from all around the world. Mikkeller's business expanded, and as of 2018, their products are available in 40 countries with house-brand bars in 16 of them and over 700 unique beer recipes have been released under the Mikkeller brand (Mikkeller, 2018).

With Mikkeller Bar locations all over the world, the eponymous bars are, according to Mikkel Bjergsø: *"about showing what we do and not clashing with the [local] culture — it's not a franchise. We try to incorporate the culture and show respect to it."* (Bloomberg, 2015).

Design and attention to detail are extremely important for this company. Its business foundation is to distinguish themselves but also to serve respect for other countries. When entering any Mikkeller Bar, one will quickly notice how uncharacteristically well-designed the venues are for beer-centric spots. *"We like to demand something from our audience. Beauty generates beauty"* (Femmes Regionales, 2017) explained Caroline Hansen, one of Femmes Regionales' founders, which is "*a creative agency based in central Copenhagen offering bespoke design solutions for lifestyle clients that dare to take things in a new direction*" (Ibid). In the case of the Tokyo location, the Scandinavian element blends with a Japanese aesthetic that's contemporary and comfortable. Think wood panelling and bamboo tap handles.

What is special about Mikkeller's business model though, and what separates them from the opposition, is the fact that Mikkeller does not have a main brewery, but work with other small breweries and subsidiaries to create their beer. This eliminates a lot of issues like logistics and distribution, because of the minor expenses for the company which can save money relying on other breweries and handing over the economical responsibility of these production tasks, while Mikkeller can focus mainly on creating recipes and promoting the innovation.

To Øl

To Øl is another young Danish craft brewery founded in 2010 by Tore Gynther and Tobias Emil Jensen, both students of Mikkeller founder Mikkel Bjergsø. At the beginning of 2017, Tobias Emil Jensen stepped out of To Øl and BRUS to work on other projects.

To Øl brew a wide range of different craft beers; some potent and provocative, others fresh and floral. The highest but also a daily goal of this brewery is to brew the best beers in the world. The ambition is to use raw ingredients of the highest quality; never to compromise with taste and balance and to keep pushing the boundaries of great beer-crafting. To Øl has been much appraised lately and always increasing its popularity, reaching its apex when entered Ratebeer's list of Top 100 best breweries in the world in 2012 – and in 2014 To Øl was awarded the world's 9th best brewery (RateBeerBest). Currently, they export to more than 40 different countries worldwide.

To Øl is now owned only by Tore Gynther and still keeps its methods, not own brewing facilities alone, but lending in at other breweries with spare capacity. To Øl's brewpub, BRUS is located in the heart of Nørrebro, in Copenhagen, which works as a large open space bar, an ambitious and experimental restaurant and a shop where you can buy most of their products.

However, from 2019, To Øl is planning to take over a former food factory in the municipality of Svinninge, in the Western part of Sealand into a new full range brewery, labs, barrel ageing facility with possibilities for wild production, cold storage, canning lines and everything in between.

Since 2010, this craft brewery has brewing beers primarily in Belgium but also at other brewing facilities for collaborations or for special edition, then implementing all the characteristics of a gypsy brewery.

But from next year, To Øl is ready to take the production to Denmark into their own 26.000 square meters big factory, the biggest step in the history of To Øl and by far our most ambitious project to date. The plan is to get full control of all parts and processes of brewing, development, storage and logistics. and expanding the possibilities of what and how they are brewing.

Back in 2016, To Øl opened the now popular hipster brewpub BRUS in Copenhagen; a 750 square meters bar, shop and restaurant with its own brewery, where the focus was on experimenting with brewing the most fresh beer possible, never exposed to daylight or exposed to unnecessary temperature changes.

"*We found that we can't get enough of super fresh and juicy stuff, so this is also the beer philosophy we will work even more from at the new brewery in Denmark*" (To Øl, 2018).

Reflections on the documentary *The Architect of Mikkeller*

Mikkeller is a microbrewery founded in Copenhagen in 2006 and it's named after its founders Mikkel Borg Bjergsø, a former physics and biology high school teacher and Kristian Klarup Keller, before a journalist, who left the company in august 2007, leaving only Mikkel to lead the company on his own.

Interesting fact about Mikkel is that he is a gypsy brewer, he doesn't have a physical brewery, neither tanks nor cattle. What he usually does, he sends a recipe to a brewery he trusts, he has a handful of brewery spread all over the world and mainly in Copenhagen, then the brewer of that brewery makes the beer according to the recipe and ingredients Mikkel has sent. That's what a gypsy brewer is.

When you don't have your own physical brewery, then it requires a lot of imagination and creativity to make always something different. Also, you must have a good knowledge of how a brewery works, and that it could have been possible because Mikkel worked as a bartender in a bar now called Darling and being on the other side of the counter taught him how to have a broader vision of beers and different tastes.

Mikkeller, exactly like his owner Mikkel, is considered gypsy because he doesn't care about finding a balance in beers and how they need to be labelled with some adjectives like blond, harmonious or smooth. What he really wants is to explore the extremes and surprise from beer to beer the palate of his customers. Therefore creativity, originality and desire to have new products are the main characteristics that have been led the company so far. Definitely that needs lots of effort and Mikkel, nicknamed as The Architect of Mikkeller, finds often original idea for recipes in the shower, when he doesn't have any other thoughts of his busy schedule. But he's also inspired by other people and goals assigned by himself. One of the most significative is, that before Mikkeller got popular, all the high cuisine restaurants based not only in Copenhagen, but also in the rest of Scandinavia, were stubbornly stick with the vision they could serve their dishes only with good wine and beers couldn't be considered at all.

Nowadays, the Architect has managed to change this tradition. Once again, the way Mikkeller works is known as "phantom brewing" or "gypsy brewing". His creations are adored not only on aficionado websites but also by chefs at Michelin-starred restaurants like Noma, in Copenhagen ranked the best restaurant in the world by Restaurant in 2010, 2011, 2012 and again in 2014, and El Celler de Can Roca, in Girona, Spain, each of which enlisted him to design beers for their menus. As a phantom, Mikkel can source unwashed seaweed from the western fjords of Iceland, yuzu from Japan and avocado leaves from Mexico while leaving someone like Naudts to deal with the nitty-gritty of putting such ingredients into a beer someone might actually drink (New York Times, 2014). Mikkel, as he personally says, can be considered sometimes arrogant, when he prefers to call himself instead is simply not outgoing and not so easy to talk to and hang out with. However, it's necessary to say that none of these achievements were initially planned at all by Mikkel, and still he has no clues which direction the company will take and how further it will go, probably because of his own naive and gypsy personality. And so its marketing direction is, or better the company always said not to have a traditional way of marketing. Mikkeller became what it is now thanks of the rumours spread around the city. For its opening ceremony at the Mikkeller main and own bar, Mikkeller Bar, there were over 2000 people all over the world because moved by the curiosity of this new microbrewery that stands against giant like Carlsberg that has always had a strong tradition and monopoly in Denmark. One of the keys of success Mikkeller has reached, is also the care about details, and so on Mikkeller labels, featuring cartoon characters that evoke construction-paper cutouts, giving the brand a look whimsical and in a market dominated by labels either unremarkable, becomes automatically cool. Mikkel attributes Mikkeller's success to the scrupulous attention he pays not only to beer but also to the context within which customers encounter it. "I hate to look at ugly things," he said. "If I'm in a bar, and it's ugly, I don't want to be there." He added: "I'd never put a good beer in a bottle that looked bad. The beer wouldn't be good anymore." (New York Times, 2014).

Methodology

In this chapter, we discuss and present the methodologies and methods we used in order to gather and analyze our data and also going through the Philosophy of Science used in the project. The purpose of using this methods is, to define how small/medium-sized breweries manage to stay innovative on a dynamic market with its possibilities and challenges. Furthermore, the methods give the reader an insight on how we selected the certain approaches and what are their limitations in the project. Moreover, it helps us to understand meaning and experience, as well as ideas and belief. Another thing that we aim to discover by using the methodologies, are the values, that are connected with craft beer breweries and the beer itself. Our project benefits from the different perspectives the approaches reveal in order to collect interpretations and relevant findings concerning our research question. Nevertheless, we have to be aware of the risk of generalisation while analysing two special craft breweries, To Øl and Mikkeller. However, the phenomena we aim to discover can vary in different aspects. This means, that we have to pay attention in order to gain as much knowledge as possible. As qualitative research methods we used an interview as a primary source of data the chapter contains information about the interviewees and a discussion about the characteristics of the conducted interview.

Research design

This section gives an insight into the research design and empirical material we used for the research.

According to Flick, (2014, p. 112)

"Research design is a plan for collecting and analysing evidence that will make it possible for the investigator to answer whatever questions he or she has posed. The design of an investigation touches almost all aspects of research from the minute details of data collection to the selection of the techniques of data analysis."

Our research seeks to examine “How can small- and medium-sized craft breweries predict dynamic markets and continue to stay innovative?”

This project is a case study, according to Flick, (2014, p. 121-122) *“The aim of case studies is the precise description or reconstruction of cases. You can take persons, social communities, organizations, and institutions, as the subject of a case analysis.”* By using a case study, it allows us to fully use the potential of certain methods such as interviews, although concentrating on one case or company can lead to generalization which we are trying to avoid, however, our time-frame does not allow us to investigate cases involving further breweries.

To analyse and discuss our research we have used both primary and secondary sources. The sources can be divided into five sections: Books, journal articles, interviews, various websites and analyses from official websites. The most important primary source we used was empirical data collected through interviews. The secondary sources are from existing literature from journal articles and official websites both related to the craft beer market or to breweries. We used also grey literature from news articles and different websites. Initially, we have collected our relevant secondary data by searching through the online platform REX and also searching on the internet for relevant articles. Secondly, we have selected and reached out to the right interviewees for the topic. Once we gathered our empirical material we were able to analyse these with our relevant theories and concepts to build our arguments.

Methods for data collection

This section explains the methods we used in order to answer our research question. In this research, we focused mostly on data analysing and interviews. We have decided to use qualitative methods which best allows us to answer and investigate our research and working questions. The use of qualitative methods has allowed us to conduct and use interviews with experts to get relevant and in-depth information on the craft beer market in Denmark. Although a single method might be insufficient to get a valid overview of a phenomenon, we have used data triangulation by using different data sources. According to Flick, (2014, p. 184), *"Triangulation means that researchers take different perspectives on an issue under study or – more generally speaking – in answering research questions. These perspectives can be substantiated by using several methods and/or in several theoretical approaches. They are, or should be linked. […] triangulation should produce knowledge on different levels, which means insights that go beyond the knowledge made possible by one approach and thus contribute to promoting quality in research."*

The different data sources we have used for triangulation have been expert interviews, journal articles and gray literature which has helped us gain a holistic view of the phenomenon.

However, doing qualitative research presents some difficulties - especially that it is time-consuming, which can be observed specifically when conducting an interview. It is difficult to find the right time for the interviewee and transcribing the interview takes a lot of time as well. One of our main limitations is that we are using interviews from two breweries, To Øl and Mikkeller which might not give us the whole picture of the market. The interview from Mikkeller is an analytic review with Mikkel, the founder of the company. Because he is a busy person, we couldn't get in touch with him, therefore we used existing interviews on Youtube. In the other interview, which we made ourselves, we were trying to ask not only company focused questions, but market focused questions as well, from the three interviewees of To Øl. Had we had more time, we might have been able to interview representatives from other breweries as well. Further limitation includes the fact that some of our group members don't speak Danish and therefore it was hard to gather data or translate it, especially because the focus is on the Danish beer market.

Philosophy of Social Science

Social Constructivism and Discourse Analysis

In this project, we will use the approach of social constructivism and discourse analysis and connect it to our data. To understand the approaches and their cause of need, we mainly refer to Liv Egholm's book *Philosophy of Science, Perspectives on Organisations and Society*.

There are seven fundamental characteristics of social constructivism and discourse analysis, that need to be explained first.

Describing science as a system of knowledge, that is not more or less privileged than others is one essential element. Secondly, it focuses on how certain ideas came into being, as well as their use and changes (L. Egholm, 2014). The related ontological aspect refers to the creation of something in its certain surroundings. More detailed, its interest lays in the process of appearance and its influence in relation to its context. Therefore, the ontological basis that we have to examine goes beyond the natural existence of something. Ontology refers to the social reality by defining its knowledge and nature (Delanty, Strydom, 2003. p.6). In this term, social reality can refer to constructivism as *"a phenomenal or mental entity"* (Delanty, Strydom, 2003. p.6). Furthermore, we can try to define social reality as a discourse. Another important role plays the epistemological basis of social constructivism and discourse analysis. Its fundamental aspect describes knowledge as changeable (L. Egholm, 2014). Epistemology is useful in terms of identifying the meaning of a phenomenon and the functions of its process. Moreover, we have to understand the context of a phenomenon as its departure to gain more knowledge about its associations. Furthermore, science consists of certain values, that are produced by influences of language, discourse and meaning in this approach. Another aspect applies to the individual itself and its view should be observed "a representative of a general collective" (L. Egholm, 2014). The last characteristic occupies with the role of the truth theory and more detailed with the coherence theory in this context.

The social aspect of social constructivism gained attention by L. Berger, T. Luckmann and their book *The Social Construction of Reality (1967)* attaches great importance to tangible and moreover, everyday social constructions in real life. Therefore, *day-to-day life* plays a significant role in the approach we use in our project. Social interactions and its different kinds of interactions, for instance, experiences are necessary to establish everyday knowledge and can be identified while paying attention to five basic insights that deals with the analysis of knowledge and its different meanings in particular communities. Stressing the everyday life and the encompassed institutions, it becomes easier to observe and define social reality. By constituting an objective reality, society and institutions attach great weight on establishing habits, routines and as a general aspect the analysis of behavioural patterns (L. Egholm, 2014). To get a clearer insight we need to focus on the progress that comes along with the society and institutions which starts with externalisation, followed by objectification and completed with the internalisation of certain norms and typologies (L. Egholm, 2014). Consequently, internalised institutions do not give the possibility for successful changes through certain actions by the individual.

Additionally, there is a more radical interpretation concerning knowledge and language in social constructivism by Kenneth Gergen. His interpretation helps us to understand that experience and knowledge are constructions of social interactions and therefore it is necessary to describe them collectively. Communication and language serve as the main components of experiences. Referring to Gergen, there is a replacement of *ego, psyche and the self* in exchange for *language, narratives, culture and history* (L. Egholm, 2014).

The discourse analysis focuses on the science of meaning and points out that interpretations can be seen as an endless chain because they are always followed by other interpretations. For our project, it is significant to use larger analysis units, for instance, narratives, statements or even a whole discourse, such as the discourse, that comes along with craft beer. In general, representations are sources of social knowledge production and connected to social practices. Ferdinand de Saussure, a French linguist and semiotician, introduced the *sign theory* and mentioned the importance of some power relations among the individuals. The sign theory states, that first, a basic code of a certain piece of material is necessary, which is named *signifier* and stays in a close connection with our mental concept of it, the so-called *signified* (Delanty, Strydom, 2003. p.356). So it is about the combination of signifier and signified what is called a sign in Saussure's point of view.

To get a clear understanding of the discourse analysis, it is important to know that discourse refers more to times, rather than people. It becomes real by not only the language we use but the individual's behaviour and consists of certain beliefs and meanings that are shared. Another main point is the fact that nothing has any meaning outside of discourse. This implies, that all time we are in a discourse and it is impossible to leave it behind.

The French philosopher Michel Foucault mainly concentrated on *language, knowledge and power*. His conception of power is different from the conventional one as he does not only describe it as repressive but also productive. This means, in his point of view power produces discourse. Moreover, discourse does not originate in individuals and it fundamental to pay attention to different views or opinions of power structures in order to understand the power of language. Foucault sees power as knowledge and not the other way around. Truth connected to Knowledge stresses the fact that every discourse has a truth behind it, which depends on the discourse itself. In general, discourse is defined as a group of statements providing a language for talking about a certain topic or the way of representing knowledge. It deals with the production of knowledge through language and influences how ideas are put into practice. Therefore, we refer to the constructionist theory of representation and meaning, when we consider, that physical things and actions exist, but only become certain meanings or knowledge within a discourse. Mainly, knowledge is about practices around some subjects.

In order to create variety subject areas, it is important to focus on how certain discourses emerge in relation to their process. As craft beer is a constantly developing product, we can discover the meanings of phenomena that come along with its moving process. The use of our first- and second-hand data and its implementation into social constructivism and discourse analysis helps us to gain dominant interpretations, meanings and observations. A challenge that we have to face is to stay critical with our findings, as the basis of social constructivism and discourse analysis needs to be understood as critical (L. Egholm, 2014). In this project, the two approaches are helpful tools to gain a greater understanding of phenomena, such as consumer desire to a specific product and how to make it even greater by linking identity to a good as craft beer. Furthermore, we have to identify the constructed truisms in relation to the business model of a small/medium-sized craft brewery, such as To Øl and Mikkeller. A constructed truism refers for instance to race or gender and its classification can help a business to raise sales. Therefore, it is necessary for us to select constructed truisms, that consist of the craft beer market. In general, the discourse of certain goods is not only represented by the emotions or actions that come along with the product but also the experiences of the consumer and establish different subject areas in social constructivism and the analysation of discourse. Knowledge is created in social constructivism and discourse analysis by defining how our ways of acting are shaped by certain meanings (L. Egholm, 2014).

The conclusion must occur as a coherence-based concept in the end (L. Egholm, 2014).

Interview

In order to gather our main primary data for the project we decided to conduct interviews. The interview we conducted for our data is a semi-structured expert interview. According to Meuser and Nagel (2009), expert interviews are discussed *“as a specific form of applying semi-structured interviews. In contrast to biographical interviews, here the interviewees are less interest as a (whole) person than their capacities as experts for a certain field of activity “*(Flick, 2014., p. 227). When expert interviews are used the target groups mostly are persons with a specific function and experience at an organization (Flick, 2014). Flick quotes Bogner and Menz (2009, p. 19) to give a more specific definition of expert and expert knowledge:

“Experts have technical process oriented and interpretive knowledge referring to their specific professional sphere of activity. Thus, expert knowledge does not only consist of systematized and reflexively accessible specialist knowledge, but it has the character of practical knowledge in big parts. Different and even disparate precepts for activities and individual rules of decision, collective orientations and social interpretive patterns are part of it. The experts’ knowledge and orientations for practices, relevancies etc. have also – and this is decisive – a chance to become hegemonic in a specific organizational or functional context. This means, experts have the opportunity to assert their orientations at least partly. By becoming practically relevant, the expert’s knowledge structures the practical conditions of other actors in their professional field in a substantial way.”

(Flick, 2014., p. 228)

In our case we interviewed three experts who represents the company To Øl, each occupying different positions which are related to our topic of interest and can help us to gain further knowledge. The subjects of the interview are:
Emil Sylvester Jakobsen - Marketing Manager, who is mainly working on the exported goods of To Øl: *"I joined the sales team, so I'm the other division between To Øl and all the exports. I work with Jens with all the exported goods, so not so much with the goods that are produced at Brus, as they are mainly for local sales." (Jakobsen, 2018, Line 17-19)*

Alexander Lund Hansen - National Sales Manager, who is in charge of national sales of the company of the beers brewed in Belgium and in Brus (Denmark) as well as the cocktails of Mikropolis: *"I'm in charge of national sales in To Øl office, which means I'm selling both To Øl products, that are brewed in Belgium currently, and I also sell the beer that we produce where we are sitting, in Brus, along with the cocktail line Mikropolis, which is also based in Brus." (Hansen, 2018, Line 10-13)*

Jens Reimer - Head of Sales & Logistics, who used to be the head of sales but now he is also working at logistics: *"I used to be the head of sales and logistics, but now we've added more people to the sales team, so it's kind of split up. Although I'm still sitting with logistics, which is the fun part." (Reimer, 2018, Line 14-16)*

Our goal is to gain more inside knowledge about the craft beer market and the processes behind it. We chose to conduct a semi-structured interview because it gives us freedom to formulate our question and all the three interviewees were interviewed at the same time. The interviewees were allowed to the comment each other's answers. *"In the interview, the relations formulated in the questions serve the purpose of making the interviewees' implicit knowledge more explicit"* (Flick, 2014., p. 218-219).
Conducting an interview has many advantages for a research. It can give a broader understanding of a phenomenon and it also allows us to ask a question again if there is a misunderstanding. Furthermore, it has the advantage of the verbal face to face communication with the interviewee

which can give a more detailed expression and understanding of the interviewee. On the other hand, this type of data collection has its weaknesses as well. Since we conducted the interview with three experts from the same company, there is a risk that the information they provided is biased. The expert interview has some general disadvantages as well. First of all, it is hard to select the right people to be interviewed (Flick, 2014., p. 231). Second of all, the availability of the experts might cause some difficulties (Ibid). Furthermore, the problem of confidentiality can come up as well when the topic is about issues of an organization. (Ibid). This may result in answers being refused or reservations about tape recording, or the approval processes of higher authorities (Ibid).

In order to use our interviews with recorded the whole session on audio of course with the permission of the interviewees. *"If data have been recorded using technical media, their transcription is a necessary step on the way to their interpretation"* (Flick, 2014., p. 388). We transcribed our audio data. Transcription is a basic and necessary step in a qualitative research, although it has its tricky points sometimes, and has to be used with care to not generate confusion (Flick, 2014., p. 389).

"It seems very reasonable to transcribe only as much as required by the research question, and exactly that (Straus, 1987., in Flick, 2014., p. 389). First, precise transcription of data absorbs time and energy, which could be invested more reasonably in interpreting the data instead. Second, the message and the meaning of what was transcribed are sometimes concealed rather than revealed in the differentiation of the transcription and the resulting obscurity of the protocols produced" (Flick, 2014., p. 389)

Since we made the interview guide ourselves we transcribed the whole interview we conducted because we found the answers relevant for our topic. The interview with the three experts was one hour long so we split up the transcription which didn't cause any difficulty because we are in a group 6 people.

Due to time restriction from our part and busy schedule of Mikkel Borg Bjergsø, founder and CEO of Mikkeller, we were not able to conduct an individual interview with him, nor were able to find someone in Mikkeller who had the time and desire to be interviewed. Since, we believe Mikkel and Mikkeller have a greater influence and relevance in the scenery of craft brewing (industry), we have looked into various online sources of interviews of Mikkel, regarding Mikkeller. Mainly sources from Youtube, which can be considered unorthodox in relation to an academic paper and an online interview realized by a beer specialized magazine. However, the interviews we discovered concerning Mikkel and Mikkeller, the answers he provided in the videos, and in the interview made by the magazine Paste, were adequate for us to use, since the answers he provided were in the interest of the research we are conducting in this paper.

It is important to note that some quotes have been edited for length and clarity purposes and may appear different than to the original transcriptions in the appendices. The quotes have not been manipulated in a way that is harmful to the intended meaning of the original reference, but have simply been corrected, shortened or slightly rephrased for reasons of coherence and recapitulation.

Theory

In this chapter, we will explore the theory behind markets, companies, innovation and business models. To gain a deeper understanding of how To Øl and Mikkeller operate, it is important to first define the concepts and theories we will be working with. We will be working from classic marketing management theories that include, but are not limited to: market oriented focus as a core competency, segmentation, target marketing, branding, Porter's Five Forces, competitive strategies and SWOT-Analysis. Along with the interview conducted with To Øl, second-hand data, like online interviews with Mikkeller and other journal articles, will help us understand how these two companies navigate and operate in the national and international craft beer markets.

Market-Oriented Focus

A focus on market orientation is mainly used by businesses, who operate in dynamic markets and need to be agile. With trends changing fast and consumers always on the lookout for new, exciting and innovative products, businesses - especially in the craft beer market - need to adapt rapidly to fit the market environment (Hollensen, 2015., p. 35). The market orientated view is basically a business model, upon which a company's structure, facilities and culture are built. Working in such dynamic markets as the craft beer market is, the unpredictability of market and consumer trends makes it hard to do long-term strategic planning. However, having an agile supply chain allows companies to adjust rapidly and even customize production in order to accommodate trends in the market that have not yet been explored or met, as well as using intuition to test new products on smaller or larger scales (Silver, 2016). This ability to adapt to market trends and be first-movers on customer requests leads to higher brand loyalty amongst customers. In many markets, the cost of having such an agile production line and having to rapidly change ingredients and products is an expensive business, and misjudged assessments could prove costly for the company (Ibid). Having such a flexible production line and being able to customize the products to an endless extent is also a dangerous feature, as the company could get caught in a situation where their resources are inadequate in relation to the complexity and velocity of the market. This gap between resources available and resources required is known as the Marketing Capability Gap (Hollensen, 2015, p. 37). In order to avoid this gap being too wide and absorbing the company, firms can use exploitation/exploration-strategies.

These strategies both apply to companies with a resource-based view, and hence inside-out, and companies with a market-orientated view, outside-in. In this project, only the market-orientated view is relevant and will be accounted for.

Exploitation in the market orientated view means that a company's capabilities are focused on one or few well-defined market segments, whereas exploration means experimenting in different, more undefined markets and configuring capabilities as they go along (Ibid). Balancing these strategies and combining them helps position the company strongly in the market. The exploitation helps secure short-term funding by taking advantage of the knowledge already obtained in existing markets where the company already operates. Too much of a focus on this though could lead to the company becoming rigid, inert and slow. Contrarily, too much focus on exploration means a lot of creativity, proactivity and new knowledge, but market opportunities are often uncertain, risky and costly (Ibid., p. 36).

In this project, we will also draw parallels to the value-chain based view, which focuses more on the values of processes in a firm instead of what it physically possesses. The value chain is a concept defined by Michael Porter in his book: *Competitive Advantage: Creating and Sustaining Superior Performance* (1985). In this book, Porter describes value chain management as *"[...] manufacturing products with the right quality at the lowest possible price."* (Porter, 1985, p. 94). Porter also argues that ways to reduce cost - or increase value - is primarily by economies of scale, efficient capacity utilisation, learning effects, product and information flows and quality measures. Equally important is also the teamwork between primary activities (logistics, operations, outbound logistics, marketing and sales, service) and supporting activities (procurement, technology development, HRM and infrastructure) in a firm (Hollensen, 2015, pp. 39-40).

Segmentation from a Marketing Perspective

Market segmentation is a key concept in the world of marketing, and many companies use segmentation as a starting point for branding and marketing strategies. According to Hollensen (2015, p. 289), market segmentation is *"the process of dividing a market into distinct groups of buyers with similar requirements."* In marketing, standing out is key, and instead of appealing slightly to everyone on the planet, marketers use the STP-approach. STP means *Segmentation, targeting and positioning*, and is a powerful tool that helps marketers distinguish between demographics and find specific markets for which products and campaigns can be customized (Ibid). Segmentation focuses on subdividing markets into areas in which investments can gain a long-term competitive advantage. By designing marketing programmes based on segmentation, companies gain a competitive advantage by targeting homogenous groups of potential customers with a product that can satisfy the needs of different buyers (Ibid, p. 292).

By analysing the needs of specific segments, companies' product development processes can be optimized and focused on satisfying these specific segments and the needs of these. Using segmental analysis on a continuous basis also helps with uncovering potential threats and opportunities in the specific market, as substitute products and market competitors are taken into account in the analysis of the satisfaction of needs of the customers in specific segments (Ibid).
An effective segmentation scheme defines market segments on the basis of five factors: size, measurability, accessibility, responsiveness and compatibility.

In brief, measuring the size of segments indicates whether this segment is big or profitable enough for an investment to be a solid investment. Measurability covers the fact of whether the specific segments require too much effort in relation to data collection and research of different variables. Accessibility describes the effort needed to reach the specific segment, and whether the channels used to distribute marketing content is cost-effective. Responsiveness basically covers the response of targeted segments in relation to marketing mix elements like product features and price. Lastly, compatibility describes the present and future compatibility of the company in relation to the market, be it technological, competitive, financial, environmental a.s.o. (Ibid, p. 293).

In conclusion, market segmentation means *"identifying groups that are sufficiently large, and sufficiently unique, to justify a separate marketing strategy."* (Ibid). By using market segmentation, businesses aim to maximize return on investment and get the most out of allocated resources. The footwork and effort required to analyse and position segments is an added cost that has to be taken into account, and the cost/benefit-factor should be analysed before launching into a large-scale segmentation analysis.

Segmentation methods

To accommodate the complexity of markets, and the many variables used to segment them, two typical approaches are used in grouping customers. The top-down method starts with all potential consumers and divides these into segments by finding relevant variables. Counterwise, the bottom-up method initially focuses on a single customer and then finds others with matching, relevant variables. Customers without matching variables are placed in different segments (Ibid).

The total market is heterogeneous and has many different types of buyers. Market segmentation focuses on dividing the total market into homogeneous subgroups and segments with similar characteristics and matching variables. The process of segmenting varies from the B2B and B2C-markets, but some of the most important variables in the B2C-market to consider are divided into four main groups: Sociodemographic variables, that are easily measurable - like gender, age, social class, geography and so on. These demographic variables are easy to come by and give a good indication of tastes and preferences for certain segments (Ibid, p. 295). Behaviouristic variables are an ever-growing factor, as big data mining indicates the behavior of potential customers. Behavioristic variables include media, online and product use as well as shopping trends. Past behavior is one of the best indicators of future trends. (Ibid, p. 297). Psychographic variables tie the geographic and demographic factors together with the trends and behavior, and benefits-sought variables account for the specific needs and problems that need to be solved that customers may have (Ibid, p. 299).

Target Marketing

When the market is segmented, sellers use market targeting to select segments for product development and evaluate the opportunities in each segment (Ibid, p. 307). Multinational companies often have the financial capacity to be present in many market segments, but smaller businesses often have to stick to one or few local or regional markets, as they lack financial and managerial power. As Hollensen states: *"The number of segments in which a company competes is determined by its shared goals, the flexibility of its manufacturing base and the heterogeneity of the market's requirements."* (Hollensen, 2015, p. 307).

The craft beer market, in which Mikkeller and To Øl are operating, could also be seen as something of a concentrated market - although craft beer is becoming increasingly popular with the wider population. Concentrated marketing involves *"serving one or more segments that, while not the largest, consist of substantial numbers of customers seeking somewhat specialised benefits from a supplier."* (Ibid, p. 309). The goal of this marketing strategy is to avoid wasting resources by competing with larger firms that target the bigger segments. By targeting the concentrated segments, firms must have a strong knowledge about the segments in which they are operating - but it also makes them easier to expand geographically to similar markets instead of simply expanding to other segments in the same geographical area (Ibid, p. 310).

Once the segmentation process has outlined the market, and the firm has decided which targeting approach to use, the positioning process begins. Positioning basically means choosing your position in the market, in relation to direct (and indirect) competitors (Ibid). This includes considering the brand image, reputation and perception of the products in relation to the competition, as well as the relative fit between the particular product and the needs of consumers.

Positioning is crucial to the process of designing both the specific product, but also the marketing process. The different aspects of the developed marketing mix contribute to the positioning of the product. The perceived brand value and market position can be discovered by performing a positioning analysis. In praxis, this means examining consumers' opinion and habits in regards to the specific product and its competitors. The products involved are plotted into a matrix with relevant variables such as price, practicality, the perception of sustainability, etc. (Ibid, p. 311).

Competitive Strategies

According to Porter (1985), there are only three successful generic strategies in relation to competing with rivals in an industry: overall cost leadership, differentiation and focus.

Cost leadership means gaining competitive advantage by reducing economic costs below the costs of competitors - achieved primarily by focusing on the economy of scale. This means increasing production and producing and selling more units, spreading the relative cost of production for each unit over a larger volume, making the profit margins higher. However, cost leadership does not apply to upscale business by increased marketing, dropping prices or investing in product development, as the profit margin on each unit is not higher (Hollensen, 2015, p. 314). Synergy, or economies of scope, can also be a cost leadership strategy, as synergies - either through collaborations or sub-labels - can boost sales or decrease production cost. Products may come in bundles or pairings, or firms share production processes and hence costs - either way, leading to larger profit margins per unit sold (Ibid).

Differentiation is usually reserved for high-end and premium brands, as this is often a more costly strategy. Differentiation is basically the process of giving consumers a reason to prefer this specific brand instead of any competitor. This could be through relationship building, ongoing service and support or covering very specific needs in niche market segments (Ibid).

The cost focus strategy dedicates itself to a specific segment - or even a specific customer - and focuses on exclusivity, hence bringing down distribution and marketing costs as the buyer/seller relationship is strong and interdependent.

Porter (1985) argues that a failure to distinguish between and execute one of these specific strategies means that the firm gets stuck in the middle with no competitive advantage and, as a result, poor performance. However, research has found that a systematic combination of these strategies fortifies market position - e.g. by automating and streamlining production facilities while having strategic, active and effective product differentiation (Hollensen, 2015, p. 316).

Branding

A brand is a way for companies to differentiate themselves from competitors. It is meant to be something that defines the products (or product range) and is easily remembered. It helps promote products and makes them identifiable and memorable. The goal is to *"create new sales (take market shares from competitors) and induce repeat sales (keep customers loyal)."* (Hollensen, 2015, p. 417). A brand is representative of the ideas, values and attributes that the company wants to be associated with their products. According to Hollensen (2015):

> *"Successful brand management necessitates the firm innovating to stay abreast of constantly changing market conditions, ideally anticipating evolving tastes and telling their brand stories to each new generation of consumers. The notion of storytelling is key. Well-managed brands are continually telling stories about themselves, and updating these stories to take account of underlying changes in society, though their core values usually remain constant."* (p. 418).

In essence, it is all about creating brand equity. According to Hollensen, David Aaker, a professor at the University of California, has defined brand equity as: *"a set of brand assets and liabilities linked to the brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm or to the firm's customers."* (Aaker in Hollensen, 2015, p. 424). Aaker has classified these assets and liabilities into five categories:

1. Brand loyalty, which encourages customers to buy a particular brand time after time and remain unaffected by competitors' persuasion attempts.
2. Brand awareness, which is the recognition factor of the brand's names, logos or slogans and basically translates to the percentage of customers that know the brand name.
3. Perceived quality, which covers the customers' opinion and perception of the quality associated with the given brand.
4. Brand associations, which means the core values and philosophies, as well as the personality linked with the brand.

5. Other proprietary brand assets, which covers e.g. trademarks, patents and marketing channel relationships.

The higher the brand equity, the higher the price a company can charge for their products or services, compared to other identical products. A strong equity means that customers are willing to pay more and are more likely to stick with that company or product through times of resistance and turbulence (Ibid).

Porter's Five Forces

Porter's Five Forces is a theoretical model developed by economics professor Michael E. Porter, first published in the Harvard Business Review in 1979. Porter argues that the amount of competition in a specific field of business depends on five independent, yet coherent factors - *forces*, as Porter calls them. The five forces include the threat of new market entrants, bargaining power of customers, bargaining power of suppliers, threat of substitute products or services and rivalry among existing competitors (Porter, 1979). The weaker the threats of these five forces, the more likely a business is to be profitable in the long run. The goal for a business is to find a position within its industry where it can best defend itself against these forces - or influence them in its favor (Ibid). In order to cope with the forces, one must first analyze the sources for each.

These five forces represent challenges for existing and emerging companies in an established market. First off, the threat of new market entrants is an analysis of the possibilities for new competitors to emerge. It includes factors such as the cost of setting up production lines, building networks and distribution channels as well as regulations and barriers that may complicate the emergence of new market entries. The more time and money it costs to emerge in a given field, the stronger the barriers are for new market entrants. This means that a field with strong entry barriers are often more attractive to companies who thrive in open competitive spaces with fewer competitors, but require a lot more footwork from the get-go (Ibid).

The bargaining power of customers covers the significance of the number of customers and the individual power that each customer has. If a company operates in an exclusive field, where there are few customers and products/services are expensive, each individual customer is of great value to the company. However, if a company operates in a market with a lot of customers and low margins, there will inevitably be a lot of substitution in the client base and each customer does not hold a lot of bargaining power (Ibid).

Bargaining power of suppliers covers the supply and demand of the suppliers to the given company. If the company of interest depends on a lot of different suppliers, in order to create their goods, and if these suppliers have no competition, the bargaining power of the suppliers is strong. If, on the other hand, the company is self-sufficient, and require no supplies from external suppliers, the bargaining power of suppliers is non-existing (Ibid.)

The threat of substitute products or services describes other fields that might not be directly related to the given product or service that a company provides, but one that could fill the needs that the given product serves. In transport and logistics, for example, this could be airlines competing with train services or long-distance bus routes. The more substitutes in the given field, the more competition on price and quality of the product are present (Ibid.)

Finally, rivalry among existing competitors is the direct competition between established companies in the given industry. If the given industry is full of established competitors who offer equivalent products and services, the company has very little power in this parameter. This often means a war on price and quality and as such lower margins per unit sold and less brand loyalty from customers (Ibid).

SWOT-Analysis

As the popularity of drinking craft beer grows faster and faster worldwide, the use of the SWOT analysis in our project helps us to gain a general overview of the two companies, To Øl and Mikkeller. A SWOT analysis identifies the strengths and weaknesses by referring to the company's resources and capabilities (Johnson, Scholes & Whittington, 2018, p. 97). Furthermore, it points out the opportunities and threats a company has to deal with. In our case, another benefit of a SWOT-analysis is the easier understanding of what it means to be a medium-sized craft beer brewery or even a gypsy brewery, such as To Øl and Mikkeller.

The SWOT-analysis gives us a summary of certain key factors in the environmental sides a company has, the external environment, like competitors, customers or regulations, and the internal environment, like resources and capabilities. These two groups are separated into the Strengths and Weaknesses, from the internal view, and Opportunities and Threats, from the external environment.

To make a good and effective SWOT-analysis there are four key points that should be taken into consideration: Simplicity, Collaboration, Flexibility and Integration. The analysis is very easy to understand, no special tools are required, just a good understanding of the company, which can be obtained from data or other analyses. Because the analysis is very easy to understand and to apply, the different parties in the company should work together and share their information, so that all of this can be taken into consideration. Following out from the collaboration the result needs to be flexible and change along the way. There will be a large amount of data that should be looked at and integrated into the analysis (Hollesen, 2015, p. 246).

However, there are two main dangers that SWOT-analysis is facing: Listing and Substitution. The danger in the listing is that you could generate a long list with all the points about strengths, weaknesses, opportunities and threats, but not all these points are really relevant to the analysis, *„so prioritisation of issues matters“* (Johnson, 2018, p.99). To do this there are three rules that should be considered, relative, relevant and result. Meaning that the point should vary in the relative terms from those of the competitors or companies they are working together with, so leaving out parts where there are similarities. The second point is the relevant date, meaning that only the relevant data should be used and the common factors left out. This focuses mostly on the opportunities and threats, whereas the relative terms focus on the strengths and weaknesses. The last point brings them all together, the result. It should be summarising all points and bring them into a good conclusion. The second danger that SWOT-analysis has is a substitution. This means that this analysis can not be made alone, SWOT summarises all the other analysis. There are two dangers coming up if SWOT is used alone, the first can be that the analysis without any background from other analysis can be really biased and inherited. The second is that the analysis can be too general and not sufficiently specific. Only considering common threats does not show the reason for those threats (Johnson, 2018, p. 98).

Analysis

Market-oriented focus

As mentioned in the theory section, Market-Oriented Focus (MOF), is a business model suitable for a business in a dynamic market and agile environment. We will begin this section with Mikkeller, using interviews excerpts from various individuals with relations to Mikkeller, and then continue to To Øl, using the collected empirical data for this paper.

Mikkeller

One of the key indicators that Mikkeller's business model is based on MOF, is that their business is based on a gypsy brewery-model.

> *"We went commercial* [In 2006, Ed.] *and instead of building our own brewery we thought, we didn't start Mikkeller to sell beer, to make money, we started it to brew good beer. We didn't want to take a big bang level and build a brewery, because, if you do that, we have a lot of breweries, and when they do that they compromise with what they're doing because they'd have to sell beer and that was not the plan, the plan was to make a good beer and nothing else."* (Bjergsø, 2013).

This gives the company a freedom to experiment various different taste and beer designs. By not owning a brewery themselves, gives the company no limitation, whereas according to Bjergsø, owning a physical brewery will result in being obliged to produce a certain amount, in order to gain profit, which is not the ambition:

"I think we have five people in the office now, and still it's not a lot for this size of a company. I think we have more than ten to twelve brewers right now. But I mean, we are working with so many people, but they're not employed by us. I mean, we have people like Mike, a brewer brewing our beers, he is actually working for us, when we brew in Belgium. We have different designers doing the labels, we have maybe mostly two different designers that we have mainly been working with, but in total maybe seven or eight different designers. Just a lot of people doing stuff that we pay them for." (Bjergsø, 2012)

Furthermore, Henrik Papsø, brewer at Amager Bryghus, briefly explains their relationship with Mikkeller:

"The interesting thing about Mikkeller is, that they are so called gypsy brewers, that means that they do not have a physical brewery, they do not have tanks and kettles and stuff, so what they do usually is that they send a recipe to a brewery that they trust, you know they have a handful of breweries around the world that they work with, then they send a recipe and then the brewer at that brewery actually makes the beer according to that recipe, that's what a gypsy brewery is." – (Papsø, 2013)

In MOF, it is suggested an agile supply chain allows a business with the flexibility to adjust easier to the trends within the specific market. Especially in an unexplored market, or in the intuition of trying new products.

"If I throw myself into a project, that's because it changes something. So every time I make a beer, I want to make a perfect beer, I know it will not be a perfect beer, it never is, it's also quite fine. But that is my ambition. " – (Bjergsø, 2017)

This statement of Bjergsø's shows a quality product of Mikkeller, that is known to be the high end of the beer market, with prices that are slightly higher and only available in a "smaller" scale all around the world. Also, it can be argued that Mikkeller has handled to contribute to the craft beer trends themselves, which can only be beneficial both for them and the craft beer culture.

As the craft beer scene is going through a constant movement and change, Mikkeller has managed to avoid being constant and always manage to re-invent themselves in terms of their products.

> *"Those first bottles* [Beer Geek Breakfast, Ed.]*, which were brewed in our house, we sold it out, we distributed out for [inaudible] in Copenhagen, not officially, but we did and it got kind of going around in the world and beer geeks found it and rated it and it climes number one on rate beers list for stouts in the world, when it was still just a home brewed. So, obviously, we gained a lot of attention, when we started the brewery in 2006."* - (Bjergsø, 2012)

Beer Geek Breakfast was the first global attention Mikkeller had. It was at the beginning of their craft brewing venture, right before commercialising their business. Beer Geek Breakfast is the reason behind the success that sparks the rest of Mikkeller as we know it today. Mikkel argues that it is important to be able to create and take an inspiration from others and thereby avoid creating the same product over and over again, and he stated that there are very few signature Mikkellers, since then, respectively the Beer Geek series as one of them.

> *"Inspiration is obviously beer, and pretty much every beer I drink I've been inspired by. It might be in a negative way, so I know what not to do. It was a bad beer. But I think it is important, for a brewer it is important to taste and be inspired by as many beers possible. If you believe in what you do, that what you brew is the best beer in the world, and thought, there is no way you can improve. Thinking you are better than the others, but then you have to realise that there are good brewers out there that make excellent beer. Therefore, I take the best from those brewers and try to put implements it into my beers and those brewers are I take inspiration from are three Floyds brewery, they are one of the best in the world in my opinion, if not the best. I love some of the sour [inaudible] breweries, like David Fontaine and [inaudible] and bone. There are many good breweries in the world, we are charging the best ones."* – (Bjergsø, 2012)
>
> In relation to Exploitation/Exploration strategies, we can sense that Mikkeller has since the beginning, gone into a more exploratory direction.

“So, if I get a good idea, there is very little from idea to action, and I grasp the things, that I think is fun and interesting and work with them” – (Bjergsø, 2017)

PricewaterhouseCoopers nominated Mikkel Borg Bjergsø as owner-leader (red. *årets ejerleder*) of the year 2017, which shows how much Mikkeller has grown since the initial success of Beer Geek Breakfast.

Source: PWC (https://www.youtube.com/watch?v=KzXhuJxtiAA) [accessed: 11. 12. 18]

The following statement shows the different branches and directions Mikkeller has grown in since then. This suggests an exploratory direction, which according to Hollensen (2015, p. 36) often derives from an uncertain, risky and costly market. This shows that there slight downfall in Mikkellers financial statement (Bjergsø, 2018/Mikkeller Financial Report, 2018)

“We own a brewery in the US which we bought last year. But in addition, we have in the last 7-8 years spread ourselves a little, and today, we are doing a lot of things, but we still have the beer as the focal point. We have moved into a lot of bars, such as restaurants in Copenhagen - and in Thailand, we have a chocolate factory. We produce

spirits and we produce cocktails, we produce wine and for so many years we wanted to make festivals, so there will be a music festival as well." – (Bjergsø, 2013)

Thus, it is worth mentioning that the exploration direction often means a lot of creativity, proactivity and new knowledge, which, one can argue that Mikkeller has had a great success in.

To Øl

Like Mikkeller, the main indication that To Øl fits well with Market Oriented Focus, is that they are gypsy brewers as well. In fact, one can argue Tore and Tobias, founders of To Øl are the prodigies of Mikkel, their former science teacher in high school. As Mikkeller, the expert interviews that we have conducted for this paper, stated the To Øl crew's own perspective on Gypsy Brewing, as thus:

> *"Well, we don't own our brewery in Belgium, so we are what you would call a contract brewery. It's also referred to as a gypsy or nomad brewery. So we don't own that brewery, but we are brewing at their facilities. So we would say "Hey, we want recipe number 2 in bottles, cans and kegs, preferably at this date. Here is the label and the recipe - done." That's the short story."* – Jakobsen (2018)

To Øl and Mikkeller are somewhat similar, in relation to MOF. As mentioned above in Mikkeller section, the market is dynamic, and more suitable for agile businesses, as the beer craft scenery is constantly changing, and it can be argued that they have been part of in a creation of a new culture in the craft beer scenery, which according to Jakobsen (2018) called "*New Wave Craft Beer Bars*".

> *"The thought behind this project is having a lot of rotation and having more than four taps. Or fifteen. I think we have maybe 32 taps now in this bar (Brusbar), and that is the basic idea. We focus a lot on export, and that's why our brewery and warehouses are in Belgium and not in Denmark, and that's why we export to around 50 countries. So the market now and the market then [In the beginning, Ed.] is a lot different, there has been a lot of changes. Many things are changing all the time."* – Jakobsen (2018).

Thus, the interviews also provide insight to their relation to Mikkeller, which clearly states the distinction between them.

"There is a lot of difference on how we tray the abstracts, the arts, we are probably representing this a little bit more and they are really good in new aging, storytelling and customer friendly [inaudible 17:24]. So I think looking at the inside perspective, the companies are completely different and sizewise completely different. But yes for a newcomer it is a similar type of craft beer brewery" – Jakobsen(2018).

As mentioned above Mikkeller have been focusing a lot on the exploration processes, where arguably the most controversial investments is the chocolate factory in Thailand, which it is, for a gypsy-brewer company. It can be argued, in the aspect of MOF, that To Øl have been more balanced, in relation to the Exploitation/Exploration strategies. Mostly, due to the recent investment in a larger facility, that is going to set the different sections, including own brewery under the same roof.

"Now recently we just bought a new facility in Svinninge, which is about an hour's drive from Copenhagen, in West Zealand. It's going to be a massive, massive facility with about 26.000 square metres." – Jakobsen (2018).

From the point of view of MOF, we find this very interesting. Because, compare to Mikkeller, the interest in Beer, food, bar and restauration have been pretty steady for To Øl. One can argue, by balancing the Exploitation/Exploration, To Øl have managed to grow with lower risk, in which lead to a decision of investing in a larger HQ, that will be able to facilitate the different divisions within the organization, under the same roof. This will have definitely impact of the current business model, whereas the market of craft brewing industry is going to be the same.

Porter's Five Forces-analysis

In this section, we will analyse the competitive state of the beer industry. This will give us a starting point in the analysis, as it will help us understand the markets that To Øl and Mikkeller operate in, the challenges they face and how to deal with them.

First off, we will look at the market competitors. The beer industry is ever-changing, and as a whole, dominated by a few brands that hold huge market shares. It is important to understand that the craft-beer market and the general beer market are two different things, but for the sake of coherence in this project, we will also consider the mastodon breweries as competitors in this analysis.

Given that the two largest breweries in Denmark, Royal Unibrew and Carlsberg, hold a combined market share of approx. 79 percent (Statista, 2018), these are by far the biggest competitors. However, due to Mikkeller and To Øl's agile business model, the Danish beer market is not the only market that these companies operate in. The gypsy brewery business model allows these companies to brew their products on location in for example the United States or South Korea. This means that they use an existing network of breweries and bars and skip the cost of cross-continental distribution. This also means that they are not limited to a single national market, but can test markets in different parts of the world with relative ease (Jakobsen, 2018, l. 105).

Focusing on the Danish craft beer market, however, in 2014 Mikkeller owned only five percent of the national craft beer market share (Berlingske Research, 2014). A problem with this analysis is that craft breweries in this instance are not defined by what they do, but by their size. In this analysis, Vestfyen is shown to own 40 percent of the market share, which is rather misleading, as Vestfyen primarily focuses on budget pilsners for general retail through supermarkets, whereas Mikkeller, To Øl, Svaneke and other companies on said list focus on producing high-quality and innovative beer for the enthusiasts. Hence, the market analysis can prove rather challenging, as the definitions of craft beer breweries and the geographical boundaries are constantly changing and discussed. A concrete definition of these is therefore hard to come by, and data on these markets are hard to find. Even To Øl themselves are struggling to define markets and competitors, as Reimer (2018, l. 23-27) states: "*If you compare our yearly revenue to that of Carlsberg, or even Brewdog, it's incomparable. Even a local German lager-brewery will make ten or 100 times the beer that we do annually, but they only export to one small region of Germany, whereas we export to around 52 countries in the world.*" However, by their own account, To Øl feel the pressure from the larger breweries, especially Carlsberg, as they try to enter the craft beer market: *"There used to be a sales ceiling that we couldn't punch through, but now it's dissolving. Carlsberg just launched their craft brewery, Annex, which they said was independent from Carlsberg, which is a complete lie, and that's why* *they've changed their whole company structure, as they realized they couldn't "cheat" like that."* (Jakobsen, 2018, l. 56-59).

To gain a complete understanding of the market(s) that these companies operate in, one would have to do extensive research with unlimited access to sales numbers in markets in all of the countries that To Øl and Mikkeller operate in. This is also what makes these companies interesting, as they are breaking the boundaries for traditional market definitions and using their knowledge and established procedures to break into niche markets on a global scale, instead of focusing on expanding and winning market shares locally and nationally. As Jakobsen (2018, l. 67) states: *"Defining the market is also about spreading your activities out and pushing the boundaries."*

A strength of To Øl, in particular, is that their agile business model allows them to customize their products to specific markets. Jakobsen (2018, l. 104) states that: *"We have good understanding of what is moving in the beer-stream, and what people are looking for. We can try out things, make collaborations, and test new products. If we want to look at what is moving in South Korea, then suddenly I would have been there and figured that maybe we shouldn't do this but do this other thing instead."*

In short, when looking at the market competitors of To Øl and Mikkeller, there are of course both positive and negative factors. The concentration of the industry is a challenge, as there are a lot of craft breweries competing for market shares. However, the structure of costs included in the agility of the supply chain is a huge proponent, as they can adjust the supply chain to make the supply meet the demand - and the shelf life of beer is long due to the fermentation process. Switching costs for consumers is also a negative factor, as, in relation to the industry concentration, there are a lot of competitors and switching brands is easy for customers. Exit barriers are, on the other hand, low, as by using the gypsy brewery-model, minimal investment and test-and-scale-models can be used to initially test out new markets.

When looking at suppliers, there are a number of challenges for these two craft beer companies. Because the focus on quality is so high, the main challenge is quality control of supplies and contracted breweries. As Tobias Jensen (2016, 2:25), co-founder of To Øl states: *"We use imported produce because we think that the best hops are from the West Coast of USA.*

Some of the best malts comes from Germany. The yeast is from an American company." To Øl, in particular, focus a lot on the quality of their ingredients, and have even brewed beer with Iranian Saffron. This marks a huge challenge, as a lot of these ingredients are hugely specialized and hard to come by. Therefore, the suppliers have vast bargaining power as these ingredients are integral to the production of To Øl and Mikkeller, and switching costs are therefore high. However, these suppliers depend a lot on said companies to buy their products, as, because it is so specialized, there are not many buyers. Hence, the cooperative process and goodwill therein are recognized from both parties, and the shared goal of creating the best possible beer with high quality depends on all parties involved.

Considering the contracted breweries involved in the gypsy brewery business model, this also poses a risk. To Øl and Mikkeller need to have extensive knowledge about the contracted breweries and their processes. Jakobsen (2018, l. 70-77) explains that: *"Well, we don't own our brewery in Belgium, so we are what you would call a contract brewery. [...] So we don't own that brewery, but we are brewing at their facilities. So we would say "Hey, we want recipe number 2 in bottles, cans and kegs, preferably at this date. Here is the label and the recipe - done." That's the short story. The full story is of course eight years of development, calibrating taste notes; when I say blue and you say blue, is it the same kind of blue? Everything needs to align, so we don't end up with products that we don't want to have. The brewery and us have helped each other develop, and it's also the same place where Mikkeller brews as well."* This, of course, applies to all the contracted breweries involved, and keeping tabs of different breweries in England, Belgium and the United States without being physically present is a huge operation. Hansen (2018, l. 151) states that he spends around 2-3 hours on a daily basis just communicating with the breweries, which is also part of the reason why To Øl just acquired a brand new, 26.000 square meter facility just outside Copenhagen. Hansen continues: *"We're moving all production from Belgium to Denmark. We're taking all the warehouses we have in Belgium and all the warehouses we have in Denmark and move it out there, that also includes logistics. [...] If we can keep it to just one-way communication, my time in mail-threads with seven different people will minimize completely."* (l. 82-85) This acquisition of the new plant also positions To Øl strongly in the future, as most of the production will be kept in-house, minimizing risk factors connected to outsourcing production. However, they will still keep contracts with overseas breweries and breweries that specialise in specific product ranges.

When looking at buyers, some of the main challenges include the before-mentioned market satiety, backwards integration and difficulties in analysing non-end consumers. The market satiety means that consumers have a lot of alternatives in the same market. This is also related to the threat of substitutes as explained later in this chapter, but basically, the amount of brands and breweries and the relative ease of backwards integration - brewing and selling craft beer, even locally - is a challenge. Reimer (2018, l. 60-63) explains: *"I would say that it's a full market in the sense that the very low percentage of craft beer sold has to be spread out on the many, many, many craft breweries around, so in that sense it's a full market, but the market is also very small."* However, the segment that is into craft beer is often adventurous and willing to try new things, which makes it easy for companies to get a foot in the door in many markets. This factor, along with the differentiation of To Øl's and Mikkeller's product lines, means that there is almost certainly a product that will fit the tastes of the specific customer. To Øl's business model is specifically built to accommodate this. Jakobsen explains: *"The thought behind this project is having a lot of rotation and having more than four taps. Or fifteen. I think we have maybe 32 taps now in this bar,* [Brus, Ed.] *and that is the basic idea. We focus a lot on export, [...] and that's why we export to around 50 countries. [...] We just put out a lot of products and we have good understanding of what is moving in the beer-stream, and what people are looking for. We can try out things, make collaborations, and test new products."* (2018, l. 40-43, 102). Also, few people from many segments will have a tendency to experience craft beer, and having established and strong brands such as To Øl and Mikkeller - and having designated bars and brewpubs for people to test this experience, means that there will always be a continuous stream of new customers - even if they do not become regular customers. Continuous rotation in the assortment of products also means that more people are interested in coming back and testing the new products.

Going on, on the threat of substitute products as earlier mentioned, these are the main challenges for breweries like Mikkeller and To Øl. Not only are there many substitutes in the craft beer industry, but the alcoholic beverages market, in general, is very competitive. Cocktails, wine, strong spirits like whisky, rum and schnapps, as well as regular, cheaper beer are all competing for market shares. There is a lot of goodwill and collaboration between craft breweries, as this is necessary in order to stay afloat in between all these potential substitutes. Many craft breweries endorse other beers as well and recommend competitors to customers just to try something new. This cooperation between craft breweries means that customers are more likely to try different types of beer than to go to a cocktail bar and spend their money on fancy cocktails instead. Mikropolis, the cocktail brand of To Øl, was for instance developed in collaboration with Mikkeller, who also owns a significant market share in this company. One reason for developing this brand was to get into new segments, like music festivals, which is dominated by Carlsberg and Royal Unibrew who have exclusivity on beer sales on most major music festivals in Denmark. Hansen and Reimer argue: *"The festivals that we did this year was on the cocktail side [...] It's always easier to spit down, it is not so easy to spit upwards. If you start high you can make things trickle down by creating good cases, and always have other people follow. People always look at Roskilde Festival, or in Jutland, festivals like Smukfest, so we tend to position ourselves in places that we want to be seen and that we want to be referenced to I guess. We obviously can't touch them with beer, and for good reason. It's kind of a fun loophole for us to make cocktails instead of beer."* (2018, l. 243-249). However, it is not solely for the purpose of being seen that Mikropolis, To Øl and Mikkeller, focus on exclusive festivals: *"If you call Jelling or Nibe* [Festivals, Ed.]*, they will be like: "Yeah, we have this guy from Premium Beer* [Rival company, Ed.] *that sells cocktails" mixed with other ingredients that, to me, are not very nice, and at a very, very cheap price, and there is just no way in hell that I will ever be able to tell them that the quality of our cocktails are good enough for them to buy them at the price we want to, compared to Premium Beer."* (Hansen, 2018, l. 267-272).

This quote is also related to the question of perceived value, as the ingredients in the Mikropolis-cocktails are primarily fresh and organic, and based on actual produce like rhubarb, cucumber and grapefruit (To Øl, 2018). There are cheaper alternatives, but To Øl, Mikkeller and Mikropolis' continuous focus on quality and innovation, instead of a more conservative and broad approach, is what keeps them special - and provides sales even though the price point of their products are comparatively high in relation to many industry rivals (Sahl & Davali, 2017).

The threat of new entrants in the craft beer market is also ever-present, as brewing is a popular hobby that can turn from homebrewing into an entrepreneurial business. By using the test-and-scale model, homebrewers can gradually expand with little investment (Tapper, 2014). Furthermore, macro breweries are starting to enter the craft beer markets as well, as this market is continuously growing whereas overall beer sales are decreasing. The brewing mastodons, like Carlsberg, have the financial and physical capacity to be a real factor in the craft beer market as well - Reimer explains: *"Obviously they have the advantage, they have contracts of all the places and all the concert venues, the festivals, we can't touch them. And they can open their own small breweries, but they can get in under these contracts. And we have no way of competing with that. I think the Annex brewery hired 14 persons, which is the entire staff of To Øl."* (2018, l. 331-336)

However, they may lack in credibility and originality. Jakobsen explains that Carlsberg received a lot of criticism for false marketing by launching their new craft beer-concept, Annex: *"Carlsberg just launched their craft brewery, Annex, which they said was independent from Carlsberg, which is a complete lie, and that's why they've changed their whole company structure, as they realized they couldn't "cheat" like that."* (2018, l. 57-59).

The risks of entering niche markets as a macro brewery are minimizing though, as a new technology is currently being developed that will make opened kegs last for up to three years. This is a huge win for macro breweries, as they do not depend on selling all their stock of craft beer in a hurry, as the "best before"-date is significantly prolonged. Jakobsen argues:

"Looking at Europe, the overall consumption of beer is going down, but the consumption of craft beer is going up.[...] There is a lawsuit going on between Carlsberg, Heineken and AB InBev, the three giants. They just invented a thing that is called DraughtMaster and they all claim to have invented it before the other. [...] When you puncture a steel keg of Carlsberg, it can last approximately a week, which is alright. And you would have to drink that within a week. What we use can last a year, because it is completely sealed so it will never touch oxygen. It's

like a bag-in-a-box. But what they now invented is a way that they can put a gas into this keg and pump out the liquid, so it will never touch oxygen, and that's why, now it can last three years and not just one week. So the whole value that they have in stock is suddenly worth a lot more. And they can make craft beer or buy out craft beer breweries and put them on their taps. And then they won't take that high risk, so it's less risks and more money for them."

(Jakobsen, 2018, l. 343-358).

As Jakobsen states, this means that the stock of the macro breweries is worth a lot more with this new technology. Craft beer comes in many more varieties and may not sell as fast as regular pilsner or lager. The challenge for macro breweries has been to sell the craft beer before it expires and has to be depreciated. With the DraughtMaster-technology, the shelf-life of the beer is up to six times longer (DraughtMaster, 2018). Therefore, the macro breweries will be more adventurous in exploring more niche markets, as the risk of depreciation and loss due to expired goods is greatly minimized.

Segmentation

In this segmentation analysis of the craft beer market, we will look at the typical consumer of craft beer and some of the considerations behind choices made by To Øl and Mikkeller and how they reflect on the consumer segments. Ideally, we would have done extensive quantitative research and field studies to pinpoint specific trends in craft beer consumers, but due to lack of time and resources, we will mainly look at second-hand data.

In the Porter's Five Forces-analysis, Alexander Lund Hansen explained that in B2B-situations, they primarily distribute to high-end festivals and bars, but that this is more in relation to price and quality. Hansen argues that especially the Mikropolis cocktails are of a certain standard, and that they cannot compete with the low prices of regular cocktail distributors. Speaking on why Mikropolis, Mikkeller and To Øl primarily supplies high-end festivals like HAVEN and Heartland and not the more provincial and "proletarian" festivals like the Jelling or Nibe festivals, Hansen explains: *"This guy from Premium Beer* [Rival company, Ed.] *sells cocktails mixed with other ingredients that are not very nice to me and at a very, very* *cheap price and there is just no way in hell that I will ever be able to tell them that the quality of our cocktails are good enough for them to buy them at the price we want to, compared to the Premium Beer. And that is why we are big in these festivals and Premium Beer can supply to Jelling, Nibe, whatever."* (Hansen, 2018, l. 268-273).

However, this decision not to compromise on price and quality can also be seen as a marketing and segmenting choice. When producing expensive, high-quality goods, companies will know that it is probably not going to be a widespread success and sold in large volumes, but by being present in places that target the ideal segment - in this case with money and interests in art, food and culture - they have found their ideal ground.

Taking Heartland Festival as an example, the relatively new festival started in beautiful surroundings at the infamous Egeskov Castle in Funen in 2016. Arranged by Live Nation, the biggest concert and festival production company in the world, there were no cut costs or cheap alternatives from the get-go. Of course, Mikropolis' organic rhubarb-based cocktails were the right fit for this festival - and with the world's largest production company as the customer, price was not an issue. Of course, Live Nation and Heartland Festival know that they will recoup this investment, because the targeted segment of this festival want quality more than quantity. Journalist and cultural editor Ralf Christensen, from danish newspaper Information, analysed the segment:

"I now recognize that Heartland Festival as a whole is a segment-analytical and high-calorie projection of the middle-class that I, myself, am a part of. A glasshouse for a future life in sophisticated luxury, cultural abundance and materialistic identity creation. And political impotence. A development that started a long time ago, but here, on the inherited grounds of the aristocracy, is turned up to eleven in the second square of future power. We live in a decadent time."

(Christensen, 2017).

Heartland Festival's slogan is also something as simple as "Music. Art. Talks. Food.". This is exactly what the festival is about, and is reflected in the whole set-up with an equal focus on all four factors. Heartland are very conscious of their target segment, and in 2018, a six pack of beer from Royal Unibrew cost 265 DKK, whereas the very same six pack of beer from Royal Unibrew at Distortion Festival are at a cheaper price point of 80 DKK - for the exact same beer. Both festivals are sponsored by Royal Unibrew, but the segments are completely different. As Christensen describes, Heartland is designed for the middle-class segment with a high consumption of culture. In an interview with local newspaper Fyens Stiftstidende, festival director Ulrik Ørum-Petersen also recognised that this is the targeted segment. According to Ørum-Petersen, around half of the tickets sold at Heartland Festival 2016 were sold to people living in Copenhagen, despite the two-hour drive across Zealand and The Great Belt. 40 percent of the guests at the festival were between the ages of 26-32, but ages spanned from "early twenties to late forties." (Ørum-Petersen & Seymour, 2016).

Similarly, HAVEN Festival also focuses on music, food - and especially drinks. The festival was founded by musician Aaron Dessner, celebrity chef and entrepreneur Claus Meyer and Mikkeller-founder Mikkel Borg Bjergsø. In an interview with cultural webzine Heartbeats, Bjergsø explained some of the reasons behind the festival. Bjergsø stated that the macro breweries have monopolized the music festival scene in Denmark and that it's more or less impossible to break in to that scene - so they decided to do their own. Bergsø also states that they didn't do a lot of financial analyses beforehand, and didn't really care if it was profitable or not. As he states: *"If we like it, we do it."* (Bjergsø, 2017).

Information's Ralf Christensen was also present at HAVEN, and he described the audience as such:

> *"After the first concert of the festival, I chatted with a dear friend of mine, who was reading Pierre Bourdieu's book 'Distinction' at the time - about how the cultural capital is the perfect means of transportation up the ladder of social classes. We looked at the festival site and nodded in agreement. It is certain that the indie/hipster culture is the new middle class - which you can only be accepted into if you have the right taste and the right collectively acknowledged form of simulated diversity. Raise your hand if you're unique! And there we were, all of us with raised hands at a concert line-up that consolidated the identity of our social class."*
>
> (Christensen, 2018).

The fact that we are basing our segmental analysis on observations from festivals might come across as far-fetched, but in truth, the segment that attends these kinds of festivals are also the ones that enjoy craft beer and are more likely to prefer craft beer to mainstream lagers. In the To Øl-interview with Jakobsen, Hansen and Reimer, there was also a shared agreement that craft beer has a lot in common with the arts and music industries. Throughout the interview, the interviewees made multiple comparisons to the music industry and even stated that a lot of the people working with craft beer have strong ties to the music scene (Jakobsen, Hansen & Reimer, 2018). Jakobsen even compared the experience of craft beer with that of vinyl clubs: *"A good example or analogy is that craft beers are kind of the new vinyl. It's something you can bring out or share with other people in the moment and you can have a good time with it. You can be excited about it, you can have an opinion on it or rate it, but it's not like you're walking around with an open bottle and everybody is tasting it. It's something you crack open, you listen to it, you enjoy it. Like the vinyl was back in the day."* (Jakobsen, 2018, l. 434 - 438).

When comparing these observations to the data gathered by craft beer blog Hops and Dreams, founded by american journalist Olivia Deng, the observations seem to have solid ground. Deng conducted an analysis based on social media trends, and found coherence in many different factors that correlate to those who prefer craft beer to macro brews and vice versa.

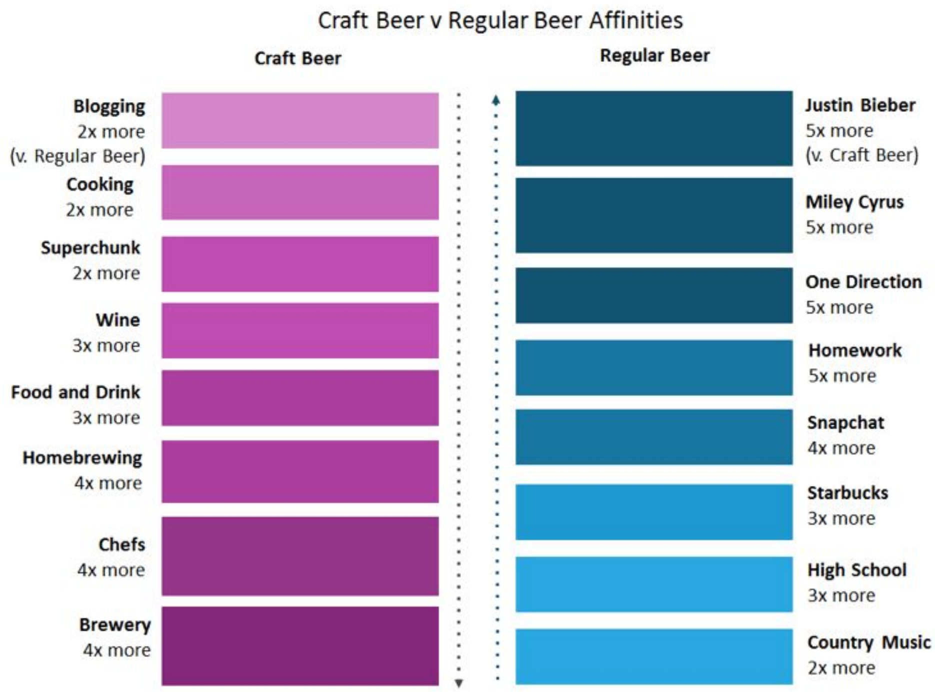


Image source: https://www.crimsonhexagon.com/blog/hops-and-dreams/

In this chart we can see that craft beer consumers are twice as likely to listen to Superchunk, a 1990'ies indie-band from North Carolina, whereas people who prefer regular beer are five times more likely to be into Justin Bieber, Miley Cyrus or One Direction, who are some of the biggest and most mainstream pop-acts at the moment. Key tags such as "Snapchat," "Homework" and "High School" also indicate that regular beer drinkers are generally a younger crowd. (Deng, 2017)

Research shows that the typical craft beer drinker is a white male with a median age of 33 years and a minimum annual salary of at least $50.000 (Taylor Jr. & DiPietro, 2017). The same study showed that most craft beer consumers are between the ages of 21 to 44, which basically covers the whole Millennial-generation (born between 1977 and 1995). Taylor Jr. and DiPietro argue that the millennial generation are some of the biggest proponents of local, artisanal and craft products, turning their backs on homogenous mass-produced products (Ibid). Millennials - and craft beer consumers in general - are also seen as more adventurous when it comes to tastes. The study shows that 33 percent of those, who bought craft beer on at least three occasions during 2014, on average bought seven different brands of craft beer. Taylor Jr. and DiPietro state that: *“Craft beer drinkers have indicated a desire for beers with various flavor profiles and production techniques. Craft beer drinkers are explorers with nonlinear taste preferences. [...] They tend to switch the style or flavors of beers they drink quite frequently.”* (Ibid., p. 4.).

Target marketing

Considering the Craft Beer scenery, it is difficult to point a specific target in the overall market, because the overall consumption of beer, derives from the mainstream beer breweries. According to Jens Reimer, Head of sales and logistics from To Øl, points out that Craft beer only contains around 10% of market share of the overall beer consumption. Therefore, considering the overall industry, craft beer can be considered a niche product. Even though, the number of consumers are growing in the craft beer scenery, it is still considered a concentrated market. Gypsy breweries like Mikkeller and To Øl, acknowledges the difference between craft brewing and mainstream brewing. Hence, Jacobsen argue that a mainstream brewer cannot be compared to a gypsy brewer, due to the differences between them. Hence, “*products instead of having 4 products that you - if you look at JP. Jacobsen [Carlsberg, Ed.], and they have a red ale, brown ale and… a pretty “standard” list of ales. The thought behind this project is having a lot of rotation and having more than four taps. Or fifteen. I think we have maybe 32 taps now in this bar, and that is the basic idea*” (Jacobsen, (2018). The mainstream beer companies usually have few signature products, highly available and accessible at the lowest price. Whereas, To Øl for example have 34 taps in Brus alone and exports to around 50 countries, around the world. One of the key indicators of success of craft beer brewers is to have a lot of different varieties available, which makes their products more inclusive that draws various different beer consumers. Which indicates a broader their target segment compare to the overall beer consumptions.

As profiled in segmentation, main craft brewer consumers are millennials, characterised as individuals proponed of the local, artisanal and craft products. As an indirect competition with macro brewers, craft brewers cannot compete in a bigger level, especially considering major festivals.

Branding

Branding is perhaps the most important part of marketing. It is a way for companies to stand out and differentiate themselves from competitors - of which there are a lot in the craft beer industry. In the conducted interview with To Øl, a lot of parallels are drawn between the craft beer industry and the fashion, music and arts industries. Especially swedish micro brewery Omnipollo is mentioned as a go-to in the branding related business processes. Jakobsen explains that: *"Look at how Omnipollo does it,* [Branding, Ed.] *they have a whole universe. They are really good in opening up a whole world to dive into it. Their Instagram-page is showing that just fine. And you would see the humongous queue lined up at their stand beer festivals.[...] They are treating the beers like fashion, right? They have made fashion outerwear just for the crew to wear, and you can't have it. They've made their own drinks, that only they have, containing gold. You have to fucking queue if you just want to taste this cherry/gummy infused beer with slushed ice on top, then you have to fucking stand in the queue for an hour with everybody else. And people do that."* (Jakobsen, 2018, l. 515-518, 530-534)

From this quote we can gather that the To Øl-crew look up to the branding tactics of Omnipollo, in which exclusivity and inaccessibility for the mass is key. By making exclusive items - like merchandise, clothing and product lines that are not for sale and therefore unobtainable for the general public, Omnipollo succeed in creating a universe that is desired by fans. With this exclusivity, people desire what they cannot get and create a buzz around their brand that is invaluable. Along with Hollensen's notions on storytelling and well-managed brands continually telling stories about themselves, Omnipollo reward their followers on Instagram by showing behind-the-scenes footage - for instance of putting actual hamburgers in the brewing tanks. (Hansen, 2018, l. 521)

Another important notion of branding is that of visual outlook and identity. Reimer argues in aforementioned interview that branding, visually and verbally, is sometimes just as important as the quality of the beer. (Reimer, 2018, l. 509-514) In the craft brewing industry, the quality among market leaders is generally really high, and when you can't beat your competitors on

quality, as there will always be a loft on the quality-factor, you will have to differentiate yourself in other ways. This can be done by branding and marketing. By appealing to targeted segments through either names of products, graphic designs or the story told about the product, companies can edge out opponents. Storytelling can also include an emphasis on sustainability, which targets a large segment and is an ever-growing topic in these times of climate changes.
Furthermore, Hansen's notions on "spitting downwards" and trickle-down-effect (2018, l. 245) that relate to the product placement of To Øl - and Mikropolis in particular - also account for an interesting fact about marketing. When Mikropolis cocktails associate themselves with institutions like the Heartland and Roskilde-festivals, consumers will automatically - consciously or subconsciously - connect the brand with the experiences of that particular moment of enjoying these cocktails, ideally on sunny festival days. Furthermore, despite the relatively high price point and exclusivity of the Mikropolis brand, Hansen's trickle-down comment in this instance refers to the fact that a lot of the smaller festivals look to established counterparts - like Roskilde Festival - when aiming to optimize and extend parts of their own festival experiences. This means that without investing in targeted advertising, there is a whole new section of B2B-clients that are made aware of Mikropolis, To Øl and Mikkellers presence by simply attending or supplying these larger institutions. In fact, supplying eg. Heartland Festival with Mikropolis cocktails is of course a source of revenue in itself, but being present could also lead to attention being drawn to them from these aforementioned smaller festivals, whose representatives are most likely present.

SWOT analysis of "To Øl"

Starting with the strengths, the most important thing of a craft brewery as To Øl that comes in mind is its wide range of complex craft beers with different flavours and special characters. The company's aim is to offer more than just the standard beer types. This means, they do not only have four taps in a bar of their own, but around 32 taps. To ensure the high quality of their products, To Øl uses excellent ingredients without exceptions. Not only the beer's quality, but also its packaging is a strength of the company. Of course, To Øl uses a reoccurring logo, the same colours or images and places the text in a certain way to represent its brand in a continuously way. Nevertheless, by not strictly following any design guideline, each package is as unique as the beer itself. Furthermore, one strength lays in To Øl's focus on export by exporting its products to around 50 countries worldwide. If the company comes up with new ideas for a beer, To Øl's process from the idea to its execution is really short, what makes the company a very agile one.

During the interview with To Øl, some aspects occurred that can contain the company's weaknesses. First of all, contrary to the majority of other companies, To Øl does not use a marketing plan, all they do is to inform themselves or collect market trends. Moreover, as a gypsy brewery they have to deal with certain risks of quality control.

The company's opportunities lay in the fact that the market is continuously growing and changes all the time. As To Øl announced a big investment during the interview by acquiring a new facility to brew their beer, one opportunity deals with their expansion. By not following a long-term business plan, they have the possibility to expand in different directions, for instance by starting a distillery, as they considered in the interview. Furthermore, the investment in their own big facility will lead to fresh delivery, better ability to control the brewing process and seeing the development. In general, the company could reduce its costs and do everything on a larger scale. The opportunity to still collaborate with certain breweries makes To Øl more competitive and supports them taking over market share.

Threats occur within the full brewery market. The competition is very high, not only among all breweries on the market, but also between craft beer breweries. In general, not only the micro-breweries try to gain a valuable position on the market, but also giant breweries defend their market shares by coming up with similar ideas, concepts or lines.

SWOT analysis of "Mikkeller"

Mikkeller constantly develops its brand to become a major name on the beer market, as drinking craft beer is gaining more popularity worldwide. One of the company's strengths is its uniqueness that comes along by producing craft beer. Mikkeller offers a lot of different flavours and continuously creates new ideas, not only as reactions to certain events or season. Mikkeller differentiates itself by brewing bitter, spicy, fruity or sour beer instead of the standard beer list. In general, their concept consists of moving from normal beer to flavoured complex beer. Furthermore, one strength lays in the history of the company. Mikkeller was not established to sell beer or to earn money, but to brew a very good beer. This explains the company's focus on quality that reigns over quantity by only using the best ingredients, for instance the most expensive and excellent coffee beans worldwide. This is one of the reasons how Mikkeller managed to establish an exclusive image and now sell its beer not only in certain bars or shops, but in restaurants rated with Michelin stars. Another characteristic that makes Mikkeller even more attractive is its packaging and whole representation, for instance by its different bars that shows the consciousness of their image around the world. Mikkeller distributes its products worldwide and works with a global team of very talented and creative minds that help to build the brand. Furthermore, craft beer is really present in the global media.

Mikkeller's weaknesses occur first of all in their high prices. The price of craft beer by Mikkeller is usually higher than the price of mass-produced beer brands. The special craft beer editions do also lead to higher prices and therefore, Mikkeller needs to ensure that consumer value the higher price in relation to its quality to stay competitive. The weaknesses of Mikkeller are very similar to To Øl, mainly because they function as a gypsy brewery.

Mikkeller's opportunities come along with the high growth on the beer market and increasing demand in craft beer. There is a shift on the market to flavoured beers instead of always the straight ones. Especially for craft beer, there is still a low market concentration, because they are located in a specific niche with high quality beer and continuously refreshment to satisfy customers. Medium-sized craft breweries focus on a small scale of production that mass-producing breweries are not capable to duplicate. The cooperation with other breweries in many other countries around the world is a big advantage for Mikkeller, as they can get inspirations and learn new ways of brewing beer.

The existing competition on the market is one of the threats Mikkeller has to face. Competition can emerge from mass-producing beer giants that try to enter the craft beer market by developing new lines to gain control over this market. Furthermore, they are interested in taking over company's as Mikkeller to defend market share. This could emerge in turning Mikkeller into a mainstream brand that loses its uniqueness. Another threat for Mikkeller is the threat of substitutes, such as wine or other alcoholic drinks. But also, non-alcoholic drinks can be seen as substitutes, especially since the health-movement nowadays.

Discourse Analysis

The research of our project builds on using social constructivism and discourse analysis as methods to gain more knowledge about craft beer and craft beer drinkers in general.
More detailed, we are aiming to get a greater knowledge about consumer identities, as well as consuming subcultures. Moreover, the social status and its role, the impact of the brand on consumer identity and the cultural capital of craft beer will be analysed by taking a look at their discourses. For the analysis, we use two interviews with smaller Danish craft beer breweries, To Øl and Mikkeller. As Interviewing is not only about simply collecting data, but about gaining detailed knowledge about a certain phenomenon, it helps to understand the discursive resources it is built on.
To understand the ways how small- and medium-sized craft breweries deal with dynamic markets and manage to stay innovative, we analyse what kind of identities the two craft beer companies want to reach, and on which discourse they are built on.
In general, both companies focus on their interviews on imaginative and creative aspects, that is fundamental while interpreting. Being a craft brewery has some similarities with producing a specific kind of art, that needs to be interpreted. Therefore, we use two different subject positions that make it easier to understand our findings and interpretations concerning the discourse. Starting with "Experimenting and Exploring", we reveal the different motives behind the trend of founding craft beer breweries and actually start to brew craft beer. Further, discovering the different procedures of "Analysing and Critiquing" leads to a clearer explanation of what

discourse the increasing craft beer consume is built on and the importance of cultural capital. Primarily, both companies talk in the interviews about valued practices, processes, identities and describe certain behaviours and preferences. In conclusion, they point out what kind of craft beer brewing company they are, they want to be, and they do not want to be.

As mainly the same positions emerged, we analyse the general discourse of a craft brewery, instead of looking at To Øl and Mikkeller separately.

Experimenting and Exploring

First of all, the main starting point of the small/medium-sized craft beer companies is their aim to create the ultimate and best possible beer ever, which is mostly connected to an endless chain of exploring new tastes. *"We start Mikkeller to make good beer and show people we make good beers, and if your reason to do something it's because you wanna show that you can do good with it, you want people to find you - and not go out and find other people, because you can't force people to think the beer is good and that our beer is interesting, they have to discover that themselves."* (Bjergsø, 2013). One more benefit, that To Øl talk about, can be found in the phrase, that *"there is a lot of flexibility in what we are doing. There are no sets of rules that applies to everyone (...). Of course, the finances need to be approved, but we do what we believe in, and that's why we can do cocktails at Roskilde Festival, and, like in the pipeline, do a distillery if we want that. We don't have a 5-year-plan or anything, it's just about the fun. If we like it, let's go for it!"* (Jakobsen, 2018, l. 86-92). The goal to "*brew the best beer in the world*" cannot be reached without trying out many different things and for craft brewers, this matters the most (Reimer, 2018, l. 180). The phrase "*I don't care about, is it where I get the ingredients or as long as it is the best possible beer, it's what we use, what matters to me"* points out this goal even clearer (Bjergsø, 2012). "*I think people say I'm a good brewer and I make good beer, because I do things that people don't expect. I do things that was not done before and hopefully what I do does taste good as well. And I think I test new areas of brewing that has not been done before*" explains the idea behind the desire to explore and experiment very well (Bjergsø, 2013). *"The definition of beer in what we do is not always beer. It's always with the base of beer and* *fermentation, but the structure is so weird and undefined, and you can hardly call this, which is a completely red berry ale more in the line of cider, a standard beer"* (Hansen, 2018, l. 63-66).

In conclusion, brewing craft beer is about always trying to get ideas for a new taste and primarily a new experience. Connecting this to the breweries' behavior on the market, there are two main aspects. Firstly, To Øl states, that *"It is a very hard market to predict and instead of trying to, we brew what we want to brew. Having the confidence in that works"* (Jakobsen, 2018, l. 486 f.). The second aspect is, that there are *"many ways to push the boundaries on the markets, because you can push it on the ingredients list and you can do like crazier and crazier beers, but you can also do create a pilsner which is just one notch better or tweet in some way, that you can actually reach some of the people who are a little bit interested but would never go for something bigger than a standard lager"* (Jakobsen, 2018, l. 420-424). As we can conclude out of this, the breweries try to show presence in many smaller discourses in order to not move into a niche, that is too special and does not attract a wide range of people anymore.

"When Mikkeller started, high-end gastronomy was all about wines, they didn't drink or serve beers, they didn't care about beers at all and that's one of the things I wanted to change, I wanted to have good restaurants understand that you have a very wide variety of beers and flavours and aromas, and you can do a lot with beer that you can do as much as you can with wine. I wanted to work with good restaurants, and today we work with the best restaurants in Denmark" (Bjergsø, 2013).

Aside from that, travelling helps craft beer companies to gain knowledge about local drinking habits, tastes and inspiration for new ideas. *"If we want to look at what is moving in South Korea, then suddenly I would have been there and figured that maybe we shouldn't do this but do this other thing instead"* (Jakobsen, 2018, l. 104 f.). Moreover, learning or gathering information from breweries, or especially from professional brewers all around the world, such as production methods, ingredients is part of the discourse as well. The impact of different countries and their breweries occur in different phrases in the interviews. *"We'd been tasting some coffee beers in the US for example, which were really, really good and we asked a good brewer in California and how he did with his coffee and we did the same, by just pouring a pot of warm coffee a couple days before bottling and it changed the beer completely from something* *pretty straight kind of a little bit boring to really flavoured and complex beer"* is one of those defining experience that influenced a craft brewery (Bjergsø, 2012). In relation to this, Jakobsen talks about the head-chef of Brus, that he describes as very talented, by giving an example of the direct influence different surroundings can have, especially in terms of tastes. *"We used a lot of his knowledge as well for ideas. Jens went with him to Estonia and brewed this apple stout. Where they used apples in ten different ways. This actually shows that you can be inspired from food and wine and stuff"* (Jakobsen, 2018, l. 493- 496).

This leads to the finding, that *"it's about telling the story of the beer. So sometimes the name and the story behind are just as important as the content"* (Reimer, 2018, l. 513 f.). Using storytelling as a strategy points out the constructionist theory of representation and meaning, that is part of the discourse analysis. More detailed, the idea is that things and actions exist, but they only gather meaning and become objects of knowledge and representation within a special discourse.

A big advantage for gypsy breweries, like To Øl or Mikkeller evokes when one interviewee says, that "*the brewery and us have helped each other develop, and it's also the same place where Mikkeller brews as well*" (Jakobsen, 2018, l. 76 f.).

Not only inspiration and knowledge about the different beer tastes, styles and brewing processes but also about the full customer experience do craft beer companies gain during travelling around the world. "*So, the defining the market is also about spreading your activities out and pushing the boundaries*" (Jakobsen, 2018, l. 67 f.). Taking over different concepts from foreign countries can help the company to develop and establish something special. By referring to the consumer experience and which discourse it is built on. "*He took a lot from the American approach, where you have a lot of taps and a lot of different products instead of having four products*" (Jakobsen, 2018, l. 37 f.). This leads us to the next finding in our discourse analysis, the necessity of a suitable environment and makes tasting the craft beer to a more special event for the consumer. The consumer experience should totally differ from just buying a new craft beer from the shop to drink it at home. Therefore, small/medium-sized craft breweries focus on beer bars with as many different taps as possible in order to make it easier for consumers to avoid tasting the same beer over and over again. "*We have seasonal beers. Like summery styles, Christmas beer or a series* *as well - like we have a series that is dry hops, so we're playing around with different types of hops or sour-mashing different styles, so we have a lot of series as well"*(Jakobsen, 2018, l. 123-125). The reason for this is, that mainly people are more willing to choose a bar that offers a better beer selection. All of those mentioned interpretations and findings support the company to stay innovative and explain how they refuse to mass-produce and become mainstream. Their recipe of success to constantly experiment and explore as much as possible should not change, even if a craft brewery, or a so-called gypsy brewery, acquires its own facility. "*We will still go to them and say: "You are really, really good at doing dark beers and sours, can you do this for us? We want to collaborate with you."* (Jakobsen, 2018, l.160 f.).

Analysing and Critiquing

By pinpointing different styles of beer, tastes, brewing methods and ingredients, a craft beer brewery is not only capable of analysing, but also evaluating every beer as a form of criticism. Both are needed when we think of fulfilling the goal every brewery has, to produce the best beer possible. The capability to compare different beer experiences while tasting a new beer in order to evaluate it is fundamental when it comes to the task to stay relevant and innovative on a dynamic market as the beer market, and especially the craft beer market. The interviewees talked about the market as a successful one "*also for the overall, if you're looking at Europe the overall consumption of beer is going down, but the overall consumption of craft beer is going up"* (Jakobsen, 2018, l. 245 f.). To Øl describes its placement on the market and its consumer perception as *"being positioned where we are, people look at us being the innovative"* (Jakobsen, 2018, l. 475). This phrase includes an analysis of the discourse of something new and special, that gets even clearer while saying *"people are looking at us like "Wow, they are taking the risk, they must be really innovative and they know exactly what they are doing"* (Jakobsen, 2018, l. 477 f.). For the right taste and experience of craft beer, quality and enjoyment are fundamental. The interviews give us a good insight into how the two companies, To Øl and Mikkeller, see their company. As quality is the most important thing about producing a good beer, both companies see themselves as the brewery who knows most about producing craft beer with the highest quality and excellent ingredients. When we think of craft beer, it is not only the high quality, that helps us as consumers to remember and recognize the beer easily. A special label and attractive, modern design of a distinct brand is one key in order to simplify the way of choosing the desired beer out of many others in a bar or a store and gives the value of brand recognition. In order to find out what attracts the consumers the most, the interviewees describe their progress by saying, that *"Sometimes, looking at different markets, you can have an idea - but it's not that we are doing market research"*(Jakobsen, 2018, l. 99 f.). *"We just put out a lot of products and we have good understanding of what is moving in the beer-stream, and what people are looking for"* (Jakobsen, 2018, l. 101-103). This shows the direct influence of the knowledge the breweries collect. Brewing craft beer comes along with some challenges as well. For small/medium-sized breweries, it is important to always be the first ones who discover the trends and find out what is considered as cool and is going to be cool in the present time. To get easier access to this knowledge, breweries must go global to discover, if they want to distribute their beer and catch attention in different countries all around the world. Therefore, travelling is not only important in a discourse of experimenting and exploring, but also to enhance analysations and critical thinking of the breweries. The statement "*I would have been there and figured that maybe we shouldn't do this but do this other thing instead"* refers to that pretty well (Jakobsen, 2018, l. 104 f.). It is a fundamental way of thinking to get access to different cultures and examine what kind of preferences possible consumers have in certain countries. *"And sometimes when we're travelling or going to festivals or whatever, come back and see like this and this and this is not working as we thought. And this is going to be baby chain from next year"* (Jakobsen, 2018, l. 404-406). This means the company has to analyse everything that deals with the discourse of drinking and enjoying beer to find out which products, tastes and styles would be beneficial for the company abroad.*"In one country, it could be three products, in another country it could be three other products. Some want it in bottles, some want it in cans, so the production is still pretty off sometimes."* (Jakobsen, 2018, l. 117-119). But by analysing the setting, environment and especially the people help the company has to focus on shaping their brand awareness. Even though it is mostly about predicting consumer choices and preferences, the companies' employees do include themselves into the group of typical beer drinkers to understand the existing discourse. To interpret the discourse of craft beer in general, we have to understand craft beer as a subculture, that is easy to have access to. Therefore, both companies decided to establish so-called beer bars to mirror their brand image and to bring their craft beer closer to the consumer in generating a unique, but authentic experience. To Øl refers in the interview to its Brus bar and describes it as *"a good example of how we view going out drinking beer, enjoying the whole concept"* (Jakobsen, 2008, l. 282 f.). Continuing by explaining, that the concept of a bar like this is "*pretty open to everyone you don't have to be a beer expert it does not scream "beer, beer, beer", it's more welcoming and home*", the company brings their intentions closer (Jakobsen, 2018, l. 283 f.). Even though the consumption of craft beer gained a high position in the society, the companies want to stay attractive for everyone and not only for one social class. For them, it is not primarily important, who drinks their beer, as long as people like it and the beer enjoys popularity. *"It's more those considerations into not devaluation your brand. We don't care who drinks it, I've seen homeless people drinking our beer"* (Reiner, 2018, l. 280 f.). This is not the only classic discourse they try to reshape, but also the gender discourse. Usually, going to a bar to drink beer is more considered as a man-thing in our society. Moreover, it is also important to be aware of the fact, that going to a bar is not every time about drinking alcohol, but we always connect it like this and therefore, construct our own truth. The interviewees refer to the gender topic in an extensive way, that shows their consciousness, tolerance and their will to break with the classic discourse. *"The gender split is pretty 50/50. And we don't want to force anything, if people want to come for a cup of coffee, they can come for a cup of coffee, but we also have really, really nice beer that we love to educate people around"* (Jakobsen, 2018, l. 285-287). Contrary to expectations in this gender discourse concerning beer, Jakobsen states, that the market *"is constantly changing, and you can see online sales of beer in the UK, 70 percent of the buyers are female. (...) so, there is a segment you haven't even thought of"* (Jakobsen, 2018, l. 394-396). Therefore, targeting women to buy beer is something that needs to be handled in a different way, because of the gender discourse. For the interviewees, it matters the most, that *"the product is really, really good, and everybody is welcome, we would never state that a product is feminine or masculine, we would simply just not talk about it. And just be really open to each gender"*(Jakobsen, 2018, l. 288-291). Generally, the subcultural group of craft beer drinkers shows a broad age range, income, and levels of education that are continuously growing. Fundamental for those beer bars are the feelings, that come along while visiting the bar. Some bars, offering beer or drinks, that are more expensive or special, give the customer a feeling of not being welcome. The atmosphere, setting and the whole environment might be too extravagant and do not give the possibility to feel comfortable unless the consumer adapts in certain ways. This phenomenon should be avoided by opening beer bars, where every type of consumer feels welcome. "*Sometimes you feel at the wrong place, but this will never happen to beer bars, at least I hope not*" (Reimer, 2018, l. 295 f.). The fact, that the craft beer consumption has a higher-class position in the society can also be a benefit. Gaining more popularity arises from the desire to join this subculture, that represents a trendy and cool movement. Everything is just about the emotions and feelings a certain discourse evokes. By striving to be a part of a subculture like this, the modern consumer behaviour and how it functions in our society is pictured very well. In the following phrase, Jakobsen refers to a brand called "Omnipollo" and this phenomenon perfectly mirrors this behavior and especially, what people are willing to do in order to be a part of something considered as "cool". *"They are treating the beers like fashion, right? They have made, like, fashion outwear just for the crew to wear and you can't have it. They've made their own drinks, that they only have, in gold. (...) you have to fucking queue if you just want to taste this cherry/gummy infused beer with slushed ice on top, then you have to fucking stand in the queue for an hour with everybody else. And people do that"* (Jakobsen, 2018, l. 530-534).

Being a gypsy brewery has also a great impact on the image small/medium-sized breweries create. By deciding to brew in their own facility, as To Øl is planning to do, the company has to face some more challenges concerning their brand. Moving from being a gypsy brewery to a brewery producing in its private buildings, there is the possibility of a change in consumers' perceptions and associations with the brand, because of a different discourse. However, generally, there should not be a change of brand perception, because consumers still connect the name of the brand with the characteristics of being a gypsy brewery. Shifting the identity of a brand is something that the breweries have to think of in a critical way in order to avoid a radical transformation. To Øl is aware of this great challenge and the undergoing change, but they do not know on what level they will occur. *"I honestly think there's no doubt that this will change the entire identity of how people see us as a brewery, there's no doubt about that. That will be one of the challenges because we're going to have to re-brand ourselves as a Danish brewery now, even though we've always been known to be a gypsy brewery. I'm curious to see it because I don't know what the plan is about that, to be honest"* (Reimer, 2018, l. 170-174). Whereas the price has a great influence on the brand's image and value, adjustments can evoke more threats. *"Being price competitive means often you can do more volume if you know how to handle it. I think one of the obstacles is actually having a product that people rely on, so you can make it cheaper without losing brand value. That is maybe one of the sales obstacles and of course the products that we hope will remain the same but maybe going to change a little bit"* (Jakobsen, 2018, l. 222-225). The company need to analyse, how a price increase or decrease would influence and may change the customer's thoughts or emotions concerning the brand or the certain product. If a person has to choose between two products, a cheaper and a more expensive one, the first association that comes in mind are qualitative differences or differentiation of social classes. Therefore, the small/medium-sized breweries have to figure out, how to find a good price-value balance, in order to present themselves the right way and to evoke the feelings, they are aiming to. However, there is an ongoing comparison between art and beer during the interview with To Øl, that shapes the discourse in a certain way. By defining craft beer as a"new kind of the vinyl", it is easier to understand the discourse, that comes along with the characteristics of craft beer. *"It's something you can bring our share with other people in the moment and can have a good time. You can be excited about it, you can have an opinion but it's not that you're walking around with an open bottle and everybody is tasting. It's something you crack open, you listen to it, you enjoy it. Like the vinyl was back in the days"* (Jakobsen, 2018, l. 433-437). In conclusion, by describing the way how a vinyl was used back then and craft beer is used nowadays, the breweries' perception of craft beer is illustrated.

Discussion

The Definition of Craft and Gypsy breweries

As mentioned before craft and gypsy breweries are in a disadvantage compared to the major breweries. The term craft brewery indicates companies which produces smaller amounts of beers and independently owned. Craft breweries are focusing on tradition, quality and many times trying to be innovative. Even though the market of a major or general brewery is incomparable to a craft brewery in order to define and position the craft and gypsy breweries we used it as a guiding tool. The gypsy breweries' advantage is that they can basically brew their beer anywhere by contacting local breweries and sending out the recipe. By using this business model these type of breweries can use an existing network and sell their beers at different locations also without any cost of cross-continental distribution. Therefore, this helps them also to have a greater overview of different markets and test their products. Both of the companies we analyzed are craft breweries and using the gypsy brewery model as well. However, categorising or defining these types of breweries are always a hard question and it is an always changing issue. Even To Øl has difficulties to define their market and competitors as Reimer (2018, l. 23-27) states: "*If you compare our yearly revenue to that of Carlsberg, or even Brewdog, it's incomparable. Even a local German lager-brewery will make ten or 100 times the beer that we do annually, but they only export to one small region of Germany, whereas we export to around 52 countries in the world.*"

It is visible that the craft breweries have gained attention. As discussed in the analysis, one of the best examples was given by our interviewee Emil Sylvester Jakobsen when he mentioned about that Carlsberg has launched their own craft brewery as well. These kind of actions can cause a lot of pressure on the craft breweries because the resources of Carlsberg are so big that they are incomparable to a craft brewery. *"There used to be a sales ceiling that we couldn't punch through, but now it's dissolving. Carlsberg just launched their craft brewery, Annex, which they said was independent from Carlsberg, which is a complete lie, and that's why they've changed their whole company structure, as they realized they couldn't "cheat" like that."* (Jakobsen, 2018, l. 56-59). Although as discussed in the analysis a craft brewery like Annex will be easily seen as just a tool of Carlsberg and it will not have the originality and traditionality as a real independent craft brewery. Craft beer enthusiasts also tend to support local producers and sympathise with the "underdogs," as this is a part of the hipster culture that craft brewing is still more often compared to. As stated in the segmentation analysis, craft beer-consumers are generally willing to pay up to twice as much for products made locally and ethically, which connects to brand value and perceived value. The fact that these consumers are buying into a brand that they want to be a part of adds value to the transaction, and thus craft breweries can sell their products at a higher price point. This is also why the notion of branding and storytelling is so important, as stated later in this discussion.

The Definition of Markets - and operating therein

The findings of the analysis show us that Mikkeller and To Øl operate in very dynamic and unpredictable markets. The plural definition of markets is noteworthy, as we initially intended to and expected to discover the singular market that these companies operate in. It soon became clear though, that a simple market definition would be hard to come by. Although the segments targeted by these companies are strikingly similar on a global scale, the navigation of the markets require agile and adaptable production processes. For definition purposes, we have used the US, European and Danish markets for reference, which could be cause for confusion, although it helps us obtain a wholesome perspective of one single market - should one exist. As previously stated, in order to uncover the full extent of what a single market, on a global scale, would look like for To Øl and Mikkeller, it would require extensive resources and unlimited access to financial and sales information. These resources are not available to us at this moment in time, which is reflected in the findings of this project. However, with the fragments uncovered in the different parts of the analysis, we have been able to find considerable information for reflection on the topic.

As discovered in the Porter's Five Forces-analysis, the markets, in which aforementioned companies operate, can be defined as both national beer markets, national craft beer markets and global craft beer markets. A correct definition of one single market would therefore be a combination of these three, but with the different challenges involved in operating in each of these, it would have to be a clever combination.

As mentioned in the analysis, the agility of To Øl and Mikkeller's production process makes it possible for them to test all these markets with relatively little effort. By using their network, they can enter markets across the world with only a sales pitch and hope that bars will pick up their products. Bars can initially test an assortment of the companies' product ranges, and if they are a success, they can expand the range with more products or stock up on the existing items. A major force of the craft beer-consumers is their adventurousness. If bars in Tokyo, Melbourne or Toronto were to introduce these beers to their customers, and the marketing is done right, chances are they will be willing to try them. The vast span of To Øl and Mikkeller's product ranges increase the chances that one style of beer will align with the tastes of the consumer.

Of course, the brand has to stand out in order to catch the eye of the consumer amidst the comprehensive array of craft beer products available in bars. This is where the storytelling and differentiation comes in. A key notion hereof is that of Hollensen, as previously mentioned in the Branding-section:

> *"Successful brand management necessitates the firm innovating to stay abreast of constantly changing market conditions, ideally anticipating evolving tastes and telling their brand stories to each new generation of consumers. The notion of storytelling is key. Well-managed brands are continually telling stories about themselves, and updating these stories to take account of underlying changes in society, though their core values usually remain constant."*
>
> (Hollensen, 2015, p. 418).

It is in this quote that we find the key to solving our research question. In order to stay innovative, it is essential for To Øl and Mikkeller to continue their ventures into odd combinations that result groundbreaking beer types. The rotation-principle that both companies utilise means that consumers will always find something new when exploring the many different species of the To Øl and Mikkeller product line. The profound passion that is found deeply embedded into the staff of both To Øl and Mikkeller means that they stay ajour with the markets and, along with agile production facilities, can continue to bring out new and exciting beer. The organizational structure of both companies means that the process from thought to action to final product is swift and uncomplicated, and there is great freedom within these organizations for these passionate employees to contribute and make their mark on their respective product ranges. Having these diverse, ever-changing products and combining them with strong branding will position the companies strongly on a global craft beer scale.

In the interview conducted with To Øl, Jakobsen highlights Omnipollo as one of the leading craft breweries in this area. Creating prominent and provocative designs in limited quantity, the exclusiveness of not only the beer itself, but also the brand, merchandise and virtual universe, generates massive interest from beer enthusiasts and people who want to be associated with this brand. Originally the masterminds behind Swedish jeansmakers Cheap Monday, before they got acquired by fashion giants H&M, Omnipollo founders Karl Grandin and Henok Fontie are no strangers to creating a strong brand that people want to buy into (Brill & Co, 2018).

Elaborating on Hollensens notions of brand value, Reimer argues in the To Øl interview that being the frontrunners of the industry and setting the direction, not only for the industry, but dictating market trends, depends on being true to one's own values and operating on own grounds. Reimer argues: *"You can also say that it is a very hard market to predict and, instead of trying to, we brew what we want to brew. Having the confidence in that works. [...] Unless you brew something entirely new, most of the beer styles we will have had. It is really difficult to reinvent it or to brew the best possible beer in that style, it's already been done and there is a sudden limit to how good a beer can taste. And so it becomes about storytelling and selling rather than, if the quality of the product is high enough, then you're competing with the same people, so it's about telling the story of the beer. So sometimes the name and the story behind are just as important as the content."* (Reimer, 2018, l. 486-487, 509-514).

Basically, having an agile production process and a strong brand value, which includes storytelling and standing out, is the key to operating in these yet undefined markets. The agile production process makes it possible for the companies to spread out activities and continue to operate in concentrated markets instead of trying to compete with the macro breweries. Once again quoting Hollensen: *"The number of segments in which a company competes is determined by its shared goals, the flexibility of its manufacturing base and the heterogeneity of the market's requirements. [...] Serving one or more segments that, while not the largest, consist of substantial numbers of customers seeking somewhat specialised benefits from a supplier."* (2015, pp. 307-309) This is exactly what To Øl and Mikkeller are doing, and so far, it's working. Combined with the strong branding value and standing out, there is no limit to how far these companies can expand.

The clever workaround of creating the Mikropolis cocktail-line has put To Øl and Mikkeller in a position where they can disrupt the monopoly created by Carlsberg and Royal Unibrew on the music festival scene. By picking their segments carefully and catering to a "new middle-class" audience, filled with potential customers, To Øl and Mikkeller have made a name for themselves for all the right reasons. Furthermore, the move of Mikkeller to expand to festival production and design, allowing the company to operate freely and on their own terms in this industry, the conception of HAVEN Festival can be seen as a clever move that will without any doubt be a threat to the established monopoly of Royal Unibrew and Carlsberg.

Innovation and Evolution in the future

In the project, we take a look on innovation and evolution in order to identify, what the future might bring. First of all, craft beer breweries are seen as pioneering and entrepreneurial companies that adopt future trends earlier than anyone else. To stay innovative, a company needs a wide horizon of knowledge. Generally, the main topics that should help a company stay innovative and competitive are things like performance, brewing process, flavour and storage. All of those points should be enhanced without losing quality or brand identity. Nowadays and in the future, innovation and evolution on the craft beer market derive from creating something new, while using new concepts or technologies. The aim is an even more advanced technology, and high product quality development, that do not suffer by an optimized flexibility, sustainable process and efficiency. Furthermore, enhancing the infrastructure and existing processes should not have any impact on the company's demand.

A step to the future can also be reached by improvements in science and techniques, without losing their authenticity. Nevertheless, there is an ongoing shift towards healthy living. Therefore, an innovative aspect would be that craft breweries tend to extend their offering in the future and include many different beer styles that have either a lower amount of alcohol or are non-alcoholic. Mainly, small steps taken today can be a brewery's driver of innovation and evolution tomorrow. The Svinninge facility, bought by To Øl could take some of the company's authenticity of being a small/medium-sized local brewery. Authenticity is a main driver for the attractiveness of local craft breweries, highly valued by the company's customers. More and more craft or gypsy breweries are going to follow and buy their own facilities in order to save money and optimize the logistics part. As To Øl explains, the new facility makes them capable of controlling "*much more of the process of our beers, we can deliver them as fresh as humanly possible. You know, the milk you buy in the supermarkets has been milked the same morning, and we basically want to do the same with beer, which I think has not really been done yet in a proper scale*" (Reimer, 2018, l.129-132).

Mainly, innovations can be achieved by four different aspects, brands, flavours, packaging, alcohol content. All of those things allow the brewery company to create something new and be the first ones who do so. A future outlook on craft and gypsy breweries, as To Øl and Mikkeller, point out that the number of merger and acquisitions, especially by beer giants will increase. Furthermore, the popularity of the beer will lead to an increase of breweries and makes space for space in the supermarket shelves for craft beer. How To Øl pictures its future is stated in the interview. While talking about their new facility, they mention their intentions of renting out some of the buildings in order to cooperate with some other breweries or to be part of a future project. "*Of course it takes a lot of opening up such big facilities, not that we are going to use all 26.000 square meters from day one, it's going yo be a lot of small steps and luckily this facility is divided into nine buildings and we will indeed look for renting out some of the buildings to other people to do projects and brew for people maybe. So yes and no, we will definitely look at* *opportunities to get more frequent orders going, but not in the way that we want to conquer every market or anything, it's just going to be organic upscaling.*" (Jakobsen, 2018, l. 182-187).

Critique of the project process and design

However we tried to use the best tools to analyse and answer the research question, different ways of gathering and analysing data could have given us different results or might have put us in a different position.

First of all, the two main companies we focused in the project To Øl and Mikkeller. We have built our empirical data on the interviews with these two companies. By collecting data from other companies, we could have had a better view of the craft beer market. For instance by conducting an interview with the brewery Annex, the craft brewery of Carlsberg, we could have balanced the validity of our data by having information of the enemy company of the traditional craft breweries - or see if it really is a threat for the others. Although our time-frame and the availability of these companies allowed us to only conduct an interview with To Øl.. The interview with Mikkeller we used in the project is an analytical review of an already recorded interview from the social media site YouTube. This might have been different as well if we would have been able to conduct our own interview with our own questions with the founder of the company. This could have lead us to gain more relevant information and data of the market for our project.

For this project we used a qualitative method in order to gather our sources and materials. By doing a mixed-method research which is combining qualitative and quantitative methods we could have provided a better picture of the craft beer market. *"According to Bryman, the problem of generality can be solved for qualitative research by adding quantitative findings, whereas qualitative findings may facilitate the interpretation of relationships between variable data sets" (Flick, 2014., p. 35).* By analyzing the revenues of the craft beer companies or their annual reports, could have affected our research and help in the validity as well.

Mixed methods is the type of research in which a researcher or a team of researchers combines elements of qualitative and quantitative research approaches (e.g. us of qualitative viewpoints, *data collection, analysis, inference techniques) for the broad purposes of breadth and depth of understanding an corroboration (Johnson, Onwuegbuzie, and Turner, 2007, p. 123, in Flick, 2014., p. 36).*

Given more time and resources to conduct a comprehensive research of the the markets, ideally we would have liked to interview consumers and potential consumers in each of the markets described throughout the project. By conducting interviews with consumers - both through surveys and focus group interviews - we could have included the opinions of the common man. Conducting a focus group interview would also have allowed us to further implement social constructivism, as gathering marketing material from the concerned companies and discussing opinions of these, as well as the products themselves, would allow us to analyse the process and rhetorics of the focus group subjects, in which the content is debated.

By solely focusing on the organizational perspective and reaching out to the actors herein, our data can seem one-sided as we only have the qualitative opinions and thoughts collected from subjects whose careers and lives revolve around craft brewing. If given the chance, we could collect quantitative data of consumer behavior to more precisely pinpoint a singular market that defines the common ground in which craft breweries of the herein researched type operate. Furthermore, we encountered a stumbling block as we could not obtain as many financial reports for analysis as we had hoped. We had wished to include financing and accounting on a more comprehensive level, but due to the unwillingness of the companies to disclose these financial statements, further analysis has proved difficult.

However, we believe that this project has shed some light on the challenges of operating in dynamic markets and highlighted the most important factors that enables craft brewery businesses to operate with success in said industry.

Another challenge that we faced in the writing process of this project was that of group dynamics. Although the overall tone and work ethic of the group has been good, the research and writing process has left us wiser in many areas. Firstly, coordinating meetings and scheduling dates in a group of six people - hereof consisting of three international and/or exchange students

- has proved challenging. Furthermore, the process of project writing at Roskilde University is very site-specific, and the introduction of this process and the criteria to fulfill herein has taken some adaptation to accommodate to. We have previously outlined and worked on three other research ideas, which has taken up valuable time in the research process, as these ideas proved unfeasible. We recognize that, due to aforementioned scheduling problems and topic-related confusion, we have not taken full advantage of the supervision available to us.

Conclusion

In conclusion, we can gather that the craft beer markets, in which To Øl and Mikkeller operate, are hard to define - especially as these companies operate in many smaller markets on a global scale. An ideal market definition would be a combination of the general beer market, the Danish craft beer market and the global craft beer market, as the boundaries of said companies extend far beyond those of their native country. Furthermore, the Mikropolis cocktail line would fall out of this market definition as they are not defined as actors in the craft beer market persé, but stand out from the rest of the trinity as high-end cocktails. The definition of a craft brewery is that of a brewery that produces high quality beer in limited volumes, often with emphasis on local and/or innovative and non traditional styles. Gypsy breweries operate with a business model that does not include a self-owned physical brewery, but outsources the brewing process to trusted partners, allowing for agility and adaptability as well as the utilisation of existing networks. The combination of these craft- and gypsy business models that To Øl and Mikkeller utilise allows them to tackle aforementioned market challenges with utmost agility, which positions them strongly on a global scale, as they can enter many niche markets worldwide instead of wasting resources on attacking macro breweries locally, that usually hold vast market shares in the national and local markets. Finally, the motivation for companies like To Øl and Mikkeller to evolve and stay innovative is simply survival. Differentiation is the key to success in the saturated niche markets of craft beer, and strong branding along with agile business models allow for boundless exploration of worldwide markets.

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