

EDITORIAL



Beer, brewing, and regional studies

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Beer and brewing occupy an important role in societies. As an economic, nutritional and societal innovation, it is thought that the discovery of fermentation had an important role in transforming human beings from hunters to harvesters, pushing them to living in stable settlements about 14,000 BP (Hornsey, 2013). The development of brewing techniques and the alcoholic content of beer provided the means of preserving grain and enhancing its intoxicating effects (Brewer & Teeter, 2007). This provided an incentive for the domestication of plants and animals and fostered increasingly sophisticated agriculture techniques. Since then, brewing developed in Europe, Africa, the Middle East and China. Although fermentation is common across these regions, the specific processes, techniques and ingredients used to produce beer varied significantly (Hornsey, 2013). Furthermore, the importance of beer in local economies, and cultures reflected regional characteristics (Nelson, 2005).

There is substantial evidence of beer production and consumption throughout history. In Ancient Egypt, brewing was an established commercial activity by 5000 BCE, alongside bread-baking (Brewer & Teeter, 2007). It is possible that trade routes between Egypt and Greece influenced the brewing techniques used in producing Greek beer from 3000 BCE, illustrating the role beer played in early technology transfer across regions. In ancient Greece, beer was the beverage for the lower social classes (Hornsey, 2013). This tendency continued in Roman times: the consumption of beer (*cerevisia*) was considered 'uncivilised'. The commercial trade in wine flourished across the Mediterranean during the emergence and consolidation of the Roman Empire, and continued after the Empire's decline (Nelson, 2005). During the Middle Ages, when water was often polluted, beer was viewed as a healthier substitute and it was consumed across Europe, regardless of affluency or social classes. The rise of monasteries and the emergence of 'monastic brewing' progressively increased beer production and consumption in the British Isles, Germany, Scandinavia and the Low Countries – a trend which helped consolidate the Church's power (Poelmans & Swinnen, 2009). The 'discovery' of America in 1492 opened new commercial routes to beer; there is evidence

of brewing by native populations in Central America and, later, in Australasia. Thus, the production, trade and consumption of beer has played a role in economic and societal evolution for millennia (Poelmans & Swinnen, 2009).

Technological advancements in the 19th century, such as the introduction of refrigeration and pasteurisation techniques, changed the brewing process dramatically, enabling brewers to produce a 'standardised' product. The creation of rail networks transformed brewing into an industrial production process, thereby generating mass production and consumption. When combined with better packaging, these developments transformed beer into a global product. Similarly, global events shaped the beer industry (Garavaglia & Swinnen, 2018). Throughout Europe, the two world wars caused a slump in brewing because resources were transferred to the war effort. When production resumed, there was a shift towards industrial concentration, especially during the late 1970s, and the early 1980s when mergers and acquisitions concentrated market power in the hands of a few breweries. During this time, about three-quarters of the US market was supplied by four major brewers. Likewise, by the late 1980s, six large national brewers controlled the UK market (Cabras & Higgins, 2016). Similarly, three multinational companies – Heineken, Guinness (later Diageo) and Carlsberg – dominated the continental beer market. By 1999, four global brewers accounted for 60% of the world production of beer (by volume): Anheuser-Busch (25%), Interbrew (13%), Heineken (12%) and AmBev (later Inbev, 10%) (Cabras & Higgins, 2016).

Subsequently, however, there was the growth of 'craft beer', a loose term that primarily means brewing *not* done by large-scale producers. What this term means precisely, however, varies considerably. In the United States, the Brewers Association defines a small brewery as one that produces fewer than 6 million US barrels (7.15 million hectolitres; hL), 'only a little less than the entire volume brewed per annum in Ireland' (Bamforth & Cabras, 2016, p. 25). In the UK, micro- and craft breweries are usually considered to produce up to 5000 hL/year, a threshold that makes brewers eligible to claim a

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tax break. However, in Europe, breweries are considered craft when producing fewer than 1000 hL/year (Brewers of Europe, 2017). Another common classification for British and European breweries is based on the number of employees; craft breweries are defined as businesses employing fewer than 10 employees (Bamforth & Cabras, 2016). Thus, craft breweries are partly defined by size and economic considerations; however, they also convey *regional location*: craft beer is unique in terms of its palette, ingredients and production.

The rise of these smaller brewers in the past four decades was both swift and global. In 1980, the UK counted about 140 breweries, mostly medium-sized regional businesses operating alongside six major national brewers; by 2020, the former had increased to over 2400, the majority being small and micro-sized breweries (BBPA, 2021). In the same period, the number of breweries in the United States increased from 92 to more than 9500 (Brewers Association, 2022). Similar shifts have been experienced in both traditional beer-drinking countries – Germany and the Czech Republic – and major wine markets including France, Italy and Spain (Garavaglia & Swinnen, 2018). Since the early 2000s, the number of craft breweries has soared in South America, Australia, Russia, China and Japan; such beers have attracted a progressively larger segment of the global market. Several factors fed into this impressive growth: tax incentives for small entrepreneurs; a steady decline in costs of both materials and equipment; and a marked shift in consumer tastes. This latter is intrinsically tied to the rise of ‘neocalism’ and its associated perceptions of local produce as synonymous of quality and authenticity (Holtkamp et al., 2016). Thus, the evolution of the beer industry has moved from local to global and back again.

Despite this strength, the industry confronted challenges following the financial crisis of 2008–09, and the COVID-19 outbreak which decimated the global hospitality industry. Although small and medium-sized enterprises (SMEs) and micro-enterprises are traditionally championed for their agility (Cowling et al., 2020), the severe impact of these crises fractured traditional networks and customer interactions (Bailey et al., 2021). Whereas larger established brewers with traditionally robust supply chains and property portfolios were able to ride out the lockdowns imposed by COVID-19, smaller, younger brewers faced significantly greater challenges. Furthermore, as with SMEs in general, small brewers’ spatial location and related proximity and/or distance to demand and supply networks severely affected their ability to operate efficiently during these crises (Martin et al., 2016). Again, for breweries, geography assumed a significant role in shaping the conduct, strategy, attitude, and performance of their business activities at different levels (Sutton & Arku, 2022).

A growing literature has addressed the impact of the brewing industry on national and local economies, and their related effects on employment, social networks and supply chains. In the past years, several scholars worldwide have investigated these themes in multiple ways. For

instance, in his work addressing the geography of brands and branding, Pike (2015) focused on the case of Newcastle Brown Ale, originally brewed in Newcastle upon Tyne (UK), to explore and conceptualise ‘origination’: the linkage between peoples’ perceptions and products and places. McGrath and O’Toole (2017) investigated microbreweries in Belgium to better understand the relationship between family management and relational capabilities within small businesses. Drakopoulou Dodd et al. (2018) examined the development of collaborative business models and hybrid logics in the Irish craft beer sector, demonstrating how both local and global strategies based on collective resource sharing can tackle resource scarcity in this industry. Finally, Nilsson et al. (2020) explored the role of craft breweries in revitalising economically distressed neighbourhoods across the United States; for example, demonstrating the positive impact they had on property values.

While beer and breweries continue to attract research, there is a paucity of work regarding the impact of beer and brewing within economic geography, entrepreneurship and, more poignantly, regional studies. This paucity is surprising, given the economic significance and leverage of the beer and brewing industry worldwide. According to Fortune Business Insight (2020), the global beer market will grow from US\$768.12 billion in 2021 to US\$989.5 billion in 2028. The growth is mainly characterised by raising demand in Africa and Asia, aside traditional demand across markets in America and Western Europe; and by increasing levels of beer consumption among younger segments of consumers. Regardless their size, breweries are important generators of employment and represent a significant component in the supply chain linking different other industries and sectors: from the raw material such as barley and hops provided from agriculture, to the machinery and equipment supplied by industrial manufacturers necessary to the brewing as well as the packaging processes; from the logistic and transport companies which facilitate the distribution and selling of beers, to the multiple forms and volumes of trade rotating around on- and off-licence premises across hospitality/restaurant/catering (HoReCa) worldwide. Particularly at a local level, breweries are part of the wider network of businesses comprising pubs and bars which offer flexible employment and training opportunities to specific categories of workers (e.g., young employees at a point of entry in the job market, or lone parents) who might not find any jobs otherwise (Mount & Cabras, 2015). In addition, as many breweries frequently operate a taproom or a brew pub at their premises, they play an important role as third places by facilitating the creation and accumulation of social capital within local communities (Callois & Aubert, 2007). These aspects are relevant in view of appreciating and properly assess the relevance of breweries in the contexts of regional economic and social development.

The collection of articles presented in this special issue addresses and explores several themes and subjects related to beer and brewing that have been somehow neglected by the regional studies and wider economic geography fields,

such as the contribution of the brewing industry to national, regional and local economies; their role in developing entrepreneurial ventures and skilled labour, and its position within supply chains, as well as social networks and the creation of social capital. The objective of this special issue, therefore, is to provide an original contribution to this field by examining the impact of beer and brewing from a global and local perspective, addressing its role in creating economic and social development worldwide, and investigating its different spatial patterns and geographical perspectives.

Garavaglia and Borgoni (2022, in this issue) examine the diffusion of small and craft breweries in Italy. Their findings suggest that the presence of incumbent craft breweries in an area positively influences the founding of new craft breweries within spatial proximity, corroborating the idea of a positive impact of the number of existing firms on the probability of observing new firms in the same area: spatial proximity matters in fostering the legitimisation/contagion effect. Similarly, Andersen and Christensen (2022, in this issue) examine the importance of agglomeration economics and clustering by analysing the Danish micro-brewing industry. Using the lens of industry life cycle theory, the authors demonstrate that strong regional and local embeddedness alters the economic rationality that normally determines when firms exit an industry. The absence of strong clustering and formal networking, as well as the formation of 'temporary clusters', are key in terms of developing key in terms of developing regional embeddedness resulting in resilient structures at a local level.

Cabras et al. (2023, in this issue) analyse the impact of COVID-19 on UK craft breweries and its effects on local economies and societies. Their investigation found that location, for instance being in urban, suburban or rural areas; affected how breweries reacted to the pandemic crisis, with breweries located in spatially remote and peripheral areas suffering significantly more from the crisis compared to breweries located elsewhere. Bakucs and Ferto (2022, in this issue) address the market and spatial determinants of breweries' location in Hungary. Demand-side factors such as levels of income and education, higher younger population, and population density, as well as supply-side factors such as access to water, positively affect the number of breweries in a given location. Ren et al. (2022, in this issue) examine the spillover effects associated with retail price promotions in Germany. Analysing weekly promotional retail prices of leading manufacturer's brands across the country, the authors explore the effects of price promotions across time and location, discovering that such promotions also boost the sales of neighbouring retailers during periods of peak demand.

Palardy et al. (2023, in this issue) assess the impact of a 2019 statute on full-strength beer in the US state of Colorado on craft brewers one year after its implementation. Their findings demonstrate that regulatory changes can influence the market dynamics underlying business location decisions: access to grocery stores provides a bigger advantage for larger craft breweries compared with

smaller breweries. Finally, using a cross-comparative qualitative analysis of craft beer labels in Wales (UK) and Brittany (France), Bowen and Miller (2022, in this issue) investigate provenance representations in the marketing and promotion of craft beers. The authors emphasise the value of craft brewing to local economies through 'social terroir' and consumers' connections to place, which promote social and economic sustainability and stimulates local beer tourism.

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