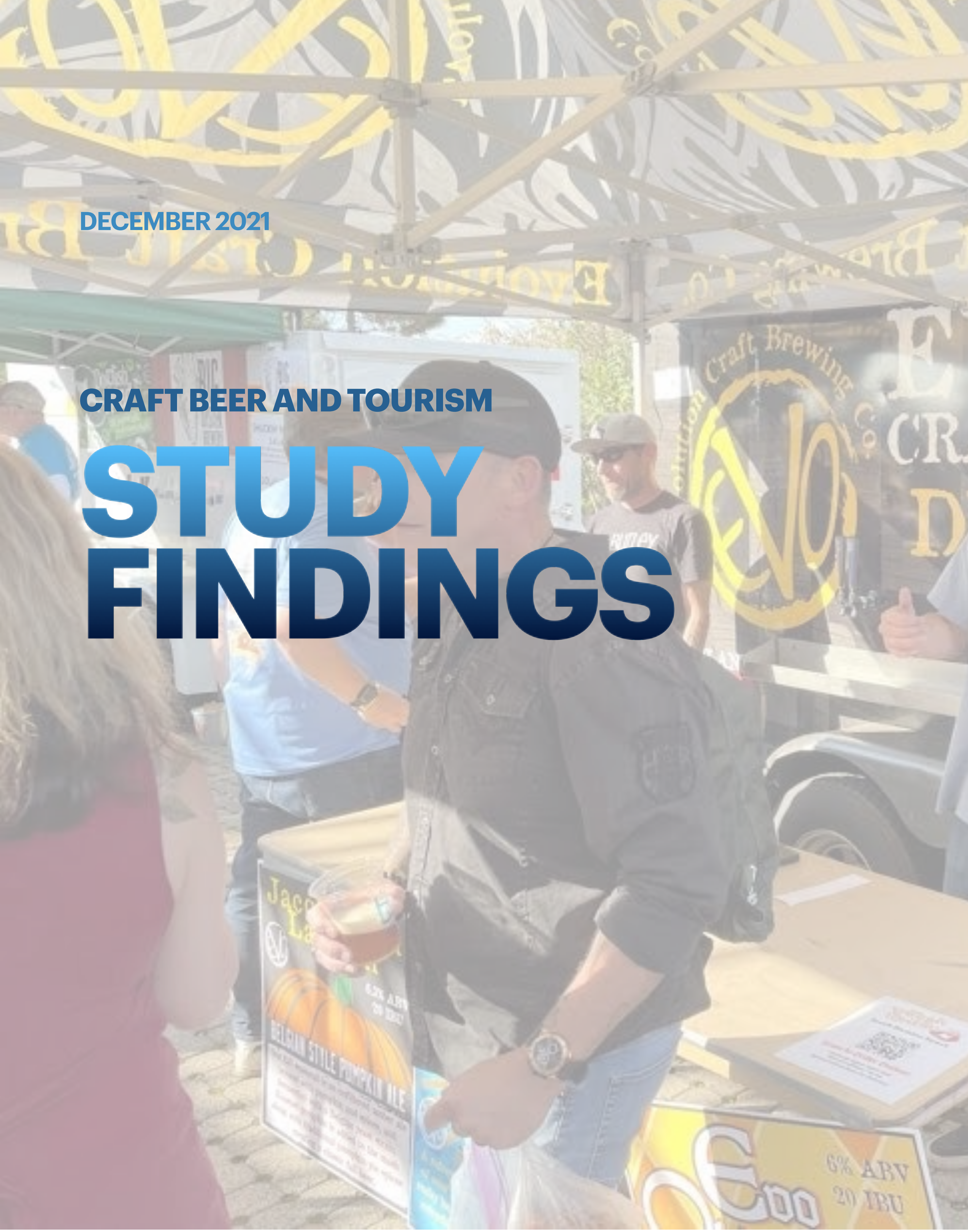
DECEMBER 2021

CRAFT BEER AND TOURISM

STUDY FINDINGS



Craft Beer & Tourism Study

DECEMBER 2021

EXECUTIVE SUMMARY

The Rural Maryland Council funded a study to examine the relationship between craft beer drinkers and tourism. Salisbury University and State Ventures worked together to create a survey, modify it and get responses from December of 2020 through December of 2021. We also looked at data from five years of the craft beer festival "Shore Craft Beer Fest: Octoberfest" held at the end of October every year in Ocean City, Maryland. Finally, Dr. Gina Bloodworth, Associate Professor of Geography at Salisbury University conducted interviews with brewers about the impact of COVID on breweries.

INITIAL FINDINGS

- Craft beer drinkers travel,
- Craft beer drinkers still travel and still visit breweries despite interruptions from COVID,
- Craft beer drinkers travel longer distances to attend craft beer related events,
- Craft Beer related events pull from broader geographic areas over time.
- All tourism and craft beer related businesses can benefit from targeting craft beer drinkers for tourism marketing.
- Craft breweries showed adaptability and success during COVID
- Craft breweries increased demand during COVID
- Urban breweries suffered more and rural breweries expanded during COVID
- These brewery adaptations would not have been possible without legislative exceptions and emergency allowances provided them during the COVID state of emergency.
- Local demand increased and the agility of small breweries appeared to be more adaptive to the emergency.

- Adaptability of craft breweries seems rooted in their local scale of operation.

These findings suggest that Destination Marketing Organizations (DMOs) and other tourism related businesses should work with breweries to target craft beer drinkers and increase the number of annual craft beer related events in order to increase the economic impact of tourism to our region.

The goal of the interviews with brewers was to understand how the pandemic impacted craft breweries in three directions: the breweries and their operations, the behavior of craft beer patrons, and how both impact local culture.

These interviews gave additional insight into the importance of brewing in a local community. Dr. Bloodworth found that the breweries both create and feed off of local culture, local community, and sense of place. These interviews identify some of the impacts of COVID on breweries and ways that they and other businesses behave can impact the economic viability of that industry as well as the tourism that may depend on it.

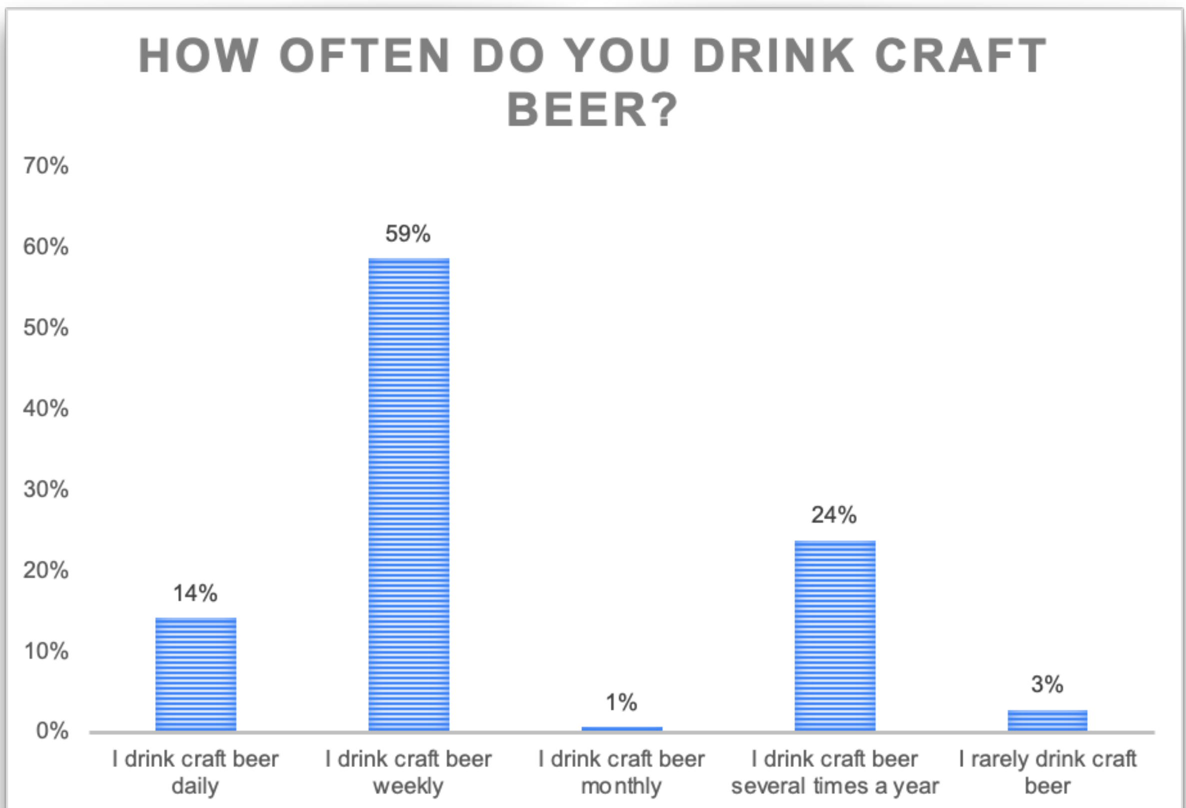
We believe these findings can be generalized for any tourism destination and encourage further study and discussion to duplicate and enhance the findings from this study. By doing so, we believe we can provide an increasingly beneficial roadmap for targeting the economic impact of craft beer and craft beer related tourism for geographic regions and communities. Increased engagement with breweries by patrons increases the economic impact of that brewery on the community and region. All tourism based and craft beer related businesses, from retail, to breweries, to bars, restaurants and hotels will benefit from a focus on craft beer.

SURVEY

State Ventures conducted a survey of craft beer drinkers to discover what their habits and behaviors were prior to COVID's impact, during COVID's restricted travel period, and again once travel opened up.

We completed 1538 total surveys. We were looking at data that would help travel and tourism professionals generate more revenue from craft beer drinkers.

We conducted the survey at three separate times: December 2020, May 2021 and July 2021. Each survey ran until the next survey started running. In the second and third iterations, we added a few questions that related to post covid travel.



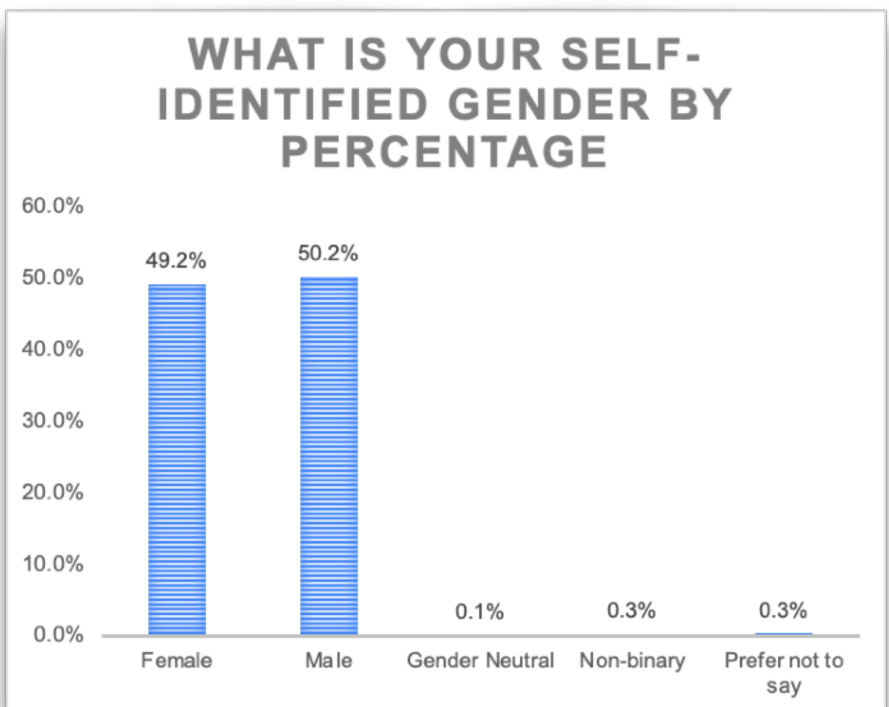
73% of respondents drank craft beer at least weekly, with 14% drinking it daily. Less than 3% of respondents "rarely" drank craft beer so we believe we have a strong survey of frequent craft beer drinkers.

The respondents were relatively homogeneous in demographic break-down across the three surveys, with only minor variations in percentages by age or sex.

RESPONDENT DEMOGRAPHICS

GENDER:

In 2018, 31.5% of women said they drank craft beer and 68.5% of men according to data published on the Brewers Association website which referenced the Nielsen Harris on Demand as the data source.[1]   In our study, more men than women responded, but the numbers were much closer with 49.2% of respondents being female and 50.2 percent being male. We targeted craft beer drinkers to complete our survey through our site, our Shore Craft Beer App, at festivals and through Facebook. Our site and Facebook definitely skew more female so we believe the data is consistent with craft beer drinkers as a whole and skews female due to platforms where we attracted survey respondents.

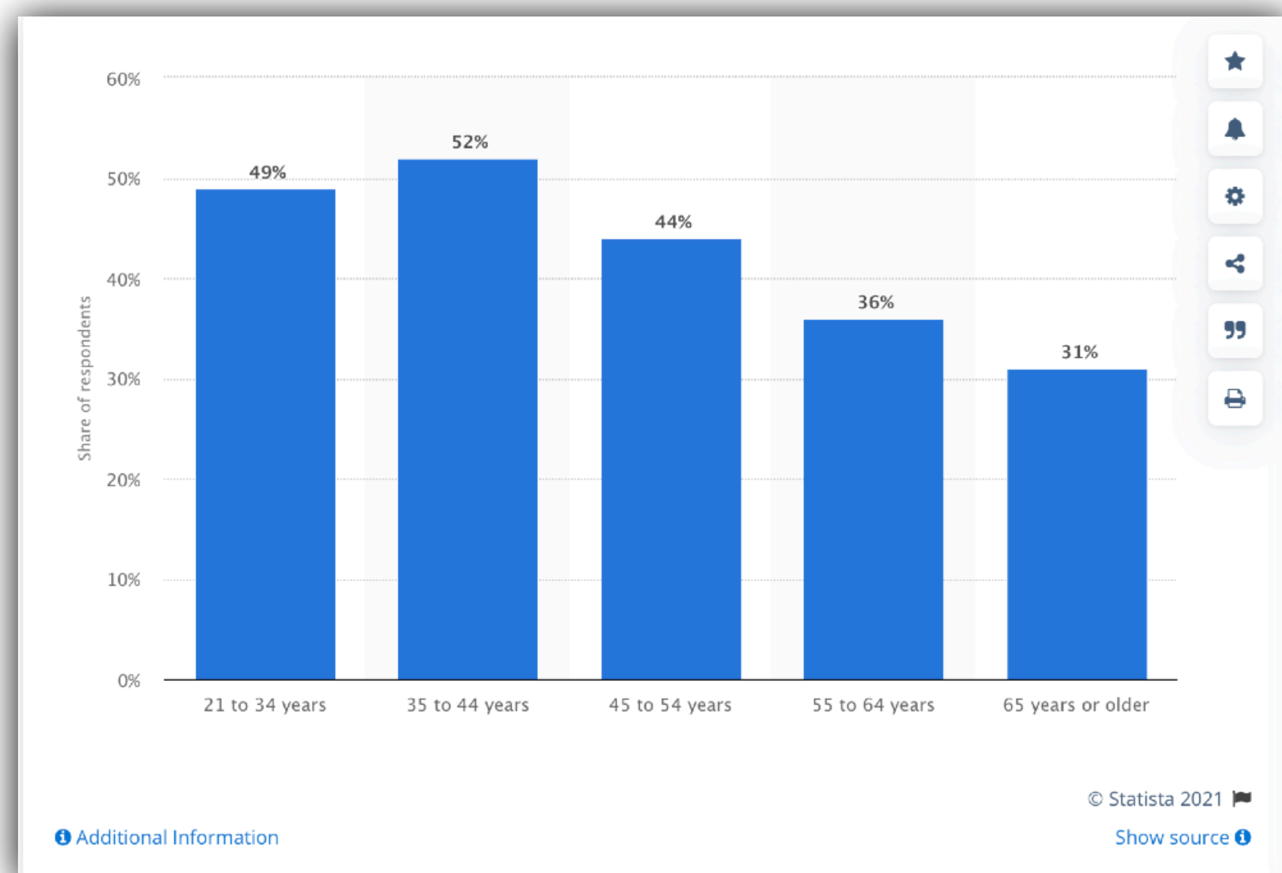


[1] https://www.brewersassociation.org/insights/shifting-demographics-among-craft-drinkers/

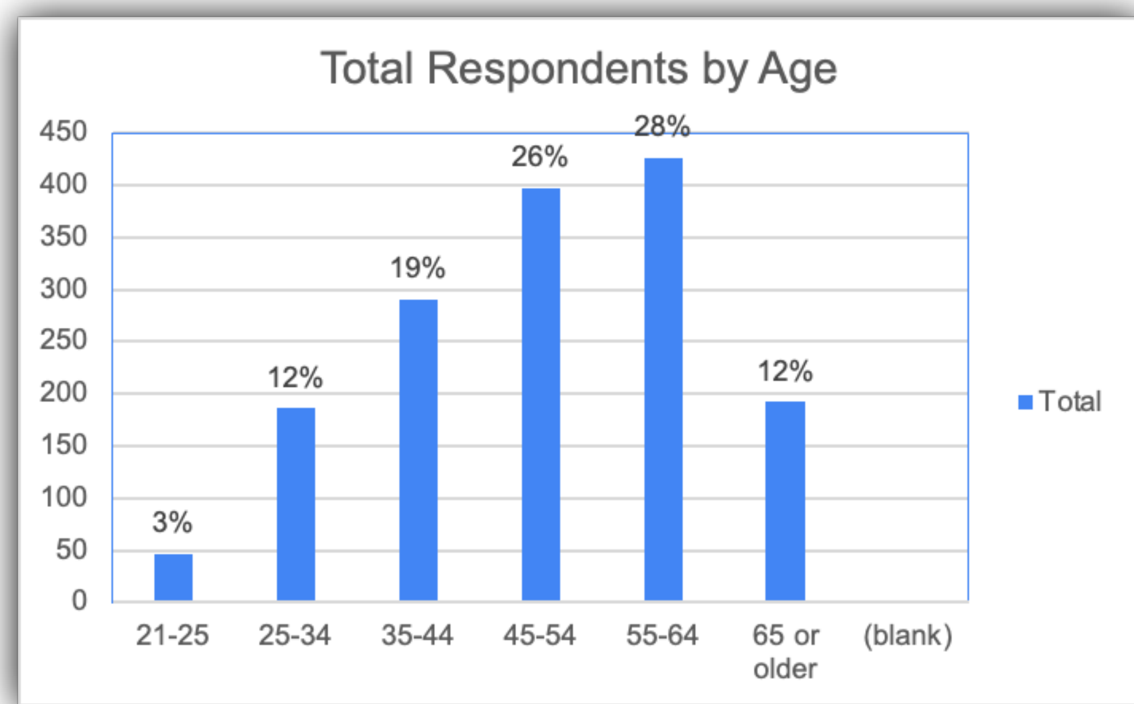
AGE:

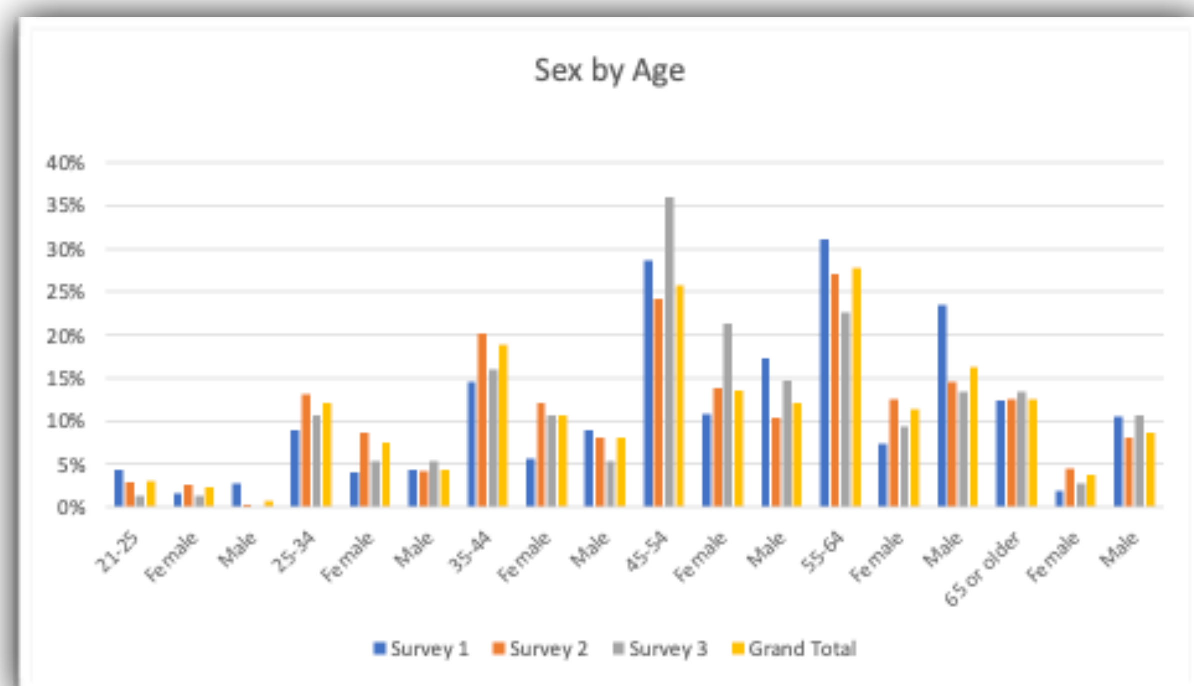
The age of the respondents skewed older than you might anticipate from a study of craft beer drinkers, but we believe that part of the age responses are due to the sources we mined for respondents. The first graph shows what percentage of each age group drinks craft beer weekly and is data from Statista 2021 [2] Our study included responses from every age group, but the older aged drinkers were more highly represented in the study. As mentioned above, we used our site, our festival attendee list, our App users and Facebook. We only advertised on Facebook to generate respondents. These sources for respondents skew older and female. However, because nearly three quarters (73%) of respondents were between the ages of 35 and 64, this is meaningful data for tourism businesses because women in this age range are the travel planners who book trips.

Age of Frequent Craft Beer Drinkers from Statista



[2] https://www.statista.com/statistics/1089129/share-of-weekly-craft-beer-drinkers-by-age-us/


Total Respondents by Age
450
400
350
300
250
200
150
100
50
0
3%
12%
19%
26%
28%
12%
21-25
25-34
35-44
45-54
55-64
65 or older
(blank)
Total


Sex by Age
40%
35%
30%
25%
20%
15%
10%
5%
0%
21-25
Female
Male
25-34
Female
Male
35-44
Female
Male
45-54
Female
Male
55-64
Female
Male
65 or older
Female
Male
Survey 1
Survey 2
Survey 3
Grand Total

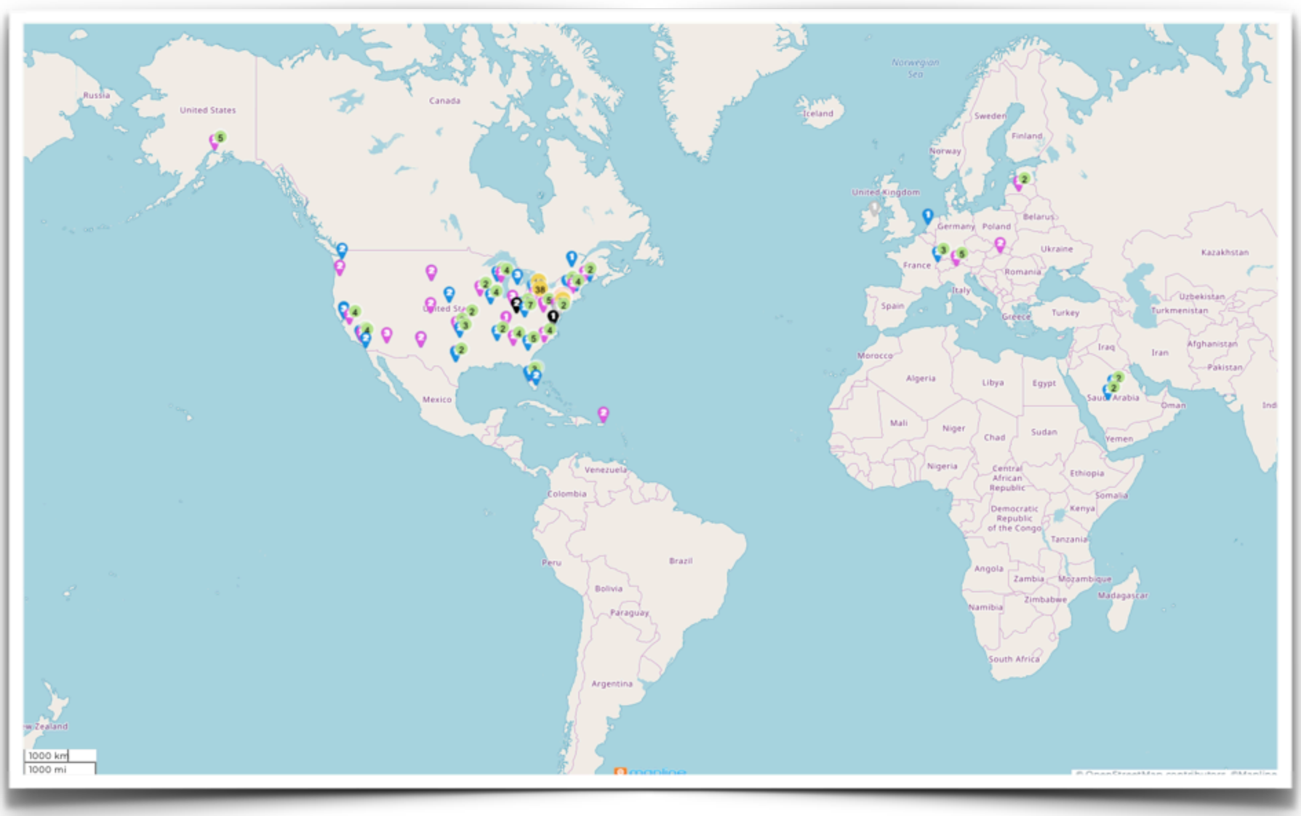
GENDER BY AGE:

The age of respondents when correlated with their gender across time shows there is consistency in the spread of answers from each survey based on gender and age. There is little difference between the three surveys by either gender or age.

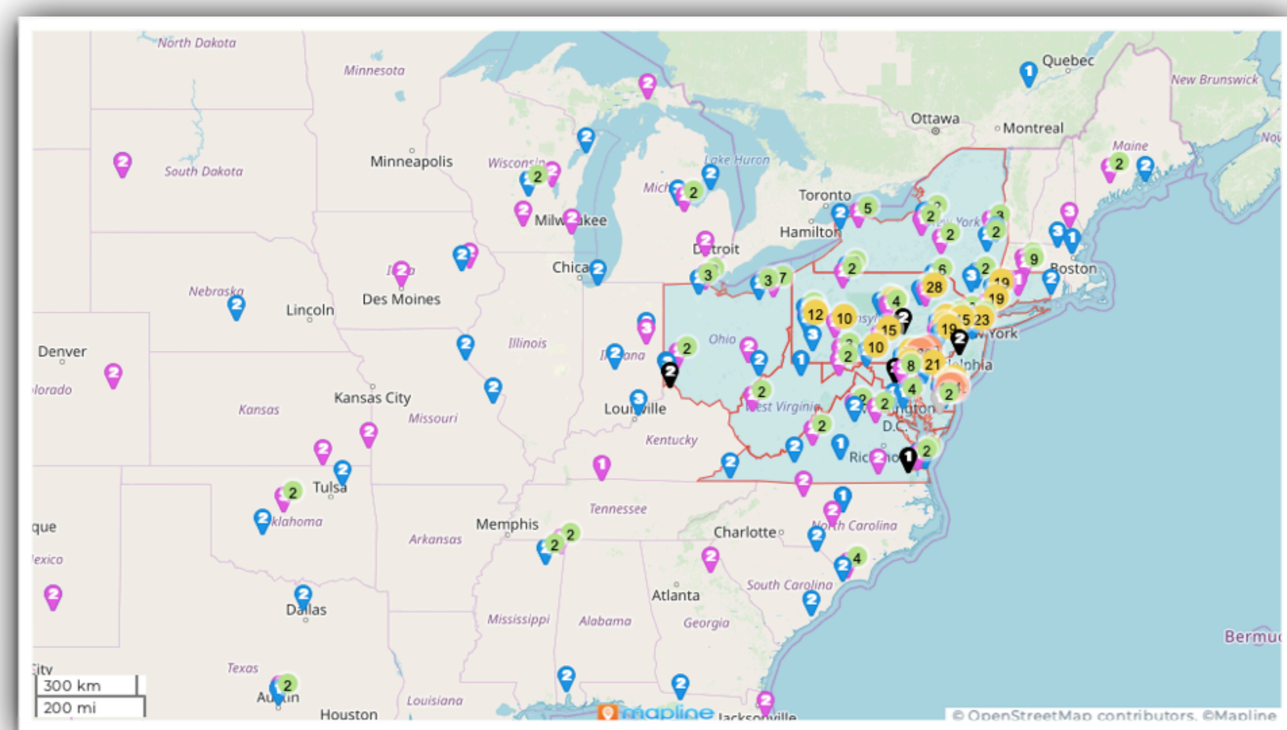
RESPONSES BY GEOGRAPHY:

The respondents are more spread out geographically than the attendees at the beer fests, but the heaviest concentration of respondents are potential customers for craft beer related tourism venues and breweries in Maryland.

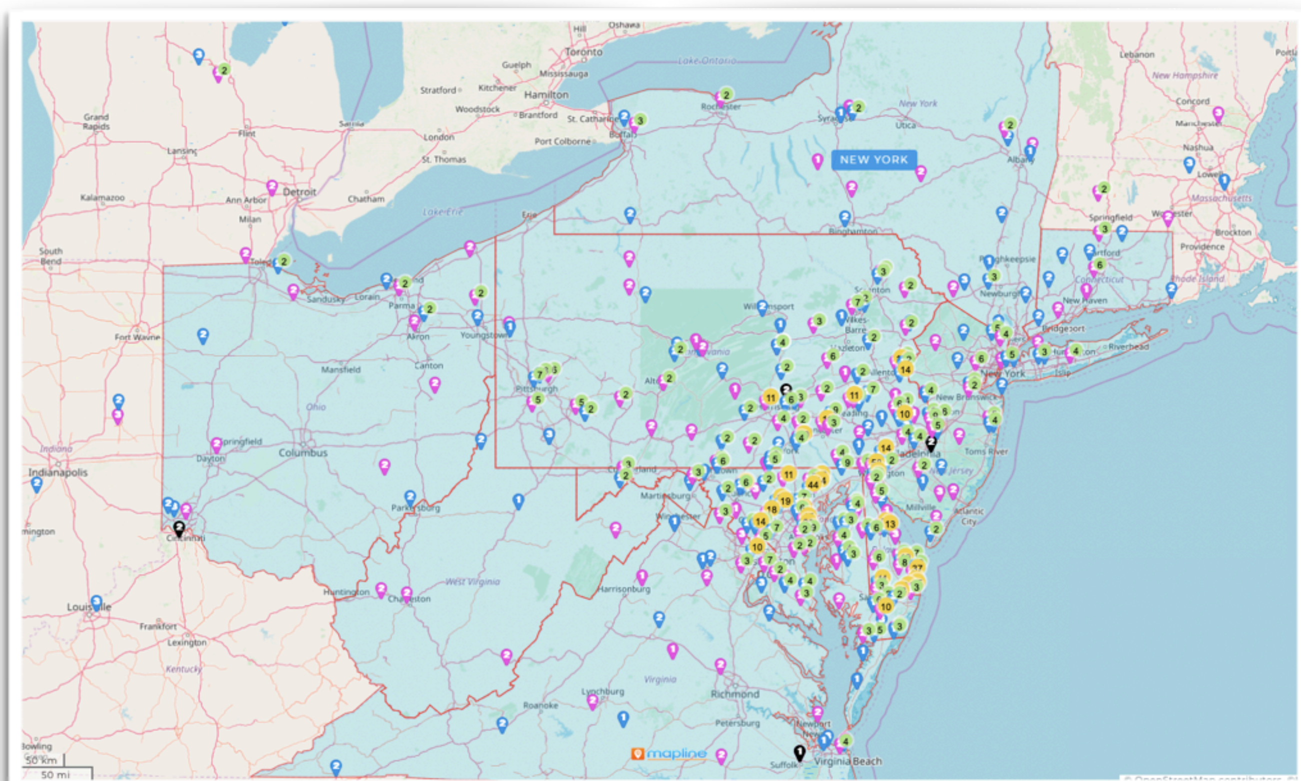
You will find three maps below with increasingly zoomed views. We looked at the zip codes of all respondents by survey. The number on the map marker indicates which survey they took: 1, 2 or 3. The color of the pin indicates the sex of the respondent. The yellow markers show larger numbers of respondents at that location. On the online map, a user can zoom into these yellow pins to see more detail on each respondent.



Broadest view of survey respondents by location



Regional view of Craft Beer Tourism Survey Respondents



Zoom view of Craft Beer Tourism Survey Respondents

HOW KNOWLEDGEABLE WERE THE RESPONDENTS ABOUT CRAFT BEER?

We tried to understand how knowledgable our respondents were based on how many craft beers they knew by their brand names. The most knowledgeable group were the 45-54 year olds where over half knew more than 14 different brands. This group was closely followed by the 65 and older AND 35-44 year old respondents where 44% of each group knew more than 14 different craft beer brands. These results are a strong indication that marketers can continue to target travelers over the age of 35, but should focus on men **and** women who drink craft beer.

SHORE CRAFT BEER FEST DATA

In addition to the data from the survey of craft beer drinkers, we added data from all the people who purchased tickets for the Shore Craft Beer festivals online. Our festivals have been going on for seven years, but we didn't start using the TicketSpice ticketing software until 2017. All our zip code data comes from TicketSpice. Because our perspective is tourism, we wanted answer several questions:

1. Do craft beer drinkers travel?
2. How far away do the beer festivals in our region reach for attendees?
3. Do festivals draw attendees from broader areas over time?

We also surveyed several previously conducted surveys to inform and place our data in a broader context.

DO CRAFT BEER DRINKERS TRAVEL?

We looked at the attendees who bought tickets in advance online and added those that bought hotel packages that included the festival tickets. The majority of attendees at every festival was from more than an hour away. This measure is consistent with an industry standard of more than 50 miles in a straight line.[3] Because this is a beer festival where attendees can consume an unlimited number of 4 ounce tastes of craft beer, and most attendees happily try many different local beers, we assumed that most of the attendees from more than an hour away stayed in Ocean City to eat, spending more money, or they stayed longer and not only ate but spent the night. Some of our hotel packages included two night stays.

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[3] https://scholarworks.umass.edu/cgi/viewcontent.cgi?article=1381&context=ttra

The amount of money spent by those that spent at least one night is obviously higher because several meals are included as well as visits to other breweries, pubs, bars, gas stations and more. The longer a person stays, the more money for the host location.

HOW FAR AWAY DO THE BEER FESTIVALS IN OUR REGION REACH FOR ATTENDEES?

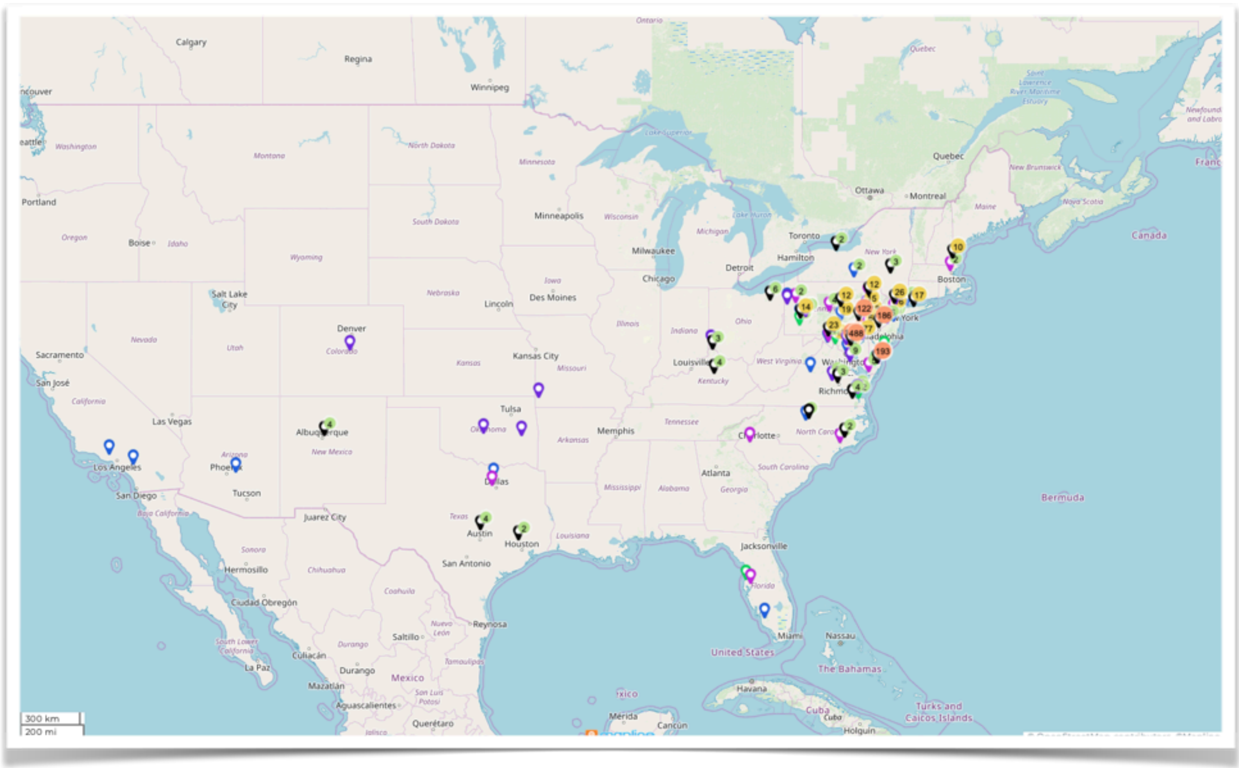
Our marketing has primarily focused on drive market locations from New York south to North Carolina and west to Ohio. This region generally mimics the area targeted by the Town of Ocean City because Ocean City does not have a large airport and most of our regular tourism is from the drive market.

We mapped all attendees who purchased their tickets online. There are some attendees at our festival from well outside our drive market, however, the majority of our attendees are located squarely within our drive market. We assume that the outliers are friends or family of other attendees located within our drive market. The college population, particularly those from Salisbury University, may be identifying as having billing addresses outside our drive market. This could also explain some of the outliers.

DO FESTIVALS DRAW ATTENDEES FROM BROADER AREAS OVER TIME?

To look at this question, we took the zip codes from all attendees who purchased tickets online and mapped them. Then, we layered each year's data to see if there was an expansion in geographical pull over time. Because our advertising stayed the same, we were targeting drive market states through Facebook, primarily, and then targeted Shore Craft Beer App users and those on our Facebook page and on the Shore Craft Beer website, nothing changed except who attended each year and the "chatter" on social media about our festivals. If there is an expansion, it has to be because of this social media talk or word of mouth promotion. It appears that over time, the pull of our festivals has expanded within the drive market. If you look at the black pins which represent tickets sold to the 2021 event, there is evidence that attendees are coming to this

October event from farther and farther away. More research would need to be done to



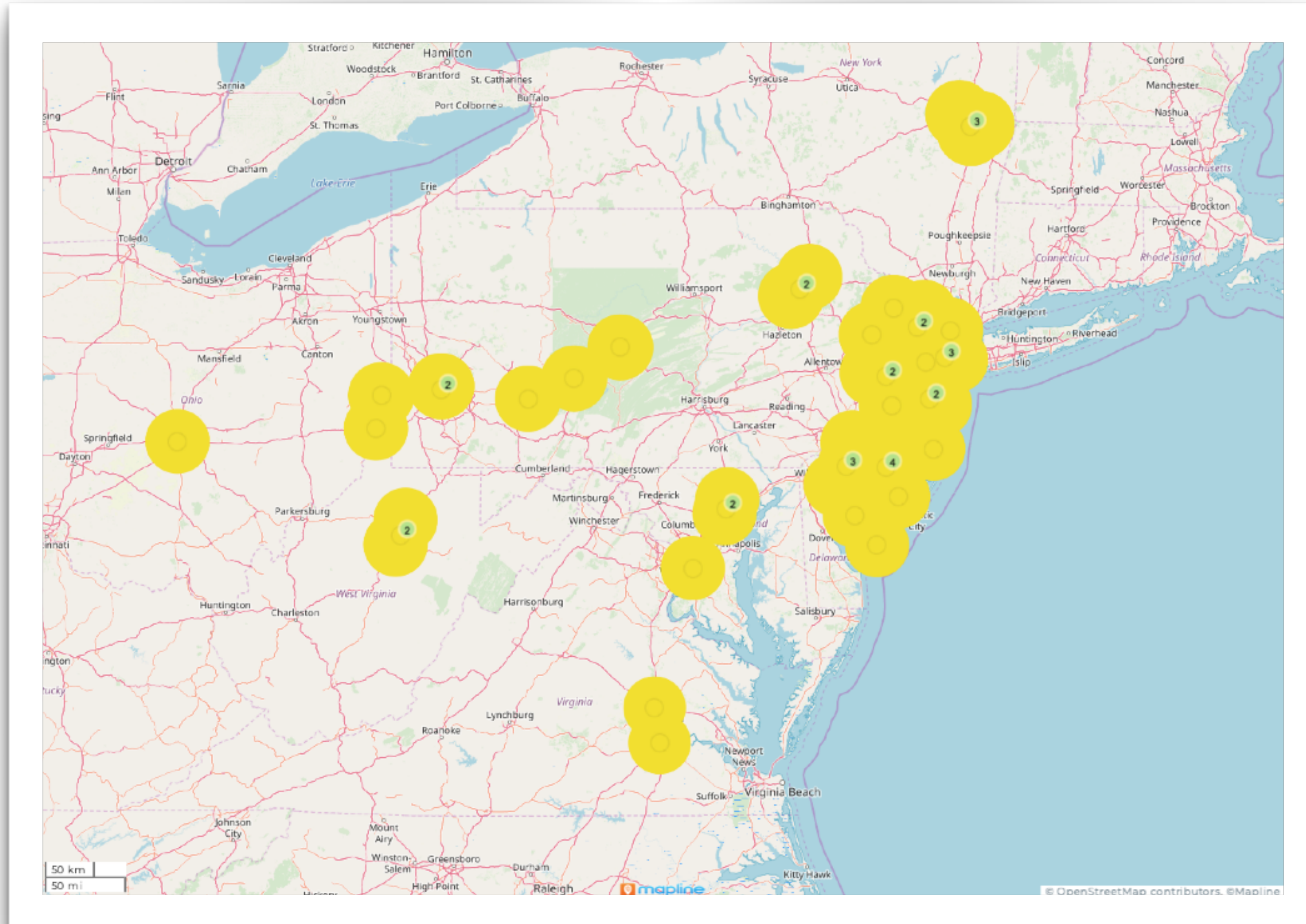
verify this result.

DOES THE REGION OF GEOGRAPHIC PULL FOR THE OCTOBERFEST CRAFT BEER FESTIVALS DIFFER FROM THE TARGETED GEOGRAPHY FOR REGULAR OCEAN CITY VISITORS?

When I asked Ocean City tourism officials where they market, I received the following response:

Baltimore, DC, HLLY, PHLLY, and Southern, NJ remain our maintenance markets. Our legacy plan ahead markets include Pittsburg, NY and Northern, NJ. In 2020, prior to COVID, Ocean City had plans for several new plan ahead markets. Unfortunately, those plans were halted due to the onset of the pandemic. In 2021, we did re-enter those markets, along with the new addition of Columbus, OH. The new plan ahead markets *include Johnstown-Altoona-State College, Wilks-BarreScranton, Richmond-Petersburg, Wheeling-Steubenville, Albany-Schenectady-Troy, Clarksburg-Weston, Syracuse and Columbus.*

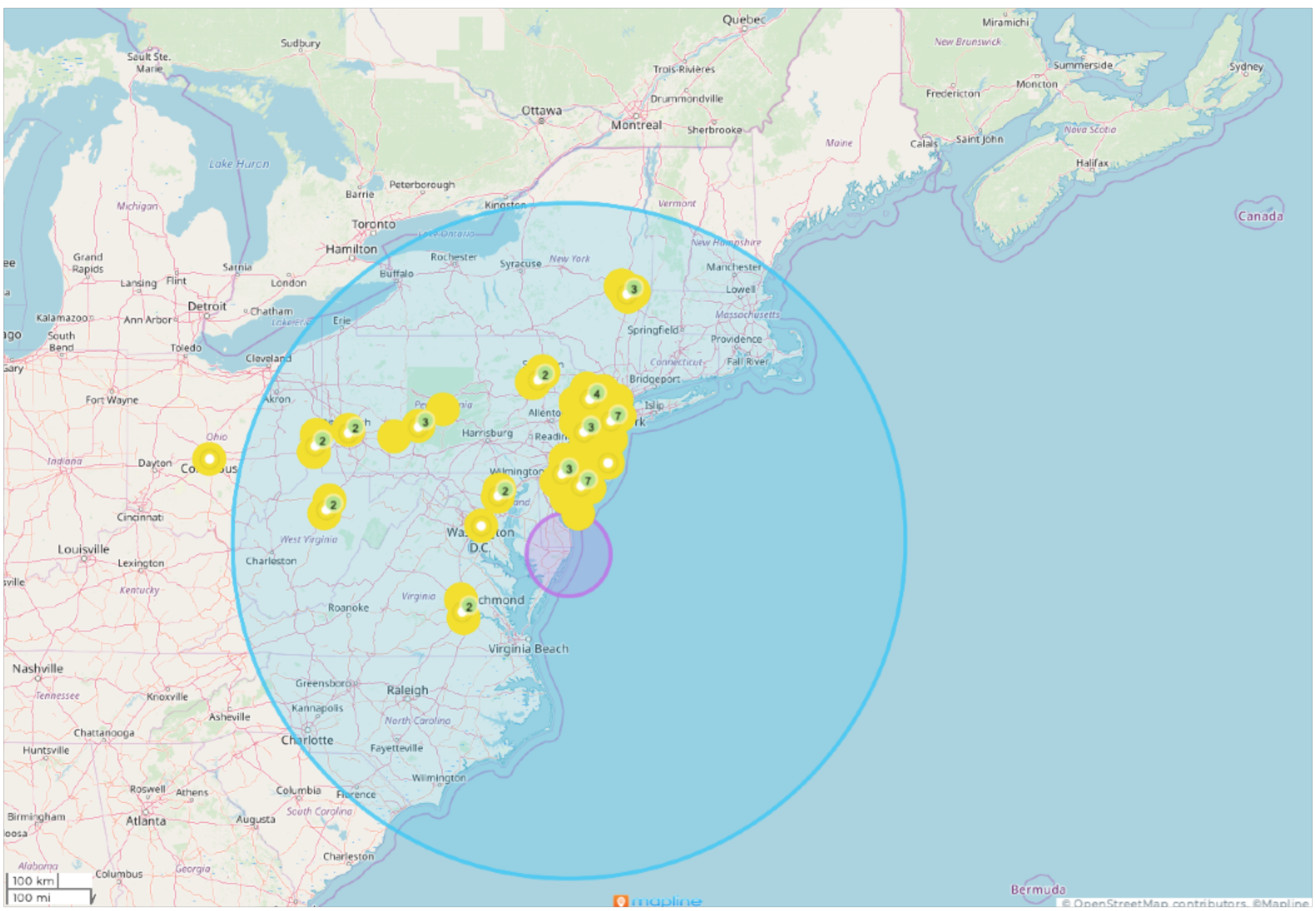
Map of cities with 20 mile radii targeted by Ocean City for marketing.



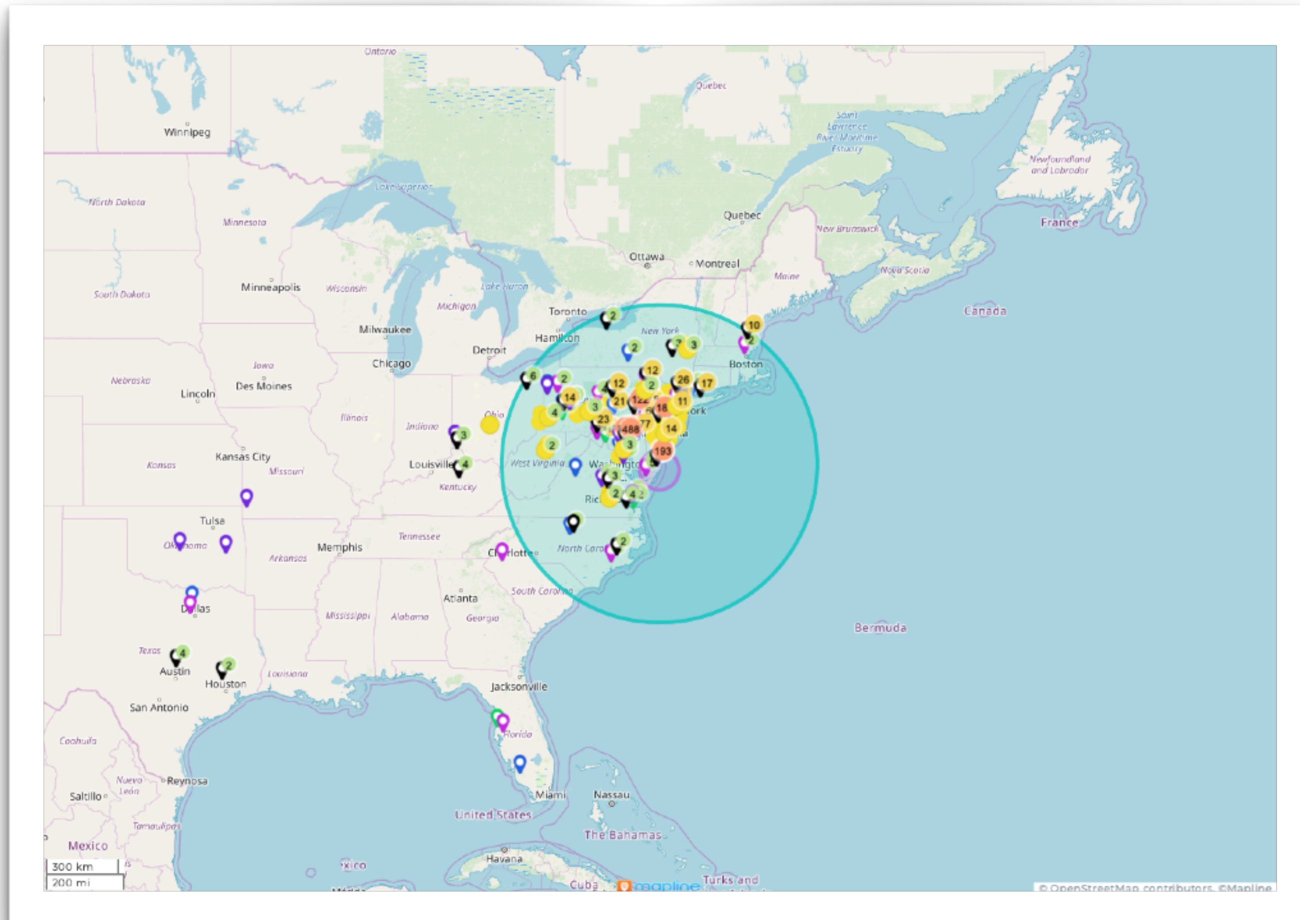
This map shows the areas where Ocean City markets, each with a 20 mile radius (in bright yellow). It also illustrates the 50 mile and 400 mile radii from Ocean City that defines a visitor (50 miles) and the drive market to Ocean City (the 400 mile ring.)

We mapped this area with 20 mile radii around each city identified. This is an approximation of their targeted markets.

The next map shows the Ocean City identified cities and towns in yellow. The superimposed circles show the 50 mile radius which defines "local" travel. The blue ring represents a 400 mile radius that we have used to define the traditional driving distance that would be the outside rational limit for "drive market" travelers. Ocean City is a driving destination because it is not well served by airlines and has always relied on drive market tourism. Outside that 400 mile radius would be a very long drive and likely not a good high return market for general tourism. However, for specific tourism and "beer cations," craft beer focused travel, targeting people and interests rather than geographic regions may be a good choice for Maryland's "Destination Marketing Organizations" (DMOs) and other tourism related businesses.



This second map shows the targeted areas as in the first map, but then adds pins for all the people who purchased their tickets for the Octoberfest from 2017 through 2021. If you zoom in on a pin on the map on ShoreCraftBeer.com, it will show you how many people purchased tickets from that location and what the value of the tickets were. It appears that the area targeted to date by Ocean City is much smaller than the region of pull for the Octoberfest craft beer events. The Town's addition of markets for 2021 and 2022 is a good start, but indicates that craft beer drinkers are still willing to come from a more distant location for a craft beer festival. This provides an opportunity for Ocean City to target additional travelers.



The black pins are from the festival in October 2021 and the wide geographic spread of these ticket holders shows geographic spread. COVID obviously had an impact on traditional growth. Therefore, it will take additional research to prove that festivals continue to expand geographically over time.

BREWER INTERVIEWS

Dr. Gina Bloodworth, Associate Professor of Geography at Salisbury University conducted interviews with brewers about the impact of COVID on breweries that include: Big Oyster, Crooked Hammock, Cult Classic, Tall Tales, Evolution, Dewey Beer, Peabody Heights, Cape Charles Brewing, Black Narrows. The aggregate analysis of all interviews and her findings follow. "

QUESTIONS ASKED:

1. How has the pandemic impacted your operations?
2. How has the pandemic impacted your distribution & employees specifically?
3. What adaptations have you made to survive such dramatic times?
4. Will these adaptions continue once Covid recedes?
5. How do you see brewery culture changing in the pandemic?
6. What is your most important pathway to patrons? [local culture, brewery tours, advertising, distribution in large/wide venues]
7. Who are your patrons? How do you contact them?
8. Has the rise of Covid changed your patrons or how you communicate w/them?
9. What do you expect to see in the near future—for instance, if we have another lockdown?

KEY FINDINGS FROM BREWERY INTERVIEWS

COVID AND THE PANDEMIC:

In January of 2020, the first cases of Covid were reported in the U.S. and by April of that year, the nation experienced a nearly complete shutdown as federal, state and local governments attempted to slow the spread of this contagious disease. For the first time in our history, nearly all Americans went into a state of lockdown—schools shut, offices went to remote communications, working from home became the norm, travel came to a standstill, recreation in public venues came to a halt and Americans hunkered down. This extreme situation gave rise to dramatic changes in local economies, local culture, transportation, commerce, behavior patterns and expectations for everyone N never before seen in our history. While the pandemic affected different sectors of society in different ways at different scales of activity, the focus of this study is limited to the local economy and culture, specifically craft breweries. The goal was to understand how the pandemic impacted craft breweries in three directions: the breweries and their operations, the behavior of craft beer patrons, and how both impact local culture.

ADAPTATIONS OF BREWERIES DUE TO COVID:

Several different adaptations occurred due to the pandemic, and most had to do with either product changes, or sales at the door. Adaptations seemed quite specific to the breweries, their location, or the scale of their operations. Other strategies seemed rooted in what unique cultural niche the craft brewery might fill within their community. Many breweries became quite creative in providing alternative venues for their product, and alternative product offerings as well.

One brewery volunteered to host the local farmer's market in their town, since the previous location could not accommodate social distancing, while the brewery had a large parking lot. Once the farmer's market set up at the brewery parking lot, the brewery simply joined in and set up a stand to sell beer by the 6-pack, in bottles and cans. This resulted in a rapid increase of both patrons and sales as the farmer's market patrons overlapped with craft brew patrons.

One brewery had a large outdoor patio and recreation area at their brewpub, for outside dining/drinking. During the lockdown, when everyone seemed restless and isolated, the brewers opened up the outside area to families, and added jungle gym, sand box, and swings. They could not open up for inside seating, but could sell beer to go at the front door—the goodwill generated by opening their courtyard to families translated into increased sales, although that was not the original intention. Another brewery, due to its urban location, opened its space up as a staging area for political protesters to organize, make signs, gather and coordinate on specific days of the week.

More than one brewery experienced chronic shortages of aluminum cans, and went to tallboys in 4 packs, since smaller aluminum cans doubled in price, and even then were not reliably available—at any price. Changes in packaging also drove changes in products, as several craft breweries used similar strategies of (1) either reducing the variety of their recipe options to just the most well-known/popular sellers or in the other direction (2) shifting away from kegs, and instead brewing small-batch special recipes (often using quarantine themes and names) with a limited release, or promoting growlers over cans, local delivery, and self-distribution. One brewery used their equipment to make a large batch of sanitizer early in the lockdown when sanitizer was difficult to find.

EMPLOYEES/SALES/PATRONS:

Very interesting and similar trends could be seen among craft breweries regarding sales and employees. At first, the lockdown devastated the ability of breweries to keep their employees and pay them—especially if food was served via indoor seating. To keep employees on the payroll, more than one brewery offered to re-train some of their staff to handle other parts of the operation; a few breweries let employees go, but then rehired them as soon as it was possible; still other craft breweries actually paid their employees for the first few weeks to do remodeling and construction, as the brewery attempted to provide then operate outdoor seating venues in response to the pandemic. Employees even took a pay cut in order to keep working during the first desperate weeks of the 2021 shutdown.

Breweries in rural areas saw sharp increases in the demand for their beers, and could hardly keep up with the rising patronage. One brewery has tripled its sales in the pandemic, while several have doubled their sales. This was not universally true, and geography really delineated the split. Urban breweries struggled far more than rural breweries; this is likely rooted in space issues. Those breweries with the ability to expand and create outdoor venues, when they might not have originally done so, allowed for expanded and socially-distanced patronage. Clearly, if a brewery shut its doors, we could not contact them to discuss what happened, but through word-of-mouth, and gossip only two breweries were discussed that folded their operations in the pandemic. Mostly, craft breweries saw massive surges in sales, but faced complex economic, logistical and cultural challenges in determining how to adapt to a complete lockdown. Relaxation of state beer and liquor laws are the only thing that made most of these adaptations possible, it should be noted. Those relaxed regulations are scheduled to sunset in 2022, unless circumstances allow for them to continue.

CULTURE/PLACE AND GEOGRAPHY:

One clearly revealed trend consists of the role that craft breweries play in local communities. They both create and feed off of local culture, local community, and sense of place. The majority of patrons that kept craft breweries running during the pandemic were local, and loyal—as beer tourism was simply not predictable. The very fact of so many breweries expanding and growing during the pandemic speaks to their cultural niche within communities. Beer distribution rarely expanded beyond the state of origin or the Eastern Shore, and patrons largely used word-of-mouth and social media as their primary communication with local breweries. While beer tourism prior to the pandemic may have been a key element of some breweries' projected income for those located in the corridor of beach towns that rely on tourism, those same breweries have managed to maintain [or grow] without that income. The culture of craft beer is built on local identity and sense of place. As most travel, tourism and long-distance recreation shut down nearly 100% in the pandemic, people reconnected with and sought out the local opportunities for culture in their local areas. Many businesses in other industries suffered despite being locally owned, locally run and dependent on local patrons—many were driven completely out of business. But the resilience of craft breweries can be attributed to the rising importance in sense of place, as wider culture became unattainable during the pandemic.

KEY FINDINGS & ANALYSIS

CRAFT BEER DRINKERS TRAVEL

This study corroborated and expanded evidence that craft beer drinkers travel. It also appears that craft beer drinkers surveyed still took leisure trips and visited breweries even after March 1, 2020 when COVID negatively impacted travel across the United States and the world. We asked, “How many leisure trips did you take where you were away from home one night or more in 2019?” We asked the same question, but added “after March 1, 2020” to indicate to us travel after COVID hit its highest impact. We do not know how far from home those surveyed traveled. However, we do know that they visited breweries while on these trips.

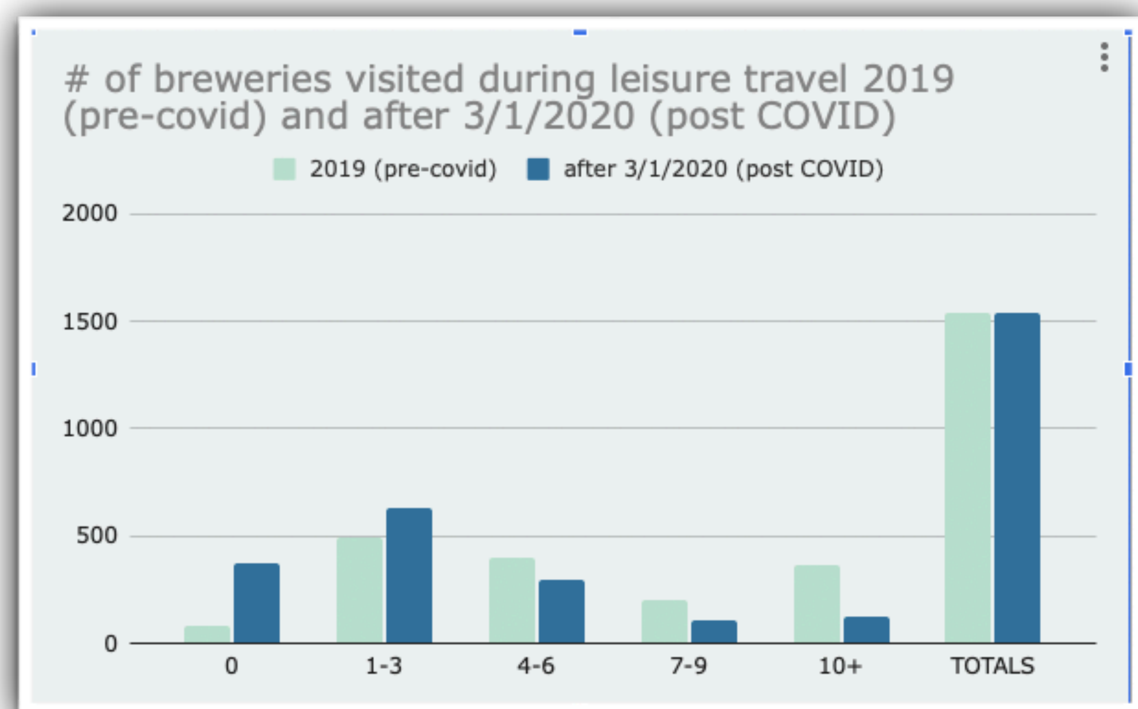
In a 2019 study of beer drinkers, it showed that 70% of Americans surveyed (N=2000 respondents) traveled to a destination to try locally produced alcohol. 72% dedicated vacation time to trying beers at a local brewery during their beercation.

> *“Visit Anaheim, the official destination organization for Anaheim, today released new research that reveals beer tourism is on the rise as seven in 10 Americans have traveled to a destination specifically to sample the alcohol in the region. The survey of 2,000 American beer drinkers showed that the lure of quality, locally-brewed alcohol is an increasing draw for travelers. In fact, 72 percent of beer drinkers have dedicated vacation time to go to a tasting at a local brewery while on a “beercation.”*[4]

[4] https://www.visitanaheim.org/articles/post/how-are-beer-lovers-traveling/

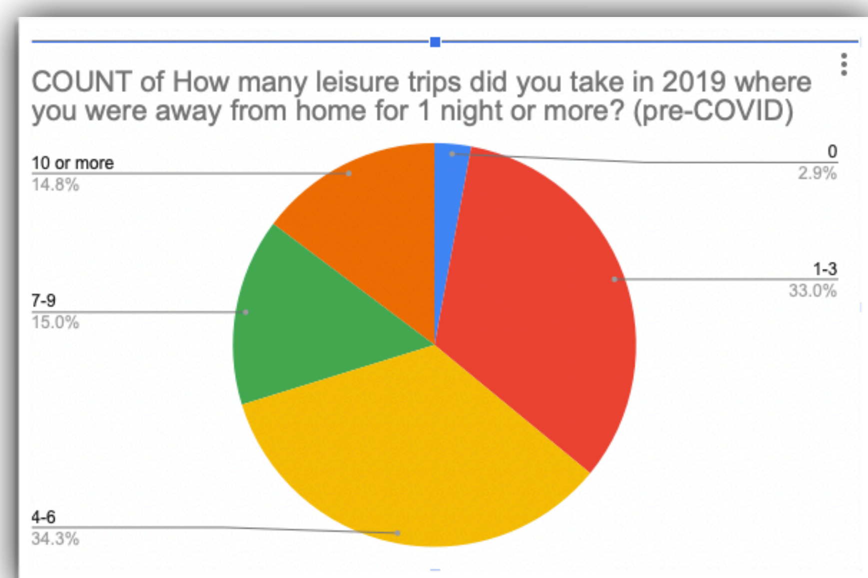
A 2020 study examining who exactly these beer tourists are made a compelling argument that beer tourists spend more money, enjoy more food and drink, and consume many diverse activities and events while traveling.[5]

In the Shore Craft Beer study funded by the Rural Maryland Council, 95% of surveyed beer drinkers visited a brewery while traveling in 2020. This number dropped to 76% after COVID struck. The survey also shows a corresponding diminution in total leisure trips: 97% of respondents took at least one leisure trip in 2019, prior to COVID, with only 82% of respondents deciding to travel for leisure after March 1, 2020. Nevertheless, these craft beer drinkers still visited a brewery while traveling. 95% of respondents visited a brewery while traveling in 2019 and 76% of respondents visited breweries during a leisure trip after March 1, 2020. While the number of trips to breweries while traveling certainly diminished, it still represents a significant potential revenue source for local breweries here in Maryland and on the Shore.

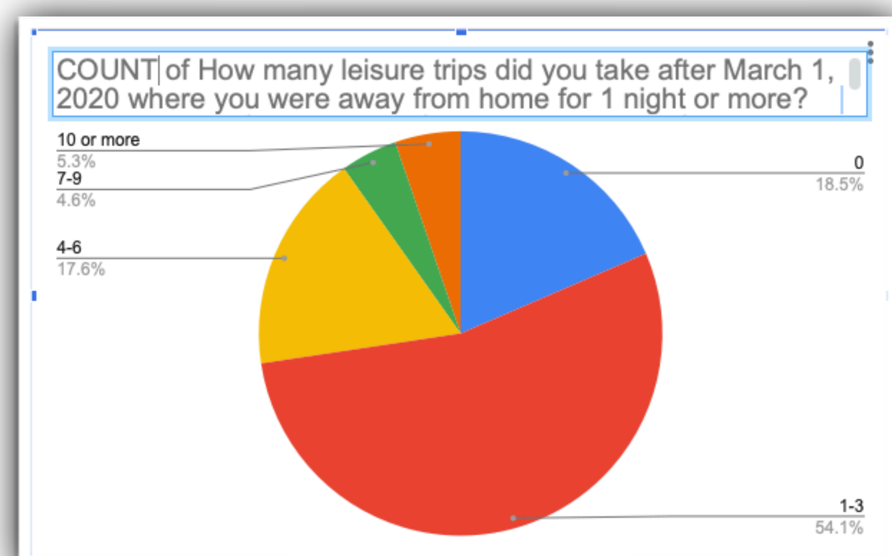


[5] https://www.ingentaconnect.com/content/cog/tri/2020/00000024/f0020002/art00006?crawler=true&mimetype=application/pdf

NUMBER OF LEISURE TRIPS TAKEN PRE-COVID (2019) AND AFTER MARCH 1, 2020 (SHOWING COVID IMPACT)



# of trips taken	% of leisure trips in 2019 (pre-COVID)	% of leisure trips after 3/1/2020 (during COVID)	change in trips
0	2.90%	18.50%	15.60%
1-3	33%	54.10%	21.10%
4-6	34.30%	17.60%	-16.70%
7-9	15%	4.60%	-10.40%
10+	14.80%	5.30%	-9.50%



HOW MANY BREWERIES WERE VISITED PRE-COVID (2019) AND AFTER MARCH 1, 2020 (SHOWING COVID IMPACT)?

VISITING A BREWERY INCREASES TOTAL BEER CONSUMED

In a late 2018 release by the Brewers Association, they referenced a study that showed that visiting a brewery increased the total amount of beer consumed by individuals. Bart Watson, the Brewers Association economist goes on to explain some of the data, but the important take-away is that breweries -and other venues like brew pubs and bars - need to provide flights or the ability to sample various beers, have knowledgable staff who can help visitors learn about different beers, and serve fresh beer so that we reignite craft beer drinkers and get them purchasing more craft beer.

> *New research conducted by Nielsen's CGA division during their bi-annual On Premise User Survey (NCGA-OPUS) suggests that beer drinkers who are visiting breweries are drinking more beer, whereas those that aren't are drinking less.*[6]

THE HIGHER THE ENGAGEMENT AT A BREWERY, THE MORE LIKELY THE GUEST WILL BE TO PURCHASE THAT BREWERY'S BEER - ANYWHERE.

In an article in "Craft Brewing Business," the author discussed their survey findings that said that a visit to a brewery increases the likelihood of that guest buying that brewery's beer at other establishments. They went on to say that with higher engagement at the brewery, the likelihood of the guest's buying that brewery's beer went up significantly.

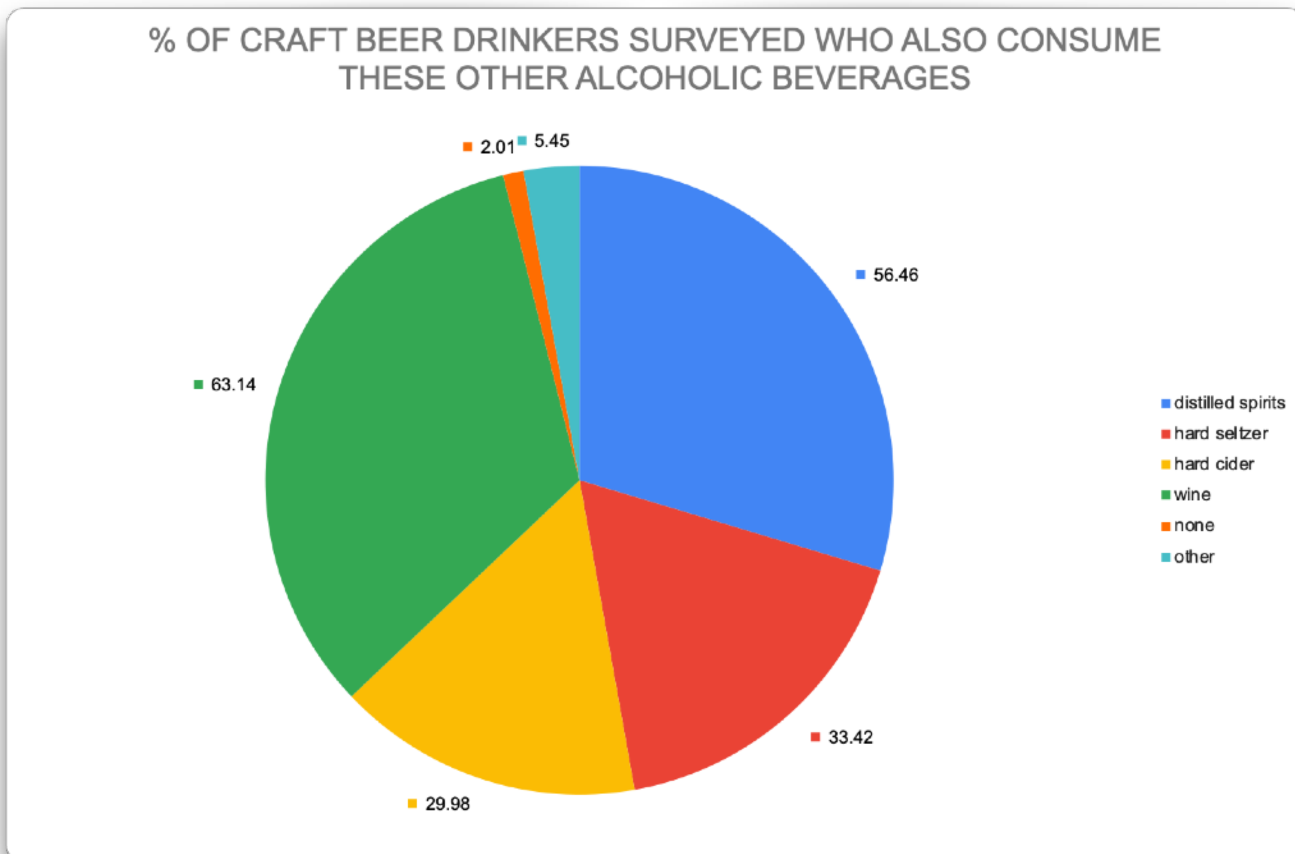
> *When a guest receives low engagement at a brewery, they are 43.6% likely to purchase that brewery's beer at other establishments. With neutral engagement, a guest is now 66.5% likely to purchase that brewery's beer elsewhere. As*

[6] https://www.brewersassociation.org/insights/brewery-visits-grow-beer-you-can-too/

engagement increases to moderate, they are 86.8% likely. When a guest receives high engagement at a brewery, they are 93.2% likely to purchase that brewery's beer at other establishments. Through a prior study, we discovered that guests receiving high engagement also spend 17.1% more than those receiving low engagement.[7]

WHAT OTHER ALCOHOLIC BEVERAGES DO CRAFT BEER DRINKERS CONSUME?

We asked the question: "What other alcoholic craft beverages do you drink?" The answers were interesting. Of the 1541 people who responded to this question, 63.14% also consumed wine. More than half, 56.46% consumed distilled spirits. This number is



[7]https://www.craftbrewingbusiness.com/business-marketing/how-your-taproom-customer-engagement-improves-sales-outside-your-walls/

actually a little higher because many respondents in the "other" category named specific drinks they consumed like "Tito's vodka" or "bourbon." Only 2% said they didn't drink anything but beer. Just over one third of those surveyed consumed hard seltzer and just under 1/3 consumed hard cider. Almost nobody consumed mead.

This is good news for bar owners and retail outlets because these self identified craft beer drinkers will purchase not only craft beer, but will also buy other alcohol. According to local distributors, the hard seltzer is rapidly gaining popularity. An interesting question to pursue would be to see if the above preferences change over time and if they are changing in younger age groups only or if they are changing in all age groups. We do not know if the lack of preference for mead is because those surveyed either don't know what it is or can't get it. These questions can be pursued with further study.

WHAT DOES THIS MEAN FOR TOURISM DESTINATIONS AND BREWERIES?

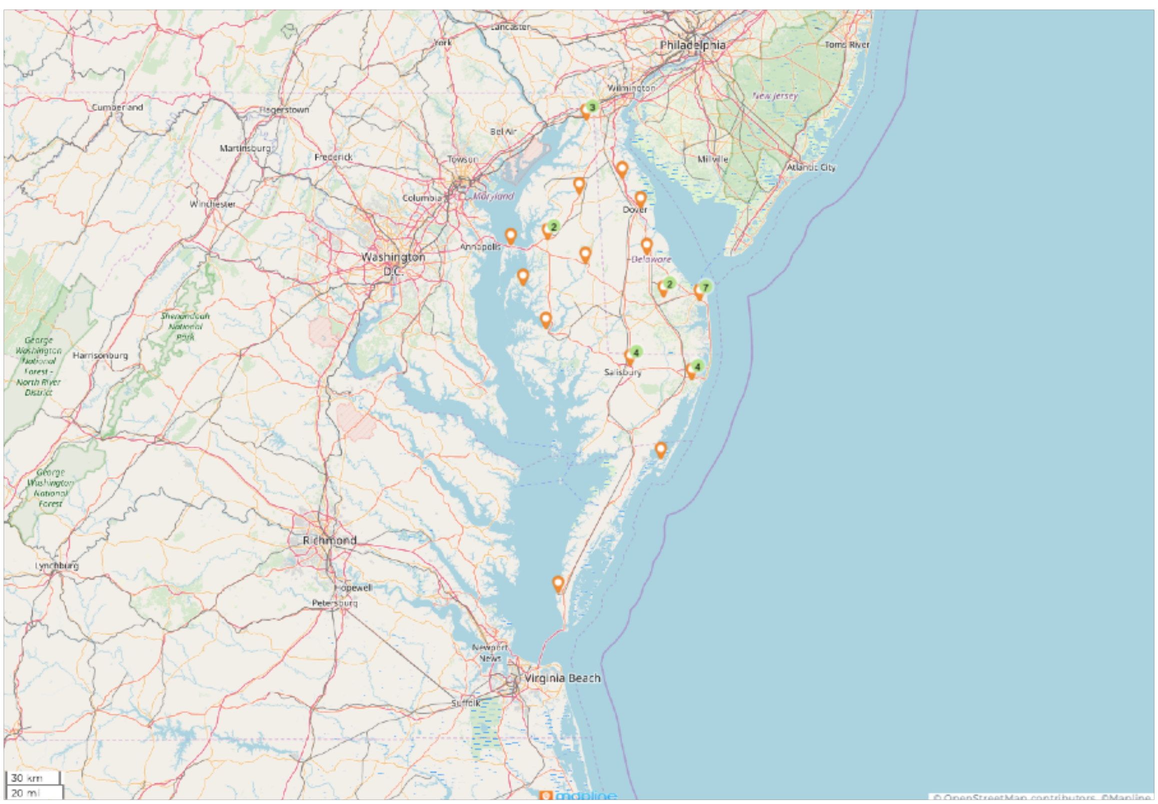
Tourism destinations need to market to craft beer drinkers. This tourism segment may be more immune to severe disruptions in travel than other segments of the traveling population. While leisure trips and resultant brewery visits did go down after COVID struck, it did not diminish as much as we would have anticipated. This could be an artifact from the timing of the surveys. More study is needed to confirm these results, but action can be taken now to target craft beer drinkers and encourage more craft beer related tourism. Tracking the results of this effort will contribute further data.

It appears that events and festivals expand their geographical pull over time which would indicate that destinations and other tourism related businesses should work with local breweries to create annual events and festivals which will attract craft beer drinkers. This effort will expand tourism year over year. Given the total number of leisure trips taken by the respondents in our survey, we believe that craft beer related tourism can be used to increase tourism to a location, particularly in the shoulder and off-seasons. Because the research undertaken in this study only looks at data from an October festival over the course of five years, the results are limited to this off-season timing. The price of hotel rooms during the studied Octoberfest event are low relative to in-season pricing.

It may be that the results identified in this study expand to festivals and events held at all times of the year regardless of hotel prices, but that is not clear using only the data in this study. Studying other events or festivals held at other times of the year and including may help clarify our conclusions. Other research suggests that local breweries should ensure high quality engagement for brewery visitors thereby ensuring a much higher chance of selling more of their beer. Breweries, DMOs and other craft beer related businesses should work to ensure the highest possible engagement with local craft beer brands and breweries in order to increase sales of local craft beer.

When a brewery succeeds in attracting more visitors and provides strong engagement with the brand for those visitors, more local craft beer is sold by retailers, bars, restaurants, and the brewery. When 67% of every dollar spent on local craft beer, every effort should be made to sell more.

Map of Breweries on the Eastern Shore



FURTHER RESEARCH SUGGESTIONS

This research focused specifically on craft breweries, their patrons, and recreational tourism as it changed in response to the unprecedented upheaval of Covid. This particular industry was chosen for two reasons. First, craft breweries are a rising sector of the Eastern Shore and Maryland economy and culture; second, neither craft breweries nor local scale cultural tourism-based form the basis of enough detailed research to understand their local impacts. Measuring dollars is simply insufficient to understand how local cultures and economies are tied together. The patterns that emerged from this study point clearly to three conclusions: craft brewers proved more resilient and adaptable to changing conditions than expected; demand for craft beer surged during Covid; patrons of craft breweries continued to support beer tourism. Within these results, there are nuances to consider, and more questions that remain unanswered. What follows suggests pathways for new research and potential implications for what is already known separated into three categories: craft breweries, patrons and beer tourism, and beer culture. One thing is certain, this preliminary research opens the door to explore many aspects of the craft beer industry that have yet to be well-understood.

CRAFT BREWERIES:

The number of craft breweries was growing rapidly before the shock of the Covid pandemic, but this research recognized that the trend of expansion continued on during Covid—which was a surprise. Further, the adaptive abilities of craft brewers defied expectations, but those adaptations appear possible because the scale of operations, employees, and patrons was small and local. To confirm this, similar research on large national breweries, their Covid adaptations, and potential growth or not, within Maryland would need to be undertaken. Looking locally, the opposing trends we saw between urban and rural breweries needs more data and further research, perhaps in a comparative study of specifically urban and rural locations. The range of products that craft breweries now produce might shift again as the pandemic recedes. Thus, looking again at the same scale [Eastern Shore] and the same breweries, when they are no longer considered to be ‘adapting to Covid’ would need to be conducted to see if changes that took place during the pandemic are permanent changes, or truly just survival tactics related to the pandemic. Can craft brewers be expected to adapt if another wave of Covid requires another total shutdown? Will the adaptive strategies craft brewers have shown continue on beyond the pandemic and become permanently integrated into the industry? Many of the adaptations were only possible due to relaxation of existing restrictions on how, where and when beer and liquor can be sold.

What will happen if/when those restrictions return? More study is needed regarding state level infrastructure related to beer and liquor transportation, distribution, sales and manufacture.

PATRONS AND BEER TOURISM:

The data gathered on craft beer patrons provided better understanding who craft beer patrons are, and where they travel from to participate in beer tourism. Driving market scale tourism [within 400 miles] still needs to be separated from hyper-local [less than 5 miles] tourism so each of those markets can be better understood. Also, the age cohort of beer tourism and specific tastes for specific products needs more nuance and exploration. Right now, it is clear from this research that craft beer drinkers under 30 have different tastes than those between 40-65 years old. This leads to questions about cross-over markets with other similar recreational patrons related to distilled spirits, wines, etc. that right now are poorly understood and under-researched at the local scale. For instance, craft distilleries are now on the rise in several states for the first time in generations. What is the cross-over market and are the patrons also overlapping? New research on how patrons connect with, or learn about craft breweries, and the total impact of beer tasting events, craft beer festivals, and the synergy of grouping—where a concentration of craft breweries within a short distance from each other crops up and all breweries see increased business due to the concentration of their businesses in close proximity—all need further study. Gender dynamics and craft beer tourism also needs more exploration. Previous expectations around the market for craft beer patrons centered on males, and specifically within an older age cohort. The rise of women as a market share, and those under 30 years of age need further research.

CRAFT BEER CULTURE:

Craft beer is unique in that it incorporates strong elements of both local economy and local culture. The dramatic rise in craft breweries and craft beer patrons within the last generation has not yet garnered the level of attention or research needed to fully understand how these two powerful forces interrelate. Craft brewers tend to be heavily embedded within local culture, site locate in culturally active areas, and contribute strongly to the flavor of local culture. Similarly, within a place, the cultural interplay between sense of place and craft breweries [seen in patrons, loyalty, beer tourism, even themes of branding for craft beer] all propel growth in local economies. Further research is needed on how this happens. For instance, are there now or could there be places where analysts predictively project that craft beer incubation might crop up, or that provide the needed elements for craft breweries to thrive? Is there a needed infrastructure of state level regulatory support or restriction that favors some states over others in the craft beer industry? Can craft beer alone generate its own local culture, or does craft beer capitalize of existing sense of place and local culture, in a symbiotic pattern of mutual growth? Do patrons of craft beer in different age cohorts, places or regions experience completely different 'beer cultures' or is craft beer the providing a uniform public local culture where all age groups can randomly interact? These questions all need further research.