

Marketing communication in beer industry in the Czech Republic with respect to minibreweries

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Abstract

Minibreweries are a specific group on the Czech beer market and they communicate with their customers mostly via their product – the beer. Their main asset is uniqueness and locality. Presentation of these breweries is mostly realized by financially less difficult methods. The present text deals with the problems of marketing communication of minibreweries with respect to the techniques used. Data collection was performed via electronic questionnaire in January 2017. The researched sample consisted of 350 minibreweries as of 31st December 2016. Recoverability of the questionnaires was 41% (145 minibreweries). The aim of the research was to find out, with the help of descriptive statistic methods, which marketing tools are used by minibreweries. The results confirm that, for marketing communication, minibreweries use mostly low-cost techniques such as own web pages, which are used by 90% of the researched minibreweries, social sites by 84% of respondents, and through the renown of the minibrewery by 80% of respondents. Furthermore there are tools to be used to differentiate the product, such as labels (in 90% of respondents), glasses and beer coasters (in 85% of respondents), the least used kind of these tools being the advertisement in the national broadcast transmission (in 4% of respondents) and in the news (in 8% of respondents).

Key words: minibreweries, marketing communication, beer, beer market

1. Introduction

There is a new form of breweries being currently established on the Czech beer market – the minibreweries. The number of these minibreweries has considerably increased not only in the Czech Republic (Colen and Swinnen, 2016). By the 31st December 2016, there were 350 minibreweries existing on the Czech beer market. Some of them had already established a strong position on the market and gradually increase their production, activities, and number of employees. Other minibreweries do not try to increase production, either because of the length of their existence or due to the purpose of their foundation.

According to the results of the research there are two reasons to establish minibreweries (Cabras and Higgins, 2016). The first reason is the pure passion for beer and the effort to produce it according to one's own requirements for taste and quality that are given mostly by the number of unwanted substances in beer. According to Běláková et al. (2017), unwanted substances were found within 83% of samples, though in a negligible amount. The other reason is business. The field of minibreweries is attractive for investors who notice a significant boom in this branch, just like other markets that grow fast (more than 10% annually). Deliberations on what options, related to the building of the name on the market and using the marketing communication tools and leading to establishing minibreweries either

of pure passion or as part of a business plan, are the keystone of the present text.

Marketing communication is a term that covers all aspects of visual, written, spoken and sensory interaction between a company and the target market (Cooper and Lane, 1999). This communication has mostly commercial character and its aim, based on the information that is on hand, is to influence cognitive and decision-making processes of those who we want to impress and to meet our intentions (Vysekalová and Komárková, 2002). Marketing communication in "SME" has its restrictions that are given by the size of the company and the restrictions resulting from this fact, such as lack of financial and/or human resources. Some theories (Schmid, 2014) present information on experience-based restrictions.

For a systematic division of the broad scale of marketing communication techniques and tools, it is possible to use such theoretical supports as the 4P, adopted by Kottler and Armstrong (2003), the communication mix where the author includes advertisement, direct sale, personal sale, PR, and sale support, or the Pelsmacker et al. (2003) communication mix which includes advertisement, sale support, sponsorship, public relations, communication in the place where the sale takes place, exhibitions, direct marketing communication, personal sale, and interactive marketing. The above mentioned techniques and tools are all employed in the field of beer

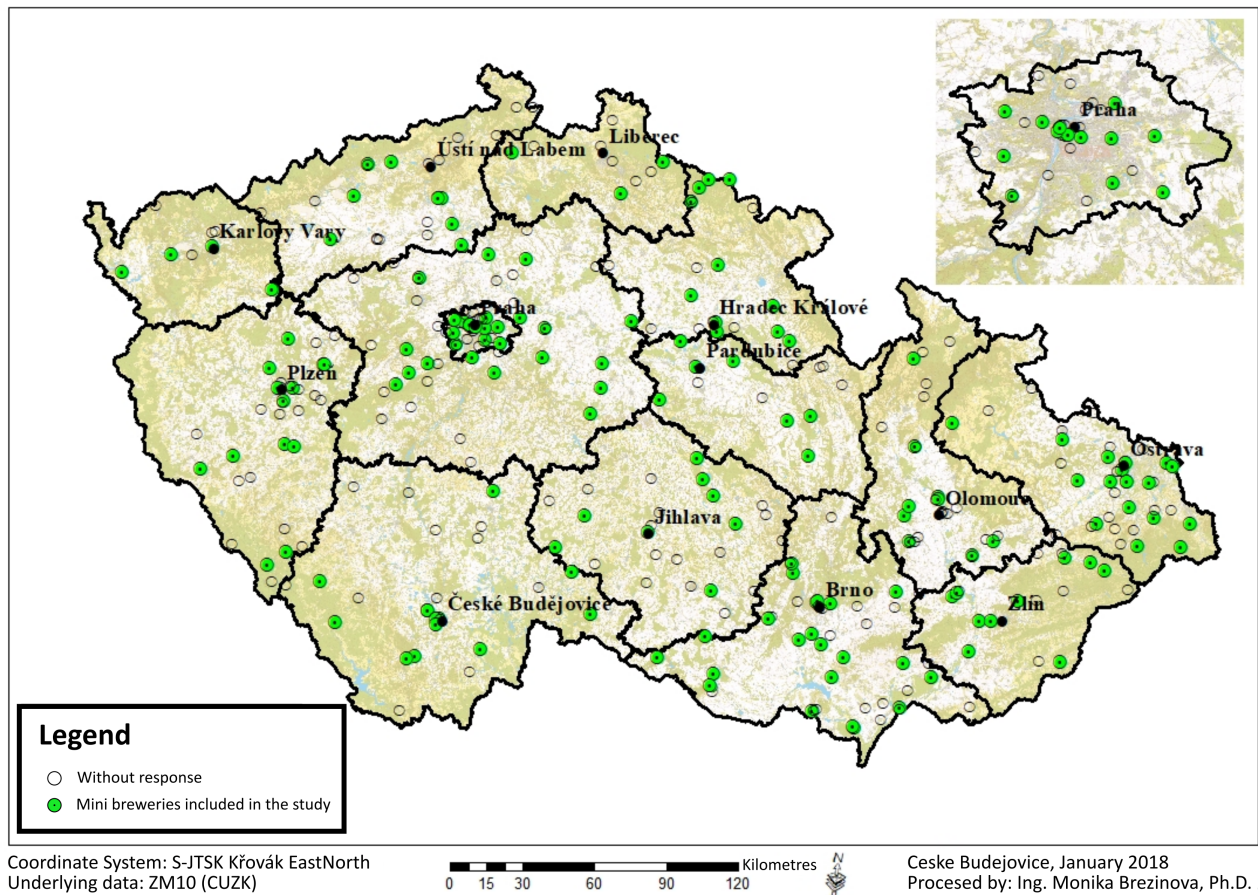


Figure 1: The map of minibreweries that generate the examined sample

market, but their use always depends on a particular situation. One of the most significant factors that influence the composition of the marketing communication mix is the size of the brewery, more specifically its financial power, and, furthermore the specifics of the customer segment that is served by the brewery (Castiglione et al., 2011).

From that point of view, marketing communication can be divided into two kinds of targeting. The first is mass communication, using its specific tools and aiming at the biggest possible number of potential customers – this kind of communication is used by industrial breweries.

The other kind is a targeted communication that uses personal communication channels and aims at a specific group of customers. The latter is used by minibreweries. In 2015, industrial breweries, realizing very expensive TV advertisement, noticed on average a 5% decrease of production. In 2016 the decrease was another 10% (this decrease can probably be caused by an increasing number of minibreweries). On the other hand, some regional breweries significantly lowered resources for standard communication yet they increased the production. The Svijany brewery chose the method of “word of mouth”, and doubled the production (Kozák and Kozáková, 2004).

Minibreweries are new on the Czech beer market and communicate with their customers mainly by their product – the beer. Their main asset is uniqueness and locality (Toro-González et al., 2014). Their presentation is then provided mainly by the word-of-mouth technique, i.e. orally, by satisfied visitors and fans of uncommon beers, who spread the word (Stoklásek, 2013). This phenomenon has another overlap for minibreweries since the same strategy applies in wine tourism (Cortese et al., 2017) and beer tourism (Duda-Gromada, 2013; Kraftchick et al., 2014).

As mentioned above, the most important factor for minibreweries that influences the choice of marketing tools, is finances (George, 2013). For this reason, there is no use of mass communication tools and channels (these assets would be more than ineffective with respect to the target group for minibreweries), but the breweries use personal targeted marketing channels such as regional news, social media, and other techniques that are more appropriate and cheaper in addressing regional or even local markets (in beer jargon there is a term for this “around the stack”).

A very frequently used method is membership in organizations that put minibreweries together such as Association of minibreweries, Club of minibreweries, Czech-Moravian association of minibreweries, and others.

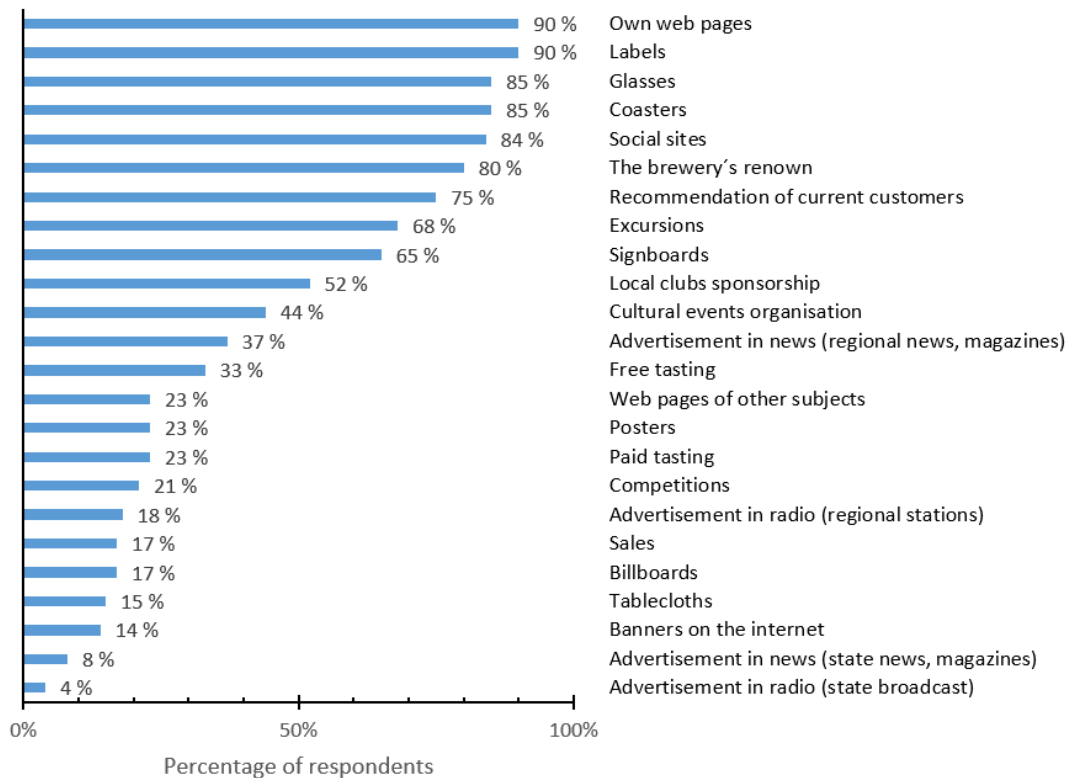


Figure 2: Marketing communication tools used by minibreweries

These organizations organize mutual meetings and events and, in this way, they spread general knowledge about mini breweries among the customers. They also contribute to the increase of interest in their products (Kozák and Kozáková, 2013).

2. Methods

This work is based on quantitative research methods. The method of electronic questionnaire survey used in it was chosen from among quantitative methods for the whole research sample in January 2017. Use was also made of descriptive statistics (absolute frequency, pivot tables), graphical and tabular visualisation of received results. During the processing of the gathered data, the results were divided according to segmentation criteria: year of foundation of the minibrewery, place of business (in the town, on the town periphery, out of the town), and the existence of the brewery's own facility (yes/no). The examined sample represents 41% (145 minibreweries) of the researched sample. Figure 1 shows minibreweries that generate the examined sample. Favourite tools, used by more than 50% of minibreweries, are educational excursions, sponsorship by local clubs and signboards. On the contrary, less than 30% of minibreweries use web pages of other subjects and posters (22%), sales, billboards, tablecloths (15%), advertisement banners on the internet, state broadcast

advertisement (4%), regional broadcast advertisement (18%), advertisement in news (8%), contests (21%) and paid tasting (23%).

As mentioned above, none of the minibreweries in the examined group use either state or regional TV stations. More specific results are presented in Figures 2 and 3 and Tables 1 and 2, where the results follow segmentation criteria, the brewery's year of foundation, existence of the brewery's own facility and the information on being situated in the respective country. The results in the field of marketing tools used by minibreweries in the Czech Republic are presented according to these segmentation criteria. The results divided according to the year of foundation show that all minibreweries included in the examined sample, founded before 2000, use labels, coasters, glasses with logo, signboards, own web pages, sales (in other two groups, this tool is used only by 10% of respondents) and the renown of the brewery. On the contrary, none of the respondents in this group uses tablecloths (despite the fact that this group contains even minibreweries with their own facility), advertisement in regional broadcast and on web pages of other subjects. All minibreweries founded between 2001 and 2010 use own web pages as well. Furthermore, 90% of this group use labels, coasters, glasses with logo, and recommendation of current customers. The use of other tools is documented in Table 2.

Table1: Tools of marketing communication of minibreweries divided according to year of foundation

Marketing communication tool	Percentage of respondents		
	Before 2000	2001-2010	2011-present
Advertisement in news (regional news, magazines)	33 %	45 %	35 %
Advertisement in news (state news, magazines)	33 %	18 %	3 %
Advertisement in radio (regional stations)	0 %	27 %	16 %
Advertisement in radio (state broadcast)	33 %	0 %	3 %
Banners on the internet	67 %	27 %	5 %
Billboards	33 %	27 %	11 %
The brewery's renown	100 %	82 %	81 %
Coasters	100 %	91 %	84 %
Competitions	67 %	45 %	11 %
Cultural events organisation	33 %	64 %	41 %
Excursions	67 %	64 %	70 %
Free tasting	33 %	45 %	30 %
Glasses	100 %	91 %	84 %
Labels	100 %	91 %	92 %
Local clubs sponsorship	67 %	55 %	51 %
Own web pages	100 %	100 %	89 %
Paid tasting	33 %	45 %	16 %
Posters	33 %	27 %	22 %
Recommendation of current customers	0 %	91 %	78 %
Sales	100 %	9 %	11 %
Signboards	100 %	73 %	62 %
Social sites	67 %	82 %	89 %
Tablecloths	0 %	9 %	19 %
Web pages of other subjects	0 %	36 %	22 %

An important fact within this group is that they use cultural events and free or paid tasting more often than the other two groups. The last group of minibreweries was founded between 2011 and 2016. Here 89% representatives of this group use social sites to share information about the minibrewery (the highest score in all three groups) and the same number of minibreweries have their own web pages (in other two groups, the total number is 100%). Furthermore, this is the leading group regarding the number of excursions organized (70%). Unlike all previous groups, they use all studied tools of marketing communication.

In the division of minibreweries according to their placement, all the minibreweries from the examined sample that are outside the town/village use coasters, glasses, signboards, recommendation of current customers and the renown of the brewery. On the other hand, they use very little tablecloths, contests, banners on the internet, billboards, sales, and state broadcast advertisement. All the minibreweries from the examined sample that are on the periphery of the town/village use their own web pages, 95% of them use social sites, labels, and coasters. As the least used tools stand again the state and regional broadcasts and state news. The minibreweries that are in the centre of towns or on the town periphery use the marketing tools give-and-take in the same way. The group that

uses the chosen marketing tools in the largest measure is however the one that includes minibreweries located outside of towns/villages.

Almost all minibreweries from the examined sample, whether having/not having their own facilities, have their own web pages. Those minibreweries which have their own establishment own web pages in 90%. These establishments do not use either advertisement in radio or posters and, logically, not even tablecloths which are, by the way, used only by 23% of the representatives of this group. Based on the above mentioned segmentation criteria, significant differences in the use of chosen marketing tools were found for example at "recommendation of current customers" where this tool is not used by minibreweries founded before 2000; in the other groups 91% or 78% minibreweries use this tool. Another conclusion is that chosen marketing tools are more used by minibreweries with their own facility. The only two tools used by more minibreweries without own facility were their own web pages and free tastings.

In the division according to the location of the minibrewery, the first place in the use of selected marketing tools is that for those located outside the town/village. In all, 100% of representatives use 6 chosen tools (labels, coasters, glasses, signboards, recommendation of current customers, and renown of the brewery).

Table2: Tools of marketing communication of minibreweries division according to the place of business

Marketing communication tool	Percentage of respondents		
	the center of a town/village	periphery of a town/village	outside a town/village
Advertisement in news (regional news, magazines)	40 %	55 %	24 %
Advertisement in news (state news, magazines)	20 %	5 %	8 %
Advertisement in radio (regional stations)	60 %	5 %	20 %
Advertisement in radio (state broadcast)	0 %	5 %	4 %
Banners on the internet	0 %	5 %	24 %
Billboards	0 %	20 %	16 %
The brewery's renown	100 %	85 %	80 %
Coasters	100 %	80 %	92 %
Competitions	0 %	35 %	16 %
Cultural events organisation	40 %	40 %	52 %
Excursions	80 %	75 %	64 %
Free tasting	60 %	30 %	32 %
Glasses	100 %	90 %	84 %
Labels	100 %	95 %	92 %
Local clubs sponsorship	40 %	50 %	60 %
Own web pages	80 %	100 %	92 %
Paid tasting	60 %	20 %	20 %
Posters	20 %	25 %	24 %
Recommendation of current customers	100 %	85 %	68 %
Sales	0 %	15 %	20 %
Signboards	100 %	70 %	60 %
Social sites	80 %	95 %	84 %
Tablecloths	0 %	10 %	24 %
Web pages of other subjects	20 %	25 %	24 %

The overall results can be interpreted in the way that most of the marketing tools are used by those minibreweries which are located out of town/village, have their own facility and were founded before 2000. Almost all minibreweries from the examined sample, whether having/not having their own facilities, have their own web pages. Those minibreweries which have their own establishment own web pages in 90%. These establishments do not use either advertisement in radio or posters and, logically, not even tablecloths which are, by the way, used only by 23% of the representatives of this group.

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3. Conclusion

With an increasing number of minibreweries in the Czech Republic, also the importance of marketing communication, with respect to the competitiveness and to the addressing of the target group increases. It can thus be recommended to minibreweries to focus more on "lowcost" marketing tools as it is done today, i.e. as mentioned above. They are as follows: recommendation of current customers and the renown of the brewery, presentation of minibreweries on the internet, social sites and own web pages, marketing tools on the place of business, glasses, labels, and coasters. In connection with a further development in this segment, it is necessary for minibreweries to be prepared for increased costs, linked with marketing communication, resulting from their increasing marketing effort as a tool of strengthening their competitiveness due to an increasing competition pressure. Despite that, a significant increase of consumers of minibreweries

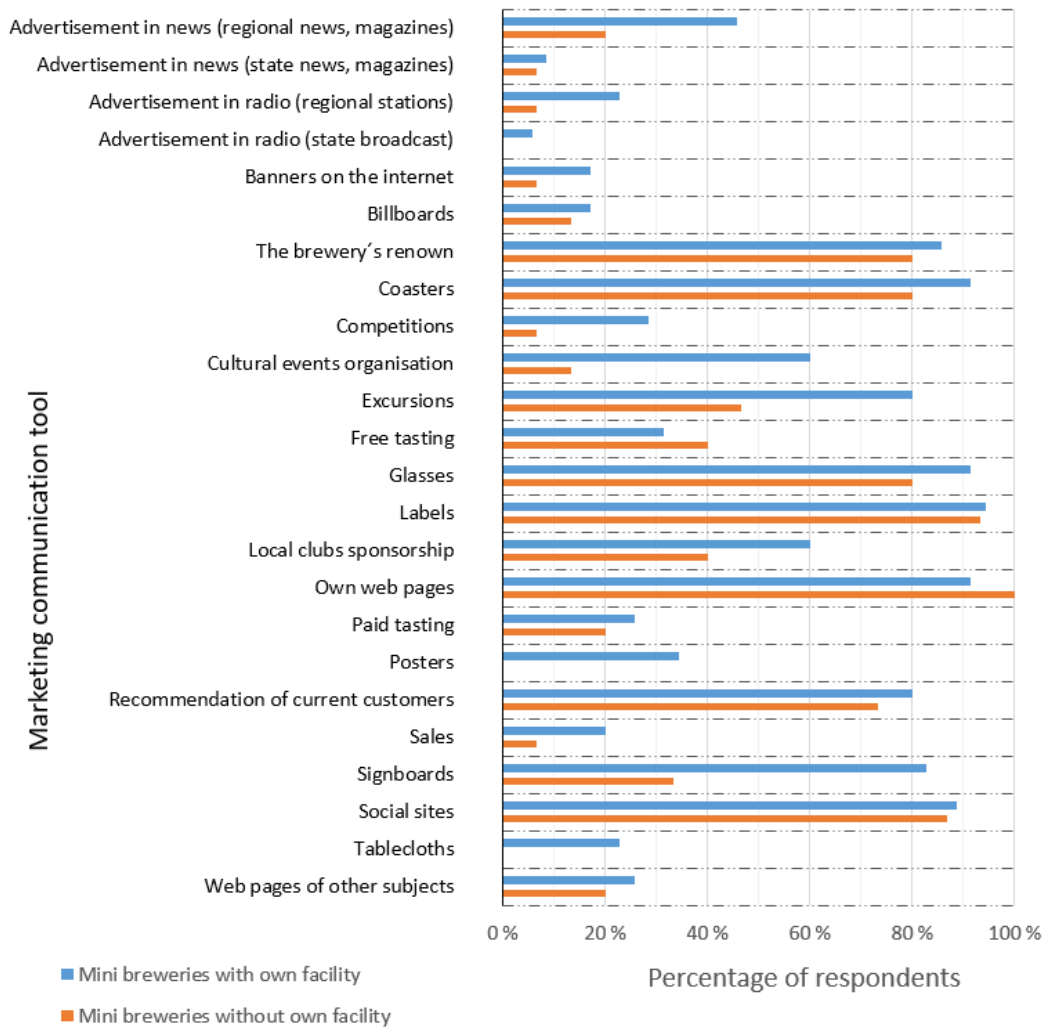


Figure 3: Tools of marketing communication of minibreweries, divided into minibreweries with their own facility, and minibreweries without facility

production can be observed not only in the Czech Republic but in the whole Europe (Carvalho et al., 2018) and in other world regions.

A common general effort of small and medium-sized companies in all branches to use less expensive tools of marketing communication can be found (Madleňák and Madleňáková, 2016; Santillan et al., 2015; Taiminen and Karjaluoto, 2015) when the results of this research are compared to another similar research. Breweries in Slovakia, with their own facilities, use even their family atmosphere and new experiences related to beer and the surroundings where the beer is consumed as a marketing communication tool (Dudič et al., 2018).

A chance how to reduce competition pressure among minibreweries was realized in London where all breweries founded before 2012 were placed in a minimal distance of 2 km from one another. Currently this distance is 1 km and the so called "urban beer paths", where the distance between breweries is 10 to 15 minutes at most, are counted with (Dennett and Page, 2017).

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