Craft Beer Tourism and Its Role in Neighborhood Revitalization

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Presented to the Nebraska Agritourism & Adventure Travel Workshop, Nebraska City, NE February 27, 2020
Outline

• Growth of Commercial Craft Brewing
• Revitalizing Old Buildings – Adaptive Reuse
• Revitalizing Downtowns, Industrial Areas, and Rural Areas
• Understanding Craft Beer Tourists
• Getting Beer Tourists to Visit (and Revisit) Your Community
Growth of Commercial Craft Brewing
American Brewing Industry, 1873-2018

- 4,000+ Breweries
- Small Scale Independent Local Markets
- 7,000+ Breweries
- Craft Beer Revolution
- Prohibition
- 40 Breweries

Market Share
- 13.2% by volume
- 24.1% by sales

Antietam Brewery, Hagerstown, MD
Big Brewers Take a Hit to the Gut as Americans Move Away From Beer

U.S. Per Capita Beer Consumption
2010 to 2015 Gallons Per LDA Persons

Craft Beer’s Popularity

WHO ARE THE DRINKERS IN 2016?

Millennials continue to account for a majority of the drinkers

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Total Population 21+</th>
<th>Weekly Beer Drinkers</th>
<th>Weekly Craft Beer Drinkers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millennials</td>
<td>29%</td>
<td>41%</td>
<td>57%</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>25%</td>
<td>27%</td>
<td>24%</td>
</tr>
<tr>
<td>Boomers</td>
<td>35%</td>
<td>27%</td>
<td>17%</td>
</tr>
<tr>
<td>Matures</td>
<td>10%</td>
<td>5%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Drink Beer From Here

Lucky Bucket Brewing Co.

BREWERS ASSOCIATION CERTIFIED INDEPENDENT CRAFT
Neolocalism

Desire to “reestablish connections with local communities, settings, and economies” (Schnell and Reese, 2003)
U.S. farmers’ markets, 1994-2014

85% of Americans of LDA live within 10 miles of a craft brewery
To Summarize

- Beer consumption is down, but craft beer consumption is up
- Craft beer is part of a larger neolocalism movement
- Craft beer drinkers like local and independent
- Craft beer drinkers like diversity
Revitalizing Old Buildings – Adaptive Reuse

Warpigs, Copenhagen, Denmark
Locational Preferences

• Seek out inexpensive real estate

• “Economically peripheral locations” (Weilar 2000)

• Abandoned buildings in old (distressed) industrial neighborhoods or lifeless downtowns
  • Engage in adaptive reuse
Adaptive Reuse

• Retrofitting an old building for a new use

  • Often cheaper than demolishing and rebuilding

  • Can contribute to the revitalization of neighborhoods

  • Can reduce land consumption, help control urban sprawl

  • Can preserve buildings that have cultural heritage value

Maumee Bay Brewing Co, Toledo, OH
New Build
The Church Brew Works, Pittsburgh, PA
Hillsboro Brewing Company, Hillsboro, WI
Heritage Buildings

- Historical or cultural significance
- Provide a valuable glimpse of the past and lend character to communities
- Preservation provides people with a stronger sense of connection to their community, and adds to a sense of place
- Different to the mentality associated with new building stock
  - Can be, replicated anywhere and therefore lends no specific connection to the local environment.
Unique Beer in Unique Spaces

• “Craft beer is as much about getting creative with the space the brewery is located in as it is about creating unique beer recipes” (Colliers International, 2015)

• “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” (CBRE, 2016)
Funeral Home, Grand Rapids, MI

Bread Factory, San Diego, CA

Fire Station, Rapid City, SD

Jail, Hampton, GA

Bank, Yardley, PA
To Summarize

• Craft breweries
  • want inexpensive real estate
  • are adept at adaptive reuse
  • can breath new life into old buildings

• Unique beer in unique spaces attracts craft beer drinkers
Revitalizing DOWNTOWNS, INDUSTRIAL AREAS, and RURAL AREAS
Ohio City, Cleveland, OH

- Late 19th and early 20th centuries, Ohio City was a bustling industrial neighborhood that provided plentiful employment opportunities for European immigrants.

- As 20th century progressed, Ohio City entered a period of decline.

- Out migration, crime, shady bars, and liquor stores.
Ohio City, Cleveland, OH

• Had something coveted by craft brewery entrepreneurs – inexpensive real estate in the form of abandoned buildings

• Great Lakes Brewery opened in 1989

• Today, there are 10 breweries in and around Ohio City
Brewery Districts

Evidence that craft breweries are geographically concentrating in particular neighborhoods within cities resulting in the creation of brewery districts.
### What Motivates Craft Beer Drinkers?

<table>
<thead>
<tr>
<th><strong>Explorer</strong></th>
<th><strong>Enthusiast</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Not interested in educating themselves on craft beer</td>
<td></td>
</tr>
<tr>
<td>- <strong>Wants to try new styles and flavors</strong></td>
<td></td>
</tr>
<tr>
<td>- <strong>Makes an effort to visit many breweries</strong></td>
<td></td>
</tr>
<tr>
<td>- Experience of going to the brewery is second only to the quality of the beer</td>
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<tr>
<td>- Strong appreciation for the brewing process and its history</td>
<td></td>
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<tr>
<td>- Strives to educate themselves on all aspects of the industry</td>
<td></td>
</tr>
<tr>
<td>- <strong>Wants to try new styles and flavors</strong></td>
<td></td>
</tr>
<tr>
<td>- <strong>Makes an effort to visit many breweries</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Loyalist</strong></th>
<th><strong>Novice</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Loyal to certain beers or brands</td>
<td></td>
</tr>
<tr>
<td>- Know what they like</td>
<td></td>
</tr>
<tr>
<td>- Does not strive to try new styles and flavors</td>
<td></td>
</tr>
<tr>
<td>- Convenience important – local retailers</td>
<td></td>
</tr>
<tr>
<td>- New to the craft beer scene</td>
<td></td>
</tr>
<tr>
<td>- Learning about craft beer</td>
<td></td>
</tr>
<tr>
<td>- Influenced by friends</td>
<td></td>
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</tbody>
</table>

Source: Carpenter et al. 2013
Creemore, Ontario

• 81 miles north of Toronto

• Population – 1,170

• 1890
  • 3 hotels, pharmacy, butcher shop, grist mill, numerous retailers, jailhouse, Creemore Star newspaper

  • 1920 - local services met 95% of the community’s needs

  • 1986 – a walk down the main street was met with the many empty stores
Creemore Springs Brewery

• “Creemore was a dead town with many stores boarded up, but after the brewery started and word got out, people started buying cottages and seasonal homes. The brewery really brought the tourism” (Julie Vanderwerf 2007).

• “The brewery became a business success that created jobs for local residents, and then grew into an attraction for tourists and visitors. As the “mom and pop” stores in the village lost out to shopping malls and box stores, many were replaced by shops appealing to those people who came to see the brewery” (Editor, Creemore Echo, 2007)
Breweries Attract People

“After just a year, the small brewery has brought good fortune to the town. After taking over an old Dollar General discount store in the sparsely occupied town square, the brewery-and-taproom has become a community hub and a catalyst keeping businesses open later. It’s encouraged others—including two new boutiques—to open shop, and has drawn visitors from across the region” (Patrick Sisson 2016)
To Summarize

• Craft Breweries
  • are people/tourist magnets
  • can help revitalize neighborhoods
  • can help revitalize small towns too
Beer Tourism

the “visitation to breweries, beer festivals and beer shows for which beer tasting and experiencing the attributes of beer region[s] are the prime motivating factors for visitors” (Plummer et al. 2005)

Being a beer tourist means “traveling specifically for beer itself” (Janzen 2015)

Beer tourism is a subset of culinary tourism (Long 2014)
Ale Trails
Beer Festivals
The Economic Impact of Beer Tourism in Kent County

Beer Tourism Economic Impact

$38.5 million

$23.9 million

$4.16 million
Beer Tourists Have Money

~45% have household incomes >$80,000
(Grand Rapids Study)
They take Short Trips

- Average length of stay
  - 1.6 nights (GR)

- 95% of trips are 2 nights or less (GR)
  - 26% day trips
  - 35% - 1 night
  - 34% - 2 nights

*Source: Anderson Economic Group beer tourism survey
Analysis: Anderson Economic Group*
Beer Tourists Come From Nearby

Source: Anderson Economic Group, 2019
Grand Rapids Beer Tourist Origins

• 75% came from Michigan

• 10% came from Kent and Ottawa Counties

• 65% from elsewhere in Michigan

• 25% came from outside of Michigan

FIGURE 3. Beer Tourist Origins

Source: Anderson Economic Group beer tourism survey
Analysis: Anderson Economic Group
They travel in small groups

- Most travel in groups of 2 or 4 (GR)
- Average party size 3 (PTY - 2019)
Beer Tourist Motivations

The Craft Brewery Experience (27.1%)
- Experience North Carolina craft beer
- Taste new beer
- Increase my beer knowledge

Relaxation (15.4%)
- Enjoy the entertainment
- Get away for the weekend/day
- Relieve stress

Socializing (9.8%)
- Food tasting
- Be with friends & family
- Meet people with similar interest

Beer Consumption (9.7%)
- Buy beer
- Get drunk

Source: Kraftchick et al. 2014
Why People Go to a Brewery versus A Traditional Bar

- Ability to sample various beers (e.g., flights of beer)
- To learn about different beers
- Offer beers that are not available elsewhere
- I know the beer will be fresh
- Offer tours of the brewery
- Better atmosphere
- More knowledgeable staff
- More family friendly
- Offer food pairings with beer

Source: Nielsen-Harris, Craft Insights Panel, 2019
Experiential Drinking

Not Just Going to Drink,

But Going to Do Something While Drinking
Experiential drinking bolsters craft beer sales

By Beth Newhart

Experiential Sampling

Drinking experiences are heightened with creative, interactive elements

Experiential Dining is on the Rise:
Here’s What You Need to Know

Updated on May 6th, 2018
Black Cloister Brewing Co., Toledo, OH

Rhinegeist Brewery, Cincinnati, OH

Tannery Bend Beerworks, Napa, CA

Catawba Island Brewing Co., Port Clinton, OH
To Summarize

• Beer Tourists
  • Have money to spend
  • Are well educated
  • Take short trips
  • Travel in small groups
  • Are excited about tasting YOUR beer in YOUR breweries

• Experiential drinking is on the rise
Getting Beer Tourists to Visit (and Revisit) Your Community
Market to the Local Region

• Most beer tourists travel short distances

• Focus your efforts on people living within say a 150 mile radius
Focus on Short Stay Visitors

• Most beer tourists visit a location only for a few days

• Emphasize your community as an ideal place for a “weekend getaway”
Emphasize Number & Diversity of Breweries

• Craft beer tourists love to visit as many breweries as possible

• Emphasize the number and diversity of breweries (and the ease of traveling between them)
  • Walking, Biking, Uber?

• If you have a brewery district, market it
## Market Complementary Activities

**Source:** Sonoma County EDB

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Amount Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breweries/Bars</td>
<td>$933,111</td>
</tr>
<tr>
<td>Restaurants</td>
<td>$872,386</td>
</tr>
<tr>
<td>Lodging</td>
<td>$501,075</td>
</tr>
<tr>
<td>Retail</td>
<td>$296,106</td>
</tr>
<tr>
<td>Transportation</td>
<td>$146,540</td>
</tr>
<tr>
<td>Wineries</td>
<td>$145,823</td>
</tr>
</tbody>
</table>

*Source: Sonoma County EDB*
Focus on Getting Repeat Visitors

• Last 12 months
  • 60% of beer tourists had visited Grand Rapids before

• Of that 60%
  • 23% had visited once
  • 29% had visited twice
  • 15% had visited three times
  • 23% had visited 6 or more times

*Source: Anderson Economic Group beer tourism survey
Analysis: Anderson Economic Group*
To Summarize

- Market regionally
- Emphasize short-stay (“weekend getaway”) trips
- Emphasize the number and diversity of breweries
- Market complementary activities
- Think about ways to encourage repeat visits
Thank You

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