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Brand Equity in the Maine Craft Beer Industry

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BRAND EQUITY IN THE MAINE CRAFT BEER INDUSTRY

by

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ABSTRACT

The state of Maine ranks third for most breweries per capita in the United States. With the industry booming and new breweries entering the market consistently, branding presents itself as an opportunity for differentiation and competitive advantage. The intangible value that results from effective branding is what is commonly referred to as brand equity. Presently, there is limited research on how brand equity applies to the craft beer industry. In this study, David Aaker's 1996 model for brand equity is used as a guide to learn how breweries and consumers understand and influence brand equity. Further, brewery and consumer perspectives are compared to discover whether or not misalignment exists. Six Maine breweries participated in this research over three months via semi-structured interviews, and a population of Maine craft beer consumers (N=100; 21-74 years of age) participated in an online survey. Preliminary results show that perceived quality and brand awareness are the most important components of brand equity and that brewery and consumer perspectives are only significantly misaligned regarding the issue of market saturation.

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CHAPTER 1

BACKGROUND

<u>Problem Statement</u>

With the new decade comes new challenges for craft brewers; these challenges are an increasingly maturing market and changing consumer taste. With a growing economic impact on Maine, it is vital to understand how each brewery maintains its brand image. Branding is an essential dimension of marketing in that it provides additional intangible value to tangible products and services. The added value from branding efforts creates what is known as brand equity, or the value of a brand itself. This is a general definition based on aggregated definitions from many different outlooks and studies. Because of the discrepancy in defining brand equity, there is an overall lack of common terminology and agreement between business disciplines resulting in the poor communication of ideas (Wood, 2000). Confusion on the subject has led to little research conducted on brand equity in specific markets; this is concerning because the establishment of brand name is a critical success factor in industries such as the craft beer market (Lombardo, 2020). Moreover, brand equity is one of six significant sources for competitive advantage (Ariyawardana, 2003).

With this lack of understanding of brand equity in the craft beer industry comes the problem of consumer and company branding misalignment. While it is important for companies to understand and curate brand equity internally, it is just as if not more important for consumers' perspectives to be analyzed. Substantial misalignment between

a company's intended brand identity and the actual perception of a brand in consumers' minds is a common problem across industries (Ross & Harradine, 2011). As such, it is concerning that little research has been done regarding direct consumer perception of brand in the overall context of brand equity in Maine's craft beer industry.

The general business problem is that with such a highly regarded and competitive market as the Maine craft beer industry, there has been little research done into how breweries understand and curate brand equity as well as the actual consumer reception of branding attempts.

Purpose Statement

The purpose of this thesis is to discover how important breweries see the curation of brand equity in providing a competitive advantage. Both consumer and producer perspectives will be taken into account through anonymous surveys and confidential interviews. The research will discover what kind of understanding breweries and consumers in the Maine craft beer industry have of brand equity and what methods breweries use to increase and measure it. Further, the emerging themes from the research conducted will inform how important, if at all, brand equity is to brewery success as well as how to utilize brand equity effectively. Consumer preferences for what is desired in a brand will also be studied in order to discover whether or not misalignment exists between company brand identity and consumer perception of that brand identity through brand image. For this specific research, Aaker's brand equity model will be used as a guide and will be applied to how interviews and surveys are conducted. Aaker defines brand equity as "a set of assets (and liabilities) linked to a brand's name and symbol that

adds to (or subtracts from) the value provided by a product or service to a firm and/or that

firm's customers" (Aaker, 1991, pp. 7-8). Aaker's model fits into the customer-based

brand equity theory, which is defined as "the differential effect of brand knowledge on

consumer response to the marketing of a brand" (Keller, 1993, p. 2). As such, a brand's

influence on customer perceptions during purchasing decisions will be the primary way

in which the effect of brand equity is studied in this research. After all, it is up to the end-

consumer to make or break a brand.

<u>Thesis Question</u>

What are the ways in which Maine craft breweries attempt to build and track

brand equity in the context of Aaker's model, and which parts of Aaker's model do craft

beer consumers identify with the most?

<u>History of Craft Beer</u>

The modern-day craft beer that consumers are familiar with today is a relatively

new product. Due to the ratification of the 18th Amendment in January of 1919, brewery

development of any kind was severely stunted for thirteen years during a time known as

the Prohibition era (Brewers Association, 2020). The ratification of the 21st Amendment

repealed the 18th Amendment, opening the alcohol selling industry once again. However,

by this point, the damage had already been done; many breweries and distilleries had shut

down forever. For years, large players such as Anheuser-Busch and Miller Brewing

Company dominated the beer industry in the United States, producing strictly mass-

produced lager style brews. It would be a very long time until a small craft brewery

opened its doors to the public. Anchor Brewing Company in San Francisco became the

first post-prohibition craft brewery, opening in 1966 (Murray & Kline, 2015). The growth

of craft breweries was slow for a period until the 1980s, after which 1,450 breweries

opened over the next two decades (Brewers Association, 2020). During this time,

Maine's first craft brewery, Geary Brewing Company, opened in 1986. The industry

continued to see tremendous success in the years following, with the national brewery

count leaping from 1,511 to 8,386 between 2007 and 2019 (Brewers Association, 2020).

After years of growth strictly in terms of the number of breweries, the overall share of the

market craft beer holds in Maine is still relatively low. According to the Maine Brewers

Guild, only about 13.7% of the beer sold in Maine is considered craft, with the remaining

86.3% share of the market belonging to large domestic craft breweries.

The subject of what makes a craft beer truly "craft" may lead to confusion for

some consumers in today's continually maturing and competitive brewing landscape.

With so many options on liquor store shelves and in taprooms, the question arises if all

these beers are truly defined as craft anymore. Are some beers more craft than others?

The Brewer's Association provides some clarity on quandary with a definition of what

technically classifies a brewery as craft in nature. The three components to their

definition are that breweries must be: (1) small, with an annual production of 6 million

barrels or less, (2) independent, with less than 25% being owned or controlled by a

beverage firm that is not itself a craft brewery, and (3) a brewer, having an Alcohol and

Tobacco Tax and Trade Bureau Brewer's Notice (Brewers Association, 2020). This

definition has been widely accepted up until recent years, as what is deemed "small" is up

for debate. Now, the industry uses Boston Beer Company's annual production number as

a benchmark. Annual production less than Boston Beer Company's is now generally considered small and craft.

Industry Analysis

The craft beer market is heavily regulated at the federal and state level. Many permits are required to run a brewery, including a brewer's notice from the Tobacco Tax and Trade Bureau, an occupancy or victualer's license, a brewery or small brewery license, and many more (Maine Bureau of Alcoholic Beverages and Lottery Operations, 2019). Beyond permits, the beer industry faces both federal and state taxation. Under the *Craft Beverage Modernization and Tax Reform Act*, the federal excise tax rate on malt liquor is $3.50/barrel on the first 60,000 barrels produced by breweries producing less than 2 million barrels annually (Brewers Association, 2020). In Maine, the excise tax is $0.35/gallon sold within the state (Maine Legislature, 2020). The Bureau of Alcohol, Tobacco, Firearms, and Explosives also regulates the industry in terms of how alcohol is labeled, advertised, branded, and packaged (Lombardo, 2020). One of the significant ways the craft beer industry is controversially regulated is through the three-tier distribution system. Under this system, the craft beer market is separated into three distinct tiers: producers, wholesalers, and retailers (Codog, 2019). Breweries are simply the producers in this system, and because of this, they must sign a contract with a wholesaler to distribute their beer to retailers once they reach a certain production number. Maine follows the three-tier system to an extent. A regular brewery that produces more than 30,000 barrels per year must name a licensed distributor to work with. A small brewery producing less than 30,000 barrels per year does not need to do so

and can distribute independently if desired (Maine Bureau of Alcoholic Beverages and Lottery Operations, 2019, p. 2).

Last year at the national level, the craft beer industry had $7.6 billion in revenue, $303 million in profit, and employed 16,559 people (Lombardo, 2020). The industry is also in the midst of a growth stage in its life cycle. The industry value added is predicted to increase at a rate of 5.0% through the coming decade while the US GDP is predicted to only increase at a rate of 2.1%; however, industry profit has also steadily declined from 6.0% in 2015 to 4.0% as the market has become more saturated (Lombardo, 2020). This overall slow in industry wide growth is further indicated in table 1 below.

Table 1. Annual growth categories in the U.S. craft beer industry

Years	Business	Employment	Wages
2015-2020	15.20%	18.80%	13.00%
2020-2025	9.40%	6.10%	5.30%

(Lombardo, 2020)

In 2019, Colorado, Vermont, Oregon, Maine, and Alaska ranked as the top five states for craft beer economic output per capita, respectively (Brewers Association). The barriers to entry in the market are classified as moderate, with competition rising quickly, start-up costs high, and regulation very high (Lombardo, 2020). Often, new entrants will take out large loans to cover the costs of the equipment and materials needed. While this makes for a debt heavy immediate future, it often results in long term success in that brewing ingredients are cheaper to purchase per unit in large quantities (Lombardo, 2020).

Marketing investment as a share of revenue in the craft beer industry has decreased from 4.8% to nearly 4.5% since 2015 (Lombardo, 2020). With internal competition in the industry rising, it is curious that marketing investment has not seen an increase. Moreover, it was found recently in an IBISWorld industry report that establishment of brand name and effective marketing techniques are critical success factors in the craft beer industry (2020). Nevertheless, marketing expenditure still does not show significant signs of growth even in light of recent trends.

At the state level, Maine boasts an impressive standing in the craft beer industry. Ranked third in breweries per capita according to the Brewers Association in 2019, and with an annual brewery growth rate that is 18% higher than the national average (Valigra, 2019), craft beer is undoubtedly a staple of Maine culture. According to a study done in 2017, the 133 breweries part of the Maine Brewers' Guild at the time contributed $168M to Maine's economy, employed 1,910 people, and generated $1.5M in excise taxes (Crawley, 2017). 87% of Maine's craft beer industry players are considered small, producing less than 50,000 gallons, and 45% of breweries reported that they are almost at full capacity in terms of staff, hinting at the slowing of employment growth in the future (Crawley). After many years of development, the overall market share craft beer holds in Maine remains relatively low. According to information provided by the Maine Brewers Guild during a January 2021 interview, only about 13.7% of the beer sold in the state is considered craft, with the remaining 86.3% share of the market belonging to large domestic craft breweries producing over 6 million barrels a year.

Discussion of Brand Equity

The value given to branding is a somewhat recent development. For a long time, before the large amount of product competition and innovation we see today, good products would simply sell themselves based mostly on performance alone. In the 1950s, however, this changed as greater competition entered the market and companies like General Foods and Proctor and Gamble began to allocate more significant funds toward marketing efforts to differentiate themselves (Wasserman, 2015). Today it is estimated that the average American consumer is exposed to between 4,000 to 10,000 branding and advertising messages per day (Forbes, 2017). On top of this, loyalty to brands has taken hold, as evident in ravenous consumer reaction to product releases from large companies like Apple. Companies are now developing effective storytelling techniques to differentiate themselves in the minds of consumers. This kind of weight put into the importance of brand value was predicted in the 1980s and 90s. for example, Philip Morris purchased Kraft for $12.9 billion in 1988, which was four times its book value. The CEO of Philip Morris stated in regard to this price paid, "The future of consumer marketing belongs to the companies with the strongest brands" (Biggar & Selame, 1992, p. 36). Clearly, there is a value in brand; this value is expressed as brand equity.

With the many definitions and interpretations of brand equity existing in the world today, it is hard to pinpoint exactly what accounts for it and how much of a role it plays in marketing success. Beyond the many definitions, there have also been numerous studies done on brand equity in all kinds of different markets, each producing varying results. Moreover, individual companies often form their own understandings and working definitions of brand equity, hinting that the definition of brand equity may be

unique to specific companies and their environments. There have yet to be any significant

brand equity studies conducted within the craft beer industry. As such, this research

hopes to provide some insight into how brand equity impacts the industry, specifically in

Maine.

For this research, David Aaker's brand equity model from his 1996 book *Building

Strong Brands* will be used as the primary definition for what makes up brand equity.

Widely regarded as the most prominent model for brand equity, alongside Keller's 2001

pyramid CBBE model, Aaker's research offers extensive insight into how brand equity

works. According to Aaker, brand equity is "a set of assets (and liabilities) linked to a

brand's name and symbol that adds to (or subtracts from) the value provided by a product

or service to a firm and/or that firm's customers" (Aaker, 1996, pp. 7-8). Essentially,

brand equity is a set of intangible assets that result in tangible outcomes for a company. If

a brand has positive equity, consumers are more likely to pay for that brand's product

over a similar unbranded product. The key to Aaker's theory is that brand equity is

primarily based on simple recognition and recall during split-second purchasing decisions

(Qualtrics, 2019). It is because of this reasoning that Aaker's model is the guide for this

research. As craft beer is a fast-moving consumer good, it aligns well with Aaker's theory

that brand equity stems from split-second recognition, as fast-moving goods like beer are

bought and sold quickly at low prices. The other central model for brand equity, Keller's

pyramid, focuses more on emotions and long-term relationship building with consumers.

While this kind of relationship-building may be relevant to brewery equity with

distributors, it is not entirely relevant to the individual craft beer consumer. The

individual consumer is the focus of this research in that they are the building blocks for

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the initial stages of brand development. A company may do everything it can to develop a brand and build relationships with distributors, but at the heart of it all, end-consumers truly have the power to give brands value (Leone et al., 2006).

There are two major perspectives on how to interpret and analyze brand equity. The first is referred to as the financial-based perspective. It is defined as the "financial value that the brand generates for the firm" (Sinah et al., 2008) or "the price it (the brand) brings or could bring in the financial market and thus reflects expectations about the discounted value of future cash flows to an equivalent unbranded product" (Keller & Lehmann, 2006, p. 742). It is a difficult process to quantifiably measure brand equity in general, even for large firms that are publicly traded. In the context of the craft beer industry, quantifying brand equity is even more difficult as breweries are privately held companies with their financial statements not directly available to the public. As such, this research will not focus on the financial-based perspective. Instead, this research will deal more with the customer-based perspective, which is defined by Keller as "the differential effect of brand knowledge on consumer response to the marketing of a brand" (1993, p. 2). This perspective avoids financially quantifying brand equity within a company; instead, it shifts the focus and value of equity to consumer perception. Aaker's model falls into the customer-based perspective family as well, and as previously discussed, applies more logically to the craft beer industry than Keller's CBBE pyramid model.

<u>Aaker's Five Components of Brand Equity</u>

<u>#1 – Awareness</u>

According to Aaker, "Awareness refers to the strength of a brand's presence in the consumer's mind" (Aaker, 1996, p. 10). Awareness is measured mainly through the two concepts of recall and recognition. Recognition refers to the ability of a consumer to know if they have been exposed to a brand before, while recall refers to a consumer's ability to name the brand "off the top of their head" (Aaker, 1996).

<u>#2 – Perceived Quality</u>

Perceived quality is essentially the quality of a brand in the mind of the consumer, not necessarily the actual quality of the brand or product. It is seen as "subjective consumer judgment regarding overall product superiority, different from objective quality" (Zeithaml, 1988). Aaker in *Building Strong Brands* sees perceived quality as the driving force behind financial performance as interpreted through ROI metrics. He also deems perceived quality important to strategic thrust, as many companies include quality promises in their mission statements. Finally, Aaker says that perceived quality affects all other perceptions of a firm's brand, being the general key to the measure of "brand goodness." It is also important to note that perceptions of quality cannot be created without a basis in substantive reality (Aaker, 1996).

<u>#3 – Loyalty</u>

In *Building Strong Brands*, Aaker identifies two significant reasons why loyalty is vital to the brand equity model. First, he claims that "a brand's value to a firm is largely

created by the customer loyalty it commands" (Aaker, 1996, p. 21). Second, he says that loyalty, considered as an asset, encourages loyalty-building programs, which in turn serve to build brand equity in the long run (Aaker, 1996). He identifies frequent buyer programs, customer clubs, and database marketing as ways to enhance loyalty. These three techniques utilize basic principles of customer relationship management (CRM), which is a topic of discovery in this research.

#4 – Associations

Aaker does not go into tremendous detail about brand associations in *Building Strong Brands.* He states that "brand associations are driven by the brand identity – what the organization wants the brand to stand for in the customer's mind" (Aaker, 1996, p. 25). According to Aaker, these associations can include product attributes, celebrity spokespersons, or particular symbols. Keller sees brand associations relating to the perceived benefits of a product or service, as well as the feelings, thoughts, and attitudes that consumers have towards a brand (Camiciottoli, et al., 2014). Overall, Aaker believes associations are key elements for a firm's brand identity. In chapter 3 of *Building Strong Brands*, Aaker defines brand identity as "a unique set of brand associations that the brand strategist aspires to create or maintain. These associations represent what the brand stands for" (p. 68). As such, brand identity is an attempt to position associations within the minds of consumers. Ideally, this creates brand equity; however, misalignment can occur between the consumer and the company – this is yet another topic of discovery in this study.

While the previous four components are identified by Aaker as the major assets of brand equity, this fifth component is simply a minor element of the model. Aaker does not define it, nor does he even go into detail about it in *Building Strong Brands*. Still, it is a part of his model, and as such, it is included in this research. Proprietary assets, in this case, include patents, trademarks, copyrighted material, and trade secrets.

Topics of Discovery

Branding Methods

To help guide this research, specific methods and trends that influence branding are explored. Each of the following marketing theories might have some relevance to how craft breweries develop their brands and relevance to Aaker's brand equity model. It is partially the goal of this research to discover if these methods do in fact, play any role in craft brewery brand equity.

Sense of place branding, shortened to SoP, is a marketing technique used to humanize a brand in the eyes of the consumer. It considers the atmosphere, shared sense of spirit, literature, community ties, and ancestral connections of a geographical place (Campelo, et al., 2014). Hede and Watne suggest that "SoP can create and reinforce emotional attachments between brands and consumers" (2013, p. 2). Further, they explain that SoP utilizes local history, stories, and folklore within product design to deepen brand value associated with the product. Hede and Watne included thousands of breweries across the world in their research, and they found that many craft breweries included aspects of SoP in their branding. In the context of this particular research, SoP branding

is attached to the brand associations component of Aaker's model due to its ability to help cement a brewery's brand image to the cultural characteristics of a region.

The concept of user imagery is another interesting topic of discovery this research seeks to explore. Defined as "the tendency of humans to look for brands that in a way reflect their personality" (Trez, et al., 2016, p. 37), user imagery is one of three tools identified by Aaker (1999) to humanize a brand more. The other two tools are anthropomorphism and personification. However, as user imagery is a more broadly encompassing tool, it is the only one of the three that is a topic of discovery in this research. User imagery is an important part of many industries, perhaps most notably in the clothing industry. Parker (2005) determines that user imagery along with brand personality need to be accounted for when assessing the importance of a brand's overall identity. In the case of some clothing companies more than others, consumer projection of ideal personality types drives consumption (Parker, 2005). User imagery consumption habits will relate to Aaker's brand associations component in this study.

Terroir is yet another area of discovery potentially pertinent to the craft beer industry in Maine. While difficult to fully define, terroir in strictly viticultural terms is defined as "a region which is related to a particular area with a distinct quality of grapes and their wines (Vaudour, 2002, p. 118). Many other factors beyond regional climate and soil influence terroir, however. Human factors, such as cultural history, socio-economics, traditions, and enological techniques, also play a part in terroir (Van Leewan & Seguin, 2006). More recently, terroir is starting to impact the craft beer industry. Harvey and Jones (2018) define terroir beyond the exclusivity of the wine industry as "ecological and cultural conditions that create a sense of group identity by engaging with and consuming

particular products (para. 4). This understanding of terroir applies to the explosion of the craft beer scene in New England and Maine in particular. Harvey and Jones surveyed eighteen New England breweries and found that they are all developing a sense of terroir in the region by "fostering social, economic and historic connections" (para. 4). While Maine's climate is not necessarily conducive to agricultural terroir, there is a growing understanding and appreciation for the cultural terroir permeating its beer. Moreover, according to Sean Sullivan of the Maine Brewers Guild, beer tourism is actively being promoted in Maine. This study links terroir to Aaker's perceived quality and brand associations components.

Another topic of discovery is customer relationship management or CRM. Chen & Popovich (2003) define CRM as "an integration of processes, human capital and technology seeking, for the best possible understanding of a company's customers" (qtd. in Gil-Gomez, 2020, p. 2). With all the online tools and metrics for CRM available to breweries today, the question of if and to what extent they use these tools naturally arises. In terms of this specific study, CRM relates most closely to Aaker's brand loyalty component. It has been found that CRM, in terms of partnerships, empowerment, and personalization, has a positive and direct impact on customer loyalty (Lawson-Body & Limayem, 2004). As such, this study will seek to discover what kind of use Maine breweries have for CRM in terms of building brand loyalty.

Developing local partnerships with small businesses is another topic of discovery as it is a growing trend in the craft beer industry. According to a 2016 study, developing local relationships with small businesses and charities is a theme amongst successful Maine craft breweries, where 60% collaborate with local businesses for product

development, and 80% donate to local charitable organizations (Leland, 2016). Local partnerships will be explored in the context of brand associations and brand awareness in this research. Connecting with communities through local partnerships has also been noted as one of the most important factors in breweries building brand loyalty (Murray & Kline, 2014), so local partnerships could be related to Aaker's brand loyalty component in this research.

Finally, the price-quality correlation is another topic of discovery in this research. A positive correlation between the price of a good and its perceived quality leads consumers to infer the quality of a product from the price of a product alone, simplifying the purchasing decision (Pechmann & Ratneshwar, 1992). In some markets, but not all, people expect to pay higher prices for higher quality brands (Ordonez, 1998). According to a 2008 study, higher prices on wine increased consumer perception of the wine quality (Plassman et al.). This price-quality correlation finding lends itself to this research in that if it is true, premium pricing strategies in the Maine craft beer market may be utilized to benefit Aaker's component of perceived quality.

Influencing Trends

Beyond tactics to develop distinct components of brand equity, two exterior industry trends have the potential to affect individual brewery brand equity. As such, they will be topics of discovery in this research. The first trend is the spirit of coopetition found in the craft beer industry. Since its earliest beginnings, craft beer has always competed with macro beer for market share. While these large brewing corporations rule the beer industry in the U.S., craft breweries are slowly chipping away at their market

share. Because of the "us vs. them" mentality held by craft breweries regarding macro beer, a spirit of cooperation and coopetition exists in the industry. In a 2018 study on craft breweries in the U.S., findings suggest that "oppositional collective identity, shared belief that a rising tide lifts all boats, and shared belief that advice and assistance should be paid forward, can lead to the persistence of coopetition beyond market category emergence." (Mathias et al., p. 3086). With these findings in mind, this research seeks to explore whether coopetition and collaboration are prevalent sentiments in Maine's craft beer industry. Any coopetition themes found in this research will relate to several brand equity components, including brand associations, brand loyalty, and proprietary assets.

The second exterior trend is market saturation. It is not clear whether the market is yet saturated, but it is indeed maturing. Competitor growth has outpaced sales growth in the craft beer industry nationally; this has led many to believe that the market in the U.S. is approaching a saturation point (Morris, 2015). Details on this point specific to Maine are evident in the industry analysis section of this study.

CHAPTER 2

CRAFT BREWERY INTERVIEWS

Methodology

The first half of this research focuses on the producer perspective of brand equity. In order to discover how Aaker's model applies to the craft beer industry in Maine, breweries from across the state were invited to participate in remote, in-depth interviews via zoom. Each interview lasted between 45 to 90 minutes. All interviews occurred over the course of a three-month period. In these interviews, qualified members of each brewery discussed their understanding and use of brand equity strategies as well as various other topics of discovery. The goal of the interview process is to understand the relevance of Aaker's model to the industry and to find out which component of Aaker's model is the most important to brand equity.

Sampling

There are 155 breweries in Maine with over 100 brands represented as several breweries have multiple locations and licenses (Maine Brewers Guild). In this study, six breweries were interviewed, making up approximately 3.87% of the total population when not accounting for breweries with multiple locations and licenses. Besides being over the age of twenty-one, no specific demographic attributes such as mental health, race, or gender were required of the interviewees. This study seeks to collect a diverse and indiscriminate range of perspectives that accurately reflect brewery ownership in Maine.

Brewery recruitment was based on convenience, judgment, and snowball sampling. In the early stages, convenience sampling was used based on brewery proximity to the University of Maine. Judgment sampling was also used in order to select a diverse range of breweries representative of the industry as a whole. Snowball sampling played a role in that participating breweries would sometimes assist the primary researcher in networking with other potential participant breweries. Recruitment took place primarily over email.

Interview Design

This research is exploratory and does not aim to provide any conclusive solutions to the research problem. Instead, the aim is to better understand brand equity in Maine's craft beer industry. While unstructured interviews are the most popular form of data collection for exploratory research (Dudovskiy, 2018), this study employs a semi-structured interview process guided by Aaker's brand equity model. Interviews allow for proper exploration of participant perceptions and experiences and are favorable for qualitative research (Cachia & Millward, 2011). The data resulting from the interview design is qualitative in nature as the questions are nearly all open-ended and geared towards intangible branding techniques. Qualitative data is vital to the outcome of these interviews in that it properly fulfills their exploratory nature. Quantitative methods are less capable than qualitative methods in considering participants' feelings, observations, and experiences (Benard, 2013). As this research requires rich data regarding these considerations, quantitative data is not the focus.

With this research yielding qualitative results, reaching data saturation is essential to achieving satisfactory findings. As such, the interview process aims to continue until a saturation point is reached (Saunders et al., 2018). Saturation is often described as "the point in data collection and analysis when new incoming data produces little or no new information to address the research question" (Guest et al., 2020, p. 2).

The interviews followed a guide (Appendix C) consisting of six major sections. The first section is introductory and seeks to gain necessary background information on the participant brewery. It includes basic information such as brewery age, production numbers, employee count, and understanding of brand equity. The second and third sections of the interview guide deal with a step-by-step exploration of Aaker's brand equity model as well as with topics of discovery, such as branding methods and influencing trends. Section four asked about the financial-based perspective, while section five asks participants to reflect on all the topics covered so far in relation to market saturation and competitive advantage. The sixth and final section asks about potential consumer and producer trends in the craft beer industry.

Ethical Research

This study complies with the University of Maine Policy and Procedures for the Protection of Human Subjects of Research. The primary researcher underwent necessary training and certification through the Collaborative Institutional Training Initiative (CITI) to conduct research involving human subjects. Upon review, this study was officially approved (Appendix A) by the Institutional Review Board for the Protection of Human

Subjects (IRB) on 9/28/2020 following several modifications. The study was judged exempt from further review under category 2 of IRB regulations.

<u>Analysis</u>

This study explores qualitative themes through a semi-structured interview process. As such, the data is coded to make sense of the emergent themes. Coding is a process in which specific codes, or tags, are assigned to themes found in the interview responses; these codes allow for the rapid identification of various qualitative informational groups (Miles & Huberman, 1994).

This analysis applies deductive reasoning. Deductive reasoning is when "the researcher looks for predetermined, existing subjects by testing hypotheses or principles" (Bengtsson, 2016, p. 10). As such, a directed content analysis approach was chosen for data analysis. Directed content analysis is a deductive approach to qualitative analysis, which begins with an existing framework and uses emergent themes to support the framework (Hsieh & Shannon, 2005). As Aaker's framework for brand equity acts as a guide for the interview process, it is also used here as the deductive framework. Coding processes with deductive reasoning design require the researcher to create a list of initial codes before beginning the official coding procedure (Bengtsson, 2016). The initial codes in this study are the five components of Aaker's brand equity model: Awareness (BE-AW), Loyalty (BE-LY), Perceived Quality (BE-PQ), Associations (BE-AS), and Proprietary Assets (BE-PA). Two extra initial codes exist based on the structure of the interviews, these being Saturation (EX-ST) and Marketing (EX-MK).

Atkinson's four-step guide to the analysis of case studies is loosely used as an aid

for this research's coding process. After the initial codes were determined, more detailed

expanded codes were formulated. These expanded codes represent smaller codes or

patterns falling within the different initial code families. After this process, Atkinson

suggests rationalizing the expanded codes. This process involves tailoring and

condensing all the expanded codes via the removal of duplications and anomalies that

may happen during their creation (Atkinson, 2002). The expanded codes were analyzed

and either deleted, merged with similar codes, or left alone. They were then all

transferred into the finalized tables of rationalized codes (Appendix B). Following the

rationalization step, it is necessary to tell the story of the data collected and either form

conclusions or propositions. Atkinson says that this process involves "linking each of the

rationalized codes to one or more of the propositions. At the end of this process, all the

rationalized codes will be associated with one or more propositions" (p. 10). To conclude

the analysis, the key findings for each initial code are discussed, with multiple

rationalized codes attached to every conclusion.

Participants

Table 2. Participating Breweries

Brewery	Barrels per year	Barrel System	# of Employees	Opening Year
A	2500	20	55	2015
B	400	3.5	7	2018
C	620	10	18	2016
D	4000	20	11	2014
E	100000	60	145	1995
F	20000	30	24	2010

Brewery identities are confidential in this research in order to avoid the possibility of leaking marketing secrets or sensitive industry opinions. Six breweries were interviewed in total, with one representative from each brewery participating in the interviews. Out of all the interviewees, only one held the position of "head brewer" while the rest were owners or co-owners. The primary researcher was the sole person conducting the interviews. The interview sessions lasted an average of 66 minutes, with the longest lasting 85 minutes and the shortest lasting 35 minutes. A diverse range of brewery size is represented in the participant pool, with the smallest brewery only producing 400 barrels per year and the largest producing 100,000 barrels per year. The diversity in size allows for a larger picture of what brand equity looks like at multiple production levels. Diversity in the participant pool extends to location as well; four Maine counties are represented. Brewery age is also diverse, with a 25-year difference existing between the youngest and oldest participants.

Results

In this section, the results of the six brewery interviews are compiled and discussed. Beyond the simple answers and discussion points outlined by the rationalized codes, this study seeks to look deeper into the meaning behind the responses to draw tentative conclusions. There was one main question asked of every interviewee that tied all the results together. The question posed to every brewery at the end of each interview was as follows:

"Out of the five components of brand equity we have discussed today, which do you see as the most important to your business model?"

Perceived Quality (PQ) had the most selections, with breweries A, B, and F all choosing it as the most important. Awareness (AW) came in second with two selections coming from breweries C and D. In third, Proprietary Assets (PA) received a single vote from brewery E. Associations (AS) and Loyalty (LY) came in last with zero breweries selecting them as the most important. This simple poll surmises that perceived quality is the most important component of Aaker's brand equity model for Maine craft breweries. The question was not asked of the participants until the end of the interviews because the objective was to walk through each component of Aaker's model, getting participants to think critically about how each component applies to their specific business models. The assumption going into the interviews was that the participants might not fully understand the characterizations of each component, but after lengthy discussion, they would be able to reflect on each component and make educated points.

<u>Awareness (BE-AW)</u>

The full results of this category are coded in Appendix B within table B1. With awareness coming in second, receiving two votes from breweries C and D, it is generally seen as an essential component, and it prompted lots of discussion. Perhaps the most unique characterization for awareness is that it is seen by three breweries as the foundational component from which the other four components of brand equity stem (BE-AW-FN). Brewery D believes that the more awareness increases, the more potential

exists for the other four components to be utilized; therefore, they chose awareness as the most important component. If this is indeed the case, it stands that building awareness in the early stages of brewery development is a necessary first step in establishing a solid brand. To do this, five breweries cited developing canning lines as very helpful for building brand awareness regionally (BE-AW-CN).

Developing strong relationships with distributors and retailers is one of the most prominent ways to increase brand awareness, with four breweries all bringing the topic up in conversation (BE-AW-RL). A goal for brewery D early on was to develop strong relationships with bars and retailers that sold high volumes of beer to spread positive awareness. Brewery E measures awareness through the number of good things bar managers have to say about them to other bar managers.

The subcategory of community engagement (AW-CE) is something many participants hold as crucial for awareness. Four breweries all believe in authenticity when engaging with the community (AW-CE-AU), while two believe that they hold an obligation for leadership (AW-CE-LE). Five breweries all cite philanthropy events as key to their community engagement efforts (AW-CE-PH).

The other subcategory under awareness is product collaboration (AW-PC). Three breweries mention that product collaborations with other breweries do not necessarily help large craft breweries very much; instead, the benefit is felt by smaller breweries (AW-PC-SM). Overall, product collaborations do not seem to present a large opportunity for growth in awareness, as three breweries said that collaborations like these have a limited impact on awareness.

Based on the interview results, awareness appears to be the first step for Maine craft breweries in building brand equity. For established breweries, awareness may be increased through continual involvement and leadership in their local communities. Beyond this, maintaining positive and personal relationships with tap lines and distributors is critical. For smaller breweries, beginning a canning line and partnering with well-known breweries and local businesses are most likely the best techniques to build awareness.

Loyalty (BE-LY)

The complete list of codes for this category are in table B2 under Appendix B. With loyalty receiving zero selections as the most important factor of brand equity, there seems to be agreement among all participants that loyalty does not play a significant role in the craft beer industry. Four participants say that end consumer loyalty is not their goal (BE-LY-CL), while five state that loyalty is more of a factor with retailers and distributors (BE-LY-RD). Brewery D encapsulates the root of the loyalty problem well, saying, "inherently craft beer drinkers are experimental and not 100% loyal." Further, brewery C says that consumers are also simply loyal to styles instead of options. The overall impression is that individual consumers will drink five to six other brands, as noted by brewery D, and continually hunt for new and exciting brands when breweries become ubiquitous.

Instead of consumer loyalty, breweries strive for loyalty from restaurants and retailers. Breweries B and D say that loyalty plays a huge role with placement on retail shelves and in tap lines. While end consumers cannot necessarily be relied on to

consistently purchase the same beer brands, it appears that retailers and restaurants stay loyal to a brewery's product offerings; this, however, is contingent on proper interpersonal relationship building and consistent delivery of quality. Three breweries noted that consistency of quality is critical to success with building retailer and distributor loyalty (BE-LY-CQ). Brewery D mentions that being true to self and having a consistent product creates as much loyalty as you can get in the industry.

Under the subcategory of customer relationship management (LY-CM), several significant findings presented themselves. It appears that breweries do not place very much value in maintaining CRM systems. Moreover, four of the participants note using social media metrics as inconsequential to building brand loyalty (LY-CM-SM). Most breweries have limited access to purchase data on end consumers (LY-CM-EC). Brewery E notes that it does not know what percentage of sales in certain regions are repurchases, making it hard to estimate loyalty. It is interesting to note that two participants say that online ordering platforms created due to pandemic restrictions have provided better ability to track consumer purchasing habits (LY-CM-ON).

Overall, loyalty is a very small factor in craft brewery brand equity. Since individual consumers of craft beer are by nature experimental and averse to loyalty, an expectation of loyalty is unrealistic. However, breweries do strive for loyalty from retailers and restaurants.

Perceived Quality (BE-PQ)

Three breweries chose perceived quality as the most important component of Aaker's brand equity model, giving it the highest score in this research. All the codes for

this category are documented in table B3 under Appendix B. A clear-cut theme emerged when discussing this component with participants: delivery of consistent actual quality is the best way to build perceived quality (BE-PQ-AQ). Brewery F says they made investments early on in consistency of quality for their flagship beer – these investments have indeed paid off as brewery F now has one of the best-selling IPAs in Maine. Breweries A and B say that restaurants, distributors, and consumers expect consistent high quality; breweries build positive perceptions of quality when they fulfill these expectations.

The primary way consistency of quality can lead to positive quality perceptions is most likely through word of mouth. Three breweries point out that word of mouth quickly creates perceptions of brand quality - for better or for worse (BE-PQ-WM). Specifically, review platforms like Untapped as well as social media spread consumer opinion quickly. Beyond the end consumer, word of mouth spreads via bars and retailers through the discussion of experiences they have dealing with breweries.

Four breweries say that the cultural terroir of Maine helps with perceptions of quality (BE-PQ-TR). Brewery D says natural factors like water play a significant role in terroir, among other unique cultural aspects that are less tangible. However, brewery E points out that while Maine's cultural terroir is helpful in theory, they cannot quantitatively prove with confidence that it influences their perceived quality in a monetarily beneficial way.

There is one subcategory under perceived quality, and it deals with the price-quality correlation (PQ-CO). The overall implication from participants is that there is a low correlation between price and perceived quality in Maine's craft beer industry (PQ-

CO-WC). Four breweries state that price is primarily cost-based or dictated by the distributor (PQ-CO-CB). However, it is interesting to note that four breweries show signs of attempting to create perceptions through pricing (PQ-CO-CP).

With three breweries selecting perceived quality as the most important component, the question stands as to why it is valued more than awareness which came in second with two selections. Earlier, it is suggested that awareness may be most important for new breweries. However, upon establishment within the market, perceived quality may take over as the most essential aspect of brand equity because it justifies all the awareness built in the early stages of a brewery's development.

Associations (BE-AS)

The codes for associations are documented in table B4 under Appendix B. Associations received zero selections as the most important brand equity component. Generally, participants do not see associating their brands with specific actions, aesthetics, or mindsets as very important to their overall brand equity. Once again, authenticity presents itself as a common theme, with three breweries saying that any associations they create are not intentional; they simply strive to be authentic to themselves (BE-AS-AU).

While participants suggest that associations are not essential to brand equity, their use of sense of place branding (SoP) indicates that associations are not entirely neglected. Four breweries integrate Maine imagery into their branding, believing that the terroir associated with Maine brewing increases positive brand associations (BE-AS-ME). Brewery E went so far as to say that they "absolutely embrace a sense of place," while

brewery A believes that embracing Maine themes in branding efforts will become a major trend moving forward. Brewery F says that while on-premises selling is a small percentage of its business model, the associations that come with it massively impact band value.

There is near complete agreement amongst participants regarding user imagery (BE-AS-UI). Five breweries express that they are doubtful how important user imagery is to brand associations and that they hardly curate user imagery at all. Brewery F makes the point that they do not try and target specific segments or demographics through special imagery; they simply brand in ways that are true to themselves. On the other hand, brewery D promotes active lifestyles on social media to attract young people and create positive associations (BE-AS-LS).

Overall, it seems that associations do not play a significant role in brand equity within the Maine craft beer industry. While efforts are indeed made to create associations, most notably through SoP, there is no direct or tangible benefit from doing so. Brand associations may serve as a complimentary background to more important components such as awareness or perceived quality.

Proprietary Assets (BE-PA)

This component of Aaker's brand equity model received only one vote as the most important. The fully coded results are seen in table B5 under Appendix B. The single vote comes from brewery E, which happens to be the largest brewery in the participant pool at 100,000 barrels produced a year. As craft beer is a reasonably open

industry in terms of copyrights and patented technology, participants had very little to say about this category.

Of all the different kinds of proprietary assets, trademarks are the only somewhat significant player in the craft beer industry. Breweries trademark their company names and logos, but these are usually the extent of their proprietary assets. Two breweries say that they have been involved in trademark disputes with both breweries and non-breweries (BE-PA-TD). While protecting trademarks seems to be somewhat important, three breweries make it clear that they want to avoid the appearance of being bullies (BE-PA-BU). Brewery B believes fighting every potential trademark infringement hurts their brand more than it helps.

The names of these flagship beers are identified by three participants as important proprietary assets even though they are usually not trademarked (BE-PA-FB). The three largest participant breweries are the ones who claim that their flagship beer names are valuable for brand equity.

While patented processes are not necessarily a significant part of the brewing industry, trade secrets do somewhat play a role. Breweries C and E both mention that they have secret production methods that they do not share with competitors (BE-PA-TS). Brewery E states that they have developed secret methods for maintaining outstanding consistency and quality.

Overall, proprietary assets play a minor role in brand equity within the Maine craft beer industry. Brewery E's decision to choose proprietary assets stems from its unique positioning in terms of history and size. Younger breweries with smaller production numbers simply do not have the positioning advantage to effectively make use

of proprietary assets in the same way. However, protecting brand and beer names in a respectable and friendly manner still plays a role in brand equity at any stage of a brewery's lifecycle.

Saturation (EX-ST)

The first of the extra categories outside of brand equity, market saturation is a selected topic of discovery in this research because it provides valuable context. The full coded results are in table B6 under Appendix B. While still a very young industry, craft beer has seen lots of growth over recent years.

Participants in this research were each asked if they believed the current market was saturated or simply maturing. Five of the six participating breweries say the market is not saturated yet (ST-SR-MT). Only 18-20% of beer sold in Maine is craft, according to brewery B. With such a small market share compared to macro beer, there is still potential for Maine craft beer to grow (EX-ST-MS). As explained by brewery D, since the yearly percentage of craft beer sales in Maine continues to increase, just a simple 1% increase in market share makes room for ten more craft breweries to open.

Three breweries believe that there is a sort of stratification of saturation in the market (EX-ST-SS). However, these breweries still believe that overall market saturation does not exist yet. Brewery B says boutique beer retailers and restaurant tap lines are saturated, but grocery store chains still present a viable retail opportunity. Brewery E thinks that even though the space for large breweries is limited, plenty of room still exists for small breweries to open as well as for current breweries to grow.

Four breweries claim that there is still a strong sense of friendly coopetition in the industry (EX-ST-CP). Large breweries help small ones get started in the industry, and neighboring breweries help increase beer tourism traffic for each other. However, four breweries indicate that there has been a recent increase in competition (EX-ST-CM).

Marketing (EX-MK)

This is the second and last extra category of interview data. The full results are recorded in table B7 of Appendix B. Participants were asked about the trajectory of marketing efforts in the craft beer industry going forward. Based on this section's responses, it appears that marketing efforts are a minor parts of brewery business models. Most craft breweries simply do not have the employee numbers or the financial means to make marketing a priority.

The majority of the participants say that they do not have plans to increase marketing budgets in the future (EX-MK-NI). Breweries B and D, however, do see themselves increasing marketing investment in the future (EX-MK-II). Moreover, both these breweries claim that developing brand equity is a critical aspect of their businesses (EX-MK-BC). Brewery B states, "all you have is your brand," pointing to the product uniformity present in the craft beer industry.

The only emergent theme regarding marketing trends going forward is that social media might be utilized much more (EX-MK-SM). Two breweries state that they brought on employees recently for social media development, while brewery C says that social media will become more important as the market becomes more saturated.

CHAPTER 3

CONSUMER SURVEY

Rationale

Brands are only successful if consumers embrace them. As such, brand equity

clearly is not a one-sided equation – consumer perspective is as necessary to building

positive brand equity as proper producer curation is. Ultimately this research would not

fully be complete without the perceptions of craft beer consumers taken into account.

While the participant breweries do provide significant insight into how Aaker's model

applies to the Maine craft beer industry, the opinions of craft beer consumers in Maine

are still required to paint the full picture. With the brewery interview results serving as a

basis for comparison, the results of an anonymous consumer survey with questions

relating to Aaker's model can be used to discover whether or not there is perceptual

misalignment between consumers and producers in the industry. This kind of

misalignment between company defined brand image and consumer perception of brand

is documented in multiple industries (Ross & Harradine, 2011). More importantly, the

alignment of producer and consumer brand perspectives is sometimes a valuable source

of customer satisfaction (Anisimova, 2010). The goal of this chapter is to pose a survey

to consumers in the Maine craft beer industry to see if their opinions on various

components of brand equity are in alignment with the opinions of the six breweries

interviewed in chapter 2.

<center>Methodology</center>

Sampling

   Maine craft beer consumers over the age of 21 are the target audience for the

survey. The goal is to simply capture the perceptions of Maine consumers on Maine beer.

This study does not take into account perceptions in the craft beer industry outside of

Maine. Non-probability self-selection sampling was used to acquire survey responses. As

an anonymous link to the survey was posted publicly online, it was up to every individual

whether or not they wanted to take part in the survey. As such, the survey only captures

responses of people who have a desire to share their perceptions, while excluding

responses from people much less inclined to click the survey link and spend time

responding to questions.

   The social media sites Facebook and Reddit were used as distribution channels.

The Maine Brewers Guild assisted in the distribution of the survey over Facebook by

posting the survey with a brief description to their official page. From there, followers of

the Guild could decide to take the survey, and in some cases, people would even share the

survey to their own pages. The primary researcher himself posted the survey link to a

public forum on Reddit titled "r/mainebeer" along with a brief explanation of the research

and the goal of the survey. The assumption here is that the majority of Reddit users on

this forum are from Maine and actively consume and engage with Maine craft beer. As

such, they fit within the target audience for this research.

Design

   The consumer survey questions are based on concepts from Aaker's brand equity

model as well as emergent themes from the brewery interviews. While the survey

<center>35</center>

questions (Appendix D) do not directly ask participants about brand equity or the specific

components of brand equity, the questions do each relate to subjects that influence the

five brand equity components identified by Aaker. In most cases, the questions directly

relate to topics discussed during the brewery interviews. This approach was decided

under the assumption that the average consumer would not fully understand direct

questions relating to Aaker's brand equity model without some kind of extensive

explanation. As a result, it is necessary to simplify the survey questions in a way that best

fits average consumer knowledge.

Several research questions have been generated going into the consumer survey

segment of this research. These questions are based on key findings from the brewery

interview process. It is the goal of this survey to not only better understand the

perceptions craft beer consumers in Maine have regarding brewery branding methods, but

also to discover if breweries are correct in some of their assumptions about consumer

behavior and preference. The following are the generated research questions:

1. Do breweries and consumers share the same perspectives regarding the price-
   quality correlation?
2. Do consumers demonstrate the disloyal behavior assumed of them by breweries?
3. Do breweries and consumers share the same perspectives regarding the low
   importance of brand associations?

Of the twenty-seven total questions, eighteen relate to the components of Aaker's

model, five are categorical segmentation questions, two are demographic related, one is

an age verification, and one is a consent agreement. Only four components of Aaker's brand equity model are used in the consumer survey. The brand assets component is excluded as it does not significantly relate to consumer perceptions in a meaningful way and does not directly impact the purchasing decision. Six questions relate to associations, five relate to loyalty, four relate to awareness, and three relate to perceived quality. While the questions do not cover all areas and topics discussed during the interview process, as to do so would result in a survey far too long, the selected questions are the most applicable to the consumer experience and will provide insight into how craft beer consumer purchasing habits impact Asker's five components of brand equity.

Most of the questions directly relating to brand equity are semantic differential scales (SDS). The semantic differential scale rates attitudes based on positions between two bipolar extremes (Osgood et al., 1957). According to Osgood, there are three different dimensions which the scale can measure; these dimensions are evaluation, potency, and activity. In this research, the potency dimension is observed. Survey respondents are asked on a 1 to 5 scale the degree to which a particular variable influences their purchasing decision. These variables were brought up during the interview process and each relate to one of the five components of brand equity.

The end consumer's purchasing decision is the dependent variable for the semantic differential scale questions. As final purchase decisions result in concrete sales velocity feedback for breweries, it is fitting that it should be used as the variable to describe the impact of various components of brand equity. Measuring purchasing intent in regard to brand equity has been used several times in the past. MacKenzie et al. (1986) first used this method in a seven-point differential scale, where they found adequate

reliability of results via Cronbach's alpha. Years later, Faircloth et al. (2001) again used a similar purchasing intent measure on a semantic differential scale to study the effects brand attitude and brand image have on overall brand equity.

Analysis

First, determining a statistically significant difference between the two survey populations was required. While both surveys contained the exact same questions, the two were distributed online via two different channels. Because of this variability, it is necessary to check the population and response differences. To check the populations, frequency analysis was used. To test for significant difference between the means of the SDS responses, independent t-tests were run on each question with the survey type serving as the grouping variable. Further, a chi-square test was conducted to determine if there was a difference between categorical responses between the two populations.

The top 2 box method was also utilized for data analysis in this research. Several categorical and ordinal questions that previously had non-dichotomous responses were recoded in order to assist in interpretation and to provide dichotomous categorical grouping variables. The newly converted dichotomous grouping variables allow for several independent sample t-tests to be run.

There is some debate on whether semantic differential data is ordinal or scale in nature. It has been generally accepted for a while that Likert style questions are ordinal in nature (Marateb, 2014), however, there are times when interpreting as scale is appropriate. Harpe (2015) recommends that "individual rating items with numerical response formats at least five categories in length may generally be treated as continuous

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data" (pp. 842). He sees the insistence on ordinal interpretation of Likert style items as far too strict. It is becoming more widely accepted at this point that SDS and Likert questions can be analyzed as both ordinal and scale. For this research, all five-point SDS questions are treated as scale, and as such, parametric tests are utilized for interpretation.

Means for the semantic differential (SDS) questions were generated and compiled into a table in order to determine which ones were the most important to consumers. As the SDS questions in this research are determined as scale in nature, calculating the means is an appropriate measure for description. The SDS questions are interpreted solely as scale throughout the entirety of the analysis. With the means in mind, further descriptive and inferential statistics were run to help test the three research questions. Each question is tested in its own section, with two extra sections analyzing significant findings regarding awareness and saturation. All data analyses both, descriptive and inferential, were conducted using the statistical software JASP. Some results were further compiled in Excel.

For the price-quality research question, simple descriptive statistics as well as a multinomial test were run to check if the question results regarding the price-quality correlation are significant. The multinomial test decides whether or not the actual proportion of responses significantly differs from the expected proportion of responses. For the multinomial tests, a p-value of less than .05 is determined as significant in this research. Further, contingency tables were used to show how the price-quality question relates to quality perceptions for different size breweries.

Regarding research question #2, frequency analysis was conducted in order to determine the general loyalty habits of the sample population. Again, both multinomial

tests and contingency tables were utilized in this section of analysis due to the categorical nature of the questions regarding loyalty.

For the analysis of research question #3, the SDS questions were utilized. Most of them related to associations in some way, and as such, were informative to the overall importance of brand associations to end-consumer purchasing decisions. Pearson correlations were run to determine if the SDS factors relating to brand associations were correlated with one another. Determining these correlations is important as it ensures that the factors relating to brand associations truly do relate to one another, thus improving the accuracy of brewery assumptions made during the interview process. For all the correlations, a p-value below .05 was determined as significant. A correlation coefficient of .3 to .5 was classified as medium in strength, while anything above .5 was classified as strong. Independent sample t-tests were also utilized in this section in order to determine how the means of two SDS variables differ between two independent groups.

Finally, responses relating to brand awareness were analyzed to determine the significance of its importance to the end consumer. Paired sample t-test were used to determine if significant differences exist between the mean scores of the SDS questions. Pearson correlations were also run to discover if any variables in the survey related to the SDS question regarding brand recognition. Similar to the brand associations tests, running correlations between factors supposedly pertaining to awareness aids in the determining of whether or not actions like community engagement are truly related to brand recognition as breweries seem to think.

A total of 100 people responded to the survey over three weeks. Of these 100 respondents, 60 came from Reddit, and 40 came from Facebook. The survey posted to Reddit is coded as 1, while the survey on Facebook is coded as 0. Tables 3 and 4 below compare the two population demographics.

Table 3. Facebook and Reddit survey genders

Survey Type	Gender	Frequency	Percent	Valid Percent	Cumulative Percent
0	Male	27	67.500	71.053	71.053
	Female	11	27.500	28.947	100.000
	Other	0	0.000	0.000	100.000
	Missing	2	5.000		
	Total	40	100.000		
1	Male	44	73.333	73.333	73.333
	Female	15	25.000	25.000	98.333
	Other	1	1.667	1.667	100.000
	Missing	0	0.000		
	Total	60	100.000		

Table 4. Facebook and Reddit survey ages

	Group	N	Mean	SD	SE
Age	0	38	41.237	12.356	2.004
	1	60	34.533	9.475	1.223

While the population demographics appear relatively similar, the degree of difference between their responses is the most important factor in this case. In order to safely aggregate the results into a single population, the variability between the two populations cannot be seen as significant. Table 5 below shows a table of independent

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sample t-tests testing whether there is a difference in the means of the semantic

differential scale responses between the Facebook and Reddit populations. The null

hypotheses in all tests are that there are no differences between the two sets of population

means.

Table 5. Independent sample t-test results between Reddit and Facebook SDS responses

Variables	t	df	p
Effect of sustainability on purchasing decision	0.074	98	0.941
Effect of lifestyle interest alignment on purchasing decision	1.109	98	0.270
Effect of brand recognition on purchasing decision	0.508	98	0.613
Effect of word of mouth on perceived quality	-0.043	96	0.966
Familiarity with craft beer industry	2.763	96	0.007
Effect of personal values alignment on purchasing decision	0.270	98	0.788
Choice of brands	-2.132	96	0.036
Effect of experimental ingredients on purchasing decision	-1.194	95	0.235
Effect of SoP on purchasing decision	0.520	98	0.604
Effect of product collaboration on purchasing decision	1.920	97	0.058
Effect of label design on purchasing decision	-0.554	98	0.581
Effect of community engagement on purchasing decision	1.911	98	0.059

The null hypotheses for ten out of the twelve tests are not rejected, as the p-values

are greater than .05. Based on these t-tests, there is overall no significant difference

between Facebook and Reddit responses. Of the twelve t-tests, only two resulted in p-

values of under .05, indicating significant differences between the two population means

regarding two SDS questions. As only two out of twelve SDS questions have significant

differences in means, it is reasonable to treat both populations as similar. Thus, the two

populations are merged into a single population for the rest of the analysis.

To serve as a guide for the analyzing the research questions, the means of all the SDS questions were calculated and put into a table, as seen below in table 6. In this table, the variables can be ranked in terms of their effect on consumer purchasing decisions.

Table 6. Ranked SDS question means for impact on purchasing decisions

Variable	Mean	Mode	Standard Dev	Missing
recognition	3.69	4	0.96	0
experimental ingredients	3.40	4	1.10	3
personal values	3.31	4	1.20	0
product collaboration	3.31	3	1.09	1
label design	3.20	3	1.10	0
community engagement	3.19	4	1.13	0
sustainability	3.09	4	1.10	0
lifestyle interests	2.94	3	1.18	0
SoP	2.93	4	1.09	0

Beyond the mean effect on each purchasing decision variable, quality perceptions for different brewery sizes are also interesting to note. Participants were asked to rate their quality perceptions of different-sized breweries on a 1-5 Likert scale in order to determine how production size alone influences perceived quality. Table 7 below displays the results.

Table 7. Positive quality perceptions regarding brewery size

barrels per year	Frequency	Percent	Missing
5,000-39,999	56	57.73%	3
under 5,000	52	53.61%	3
40,000-100,000	40	41.24%	3
over 100,000	19	19.79%	4

The results of table 7 were produced using a top 2 box method in which the ordinal data from the original 5-point Likert scale questions was condensed into categorical data that is simpler to interpret. Levels four (somewhat high quality) and five (very high quality) for each scale were combined to produce the frequencies and percentages of each production size. For instance, the 5,000-39,000 production size received 57.73% positive quality scores (4 and 5), while 42.27 respondents rated it as either neutral (3) or low quality (2 and 1).

Research Question #1

The first research question generated from the brewery interviews results is that there is no difference between brewery and consumer perspectives on the price-quality correlation. Based on the interviews, the consensus from breweries is that there is no significant correlation between price and quality in the Maine craft beer industry. Because of this, the use of premium pricing strategies to build brand equity through perceived quality is not something breweries seek to do.

One survey question was crafted to discover if consumers truly do not associate higher prices with higher quality. The question asked participants to select either product quality, premium pricing, or brewery operating costs as the main reason for a price difference between two beers of the same style and alcohol percentage.

Table 8. Frequencies for price difference

Reasons	Frequency	Percent	Valid Percent	Cumulative Percent
Product Quality	21	21.000	21.875	21.875
Premium Pricing	28	28.000	29.167	51.042
Brewery Operating Costs	47	47.000	48.958	100.000
Missing	4	4.000		
Total	100	100.000		

Table 8 above shows the results of the price-quality correlation question. An overwhelming 47% of the respondents chose operating costs as the main reason for the price difference, while only 21% selected product quality. A multinomial test produced a p-value of .003, indicating that the observed distribution of responses is significantly different from an expected even distribution. It is clear here that craft beer consumers in Maine do not associate higher-priced beer with being of higher quality. These findings are in alignment with Maine craft brewery expectations.

Research Question #2

The second research question answered by the consumer survey asks whether or not consumers demonstrate the disloyal behavior assumed of them by craft breweries. The participating breweries in this research suggested that consumers do not stay loyal to a single brand. Instead, they tend to consume multiple brands and demonstrate loyalty to a particular beer style rather than to an actual brand name. For these reasons, Maine craft breweries do not see loyalty as important to brand equity.

Only 21% of respondents consume 1-2 brands per month, while 79% consume over 3 brands per month. 27% of this majority consume over 6 brands per month. From these descriptive statistics, it appears that most consumers do not dedicate themselves to a single brand.
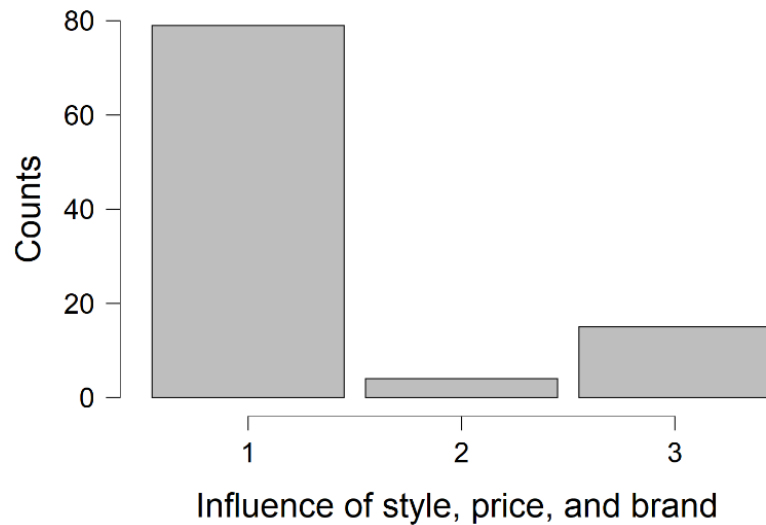
Figure 1. Influence of style, price, and brand on consumer purchasing decisions.
Note. 1 = style, 2 = price, 3 = brand

According to figure 1 above, beer style was selected by 79% as having the most influence over their purchasing decision. Once again, these findings are in alignment with brewery perceptions. A common theme from the interview process was that consumers are loyal to styles, exciting ingredients, and "the next big thing" more than brands themselves; this is evident in the consumer survey results.

60% of respondents reported not taking part in any craft beer loyalty programs such as mug clubs or email lists. Another 32% take part in 1-2 programs, while only 8% are involved in more than two. It is evident that most consumers are not interested in joining loyalty programs. When they do decide to participate in programs, they usually limit themselves to one or two breweries. So, while most consumers may not practice

loyalty strictly in terms of purchases, they at the very least demonstrate a moderate amount of loyalty when it comes to participating in programs.

As a final indication of loyalty behavior, social media page followings were measured. Nearly 70% of the population follows more than three different craft breweries on social media, while 68% of that population follows more than five accounts. From these results, it seems that the general consumer is interested in the content and news produced by multiple brands.

Research Question #3

The third and final research question pertains to whether or not brand associations significantly impact the end-consumer. Brand associations did not get a single brewery selection as the most important component of brand equity. Many breweries indicated that associative tools like sense of place (SoP) marketing and user imagery are insignificant to their branding efforts.

Based purely on mean purchasing decision impact, consumers indicate that brand associations are not very important; these results are documented in table 9. Out of all the semantic differential scale (SDS) questions, the one regarding SoP received the lowest mean score of 2.93 out of 5. Second to last was brewery lifestyle interest alignment, with a 2.94/5 mean impact on purchasing decisions. However, lifestyle interests are only one of the major aspects of user imagery. Brewery alignment with personal values, the other aspect of user imagery, scored third highest for purchasing decision impact with a mean score of 3.31/5. Based on these scores, it seems as though consumer perceptions are generally in alignment with brewery expectations. Just as breweries predicted, associative

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techniques like SoP and user imagery do not play an important role in branding. However, the alignment of personal values does seem to be important to consumers; this somewhat goes against brewery expectations. User imagery might be a more effective strategy than breweries previously thought.

Several Pearson correlations were run to test if different associative qualities are correlated with one another. By running these correlations, a clearer picture is painted as to how different brand associations are related, if at all.

Table 9. Correlation between brewery lifestyle interest alignment and personal values alignment

Variable		Effect of lifestyle interest alignment on purchasing decision	Effect of personal values alignment on purchasing decision
1. Effect of lifestyle interest alignment on purchasing decision	Pearson's r	—	
	p-value	—	
2. Effect of personal values alignment on purchasing decision	Pearson's r	0.611	—
	p-value	< .001	—

Note. Pearson correlation

Table 9 above shows results from a Pearson correlation between the lifestyle interest alignment and personal values alignment SDS questions. The test results point to a strong positive correlation between the two variables; this means that most respondents who reported lifestyle interest alignment having a strong effect on their purchasing decision also reported personal value alignment having a strong effect. This correlation makes sense, as both variables are aspects of user imagery. However, it is curious that personal values received such a higher mean score than lifestyle interests overall.

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Another Pearson correlation was run to determine if a relationship exists between brewery sustainability efforts and brewery alignment with personal values. Table 10 below shows the results of this test.

Table 10. Correlation between brewery personal values alignment and sustainability efforts

Variable		Effect of personal values alignment on purchasing decision	Effect of sustainability on purchasing decision
1. Personal values alignment	Pearson's r	—	
	p-value	—	
2. Sustainability efforts	Pearson's r	0.649	—
	p-value	< .001	—

Note. Pearson correlation

Based on a p-value of below .05 and r = .649, a strong positive correlation exists between brewery alignment with personal values and brewery sustainability efforts concerning their effect on purchasing decisions. However, brewery sustainability efforts received a low overall purchasing decision effect score, unlike personal values alignment. One possible interpretation of this low score is that the effect of brewery sustainability on purchasing decisions is mediated by alignment with personal values.

Several independent sample t-tests were run to determine whether certain consumers had more affinity than others towards associative aspects like SoP and lifestyle interests. First, a test was run to determine if a difference in mean lifestyle interest alignment scores exists between two populations of brewery social media account followers. The two populations are described in table 11 below.

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Table 11. Difference in lifestyle interest alignment effect on heavy and light social media followers

Independent Samples T-Test

	t	df	p
Effect of lifestyle interest alignment on purchasing decision	-0.391	97	0.696

Groups

	Group	N	Mean	SD	SE
Effect of lifestyle interest alignment on purchasing decision	1	69	2.899	1.214	0.146
	0	30	3.000	1.114	0.203

Note. 1 = three or more accounts followed, 0 = less than three accounts followed

The null hypothesis, in this case, is that there is no difference between the two groups. A resulting p-value of .696 fails to reject the null hypothesis, suggesting that there is no significant difference between the two population means. In other words, the number of breweries a person follows on social media does not indicate how much brewery lifestyle interest alignment affects their purchasing decision. This is an interesting finding in that several participating breweries said that they try to promote lifestyle imagery on their social media pages to build positive associations. Based on the results of this test, it seems that heavier social media users are not necessarily swayed more by personal interest alignment.

A second t-test determines if a difference exists between the effect SoP has on two different groups. The two groups in question are people who buy beer on-site at breweries two times a week or under, and people who buy on-site three times a week or more. The two groups are summarized in table 12 below.

Table 12. Difference in SoP's effect on heavy and light on-site purchasers

Independent Samples T-Test

	t	df	p
Effect of SoP on purchasing decision	2.380	96	0.019

Groups

	Group	N	Mean	SD	SE
Effect of SoP on purchasing decision	0	93	2.968	1.078	0.112
	1	5	1.800	0.837	0.374

Note. 0 = twice or less, 1 = three times or more

The null hypothesis is that there is no difference between the two populations. Following an independent samples t-test, a resulting p-value of .019 rejects the null hypothesis, suggesting a significant difference between the two population means. It stands that people who purchase craft beer on-site less frequently, oddly enough, rate SoP's effect on their purchasing decision as greater than people who purchase on-site more frequently.

Overall, it seems as if breweries are correct in their assumptions that brand associations do not play a significant role in building brand equity amongst consumers. However, while associations may generally be less important than other aspects of brand equity, they cannot be discounted completely. Results suggest that consumers do see alignment with personal values as important to their purchasing decisions; this is something breweries should continue to focus on.

Additional Findings

Outside of the three primary research questions, there remain several additional findings that are quite notable. While these findings do not necessarily help to answer the

main research questions, they do relate to smaller themes from the interview process. As such, they help to explore the overall goal of whether or not misalignment exists between consumers and breweries regarding branding techniques.

The first finding is that end-consumers seem to think that the craft beer market is more so on the saturated side than not. This opinion differs from the perspectives of five participating breweries who believe that the market is maturing but not yet saturated. Respondents in the survey were asked to qualify the choice of craft beer brands available in Maine. Respondents answered on a modified five-point semantic differential scale, with one being "too little" and five being "overwhelming." A middle ground anchoring option of 3 being "just right" was also provided. 71% of respondents reported the level of brands available in Maine as greater than "just right"(3), with 60% of that group reporting to be "overwhelmed" (5). Table 13 below shows the rest of the descriptive results.

Table 13. Consumer rating of available brands in Maine

	Choice of brands
Valid	98
Missing	2
Mean	4.041
Mode	5.000
Std. Deviation	1.045
Minimum	2.000
Maximum	5.000

With a mode of 5 and a mean score of 4.04, it is clear that the average consumer feels there are too many brands of craft beer available in Maine. Many breweries feel as if there is still plenty of room for growth in the craft beer market. Several of them point to

craft beer's low overall market share compared to macrobeer as evidence for growth

potential. However, based on this survey's results, they may want to consider the

consumer's perspective on this matter more.

The second additional finding pertains to the brand equity component of

awareness. Awareness came second in the interview process as the most critical part of

Aaker's brand equity model. Based on the results of the consumer survey, consumers

reflect the same sentiment. Brand recognition received the highest mean purchasing

decision effect score of 3.69. A paired samples t-test resulting in $p = .043$ revealed that

this mean is significantly larger than that of the second-highest scoring variable,

experimental ingredients.

One of the key parts of awareness is recognition. While this research looked into

product collaboration and community engagement as methods for building awareness, the

survey results point out that these variables may not help build awareness as much as

previously thought. Breweries indicated that community engagement was a high priority

of theirs that generates goodwill and awareness. Product collaboration, on the other hand,

does not contribute very much to awareness. Three Pearson correlations were conducted

to determine the relationships recognition, community engagement, and product

collaboration have with one another.

Table 14. Pearson correlations between recognition, community engagement, and product collaboration

Variable		Effect of brand recognition on purchasing decision	Effect of community engagement on purchasing decision	Effect of product collaboration on purchasing decision
1 Brand recognition	n	—		
	Pearson's r	—		
	p-value	—		
2. Community engagement	n	100	—	
	Pearson's r	0.139	—	
	p-value	0.168	—	
3. Product collaboration	n	99	99	—
	Pearson's r	0.009	0.576	—
	p-value	0.933	< .001	—

Based on table 14 above, there is no significant correlation between brand recognition and community engagement. There is also no significant correlation between recognition and product collaboration. These results suggest that while brand recognition strongly impacts the purchasing decision, community engagement and product collaboration may not be the best ways to achieve recognition.

The final two additional findings concern respondent age. First, it appears that a small negative correlation exists between age and the effect of label design on purchasing decisions. The results of a Pearson correlation run between the two variables are shown below in table 15.

Table 15. Pearson correlation between age and label design

Variable		Age	Effect of label design on purchasing decision
1. Age	Pearson's r	—	
	p-value	—	
2. Effect of label design on purchasing decision	Pearson's r	-0.272	—
	p-value	0.007	—

According to this correlation, the older a consumer is, the less of an impact label design has on their purchasing decision. This is significant in that label design was pointed out as an effective way to increase awareness by breweries. If this is indeed the case, research needs to be conducted on how to effectively design labels for consumers segmented by age.

The second finding relating to age is that the effect word of mouth has on perceptions of quality has a small negative correlation with age. The result of a Pearson correlation ran between the two variables is displayed below in table 16.

Table 16. Pearson correlation between age and the effect of word of mouth on perceived quality

Variable		Effect of word of mouth on perceived quality	Age
1. Effect of word of mouth on perceived quality	n		—
	Pearson's r		—
	p-value		—
2. Age	n	96	—
	Pearson's r	-0.297	—
	p-value	0.003	—

Based on a p-value of less than .05 and a Pearson's $r = -0.297$, it is clear that the older a respondent is, the less word of mouth effects their perception of a brewery's quality. This finding could be attributed to the fact that older people might be less inclined to look up brewery reviews online or read social media comments. Or, perhaps it is because they have more experience and already hold established preferences.

CHAPTER 4

DISCUSSION & CONCLUSION

Discussion

Many breweries see perceived quality and awareness as the most important aspects of brand equity, while associations and proprietary assets play much smaller roles. Loyalty is perhaps the least important brand equity component in Maine's craft beer industry. While loyalty is often considered one of the leading factors in building brand equity in many other industries, breweries seem to view it as unattainable and unrealistic due to the nature of the market and the consumers involved.

For established breweries, focusing on curating high perceptions of quality through consistency, honesty, and complementary associations are the main contributing factors to positive brand equity. For new entrants, building awareness through distribution, relationship building, and community engagement is critical. While proprietary assets currently are not a high priority for breweries, this could change in coming years. With rising competition, trademark disputes are likely to increase. The slow erosion of coopetition could cause breweries to develop and protect other potential technological assets going forward, like trade secrets and patents.

Regarding consumer perspectives on brand equity, awareness again seems to be of high importance. This is made evident through brand recognition having the strongest effect on purchasing decisions. Experimental ingredients and the alignment of personal values are also perceived by consumers as important, as they have the second and third

strongest effect on purchasing decisions, respectively. Consumers also indicate that brand associations and loyalty are not very important to them. Just as breweries predicted, the average craft beer consumer does not seem to display strong brand loyalty, with beer style being the predominant reasoning behind purchase intent. Consumer perspectives on perceptions of quality and proprietary assets are very limited in this research as not many questions in the survey focused on these subjects.

Consumers are generally overwhelmed by how many craft beer brands are available to them in Maine; this hints at market saturation at the end-consumer level. While it is true that craft beer's overall market share in Maine is still low, end-consumer perceptions still need to be considered. Consumers also do not associate higher prices with higher quality, which is very curious as a strong price-quality correlation influences many industries. Based on these findings, consumers probably see the current offerings on the market as relatively uniform. Future research should be conducted on the reasoning for this weak price-quality correlation in the craft beer industry and how it affects brewery marketing efforts and pricing strategies.

Overall, breweries have a fairly accurate understanding of consumer perspectives regarding branding techniques. While there are no indications of major perspective misalignment between breweries and consumers, there are still several small areas where misalignment may exist. For one, breweries need to be more conscientious about how consumers feel about the market's saturation. Going forward, consumers might become increasingly confused about the number of options available to them and what really makes them "craft" anymore. Further, increasing the number of brand options on shelves in an already overwhelmed market might lead to consistently diminishing returns. The

second area of misalignment is how user imagery might be underutilized. Breweries made it clear that user imagery is not critical to their branding efforts; however, consumers rated brewery alignment with personal values as having a significant impact on purchasing decisions.

Based on the findings of this research, breweries should consider several factors to develop brand equity. For one, breweries should put resources towards the building of brand awareness and perceived quality. In order to do this, breweries should seek to maximize their brand recognition, make use of experimental ingredients, and prioritize consistency in order to generate positive word of mouth. Breweries should generally avoid investment into building loyalty, as craft beer consumers demonstrate considerably disloyal behavior. However, it might be worth the effort for breweries to create online POS systems for order and delivery; this allows for better tracking of end-consumer purchasing data. Breweries should also avoid premium pricing strategies since consumer loyalty is minimal and because there is a low price-quality correlation present in the industry. Finally, breweries should seek to build brand associations by aligning their own personal values with the values of a target market through honest and straightforward communication and marketing.

<div align="center">Limitations</div>

This research has several notable limitations. First, only six breweries out of the one hundred and fifty-five operating in Maine were interviewed. As such, only about 4% of the total population participated in the research. The comparison between consumer and brewery perspectives is also slightly limited in that the data from the breweries is

qualitative while the survey results are a mix of qualitative and quantitative data. The survey questions were also not the same as the interview questions, as they only referenced Aaker's model in indirect ways. As such, there are severe limitations to comparing the two data sets. Self-selection bias is also present in the consumer survey, as all participants chose to voluntarily take the survey if it interested them; this bias potentially results in a participant pool that only reflects a specific segment of the overall sought-after population. Finally, the survey responses were highly uniform in nature, indicating a population with limited diversity and variance. Central tendency bias was present, with many respondents favoring middle-ground options on Likert and semantic differential scale questions. A larger respondent population would help reduce these biases, increase response diversity, and increase overall accuracy.

<center>Conclusion</center>

Overall, Aaker's model was helpful in analyzing brand equity in the Maine craft beer industry. Breweries generally demonstrated a good understanding of all five brand equity components and provided lots of insight into how they utilize each one. Perceived quality is the most important aspect of brand equity for Maine craft breweries, while brand awareness seems to be the most important component to Maine consumers. For the most part, brewery and consumer perspectives on branding are in alignment. As such, breweries presently seem to be building brand equity correctly. However, the industry shows signs of saturation and eroding coopetition, indicating the rising importance of unique competitive advantage. While craft breweries indeed utilize Aaker's five components of brand equity, there is still not enough data to show whether or not they

will be vital in developing sustainable competitive advantage in the coming years. For

future research, each component should be extensively studied on its own to better

pinpoint the exact strategies that drive each one.

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APPENDICIES

APPENDIX A: IRB APPROVAL LETTER

APPLICATION COVER PAGE

APPLICATION FOR APPROVAL OF RESEARCH WITH HUMAN SUBJECTS
Protection of Human Subjects Review Board, 400 Corbett Hall

PRINCIPAL INVESTIGATOR: Gustav Anderson   **EMAIL:** gustav.anderson@maine.edu
FACULTY SPONSOR: Dmitri Markovitch   **EMAIL:** dmitri.markovitch@maine.edu
  (Required if PI is a student):
TITLE OF PROJECT: Brand Equity in the Maine Craft Beer Industry
START DATE: 09/28/2020   **PI DEPARTMENT:**   Business

STATUS OF PI: U

       If PI is a student, is this research to be performed:

          ☒   for an honors thesis/senior thesis/capstone?   ☐   for a master's thesis?
          ☐   for a doctoral dissertation?   ☐   for a course project?
          ☐   other (specify)

Submitting the application indicates the principal investigator's agreement to abide by the responsibilities outlined in Section I.E. of the Policies and Procedures for the Protection of Human Subjects.

Faculty Sponsors are responsible for oversight of research conducted by their students. The Faculty Sponsor ensures that he/she has read the application and that the conduct of such research will be in accordance with the University of Maine's Policies and Procedures for the Protection of Human Subjects of Research. REMINDER: if the principal investigator is an undergraduate student, the Faculty Sponsor MUST submit the application to the IRB.

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FOR IRB USE ONLY   Application # 2020-08-07   Review (F/E): E   Expedited Category:
ACTION TAKEN:

     ☒   Judged Exempt; category 2   Modifications required? Yes Accepted (date) 9/28/2020
     ☐   Approved as submitted. Date of next review: by   Degree of Risk:
     ☐   Approved pending modifications. Date of next review: by   Degree of Risk:
             Modifications accepted (date):
     ☐   Not approved (see attached statement)
     ☐   Judged not research with human subjects

         FINAL APPROVAL TO BEGIN   9/28/2020
                                        Date

Table B1. Awareness Codes

Awareness (BE-AW)					
Independent Codes					
General Code	**Category Code**	**Specific Code**	**Code Decription**	**Brewery**	**Summary**
BE	AW	CN	Benefit of introducing canning line	A	can art is distinct and helps differentiate the brand. Famous artist makes all designs
				B	recent introduction of canning line increased awareness locally and in new regions
				C	can art incorporates distinct geometric shapes and bright colors that makes brand pop on shelves
				D	canning with savvy distributor
				F	first brewery in state to launch 12oz cans
BE	AW	FN	Awareness as a foudnation	B	see as umbrella for other components
				C	without it, can't really use the other components
				D	the more it increases, the more potential there is to utilize other 4 components
BE	AW	FL	Significance of flagship beer	D	every IPA drinker in state knows their flagship beer's name
				E	flagship staple beer on tap in nearly every maine bar
				F	best selling IPA in maine and first IPA of its kind in the state
BE	AW	TO	Beer tourism	A	Beer Trail has helped gahter new consumers tremendously well due to their strategic location
				B	Beer Trail helpful so far for growth
				C	maine's high reputation makes Beer Trail popular which in turn helps the brewery's traffic
BE	AW	RL	Relationship building with retailers/distributors	B	hired sales person specifically to work with building awareness through relationhip building in local area
				D	significant goal early on was to travel to bars with high beer sales and build relationships with them for placement
				E	measure awareness through the good things bar managers and distributors say about working with their brand
				F	limited release beer retail placement is very relationship based
Product Collaborations (AW-PC)					
Category Code	**Sub-Category Code**	**Specific Code**	**Code Decription**	**Brewery**	**Summary**
AW	PC	NA	ability to reach new audiences	B	cross promtion helps reach people they would not normally reach
				D	co-branding with non-breweries brings in whole new consumer base
AW	PC	SM	small breweries benefit the most	A	reached out to very large brewery and was declined
				E	young breweries should absolutely utilize
				F	have done collaborations in past to help increase awareness for smaller breweries
AW	PC	LW	low significance towards awareness	A	done many in past, but does not really to help with awareness
				B	not a key part of identity
				E	collaborations do not help their own brewery because already so large
Community Engagement (AW-CE)					
Category Code	**Sub-Category Code**	**Specific Code**	**Code Decription**	**Brewery**	**Summary**
AW	CE	AU	authentic in engagement	A	intent is not to benefit, intent is to be authentic and true to self
				D	participate in progressive events true to their heart
				E	"do the right thing and good will come out of it"
				F	do not do for own benefit, do because true to what they believe in
AW	CE	PH	philanthropic efforts	A	vetrans, dogs, and cancer events
				B	local charity events
				D	political and academic events
				E	enviroment and sustainability events
				F	speciality beer lines dedicated to parks and other philanthropic groups
AW	CE	LE	obligation for leadership	D	engage in guerilla marketing through being a leader in the community
				E	enviromental impact of brewing gives obligation to be a leader in the community - start conversations

Table B2. Loyalty Codes

Loyalty (BE-LY)					
Independent Codes					
General Code	Category Code	Specific Code	Code Decription	Brewery	Summary
BE	LY	RD	loyalty is a factor with retailers/distributors	B	loyalty plays a large role in keeping tap lines with bars
				C	restaurants aremuch more loyal than consumers
				D	Loyalty plays a huge role on the distributor/tap line side of thing
				E	overall they find strong loyalty present in tap lines
				F	loyalty comes from distributors and retailers
BE	LY	CQ	consistency in quality builds loyalty with distributors/retailers	B	promise and delivery of consistent quality is the reason some tap lines are loyal
				C	consistency and awareness help keep tap space in restaurants
				D	being consistent in product and being true to self creates as much loyalty as you can get
BE	LY	CL	end consumers not loyal in the industry	B	getting brand loyalty is very tough because consumers like to try new things. If brand becomes too unbiquitous, consumers seek new options
				C	people are more loyal to beer styles than beer brands
				D	"inherently craft beer drinkers are experimental and not 100% loyal." They drink 5-6 other brands, need to accept.
				F	consumers have loyalty to Maine craft beer, but not necessarily individual brands.
Customer Relationship Management (LY-CM)					
Category Code	Sub-Category Code	Specific Code	Code Decription	Brewery	Summary
LY	CM	SM	do not see tracking social media user metrics as critical to loyalty	A	can track via Facebook and Instagram POS, but do not see as heavily needed
				B	do not track metrics on social media very much
				D	understanding individual local consumers is a "smaller piece of the pie compared to distributors."
				E	Tracking demographics through social media not seen as important. Unreliable source for describing whole consumer base
LY	CM	ON	online orders due to pandemic helps track consumer purchasing	C	POS system with recent online ordering platform has helped track individual consumer preferences
				F	pandemic brought about delivery which allowed for a little more ability to track consumer loyalty
LY	CM	RG	track retail sales rates regionally	D	target retailers that sell high volumes of beer, promote product in high sales volume regions
				E	track sales velocity/repurchase rates in regions
				F	look at trends and velocities of beer sales in locations
LY	CM	EC	limited/no purchase data on the end consumer	C	have a difficult time measuring/quantifying consumer demographics, but would love to have the information
				D	understanding consuming habits of individual local consumers doesn't give them what they are looking for
				E	Unsure of how much of sales velocity is new consumer acquisition vs. repurchase rates
				F	do not have a way to track sales trends down to individual level

Table B3. Perceived Quality Codes

General Code	Category Code	Specific Code	Code Decription	Brewery	Summary
— Percieved Quality (BE-PQ)						

General Code	Category Code	Specific Code	Code Decription	Brewery	Summary
Percieved Quality (BE-PQ)					
Independent Codes					
General Code	Category Code	Specific Code	Code Decription	Brewery	Summary
BE	PQ	AQ	consistent actual quality	A	consistent high quality is expected
				B	consistent high quality is expected from tap lines and consumers
				E	focus on making best quality product on market - have maintained for a long time
				F	made investments into quality and consistency early on with flagship
BE	PQ	TR	cultural terroir of Maine	B	Maine beer has good reputation and this helps
				C	beer tourism is huge in maine due to the state's high reputation
				D	maine has great reputation due to successful big brands, water, and culture of excellence
				E	cannot back up with confidence that being from maine influences them in monetarily beneficial way
BE	PQ	WM	word of mouth/reviews	A	yelp and untapped give expectations
				C	untapped and social media. Untapped stars dictate selection for delivery startups like Tavour
				D	hire PR teams to get a lot of press when doing events
Price-Quality Correlation (PQ-CO)					
Category Code	Sub-Category Code	Specific Code	Code Decription	Brewery	Summary
PQ	CO	CB	pricing is mostly cost based or distributor based	A	price is tied to cost of goods more so than quality or premium pricing
				C	work closely with distributors when pricing
				D	brand managers who work for distributors are heavily involved in pricing
				F	once in a distribution tier, you have very little flexibility with pricing
PQ	CO	WC	weak correlation between price and percieved quality	A	price point does not dictate quality
				E	small minority may think price = better, but overall this is not the case
				F	New and exciting beers are hot items that will sell no matter the price
PQ	CO	CP	create perceptions through price	B	"approachable but still premium" - some companies charge premium even though most beer is same level of quality
				C	benchmark prices to comparable breweries in local area - want consumers to associate beer to quality competitors
				E	comfortable with costing a little extra and reflecting the cost in being a high quality company
				F	early on, aligned pricing with that of bigger brands with economies of scale

Table B4. Association Codes

General Code	Category Code	Specific Code	Code Decription	Brewery	Summary
**Associations (BE-AS)**				
BE	AS	AU	authenticity	A	intent is always to ge genuine when associating with anything
				E	try to be true to selves when promoting interests
				F	do things true to self
BE	AS	UI	user imagery	A	do not think about it much at all
				B	doubtful how many choose their beer due to imagery
				C	do not utilize user imagery
				D	use fun artwork and social media to draw in young people who don't take themselves seriously
				E	not a significant thing they try to do
				F	do not target certain segments or demographics
BE	AS	LS	active lifestyles promoted on social media	D	focus on lifestyle imagery
				E	show stuff regular people do not ever do so their audience can witness and enjoy it in a small way through them
				F	"blue collar, gritty, worker's beer"
BE	AS	OP	on premises	A	restaurant is right on water and has a german beer hall vibe - plays large role
				E	built on an on-premise model
				F	on premise is small percentage of business but massively important to intangible value
BE	AS	ME	maine imagery in branding	A	believes lots of breweries will hop on maine theme marketing
				D	promotes active lifestyles in famous maine places
				E	"absolutely embrace a sense of place". Use scenery of maine in brand
				F	outdoors and maine are major associations
BE	AS	LM	use of local landmarks in branding	B	use landmarks of local region regularly for labels and names
				F	use landmarks from maine on labels and sometimes for name inspiration

Table B5. Proprietary Assets Codes

					Proprietary Assets (BE-PA)
General Code	**Category Code**	**Specific Code**	**Code Decription**	**Brewery**	**Summary**
BE	PA	TD	involved in trademark dispute	A	have spent high legal fees on going up against large domestic brewery over trademark
				F	7 current ongoing trademark fights
BE	PA	BU	avoidance of bully imagery	A	have friendly agreements across country with businesses regarding fair use
				B	believe it would hurt brand to fight every potential trademark infringement
				D	need human connection when protecting copycat issues. Communication is key
BE	PA	TS	trade secrets	C	secret methods for making sour beers
				E	developed secrets for consistency and quality
BE	PA	FB	flagship beer names hold value	D	always should protect flagship beer name and imagery. Distinct names of beer hold value.
				E	longstanding and well recognized flagship beer has iconic brand status
				F	all trademark fights currently are to protect flaghship beer

Table B6. Saturation Codes

			Saturation (EX-ST)		
			Independent Codes		
General Code	**Category Code**	**Specific Code**	**Code Decription**	**Brewery**	**Summary**
EX	ST	SS	stratification of saturation	B	botique beer retailers and restaurant tap lines are saturated, but grocery store chains are good opportunity
				D	not much room for breweries to go national from Maine
				E	space for large breweries is limited; space for small breweries and growth of existing breweries remains
EX	ST	MS	small market share compared to macro breweries	B	only 18%-20% of beer sold in Maine is craft
				D	every year, the percentage of craft beer sales goes up. 1% increase makes room for 10 more breweries
EX	ST	CP	strong coopetition	B	Is helpful in small towns to have neighboring brewery
				C	large breweries help smaller breweries, brewer's guild helps with relationship building
				D	friendly coopetition still exists. Sense of togetherness is still very important.
				F	incredibly collaborative market; discussions are around how to move maine craft beer forward as a whole
EX	ST	CM	increasing competition	A	everyone is still friendly, but trade secrets are not given out as much anymore
				B	erosion is happening within friendly competition
				D	want to make sure their own company is winning. will not collaborate with bad brands.
				F	"so much competition"
			Overall Saturation Rating (ST-SR)		
Category Code	**Sub-Category Code**	**Specific Code**	**Code Decription**	**Brewery**	**Summary**
ST	SR	MT	Maturing	B	mature but not saturated yet
				C	still maturing, but getting close to saturated
				D	maturing
				E	"very crowded market place"
				F	do not think the market is saturated
ST	SR	ST	Saturated	A	has been lost in the shuffle with distributors because they deal with too many brands

Table B7. Marketing Codes

					Marketing (EX-MK)
					Independent Codes
General Code	Category Code	Specific Code	Code Decription	Brewery	Summary
EX	MK	SM	social media important	B	one employee brought on strictly for social media promotion
				C	social media will become more important as market becomes saturated
				F	brought on one employee strictly to engage with consumers through social media and email
EX	MK	BC	brand equity is critical	B	"all you have is your brand"
				D	developing brand equity through marketing is most critical point of business
EX	MK	NI	will not increase marketing investment	A	marketing will become smarter, but budgets will not increase towards it
				C	do not see themselves bringing on anyone specifically for marketing for a long time. Need to be much bigger.
				E	comfortable with large marketing investment as is
				F	no increase in marketing budgets
EX	MK	II	will increase marketing investment	B	sees company investing more in marketing in the future
				D	consistently try to learn from young people and stay fresh in image

APPENDIX C: BREWERY INTERVIEW GUIDE

Explain:

- Interview confidential
- Interview recorded
- Participation is voluntary, may stop at any time or refuse to answer questions
- Answers will be used in published thesis research
- Recordings will be deleted in May 2021

1. **Intro**
   a. Tell me a little bit about your company's history (how long has company existed?)
   b. What barrel system do you use?
   c. How many barrels per year do you produce?
   d. How many employees?
   e. Dedicated marketing/business department?
   f. Can you give me a general overview of how your company defines its brand image?
   g. understanding of brand equity?
        i. How familiar is your company with the concept of brand equity?
       ii. "the additional value that a recognizable brand name adds to a product offering"
      iii. *(Explain)* Customer based vs financial based
            1. *FB: "*the price it brings or could bring in the financial market and thus reflects expectations about the discounted value of future cash flows to an equivalent unbranded product"
            2. *CB: "*the differential effect of brand knowledge on consumer response to the marketing of a brand"
2. **Aaker's Brand Equity Model**
   a. According to this model, there are five key components that define the value of brand equity. Which of these do you see as the most important to your brand, or at least the one that you have the most success with?
        i. Brand Awareness
            1. Recall and recognition
            2. How aware are consumers of your brand in your local community as well as statewide?
       ii. Brand loyalty
            1. Are you able to track repeat customers in any way?

        2. How easily are you able to extend your product line with success?

    iii. Perceived quality

        1. Are you able to charge a premium for your product?

    iv. Brand associations

        1. What do people associate your brand with? How do you think people feel when they see your brand in stores during a split second purchasing decision?

    v. Patents and proprietary rights

3. **Methods of building brand equity**

   a. **SoP branding (brand associations)**

     i. Are you familiar with sense of place branding?

     ii. What kind of cultural characteristics of your local community do you incorporate into your brand?

        1. Folklore, town history, places of interest, etc

    iii. What is the role of the taproom beyond the delivery of beer, if any?

        1. Brand exposure?

        2. SoP?

   b. **Terroir (perceived quality) (brand association)**

     i. Terroir has always been a large part of the wine industry, particularly in terms of environmental and geographical characteristics. More recently, it has grown to incorporate all aspects of a region, including local culture and local adjunct ingredients. What kind of terroir is associated with your products?

     ii. How common is it for people to travel long distances simply to try your beer on-site?

        1. Is beer tourism a large part of your business, or do you focus most of your efforts to catering towards the local community?

   c. **User imagery (brand association)**

     i. People sometimes look for brands that reflect their own personality. What kind of personality does your company try to exude in order to attract a certain consumer?

   d. **CRM (brand loyalty)**

     i. How loyal are consumers to your brand?

        1. NPS (Net Promoter) scores?

        2. Online engagement?

        3. Tap space at bars?

        4. Most success in local area, or somewhere else in state?

     ii. What kind of understanding do you have of the demographics of your consumer base?

    iii. What kind of avenues for feedback do you provide for your customers?

      e. Local partnerships (brand awareness) (brand associations)
            i. What role do you see breweries playing in their local community?
           ii. What kind of product development campaigns with other small businesses in the area has your company involved itself in and can you explain the collaboration processes?
         iii. Do you see collaboration with other local businesses as a growing trend in how breweries reach new consumers, and if so, why?

4. Methods for tracking brand equity (financial based model)
    a. Awareness and perceived quality are two of the main ways brand equity is measured. What are the ways you measure or track these qualities?
    b. Can you put a financial value on your brand?

5. Saturation of market
    a. What does the current market saturation of the Maine craft beer industry signal for the future of the industry going forward?
    b. What are the ways a brewery can gain a competitive advantage in today's market?
        i. Have marketing budgets increased?
        ii. Role of building brand equity?
    c. When the craft beer boom first began, is it fair to say the mentality of the times was craft vs macro breweries like Anheuser-Busch?
        i. Has this mentality changed? In other words, do you still see a brewery the next town over from you as an ally, or is competition for customers increasing?

6. Consumer trends
    a. Is your current goal to grow and expand the company, or to stay small and local? Between these two options, is there a growing preference among consumers when it comes to perception of a craft brewery?
    b. What kinds of consumer and product trends do you see emerging in the industry?
    c. Marketing trends?

APPENDIX D: CONSUMER SURVEY

1. Approximately how many different brands of Maine craft beer do you buy in a single month?
   a. 1-2
   b. 3-4
   c. 5-6
   d. 6+
2. How many loyalty programs with Maine craft breweries (mug clubs, email lists, etc.) are you involved in?
   a. 0
   b. 1-2
   c. 3-4
   d. 5+
3. How many different Maine craft breweries do you follow on social media (Instagram, Twitter, Facebook)?
   a. 0
   b. 1-2
   c. 3-4
   d. 5+
4. Of the following three options, which influences your craft beer purchasing decision the most?
   a. Style (lager, IPA, stout, etc.)
   b. Price
   c. Brand name
5. If you had to drive to get your preferred brand of Maine beer, how far would you be willing to travel before considering other options?
   a. Under 10 minutes
   b. 10-20 minutes
   c. 21-30 minutes
   d. Over 30 minutes
6. *(Semantic Differential Scale)* To what extent does word of mouth (in-person conversations or online reviews) affect your perception of a brewery's quality?
7. *(Likert Scale)* What is your perception of quality of breweries that produce the following amounts of beer?
   a. Less than 5,000 barrels per year
   b. 5,000-39,999 barrels per year
   c. 40,000-100,000 barrels per year
   d. Over 100,000 barrels per year
8. Consider two 4-packs of 16-oz craft beer that are the same style and alcohol content but are different in price: $11.99 vs. $15.99. What do you think most likely accounts for the price difference?
   a. Product Quality
   b. Premium Pricing

      c.   Brewery Operating Costs

9. *(Likert Scale)* How likely are you to buy a brand of craft beer that you have never heard of?
10. *(Semantic Differential Scale)* On a scale from 1 to 5, how much does recognition of a brand influence your purchasing decision?
11. *(Semantic Differential Scale)* To what extent does a brewery's commitment to sustainability affect your purchasing decision?
12. *(Semantic Differential Scale)* To what extent does a brewery's alignment with your personal values influence your purchasing decision?
13. *(Semantic Differential Scale)* To what extent does a brewery's alignment with your own lifestyle interests influence your purchasing decision?
14. *(Semantic Differential Scale)* To what extent does brewery product collaboration with local businesses influence your purchasing decision?
15. *(Semantic Differential Scale)* To what extent does brewery engagement (fundraising, charities, etc.) in the local community influence your purchasing decision?
16. *(Semantic Differential Scale)* To what extent does label design/aesthetic affect your purchasing decision?
17. *(Semantic Differential Scale)* To what extent does a brewery's incorporation of local history, traditions, folklore, and landmarks affect your purchasing decision?
18. *(Semantic Differential Scale)* To what extent does a brewery's use of experimental and unique ingredients affect your purchasing decision?
19. *(Semantic Differential Scale)* How would you qualify the choice of craft beer brands (different producers) available to you in the State of Maine?
20. *(Semantic Differential Scale)* How would you rate your familiarity with the Maine craft beer industry (producers, process, and ingredients)?
21. In terms of individual bottles/cans/glasses, how much craft beer do you purchase in a week?
      a.   Less than one per week
      b.   1-4 per week
      c.   5-12 per week
      d.   13-24 per week
      e.   25+ per week
22. How often do you purchase craft beer specifically from retailers (not directly from breweries)?
      a.   Less than once a week
      b.   1-2 times per week
      c.   3-4 times per week
      d.   5+ times per week
23. How often do you purchase craft beer directly from a brewery in their taproom?
      a.   Less than once a week
      b.   1-2 times per week
      c.   3-4 times per week
      d.   5+ times per week
24. What is your age in years?
25. What gender do you identify as?

AUTHOR'S BIOGRAPHY

Gustav Anderson was born in Portland, Maine, on December 1, 1998. He was raised in Phippsburg, Maine, and graduated from Cheverus High School in 2017. Gustav is a business marketing major and new media minor. He plays for the University of Maine Ultimate Frisbee Team, is a study abroad ambassador for the Office of International Programs, a columnist for the *Maine Campus* student newspaper, a member of the 2019-20 Sophomore Owls class, and a member of the Beta Gamma Sigma and Alpha Lambda Delta honors societies. Upon graduation, Gustav plans on pursuing a career in marketing and brand management in New England.