

Microbreweries and finance – a regional case study of funding and bootstrapping in the craft beer sector

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Starting out at the 1982 Great American Beer Festival in Boulder, Colorado, the craft beer industry has grown intensely and is today serious contender to large scale, multinational brewing companies. The US has lead the development and hosts over 4000 microbreweries today, and many other countries have followed this trend. In Sweden, the development took off in the 1990s, when only around 20 breweries existed in total nationally, whereas today the large brewing businesses are accompanied by over 170 small scale craft breweries.

In order to enter the craft beer sector, as well as many other business sectors, funding and financial resources are necessary. In the craft food sector in a broader sense, studies of alternative funding patterns and sources tell us that these concepts are broadly used among the entrepreneurs in the sector. Within the craft beer sector, studies have investigated financial innovation, stating that brewers use different methods of bootstrapping and crowdfunding for investment purposes as a complement to other funding. There are even specific crowdfunding platforms dedicated to craft brewing. Also, crowd funding is used to create awareness among of brewers intentions, and one of the more high profile cases in these terms is the Scottish brewery Brewdog.

At the same time, many microbreweries have difficulties surviving the start-up phase due to difficulties attaining enough financial resources, and there is a need for more research and knowledge on this topic. The purpose of this article is to highlight the way forward for craft brewers to finance their activities and hence contribute to the research field of craft beer funding. The study has been undertaken as a full, critical case study of the craft brewing sector in the rural and peripheral northern Swedish region of Jämtland. Albeit its peripherality, the region still positions itself as one of the leading regions in terms of craft breweries per capita, making it a highly relevant case study region.

The results of this study show that the craft brewers have financed their businesses activities with alternative funding and bootstrapping methods. Also, the brewers try to keep external financing to a minimum, but it is an inevitable necessity for most of them to use some type of external funding in the start up process. Contributing to the findings is also the frequency whereby the brewers use the regions other brewers as a resource network, thus elevating the social bootstrapping dimension to an important survival technique.

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