Craft Breweries and Economic Development: Local Geographies of Beer

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Abstract

The United States is home to over five thousand craft breweries. Approximately 65 percent of these craft breweries have opened since 2010. In this paper, we review the academic and popular literature on the industry, as well as select place-based examples, to present a meta-analysis that explores the growth of craft breweries through a “place-based” lens that posits the popularity of craft beer is due to several key factors: (1) a renewed interest in supporting local economies through the purchase of locally-made products, (2) the growing importance of the millennial cohort in retail markets as a driver of the demand for craft beer, and (3) local economic development strategies. With respect to economic development, the paper references the role of craft breweries in the economic revitalization of older neighborhoods, as well as the emergences of beer tourism. Beer tourism, as we will demonstrate, is associated with economic clusters in the form of identifiable brewery districts, festivals, and as well as other creative efforts such as beer trails. Finally, we provide some concluding observations with an emphasis on the future growth potential of the craft beer industry.

The United States is home to over five thousand craft breweries. The emergence and growth of the modern-day craft brewery in the United States is a relatively recent phenomenon. In 1985, there were only 37 craft breweries in the United States. The growth has been particularly impressive in recent years. In the period 2010-2016, the United States has witnessed a net gain of 3,480 craft breweries (Figure 1). In 2015, craft beer accounted for 12.3 percent of American beer sales by volume and 21.8 percent by sales. While overall beer sales have declined in recent years (see NBWA 2015), craft beer’s popularity reflects the desire by increasing numbers of Americans to consume beer they perceive to be more flavorful and of higher quality than that offered by the country’s two large macro-brewers, Anheuser-Busch and MillerCoors (Bernot 2015). Craft breweries also offer the consumer greater variety in terms of the number of different styles of
beer that they brew (Fromm 2014). Craft breweries, by definition, engage in small-scale production of beer and are independently owned firms. Most craft breweries are locally owned, which is another characteristic that appeals to many craft beer consumers. Indeed, some scholars suggest that the growing popularity of craft beer in the United States is a manifestation of the broader neolocalism movement that has gained momentum in the United States in recent years (Flack 1997; Schnell and Reese 2003, 2014, Author 2015).

The purpose of this paper is to examine the emergence and growth of American craft breweries. Specifically, we explore a place-based concept, neolocalism, and present the argument that the popularity of craft beer is due to several key factors: (1) a renewed interest in supporting local economies through the purchase of locally-made products, (2) the growing importance of the millennial cohort in retail markets as a driver of the demand for craft beer, and (3) local economic development strategies. With respect to economic development, the paper references the role of craft breweries in the economic revitalization of older neighborhoods, as well as the emergence of beer tourism. Beer tourism, as we will try to demonstrate, is associated with economic clusters in the form of identifiable brewery districts, festivals, as well as other creative efforts such as beer trails or paddling paths. Finally, we provide some concluding observations with an emphasis on the future growth potential of the craft beer industry.

Figure 1: Craft Breweries in the United States, 1966-2015. Source: Brewers Association

The Local Geography of Craft Breweries

1. In this paper, we use The Brewers Association’s definition of a craft brewery. To qualify as a craft, a brewery cannot produce more than six million barrels of beer annually. Additionally, less than 25 percent of the brewery can be owned or controlled by an alcohol industry member that is not itself a craft brewer, and the majority of its alcohol that it produces must be beer that derives from traditional or innovative brewing ingredients and their fermentation (Brewers Association 2017a). As craft brewers expand, we acknowledge there is a tension between localization and corporatization. While this is not a focus of the paper, consolidation of the craft brew sector and acquisition has been a strategy deployed by macro-brewers.
Due to “space-shrinking” transportation and communications technologies the world’s economies have become increasingly integrated and its people increasingly connected (Dicken 2015). There is a large literature devoted to the topics of globalization and the global economy (see for example Friedman 2007; Lechner and Boil 2004; Schmitz 2004; Dicken 2015). One of the manifestations (and drivers) of globalization is the multi-national corporation—a corporation headquartered in one country that has facilities (e.g., production, retail, research and development) in other countries. A traveler to almost any of the world’s major (and some not-so-major) cities, for example, will have the opportunity to dine in familiar chain restaurants. For example, McDonald’s has over 36,000 restaurants in 120 countries and Starbucks has over 22,000 coffee shops in 68 countries (United States Securities and Exchange Commission 2016; Starbucks Company 2016). One of the benefits of globalization has been the emergence of stable, familiar, and predictable landscapes, products, and quality that has been driven by homogenized economic processes and economies of scale.

As a result of homogenized “more global” economic landscapes, the distinctiveness of places and localities has inherently eroded across space and over time. And in an effort to preserve local cultures, processes, and identities the concept of “neolocalism” has emerged as a response to globalization, as well as an effort to preserve unique ways of life, and in some respects as a form of resistance to globalization. Neolocalism has been defined as the “deliberate seeking out of regional lore and local attachment by residents (new and old) as a delayed reaction to the destruction in modern America of traditional bonds to community and family” (Short ridge 1996, 10). It is, according to Eberts (2014, 93) “part of a larger cultural countercurrent that has emerged in resistance to the homogenizing forces of globalization and universal consumer culture.” In practice, neolocalism not only reconnects people with the places where they live (Eberts 2014), but can also be used to revive values and traditions that existed in the past but have, over time, been eroded and supplanted by those which are more global and universal in nature (Parnwell 2007). The desire to connect with the local must be endemic to the people living in a particular place. Thus, at its heart neolocalism is “grassroots activism” which is most effective when it is “framed and driven by local communities” (Parnwell 2007, 996).

Within the United States neolocalism has manifest itself in the growing popularity of Buy Local campaigns (American Independent Business Alliance 2014), farmers markets (Cone 2012), and community-supported agriculture (Galt et al. 2012). Purchasing food products that are grown and/or produced in their local communities appears to be increasingly important to growing numbers of Americans. This is reflected in the increased popularity of farmers’ markets whose numbers grew from 1,755 in 2004 to 8,669 in 2016 (USDA-AMS 2016). Between 1994 and 2016, the number of wineries in the United States grew from 1,772 in 1994 to 11,496 (Wine

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2. Smith (2008) argues the inherent contradiction of the capitalist space-economy and resulting uneven development is the tension between homogenization and differentiation.
Institute 2017). Approximately 57 percent of the new wineries that have opened up since 1994 are located in states other than California, suggesting that the production of wine is increasingly becoming more geographically dispersed. The growing popularity of locally-produced craft beer, it has been argued, is a manifestation of the local movements. Flack (1997, 49) suggests that craft breweries represent a “rejection of national, or even regional culture, in favor of something more local.” In a similar vein Schnell and Reese (2003, 46) argue that that craft breweries are partly a response to the “smothering homogeneity of popular, national culture” and the desire on the part of increasing numbers of people to “reestablish connections with local communities, settings, and economies.” Eberts (2014, 193), within the Canadian context, describes craft breweries “as agents of local identity [that] are part of a larger cultural countercurrent that has emerged in resistance to the homogenizing forces of globalization and universal consumer culture.”

In addition to being locally-owned some craft breweries attempt to strengthen their connection with their local communities by naming their establishments and the beers that they brew after local landmarks, historical figures, landscapes, or historical events (Eberts 2014; Schnell and Reese 2003). For example, many of the breweries and beers brewed in Montana are named to reflect the themes of fishing, rivers, mountains, and wildlife (Fletchall 2016). In the case of Montana, Fletchall (2016) found that the names of the breweries and their beers were not a critical factor in the decision of residents to frequent breweries—the quality of the beer was the main attraction. In the case of Montana tourists, however, a brewery is a place where they felt that they could go to connect with locals and to get an insight into local culture. In other words, breweries provide visitors with a unique, place-based, experience. Indeed, a growing number of communities and regions are recognizing the contribution that the craft beer industry can make to their tourism industry (Slocum 2015; Alonso 2010; Plummer et al. 2005). Neolocalism has been identified as a significant asset for the development of culinary tourism (Rogerson 2015). An analysis of “real-ale” tourists in the north of England concluded that those engaging in the practice saw real-ale as an expression of “authenticity, real food, small capitalism, locality, working-class community and regionality” (Spracken et al. 2013).

The brewing of beer involves the combination of four basic ingredients—water, hops, malted barley, and yeast. With the exception of the water these ingredients tend to be imported from outside the local region. For example, 96 percent of the hops harvested in the United States come from just three states—Idaho, Oregon, and Washington (George 2016). This can result in the justifiable criticism that beer is not really a local product as all that the brewers are doing is

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3. In the United Kingdom real ale is “beer brewed from traditional ingredients (malted barley, hops water and yeast), matured by secondary fermentation in the container from which it is dispensed, and served without the use of extraneous carbon dioxide. Brewers use ingredients which are fresh and natural, resulting in a drink which tastes natural and full of flavour.” (Campaign for Real Ale, http://www.camra.org.uk/about-real-ale).
combining imported products with local water. While this is a fair criticism, it is important to point out that a small, but growing number, of craft breweries are using more locally-grown ingredients in their beer. For example, due to the demand for locally grown hops, production of this crop has, in recent years, expanded beyond the three core states. Indeed, by 2015 hops were grown in 22 states (George 2015). Likewise, brewers are increasingly talking about creating beers with more local inputs—and firms like Kentucky’s Third Turn have made the possibility of producing an all-Oldham-county beer a publicly articulated goal (see Gibson 2016). Indeed, there are a small number of beers that have successfully produced using only local ingredients. These include the appropriately named Nebraska Native, a Sour/Wild Ale that is brewed with only Nebraska ingredients (Matteson 2017).

Beyond the geography of local inputs, neolocalism in practice is also redefining the scope of the industry and enhanced market differentiation. For example, the use of locally-grown hops has been the catalyst for discussions about whether the concept of terroir has any currency within the world of craft beer (Bolden 2015; Draft Magazine 2011). There is evidence that place—and physical geography (soil and climate) matter when it comes to hops. It has been observed, for example, that the flavor imparted by Citra hops is dependent upon where they are grown—those grown in Yakima, Washington, have notes of tropical fruit, particularly mango, while those grown in Chico, California, impart notes of ripe honeydew melon (Burringham 2013). A similar trend with respect to using local barley and yeast is also gaining momentum (Esch 2016; Shea 2015). In addition to the four basic ingredients, it is not uncommon for breweries to incorporate other local ingredients into their brews. For example, Piney River Brewing Co. of Bucyrus, Missouri, use locally-grown black walnuts in brewing their Black Walnut Wheat beer, while Cape May Brewing Co. in Cape May, New Jersey, use local beach plums in their Queen Street Beach Plum Ale (Galanty 2016a). While the flavor profile of a beer reflects its ingredients, an equally, perhaps more important factor is the creativity and preferences of the brewer who makes the beer (Burringham 2013). Two brewers using identical ingredients can produce beers that taste quite different.

The growth and expansion of craft brewers has not only increased the sector’s market share relative to the macro-brewers—but also impacted the industry’s geography and consumer access. Today, Americans do not have to travel far to find a craft brewery—78.5 percent of legal drinking-age adults live within ten miles of a brewery (Herz 2016a). The majority of craft breweries are very small—89 percent produce less than five thousand barrels of beer per year while 66 percent produce less than one thousand barrels (Brewers Association 2016b). The small production volumes of many American craft breweries frequently results in markets that are highly localized and geographically constrained. For breweries producing under five thousand

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barrels of beer per year, within-state customers account for 94.7 percent of their sales (Brewers Association 2014). This has led journalists to use the term hyper-localism to describe the craft beer industry (Chesto 2016; Delesline 2014). Indeed, “connecting to local communities is a key strategy for microbreweries” (Eberts 2014, 196) that is also reinforced by “more local” concepts of community (Reid and Gatrell 2017) and spatial brands (Gatrell et al. 2017). From the perspective of brewery performance, it is a strategy that appears to pay off. An analysis by Wesson and Nieva de Figueiredo (2001) showed that craft breweries that sell more of their beer in the local market performed better than those that focused on more geographically distant markets. Better performance (measured in terms of revenue and production volume) is driven by the fact that a geographically restricted market allows craft breweries to minimize distribution costs, build customer loyalty, and use limited resources in a more effective and efficient fashion (Wesson and Nieva de Figueiredo 2001). Interestingly, the emerging economic landscape of the craft beer industry is reminiscent of the pre-Prohibition period when transportation technology and production techniques forced brewers to be local (Ogle 2006; Shears 2014).

The Craft Beer Consumer

Market research indicates that the age cohort most likely to drink craft beer is 25-34 year olds (Mintel 2013). Individuals in this age group are part of what is termed the millennial cohort. One recent market research survey showed that that 57 percent of people who drink craft beer on a weekly basis are millennials. This compares with 24 percent and 17 percent for Gen Xers and Baby Boomers respectively (Brewers Association 2016e). Millennials are an important demographic, comprising over 75 million in number and controlling over a trillion dollars of consumer spending (Fry 2016). They have been described as “confident, self-expressive, liberal, upbeat and open to change” (Pew Research Center 2010, 1). With regard to their spending habits, they prefer to purchase services from companies that support solutions to specific social issues while believing that large companies exert too much power and influence (Carter 2016). So important is the influence of millennials in the market place that some observers have suggested they are “in the driver’s seat and shaping the very way companies do business today” (Cone Communications 2013). A recent survey showed that the number one issue that millennials want companies to address is economic development. They ranked this higher than other issues such as human rights, access to education, and poverty or hunger. More significantly, perhaps, along with Americans in other age-cohorts, millennials feel that companies should focus their efforts to improve the quality of life at the local level, rather than at the larger national or international scales (Cone Communications 2013). These values and preferences exhibited by millennials, the

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5. The millennial cohort corresponds with people between the ages of 18 and 34 (Fry 2016).
primary craft beer consumer, have important implications for the craft beer industry. Craft breweries are small-scale, independent, and, in most cases, locally owned. Their values intersect strongly with many of the values articulated by the millennial demographic. This suggests to us that craft breweries have an important role to play in contributing to local economic development but also in enhancing and strengthening the social fabric of the communities within which they are embedded.

Craft Breweries and Local Economic Development

A number of scholars, particularly Markusen and Schrock (2009), have articulated the importance of what is termed “consumption-driven urban development.” This is the idea that goods and services both produced and consumed within the local economy can be important contributors to the economic health of a local economy. According to Markusen and Schrock (2009, 345) demand for such products materializes “when residents shift their purchases to new types of goods and services that are more likely to be produced locally” and engage in what is termed import substitution. Import substitution occurs when a product that was imported is produced inside, or purchased from a business located inside, the region. Increased demand for local products can occur for a number of reasons including strategically designed buy-local campaigns and changing tastes and preferences on the part of consumers (Markusen and Schrock 2009; Persky et al. 1997). Changing consumer tastes can be driven by a number of factors, including the availability of new goods and services. As noted by Markusen (2009, 348) “if new consumption activities are offered in communities in which they previously did not exist, they may divert local consumer expenditures from one set of goods and services to an entirely different consumption mix.” Shifting from consumption of an imported to a locally produced product illustrates an important point about twenty-first century neolocalism. In the past, when transportation and communications networks were less developed than they are today, people consumed local goods because, often, those were the only ones available. Today, people choose local goods because they want to (Strassoldo 1992). For example, in North Carolina, an estimated 96 percent of the beer consumed is imported from outside of the state (CraftFreedom.org 2015). Significantly shifting these numbers in favor of local craft brewers would support both the state and local economies. The case of Oregon demonstrates that it is possible to shift these numbers in favor of local economies; 22 percent of the beer (bottled and draft) consumed in Oregon is brewed in the state (Oregon Brewers Guild 2016).

A growing number of cities across the United States are recognizing the important contribution that craft breweries can make to local development, particularly at the neighborhood scale. At the neighborhood level craft breweries can be an important contributor to, and in some cases a catalyst for, the revitalization of neighborhoods that are in a state of
distress. In the case of Buffalo, New York, the term beer-oriented development has even been coined to describe the pivotal role that craft breweries can play.

Much of Buffalo’s progress can be chalked up to what Hawley calls beer-oriented development. A local beer and distilling revolution has helped remake the city and introduced a welcome influx of new craft breweries. In just the last couple of years, nearly 20 breweries and distilleries have opened here, including the new Big Ditch Brewing Company downtown and Resurgence Brewing Company, which is helping breathe life into what had long been a rougher part of town (Lubin 2016).

Similar stories detailing the role of craft beer in urban redevelopment in cities, both large and small, are being be told in Cleveland, Ohio (Alexander 2013), Denver, Colorado (Weiler 2000), and Kinston, North Carolina (Perritt 2013). In Cleveland, Ohio, for example the Great Lakes Brewing Company has played a catalytic role in revitalizing the city’s Ohio City neighborhood. In 1986 Great Lakes owners, Pat and Dan Conway, signed a lease on the building that became their brewery. The low rent made the building very affordable. Cleveland Mayor Frank Jackson described the Ohio City neighborhood as a “struggling neighborhood” in the mid-1980s. Today, however, according to Mayor Jackson, “you go over there, nighttime Friday or Saturday night, it’s going to be packed. Cars can’t move, people are just everywhere.” (Anderson 2013). Since their initial investment, Great Lakes has purchased an additional three buildings in the neighborhood. Today, Ohio City is a vibrant, ethnically diverse neighborhood (34 percent of its nine thousand residents are African American and 23 percent are Hispanic) where locally-owned breweries, restaurants, bicycle shops, book stores, a glass blowing studio, and other small businesses provide locals and visitors alike with an eclectic shopping and dining experience (Ohio City Neighborhood 2016a, 2016b). In recent years, the Ohio City neighborhood has seen improvements across a number of metrics. For example, between 2005 and 2013 the crime rate dropped nearly 25 percent, while real estate values more than doubled.

From a neighborhood development perspective, there are several reasons why craft breweries are particularly suited to playing a role in economic development efforts at the local scale. Craft breweries are not hesitant to locate in neighborhoods and buildings that many other businesses deem less than desirable (Harper 2015). As a result of this willingness to invest in distressed areas, “a brewery can bring new life to a vacant industrial building or retail shopping center and can help boost leasing demand. Locate a brewery in a walkable neighborhood, and it can become an instant draw for existing and potential residents” (Colliers International 2015, 5). A primary attraction of less than desirable neighborhoods is cheap rent. When the Brooklyn Brewery opened up its doors in the Williamsburg neighborhood of Brooklyn in 1996 properties in the neighborhood were valued at $10 to $20 per square foot. Today, as a result of the
gentrification of the neighborhood (to which the brewery has been a significant contributor) the land upon which the brewery sits is valued at nearly $900 per square foot (Godard 2016). Craft breweries also engage in adaptive reuse of old industrial buildings. Such buildings, in depressed neighborhoods, are often cheap to acquire (Colliers International 2015). Craft breweries are generally flexible when it comes to adapting old industrial space and, as a result, craft breweries can be found occupying a wide range of old buildings whose originally uses include churches, firehouses, and hotels (Galanty 2016b; Powers 2016).

In many cities, where craft breweries have clustered together, they form identifiable brewery districts. Examples of brewery districts include Seattle’s Ballard neighborhood, the Pearl District in Portland, Oregon, and Denver’s River North neighborhood (MyBallard 2017; TravelPortland 2015; Gorski 2015). In describing Denver’s River North Brewery District, Gorski (2015) notes that “the emergence of Denver’s craft brewing district means drinkers can sample several tap rooms, including on foot or by bike. That is a great advantage for breweries hoping to lure new customers.”

The opportunity to sample unique beers in unique physical settings such as an old church or an old jailhouse is attractive to many craft beer drinkers (Reid et al. forthcoming). Carpenter et al. (2013) developed a typology in which they identified four types of craft beer drinker—novices, loyalists, explorers, and enthusiasts. Explorers and enthusiasts comprise the vast majority of craft beer drinkers and share a common desire to experience as many different craft breweries as possible. The clustering of breweries facilitates visiting a wide variety of breweries over the space of an evening or a few days. Craft beer drinkers can share their beer drinking experiences using social media apps such as Untappd, which allows them to record beers they drink, the venues they frequent, and their rating of different beers. The uniqueness of each brewery’s physical setting adds to the overall experience enjoyed by the craft beer drinker.

Many breweries are located in unique spaces that may have been neglected or approaching obsolescence and are now getting a second or third life . . . the craft beer consumer is looking for a unique atmosphere, taste, and overall experience and it is up to the breweries to meet those expectations. The physical space and its associated atmosphere play an important role in achieving the “experience” consumers have come to expect. Many of the successful craft breweries throughout the state of Ohio are providing this unique experience and are also focused on the individual . . . The physical taproom acts as a draw . . . An adaptive reuse location can deliver a unique experience to the consumer not found in other types of conventional real estate.” (CRBE 2016, 3-4)
The clustering of craft breweries in particular neighborhoods helps communities capitalize on the emerging and increasingly popular phenomenon of beer tourism. Beer tourism is a sub-category of culinary tourism which has been defined as “the pursuit of unique and memorable eating and drinking experiences” (Bujdosó and Szűcs 2012). Communities and regions are using a number of strategies to attract beer tourists. These include the development and promotion of so-called “ale trails” (Plummer et al. 2005). Typically, a brochure that includes a map and information on each brewery is used to promote the ale trail and to enhance the beer tourist’s participatory experience. Another common feature is an ale trail “passport” that visitors can get stamped at each brewery they visit; after visiting a certain number tourists are rewarded with a beer-related souvenir such as a beer glass and/or t-shirt. Places that have formal ale trails include Columbus, Ohio, Fort Worth, Texas, and Richmond, Virginia (Garrigue 2017; Malone 2016; Brown 2016).

Beer festivals are another attraction for beer tourists. There are dozens of craft beer festivals across the United States every year. They attract local residents and visitors alike. The economic impact of the 2016 Oregon Brewers Festival on the Portland, Oregon, region was estimated at $29.3 million. Nearly half (44.5 percent) of the attendees were out-of-town visitors (Oregon Brewers Festival 2016). Beyond festivals, localities are also leveraging craft breweries to enhance already thriving tourism economies—like Traverse City, Michigan’s, Paddle for Pints (see Figure 2). More broadly though, a study of the economic impact of beer tourism (including but limited to festivals) on the Grand Rapids, Michigan, economy showed that 42,000 beer tourists visited the city in 2014; this number included 13,000 out-of-state visitors. The economic impact on the Grand Rapids’ economy was estimated at $12.23 million, of which $7 million was spent directly at the city’s breweries (Giedeman et al. 2015). In the state of Georgia an estimated 389,000 people participated in tours of craft brewery establishments in 2014 (Roulton et al. 2016), while nationwide an estimated ten million people toured craft breweries (Herz 2016b).

6. The evolution of beer culture has expanded to include “beer themed” running races and a variety of other activities that extend from and contribute to the expansion of craft beer markets and neo-localism (Hiner and Breen 2017; Holtkamp et al. 2016).
Given the combined impact of tourism and production facilities, cities are, therefore, intentionally developing economic development strategies that explicitly link growth to craft beer and higher quality-of-life indicators. As a result, a number of cities are being very proactive in leveraging their craft breweries to the benefit of locals and visitors alike. In the case of Louisville, Kentucky, Mayor Greg Fischer went so far as to establish a task force whose charge was to identify ways in which the city’s growing craft beer sector could benefit both residents and visitors to the city. The task force, which comprised representatives from the mayor’s office, local craft breweries, the Convention and Visitors Bureau, and Insider Louisville (an online news source), identified five initiatives:

1. Develop an official beer trail/beer map/website/video combination to help promote local breweries,
2. Change Alcohol Beverage Control laws to be more beer friendly,
3. Represent local breweries and their products in more city events, functions and venues,

7. The concept of the “beer trail” builds on the success of Kentucky’s Bourbon Trail. Other examples include Asheville’s Ale Trail, Berkshire’s Beer & Cider Trail (Vermont/New Hampshire), and New York’s Finger Lakes Trail.
4. Create a bourbon-barrel event that will be recognized nationally or internationally, and
5. Reconnect Louisville with its brewing heritage through the revival of beer gardens and celebrations (City of Louisville 2014)

Louisville and other cities are also amending local zoning regulations in order to be friendlier to craft breweries. In 2017, the town council in Winterville, North Carolina, voted to allow craft breweries and craft beer retail stores to locate within their town limits (Harne 2017). In 2016, the Buffalo Zoning Board of Appeals approved a use variance that allowed Community Beer Works Inc. to renovate part of an old malt house and turn it into a brewery (Epstein 2016). In 2014, the Charlotte City Council voted to reduce the required separation distance between craft breweries and residential areas from four hundred feet to one hundred feet (Wilson 2014). While these are all specific to individual locales, actions such as these have been replicated in communities, large and small, across the country. A number of communities have also been successful in attracting investment from larger craft breweries whose success has meant that they have opened up second production facilities to serve more distant geographic markets (Reid and Gatrell 2015). For example, Asheville, North Carolina, was successful in convincing New Belgium Brewing Company, whose first brewery is located in Fort Collins, Colorado, to build their second brewery (which opened in 2016) in their community (Kiss 2015). In 2016 Stone Brewing Company, whose first brewery is located in Escondido, California, opened a second production brewery in Richmond, Virginia (Peifer 2016). These investments by large regional breweries such as New Belgium and Stone can be significant. For example, Stone’s production brewery and tasting room represents a capital investment of $31 million and will employ nearly 375 people at full capacity (Stone Brewing Company 2014).

As the cases described above underscore, craft beer has become a driving force for local economic development (Reid and Gatrell 2015). While empirical evidence suggests the annual rate of growth has slowed, the industry will continue to experience an increase in the number of craft breweries and an increased market share for craft beer (Brewers Association 2016d). In recent years, at any given time, there have been somewhere between 1,500 and 2,000 craft breweries in the planning stages (Brewers Association 2015). What the final brewery count will reach when the industry reaches maturity it is difficult to predict. Speaking at the 2017 Ohio Craft Brewers Conference, Bart Watson, chief economist for the Brewers Association, suggested that the number of craft breweries in the United States could reach ten thousand in the not-so-distant future (Steigerwald 2017). It is worth noting that there are over ten thousand wineries in the United States (Wine Institute 2015). We agree with Watson and see no reason why the number of craft breweries cannot equal or even exceed the number of wineries. As noted by Watson, most of these new breweries will be small. However, the small size of America’s craft
breweries is, in our opinion, a major strength of the segment. Small breweries are, by definition, local breweries. As such they are unique and reflect the personalities of not only their owners but, just as importantly, the communities within which they are embedded. Small breweries producing unique beers in buildings that were once churches, auto dealerships, or firehouses add to the diversity and vibrancy or the fabric of large cities and small towns all across America. With continued growth of craft breweries likely, opportunities for communities to leverage these investments for the benefit of their local economies will continue to present themselves.

Conclusion

The craft beer industry has grown rapidly in recent decades and its impact on local economies and neighborhoods has transformed the material and symbolic landscapes of cities. For that reason, the craft beer industry has been cast as a significant driver of economic development. As a result, the socio-economic and socio-cultural dynamics of craft beer are of growing interest to social scientists interested in the many ways in which the tension between local and global economies have transformed industries and communities. This paper has also demonstrated that local economic development policies and practices intersect with the sophisticated values and consumer preferences of millennials to reinforce the “more local” nature of the craft beer industry. For that reason, the craft beer industry has leveraged place-based identities, reconfigured tourism geographies, and transformed the beer-scape of a global industry at all scales.

References


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