BREWING WITH DISTINCTION: THE IMPLICATIONS OF A QUALITY SYMBOL FOR THE CRAFT BEER INDUSTRY OF BRITISH COLUMBIA

by

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ABSTRACT

A growing segment of the Canadian beer market is the microbrew/craft beer segment. For the palates of many beer connoisseurs, craft beer has a taste that distinguishes it from other beers, thus setting it apart from the mass-marketed products of the giant commercial breweries. However, a large proportion of beer consumers in Canada remain oblivious to the virtues and properties that make craft beer unique. This study examines the feasibility of creating a quality symbol of distinction as a means of raising consumer awareness about craft beer, with a particular focus placed on the craft brewing industry of British Columbia.

Evidence of the positive impact that a quality symbol has had on the wine industry in British Columbia has prompted initial research on a quality label for the craft brewers of this province. Seventy-two beer consumers were surveyed, at the Canada Cup of Beer festival and the Simon Fraser University downtown campus in Vancouver, BC, to examine the impact that a quality symbol of distinction might have in raising consumer awareness about the craft brewing industry in BC.

The results from this study show that the creation of such a symbol of distinction may lead to an increase in consumer awareness about craft beer in BC. The two factors found to be most important, in determining whether a craft beer would receive a quality symbol, were the overall quality of the beer ingredients (e.g., barley, hops, and yeast) and the source of the brewing supply of water. Additional research among the members of the Craft Brewers Association of BC and the provincial liquor control board (BCLDB) is

warranted, in order to further examine the feasibility of creating a quality symbol of distinction and setting provincial standards of quality.

DEDICATION

I would like to dedicate this research project to my lovely fiancée Lisa for all of her support, encouragement, and companionship, especially during the months I spent researching and writing this study. I could not have done it without you, sweetheart!

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TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

GLOSSARY

BC	British Columbia
hL	Hectolitres
UK	United Kingdom
CBC	Canadian Broadcasting Corporation
VQA	Vintners Quality Alliance
BCWI	British Columbia Wine Institute
OSB	Okanagan Spring Brewery
CAMRA	Campaign for Real Ale
EBCU	European Beer Consumers Union
OCB	Ontario Craft Brewers
LCBO	Liquor Control Board of Ontario
CFIA	Canadian Food Inspection Agency
BCLDB	British Columbia Liquor Distribution Branch

1: INTRODUCTION

A growing segment of the $10.1 billion beer market in Canada is the premium/craft beer segment (Datamonitor, 2007). Craft beer is typically described as premium specialty beer produced using natural ingredients and no preservatives. Many of the craft brewers and microbrewers in Canada pride themselves in brewing unpasteurized beer with natural ingredients and no preservatives (Granville Island Brewing, 2008; Okanagan Spring Brewery, 2007; Russell Brewing Co., 2008). In British Columbia (BC), some brewers even claim to use glacial water implying a beer of cleaner, superior quality (Whistler Brewing Company, 2008; Columbia Brewery, 2008). By making these claims, brewers are promoting their beers to be fresh, natural, and made from premium ingredients, thus signalling a commitment to excellence and quality.

In the eyes of the beer connoisseur, craft beer has a taste that distinguishes it from other beers, setting it apart from the mass-marketed and mass-produced lagers of the giant commercial breweries. It is unclear whether most beer consumers are able to make a distinction or whether they share the same perception regarding craft beer. There is some evidence to suggest that consumers may be able to distinguish among beers given substantial differences in product composition, and on the basis of taste and aroma cues alone (Jacoby, Olson and Haddock, 1971). Taking into account such information, Clemons, Guodong and Hitt (2006) argue that craft brewers are responding to a consumer-generated demand “pull” through product differentiation.

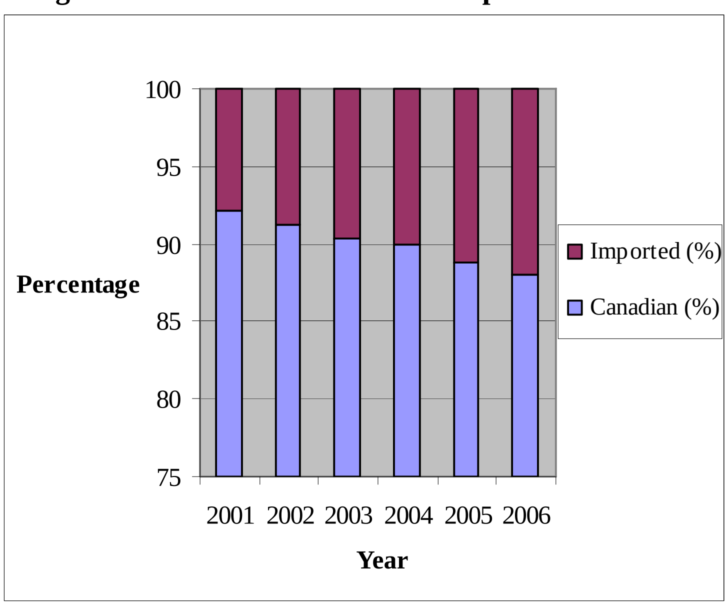
Currently, there is no regulation or labelling in place that requires the craft brewers in BC to place a sign of distinction or quality symbol on their bottles or cans, which would indicate that their beers are brewed with natural ingredients and no additives. It is possible then, that many beer drinkers might not be aware of the unique characteristics of these quality beers and the level of craftsmanship that goes into brewing them. It may be critically important for the craft breweries of Canada to get the information about their quality and unique contents to consumers and raise awareness about their naturally crafted brews. The creation of a quality symbol or seal of approval might be the answer. Increasing the awareness of consumers about craft beers might create an opportunity for the craft breweries and microbreweries of BC (and in the rest of Canada) to introduce their products to more beer drinkers. Consumers perhaps would benefit from a greater set of beers to choose from while craft brewers may increase their sales and market share. It is the purpose of this study to investigate the feasibility of a craft brewing identification for the BC brewing industry.

2: RELEVANT LITERATURE

2.1 State of the Domestic Beer Market in Canada

The Canadian domestic market, dominated by a few large companies (mostly by Molson Coors and Labatt), has seen diminishing returns over the last few years accounting for a lower percentage share of the total Canadian beer market (Figure 1). Most of the smaller players grew in 2006, as Molson Coors and Labatt continued to flounder. Moosehead came within striking distance of 4% of the country's sales, and the share of Brick Brewing Co. increased to almost 1% (Euromonitor International, 2008). Although losing 1% of the sector's sales might be an acceptable decline for Molson Coors or Labatt, the freed up sales represent a significant opportunity for microbrewers to boost their presence (Euromonitor International, 2008). The result is an increasingly diverse market.

Figure 1. Share of Canadian and Imported Beer Sales



(Adapted from: Brewers Association of Canada, 2006).

The Canadian beer industry has rationalized and continues to do so. Over the years, the structure of the industry has changed as the number of conventional plants has decreased while microbreweries have increased considerably (Agriculture and Agri-Food Canada, 2007). Currently, conventional and microbrewery plants operate in nine of the ten provinces and in one of the three territories, with Prince Edward Island being the only province without brewing facilities.

2.2 Sales and Per Capita Consumption of Beer in Canada

Sales of beer in Canada, measured by volume, have increased 8.5% from 1995 to 2004, with imports accounting for a larger share of the domestic market. In 1995, sales of beer totalled 19.9 million hectolitres (hL), of which only 659,447 hL was imported. In 2004, sales of beer totalled 21.6 million hL, of which almost 2.2 million hL was imported (Brewers Association of Canada, 2006). Even though the domestic per capita consumption of beer is well below that of other developed countries, the Canadian market is considered mature while growing slightly (Table 1).

Table 1. Beer Consumption per capita (Litres) – 2004

No.	Country	Consumption per capita (L)
1	Czech Republic	158
2	Ireland	130.2
3	Germany	115.8
4	Austria	108.6
5	UK	99
6	Belgium & Lux.	93.3
7	Denmark	89.6
8	Australia	86.8
9	Venezuela	84.2
10	Finland	84
21	Canada	67.7

(Adapted from: Brewers Association of Canada, 2006).

Some nationally brewed beers have seen a decline in sales while there has been an increase in the local or regional favourites. This trend has been observed in the past as well, since many nationally popular brands evolved from either local or regional favourites. While competition among brands for market share is high, the major national brands of Molson Coors and Labatt still account for the vast majority of sales, holding over 80% of the Canadian market (Agriculture and Agri-Food Canada, 2007).

2.3 Craft Beer Gains a Foothold in the Canadian Market

Over the past decades, beer consumers and advocates have questioned whether there really are any significant taste differences between any of the major breweries' products and their various brands. As the major breweries became increasingly consolidated, this issue became more apparent. A report by the Canadian Broadcasting Corporation (CBC) indicates that microbreweries and the home brewing trend of the 1980s and 90s were both responses to the "sameness" of the major labels' brews (CBC, 1989).

Microbreweries are gaining ground in Canada, notably with beer aficionados in Western Canada and in Ontario. The microbrewery phenomena in this country, which naysayers saw as a passing fad when they first appeared on the scene back in 1982, were collectively responsible for the revival of full-flavoured, natural brews (Sneath, 2001). In the past few years, consumers have become more discerning and have shown an interest in the more “artisan-like” beers as well as beers from around the world (Euromonitor International, 2008). In BC, this trend is more pronounced. For the past few years, the market share for Canadian beer sales has declined (91.9% in 2001 vs. 85.9% in 2006), while the share for imported beer sales has risen (8.1% in 2001 vs. 14.1% in 2006)

(Brewers Association of Canada, 2006). Decreasing domestic per capita consumption of beer combined with increasing competition from imports has had an impact on the Canadian beer market. This trend, although negative for the domestic beer industry, may represent an opportunity for small craft breweries.

The demand for new products, especially those produced by microbreweries, seems to have cultivated a following among certain consumers, who support them for offering variety as well as a distinct taste. Some of the major beer companies are now also offering specialty beer products, such as low-carb and organic beer (Agriculture and Agri-Food Canada, 2007). While it is possible for the larger breweries to differentiate their products effectively, and some beer-makers have developed strong brands, consumers have a very wide range of beers to choose from with low switching costs. These factors tend to strengthen rivalry. Major players may offer specialty beers, but much of their business involves mass-market products.

2.4 The Impact of a Quality Symbol on the Wine Industry in BC

The Vintners Quality Alliance (VQA) program was established in BC in 1990, in response to international pressure that opened the BC wine market to increased foreign competition (Rabkin and Beatty, 2007). The VQA program aimed at improving the quality of British Columbia-produced wines by outlining standards and regulations for wine produced 100% from BC grown grapes. The implementation of the VQA program in BC contributed to major growth of the wine industry in the province, with BC VQA wine sales rising every year since the Vintners Quality Alliance became BC’s wine standard (British Columbia Wine Institute, 2007). Data from the British Columbia Wine Institute (BCWI) indicates that in 2000/2001 VQA wine sales in BC totalled 2.99 million litres, a value of $57.6 million dollars. In 2007, VQA wine sales totalled over 6.78 million litres, a value of $151.2 million dollars (British Columbia Wine Institute, 2007).

The VQA system represents Canada's effort to join other leading wine-producing countries in developing a body of regulations and setting high standards for its wines (Rabkin and Beatty, 2007). A consumer purchasing a bottle of wine bearing the VQA seal in British Columbia may be confident that the wine meets consistent standards and that their purchase is supporting the wine industry in the province.

2.5 The Bavarian Purity Law of 1516 – The *Reinheitsgebot*

Although not a symbol itself, one of the earliest and most recognized laws regarding the quality and purity of any alcoholic beverage was the German Bavarian Beer Purity Law of 1516. The *Reinheitsgebot*, adopted in 1516, is considered one of the world's first consumer protection regulations and the most famous of beer purity laws (Sneath, 2001). Decreed in 1516 by Duke Wilhelm IV of Bavaria, the purity law dictated that only four ingredients could be used in the production of beer. Those were malted barley, malted wheat, hops, and water. Although yeast was not listed as a key ingredient (its exact function was unknown until Louis Pasteur discovered it in the 19th century) many people assumed, and still assume to this day, that the ingredients dictated by the law included malted barley, yeast, hops, and water.

The *Reinheitsgebot* was the assurance to the consumer that German beers would be of the highest quality in the world (Smith, 1994). Although the German government abolished the *Reinheitsgebot* in 1987 (many European countries argued that the regulation was restrictive to free trade), adherence to the ideals of the centuries-old custom is maintained by many craft brewers in Europe and North America (Sneath, 2001).

The Granville Island brewery in Vancouver is regarded as one of Canada's first microbreweries and the first in Canada to brew a premium, traditional German-style lager according to the strict quality standards as those of the Bavarian Purity Law of 1516 (Granville Island Brewing, 2008). Since its inception, the brewery has utilized pure ingredients guaranteeing that the brewery's award winning brews are 100% natural. The public's acceptance of this brewing style would set a trend other brewers would follow (Sneath, 2001). Another brewery that follows this recipe is the Okanagan Spring Brewery (OSB). OSB has been brewing beer in accordance to the law of 1516 since the company was founded in 1984 in the city of Vernon, BC. One of their most popular beers is, incidentally, their 1516 Bavarian Lager (Okanagan Spring Brewery, 2007).

2.6 Standards for Beer Brewing Worldwide

2.6.1 The Campaign for Real Ale (CAMRA)

The Campaign for Real Ale (CAMRA) was formed in 1971 in the United Kingdom (UK) as a means to advocate for craft beer and "Real Ale," and in order to defend the rights of pubs and consumers (Sneath, 2001). A group of concerned Englishmen formed CAMRA (the Campaign for the Revitalization of Ale, as it had originally been called) amidst a series of major mergers and acquisitions in the UK that saw 90% of England's beer sales controlled by six brewing giants (Sneath, 2001).

CAMRA aims to: a) maintain consumer rights; b) promote quality, choice, and value for money; c) support the public house as a focus of community life; d) campaign for greater appreciation of traditional beers, ciders, and perries as part of national heritage and culture; e) promote and preserve full-flavoured and distinctive beers and decent pubs (Campaign for Real Ale, 2008). Today, the organization is acknowledged as one of the most effective and influential consumer organizations in Europe, if not the world (Hornsey, 2003).

2.6.2 European Beer Consumers Union (EBCU)

The European Beer Consumers Union (EBCU) was formed in Bruges, Belgium, in May 1990 by CAMRA (UK), *Objectieve Bierproevers* (Belgium) and PINT (Netherlands). The EBCU aims to preserve traditional European beer culture by promoting traditional beers, supporting traditional breweries, and representing beer drinkers in the campaign for choice, quality and value for money in beers and brewing (European Beer Consumers Union, 2008). The founding members have since been joined by similar national consumer organizations from Austria, Switzerland, Italy, Poland, Sweden, Denmark, Norway, Finland and France. Working together, the 13 national beer consumer organizations have recently signed on June 24, 2008, the first ever Constitution of EBCU, encapsulating the aims and objectives of the federation which represents over 130,000 beer drinkers across Europe (European Beer Consumers Union, 2008).

2.6.3 The Campaign for Real Ale in BC (CAMRA BC)

With over 89,000 members worldwide, CAMRA has also established a strong presence in Canada with chapters located across the country. The Campaign for Real Ale Society of British Columbia (CAMRA BC) was incorporated in 1990 and is dedicated to the promotion and responsible consumption of natural, craft beers (Campaign for Real Ale Vancouver, 2008). CAMRA BC, as a consumer organization, supports the brewing of traditional styles of beer (ales, lagers, stouts) in the traditional manner, using traditional ingredients. With its nine chapters across the province, the membership of CAMRA BC is now close to 400 and includes microbreweries and neighbourhood pubs as corporate members (Campaign for Real Ale Vancouver, 2008).

2.6.4 The Craft Brewers Associations of BC and Ontario

Almost a decade ago, a group of BC craft brewers got together for the purpose of promoting and creating public awareness of the craft brewing industry in the province (Appendix 1). With a current membership of 16 breweries, the Craft Brewers Association of BC is a non-profit, cooperative trade organization committed to the promotion of the craft brewing industry through legislation, education, and public awareness (Craft Brewers Association of BC, 2008).

Recently, an association of craft brewers in Ontario was formed with the intention of creating and promoting consumer awareness of craft beer in that province. In 2003, 29 craft brewers from Ontario decided to form an association to promote their natural, quality beer and create awareness of the artisanship that goes into brewing craft beer (Appendix 2). The Ontario Craft Brewers (OCB) is dedicated to making quality beer with an emphasis placed on taste. Their slogan is “Taste. The Difference” indicating that it is the taste that they are concerned with and taste that distinguishes them from more commercial brews (Ontario Craft Brewers, 2008).

The Ontario Craft Brewers have been successful in advocating and creating consumer awareness of the province's craft beer industry. In the fall of 2007, the OCB released a special edition six-pack named "OCB Discovery Pack No. 1." The six-pack, which bears a distinct OCB label, was designed by the OCB to educate consumers about different styles of premium beer, and help beer lovers discover the world of craft beer available in Ontario (Ontario Craft Brewers, 2008). The first of a series, the craft packs, are available at more than 170 Liquor Control Board of Ontario (LCBO) stores across the province at a price of $11.95. The first six OCB brands featured in this initial pack included Wellington Special Pale Ale, Great Lakes Red Leaf Smooth Red Lager, Walkerville Amber Lager, Mill Street Original Organic Lager, Lakes of Muskoka Cream Ale and Brick's J.R. Brickman Pilsner. Leanne Rhee, LCBO Beer Category Manager, reports (as cited in Burtch, 2008) that the introduction of the first OCB Discovery Pack was very successful, with most stores selling out very quickly:

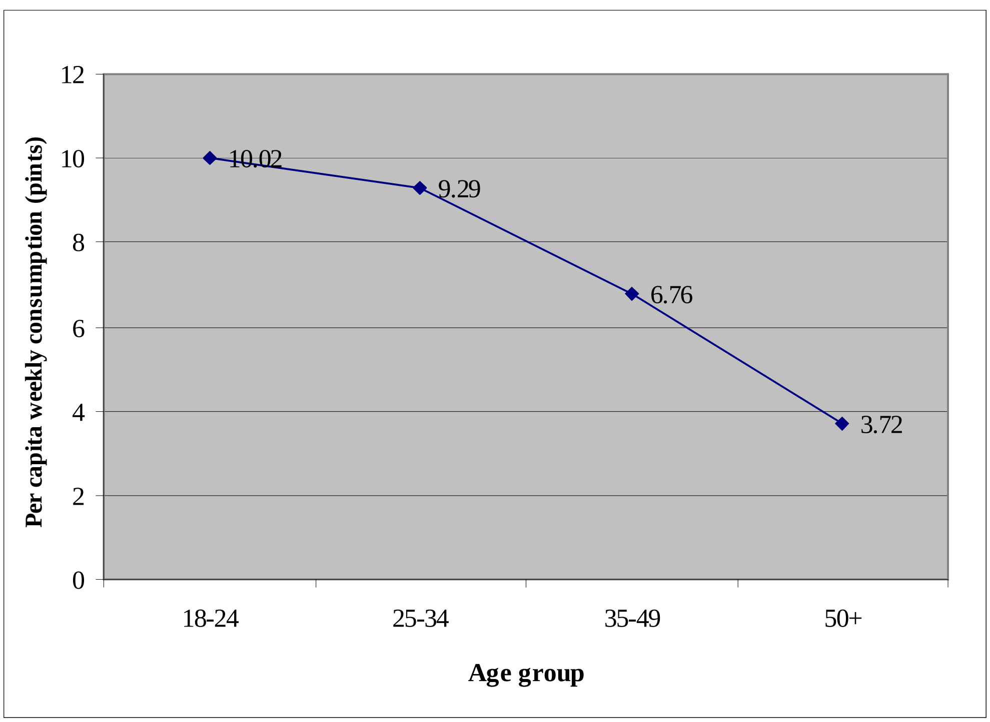
> The LCBO has forged a great working relationship with the Ontario Craft Brewers. It feels great promoting locally produced quality beer and we have done a great job in doing so. We noticed that consumers are starting to appreciate the freshness of the Ontario beers and are drinking more of it than ever (Burtch, 2008, p. 70).

This venture has set a precedent for the possibility for other craft brewers in other provinces to unite in a similar fashion.

2.7 Factors Influencing the Consumption of Beer

The factors influencing the overall consumption of alcoholic beverages in any country are numerous and complex. The importance of age, sex, and social class as determinants of beer consumption has been well established from commercial market research surveys (Allsopp, 1986). Lifestyle and consumer demographics, notably: age, disposable income and the product image as perceived by consumers play an important role in the overall consumption of beer. A study conducted in the UK, in 1982, demonstrated that there is a large decrease in beer consumption with age commencing at some point after the mid-30s. Allsopp (1986) comments that the highest-consuming age group, the 18-24 year-olds, had a per capita consumption of 2.7 times as much as the lowest-consuming age group, the over-50s (Figure 2). The results from this study may shed further light into consumer segments and the craft beer industry. It appears that after the mid-30s, and with increasing age, people become less price sensitive, disposable income rises and taste becomes more refined, making it a perfect scenario to the appeal of craft/premium beer.

Figure 2. Adult Male per capita Weekly Consumption of Beer



(Adapted from: Allsopp, 1986).

In many societies, the population is becoming better educated, wealthier, and more discerning, therefore expecting a greater and more diverse selection of quality beers (Bamforth, 2008). Purchase decisions are made based on perceived quality and judgements are made which reflect the consumer's interest in matters of health. The introduction of light beer and products different from the mainstream lighter-flavoured lagers were responses to these demands (Bamforth, 2008).

An important decision making process in determining the purchase of beer is its price. Bamforth (2008) contrasts the perception of wine and the perception of beer across the history of humankind claiming, "In older civilizations, wine tended to be the drink for the upper classes, with beer for the proletariat" (p.17). Bamforth further affirms that "grapes were probably up to ten times more expensive than barley, leading to the inherent (yet inevitably inaccurate) supposition that a product derived from a more valuable commodity must of itself be of higher quality" (p.29).

2.7.1 Consumer Thirst for Variety

Consumer thirst for variety has fuelled the growth of new products and, as a result, there has been a proliferation of specialty brews and premium brews, particularly among older consumers (Agriculture and Agri-Food Canada, 2007). The emergence of the craft brewing industry spoke to the interest of these consumers in regional, fully flavoured products. The search for new types of beer has also fuelled the demand for imported products, particularly from traditional brewing countries like England, Germany, Ireland, and the Netherlands. As Bamforth (2008) comments, "the consumer buys these beers, purchasing a bit of Burton, a dash of Dublin, or a schloss of Stuttgart" (p.7). The Canadian beer consumer has developed increasingly cosmopolitan tastes, due in part to the large number of imports but most importantly perhaps due to the cultural diversity that comprises the Canadian society.

2.7.2 Beer Quality and the Importance of Visual Cues

When a consumer is presented with beer in a glass, he or she is immediately exposed, not only to the glass but also, to three facets of beer quality: its foam, colour and clarity. Each of these parameters is important in its own right, and can influence a consumer's future choice of product. Hughes and Baxter (2001) report that "with the current trend of consumers to drink straight from the can or bottle, the visual impact of the product itself can be secondary to the appearance of the package" (p.14). As Van Munching (1997) argues, "the shipping of bottled beer created the first real emphasis on brand identification, since shipping meant labelling, and labelling meant imagery" (p.17). The importance of the package, however, cannot be underestimated. The protection of beer from light plays a key role in maintaining the flavour integrity of beer, but there is still consumer demand for products packaged in non-protective green or clear glass bottles (Hughes and Baxter, 2001). One of the most notorious examples of the success of clear glass bottles comes from Guelph, Ontario. Sleeman Breweries has capitalized on its renowned brews and distinctive clear glass bottles (reminiscent of those used by earlier Sleeman brewers) to earn a loyal following among the growing circle of premium beer fans in Ontario and in the rest of Canada (Sleeman Breweries Ltd, 2007).

Whether clear, green or opaque glass bottles, or whether aluminium cans are used, the packaging and labelling of all alcoholic beverages, including beer, must be regulated by a government agency. In Canada, the Canadian Food Inspection Agency oversees these regulations in accordance with the Food and Drugs Act and the Consumer Packaging and Labelling Act (Canadian Food Inspection Agency, 2007).

2.8 Regulation of the Brewing Industry in Canada

2.8.1 The Canadian Food Inspection Agency (CFIA)

The Canadian Food Inspection Agency (CFIA) and the provincial liquor control boards work together to ensure that alcoholic beverages, including beer, conform to Canadian compositional safety standards under the Food and Drugs Act (for alcohol content, toxins, etc.) before being approved for sale in Canada. In addition, both domestic and imported alcoholic beverages must comply with labelling, net quantity and standardized container size requirements under the Consumer Packaging and Labelling Act (Department of Justice Canada, 2008).

2.8.2 Federal and Provincial Legislation

Until a few decades ago, federal and provincial laws protected the beer industry and made brewing in Canada a regional business, producing regional beers for regional tastes (Sneath, 2001). It was not until the middle of the 20th century however that Canada was able to boast of having national brands sold in every province from coast to coast (Sneath, 2001). In June 1992, provincial governments abolished the requirement that brewers maintain separate production facilities in each province (Agriculture and Agri-Food Canada, 2007). As a result, the Canadian market became less segmented than in the past and brewers have taken advantage of economies of scale by making better use of their production facilities (Agriculture and Agri-Food Canada, 2007).

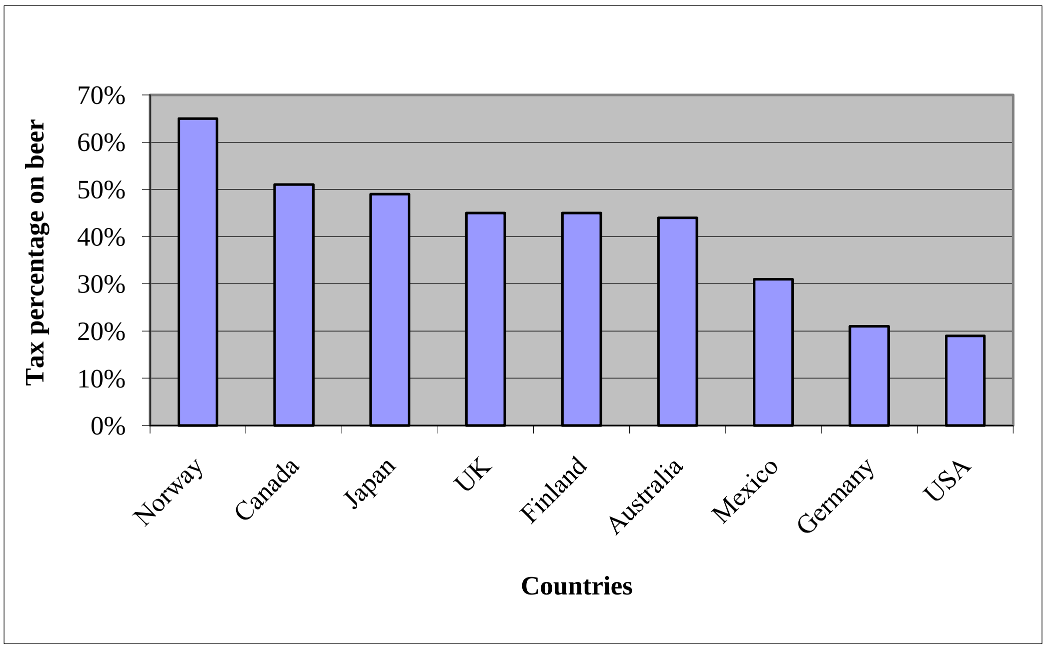
Due to beneficial legislation, made-in Canada beers have been rising in sales in the premium segment and, although sales are limited, consumers are growing more appreciative of microbrews and local beers (Euromonitor International, 2008). Despite the efforts of the microbreweries, Canada is still a two-beer nation. This is a highly competitive business where a one per cent market share might be worth $15 million in revenue to the brewery, and as Sneath (2001) comments, “a share point that is hard to gain and easy to lose” (p. 17).

2.8.3 Pricing and Taxing Policies

Most provinces in Canada have established minimum prices for all alcoholic beverages, including imports, to prevent the sale of alcohol at prices that would encourage over-consumption. Several provinces, including BC, Ontario and Quebec, have minimum beer prices to discourage over-consumption and the incursion of cheaper American beer (Euromonitor International, 2008). The provincial boards collect federal and provincial duties and taxes on alcohol products, and then add their own mark-up prior to sale of the product. Advertising and marketing of beer are also closely controlled. However, these regulations vary between provinces (Agriculture and Agri-Food Canada, 2007). For instance, several provinces on the East Coast have provincial sales taxes of 15%, while Alberta has none. In addition, deregulation in Alberta and deregulation of the beer sector in Quebec have made the prices in these provinces vary considerably (Euromonitor International, 2008).

According to the Brewers Association of Canada (2006), sales of Canadian-brewed beer generated a staggering $4.3 billion in tax revenues in 2005, two-thirds of which was collected by provincial governments. On average, almost 3% of total tax revenues collected in each province comes from the sale of Canadian-made beer. At 51% of the average retail price, Canadian beer taxes are the second highest in the world (Figure 3). Taxes on beer in Canada are 20 percentage points higher than the Mexican tax rate and more than 30 points higher than the United States (Brewers Association of Canada, 2006).

Figure 3. Canadian Beer Taxes 2nd Highest in the World



(Adapted from: Brewers Association of Canada, 2006).

Subject to one of the highest tax regimes among developed countries, the Canadian brewery industry shoulders a heavy tax load. According to Agriculture and Agri-Food Canada (2007), commodity tax, corporate tax, property tax, taxes on employee wages and the various sales taxes and duties represent the single largest cost category to a brewing operation.

2.9 Future Challenges for Canadian Brewers

An important challenge that brewers and craft brewers could face in the future is the prospect of a hops shortage. Catherine Mars, Euromonitor analyst, reports (as quoted in Merrett, 2008) that "hops shortages could damage craft brewers more than their industrial rivals as they simply do not have the means to hedge against rising prices" (Para. 25). Furthermore, Teel and Teel (2008) report that "hops alone have risen five to eight times since last fall when bad weather in Europe and a production plant fire in the U.S. northwest trimmed world supplies by 6%" (Para. 9). If indeed there is a shortage of hops, craft brewers could face the possibility of using hops from different sources, which may be of inferior quality.

A similar situation might be occurring with the increasing prices of barley. The price of barley has increased by 131% over the past two years (Teel and Teel, 2008). With barley being one of Canada's most important grain crops and primary agricultural input for the manufacture of beer (Agriculture and Agri-Food Canada, 2007), craft brewers might face the possibility of using barley of a lesser quality due to ever increasing prices.

Perhaps one of the most important and concerning challenge that Canadian brewers (and brewers from around the world) will face is the pollution and depletion of fresh water sources. Breweries are usually built beside or near a good supply of clean brewing water, like a river, lake, or glacier. Breweries consider their water supply quality so highly that they designate it as brewing liquor (Hagelund, 2003). Hagelund (2003) further affirms, "The failure of many breweries can often be linked to a supply of water that has deteriorated in quality or quantity, as much as any economical changes" (p. 178).

Rising energy costs also threaten to offset productivity gains in the brewery industry. According to Agriculture and Agri-Food Canada (2007), it is not unheard of for a brewery to use five litres of water to produce a litre of beer, with some of the water usage being a result of the washing of returnable bottles. Reducing water usage, therefore, is not only a critical environmental initiative but also an important cost savings alternative. It will be interesting to see how the Canadian brewery industry will face these and other challenges in the near future.

2.10 Summary of Literature Review

A growing segment of the Canadian beer market is the microbrew/craft beer segment. Over the last few years, the microbrewing trend observed in Ontario and Western Canada has grown, due in part to the collaboration between the craft brewers and the provincial liquor control boards. In Ontario, an initiative put forward by the OCB, with support from the LCBO, continues to pay its dividends throughout the province with the promotion of craft beer and further creation of consumer awareness. In British Columbia, the stage is set for what could be a similar kind of collaboration between the Craft Brewers Association of BC and the BCLDB. Development of a quality symbol of distinction for the craft brewing industry in BC could be fundamental in raising consumer awareness about craft beer. The successful implementation of the VQA program for BC-produced wines has set a precedent in the province that the brewing industry may follow. A clear understanding of the regulations and taxing policies of the Canadian brewing industry and a snapshot of the future challenges and opportunities for craft brewers in this country may well be key factors when deciding how to market craft beer across BC and throughout the rest of Canada.

In order to understand the motivations and implications of developing a quality symbol of distinction, it is of utmost importance to understand first the demographics behind beer consumers and how to segment craft beer consumers based on a series of attributes and factors. Beer consumer organizations worldwide and advocacy groups may not only be influential in promoting and raising consumer awareness about craft/microbrew beer, but also may be instrumental in sharing their knowledge about craft beer's devout consumers.

Lastly, but not least, educating consumers about the distinct properties of the different styles of beers will increase consumer appreciation for brewery products, especially for craft brews and microbrews. In Ontario, the OCB is promoting a craft beer route, reminiscent of a wine route already established in the Okanagan region in BC and the Niagara region in Ontario (Ontario Craft Brewers, 2007). In addition, the OCB and other print media such as TAPS magazine are increasingly expanding their sections on craft beer and food pairings, thus appealing to more palates and expanding their reach.

3: METHODOLOGY

3.1 Research Questions

The intent of this study was to investigate whether the creation of a quality symbol or label for the craft brewing industry of British Columbia could be an influential tool in developing further awareness of craft beer. To study this, a survey for beer consumers was deemed as the best method.

3.2 The Study

The Canada Cup of Beer festival in Vancouver, BC, on July 5, 2008, was chosen as the event and location of the study due to its relevance and number of attendees. The festival, now in its third year of operation, attracted some of the best breweries and beer importers in Canada as well as beer aficionados from across the country in search of their favourite pint (The Canada Cup of Beer, 2008). The 2008 edition of the festival featured 30 participating companies and over 150 different types of beers.

A questionnaire was devised and pretested on 11 subjects, one week prior to the actual study. As a result of the pre-test, changes in the formatting and wording of the questionnaire were made. A final questionnaire was handed out to 59 attendees of the event on Saturday, July 5, 2008. An additional 13 questionnaires were handed out to students on July 2, 2008, at the Simon Fraser University campus in Vancouver. The subjects were briefly informed about the nature of the study as the final project of an MBA student at Simon Fraser University; that the study was about the craft brewing industry in general (without mention of creating a quality label or symbol of distinction); and that all responses would remain anonymous and would be treated with confidentiality. The same information was included on the first page of the questionnaire (Appendix 3).

3.3 The Questionnaire

The questionnaire consisted of eight questions. The first two questions specifically addressed the importance of a series of beer attributes (e.g., taste, colour, image, etc.) when choosing beer, and the importance of another series of beer attributes (e.g., quality symbol or label, reputation/word of mouth, etc.) when deciding to buy a *new* beer. A third question was asked in order to determine subjects' awareness of craft beer. The question "Are you familiar with the VQA symbol for wines?" was asked in order to investigate the subjects' familiarity with this quality symbol for BC-produced wines. A fifth question addressed the importance of certain factors (e.g., water source, quality of ingredients, etc.) as determinants of whether a craft beer would receive a quality label/symbol. Subjects were later asked to select from the preceding question the factor they deemed most important for their overall evaluation. Lastly, subjects were asked some basic demographic questions concerning age, gender, and purchase of beer on a weekly basis.

4: RESULTS

A total sample of 72 responses was obtained. The final sample included 50 males and 22 females. The majority of the respondents were between 25 and 34 years old (51.4%), followed by 18 to 24 years old (26.4%). 54.2% of the respondents indicated that their average purchase of beer is greater than six cans/bottles of beer per week, followed by 45.8% of the respondents who buy on average less than a six-pack of beer per week. Table 2 provides a detailed demographic profile of the subjects.

Table 2. Demographic Profile of Respondents

	N	**%**
Gender		
Male	50	69.4
Female	22	30.6
Age		
18-24	19	26.4
25-34	37	51.4
35 or over	16	22.3
Beer purchase/week		
< than a six-pack	33	45.8
> than a six-pack	39	54.2

Chi-Square tests were conducted to examine if there was a significant relationship between gender and age, gender and beer purchase per week, and age and beer purchase per week. The results comparing gender with age, and gender with beer purchase per week, proved to be not statistically significant. Therefore, the data was combined so that analyses could be performed using the total sample (comprised of both males and females). The results comparing age and beer purchase per week proved to be statistically significant ($X^2 = 2$ df; $p < .05$) with subjects aged 18 to 24 years old buying on average more beer than subjects in the 25-34 and 35 or over age groups. Based on these results, the data was analysed to look for differences between the three age groups.

4.1 Importance of Beer Attributes

The subjects were asked to rate a series of beer attributes (e.g., taste, price, alcohol content, image of beer, etc.) based on their importance when choosing a beer. Each of the attributes received a rating from 1 to 5 (1= very unimportant, 5= very important).

The attribute that received the highest overall score was Taste with a mean total score of 4.42. The next attribute in order of importance was Freshness with a mean total score of 4.08 followed by Quality of Ingredients with a mean total score of 3.93. Subjects' responses were looked at by age, with the 18-24 year-olds rating the attributes Price, Alcohol %, Brand Name, Promotions, Advertisement, and Image of Beer more highly than subjects aged 25-34 and over 35 years old. Conversely, subjects in the latter age groups rated the attributes Taste, Freshness, Colour and Quality of Ingredients more importantly than subjects aged 18-24 years old. Statistically significant differences ($p < .05$) among the three age groups were observed for the attributes Image of Beer and Advertisement, with these two attributes decreasing in importance, as age increases. Table 3 shows the results of the analysis on the importance of beer attributes upon selection of beer and their statistical significance.

Table 3. Importance of Beer Attributes Upon Selection of Beer

	Group 1 (18-24 yrs.) N = 19	**Group 2** (25-34 yrs.) N = 37	**Group 3** (35+ yrs.) N = 16
Attributes	Mean (Std. dev.)	Mean (Std. dev.)	Mean (Std. dev.)
Taste	4.11 (.31)[a]	4.49 (.51)[b]	4.62 (.50)[b]
Freshness	3.95 (.23)	4.19 (.46)	4.00 (.97)
Quality of ingr.	3.63 (.60)[a]	4.08 (.49)[b]	3.94 (.93)[a]
Brand name	3.79 (.42)[a]	3.14 (.58)[b]	2.94 (.68)[b]
Price	3.68 (.48)[a]	3.08 (.64)[b]	2.88 (.72)[b]
Package/Bottle/Can	3.05 (.62)	3.00 (.67)	3.06 (.57)
Image of beer	3.74 (.45)[a]	2.84 (.80)[b]	2.38 (.62)[c]
Advertisement	3.26 (.73)[a]	2.73 (.65)[b]	2.19 (.40)[c]
Colour	2.58 (.61)	2.73 (.80)	2.88 (.81)
Promotions	3.26 (.56)[a]	2.54 (.73)[b]	2.19 (.40)[b]
Alcohol %	2.84 (.83)[a]	2.46 (.90)[a]	2.00 (.93)[b]

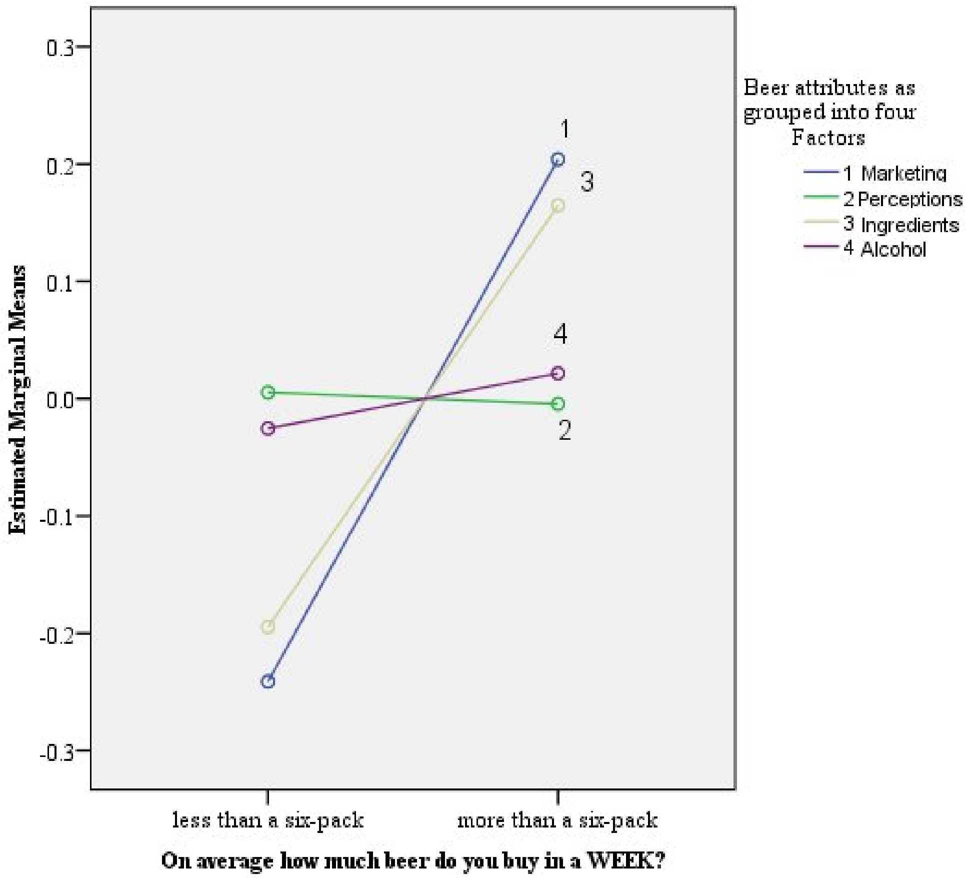
[a,b,c] Means of attributes with different superscripts are significantly different at $p < .05$.

A factor analysis test was conducted on the preceding beer attributes, with the resulting attributes being grouped into four different factors accounting for 74% of the variance:

- F1: Marketing Efforts (Brand name, promotions, advertisement, image of beer, price) (34%)
- F2: Perceptions (Taste, colour, package/bottle/can) (17%)
- F3: Ingredients (Quality of ingredients, freshness) (14%)
- F4: Alcohol (Alcohol percentage) (9%)

These factors were looked at in relation to the amount of beer purchased. Each respondent received a score on each factor. A profile plot of the preceding beer attributes, grouped into four factors, was constructed to compare the estimated marginal means with the purchase pattern of beer on a weekly basis. Figure 4 provides the profile plot of beer attributes upon selection of beer.

Figure 4. Profile Plot of Beer Attributes Upon Selection of Beer



The subjects were subsequently asked to rate another series of beer attributes (e.g., reputation/word of mouth, quality symbol, promotions, etc.) based on their importance when deciding to buy a *new* beer. Each of the preceding attributes received a rating from 1 to 5 (1= very unimportant, 5= very important).

The attribute that was most important for beer consumers across the three groups, when deciding to buy a *new* beer, was Reputation/Word of Mouth (mean total score of 4.25) followed by Quality Symbol or label on every can/bottle/keg (mean total score of 3.39). The attribute that accounted for the most variation across the three groups, when deciding to buy a *new* beer, was Advertisement/Commercials (mean total score of 2.64 with values ranging from 1 to 5). Statistically significant differences ($p < .05$) among the three age groups were observed for the attributes Free Samples/Gifts, Promotions and Advertisement/Commercials, with these three attributes decreasing in importance, as age increases. Table 4 provides some descriptive statistics regarding these attributes and their statistical significance.

Table 4. Importance of Beer Attributes when Deciding to Buy a New Beer

	Group 1 (18-24 yrs.) N = 19	**Group 2** (25-34 yrs.) N = 37	**Group 3** (35+ yrs.) N = 16
Attributes	Mean (Std. dev.)	Mean (Std. dev.)	Mean (Std. dev.)
Reputation	4.00 (.33)[a]	4.43 (.65)[b]	4.12 (.50)[a]
Quality Symbol	2.95 (.40)[a]	3.54 (.56)[b]	3.56 (.73)[b]
Lower price	3.74 (.56)[a]	3.11 (.61)[b]	2.75 (.77)[b]
Free samples/gifts	3.68 (.48)[a]	2.78 (.67)[b]	2.38 (.72)[c]
Promotions	3.47 (.61)[a]	2.59 (.72)[b]	2.31 (.70)[b]
Adv./Comm.	3.37 (.76)[a]	2.57 (.69)[b]	1.94 (.84)[c]

[a,b,c] Means of attributes with different superscripts are significantly different at $p < .05$.

A factor analysis test was conducted on the *new* set of beer attributes, with the resulting attributes being grouped into two different factors accounting for 70.5% of the variance:

- F1: Marketing Efforts (Advertisement/communications, promotions, free samples/gifts, lower price) (48%)
- F2: Perceptions (Reputation/word of mouth, quality symbol) (22.5%)

4.2 Awareness

4.2.1 Consumer Awareness of Craft Beer

The next question of the study asked the subjects to indicate the extent they agreed or disagreed with certain statements regarding craft beer. Each of the following statements received a rating from 1 to 5 (1= strongly disagree, 5= strongly agree).

The consensus among the beer consumers polled was that they knew to a certain extent what craft beer is and what it represents. In terms of craft beer being brewed with natural ingredients and no preservatives, and craft beer being of a better quality than domestic beer, the respondents seemed to agree more with these statements rather than disagree with them. Statistically significant differences ($p < .05$) among the three age groups were observed for statements e) and h), with older subjects being more knowledgeable about craft beer than younger subjects, and statement e), with older subjects willing to spend more money on craft beer than younger subjects. Table 5 provides some descriptive statistics concerning these and other statements regarding consumer awareness of craft beer.

Table 5. Consumer Awareness of Craft Beer

Statements	Group 1 (18-24 yrs.) N = 19	Group 2 (25-34 yrs.) N = 37	Group 3 (35+ yrs.) N = 16
	Mean (Std. dev.)	Mean (Std. dev.)	Mean (Std. dev.)
a) It is brewed with natural ingredients and no preservatives/adjuncts/chemicals	3.21 (.42)[a]	3.62 (.54)[b]	3.94 (.77)[b]
b) It tastes better than other beers	3.16 (.37)[a]	3.62 (.49)[b]	3.75 (.77)[b]
c) It is of better quality/prestige than domestic beer	3.16 (.37)[a]	3.59 (.55)[b]	3.69 (.79)[b]
d) It commands a higher/premium price	3.42 (.51)	3.49 (.51)	3.50 (.82)
e) I would spend the extra dollar or two on it	2.79 (.42)[a]	3.57 (.65)[b]	4.00 (.89)[c]
f) By drinking craft beer I'm supporting the local/regional Industry	3.11 (.31)[a]	3.46 (.65)[a]	3.69 (.87)[b]
g) I don't see any difference	3.00 (.00)[a]	2.62 (.64)[b]	2.19 (.75)[c]
h) I don't know what craft beer is	3.21 (.85)[a]	2.57 (.93)[b]	2.00 (.73)[c]

[a,b,c] Means of statements with different superscripts are significantly different at $p < .05$.

4.2.2 Consumer Awareness of the VQA Symbol for Wines

As mentioned in the literature review section, the creation of the VQA symbol aimed at improving the quality of British Columbia-produced wines by outlining standards and regulations for wine produced 100% from BC grown grapes. In this study, subjects were asked to state whether they were familiar with the VQA symbol or not. If subjects were indeed familiar with the symbol they were then asked to give their impression of what the symbol meant to them.

Fifty-four subjects (75% of the respondents) were unfamiliar with the VQA symbol while 18 subjects (25% of the respondents) claimed to be familiar with it. The impressions of the participants claiming familiarity with the VQA symbol tended to focus mainly on the quality aspect of wines. Responses varied from the symbol representing a "marketing alliance of quality BC wineries," "a quality label," "a quality alliance," "an assurance of quality," to one respondent even claiming that the VQA was a symbol representing that wine was "not made in big factory-sized steel barrels from lousy grapes imported from abroad."

4.3 Determinants of a Quality Symbol for Craft Beer

The subjects were then asked to rate a series of factors (e.g., water source, quality of ingredients, brewery is Canadian-owned, etc.) based on their importance in determining whether a craft beer would receive a quality label or symbol. Each of the preceding factors received a rating from 1 to 5 (1= very unimportant, 5= very important).

The factors that were rated most highly by all three groups, as possible determinants of a quality symbol for craft beer, were Quality of Ingredients (mean total score of 4.28) followed closely by Water Source (mean total score of 4.19). No statistical significance was observed for any of the factors across the three different groups, although statistically significant differences ($p < .05$) were observed for the factors Quality of Ingredients, No Preservatives and Unpasteurized, between Group 1/Group 2 and Group 1/Group 3. Statistically significant differences ($p < .05$) were also observed for the factors Water Source and Brewed in Small Batches, between Group 3/Group 1 and Group 3/Group 2. Table 6 provides some descriptive statistics concerning the importance of these factors as determinants of a quality symbol for craft beer and their statistical significance.

Table 6. Factors as Determinants of a Quality Symbol for Craft Beer

	Group 1 (18-24 yrs.) N = 19	**Group 2** (25-34 yrs.) N = 37	**Group 3** (35+ yrs.) N = 16
Factors	Mean (Std. dev.)	Mean (Std. dev.)	Mean (Std. dev.)
Quality of ingredients	3.84 (.37)[a]	4.46 (.50)[b]	4.38 (.81)[b]
Water source	4.00 (.33)[a]	4.19 (.62)[a]	4.44 (.63)[b]
No preservatives	3.32 (.58)[a]	4.08 (.59)[b]	4.12 (.88)[b]
Brewery is Canadian	3.37 (.50)	3.14 (.63)	3.06 (.85)
Brewed in BC	3.11 (.46)	2.89 (.66)	2.94 (.93)
Unpasteurized	2.53 (.61)[a]	3.05 (.70)[b]	3.12 (.72)[b]
Brewed in small batches	2.47 (.61)[a]	2.81 (.70)[a]	3.06 (.85)[b]

[a,b,c] Means of factors with different superscripts are significantly different at $p < .05$.

A factor analysis test was conducted on the preceding factors as determinants of a quality symbol for craft beer, with the resulting two different factors accounting for 66% of the variance:

- F1: Quality (Water source, quality of ingredients, no preservatives/chemicals, unpasteurized, brewed in small batches) (41%)
- F2: Identity (Brewed in BC, brewery is Canadian-owned) (25%)

From the preceding list of factors, subjects were asked to select the factor they thought was the most important to their overall evaluation. Close to half (48.6%) of all respondents selected Quality of Ingredients as the most important factor followed by

34.7% of respondents who claimed Water Source to be the most important factor as a determinant of a quality symbol for craft beer. No single respondent chose Brewed in Small Batches as the most important factor. Table 7 provides the frequencies and percentages of responses concerning the choice of the most important factor as a determinant of a quality symbol for craft beer.

Table 7. Frequency of Factors as Determinants of a Quality Symbol for Craft Beer

	Frequency	Percent
Quality of ingredients	35	48.6
Water source	25	34.7
No preservatives/chemicals	5	6.9
Brewery is Canadian-owned	5	6.9
Brewed in British Columbia	1	1.4
Unpasteurized	1	1.4
Total	72	100.0

5: DISCUSSION

The results from this study indicate that the group of consumers most representative for the purchase and consumption of craft beer are those 25-34 years of age, followed by those over 35 years of age. Data analyses reveal that the 18-24 year-olds appear to be motivated more by the breweries' marketing efforts such as advertisements, promotions, image of beer, and a lower price, rather than by the overall quality and taste of the beer itself. Because the overall quality and taste of the beer itself is most important to the 25-34 year-olds and those over 35, the craft brewing industry of BC may want to focus their effort particularly on these two age groups. The results from this study appear to be in accordance with Allsopp's (1986) study. Lifestyle and consumer demographics, notably: age, disposable income, and the product image as perceived by consumers play an important role in the overall consumption of beer.

The factor analysis test conducted on the importance of beer attributes upon selection of beer shows how these attributes can be grouped into four different factors, with factors F1 (Marketing Efforts) and F2 (Perceptions) accounting for most of the variation in subjects' responses. The results from this test demonstrate the degree of variation between younger and older subjects in terms of marketing efforts, with subjects aged 18-24 rating the marketing effort attributes significantly higher than subjects aged 25 and over. Conversely, with an increase in age comes an increase in the importance of the attributes that conform to the factor Perceptions (Taste, colour, and package/bottle/can).

The profile plot of beer attributes upon selection of beer confirms that for subjects purchasing less than a six-pack of beer per week, the factors F1 (Marketing efforts) and F3 (Ingredients) are less important than for subjects buying more than a six-pack of beer per week. These results confirm that the more beer that a subject purchases, the more concerned he or she will be with the breweries' marketing efforts, particularly with the attributes Promotions, Image of Beer, and Price. The importance of factor F2 (Perceptions) decreases slightly with an increase in the quantity of beer purchased, thus signalling that the attributes Taste, Colour, and Package/bottle/can, appear to be more important for subjects purchasing less than a six-pack per week than for those buying more than a six-pack. Conversely, the importance of factor F4 (Alcohol) shows a rising trend, as the quantity of beer purchased increases, perhaps alluding to the popular belief that younger subjects tend to care more about the alcohol content in beer rather than about the overall quality and taste of it.

The factor analysis test conducted on the importance of beer attributes when deciding to buy a *new* beer, resulted in two different factors, F1 (Marketing Efforts) and F2 (Perceptions). F2 (Perceptions) accounted for the least variation in responses and contained the two attributes that were most important for beer consumers, particularly among the older subjects, when deciding to buy a *new* beer: Reputation/Word of Mouth followed by Quality Symbol or label on every can/bottle/keg. Subjects aged 18-24 were more concerned with the attributes Lower Price, Free Samples/Gifts, Promotions, and Advertisement/Commercials, thus revealing once more the importance of such marketing efforts on this particular age group.

In general, with respect to consumer awareness about craft beer, the beer consumers surveyed were aware to a certain extent what craft beer is and what it represents, although there was a sense that this awareness was not strong enough, if not vague, among the 18-24 year-olds and some of the 25-34 year-olds. When consumers were asked if they were familiar with the VQA symbol for wines, an overwhelming 75% of the respondents claimed to be unfamiliar with this symbol. These results demonstrate that if a quality symbol or label were to be implemented by the craft brewers of BC, creating and raising consumer awareness about the craft brewing industry in British Columbia is fundamental in order for the program to be a success.

The creation of a quality symbol or label of distinction for the craft brewers of BC is only the tip of the iceberg. Numerous factors or attributes could determine whether a craft beer would receive a symbol of quality. The question is which one of these would be the most influential? The results from this study indicate that the attributes can be grouped into two different factors, F1 (Quality) and F2 (Identity). Factor F1 (Quality) contained the attributes that were rated most highly, with the exception of the attribute Brewed in Small Batches. The two attributes that were most important across all age groups were: Water Source and Quality of Ingredients (e.g., barley, hops, yeast, etc.), with subjects aged 18-24, and over 35, selecting Water Source, and subjects aged 24-35 selecting Quality of Ingredients as a determinant of a quality symbol for craft beer. Although not statistically significant, factor F2 (Identity) was more important for subjects aged 18-24, rating the attributes Brewery is Canadian-owned and Brewed in BC more highly than older subjects, thus drawing a parallel between Identity and Marketing Efforts (especially with regards to the attribute Image of Beer). Overall, it is of no surprise that the attributes Water Source and Quality of Ingredients were chosen as the most important factors as determinants of a quality symbol for craft beer, since water, barley, hops, and yeast constitute the four fundamental components of what ultimately makes beer, beer.

In conclusion, this study reveals that the creation of a quality symbol or label for the craft brewers of British Columbia appears to be a feasible way of increasing the popularity of craft beer in the province. Raising consumer awareness about craft beer in a larger population, however, might be the key to a successful introduction of such a symbol of distinction. As evidenced by the recent successes of the Ontario Craft Brewers (e.g., creation of a special edition craft beer six-pack and the promotion of a craft beer route), the Craft Brewers Association of BC would benefit from taking on an initiative such as the quality assurance label, as a means to raise consumer awareness about craft beer in British Columbia.

6: MANAGERIAL IMPLICATIONS

The findings of this study indicate that a quality symbol or label to be used by the craft brewers of BC would likely increase consumer awareness about craft beer in British Columbia. However, as mentioned in the discussion section, the creation of a quality symbol and the attribute represented by such a symbol must be addressed. This study revealed that the two most important factors that could determine whether a craft beer would receive a quality symbol were: Quality of Ingredients and Water Source. To date, some breweries have taken notice of these particular attributes and are designing labels to be placed on cans and bottles that indicate provenance of their water supply or quality of their ingredients (Whistler Brewing Company, 2008; Russell Brewing Co., 2008; Okanagan Spring Brewery, 2007). Currently, there are no stipulations in British Columbia as to which criteria must be met in order for a beer to display a quality assurance symbol.

Regarding the issue of raising consumer awareness about craft beer in BC, collaboration between members representing the Craft Brewers Association of BC and the provincial liquor control board (BCLDB) could be a win-win situation for both parties. The recent successes evidenced in Ontario, resulting from a synergistic relationship between the Ontario Craft Brewers and the LCBO may be an example to follow.

7: LIMITATIONS AND IMPLICATIONS FOR FURTHER STUDIES

This study may have limitations in terms of the nature of research and survey design that may impact the generalization of its overall findings. Firstly, the design of the questionnaire may have provided biased results as some of the subjects might have been hesitant in describing their purchase pattern of beer on a weekly basis. Although subjects were assured that results from this study would remain anonymous and be treated with confidentiality, biased answers to this particular question cannot be ruled out. Secondly, the sample size was quite small, although every effort was made to survey consumers that drink beer on a regular basis and that drink a large variety of beer types including domestic, export, craft/microbrew and light beer.

This study was designed to evaluate the feasibility of developing a quality symbol of distinction for the craft brewing industry of British Columbia. It was found that a quality symbol or label on a can/bottle of beer may increase consumer awareness about craft/microbrew beer. Further research in this area should centre on which factor/s would represent such a symbol of quality and which authority should implement such a program. It would be of interest to examine whether the Craft Brewers Association of BC or some newly created government agency, as was the case with the BCWI and the VQA symbol for wines, would have jurisdiction over the implementation and monitoring of this program.

Lastly, this study was conducted at the Canada Cup of Beer festival in Vancouver, BC, addressing beer consumers' perspectives on craft beer. It would be interesting to see further research conducted within the craft brewing industry proper and the input/feedback from some of the craft brewers of British Columbia regarding this initiative.

8: APPENDICES

8.1 Appendix 1: Craft Brewers Association of BC - Members

Brewery	**Location**
Cannery Brewing	Penticton, BC
Crannog Ales	Sorrento, BC
Dead Frog Brewery	Aldergrove, BC
Fernie Brewing Co.	Fernie, BC
Granville Island Brewing	Vancouver, BC
Gulf Islands Brewery Ltd.	Salt Spring Island, BC
Kamloops Brewing Co.	Kamloops, BC
Mt. Begbie Brewing Co.	Revelstoke, BC
Nelson Brewing Co.	Nelson, BC
Old Yale Brewing Co.	Chilliwack, BC
Phillips Brewing Co.	Victoria, BC
R&B Brewing Co.	Vancouver, BC
Russell Brewing Co.	Surrey, BC
Storm Brewing Ltd.	Vancouver, BC
Tin Whistle Brewing Co.	Penticton, BC
Tree Brewing	Kelowna, BC

BC craft beers are readily available in British Columbia and can be found in most liquor stores operated by the BCLDB, as well as in some privately owned stores located throughout the province. Some BC craft beers can also be found in the neighbouring province of Alberta.

8.2 Appendix 2: Ontario Craft Brewers – Members

Brewery	Location
Barley Days Brewery	Picton, ON
Beau's All Natural Brewing	Vankleek Hill, ON
Black Oak Brewing Co.	Oakville, ON
Brick Brewing Co. Ltd.	Waterloo, ON
Cameron's Brewing Co.	Oakville, ON
Cool Beer Brewing Co.	Toronto, ON
Country Durham Brewing Co.	Pickering, ON
Grand River Brewing	Cambridge, ON
Granite Brewery	Toronto, ON
Great Lakes Brewery	Toronto, ON
Heritage Brewing Limited	Carleton Place, ON
Hockley Valley Brewing Co.	Orangeville, ON
King Brewery	Nobleton, ON
Lakes of Muskoka Cottage Brewery	Bracebridge, ON
MacLean's Ales	Guelph, ON
Mill Street Brewery	Toronto, ON
Neustadt Springs Brewery	Neustadt, ON
Niagara's Best Beer Ltd.	St. Catharines, ON
Nickel Brook Beers	Burlington, ON
Old Credit Brewing Co. Ltd.	Port Credit, ON
The Robert Simpson Brewing Co.	Barrie, ON
Saint Andre	Toronto, ON
Scotch Irish Brewing	Carleton Place, ON
Skeena Brewing Company	Perth, ON
Stratford Brewing Company	Stratford, ON
Taps Brewing Co. Inc.	Niagara On The Lake, ON
Trafalgar Brewing Company	Oakville, ON
Walderville Brewing Co.	Windsor, ON
Wellington Brewery	Guelph, ON

The LCBO offers more than 120 products from Ontario craft brewers with sales up by more than 42% in 2006/2007. Ontario craft beers are promoted in-store by enthusiastic employees led by a group of specialists at the LCBO's biggest beer-selling stores known as Beer Guys and Beer Gals (LCBO, 2008).

8.3 Appendix 3: The Questionnaire

Segal GRADUATE SCHOOL OF BUSINESS

500 Granville Street
Vancouver, BC, V6C 1W6

Survey for Beer Consumers

Dear Participant:

My name is Leonardo Oppenheimer and I am currently pursuing my MBA studies at Simon Fraser University. As a graduation requirement, I need to complete a project/thesis within my area of specialization. I am interested in the craft brewing industry and have a few questions to ask you. The survey results are essential for my study.

I would like to ask for your cooperation in helping me with my project by completing the attached questionnaire. You should be able to complete the survey within five minutes.

Your participation in this study is greatly appreciated. All responses are anonymous and will be treated with confidentiality.

Leonardo Oppenheimer
MBA Candidate
Simon Fraser University

Dr. Judy Zaichkowsky
Professor of Marketing
Simon Fraser University

SIMON FRASER UNIVERSITY VANCOUVER

1. How important are the following attributes for you when choosing beer? Please check one box for each attribute.

Attributes	**Very unimportant**	**Unimportant**	**Neither unimportant nor important**	**Important**	**Very important**
Taste					
Price					
Alcohol %					
Quality of ingredients					
Freshness					
Brand name					
Promotions					
Colour					
Package/Bottle/Can					
Advertisement					
Image of beer					

2. How important are the following when deciding to buy a new beer?
Please rate from 1 to 5 (1= very unimportant, 5= very important). Check one box per attribute.

Attributes	**1**	**2**	**3**	**4**	**5**
Advertisement/Commercials					
Reputation/Word of mouth					
Quality symbol or label on every can/bottle/keg					
Lower price					
Promotions/Events					
Free samples/gift with purchase (Glass, t-shirt, etc.)					

3. Please indicate the extent you agree or disagree with the following statements (1= strongly disagree, 2= disagree, 3= neither agree nor disagree, 4= agree, 5= strongly agree). Check one box per statement.

Statements	**1**	**2**	**3**	**4**	**5**
a) I don’t know what craft beer is					
b) It is brewed with natural ingredients and no preservatives/adjuncts					
c) It tastes better than other beers					
d) I don’t see any difference between craft beer and other types of beer					
e) It commands a higher/premium price					
f) I would spend the extra dollar or two on it					
g) It is of better quality/more prestigious than domestic beer					
h) By drinking craft beer I’m supporting the local/regional industry					

4. Are you familiar with the VQA symbol for wines?

a) Yes
b) No

If yes, please give us your impression of what the symbol means:

____

5. How important are the following factors in determining whether a craft beer would receive a quality label/symbol? Please rate from 1 to 5 (1= very unimportant, 5= very important). Check one box per factor.

Factors	1	2	3	4	5
a) Water source					
b) Quality of ingredients (grains, yeast, etc.)					
c) No preservatives/chemicals/adjuncts					
d) Unpasteurized					
e) Brewed in small batches					
f) Beer is brewed in British Columbia					
g) Brewery is Canadian-owned					

6. Which of the above is most important to your evaluation?

____

7. To which age group/gender do you belong?

Age	Male	Female
18 to 24		
25 to 34		
35 to 49		
50 or over		

8. On average, how much beer do you buy in a WEEK?

a) less than a six-pack
b) 6-pack to 12 cans/bottles
c) 12 to 24 cans/bottles
d) 24 to 36 cans/bottles
e) more than 36 cans/bottles

9: REFERENCE LIST

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