

# Risk-taking was crucial for survival of craft brewing industry during pandemic, reveals study

February 15 2023

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Independent craft brewers were able to weather the COVID pandemic by taking risks and being innovative, a new study has revealed.

While many businesses in the hospitality sector struggled to stay afloat during the pandemic, the study revealed that some craft brewing companies—small independently owned businesses that rely on marking themselves out by experimenting with new flavors—bucked the trend by embracing risk and creativity.

The study at the University of York, in collaboration with Northumbria University and Anglia Ruskin University, showed that individual resilience must come ahead of evolving company strategy, in order for [small businesses](#) to face the challenges of unexpected events, such as the pandemic, which saw many independent companies fail, with around 50 brewery closures in 2022 alone.

## Major crisis

Dr. Nadine Waehning, from the University of York's School for Business and Society, said, "The study showed that [business](#) opportunity in the face of a major crisis could be identified, but that personal attitudes towards the challenges, such as attitudes toward risk, investment, change, and creativity, played a more significant role as a first response to the pandemic than changing company strategy did."

"The support by local people and other [local businesses](#) were also a significant factor in how craft brewers, in the absence of pubs being open to supply products to, survived the crisis."

## Facing closure

Researchers argue that the findings contribute to a growing body of evidence that suggests that if communities don't support their local businesses, such as breweries and pubs, then they will face closure.

The study highlighted examples of innovation in the craft brewing industry that could be adopted into the future, such as a craft brewing company that worked together with a local coffee company to distribute their product to the community, which meant they were saving costs by not driving to deliver to the same places.

Other innovations included using local taprooms—places for people to experience the culture and craft of beer-making—as the new local 'corner shop' to offer more than just their own beer, but other everyday items, providing a lifeline for customers in more rural areas who struggled to access basic amenities in the pandemic.

## **In it together**

Andy Herrington, of Ainsty Ales Brewery & Taproom, based in York, said, "The [local community](#) was key for us, and taking the attitude that we were 'all in this together', and asking ourselves early on what we could do to reach our community at a time when everyone was feeling very disconnected, was crucial."

"We realized that if we could join with other small businesses and identify common challenges, that we could actually help each other through a tough time."

"Turning our Taproom into a replacement 'Corner Shop', creating a Brewery Drive-Thru, and starting a local delivery service were practical things we did to offer our products, but it also connected us with a community who were struggling to get basic household products during COVID restrictions. These new routes to market are still with the business now which is fantastic."

## **Collaboration**

This kind of collaborative working, along with making changes to packaging, increasing digital presence, local deliveries, as well as the willingness of local people to buy from small businesses, all meant that craft brewers who employed these methods were more successful than those who took less risks, and decided to 'wait for the storm to pass'.

Professor Gary Bosworth, from Anglia Ruskin University, said, "The pandemic had a big impact on not only breweries, but supply chains both big and small. We are still feeling these impacts today, with one third of the hospitality industry predicted to be under threat of failure at the beginning of this year."

"We found that it wasn't changing business strategy that put businesses on the right foot to move forward in the initial stages of the crisis, but individual attitudes to the pandemic—those who felt the crisis would pass were less likely to make investments during the period, and slower to innovate."

## **Energy costs**

Professor Ignazio Cabras, from Northumbria University's Newcastle Business School, added "Smaller, independent businesses are now facing a new crisis with the cost of living rise, with the purchasing power of customers decreasing. At the same time the production costs are increasing exponentially due to the energy costs, which leaves breweries with two options—to increase their prices to an unsustainable level for the customer or decrease an already tight profit margin."

Researchers argue that more studies are needed to understand the full extent of how impactful individual resilience is to achieve whole company resilience, but it was a clear factor in how craft brewers progressed through the [pandemic](#).

The research is published in the *International Journal of Entrepreneurial Behavior & Research*.

**More information:** Nadine Waehning et al, Resilient SMEs and entrepreneurs: evidence from the UK craft brewing sector, *International Journal of Entrepreneurial Behavior & Research* (2023). [DOI: 10.1108/IJEBR-06-2021-0496](https://doi.org/10.1108/IJEBR-06-2021-0496)

Provided by University of York

Citation: Risk-taking was crucial for survival of craft brewing industry during pandemic, reveals study (2023, February 15) retrieved 10 May 2024 from <https://phys.org/news/2023-02-risk-taking-crucial-survival-craft-brewing.html>

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