

Factors impacting market shaping intentions – a study of Newfoundland & Labrador craft breweries

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Abstract

The growth of craft beer around the world has been shaped both by individual firm actions and the collective efforts of regional craft breweries joining forces to change consumer taste, establish sales channels, and build business relationships with retailers. However, researchers in the market driving field still do not -fully understand how actors like those in the craft beer industry weave together different types of actions to shape markets. Through a longitudinal qualitative study of craft breweries, we set out to explore the factors that cause actors to pursue *individual versus collective* actions and *purposive versus purposeful* market shaping actions. We conducted 24 interviews over a two-year development period of a new craft beer market. We find eight common factors that affect these two dimensions, and when and how they are present. This research contributes to calls for greater understanding of common antecedents to multiple market shaping actions, and how market shaping actions interact to shape and maintain markets. Ultimately our research sheds light on how actors can choose their market shaping action based on the eight factors we discuss.

Keywords: market shaping, market driving

Track: Business-to-business marketing

1. Introduction

Over the past 20 years, the craft beer movement has forged a new market throughout much of the western world. This new market has been shaped both by individual firm actions, and the collective efforts of regional craft breweries joining forces to change consumer taste, establish sales channels and build business relationships with retailers. Maciel & Fischer's (2020) landmark study of US craft breweries challenges the focus of existing market shaping research, where firms pursue an individual market shaping strategy, and in the process seek to outcompete other producers. In their study, the authors uncover the largely collective market shaping efforts of US microbreweries, as they rely on each other's resources and build a collective identity to compete with the larger established players.

While Maciel & Fisher (2020) represent an important contribution in placing collective firm orientations and efforts firmly within market shaping research, it also appears that firms often pursue something in between these two approaches, and their orientation may change over time (Tóth, Biggemann, & Williams, 2022). Hawa, Baker & Plewa (2020) propose that firm intentions and actions in shaping a new market may be individual or collective and purposive (present-oriented) or purposeful (future-oriented), and that they may combine and change over time. Following both their research agenda and suggestions by Storbacka et al. (2022), we set out to explore the factors that cause microbrewery owners to pursue *individual versus collective* actions and *purposive versus purposeful* market shaping actions. We attempt to answer the following research question: *What common factors affect firms' choice of individual versus collective and purposive versus purposeful market shaping efforts?*

To answer this question, we report on a qualitative study of the market shaping efforts of eight craft breweries in Newfoundland and Labrador, Canada. We interviewed eight of these craft brewery owners several times over the course of two years as they attempted to shape a local market for craft beer. Managerially, the study can generate important insights into the balance of needing to join forces and collectively creating a local identity, while simultaneously attempting to develop their individual presence and business opportunities. Theoretically, we contribute by responding to calls for an improved understanding of the factors that drive various types of market shaping orientation, specifically in the collective sense (Hawa, Baker, & Plewa, 2020; Storbacka et al., 2022).

2. Theory

2.1 Market shaping

According to Flaig, Kindström, & Ottosson (2021) market shaping is *the set of purposeful activities a firm employs to shape a market in order to increase its competitiveness and create new opportunities* (pg. 255). Similar concepts have been discussed in the literature including market driving (Kumar, Kotler, & Kellogg, 2000), and market formation (Lee, Struben, & Bingham, 2018) among others. Market shaping strategies often involve highlighting the agency of the focal actors, having a degree of intentionality, and proactively influencing the firm-environment co-evolution Storbacka, Nenonen, Peters, & Brodie (2022). One way of classifying market shaping actions is based on whether they are individual or collectively focused, or present-focused (purposive) versus future-focused (purposeful) (Hawa et al., 2020).

2.2 Action membership: Individual versus collective market shaping

The majority of market shaping studies have focused on one resourceful actor who has intentionally shaped the market through actions that are primarily oriented towards themselves, and benefitting themselves over others (Hawa et al., 2020). These are often labelled as individualistic action (Jaworski, Kohli, & Sarin, 2020), an action with individual intention (Hawa et al., 2020), or actor-oriented action (Lee et al., 2018). Collective actions may include promoting a product category rather than a business' individual products (Navis & Mary Ann Glynn, 2010), or meeting with others to jointly solve problems and lobby for more favourable government regulations (Gurses & Ozcan, 2015). Actors engaging in collective market shaping often recognize the overwhelming challenges of shaping a market individually, thus choose to work with others (Maciel & Fischer, 2020). They may be motivated to receive a great return for their efforts, or be intrinsically motivated to shape that market (Lee et al., 2018).

2.3 Action time orientation: Present-oriented vs future-oriented market shaping

Hawa, Baker, & Plewa (2020) argue that actions with collective intentions can be either present focused or future focused, labelled as either, representing a means-end or goals-end view respectively. Present-focused market shaping efforts include situations where actors are responding to external situations to cope with pressing demands, that end up incrementally shifting a market over time due to behavioural spill-over effects or

isomorphism (Hawa et al., 2020). Future-focused actions require that a future-planned state guide decisions and actions over time. This may mean convincing or pressuring others actors to conform in a certain way that benefits the initial shaper, or forming a collective group that has a clear, pre-determined purpose to promote change (Flaig et al., 2021). When placed on a 2X2 matrix, these two dimensions of market shaping yields four *intentions*: jamming, practicing, conducting, and choring (see Hawa et al., 2020).

Although some conceptual work has guided how actors employ several categories of actions over time, there is little known about common factors underlying these types of actions have. Moreover, little is known about how antecedents may lead to numerous types of actions by one actor when shaping markets. This suggests that there are likely many strategies that actors use concurrently or in a sequence to drive a market in what has been referred to as an “ecology” of sharing strategies and/or actions (Storbacka et al., 2022).

3. Method

Our exploratory study is a qualitative embedded case study. We examine how eight firms embedded in the Newfoundland & Labrador craft beer industry shape the relatively new market for their product over a three-year period. As a case study, we aimed to better understand an under-studied phenomenon and to build new mid-range theories (Eisenhardt, 1989). This industry is a good choice for such a study; the craft beer industry has been noted by several scholars as context for collective market driving (Jaworski et al., 2020; Maciel & Fischer, 2020).

Newfoundland & Labrador is Canada’s most eastern province, and its craft beer industry is in the growth stage. The province had only 19 breweries at the time of the study, with 12 of those 19 breweries opening between 2016 and 2019. Therefore, this is not necessarily “developed” market, but one in development, which allows the researchers to examine the phenomenon in real time rather than *ex post* (Lee et al., 2018). Our units of analysis were the actions that each business described as either being more targeted toward their individual business or the collective. We also examined underlying motivations of each action, and how motivations, actions and outcomes changed over the course of the study. The data for this study is summarised in Table I (participants have been anonymized).

Table I – Summary of data

Participant	# of Interviews	Interview Dates		
		Round 1	Round 2	Round 3
Citra	3	24 June 2020	4 August 2021	3 November 2022
Mosaic	1	19 October 2020	-	-
Simcoe	3	30 October 2020	26 October 2021	10 November 2022
Amarillo	2	24 November 2020	8 December 2021	-
Cascade	3	8 December 2020	30 November 2021	24 November 2022
Centennial	3	23 October 2020	26 October 2021	18 November 2022
Columbus	2	22 April 2021	27 January 2022	-
Galaxy	2	2 February 2021	11 March 2022	-
Chinook	3	12 December 2020	14 December 2021	18 November 2022
Malt	1	-	21 April 2022	-
Yeast	1	-	6 February 2022	-

We conducted 24 interviews for this study over a period of two years. We sought to interview the owners of craft breweries (we will refer to these participants as brewers) in the province, and we also recruited two industry stakeholders who were able to provide a detailed overview of the industry from their perspectives. The first stakeholder (Malt) was a representative from a federal government program that funds craft breweries, and the second (Yeast) was a leader of a local craft beer consumer group. We conducted three rounds of interviews; one interview at the start of the study, and subsequent interviews once per year. The Mosaic brewer could not be reached for a round 2 interview, and some round 3 interviews have yet to be conducted.

Interviews were conducted by one researcher, and had an average duration of 55 minutes. During the COVID-19 pandemic, interviews were conducted online, while more recent interviews were conducted in person. Each interview followed an interview guide, which we updated for each round. The round 1 interview guide was focused on collecting background details on the breweries themselves, and some of the major hurdles and decisions they made as they opened. The round 2 guide reviewed the major decisions of the breweries over the previous year, the motivations behind those decisions, and the results. The round 3 guide continued to examine major decisions, but also structured many questions according to recommendations of the theory-in-use approach (Zeithaml et al., 2020), focused on determining how brewers interpreted their market actions and intentions. All participants but one agreed to be recorded, resulting in 23 formal interview transcriptions and one set of interview notes based on researcher memos during and immediately following the unrecorded

interview. Interviews were inductively coded, and researchers constantly went between data and existing theory to link and sharpen the antecedent terms.

Figure 1 – Samples of market shaping actions in terms intention.

Time orientation	Future	<ul style="list-style-type: none"> - Group event hosted by larger brewery - Seeking control of craft beer association at the formation - Individual efforts to change regulations - Trying to get other breweries to choose “core” beers - Excluding breweries that don’t make “real” craft beer. - Pressuring other breweries to support one another - Hosting business plan workshops 	<ul style="list-style-type: none"> - Formal craft beer association meetings - Encourage retailers to expand beer section, and place craft beer more prominently - Creating provincial beer passport - Collective lobbying to change tax rates
	Present	<ul style="list-style-type: none"> - Canning at breweries that were traditionally brewpubs - Continuous offering of trendy beers - Changes in packaging types: bottles to cans, individual cans to multipacks - Coping with social distancing restrictions from COVID-19 - Selling to local convenience store when they asked to offer craft beer. - Expanding product line (coffee, mead, seltzers etc.) - Working with retailers to understand placement and procedures 	<ul style="list-style-type: none"> - Informal online discussions of shared problems - Questioning legitimacy of existing rules - Craft beer association informal meetings (beer included, online) - Collaboration beers - Beer festivals and events - Ingredient/supply sharing when there is a shortage
		Individual	Collective
Membership			

Adopted from Hawa et al., (2020; pg. 49)

4. Findings

Our findings focus on market shaping intentions at the action level. We find that an actor shaping a market will have a complicated mix of actions with a mix of present versus future-oriented intentions, and individual versus collective membership at any point in time. While actors may differ in their preference for certain actions and intentions over time, we found that brewers engaged in all forms of action to some degree. This complicated mix of actions will place higher or lower importance on the factors we observed in our data: *need for learning, alignment of goals with other actors, goal specificity, resource commitment, need for fairness of outcomes, desire to compete, desire to be community member and the need for legitimacy*. These factors are summarised in Table II. We will then move onto discussing an example of how these factors impact the market shaping intentions for one of the four categories of market shaping intentions as presented by Hawa et al., (2020).

Table II – Factors affecting market shaping intentions

Dimension	Description	Sample Quote
<i>Need for learning</i>	The degree to which learning must be one of the desired outcomes of an action	Yes, I think more so in 2020 when everyone was like, oh, shit we need to start packaging, there was more of a collaborative effort. But, I think, we had already been through it, so we didn't need to lean on people as much as we had the previous year. But like we said, there are a couple of breweries that we're closer to that we would like, 'hey, we're going to this, what do you think? – <i>Citra, Round 2</i>
<i>Alignment of goals with other actors</i>	The degree to which an actor's interests and goals are perceived to be consistent with the goals of other actors in the group	The way I look at it is, there's a Venn diagram. There's 95% of the issues that I feel are important to my business that are... But there are some other that are important to my business that does, like interprovincial trade. This is a very big one for me as well, too, right? - <i>Centennial Round 3</i>
<i>Goal specificity</i>	The degree to which the intended goal of a particular action is precise and concrete	(<i>Asked about decision to expand to coffee</i>) "It's always been in the back of the mind but also, what gave us a push was a building that opened down the (<i>location</i>) which is in great shape, and it was exceptionally cheap. So, things just lined up and we figured, 'okay, we can get this building for a cheap, so then this seems to make the most sense to do this out there." – <i>Chinook Round 2</i>
<i>Resource commitment</i>	The amount of resources invested or spent when enacting a particular action	Right now it's just let's get through it (COVID-19). We have this canning line coming, which is quite expensive. So, it is unfortunate to sink a bunch of money and time into equipment during a time that is quite slow, especially in the winter. But it will certainly help us get beer in the [convenience store a] or [convenience store b] or [provincial liquor store]. So, even though there's less people coming in, we can still hopefully maintain a consistent brewing schedule. – <i>Chinook, Round 2</i>
<i>Need of fairness of outcomes</i>	The requirement for an action to have a just outcome and process.	No, we try to steer clear. We did for a while, but it seemed to be very focused on what would benefit the larger breweries inside the Avalon Peninsula. Even in terms of board members and who is sitting on it and who is making decisions. It went from being collaborative to dictatorial and I think we bowed out and we just wanted to do our own thing. – <i>Columbus Round 1</i>
<i>Need to increase competitiveness</i>	The perceived requirement for an action to improve the competitive position of the actor	Always, but then you just have to be mindful that at the end of the day I think everyone is in it for themselves. And us as well. If it's not going to benefit us, not going to do it. And that's the same with everyone else. Yes. - <i>Citra Round 3</i>
<i>Desire to be community member</i>	The need for an action to result in a closer connection with their counterparts.	Have a beer a bunch of us together even on Zoom or... We try and go up to St. John's a lot more, especially now because that's where most of our business is. And we'll go into (brewery 1), have a beer with (owner). Run into (brewery), see if the boys are there. Yes, there was certain comradery against the one foe I guess, us versus the pandemic. – <i>Citra Round 3</i>
<i>Need for legitimacy</i>	Requirements for an action to increase a firm's legitimacy to outside actors.	So I think there's various reasons why breweries collaborate. One, it's fun, you get together and drink. Make a beer, maybe. So that's the fun one. Two, it's to help the public understand that if a new brewery opens down the road, it's totally okay. Particularly lenders, they always talk about location and competitive impact, and whatnot. And three, it's a learning opportunity. So as a brewer, it's always fun to go into another brewery, see how they brew, see what equipment they're using. Get ideas from them. – <i>Amarillo Round 1</i>

4.1 Factors present for conducting: An example

Due to space constraints of the paper, we will only be able to discuss the factors related to one type of action. Conducting is future-oriented individual actions, where the actor will work to coordinate and shape the market for their own benefit (Hawa et al., 2020). We found that brewers engaging in this conducting tended to hold higher-level knowledge of the market, and sought to shape through their previously formed intentions rather than for learning. A recent example of conducting was during the round 3 interviews with Cascade who observed that the number of craft beer varieties offered was too large and unsustainable. The provincial liquor store was now looking at ways to rationalize their stock keeping units (SKUs). Cascade mentioned that they have begun suggesting that other breweries focus on a few specialty types of beers so that each could find their “niche” product, thus shaping the market to their directive.

Cascade did not mean to do much learning through this action and may not necessarily be aligned with the goals of other breweries in suggesting this idea. They also appear to have a clear idea on which types of beers they would like to specialise in and are clear that they have a goal of reducing the number of beers available. It would take a considerable amount of effort to enact this change, and it may not be a fair decision process for all involved. It may certainly increase their competitiveness, and the brewer does not have an obvious need to part of the broader community by making this suggestion. Finally, the actor does need a significant amount of legitimacy to be successful in this action.

5. Discussion

Figure 2 summarises our findings and helps outline two major contributions for our discussion. Our first contribution is in building on the framework of Hawa et al. (2020) by examining common elements of their four market shaping intentions. By examining common factors underlying market shaping actions, we add further understanding of how managers choose certain actions over others. Our study also sheds light on how different market shaping actions may interact. While actors may favour certain types of market shaping actions over others, we argue that individual actors employ a complex web of market shaping actions, and that several common factors affect their market shaping choices and intentions, representing a more fine-grained understanding of the decisions around individual and collective shaping as called for in the literature (Storbacka et al., 2022).

Figure 2 – Factors across market shaping action intentions

Time orientation	Future	<p>Conducting</p> <p>Need for learning: Low Alignment of goals with other actors: Low Goal specificity: High Resource commitment: High Need for fairness of outcomes: Low Need to increase competitiveness: High Desire to be community member: High Need for legitimacy: High</p>	<p>Choring</p> <p>Need for learning: High Alignment of goals with other actors: High Goal specificity: High Resource commitment: High Need for fairness of outcomes: High Need to increase competitiveness: High Desire to be community member: High Need for legitimacy: High</p>
	Present	<p>Practicing</p> <p>Need for learning: High Alignment of goals with other actors: Low Goal specificity: Low Resource commitment: Low or High Need for fairness of outcomes: Low Desire to compete: High Desire to be community member: Low Need for legitimacy: Low</p>	<p>Jamming</p> <p>Need for learning: High Alignment of goals with other actors: High Goal specificity: Low Resource commitment: Low Need for fairness of outcomes: High Need to increase competitiveness: Low Desire to be community member: High Need for legitimacy: Low</p>
		Individual	Collective
Membership			

6. Conclusion

We have shown some preliminary results of common factors that are present for four different market shaping intentions. For managers, this study can be a brief guide on how they may wish to choose an action for market shaping. There are many opportunities for future results. For instance, future research could connect how these factors end up shaping or maintaining the market, or how these factors change over time or certain periods of instability. The longitudinal characteristic of our data may also be more closely embraced in order to focus on market shaping as a process.

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