

## **The Craft Beer Sector: Challenges and Potentialities**

**Session Chairs: Juliette Wilson and Maria Karampela, University of Strathclyde, Glasgow, UK**

### **Papers**

#### **Exploration of the Growth of the European Craft Beer Sector**

Sarah Dodd, Juliette Wilson, Maria Karampela, University of Strathclyde, United Kingdom; Mike Danson, Heriot Watt University, United Kingdom.

Presented by Juliette Wilson and Maria Karampela

#### **Investigating the demand for craft beer in a traditional wine consuming country: does the context matter?**

Roberta Capitello, Claudia Bazzani, Diego Begalli, Department of Business Administration, University of Verona, Via Cantarane 24, 37129 Verona, Italy; Riccardo Scarpa, Durham University Business School, Mill Hill Lane, Durham, DH1 3LB, United Kingdom.

Presented by Roberta Capitello and Claudia Bazzani

#### **Craft breweries in Norway: Growth and innovation**

Natalia Maehle and Amund Stamrud, Mohn Centre for Innovation and Regional Development – Western Norway University of Applied Sciences, Norway.

Presented by Natalia Maehle

#### **Too Small for A Too Large Global Marketplace? An Exploratory Investigation into Micro-Firms' Internationalization Initiation and Processes in The Context of The British Craft-Brewing Industry**

Maria Karampela, University of Strathclyde, United Kingdom, Nadine Waehning, York St John University, United Kingdom

Presented by Maria Karampela and Nadine Waehning

Each presenter has agreed to register for the conference and to present the paper if the proposal is accepted.

None of the papers has been submitted to other conference tracks and none have previously been presented at EMAC.

**Too Small for A Too Large Global Marketplace? An Exploratory Investigation into Micro-Firms' Internationalization Initiation and Processes in The Context of The British Craft-Brewing Industry**

Maria Karampela, University of Strathclyde, United Kingdom

Nadine Waehning, York St John University, United Kingdom

Firm internationalisation has received substantial scholarly attention, which has investigated a vast range of aspects such as motives and triggers (Wickramasekera and Bianchi, 2013), barriers (Shaw and Darroch, 2004), market selection (Poh-Lin, 2000), entry modes (Whitelock, 2002), and performance (Chen et al., 2016, Mac and Evangelista, 2016, Ogasavara et al., 2016, Ngo et al., 2016, Sousa et al., 2010). Much of this literature has however focused on the multinational corporation (Delios, 2017), and increasingly on the SMEs, given their importance for local economies.

Nonetheless, concerns have been raised that the internationalisation of micro-firms in particular has been substantially ignored (Westhead et al., 2004, Williams, 2008), and that our current understanding of internationalisation aspects in medium-sized firms might not necessarily apply to micro-firms. This hypothesis is not unsubstantiated if we consider the significant

differences those businesses have in terms of age, capital, resources, decision-making style, and experience (Williams, 2008); this mix might result in different motives and processes for internationalization as well as different managerial perceptions of internationalization barriers in the context of micro-firms. Most importantly, it remains unclear how exactly such resource-deficient organisations both in terms of finance, time, and human capital, initiate and pursue internationalisation. Academic research on the mechanisms and routes to internationalisation that micro-firms choose remains scant. Indeed, past literature seems to have mostly focused on the importance of network relationships, and collaborative and cooperative interactions with other actors, for SMEs' competitiveness, growth and internationalization (Wright et al., 2007, Davey et al., 2001, Kock et al., 2010, Lin and Lin, 2016, Musteen et al., 2014, Parida et al., 2016, Che Senik et al., 2011). Yet, it remains unclear to what extent and how exactly micro-firms use their networks to prepare for internationalization, and to identify, explore, and take advantage of new foreign market opportunities. This study aims to address the above gaps.

To this end, an exploratory qualitative study was launched in Spring 2016. In line with previous research (McGrath and O'Toole, 2013), a series of face-to-face, depth interviews were conducted following site visits to the selected micro-breweries; site visits were considered crucial to facilitate researchers' understanding of the entrepreneurs' realities and to inform interpretation of the interview data. The study's participants consisted of owners/managers of micro-breweries (producing less than 5000 hl, and employing less than 10 people) recruited through directories of local beer associations and located in Yorkshire and Scotland (13 interviews in each region), two regions purposely selected for their dynamic craft beer communities.

Our preliminary findings provide empirical evidence that managerial perceptions about the factors that facilitate and inhibit the initiation of micro-firms' internationalization do not necessarily align with the assumptions of past research on medium-sized firms' internationalization. Specifically, there is indication that those factors are not assigned the same level of significance, and different factors are perceived as crucial depending on stage of internationalisation (non-exporters, new exporters, and well-established exporters). The study also sheds more light on the role of network ties. We reveal that micro-breweries overall tended to downplay the importance of networks in regards to their growth, albeit these perceptions tended to vary depending on relationship closeness. Moreover, our preliminary analysis uncovers a vast range of internationalisation mechanisms/routes, which we classify in four quadrants according to two axes: business ownership (business-owned/managed or not) vs production-relatedness (production-related or not). Finally, juxtaposition of the identified internationalisation mechanisms with growth routes normally adopted by businesses in domestic markets reveals a surprising finding: micro-firms, at least in the chosen empirical setting, approach internationalisation in similar ways to domestic growth. The finding challenges some of the previous assumptions in the internationalisation scholarship regarding smaller firms' careful, incremental approach to expanding internationally.

Overall, the contribution of the study is two-fold. In terms of theoretical contribution, the paper advances theory on internationalization by providing further insight into the processes and specific challenges that micro-firms face when seeking to expand internationally and contributes to the entrepreneurial networks literature by providing evidence about the role of network ties in facilitating growth from a dynamically emerging industry that is fully characterized of strong collaborative practices. In terms of practical contribution, the study's findings have significant policy implications at the industry level, especially in relation to the design of export support initiatives for micro-firms.