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A Comparison of Marketing Strategies of Microbreweries in the U.S. and Canada

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Abstract

The beer industry is being transformed with the exponential growth of craft beers and microbreweries. This comparative exploratory study examines the marketing mix strategies utilized by microbreweries operating in the rural touristic regions of the northern sections of the state of New York, United States and the southern regions of the Quebec province of Canada. The findings suggest that microbreweries in the two regions implement similar marketing strategies in many respects, emphasizing their private beer labels, location and personal selling to generate sales and repeat customers. Less emphasis is placed on price and media advertising to attract customers. There is room for creative promotional approaches that can generate engagement with the customers and encourage repeat visits.

Key Words: Microbreweries, Beer, Marketing Strategies, Canada, United States.

1. Introduction

Beer is a widely consumed beverage around the world and made out of water, malt, hops, and yeast as basic ingredients (Statista, 2017). According to this source, global beer production has shown a growing trend from 1.3 billion hectoliters (hL) in 1998 to 1.96 billion hectoliters in 2016. In the United States approximately 200 million barrels or 234.7 million hL were produced, and in Canada approximately 18.75 million barrels of beer or roughly 22 million hectoliters were enjoyed (Reid, McLaughlin, Moore, 2014).

In Canada, domestic beer sales industrywide for the first six months of 2015 were 8.972 million hL slightly down from 8.980 million hL for the same time period in 2014; if you attribute nine percent of those sales to craft beers, roughly 800,000 hL were sold the first six months of 2015 (Beer Canada, 2015). The number of licensed breweries in Canada has risen almost 70 percent from 2009-2014 (to 520 microbreweries), and another 49% (to 775 microbreweries) in 2016; and over half of these breweries make their products in Ontario and Quebec (Beer Canada, 2017). According to Agriculture and Agri-Food Canada (2014), 85 percent of Canadian-made beer sold domestically is controlled by two major multinational companies and the third largest brewer controls roughly six percent of the market, while the balance of domestically-produced beer is supplied by micro-breweries.

In the United States, the overall beer market is $107.6 billion and the craft beer market is $23.5 billion, with a total of 5301 breweries, 3132 of which are microbreweries (Brewers Association.org, 2017). An American craft brewer is small, independent, and traditional meaning his annual production is 6 million barrels of beer or less (Brewers Association, 2014). The craft industry contributed $55.7 billion to the US economy in 2014 more than 424,000 jobs. This figure is derived from the total impact of beer brewed by craft brewers as it moves through the system of breweries, wholesalers, and retailers as well as all non-beer products like food and merchandise that brewpub restaurants and brewery taprooms sell (Brewers Association, 2014). In the United States from January through the end of June 2015, approximately 12.2 million barrels of beer were sold by craft brewers, up from 10.6 million barrels during the first half of 2014.

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"Industry growth is occurring in all regions and stemming from a mix of sources including various retail settings and a variety of unique brewery business models," said Bart Watson, chief economist, Brewers Association. "The continued growth of small and independent brewers illustrates that additional market opportunities and demand are prevalent, although competition in the sector is certainly growing and the need for brewers to differentiate and produce world-class high-quality beer is more important than ever." (Business Wire 2015).

According to IBISWorld Industry Report (2015), the craft brewing phenomenon that has taken the U.S. Beer market by storm has not been as significant in Canada. This is largely due to the greater difficulty of entering the Canadian market. Since nearly every province regulates and distributes beer through provincial liquor control boards, the regulatory costs associated with establishing a new microbrewery are far greater for Canadian breweries than their U.S. counterparts. U.S. brewers have witnessed the gradual loosening of state distribution regulations in recent years, which has facilitated the surge in the number of U.S. microbreweries. Additionally, the market for craft beer is not as large in Canada as in the United States. The U.S. has many more markets across a diverse range of climates that make many styles of beer suitable for brewing. Different types of surface water containing different pH levels and minerals play a key role in brewing variant styles of beer. (IBISWorld, 2015)

1.1 The Beer Story

Native Americans made corn beer long before Europeans found their way to America, bringing with them their own version of beer. Although most of that was brewed in the home during the seventeenth and eighteenth centuries, a fledgling industry began to develop from 1612, when the first known New World brewery opened in New Amsterdam (now Manhattan) (Hieronymus, 2015). In Canada, the first commercial brewery, La Brasseries due Roy, was established in 1668 in Quebec City (Eberts, 2007).

1.2 Craft Brewer Defined

A craft brewer is small, independent, and traditional, meaning the annual production is six million barrels of beer or less (approximately three percent of US annual beer sales). It is independent, meaning less than 25 percent of the craft brewery is owned or controlled by an alcoholic beverage industry member that is not itself a craft brewer. It is traditional in that he has a majority of his total beverage alcohol volume in beers whose flavor derives from traditional or innovative brewing ingredients and their fermentation. Concepts related to craft brewers include: small brewers, innovative, generally made with traditional ingredients with some non-traditional ingredients added for distinctiveness, community involvement, unique approaches in connecting with customers, and maintaining integrity by what they brew (Craft Brewer, 2015). These establishments aim to provide quality beer with an emphasis on taste balance and quality rather than sales volume and production efficiency. This is a sustainable differential advantage over large breweries as the small scale production allows for more wholesome tasting beer while also providing other accommodations for customers to enjoy.

1.3 Craft Beer Industry: Market Segments

According to the Brewers Association (Craft Beer Industry market Segments, 2015), there are 6 craft beer industry market segments that are defined as follows:

Microbrewery: A brewery that produces less than 15,000 barrels (17,000 hectoliters) of beer per year with 75 percent or more of the beer sold off-site. Microbreweries sell to the public by one or more of the following methods: the traditional three-tier system (brewer to wholesaler to retailer to consumer) the two-tier system (brewer acting as wholesaler to retailer to consumer); and, directly to the consumer through carry-outs and/or on site tap-room or restaurant sales.

Brewpub: A restaurant brewery that sells 25 percent or more of its beer on site. The beer is brewed primarily for sale in the restaurant and bar. The beer is often dispensed directly from the brewery's storage tanks. Where allowed by law, brewpubs often sell beer "to go and/or distribute to off-site accounts. Note: Brewers Association re-catergorizes a company as a microbrewery if its off-site (distributed) beer sales exceed 75 percent.

Contract Brewing Company: A business that hires another brewery to produce its beer. It can also be a brewery that hires another brewery to produce additional beer. The contract brewing company handles marketing sales and distribution of its beer while generally leaving the brewing and packaging to its producer-brewery (which confusingly is also sometimes referred to as a contract brewery.)
Regional Craft Brewery: An independent regional brewery with a majority of volume in "traditional" or "innovative" beer(s).
Regional brewery: A brewery with an annual beer production of between 15,000 and 6,000,000 barrels.
Large Brewery: A brewery with an annual beer production over 6,000,000 barrels.

1.4 Craft Beer Marketing:

According to McQuiston (2013), the common marketing trait of successful craft beer brands is that they utilize guerilla marketing strategies and tactics by focusing on stuff that actually produces returns. He advocates that the first step to successful marketing for craft brewers is "Great Beer." He further states that it is important to have Point of Sale (POS) pieces for use. McQuiston believes that the craft brewer has a genuine passion about his beer and his company and that people relate to this and buy from those they know and trust and suggest they "Craft a Compelling Story." He feels that personal selling through beer festivals, tastings, events and promotions offer not only opportunities to distribute your product but also to tell your story and get others involved, especially the "mini influencers" who can reiterate your story to their connections. Finally he suggests taking your story online.

In *The Brewpub Digital Marketng Toolkit*, Strader (2013) states that it is critical for staff to have an understanding of what the owner hopes to accomplish: you're your marketing efforts. He states that staff should have training on mobile tools so they can recognize, identify and encourage your visitors to share information about your brewpub. If someone is in your pub and talking about you in their social channels, you need to respond. He advocates ensuring your local listings are claimed and complete through Get Listed, an online service. Another area Strader maintains is essential is having your menu digital. Further he advocates encouraging reviews.

Taylor (1999) offers a similar perspective regarding Canadian microbreweries. She indicates leading players in the industry need to develop unique campaigns in order to market successfully to their discerning clientele, and that their limited budgets force them to be more innovative. In particular, she advocates promotional materials such as shelf danglers, window and wall posters, and door and floor decals supporting McQuiston's (2013) use of POS materials. She further states that "crafting an image" a concept utilized by John Sleeman, who talks informally about his company on radio commercials, has gained wide appeal conveying the impression of a homespun, cottage-industry and indicates that this marketing strategy has shown considerable success. According to Fraser (2013), there is an abundance of creativity in the craft segment in Canada. He believes craft brewers have "poetic charm". He further cites several methods micro brewers utilize to capture your attention: chic cartoon packaging, off-the-wall titles and slogans; catchy logos; online stores full of merchandise; unique labeling and flavour profiles thus emphasizing McQuiston's (2013) guerilla marketing tactics.

In *Creating the Perfect Atmosphere for Your Brewpub or Tasting Room,* Hennessy (2011) compares facilities to an "Oyster" that contains five parts, namely: Lighting, Music, Temperature, Cleanliness, and Stage Setting. He advocates creating a setting that will make the consumer feel enclosed in their own private shell. In order to accomplish this the owner should put lights on a dimmer to create warmth and balance; select music that fits your customers and adjust to a normal speaking volume; maintain a temperature comfortable for the customer, not the staff; create a sense of order and use systems to keep the facility in good repair; and finally, envision that you are creating a play and stage direct it accordingly.

1.5 Craft Beer Consumer Behavior:

Aquilani, Laureti, & Poponi (2015) conducted an exploratory study of consumer preferences comparing the "purely" commercial beer consumer profile with that of commercial beer consumers who have already tasted craft beers. It was observed that aroma and perceived quality, as well as the preference for draft beer, drinking beer frequently or by oneself are all facts that explain the propensity of "purely" commercial beer drinkers to taste craft beer.

It was also found that beer consumers' evaluations of characteristics and brands differed depending on whether they had previously tasted craft beer or not. Moreover, craft beer is chosen according to different flavor preferences compared to commercial beer. It is mainly drunk by frequent beer drinkers in pubs and with family members and it is perceived to be of higher quality than commercial beer due to the raw materials used for brewing and its overall quality, which should facilitate firms in meeting new needs and preferences of beer consumers. Beer consumption behavior and attitudes can vary based on social interactions, and if the consumer is the Inductor, Inductee or Sophisticated type of consumer (Thomé et al., 2017).

The big trend in beer right now is a switch from industrial beer because more people want a really tasty, hoppy, flavorful beer. "Craft brews, known for an ever-increasing array of exotic ingredients like saffron, honey, dark chocolate, bergamot oranges and black cherries, also fit with the foodie zeitgeist," says Rebecca Kneen a British Colombia micro brewery owner. "Our palates have evolved," she says and adds, "we're moving away from industrial beer the same way we have from Wonderbread, processed cheese, and other marvels of modern food science." (MacDonald, 2009). According to Nicholas Pashley, author of ***Cheers! An Intemperate History of Beer in Canada***, states that "once you taste a craft ale, there's no turning back." (Macdonald, 2009).

Craft beers have found a way to appeal to 49 percent of Millenials and 40 percent of Gen Xers, but just 29 percent of Baby Boomers and 22 percent of the Swing Generation/World War II. Hispanic consumers also turn to craft beer with 38 percent indicating that they consume craft beer at any time. But there is room to grow since 58 percent of Hispanics aged 21+ report drinking domestic beer and 55 percent drink imported beer. Eighty-four percent of craft beer consumers like to choose their beer depending on the season. Seventy-three percent of craft beer drinkers say that they actually know what brand of beer they are going to buy before they go to the store. One-third of craft beer consumers ask sales associates for advice and information when buying beer. Forty-five percent of craft beer drinkers indicate that they would try more craft beers if they knew more about them (Crowell, 2013). This is supported by a resonance marketing study of the craft beer industry that demonstrated that informed consumers will purchase products that they actually truly want, and that differentiated beer offerings will experience higher growth rates than less differentiated offerings (Clemons, Gao and Hitt, 2006).

A comparative study of bars in the US and Canada (Heroux and Csipak, 2005) found that similar overall marketing strategies were implemented in the US and Canada, with the strongest variables being Place (location and atmosphere) and Product/Service (drink selections and service as provided by the bartenders and wait staff). The weaker variables were for Promotion (lack of advertising, etc.) and Price (value bundling, discounts, etc.). The results suggest that similar marketing strategies can be used in bother regions, with minor modifications in marketing tactics to accommodate regional conditions as suggested by Church and Heroux (1999). Since microbreweries represent a recent development in this industry, little is known of their marketing strategies, and whether the findings in the bar study extend to this segment of the industry.

2. Purpose of the Study

The successful marketing strategy of microbreweries requires the development of a marketing mix (product/service, place, price and promotion) that will best satisfy the needs of the customer. This research was conducted to:

1. Investigate marketing strategies *implemented* by microbreweries,
2. Examine the similarities and differences in microbrewery marketing strategies between Canada (Quebec) and the United States (northern New York/Vermont), and
3. Identify opportunities for developing more effective microbrewery marketing strategies in Quebec and New York/Vermont to enhance customer satisfaction with their experience.

3. Methodology

This exploratory study, using 16 case studies, was undertaken in the contiguous regions of southwestern Quebec (Eastern Townships and Montérégie) and northern New York/Vermont. There is substantial economic integration and cross-border traffic between the two countries in this region, and the hospitality industry targets business and leisure travelers of both nationalities (Church and Heroux, 1999).

A census of the microbreweries in two communities in this cross-border region was included in this research. The online Yellow Pages directory for the United States and Canada was used to identify the sampling frame of microbreweries in the contiguous geographic regions along the border. The region under study was expanded until 16 establishments were identified, representing the regions as follows: 8 from Quebec and 8 from New York/Vermont. The typical microbrewery in this study was an independently owned and operated family business that thus controlled its marketing strategy.

Marketing strategy refers to the target market of the establishment and the marketing mix variables designed to attract these customers. The marketing mix variables are categorized according to the popular 4P framework (McCarthy and Perreault, 2000): Product; Place; Price; and Promotion. Three of these categories of variables are subdivided in this study to capture the breadth of the categories: Product consists of product variety variables and service-related variables; Place refers to the location of the establishment as well as store atmospherics; and Promotion includes advertising variables and personal selling variables. A more detailed marketing strategy evaluation grid was developed from the commonly accepted variables in the marketing strategy literature (McCarthy and Perreault, 2000; Kotler and Armstrong, 2013; Jain, 2010; Pride and Ferrell, 2014; Perreault et al., 2013, 2014; Lamb et al., 2012). These variables were also used in recent marketing strategy research (Astuti et al., 2014; Ataman et al., 2010; Dobrescu, 2012; Leonidou et al., 2013). The grid was used to collect detailed qualitative observational descriptions and quantitative data of the microbreweries' marketing strategy variables. The comparison framework therefore consists of two cultural/geographic regions by 7 marketing variable ratings. (See table 1).

Table 1: Summary Marketing Strategy Variables Evaluation Grid

Marketing Mix (4Ps)

Product:

Product variety variables: Breadth of product line, assortment of accompanying products, size variations, quality, private labels/brands, special features, overall evaluation. (6 variables, maximum score of 30)

Service variables: customer services, customized/standardized, credit cards, empathy, reservations (computerization), hours of operation, guarantees, customer satisfaction (complaint handling), overall evaluation. (8 variables, maximum score of 40)

Place:

Location variables: Primary/secondary road (visibility), site evaluation (nearness to target market), outside appearance, private/public parking availability, detached building versus strip, general ease of access, overall evaluation. (6 variables, maximum score of 30)

Establishment atmospherics: Interior layout (free form, grid, racetrack); atmospherics—scent, lighting, color, mirrors, music, noise, signage; fixtures; cleanliness; size of crowds; type of clientele; access to disabled; overall evaluation. (12 variables, maximum score of 60)

Price:

Pricing variables: Relative high/low prices, competitive in region, group reductions, coupons/rebates, bundle or value pricing (packages offered), variety of payment options, overall evaluation. (5 variables, maximum score of 25)

Promotion:

Advertising variables: Newspapers, magazines, trade publications, television, radio, telemarketing, direct mail, internet, special promotions (sales, coupons, contests), outdoor ad and/or signage, advertising theme—testimonial, comparison, informative, humorous, etc., overall evaluation. (6 variables, maximum score of 30)

Personal selling variables: Approaching the customers, helpfulness, presenting product/service, making the sale, knowledgeable, art of listening, verbal/non-verbal cues, general appearance of staff, overall evaluation. (8 variables, maximum score of 40)

Summary rating:

Overall marketing strategy evaluation: addition of the overall rating in the categories.

The observational research was conducted by international marketing students who were familiar with the marketing concepts. Observers received training on a variety of dimensions of the research process.

They received a detailed explanation of each of the variables in the Marketing Strategy evaluation grid and how each variable is operationalized. They were shown how to find and approach their assigned microbreweries, how to record their qualitative observations, and how to determine a quantitative score (on a scale of 1 to 5, 5 being superior implementation) for each variable. For example, for breadth of product line, students would look at the assortment of products on the premises and make a judgment on the rating scale as to its appeal to consumers (5 would represent an outstanding assortment, beyond expectations; 3 would represent an average assortment usually found in such farm stores; and 1 would be the minimum one would expect.

The trainer and trainees performed a “walk-through” of the research process prior to visiting the microbreweries to ensure their understanding and consistent implementation of the data collection. Observation and listening were usually sufficient to gather information about each variable. However, if some variables were difficult to observe, students were given guidelines for asking questions of the staff.

Eight teams of three trained observers were assigned a pair of establishments to compare in the two regions. Each team spent 4-5 hours in each location to record detailed notes of how each marketing strategy variable was implemented. Then, the three observers had to discuss and come to an agreement on a score (on a scale of 1 to 5, 5 representing superior implementation of the strategy) for each variable in an attempt to quantify the observational data. Since this process resulted in one rating for each variable, inter-judge reliability measures were not relevant. Each item within a variable category was weighted equally in this research. The data collection thus consisted of qualitative data, the recorded observations, and quantitative data, the assigned scores for each variable. This methodology was effectively applied in other rural tourism marketing contexts (Heroux, 2002; Heroux and Csipak, 2001, 2005; Heroux and Burns, 2000).

4. Findings

The findings are discussed below in terms of quantitative results and qualitative results. Tables 2 and 3 present the quantitative results of the scale ratings for each of the seven variable categories. Although tests of significance cannot be performed because of the small number of cases, inspection of the Tables 2 and 3 reveal that there are more similarities than differences in marketing strategy variables in the two regions. Overall, microbreweries in both regions have implemented better Product and Location strategy elements, and weaker Price and Promotion strategies. New York/Vermont microbreweries appear to have implemented better Service, Establishment design, and Personal Selling strategy elements than Quebec microbreweries.

Table 2: Microbrewery Overall Marketing Strategy Ratings

	Overall Sample		United States		Canada	
Product Variety	**Mean**	**St.Dev.**	**Mean**	**St.Dev.**	**Mean**	**St.Dev.**
Breadth	3.93	1.43	3.87	1.41	4.00	1.41
Assortment	3.43	1.54	3.75	1.55	3.12	1.55
Size	3.62	1.08	3.75	0.92	3.5	0.92
Quality	4.18	1.16	4.37	1.30	4.00	1.30
Brands	4.00	1.26	3.62	0.91	4.37	0.91
Features	4.00	1.31	4.12	1.35	3.87	1.35
Service						
Services	3.43	1.59	3.62	1.75	3.25	1.75
Customization	3.31	1.35	3.12	1.30	3.50	1.31
Credit	3.43	1.82	3.25	1.76	3.62	1.76
Empathy	3.12	1.50	3.25	1.51	3.00	1.51
Reservation	2.75	1.65	3.12	1.68	2.37	1.68
Hours	3.31	1.40	3.50	1.45	3.12	1.45
Guarantees	2.18	1.60	2.50	1.35	1.87	1.35
Satifaction	3.00	1.41	3.25	1.28	2.75	1.28
Location						
Visibility	3.81	1.16	3.5	1.12	4.12	1.12
Site	4.31	1.19	3.87	0.46	4.75	0.46
Appearance	3.62	1.58	3.25	1.41	4.00	1.41
Parking	3.06	1.23	3.25	1.24	2.87	1.24
Building	3.37	1.50	3.75	1.41	3.00	1.41
Access	3.75	1.18	4.00	1.19	3.50	1.19
Establishment						
Layout	3.62	1.58	4.00	1.75	3.25	1.75
Scent	3.87	1.14	4.25	1.41	3.50	1.41
Light	4.06	0.77	4.25	0.99	3.87	0.99
Color	3.18	1.37	3.25	1.45	3.12	1.45
Music	3.25	1.29	4.12	1.18	2.37	1.18
Noise	2.75	1.43	2.75	1.58	2.75	1.58
Signage	3.06	1.23	2.87	1.38	3.25	1.38
Fixtures	3.56	1.2	3.50	1.06	3.62	1.06
Clean	4.00	1.26	3.87	1.35	4.12	1.35
Crowd	3.56	1.15	4.00	1.45	3.13	1.45
Clientele	3.43	1.59	3.37	1.69	3.50	1.69
Disabled	2.06	1.48	2.37	0.88	1.75	0.88
Pricing						
Hi-Lo Pricing	3.31	1.19	3.38	1.38	3.25	1.38
Competitive	3.75	1.18	3.62	1.35	3.87	1.35
Group Rate	2.31	1.57	2.62	1.60	2.00	1.60
Coupons	1.31	1.01	1.50	0.35	1.13	0.35
Bundle	1.62	1.25	1.50	1.48	1.75	1.48
Promotion						
Print	2.18	1.16	2.12	1.38	2.25	1.38
Broadcast	1.43	1.03	1.50	1.06	1.37	1.06
Other media	2.31	1.35	2.50	1.12	2.12	1.12
Promos	2.50	1.36	2.37	1.68	2.62	1.68
Outdoor media	2.31	1.30	2.25	1.18	2.37	1.18
Ad Theme	3.00	1.51	3.13	1.64	2.87	1.64
Personal Selling						
Approach	3.75	1.12	4.25	1.03	3.25	1.03
Helpful	3.68	1.19	4.00	1.302	3.37	1.302
Present	3.75	1.48	4.12	1.59	3.37	1.59
Make Sale	3.25	1.29	3.37	1.45	3.12	1.45
Knowledge	4.12	1.08	4.37	1.35	3.87	1.35
Listening	2.56	1.41	3.12	0.92	2	0.92
Non-verbal Cues	2.12	1.41	2.37	1.35	1.87	1.35
Staff Appearance	3.81	0.91	3.75	0.83	3.87	0.83

*Mean: Average of the sum of ratings for all variables in the category.

**%: The mean results are represented as a percentage of the maximum score that could be achieved for the variable category.

Table 3: Microbrewery marketing mix variables

Marketing Strategy Variable Ratings	American (N=8) Mean*	%**	Quebec/Canada (N=8) Mean*	%**
Product Variety (max 30)	23.50	78.3%	22.87	76.2%
Services (max 40)	25.62	64.1%	23.50	58.6%
Location (max 30)	21.62	72.1%	22.25	74.2%
Establishment Design (max 60)	42.62	71.0%	38.25	63.8%
Pricing (max 25)	12.62	50.5%	12.00	48.0%
Promotion (max 30)	13.87	46.2%	13.62	45.4%
Personal Selling (max 40)	29.37	73.4%	24.75	61.9%
Overall Marketing Strategy (255)	169.22	66.4%	157.24	61.7%

4.1 Product Variety

New York/Vermont microbreweries offer a wider variety of products than present in comparative microbreweries in Quebec. However, there were standardized offering within both region. These included brews being made on site, assortment of food being offered, apparels for sale and microbrew samples being offered. Though there was less breadth in their product lines, the majority of New York/Vermont microbreweries had a larger assortment of products offered such as a larger menu selection, kitchens with chefs to prepare food and a wider assortment of drinks not produced on site. In comparison, the Quebec breweries had a limited menu, and limited selection of other drinks since they predominantly offered brews that were made on site, with most have at least ten varieties of labels. New York/Vermont microbreweries had a wider selection of microbrewery logo merchandise such as apparels, key chains, glasses, coasters and bumper stickers.

4.2 Services

Due to the majority of sales in this industry being attributed to customer loyalty and repeat sales, microbreweries are forced to put an emphasis on customer relations. As seen by the data gathered, although not highly rated, service in the New York/Vermont region was superior to service in their Quebec counterparts. As such, American microbreweries had better customer satisfaction policies, greater empathy for their customers and employees, better reservations and hours of operation, did but did less customization of services and accepted fewer credit cards and debit cards than Quebec breweries.

4.3 Location

Within the New York/Vermont region most of the pubs were located directly on main streets while the majority of Quebec pubs were located on secondary streets. In both regions, the establishments were located in areas of high traffic and visibility, in the center of their intended target markets. They were easily accessible and had public parking lots in close vicinity.

However, Quebec microbreweries generally had better visibility, a better site, had a more aesthetically pleasing outside appearance and eye catching designs while New York/Vermont microbreweries tended to have better parking and greater access by its patrons.

4.4 Establishment Design

Most of the microbreweries in the both regions followed a free form design similar to what would be found in a boutique:

<u>Atmospherics</u>	<u>American</u>	<u>Quebec/Canada</u>
Scent	Food/Beer	Beer
Lighting	Bright	Dim
Music	Live Entertainment	Live Entertainment or None
Signage	Outside and on Menus	Outside
Noise	From Customers/Television	From Customers

Overall the New York/Vermont microbreweries were superior in layout, scent, light, color, music and access to the disabled while Quebec microbreweries were superior in terms of signage, fixtures and cleanliness. Cleanliness is an important factor in the food and hospitality industry.

4.5 Price

Pricing strategies were similar in both regions. Because of the perceived quality and exclusivity of microbrewery beer as compared to other mass produced beer, microbreweries tend to charge a premium price for their beer labels in both regions than for mass produced beer such as Budweiser or Molson. Also, both regions generally accept major credit cards but don't offer their own line of credit. Although coupons and value bundling were not frequently used in either region, New York/Vermont microbreweries were more inclined to offer group rates such as student, military or senior discounts.

4.6 Promotion

Key characteristics noticed about the promotional strategies of both regions included their propensity for relying on word of mouth advertising, supported by limited use of local newspapers, trade publications and store front advertising. Websites as aa advertising medium was variable in both regions. In some instances, websites were well maintained, very informational and were a key component of the promotional mix, while others felt that start-up cost and maintenance of a website would not be a feasible venture to undertake. Overall Quebec microbreweries were more likely to use sales promos and outdoor promotion while New York/Vermont microbreweries were more likely to use other modes of promotion such as trade publications, visitors' guides, and rack cards.

4.7 Personal Selling

In addition to promoting the products and establishments, personal selling contributed to the perceived quality of service offered at microbreweries, and as such, received the highest ratings along with the establishment design. Microbreweries in both regions rely on this experience for customer word-of-mouth, loyalty and repeat sales, as opposed to media advertising. New York/Vermont microbreweries received consistently higher ratings on the personal selling variables. Staff at the New York/Vermont microbreweries was more likely to greet and approach the customers than at Quebec establishments. The employees also demonstrated a higher degree of helpfulness, greater product knowledge, and attempt to make a sale. They were also better versed in the art of listening, and were more responsive to their customers. Quebec staff had slightly better professional dress appropriate for microbreweries than their American counterparts.

5. Discussion and Conclusion

Microbreweries in the two regions implement similar marketing strategies in many respects, emphasizing their private beer labels, location and personal selling to generate sales and repeat customers. Less emphasis is placed on price and media advertising to attract customers. These results are consistent with the Heroux and Csipak (2005) bar study. There is room for creative promotional approaches that can generate engagement with the customers and encourage repeat visits.

For example, encouraging customers to join in social media and having regular short-term promos can draw customers in more frequently. Creative loyalty programs could be developed to encourage people to try all the different beer labels and get a free beer of their favorite label when the loyalty card is completed. Themed events (e.g., Octoberfest), beer/food matching recommendations, and visitor guide and rack cards can also be explored. Developed website content "telling their story" can also engage loyal customers. A page that provides descriptions of all the beer labels, and suggestions for seasonal and food matching, could generate interest in trying new labels.

A checklist of all the beer labels could encourage someone to check off the ones they have tried, rate them, and motivate them to complete the list. The findings also suggest additional areas of improvement in each region. New York/Vermont microbreweries were superior in personal selling, service and their establishment atmospherics. This suggests that these companies are better able to meet the needs of their intended target market to generate positive word-of-mouth and repeat sales, an effective strategy in a very dynamic, competitive and profitable industry. However, these microbreweries could benefit from making improvements in the outside appearance of their establishments. Improved signage visibility, curb appeal, and maintenance of the building would improve the external attractiveness of their facility to better match the well-designed interior layout.

Inside the facilities, cleanliness can be improved. Cleanliness is imperative in an establishment that serves food and drinks, and not very expensive to achieve. Since personal selling is important for repeat customers, guidelines for appropriate dress of the bartenders and servers to achieve an appropriate look for the establishment may be in order.

Quebec microbreweries had wide breadth of product lines and private beer labels, favorable locations, curb appeal, and very clean facilities. However, there is room for improvement in services offered, hours of operations, and establishment atmospherics such as layout, scent, lighting, and music selection (or live music). Since personal selling is instrumental in increasing sales and repeat customers, staff training can have a big impact on the profitability of the establishment. Staff can be trained to more effectively approach the customers, provide more product information to help customers make beer selections or food pairings, and make the sale. It is also important to be responsive to customer needs by listening to what they want and making appropriate recommendations.

6. Limitations and Future Research

The main limitations of this research stem from both the observers and sampling methodology utilized. The observers used in this research were international marketing students at an American university. Since the majority of students were American, the observers may have viewed and compared the microbreweries through predominantly American eyes. Future research should attempt to use observers from both regions to reduce the risk of observer bias.

Although a census of microbreweries was taken within each of the limited geographic regions, the choice of geographic regions was made using convenience/judgment sampling. The two regions selected for this study were within commuting distance for the researchers, and there was significant cross-border tourism in these regions. More research is needed on other geographic areas of these two countries to extend the generalizability of findings.

Finally, this research explored marketing strategies as they are currently applied in the microbrewery industry. More research is needed to link the marketing strategies implemented in these regions to the microbreweries' sales volume and profitability.

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