

# **Crafting a South African Brew:**

**A Descriptive study of South African Craft Breweries and their Marketing Strategies**

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A minor dissertation submitted in partial fulfilment of the requirements for the award of the degree of Master of Arts in Media Theory and Practice.

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2015

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# Abstract

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### ABSTRACT

In recent years South Africa has seen the formation of a nascent craft beer industry, with scores of small, independently owned breweries appearing in all corners of the country. Given this growth, this descriptive study aims to provide an account of the marketing strategies used within the industry. This study used method and data triangulation, involving both qualitative and quantitative research approaches. Consecutive sampling of all active South African craft breweries was used, in order to give a holistic and accurate account (where n=86). Data was analysed through qualitative content analysis of surveys administered to 24 craft brewers. Furthermore, social media data from the Facebook and Twitter pages of the 86 breweries was analysed quantitatively and through inferential statistics. This aimed at determining whether there were relationships between social media activity and audience size and engagement. The results of this research suggest that craft breweries in South Africa rely heavily on below-the-line and direct marketing tactics. The social media analysis also showed significant positive correlations between brewery-driven activity and audience size as well as engagement.

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# Introduction

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As South Africa is the birthplace of SABMiller, currently the 2<sup>nd</sup> largest brewery in the world, it is unsurprising that their brands (through their subsidiary, SAB Ltd) have dominated the South African beer market since the mid-1950s<sup>1</sup>. This remains true, and as of 2012 figures, SAB Ltd maintains a 90% market share in South Africa (Econometrix, 2013). Other brands on South African shelves have tended to be imported beers, themselves owned by multinational companies. With this multinational control, is the pervasiveness of lagers as the standard beer style in South Africa. In many ways, the South African beer market resembles its much larger counterpart in the United States, with parallel histories of consolidation and the predominance of standard lagers. Another way in which the South African brewing industry is similar to that of the U.S. is in the emergence of scores of independently owned breweries, standing under the broad banner of “craft beer”. South Africa’s craft beer industry is certainly in its infancy and total market share is estimated to be around 1% of South Africa’s beer market (Hedley, 2014). While we might dismiss this figure as trivial, it is worth noting that the U.S. craft beer market share has grown considerably from 1998, where it accounted for 2.6%, to 2013, where it accounted for 7.8% market share (Molla, 2014). Their steep growth in market share saw the U.S. craft beer industry throw down the gauntlet to big beer in 2014 and as a category, they outsold one of America’s largest brands, Budweiser (Weissmann, 2014).

While the two countries are indubitably different demographically and economically, these figures serve to show that craft beer has managed, in a small way, to shift consumer preference and challenge the industry status quo. While it seems unlikely that South African craft beer will begin to steal significant market share from SAB Ltd anytime soon, there is precipitous growth in the *number* of operating craft breweries. The first craft brewery offering an alternative to standard lagers in South Africa, Mitchell’s Brewing, opened its doors in 1983 (Corne & Reyneke, 2013). Mitchell’s Brewing, after years of stagnation, is currently reporting “at least 20% growth year on year over the past few years” (Hedley, 2014), which could arguably be due to the sudden interest in craft beers. The Nottingham Brewery followed Mitchell’s, opening its doors in 1996 (Corne & Reyneke, 2013). However, it was not until the late 2000s that the number

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<sup>1</sup> See Mager (2008) for more on consolidation within the South African brewing industry.

of craft breweries began to flourish. At the point of publishing in 2013, the writers of *African Brew*, the first comprehensive account of the SA craft industry, Corne and Reyneke (2013) stated that there were over 40 operating microbreweries. In a more recent blog post in March 2014, Corne (2014) estimates that there are now 80-90 licensed microbreweries. This vast year-on-year jump should be considered with caution, as currently there appear to be significant issues with obtaining a liquor licence in South Africa<sup>2</sup>. This may be a reason for this sudden increase, with many licences possibly being granted at one time.

What is apparent, and will be explored in the chapters that follow, is that craft breweries locally and abroad are not employing mainstream and traditional advertising channels to market themselves. The reasons are numerous and will be studied in the literature review. Broadly, craft breweries are hamstrung by small budgets and tend to rely on cheaper below-the-line tactics. Below-the-line strategies refer to marketing techniques such as in-store promotions, product samples, and social media (Chandler & Murray, 2011). In other words, direct marketing to the consumer. This is compared with traditional, or above-the-line marketing, which refers to distributing adverts through mass-media channels such as radio, television, billboards, and print (Chandler & Murray, 2011). In South Africa, beer has the largest advertising expenditure compared to other alcohol; making up 43.7% of total alcoholic beverages advertising spend in 2012 (Econometrix, 2013). Similarly, as will be shown with regard to other countries, big beer brands tend to have large marketing budgets and they advertise prolifically.

Fiscal constraints aside, this research explores how craft beer tends to consciously define itself in contrast to its macro-brewed counterpart. An increased focus on taste as a defining feature of the product and varied beer styles are some of the ways in which they differentiate themselves from macro beer. In addition, it will be shown how craft breweries tend to leverage a sense of authenticity about their product and brewing processes. In this regard, it will be analysed how this fits into broader food and beverage trends, where increasingly communities are moving away from homogenous, mass-

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<sup>2</sup> Rob Heynes of the online distributor, League of Beers advises that you can wait anywhere from 6 months to 2 years for a licence (Heynes, 2012). In July 2014, A High Court judge called on the public protector to investigate the “malfunctioning” issuing of liquor licences, particularly liquor distribution licences (Venter, 2014).

produced commodities and towards artisanal, locally-produced and hand-crafted products. Furthermore, this research explores how breweries dually use below-the-line strategies as a means to circumvent high advertising costs, in addition to maintaining a personal connection with the consumer in a way that is complementary to their handcrafted brand persona. That is, the research analysed below shows that craft breweries often use word-of-mouth to promote themselves. Furthermore direct marketing through festivals and tastings are shown to be important features. It will also be explored how these breweries, in line with the niche positions they occupy, directly target niche markets, particularly their local communities.

The literature review positions craft breweries within the broader small-to-medium business segment, drawing on research in this area in order to understand the marketing practices used by small firms. This considers the role of social media for these small businesses, particularly as a tool for cost-effective marketing, as well as a way to establish business-to-business connections. Furthermore, this study analyses the position of craft breweries as small businesses in other countries of the world.

It is within this context that this study is premised. According to initial observations, it appeared that South African craft breweries were largely using social media as the major way to spread the word about their products and activities. As a descriptive research project, this study seeks to investigate this assumption by describing the marketing and promotional activities of South African craft breweries using both qualitative and quantitative techniques.

In terms of the qualitative research component, this study used in-depth, open-ended surveys, which were administered to craft breweries around South Africa. The interpretive research paradigm guided this facet of the project in order to represent the phenomena adequately. Survey questions were informed by the literature, with the ultimate goal of investigating the marketing practices of the country's craft breweries. This section of the project used iterative processes, which insured that investigative procedures were sensitive to the changing needs of the research. This was an important feature, given that surveys and coding categories had to be revised. Following the collection of the surveys, the textual data was analysed using qualitative content analysis and coding categories were formed inductively from the surveys. This method allowed measurable indices to be drawn from the data and broader trends to be

presented. Although, as seen in the results section, some of the responses were qualitatively analysed in order to bring additional support to the observations.

The second part of this research project was quantitative and used social media data obtained from the Facebook and Twitter accounts of South African craft breweries. The data was compiled from social media metrics, and aimed at giving insight into how active breweries were on social media. Furthermore, inferential statistics attempted to determine whether there was a relationship between brewery-driven social media activities and the popularity of their accounts. Popularity is used as a holdall term and refers to the size of the audience that the account reaches, as well as the degree to which consumers engaged with the pages. More specifically, the analysis measured three dimensions of social media, including brewery-driven activities, audience size, and engagement.

At this point, it must be stressed that this study is not making causal claims about social media activity and audience increases. Again, this is a descriptive project and merely attempts to investigate what marketing activities South African breweries are engaged in, as well as the relationship between their social media activities and the size of the audience or the engagement of consumers.

That said, there exists a schism between industry-based knowledge and academic research on the topic of social media for marketing (Coleman & Heriot, 2013). As is shown in the review, there is a wealth of information on how companies can optimize their social media performance, for example the enticing “26 ways to engage your Fans on Facebook” (Hemley, 2013). In response to the vast increase in the amount of measurable metrics that social media now gives, there are a plethora of private companies offering social media analysis for businesses and at a considerable price. Cresci et al. (2014:194), however, provide evidence that many of these companies keep their research methods opaque and furthermore that the analytics results are “questionable”. Therefore, through clear methodological processes and statistical analysis, this research attempts to add to the body of academic knowledge, in contrast to industry-based claims.

In addition, it will be shown in the literature review that there are many industry-based articles on how craft breweries abroad can better utilise social media (thereby

insinuating that they are already active). There is however, little academic research on the use of social media by craft breweries. This study attempts to contribute to an understanding of this phenomenon. In addition, there is very little research attention given to the burgeoning craft beer segment in South Africa. Therefore, while it is apparent that there is growth in the industry, there is still very little understanding of how it functions. Consequently, this project intends to describe marketing practices within the industry and shed light on this business segment.

Lastly, by considering South African craft breweries within the small to medium business segment, this research can draw attention to social media activities by small businesses in South Africa, an area of research that is lacking. This is particularly important given that small businesses are a key focus of South Africa's National Development Plan and are seen as one of the ways to strengthen the economy and reduce unemployment (Mathe, 2013). Within this context, this research may offer ways in which small businesses can circumvent restrictively high advertising costs and successfully promote themselves through cheap channels.

# Literature Review

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## Introduction

Academic work on the use of social media by craft beer is underdeveloped. At the time of writing almost no academic work exists on the relationship between the craft beer segment and their use of social media in branding, promotions, advertising, or marketing. Expanding the literature search to include social media usage by food-related craft or artisanal enterprises, for example small bakeries and wineries, similarly turned up few results. The paucity of academic research in the area generally reflects the chasm between industry knowledge and academic knowledge in the field of social media use for small businesses, particularly craft-related ones. As Coleman and Heriot (2013:2) state with regard to social media analysis, “the practical literature contains several models for the deployment of social media, but these have not been designed to guide academic research”. Given the dearth of research in this area, this review draws on work in the fields relevant to this study, therefore, a short review of alcohol advertising on social media formed a useful starting point. In addition, because there is a lack of research on craft beer and social media, this review explores the literature on general trends within craft beer marketing and advertising in order to glean some of the ways in which they attract consumers. As the below research will show, the craft segment is largely made up of small businesses. Due to this, research on small-to-medium enterprise use of social media was included. Craft breweries experience similar material limitations as other SMEs. Therefore, it is hoped that a review of this literature gives some insight into marketing practices on online social networks within this particular commercial bracket.

As mentioned, academic studies on social media practices are in the developing stages and new online social networks emerge frequently. It is a useful starting point in this review to provide a clear definition of what social media is. Social media platforms are considered a manifestation of Web 2.0, where user-generated content is created and shared within online communities (Kaplan & Haenlein, 2010; Keitzmann et al., 2011; Stokes, 2011). This serves as a broad definition for social media platforms, although it will be seen below that much of the academic and lay attention is focussed on the larger

social networks such as Twitter and Facebook. Nevertheless, this definition serves to foreground this literature review.

## **Alcohol marketing and Social Media**

The research on alcohol promotions through social media is largely concerned with its negative effects, particularly because of the marketing of alcohol to minors and young adults (Brodmerkel & Carah, 2013; Mart, 2011; Nicholls, 2012). While this is an important area for investigation, it is not of primary concern here. Although highlighting the negative effects of alcohol advertising, Mart (2011) finds that the main aim of alcohol advertising on social media is to attract positive word-of-mouth through consumer feedback. This positive word-of-mouth is generated by any individual's interaction with the particular brand page which is then broadcast to the consumer's online social network (Mart, 2011).

Nicholls (2012) thematically analysed the Facebook and Twitter pages of 12 top-performing alcohol brands in the U.K., ranging from spirits to beer. The author found that these brands commonly stimulated conversations about the brand through interactive techniques, such as questions or quizzes. Furthermore, interaction included real world tie-ins, such as ticket competitions for branded events. The author also found that the brands often attempted to "encourage a routine approach to alcohol consumption" (Nicholls, 2012:4). These findings are likewise articulated in terms of the regulation of alcohol advertising online and the results support regulation. Brodmerkel and Carah (2013) found in studying the Facebook pages of two Australian alcohol brand pages that the brands attempted to embed themselves in the everyday lives of consumers and their research similarly finds in favour of regulation.

Only a few studies on online alcohol marketing do not place their findings within the context of advertising regulation. One such case study by Morrish and Deacon (2011) analyses two alcohol brands in terms of small business marketing strategies. The authors found that word-of-mouth was a fundamental tool in their marketing strategies – this meant that the small businesses did not have to spend great amounts on "managed marketing campaigns" (2011:121). The authors found that with one brand, using social media to create a loyal community of consumers meant that the limited financial resources could be focussed on product quality (Morrish & Deacon, 2011). Uzonglu &

Öksüz (2014) analysed a social media campaign used by a Turkish alcohol brand, especially as a means to overcome advertising restrictions on alcohol. The authors established that the brand used social media to interact with consumers, “reach a wider audience, and exert a more effective, more persuasive influence” than would be otherwise possible in mainstream media, especially given the restrictions.

Some research exists on the use of interactional, online communication by wine producers. Reyneke et al. (2011) completed an analysis on the visibility of five luxury Bordeaux wine brands on social media. Although these wines are luxury brands, by virtue of their small scale, the authors treat them as small businesses that need to maintain a strong brand presence in order to succeed. While this paper serves as an exploratory study aimed at guiding wine marketers, the authors did find that some of the wineries did not have clear social media strategies. The authors recommend that attention be paid to such strategies in order to harness the increasing popularity of social media. In a similar analysis, Thach (2009) uses the term “Wine 2.0” to describe the use of Web 2.0 qualities of two-way communication and interaction by 208 wineries in the US. Thach (2009) limited the analysis to e-mail responses and website content analysis of the selected wineries, finding that wineries need to include more interactive strategies in their marketing efforts, as a way to develop relationships with consumers.

In South Africa, a small local winery, Stormhoek, exploited the capabilities of Web 2.0 when launching their product in the U.K. in 2005. They offered free bottles of their wine to U.K. bloggers who were over 21 years old and had been blogging for at least three months (McNichol, 2007). Although the bloggers were not obliged to write about their wines, about 100 did. They extended the campaign by inviting bloggers (In the U.K., the U.S., France, and Spain) to host dinner parties for which Stormhoek Wine was provided (Bennet, 2007). Between 2005 and 2007, Stormhoek’s sales trebled and they attribute this to the user-driven social media marketing of their product (Bennet, 2007). Additionally, the campaign was considered relatively cheap (McNichol, 2007). The designation of Wine 2.0 seems apt here and it is apparent how social media can help to develop relationships with customers as well as how consumers themselves can act as informal brand ambassadors.

## Craft Breweries as Small Businesses

While the above section of the literature review considers social media marketing used by the alcohol industry in general, it has been useful to this study to consider the use of social media by small to medium enterprises (SMEs), precisely because craft breweries can be categorised within this bracket. Various, the literature on international craft beer markets discusses how craft breweries are small to medium enterprises. Alonso (2011) studied the benefits of micro-brewing (as an small to medium business) to the tourism sector in Alabama. Through a study of the British brewing industry, Woolverton and Parcell, (2008) and Lewis (2001) found that in contrast to consolidated industry players, micro-breweries as small firms were experiencing growth. Stack (2003) documented the rise of entrepreneurial, small-scale breweries (now known as microbreweries) in the 1980s in America, despite industry consolidation and concentration amongst the three largest firms. Warner (2010) highlighted the fact that due to the small business model on which craft brewers in the U.S. operated, owner-brewers had to take on various roles. Sometimes this was to negative effect, where although they were good brewers, they did not have the business acumen to ensure the company's success. In a similar vein, Tremblay et al. (2005:314) analysed the industry concentration within the U.S., finding that despite a few exceptions, craft breweries largely operated as small businesses, "produc[ing] their own beer on a small scale for local consumers".

Within the industry itself, many trade organisations or lobbying groups position craft breweries as small business. The Society for Independent Brewers (SIBA) in the U.K. highlighted the value of microbreweries (as small businesses) to the local economy (Society of Independent Brewers, 2014). On the other side of the Atlantic, The Brewers Association of the U.S. likewise promotes craft breweries as small businesses, beneficial for employment opportunities (Brewers Association, 2014). The Small Business Administration of the United States also recognises this segment as small business, and has granted loans to craft breweries, for example a loan for "Iron Hill Brewery" (Small Business Administration, n.d.).

The recognition of craft breweries as small business and their contribution to local economy has extended to South Africa. The Department of Economic Development and Tourism of the Western Cape previously stated in a strategic development plan that it would aid "the development of independent breweries as small businesses to ensure the

diversification of the local beer market” (Department of Economic Development and Tourism of the Western Cape, 2004). It was not clear whether this initiative has been implemented and more information was not available in progress reports. A more recent report commissioned by the Department of Trade and Industry (dti) states that diversification of the South African liquor industry, through increased presence of competitors will allow “the promotion of small, medium and micro enterprises” which are “central to the current economic policy” (Truen et al., 2011). Again, this argument displays the role of small craft breweries within the SME sector.

Similar to the trade organisations discussed above, a South African craft beer trade organisation, “Craft Beer South Africa” is in its early stages of development. The current steering committee is made up of members from the industry itself, and appears to have a lobbying agenda similar to those elsewhere in the world (see Craft Beer South Africa Interim Steering Committee, 2014). To illustrate, the organisation has submitted input and comments to the National Treasury of South Africa regarding excise tax on craft beer. Within this document, the organisation explicitly states, “craft brewers are small business owners” (CBSA Interim Steering Committee, 2014). This submission estimates that the average volume produced by craft breweries in South Africa is 188, 000 litres per annum. This figure confirms that craft breweries in South Africa are small business as micro-manufacture licences are only granted to those producing up to 100 million litres of beer per year (as per the National Liquor Act of 2003) (Liquor Act, No 59 of 2003, 2004 s12). As is evident, all of South Africa’s craft breweries currently fall way below the required threshold, and sit on the very “micro” side of micro-manufacturing.

## **SME marketing and Social Media**

Following the above description of craft beer breweries as SMEs, this section considers literature on the use of social media by SMEs in their marketing strategies. Coleman and Heriot (2013) have devised a theoretical model to guide academic research into the efficacy of social media for small businesses. The authors state that social media efficacy should be measured in three stages to determine its value in terms of return on investment. The authors claim that in the first stage marketers should build awareness, in the second stage, they should encourage engagement with consumers and lastly they should measure performance by customer acquisition and retention, sales and profits. While these authors aim for a model that predicts the outcomes in terms of concrete financial benefits, others argue that social media efficacy cannot be measured in these

terms (Bulearca & Bulearca, 2010; Harris & Rae, 2009). Instead, social media should be seen as building brand communities and reputation. Part of the positive relationship management offered through social media gives SMEs the opportunity to gather communities of loyal consumers (Jones, 2010).

Schaupp and Bélanger (2014) aimed to determine the value of social media to small business through a survey of 57 companies. The authors found that social media offered a cheap and efficient means of marketing, particularly as small businesses do not have the budgets to allocate to more expensive, traditional marketing strategies. This is similarly supported by Harris and Rae (2009), He (2014), Michaelidou et al. (2011), Schaupp and Bélanger (2014) and, Weinberg and Pehlivan (2011).

Although only a viewpoint paper, Jones (2010) argues that social media marketing is beneficial to entrepreneurial and small businesses as it lowers the barriers for participation in the marketplace. While the author acknowledges the need for empirical, evidence-based studies in this area, he does find that the interactive nature of marketing on social media and “seeking input from below and building member consent can add legitimacy to the brand” (Jones, 2010:149). Though only a pilot study, Bulearca and Bulearca (2010) found that further than engagement, small businesses could observe the views of their customers and gain insight into consumer opinions and preferences. In a similar vein, Harris and Rae (2009) studied 30 entrepreneurial firms in the UK, finding that the interactivity of social media offered SMEs the ability to negotiate and mitigate negative reviews through interacting with the disgruntled customer. Moreover, effective use of social media resulted in more positive responses from consumers (Harris & Rae, 2009). Additionally, consumer complaints could be resolved fairly cheaply through social media (Schaupp & Bélanger, 2014).

While the research shows the role of social media in building communities of consumers, other research emphasises the benefits that social media has for building business-to-business connections. Gligorijevic and Leong (2011) found that social media helps small businesses tap into related business networks. In addition, small-to-medium enterprises showed interest in social media for the purposes of establishing business-to-business relationships (Michaelidou et al., 2011). Furthermore, social media can be used for competitor analysis, as well as supplier information (Gligorijevic & Leong, 2011).

It has been found that in order to reap the benefits of social media marketing, a great deal of time was needed on the network (Bulearca & Bulearca, 2010; He, 2014; Schaupp & Bélanger, 2014). Gligorijevic and Leong (2011) found that in order to stimulate interaction, significant time needed to be spent online, engaging with consumers and maintaining an active online presence. He (2014) adds that “having a persistent presence and engagement over time on social media platforms” resulted in SMEs seeing sales growth.

Although the study used a small sample (only four small businesses in Australia), Gligorijevic and Leong (2011) found that brand reputation was positively influenced through two-way conversations on social media. Furthermore, they found that despite limited resources, communities of consumers could be engaged in a way not possible with a conventional advertising strategy. Weinberg and Pehlivan (2011) extend this idea by arguing that social media marketing objectives differ significantly from those of traditional media. The authors maintain that the emphasis is on engagement with consumers through encouraging positive word-of-mouth about a brand. By this definition, it can be seen how social media marketing aligns itself with below-the-line strategies. While Weinberg and Pehlivan (2011) were not exclusively discussing small business, their insights do aid an understanding of how social media can stimulate word-of-mouth marketing.

It was found that for SMEs, “SNS [social networking sites] are important tools for communicating their brands online by capitalizing on SNS’ potential to reach wide audiences” (Michaelidou et al., 2011:1157). With particular reference to Twitter Bulearca and Bulearca (2010) found that this social media platform allowed a small business to reach a wider audience more efficiently. Gligorijevic and Leong (2011) found that marketing communications could reach a wide audience on social media, yet it was also found that small businesses could identify niches online and target those audiences.

In summarising the research on social media use by small to medium enterprise, the advent of Web 2.0 has allowed new avenues for small and medium enterprises to market and advertise their products, in a way that greatly overcomes the cost barriers of mass-media advertising. Social media marketing in this sense can be considered the modern embodiment of word-of-mouth marketing, and is consequently termed eWoM (Electronic Word-of-Mouth) (He, 2014) or “word of mouse” (Clemons et al., 2006:151).

Social media can be particularly useful in engaging with communities of consumers and gaining market intelligence.

## **The Marketing Strategies of Craft Beer**

The review of the literature on social media use by SMEs for marketing purposes is in stark contrast to the literature on the use of social media by craft beer companies, which is scant. Most of the insight on social media use by craft breweries comes from social media analysts and experts, and many involve industry-based insights. What is apparent is that, particularly within the American craft beer industry, there is a significant emphasis on using social media first to circumvent the significant cost barriers of mainstream mass media, and secondly, as a means to engage with consumers on a more personal level than large brands do. This is further illustrated by a simple Internet search of craft beer and social media, which turns up scores of articles on how craft breweries can enhance their social media activities. These articles include tips on how to better utilise social media channels, for example, Gagnon (2011), Moran (2012; 2013), and Polenz (2014).

Other articles discuss the value and success of craft beer's use of social media, for example see, Clark (2014), Strader (2012), The Economist (2014), and Unmetric (2013). Tuttle (2013) highlights the point that US craft breweries use social media as a cheap form of marketing to accurately engage with target audiences as well as enhance a "genuine connection" with consumers. Moreover, the author argues that because of the communicative nature of social media, craft breweries have "been able to develop relationships with a community of consumers that feel authentic, personal and two-sided" (Tuttle, 2013). As mentioned in the introduction there is a schism between the academic and practical literature on social media use by craft breweries. Therefore, the literature review below considers the industry's marketing tactics in a broader sense, in order to give a full picture to marketing and advertising practices. The existing literature on craft beer and advertising is heavily biased towards research on the United States industry. Even when interrelated and region-specific terms (e.g. microbreweries, specialty breweries, etc.) were used in the literature search, there was little academic work from other regions or countries.

### *A Brief Overview*

Much of the academic literature asserts that major beer brands spend extensively on marketing and advertising. For example, this is stated with regard to the United States industry (Clemons et al., 2006; Nelson, 2005), the United Kingdom's national breweries (Murray & O'Neill, 2012), and Germany's largest breweries (Adams, 2006). This is largely attributed to the economies of scale on which these companies operate. Marketing and branding messages of the largest global breweries also tend to focus on brand-related aspects, rather than product attributes (Stack, 2010). In addition, it is argued that aggressive marketing strategies were employed in the U.S. brewing industry from the 1950s onwards, as a means to attract brand loyalty amidst a landscape of increasingly generic and homogenous products (Choi & Stack, 2005; Iwasaki et al., 2008; Stack, 2010; Warner, 2010). For example, Warner (2010) says that within the U.S. brewing industry, advertising over the past 50 years has been an important tool to drive consumer preference. Advertising campaigns began to focus less on the "product attributes (e.g., sweet, bitter, or malty)" and more on "consumer perceptions (cool, athletic, or attractive)" (Choi & Stack, 2005:84). Adams (2006:201) states, "mass brewers, [who] sell nationwide...differentiate their products primarily by advertising on television". Choi and Stack (2005) support this, finding that U.S. beer brands were marketed in emotive ways unrelated to the product characteristics. The sheer saturation of mainstream beer advertising in the United States has been considered itself a barrier to entry for smaller firms (Carroll & Swaminathan, 2000).

A portion of the academic literature supports that craft breweries do not have massive advertising and marketing budgets (for example, see Lewis, 2001; Murray and O'Neill, 2012; Wesson and Neiva De Figueiredo, 2001; Woolverton and Parcell, 2008). Nelson (2005) asserts that many U.S. speciality craft brewers refrain from national advertising. Clemons et al. (2006) explains that the small turnovers of craft beer companies curtail large-scale advertising campaigns. These observations are consistent with the literature on the limited advertising and marketing budgets available to SMEs, as cited above.

### *Taste as a Defining Factor*

Instead, craft breweries have tended to differentiate themselves from mainstream beers on the basis of their product. In the U.S., craft brewers "differentiate their products primarily with raw materials" (Adams, 2006:201). Stack (2003) similarly argues that

from the outset of the microbrewery movement in the U.S. in the 1980s, craft breweries did not compete based on advertising, rather relying on the intrinsic characteristics of their goods. Orth et al. (2004) and Woolverton and Parcell (2008) argue that craft brewers tend to allow the product to speak for itself, in terms of taste and quality, directly contrasting the traditional mass media campaigns of the largest U.S. breweries.

Some academics position this increased focus on taste and quality within broader food and beverage trends that have emerged over the last 20 years (Choi & Stack, 2005; Murray & O'Neill, 2012; Wesson & Neiva De Figueiredo, 2001). Murray and O'Neill (2012) argue that the rise in the number of craft breweries in the U.S. parallels a trend towards organic, locally produced, artisanal food and beverages seen in both the U.K. and the United States. Citing examples such as coffee, cheese, and bread, the authors argue that beer is another such commodity that has undergone changes in production, and is designed to appeal to the discerning consumer (Murray & O'Neill, 2012). Toro-González et al. (2014:175) relate the rise of craft beer to current food trends where there is an "increasing desire for variety, taste and local food products". It is argued that increased product differentiation offered by the craft movement is a reaction to a consolidated industry where homogenous products dominate (Choi & Stack, 2005; Larsen, 1997; Murray & O'Neill, 2012; Wesson & Neiva De Figueiredo, 2001). As Flack (1997:49) states of the craft brewery movement in the U.S., "much of the appeal of a micro-brewed beer is that it is a rejection of national, or even regional, culture in favour of something more local". Carroll and Wheaton (2009) have analysed the authenticity claims related to contemporary food and beverage trends. Such food and beverage trends exemplify a shift towards authenticity of product and process. Using the example of a Californian microbrewery, the authors claim that through deliberately using particular discourses around quality ingredients and handcrafted methods, the Anchor Brewing Company is able to "emanate a sense of authenticity" (Carroll & Wheaton, 2009:257).

### *Leveraging Authenticity*

The authenticity claims made by craft beer producers have been analysed in other academic works. As a means of competitive advantage in a highly concentrated and mature market in the U.S., small craft beer companies often strategically employ claims of authenticity (Carroll & Swaminathan, 2000). In this regard, craft beer producers often focus on the small-batch, handcrafted aspects of their beer, as well as emphasising their

use of natural ingredients and traditional methods as a means of differentiating their product from mainstream beers (Lamertz et al., 2005; Carroll & Swaminathan, 2000). Lamertz et al. (2005) found that even those U.S. breweries that had started out as craft breweries during the 1980s but had outgrown the designation, still clung to advertising images of authenticity and a spirit of craftsmanship. Similarly, Newcastle Brown Ale in the U.K. was created in the 1920s in response to low-margin, high-volume beers of the time (Thody, 2014). While the ale has gone on to become extremely popular in the U.K., the brand still employs a handcrafted, authentic marketing image in the U.S. where it is still a relatively novel imported product and appeals to the discerning consumer (Thody, 2014). Carroll and Swaminathan (2000) argue that craft breweries consciously define themselves in opposition to mass breweries, in terms of production process, organizational structure, and product qualities. While the conscious self-identification and product differentiation serve as clear markers of uniqueness in a developed beer industry, their refraining from mass-media advertising might serve as an additional means of separating themselves from macro brewed beer.

Another tactic craft brewers have of differentiating their product from mainstream beers is in the bottling and labelling of their products. Some researchers have observed that craft beer brands attract new consumers through novel labelling and unique packaging (Lapoint, 2012; Woolverton & Parcell, 2008). Carroll and Swaminathan (2000) find that product differentiation through the use of bottling and labelling distinct from macro-brewers is a complementary marketing strategy to authenticity. Schnell and Reese (2003) analysed 450 craft breweries' brand names and labels in the U.S., finding that the majority of the brand names and label imagery related strongly to specific locations and communities in which the breweries operated. The authors argue that the distinctive labelling of craft beer too represents a reaction to homogenisation and globalisation, and a shift towards celebrating local products. The unique packaging used by craft breweries can additionally expose consumers to small or new craft brews they would not otherwise consume – the trade magazine *Beverage World* highlights the increased use of variety packs by craft brewers (Kaplan, 2012). Variety packs allow consumers to taste a range of beer from a particular brewer, and expose them to new offerings without the consumer purchasing a full pack of a product they might not enjoy (Kaplan, 2012).

While the research cited above focuses on how craft breweries differentiate themselves from the market-dominating mainstream breweries, it is necessary to consider how craft breweries differentiate themselves from each other, particularly as there has been a proliferation of craft brewers in the United States. Clemons et al. (2006) consider how some U.S. craft breweries succeed over others. The authors focus on the theories of hyperdifferentiation and resonance marketing to describe how craft breweries can further differentiate themselves and gain advantage in a competitive marketplace. The authors assert, consistent with the views above, that there has been a dramatic proliferation in the variety of consumer goods, a strategy known as hyperdifferentiation. Furthermore, they relate this process to the theory of resonance marketing, which believes that “consumers now respond most powerfully to products that meet their cravings, longings, wants and desires” (Clemons et al., 2006:151). Taken together, these theories predict that where the new products appeal explicitly to certain consumers, they are likely to produce strong positive responses from these consumers. In a craft beer marketplace such as the United States, this type of engagement is vitally important, because just as the authors state “there is no fundamental need for beer, and certainly no fundamental need for more expensive beer” (Clemons et al., 2006:152). This study found that a good predictor of sales growth was the highest ratings on online forums, which they claim supports a resonance marketing theory. This research highlights the importance of considering online word-of-mouth conversations in driving product sales. Moreover, this correlates with the research on eWOM cited with reference to small-to-medium enterprises.

### *Word-of-Mouth as a Marketing Tool*

Clemons (2008) argues in a later paper that consumer-generated content, such as online product reviews, has contributed to a general increase in consumer ‘informedness’. The increasingly informed consumer is more likely to pay for premium goods as online “word-of-mouth” reduces the uncertainty when purchasing new products (Clemons, 2008:151). The author further argues that with regard to craft breweries in the U.S., they do not need to advertise because the consumer is more informed and less uncertain about the product. Weinberg and Pehlivan (2011) consider that positive electronic word-of-mouth (eWOM) is beneficial for a brand because it comes specifically from a non-marketer. That is, the authors argue that consumers are likely to judge brand-related communications as authentic because they are not the edited message of a marketer. While Weinberg and Pehlivan (2011) are not specifically addressing the issue

of craft beer brands, the research again highlights the important role that authenticity has in marketing craft beer, where even non-marketer messages sustain a sense of authenticity.

The use of word-of-mouth as a tactic in the marketing and promotions of craft breweries has been documented by some researchers. While this has not been studied as a discrete phenomenon, such research (although somewhat anecdotal) draws attention to its use. While Wesson and Neiva De Figueiredo (2001) did not explicitly focus on online or social media, they note of craft beer marketing in the U.S. during the late 90s and early 2000s, “traditional advertising is rarely used, with microbreweries resorting to word-of-mouth, to taste festivals, and to personal selling to spread the word of their brands” (2001:388). Similarly, “Craft brewers market primarily with festivals, social media and other websites, at brewpubs, with t-shirts, and through word of mouth” (Toro-González et al., 2014:175). The authors term such strategies grassroots marketing, where the message is shared between consumers, rather than coming from the top down. Such interactive strategies are characteristic of small and medium enterprises, which have traditionally relied of word-of-mouth to reach customers (He, 2014). This corroborates Clemons et al.’s (2006) observations of the craft beer industry, that “as an alternative medium for promotion and advertising, the internet (especially online review forums) reduces the relative importance of scale, creating new opportunities for market entry” (Clemons et al., 2006:157). It should be noted here that word-of-mouth strategies are considered to have a “high cost per message” (Wesson & Neiva De Figueiredo, 2001:388). That is, a small number of consumers receive the direct communication (relative to mass-media advertising), however, the messages delivered are considered more significant and relevant in marketing a product (Wesson & Neiva De Figueiredo, 2001).

While Wesson and Neiva De Figueiredo (2011) are approaching word-of-mouth as an offline term, as described above, electronic word-of-mouth is a term used to describe its online application, particularly through social media or online forums. To use an example from a craft brewery in the U.S., Dogfish Head Brewery highlights the importance of social media in grassroots marketing. The brewery’s marketing manager believes that social media is the online extension of their offline marketing strategy. When they first started in the mid-90s they focussed on communicating to customers in the brewery’s bar (or brewpub). They grew themselves through “festivals and standing at beer stores and talking with individual customers. We still do that, but we also do that

online” (Caligione, 2012 as cited in Zegler, 2012). This statement comes from a trade magazine and the assertion that craft breweries particularly focus on social media-led word-of-mouth marketing is noted in other non-academic sources. For example, A MillerCoors craft-style lager exploited the word-of-mouth marketing tool, claimed to be popularly used by craft brewers, by launching the brand exclusively through online word-of-mouth channels (Mullman, 2010).

As was noted in the preceding paragraphs, craft breweries tend to engage heavily with direct consumer communication. Here festivals have been noted as a distinct marketing tool, but they also have a role in forming a community of consumers and brewers alike. Carroll and Swaminathan (2000:731) describe the craft brewery movement as a social movement, where “craft producers and consumers constitute a self-conscious community”, through which information quickly flows. This offline social network often involves festivals, guilds, the breweries’ tap rooms, or brew pubs, through which information is shared (Carroll & Swaminathan, 2000). Woolverton and Parcell (2008) likewise suggest that a unified identity works towards promoting the industry as a whole, especially through craft specific festivals, despite the vast product differences between brewers. Toro-González et al. (2014:175) specifically address this factor, believing that the “non-predatory” bonhomie of grassroots marketing through festivals encourages consumers to taste a variety of brands. Therefore, while craft beer festivals serve both to educate the customer on new styles and brands; the literature argues that they serve to foster a sense of community with the consumer and within the industry. Larsen (1997) contends that festivals and their shared social networks represent an additional challenge to mass production in that they involve the consumer and producer in alternative communities – an oppositional position similar to the marketing and production trends described above.

While these festivals help to entrench the sense of community surrounding the craft beer industry, they also aggregate like-minded individuals and in particular craft beer connoisseurs who themselves can act as brand ambassadors, furthering the effectiveness of word-of-mouth recommendations. Murray and O’Neill’s (2012:908) research finds that “the loyal craft beer enthusiast could emerge as an advocate”, through introducing new beers to their social circles. Lapoint (2012) notes that in the initial stages of forming the US craft brand Redhook, the brewers created a product that appealed to beer aficionados, and they succeeded in establishing a loyal and stable

consumer base from which they could build future growth. Clemons et al. (2006:157) assert that many craft beer connoisseurs, or what they term “beer geeks”, have specific online forums through which they share information about a particular new brew. Furthermore, positive reviews on such websites sustain “a natural word-of-mouth buzz”, encouraging more consumers to taste the product (Clemons et al., 2006:157). With particular reference to a U.S. craft brewery, their research shows that the popularity of the new beers grew as a result of this online buzz, despite no marketing or advertising (Clemons et al., 2006). Little academic attention has been paid to the role of company-independent blogging in promoting word-of-mouth. This is in contrast to industry attention, with for example, the Stormhoek winery case (cited above). This is an area that deserves attention, given the cited effect that craft beer enthusiasts have had on popularising the beers, and one could argue a similar effect would occur with aficionado beer blogs. In addition, research in the area social media marketing has noted that brand evangelists can help spread positive word-of-mouth through blogs (Heller Baird & Parasnis, 2011; Morrish & Deacon, 2011; Thach, 2009; Weinberg & Pehlivan, 2011).

The research here shows that positive reviews by craft enthusiasts can have a positive effect on spreading the word about the beer, but, (as explained) producers need products that actually achieve positive reviews by beer geeks or aficionados. Therefore, a focus on taste and product quality is a necessary factor in the success of the brand, particularly in its ability to attract the attention of these experts. Furthermore, success in word-of-mouth marketing may be another factor explaining why craft brewers do not need traditional advertising.

### *Targeting the Niche Market*

The above literature review has considered the various marketing strategies employed by the craft beer industry, and many of these practices fit under the broader umbrella of niche marketing. Niche marketing is described as communications aimed directly at a particular small segment (Bastian et al., 1999; Snipes & Thomson, 1998). As described, product differentiation serves precisely as a means of distinguishing craft beer from the mass-produced equivalent and is itself a niching tactic (Lamertz et al., 2005).

The obvious benefit of targeting a niche market is to avoid direct competition with larger companies (Friedman et al., 2007), particular large national and multinational

breweries (Lewis, 2001; Wesson & Neiva De Figueiredo, 2001). Academics have noted that craft breweries do not aim to appeal to the largest possible consumer base or middle-of-the-road consumer – that is the domain of the national or multi-national brewer. Instead of creating beers that a wide group of consumers merely like, craft brewers produce beers that a small, but loyal group will love (Clemons et al., 2006; Friedman, et al., 2007; Lamertz et al., 2005). Furthermore, a niche consumer is willing to pay to pay for a niche product as it satisfies his or her unique needs or desires (Bastian et al., 1999; Friedman, et al., 2007; Wesson & Neiva De Figueiredo, 2001). This is particularly important, given the relatively high price point at which craft beers sell (Toro-González et al., 2014; Tremblay et al., 2005; Warner, 2010).

Previous discussions in this section have highlighted how craft breweries use alternative forms of marketing and advertising such as peer reviews, festivals, and word-of-mouth marketing. Such marketing communications are directed at engaging with a niche segment, rather than a wide audience as with mainstream advertising. For example, Boston Brewing Company (an early craft brewery) in the U.S. once experimented with TV adverts, but had however abandoned this tactic as it was deemed inappropriate in engaging with the niche, upscale consumer (Snipes & Thomson, 1998). As Bastian et al. (1999) argue, niche marketing should be specifically tailored to the particular consumer segment. The paucity of research on craft beer and social media deserves attention here, especially given that research on small to medium enterprises has shown that social media is important in communicating with niche audiences (Gligorijevic & Leong, 2011; Harris & Rae, 2009).

Evidence that supports the targeting of niche markets in the beer industry has been found in the literature. For example, Orth et al. (2004) conducted interviews with consumers regarding nine craft beer brands in the U.S., in order to determine the factors that contributed to consumer preference for craft beer. The study found that perceived brand benefits as well as consumer lifestyles influenced craft beer brand preference. The authors argue that this provides support for pursuing niche consumer segments, as specific consumer-based factors influenced preference for craft beer, rather than external factors such as advertising. The authors therefore offer that craft beer brands need not compete with the large marketing budgets of big beer, rather they should focus on targeting the niche segment through direct marketing communications, such as

“targeted sampling, direct to consumer sale and other intensive promotional techniques” (Orth et al., 2004:108).

Earlier in this review, the role of product attributes was considered, it is relevant here to note the role of brand equity, especially when considering niche marketing tactics. Orth and Lopetcharat (2006) found that product attributes only accounted for small degree of variance in craft beer preference. Instead, brand equity was a good predictor of consumer-preference, where the authors define brand equity in terms of four dimensions, namely, “emotional, social, quality/performance, and price/value for money” (Orth & Lopetcharat, 2006:80). The sample was only limited to nine craft beer brands in the U.S., and therefore the findings should be considered with caution. Even so, the results found that when marketing messages appealed to social or emotional dimensions, it aided consumer preference for the brand, especially when the consumer was undecided and was confronted with similar products (Orth & Lopetcharat, 2006). This research has been included in this section of the review in order to highlight that brand messages and equity are salient factors. Therefore, while the craft beer movement has shown to place itself in opposition to mass-market beer, these companies still have the self-same brand equity factors to consider. It is not sufficient for breweries to simply piggyback on a movement, hoping that consumers will be drawn to the product because of its taste or that they will drink craft beer because it is trendy.

Some of the literature has discussed the appeal to local communities as a specific niche tactic. The concept of local appeal was discussed as a tool to mark craft beers as different from conventional ones while simultaneously maintaining the aura of authenticity. Furthermore, it was considered a reaction to mass-produced products. A return to localism is itself treated as a marketing tactic that can be exploited (Schnell & Reese, 2003). Appealing to a particular locale creates an intimate connection between the consumer and the local product (Schnell & Reese, 2003). The focus on a home-grown connection creates a unique pull for the local consumer, while simultaneously a “chance to share this distinctiveness with newcomers” (Schnell & Reese, 2003:59). As Wesson and Neiva De Figueiredo (2001:388) comment, “there is considerable potential for free publicity in the microbrewing strategic group because there are usually strong local ties of some sort”. Tremblay et al. (2005) argue that those craft breweries that will remain successful in the future are those that appeal to niche and local markets, as the craft and speciality industry currently is becoming increasingly competitive. Similarly, Wesson

and Neiva De Figueiredo (2001) suggest that these small businesses should focus their limited resources on attracting niche segments of the market, and more specifically a geographical niche. Hede and Watne (2013) analysed over 1000 craft breweries around the world and found that often craft breweries manipulated their brand strategies to appeal to a sense of place. The authors found this marketing strategy effective as it both appealed to the local nature of craft beer, with its small-scale production, as well as enhancing an emotive and humanised brand narrative, itself another marketing strategy. Furthermore, the authors found that appealing to a sense of place was a form of “destination branding”, where brand messages interpellate a specific local community (Hede & Watne, 2013:218).

The work cited above focuses on the ability of craft breweries to leverage a sense of place and engage local communities as loyal consumers, and exploit the localism food trend discussed above. Literature, although in its incipiency, does address the ability of microbreweries to exploit a local appeal for the purposes of tourism. Flack (1997:49) noted the importance of tourists seeking a “local flavour” in sustaining the U.S. microbrewery business. While Elzinga (2011) does not explicitly use the term destination branding, he does refer to the ability for microbreweries to function as a tourist destination. Alonso (2011:415) specifically addresses “beer tourism”, arguing that it offers a unique opportunity for the state of Alabama, and can greatly benefit local economies. Through promoting the existing niche craft beer industry in Alabama, Alonso (2011) claims that “beer tourism” can be developed. Elzinga (2011) likens the experience of visiting a microbrewery to that of a winery, where the focus is on individual connection and tastings and dissimilar from tours of U.S. mega-breweries where the emphasis is on the efficiency of mass-production. Woolverton and Parcell (2008:58) term this type of consumption “hobby consumption”, where the focus is on taste and experimentation, much in the same way wine tasting occurs. Employing such strategies as authenticity, direct marketing, community involvement, and destination branding can be seen as inherent marketing strategies. In addition, Orth and Lopetcharat’s (2006) research supports much of the literature cited above, where social and emotional factors can be strategically leveraged to draw-in customers.

# Methodology

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## Overview

This study can be categorized as descriptive research, where the end goal is to outline the marketing activities of craft breweries in South Africa. Descriptive research aims to give an account of phenomena, and although often used in quantitative research, interpretive researchers maintain its ability to “formulate rich descriptions” (Durrheim, 2006:45). Kelley et al. (2003:261) add that, “descriptive research is a most basic type of enquiry that aims to observe (gather information on) certain phenomena”. Given the central goal of this research, all methods applied here attempt to satisfy this goal through gathering data to give a holistic, in-depth, and accurate picture of industry practices.

As will be seen from the methodology laid out below, this research project involves a variety of methods and data sources. At its broadest level, it involves the collection of quantitative social media data, as well as a qualitative analysis of surveys and interviews conducted with South African craft beer brewers. This strategy is referred to as triangulation and is characterised by a mixed approach to data collection and analysis (Rothbauer, 2008). As Kelly (2006:287) notes, triangulation “entails collecting materials in as many different ways and from as many different sources as possible”.

Specifically, this study used both method triangulation and data triangulation. Method triangulation refers to varying the methods used for data collection or different approaches within a single method (Rothbauer, 2008). For example, this study used both qualitative and quantitative research techniques, as well as using different approaches to gathering participant data (survey and interview). Data triangulation refers to using different data sources to reach findings on a phenomenon (Mathison, 2005; Rothbauer, 2008), which was achieved here using social media data as well as qualitative data through interviews and surveys. Triangulation can also allow a more complete account of the phenomenon (Kelly, 2006) or a more “holistic understanding of that specific situation” (Mathison, 2005:423). Additionally, it is a tactic to improve a study’s “credibility and confirmability” (White & Marsh, 2006:38).

In order to develop an adequate and representative sample for analysing the observations, it was necessary to determine the inclusion and exclusion criteria for the sample. In order to do so, an operational definition for 'craft brewery' was developed and informed by the micro-manufacture licence criteria of the National Liquor Act of 2003<sup>3</sup>. The Act includes cider in the definition of beer, and consequently they were included as 'craft breweries'.

## Sampling

This research used purposive, non-random sampling procedures, which fit within the framework of non-probability sampling (Daniel, 2014; Durrheim & Painter, 2006). Purposive sampling occurs when a sample is drawn from a target population, based on specific inclusion and exclusion criteria (Daniel, 2014; Kelley et al., 2003). Given the particularly small number of craft breweries operating in South Africa (see below), consecutive sampling was used, where all active breweries were included. This is concurrent with purposive sampling. A particular benefit of the method is that it minimises exclusion bias, a form of selection bias (Daniel, 2014).

The inclusion criteria consisted of all South African craft breweries that were active and had liquor licences and this necessarily excluded imported craft beer. The emergence of new breweries occurs frequently and while Corne and Reyneke's *African Brew* (2013) proved an invaluable starting point, new breweries have been licensed since the date of publication and further sources were consulted. Apparently in response to this rapid dispersion, a number of South African craft brew blogs are creating brewery directories. Some of the valuable blogs included Brew Masters (see Lloyd, 2014), Craft Bru (see Swanepoel, 2014) and Diary of a Beer Drinker (see De Beer & Reid, 2014), which all provide directories of craft breweries in South Africa. The Craft Beer Project (2014a) whose posts are written by a number of craft beer bloggers (including Lucy Corne) equally provides listings and reviews of new breweries. Not all directories were complete, resulting in a process of cross-referencing in order to obtain a complete list. During this process, it was found that a number of the listed breweries were only in the process of being licensed. Determining which of these breweries were actually licensed was a process of brief qualitative analysis, specifically looking at whether their products were a) available for sale, b) distributed to liquor outlets or c) whether they had

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<sup>3</sup> The act stipulates that the maximum volume threshold for qualification is 100 million litres (or 1 million hectolitres) of beer per annum (Liquor Act, No 59 of 2003, 2004 s12).

participated in industry-organised festivals. These were determined through examining their websites, Facebook and Twitter posts. In total, a list of 86 breweries was compiled<sup>4</sup>. The cut-off date for inclusion was 31 July 2014.

The operational definition of “craft brewery” informed the exclusion criteria. Determining the sample based on this exclusion criterion was inferential and was largely based on the observations of the Craft Beer Interim Steering Committee (2014), because it is difficult to obtain actual brewery output information (in terms of hectolitres). Their report estimates that the average volume production for South African craft breweries is 188 000 litres (1880hl) per annum (CBSA Interim Steering Committee, 2014)<sup>5</sup>.

## Survey Research

### *Data Collection*

The overarching paradigm guiding this section of the research was interpretive. In particular, the qualitative descriptive research approach guided the formation and analysis of the surveys. The interpretive paradigm typically employs an inductive and descriptive approach to analysing phenomenon, where conclusions are made through observations and gathering data (Gibbs, 2007; Terre Blanche & Durrheim, 2006). Operating within such a paradigm allows an iterative research design, where data is repeatedly analysed before conclusions can be reached (Bassett, 2010; Maxwell, 2009; Terre Blanche & Durrheim, 2006). One of the benefits and underlying principles of the iterative design is that it “provides the flexibility necessary to adapt data collection and analysis in response to the needs of the study” (Bassett, 2010:505). This approach considers changes to design as new information occurs – allowing a more in-depth understanding of a particular occurrence (Bassett, 2010; Terre Blanche & Durrheim, 2006). Consequently, by avoiding a myopic focus (and researcher bias) the reliability of the study can be enhanced (Bassett, 2010).

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<sup>4</sup> Given Corne’s (2014) estimate, this would appear to be a fairly accurate account.

<sup>5</sup> This was contrasted with the fact that Cape Brewing Company, which is considered to be the largest craft beer producer in South Africa (Ellis, 2014; Heron, 2013; Mulgrew, 2014), only has an annual capacity of 14 000hl (Cape Brewing Company, 2014). It was reasoned that those craft breweries on the compiled list were producing significantly less than the 1 million hectolitre mark and could be included in the sample.

Guided by the reviewed literature as well as observations during the social media analysis, an initial battery of interview questions was developed. The questions contained broad questions on marketing and advertising techniques, for example “what are your current marketing strategies?”

Pre-contact was made with all the breweries in the sample, on the evidence that pre-contact is found to be a predictor of higher response rates in electronic surveys (Cook et al., 2000). The pre-contact email contained details and the purpose of the research, as well as institutional affiliation, consistent with the advice of Orr (2005). However, in response to this email, many simply replied that they did not have any marketing strategies. This is contrary to the information derived from the social media analysis, where breweries were seen to post information on the festivals or events they were attending. In addition, the Boolean phrase “Craft Beer” and “South Africa” was set on Google Alerts, meaning that any new articles within this range were sent directly to the researcher’s email. These email alerts (as well as regular review of blogs and news websites) confirmed that breweries were participating in markets, festivals, and other such marketing activities, something which directly contradicted their initial email feedback. Quite simply, many brewers did not view these efforts as “marketing” or “advertising” and the emails served as a de facto pilot study that guided an overhaul of the questionnaire, concurrent with an iterative design. A pilot can serve to highlight potential weaknesses in a questionnaire (Kanjee, 2006; Kelley et al., 2003), as was achieved here.

Revising the survey attempted to improve the measurement and content validity of the survey. Measurement validity broadly refers to “the degree to which a measure does what it is intended to do” (Durrheim & Painter, 2006:147), while content validity more specifically refers to whether a “measure reflects a specific domain of content” (Durrheim & Painter, 2006:159). To this end, the revision of the questionnaire aimed to account for individual differences in interpretation of marketing strategies and to ensure that the phenomenon could be measured accurately. Questions therefore included broader interpretations of marketing strategies, and less ambiguous and fewer jargon-laden questions, concurrent with research on enhancing measurement reliability in survey research (Schutt, 2004). A sample of the final survey, administered to all respondents can be seen in Appendix 1.

The survey used open-ended questions, which generates qualitative data and allows respondents to communicate in an unconstrained way (Kanjee, 2006:486). As a result, it allowed in-depth individual accounts (Schutt, 2004). Although close-ended questions have significant benefits, including facilitating comparative analysis across questionnaires (Kanjee, 2006), are quicker to complete (Kelley et al., 2003; Vicente & Reis, 2010) and less demanding of the respondent (Kelley et al., 2003; Peterson, 2000), the open-ended format was still selected. This decision was based on the need to allow flexibility in responses, particularly given the pre-contact issues. Furthermore, this format allows for as much information as possible without limiting responses (Schutt, 2004), aiding a more holistic account of industry practices. In this regard, open-ended questions particularly allow for spontaneous and perhaps overlooked responses and are advised when “possible replies are unknown or too numerous to pre-code” (Kelley et al., 2003:264). As participants are able to respond to questions in their own words, researcher bias is limited by avoiding “presenting or pre-determining answers” (Peterson, 2000). In a similar vein, leading questions were specifically excluded in order to reduce response bias (Kanjee, 2006; Schutt, 2004). Again, this was concordant with the interpretive research paradigm.

Some participants insisted on face-to-face interviews only. This was deemed acceptable within the flexible research framework and added to the data triangulation discussed above. In order to maintain consistency in questioning methods and the resultant data, participants were handed a copy of the survey questions and these were used as a guideline for the discussion. In an interview, leading questions are a greater threat than with surveys, due to the dynamics of the situation (Maxwell, 2009). Again, such questions were avoided. The interviews were digitally recorded (with the informed consent of the participant) and then transcribed to form textual data.

### *Content Analysis*

The textual data obtained from the data collection was analysed using qualitative content analysis. At its simplest level, qualitative context analysis is the analysis of texts “based on quantified analysis of recurring, easily identifiable aspects of text content” (White & Marsh, 2006:23). As an example of interpretive data analysis, content analysis involves using “categories and codes that are applied to the data in a mechanistic way to yield quantifiable indices” (Terre Blanche et al., 2006:322). While this explanation

emphasises a strictly quantitative approach to coding, this study involved a “hybrid” (White & Marsh, 2006:41) mix of elements from both qualitative and quantitative content analysis. That is, the development of the coding scheme was an inductive, iterative process, where categories were not predetermined. Therefore, in line with Burla et al.’s (2008) description of the qualitative coding process, new categories were developed as new themes arose, ensuring that there was an inclusive account of the phenomenon.

During this qualitative process of coding, and the feedback loop that occurs, coding categories were constantly checked for their reliability to measure the phenomenon, as recommended by Mayring (2000). Moreover, this served to counter Kracauer’s (1953, as cited in Mayring, 2000) warning that the overemphasis on achieving quantitative indices from content analysis can result in an incomplete abstraction of the qualitative data. Following the development and application of the coding schedule, quantitative results can be obtained, for example, as Mayring (2000) notes “frequencies of coded categories” can be determined. This approach to mixing aspects of qualitative and quantitative aspects of content analysis means that although qualitatively analysed, findings can be numerically represented (White & Marsh, 2006). The final coding schedule and coding manual are contained in Appendix 2.

## **Social Media Analysis**

The social media analysis formed the quantitative aspect of this study. Using the compiled list of craft breweries, each brewery’s Facebook and Twitter accounts were monitored in terms of the quantifiable indices (or metrics) of account performance from a period of 31 July to 30 November. The data was collected on the last day of every month, and therefore gave an indication of the pages’ performance from one month to the next.

Literature on social media marketing was used as a guide to develop the dimensions of analysis, for example the work by Drula (2012), Murdough (2013), Napoli (2014), Palazuelos and Zorilla, (2012), and Weinberg and Pehlivan (2011). From this research, three dimensions were developed, namely: activities, audience size, and engagement. On one hand, the data was examined to determine the activity of these breweries on social media. In addition, through inferential statistics, the analysis aimed to determine whether there were relationships between activity and these other dimensions.

These clusters were analysed using data drawn from the publically available metrics from the brands' Facebook and Twitter pages. For example, "Fans" for Facebook and "Followers" for Twitter reported the audience size. See Table 1 for an illustration of the dimensions measured according to the metrics.

**Table 1**

	<b>Facebook</b>	<b>Twitter</b>
<b>Dimension</b>		
1.) Activities	<ul style="list-style-type: none"> <li>• Posts</li> </ul>	<ul style="list-style-type: none"> <li>• Tweets</li> </ul>
2.) Audience Size	<ul style="list-style-type: none"> <li>• Fans</li> </ul>	<ul style="list-style-type: none"> <li>• Followers</li> </ul>
3.) Engagement	<ul style="list-style-type: none"> <li>• Likes, Comments, or Shares per Post</li> <li>• Posts by Users (to Page)</li> </ul>	<ul style="list-style-type: none"> <li>• Retweets of Tweets</li> <li>• Favourites of Tweets</li> </ul>

In order to maintain the replicability and trustworthiness of the data, the most visible and transparent metrics on Facebook and Twitter were analysed. This is consistent with Bruns' (2013) advice on social media data collection. Such metrics are openly available on these public platforms and can be repeatedly accessed (Baym, 2013). While there is a plethora of social media analytics tools currently available, some have been criticised for not maintaining transparency in how they quantify certain metrics (Bruns, 2013; Baym, 2013), becoming guilty of what Cresci et al. (2014:200) call the lack of a "disclosed methodology of analysis".

Purely for consistency in analysing the different dimensions, attempts were made to collect metrics data that was equatable across platforms. Most metrics were comparable across platforms (for example "Fans" on Facebook is functionally similar to "Followers" for Twitter) but there were differences in reported metrics across the two platforms. Facebook for instance provides a snap shot of a brand's metrics through the "Likes" tab, located on each page. "Comments", "Likes", and "Shares" were manually counted for each month. Twitter, however, does not provide such an aggregated analysis, apart from "Tweets", "Following", "Followers" and "Favourites", although it is possible to quantify activity through analysing such Twitter page tabs as "Tweets and Mentions". Therefore,

it is possible to count interactions with Twitter accounts, but it was expedient to use the free version of the social media analytics tool “Twitonomy” (<http://www.twitonomy.com>). Twitonomy is a web-based tool that retrieves aggregated data from Twitter’s application programming interface (API) (Diginomy, 2014). Twitter allows third-party developers to access data through their API<sup>6</sup> and interactional data can be retrieved (Bruns, 2013). In order to protect Twitter from abuse, the number of statuses that can be retrieved from a user’s timeline is limited to 3200 tweets (Twitter, Inc., 2014b). Furthermore, the number of “calls” or requests for data is limited per day (Twitter, Inc., 2014b).

In order to avoid “blind trust” in social media analytics services (Bruns, 2013), two attempts were made to ensure the reliability of the tool’s data. Firstly, throughout the measurement, Twitter’s basic statistics (“Tweets”, “Followers”, “Following”) for the pages analysed were cross-referenced with the reports generated by Twitonomy. Furthermore, a random sample of Twitter pages were analysed and a manual count of the metrics reported by Twitonomy were recorded and compared against the Twitonomy reports. It was confirmed that the reported metrics were the same as those manually counted. This approach to checking the reliability of the analytics was advised by Gjoka et al.’s (2008) study, which likewise used a social media analytics tool for academic research.

## **Research Ethics and Informed Consent**

### ***Survey Research***

Given that the survey research segment involved qualitative data collection and personal feedback, and at times the use of non-aggregated data, informed consent was necessary (Gibbs, 2007) and was obtained from participants. The ethical underpinning was guided by research in this area, while the actual format was in part derived from the University of Cape Town ‘Humanities Guide to Research Ethics’ (Humanities Faculty Research Ethics Committee, 2013).

The pre-contact email included information about the aims of the research, recommended by Eynon et al. (2008), Gibbs (2007), and Kelly (2006). It also notified the participant of what was expected from them, as stipulated by ethics research (Eynon et

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<sup>6</sup> See “get the data yourself”, Twitter, Inc. (2014a).

al., 2008; Gibbs, 2007) as well as university, faculty, and departmental affiliation (as advised by Kelley, 2006 and Orr, 2005).

Following an agreement to participate via email, an informed consent document was forwarded to each participant with the attached survey and clear instructions for them to print, sign, and email back the form. The attached form can be seen in Appendices 3a and 3b and was again informed by the principles of ethical research detailed above, where research details and organisational affiliation was reiterated. Particular information included the option to withdraw their participation at any stage (as advised by Gibbs, 2007 and Eynon et al., 2008). The researcher's contact details were provided, allowing the ability to ask questions about the research, itself a contingent of the informed consent (Eynon et al., 2008). They were additionally notified of the possibility of the research being published, in accordance with the Humanities Research Ethics Guide (2013). When, as noted above, some of the questionnaires were administered in the interview format, a separate form was created to request permission for electronic recording of the conversation. Samples of the consent forms can be seen in Appendix 3a for emailed surveys and in Appendix 3b for interviews.

### *Social Media Analysis*

As stated previously, the social media analysis forms the quantitative section of the research, but this decision was also made for ethical reasons. While gathering data on the minutiae of individual interactions with a brand's social media may yield more in-depth results, significant ethical issues have recently been raised in this regard (Bruns, 2013), particularly the issue of informed consent (Roberts et al., 2013). Furthermore, the argument that social media content is in the public domain is not considered "an acceptable universal rationale" (Roberts et al., 2013:7). For this reason, only aggregate data of social media interactions was collected and analysed, in order to protect the anonymity and privacy of users. Such data aggregation was used to understand broader patterns of social media interactions, which is acceptable according to Eynon et al. (2008).

## Results and Discussion

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### Explanatory Notes

It is pertinent here to include a succinct description of the social media metrics that were measured and organised according to the three dimensions discussed in the methodology section. The descriptions below are drawn from Facebook (2014) and Twitter's (2014c) glossaries. Facebook offers businesses and organisations a specific type of account called a "Page". The "Page" account, different from a private account, allows Facebook users to subscribe to the Page's updates (or "Posts") through the "Like" button. When a user Likes a Page, they are referred to as a "Fan" of the Page. Broadly, Pages allow organisations to measure Page metrics, which are not available on personal profiles. Every new Post by the Page is distributed to the subscribed user's (Fan) News Feed. Twitter does not offer such an account, but the platform operates in roughly the same manner. Users click a "Follow" button, subscribing them to any updates (or Tweets) from the account, and these are similarly distributed to the user's Timeline. As equatable terms, Fans and Followers refer to the size of the account's audience.

In terms of interactivity, Facebook and Twitter offer different functions that are essentially similar. On Facebook, users can engage with a Page's content through "Liking", "Commenting", or "Sharing" the Page's content. Twitter allows users to Retweet (comparable to "Sharing") content to their personal networks. In addition, it allows users to "Favourite" content (equivalent to "Liking"). Any of these user interactions with the social media accounts are automatically distributed to the user's personal network, thereby distributing them to a wider audience than the immediate audience implied by "Fans" or "Followers".

### Survey Analysis Results

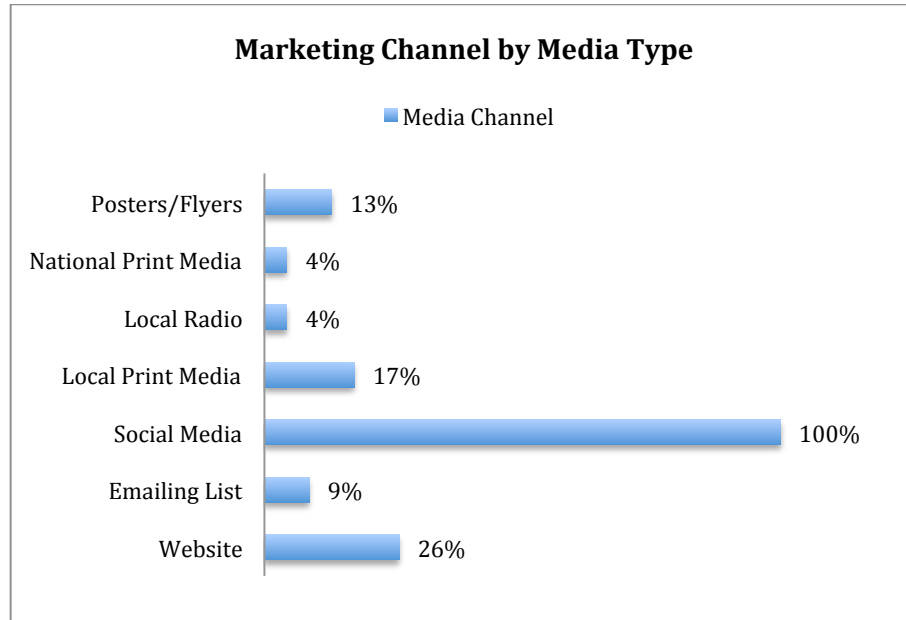
For the qualitative survey component of this research, the contact rate was 100%, where  $n = 86$ . There was a response rate of 27.91% ( $n = 24$ ). The refusal rate was 8.14% ( $n = 7$ ). These breweries simply replied that they could not participate, mostly due to time constraints.

### *Channels of Communication*

As will be seen below, respondents are referred to by the name of their brewery, (instead of the contact person) in order to avoid confusion, while preserving the integrity of the individual accounts.

As the broadest description of marketing or promotional activities, breweries were first asked how they ‘spread the word’ about their brands, where this phrase is intended as a proxy for brand awareness. The majority of respondents (62.50%) stated that “word-of-mouth” was an effective tactic in creating brand awareness. Furthermore, it was considered a strategy distinct from the other channels used to disseminate marketing messages. In and of itself, this displays the importance placed on this phenomenon. While the literature cited previously considers online word-of-mouth through social media, from the responses it could not be determined whether breweries considered social media in this way. The specific reasons for using social media will be explored in greater depth below, but it is relevant to note the media channels used by the respondents. This is shown in Figure 1 below.

**Figure 1**

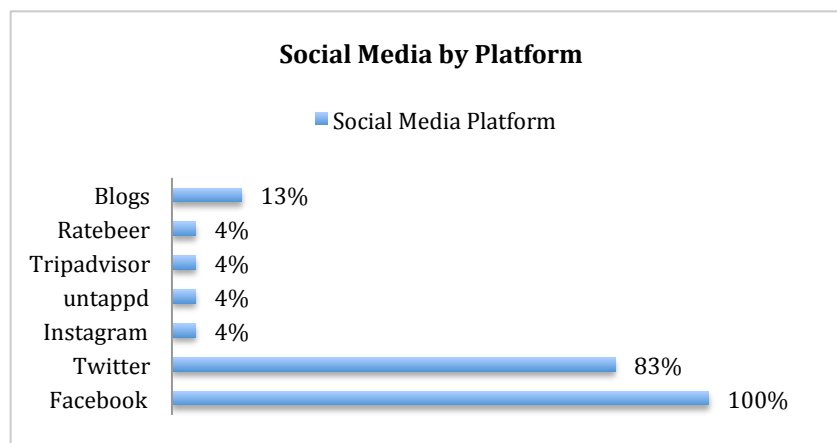


The graph above shows the marketing channels that the breweries reported using. As is apparent, all respondents use social media, while other media types are rarely used for communicating marketing messages. By comparison, few breweries reported using other electronic channels, such as websites (26%) or emailing lists (9%) to interact with

consumers. In terms of traditional advertising, such as flyers and posters, print media, and radio it is clear that such channels are seldom used. Publication in print media, both local and national, only occurred for 21% of breweries. Shongweni Brewery was the only brewery that described how they actively sent out press releases to national magazines, *GQ*, *Men's Health* and Kulula Airline's inflight magazine *Khuluma*. Clarens and Stellenbrau breweries admitted modest advertising in local print media. The others that were covered by print media were sought out by the journalists themselves. This may be a reason for the underreporting in the data, where breweries saw it as good fortune to be published, rather than as a specific marketing tactic. For example, Emerald Vale Brewing Company stated "we seem to have a lot of people who want to do editorials... this we have no control over".

To expand on social media use, the different platforms that the sample reported using can be seen in Figure 2 below. The definition of social media as user-generated content that is created and shared within online communities (Kaplan & Haenlein, 2010; Keitzmann et al., 2011; Stokes, 2011) was used to form this category.

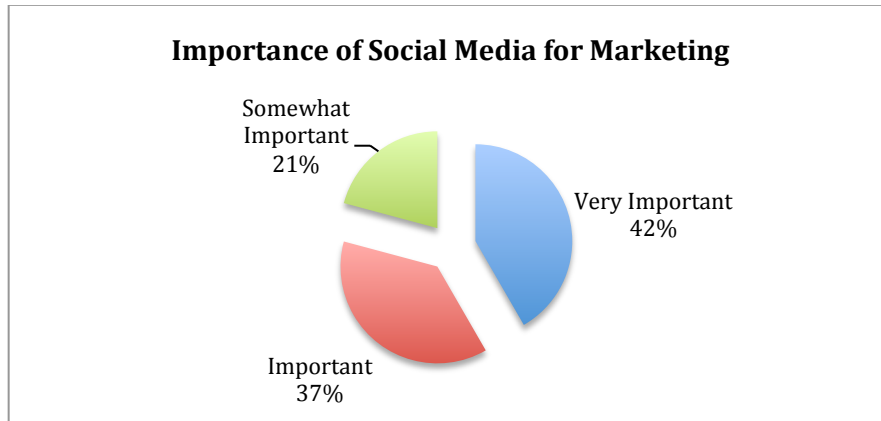
Figure 2



As is apparent from the above, all of the breweries considered Facebook a tool for their business (100%) and Twitter to a lesser extent at 83%. This further supports the early observations within this study, where breweries see Facebook and Twitter as their primary channel for marketing communications. A much smaller percentage of breweries considered blogs useful in sustaining brand awareness. Even less attention is paid to other social platforms such as the image-sharing network Instagram or social network-driven product rating sights here (*RateBeer*, *TripAdvisor* and *Untappd*).

While the above graphs show that there is a significant focus on social media, the sample was asked how important they felt social media to be for marketing and advertising. The results are shown in the Figure 3 below.

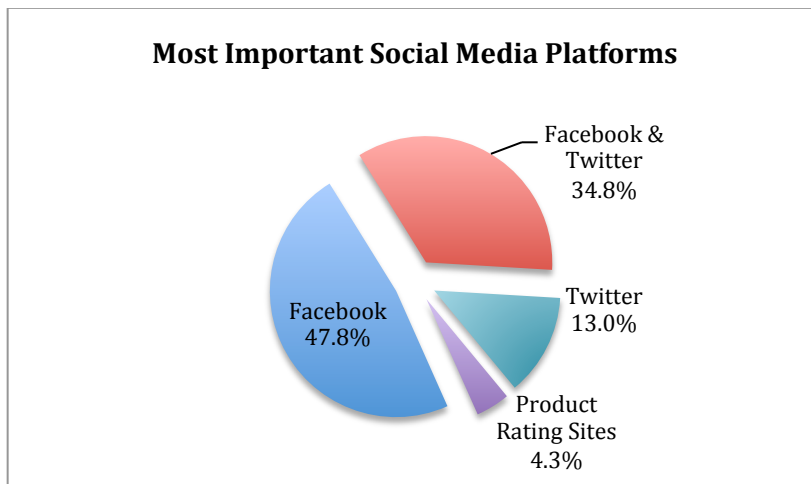
**Figure 3**



Here, the graph displays that the majority of the sample considered social media to be very important for marketing, at 42%. Slightly fewer respondents claimed that social media was important (37%), while only 21% of the sample felt that social media was only somewhat important for marketing. Notably, none of the sample reported that social media was absolutely unimportant, supporting the idea that social media is considered a valuable tool.

Participants were also asked whether they felt that a particular social media platform was more or less important than another – the results are shown in Figure 4.

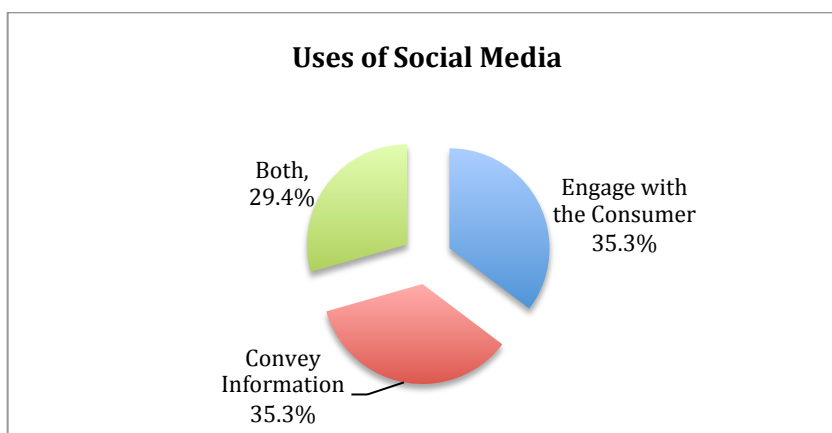
Figure 4



Here, the majority of the sample viewed Facebook as most valuable (47.8%), with a lesser percentage viewing Twitter as the most important platform (13.0%). A substantial portion of the sample argued that Facebook and Twitter were equally important at 34.8%, while only 4.3% stated that ‘product rating sites’ (such as Ratebeer or Tripadvisor) were the most important.

In discussing the importance of social media, the respondents mentioned the way in which they used social media. From the responses, three broad categories were formed and the results are shown in Figure 5.

Figure 5



This graph represents the ways in which the breweries used social media. The sample discussed social media as a tool to engage with consumers or convey information in equal proportions (35.3%). A smaller percentage of the sample used social media to do both. In terms of conveying information, the breweries saw social media as a means to

keep their audience up-to-date with events and brewery related news. Engaging with consumers was viewed as exploiting the ability of social media to converse with consumers, for example answering questions or responding to comments. While the above graph shows the purpose of social media use, some breweries differentiated between how they used the platforms. That is, 26% of the breweries argued that they used the two platforms differently. Generally, Facebook was seen as a platform to engage with consumers, while Twitter was generally used to convey information. A few breweries (8%) stated that they actively maintained both Twitter and Facebook accounts as some consumers were not present on both networks, and operating both accounts avoided excluding an audience.

Some of the sample offered additional justification for advertising and marketing through social media; these are included in Table 2 below.

**Table 2**

<b>Additional Justification</b>	<b>Percentage of Sample</b>
Convenient	16.7%
Target Market	12.5%
Cost Effective	12.5%
Market Research	8.3%

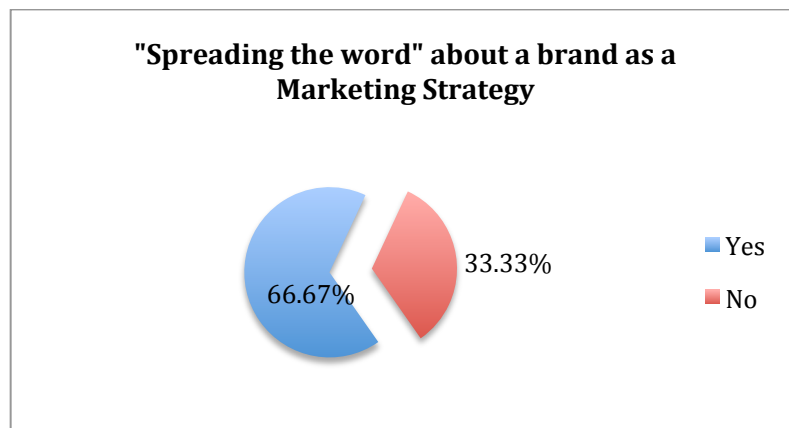
As is demonstrated here, 16.7% of the sample argued that the decision to use social media for marketing and advertising was motivated by the convenience of the medium. For example, Gallows Hill stated that it is “the most convenient tool available to us”, while others cited their familiarity with social media as a driving factor. As a somewhat interrelated reason to convenience, a number of breweries (12.5% of the sample) indicated that social media was cost effective and this warranted its usage. Brew Hogs for example stated that it “costs virtually nothing”, and Clarens Brewery considered this vital “given that a lot of craft breweries are in a growth phase, using social media is more cost effective”. Brew Hogs similarly cited budgetary constraints as a reason for using social media – this is explored more fully below. To return to the second justification listed in the table, 12.5% of the sample found social media an effective tool to pursue their target market. Clarens Brewery argue that, specifically with craft beer, “the target market is very active on social media”, while Kings Craft similarly reasoned that “we find that social media channels target our main consumer”. A small number of

respondents specified that social media was used for market research, including Swagga Brewery using Twitter to research what activities U.S. craft breweries were engaged in.

### *Marketing Strategies*

As discussed in the methodology section, many breweries did not perceive many of their promotional activities to be explicit marketing activities. For this reason, respondents were asked whether they regarded activities aimed at “spreading the word” about their brand as a marketing strategy. These results are shown in Figure 6.

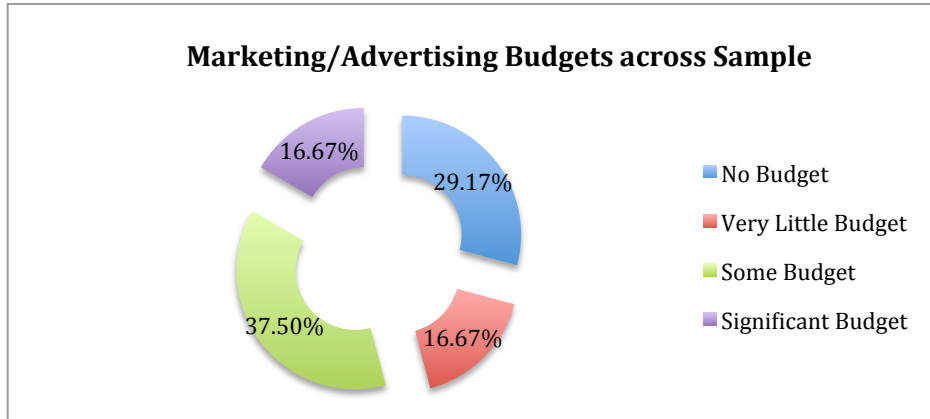
Figure 6



Here, the majority of the sample did regard activities aimed at creating product or brand awareness as marketing strategies (at 66.67%). It is important to note that when asked how breweries ‘spread the word’ about their brands, every respondent included social media (as seen in the Figure 2 above), thus showing that social media use is considered marketing. That said, a noteworthy portion of 33.33% did not regard their efforts as marketing strategies. Most argued that word-of-mouth was not a strategy, although neglecting the fact that many of their activities aimed at generating word-of-mouth (for example, attendance at festivals, or social media activity). For instance, Long Beach Brewery stated, “word-of-mouth is not nearly comprehensive enough to be considered a strategy”. Doctrine Brewing and Humanbrew similarly articulated this, Doctrine Brewing said “I would not call these marketing strategies” and Humanbrew simply responded “Nope” to the question. As discussed above, Emerald Vale regarded much of their exposure as luck.

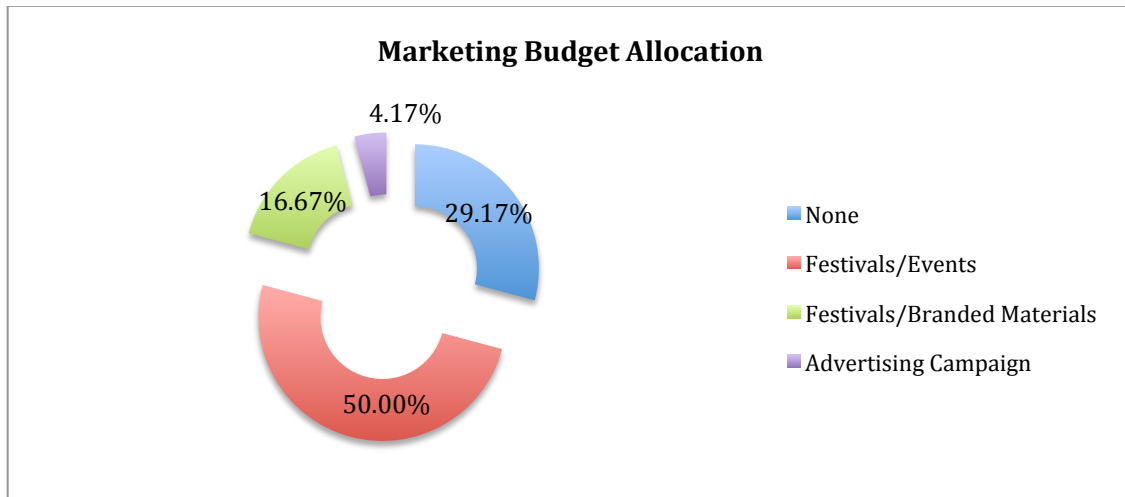
In a related category, the sample was asked whether they devoted much of their budget towards marketing or advertising strategies. Figure 7 shows the results.

Figure 7



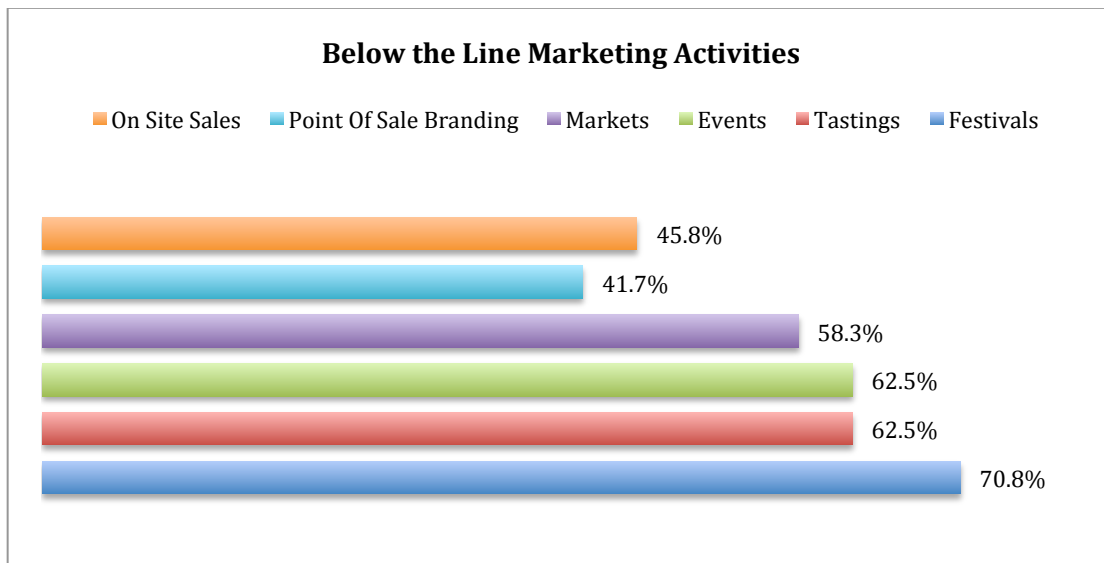
In Figure 7, the greatest portion of the sample directs at least some budget towards marketing and advertising, cumulatively representing 70.84% of the sample. The majority of the sample (54.17%) had very little or some budget, with most of the breweries having only some budget (37.50%). Just under a third of the sample (29.17%) devoted no budget towards advertising or marketing. Again, this may concord with the findings above where a good portion of the sample do not see word-of-mouth generating activities as marketing, and therefore did not perceive of expenses allocated towards these activities as a marketing budget. While this represents the minority, it is still a fairly substantial percentage of the sample. Through elaborating on their marketing budgets, the sample offered a breakdown of how their marketing budget was allocated. The answers were coded and the results are shown in the Figure 8.

Figure 8



Predictably, 29.17% of the sample that had no marketing budget did not allocate any towards the promotional activities coded above. It is notable that 50.00% and 16.67% of the sample allocated resources to either festivals and events, or festivals and branded materials. This therefore means that the majority of the sample (66.67%) allocated budgets to festivals, displaying their importance for these craft breweries. It is also apparent that a much smaller minority invested in branded materials in addition to festivals or events (16.67%) showing that the marketing focus is largely directed at festivals. A tiny proportion of the breweries actually invested in an advertising campaign (4.17%) and even then, these campaigns were distributed through social media channels. The above discussion concerns how breweries reportedly allocate marketing budgets, although from the surveys it was evident that breweries engaged in other direct marketing tactics. It is unclear why the sample did not account for these operations within their marketing budgets; nevertheless, the results below offer insights into the various ways that breweries promote their brands (see Figure 9).

Figure 9

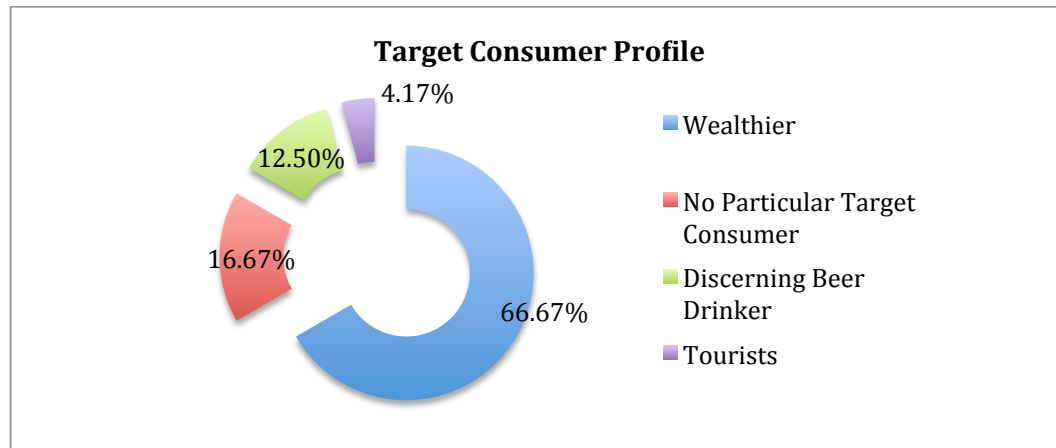


As discussed, although the breweries mentioned promotional activities they were engaged in, they did not list them within their marketing budgets. This therefore explains the inflated score for the percentage of the sample that attends festivals when compared with the budget allocated to festivals (Figure 8). This figure does show that a great deal of the sample (70.8%) actively uses beer festivals to promote their brands. Second to this, 62.5% of the breweries responded that offering tastings or attending events were important promotional techniques. Breweries were active at markets to a lesser extent than with the preceding two categories; however, it was still more than 50% of the sample, at 58.3%. A minority of the sample, only 41.7%, used point of sale branding (for example draught taps or glassware). Similarly, only 45.8% of the sample had on site sales (those occurring from the brewery's premises). This therefore shows that these breweries largely employ direct consumer engagement through festivals, tastings, events, or markets to spread the word about their brands. Red Bridge Brewing Company for example saw "direct contact through tastings and festivals [as] most effective" in marketing themselves. Similarly, Swagga Breweries offered, "festivals and craft markets are a great way of directly engaging with the public". While this is the trend within the sample, it is not necessarily true for all. Anvil Ale House stated that they had stopped attending festivals. While they did not elaborate, Gallows Hill offer further insights into the dynamics of beer festivals, where they state that consumers "are not attending to taste new beers or engage with brewers but to take advantage of free beer". Consequently, the brewery has decided to downscale the number of festivals they attend.

### Target Market of Craft Breweries

From the survey data, it was possible to delineate the consumer target market that the sample intended reaching. Some breweries were more detailed than others in their picture of the ideal consumer. The results below represent the broadest possible view of the consumer, as could be coded from the data.

Figure 10



The results in Figure 10 demonstrate that by and large (66.67%) of the sample targeted a wealthier consumer. While not explicitly stated by all the breweries, those who did mention the Living Standards Measure (LSM) group tended to agree that their target market was within the upper LSM grouping, generally within the 7 to 10 LSM bracket. Others stated that they targeted the discerning beer drinker. It would appear that within this group of respondents, the aim would be to position their brands as inclusive and not exclude existing beer drinkers. Devil's Peak Brewing Company for example said "we don't want to put anyone in a box or discriminate against anyone who is interested in craft beer". Similarly, Swagga Brewery stated, "We target beer drinkers, people who enjoy a good beer so not anyone specific". A relatively small number answered that their main consumers were tourists. This tended to be breweries that were located in relatively small towns, such as Karusa Brewery located in Oudtshoorn. The targeting of a wealthier market seems justified by how breweries positioned their products. That is, the sample tended to describe the products as "super premium", "premium", "artisanal", or "quality beer". Using such terms is an overt classification of their products as distinctly different from mass-market beers, and is designed to appeal to the "discerning beer drinker".

As discussed in the literature review, craft beer industries often placed a strong emphasis on nurturing a local connection and appealing to a sense of place. For this reason, the sample was asked whether they found their local market (within their region, area, or province) to be important. In this regard, 66.67% of respondents claimed that their local market was vital to their success, while the remaining 33.33% still found the local market to be at least important. Almost all of the sample (91.67%) argued that their core focus was on the local consumers, while only Clarens Brewery (located in Clarens) and Karusa Brewery (Oudtshoorn) stated that tourists were crucial to their business. Long Beach Brewery found the local community in their area to make up approximately 80% of their customers, while Garagista stated that 99% of the volume was sold in their home city of Cape Town. Another dimension to this focus on the local market was that breweries did not necessarily have the resources to distribute to distant markets. Gallows Hill straightforwardly stated, "Our strategy is to keep our beer local and not overextend ourselves". Doctrine Brewing specified that they would need to "significantly increase production" before they could cater to other markets. Red Sky Brew reasoned that "being a craft entity one needs to stay close to home", while Stellenbrau likewise asserts, "Craft breweries are built on being a local brewery".

Others considered the local market an important tool for their brand identity. Devil's Peak Brewery and Shongweni Brewery had beers named after their surroundings and consciously appealed to a sense of place. As Devil's Peak claim "that's what microbreweries focus quite a lot on... it's a sense of place". Humanbrew reveals this conscious marketing decision in the statement that "the locavore phenomenon has some traction". A locavore is someone who consciously consumes locally produced food products (Carroll & Wheaton, 2009). In a similar vein, many of the breweries found locals to have a loyalty towards beers brewed in their immediate surrounds. For instance, Shongweni Brewery argued that:

"The locals take a very patriotic stand to breweries in their area as if it were their own, and that is why most of our beers are named after the area, for example Durban Pale Ale, East Coast Ale, and Durban Export Pilsner".

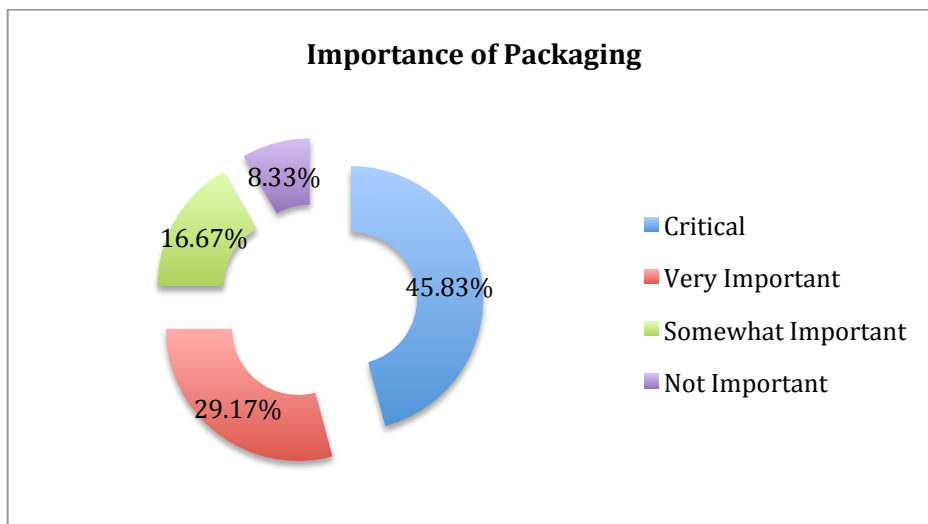
Fraser's Folly argued that this patriotism could have the desirable effect of turning local consumers into informal brand ambassadors. They claim:

“When your ‘Locals’ can feel proud of a product from their surrounds their social or age group does not seem to matter and they do half the selling! I am not trying to romanticize it, but it becomes their beer as well and they support it almost in the same way as they would support their favourite rugby team. Local is the way to go! We would like to become an institution”.

### *Importance of Packaging*

Another area of the literature that was drawn upon for the surveys was the aspect of bottling and labelling. As discussed elsewhere, labelling and packaging served as intentional markers of differentiation for craft breweries, particularly in their distinction from mainstream beer. The graph here shows the importance breweries place on the packaging of their product.

Figure 11



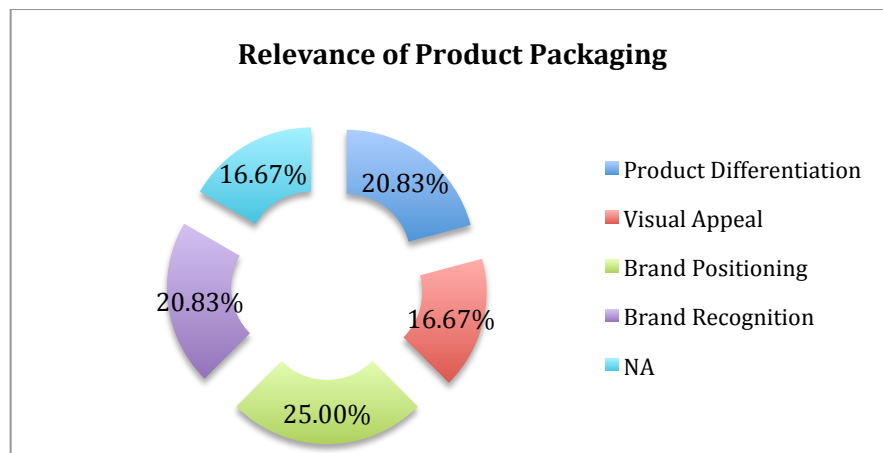
This graphs shows that the majority (45,83%) of the breweries surveyed regard packaging to be of critical importance to their brand. A lesser percentage stated that they felt bottling and labelling to be very important in selling their products. Although they did not feel it “crucial” (as stated by Stellenbrau and Garagista Beer Co.) or “vital” (stated by Copperlake Breweries), these numbers nevertheless show that the breweries place a high value on packaging and labelling. Some felt that packaging was only somewhat important (16.67%). For example, Humanbrew argued that packaging was of less importance because “ultimately the taste is our differentiator”. Similarly, Karusa Micro Brewery replied, “First time buyers buy on visual appearance, thereafter they will continue buying on quality and price point ratio”. A small portion of the sample stated

that packaging was unimportant to them – this was as they only kegged their beer and did not bottle it.

A number of breweries detailed the amount of time and money they had focused on designing their product. For example, Stellenbrau spent five months developing their labels and it “was costly in the short run”. Garagista Beer Co. likewise explained it was a facet they had spent the most time on, and the “label is the most expensive component apart from excise duty”. In addition, some breweries cited increased sales after introducing new labels. Clarens Brewery asserted that after changing their labels they saw a 32% increase in sales. Similarly, Copperlake Breweries changed their labels and saw their sales double. Shongweni Brewery mentioned a weighty increase of 300% after re-designing their labels.

Many of the breweries explained additional reasons as to why they felt packaging to be important in promoting their brands. This data was coded into five broad categories shown in the Figure 12 below.

Figure 12



A number of breweries did not explicitly state why they felt packaging to be important, for this reason these answers were coded as “NA”. This graph shows that there was a similar split between the reasons cited across the sample, with the majority (25.00%) finding that brand positioning was the most important reason for focussing on packaging. Red Bridge Brewing Company fell into this category and stated that the packaging “positions a brand as premium... conveys a sense of quality”. The sample also expressed product differentiation as a reason for their attention to packaging, where

20.83% considered this important. Here, the reasons cited included the need to differentiate themselves from other beers. Stellenbrau for example said “it’s what sets you apart from everyone else once you look at a shelf full of beer”. Equal to this was the number of the sample (20.83%) that found brand recognition to be an important factor, for example, Red Sky Brew stated, “our labels were very specifically designed and thought out; from what customers perceive... to remember... to association etc.”. The final category coded was visual appeal. Within this category, the sample expressed the desire draw consumers through eye-catching labels. Swagga Brewery stated in this regard, that labelling “must stand out and must make a person want to pick up the bottle, read the label, and ultimately buy it”.

## Discussion

As the broadest indicator of promotional activities, the majority of the sample stated that word-of-mouth was used to ‘spread the word’ about their brand. These findings concord with the existing literature on craft beer marketing<sup>7</sup>. In addition to word-of-mouth, the sample regarded social media, particularly Facebook and Twitter as important tools for business. As stated, it is unclear whether the sample interpreted word-of-mouth as an online phenomenon, as was reported in the research<sup>8</sup>. It could be argued that their use of social media as a channel through which to engage with consumers or convey information reveals some intention to generate brand awareness in an online space. In line with research on craft beer abroad<sup>9</sup>, this sample hardly used traditional advertising. This reveals that the South African craft beer industry, as with those abroad refrains from the mass media channels favoured by big beer.

What is notable is that a third of the sample did not see efforts to spread the word about their brand as a marketing strategy. This highlights the fact that a number of breweries are promoting themselves on an ad hoc basis. Furthermore, they appear to disregard building brand awareness – however limited it may be – as a marketing strategy. This returns us to the interesting point that the whole survey had to be overhauled as many breweries argued that they did not market themselves. It may be that there is a very narrow view of marketing as only involving traditional channels and they do not see

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<sup>7</sup> Particularly that of Toro-González et al. (2014) and Wesson and Neiva De Figueiredo (2001).

<sup>8</sup> For example, He (2014), Clemons et al. (2006), and Weinberg and Pehlivan, (2011).

<sup>9</sup> As discussed by Adams (2006), Clemons et al. (2006), Murray and O’Neill (2012), and Nelson, (2005).

their activities as falling within this scope. It seems that they just are using the channels available to them without considering how these channels could be exploited as part of a broader marketing strategy. It may also be that they are so focussed on brewing that marketing is a feature they have yet to tackle. This possibly reflects what Warner (2010) noted with regard to some small U.S. craft breweries, where because of their small size, the owner had to take on various roles and although they were adept at brewing, they were not necessarily business savvy (Warner, 2010).

As discussed with reference to small to medium businesses, research found that social media offered a cost-effective means of marketing<sup>10</sup> and this was supported by the survey results, as was the finding that social media could be used to engage with target audiences<sup>11</sup>. A point not mentioned within the literature, but was found in this study, is that convenience was a factor driving social media marketing. Cost-effective marketing channels should be considered in light of the finding that majority of these breweries devoted only little or some of their budgets towards marketing. In this regard, the sample tended to use their marketing budgets towards festivals, events, or branded materials. Here, cheap advertising and marketing solutions through social media appear to be a necessity given that their limited budgets are largely directed towards festivals, events, and branded materials, with marginal investment in advertising campaigns. This reflects upon the ability of social and online media to lower the barriers of entry into a marketplace, offering opportunities to new market entrants.

These findings relate to accounts of other craft beer industries, where as cited above, craft breweries generally have small marketing budgets<sup>12</sup>. Furthermore, this study finds, in accordance with others cited above<sup>13</sup>, the importance placed on festivals and events. Moreover, the breweries cited numerous other below-the-line marketing initiatives they used. These grassroots strategies show direct engagement with the consumer and it possibly reveals the kind of niche marketing described by Bastian et al. (1999) and Snipes & Thomson (1998), where efforts directly target a small segment. In this sense,

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<sup>10</sup> As argued by Harris and Rae (2009), He (2014), Michaelidou et al. (2011), Schaupp and Bélanger (2014), and Weinberg and Pehlivan (2011).

<sup>11</sup> A point offered by Gligorijevic and Leong (2011).

<sup>12</sup> For example, see Lewis (2001), Murray and O'Neill (2012), Wesson and Neiva De Figueiredo (2001), and Woolverton and Parcell (2008).

<sup>13</sup> See Wesson and Neiva De Figueiredo (2001) and Toro-González et al. (2014).

positioning themselves within places such as festivals, markets, and events where they are likely to encounter their target market. In other words, the types of consumers who are likely to value the artisanal products offered by such markets, festivals, or events.

This study also finds, similar to the literature, that craft breweries foster a local connection to their communities and harness a sense of place. While on one hand, hamstrung by limited resources, breweries largely focus on distributing to a local market. Yet, the breweries also exploited the local connection for strategic purposes, similar to the manner described by Schnell and Reese (2003), and Hede and Watne (2013), where local consumers become patriotic to a brand that appeals to a sense-of-place. In addition, not unlike assertions made by the literature<sup>14</sup>, it was found that loyal and local consumers could themselves become informal ambassadors for the brand, increasing the kind of “free publicity” described by Wesson and Neiva De Figueiredo (2001:388). Although the some of the research in this field considers the possibility of craft breweries as tourist destinations<sup>15</sup>, this was only articulated by two of the breweries. Further research in this area may emphasise this phenomenon, particularly for those breweries located in small towns. Taken together, it would appear that a local community represents both a necessary and strategic niche tactic for these breweries.

The results also suggest that these breweries largely target a wealthy consumer or discerning beer drinker, which correlates with the existing literature on craft beer markets. It seems compatible that breweries generally regarded packaging as critical or very important to their product. That is, these products are not designed to appeal to the middle-of-the-road consumer. In support of this evidence, the breweries claimed packaging was important for product differentiation, visual appeal, brand positioning, and brand recognition – all reasons that arguably attempt to position their products as distinct and unique from others.

Perhaps by design or accident, these craft breweries are achieving the kind of authenticity described within the literature on craft beer, where marketing tactics generally stand in stark contrast to those of mainstream beers. These tactics emphasise a personal connection with the consumer, where marketing activities target a niche audience. The appeal to sense of place and local consumers facilitates this authentic

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<sup>14</sup> See Murray and O’Neill (2012) and Wesson and Neiva De Figueiredo (2001).

<sup>15</sup> As stated by Alonso (2011), Elzinga (2011), and Flack (1997).

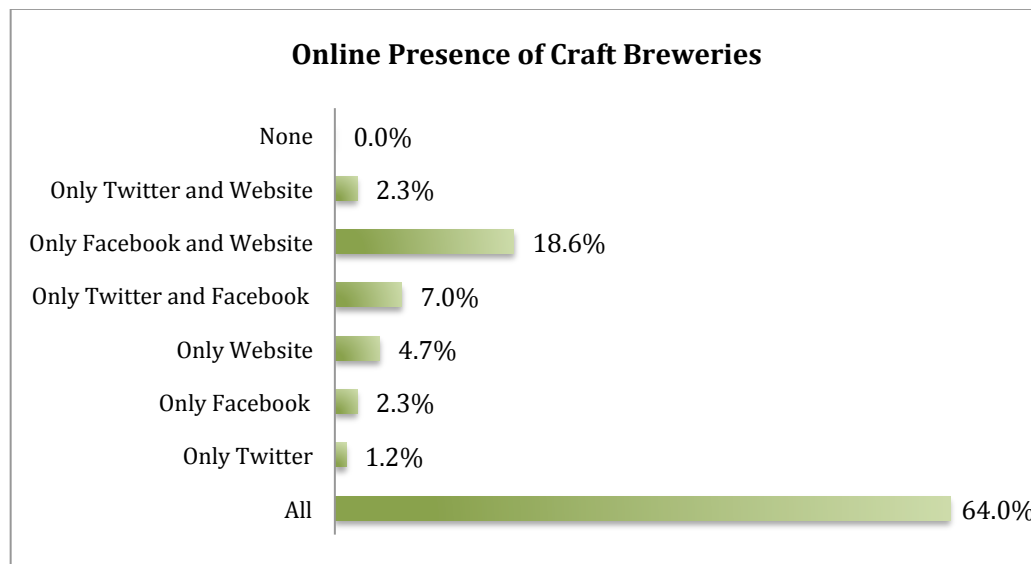
interaction, where instead of distributing to dispersed markets, the emphasis is still on 'keeping it local'. Mostly, the findings above match the descriptions of craft beer markets elsewhere in the world. Maybe then, it is noteworthy how closely the South African craft beer market appears to be following those that have gone before them. As described, many craft beer businesses suffer from limited resources and a need to differentiate themselves from mainstream beer, therefore the similar ways in which they circumvent restrictive marketing costs could be unsurprising. The most notable difference from the literature on other craft beer markets is that the South African industry appears to be relying on social media as a marketing channel rather than solely on offline word-of-mouth.

## Social Media Analysis Results

### *The Online Activity of Craft Breweries*

Although this section of the analysis concerns social media practices, a useful starting point here is to show the general presence that the sample has established online. The results can be seen in Figure 13 below. Facebook and Twitter’s search functions, Google Search, and the blogs mentioned in the methodology section were used to determine whether the breweries had websites, Facebook, or Twitter.

Figure 13

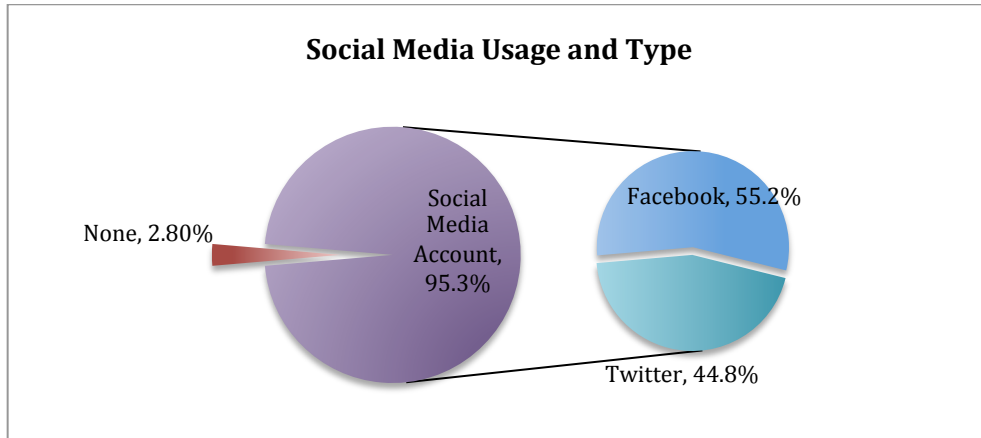


While the graph above will not be discussed in great depth, given this study’s particular focus on social media, this bar graph illustrates that none of the sampled breweries do not maintain some sort of online presence. Furthermore, the majority of breweries have Websites, Twitter accounts *and* Facebook pages (64.0%), showing that the majority rely on a mix of different online media. Consequently, these results demonstrate that all breweries have used online media and are not solely relying on offline techniques to promote themselves or their brands.

As can be seen from the above not all breweries had social media accounts. The social media used by the sample is shown graphically in Figure 14 below. Two breweries had Facebook pages that were formatted as “Personal Profiles” and were excluded. This was because metrics are unavailable for personal profiles. It is however telling that these

two breweries are not exploiting the data and interactivity offered by “Fan Pages”, where users can subscribe to updates, a feature that is unavailable on personal profiles. Furthermore, they cannot track and measure their metrics on personal pages.

Figure 14



As shown in Figure 14 above, 95.3% (n=82) operated a social media page with only a small fraction (2.80%) not having any social media accounts. Again, this supports the initial observations of the study, that social media was an important mechanism for breweries to create awareness of their products. The chart to the right of the primary pie chart shows the split between Facebook and Twitter usage in the sample. As is apparent, Facebook is a slightly more popular platform for breweries at 55.2% (n=79), compared with 44.8% (n=64) for Twitter. While the figure above gives a broad view on the difference between Facebook and Twitter use, the graph below presents a more detailed picture of social media platform usage.

Figure 15

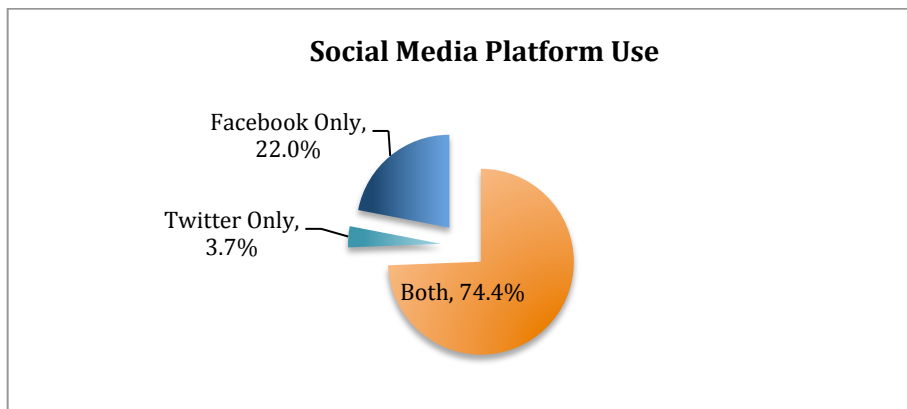


Figure 15 shows that within the sample, a majority of craft beer companies had both Twitter and Facebook accounts. Just under a quarter (22.0%) relied solely on Facebook as a means to generate brand awareness, while a tiny fraction (3.7%) relied solely on Twitter to promote themselves. As with the preceding figures (13 and 14), it is evident that the sample mainly relies on a combination of online media channels to disseminate information.

As base measure of the sampled breweries activity on Facebook and Twitter, the number of “Posts” (for Facebook) and “Tweets” (for Twitter) were recorded over the period of data collection. The data presented below represents the total number of updates to the page within the given period. Within this study, updates in terms of “Posts” or “Tweets” forms our independent variable, where all subsequent analysis is based on X (updates) as a predictor of the Y variables. This is in order to fulfil the objectives of understanding the relationship between brewery-driven social media activity and consumer interaction with the social media accounts.

The histograms in Figures 16 and 17 highlight the wide variation in posting and tweeting practices by the breweries and thus the wide variation in social media activity.

**Figure 16**

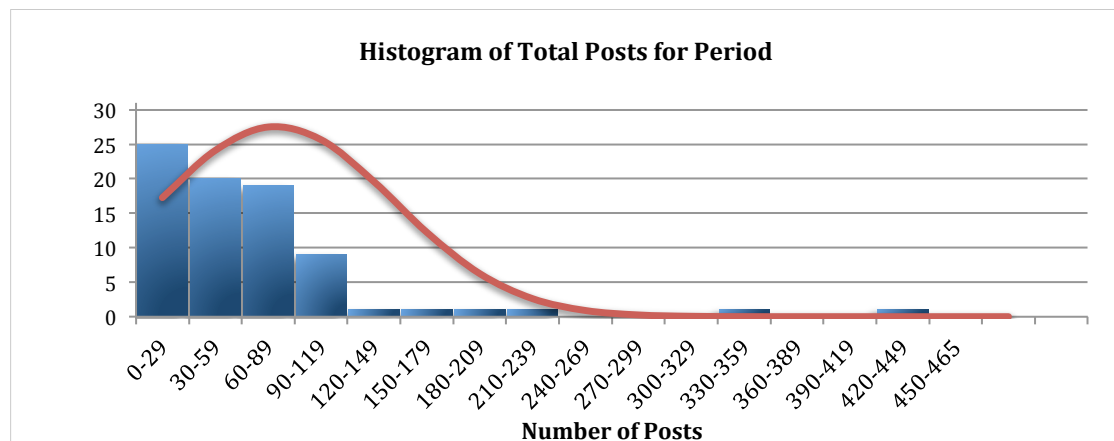
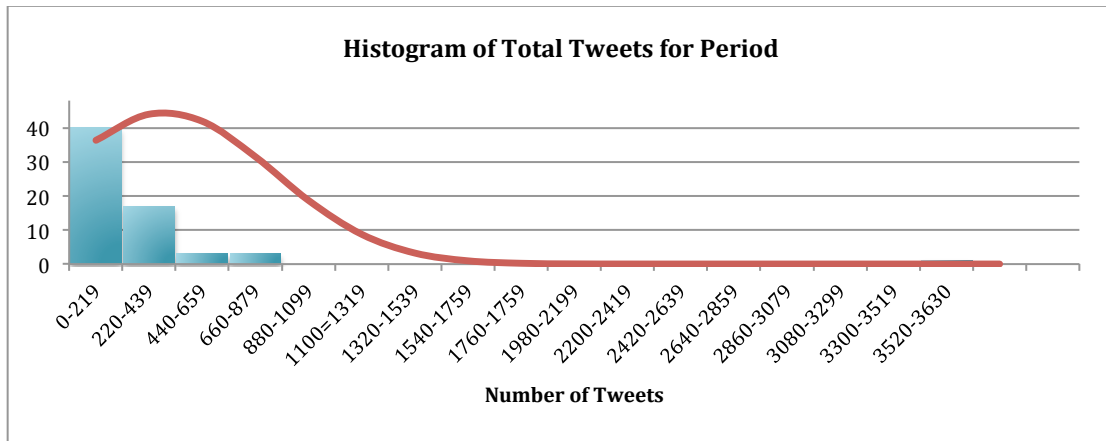


Figure 17



As can be seen from the frequency distribution histograms above these samples are not normally distributed. In particular, both distributions are positively skewed where the majority of activity occurs in the lowest range of the variable. In other words, a greater number of breweries updated their pages a few times, while only a few breweries updated their pages frequently. Furthermore, both histograms are long-tailed, indicating the wide distribution from the mean. The wide variation in brewery-operated activity is similarly echoed by a wide variation in popularity of the pages, measured in terms of Fans and Followers (Figures 18 and 19).

Figure 18

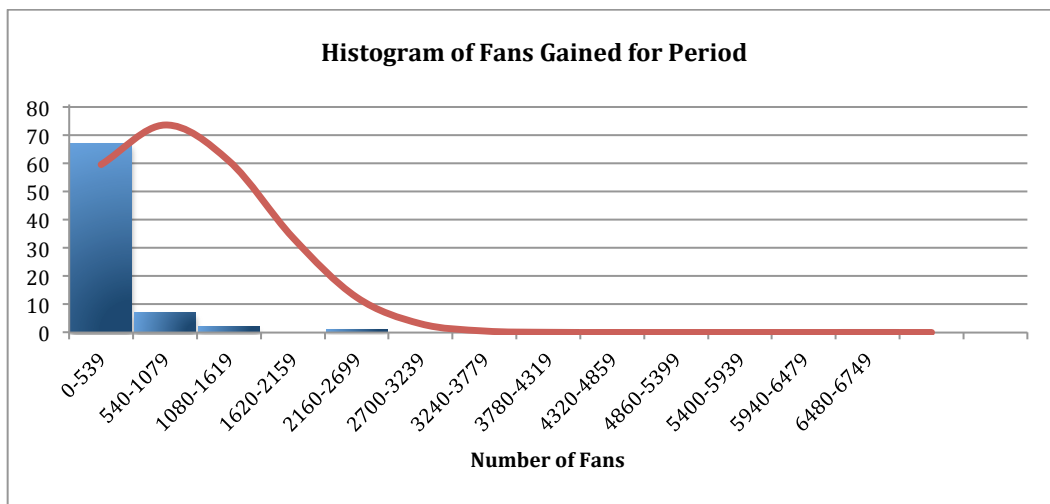
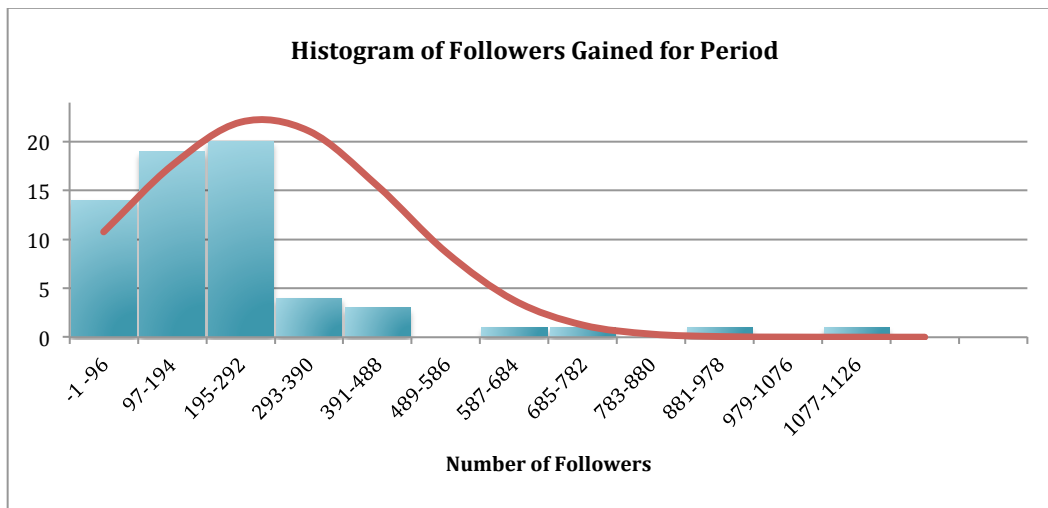


Figure 19



As per the histograms in Figure 18 and 19 here, there is also wide variation in the popularity of the sample’s Facebook and Twitter accounts. Both histograms are not normally distributed and are positively skewed. Here, in terms of both Twitter and Facebook, only a small portion of the breweries have a high number of Fans or Followers, while the majority of breweries have a much smaller number of subscribers to their social media pages. In terms of these factors, the sample is considerably heterogeneous where there is a wide variation in both the practice of updating social media accounts, as well as in the popularity of these accounts. This is a point to which the analysis will return, however, in describing the characteristics of social media use within the sample, it is useful to note whether breweries updated their accounts on a monthly basis. This gauges the regularity of updates, rather than the volume, as shown in Figures 16 and 17.

Table 3

Number of Months Updated during Period	Facebook	Twitter
0 Months (None)	7.59%	10.94%
1 Month	7.59%	3.13%
2 Months	3.80%	1.56%
3 Months	0.0%	1.56%
4 Months	7.59%	9.38%
5 Months (Every Month)	73.42%	73.44%

Table 3 presents the number of months that the sample updated their pages (at least once) during the period of observation. What is immediately apparent from this table is that the majority of the sample updated their accounts every month within the observation period – evidence that these breweries use Facebook (73.42%) and Twitter (73.44%) regularly. Cumulatively, 11.39% of the sample only updated their Facebook pages between 1 and 3 months, while for Twitter this figure was lower at 6.25%. A number of breweries recorded no updates, where 7.59% of Facebook pages and 10.94% of Twitter accounts had not been updated at all during the period of observation. It was not clear whether these pages were simply dormant and the breweries had neglected to update them or whether the breweries themselves were no longer in business. Contact via email failed to return any replies, and it was unclear if they were still active. What is more, it is apparent from the table above that the regularity of updates is fairly similar across the two platforms revealing an inherent similarity in the approach to updating the accounts.

### *Inferential Analysis*

The above graphs broadly characterise the patterns of social media usage by the sample, where in particular, the frequency of account updates (Figures 16 and 17) as our dependant variable, reveals that the sample is not normally distributed. In order to carry out statistical testing on the data, it was first necessary to address this issue. To determine, according to the null hypotheses, whether there is a relationship between the X variable and a variety of dependent variables, Pearson product-moment correlation was used. However, as the distributions are not normal, a straightforward Pearson correlation coefficient cannot be calculated from non-normal distributions. This is due to the fact that the measure is parametric and rests on the underlying assumption of normality (Lachenicht, 2002). Therefore, in order to avoid a Type I error (or incorrect rejection of the null hypothesis) and to increase the robustness of the results, a rank-based inverse normal transformation was applied to the data prior to correlation. The application of this transformation was on the advice of the relevant literature concerning correlation on non-normal distributions (Bishara & Hittner, 2012; Puth et al., 2014), especially for samples where  $n > 50$  (Beasley et al., 2009). Furthermore, this method was selected over other non-parametric tests due to its ease of computing (Puth et al, 2014) as well as the researcher's familiarity with the measure. All statistical significance tests were two-tailed so as not to incorrectly predict the direction of the relationship.

Table 4 below shows the hypotheses that were tested for significance. For each platform the null hypothesis ( $H_0$ ) and alternate hypothesis ( $H_1$ ) are given.

**Table 4**

<b>Facebook</b>	<b>Twitter</b>
<b>1. Volume of Activity and Audience Increase</b>	
<p><math>H_0</math> = There is no significant positive relationship between the volume of Page Posts and the increase in Fans.</p> <p><math>H_1</math> = There is a significant positive relationship between the volume of Page Posts and the increase in Fans</p>	<p><math>H_0</math> = There is no significant positive relationship between the volume of Tweets and the increase in Followers.</p> <p><math>H_1</math> = There is a significant positive relationship between the volume of Tweets and the increase in Followers.</p>
<b>2. Regularity of Activity and Audience Increase</b>	
<p><math>H_0</math> = There is no significant positive relationship between regularity of Posts and the increase in Fans.</p> <p><math>H_1</math> = There is a significant positive relationship between regularity of Posts and the increase in Fans.</p>	<p><math>H_0</math> = There is no significant positive relationship between regularity of Tweets and the increase in Followers.</p> <p><math>H_1</math> = There is a significant positive relationship between regularity of Tweets and the increase in Followers.</p>
<b>3. Average Activity and Average Engagement</b>	
<p><math>H_0</math> = There is no significant positive relationship between the average number of Posts and the average number of Likes, Comments, or Shares.</p> <p><math>H_1</math> = There is a significant positive relationship between the average number of Posts and the average number of Likes, Comments, or Shares.</p>	<p><math>H_0</math> = There is no significant positive relationship between the average number of Tweets and the average number of Retweets or Favourites.</p> <p><math>H_1</math> = There is a significant positive relationship between the average number of Tweets and the average number of Retweets or Favourites.</p>
<b>4. Age of Social Media Account and Audience Size</b>	
<p><math>H_0</math> = There is no significant positive relationship between the age of the Facebook Page and number of Fans.</p> <p><math>H_1</math> = There is a significant positive relationship between the age of the Facebook Page and number of Fans.</p>	<p><math>H_0</math> = There is no significant positive relationship between the age of the Twitter account and number of Followers.</p> <p><math>H_1</math> = There is a significant positive relationship between the age of the Twitter account and number of Followers.</p>
<b>5. Audience Size on Facebook and Audience Size on Twitter</b>	
<p><math>H_0</math> = There is no significant positive relationship between the number of Fans on Facebook and the number of Followers on Twitter</p> <p><math>H_1</math> = There is a significant positive relationship between the number of Fans on Facebook and the number of Followers on Twitter</p>	

### 1. Volume of Activity and Audience Increase

Table 5 below essentially addresses the correlation between the two sets of data shown in the graphs above, that is, the intersection between the frequency (or volume) of updates and audience size. This table presents the Pearson correlation coefficients for activity on social media (“Posts” and “Tweets”), and audience size based on Fans for Facebook and Followers for Twitter. The alpha was set at the stringent level of 0.001, in order to ensure that statistical significance was not observed through chance. These correlations are based on the data recorded during the period of observation, for example Fans refers to the number acquired and Posts refers to the number recorded during the period of observation.

**Table 5**

	<b>Facebook</b>	<b>Twitter</b>
<b>Variables</b>	<b>1. Posts</b>	<b>1. Tweets</b>
<b>2. Fans</b>		<b>2. Followers</b>
Pearson Correlation Coefficient(r)	.602**	.758***
p-value	.0000	.0000
n	79	64

\*\*\* Correlation is significant at the 0.001 level (2-tailed)

As per the table above, it is evident that there is a strong positive relationship between the number of Posts and the number of Fans obtained during the period of analysis, where  $r = .602$ . The same can be said of the relationship between the number of Twitter Tweets and Followers, where  $r = .738$ , although with Twitter the relationship is slightly stronger. Furthermore, both results are statistically highly significant at the significance level of  $p < 0.001$ . According to this significance level, there is less than 0.1% chance that the observed relationship can be accounted for by chance. Therefore, this leads us to reject the null hypotheses and accept the alternate hypotheses that there is a significant positive relationship between activity and audience size.

### 2. Regularity of Activity and Audience Increase

As seen in Table 3, the majority of the sample tended to update their social media accounts on a regular basis. What is of interest is whether there is a correlation between the regularity of updates and the popularity of the account (in terms of audience size). While there is an association between the volume of social media updates and the audience size, the histograms show that there is a wide variation in these variables.

Analysing the regularity of updating in relation to audience size offers further insight into this variance. These are displayed in the proceeding figures.

Figure 20

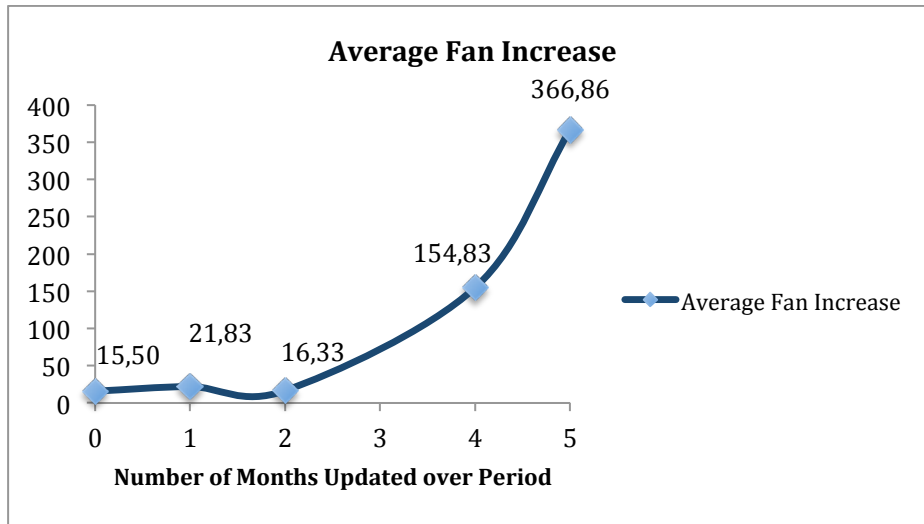
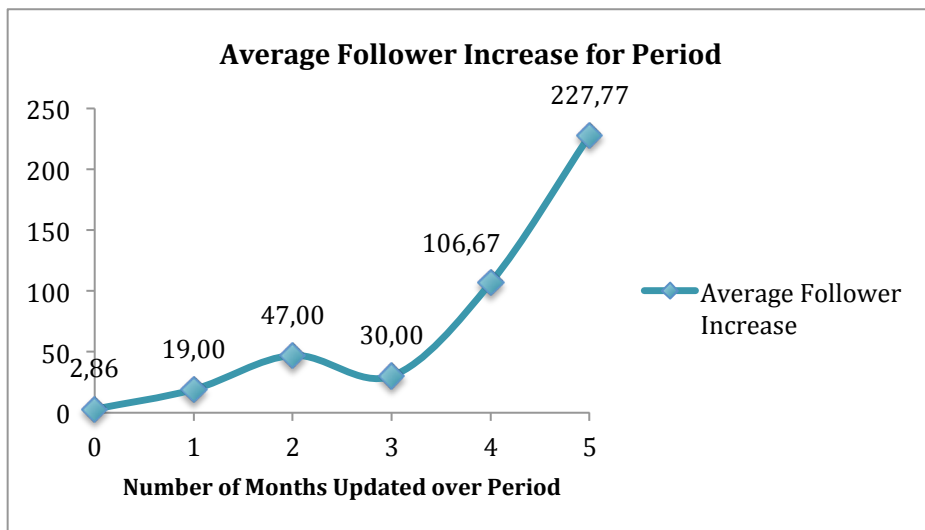


Figure 21



Both of the graphs above show the average number of Fans or Followers increase over the period in relation the number of months that the accounts were updated. These both display a broad positive linear trend, where as the number of updates increase, so do the number of Fans or Followers. With the Facebook data, none of the sample only updated 3 of the 5 months. For Twitter, those who updated for only 2 months disrupt the linear trend. This was the only data point within the set and refers to a brewery that had been generally inactive, but suddenly posted a high volume of Tweets in one month. The number of Followers gained for that month likewise increased. With Facebook, there is a

noteworthy difference between those that updated 4 months and those who updated every month (5), and the corresponding average Fans. Here there difference in Follower growth 136.94%. There is a similar trend within the Twitter data where the difference is 113.53%, showing that those who updated every single month received considerably more Fans or Followers. While these graphs graphically display the correlation between these two variables, correlation coefficients were also calculated for the data – these can be seen in the Tables 6 and 7 below.

**Table 6**

<b>Facebook</b>	
<b>Variables</b>	<b>Average Fan Increase</b>
<b>Regularity of Facebook Updates (Posts)</b>	
Pearson Correlation Coefficient(r)	.879*
p-value	.0021
n	79

\* Correlation is significant at the 0.05 level (2-tailed)

**Table 7**

<b>Twitter</b>	
<b>Variables</b>	<b>Average Follower Increase</b>
<b>Regularity of Twitter Updates (Tweets)</b>	
Pearson Correlation Coefficient(r)	.963*
p-value	.0020
n	64

\* Correlation is significant at the 0.05 level (2-tailed)

For Facebook the Pearson's  $r = .879$ , and for Twitter  $r = .963$ , which are both high correlations indicating a very strong relationship between regularity of updates and the average growth in Fans or Followers. Thus, while there was shown to be an association between the volume of updates and the popularity of accounts over the two platforms, there too appears to be a very strong correlation between the regularity of updates and the popularity of social media pages. These correlations were only significant at the 0.05 level, where  $p < 0.05$ . Although this does not make them highly statistically significant, it is nevertheless significant and we can reject our null hypotheses, accepting the alternate that there is a significant positive relationship between regularity of updates and audience increase.

### 3. Average Activity and Average Engagement

Becoming a Fan or Follower of a particular brand’s social media page represents a basic interaction with the account. However, the nature of social media offers multiple ways to engage with organisations or brands. Therefore, this analysis shows whether there is a relationship between the volume of updates from a particular account and the degree of user interaction with the content. The table below shows two correlation scores for Facebook interaction data.

**Table 8**

<b>Facebook</b>			
<b>Variables</b>	<b>Average Likes, Comments, or Shares</b>	<b>Average Posts by Users</b>	<b>Average Engagement</b>
<b>Average Number of Posts</b>			
Pearson Correlation Coefficient(r)	.526***	.678***	.597***
p-value	.0000	.0000	.0000
n	79	79	79

\*\*\* Correlation is significant at the 0.001 level (2-tailed)

As can be seen from above, there is a moderate positive correlation between the average number of Posts that the breweries made, and the average number of Likes, Comments, or Shares these Posts generated (where  $r = .526$ ). The correlation between average number of Posts by breweries and average number of Posts made by users to the brewery’s page is slightly higher, where  $r = .678$ , displaying a high positive correlation and strong relationship. It was also possible to calculate the average engagement by totalling the user-driven activities shown here. The correlation between this and average number of Posts indicates a substantial relationship ( $r = .597$ ). All correlations are statistically highly significant, where  $p < 0.001$ . It was interesting to note that three of the breweries analysed had disabled the function allowing users to post to their Facebook pages. This shows that they merely intend to use it as a broadcast medium akin to above-the-line advertising approaches. It also reveals the lack of emphasis they place on actual consumer engagement.

A similar relationship between updates and interaction with the company accounts was measured for Twitter. This is shown in Table 9.

**Table 9**

<b>Variables</b>	<b>Average Number of Retweets</b>	<b>Average Number of Favourites</b>	<b>Average Engagement</b>
<b>Average Number of Tweets</b>			
Pearson Correlation Coefficient(r)	.951***	.943***	.944***
p-value	.0000	.0000	.0000
n	64	64	64

\*\*\* Correlation is significant at the 0.001 level (2-tailed)

The correlation coefficient between the average number of Tweets from the brewery and the average number of Retweets is very high, where  $r = .951$ . The relationship between the average number of Tweets and average number of Favourites had a similarly high correlation coefficient ( $r = .943$ ). Average engagement represents the sum of activities in the middle two columns, and the correlation coefficient ( $r = .944$ ) displays a similarly strong association. All correlations are statistically highly significant where  $p < 0.001$ . These correlation scores show that there appears to be a strong positive relationship between the number of Tweets and the interaction with the breweries' content. Furthermore, we can reject the null hypotheses for Twitter and Facebook, and accept the alternate hypotheses, that there is a significant positive relationship between the volume of social media updates, and the degree of user interaction with the brand's account and content.

#### **4. Age of the Social Media Account and Audience Size**

The rationale behind calculating the correlation between the total number of subscribers (gained over the account's lifetime) to the age of the account, was that the longer an account was active, the greater the volume of Fans or Followers the account could garner. The age of the account was calculated from the date since the first account update and ended on the last date of the data collection period (30 November 2014). This is only the probable date of the account's conception, since it is possible that an account was created without it being updated. However, it does show the date since first *active*. There was a very weak correlation between the number of Fans and age of the account (shown in Table 10 below) where  $r = .256$ . The correlation coefficient was even weaker ( $r = .069$ ) when dormant accounts or even those who irregularly updated their profiles (less than every month) were excluded. Furthermore, the result was only significant at  $p < 0.05$ . The findings from this sample suggest that there was very little

relationship between the age of the Facebook account and the volume of Fans it receives.

**Table 10**

<b>Facebook</b>		<b>Twitter</b>		
<b>Variables</b>	<b>Total Number of Fans</b>	<b>(Excluding Inactive/Irregularly Updated)</b>	<b>Total Number of Followers</b>	<b>(Excluding Inactive/Irregularly Updated)</b>
<b>Age of the Account</b>				
Pearson Correlation Coefficient(r)	.256*	.069	.493***	.703***
p-value	.0121	.6066	.00003	.00000
n	79	64	64	64

\* Correlation is significant at the 0.05 level (2-tailed)

\*\*\*Correlation is significant at the 0.001 level (2-tailed)

The Twitter findings offer a moderate correlation coefficient between the lifetime of the Twitter account and the number of Followers, at  $r = .493$ . What is interesting to note, when dormant or irregularly updated accounts were excluded, the correlation coefficient rose to  $r = .703$ , where  $p < 0.001$ . This is a strong and statistically significant correlation, suggesting a strong relationship between the age of the account and the total number of Followers, but only for the segment of the sample that updated their accounts regularly. Despite the weak to moderate strengths, the null hypotheses can be rejected and we can support the alternate – that there is a significant positive relationship between the age of the social media account and the size of the audience.

The above inferential analysis produces bivariate correlation coefficients, which cannot be directly compared as they are derived from independent groups. In order to compare whether there is a statistically significant difference between correlations across the platforms, a Fisher  $r$  to  $z$  transformation was used to calculate the statistical difference between the Facebook and Twitter correlations. These are grouped according to the hypotheses cohorts considered above.

**Table 11**

	<b>Z-Score</b>	<b>p-value</b>
<b>1. Volume of Activity and Audience Increase</b>	-1.72	0.0854
<b>2. Regularity of Activity and Audience Increase</b>	-3.573	0.0004***
<b>3. Average Activity and Average Engagement</b>	-6.31	0.0000***
<b>4a. Age of Social Media Account and Audience Size</b>	-1.62	0.1052
<b>4b. Age of Social Media Account and Audience Size (without inactive)</b>	-4.68	0.0000***

\*\*\* Correlation is significant at the 0.001 level (2-tailed)

Table 11 indicates that for three of the cohorts the differences between correlation coefficients are statistically significant (at  $p < 0.001$ ). Namely, for Facebook and Twitter, the regularity of activity and audience increase were significantly different where  $r_a$  (Facebook) is smaller than  $r_b$  (Twitter), as indicated by the negative value. The relationship between average activity and average engagement was also statistically significantly different, where again the correlation coefficient for Facebook is smaller. The same is true for the age of the social media account and audience size, but only for those who updated their accounts on a monthly basis (4b).

The above considers the difference between independent groups, but it is also possible to analyse the strength of the relationship within groups through using the coefficient of determination ( $r^2$ ). From  $r^2$ , the percentage of variation in one variable that is accounted for by the variation in the other was calculated. For example, 93% of the variation in audience increase in Twitter is accounted for by the regularity of activity.

**Table 12**

	<b>Facebook</b>	<b>Twitter</b>
<b>1. Volume of Activity and Audience Increase</b>	$r^2 = 0.36$ (36%)	$r^2 = 0.57$ (57%)
<b>2. Regularity of Activity and Audience Increase</b>	$r^2 = 0.77$ (77%)	$r^2 = 0.93$ (93%)
<b>3. Average Activity and Average Engagement</b>	$r^2 = 0.36$ (36%)	$r^2 = 0.89$ (89%)
<b>4a. Age of the Social Media Account and Audience Size</b>	$r^2 = 0.07$ (7%)	$r^2 = 0.24$ (24%)
<b>4b. Age of the Social Media Account and Audience Size (without inactive)</b>	$r^2 = 0.004$ (0.5%)	$r^2 = 0.49$ (49%)

The coefficients of determination shown in the Table 12 will be considered in relation to the other findings of this study (see the Discussion section).

### 5. Comparison of Audience Sizes across Platforms

In order to determine whether there was a relationship between audience size on Facebook and audience size on Twitter, the sample was reduced to a list of those active of both networks. The correlation coefficient between the total number of Fans and total number of Followers across the lifetime of the account showed a substantial relationship, where  $r = .654$ , and  $p < 0.000$ . This is again statistically highly significant at the 0.001 level. This shows that there is a relationship between performance on Facebook (in terms of Fans) and performance on Twitter (in terms of Followers). In other words, those who had a high number of Fans tended to have a high number of Followers. Furthermore, the significance level allows us to reject the null hypothesis and accept the alternate.

While the above shows that in terms of audience size, Facebook and Twitter tends to perform similarly, there were actual differences in the size of audiences reached by the two platforms. Figure 22 below offers a very broad overview, where Facebook accounts tend to reach larger audiences than Twitter. For a breakdown of this graph, see Figure 23.

Figure 22

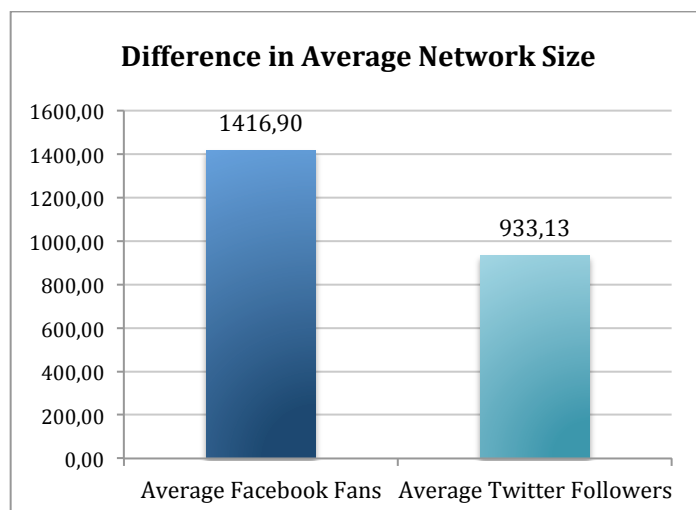


Figure 23

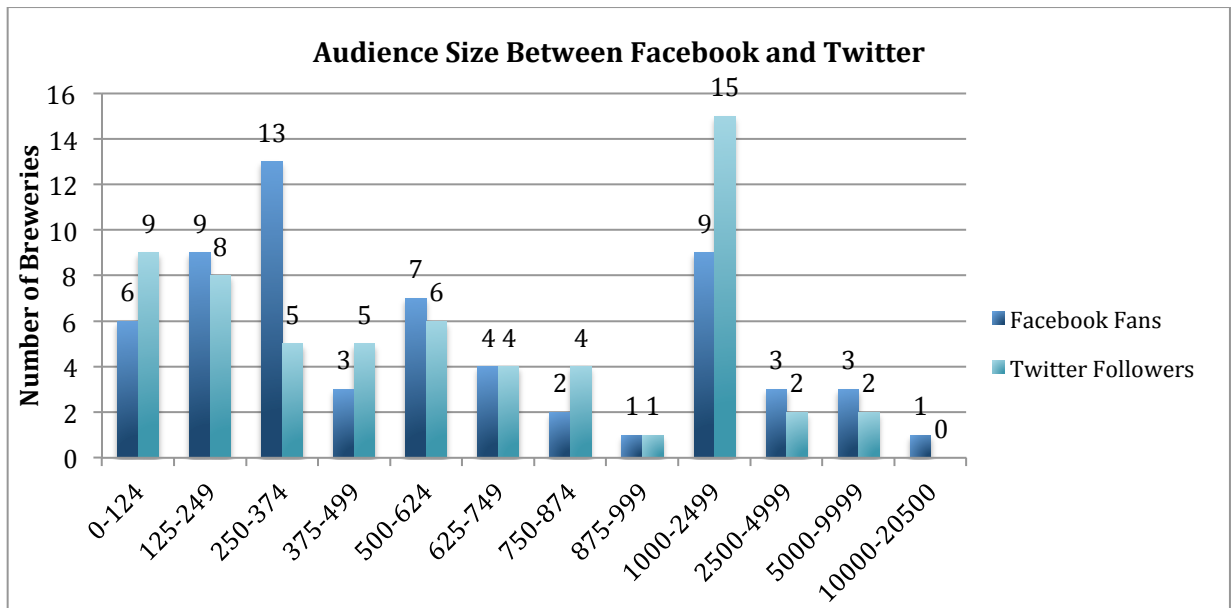


Figure 23 shows the number of breweries' Fans or Followers according to the designated bin sizes. This result shows that the greatest number of Facebook accounts have between 250-374 Fans, while for Twitter this was much higher, where the greatest number of accounts had between 1000 – 2499 Followers. It is notable that only one account had between 10 000 – 20 500 Fans, whereas for Twitter there was no account that approached such a number. It is important to note that in the last quartile of the sample set, where Fans and Followers are at their highest, Facebook outperforms Twitter in all 3 bins. Of the sample 41% fall into the first quartile of the graph, with 23.8%, 26.2% and 9% falling into the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> respectively.

## Discussion

All the South African craft breweries analysed maintain at least some sort of web presence, the overwhelming proportion had at least one social media account, although tending to hold Twitter and Facebook accounts simultaneously. Their accounts were also fairly regularly updated although the extent to which they were active on these platforms offered a different picture. There was a vast inconsistency in the frequency of account updates across these craft breweries and this was echoed by expansive differences in the audience sizes. Generally, the breweries had small audiences and low volumes of updates, with little considerable difference between Facebook and Twitter. Therefore, while most breweries operated social media accounts, fewer would seem to be doing so effectively and harnessing the capabilities of the medium to engage with consumers.

A possible explanation for this discrepancy could be that these small enterprises are operating on tight budgets where the brewer has to wear many hats. In between attention to brewing and packaging, they may simply not have the time they would like to devote to social media, resulting in the variation above. Contrastingly, for more established brands such as Devil's Peak Brewing Company, Stellenbrau, or Cape Brewing Company, it was found when contacting them that they had designated marketing managers. This in itself points to vast disparities in industry practices.

In order to understand this phenomenon further, inferential analysis tried to discover whether there were patterns between brewery-driven activity and audience size and engagement. From the outset, it has to be emphasised that these positive correlational results do not infer causality. Experimental studies, particularly using control groups, are necessary to determine if brewery-driven social media activity *causes* increased audience size and engagement.

In all instances, the correlational data supported the alternate hypotheses and in all cases, there are significant positive relationships. Therefore, we can conclude that within this study there is evidence to suggest that updating activity is positively related to increased audience size and engagement across Twitter and Facebook. Furthermore, that the longer the account has been active is positively related to the audience size of the accounts, although for both Facebook and Twitter this relationship was weak. Lastly, audience size on Facebook was significantly positively related to audience size on Twitter.

When the correlation coefficients were compared, it was notable that there was no statistically significant difference between the correlations for volume activity and audience increase, and age of the social media account and audience size (when inactive accounts were excluded). We can conclude that there is evidence that the strength of the correlations between Facebook and Twitter for these cohorts appears to be similar and hence, tend to operate in a similar way.

The difference however between regularity of activity and audience increase for Facebook and Twitter was statistically significant. Specifically, regularity of activity and audience increase correlates significantly more for Twitter than Facebook. This

difference may be explained by inherent differences in the organisation of content between Facebook and Twitter. That is, it may be due to differences in the lifespan of content over the two platforms. Twitter tends to be more time-sensitive and in chronological order, where newer content immediately displaces older content. The shorter half-life of Tweets has been documented by social media research companies, for example Rey (2014) and Lee (2014). With Facebook, this tends to be less prevalent where the News Feed is organised according to an anti-chronological algorithm based on user-driven cues<sup>16</sup>. Therefore, users may tend to subscribe to Twitter accounts that Tweet more regularly than is strictly necessary for Facebook.

Another statistically significant difference was found between average activity and average engagement, where average activity and average engagement correlates more highly for Twitter than Facebook. Those who had high average activity were more likely to have consumer engagement with their Twitter content than was found for Facebook. This may suggest that Twitter is a more engaging medium for consumers than Facebook when measured according to the average brewery-initiated updates on these pages. It may be that Facebook remains a more personal medium in that a user's network is made up of friends and family. For Twitter it seems that Tweets represent a collation of the user's interests. Given these differences, brand-issued messages may tend to be ignored in favour of family and friends' content. For Twitter, it may be that users are actively logging-on to catch up on content that are interested in. This may possibly explain the higher engagement on Twitter. Evidence to support this theory can be seen in the observations of DeMers (2013) and Aedy (2013).

There was also found to be a statistically significant difference between the age of an account on Twitter and Facebook and the audience size, but only for those who update every month. As a result, this shows that age of a Twitter account and audience size correlates more highly than for Facebook. This suggests that the longer a Twitter account was active *and* regularly updated the more Followers they could attract. This may have negative implications for the success of new craft breweries on Twitter. Conversely, it may suggest lower barriers of entry for newcomers to Facebook, where the age of a brand page only weakly correlates with popularity in terms of audience size.

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<sup>16</sup> These include for example how often a user engages with a Page. It is elaborated upon by Dredge (2014).

While the above has considered the differences between Facebook and Twitter, using the coefficients of determination it is possible to compare the strength of the relationships within the platforms. In this regard, for both Facebook and Twitter the relationship between regularity and audience increase was very strong. A possible explanation for this is that users are likely to subscribe to an account's updates if they feel that these will add value to their social networks. That is, under-utilised or dormant accounts will rarely provide them with content thereby adding little to their News Feeds or Timelines and the value in subscribing is diminished. This assumes that users make judgements on social media accounts before subscribing to them.

This should be compared with the fact that for both Facebook and Twitter, regularity of activity exhibits a much stronger relationship with audience increase than volume of activity does. Consequently, it appears that regular, rather than high volumes of updates are associated with audience increases. It may be users are unwilling to subscribe to those accounts that inundate their social media feeds with content. Therefore, in the same way regular updates add value to a user's social network – sending too much content may be judged annoying (or similar to spamming) and weakens its value to a user's social network.

This analysis showed that breweries that tend to have a high number of Fans on Facebook would have comparably high Followers on Twitter. This shows that popular brands will remain so over Twitter and Facebook. However, Facebook reaches a wider average audience for the breweries than Twitter does, especially in the highest ranges of audience numbers. This result is concordant with a report by World Wide Worx and Fuseware (2013), which states that Facebook is a more popular than Twitter in South Africa. It may be that this correlation is purely related to offline marketing activities and highly visible or popular brands achieve high audiences on social media. It may also be that those who are using social media shrewdly are acquiring large audiences on both platforms, while those with little social media nous are performing weakly on both.

## Conclusion

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From the outset, this study sought to investigate the South African craft beer industry and specifically to describe their marketing practices, through a process of qualitative and quantitative analysis. Additionally, it aimed to consider the South African craft beer movement in light of those around the world, although the academic focus on the U.S. market has biased the analysis somewhat. By drawing on research in other areas, such as social media marketing for small businesses and the alcohol industry at large, the results can be discussed in the context of existing literature in these interrelated fields.

The initial assumption, that South African craft breweries are using social media for marketing was an informal observation, merely aimed at guiding the inquiry. Nevertheless, this research has found that the majority of craft breweries do have a social media presence and do tend to update their accounts on a monthly basis. Furthermore, for the bulk of the craft breweries surveyed, social media was found to be a very important business tool. It was therefore intriguing as to why then, there were such variable results with regard to activity on social media, particularly in terms of their recorded activity and the audience they garner.

As discussed, it was found that the owner-brewer-marketer formula was not consistent across the sample and the more established companies had dedicated marketing managers. Although all fitted under the designation of craft breweries, there are wide differences in firm size and their subsequent budgets. This may account for inconsistencies in marketing practices. This is supported by the fact that some breweries did not have a well thought-out marketing strategy, not considering word-of-mouth or social media as tools to build brand awareness. This could be a possible consequence of the brewers being over-stretched and focussing too resolutely on brewing, without considering how best to sell their beer.

Despite these differences, it is noteworthy that across the sample there was a strong emphasis on below-the-line marketing and establishing direct contact with the consumer. Here, festivals, events, and branded materials were visibly important to these South African craft brewers, in ways that mirror the observations elsewhere in the world. As another below-the-line marketing strategy, it was interesting to note the

prevalence of word-of-mouth as a marketing tool, something that is emphasised in literature on small business marketing as well as within craft brew industries abroad. It would however seem that the articulation of word-of-mouth in its electronic form is lacking. It appears that social media is not recognised for its ability to facilitate word-of-mouth marketing, where any interaction with a social media account is immediately distributed to a consumer's online social network. This should be a point of focus, especially given that research (cited above) has shown the power of brand messages that come from the non-marketer. The research discussed above regards offline word-of-mouth marketing as having a high cost-per-message, where a relatively small number of consumers receive the communications (relative to mass-media). In the case of social media however, there may be a cheaper cost-per-message, where word-of-mouth is distributed to wider audiences than is possible through direct communication with a brewer.

Similar to the literature considered within this paper, the breweries stressed the importance of the local consumer and often appealed to a sense of place in their branding and marketing communications. The possibility of the loyal and patriotic local consumer becoming an informal brand ambassador was expressed. There is however, no reason why this phenomenon cannot be interpreted in the form of social media. Just as informal brand ambassadors used social media in the Stormhoek Winery case and as Clemons et al. (2006:157) highlight with regard to "beer geeks", so too can this brand ambassador idea be transferred to an online sphere.

It may be argued that as part of a general response to homogenous and mass-produced products, craft breweries in South Africa are solely interested in targeting a niche market and attracting a wide social media audience is incompatible with this view. After all, they do not intend to appeal to the middle-of-the-road consumer. Nevertheless, it can be argued that engaging a wider audience through marketing only serves to increase brand awareness and better the chances of survival. That said, attracting a vast social media audience need not be at the expense of niche strategies and also does not mean that they are 'becoming mainstream'. It may simply mean that demand becomes higher, and how they cater to that demand is another strategy in itself. They need not abandon the small-batch, handcrafted ethos – they could simply exploit exclusivity.

In a related sense, by creating a specific demand for their products through increased brand awareness and visibility, these breweries may succeed in stimulating the kind of “destination branding” described by Hede and Watne (2013:218). In other words, “a natural word-of-mouth buzz” (Clemons et al., 2006:157) might encourage consumers to travel to the breweries in order to get their hands on an exclusive beer. With craft beer tours already operating in Cape Town and surrounds by the Craft Beer Project (see Craft Beer Project, 2014b), this may emerge as a viable promotional strategy in the future. Furthermore, it may include the kind of tasting and experimentation traditionally associated with wine consumption in this country, in a way described by Woolverton and Parcell (2008).

These conclusions should be considered in light of the results of the inferential analysis, where it was found that in all instances there were significant positive relationships between brewery-driven activity and audience increase and engagement, as well as the age of the account and audience size. Furthermore, those who were popular on Facebook were similarly popular on Twitter. These positive associations provide evidence to suggest that increased attention to social media, in the form of regularly updating these pages, may result in their messages reaching wider audiences.

Regularity of updating would appear to a more salient factor in audience increase than the volume of updates. It would seem that these breweries should manage the fine line between bombarding their audience with marketing messages, and keeping the accounts regularly updated. Furthermore, there is evidence to suggest that growth in audiences on Twitter is more strongly related to regularity of updates than it is for Facebook. This suggests that there are inherent differences between the platforms and the regularity of updates they require to stimulate audience growth. Moreover, this may show that breweries would need to tailor their marketing approaches slightly, according to the different platforms. This is supported by the inference that average activity appears to be more strongly related to engagement levels on Twitter than it is for Facebook. As was discussed, this may be due to differences in the demand and style of content required by each platform. Overall, it would seem that breweries should not have a ‘one size fits all’ approach to social media marketing on Twitter and Facebook. Instead, they should consider the unique demands and requirements of each platform prior to distributing marketing messages.

Approaching Twitter and Facebook differently may offer breweries the opportunity to exploit the unique traits of these platforms, but it has to be considered that there was a strong relationship between audience size on Facebook and audience size of Twitter. In other words, those popular on Facebook also tended to be popular on Twitter. While there may be many variables accounting for this occurrence, it could be that highly visible brands in the offline world tend to draw consumers to their online pages in order to receive news on their beers and activities. In this way, Facebook and Twitter should be thought of as only one component of a broader below-the-line marketing strategy. Though, having outlined the fact that social media is a major means through which breweries distribute marketing messages and the importance they place on it, it may be a core feature of maintaining a connection with consumers after they have encountered the brand offline. This may be a key consideration given that research considered above, found that engaging consumers on social media positively influenced brand reputation. In this respect, strategically engaging consumers on social media may strengthen brand reputation and possibly inspire positive word-of-mouth.

In considering the outcomes of this study, together with the research on craft beer markets abroad, the striking resemblance is apparent. This is particularly noticeable when comparing the South African and U.S. craft beer industries, where similar patterns of engaging with the consumer have emerged. In line with the literature, it would appear that South African craft brewers employ the self-same direct marketing tactics of festivals, tastings, events, and branded materials as their U.S. counterparts, with a strong emphasis on establishing a personal connection with the consumer. Furthermore, the focus on unique and distinctive packaging serves to differentiate their products from mass-produced beer, which fits together with the strategy of consciously targeting the discerning, wealthier consumer. As with the observations on other craft beer industries, these strategies or decisions, serve to mark their products as niche and distinctive, and their selected marketing channels would appear to be compatible with this ideology. There is the possibility that with the U.S. craft beer movement being roughly 20 years older than South Africa's, that local brewers have consciously taken tips from their bigger brother.

In concluding, it should be recognised that the South African craft brewing industry is growing in numbers at a rapid rate. New entrants may have the benefit of cheap social media, and may want to give attention to Facebook where the relationship between

audience size and length of time active was not as strong as with Twitter. With this increase in the number of brands and variety of styles, comes an increasingly competitive marketplace. Where once, the only craft beers available in South Africa were those from Mitchell's Brewing or Nottingham Road Brewery, now there are near 100 craft breweries offering increasingly varied and experimental styles. With this in mind, it may be that craft breweries and particularly the newcomers need to give more attention to brand equity. Orth and Lopetcharat (2006) found product attributes only account for a small degree of consumer preference and instead brand equity is more strongly linked to a particular craft beer preference. Simply put, it may not be enough to rely on product attributes when the market is becoming increasingly competitive. If craft breweries want to make the transition from home-brewing for their friends, to actually having a market-competitive product, more attention needs to be paid to a marketing strategy, which (as has been shown) need not be expensive. The 'product speaks for itself' mantra might not hold water when the consumer is confronted with a multitude of good beers.

## **Implications for Further Research**

Descriptive research is often first line of enquiry and can serve the basis from which further research can emerge. This study only explored the marketing strategies within the South African craft beer industry, but there are numerous other research avenues that can be pursued. This is especially considering that there is currently little academic focus on this segment.

This study was only articulated within the framework of media and marketing.

Assessing this phenomenon through other lenses may yield other results.

Having only analysed the South African craft brewing industry from the field of media studies, it therefore excludes economic and finance related sectors. For example, looking at firm size or distribution channels may offer additional insights and could be a field of further enquiry. This may be particularly true for distribution and availability of craft beers, where those who remain visible and easily accessible to the consumer are more popular on social media. That is, the visibility of brands may be a better predictor of social media performance.

In addition, as stated a number of times within this paper, correlation does not mean causation. The correlational results merely indicate emerging patterns and offer an area

for further examination. Specifically, causal studies or experimental studies could be conducted in order to establish a concrete link between social media activity and audience size and engagement. This may be a particularly important research domain, given that much of the data offered by analytics companies are inaccurate, or the research methods opaque. Content analysis of the breweries' social media accounts could additionally illuminate the differences in marketing practices. Analysing the style of the content (for example, competitions or asking the audience questions) may provide a more conclusive account.

While this study has not presented causal links between social media use and audience size or engagement, it is hoped that it has provided insights into how small businesses can negotiate marketing strategies in a cost-effective way. Again, this is an area for future consideration, where similar studies on other industries could be conducted. This is especially important considering the value of small to medium businesses in South Africa's development policies.

## Limitations

As the greatest threat to the validity and generalizability of this study, the research was hindered by low response rates for the surveys. This was despite numerous emails, and applying all advised efforts to achieve high response rates for email surveys. It is possible that the relatively small sample obtained here is not representative of the broader South African craft beer industry and hence the reliability of the study may be compromised.

A similar issue could be encountered with the sample compiled for this research. As is apparent from the methodology section, every effort was made to ensure the most complete list of craft breweries in South Africa. However, new craft breweries emerge on a frequent basis and it is possible that some breweries escaped inclusion.

The sampling procedures and purpose of this study aimed to only analyse craft breweries in South Africa, therefore limiting the generalizability of these results to other populations. No claims are made here that observations of social media activity and audience size or engagement can be generalised to other industry segments. To add, caution should be exercised when generalising these findings to other craft brewing markets. Having said that, the findings here can give some insight into how similar small

businesses can approach social media marketing, given the lessons learnt in this research.

The frame of this study was limited by time constraints and only provides analysis for five months of observations. Therefore, this study cannot provide a conclusive and definitive account of the marketing practices in the South African craft beer industry. Repeat measurements or longitudinal studies of correlational data may support or refute claims made here. Nevertheless, this might offer an area of further study given the rapid dispersion of craft breweries in South Africa.

Despite revising the survey to adequately measure the marketing activities of South African craft breweries, there is the possibility that the survey was still not understood properly or that the questions were not interpreted correctly. In this sense, the measurement validity of the survey may be weakened. Moreover, it may be that the survey questions were formed too closely to the literature, resulting in measurement error. This may have produced an inflated similarity between the South African market and those abroad. In this regard, the content validity might have been compromised. It must be noted however, that within the interviews, where respondents were allowed to speak freely and spontaneously, the results were similar to those of the emailed surveys.

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# Appendices

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## Appendix 1 – Sample Survey

### Survey

**Name of Research Project:** Crafting a South African Brew: A descriptive study of South African craft breweries and their marketing strategies.

**Researcher:** Lauren Green

**Contact Details**

**Tel:** 083 631 0829

**Email:** grnlau007@myuct.ac.za

**Department:** Centre for Film and Media Studies, The University of Cape Town

- 1.) How do you ‘spread the word’ about your product or brand?
  - a.) Do you feel that some efforts to ‘spread the word’ are more effective than others?
  - b.) Do you regard these efforts as “marketing strategies”?
- 2.) Do you find social media (such as Facebook or Twitter) important in engaging with the consumer?
  - a.) If so, which channel do you find most important?
- 3.) Do you have a particular market segment in mind when selling your beer? If so, who?
- 4.) Do you find the local consumers (i.e. those located within your area, province or region) to be an important market?
  - b.) As a follow-up to the previous question, do you find other geographically-located markets to be important?
- 5.) Do you devote much of your budget or time to marketing? (For example, festivals or time spent on social media).
- 6.) How important do you find the bottling or labelling of your product to be?

## Appendix 2 – Coding Schedule and Manual

<b>Name of Brewery</b>		
<b>1. Word-of-Mouth Mentioned</b>		
<b>2. Media Channels Used</b>		
<b>3. Social Media</b>	<i>Social Media By Platform</i>	
	<i>Importance of Social Media</i>	
	<i>Most Important Social Media Channel</i>	
	<i>Uses of Social Media</i>	
<b>4. Marketing (General)</b>	<i>Additional Justification</i>	
	<i>Budget Spent on</i>	
<b>5. Other Below the Line Marketing</b>	<i>Considers Social Media as Marketing</i>	
<b>6. Target Market</b>	<i>Consumer Profile</i>	
	<i>Other points about the Consumer</i>	
<b>7. Packaging</b>	<i>Importance of</i>	
	<i>Reason for Focus on</i>	
	<i>Additional Justification</i>	
<b>8. Importance of Local Community</b>		

### Coding Manual

<b>1. Word-of-Mouth Mentioned</b>	Yes/No
<b>2. Media Channels Used</b>	<ul style="list-style-type: none"> <li>• Posters/Flyers</li> <li>• National Print Media</li> <li>• Local radio</li> <li>• Local Print Media</li> <li>• Social Media</li> <li>• Emailing List</li> <li>• Website</li> </ul>
<b>3. Social Media</b>	<b>Social Media By Platform</b> <ul style="list-style-type: none"> <li>• Blogs</li> <li>• Ratebeer</li> <li>• Tripadvisor</li> <li>• Untapped</li> <li>• Instagram</li> <li>• Twitter</li> </ul>

	<ul style="list-style-type: none"> <li>• Facebook</li> </ul>
	<p><b>Importance of Social Media</b></p> <ul style="list-style-type: none"> <li>• Somewhat Important</li> <li>• Important</li> <li>• Very Important</li> </ul>
	<p><b>Most Important Social Media Channel</b></p> <ul style="list-style-type: none"> <li>• Facebook</li> <li>• Twitter</li> <li>• Facebook &amp; Twitter</li> <li>• Product Rating Sites</li> </ul>
	<p><b>Uses of Social Media</b></p> <ul style="list-style-type: none"> <li>• Engage with the Consumer</li> <li>• Convey Information</li> <li>• Both</li> </ul>
	<p><b>Additional Justification</b></p> <ul style="list-style-type: none"> <li>• Convenient</li> <li>• Target Market</li> <li>• Cost Effective</li> <li>• Market Research</li> </ul>
<b>4. Marketing (General)</b>	<p><b>Budgets</b></p> <ul style="list-style-type: none"> <li>• No Budget</li> <li>• Very Little Budget</li> <li>• Some Budget</li> <li>• Significant Budget</li> </ul>
	<p><b>Budget Allocation</b></p> <ul style="list-style-type: none"> <li>• None</li> <li>• Festivals/Events</li> <li>• Festivals/Branded Material</li> <li>• Advertising Campaign</li> </ul>
	<p><b>Considers Social Media as Marketing</b></p> <ul style="list-style-type: none"> <li>• Yes/No</li> </ul>
<b>5. Other Below the Line Marketing</b>	<ul style="list-style-type: none"> <li>• Festivals</li> <li>• Tastings</li> <li>• Events</li> <li>• Markets</li> <li>• Point of Sale Branding</li> <li>• On Site Sales</li> </ul>
<b>6. Target Market</b>	<ul style="list-style-type: none"> <li>• None</li> <li>• Wealthier</li> <li>• Discerning Beer Drinker</li> <li>• Tourists</li> </ul>
<b>7. Packaging</b>	<p><b>Importance</b></p> <ul style="list-style-type: none"> <li>• Critical</li> <li>• Very Important</li> <li>• Somewhat Important</li> <li>• Not Important</li> </ul>
	<p><b>Relevance</b></p> <ul style="list-style-type: none"> <li>• Product Differentiation</li> <li>• Visual Appeal</li> <li>• Brand Positioning</li> <li>• Brand Recognition</li> <li>• NA</li> </ul>
<b>8. Importance of Local Community</b>	<ul style="list-style-type: none"> <li>• Vital</li> <li>• Important</li> <li>• Core Focus</li> </ul>

## Appendix 3a – Informed Consent Form (Emailed Surveys)



University of Cape Town  
Faculty of Humanities

### Informed Consent Form <sup>17</sup>

**Name of Research Project:** Crafting a South African Brew: A Descriptive Study South African craft breweries and their marketing strategies.

**Researcher:** Lauren Green

**Contact Details**

**Tel:** 083 631 0829

**Email:** grnlau007@myuct.ac.za

**Department:** Centre for Film and Media Studies

1.	I understand the purpose of this project and have had the opportunity to ask questions.	<input type="checkbox"/>
2.	I understand that my participation is voluntary and I have the right to withdraw from the project at any stage.	<input type="checkbox"/>
3.	I agree to my responses being used for the purposes of education and being included in this academic project.	<input type="checkbox"/>
4.	I understand this research may be published in academic works. As is the case with dissertation research, the document will be available in the University of Cape Town library in printed form, and possibly in electronic form as well.	<input type="checkbox"/>

**Name of Participant:**

**Signature:**

**Date:**

**Name of Researcher:**

Lauren Green

**Signature:**

**Date:**

<sup>17</sup> Adapted from the standard consent form from the University of Cape Town: Faculty of Humanities Guide to Research Ethics (2013).

## Appendix 3b – Informed Consent Form (Face-to-Face Interview)



University of Cape Town  
Faculty of Humanities

### Informed Consent Form <sup>18</sup>

**Name of Research Project:** Crafting a South African Brew: A Descriptive Study of South African Craft Breweries and their Marketing Strategies.

**Researcher:** Lauren Green

**Contact Details**

**Tel:** 083 631 0829

**Email:** grnlau007@myuct.ac.za

**Department:** Centre for Film and Media Studies

1.	I understand the purpose of this project and have had the opportunity to ask questions.	<input type="checkbox"/>
2.	I understand that my participation is voluntary and I have the right to withdraw from the project at any stage.	<input type="checkbox"/>
3.	I agree to my responses being used for the purposes of education and being included in this academic project.	<input type="checkbox"/>
4.	I consent to my responses being electronically recorded	<input type="checkbox"/>
5.	I understand this research may be published in academic works. As is the case with dissertation research, the document will be available in the University of Cape Town library in printed form, and possibly in electronic form as well.	<input type="checkbox"/>

**Name of Participant:**

**Signature:**

**Date:**

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**Name of Researcher:**

Lauren Green

**Signature:**

**Date:**

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<sup>18</sup> Adapted from the standard consent form from the University of Cape Town: Faculty of Humanities Guide to Research Ethics (2013).